

# SUSTAINABILITY REPORT

2023



# LETTER TO STAKEHOLDERS

Dear Stakeholders,

the MERMEC Group's 2023 Sustainability Report reflects our ongoing commitment to sustainability, with a particular focus on the efforts made last year, both in the environmental and social fields. In fact, 2023 was a year of change at a global level in geopolitical, economic-social and even climatic terms, highlighting with greater urgency the need to find a balance that leads to sustainability, in its triple dimension: Environmental, Social and Economic.

As evidence of this virtuous path, the MERMEC Group renews its responsibility towards the UN Global Compact and the ten principles that govern it, also formalising its support for the achievement of the United Nations Sustainable Development Goals for 2030.



“ There can be no lasting well-being without environmental, economic and social sustainability ”

## Environmental Commitment

Environmental sustainability is one of our main priorities and follows the path outlined by the European Commission to make Europe climate neutral by 2050. In 2023, we implemented a series of initiatives aimed at reducing the environmental impact of activities and products, to be achieved thanks to an energy self-production plan. Policies that have allowed the MERMEC Group to be included in the list of “2023 Sustainability Leaders” drawn up by Statista, in collaboration with Il Sole 24 Ore.

Among the main actions undertaken:

1. **Reduction of CO2 Emissions:** We have adopted innovative technologies to reduce carbon emissions, optimising the energy efficiency of plants and offices in Italy and abroad. This has allowed us to reduce our direct carbon footprint by 12%.
2. **MERMEC FERROSUD Photovoltaic Project:** We are proud to announce the start of the project for the installation of a photovoltaic system at the MERMEC FERROSUD plant in Matera.  
This plant will be operational by 2026, contributing significantly to the reduction of the MERMEC Group's overall greenhouse gas emissions. A self-production plan in line with REPower EU's European strategy, which sees the replacement of fossil fuels with renewable sources as one of its pillars.

3. **Waste Management:** We have improved waste management processes, reducing the amount of waste produced by 49%. We will continue to work to increase this percentage in the coming years.
4. **Sustainable Innovation:** We have invested about 11% of revenues in research and development to create increasingly sustainable solutions, such as hydrogen trains and advanced diagnostic systems that allow predictive maintenance and therefore a reduction in infrastructure wear.

## Social Commitment

Our commitment to social sustainability is equally strong. We believe that the success of the Group also depends on the well-being of our People, the communities in which we operate and society at large. Here are some of our key projects:

1. **Employee Welfare:** We have implemented continuous training and professional development programmes for our employees, promoting an inclusive and diverse company culture, as well as implementing welfare initiatives. We have also strengthened our occupational safety policies, increasing operational controls on sites and construction sites.

**3. Solidarity:** We have joined numerous social responsibility projects at national level and in local communities. Among these, the partnership with the Telethon Foundation, one of the most important companies in the field of research on rare genetic diseases, which saw the involvement of the Group's employees as volunteers, supporting fundraising activities through the distribution of solidarity products in the main Italian squares

**4. International support:** We have engaged in an important dialogue with the Ukrainian government to support the reconstruction of the war-torn country's railway infrastructure.

This action led to the signing of an agreement between the MERMEC Group and the Ukrainian National Railways "UKRZALIZNYCJA JSC", which is part of the collaboration between Italy and Ukraine in the strategic transport sector and aims to implement joint projects aimed at implementing new technologies, also with European standards, for the safety of infrastructures, capable of allowing the connections of people and goods within the country and with neighbouring EU States.

**5. Equal Opportunities:** We have implemented policies to promote gender equality and equal opportunities within our company, increasing female representation in management roles by 6% compared to last year.

## Conclusions

The MERMEC Group is proud of the progress made so far, aware that the path to full sustainability is long and requires constant commitment. We will continue to work with dedication to further improve our environmental and social performance, always with the aim of creating value for all our stakeholders.

Thank you all for your continued support and collaboration. Together, we can build a more sustainable and prosperous future.

Cav. Lav. Vito Pertosa  
Chairman of the Board



The eng. Luca Necchi Ghiri  
Chief Executive Officer





# SUBJECT INDEX

1 PAGE 7



## The MERMEC GROUP

- 1.1 [History and Activities](#)
- 1.2 [Governance Structure and Organisational Structure](#)
- 1.3 [Management Systems](#)

2 PAGE 23



## Materiality Analysis

- 2.1 [The Reference Context](#)
- 2.2 [Stakeholder Map](#)
- 2.3 [Materiality Topics and Analysis](#)
- 2.4 [The Materiality Matrix](#)

3 PAGE 28



## Our Commitment

- 3.1 [UN Global Compact](#)
- 3.2 [Sustainable Development Goals](#)
- 3.2 [Participation in Category Associations](#)
- 3.3 [Results and Prizes](#)

4 PAGE 33



## Business Ethics and Integrity

- 4.1 [Organisational Management and Control Models](#)
- 4.2 [Commitment to the Fight against Corruption](#)
- 4.3 [Information Security](#)

5 PAGE 41

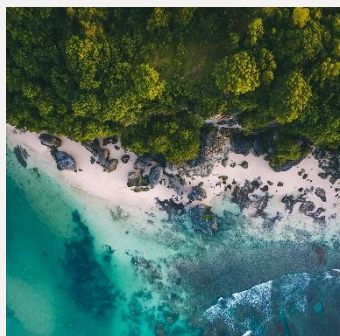


## Work and Human Rights

- 5.1 [Work and Social Responsibility](#)
- 5.2 [Workers' Health and Safety](#)
- 5.3 [Human Capital Development](#)
- 5.4 [Equity, Diversity and Inclusion](#)
- 5.5 [Involvement and Development of Local Communities](#)
- 5.6 [CSR and Business Engagement Initiatives](#)

# SUBJECT INDEX

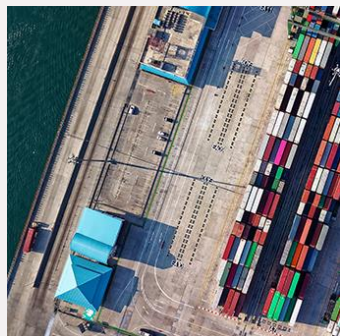
6 PAGE 97



## The Environment

- 6.1 [Highlights – Improvements for the environment](#)
- 6.2 [Strategic Management – Environment](#)
- 6.3 [Management system and environmental policy](#)
- 6.4 [Energy Consumption and Emissions](#)
- 6.5 [Water Resources](#)
- 6.6 [Waste Management](#)
- 6.7 [Sustainability of construction sites](#)
- 6.8 [Prevention of local pollution](#)

7 PAGE 122



## Sustainable Procurement

- 7.1 [Responsible Supply Chain Management](#)
- 7.2 [Supplier Selection and Qualification](#)
- 7.3 [Procurement](#)
- 7.4 [Monitoring and Evaluation of Suppliers](#)

8 PAGE 132



## Customer and Product

- 8.1 [Customer Quality and Centrality](#)
- 8.2 [Research and development](#)
- 8.3 [Eco-design](#)

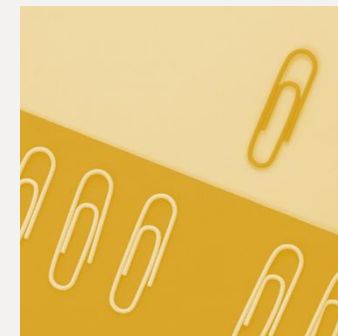
9 PAGE 142



## UN Global Compact CoP

- 9.1 [Our commitment](#)
- 9.2 [GRI Correlation and UNGC Principles](#)

10 PAGE 155



## Annexes

- 10.1 [Methodological Note](#)
- 10.2 [Materiality Correlation Table – Topic GRI](#)
- 10.3 [Selection of GRI Standards](#)
- 10.4 [Report of the Independent Auditors](#)

# 1

# THE MERMEC GROUP



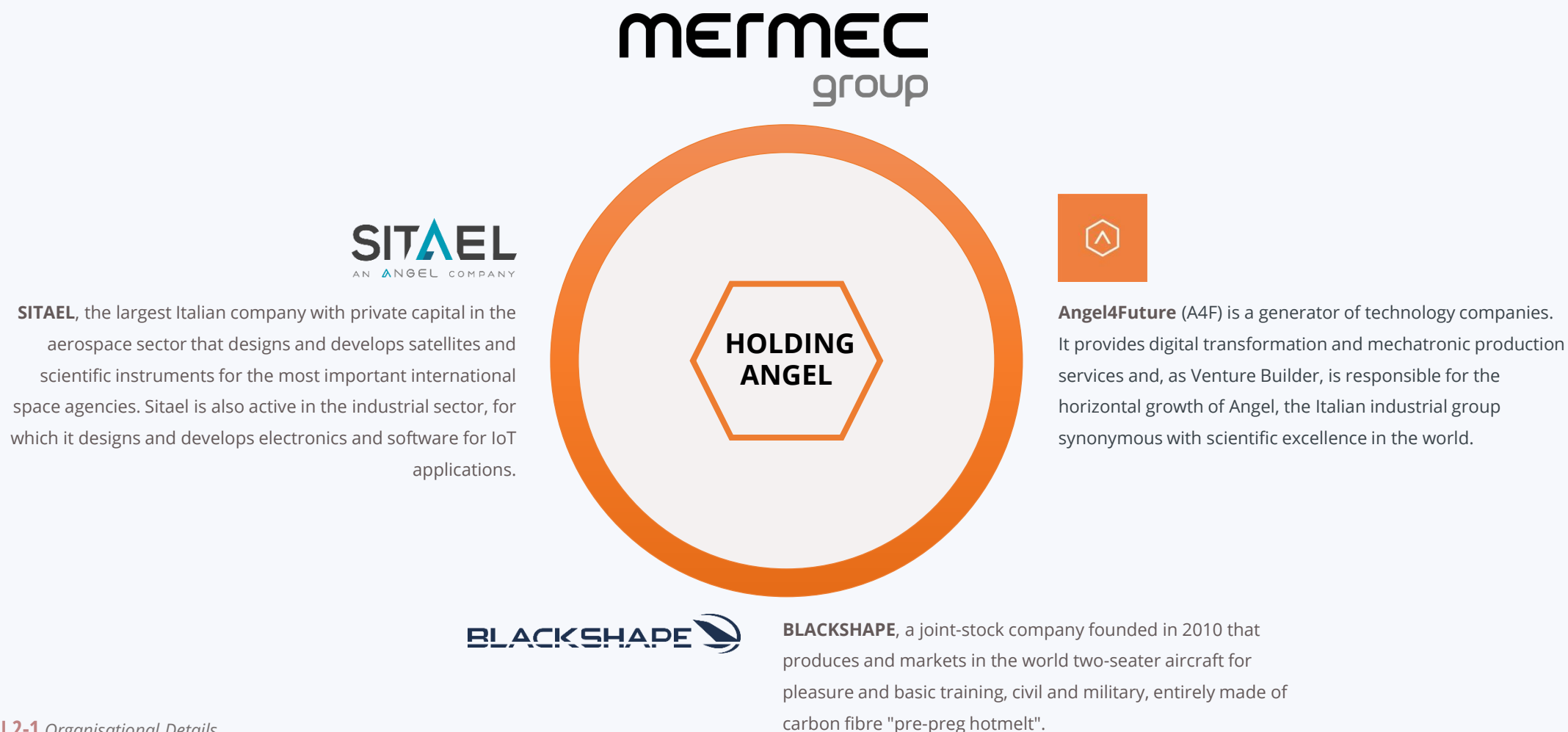
**1.1** [History and Activities](#)

**1.2** [Governance Structure and Organisational Structure](#)

**1.3** [Management Systems](#)

## 1.1 History and activities

**The MERMEC Group** is part of the high-tech **Angel** Industrial Holding operating in the following sectors: Railway, Space, IOT, Aviation, Artificial Intelligence, Cyber Security; present in 71 countries, with over 2000 employees, 70% of whom are engineers.

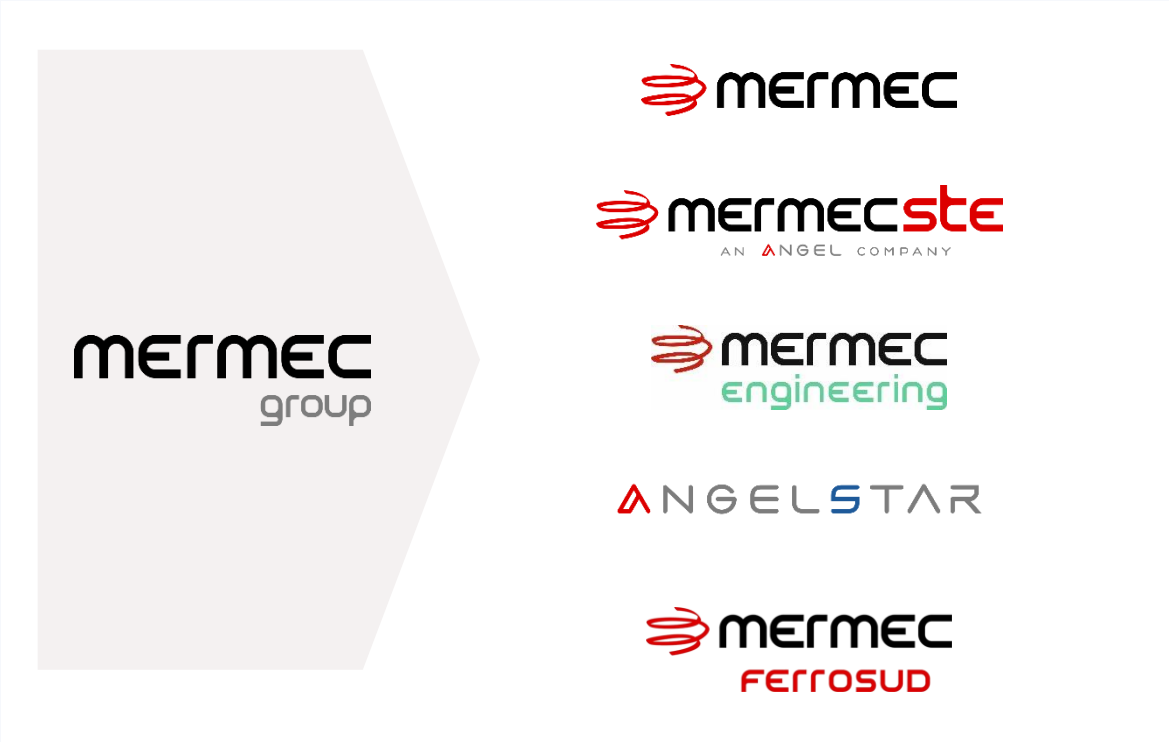


**GRI 2-1** Organisational Details

**GRI 2-6** Assets, value chain and other business relationships

During 2023, the MERMEC Group continued **its expansion policy, with the aim of having a greater presence on the national and international territory** and expanding the range of products and services to be offered to customers around the world.

On 27 February 2023, the MER MEC Group, through the **MER MEC FERROSUD Società Consortile a R.L.**, in which the companies MER MEC S.p.A., MER MEC STE s.r.l., MER MEC FERROSUD s.r.l. participate (as of 2024), MER MEC Engineering s.r.l. and Vaimoo S.r.l., has completed the process of acquiring the Ferrosud Business Complex from the Extraordinary Administration of the Mancini group - Ferrosud S.p.A., The operation involved the purchase of the business unit consisting of the portion of the Matera plant.



GRI 2-1 Organisational Details

GRI 2-6 Assets, value chain and other business relationships



The MERMEC Group consists of synergistic companies, global leaders and technological innovators in the provision of innovative end-to-end solutions for the railway, civil and industrial sectors.



## RAILWAY

Since 1988, we have been known as a worldwide reliable and pioneering developer of advanced technologies to control and protect railway resources, and make them efficient and always available.



Vehicles and measuring systems for the diagnosis of railway and rolling stock infrastructure



Railway signalling systems



Electric traction solutions and power telecommunications



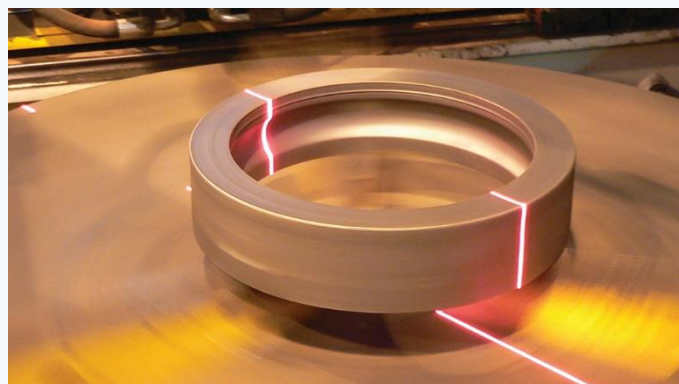
Vehicles and equipment for the maintenance of railway lines and measurement services

The MERMEC Group consists of synergistic companies, global leaders and technological innovators in the provision of innovative end-to-end solutions for the railway, civil and industrial sectors.



## STEEL & INDUSTRIAL APPLICATIONS

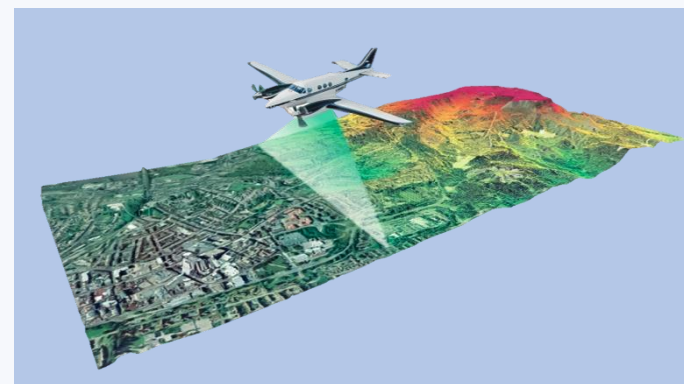
We offer a complete range of laser-based non-contact measuring systems that represent the leading solution for quality assurance in rolling mills.



Product measurement systems of the steel industry

## DATA ACQUISITION & PROCESSING

We specialise in creating systems for the acquisition, analysis and distribution of geospatial business intelligence. Starting from environmental assets and data, we create detailed 3D reconstructions of the territory.



Numerical mapping services and topographic databases



The MERMEC Group consists of synergistic companies, global leaders and technological innovators in the provision of innovative end-to-end solutions for the railway, civil and industrial sectors.

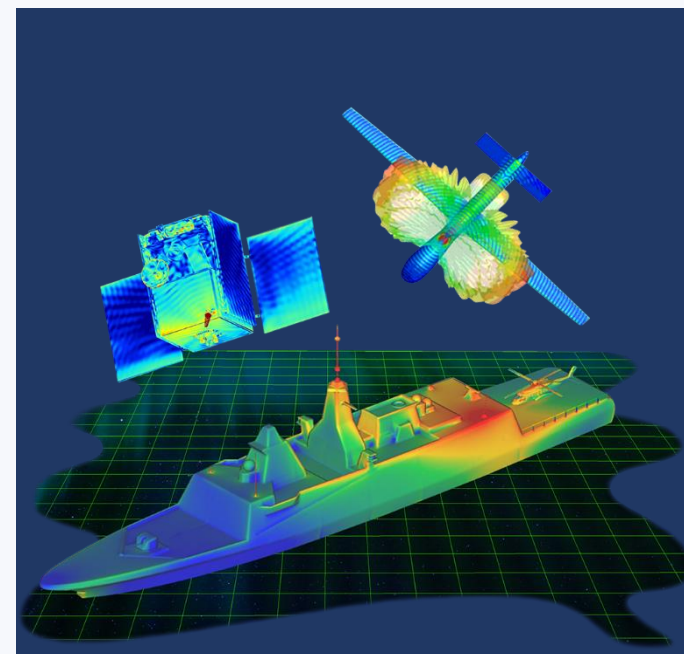


## COMPUTATIONAL SCIENCE & APPLIED ELECTROMAGNETICS

Taking advantage of the skills acquired by the MERMEC Group in over 50 years of technological leadership in safety-critical solutions for the railway infrastructure sector, we develop innovative solutions focused on Artificial Intelligence, Computer Vision and Applied Electromagnetism (Antennas, Radar, EMC Simulations).



Computer Vision, Machine Learning and Robotics to innovate processes and products in the most diverse industrial sectors.



EM models such as antenna design or EM/RF compatibility aboard satellites, aircraft, naval and terrestrial platforms.

## “MERMEC’s mission”

Every day thousands of railways carry billions of passengers and freight around the world. They are very different transport systems with a fundamental need in common: to provide an exceptional service to its customers.

This ultimate goal has required railway companies to introduce a more integrated and innovative approach to the management of their infrastructure, requiring cutting-edge technologies that give maintenance teams the opportunity to work to their full potential and solve problems before they come to light.

This has been our mission for the past 30 years: to help railways around the world manage safe and efficient networks so their passengers can have enjoyable journeys, wherever they are headed.



**MERMEC is headquartered in Monopoli (Italy).  
MERMEC was founded in 1970 and today has 20 subsidiaries worldwide.**

**MER MEC STE S.R.L.***100% owned by MER MEC S.p.A.*

Company that operates in the design and development, supply, installation, commissioning and assistance of systems and technological systems in the railway sector for telecommunications, signalling, with related application software, remote control, energy transport and distribution (electrical traction and related substations) and auxiliary systems.

**MERMEC INC.***100% owned by Mer Mec S.p.A.*

A company that has long been present in the North American railway infrastructure diagnostics market, it currently oversees this area for the commercial part of vehicles and diagnostic systems and for the offer of measurement services.

**MERMEC France Sarl***98% owned by Mer Mec S.p.A.*

Company specialising in the consultancy, design and implementation of video-surveillance and video-inspection systems and software for diagnostic and signalling systems. This Company is of strategic importance for the professionals present and to allow a greater presence on the markets of Western Europe, France in particular. It is particularly active in the field of research and development and also manages European research and development projects on behalf of the Group.

**MERMEC Demiryolu Ltd***100% owned by Mer Mec S.p.A.*

Company established in Turkey with a local partner, to oversee the local market and follow some important orders in Turkey.

**MERMEC UK Ltd***100% owned by Mer Mec S.p.A.*

Operational centre in the UK to follow orders in the area, in particular for the British railways and the London Underground.

**MERMEC Spain SL***100% owned by Mer Mec S.p.A.*

Operations centre in Spain, where orders for Spanish railways are under construction.

**Mermec Doo Skopje***100% owned by Mer Mec S.p.A.*

Company operating in Macedonia to follow the execution of orders for the Macedonian railways.

**Mermec Ferrosud***100% owned by Mer Mec S.p.A.*

*Mechanical construction company in the railway and rolling stock renovation sector.*

## THE COMPOSITION OF THE MERMEC GROUP

### 1/2

**Mermec Olcum AS***100% owned by Mer Mec S.p.A.*

Company under Turkish law based in Ankara, established in 2017 and wholly owned, to develop on-site activities in the Signalling sector.

**Angelstar S.r.l.***60% owned by Mer Mec S.p.A. and 52% owned by Consorzio Teseo*

Company in which the development, marketing and installation of on-board signalling systems has been concentrated in partnership with a railway vehicle manufacturer.

**Mermec Japan GK***100% owned by Mer Mec S.p.A.*

Company established in 2017 to oversee the strategic Japanese market, following the acquisitions of important orders in the Diagnostics sector.

**MER MEC Engineering S.r.l.***100% owned by Mer Mec S.p.A.*

Company founded as a merger of sit S.r.l. and Eikontech S.r.l. specialising in the production, management and data processing and implementation of related aerial, satellite and remote sensing systems and services for the monitoring and management of the territory and specialising in the IOT field and in particular in the development, production and marketing of innovative products and services with high technological value and artificial intelligence

**Mermec Australia Pty***100% owned by Mer Mec S.p.A.*

Company established in 2017 following the significant increase in turnover in Australia and in order to ensure a more stable and direct presence on the market for local customers.

**Mermec Singapore PTE LTD***100% owned by Mer Mec S.p.A.*

Company established in the first half of 2020, in order to ensure local customers a more stable and direct presence on the local market.

**Titagarh MerMec J.V.***50% owned by Mer Mec S.p.A.*

Company established in 2018 in partnership with Titagarh Group in order to develop the opportunities present in the Indian and neighbouring markets.

**Mermec Deutschland GMBH***100% owned by Mermec S.p.A.*

Company acquired in December 2021 under German legal law based in Hamburg.

**Geomat BG Ltd***90% owned by Mer Mec S.p.A.*

Company specialised in the production, management and processing of data and implementation of related detection, satellite and remote sensing systems and services for the monitoring and management of the territory.

**MER MEC Ferrosud Società****Consortile a R.L.**

Established by Mer Mec S.p.A., Mer Mec STE s.r.l., Mer Mec Ferrosud s.r.l. (as of 2024), Mer Mec Engineering s.r.l., and Vaimoo S.r.l.

**REPRESENTATION OFFICES ABROAD OF MER MEC S.P.A.**

- Oslo, Norway – *Branch*
- Casablanca, Morocco – *Branch*
- Sydney, Australia – *Branch*
- Las Condes Cerro El Plomo, Chile – *Branch*
- Helsinki, Finland – *Branch*
- Kolkata, India – *Office*
- Abu Dhabi, United Arab Emirates – *Office*

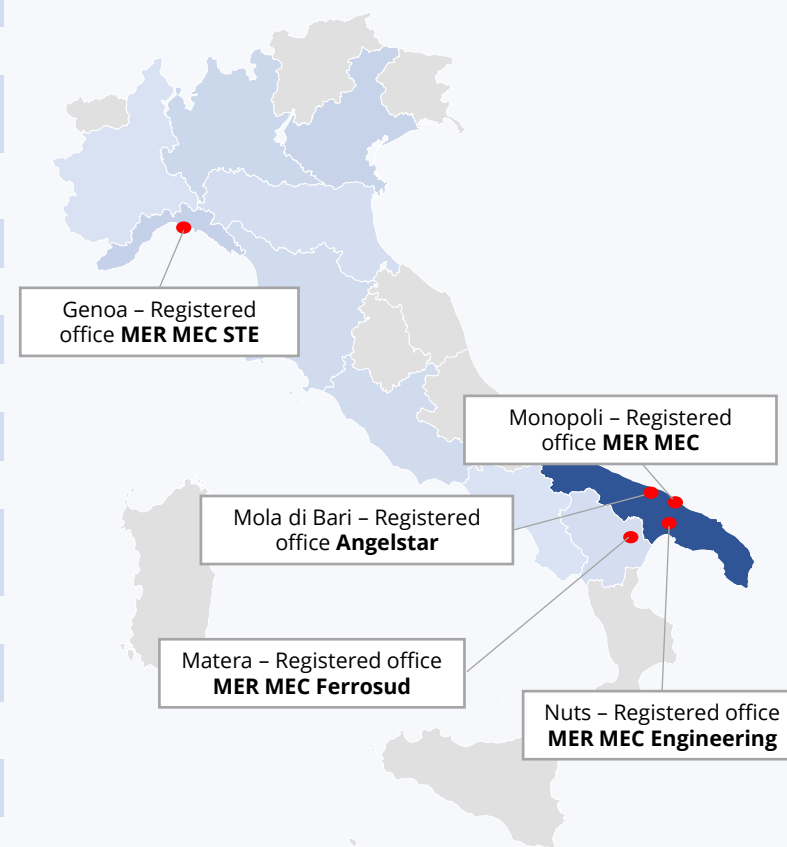
## THE COMPOSITION OF THE MERMEC GROUP

### 2/2

## MERMEC Group Operational Sites Overview

Address	Use	No. of employees
Via Oberdan 70, Monopoli (BA) Via Oberdan 60-62, Monopoli (BA)	Registered Office MER MEC S.P.A. Operating Site - Offices	546
Via Conchia 34-36, Monopoli (BA)	Operating Site	19
Via Conchia 25/F, Monopoli (BA)	Operating Site (Warehouse)	0
Via Oberdan 67, Monopoli (BA)	Operating Site (Offices)	0
Via San Sabino 21, Mola di Bari (BA)	Registered Office Angelstar Operating Site (Offices)	242
Vicolo Ongarie 13, Badoere di Morgano (TV)	Operating Site (Offices)	100
Via Bosco 2, Badoere di Morgano (TV)	Operating Site	1
Via Minghetti, 13, Granarolo dell'Emilia (BO)	Operating Site	33
Via Assisi 1, Lecce	Operating Site (Offices)	19
Via Livornese 1019, 56122 - Pisa (PI)	Operational Site (Offices)	52
Viale Castro Pretorio, 116, Rome (RM)	Operational Site (Offices)	50
Corso Trapani 16, Turin (TO)	Operational Site (Offices)	8
Via Bombrini, 11 16149 Genoa (GE) ITALY	Registered Office MER MEC STE Operational Site (Offices)	101
Viale Monza 338, - 20128 Milan (MI) Italy	Operational Site (Offices)	78
Via Ovada, 43/A, 43/E, 43/I, 43/H 16158 Genoa (GE) Italy	Operating Site - Offices	9
S.P. 328 - Contrada Di Torrepinta Snc 73013 Galatina (LE) Italy	Operating Site	4
Contrada Ponte Corvo - SS Appia 7 82100 Benevento (BN) Italy	Operating Site	4
Piazza Papa Giovanni Paolo II 8/1 70015, Noci (BA)	Registered Office MER MEC Engineering Operational Site (Offices)	25
Via Domenico Romanazzi 2E/6 Noci (BA) 70015	Operational Site (Offices)	9
Via Appia Antica Km 13 Sub 6 Snc - 75100 Matera (MT)	Registered Office MER MEC Ferrosud Operational site	33

## Employee distribution by region



Con tecnologia Bing  
© GeoNames, Microsoft, TomTom

## 1.2 Governance Structure and Organisational Structure

Corporate Governance is divided as follows:

- Shareholders' Meeting
- Board of Directors
- Board of Statutory Auditors
- Independent Auditors

Governance is characterised by the active involvement of the company's top management, represented by the administrative body that defines the strategic direction of the Group through a system of appointments and proxies, identifying, among other things, the management figures appointed to:

- Manage Sustainability impacts (Environment, Economy, People)
- Report at least annually, including through reviews of the management systems implemented (ISO 14001, ISO 45001, ISO 27001, ISO 37001, SA8000, ISO 30415, ISO 9001, UNI PdR 125), on the progress of activities, critical issues found, compliance with applicable laws and regulations and the results achieved.

The results in terms of sustainability, the state of compliance with applicable laws and regulations, as well as the updates of the materiality matrix are therefore reported in the Sustainability Report, submitted annually for approval by the Board of Directors and made public to all stakeholders.

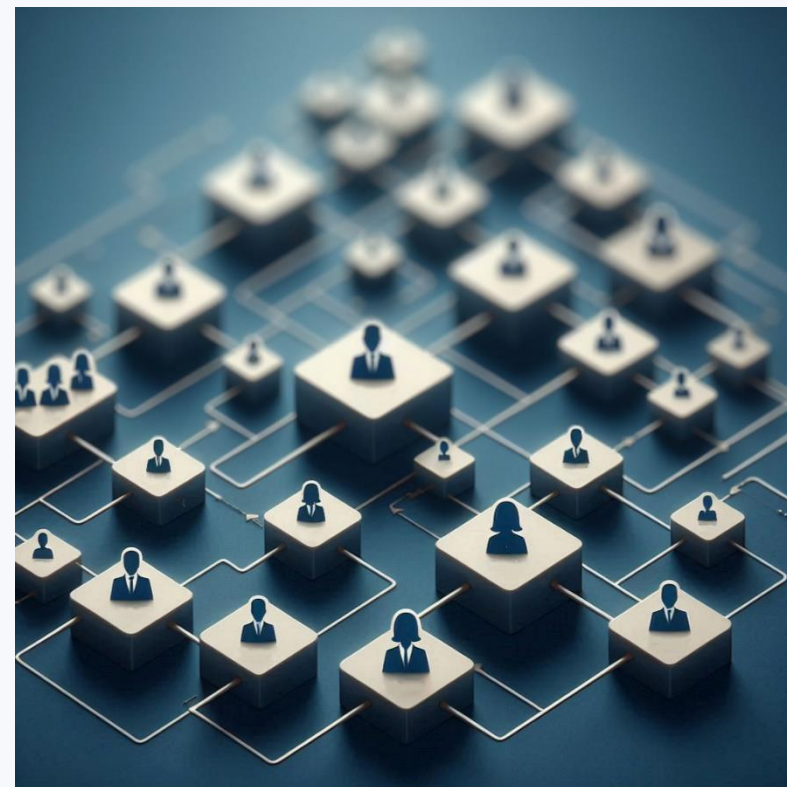
**GRI 2-12** Role of the highest governance body in overseeing the management of impacts

**GRI 2-13** Delegation of responsibility for managing impacts

**GRI 2-14** Role of the highest governance body in sustainability reporting

**GRI 2-16** Communication of critical concerns

**GRI 2-27** Compliance with laws and regulations



### GRI 2-27 Compliance with Laws and Regulations

**No cases of non-compliance with laws and regulations were recorded during the reporting period.**



## Board of Directors (BoD)

The Board of Directors (hereinafter "Board of Directors") is the central body of the corporate governance system and is vested with the broadest powers for the ordinary and extraordinary management of the Company, with the exception of matters reserved – by law and by the Articles of Association – to the competence of the shareholders' meeting.

### Chairman

Vito Pertosa

### Chief Executive Officer

Luca Necchi Ghiri

### Directors

Carlo Moser

Chiara Pertosa

Angelo Matteo Pertosa

Paolo Pandozy

The directors may also be non-members and the members of the administrative body shall be subject to the prohibition of competition referred to in Article 2390, Italian Civil Code, unless authorised by the shareholders' meeting.

Diversity criteria, including gender, are applied in the composition of the Board of Directors in relation to aspects such as age and gender.

The remuneration due to the members of the Board of Directors is established at the time of their appointment or by the shareholders' meeting.

The remuneration of directors invested with particular positions in accordance with the Articles of Association is established by the Board of Directors after hearing the opinion of the Board of Statutory Auditors. The meeting may also provide for a total amount for the remuneration of all directors, including those invested with particular offices.

**GRI 2-9** Governance structure and composition

**GRI 2-10** Nomination and selection of the highest governance body

**GRI 2-19** Remuneration policies

**GRI 405-1** Diversity of governance bodies and employees

### Composition of the Board by gender

	2022	2023
<b>Men</b>	<b>4</b>	<b>5</b>
<b>Women</b>	<b>1</b>	<b>1</b>
<b>TOTAL</b>	<b>5</b>	<b>6</b>

### Composition of the Board by age group

	2022	2023
< 30	0	0
30 - 50	2	3
> 50	3	3
<b>TOTAL</b>	<b>5</b>	<b>6</b>

### Executive / Non-Executive

	2022	2023
Executive	1	2
Non-executive	4	4
<b>TOTAL</b>	<b>5</b>	<b>6</b>

The members of the Board of Directors must be suitable for the performance of the assignment, in accordance with the provisions of current legislation and the Articles of Association and, in particular, they must meet the requirements of eligibility, professionalism and integrity.

The Articles of Association provide that MER MEC is administered by a Board of Directors composed of a minimum of 3 (three) to a maximum of 13 (thirteen) members and indicates at the Shareholders' Meeting the body competent to determine such number, within the aforementioned limits.



**Sole shareholder**

Angelo Holding s.r.l.

**Chairman**

Roberto Branchi

**Actual members of the Board**

Antonio Donato Favuzzi

Marco Castelli

**Deloitte.**

Deloitte & Touche S.p.A. is the auditing company of the Group's Financial Statements and of this document.

**Shareholders' Meeting**

The Shareholders' Meeting is the corporate body through which shareholders participate in the company's decisions on matters reserved to them by law and the Articles of Association.

**Board of Statutory Auditors**

The Board of Statutory Auditors is the body responsible for overseeing compliance with the law and the Articles of Association as well as compliance with the principles of proper administration and in particular the adequacy of the organisational, administrative and accounting structure implemented by the company and its concrete functioning.

**Auditing firm**

The statutory audit activity is carried out, as required by current legislation, by an auditing firm registered in the Register held by the Ministry of Economy and Finance.

## Sustainability Committee

Establish a CSR committee draws from staff functions including HR, Finance, Marketing, as well as from the Business management staff of the Group Companies, and aims at the involvement and increase of awareness of company staff and other stakeholders, internal or external, through the promotion and implementation of CSR initiatives in the different areas ranging from family and personal support of the employee, environmental sustainability, social inclusion policies E and effective support of external voluntary associations.

In 2023, on the occasion of the issue of the new 2021 GRI Standards, the Sustainability Committee involved the company's senior figures, such as CEOs of Group companies, senior management and second-level managers in order to update the materiality analysis and therefore bring the material issues in the CSR field to the attention of key executives.

## Guiding Committee for Gender Equality

The Guiding Committee for Gender Equality is made up of the management staff of the Group Companies and aims to involve and increase the awareness of company staff and other stakeholders, internal or external, through the definition and implementation of a Strategic Plan in the different areas ranging from family and personal support of the employee, to inclusion policies and equal career opportunities.

It is also responsible for:

- collecting the needs/signals expressed by internal and external stakeholders, promoting a transversal dialogue and bottom/up and top/down communication;
- proposing appropriate measures and initiatives to promote the achievement of "substantial" equality between workers and to remove obstacles that limit equality;
- managing an annual spending budget dedicated to the development of interventions and initiatives in the field of gender equality and diversity & inclusion

## Social Performance Team

The Social Performance Team is a reference point for workers on Social Responsibility issues, promoting communication between workers and company management on social responsibility issues, collecting reports, opportunities for improvement and any complaints from stakeholders and collaborating in the identification of actions for the continuous improvement of the organisation's Social Performance and monitoring compliance with the requirements of the SA 8000 standard.

The SPT consists of:

- Representative of Senior Management (RSM),
- SA8000 Workers' Representative(s) (RLSA) and Occupational Health and Safety (ISO 45001)
- Any other worker who voluntarily decides to join the SPT with the aim of contributing to the identification of areas for improvement in the ethical-social field, for the benefit of the entire Organisation.

The Social Performance Team was set up:

- for the election of the company population with regard to the RLS, Occupational Health and Safety Managers;
- for self-application with regard to the RLS for the SA 8000;

and has been structured in order to ensure the representation of all company categories.

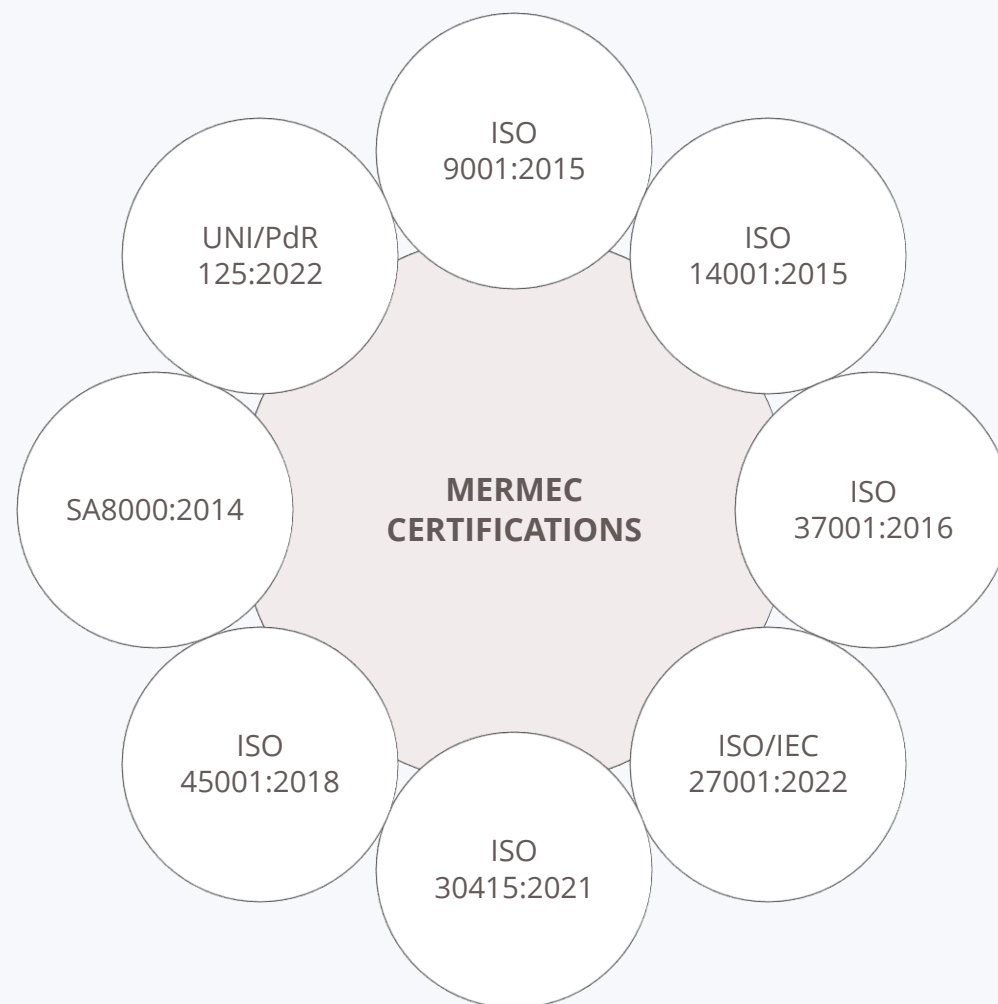
## 1.3 Management Systems

MERMEC is equipped with several certified management systems.

The policies and documentation of the management systems constitute a summary of the commitments that the Top Management has voluntarily decided to implement\*.

The purposes of management systems are:

- establish a company management system to guarantee quality, proper management of the Environment, Occupational Health and Safety, corruption prevention, information security, diversity, inclusion and gender equality;
- illustrate and specify the company structure, responsibilities and resources available to address business processes;
- act as a strategic reference standard towards the inside and outside, as well as a glue for the procedural structure, constituting the set of rules to be followed to carry out the activities related to business processes;
- be a vehicle for the promotion and dissemination of culture – and the consequent behaviours to be adopted – for a business management consciously oriented to acquire ever greater competitiveness.



\* Among the regulatory references referred to in the SdG, the provisions of various Standards and guidelines are included, including: UNI ISO/TS 22163:2017; ISO 9001:2015; UNI EN ISO 9000:2015; UNI CEI ISO/IEC 90003:2015; ISO 10007:2017; UNI EN ISO 9004:2009; UNI EN ISO 14001:2015; UNI EN ISO 14004:2016; UNI EN ISO 19011:2012; UNI 11097:2003; UNI 11098:2003. Legislative Decree 81/2008 and subsequent amendments on the protection of health and safety in the workplace, Legislative Decree 196/2003 and subsequent amendments on the protection of personal data, Legislative Decree 152/2006 and subsequent amendments on environmental matters and Legislative Decree 231 of 2001 and subsequent amendments.

**GRI 2-24** Embedding policy commitments

Comprehensive policies are available  
on the [Group's website under  
Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com/sustainability)

### 1.3.1 MERMEC Group's Policies

#### Corporate Social Responsibility Policy

The Management undertakes to implement, communicate and promote, within its spheres of influence, the ten principles of the UN Global Compact, contribute to the achievement of the Sustainable Development Goals (SDGs) and promote and implement CSR initiatives.

#### Environmental Policy

It expresses the commitment to guarantee the fulfilment of compliance obligations, favouring the protection of the Environment and the prevention of pollution, promoting concrete actions to improve the environmental performance of processes and products, also through the application of life cycle logics.

#### Workers' Health and Safety Policy

It establishes the obligation, on the part of all the Group's offices and operational sites, to implement the Occupational Health and Safety Management System, in line with the requirements of the regulations in force in the countries where it operates and in compliance with the UNI ISO 45001 standard: 2018.

**GRI 2-23** Policy commitments

#### Product Policy

It reflects the Management's commitment to the Environment and Safety in the entire production chain, thanks to continuous research, aimed at understanding potential problems related to products and finding new and increasingly sustainable solutions. The purpose is to monitor the entire life cycle of the product and to validate the prototype through bodies independent of the design.

#### Information Security Policy

Expresses the will of the Management to guarantee the integrity, confidentiality and availability of information, promoting the culture of information security in compliance with legislative, regulatory, technological and organisational developments.

#### Diversity & Inclusion and Gender Equality Policy

The Management is committed to guaranteeing impartiality, eliminating prejudices and repudiating all forms of discrimination, promoting inclusive and transparent working conditions, ensuring equal opportunities for development and professional growth according to meritocratic principles

#### Anti-Corruption Policy

It engages the Group companies in the fight against corruption and in the prevention of the risks of illegal practices, at any level of work and in every geographical area, through the dissemination and promotion of values and ethical principles.

#### Sustainable Sourcing Policy

It defines the rules aimed at ensuring compliance with sustainability criteria in the procurement process, the selection of suppliers, products and services, requiring them to comply with the MERMEC group's CSR policies.

#### SA8000 Policy

The Management undertakes to comply with international standards and conventions and with the Conventions of the International Labour Organisation (ILO) of reference. It undertakes not to encourage or employ the use of child labour and forced labour, to guarantee adequate workplaces, to respect the right of workers to join Trade Unions and not to carry out or support any type of discrimination against staff

## 2

## MATERIALITY ANALYSIS



2.1 [The Reference Context](#)

2.2 [Stakeholder Map](#)

2.3 [Materiality Topics and Analysis](#)

2.4 [The Materiality Matrix](#)

## 2.1 The Reference Context

In recent years, the demand for rail transport has experienced sustained growth around the world. Aware of the impacts generated by railway, tramway and metro infrastructures on local communities, operators are increasingly oriented towards the **adoption of new forms of integrated and sustainable mobility**.

The importance of **investments in research and innovation** aimed at promoting technological progress and guaranteeing communities more efficient, widespread and context-friendly transport systems is growing.

### The expansion of the railway sector

According to research conducted by the *International Railway Research Board (IRRB)* and the *International Union of Railways (IUR)*, ongoing urbanisation and changes in lifestyles will continue to drive the expansion of the sector, to the point that research predicts convergence towards a global rail system with a maximum degree of interoperability, as well as a global rail procurement market. Many railway and metro networks in the world are therefore under enormous pressure, because they have to strengthen infrastructures and services to cope with a constantly increasing demand.

MERMEC has taken up this challenge, examining first of all the main categories of subjects with whom the Group interacts in the performance of its activities, delving into their characteristics and potential expectations. Subsequently, through a benchmark analysis, the most relevant issues for the Group in relation to economic, environmental and social issues were identified.



## 2.2 Stakeholder Map

Thanks to a benchmark analysis conducted on the main companies operating in its sectors of activity, the MERMEC Group has come to define its own stakeholder map, shown below.

The map is representative of the main categories of subjects that may reasonably be affected by the Group's activities, products or services. Similarly, stakeholders also include subjects or entities whose actions may affect the Group's ability to implement its strategies or achieve its goals.

The analysis carried out led to the addition of two new spokespersons, compared to the map of the previous document, as a result of an external evaluation of the benchmark, but also and above all internal to the Group.

**The identification of stakeholders, their reasonable interests and their potential expectations** represents a fundamental phase in the definition of the contents of the Sustainability Report, which must be able to illustrate the main dynamics that occurred during the year with respect to economic, environmental, social, personnel, respect for human rights and the fight against corruption, promoting the understanding of the company's activity, its performance, its results and the impact produced.





## 2.3 Materiality Topics and Analysis

The "material issues" are defined as such because they are those that most affect the Group's ability to create value over time and that most affect stakeholders, their interests and their expectations. Materiality is in fact one of the fundamental principles for the preparation of the Sustainability Report, which must be able to illustrate what were, during the year, the most relevant projects, the results achieved and the impacts of the company's activities in relation to the sustainability issues of greatest importance both for MERMEC and for stakeholders.

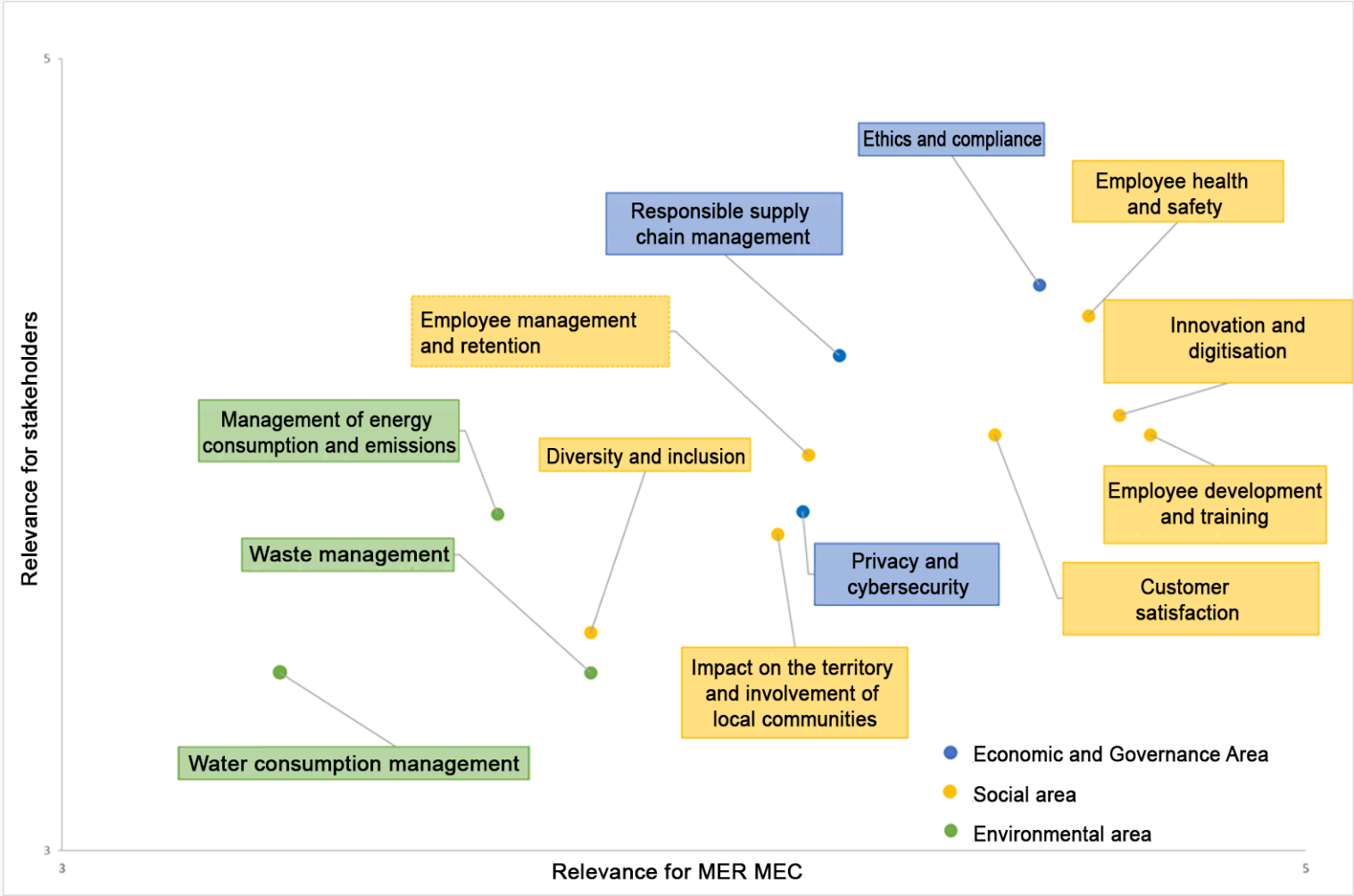
The mapping of material issues, together with the identification of stakeholders, can also favour the definition of sustainability goals and a real strategic plan aimed at evolving the Group's performance.

In 2023, the Group carried out a benchmark analysis aimed at identifying the most relevant sustainability issues in its reference context.

The analysis process was carried out involving a representative sample of employees of the Group, through a workshop during which a questionnaire was submitted to assess the impacts described above. The same assessment was subsequently submitted to MERMEC's Top Management.

The results of this vote are reflected in the list of selected topics and in the following matrix, therefore representative of stakeholder expectations, the Group's vision and the priorities among the different material topics.

## 2.4 The Materiality Matrix



The materiality matrix allows us to represent the relevance of sustainability issues for the Company (represented on the horizontal axis) and for its Stakeholders (represented on the vertical axis).

The graph shows the issues related to the following areas of sustainability:

- Economic Area
- Environmental Area
- Social Area.

Each of the topics represented in the matrix will be thoroughly analysed throughout this document.

GRI 3-1 Process to determine material topics  
GRI 3-2 List of material topics

## 3

# OUR COMMITMENT



- [3.1 UN Global Compact](#)
- [3.2 Sustainable Development Goals](#)
- [3.3 Participation in Category Associations](#)
- [3.4 Results and Prizes](#)

### 3.1 UN GLOBAL COMPACT

As a testament to MERMEC’s commitment and the importance of increasingly integrating sustainability into its strategic choices, in 2019, Mermec chose to join the **UN Global Compact**, the world's largest corporate sustainability initiative. It is a voluntary initiative to adopt **ten universal principles** relating to human rights, labour, the environment and the fight against corruption, which promote the values of long-term sustainability through political actions, business practices and social and civil behaviour.

In 2023, it held the annual **Communication on Progress** in support of the ten principles of the Charter, demonstrating its adherence to this "global movement of sustainable societies".



### 3.2 Sustainable Development Goals

Through its activities, MERMEC contributes, as far as it is concerned, to the achievement of the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda for Sustainable Development, approved by the General Assembly in 2015.

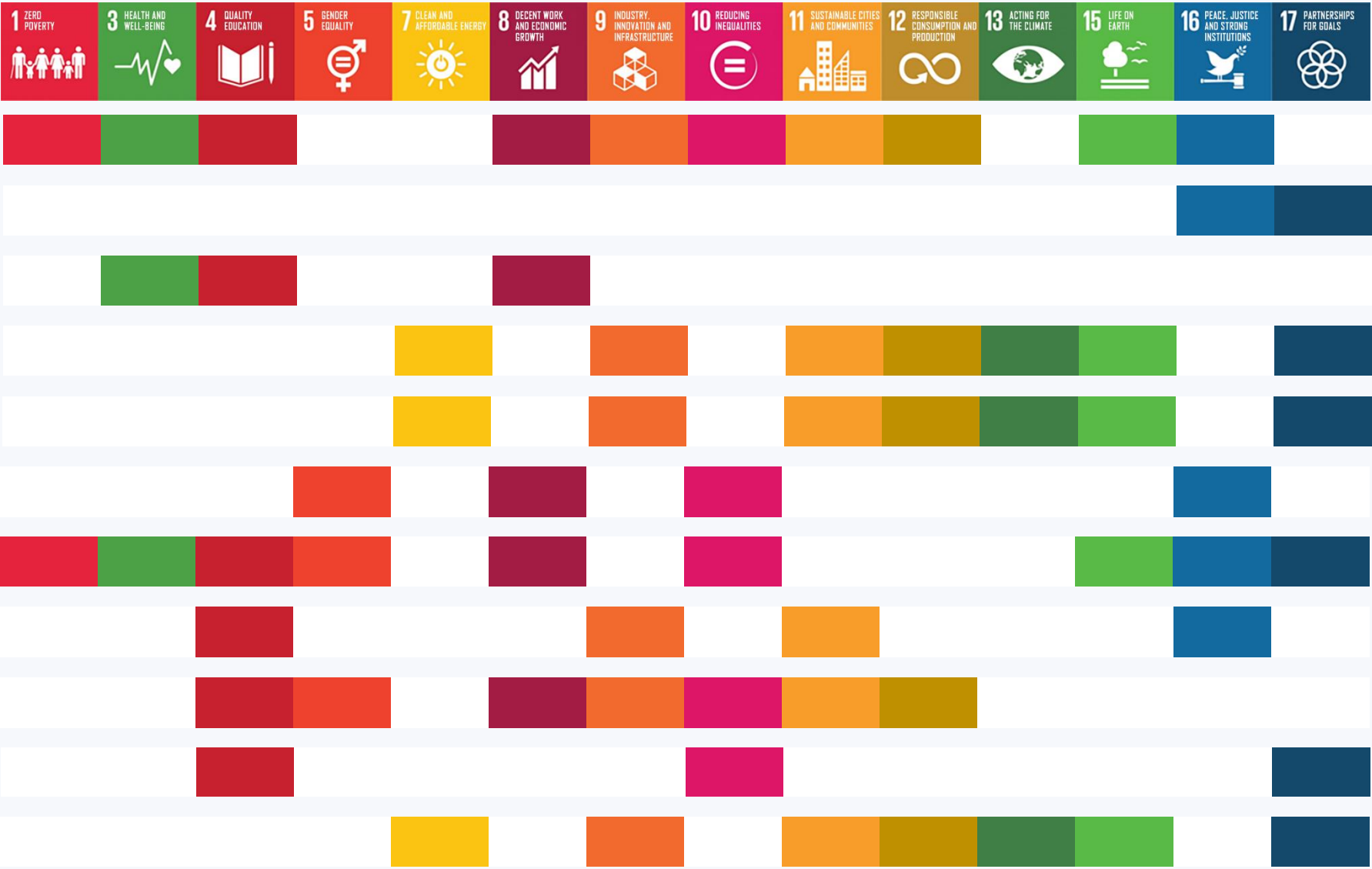
Contributing to the achievement of the SDGs requires a collective effort to reduce inequalities, poverty and unemployment and to promote a development path that minimises negative impacts on the environment, favouring the promotion of research and innovation, decarbonisation and the establishment of sustainable production and consumption models. The essential feature of the SDGs is that they are universal and potentially applicable everywhere, globally, nationally and locally.

In trying to create shared value through the development of innovative products and the implementation of sustainable production processes, MERMEC has identified the goals that you can guarantee with your own activities: this process has taken shape by analysing the interconnections between the international framework and the main material issues of the Group, identified through the materiality analysis as described above.



SUSTAINABLE DEVELOPMENT GOALS

Materiality



### 3.3 Participation in Category Associations

MERMEC actively participates in several working groups within UNISIG, UNIFE, CEN.

In 2010 MERMEC became an associate member of UNISIG (today is a Full Member), becoming the second manufacturer of signalling equipment to join the prestigious international consortium since its foundation in 1999. Below are the trade associations of which MERMEC is a part:



**EU-Rail**  
European partnership for rail research and innovation under the Horizon Europe programme (2020-2027)



**MOST (fondoazione)**  
National Center for Sustainable Mobility



**ANIE ASSIFER**  
Italian Railway Industry Association



**CEN**  
European Committee for Standardization



**CIFI**  
Italian Railway Engineers Association



**UNISIG**  
Union of Industry of Signalling



**UNIFE**  
the Association of the European Rail Industry



**AREMA**  
The American Railway Engineering and Maintenance-of-Way Association



**Ditecfer**  
District for Railway Technologies, High Speed and Network Security

GRI 2-28 Membership associations



## 3.4 Results and Prizes



### SUSTAINABILITY ASSESSMENT – ECOVADIS

With a view to continuous improvement, the Group decided to subject its organisation to **evaluation by the ECOVADIS team** in 2023 on aspects of Corporate Social Responsibility (which include Environmental and Occupational Health and Safety Management) in the locomotive and rolling stock production sector, confirming the **Platinum** medal.



### SUSTAINABILITY LEADER 2023

In addition, in 2023 MER MEC participated in the Il Sole 24 Ore – Statista initiative "**Leader of Sustainability 2023**".

"Leader of Sustainability" is the list of 240 Italian companies awarded as most sustainable. The list was created, in collaboration with Il Sole 24 Ore, by Statista, a leading market research company specialising in the ranking and analysis of company data. Within the study, numerous Italian companies were specifically analysed on the basis of the published sustainability report and financial statement.

## 4

# BUSINESS ETHICS AND INTEGRITY



- 4.1 [Organisational Management and Control Models](#)
- 4.2 [Commitment to the Fight against Corruption](#)
- 4.3 [Information Security](#)

## 4.1 Organisational Management and Control Models

### 4.1.1 The Organisational Model 231/01

The MERMEC Group operates in compliance with current regulations, adopting all actions aimed at ensuring an ethical conduct of its business. To this end, in 2007, MERMEC adopted its **Organisation, Management and Control Model pursuant to Legislative Decree no. 231 of 8 June 2001 ("MOGC")**.

The MOGC is **aimed at ensuring fairness in the conduct of activities**, with a view **to disseminating and promoting integrity and transparency**, aware that this system, even though it is a "want" and not an obligation, represents an opportunity to strengthen its governance culture. The MOGC provides for several activities aimed at risk prevention, thus falling within MERMEC's broader internal control system, which adopts a **prudential approach to risk management in all its areas of activity**.

#### GRI 206-1

#### Legal actions related to anti-competitive behaviour, trust activities and monopolistic practices

**In 2023 there were no legal actions concerning anti-competitive behaviour and violations of anti-trust and anti-monopoly laws in which the MERMEC group was identified as a participant.**

The Model prepared by MERMEC is in fact based on a structured and organic system of procedures as well as control activities that:

- identify the areas/processes of possible risk in the company's activity, i.e. those activities in which the possibility of committing crimes is considered highest;
- define an internal regulatory system aimed at planning the formation and implementation of the company's decisions in relation to the risks/crimes to be prevented through:
  - ✓ a Code of Ethics, which sets out the general guidelines, and formalised procedures, aimed at regulating in detail the operating procedures in the "sensitive" sectors;
  - ✓ a system of delegation of functions and powers of attorney for the signing of company documents that ensures a clear and transparent representation of the process of training and implementation of decisions;
- determine a coherent organisational structure aimed at inspiring and controlling the correctness of behaviours, guaranteeing a clear and organic assignment of tasks, applying a correct segregation of functions, ensuring that the desired structures of the organisational structure are actually implemented;
- identify the processes of management and control of financial resources in activities at risk;
- assign to the Supervisory Body the task of supervising the operation and compliance with the Model and of proposing its updating.

**GRI 206-1** *Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices*

From the date of first issue, the MOGC has been updated in the light of the results of the activity carried out by the Supervisory Body, as well as a result of regulatory changes to operate effectively.

Consistent with what has been done previously, the updating of the MOGC still takes place today on the basis of SB monitoring activities and legislative updates.

The adoption of the Model, as well as subsequent amendments and additions, are referred to the competence of the Company's Board of Directors. In the reporting year **MER MEC** updated its model on **12/07/2023** and **MER MEC STE** on **06/11/2023**. As for other companies, the models mentioned in the previous Sustainability Report remain in force.

The aforementioned **Code of Ethics\*** constitutes a further element of the internal control system, designed to counteract all unethical conduct in the conduct of business, capable of compromising the trust relationship with third parties. The Code defines **the mission and value proposition** to take as inspiration in order to compete effectively and fairly in the market, improve the satisfaction of its customers, increase the value for the Shareholder and develop the skills and professional growth of its human resources.

The **Code of Ethics applies to MER MEC and any company controlled by it and/or related to it** and is consequently binding on the conduct of all its persons. In fact, internal training courses are organised to ensure the knowledge of the Code by all employees of the Company, together with training activities related to the **existing Model 231/01**.

MERMEC asks all companies and the main stakeholders of the Group to behave in line with the **general principles of the Code**, which are valid both in Italy and abroad with the adaptations that may be necessary due to the specific regulatory, social, cultural and religious characteristics of each legal system in which MERMEC operates.

The Code declines and deepens the **ethical principles** of business conduct and among these, those aimed at **protecting the rights, diversity and integrity of each person**, together with those aimed at **promoting honesty, fairness, transparency, loyalty and quality in every area of action**.



\* The Code of Ethics can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://www.mermeccgroup.com).

The Code also defines:

- the rules of conduct in relations with collaborators, giving specific indications regarding the selection of personnel, the establishment of the employment relationship, the management and training of personnel, health and safety, the working environment, the protection of privacy and the person and defining at the same time the duties of collaborators;
- the rules of conduct in customer relations;
- the rules of conduct in relations with suppliers, declining the principles that govern MERMEC's purchasing processes, based on the granting of equal opportunities for each supplier and pre-contractual and contractual conduct held with a view to an indispensable and mutual loyalty, transparency and collaboration.

The latest version of the Code of Ethics of the companies that make up the Group was approved by the Board of Directors on:

- 12 July 2023 for MER MEC S.P.A.
- 6 November 2023 for MER MEC STE
- 1 August 2023 for MER MEC ENGINEERING
- 27 October 2023 for Angelstar

### 4.1.2 Respect for privacy and protection of personal data

With reference to privacy management, MER MEC has adopted an Organisational Model in accordance with **EU Reg. 679\_2016 – G.D.P.R.**, which provided for the appointment of a "Compliance Officer" and a "Data Processor Officer", as well as the identification of the personal data for which the company is configured as Data Controller or Data Processor, with the consequent issuance of treatment registers in which the methods and purposes of data processing are defined, as well as the possible risks related to the management of the same.

The Group also adopts internal procedures and measures aimed at regulating access to data by its personnel and their processing, in order to mitigate risks. Between 2022 and 2023, a robust update of the procedural structure relating to the protection of personal data was put in place.

In order to disseminate knowledge about the fundamental principles of Privacy, in 2023 the Company consolidated a **training course for its employees on issues related to the protection of personal data** managed when carrying out their professional activity in e-learning mode in order to disseminate the principles contained in Regulation (EU) 2016/679 (GDPR).

The MERMEC Group gives the opportunity to send, even anonymously, reports/complaints about possible violations of Privacy, through the company website of:

- MER MEC S.p.A.: [Whistleblowing – MER MEC S.P.A.](#)
- MER MEC STE S.r.l.: [Whistleblowing – Mermec STE](#)
- MER MEC Engineering S.r.l.: [Whistleblowing - MER MEC Engineering](#)
- ANGELSTAR S.r.l.: [Whistleblowing – Angelstar](#)

**GRI 2-26** Mechanisms for seeking advice and raising concerns

**GRI 418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data



#### GRI 418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

**During the reporting period, there were no complaints of privacy violations and no incidents of leakage, theft or loss of customer data.**

## 4.2 Commitment to the Fight against Corruption



The implementation of the Management System for the fight against Corruption has led to the drafting of a **Management System Manual for the Prevention of Corruption, a Policy\*\*** and dedicated procedures.

An analysis and assessment of the risk of corruption relating to sensitive processes, personnel, business partners (customers, partners, suppliers) and transactions was carried out. Risks whose value is not low are treated by implementing one or more control measures to be brought back to the low value. Due Diligence activities were carried out on employees whose risk assessment is high.

Specifically, as also described in the **Code of Ethics**, in the phases of choosing suppliers and defining collaborations with business partners, agents, representatives, consultants and subcontractors around the world, due diligence checks are carried out, documented on their records (including financial soundness and reports to databases) and assessed on their professional competence and other variables, such as interpersonal relationships, ethnic origins, political or religious beliefs.

**GRI 2-26** Mechanisms for seeking advice and raising concerns

As part of its internal control system, MERMEC defines the controls and activities that contribute to the prevention of the risk of committing corruption\* and bribery offences. In this way, it contributes to the achievement of **SDGs # 10, 16 and 17**.

As a demonstration of the concrete commitment made by the Group, the parent company MER MEC S.p.A., and the subsidiaries MER MEC STE and MER MEC Engineering have a **Management System for the Prevention of Corruption certified** according to the international standard **UNI EN ISO 37001:2016**.

This standard is aimed at:

Identifying a set of measures and controls that represent a good practice at global level with reference to the prevention of corruption.

Offer a reference scheme aimed at the design, implementation, maintenance and improvement of an adequate Anti-Corruption Management System.

In order to collect any **reports of suspected corruption** even anonymously, each MERMEC Group Company has made a dedicated page available on its website. The links are shown in the previous slide.

*\* According to the Company Code of Ethics, we speak of corruption when we offer, make, solicit or accept payments, gifts or favours with the aim of improperly influencing business results. A bribe may be paid in cash, with gifts in kind, or other favours, such as a job offer for a relative of the person being bribed. None of these practices are acceptable*

*\*\* Comprehensive policies are available on the website of each MERMEC Group Company.*

- MER MEC S.p.A.: [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com)
- MER MEC STE S.r.l.: [Quality & Certifications – Mermec STE](https://www.mermecste.com)
- MER MEC Engineering S.r.l.: [About Us - MERMEC Engineering \(mermec-engineering.com\)](https://www.mermec-engineering.com)
- ANGELSTAR S.r.l.: [Quality and Certifications – Angelstar \(angelstarcompany.com\)](https://www.angelstarcompany.com)



One of the aspects regulated by the Code of Ethics, Model 231 and Anti-Corruption procedures is the **conflict of interest**.

The consultants/suppliers/collaborators, customers, partners and employees of the Group Companies, in carrying out their activities, are expected to avoid situations of conflicts of interest that could be determined, for example, by assuming corporate positions or carrying out work activities with customers or suppliers or by assuming economic and financial interests in the activities of suppliers or customers.

In the event of a situation potentially suitable for generating a conflict of interest by a consultant/supplier/collaborator, customer and partner, it must be communicated to MERMEC and, in the case of an employee, to their manager.

In addition, pursuant to Model 231, in the exercise of their functions, the members of the SB must not find themselves in situations, even potential, of conflict of interest deriving from any reason of a personal, family or professional nature. In this case, they are required to immediately inform the other members of the Supervisory Body and must refrain from participating in the relevant resolutions.

In the event of conflicts of interest arising at the end of the due diligence activities, it is the task of the FAB company body to carry out further investigations in order to: assess whether this conflict of interest may affect the performance of a company activity and define any actions to be taken to mitigate the criticality found.

**MERMEC does not admit any form of corruption** (such as giving or receiving bribes\* and undue payments) either directly or indirectly, also aimed at facilitating routine bureaucratic procedures, both in relations with public officials, and in relations with customers and suppliers belonging to private companies.

MERMEC adheres to the anti-corruption laws in force in the countries in which it operates, the violation of which may result in sanctions ranging from imprisonment to financial penalties for individuals and for the company; the **MOGC instead provides for specific ethical standards and operational rules** to be adopted to prevent the crimes contemplated by Decree 231/2001, with particular reference to those committed against the Public Administration, corporate crimes and in the context of computer crimes and illegal data processing.

## GRI 205-3 Confirmed incidents of corruption and measures taken

**As proof of the commitment made, during 2023 there were no incidents of corruption.**

**GRI 2-15** Conflicts of interest

**GRI 205-3** Confirmed incidents of corruption and actions taken

*\* We speak of indirect bribes when the same is paid through an intermediary. For example, a company uses a commercial agent to obtain a contract and they pay part of the commission as a bribe. This type of practice is not allowed.*

## 4.3 Information Security

One of the ethical issues on which MERMEC has embarked on a path of continuous improvement is **information security**: in line with the European framework for the digitisation of information and data security, MERMEC is a European big player, providing highly digitised measurement products and services for the railway sector.

Digitalisation can help make rail transport safer, more efficient and more cost-effective, both for passengers and freight, but it also exposes rail systems to cybersecurity risks. As rail takes advantage of digitisation and the Internet of Things (IoT), cyberattacks can be expected to become increasingly sophisticated as cyber threats are as versatile and dynamic as the digital world and its applications.

In this context, the company is part of the **Shift2Rail** programme and participates in the Cybersecurity Working Group established by the **UNIFE** (European Rail Supply Industry Association), whose main goal is to provide UNIFE members with a forum to discuss and identify opportunities for cooperation on cybersecurity in the European railway sector in order to promote good practice and guidelines to European legislators and technical standardisation bodies (e.g. CEN).

In this scenario and in order to improve their business prospects and pursue continuous improvement MER MEC S.p.A., Angelstar S.r.l. and MER MEC Engineering S.r.l. have an **Information Security Management System certified in accordance with UNI CEI EN ISO/IEC 27001**

The Information Security Policy is available on the website of each Company at the following links:

- MER MEC S.p.A.: [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com/Sustainability)
- MER MEC Engineering S.r.l.: [About Us - MERMEC Engineering \(mermec-engineering.com\)](https://www.mermec-engineering.com/About-Us)
- ANGELSTAR S.r.l.: [Quality and Certifications – Angelstar \(angelstarcompany.com\)](https://www.angelstarcompany.com/Quality-and-Certifications)

The Information Security Policy outlines the company's approach to managing Information & Cyber Security issues and contains the guiding principles and responsibilities necessary to safeguard the security of information systems, products and services provided. In 2023, a massive update of the policies issued in the field of "Information & Cyber Security" was concluded.



### GOAL FOR 2023

Certification according to the UNI CEI EN ISO/IEC 27001 standard: 2017 of the Information Security Management System of Angelstar S.r.l.

**GOAL ACHIEVED**

The further macro-area in which the Group operates relates to the production and marketing of products and/or services with high technological value, taking advantage of emerging ICT technologies that combine the potential of artificial intelligence and machine learning, the Internet and mixed reality.

In this context, in which the company MER MEC Engineering operates, secure information management is relevant; in fact, between 2022 and 2023, the **Information Security Management System**, already **certified according to the UNI CEI EN ISO/IEC27001: 2017 standard**, was restructured to comply with the good practices of the parent company MER MEC S.P.A.

### The information security management system compliant with the UNI EN ISO/IEC 27001 standard guarantees:

#### Confidentiality

information accessible only to duly authorised subjects and/or processes.

#### Integrity

Safeguarding the consistency of the information from unauthorised changes.

#### Availability

Ease of access to necessary information.

#### Control

Ensures that data management processes and tools are secure and tested.

#### Authenticity

Reliable origin of the information.

#### Privacy

Guarantee of protection and control of personal data.

### GOAL FOR 2024

Transition of the UNI CEI EN ISO/IEC 27001 certificate: 2017 of the MER MEC S.p.A. Information Security Management System to the 2022 version of the standard

GOAL ACHIEVED

MERMEC has clearly defined roles and responsibilities in the field of Information Security and has issued a series of procedures that aim to protect, at all company levels and across all functions, the know-how and information processed by the company. For MERMEC, information is an asset and a resource, to be protected and managed in an appropriate way to avoid threats and mitigate the risks induced by malicious or unconscious actions, resulting in loss of data and violation of privacy.

The technological upgrade made to meet the standard, acting on IT resources and network infrastructures, has improved the reliability of internal processes and throughout the supply chain, ensuring responsible industrialisation in full compliance with **SDG #9**.

9 INDUSTRY,  
INNOVATION AND  
INFRASTRUCTURE



## 5

# WORK AND HUMAN RIGHTS



5.1 [Work and Social Responsibility](#)

5.2 [Workers' Health and Safety](#)

5.3 [Human Capital Development](#)

5.4 [Equity, Diversity and Inclusion](#)

5.5 [Involvement and Development of Local Communities](#)

5.6 [CSR and Business Engagement Initiatives](#)

# 5.1 Work and Social Responsibility

MERMEC gives **great importance to its people, who**are considered an **indispensable factor for its success**.

For this reason, it protects and promotes the value of human resources **in order to improve and increase the heritage and competitiveness of the professional skills possessed by each one and intends to strengthen the dialogue on human rights and fundamental labour** rights, in particular freedom of association, in order to support the **sustainable growth of its activities and satisfactory working conditions for its employees**.

MERMEC's Code of Ethics contains specific provisions relating to these issues, which apply to subsidiaries and associates within its operating perimeter, taking into account the local legal framework of each country in which they operate.

In some cases, these provisions are more favourable than national legislation, and MERMEC intends to promote and disseminate them throughout the entire organisation and supply chain.



## GRI 2-7 Employees

	2022			2023		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
Total Employees	991	202	1193	1098	235	1333

### PERSONNEL BY TYPE OF CONTRACT AND GENDER

Permanent	940	175	1115	1044	220	1264
Fixed-term	51	27	78	54	15	69

### EMPLOYEES DIVIDED BY FULL-TIME AND PART-TIME AND GENDER

Full-Time	970	185	1155	1076	217	1293
Part-Time	21	17	38	22	18	40

**GRI 2-7** Employees

**GRI 2-8** Workers who are not employees



**95%**  
**PERMANENT  
CONTRACTS**

With reference to the breakdown by type of contract, the Group's commitment **to guarantee its people stable employment is evident**. 95% of employees, in fact, are hired indefinitely, an increase compared to what was recorded for 2022 (93%). In addition to employees, MERMEC collaborates with 25 other people, who are part of the Group with different types of contracts.

Among these, the share of interns is significant, which as of 31 December 2023 was 19, included in the company thanks to specific agreements with universities and local institutions, in order to promote the professional growth of young people, with the aim of easier integration into the world of work.

In addition, the share of employees in part-time employment is growing, especially among women, an element that proves **MERMEC's willingness to ensure work-life balance for all its people**.

## GRI 2-8 Workers who are not employees

**In 2023, the Group employed 25 external workers (26 in 2022), including 19 interns and 6 collaborators.**



5.1.1 Remuneration and Collective Agreements

MERMEC respects the right of personnel to a living wage, and guarantees that the remuneration paid always corresponds at least to legal standards or minimum industry standards, or to collective agreements (where applicable).

To calculate an employee’s salary, the following elements are used:

1. Role and responsibility and experience in the organisation. Specifically, the Willis Tower Watson methodology for Job Evaluation is used, which determines the "grades" useful for defining in a scientific way, the weight of each individual role in the Company and its relevance in the organisational structure;
2. Requirements of the National Collective Labour Agreement and binding documentation applicable in contractual matters with workers (tasks and minimum tables);
3. Official salary benchmarks (for a comparison as balanced as possible, three benchmark sources are used: WTW, Jobpricing, ODM consulting);
4. Merit policies (performance evaluation process called Meritocracy - Merit Increase policy)

The HR department collects data on the results of remuneration practices to identify gender anomalies and differentials and other differences related to diversity, within and between work families, geographical locations and remuneration structure, e.g. bands, grades and scales.

Analyses are also conducted to identify levels of satisfaction or dissatisfaction with the remuneration and benefits processes and to identify anomalies and differences in remuneration related to diversity.

- GRI 2-20 *Process to determine remuneration*
- GRI 2-21 *Annual total compensation ratio*
- GRI 2-30 *Collective bargaining agreements*

GRI 2-21  
Annual total compensation ratio

	2022	2023
Ratio of the total annual salary of the highest paid individual to the median value of the total annual salaries of all employees	5.44	9.15

GRI 2-30  
Collective Bargaining Agreements

	2022	2023
Percentage of employees covered by collective bargaining agreements	100%	100%

## 5.1.2 Living Wage

In 2023, the MER MEC Group carried out a benchmarking analysis of the living wage, verifying that the salaries paid to its employees are at least equal to or greater than the Living Wage.

The Living Wage data used for the comparison is processed, on a regional and monthly basis, by **WageIndicator.org** and takes into account the following cost components that meet the primary needs of the person and guarantee a decent standard of living:

- Food;
- Accommodation;
- Healthcare;
- Transport;
- Education for children;
- Clothing;
- Water;
- Telephone (calls and data);
- Unexpected expenses;
- Taxes and social security.

Considering the location of the company offices, the analysis shows that employees at all MER MEC Group locations are remunerated with a monthly salary above the Living Wage threshold.



**100%**  
**EMPLOYEES COVERED BY  
LIVING WAGE  
BENCHMARKING ANALYSIS**

Contributions of between € 1,000.00 and € 1,600.00 were also made to support about 20% of employees belonging to the most needy families and with a high number of dependent family members.

Corporate headquarters	Minimum CCNL level paid at the headquarters	Lowest RAL paid	Lowest RAL divided by 12 monthly payments	Monthly Living Wage *
Monopoli	D1	€20,912.71	€1,742.73	€1,191.09
Mola di Bari	D1	€20,912.71	€1,742.73	€1,191.09
Lecce	B1	€27,771.25	€2,314.27	€1,191.09
Galatina	C3	€25,909.52	€2,159.13	€1,191.09
Noci	D1	€20,912.71	€1,742.73	€1,191.09
Badoere di Morgano	D1	€20,912.71	€1,742.73	€1,261.41
Granarolo dell'Emilia	D1	€20,912.71	€1,742.73	€1,176.59
Milan	C1	€23,691.59	€1,974.30	€1,277.25
San Piero a Grado (Pisa)	D2	€23,190.70	€1,932.56	€1,201.00
Benevento	C2	€24,192.61	€2,016.05	€1,116.39
Matera	D1	€20,912.71	€1,742.73	€1,191.09
Genoa	C2	€24,192.61	€2,016.05	€1,142.11
Turin	C2	€24,192.61	€2,016.05	€1,153.33
Rome	D2	€23,190.70	€1,932.56	€1,173.85

\* Data source: [Benchmark Finder | IDH Sustainable Trade \(idhtrade.org\)](https://www.idhtrade.org/);

[Living Wages for Workers, Employers and Trade Unions - WageIndicator.org](https://www.wageindicator.org/);

[Living wages in Italy - ltuosalario.it](https://www.ltuosalario.it/)

The benchmarks developed by WageIndicator.org represent a methodology recognised by IDH Living Wage Benchmark Methodologies.

5.1.3 Turnover

The Group pays great attention to the phases of selection and entry of personnel, in compliance with the Group’s values and the provisions of the Company’s Code of Ethics. For this reason, the **MERMEC Group’s research and selection process** has been implemented internally, with the aim of ensuring the presence of a workforce that has a level of quality, competence and updating that allows it to meet its responsibilities with due diligence. In this regard, the Group, in order to be able to identify and attract the best talent present in the academic world, has entered into agreements with several Italian universities (ref . Paragraph [5.5.1](#))

In 2023, the MERMEC Group recorded **the entry of 255 new hires\***, in parallel with **123 terminations**. These results equate to a 19% recruitment rate respectively, while the **turnover rate** is equal to **9%.\*\***

*\* The data relating to hiring and termination include some transfers of resources from Group companies not included in the scope of these Financial Statements (10 incoming corporate transfers and 2 outgoing corporate transfers). For this reason, the data for the two-year period are not comparable.*

*\*\* Considering the average 2023 headcount and only terminations due to voluntary resignation (thus excluding those due to the expiration of a fixed-term contract, retirement, dismissal), the turnover rate is 7.34%.*

The characteristics of the Selection Process



1. Efficiency

Find the best match between company culture and candidate profiles.



2. Cost-effectiveness

Use available resources, to save time, and to minimise costs in order to stay in line with business goals.



3. Consistency

Maintain uniformity throughout the Group.

GRI 401-1 New employee hires and employee turnover

## GRI 401-1a

Total number and rate of new employee hires

## NEW EMPLOYEES BY GENDER AND AGE

	2022	2023
<b>Total male hires</b>	<b>109</b>	<b>205</b>
< 30 years	43	75
30 ≤ x ≤ 50 years	59	96
> 50 years	7	34
<b>Total female hires</b>	<b>42</b>	<b>50</b>
< 30 years	20	20
30 ≤ x ≤ 50 years	20	25
> 50 years	2	5
<b>TOTAL NEW EMPLOYEES</b>	<b>151</b>	<b>255</b>
<b>RECRUITMENT RATE</b>	<b>13%</b>	<b>19%</b>

## GRI 401-1b

Total number and rate of employee turnover

## EMPLOYEE DEPARTURES BY GENDER AND AGE

	2022	2023
<b>Total men's terminations</b>	<b>120</b>	<b>104</b>
< 30 years	29	24
30 ≤ x ≤ 50 years	63	63
> 50 years	28	17
<b>Total women's terminations</b>	<b>24</b>	<b>19</b>
< 30 years	4	7
30 ≤ x ≤ 50 years	18	11
> 50 years	2	1
<b>TOTAL TERMINATIONS</b>	<b>144</b>	<b>123</b>
<b>TURNOVER</b>	<b>12%</b>	<b>9%</b>

5.1.4 Social Responsibility (SA 8000)

among its principles, MERMEC follows that of business ethics and the promotion of the values of loyalty, fairness and respect, both within its own reality, and towards its stakeholders and the entire sphere of relationships.

MER MEC STE, MER MEC S.p.A. And, since 2023, MER MEC Engineering, have a **Management System for Social Responsibility certified according to the SA 8000:2014 standard.**



GOAL FOR 2023

Implementation and certification of the MER MEC Engineering Social Responsibility Management System in accordance with the SA 8000:2014 standard

The choice to implement a Management System compliant with SA 8000 is motivated by the will of the organisation to regulate in a clear and unambiguous way the performance of activities according to the requirements of Ethical and Social Responsibility, committing to involve the entire supply chain on these issues in order to identify areas for improvement in the ethical-social field for the benefit of the entire Organisation.

The System is based on the principles of protection of workers’ rights and health and safety in the workplace, international standards and conventions and the relevant International Labour Organisation (ILO) Conventions referred to in the Standard, applicable national laws, sector regulations, contractual conditions and any other requirement voluntarily signed and adopted. The commitments and main goals are described in the Social Responsibility Policy\*.

The MERMEC Group undertakes to disseminate the topics and goals of Social Responsibility through the training provided as part of the Induction activities for new hires and the dissemination of the Group’s CSR policies and Manual to the entire company population.

GOAL FOR 2024-2025

Implementation of Angelstar’s Social Responsibility Management System in accordance with the SA 8000:2014 standard

\* The policy can be consulted on the Group’s website unde [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com)

With the aim of maintaining high ethical standards and working in compliance with applicable laws and regulations, while promoting a safe environment for reporting potential or suspected violations, the MERMEC Group has:

Established the **Social Performance Team**, which is a reference point for workers on Social Responsibility issues, promoting communication between workers and company management on social responsibility issues, collecting reports, opportunities for improvement and any complaints from stakeholders and collaborating in the identification of actions for the continuous improvement of the organisation's Social Performance and monitoring compliance with the requirements of the SA 8000 standard.

Defined **channels to allow workers and other stakeholders the possibility of forwarding the report** (complaint/proposal), in a nominative or anonymous manner, according to one or more of the following methods:

- by email, verbally or by telephone to Workers' Representatives
- SA8000 reporting box, located at the main corporate offices (allows communication even anonymously)
- company website (allows communication even anonymously)
- by email to the certification body, at sa8000@rina.org
- by email to SAAS, at saas@saasaccreditation.org

Complaints and proposals for improvement may relate to one of the following **social responsibility requirements**: child labour, forced or compulsory labour, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, pay, management system.

**GRI 2-25** Processes to remediate negative impacts

**GRI 2-26** Mechanisms for seeking advice and raising concerns

- MER MEC S.p.A.: [Whistleblowing – MER MEC S.P.A.](#)
- MER MEC STE S.r.l.: [Whistleblowing – Mermec STE](#)
- MER MEC Engineering S.r.l.: [Whistleblowing - MER MEC Engineering](#)
- ANGELSTAR S.r.l.: [Whistleblowing – Angelstar](#)

The Group guarantees the worker/stakeholder, who has submitted a report/complaint, protection from any form of discrimination and in particular ensures maximum confidentiality on the facts and contents of the report, the right to maintain anonymity, in the case of reports received anonymously, the non-application of disciplinary, discriminatory, retaliatory or dismissal actions, in the case of non-anonymous reports or if it is possible to identify the whistleblower.



### 5.1.5 People Care & Welfare

In addition to defining the company principles related to the protection of personal integrity and diversity, the Code of Ethics reiterates MERMEC's desire to guarantee positive working conditions and promote the reconciliation of work and private life. Recent social and demographic changes globally and digital evolution are two of the main factors that are changing many aspects of daily and working life, influencing people's needs and expectations, but also opening new avenues to improve flexibility at work. Aware of this, and of the fact that an adequate and proportional balance of the different aspects of people's lives has a positive impact on the workplace, on commitment, on productivity and on the sense of belonging to the company, as well as on the quality of life and well-being of employees, MERMEC has implemented several initiatives dedicated to work-life balance.

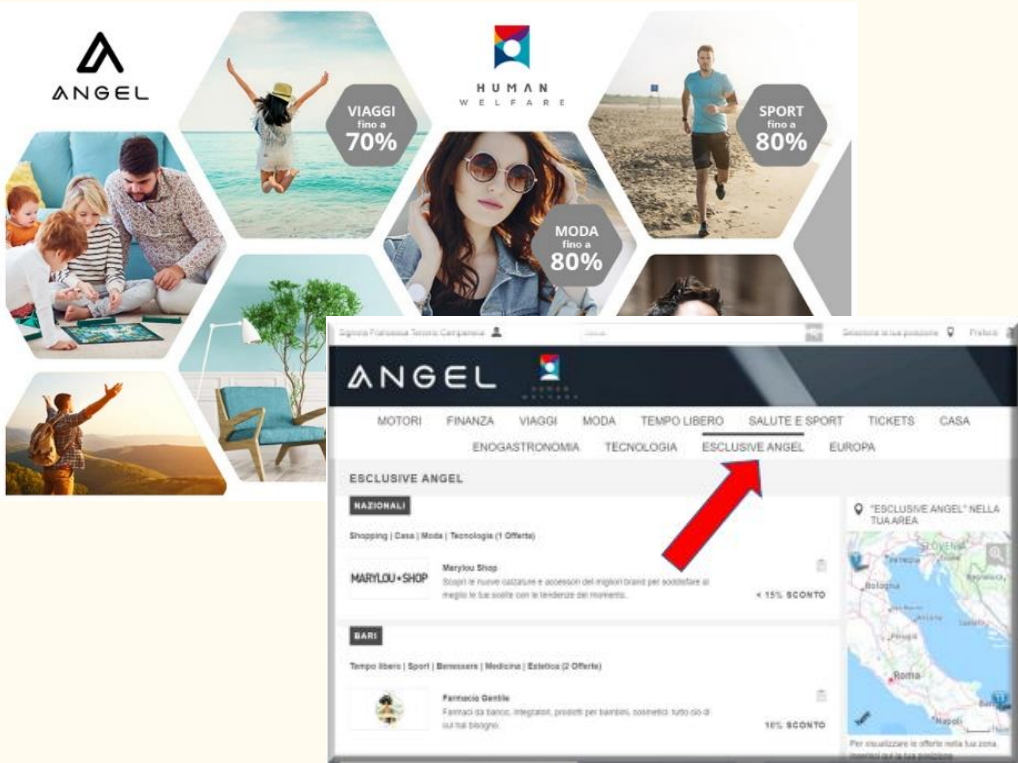
MERMEC intends to manage these issues with a global group approach, identifying guidelines and shared principles aimed at conducting a social dialogue in all Group countries and companies, in full compliance with national labour legislation and the legal and negotiating context. The promotion of consistent actions and behaviours at all levels of the company organisation, starting with executives and managers, is in fact the basis for moving towards a company culture oriented towards work-life balance.

The importance attributed by MERMEC to the value of Social Responsibility is also evident from the inclusion of this project within the Employee Performance Evaluation Process. Each employee, in fact, has the opportunity to receive up to 3 absolute percentage points to add to their final score, thanks to their participation in one of the internal or external CSR projects promoted by the company, or their individual involvement in voluntary activities.



# Corporate Conventions Portal

In 2023, the MERMEC Group continued to relaunch the Corporate Agreements Portal for its employees, also implementing a specific "Exclusive Angel" section dedicated to specific offers and agreements, including local ones, available on a wide range of products and services from prestigious brands and companies.



# Supplementary insurance policies

In addition to Supplementary Health Insurance, the Mer Mec group offers its employees additional insurance coverage.

Specifically:

- Third Party Liability Policy
- "Mission" policy for coverage against claims occurring during trips in Italy and abroad
- Life policy for some specific categories of workers.





## WE CARE MERMEC Programme for the promotion of Wellbeing in the organisational field

In 2023, the Group launched the We Care MERMEC project, a programme for the promotion of Wellbeing in the organisational sphere for all Group employees.

Within this framework, the "Mindfulness Snippets" Webinar was organised where Dr. Alessia Bisantis (Professional Coach and NLP Trainer) explored the universe of Mindfulness, from its assumptions to its areas of application, alternating theory and practice.

The webinar was met with great success and approval from the participating employees. In fact, the future project is to continue to deal with new issues in the field of Wellbeing.



## MERMEC4FAMILY The English course dedicated to the children of employees

Also in 2023, the Group gave the opportunity to all deserving young people, who last year had finished third grade and the last year of high school, to participate in an intensive two-week digital campus, with the aim of supporting them in the important transition phases that would have awaited them. Thanks to practical and group exercises, the students were able to improve their language and team working skills.



Smartworking

The MERMEC Group places smartworking within the framework of good practices to be implemented to carefully and more flexibly face the transformations that are pressing the world of work, considering it as a **lever of change for the benefit** not only of the company, but above all of people and the environment **according to a win-win logic**.

Therefore, the possibility of **taking advantage of smart working days** is still available to all employees, whose methods and rules are defined in a dedicated "Smart Working" procedure.

In 2023, the procedure was revised in order to strengthen smartworking practices for employees who have specific work-life balance needs, i.e. fragile, disabled or immunocompromised workers, allowing them a greater number of smartworking days than the practices in use, as better detailed on the next page.

Infographic titled "I RISCHI DELLO SMART WORKING" (The Risks of Smart Working). It details various risks and safety measures for remote work. Key sections include:
- **TELELAVORO** (Teleworking): Risks of isolation, lack of supervision, and blurred work-life boundaries.
- **LAVORO AGILE** (Agile Work): Risks of overwork and lack of structure.
- **Rischi Elettrici** (Electrical Risks): Proper use of electrical equipment and fire safety.
- **Misure per la Gestione delle Emergenze** (Emergency Management Measures): Procedures for fire, earthquakes, and other emergencies.
- **Rischi da utilizzo di apparecchiature dotate di videotelecamere (vdt)** (Risks from use of videoconferencing equipment): Ergonomics, posture, and eye strain.
- **Rischi Ambientali** (Environmental Risks): Home safety, fire hazards, and security.

Infographic titled "NUOVO CONTESTO DI RIFERIMENTO... CAPACE DI GENERARE STRESS" (New Reference Context... Capable of Generating Stress). It discusses the challenges of the modern work environment and provides strategies to manage stress and information overload. Key points include:
- **NUOVO CONTESTO DI RIFERIMENTO... CAPACE DI GENERARE STRESS**: The new work context is capable of generating stress.
- **Evitare l'INFODEMOIA** (Avoid information overload): Managing the flow of information.
- **Evitare l'eccesso di scambi poco produttivi che creano fastidio, aumentando il disquilibrio** (Avoid unproductive exchanges that create annoyance, increasing imbalance): Prioritizing communication.
- **Prestare attenzione al MULTITASKING** (Pay attention to multitasking): Managing multiple tasks effectively.

Infographic titled "Cosa possiamo fare per ottimizzare il lavoro in Smart Working?" (What can we do to optimize work in Smart Working?). It provides practical tips for organizing the smart working environment and workflow. Key sections include:
- **Organizzare un adeguato ambiente di lavoro** (Organize an adequate work environment): Ergonomics and workspace setup.
- **Definire chiaramente gli obiettivi e le aspettative con il proprio responsabile** (Clearly define objectives and expectations with your supervisor): Setting clear goals.
- **Alternare lo smart working alla presenza in ufficio** (Alternate smart working with office presence): Balancing remote and on-site work.
- **Organizzare l'attività di lavoro** (Organize work activities): Managing time and tasks.
- **Pianificare momenti di confronto e condivisione** (Plan moments of discussion and sharing): Encouraging collaboration.

## Work-life balance

The Group intends to provide its staff with the opportunity to manage the time to be dedicated to life and work through a balance of balances that takes into account both the company's business goals and the psychophysical well-being of the worker deriving from greater freedom of self-determination.

The Group has adopted measures to ensure work-life balance for all staff, such as:

- promotion of flexibility to allow part-time work for those who request it (up to 2 days per week as a policy);
- flexible hours with simple and accessible rules and procedures;
- possibility of smart working for those who request it;
- ensure that business meetings are held at times compatible with the reconciliation of family and personal life and that they do not interfere with it;



The worker in smart working is guaranteed compliance with rest times, as well as the "right to disconnect" from technological equipment during rest periods.

## Parenting and family care

The Group intends not to constitute any obstacle to parenting and family care, supporting those who, due to their status, must balance their commitment between work and the new occurrences that have emerged.

The Group is committed to promoting shared responsibility in family management, because the inclusion and development of women's careers also passes through the rebalancing of care needs with a view to equal distribution of family responsibilities. In this logic, the HR Function analyses the trend of data relating to shared parenting, monitoring the use of paternity leave.

In addition, as well as applying the provisions of the CCNL and the laws in force, it supports those who have particular needs for family care through:

- Concessions of additional smart working days with respect to what is defined in the Smart Working procedure;
- Inclusion in the corporate welfare programme of specific initiatives to support employees in their parenting and caregiving activities;
- the activation of agreements dedicated to the minor children of employees (e.g. English language courses for the most deserving children of our employees).



# GRI 401-3

## Parental leave

Employees who were entitled to parental leave

Employees who have taken parental leave

Employees who returned to work in 2023 at the end of parental leave

Employees who returned to work at the end of parental leave, still employed by the organisation 12 months after returning\*

RETURN TO WORK RATE

LOYALTY RATE\*

2023	
Men	Women
1098	235
5	11
5	11
3	12
100%	100%
100%	92%

\* For the calculation of these indicators, as suggested by GRI 401-3, data from the previous reporting period (year 2022) were consulted.



# Internal mobility

In order to encourage the development of new skills, MERMEC continues to promote internal mobility within the Group, using internal Job Posting. The first goal of internal Job Posting is to sow the culture of horizontal and vertical internal mobility, to offer all employees concrete opportunities for professional and personal growth, consistent with their skills and aspirations.

Internal job postings were also published during 2023, which continued to find great feedback among MERMEC employees.

The applications collected confirm the goodness of the project that offers employees the opportunity to enrich their professional career with different experiences within the Group, also changing function and often location, both nationally and abroad.





## Supplementary health care

In application of the Metalmeccanica Industria National Collective Labour Agreement, the Company provides its employees (excluding internships/collaborators/interns) with the Supplementary Health Assistance Package by joining the METASALUTE Fund fully borne by the company.

The health services provided by the Health Plan are available on the portal by clicking on [www.fondometasalute.it/le-prestazioni](http://www.fondometasalute.it/le-prestazioni) and selecting the BASIC Health Plan, including:

- Out-of-hospital services
- Physiotherapy
- Dentistry
- Prevention
- Other health and social services



Supplementary health policy for some categories of workers for whom an additional "benefit" is contractually provided for themselves and for their family unit.

Out-of-work health programmes and services respect workers' right to privacy. The MERMEC Group does not use workers' participation in such services and programmes, or the health data generated thereby, as a criterion for its decisions regarding the relationship with the worker.

# Employee Survey

In 2023, a survey was carried out on MER MEC STE to assess the *risk of work-related stress*, according to the INAIL Guidelines\*; in addition, this assessment also took into account the goal of assessing the possible risk of violence and harassment (ILO Convention 2019 no. 190 on violence and harassment in the world of work)\*\*.

The sample identified represents 5% of the company population, with a minimum of 3 elements per group.

The choice of the sample was made taking into account:

- same number of women and men
- availability
- role/area differentiation
- differentiation of work seniority
- different type of contract.

Thus, **3 homogeneous groups** were identified that were guaranteed full anonymity:

- ❑ **Operations:** Workers directly involved in the construction site activity
- ❑ **Employees:** workers who carry out secretarial and assistance tasks within the scope of their activity and on the basis of general indications; workers assigned to personnel administration activities; workers assigned to company accounting activities and tax compliance; workers who carry out cost trend control activities.
- ❑ **Technical employees:** workers involved in technical-project activities, acquisition of materials and services, production control and management.

In order to carry out a correct risk assessment, a checklist has been adopted that contains indicators divided by "families":

- **sentinel events:** accident rates, absences due to illness, turnover, proceedings and sanctions, reports from the competent doctor, specific and frequent complaints formalised by workers";
- **content indicators** : work environment and equipment, workload and rhythms, working hours and shifts, correspondence between workers' skills and the required professional requirements");
- **Context indicators:** role in the organisation; decision-making autonomy and control, interpersonal conflicts at work, evolution and development of carriers, communication");
- **violence and harassment.**

RESULT

The 2023 survey did not highlight "significant" risks

5 GENDER  
EQUALITY

3 HEALTH AND  
WELL-BEING

GOAL FOR 2024

Extend the survey to all Group companies, including aspects related to Gender Equality

\* INAIL Manual on "Risk Assessment and Management from Work-Related Stress" (2017 Edition) for use by companies implementing Legislative Decree 9 April 2008, no. 81 and subsequent amendments

\*\*DIRECTIVE 2006/54/EC OF THE EUROPEAN PARLIAMENT and OF THE COUNCIL of 5 July 2006, Law no. 4 of 15 January 2021 and related sector bibliography

## 5.2 Workers' Health and Safety

MERMEC is committed to **spreading and consolidating a safety culture** by developing risk awareness and promoting responsible behaviour by all its employees and collaborators, contributing to the achievement of SDG #3. It also works to preserve, especially with preventive and training actions, the **health and safety of workers**. To do this, all Business Units are required to take due precautions to limit the risk of hazards in the workplace and to ensure a safe and comfortable environment.

A careful assessment of risks in the workplace, the implementation of the **Occupational Health and Safety Management System**, the recording of accidents or near misses and their continuous training, and careful health surveillance are basic tools for reducing the risks of accidents while safeguarding the psychophysical health of each worker.



The prevention actions that the OHSMS generally aims to implement are:

Enable worker participation to contribute to health and safety performance decision making and proposed changes.

Achieve periodic self-assessments and specific controls, through internal audits.

Periodically review the implementation of the system and verify its operation, adequacy and effectiveness.

Schedule continuous improvement, considering the results and analysis of internal audits, periodic review, radical changes, legislative, technological and organisational developments.

The Group applies all the mandatory prevention and control measures provided for by current regulations, with particular reference to Legislative Decree 81/2008 and subsequent amendments and additions in order to protect health and safety at work. Within its Code of Ethics\*, MERMEC identifies the fundamental principles and criteria on the basis of which decisions of every type and level must be taken in matters of health and safety at work.



\* The Code of Ethics can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com)

5.2.1 H&S Management System (ISO 45001)

MERMEC has among its principles the dissemination and promotion of a culture of health and safety of workers both within its own reality, and towards its stakeholders and the entire sphere of relationships.

To this end, all MERMEC Group companies have an **ISO 45001-certified Occupational Health and Safety Management System** from an accredited third party: processes or standard points have not been excluded in the application of the standard. A copy of the certificates can be consulted on the Group's website under [Certifications \(mermecgroup.com\)](#).

In accordance with the ISO 45001:2018 standard, the MERMEC group has decided to define a **Workers' Health and Safety Policy** that is implemented by all Group Companies at all operational sites and construction sites. The policy can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](#)

The Management System is set up according to a Plan-Do-Check-Act logic and is subjected every year to an internal audit cycle, conducted by auditors with ISO 19011 certification, aimed at verifying the compliance of processes and workplaces with the ISO 45001 standard and the system procedures implemented, as well as the compliance of the activities carried out by all workers, including any subcontractors on construction sites.

In accordance with the ISO 19011 standard, audits are planned according to a programme approved annually by the company management; audits are performed through the use of checklists and the results recorded in specific audit reports, shared with the process owners in order to share and define the appropriate corrective and improvement actions to be implemented, with related implementation times.

It is the responsibility of the auditors to carry out periodic follow-ups in order to verify the implementation and effectiveness of the corrective actions implemented.

In addition to internal audit cycles, MERMEC group companies are annually subject to third-party audits performed by accredited bodies. The planning of third party audits, aimed at maintaining ISO 45001 certification, covers a three-year period, equal to the duration of the certificates themselves, within which all processes and company offices covered by certification are audited.

The results of the audit process are discussed with Management as part of the periodic reviews of the management system.

**GRI 403-1 Occupational** Occupational health and safety management system

**GRI 403-8** Workers covered by an occupational health and safety management system

95%  
MERMEC GROUP  
OPERATING SITES  
CERTIFIED  
ISO 45001



	2023
Employees	1333
Collaborators	25
<b>Total Workers</b>	<b>1358</b>

GRI 403-8  
Workers covered by an  
occupational health and safety  
management system

	2023	
	No.	%
Workers covered by the ISO 45001 Management System	1325	98%
Workers subjected to First Party Audits	1083	80%
Workers subjected to Third Party Audits	1263	93%

5.2.2 Risk Assessment for Workers’ Health and Safety

The MERMEC Group assesses all workplace risks for **employees who have given birth, are pregnant or are breastfeeding**, including those related to their job duties, in order to ensure that all reasonable measures are taken to eliminate or reduce any risk to their health and safety. It is considered fundamental and essential **to constantly pursue the protection of the health of employees, collaborators and communities affected by the activities of the MERMEC Group.**

All employees undergo periodic check-ups to verify their health status.

The Code of Ethics also regulates the duties of workers and collaborators, called upon to act loyally in order to comply with the obligations signed in the employment contract and the provisions of company policies also on health and safety.



\* The policy can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://mermecgroup.com)



In compliance with art. 17 of Legislative Decree 81/08 and subsequent amendments, the MERMEC Group is equipped with a **Risk Assessment Document (DVR)**: this document lists and analyses all the risks present within the company's workplace, thanks to the identification of all the hazards related to the activity carried out and to the workplaces, quantifying the risk, that is, the probability that a certain event will occur that may cause harm to people.

The DVR is a very dynamic tool due to possible changes in workplace conditions, new work tools, new assessments or new appointments that make up the Company Surveillance Service.

Below are the DVRs updated or issued during 2023.

Following the Covid-19 emergency, the Safety Group, in collaboration with HR, RLS and the Occupational Physician, has implemented actions to preserve the company's population from pandemic risks.

In addition, in the need to implement the so-called "AGILE WORK" to guarantee the health of workers, a statement was issued regarding the behaviours to be followed during smart working.

#### DVRS AVAILABLE IN 2023

Company	Reference offices	Date	Rev.	Update description
MERMEC S.P.A.	Monopoli, Via Oberdan 70	08/03/2023	Q	Appointment of new HSO
	Monopoli, Via Conchia 34-36	08/03/2023	Q	Appointment of new HSO
	Monopoli, Via Conchia 25 B/C	19/10/2023	A	First issue
	Monopoli, Via Conchia, 25 F	19/10/2023	A	First issue
	Monopoli, Via Oberdan 80	08/03/2023	B	Appointment of new HSO
	Milan, V.le Monza 338	08/03/2023	D	Appointment of new HSO
	Turin, Corso Trapani 16	08/03/2023	D	Appointment of new HSO
	Lecce, Via Assisi 1	08/03/2023	D	Appointment of new HSO
	Rome, Viale Castro Pretorio 116	08/03/2023	D	Appointment of new HSO
	Matera, Via Appia Antica snc	12/07/2023	A	First issue
	Treviso, Vicolo Ongarie 13	10/04/2023	E	Appointment of new HSO
	Granarolo dell'Emilia, Via Minghetti 13	12/04/2023	A	First issue
	Mola Di Bari, Via San Sabino 21	08/03/2023	C	Appointment of new HSO
	Pisa, Via Livornese 1019	08/03/2023	D	Appointment of new HSO
	Treviso, Via Bosco 2	10/04/2023	E	Appointment of new HSO
MERMEC STE	General	29/11/2023	1	First issue
	Genoa, Via Bombrini 11	29/11/2023	5	Update of personal data
	Galatina, Contrada Torrepinta snc	29/11/2023	4	Update of personal data
	Genoa, Via Ovada 43 I-C-E-H	29/11/2023	4	Update of personal data
	Benevento, Contrada Ponte Corvo	29/11/2023	4	Update of personal data
	Bosco di Zevio	29/11/2023	3	Update of personal data
	Milan, Viale Monza 338	29/11/2023	3	Update of personal data
	Buccinasco, Via Volta 5	29/11/2023	3	Update of personal data
	Mola di Bari, Via San Sabino 21	29/11/2023	2	Update of personal data
	Granarolo dell'Emilia, Via Minghetti 13	29/11/2023	2	Update of personal data
ANGELSTAR	Mola di Bari, San Piero a Grado	21/11/2022	4	Update of personal data
MER MEC ENGINEERING	Noci	07/07/2023	01	First issue
	San Piero a Grado	20/03/2023	00	First issue
MER MEC FERROSUD	Matera	03/07/2023	00	First issue

**100%**  
OPERATIONAL SITES  
OF THE MERMEC  
GROUP SUBJECT TO  
SSL RISK ASSESSMENT



## 5.2.3 Employee Accident Indices

### GRI 403-9

#### Accidents at work

	2022	2023
<b>Total number of recordable accidents at work *</b>	<b>4</b>	<b>6</b>
Fatal accidents	0	0
Accidents with serious consequences **	0	0
<b>Number of hours worked</b>	<b>2067869</b>	<b>2187978</b>
<b>GRI accident indices ***</b>		
Total Recordable Accidents/Hours Worked Ratio	1.93	2.74
Ratio of fatal accidents/hours worked	0.00	0.00
Report of accidents with serious consequences/hours worked	0.00	0.00

The MERMEC Group is constantly committed to safeguarding the Health and Safety of Workers. In 2023, there were 13 minor injuries, of which 7 were on the way to and from work, and 6 in the workplace caused mainly by: failure to use the required PPE, tripping, imprudence of personnel. The injury rate saw a slight increase compared to 2022 considering the increase in the number of hours worked.

The days of absence related to accidents at work amounted to 119.

**Note:** the data relating to any accidents of workers administered are not available, as they are not the direct responsibility of MERMEC.

\* "Recordable accidents at work" means all accidents to which death, days of absence, limitations at work, transfer to other duties, medical treatments that go beyond first aid, loss of consciousness can be achieved. These are all accidents generated by risks and hazards to which workers are exposed in the workplace (e.g. death, amputations, lacerations, fractures, hernia, burns, loss of consciousness and paralysis).

\*\* "Accidents with serious consequences" means accidents that have resulted in at least 6 months of consequence, excluding deaths.

\*\*\* The calculation of accident rates was based on 1,000,000 hours worked, according to the following formulas:

- Total Accident/Hours Worked Ratio: (total work-related accidents/hours worked) \* 1,000,000
- Ratio of fatal accidents/hours worked: (total fatal accidents/hours worked) \* 1,000,000
- Serious Injury/Hours Worked Ratio: (total serious injuries/hours worked) \* 1,000,000
- Report of other accidents/hours worked: (total other accidents/hours worked) \* 1,000,000.

#### GRI 403-9 Accidents at work



5.2.4 Occupational Diseases

The MERMEC Group is constantly committed to the prevention of occupational diseases: the dangers that may cause or contribute to causing cases of occupational disease are analysed within the scope of the DVRs issued by the Group companies.

The MERMEC Group, in the recording and reporting of data relating to occupational diseases, follows the guidelines of the National Institute for Occupational Accident Insurance (INAIL) and theILO Code of Conduct on the Registration and Notification of Accidents at Work and Occupational Diseases.

GRI 403-10  
Work-related ill health

	2022	2023
Total number of deaths due to occupational disease	0	0
Number of recordable cases of occupational disease *	0	1
Main types of occupational diseases	None	Hearing loss

**Note:** In the calculation, all employees of MERMEC Group companies were considered with the exclusion of only the workers administered, as they are not the direct responsibility of MERMEC

*\* "Recordable occupational diseases" means occupational diseases that may cause one of the following: acute, recurrent or chronic health problems, caused or aggravated by working conditions or practices, musculoskeletal disorders, skin and respiratory diseases, malignancies, diseases caused by physical agents and mental illnesses.*

Hazards* that can generate work-related ill health	Actions taken to eliminate hazards and minimise risks
Use of Video Terminals (VDT)	Work breaks, health surveillance, provision of compliant workstation, training
Welding activities	Additional health surveillance, absence of lead, localised aspirators, PPE supply and high risk training
On-board test	High-risk training, specific risk training for railway systems, specific health surveillance
Manual handling of loads	Supply of compliant and periodically checked equipment, training and instruction in their use, specific health surveillance, organisation of ergonomic workstations
Noisy activities (>80 dB)	Health surveillance, Information and training, delivery of PPE (headphones or earplugs), equipment maintenance
Use of machinery that produces vibrations (body, arm-hand system)	Health surveillance, information and training, equipment maintenance
Exposure to electromagnetic fields (EMF)	Health surveillance, information and training
Use of laser equipment (ROA)	Health surveillance, information and training, delivery of PPE (laser goggles)
Environments with Radon Gas accumulation	Technical measures (room ventilation)
Use of hazardous chemicals (solvents, paints, etc.)	Particulate monitoring, information and training, health surveillance, PPE supply (APVR + chemical agent protection by contact)
Exposure to biological agents	Health surveillance, information and training

\* "Hazard" means a source or situation that could cause injury or health problems.

5.2.5 Health Surveillance

Work exposes workers to the risk of injury and occupational disease. Therefore, the MERMEC group protects the health and safety of its workers with respect to the activity they carry out by implementing **Health Surveillance**.

Health Surveillance is defined by Legislative Decree 81/2008 as "the set of medical acts aimed at protecting the health and safety of workers, in relation to the work environment, occupational risk factors and the methods of carrying out work".

In particular, the MERMEC Group companies entrust Health Surveillance to the **Company Investments Care S.r.l. (LUCEA)**, which uses all its human and structural resources to carry out:

- Preventive, periodic and extraordinary medical examinations;
- Instrumental and laboratory assessments necessary for the issuance of the approval for the specific task;
- Preparation and delivery of the health and risk file;
- Keeping the schedule for the frequency of medical examinations of employees;
- Inspections of work environments to verify their health and safety.

Among the resources used for Health Surveillance, the Company Investments Care S.r.l. provides a Coordinating Physician and several Coordinating Physicians (one per location), supported by nurses for blood samples and by specialised physicians for instrumental examinations.

The MCs are appointed by the DdL and possess the qualifications and/or professional requirements described by art. 38 of Legislative Decree 81/2008.

The Prevention and Protection Service (SPP), on the other hand, is appointed by the Employer (DdL) and is composed of the ASPP and the RSPP, who meet the professional requirements established by Article 32 of Legislative Decree 81/08.

The SPP raises workers' awareness of the importance of the Health Surveillance function during mandatory training and dedicated Safety Meetings.

In addition, the staff of the SPP of the MERMEC Group companies interfaces with the Investments Care Srl Company to schedule the date and time of the visits in a manner appropriate to the business needs and workloads of each worker.

Subsequently, the SPP communicates, by email to the workers, the location and date of the calls for visits and requests them in case of delays or forgetfulness.

The services are provided during working hours at the facilities of Investments Care S.r.l., with access routes dedicated to outpatient clinics or, if this is not possible, at the infirmaries of the company offices (where present).

After that, Investments Care S.r.l. sends the approvals to the individual employee and to the SPP.

It should be noted that the owner of the sensitive data of the worker acquired during medical examinations is the Company Investments Care S.r.l., which, having received the authorisation from the employee, carries out the processing for the intended purposes and guarantees its confidentiality.

The MERMEC Group does not in any way come into possession of the information and health data generated as a result of Health Surveillance and does not use them as a criterion for its decisions regarding the relationship with the worker.

## 5.2.6 Consultation and Participation of Workers

In order to ensure the spread of the safety culture, the health and safety of workers and the effectiveness of the management system, the MERMEC group places great emphasis on the processes of consultation and participation of workers.

Activities in which Senior Management consults with workers and their representatives include system model development, planning, implementation and evaluation of performance and improvement actions.

Continuous consultation and involvement of workers is guaranteed through:

- Periodic safety meetings organised by the HSE Manager of the MER MEC Group companies, which include the presence of: SPP, Workers, RLS, Management;
- Periodic review meetings conducted in accordance with the provisions of Legislative Decree 81/08 and the ISO 45001 and SA8000 standards in which the Management, the RSPP, the Competent Physician and the RLS participate;
- Tools for reporting proposals for improvement, complaints, accidents and near misses made available to all workers, even anonymously through the company website of:
  - MER MEC S.p.A.: [Whistleblowing – MER MEC S.P.A.](#)
  - MER MEC STE S.r.l.: [Whistleblowing – Mermec STE](#)
  - MER MEC Engineering S.r.l.: [Whistleblowing - MER MEC Engineering](#)
  - ANGELSTAR S.r.l.: [Whistleblowing – Angelstar](#)

In particular, in accordance with the provisions of Legislative Decree 81, the RLS (Workers' Safety Representatives) are previously consulted in the phase of:

- individuation and assessment of risks and elaboration of the DVR;
- identification, programming, implementation and verification of prevention and protection activities, including, for example, the choice of Personal Protective Equipment (PPE);
- designation of the manager and service personnel:
  - ✓ of prevention and protection,
  - ✓ firefighting,
  - ✓ first aid,
  - ✓ evacuation of workplaces,
  - ✓ organisation of training,
  - ✓ choice of the occupational physician.

**GRI 2-26** Mechanisms for seeking advice and raising concerns

**GRI 403-4** Worker participation, consultation,

5.2.7 Training on Workers’ Health and Safety

For our Group companies, training is one of the main safety measures for the prevention of accidents at work. Therefore, safety training activities are planned and provided to all personnel in force (including external collaborators), for all Group locations.

The various types of training are designed and delivered according to the specific tasks and activities of each worker.

General and specific **training** activities have been carried out for Video Terminalists, for workers on construction sites, for Laser operators, for those who work at height, for those who use forklifts or overhead cranes, for RLS, for supervisors and for managers; firefighting and first aid courses have also been organised.

In addition, the training needs are also assessed considering: the need for updating to maintain the validity of the courses, any changes to the regulatory context, any changes to the business context (e.g. change in company size, new risks identified).

The teachers of the training courses are qualified in the field of Health and Safety at Work as indicated by the Interministerial Decree of 6 March 2013 and are in possession of knowledge and experience in the different subject areas covered by the teaching (legal-organisational regulatory area, technical/hygienic-health risks area; relations/communication area).

Training courses provided by both internal staff and training bodies outside the company are always free and carried out during paid working hours. Courses are delivered in e-learning or classroom mode and in Italian or English. The staff is obliged to participate.

The effectiveness of the training is evaluated through multiple-choice comprehension tests submitted to the resources to complete the course.

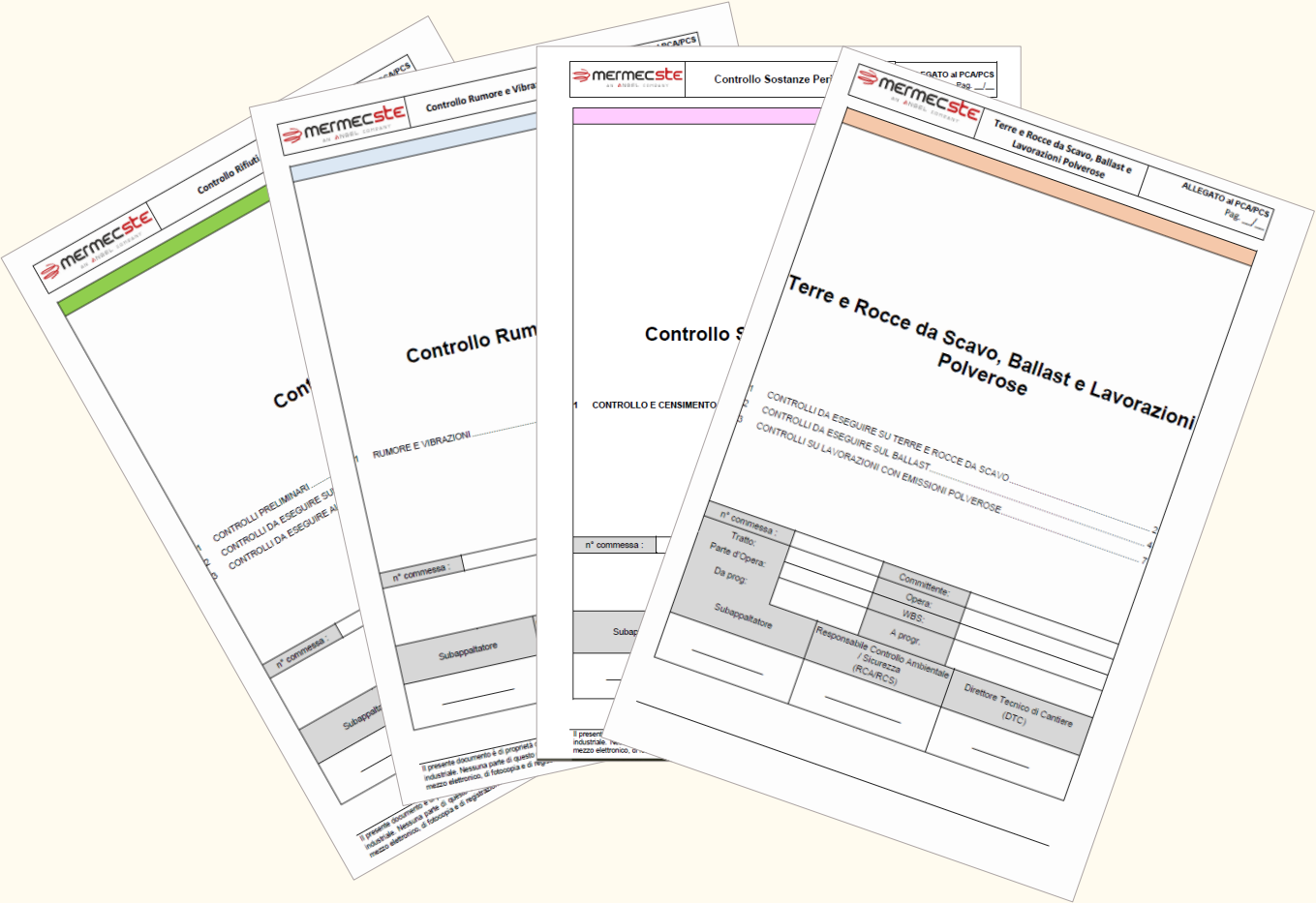
In addition, the SPP organises periodic **"safety meetings"** with the Site Technical Directors, Site Managers, PMs, active resources and key figures in the management of site safety. The goal of the Safety meeting is to provide a tool for constant comparison in order to more easily and effectively manage critical issues in the field of health and safety and environmental management, increasingly reducing potential risks in the workplace and improving conditions.



GRI 403-5 Worker training on occupational

## 5.2.8 Training on Subcontractors' Health and Safety

The Group undertakes to train subcontracted personnel before entering the environmental and Occupational Health and Safety work areas. Specifically, the training concerns the assigned activities with the related specific risks described in the risk assessment document, the work environments in which the subcontractor operates, waste management, documentation management and the correct compilation of the activity control record sheets called PCA/PCS (Environmental Controls Plan/Safety Controls Plan).



## 5.2.9 ISO 45001 Improvement Actions

During 2023, the Group's commitment to achieving Occupational Health and Safety standards was confirmed, materialised through the consolidation of the **Occupational Health and Safety Management System that has been reorganised** in order to integrate it with the other management systems and extend it to the other companies of the MERMEC Group **according to UNI ISO 45001 standards**. Subjected during the year to in-depth evaluations through specific audits by the Certification Body RINA Services S.p.A., **MER MEC S.p.A., MER MEC STE and MER MEC Engineering** have **maintained** the UNI ISO 45001 certification and **ANGELSTAR obtained the first UNI ISO 45001 certification**. As required by the Standard, audits were scheduled and carried out during the reference period. In addition, specific training and awareness-raising activities were carried out (both for internal staff and those who serve the Group) and periodic reviews were carried out, aimed at ensuring the effectiveness and continuous improvement of the System.



With regard to the preparatory activities for maintaining **UNI ISO 45001 certification**, the **following improvement actions were implemented in 2023**:

- Acoustic impact assessed for the offices of Benevento, Genoa Via Ovada, Buccinasco, Bosco di Zevio, Galatina;
- HSE staff format in railway matters;

- A contract was entered into with a consulting company to be supported by the SPP for the Surveillance of construction sites;
- Periodic inspections at MER Mecste sites and sites to verify legislative compliance and workplaces were intensified;
- The staff of the SPP of MER MEC STE has been integrated, through the hiring of a resource that supports the RSPP also in the programming and execution of the mandatory training activities provided for by Legislative Decree 81/08;
- The number of First Aid and Firefighting personnel in the different locations was increased;
- Monitoring of the presence of adequate qualifications and qualifications in force for the personnel in charge of driving vehicles was intensified;
- The internal personnel used to supervise the firefighting systems with their registration was identified;
- The PRSES for the control of the shelving present in the different locations were identified and trained;
- Periodic safety meetings were scheduled and conducted, aimed at continuously raising the awareness of personnel working, in particular, on temporary and mobile construction sites;
- Interventions relating to fire prevention were carried out at the offices in Rome and Lecce;
- Construction of parapets to allow access to the roofs of Sites 1 and 2;
- The implementation of AngelStar's SSL Management System was completed, aligning it with the Management System of all MERMEC Group companies;
- The Supervisors, RLS, Team Leaders, Ref./AngelStar function manager were trained on issuing reports ("Near Miss");
- The MERMEC ENGINEERING SSL Management System has been improved following the implementation of the following procedures: Use of smartphones and tablets; Use of signs for road work; Electrical work; Work in underground buildings and railway work.



## 5.2.10 Goals for 2024

Among the improvement actions planned for 2024 are:

- Complete the census of equipment, plants and machinery of the different locations and improve the management of their maintenance through the allocation of resources dedicated to the plants. Develop a specific annual maintenance procedure and schedule;
- Create a refreshment area for consumption of meals based in Genoa, Via Bombrini;
- Provide laboratories and offices at the headquarters in Genoa Via Bombrini with ergonomic chairs suitable for work;
- Implement the new HSE Management System;
- Entrust the monitoring and maintenance of fall arrest devices to an external company;
- Choose certified cotton HV summer T-shirts in order to improve the conditions of workers during exposure to heat;
- Choose thermal garments to be worn under the suits in order to improve the conditions of workers during night activities in the winter period;
- Purchase and commission new ladders with fall arrest devices for loading/unloading railway poles;
- Regulate through internal instructions the methods of execution and registration of cleaning and sanitation activities of the work environments of MER MEC STE;
- Extend the training course for the PES/PAV qualification in the field of electrical risk to the operating technicians who mainly carry out activities on board the engine and to the Design and Development technicians who assemble test set-ups for AngelStar;
- Replace unsuitable shelves with certified ones and manage them as specified for AngelStar;
- Complete the action taken for the issuance of use and maintenance booklet, safety V.R., and EC/Dir. Machines, for the electromechanical antenna handling system for AngelStar;
- Continue the awareness-raising action of the Supervisors, RLS, Team Leaders, Ref./AngelStar function manager in issuing reports ("Near Miss");
- Improve the management of scheduled maintenance by allocating dedicated resources and formalising periodic maintenance plans. Review the results of scheduled maintenance activities outsourced to specialised companies;
- Increase the number of PS and fire-fighting personnel;
- Improve the microclimate of the laser room (aerations) and create an infirmary area at the Badoere via Bosco site.

### 5.2.11 Safety on construction sites

As part of the management and control **of construction site activities**, in addition to the training activities mentioned in par. [Training on Workers' Health and Safety](#) and [Training on Subcontractors' Health and Safety](#) MER MEC STE defines, implements and maintains an Integrated Management System (IMS) for Quality, Environment and Occupational Health and Safety dedicated to each contract.

It drafts an *Integrated Management Plan (IMP)*: in order to define the organisational aspects, responsibilities and operating methods to be implemented in the order processes to ensure the achievement of the quality, environment and health and safety goals required by the Client.

In addition, in the Health and Safety area, the following are drawn up:

- *Framework of Compliance*: in order to understand the framework of legislative requirements applicable to construction site activities and project requirements in health and safety matters;
- *Safety Control Plan (SCP)*: in order to **plan the controls for the safety part** and allow its registration during the construction site activities;
- *Integrated Emergency Plan (IEP)*: in order to define procedures and operating instructions to which the workers present in the technological rooms of stations, buildings and warehouses in which MER Mecste operates, must comply to activate, manage and facilitate rescue operations in the event of an emergency.
- *Operating procedures and instructions*: in order to document the operating procedures for the management and control of safety aspects.

In the MER MEC STE construction sites, a series of checks are carried out to identify any non-conformities, to be managed through the definition of appropriate corrective and treatment actions:

- **Third-party audits performed by** the certifying body to verify compliance with ISO 9001, ISO 14001, ISO 45001, SA8000 standards;
- **Periodic inspections by the Works Management**, to verify the compliance of the construction site activities with the regulations in force in the field of Workers' Health and Safety (Legislative Decree 81/08 as amended);
- **Audit of the Client** to verify the compliance of site activities with the certification schemes implemented (ISO 9001, ISO 45001, ISO 14001);
- **Internal audits** performed by the Management Systems Department to verify compliance with ISO 9001, ISO 14001, ISO 45001, SA8000, mandatory provisions and the client;
- **Internal surveillance** carried out by the DTCs (Site Technical Directors) and their collaborators through a smartphone application.

Specifically, the latter provides for the following types of checks:

- Check of equipment, systems, emergency devices and construction site vehicles;
- Check of on-site resource consumption;
- Preliminary documentation and site areas;
- Personal protective equipment;
- Waste management;
- Noise and vibrations;
- Hazardous substances;
- HSE training, appointments and qualifications;
- Earths and rocks, ballasts and dusty processes.

# 5.3 Human Capital Development

## 5.3.1 Training

Training, which remains one of the main staff development tools in the MER MEC Group, is regulated by an ad hoc procedure. The training offered can be: mandatory, such as the Quality & Management System, GDPR, Environment, Health and Safety in the Workplace, Diversity & Inclusion and Gender Equality courses.

Non-mandatory training includes all courses of a Technical and Linguistic nature, fundamental for the business, as well as courses of a Transversal nature, which point to the 7 skills of our Group model.

All the courses offered are always aimed at promoting and supporting the professional and personal growth of all the employees of our Group.

The total training hours for 2023, relating to the MER MEC Group, is **24,916 hours**, divided as follows between the various Group companies:

- MER MEC S.P.A. **16,088 hours**;
- MER MEC STE **4,895 hours**;
- ANGELSTAR **2,064 hours**;
- MER MEC Engineering **1,003 hours**;
- MER MEC Ferrosud **866 hours**.

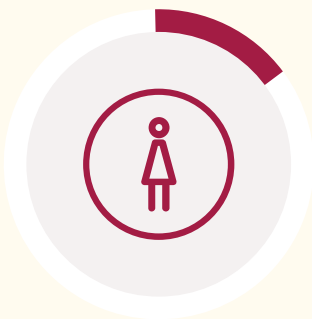
The average number of hours of training provided per employee is 18.69 (18 h and 41 min).

The **breakdown of training hours provided by the MER MEC group by gender**, relating to 2023, highlights the commitment to **ensure equal treatment of employees**.

In fact, pink shares represent 18% of employees and have received 17% of the training hours provided. In addition, the average number of training hours 2023 for **female** employees was **18 hours and 23 minutes**, while for **men** it was **18 hours and 46 minutes**.

Considering the professional categories, the average number of hours of training 2023 for **Employees** was 19 hours and 32 minutes, while for **Workers** it was 14 hours and 47 minutes.

Particular attention is also paid to the **training and orientation of new hires**, so the Selection Process adopted by the MER MEC Group provides for specific **Induction Training** sessions aimed at facilitating the inclusion of employees in individual Group companies and in the Group itself.



GRI 404-1 Average hours of training per year per employee

GRI 404-1 Average hours of training per year per employee

## The stages of Induction Training

### Business Induction

Standardised process that involves all new hires, of any professional category, to allow them to have maximum visibility of the Company and the role they will play, thus promoting their integration and the achievement of good performance in a short time.

The correct process for entering the Company involves:

- general training relating to the Organisation, strategy and projects;
- professional training on the role that the new hire will play;
- mandatory training in Health and Safety in the workplace and other important or legal areas.

### Group Induction

Following and support of the first training moment relating to the reference Company, a Group Induction is planned focused on the Mission, Strategy, Organisation and knowledge of the business and the main functions of the Group.

This Induction has the task of providing an overview of the Group in a structured way to allow new hires to learn more about the reference context.

The HR People & Knowledge team has the task of providing all new hires, in the first days of incorporation into the company, with the access credentials to the new LMS platform, on which the "Onboarding" module is present.



The Induction Training also includes **specific training and communication of the commitments undertaken in the field of human rights and fundamental labour** rights, extended to all staff through various initiatives, including the publication of news on local intranets and the translation of all relevant documents into English and, where relevant, into the local languages of the countries in which the Group operates.

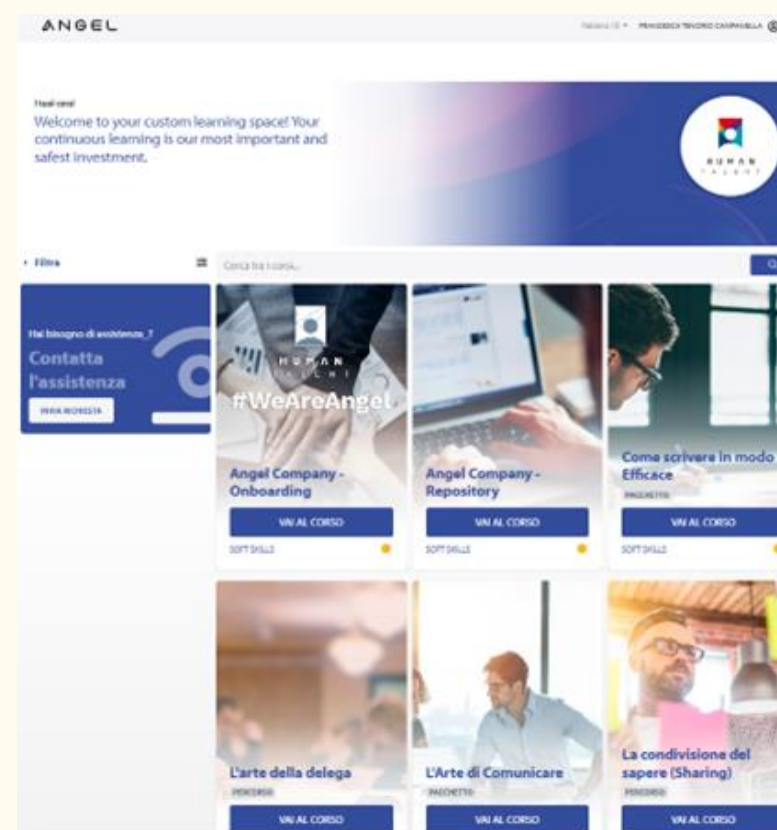
## Our main training initiatives: The LMS platform

The Training Plan, within the individual Group companies, is drawn up in advance every year by the HR Business Partners of reference.

The closure of the Performance Evaluation Process (PMDP – Meritocracy) of the previous year, thanks to the section relating to the Development Plan, completed by the evaluator and the evaluated, allows the HR team to collect all the training needs from individual employees. The final extraction of the needs collected in the final phase of the Evaluation Process is in fact the basis for the construction of the Annual Training Plan, which is matched, both in the individual Budgets of the business colleagues, for the technical and linguistic courses, and in the Training Budget of the HR team, for the part relating to the provision of transversal courses.

The Group has an LMS (Learning Management System) platform, which responds to the specific goal of sharing freely accessible online training courses, including 24/7, thus offering all colleagues working in the Group, both in Italy and abroad, the opportunity to train on technical and cross-cutting issues, thanks to the implementation of numerous courses in Italian and English.

In 2023, the platform was enriched with new and interesting modules, from sustainability, to D&I issues and Wellbeing.



Below are some of the main mandatory and non-mandatory training courses on the LMS Platform, aimed at all Group employees.



Onboarding

The 25-minute course tells our mission, our values, and the industries in which the Group operates with its corporate functions.

It is an interactive presentation, with videos, downloadable materials and some quizzes that allow to check your understanding of the content.



Organisational Model and 231 in MERMEC

This 45-minute course illustrates the aspects relating to current legislation (Legislative Decree 231): introduction and general principles of Decree 231, essential components of the Model, conduct of experiments, Supervisory Body, Sanctioning System and the details of the legislation within MERMEC.



Privacy and GDPR in MERMEC

The course of 1 hour and 30 minutes, illustrates to employees the new European Regulation on the protection of personal data, GDPR (General Data Protection Regulation), which aims to standardise the European regulatory framework in this area within an ever-changing economic and social context.





## Effective Writing in the Company

This course, which lasts 2 hours and 30 minutes and is divided into different modules, trains colleagues in the use of the most effective and suitable writing techniques to allow them to express themselves best through words.

## The Art of Communicating

The 5-hour course, divided into 15 modules, trains colleagues in the knowledge of communication mechanisms, sharing techniques to improve each other's awareness and find the right communication channel.



## The Art of Delegation

This course, which lasts 2 hours and 10 minutes, trains colleagues on the value of delegation, promoting the development of the sense of responsibility, cooperation and involvement of all team members, through the explanation of the most effective delegation methods and times.

## The Sharing of Knowledge

This course, which lasts 2 hours and 10 minutes, trains colleagues in the culture and awareness of knowledge sharing, through indications on the most correct times and methods to use.





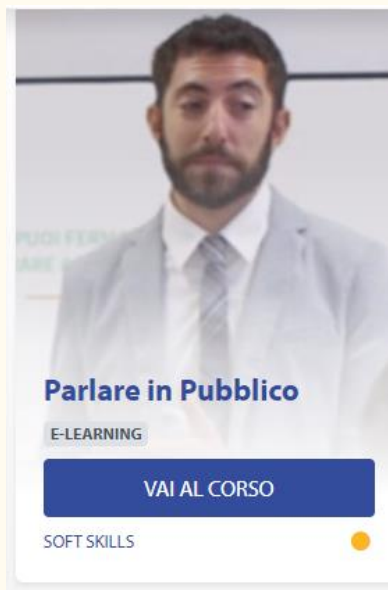


## Feedback management

This 1-hour course lasts is divided into two modules. The course is designed to help managers and collaborators face the moment of feedback, refining their skills in conducting effective and productive interviews but also to understand how to deal with their manager.

## Public speaking

This 30-minute course, divided into 1 module, trains colleagues to learn how to effectively and passionately transfer what they want to communicate, through the design of the content to be exhibited.



## Smart goals

This course, which lasts 2 hours and 10 minutes, trains colleagues in identifying the criteria to create S.M.A.R.T. goals and the guidelines to use them effectively and productively to evaluate the annual performance of employees.

## Word Advanced – PowerPoint – Excel Advanced

These are 3 distinct courses, with the following characteristics:

- Word Advanced: 3 hours and 40 min, 2 modules: path to discover the advanced features of Word.
- PowerPoint: 5 hours and 50 minutes, 4 modules: path to discover the basic and advanced features for really effective presentations.
- Excel Advanced: 2 hours and 40 minutes, 2 modules: a journey to discover the main new features of the new version of Excel.



## New Forms 2023



## Our main training initiatives: the ISTUD Executive Master

After the agreement entered into in 2022, also during 2023 the Group continued its collaboration with the Italian Business School, ISTUD for the training of employees included in the development path from the middle manager level, to the manager level, with the aim of supporting them in their path of professional and managerial growth.

The employees chosen after an evaluation of the Potential structured in different phases, had the opportunity to participate in the ISTUD Master: "Leadership and Business Transformation" for a total duration of 6 months. The Master has been divided into online group sessions, in self-learning activities accompanied by individual coaching sessions in which to integrate knowledge, skills and attitudes to be traced back to one's own professional challenges.



## Our main training initiatives: IFTS Academy

In 2023, the IFTS Academy initiative undertaken by the Group in collaboration with the Politecnico di Bari, the Puglia Region, the training body IFOA and the company ADECCO was concluded.

For the selected young people, three different specialist courses have been designed, aimed at acquiring technical skills such as:

- Software Engineer
- System Engineer
- Project Manager & Business Analyst

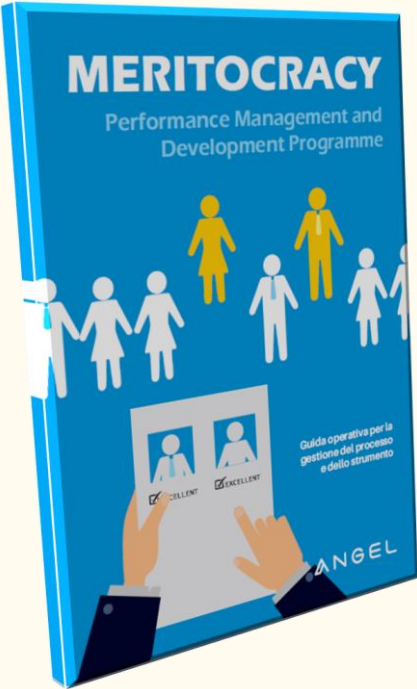
All the students, selected for this course, were placed in the company with a 1-year dual apprenticeship contract and participated in a 900-hour course, divided into 300 hours of classroom training and 600 hours of on-the-job training.

At the end of this course, the most deserving students were hired directly by the MERMEC Group.





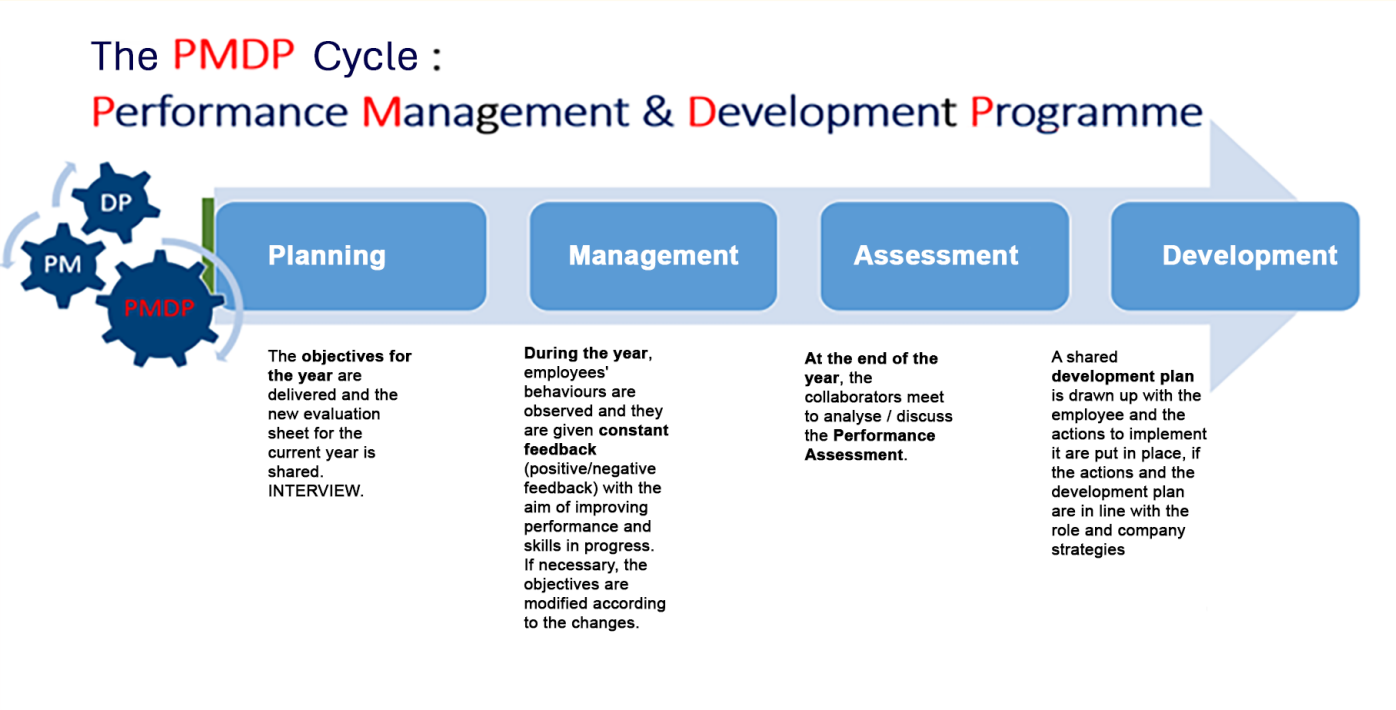
5.3.2 The Performance Evaluation Process



PMDP and Meritocracy

In 2023, the Performance Evaluation Project continued with the aim of enhancing the positive performance obtained by all the resources in the Group, in full compliance with the company values of Excellence, Solidarity and Integrity and thus minimising potential arbitrary criteria. This Project, named Meritocracy, is supported by the PMDP – Performance Management & Development Programme introduced in the Group in April 2019.

The Process, as the acronym implies, not only has evaluation and self-evaluation purposes, but thanks to the section on the Development Path, it aims to plan the professional and personal development of resources, based on the shared concept of our distinctive skills.



# Potential Assessment for Development Purposes

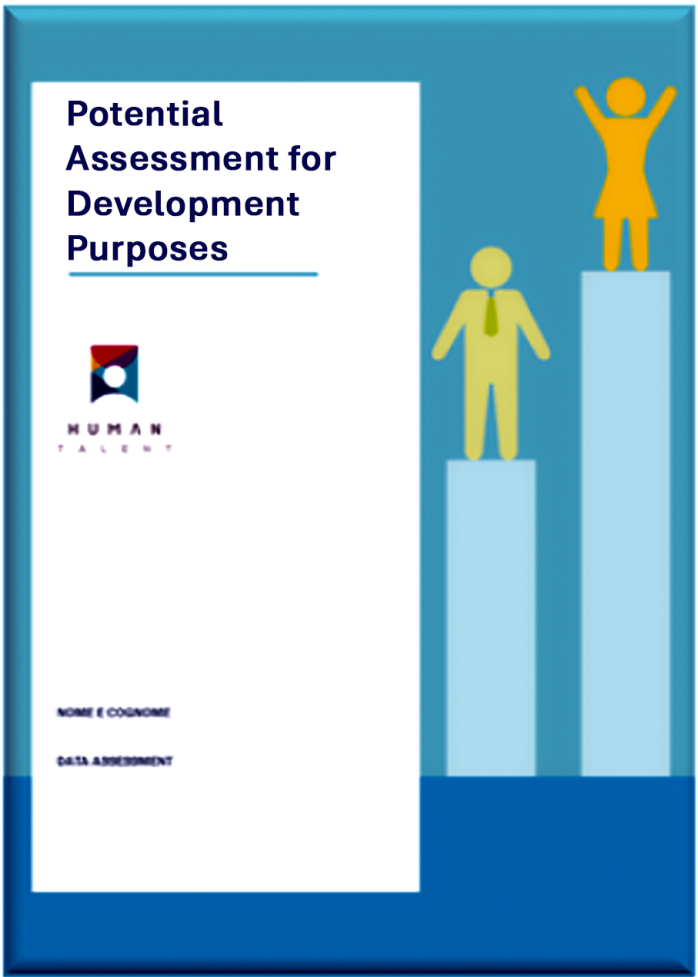
The Group has a Procedure for changing the contractual framework from the Framework qualification to the Manager qualification, which regulates the operating methods, responsibilities and tools for managing career changes through the Potential Assessment Process.

The Potential Assessment Process plays a strategic role for an effective management of resources in the company and allows to characterise/frame the personality of the evaluated resource, considering its skills, attitudes, values and not least the motivation.

On the side, the final Report produced by the P&K HR team downstream of the Assessment structured for the Potential evaluation in the MERMEC Group.

## GOAL FOR 2024

Report employee performance appraisal data in accordance with GRI 404-3.



# 5.4 Equity, Diversity and Inclusion

The MERMEC Group believes that the promotion of a diverse and inclusive organisational culture can allow individuals to thrive, ensuring their full expression and their full enhancement. Diversity and inclusion allow us to introduce new ways of thinking and different points of view, elements at the base of a business founded on continuous innovation.

In addition, a more impartial, more inclusive and socially responsible organisation is believed to be able, over time, to retain its resilience, sustainability and reputation.

The MERMEC Group summarises its commitments in this regard within the **Diversity & Inclusion and Gender Equality Policy** \*.

In 2023 , the Group obtained the certification of the **Diversity & Inclusion Human Resources Management System** in accordance with ISO 30415. This management system applies to the entire human resources lifecycle, which includes the following phases: workforce planning, remuneration, hiring, onboarding, learning and development, performance management, turnover planning, workforce mobility and termination of employment.

The Company's **Code of Ethics** has specific sections dedicated to the promotion of diversity, the protection of the integrity of the person and human rights, the fight against discrimination and harassment, with specific insights also dedicated to training and the desire to promote the work-life balance of all employees.

It is well explained that cultural plurality is a fundamental and essential feature of the Group's action, given its international vocation, for which the values and traditions of all local communities are considered factors of enrichment and improvement.

Within and outside the company, MERMEC promotes the construction of **multi-ethnic work environments in which differences (personal and cultural) are considered an essential resource** and element for the sustainability of the business, respecting the dignity of each one and offering equal opportunities at all stages of one's career, from the selection of personnel to the termination of the employment relationship.

The MERMEC Group guarantees the application of goal growth criteria and prevents the formation of situations of discrimination in all phases of personnel management, through the drafting and application of internal procedures such as that relating to Salary Review and the management of career steps.

GOAL ACHIEVED

GOAL FOR 2023

Certification of the MERMEC Group's Human Resources Management System: Diversity & Inclusion according to ISO 30415



\* The policy can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com)

### 5.4.1 D&I goals

With particular reference to Diversity & Inclusion issues, the MERMEC group undertakes to:

- **Recognise diversity:** valuing people intrinsically, individually, as groups, appreciating how different dimensions of diversity intersect, and recognising how demographic and other personal characteristics may, if needed, be protected by law;
- **Govern Effectively:** implement the management system for D&I through the implementation of policies, the provision of resources and the implementation of inclusive and non-discriminatory work processes and practices;
- **Act responsibly:** act in an ethical and socially responsible manner by promoting decent work practices for all;
- **Working Inclusively:** enabling the development of an accessible and respectful workplace that fosters inclusion and a sense of belonging;
- **Communicating in an inclusive way:** recognising and responding to the needs of people who access, understand and relate to communications in a different way;
- **Supporting and Defending D&I:** Actively influencing and promoting organisational practices and stakeholder relations.

As proof of its commitment to the issues discussed, in the course of 2023, the Group carried out **training and awareness-raising** activities through:

- **Dissemination of the SA8000 and Diversity & Inclusion Policies to all company personnel**, by posting them in the company offices and publishing them on the company's [website under Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com);
- **Induction** to all newly hired employees on issues of equity, diversity and inclusion, in the context of training on corporate management systems, to spread a culture of Diversity and Inclusion and pursue the goals underlying the company's D&I policy;
- Dissemination of the **MERMEC Group's Sustainability Manual**, which describes company procedures and best practices on corporate social responsibility issues, including actions to prevent any form of discrimination and unfair treatment.

### 5.4.2 D&I activities 2023

- 🎯 The principles of D&I were extended to the entire supply chain through the dissemination of the Supplier Code of Conduct and the General Purchasing Conditions;
- 🎯 The signing of the Declaration of non-discrimination was added into the selection process;
- 🎯 Competence matrices were prepared for each task;
- 🎯 Declarations of commitment to comply with SA 8000 requirements by suppliers/subcontractors/partners;
- 🎯 Updating and publication of recruitment announcements, with the indication that the search is open to candidates\* of any orientation or expression of gender, sexual orientation, age, ethnicity and religious belief.



5.4.3 Commitment Against Discrimination

In its Code of Ethics, MERMEC also reaffirms its commitment **to eliminate discrimination in employment relationships and**, in particular, to hire women and men on the basis of their specific skills, to treat each person with dignity, not to discriminate on the basis of age, social origin, family situation, sex, sexual orientation, disability, political, trade union or religious opinions, or actual or alleged membership of an ethnic group or nation in accordance with ILO Convention 111.

**Sexual harassment**, which violates the principle of equality and damages employment relationships, both within the company and in relation to customers and subcontractors, is countered by putting the well-being of its employees at the top of its priorities. The risk of harassment is also assessed in the DVRs of MER MEC Group companies in the context of work-related stress risks.

**MERMEC workers and collaborators who believe they have been harassed or discriminated against** for reasons related to age, sex, sexuality, race, state of health, nationality, political opinions and religious beliefs, or similar, **are invited to report the incident to the company**, which undertakes to investigate these incidents and assess any violations of current regulations and the Code of Ethics. To this end, the Group has defined an internal procedure and created a page on its websites dedicated to reports, as indicated in the [Social Responsibility paragraph \(SA 8000\)](#)

GRI 406-1 Incidents of discrimination and corrective actions taken

**As a confirmation of the commitment made to the protection and respect of human rights, during 2023 no episodes of discrimination occurred.**



As of 31 December 2023, the **total number of employees of the MERMEC Group amounted to 1,333 units**, 1,358 if taking other types of contracts into account, an increase of 140 units compared to the employees at the end of 2022 **(+12%)**.

In order to **promote gender equality** , MERMEC has undertaken the commitment **to continue with the path that sees the increase, in the coming years, of the rose quotas**, which to date represent 18% of employees.

GRI 2-26 Mechanisms for seeking advice and raising concerns  
GRI 406-1 Incidents of discrimination and corrective actions taken

### 5.4.4 Promoting Diverse Cultures

MERMEC promotes, supports and encourages openness to discussion, integration and multiculturalism both internally and externally, considering it as a source of knowledge, innovation and creativity.

### 5.4.5 Recognising and Protecting Different Skills

MERMEC promotes the creation of tools and workspaces without barriers, which can guarantee total accessibility to all employees and stakeholders with disabilities and therefore facilitate their access to physical places, information tools (e.g. company applications) and training activities, putting everyone in a position to contribute better to business processes.

### 5.4.6 Respect for gender identity and affective-sexual orientation

MERMEC promotes the creation of inclusive environments where everyone feels respected and appreciated, regardless of their gender identity and/or expression or their affective-sexual orientation, refusing and committing to eliminate all discrimination.

### 5.4.7 Protected Categories

The MERMEC Group is very attentive to the inclusion of "Protected Categories" and is fully compliant with the obligation provided for by Law no.68/99 regarding the targeted placement of resources belonging to the lists of civilian invalids, orphans and children of war invalids.

In this regard, the group works in collaboration with the Territorial Employment Centres to define, through specific agreements, recruitment plans.

**IN PROGRESS: HIRED  
5 RESOURCES IN 2023**

## GOAL FOR 2023-2026

Inclusion of at least 10 resources belonging to the protected categories



## 5.4.8 Gender Equality

MERMEC promotes an environment that promotes gender equality at all levels and overcomes all stereotypes. It is committed to policies and actions aimed at promoting gender equality, eliminating the gender gap and strengthening and supporting the presence of women in key roles and in awareness-raising initiatives and training activities aimed at spreading the culture of gender balance.



As proof of the commitment made in promoting gender equality, in 2023 the MERMEC Group undertook the definition of a **Gender Equality Management System in accordance with UNI/PdR 125**.

GOAL ACHIEVED

5 GENDER  
EQUALITY



### GOAL FOR 2023-2024

Obtaining Gender Equality certification in accordance with the UNI/PdR 125 standard of the MERMEC GROUP

As a demonstration of the Group's long-term commitment to gender equality issues, it has drawn up a three-year strategic plan in accordance with UNI/PdR 125, committing to set SMART goals on the following issues:

- **Selection and recruitment**
- **Career development**
- **Pay equity**
- **Parenting protection and care**
- **Work-life balance**
- **Prevention of all forms of physical, verbal and digital abuse in the workplace**

Below are the 2023 initiatives:

## TECH BY HER AWARD

In 2023, Holding Angel, of which the MERMEC Group is a part, was awarded the prize for its constant commitment to gender equality and the strengthening of the gender perspective in all its policies, as part of the "Tech by Her" initiative, sponsored by Huawei Italy, aimed at promoting female leadership in the digital world and reducing the Gender Gap in the world of work.



## AGAINST VIOLENCE AGAINST WOMEN

The MERMEC Group adheres to the UN International Day for the Elimination of Violence against Women, helping to spread the awareness and culture of non-violence in the world.



### GOAL FOR 2024

Membership to Valore D, the main business association committed to promoting gender balance and an inclusive corporate culture

## GRI 405-1

## Diversity of governance bodies and employees

## Personnel by professional category, gender and age groups

In the area of personnel management, **fair treatment is reserved for all employees, guaranteeing competitive remuneration** for the work carried out and awards for extraordinary services without discrimination.

Finally, **the principles of equality between women and men and non-discrimination based on gender are respected and promoted**, in particular with reference to selection and recruitment procedures, the distribution of tasks, promotions, remuneration and professional training. These principles also apply to any changes in working conditions, social benefits, termination of employment contracts and any other issues affecting working life.

## COMPOSITION OF MANAGERS

	2022	2023
<b>Total male managers</b>	<b>25</b>	<b>32</b>
< 30 years	0	0
30 ≤ x ≤ 50 years	10	15
> 50 years	15	17
<b>Total female managers</b>	<b>4</b>	<b>8</b>
< 30 years	0	0
30 ≤ x ≤ 50 years	2	4
> 50 years	2	4
<b>TOTAL MANAGERS</b>	<b>29</b>	<b>40</b>

## COMPOSITION OF MIDDLE MANAGERS

	2022	2023
<b>Total men's middle managers</b>	<b>130</b>	<b>147</b>
< 30 years	0	0
30 ≤ x ≤ 50 years	75	84
> 50 years	55	63
<b>Total women's middle managers</b>	<b>17</b>	<b>17</b>
< 30 years	0	0
30 ≤ x ≤ 50 years	12	12
> 50 years	5	5
<b>TOTAL MIDDLE MANAGERS</b>	<b>147</b>	<b>164</b>

## COMPOSITION OF EMPLOYEES

	2022	2023
<b>Total male employees</b>	<b>632</b>	<b>683</b>
< 30 years	104	127
30 ≤ x ≤ 50 years	427	433
> 50 years	101	123
<b>Total female employees</b>	<b>180</b>	<b>209</b>
< 30 years	37	43
30 ≤ x ≤ 50 years	130	145
> 50 years	13	21
<b>TOTAL EMPLOYEES</b>	<b>812</b>	<b>892</b>

## COMPOSITION OF WORKERS

	2022	2023
<b>Total male workers</b>	<b>204</b>	<b>236</b>
< 30 years	27	41
30 ≤ x ≤ 50 years	103	113
> 50 years	74	82
<b>Total female workers</b>	<b>1</b>	<b>1</b>
< 30 years	0	0
30 ≤ x ≤ 50 years	1	1
> 50 years	0	0
<b>TOTAL WORKERS</b>	<b>205</b>	<b>237</b>

**GRI 405-1** Diversity of governance bodies and employees



## 5.5 Involvement and Development of Local Communities

MERMEC, active on the international scene, considers cultural plurality a fundamental and essential feature of its activity and therefore promotes, also within its Code of Ethics, the culture of plurality.

The people of MERMEC work alongside local communities, respecting their values and traditions and considering diversity as a factor of enrichment and improvement. Also for this reason, MERMEC fosters and promotes international mobility and development in order to allow an integration of cultures.

MERMEC is aware of contributing, even indirectly, to the economic and social development of the community in which it operates and pays the utmost attention in carrying out all activities in its respect.

It is of primary importance to establish a continuous and proactive dialogue with local communities in order to analyse and meet their needs, implementing actions and initiatives aimed at enhancing the local context and building multi-ethnic work environments in which differences (personal and cultural) are considered a resource and an essential element for the sustainability of the business.

MERMEC has therefore implemented several initiatives aimed at promoting the involvement and development of local communities, in order to enhance its presence and have a positive influence on the context in which it operates.



### 5.5.1 MERMEC and our Presence in the Territory

One of the strengths of the MERMEC Group is to represent excellence in the field of railway safety and diagnostics throughout the Italian and international territory.

In an innovative market such as the one in which our Group operates, growth is boosted by Talent Acquisition channels, which has energetically supported business development through the Attraction of new talent.

The collaboration through the PCTOs (Pathways for transversal skills and guidance) with schools in the vicinity of the Group's main offices, the internships with the students of the ITS-Academy paths, the active participation in classes, project work, Conferences and Careers Days at the main Universities, as well as the reception of university students for curricular internships oriented to the Writing of Degree Theses, have offered the Group the concrete opportunity to acquire new skills, increase existing skills and actively participate in the development of the territory.



- PCTO with State Technical Technological Institute Da Vinci/Majorana of Mola di Bari (BA)
- PCTO with Technical Technological Institute M. Panetti of Bari (BA)
- PCTO with Salvemini Higher Secondary Education Institute of Fasano (BA)
- PCTO with Higher Secondary Education Institute Alpi/Montale di Rutigliano (BA)
- PCTO with V.S. Technical Institute Longo di Monopoli (BA)
- 4 training internships of the course "Mechatronics for the Predictive and Diagnostic Control of Railway Technologies and Infrastructures" with Istituto Tecnico Superiore-Academy Cuccovillo
- Seminars in medical systems engineering, electronics and telecommunications engineering, IT engineering and management engineering courses at the Politecnico di Bari
- Project Work in the course of "modelling of production systems" Eng. Mechanics of the Polytechnic of Bari1 Internship and Dissertation in engineering. Niccolò Cusano University Management
- 1 Internship and Dissertation in Economics and Business Organisation with Lum - Free Mediterranean University "Giuseppe Degennaro"
- 1 Internship and Dissertation in Industrial Engineering with Politecnico di Bari
- 1 Internship and Dissertation in Telecommunications Engineering with Politecnico di Bari
- 1 Internship and Dissertation in Automation Engineering with Politecnico di Bari
- 2 Internships and Dissertation in Mechanical Engineering with Politecnico di Bari
- 4 Internships and Dissertations in medical systems engineering with Politecnico di Bari



### 5.5.2 MERMEC and Sport

In 2023, the Group entered into an agreement with **basketball company San Severo** that provided for a contribution which is not a sponsorship, **but is provided on the basis of specific activities with an impact directly aimed at the most disadvantaged classes.** Below is the detail of the initiatives to which the contribution was directed.



- over 200 boys and girls are registered for Basket (from minibasket to under 21). Of these, more than thirty are directly reported by the Social Services of the Municipality of San Severo among the **less affluent groups of the territory, committed to sports and social inclusion without their families directly supporting any cost.** In addition to training and participation in the various leagues, all sportswear is provided free of charge to these young people.
- Partnership with the association “La città dei colori”, which has allowed some **disabled** children to take advantage of the facilities and instructors/coaches of Basketball, **without incurring any cost.**
- For each home game, the company has provided about 50 free tickets to boys and girls from associations, STDs and sports clubs in the area, primarily for the boys of the Città dei Colori Association and their families.

- During the 2023/2024 season, a **contest will be launched among the city’s primary schools for the most beautiful and warmest fans.** Over 1000 boys and girls and their families were invited. This activity **has favoured social integration and moments of lightheartedness** for people who would have otherwise not been able to afford the entrance ticket. At the end of the contest, the San Benedetto Elementary School was declared the winner, which, during a beautiful event in Piazza della Repubblica in San Severo, was given an ice cream and other gadgets for all the approximately 500 boys and girls of the school.
- Basketball has joined the Rete Nazionale dei Costruttori di Gentilezza (National Network of Builders of Kindness), with the aim of being an activator of community and for the common good. San Severo is the Italian capital of kindness for the current year.
- During the matches **some charity events were hosted**, in particular the one in favour of Caritas of the Diocese of San Severo to raise funds and food to be allocated to the most poor.

5.5.3 MERMEC and Culture

In 2023, the MER MEC Group helped support the **Fondazione Lirico Sinfonica Petruzzelli e Teatri di Bari**, in order to support its institutional mission of disseminating musical and operatic culture in the Apulian territory.

It is a non-profit Foundation, established by State Law no. 310 of 11 November 2003, which aims to provide Bari, the Metropolitan City of Bari, as well as the Puglia Region, with an essential structure for the development of lyric-symphonic activity.

Its birth represents an event of extraordinary importance not only for the city of Bari, but for the whole of Southern Italy, in consideration of the cultural, educational and social functions attributed to the Lyrical Foundations in the field of musical activity.

This Foundation, in particular, pursues the dissemination of musical lyrical art in all the forms in which it can express itself by creating lyrical, musical theatre, dance and concert performances in Italy and abroad.

In addition, it is committed to training the "public of tomorrow", with activities reserved for schools, children and families.



## 5.6 CSR and Business Engagement Initiatives

### 5.6.1 CSR initiatives promoted during 2023

#### MERMEC & TELETHON

In 2023, the Group announced its collaboration with the prestigious Telethon Foundation, the largest Italian non-profit organisation, engaged since 1990 in scientific research for the treatment of rare genetic diseases.

Telethon funds the best researchers and research institutes because it believes in Passion, Innovation, Excellence and Integrity, values that we have always shared in the Group.

On the occasion of Mother's Day, the Group's employees gathered in the main squares of the cities of Milan, Rome, Bari, Bologna etc... becoming volunteers and dedicating themselves to this important event in favour of scientific research.



#### Children's Day – The Group with the non-profit organisation Saverio De Bellis

The Group, in the person of Cav. Vito Pertosa, embracing Social Responsibility issues, supported the activities of the Saverio De Bellis Foundation in Castellana Grotte (BA) in 2023, consisting of:

- Educational community for minors,
- the Socio-Day Educational Centre for Minors
- the Community for pregnant women and mothers with children
- Apartment group for teenagers

On the occasion of World Children's Day celebrated in November 2023, copies of the book dedicated to the story of "Saverio De Bellis – Il Cavaliere buono" were made available to the children of employees of primary school age (5-11 years old). The book wanted to give voice to this story, with the aim of spreading, even to new generations, the values that were an expression of the life of Cav. De Bellis.





## Day of Families

On the occasion of the "International Day of Families", established in 1993 by the United Nations, the Group wanted to celebrate this anniversary with all employees by launching two fun activities:

1. "Dreaming ANGEL" contest dedicated to the little ones – Drawing contest for little children to represent our Business of the future
2. "ANGEL goes AROUND!" contest dedicated to family travel - Photography contest to capture the best moments with one's own family outside the work context

The chosen contests offered the opportunity for everyone to participate in the party to rediscover together the importance of being together and freeing their creativity.



## World Kindness Day

Kindness Day 2023 was dedicated to the topic of Kindness in the Workplace.

Within the Group, the poster "Kindness at work: Mission Possible" with the 10 rules to raise awareness of kindness in the office and among colleagues, asking colleagues to use it as the background of their Teams meetings during the entire week of kindness and to hang it in the office.



## MERMEC Merry Christmas!

The Christmas 2023 initiative launched by the MERMEC Group aimed to involve all the Group's employees in a festive Christmas atmosphere of serenity and creativity.

The contest was: *My Christmas - What does Christmas mean to you?* where employees were asked to tell their idea of the holy holiday through a drawing, a song, a poem, a photo, a team or family representation of a living nativity scene etc...



## Christmas donation

Also this December 2023, the MERMEC Group, headquarters of Monopoli, on the occasion of the Christmas holiday, promoted an initiative aimed at making the canteen of many needy families richer, directly involving the participation of all employees who were able to donate food of various kinds.

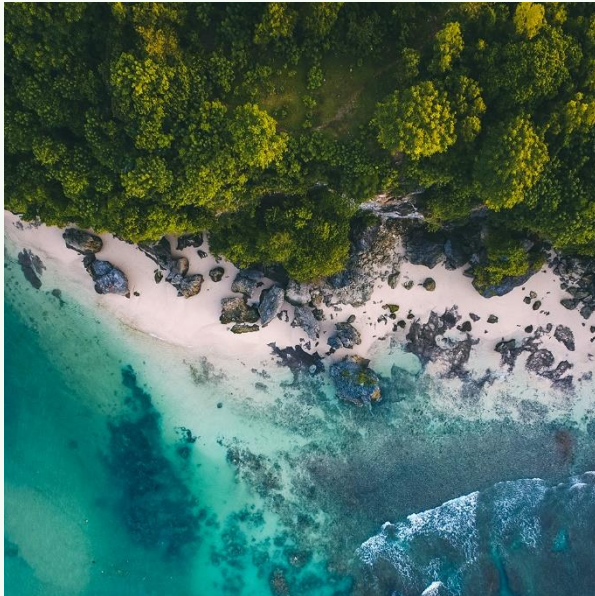
## MERMEC Merry Christmas! Pick up a book, leave a book: Bookcrossing

In 2023, in addition to the traditional Christmas contest, the *Bookcrossing* initiative was also implemented: take a book, leave a book where employees of all the Group's Italian offices had the opportunity to exchange books, thus allowing them not to be wasted and to share them, encouraging reading.



## 6

# THE ENVIRONMENT






- 6.1 [Highlights – Improvements for the environment](#)
- 6.2 [Strategic direction - Environment](#)
- 6.3 [Environmental Policy and Management](#)
- 6.4 [Energy Consumption and Emissions](#)
- 6.5 [Water Resources](#)
- 6.6 [Waste Management](#)
- 6.7 [Sustainability of construction sites](#)
- 6.8 [Prevention of local pollution](#)



## 6.1 Highlights – Improvements for the Environment

### 2023 Improvements

-  Study and characterisation of the waterjet wastewater with subsequent physical chemical treatment in order to purify the discharge and re-introduce it into the cutting cycle
-  Creation of a waste APP prototype for better management of data and FIR copies
-  Redefinition of environmental indicators in order to align monitoring methods with the Global Reporting Initiative reporting standard



Goals for 2024-2025

Adapt the system procedures relating to the operational methods of waste management following the changes introduced by the implementation of the RENTRI (National Electronic Register for Waste Traceability)

Installation of sensors for switching off and automatically switching on the lights at the Granarolo dell'Emilia site

Installation of photovoltaic system at the Matera plant

Partial replacement of roofing with insulated sandwich panels for an area of 6,000 m2 at the plant

Construction of a hydrogen production plant at the Matera plant



## 6.2 Strategic Management – Environment

The strategic lines pursued through the Environmental Management System are as follows:

- Promote the efficient use of energy and resources necessary for the performance of its activities;
- Decrease its greenhouse gas emissions, generated both directly and indirectly;
- Promote and pursue waste reduction, reuse, recovery and recycling;
- Promote the conscious use of water resources;
- Promote respect and environmental protection throughout its supply chain (from producer to consumer);
- Incorporate environmental guidelines into the procedures relating to the selection of its suppliers;
- Promote responsible behaviour through the training, information and awareness of its staff on the aspects of the activity related to the environment;
- Promote externally (among customers, the territory and the communities that are part of it) the change towards a culture of respect and conscious use of resources;
- Ensure knowledge of and compliance with the requirements imposed by environmental laws and regulations;
- Provide adequate resources for the continuous operation of its environmental management system and for the actions that derive from it;
- Adopt the logic of *lifecycle* and risk analysis for the management of environmental aspects.

Environmental protection is also one of the fundamental principles set out in the Company Code of Ethics, available on the Group's website under [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com). The company's commitment is in line with the National, European and Global regulatory contexts, aimed at sustainable development management, with 5 main goals, reported below, that contribute to the achievement of various United Nations SDGs.

**Rational use of natural and energy resources**



**Pollution prevention (air emissions, soil and subsoil contamination, noise, etc.)**



**Reduction of waste by pursuing the principles of reuse and recycling**



**Reduction in the use of hazardous chemicals**



## 6.3 Environmental Policy and Management

MERMEC believes that the development of its activities cannot take place at the expense of the environment, to be considered a primary asset to be safeguarded.

The implementation and certification of a company management system according to ISO 14001 shows the Group's commitment to spreading the environmental culture within the company and towards other stakeholders: this is also shown by the adoption of a specific **Environmental Policy\*** and a **Product Policy\***, which outline the commitments made by MERMEC in relation to the main environmental issues both in daily operations and in the field of design and production.

Companies with an **Environmental Management System certified in accordance with ISO 14001** are: MER MEC, MER MEC STE, MER MEC Engineering and since 2023, also Angelstar.



**95%**  
**MERMEC GROUP**  
**OPERATING SITES**  
**CERTIFIED**  
**ISO 14001**

In 2023, the following were carried out:

- **induction training sessions** for newly hired staff on environmental issues, the SDGs and company procedures;
- **training sessions on environmental compliance issues** (waste management, management of hazardous substances, air pollution, noise pollution) for personnel operating on site;
- **training sessions for subcontractors** (see par. [Monitoring and evaluation of suppliers](#));

**GOAL ACHIEVED**

### GOAL FOR 2023

Certification of AngelStar S.r.l.'s Environmental Management System in accordance with ISO 14001:2015

\* The policy can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com/sustainability)

The Management System is certified by the third party RINA Services S.p.A. and its degree of compliance is constantly monitored through internal and/or external audits and the correction of any non-conformities.

Consistent with what has been done for the ISO 45001 Standard and as required by the ISO 14001 Standard, during the reference period , **inspections, training and specific awareness-raising activities** (both for internal staff and those who provide services for the Group) and periodic reviews were planned and carried out, aimed at ensuring the effectiveness and continuous improvement of the System itself.

In 2023, an EGE-certified **Energy Manager** – Expert in Energy Management pursuant to UNI CEI 11339 was appointed, who has the task of managing everything related to the energy field within the organization, verifying company consumption, optimising them and promoting interventions aimed at energy efficiency and the use of renewable sources, all with a view to continuous improvement.

In order to comply with its commitments, MERMEC annually carries out a review of the Environmental Management System, based on an in-depth analysis of the context, with the reassessment of the significance of the environmental aspects.



**The assessment of the significance of environmental aspects is carried out, in accordance with ISO 14001:2015, according to a risk analysis logic.**

**The analysis is conducted considering 100% of certified sites.**

As part of this analysis, the following are taken into account:

- environmental risks whose impacts have repercussions on environmental matrices (air, water, soil and subsoil, flora, fauna, etc.);
- risks for the Company related to environmental aspects whose impacts affect the Company (e.g. sanctions, business interruption, plant breakdown, etc.).

The environmental aspects of MER MEC S.p.A. are framed according to two macro categories:

- relating to establishments;
- relating to the life cycle of products.

Possibility	Certain event	1	0	0.8	0.9	1	1.1	1.2	1.6	1.8	2	2.2	2.4	2.4	2.7	3	3.3	3.6
	Possible event occurred frequently	0.9	0	0.72	0.81	0.9	0.99	1.08	1.44	1.62	1.8	1.98	2.16	2.16	2.43	2.7	2.97	3.24
	Rarely Occurring Possible Event	0.6	0	0.48	0.54	0.6	0.66	0.72	0.96	1.08	1.2	1.32	1.44	1.44	1.62	1.8	1.98	2.16
	Possible event never occurred	0.3	0	0.24	0.27	0.3	0.33	0.36	0.48	0.54	0.6	0.66	0.72	0.72	0.81	0.9	0.99	1.08
	Impossible event	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
			0	0.80	0.90	1.00	1.10	1.20	1.60	1.80	2.00	2.20	2.40	2.40	2.70	3.00	3.30	3.60
			0	1			2			3								
			MAGNITUDE (COMPANY)															

The main risks identified concern the following environmental aspects:

- waste management;
- environmental impact on suppliers/subcontractors;
- atmospheric emissions;
- fire risk.

## Monitoring actions in 2023

In 2023, the following actions were implemented in order to ensure compliance with legislative and regulatory requirements:

- Annual declaration of waste produced (M.U.D.) in operating plants;
- Communication made to CONAI;
- Routine maintenance of fire-fighting devices carried out;
- Annual declaration made to the competent bodies for all equipment containing F-GAS greater than 5 Ton CO2 equivalent;
- Periodic communication has been made to the authority of Bacino and ARPA Veneto Region on the consumption of water resources at the operational sites of Badoere di Morgano;
- Training activities for all newly hired staff have been carried out on the contents of the Environmental Management system and on the meaning of ISO 14001 certification;
- Assessment of the acoustic impact of the plant;
- Formal assignment, through internal SB, following appropriate training, of the formal keeping of the waste register;
- CPI Drafts and Fire Load Assessment Report





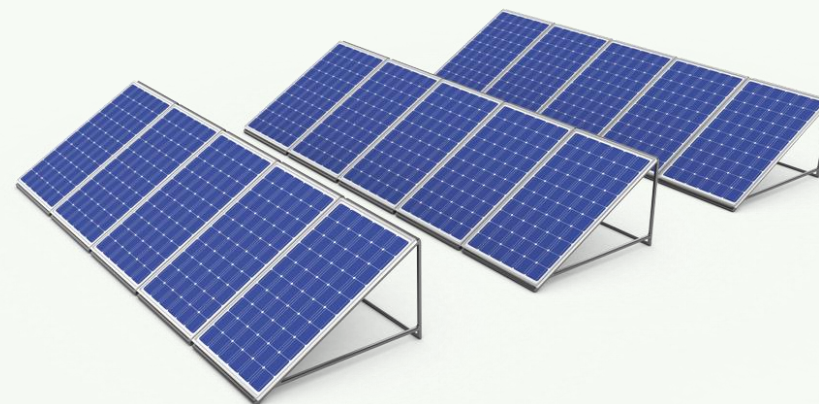
## 6.4 Energy Consumption and Emissions

Within its Environmental Policy, MERMEC has undertaken the commitment to implement specific programmes to improve environmental performance inherent in the most significant aspects.

For this reason, MERMEC has decided to implement the Environmental Management System certified in accordance with ISO 14001:2015 and **to operate according to specific strategic lines**, including those **relating to the management of energy resources and their emissions**.

### Environmental strategic guidelines on energy and emissions

- 1 **Decrease its greenhouse gas emissions, generated both directly and indirectly**
- 2 **Promote the efficient use of energy and resources necessary for the performance of its activities**



MERMEC uses **photovoltaic panels for the production of electricity**, which make it possible to reduce impacts on the environment and obtain savings also in terms of cost. Electricity needs not covered by photovoltaic energy production are covered by the purchase of electricity from the outside.

In 2023, about 6% of MERMEC's electrical energy needs were guaranteed by the production of electricity from renewable sources through two Photovoltaic Systems installed at the Monopoli Plants. The remaining part of Electricity is purchased by the National Electricity Network – RTN.

## GRI 302-1

## Energy consumption \*

## TYPE OF CONSUMPTION

## Fuel consumption from non-renewable fuels (GJ)

	2022	2023*
Natural Gas	1961	1986
Petrol	646	811
Diesel	18042	16855
Aviation fuel	358	382
<b>Total consumption from non-renewable fuels</b>	<b>21007</b>	<b>20033</b>

## Fuel consumption from renewable fuels (GJ)

HVO (Hydrotreated Vegetable Oil)	-	44
<b>Total consumption from renewable fuels</b>	<b>-</b>	<b>44</b>

## Electricity consumption (GJ)

Total energy purchased	6142	7477
Total self-produced energy	540	497
- of which from a renewable source	540	497
Total energy sold / returned to the grid	3	54
- of which from a renewable source	3	54
<b>Total electricity consumption</b>	<b>6679</b>	<b>7921</b>

## TOTAL ENERGY CONSUMPTION

**27686                      27997**

## PROGRAMME 2019-2024

With the introduction of an Energy Manager in the workforce, it will be possible to collect contacts with the administrative managers for accounting and budgets, as well as to interact with those responsible for investment decisions, in order to know the guidelines and strategy for the use of the company's resources.

In relation to the Group's production activities, several available technologies have already been implemented in terms of energy efficiency, despite the goal of reducing energy consumption by evaluating new management methods and a rational use of electricity, analysing where possible new instrumental and/or plant applications, such as possible **Relamping** activities (replacement of "old lighting fixtures" with LED technology) or **Virtualisation of servers** in order to reduce energy consumption

\* With reference to 2023, the conversion coefficients of the reported energy consumption [Lower Calorific Value of natural gas equal to 0.0343 GJ/sm<sup>3</sup> (DEFRA 2023)] have been updated.

It should be noted that the total motor fuel consumed by the Group's employees, in the performance of their work activities, is 30,251 litres of motor petrol compared to the use of 43 petrol vehicles and 549,308 litres of diesel for motor vehicles compared to the use of 366 diesel-powered vehicles. When converting litres of fuel into gigajoule (GJ), it was differentiated between vehicles assigned to operational use and vehicles assigned to diverse use, for which only 70% of the litres of fuel consumed are considered, as per the reference standard. At the same time as the calculation, the conversion coefficients were updated for petrol for motor vehicles [0.0319 GJ/l (DEFRA 2023)] and for diesel/diesel for motor vehicles [0.0360 GJ/l (DEFRA 2023)], respectively.

It should also be noted that, with reference to the reporting year of this document, 186 operating vehicles powered by diesel and 20 powered by petrol were also included in the calculation of energy consumption, whose fuel has calorific properties similar to that for motor vehicles, for which, therefore, the same conversion coefficient was used.

Starting from 2023, the use of HVO (Hydrotreated Vegetable Oil) fuel has been introduced, a sustainable fuel produced from renewable raw materials [conversion coefficient: 0.03575 GJ/l (DEFRA 2023)].

The total 2023 includes the energy consumption pertaining to the Matera site in the name of the MER MEC FERROSUD Consortium, composed of the companies of the MER MEC Group, but not included in the scope of these Financial Statements.

## GRI 302-1 Energy consumption within the organisation

The consumption previously reported generates greenhouse gas emissions, divided into:

### Direct emissions (Scope 1)

deriving from sources controlled directly by MERMEC

### Indirect emissions (Scope 2)

deriving from sources not directly controlled by MERMEC and associated with the generation of electricity, reported through two calculation approaches:

- **Location-based**, which reflects the intensity of emissions generated by the consumption of electricity in relation to the production network within which it operates;
- **Market-based**, which reflects the intensity of emissions generated by the consumption of electricity purchased by MERMEC through any specific supply contracts.

### Indirect emissions (Scope 3)

deriving from other sources not directly controlled by MERMEC.

### GRI 305 Emissions (tCO<sub>2</sub>)\*

TYPE OF EMISSIONS	2022	2023
Total direct greenhouse gas emissions (Scope 1)	1634	1441
Total indirect greenhouse gas emissions (Scope 2)		
Location based	483	574
Market based	780	949
Organisation Total Emissions		
Total emissions (with Scope 2 - Location-based)	2118	2015
Total emissions (with Scope 2 - Market-based)	2414	2390

*\*With regard to the calculation of direct emissions (Scope 1), with reference to 2023, the natural gas emission factor [0.002004 tCO<sub>2</sub>/1smc (Ministry of the Environment 2023)] has been updated.*

*The conversion coefficients for petrol for transport [0.00233248 tCO<sub>2</sub>/t (Ministry of the Environment 2023)] and for diesel [0.002646 tCO<sub>2</sub>/t (NIR 2023)] remained unchanged.*

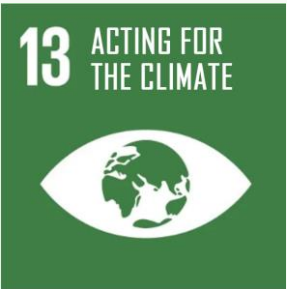
*With regard to the calculation of indirect emissions from energy consumption (Scope 2), we proceeded following the "Market-Based" and "Location-Based" calculation logic. Emission factors as of 2023 remained unchanged: "Market-Based" emission factor 260.5 gCO<sub>2</sub>/KWh (Source ISPRA 2023) and "Location-Based" emission factor 457 gCO<sub>2</sub>/KWh (Source European Residual Mixes 2023).*

**GRI 305-1** Direct (Scope 1) GHG emissions

**GRI 305-2** Energy indirect (Scope 2) GHG emissions

6.4.1 Interventions planned to reduce energy consumption

Reducing energy consumption and carbon dioxide emissions is a priority for the entire planet. To this end, the Group renews its commitment in this regard, through the planning of three structural interventions aimed at the newly acquired industrial complex in **Matera**.



GOAL FOR 2026 (\*)

Installation of photovoltaic system at the industrial complex of **Matera**



In line with what has already been implemented on other Group plants, the intervention concerns the installation at the **Matera** complex of a **photovoltaic plant** capable of producing 1200 kW of power, thus allowing the use of energy from renewable sources, reducing the ecological footprint of the Group's industrial activities.

(\*) Intervention to be carried out within 24 months from the date of notification of the concession measure issued by the Competent Regional Authority





### GOAL FOR 2026 (\*)

Partial replacement of the roof with insulated sandwich panels for an area of 6,000 m2 at the Matera industrial complex



A well-insulated building will allow you to:

- Maintain **the temperatures of the internal rooms stable**;
- Improve **thermal performance**;
- Significantly reduce **consumption**.

Sandwich panels represent a solution that meets the need to incorporate the concept of sustainability with that of building functionality.

Designed to be functional and ecological, they are made of insulating material enclosed between two sheets, usually made of metal, to offer maximum thermal and acoustic insulation.

(\*) Intervention to be carried out within 24 months from the date of notification of the concession measure issued by the Competent Regional Authority



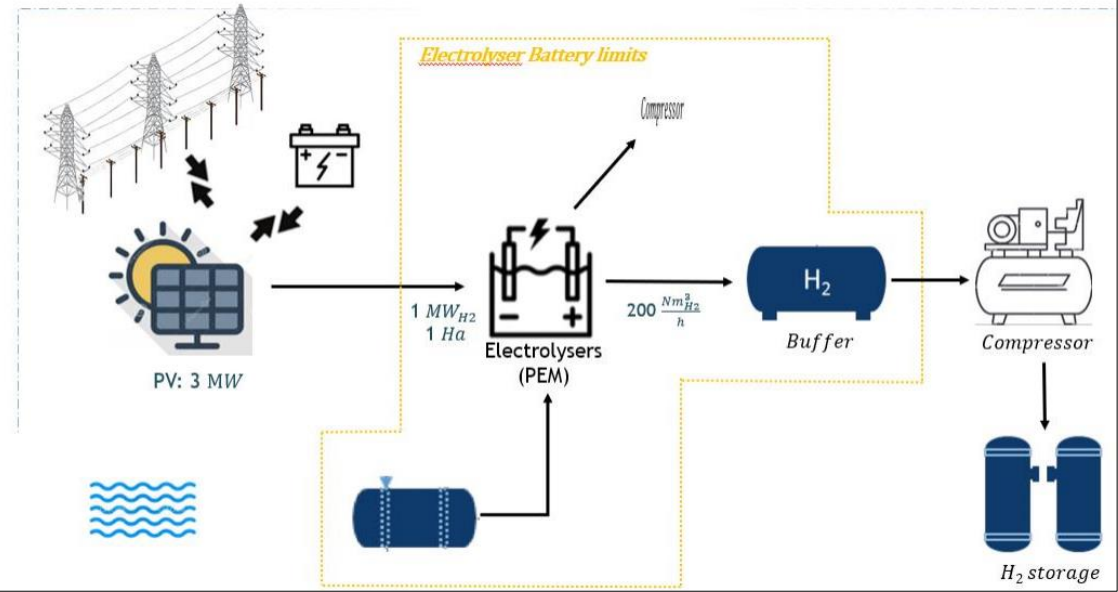
GOAL FOR 2026-2027

Construction of a hydrogen production plant at the Matera plant

The **production of green hydrogen** , also known as "green hydrogen" or "renewable hydrogen", uses renewable energy sources, such as solar or wind energy. This energy carrier is becoming increasingly popular because it is a clean and sustainable source of energy: it is not produced from fossil fuels and therefore reduces greenhouse gas (CO2) emissions, improving air quality.

In addition, since green hydrogen is a **clean fuel**, because burning it releases only water vapour as a by-product, the goal is to replace, or at least reduce, the use of fossil fuels.

Schema generale a blocchi



TECHNICAL DATA

- 1. **Hydrogen Production Plant**
  - a) 1 MW electric electrolyser in absorption, for the production of hydrogen gas;
  - b) Compression system from 30 bar to 499 bar for heavy-duty vehicles;
  - c) Hydrogen storage station at a pressure of 500 bar - 5 packs of 32 50-litre cylinders PS 550 bar
- 2. **3 MW photovoltaic system** exclusively used by the electrolyser



6.4.2 Home-Work Transfer Plan

MER MEC drafted the PSCL\* for the Monopoli headquarters and appointed a mobility manager in order to facilitate the decongestion of traffic in urban areas by reducing the use of individual private transport, promoting sustainable forms of mobility (environmental, economic and social), and the consequent change in attitudes and habits of employees.

The PSCL analyses the data on home-work travel and mobility needs of employees collected through a questionnaire and the status of the transport offer in the territory concerned. The most significant results are as follows:

About 50% of employees declare on average that they are present on site 5 days a week, while the remaining 50% make use of **smart working** from 1 to 5 days a week.

As for the time it takes to get to work, **35.47% of employees take more than 40 minutes**, 24.77% take 20 to 40 minutes, 18.35% take 10 to 20 minutes and 21.41% take less than 10 minutes.

Currently, **the majority of employees (78.59%) use a private vehicle** to get to work, 11.62% use a public vehicle, 4.28% use a company vehicle and 5.5% move on foot.

Those who use a **private vehicle** mainly use **their car (64.37%)**, motorcycle (12.93%) and scooter (9.20%). Meanwhile, 4.31% of employees (e-bike) and 2.59% (scooter) use a more sustainable vehicle. For those who use **public transport**, the most used means is the **train (8.41%)**.

Regarding the change in the mode of transport, **69% of employees are in favour of changing means of transport towards more sustainable forms**, favouring public transport (24.88%), the company shuttle (24.88%), car-pooling (13.58%), cycling (9.98%) and car-sharing (8.84%).

Among the reasons that would push employees to change are in particular the reduction of costs (33.98%) and the reduction of pollution (22.71%).



69%  
EMPLOYEES IN  
FAVOUR OF  
CHANGING MEANS  
OF TRANSPORT TO  
MORE SUSTAINABLE  
FORMS

\*The House-Work Mobility Plan (PSCL) is drawn up in accordance with Law no. 77 of 17 July 2020 "Measures to encourage sustainable mobility" for company offices with more than 100 employees located in a regional capital, in a metropolitan city, in a provincial capital or in a municipality with a population of more than 50,000 inhabitants.

The measures identified in the PSCL incentivise employees to change their travel habits by reducing the use of private cars in favour of more sustainable forms of mobility. Below are the measures implemented in 2023 and to be extended to subsequent years:

Measure	Benefits
Working in "smart working" mode	<ul style="list-style-type: none"><li>For employees: economic benefits for not using the car, benefits from reducing the risk of accidents, health benefits for avoiding stress accumulated while stuck in traffic.</li><li>For the community, of an environmental nature: (assuming the use of smart working for 10% of staff) a daily reduction in car journeys of 3800 km was estimated, with a consequent <b>reduction</b> in CO<sub>2</sub> pollutant emissions of 193,230 kg/year, of 360 kg/year and of PM 10 of 37.5 kg/year.</li></ul>
Training dedicated to the topic of sustainable mobility	<ul style="list-style-type: none"><li>Economic benefits deriving from the correct choice of mobility for moving from home to work</li><li>Improvement of the knowledge of its employees on the subject of mobility</li><li>Strengthening the corporate image for the environmental benefits produced</li></ul>



GOAL FOR 2024

Appointment of Mobility Manager and drafting of the PSCL for the Genoa office  
Via Bombrini di MER MEC STE S.R.L.



Estimated reduction in POLLUTANT EMISSIONS:

CO<sub>2</sub> → 193,230 Kg/year,  
Not → 360 Kg/year  
PM 10 → 37.5 Kg/year.

6.5 Water Resources

ForMERMEC, water is also a resource to be protected, in compliance with its environmental commitments: to MERMEC, water consumption mainly refers to water consumed for sanitary and hygiene purposes.



GRI 303-3  
Water withdrawal \*

	2022	2023
Groundwater (ML)	0.37	0.46
Third-party water resources (ML)	3.82	6.37
<b>TOTAL (ML)</b>	<b>4.19</b>	<b>6.83</b>

MERMEC's water needs are met with the withdrawal from the aqueduct, with the exception of the Treviso sites, which are fed by wells. All data is promptly collected in the management system to keep track of consumption flows on an annual basis.

In line with the principles set out in the Environmental Policy and with a specific focus on a rational use of water resources, MERMEC periodically promotes actions aimed at raising the awareness of its employees. **For 2023, the consumption values recorded increased by about 2 units compared to the previous year following the increase in the company's population and the acquisition of the MER MEC FERROSUD Company.**

*\* It should be noted that sampling takes place in non-water-stressed areas*

*The total 2023 includes the water withdrawals pertaining to the Matera site in the name of the MER MEC FERROSUD Consortium, composed of the companies of the MER MEC Group, but not included in the scope of these Financial Statements.*

GRI 303-3 Water Withdrawal

In 2019, following the increase in production activities, the waterjet water cutting machine was used.

In order to streamline the management of water resources within the production process, as part of a thesis in collaboration with the Polytechnic University of Bari, MER MEC undertook a study on "**environmental optimisation of the cutting process through the use of the waterjet machine**".



IN PROGRESS

GOAL FOR 2023-2025

Study and characterisation of waterjet wastewater with subsequent physical chemical treatment in order to purify the discharge and re-introduce it into the cutting cycle and therefore to reduce the withdrawal of water resources

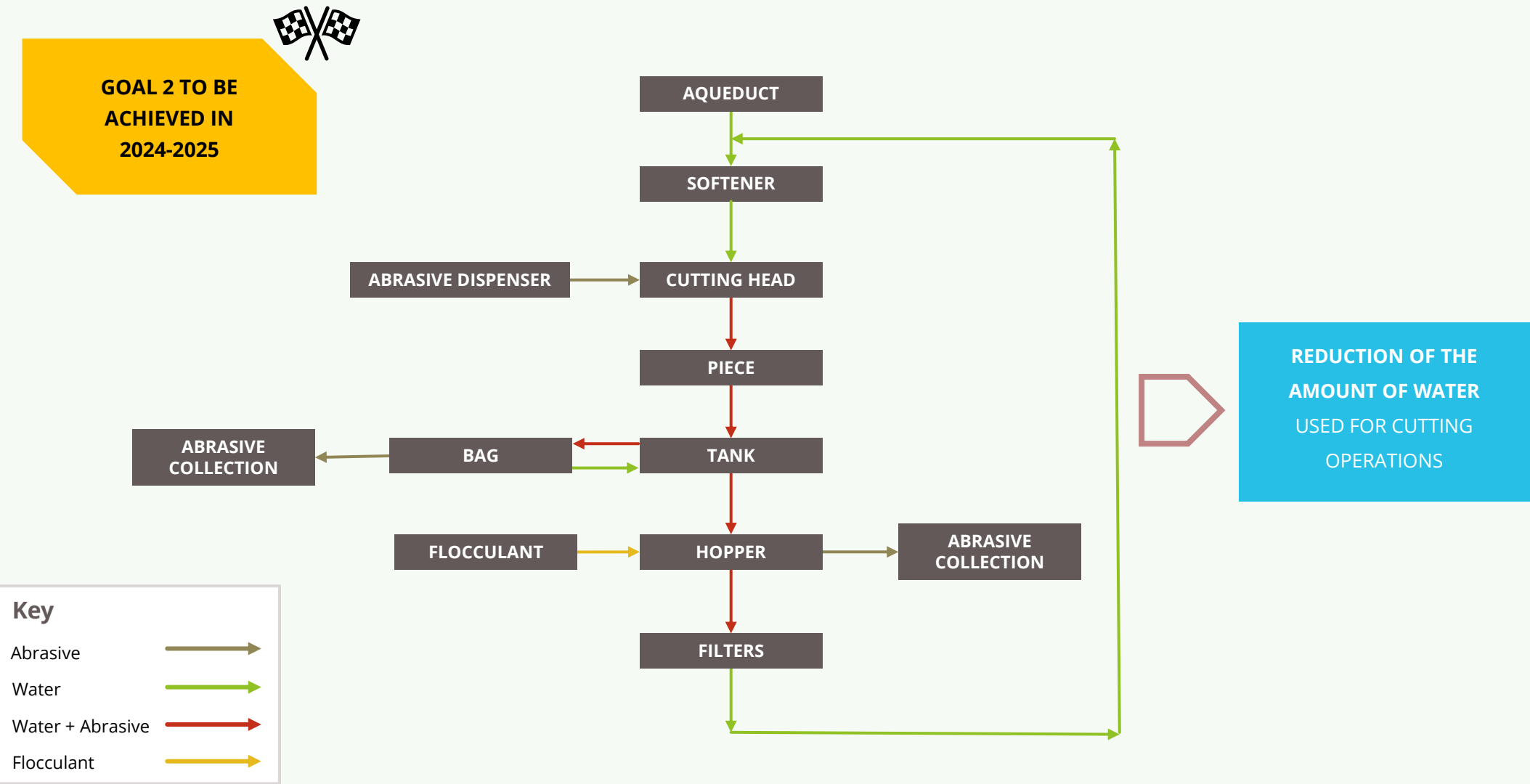
The specific goals are:

- 1. **Improve the quality of waterjet wastewater**, in full compliance with the limit values in Annex 5 – Part III of the TEU relating to discharge into surface water, reducing in particular the amount of aluminium;
- 2. **Reduce the amount of water** used in the operation of the system by reusing waste water.

The interventions carried out included:



The interventions to be carried out to achieve the second goal concern the modification of the system making it closed cycle in order to re-enter the end-of-cycle water. Below is a schematic representation of the to-be process:



## 6.6 Waste Management

As part of its environmental strategies, MERMEC promotes and pursues the reduction, reuse, recovery and recycling of waste, with particular reference to packaging. This applies both internally and externally, in order to promote respect and environmental protection throughout its supply chain (from producer to consumer). The environmental aspect of the management of the waste produced, in fact, is significant because an incorrect operational strategy constitutes a risk both for the surrounding environment, in terms of pollution, and for the company, in terms of penalties.

In order to improve the effectiveness and efficiency of production processes, with a view to maximum customer satisfaction and continuous improvement of performance, the MERMEC Management declines specific standards in dedicated procedures with the aim of guaranteeing the performance of production processes under conditions controlled and regulated by correct production instructions, the use of suitable work equipment and monitoring and measurement of process indicators. With this in mind, it is specified that the **resulting materials**, deriving from the activities in the workshop and in the construction site areas, **are reused, where possible, or differentiated and disposed of in compliance with the current requirements on waste treatment**. In addition, special attention is given to the management of waste produced in the MER MEC STE construction sites.

- 1 Management and control of waste produced with dedicated personnel
- 2 Periodic internal and external audit activities
- 3 Specific training for personnel on environmental legislation and responsibility
- 4 Management and disposal of special waste generated by specialised companies





6.6.1 Waste and waste reduction programmes and projects

In all production sites, containers and identification plates have been introduced internally since 2018 to improve the differentiation of urban waste. At the end of 2019, as part of the ISO 14001 Management System Review, the improvement programmes aimed at eliminating plastic from refreshment areas through **the use of compostable paper coffee cups (PAP)** and installation **of purified water columns directly attached to the water** network were approved.

Since 2020, in order to improve company waste collection, new QR-Code labels have been affixed to waste collection containers that can be assimilated to urban waste, allowing employees to view the list of waste that can be disposed of on their smartphones. In the following years, the programme was extended to new offices and acquired companies.

Another programme undertaken concerns **the optimisation of the internal reuse of packaging**, which led to the definition of a special area in the general warehouse for the storage of packaging intended for reuse.



GOAL ACHIEVED

GOAL FOR 2023

Increase in the reuse of plastic polystyrene sent by suppliers for packaging in order to reduce waste and, in case of purchase, use of Bioexpanded

t!Upcycling

The sustainable future of fashion is circular and smart with AI

temera | mermec engineering

In 2023, the company **MER MEC Engineering** in collaboration with Temera, a company specialising in the development of IoT solutions in the luxury industry, tried to implement a radical change in favour of the environment and sustainability. In this regard, **t!Circular**, a solution that facilitates the recovery and identification of unsold items to introduce them into a new production model, was introduced. This tool aims to ensure the implementation of a new recycling culture that fosters a circular economy by reducing waste and managing resources more efficiently.

In relation to 2023, the waste produced by MERMEC amounted to approximately 703 tonnes, of which 693.6 tonnes were sent for recovery and 9.7 tonnes were sent for disposal.

The amount of waste generated in 2023 is almost halved compared to 2022, demonstrating the MERMEC Group companies' commitment to reducing waste and impacts on the environment.

This reduction is also linked to a lower amount of waste, produced in 2023 compared to 2022, attributable to the R.E.C. 17.05.04 - Excavation Lands and Rocks. The latter was managed by MERMEC according to the waste disposal regime, in accordance with what is defined in the reuse plans provided for by the client (1070 tonnes in 2022; 151.5 tonnes in 2023).

It should be noted that the quantities of waste shown in the table include only special waste: waste similar to urban waste produced in office areas and refreshment areas that are delivered according to the procedures defined by the municipalities for separate collection are excluded from the calculation. These typed of waste, however, constitute a residual proportion with respect to the volumes of waste produced by MERMEC as a whole.

GRI 306-3  
Waste generated

WASTE BROKEN DOWN BY TYPE AND DISPOSAL METHOD

2022			2023		
Hazardous waste	Non-hazardous waste	TOTAL	Hazardous waste	Non-hazardous waste	TOTAL
7 t	1383 t	1390 t	15 t	688 t	703 t

GRI 306-3 Waste  
generated

## 6.7 Sustainability of construction sites

EU Regulation 2020/852 (Taxonomy Regulation) has defined the following conditions that an economic activity must meet in order to be considered **eco-sustainable**:

- **contribute** substantially to at least one of the **six environmental goals**;
- **not cause significant damage** to any of the environmental goals (DNSH - Do No Significant Harm);
- comply with the minimum **social safeguards**.

**MER MEC STE**, a MERMEC Group company involved in railway yards, for interventions that fall within the National Recovery and Resilience Plan (PNRR) **contributes to the contractor's DNSH assessment**, compiling a report or checklist to be submitted to each Progress Status and making itself available to ongoing surveillance activities by the Client, in order to assess compliance with environmental goals.

**Assessing the DNSH means analysing the negative and positive impacts of economic activities on people and the environment, using specific indicators and considering human rights and environmental standards.**



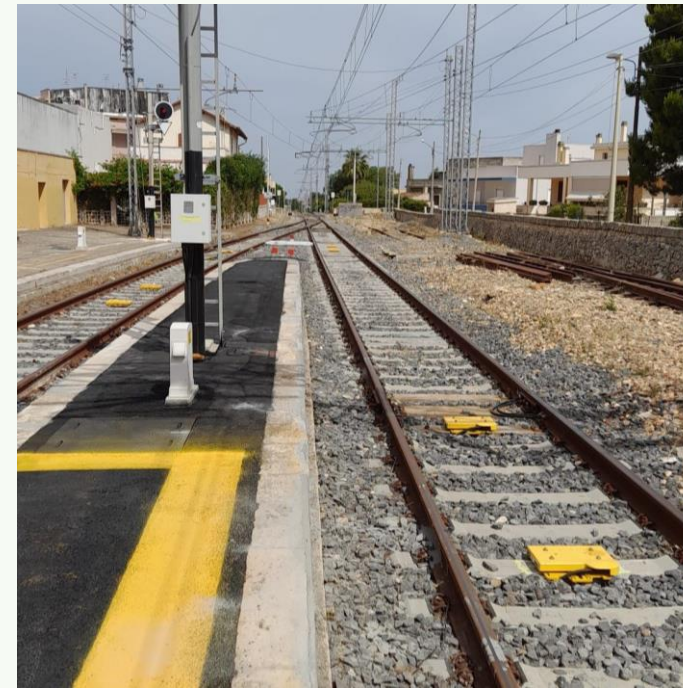
The **interventions carried out by MER MEC STE** are in line with the **Eco-sustainability Criteria for economic activities** provided for in art. 3 of the aforementioned EU Regulation 2020/852 as:

a) <b>contribute to the achievement</b> of one or more of the 6 environmental goals	"Positive" dimension of environmental sustainability, in which the project is evaluated on the basis of its actual contribution to improving the future environmental scenario;
b) <b>do not cause significant damage</b> to any of the 6 environmental goals	"Negative" dimension i.e. the need to evaluate the investment based on the potential adverse impact on the environment. This, in other words, is the DNSH Assessment.

In order to ensure proper management of aspects relating to **site activities**, MER MECSTE defines, implements and maintains a **dedicated Integrated Management System (IMS)** for each order as indicated in par. [Safety on construction sites](#).

In addition to a dedicated procedural system and an *Integrated Management Plan (IMP)*, the following environmental documents are drawn up for each order:

- *Initial Environmental Analysis (IEA)*: in order to identify the environmental aspects applicable to the order, evaluate the potential impacts that construction activities have in relation to the identified environmental aspects, define the appropriate **mitigation actions to reduce negative impacts** and define the applicable legal or voluntary requirements;
- *Framework of Environmental Compliance*: in order to understand the framework of legislative requirements applicable to construction site activities and project requirements in environmental matters;
- *Environmental Control Plan (ECP)*: in order to plan **environmental controls** and allow their recording during construction activities.





In the Group's environmental studies, in particular in the context of the activities of MER MEC STE, great importance is given to the analysis of the territorial context in which the construction sites are located, previously assessing the impact on the territory, linked to the activation and management of the construction site, identifying in advance the necessary mitigation and compensation measures through an identification of the significant environmental aspects to be managed.

Below are the possible impacts and prevention/mitigation actions implemented in the MER MEC STE construction sites.



Possible impact	Mitigation/Prevention
The handling of the land and the <b>noise</b> of the work may cause temporary impacts, limited only to the construction phase, to local flora and fauna.	The impact related to the noise aspect controlled by periodic phonometric checks in order not to exceed the limits imposed by the authorities. Minimised impact on flora and fauna through the reuse of excavated lands and the restoration of the surface layer of the soil.
Environmental impact in emergency conditions only if the foundation is built near surface water bodies and a <b>spill of hazardous substances</b> (Diesel, Cement) occurs in surface water bodies	Presence of kits for the management of chemical spill emergencies on the ground
Environmental impacts due to <b>fire</b> emergency	Drafting of POS/PSC and Emergency Plan and execution of emergency simulations.
Possible <b>environmental pollution</b> due to the production of special waste during construction activities	The impact is minimised through: <ul style="list-style-type: none"><li>• the definition of temporary waste storage on site,</li><li>• the differentiation and labelling (EWC code) of special waste produced</li><li>• the storage of waste in special containers</li><li>• inventory monitoring</li><li>• the transfer of waste to Companies authorised through FIR</li></ul>

## 6.8 Prevention of local pollution

The Group's factories where production activities are carried out have specific authorisations and are therefore subject to regular checks

In order to minimise the possibility of pollution of aquifers, the plants equipped with a yard have periodically monitored and maintained **rainwater de-oiling tanks**.

In order to reduce possible local air pollution, the Group:

- reduces the risk of fire by means of **fire-fighting systems appropriately sized and maintained** by dedicated internal personnel and by entrusting tasks to professionals qualified to manage fire-fighting practices;
- has equipped the plant that carries out painting and welding **of conveying systems and abatement of emissions into the atmosphere**. The plant is monitored by dedicated personnel through periodic maintenance and analysis to verify that the emission limit values provided for by law are not exceeded;
- Carries out periodic checks for the prevention of leaks from equipment containing greenhouse gas refrigerants;
- Has an **industrial wastewater treatment** plant deriving from water cutting operations (ref. [Water resource](#))

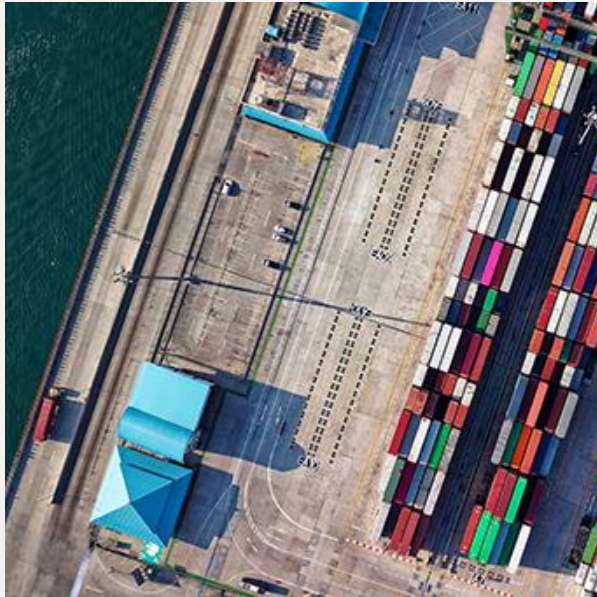
In addition, the Group carries out **periodic external noise analyses** in order to guarantee the absence of impacts on the local community and performs **scheduled periodic maintenance of the machinery** used in production to ensure correct operation and therefore limit any abnormal noise and/or leaks of potentially polluting substances.





# 7

## SUSTAINABLE PROCUREMENT



[7.1 Responsible Supply Chain Management](#)

[7.2 Supplier Selection and Qualification](#)

[7.3 Procurement](#)

[7.4 Monitoring and Evaluation of Suppliers](#)

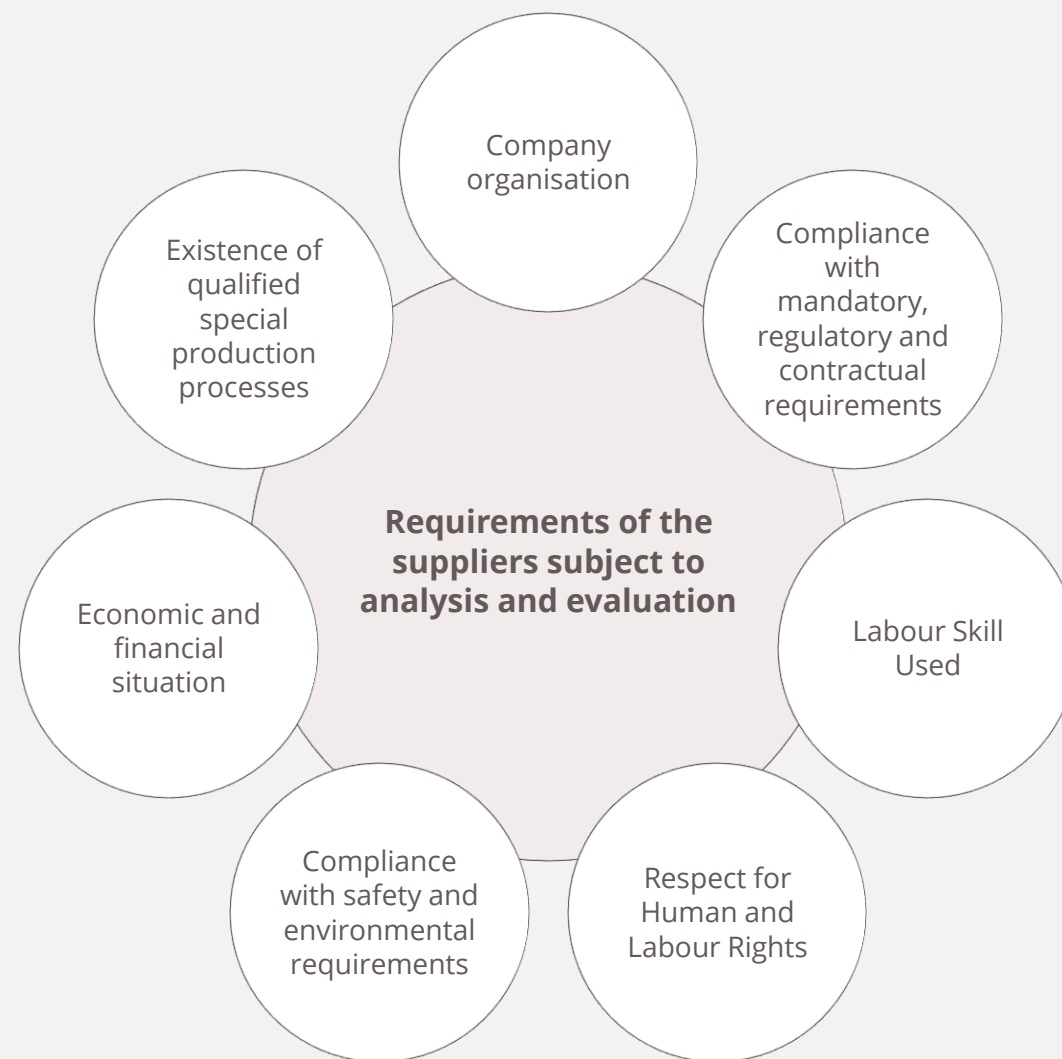
## 7.1 Responsible Supply Chain Management

The Group is committed to responsibly managing its supply chain, as a fundamental element of its production chain. The purchasing processes are based on the search for the maximum competitive advantage for MERMEC and the granting of equal opportunities for each supplier, and are based on pre-contractual and contractual behaviours based on mutual loyalty, transparency and collaboration.

### 8 DECENT WORK AND ECONOMIC GROWTH



In addition to goal selection criteria, including quality, delivery, performance and prices, **respect for the Human and Labour Rights of potential suppliers** is assessed, with particular reference to the exploitation of child labour contributing to the achievement of SDG #8. In fact, it is essential that suppliers adhere to **standards compatible with MERMEC's Code of Ethics**.



## 7.2 Supplier Selection and Qualification

Due diligence checks documented on suppliers' records (including financial soundness and reports to databases) constitute a fundamental aspect of the selection phase, through which the prerequisites for collaboration are deepened.

The Group has a specific Management Procedure for the qualification and monitoring of suppliers/subcontractors, which defines the management methods and responsibilities relating to the selection, evaluation, qualification and monitoring of the performance of suppliers and subcontractors.

As part of the selection, for the purposes of qualification, the supplier is required to complete a specific questionnaire containing **sections specifically dedicated to:**

**health and safety requirements in the workplace**, with a request to attach documentary evidence (UNILAV, DVR, safety plans, records certifying safety training, etc.), subject to verification by the RSPP;

**environmental requirements**, with a request for evidence of the correct management of environmental aspects and compliance with applicable legal requirements, the use of materials that comply with reach regulations and the RoHS directive;

**information security requirements**, in order to verify compliance with the provisions of current legislation in terms of GDPR, the execution of security awareness, the presence of automatic systems to guarantee computer security.

**specific CSR requirements** related to the level of management and awareness of the supply chain, life cycle management in compliance with CSR issues and participation in voluntary initiatives such as the UN Global Compact;

**social Responsibility requirements** requiring compliance with the SA8000 Principles, ILO conventions and any certification of the Management System in accordance with SA 8000;

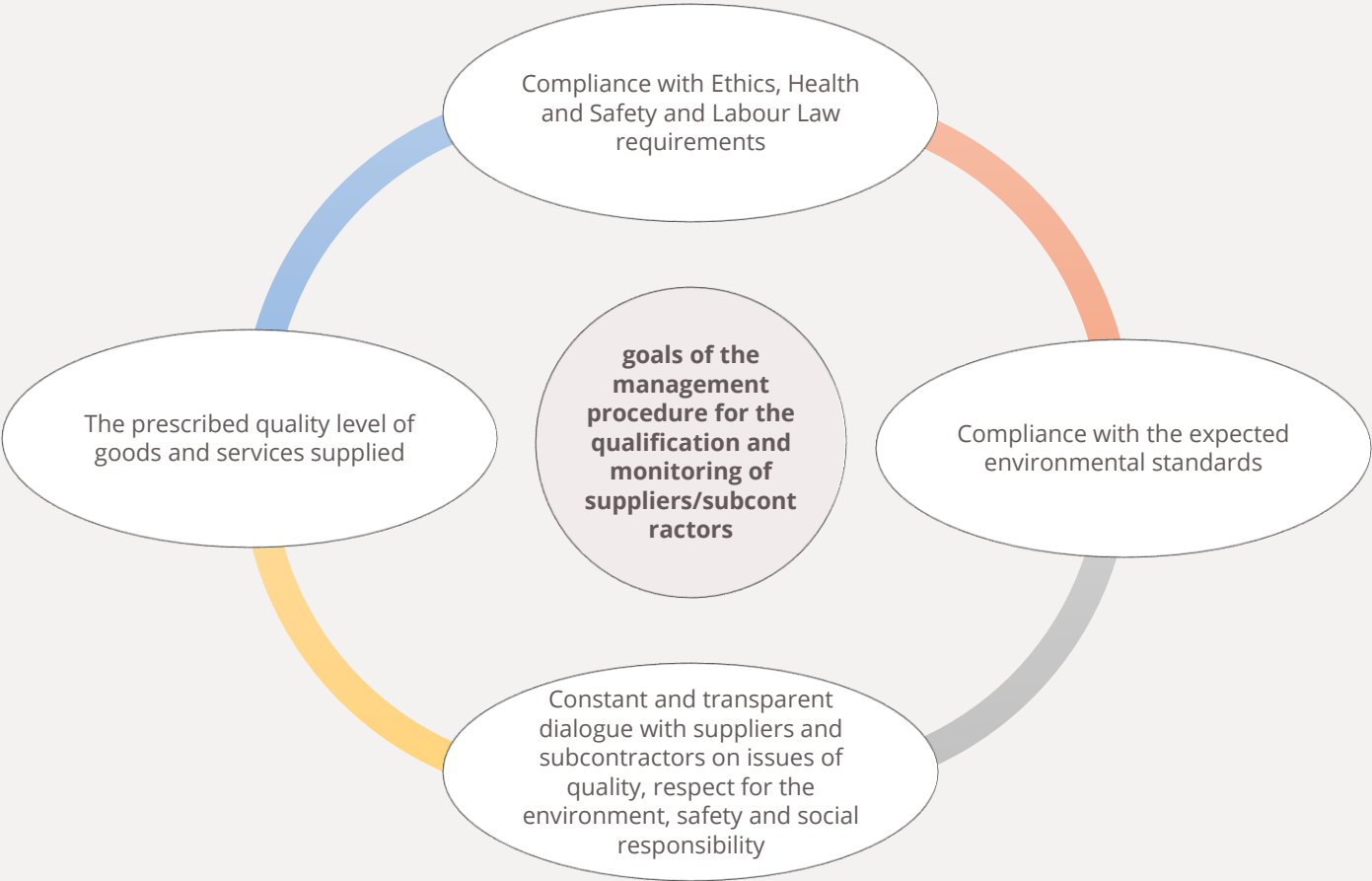
**diversity & Inclusion requirements** related to respecting and promoting diversity, equity and inclusion.

**Human Rights and Labour** in order to verify the right to freedom of association, the absence of child labour and forced or compulsory labour

Another important evaluation parameter for qualification purposes is the existence **of management system certifications** issued by an accredited body, of which a copy of the valid certificate or its references is required (certifying body, certificate no. and terms of validity).

MERMEC also has a **Sustainable Sourcing Policy \***, which reaffirms the commitment to respect for the Environment, human rights, ethical and social practices. The commitment to act **in line with the values of the United Nations Global Compact** is also expressed, since sharing the values of Corporate Social Responsibility internally and with the entire supply chain is fundamental for sustainable development.

The Policy also defines the inclusion of sustainability criteria as part of the process of selecting suppliers, products and services. Suppliers who implement sustainable development practices also through obtaining voluntary certifications (e.g. SA8000, ISO 14001, EMAS, UNI ISO 45001, etc.) and participation in sustainable development programmes (ECOVADIS, UN GLOBAL COMPACT) are preferred.

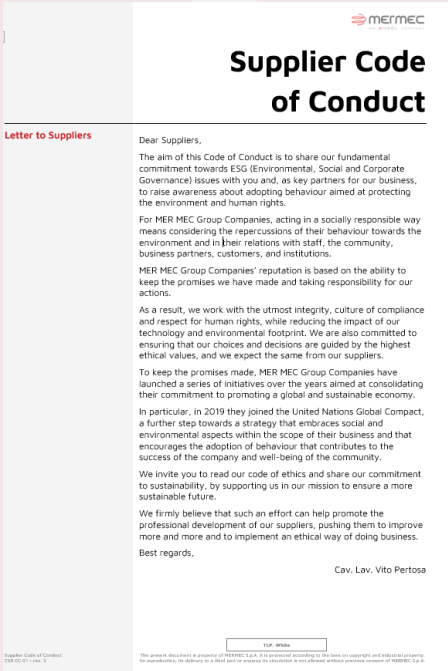


Following the qualification phase of the supplier, the selection phase involves the completion of a form called "**Purchase Decision**" which, in addition to parameters related to economic and quality aspects, presents a parameter called **Vendor Rating** which, from a rewarding perspective, constitutes one of the criteria for the assignment of supplies within the purchase decision process; specifically, a score is assigned based on the possession of formal certifications and policies, the degree of reporting on CSR issues, the geographical distance from the site and the level of management of the product life cycle

SUPPLIER CODE OF CONDUCT and DECLARATION OF COMMITMENT

With a view to continuous improvement, the Group has adopted a **Supplier Code of Conduct \***; when selecting the supplier, the Group assumes the responsibility of **requesting its suppliers and contractors to sign and accept** the Declaration of commitment with which the supplier undertakes to accept the Group's policies, to respect the MER MEC Code of Conduct and to share and transmit its values along its supply chain; in particular,

- 1 guarantee respect for fundamental labour principles and rights including the protection of the health and safety of workers, the absence of any type of discrimination, child labour, forced labour and respect for the freedom of association of its employees
- 2 ensure respect for ethical principles, integrity and anti-corruption, as well as protection of privacy
- 3 promote practices of environmental protection, pollution reduction, waste of resources and sustainable purchasing
- 4 respect and promote compliance with international climate change obligations such as reducing CO2 emissions and protecting biodiversity



- 5 reduce the impact of distribution, favouring the procurement of materials, products and services from local companies
- 6 promote the recycling of materials at the end of their life cycle and where it is not possible, ensure disposal in the most correct way
- 7 pursue sustainable development also through obtaining voluntary certifications and participation in sustainable development programmes.

\*The Code of Conduct can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://mermecgroup.com)

## VERIFICATION OF SUPPLIERS ON HUMAN RIGHTS AND LABOUR PRINCIPLES (\*)

The Group strictly excludes any form of collaboration with suppliers who can:

- Give up the right to freedom of association and collective bargaining
- Employ forms of child labour
- Submit its employees to forced or compulsory labour

The suppliers considered to be at greatest social risk are those operating in the geographical areas of Asia, Central and South America, North Africa and Eastern Europe. The entire qualification process and in particular the completion of the questionnaire and the signing of the Supplier Code of Conduct, allow the risk to be lowered. Where controls and/or audits are found to be unsuccessful, appropriate corrective measures will be taken in accordance with the provisions of the contracts to ensure that the sustainability requirements set out in the guidelines are met. In case of **ascertained incidents** related to non-compliance with labour and human rights laws, the supplier will be **disqualified** and will not be able to provide services or products to the Group.

In **2023**, **no supplier was identified with a significant risk** of forced or compulsory labour, child labour, infringement of the right to freedom of association and collective bargaining.



**GRI 407-1** Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

**GRI 408-1** Operations and suppliers at significant risk for incidents of child labour

**GRI 409-1** Operations and suppliers at significant risk for incidents of forced or compulsory labour



## 7.3 Procurement

The sustainable management of the Group's supply chain involves the inclusion of sustainability clauses among the standard clauses included in contracts.

Following the selection and qualification phase of the supplier, in which the supplier signs a commitment on sustainability issues with the Group, the **General Purchase Conditions** are sent, which provide for a further phase of signing sustainability clauses, of which the following is an extract:

**Legislative Decree 231/2001:** The supplier declares that it is aware of the content of Legislative Decree no. 231 of 8 June 2001 as amended, and that it has read and accepted the provisions and values of the Code of Ethics and undertakes to refrain from conduct suitable to configure the cases of crime referred to in Legislative Decree 231/2001. Failure by the supplier to comply with this commitment is considered by the parties a serious breach and reason for revocation of the order.

**Compliance with Policies:** The supplier declares to have read and accepted the content of the policies implemented by the Group Companies, undertaking to comply with their principles and requirements. Failure by the supplier to comply with this commitment is considered by the parties a serious breach and reason for revocation of the order.

**Confidentiality and security of information:** The supplier undertakes to maintain absolute confidentiality with regard to the use of all documents, drawings, projects or, in general, information provided by the MER MEC Group Companies and to refrain from publishing articles and photographs relating to them, disseminating news or information in any way related to the order, unless expressly agreed in writing by the MER MEC Group Company. The supplier also undertakes to respect, where applicable, the principles of availability and integrity, as well as confidentiality, of the information processed, as set out in the policy referred to in the previous point.

**Protection of personal data:** The Supplier declares to comply with the applicable provisions on the protection of personal data. If the object of the supply should include the processing of personal data on behalf of the MER MEC Group Companies, the supplier must be appointed Data Processor according to art. 28 of Reg. EU 679/2016 by separate deed.

The results of the Group's responsible procurement are presented by the following indicators



**100%**  
SUPPLIERS HAVE  
CONTRACTUAL CLAUSES ON  
SUSTAINABILITY ISSUES



**81%**  
OF THE NEW 2023  
SUPPLIERS HAVE SIGNED  
THE DECLARATION OF  
COMMITMENT



**100%**  
CRITICAL SUPPLIERS WERE  
SELECTED USING  
ENVIRONMENTAL, SOCIAL AND  
ETHICAL CRITERIA

**GRI 308-1** New suppliers that were screened using environmental criteria

**GRI 414-1** New suppliers that were screened using social criteria

## 7.4 Monitoring and Evaluation of Suppliers

The Group is responsible for overseeing suppliers/subcontractors through its corporate functions, providing, where necessary:

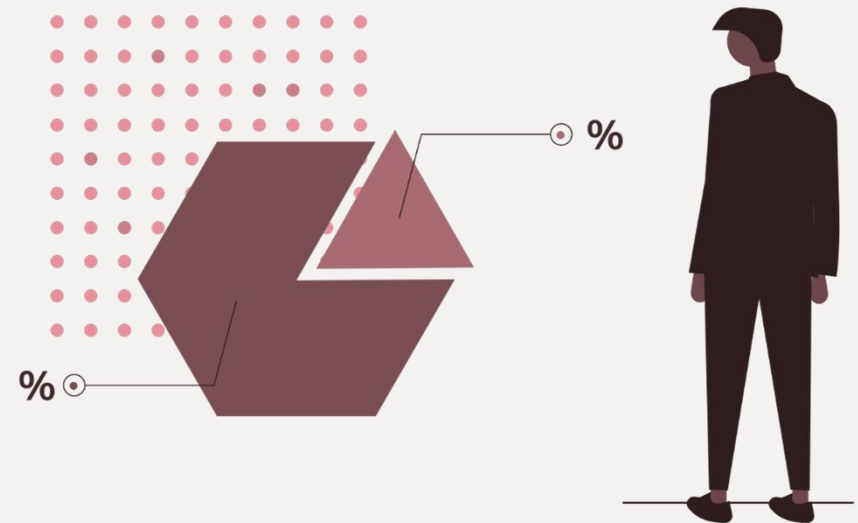
- external surveillance audits;
- visits or inspections at the supplier's site** in the stages of the supplier's production process identified as "binding" in the PFCs and/or purchase orders;
- inspections of subcontractors** in the construction site areas in order to verify environmental and occupational health and safety compliance;
- inspections upon receipt of the purchased material.

The documentation relating to the aforementioned activities is kept in the archives of suppliers and non-conformities. Suppliers/subcontractors who have qualitative deficiencies or do not comply with the established safety and environmental standards and who do not take effective corrective actions, are disqualified and removed from the list of qualified suppliers.

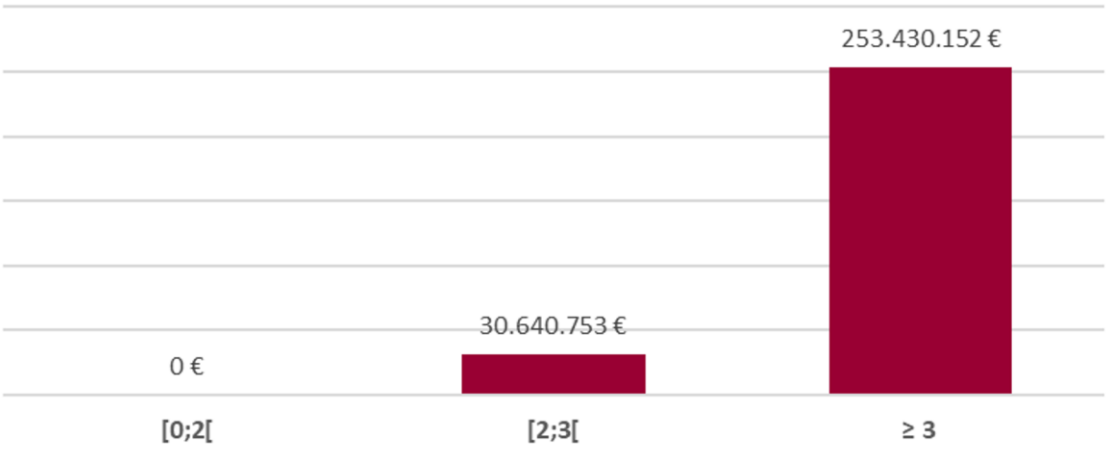
In particular, in 2023, **training sessions were carried out for subcontractors** operating in the MERMEC Group's construction sites in order to:

- correct the anomalies found during the audit of the environmental and health and safety management of the order;
- develop the supplier's skills on issues related in particular to compliance.

Annually, it also carries out a **"Supplier Performance Evaluation" (SPE)** on quality, anti-corruption, information security and a **"Supplier Performance Evaluation Corporate Social Responsibility" (SPE CSR)** in order to quantify the supplier's commitment to Corporate Social Responsibility issues.

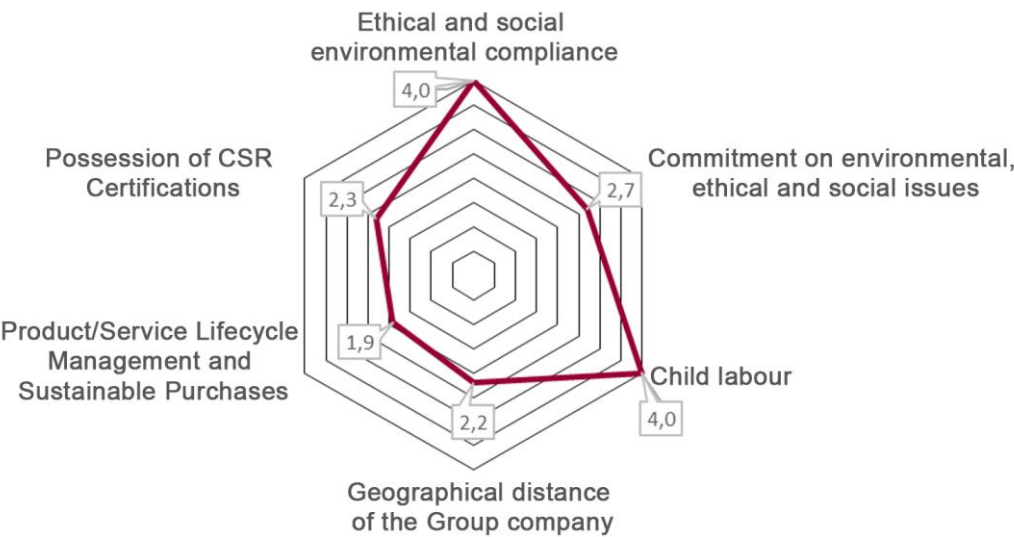


SPE CSR vs Ordered Value



In 2023, the SPE CSR, which includes the Vendor Rating parameter, was calculated on 527 qualified suppliers, obtaining an average value of 3.18 out of a maximum value of 4. The graph on the right shows the correlation between the SPE CSR value calculated for qualified suppliers to whom an order was issued in 2023 and the relative order value recorded in 2023.

Detail of monitoring results MERMEC Group Supplier



In the graph on the right you can see the **detail of the scores** obtained by suppliers in 2023 in the individual areas that make up the SPE CSR: environmental, ethical and social.

## 8

# CUSTOMER AND PRODUCT



- 8.1 [Customer Quality and Centrality](#)
- 8.2 [Research and Development](#)
- 8.3 [Eco-design](#)

## 8.1 Customer Quality and Centrality

MERMEC attaches **particular importance to the customer** through the adoption of tools aimed at measuring their degree of satisfaction, the identification of the requirements, mandatory and otherwise, the determination of risks and opportunities that may affect the conformity of products and services, and the ability to increase customer satisfaction. The **satisfaction of the needs and expectations** of the clients, compliance with standards, laws and regulations, are reflected in the implementation of an **ISO 9001 certified Quality Management System: 2015 by all MERMEC Group companies**

“ The quality of products and services provided to customers, according to international standards and at competitive prices together with respect for the environment and safety are the fundamental goals of MERMEC GROUP ”

The eng. Necchi Ghiri Luca  
CEO MER MEC

Another management system of MER MEC S.p.A. that demonstrates the orientation to product quality is the **Welding Management System certified according to ISO 3834 and EN 15085 standards** , which are system standards prepared by the International Standards Organisation in order to determine the quality conditions of welded productions in the railway sector.

In the field of maintenance of rolling stock and safety bodies, MERMEC and Angelstar have a Competence Management System (**SGC**) certified by a third party. In addition, MER MEC is a Maintenance Manager (**ECM**) certified in accordance with EU Directive 2016/798 of the European Parliament and of the Council and Commission Implementing Regulation EU 2019/779.

MERMEC is also committed to ensuring the confidentiality of its customers' data and sensitive information. In this sense, the company has undertaken a path of improvement through the implementation **of an Information Security Management System** as described in paragraph 1.3.

Therefore, the Management System for Quality, Environment and Health and Safety and Information Security guarantees the customer against product risks and/or deficiencies in terms of quality, environment, safety, reliability and availability. In fact, the Group has defined the **Product Policy** that identifies the commitments regarding their safety and environmental impact. The Policy finds its application in Research and Development programmes.



# 8.2 Research and Development

Technological innovation has always been a central element of the MER MEC Group's strategy, in order to expand the product offer, improve production processes and maintain competitive positioning. R&D activities support the Group's industrial and economic development and aim to ensure the environmental, energy and social sustainability of products and business processes.

The synergy of research and development activities with Community policies has stimulated numerous innovation processes, reducing the economic impact linked to the related investment costs. The financial support for R&D in the year 2023 is derived from multiple financing programmes, creating a logic of complementarity with ordinary sources of financing. This approach has made it possible to define strategies to cover the financial needs of development and innovation projects, defined on the basis of relevant, priority goals and connected to the company's mission.

In addition, the construction of reliable partnerships with high added value and the continuous interaction with international networks has made it possible to achieve important benefits related to continuous learning, the exchange of good practices, the sharing of experiences and results, in the areas of intervention of railway infrastructure management and maintenance systems and signalling systems for the management and control of railway traffic.

The MER MEC Group's development projects in 2023 concerned: **design of low environmental impact vehicles** powered by hydrogen and electric, interventions to improve production processes for environmental and industrial sustainability, digitisation of business processes, circular economy projects aimed at the efficient use of resources, with solutions aimed at reducing materials, resources and energy in production processes, contributing to the achievement of the United Nations SDGs.

The MERMEC Group is strongly committed to ensuring the achievement of the goals of the **European Green Deal** on the **TEN-T network** (Trans European Network – Transport): in particular, the Group is actively working on projects aimed at equipping the TEN-T network with the European **ERTMS** signalling system.



NETGREEN PROJECT

In 2023, the NETGREEN Industrial Development Contract was launched to benefit the Study and development of innovative technological solutions for the Green Vehicle Sector.

Today, the railway network is increasingly oriented towards innovation, in order to combine two goals that until a few years ago were difficult to match: improving efficiency and customer service levels.

The aforementioned goals are associated with a particular attention to the ecological transition, with a plan for efficiency and reduction of consumption and a series of activities aimed at self-production from renewable energy sources.

The development prospects for the Italian railway network are well specified in Mission no. 3 of the PNRR dedicated to the policies to be implemented in the "Infrastructures for sustainable mobility". The goal is to decarbonise transport infrastructure by 2026 by strengthening the rail network and innovating train fleets with the use of carbon-free technologies (zero-emission fuels and hydrogen, hybrid propulsion, electric).

The possibility of having **a rolling vehicle with an electric propulsion system** provided for by the NETGREEN project allows the development of integrated services aimed at improving maintenance procedures and continuous control of the network even of lines with non-electrified sections, a situation not uncommon in several European regions, which forces line management companies to use diesel locomotives for these sections and above all very frequent in Italy where 28% of the national railway network is not electrified (diesel lines).

INTEGRAL PROJECT

Creation of an electric vehicle for railway diagnostics compatible with the advanced ERTMS "European Rail Traffic Management System", through the integration of an innovative ETCS Level 2 on-board subsystem, harmonised at European level, able to ensure its circulation on all lines, guaranteeing high safety standards in national and international rail transport.



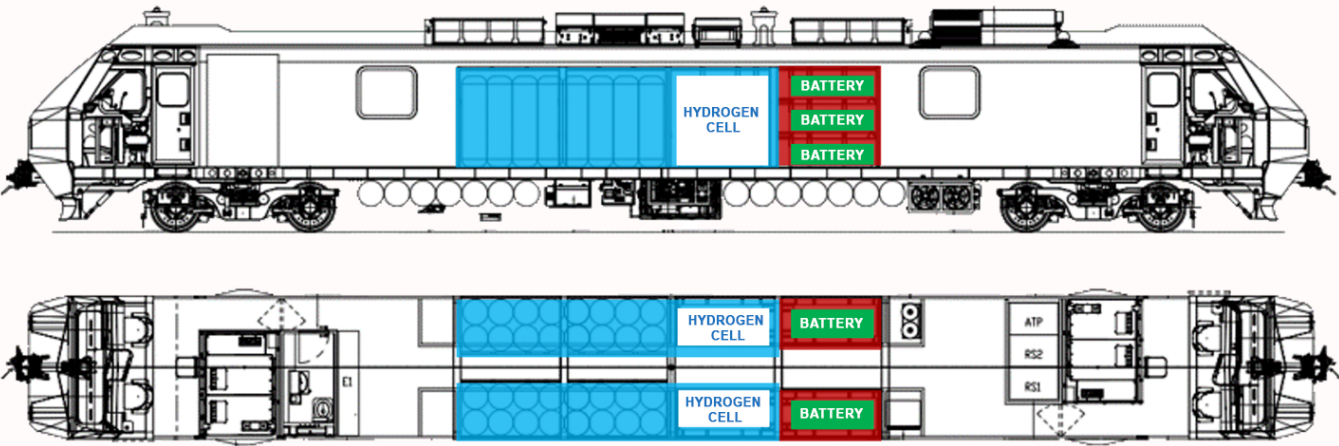
Construction of three electric trains for railway diagnostics for the Belgian railway infrastructure manager *Infrabel*

DHINAMIC PROJECT - Flagship 2024 - LINE B – 1st edition

The DHINAMIC Project involves the construction of a **diagnostic railway vehicle powered by an innovative hybrid electric/hydrogen propulsion system**, together with specialised laboratories for the testing and characterisation of the vehicle and diagnostic systems. The project will be carried out in collaboration with the Politecnico di Bari, the University of Padua and the Ferrovie del Sud Est.

HERMES PROJECT - Flagship 2024 - LINE B – 2nd edition

The HERMES Project, in continuity with the DHINAMIC project, provides for the set-up of the hydrogen vehicle with **diagnostic systems**, the set-up of laboratories for tests under controlled conditions and the optimisation of the testing and approval procedures for railway vehicles.



GOAL ACHIEVED – MER MEC first place and winner

GOAL FOR 2024

Participation in the Flagship call of the National Centre for Sustainable Mobility (MOST), for projects with a very high impact, characterised by uniqueness, high rate of innovation and sustainability over time. The call saw the participation of various founders of the MOST Centre, which, in collaboration with 24 universities, the CNR and 24 large companies, has the mission of implementing modern, sustainable and inclusive solutions for the entire national territory.



## SAVESTEEL PROJECT

In 2021, the SAVESTEEL circular economy project was launched to benefit the production chain of steel laminates for the railway industry.

The current laminate production process involves a manual sample control of the pieces at the end of production. This takes place several hours after production to allow the material to cool and be cut into shorter pieces that are easily handled for quality control and shipping operations. If non-conformities are identified during the spot checks, it is necessary to check whether they are systematic or sporadic to decide whether to block the entire batch or individual pieces.

In the case of rails or parts for construction, even a single non-conformity involves the disputing of the part by the end user. This type of situation is currently difficult to identify if not random. The pieces once shipped are reviewed by the customer who, in case of problems, does not take control of the entire batch but disputes it in full.

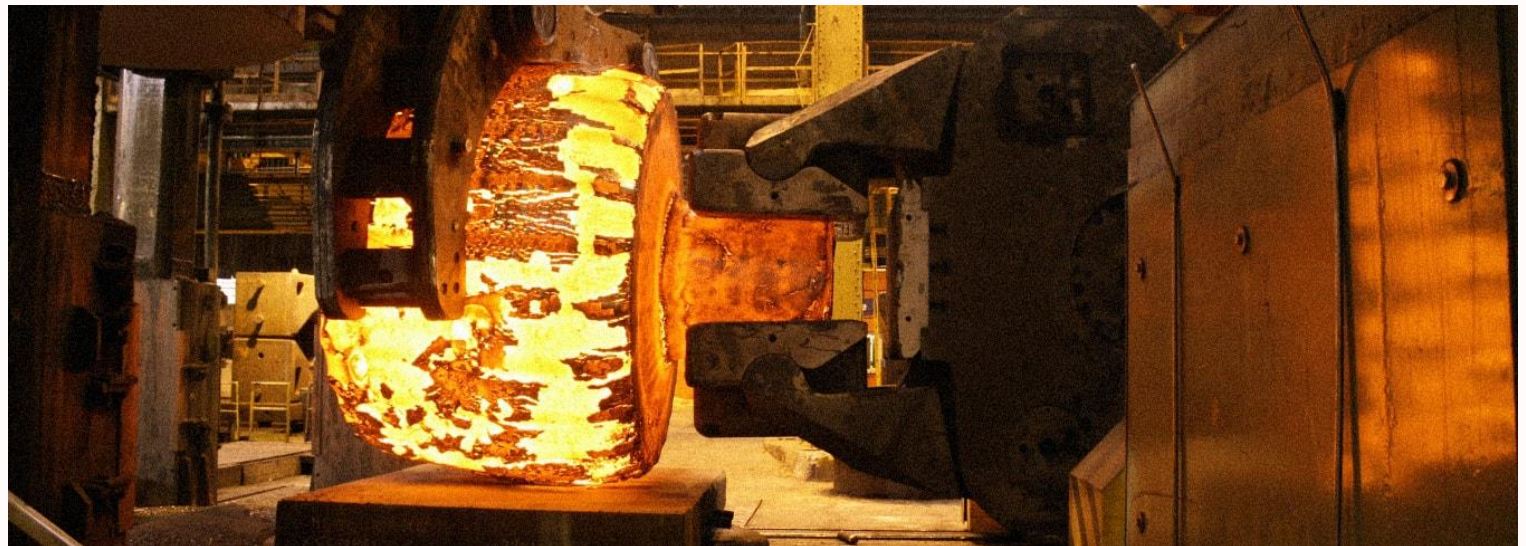
*Using the automatic measurement systems provided by the SAVESTEEL project, the dimensional and quality controls of the piece take place in real time during production.*

It is therefore possible to correct the rolling process in real time by reducing the number of rejects. These are identified at production and immediately re-introduced into the process as raw material.

This allows to intercept defects on 100% of the production and:

- produce less waste,
- ship to the end user/distributor only verified or even certified material in the case of verification in NDT lines.

In the case of rails or parts for construction, the measured profiles are uniquely traced with a tracking number managed by the manufacturer. Any disputes by the end user can therefore be discussed on specific profiles without questioning the entire production batch.



## EUROPE'S RAIL INITIATIVE (ERJU)

Regulation 2021/2085 of the European Council of 19 November 2021 established Europe's Rail Joint Undertaking (ERJU), of which MER MEC is a founding member. ERJU is the most important railway research and development programme ever funded by the European Union. Among its 25 founding members - which include railway operators, hi-tech companies and research centres from all over Europe - MERMEC is the only Italian-owned technology provider.

The goal of the Europe's Rail Joint Undertaking is to provide a high-capacity and integrated European rail network, improving traffic management, vehicles, infrastructure and services. Working with the European Union Agency for Railways, this partnership aims to make the most of digitalisation and automation to reduce costs, increase capacity and improve flexibility and reliability.

The overall goal of the partnership is to ensure a rapid transition to a more attractive, user-friendly, competitive, cost-effective, easy to maintain, efficient and sustainable European rail system, integrated into the wider mobility system.

The European rail system faces various challenges at global level:

- meet the increase in future traffic growth and become more resilient to the impacts of climate change, to provide an overall more sustainable transport system;
- provide innovative solutions, conceived, designed and developed jointly, creating new products to be used at European level to strengthen the competitiveness of the railway industry;
- provide services at reduced costs compared to the present, including the management of all elements of its life cycle, and improve its interaction with other modes of transport, to be more competitive and promote greater use;
- European railways must become a unified European network, creating a Single European Rail Area (SERA) and be more flexible to introduce new technological and operational solutions with which to provide new and improved customer-oriented services.

The research and development projects of the ERJU programme are funded by the European Horizon Europe Framework Programme for the period 2021-2027.



## NATIONAL CENTRE FOR SUSTAINABLE MOBILITY – MOST (CNMS-MOST)

At national level, an important initiative carried out during the year is the participation of the MERMEC Group in the activities of the National Centre for Sustainable Mobility (CNMS - MOST), funded by the National Plan for Recovery and Resilience (PNRR) "EDUCATION and RESEARCH" MISSION of the Ministry of University and Research.

The MOST Centre is attended by the main national companies in the Mobility sector, including the FS group, Ferrari and Stellantis, as well as by important Italian Academic Institutions and Research Organisations. The MOST Centre is led by the Politecnico di Milano and a total of 49 participants, including 24 universities, 1 public research institution, 4 private research institutions and 20 companies.

The MOST Centre aims to act as an innovative ecosystem of excellence capable of fostering innovation through the systemic use of research results by the entire production system.

Among the goals are also to increase the resilience and efficiency of mobility systems, with solutions and services for public and private transport, create personalised and accessible mobility that allows a new social inclusion and strengthen the supply chain, national competitiveness and international visibility.

Through specific research and innovation programmes and activities, it aims, among other things, to promote **innovative sustainable mobility** with new lightweight solutions, new propulsion systems, hydrogen and electric fuels, to make the mobility system safer with digital products and processes to promote intelligent management, monitoring and predictive maintenance, reducing fatal accidents.





## 8.3 Eco-design

The companies of the MERMEC Group in the railway sector have a Sustainable Design procedure that defines rules and methods for the application of eco-design regarding:

- ✓ operational phases (definition of phases of the product life cycle, minimisation of energy consumption, minimisation of acoustic, electromagnetic, optical, thermal and acoustic emissions, minimisation of material waste and use of hazardous substances, guaranteeing the insulation of materials, etc.);
- ✓ packaging (use or not of packaging, implementation of solutions with low environmental impact to perform loading, unloading and transport activities, use of recyclable packaging, etc.);
- ✓ maintainability and disassembly (reduction of gluing and welding, weight reduction, reduction of fragile parts, resistance to climatic conditions, corrosion resistance, etc.);
- ✓ disposal and recyclability (reduction in the use of toxic, harmful, flammable materials for the protection of the health and safety of operators and the end customer; reduction of plastic parts, reduction in the amount of heavy metals, reduction in the number of materials used, evaluation of how to dispose of the product at the end of its useful life, how to dispose of the parts of the product, evaluation of the possibility of recovering parts of the product at the end of its useful life, etc.).



**GOAL ACHIEVED**

### GOAL FOR 2023

Packaging: replacement of plastic Polystyrene with Biofoam, a new bio-polystyrene-like polymer, made with PLA (Polylactic Acid), a compostable plastic (bioplastic) obtained from food crops such as corn starch, wheat, tapioca, potatoes or from cane sugar and glucose.

For products intended for the European market, the applicability and compliance with:

- ❖ Reg. EU 1907/2006 – concerning the registration, evaluation, authorisation and restriction of chemicals (**REACH**);
- ❖ Dir. 2011/65/EU – on the restriction of the use of certain hazardous substances in electrical and electronic equipment (**RoHS**);
- ❖ Dir. 2012/19/EU – on waste electrical and electronic equipment (**WEEE**);
- ❖ Dir. 2014/53/EU – on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment and repealing Directive 1999/5/EC (**RED**);
- ❖ Dir. 2014/35/EU on the harmonisation of the laws of the Member States relating to the making available on the market of electrical equipment designed for use within certain voltage limits (**LVD**);
- ❖ Dir. 2014/30/EU - on the harmonisation of the laws of the Member States relating to electromagnetic compatibility (**EMC**);
- ❖ Dir. 2006/66/EC - on batteries and accumulators and waste batteries and accumulators and repealing Directive 91/157/EEC (**Batteries and Accumulators**);
- ❖ Dir. 94/62/EC on packaging and packaging waste (**Packaging**).

In the case of products to be marketed outside the European market, compliance with the Environmental and Safety regulations relating to the country of reference and in any case to what is contractually established with the customer is guaranteed.

In the qualification phase, MERMEC requires its suppliers to prove the implementation of a process for the management of hazardous substances contained in the products supplied in accordance with the aforementioned European legislation, requesting documentation certifying compliance and the possible presence of hazardous substances in the materials supplied (see [Sustainable Procurement](#))

The Group's commitment is summarised in the Product Policy\*.



\* The policy can be consulted on the Group's website under [Sustainability \(mermecgroup.com\)](https://www.mermecgroup.com)

9

# UN GLOBAL COMPACT CoP



9.1 [Our commitment](#)

9.2 [GRI Correlation and UNGC Principles](#)

## 9.1 Our commitment

MERMEC is a company operating in the railway and industrial sector of research and industrialisation, in fields and products with a high content of technological innovation and whose mission is aimed at:

- gaining technological and market leadership in each of the business areas;
- producing and disseminating culture and practices that aim to create an excellent social and work environment.

The achievement of MERMEC's goals is pursued, by all those who operate in the company, with loyalty, seriousness, honesty, competence and transparency, in absolute compliance with the laws and regulations in force, aiming to comply with the company values expressed in the Company Code of Ethics and Social Responsibility practices.

Acting in a socially responsible manner means for MERMEC to take into account the repercussions of its behaviour towards the environment and in its relations with Personnel, the Community, Business Partners, Customers and Institutions. MERMEC's reputation is based on its ability to keep the promises it made, taking responsibility for its own actions. MERMEC is committed to ensuring that its choices and decisions are guided by the highest ethical values.

On 26 June 2019, MERMEC consolidates its commitment to promoting an inclusive and sustainable global economy by joining the United Nations Global Compact, the world's largest initiative for business sustainability and corporate responsibility.

Founded in 1999 by the United Nations, the Global Compact is today an international network formed by companies, governments, institutions and organisations, aimed at sharing, promoting and implementing principles and values for the adoption of common policies in the name of sustainability.

Adherence to the Global Compact represents for MERMEC a further step towards a strategy that takes into account social and environmental aspects as an integral part of the business and that stimulates the adoption of behaviours that contribute to the success of the company and the well-being of the community.

Below are the actions implemented by MERMEC in compliance with and promoting of the ten principles of the United Nations Global Compact.

## 9.1.1 Human Rights

# PRINCIPLE I

**Businesses are required to promote and respect universally recognised human rights within their respective spheres of influence**

# PRINCIPLE II

**Ensure that business practices are not complicit, even indirectly, in human rights abuses**

## The policy

MERMEC supports and respects human rights both in the workplace and in all areas of its spheres of influence. The company always puts "People" first, guaranteeing respect for their rights and denouncing any form of abuse against its workers. It supports and disseminates the importance of respect for the Universal Declaration of Human Rights among its stakeholders through the dissemination of the company's Code of Ethics and the awareness of its suppliers (see [Sustainable Procurement](#)).

In developing a policy of respecting and promoting human rights, MERMEC takes into account the factors that contribute to complying with these principles:

- The protection of Human Resources that constitute the primary asset for business development and success.
- Sharing company policies and goals.
- Involvement of employees in order to increase their skills.
- The promotion of activities aimed at the integration of personnel.
- The verification of the requirements and compliance with the principles of Ethics by its Suppliers.
- Promoting diversity.

## Implementation and performance indicators

The protection of Human Resources involves the implementation of an ISO 45001-certified Health and Safety Management System: 2018, which allows us to guarantee adequate conditions in the workplace, keep potential health and safety risks under control and involve employees through training and information activities. The actions implemented to preserve the Health and Safety of workers are defined in detail in the [Occupational Health and Safety](#) paragraph and related to GRI 403 – Occupational Health and Safety.

The guarantee of respect for the principles of protection of workers' rights such as human rights, development, enhancement, training and professional growth, health and safety of workers, non-discrimination and child labour, is demonstrated by the commitment undertaken in the implementation and certification of the Management System for Social Responsibility as expressed in par. [Social responsibility \(SA 8000\)](#).

Respect for the Human Rights Principles requires special attention to the privacy of employees and collaborators. To this end, MERMEC adopts a standard that specifies the information that the company requires from the employee and the related processing and storage methods. It also applies the GDPR legislation and its subsequent additions and amendments. Any investigation into the ideas, preferences, personal tastes and, in general, the private lives of employees is excluded. In **2023, there were no documented complaints related to privacy breaches and loss of customer data (GRI indicator 418-1)**. As proof of its commitment to the protection of privacy, MER MEC is equipped with an Information Security Management System certified as detailed in the [Information Security](#) paragraph.

MERMEC, undertakes not to be complicit in the abuse of human rights, also exercising its control over the companies with which it establishes collaborations for work and/or service services. In order to raise awareness among its Suppliers and verify that they carry out their activities in accordance with the Principles of the Global Compact, MERMEC has developed a responsible management process of its supply chain whose details and results are described in the [Sustainable Procurement](#) paragraph and related to GRI 2-6 indicator.



## 9.1.2 Work

# PRINCIPLE III

**Companies are required to support the freedom of association of workers and recognise the right to collective bargaining**

# PRINCIPLE IV

**The elimination of all forms of forced and compulsory labour**

# PRINCIPLE V

**The effective elimination of child labour**

# PRINCIPLE VI

**Elimination of all forms of discrimination in employment and profession**

## The policy

MERMEC guarantees compliance with these principles starting with its employees, up to and including all Stakeholders.

The MERMEC Code of Ethics and the Policies issued within the SA8000 management systems (see par. [Social Responsibility SA8000](#)) fully confirm the labour rights promoted by the Global Compact by operating in compliance with the mandatory requirements and ILO - International Labour Organisation recommendations.

## Implementation and performance indicators

In compliance with Principle III and IV, MER MEC takes all necessary measures to ensure employees exercise their freedom of association, in particular the right of all employees to organise, join a union of their choice and engage in collective bargaining in all countries in which it operates (indicator GRI 407-1a).

To guarantee the aforementioned right, **100% of MERMEC Group employees are covered by collective bargaining agreements** (GRI 2-30 and GRI 407-1b indicators), compliance with which also guarantees the absence of forced and compulsory labour (GRI 409-1 indicator).

In addition, in order to maximise the well-being of employees, MERMEC has undertaken a series of initiatives, listed in the [People Care & Welfare](#) paragraph.

In full compliance with the Fifth Principle, MERMEC repudiates any form of use and/or exploitation of child and/or juvenile labour as defined and regulated by the regulations in force internationally and in each individual State in which it carries out its activity. It follows that MERMEC excludes any form of collaboration or supply with Companies that do not respect and protect the rights of minors (GRI 408-1 indicator).

Among the company policy goals, the right to equal opportunities is underlined and social, racial and religious discrimination in favour of integration between individuals and cultural exchange as described in the [Equity, Diversity and Inclusion](#) paragraph. MERMEC's international vocation makes cultural plurality a fundamental and essential feature of its action. MERMEC staff lives alongside local communities, respects their values and traditions, and is open to diversity, considering it a factor of enrichment and improvement. The results of this policy are set out in the [Labour and Human Rights](#) chapter.

## 9.1.3 Environment

# PRINCIPLE VII

**Companies are required to support a preventive approach to environmental challenges**

# PRINCIPLE VIII

**Conduct environmentally responsible activities**

# PRINCIPLE IX

**Encourage the development and dissemination of environmentally friendly technologies**

## The policy

MERMEC, in order to pursue a sustainable development of the company, puts respect and protection of the environment at the centre of its work.

MERMEC's environmental performance has always been important data for the company, both from an ethical point of view and for their ability to motivate and push internal processes of innovation and improvement. Since 2008, MERMEC has had an ISO 14001-certified Environmental Management System in place that aims to ensure:

- the maintenance of mandatory regulatory compliance,
- the definition and updating of environmental performance improvement goals,
- the development of environmental programmes,
- the systematic control of company activities that affect environmental aspects, both under normal conditions and under abnormal and emergency conditions,
- monitoring environmental performance,
- the review of the system itself in such a way that it is always updated and adapted to the business reality,
- the promotion and use of the best eco-friendly technologies,
- the awareness of its staff towards environmental issues.

## Implementation and performance indicators

In 2023 Angelstar obtained the Management System certification in accordance with ISO 14001.

The use of cutting-edge technologies, the use of eco-friendly products, the awareness of all staff to reduce waste allow MERMEC to minimise its environmental footprint. In addition, by constantly monitoring the applicable legal requirements, even in **2023, there were no relevant cases of non-compliance with environmental laws and regulations (GRI Indicator 2-27).**

With a proactive approach and aiming at the continuous improvement of environmental performance, MERMEC implemented in 2023 a series of programmes and initiatives defined in the [The Environment](#) chapter and related to the GRI 300 and has planned structural improvement initiatives for the newly acquired plant in Matera that will lead to a reduction in the energy used and carbon dioxide emissions as better described in the [The Environment](#) chapter.

Similarly, MERMEC's commitment extends to its entire supply chain through specific actions aimed at promoting sustainable procurement as specified in the [Sustainable Procurement](#) chapter and related to indicator GRI 2-6.

## 9.1.4 Fight against Corruption

# PRINCIPLE X

**Companies are committed to countering corruption in all its forms, including extortion and bribery**

### The policy

MERMEC does not admit any form of corruption either directly or indirectly and complies with the anti-corruption laws in force in the countries in which it operates. MERMEC operates with the awareness that the fight against corruption is one of the main global challenges and represents a major obstacle to sustainable development.

The value that guides MERMEC's choices is based on meritocracy and ethics, rewarding its employees only on this basis. This principle extends to the management of Customers, suppliers and Authorities with whom MERMEC has relationships.

### Implementation and performance indicators

MERMEC selects its suppliers on the basis of the quality of the service provided, qualifying them on the basis of the certifications they hold and their commitment to sustainable development and social responsibility as better described in the [Sustainable Procurement](#) chapter. There are no favouritisms or agreements for any of them and situations of conflict of interest are carefully avoided: the occurrence of such situations, in addition to being in conflict with the law and with the principles set out in the Company Code of Ethics, is detrimental to the image and integrity of the company. As proof of MERMEC's concrete commitment in compliance with Principle X, it maintained the certification of the Management System for the fight against Corruption according to the ISO 37001 standard as described in the [Commitment in the Fight against Corruption](#) paragraph.

The results obtained in 2023, following the commitment made in the fight against corruption, are presented in the [Commitment in the Fight against Corruption](#) paragraph and specifically it is noted that in **2023 there were no cases of corruption (GRI 205-3)**.

# 9.2 GRI Correlation and UNGC Principles

To facilitate the reading of the Sustainability Report in terms of "Communication on Progress", as required by the UN Global Compact, MER MEC has prepared the following table linking the Principles of the Global Compact, the SDGs and the selection of GRI indicators reported in the 2023 Sustainability Report.





# Human Rights

Principles of the Global Compact	Corresponding SDGs	GRI Accounts Payable in the Financial Statements
<p><b>PRINCIPLE I</b></p> <p>Businesses are required to promote and respect universally recognised human rights within their respective spheres of influence</p>	           	<p><a href="#">GRI 2-7</a>      <a href="#">GRI 303-3</a>      <a href="#">GRI 403-8</a></p> <p><a href="#">GRI 2-8</a>      <a href="#">GRI 305-1</a>      <a href="#">GRI 403-9</a></p> <p><a href="#">GRI 2-9</a>      <a href="#">GRI 305-2</a>      <a href="#">GRI 403-10</a></p> <p><a href="#">GRI 2-10</a>      <a href="#">GRI 306-3</a>      <a href="#">GRI 404-1</a></p> <p><a href="#">GRI 2-12</a>      <a href="#">GRI 401-1</a>      <a href="#">GRI 405-1</a></p> <p><a href="#">GRI 2-15</a>      <a href="#">GRI 401-3</a>      <a href="#">GRI 406-1</a></p> <p><a href="#">GRI 2-23</a>      <a href="#">GRI 403-1</a>      <a href="#">GRI 407-1</a></p> <p><a href="#">GRI 2-26</a>      <a href="#">GRI 403-2</a>      <a href="#">GRI 408-1</a></p> <p><a href="#">GRI 2-30</a>      <a href="#">GRI 403-3</a>      <a href="#">GRI 409-1</a></p> <p><a href="#">GRI 205-3</a>      <a href="#">GRI 403-4</a>      <a href="#">GRI 414-1</a></p> <p><a href="#">GRI 206-1</a>      <a href="#">GRI 403-5</a>      <a href="#">GRI 418-1</a></p> <p><a href="#">GRI 302-1</a>      <a href="#">GRI 403-6</a></p>
<p><b>PRINCIPLE II</b></p> <p>Ensure that business practices are not complicit, even indirectly, in human rights abuses</p>		





## Work

Principles of the Global Compact	Corresponding SDGs	GRI Accounts Payable in the Financial Statements
<b>PRINCIPLE III</b>  Companies are required to support the freedom of association of workers and recognise the right to collective bargaining		
<b>PRINCIPLE IV</b>  The elimination of all forms of forced and compulsory labour	   	<a href="#">GRI 2-7</a> <a href="#">GRI 2-8</a> <a href="#">GRI 2-9</a> <a href="#">GRI 2-10</a> <a href="#">GRI 2-12</a> <a href="#">GRI 2-15</a> <a href="#">GRI 2-23</a> <a href="#">GRI 2-26</a> <a href="#">GRI 2-30</a> <a href="#">GRI 205-3</a> <a href="#">GRI 206-1</a>
<b>PRINCIPLE V</b> The effective elimination of child labour	  	<a href="#">GRI 302-1</a> <a href="#">GRI 305-1</a> <a href="#">GRI 305-2</a> <a href="#">GRI 306-3</a> <a href="#">GRI 401-1</a> <a href="#">GRI 401-3</a> <a href="#">GRI 403-1</a> <a href="#">GRI 403-2</a> <a href="#">GRI 403-3</a> <a href="#">GRI 403-4</a> <a href="#">GRI 403-5</a>
<b>PRINCIPLE VI</b> Elimination of all forms of discrimination in employment and profession		<a href="#">GRI 403-6</a> <a href="#">GRI 403-8</a> <a href="#">GRI 403-9</a> <a href="#">GRI 403-10</a> <a href="#">GRI 404-1</a> <a href="#">GRI 405-1</a> <a href="#">GRI 406-1</a> <a href="#">GRI 407-1</a> <a href="#">GRI 408-1</a> <a href="#">GRI 409-1</a> <a href="#">GRI 414-1</a> <a href="#">GRI 418-1</a>

Environment

Principles of the Global Compact	Corresponding SDGs	GRI Accounts Payable in the Financial Statements
<p><b>PRINCIPLE VII</b></p> <p>Companies are required to support a preventive approach to environmental challenges</p>		
<p><b>PRINCIPLE VIII</b></p> <p>Conduct environmentally responsible activities</p>	<div><div>6 CLEAN WATER AND HYGIENE</div><div>7 CLEAN AND AFFORDABLE ENERGY</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 ACTING FOR THE CLIMATE</div><div>14 LIFE UNDERWATER</div><div>15 LIFE ON EARTH</div></div>	<p><a href="#">GRI 302-1</a></p> <p><a href="#">GRI 303-3</a></p> <p><a href="#">GRI 305-1</a></p> <p><a href="#">GRI 305-2</a></p> <p><a href="#">GRI 306-3</a></p>
<p><b>PRINCIPLE IX</b></p> <p>Encourage the development and dissemination of environmentally friendly technologies</p>	<div><div>17 PARTNERSHIPS FOR GOALS</div></div>	

Anti-Bribery

Principles of the Global Compact	Corresponding SDGs	GRI Accounts Payable in the Financial Statements
<p><b>PRINCIPLE X</b></p> <p>Companies are committed to countering corruption in all its forms, including extortion and bribery</p>	<div><div><p>3 HEALTH AND WELL-BEING</p></div><div><p>10 REDUCING INEQUALITIES</p></div><div><p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p></div><div><p>17 PARTNERSHIPS FOR GOALS</p></div></div>	<div><div><p><a href="#">GRI 2-7</a></p><p><a href="#">GRI 2-9</a></p><p><a href="#">GRI 2-10</a></p><p><a href="#">GRI 2-12</a></p><p><a href="#">GRI 2-15</a></p><p><a href="#">GRI 2-23</a></p><p><a href="#">GRI 2-26</a></p></div><div><p><a href="#">GRI 205-3</a></p><p><a href="#">GRI 206-1</a></p><p><a href="#">GRI 305-1</a></p><p><a href="#">GRI 305-2</a></p><p><a href="#">GRI 306-3</a></p><p><a href="#">GRI 401-1</a></p><p><a href="#">GRI 403-4</a></p></div><div><p><a href="#">GRI 403-6</a></p><p><a href="#">GRI 403-9</a></p><p><a href="#">GRI 403-10</a></p><p><a href="#">GRI 414-1</a></p><p><a href="#">GRI 418-1</a></p></div></div>

## 10 ATTACHMENTS



- [10.1 Methodological Note](#)
- [10.2 Materiality Correlation Table – Topic GRI](#)
- [10.3 Selection of GRI Standards](#)
- [10.4 Report of the Independent Auditors](#)

## 10.1 Methodological Note

For the year 2023, the MERMEC Group (hereinafter also "MERMEC", or "Group") prepares its sixth Sustainability Report, with the aim of describing the initiatives carried out and the main results achieved during the year in terms of sustainability performance. The previous Sustainability Report was published on 14 July 2023.

The data and information reported refer to the period between 1 January 2023 and 31 December 2023. The reporting scope includes the performance of MER MEC S.p.A., MERMEC STE S.r.l., Angelstar S.r.l., MER MEC Engineering S.r.l. and MER MEC Ferrosud [GRI 2-2], the latter becoming part of the Group following the acquisition of the Ferrosud Company Complex by the Extraordinary Administration of the Mancini - Ferrosud S.p.A. group. The transaction involved the purchase by the Extraordinary Administration of the business unit consisting of the portion of the Matera plant (building of approx. 50,000 square metres covered on an area of a total of 230,000 square metres connected to the railway network by connection) and related plants.

The Sustainability Report has been prepared reporting a selection of the "GRI Sustainability Reporting Standards" (GRI-referenced claim) published by the Global Reporting Initiative (GRI), as reported in the table "Selection of GRI Standards". The updated materiality analysis following the update of GRI 3 has made it possible to identify the relevant aspects, for the organisation and for the stakeholders, which are the subject of this document's reporting.

The Sustainability Report also constitutes the Communication on Progress (CoP), the tool with which member companies, through the official UNGC website, annually inform stakeholders about activities and related results obtained to promote the affirmation of the 10 Principles, favouring the sharing of best practices.

In order to allow comparability of the data over time, a comparison was made with the data for 2022. Re-exposures of previously published comparative data are clearly indicated as such. In addition, in order to guarantee the reliability of the data, the use of estimates, possibly reported within the document, has been limited as far as possible.

The review of the Sustainability Report was carried out by Deloitte & Touche S.p.A. which, at the end of the work carried out, issued the report of the auditing company attached to this report, as indicated by the principle "International Standard on assurance engagement 3000 (Revised) – Assurance engagement other than Audits or Reviews of historical Financial information ("ISAE 3000 Revised").

The periodicity of the publication of the document is set according to an annual frequency. For any information relating to the Social Report, please contact the following email address: [csr@angelcompany.com](mailto:csr@angelcompany.com)

The Sustainability Report is also available on the MERMEC Group website <http://www.mermecgroup.com/>.

**GRI 2-2** *Entities included in the organization's sustainability reporting*

**GRI 2-3** *Reporting period, frequency and contact point*

**GRI 2-4** *Restatements of information*



## 10.2 Materiality Correlation Table – Topic GRI

MATERIAL TOPIC	RELATED IMPACT	TYPE OF IMPACT	RECONCILIATION TOPIC GRI
Ethics and compliance	Business ethics management Anti-competitive practices Corruption cases	Positive - Potential Negative - Potential Negative - Potential	Social-economic compliance Anti-corruption Anti-corruption
Privacy and cybersecurity	Loss of customer data	Negative - Potential	Customer privacy
Responsible supply chain management	Enhancement of local suppliers  Promotion of social responsibility practices and protection of human rights along the value chain	Positive - Potential  Positive - Potential	Procurement practices Environmental assessment of suppliers Social assessment of suppliers
Impact on the territory and involvement of local communities	Contribution to the development of the territory and the community	Positive - Current	Environmental assessment of suppliers Social assessment of suppliers
Employee management and retention	Contribution to the work-life balance of employees	Positive - Potential	Employment
Employee development and training	Employee satisfaction Employee Skills Development	Positive - Current Positive - Current	Training and education
Occupational health and safety	Workplace Accidents and Employee Health Promotion	Negative - Potential	Occupational health and safety
Diversity and inclusion	Discrimination Incidents	Negative - Potential	Diversity and equal opportunities Non-discrimination
Customer satisfaction	Dialogue with the customer	Positive - Potential	n/a
Innovation and digitisation	Innovation and digitisation	Positive - Current	n/a
Management of energy consumption and emissions	Generation of climate-altering emissions	Negative - Current	Emissions Energy
Waste management	Generation of waste in the production process	Negative - Current	Waste
Water consumption management	Water withdrawals	Negative - Current	Water and effluents

**GRI 3-1** *Process to determine material topics*

10.3 Selection of GRI Standards

GRI 2: GENERAL INFORMATION 2021

INDICATOR	SECTION
<b>The organisation and its reporting practices</b>	
GRI 2-1    Organisational details	<a href="#">History and activities</a>
GRI 2-2    Entities included in the organisation's sustainability reporting	<a href="#">Methodological note</a>
GRI 2-3    Reporting period, frequency and contact point	<a href="#">Methodological note</a>
GRI 2-4    Restatements of information	<a href="#">Methodological note</a>
GRI 2-5    External Assurance	<a href="#">Report of the Independent Auditors</a>
<b>Activities and workers</b>	
GRI 2-6    Assets, value chain and other business relationships	<a href="#">History and activities</a>
<b>Governance</b>	
GRI 2-7    Employees	<a href="#">Responsible procurement</a>
GRI 2-8    Workers who are not employees	<a href="#">Work and Social Responsibility</a>
GRI 2-9    Governance structure and composition	<a href="#">Work and Social Responsibility</a>
GRI 2-10    Nomination and selection of the highest governance body	<a href="#">Governance structure and organisational structure</a>
GRI 2-12    Role of the highest governance body in overseeing the management of impacts	<a href="#">Governance structure and organisational structure</a>
GRI 2-13    Delegation of responsibility for managing impacts	<a href="#">Governance structure and organisational structure</a>
GRI 2-14    Role of the highest governance body in sustainability reporting	<a href="#">Governance structure and organisational structure</a>
GRI 2-15    Conflicts of interest	<a href="#">Commitment to the fight against corruption</a>
GRI 2-16    Communication of critical concerns	<a href="#">Governance structure and organisational structure</a>

## GRI 2: GENERAL INFORMATION 2021

## INDICATOR

## SECTION

GRI 2-19 Remuneration policies

[Governance structure and organisational structure](#)

GRI 2-20 Process to determine remuneration

[Remuneration and bargaining agreements](#)

GRI 2-21 Annual total compensation ratio

[Remuneration and bargaining agreements](#)**Strategy, policies and practices**

GRI 2-22 Statement on sustainable development strategy

[Letter to Stakeholders](#)

GRI 2-23 Policy commitments

[MERMEC Group Policies](#)[Business ethics and integrity](#)[Work and human rights](#)

GRI 2-24 Embedding policy commitments

[Management systems](#)[Our commitment](#)

GRI 2-25 Processes to remediate negative impacts

[Social responsibility \(SA 8000\)](#)

GRI 2-26 Mechanisms for seeking advice and raising concerns

[Respect for privacy and protection of personal data,](#)[Commitment to the fight against corruption,](#)[Social responsibility \(SA 8000\)](#)

GRI 2-27 Compliance with laws and regulations

[Governance structure and organisational structure](#)

GRI 2-28 Membership associations

[Participation in trade associations](#)**Stakeholder Engagement**

GRI 2-29 Approach to stakeholder engagement

[Stakeholder Map](#)

GRI 2-30 Collective bargaining agreements

[Remuneration and bargaining agreements](#)

**GRI 200: ECONOMIC PERFORMANCE INDICATORS****GRI 205: Anti-corruption 2016**

## INDICATOR

## SECTION

**GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix; Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Commitment to the fight against corruption](#)**GRI 205: Anti-corruption 2016**

GRI 205-3 Cases of corruption and actions taken

[Commitment to the fight against corruption](#)**GRI 206: Anti-competitive behaviour 2016****GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix; Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Management and Control Organisational Models](#)**GRI 206: Anti-competitive behaviour 2016**

GRI 206-1 Legal actions related to anti-competitive behaviour, trust activities and monopolistic practices

[Management and Control Organisational Models](#)**GRI 300: ENVIRONMENTAL PERFORMANCE INDICATORS****GRI 302: Energy 2016**

## INDICATOR

## SECTION

**GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix; Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Strategic Management – Environment; Energy Consumption and Emissions](#)**GRI 302: Energy**

GRI 302-1 Energy consumption within the organization

[Energy consumption and emissions](#)

GRI 303: Water 2018

INDICATOR	SECTION
<b>GRI 3: 2021 material topics</b>	
GRI 3-1 Process to determine material topics	<a href="#">The materiality matrix; Correlation table</a>
GRI 3-2 List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3 Management of material topics	<a href="#">Strategic Management – Environment; Water resources</a>
<b>GRI 303: Water</b>	
GRI 303-3 Water withdrawal	<a href="#">The water resource</a>

GRI 305: Emissions 2016

INDICATOR	SECTION
<b>GRI 3: 2021 material topics</b>	
GRI 3-1 Process to determine material topics	<a href="#">The materiality matrix; Correlation table</a>
GRI 3-2 List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3 Management of material topics	<a href="#">Strategic Management – Environment; Energy Consumption and Emissions</a>
<b>GRI 305: Emissions</b>	
GRI 305-1 Direct (Scope 1) GHG emissions	<a href="#">Energy consumption and emissions</a>
GRI 305-2 Energy indirect (Scope 2) GHG emissions	<a href="#">Energy consumption and emissions</a>

**GRI 306: Waste 2016**

## INDICATOR

## SECTION

**GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix; Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Strategic Management – Environment; Waste Management](#)**GRI 306: Waste 2020**

GRI 306-3 Waste generated

[Waste management](#)**GRI 308: Supplier Environmental Assessment 2016**

## INDICATOR

## SECTION

**GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix; Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Responsible supply chain management](#)**GRI 308: New suppliers that were screened using environmental criteria 2016**

GRI 308-1 New suppliers that were screened using environmental criteria

[Procurement](#)



**GRI 400: SOCIAL PERFORMANCE INDICATORS****GRI 401: Employment 2016**

## INDICATOR

## SECTION

**GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix](#); [Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Work and Social Responsibility](#); [Turnover](#)**GRI 401: Employment**

GRI 401-1 New employee hires and employee turnover

[turnover](#)

GRI 401-3 Parental leave

[People Care & Welfare](#)**GRI 403: Occupational Health and Safety 2018**

## INDICATOR

## SECTION

**GRI 3: 2021 material topics**

GRI 3-1 Process to determine material topics

[The materiality matrix](#); [Correlation table](#)

GRI 3-2 List of material topics

[The materiality matrix](#)

GRI 3-3 Management of material topics

[Occupational Health and Safety](#)**GRI 403: Occupational Health and Safety**

GRI 403-1 Occupational health and safety management system

[H&S Management System \(ISO 45001\)](#)

GRI 403-2 Hazard identification, risk assessment, and incident investigation

[Occupational Health and Safety](#),  
[Risk Assessment for Occupational Health and Safety](#)

GRI 403-3 Occupational health services

[Health Surveillance](#)

GRI 403-4 Worker participation, consultation, and communication on occupational health and safety

[Consultation and Participation of Workers](#)

GRI 403-5 Worker training on occupational health and safety

[Occupational Health and Safety Training](#)

GRI 403-6 Promotion of worker health

[People Care & Welfare](#)

GRI 403-8 Workers covered by an occupational health and safety management system

[H&S Management System \(ISO 45001\)](#)

GRI 403-9 Accidents at work

[Employee accident indexes](#)

GRI 403-10 Work-related ill health

[Occupational diseases](#)

GRI 404: Training and education 2016

INDICATOR		SECTION
<b>GRI 3: 2021 material topics</b>		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix</a> ; <a href="#">Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Human Capital Development</a> ; <a href="#">Work and Social Responsibility</a>
<b>GRI 404: Training and education 2016</b>		
GRI 404-1	Average hours of training per year per employee	<a href="#">Training</a>

GRI 405: Diversity and equal opportunity 2016

INDICATOR		SECTION
<b>GRI 3: 2021 material topics</b>		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix</a> ; <a href="#">Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Gender equality</a> ; <a href="#">Equity, Diversity and Inclusion</a>
<b>GRI 405: Diversity and equal opportunity</b>		
GRI 405-1	Diversity of governance bodies and employees	<a href="#">Equity, diversity and inclusion</a> <a href="#">Governance structure and organisational structure</a>

GRI 406: Non-discrimination 2016

INDICATOR		SECTION
<b>GRI 3: 2021 material topics</b>		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix</a> ; <a href="#">Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Respect for human rights</a> ; <a href="#">Commitment against Discrimination</a> ; <a href="#">SA 8000 Responsibility</a> ; <a href="#">Equity, Diversity and Inclusion</a>
<b>GRI 406: Non-discrimination</b>		
GRI 406-1	Incidents of discrimination and corrective actions taken	<a href="#">Commitment Against Discrimination</a>

GRI 407: Freedom of association and collective bargaining 2016

INDICATOR		SECTION
<b>GRI 3: 2021 material topics</b>		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix</a> ; <a href="#">Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Responsible supply chain management</a>
<b>GRI 407: Freedom of association and collective bargaining</b>		
GRI 407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">Responsible supply chain management</a>

GRI 408: Child labour 2016

INDICATOR		SECTION
<b>GRI 3: 2021 material topics</b>		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix</a> ; <a href="#">Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Responsible supply chain management</a>
<b>GRI 408: Child labour</b>		
GRI 408-1	Operations and suppliers at significant risk for incidents of child labour	<a href="#">Responsible supply chain management</a>

GRI 409: Forced or compulsory labour 2016

INDICATOR		SECTION
<b>GRI 3: 2021 material topics</b>		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix</a> ; <a href="#">Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Responsible supply chain management</a>
<b>GRI 409: Forced or compulsory labour</b>		
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<a href="#">Responsible supply chain management</a>

GRI 414: Supplier social assessment 2016

INDICATOR		SECTION
GRI 3: 2021 material topics		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix; Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Responsible supply chain management</a>
GRI 414-1: New suppliers that were screened using social criteria 2016		
GRI 414-1	New suppliers that were screened using social criteria	<a href="#">Procurement</a>

GRI 418: Customer Privacy 2016

INDICATOR		SECTION
GRI 3: 2021 material topics		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix; Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Customer Quality and Centrality</a>
GRI 418: Customer privacy		
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">Respect for privacy and protection of personal data (GDPR MOGC)</a>

Local communities 2016

INDICATOR		SECTION
GRI 3: 2021 material topics		
GRI 3-1	Process to determine material topics	<a href="#">The materiality matrix; Correlation table</a>
GRI 3-2	List of material topics	<a href="#">The materiality matrix</a>
GRI 3-3	Management of material topics	<a href="#">Involvement and development of local communities</a>





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INDEPENDENT AUDITOR 'S REPORT  
ON THE SUSTAINABILITY REPORT

To the Board of Directors  
of Mer Mec S.p.A.

We have been instructed to carry out a limited assurance engagement review of the Sustainability Report of the Mer Mec Group (hereinafter also referred to as "the Group") for the year ended 31 December 2023.

Responsibilities of the Directors for the Sustainability Report

The Directors of Mer Mec S.p.A. are responsible for the drafting of the Sustainability Report in accordance with the "Global Reporting initiative Sustainability Reporting Standards" defined by the GRI - Global Reporting initiative ("GRI Standards"), as described in the "Methodological Note" section of the Sustainability Report.

The Directors are also responsible for that part of the internal control they consider necessary in order to allow the preparation of a Sustainability Report that does not contain significant errors due to fraud or unintentional behaviour or events.

The Directors are also responsible for defining the Group's objectives in relation to sustainability performance, as well as for identifying the stakeholders and significant aspects to be reported.

Independence of the auditing and quality management company

We are independent in accordance with the principles of ethics and independence of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our auditing firm applies the International Standard on Quality Management 1 according to which it is required to configure, implement and make operational a quality management system that includes directives or procedures on compliance with ethical principles, professional principles and applicable legal and regulatory provisions.

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Responsibilities of the auditing firm

It is our responsibility to express, on the basis of the procedures carried out, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been carried out according to the criteria indicated in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter also "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance assignments. This principle requires the planning and carrying out of procedures in order to acquire a limited level of security that the Sustainability Report does not contain significant errors.

Therefore, our examination involved less work than necessary to carry out a complete examination according to ISAE 3000 Revised ("reasonable assurance engagement") and, consequently, does not allow us to be sure that we have become aware of all the significant facts and circumstances that could be identified with the performance of this examination.

The procedures carried out on the Sustainability Report were based on our professional judgement and included interviews, mainly with the Company's staff responsible for drafting the information presented in the Sustainability Report, as well as analysis of documents, recalculations and other procedures aimed at acquiring evidence deemed useful.

In particular, we have carried out the following procedures:

- 1) analysis of the process of defining the relevant issues reported in the Sustainability Report, with reference to the methods of analysis and understanding of the reference context, identification, evaluation and prioritisation of the actual and potential impacts and the internal validation of the results of the process;
- 2) understanding of the processes underlying the generation, detection and management of the significant qualitative and quantitative information included in the Sustainability Report.

In particular, we have carried out interviews and discussions with Mer Mec S.p.A Management personnel and with the personnel of Mer Mec STE S.r.l., Mer Mec Engineering S.r.l. Angelstar Srl and Mer Mec Ferrosud S.r.l. and we have carried out limited documentary checks, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the function responsible for preparing the Sustainability Report.

In addition, for significant information, taking into account the activities and characteristics of the Group:

- at Group level
  - a) with reference to the qualitative information contained in the Sustainability Report, we have carried out interviews and acquired supporting documentation to verify its consistency with the available evidence;
  - b) with reference to quantitative information, we have carried out both analytical procedures and limited checks to ascertain the correct aggregation of data on a sample basis.

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3

- For the following companies, Mer Mec S.pA, Mer Mec STE S.r.l., Mer Mec Engineering S.r.l., Angelstar S.r.l. and Mer Mec Ferrosud S.r.l., which we selected on the basis of their activities and their contribution to the performance indicators at a consolidated level, we held meetings during which we discussed with the managers and acquired documentary feedback on a sample basis about the correct application of the procedures and calculation methods used for the indicators.

Conclusions

Based on the work carried out, no elements have come to our attention that lead us to believe that the Sustainability Report of the Mer Mec Group for the year ended 31 December 2023 has not been prepared, in all significant respects, in compliance with the requirements of the GRI Standards as described in the "Methodological Note" paragraph of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

  
Claudio Lusa

Partner

Bari, July 31, 2024



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