

CARRON GROUP SUSTAINABILITY REPORT 2022

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2022



GRUPPO
CARRON

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CARRON
GROUP

1

1 CARRON GROUP

1.1 MAIN SERVICES

The Group has carried out major infrastructure and civil construction works, which enabled the company and its personnel to gain valuable experience in managing large projects in specialised sectors.

Carron Group's three main business areas are:

BUILDING

Carron Group is recognised as one of the most important Italian entities in the construction field, ranking among the top thirty companies in Italy.

RESTORATION AND RENOVATION

The Group has always been involved in highly complex operations. Today, it is a benchmark in the fields of tourism, real estate, hospital, and infrastructure renovation and redevelopment, highlighting the priority given to the territory and its community.

INFRASTRUCTURE

The Group is involved in the construction of important infrastructures and a wide range of interventions aimed at citizens and the environment.



1.1.1 NEW CONSTRUCTIONS

Public, commercial, office and residential construction are sectors that the Group has always been involved in. An ever-changing, often unpredictable market, in which Carron moves with speed and accuracy of execution.

Public buildings such as school complexes and sports centres demand modern structural solutions, roofs made with state-of-the-art techniques and materials.

Shopping and multi-purpose centres represent complex, large-scale projects, leaving the company with the difficult task of taking on execution times.

Office and residential centres require special attention to the treatment of materials and finishes, interior decoration, and the delicate balance between architectural and structural solutions and customer requirements.



1.1.2 RESTORATION AND RENOVATION

Preserving architectural heritage with strong historical and artistic values requires accurate restoration interventions and mastery of materials and techniques that respect tradition. With know-how acquired through years of experience in the sector, Carron is able to carry out highly prestigious interventions in the field of industrial archaeology and preservation and restoration work.

With appropriate consolidation operations to ensure durability, the recovery of materials subjected to accurate analysis and cataloguing, and the collaboration of carefully chosen craftsmen, Carron has restored the original appearance of important buildings such as Venetian villas and period palaces, restoring splendour to ancient buildings that now take on new, modern functions.

1.1.3 INFRASTRUCTURE

Carron is also active in the infrastructure sector, realising important works that ensure essential services for citizens and the environment. In this sector, the company delivers a wide range of interventions: from interregional and local roads and the redevelopment of urban spaces, such as squares and boulevards, to entire infrastructure works, from water purification plants to the construction and reinforcement of canals and weirs, as well as complex intake and drainage systems.



1.2 OUR HISTORY

1963

The company's history spans over 50 years, based on the solid foundations laid by Cav. Angelo Carron in 1963, in the historical headquarters in San Zenone degli Ezzelini, Treviso.

Angelo Carron is nicknamed 'Knight of Challenges' for his entrepreneurial spirit that leads him to diversify his business in the 1980s, from civil construction to infrastructure and the restoration of historic buildings.

2001

Angelo dies prematurely in 2001 at the age of 58 and is succeeded by his children: Diego became President of the group and his sisters Arianna, Paola, Marta and Barbara took on managerial positions in the most important sectors.

The company sets new ambitious goals, increasingly widening its business horizon in the Triveneto area.

2014

Carron SpA records its best performance of the five-year period in terms of production value. Carron Group also strengthens its presence in the South Tyrol, founding Carron Bau in April 2014, a company that shares the same philosophy as Carron SpA, based on rigour and development of the local area and human capital. Carron Bau goes from strength to strength, recording an annual turnover of between 20 and 30 million euros

2015

Operational results and the ability to ensure high performance see the Group rank among the leading companies in the national sector. During the annual event promoted by Global Strategy at the Palazzo della Borsa in Milan in June 2015, Carron was recognised as a model and example of a company during the deepest economic crisis of the post-war period.

The Group continues to expand in the other regions of central and northern Italy (Piedmont, Emilia-Romagna, Tuscany and Lazio).

2017

The year 2017 also marks the finalisation of the new organisational structure, which consists in the separation of activities in the real estate sector from the Group's core business in construction: an evolution that follows the logic of rationalisation and efficiency that has always guided our corporate management, with the objective of improving our performance and satisfying the expectations of our stakeholders.

2018

Yet, in addition to efficiency, the group's development pursues sustainability, with continuous and wide-ranging corporate welfare and social investments. Welfare initiatives include free check-ups and mammograms for employees, but also investments in the social sphere. Carron Group contributes to the non-profit Fondazione Altre Parole to improve cancer treatment and in August 2017, together with other businesses in the Veneto foothills, it founds Elios, a new non-profit organisation to provide support to the local health authority ULSS 7 on a number of healthcare projects. The first project materialises in December with the donation of a digital operating theatre to the hospital in Bassano, the first in northern Italy to have technology for state-of-the-art minimally invasive surgery capable of improving the quality of treatment for cancer patients.

2019

The Group continues to grow, with production output rising to 217 million and an increasing project portfolio. This growth corresponds to a quantitative but also qualitative evolution as the company confirms its natural ability to penetrate its target market by understanding how to act on its changing needs and consequently expanding its range of action. In the words of Group President Diego Carron: "The excellent performance recorded in 2019 confirms our Group as one of the leading players in the Italian construction sector. This is an important achievement, particularly if we consider the deep and devastating economic crisis of recent years which, as we all know, has now dramatically reappeared with the Coronavirus pandemic. Our principles evoke 'business and ethics', values that are inseparable and which only by standing together have the ability to change the world. Business without ethics generates monsters, while ethics without business adds no value. We must always remember this, especially during hard times'.

2020

In spite of the sudden and prolonged red light that COVID-19 imposed on activities at construction sites, the Group's works portfolio at the end of 2020 amounts to 826 million euros.

2021

The San Zenone-based company founded by Angelo Carron in 1963, which today sees the entire second generation involved, continues to grow and confirm itself as an exclusive partner for the entire Italian building and restoration market.

Carron Group stands out for its strategic ability to diversify, which allows it to move extremely effectively both in the public sector, intervening in major civil and infrastructure projects, and in the private sector as a general contractor, developer and promoter of the most important real estate initiatives in the residential and healthcare sectors.

2022

Despite the increase in raw material costs that also affected 2022, Carron S.p.A. and Carron Bau managed to achieve excellent operating results thanks to the ability to effectively respond to market stimuli, even negative ones.

Carron Group remains dynamic, capable of adapting to customer needs and the social context, especially during this particular historical moment where sustainability, equal opportunities, and guarantees of legality and transparency have taken on a predominant role. The Group has invested in human resources by hiring highly specialised young professionals and training its personnel with the intention of growing in strategic sectors such as internal design and sustainability.

The year 2022 also saw the launch of initiatives that represent new challenges for the Group, such as the innovative project to build a hotel where Carron Bau is not only involved in the construction but also in the management of a new sustainable hospitality model, a carbon free building located in the heart of South Tyrol. Carron S.p.A. continues to demonstrate its unmistakable determination to fulfil commitments made to its customers by delivering the prestigious Bulgari Hotel in Rome and the historic Lingottino in Turin.

1.3 A GROUP COMMITTED TO EXCELLENCE

1.3.1 I NOSTRI OBIETTIVI

Nella conduzione delle proprie attività il Gruppo Carron ha intrapreso una politica di sviluppo sostenibile con l'obiettivo di migliorare le performance nel rispetto delle aspettative dei propri stakeholders.

Tali politiche richiedono un rilevante impegno economico ed organizzativo, con l'adozione di sistemi di gestione della sicurezza, dell'ambiente e della qualità – certificati e riconosciuti – e di rigorose procedure che richiamano tutti i dipendenti e partner all'adozione di comportamenti responsabili e corretti.

Con la soddisfazione di aver già raggiunto molti degli obiettivi che si era posto, il Gruppo Carron riafferma l'impegno a fare ancora di più per il miglioramento del proprio operato, che già si colloca ben oltre il mero rispetto dei requisiti normativi.

Governance objectives:

- Revision of current code of ethics;
- Preparation of code of conduct for supply chain;
- Learn more about Envision certification (training + partnership for implementation);

Social objectives:

- Greater balance of gender equality among the various work categories, starting at managerial level;
- Implementation of gender equality guidelines to monitor pay gap;
- Prepare and implement a long-term strategy of positive social impact;
- Involve staff with a reward scheme linked to sustainable management of the organisation: co-responsibility, no one excluded, with a view to enhancing the human resources that are most committed to this issue;
- Specific training for planners, procurement department, technical department, quality control, etc., aimed at assessing impacts throughout the building/infrastructure life cycle with a view to minimising them;
- Provide employees with more flexible working hours and offer comprehensive health check-ups;
- Make the canteen service free of charge for all employees;
- Provide bill bonuses (EUR 600) and fuel bonuses (EUR 200) for all employees (goal achieved in 2022).

Environmental objectives:

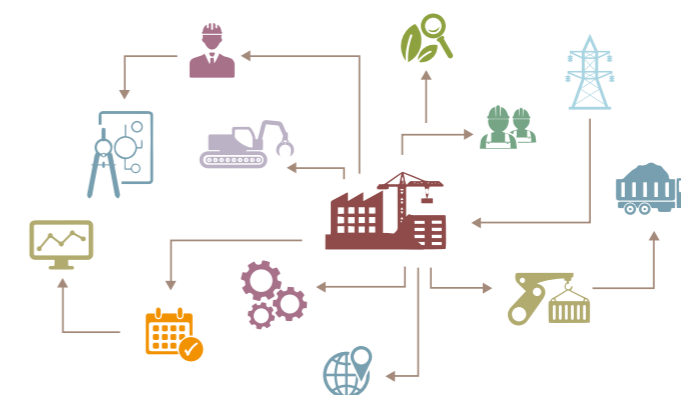
- Achieve 100% of new suppliers assessed by environmental criteria (goal achieved in 2022);
- Reduce fossil fuel consumption and convert company fleet to electric;
- Implement a data collection and consumption monitoring system for the organisation's Scope 3 reporting;
- CARRON BAU: change to electricity supplier with guarantee of origin, resulting in lower total CO2 emissions.
- CARRON SPA: reduce natural gas consumption in favour of self-produced renewable electricity, resulting lower total CO2e emissions. In 2022, there was a 62% decrease in natural gas consumption and a 4% increase in self-produced electricity consumption. This was due to an intervention on the heating and air conditioning system, which saw the replacement of gas boilers with a new heat pump system powered by renewable electricity from the photovoltaic plant. The remaining gas boilers provide heating for marginal areas.

1.3.2 OUR VISION

For more than a decade, Carron has played a leading economic role in Northern Italy, a role that we intend to strengthen to support both the development of the region in which we conduct business and our own growth. In pursuit of this objective, the Company draws inspiration from principles aimed at protecting the health and safety of its employees and respecting the environment and the territories in which it operates. It is always driven towards achieving ambitious goals. Leveraging its multidisciplinary expertise, Carron ensures significant results for its clients in terms of the quality of works and adherence to project timelines, thereby contributing to the enhancement of the daily lives of those who benefit from its projects.

1.3.3 THE VALUE CHAIN

The negative socio-environmental impacts of a company are not only produced by direct activities, but are also related to the supply chain. In the case of Carron Group, this is a vast supply chain, ranging from general construction to infrastructure. The company operates with suppliers and subcontractors in various fields, including excavation, demolition, special foundations, deconstruction, reinforced concrete and metal carpentry structures, prefabrication, electrical and special systems, mechanical installations, and more. The Group's supplies also encompass logistics, design services, and site safety assistance.



The breadth of these areas and the high number of suppliers led Carron to develop a procedure that clearly defines qualification criteria for them, aiming to select suppliers based on their ability to provide products and services that meet the company's quality, environmental and safety requirements. Based on this procedure, suppliers are identified on the market and then selected on the basis of ethical, technical and site criteria. Information necessary for selection is collected through questionnaires, market research, and site visits. The additional documentation required in the selection process that candidates must adhere to includes:

Ethical qualification:

- Declaration in lieu of certificate of registration with the Chamber of Commerce;
- Declaration in lieu of certification concerning cohabiting family members;
- White list or declaration pursuant to Article 89 of (Italian) Legislative Decree 159/2011 for legality protocol.

Technical qualification:

- List and information on suppliers in purchasing department management software;
- Letter with commitment to communicate any changes in requirements.

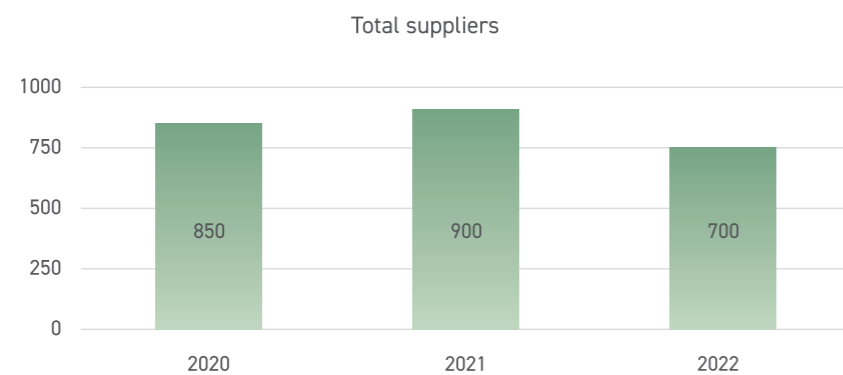
Site Qualification:

- Documents pursuant to (Italian) Legislative Decree 81/08.

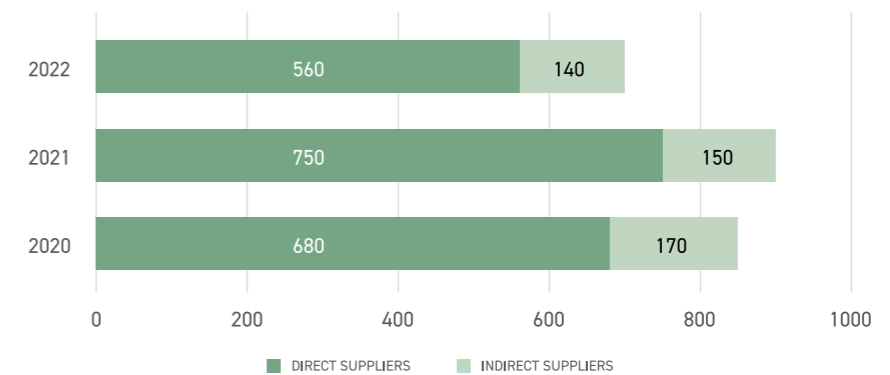
Con periodicità biennale lo stato di qualifica di ogni fornitore viene riconsiderato sulla base dei requisiti di idoneità valutati, dell'analisi delle Non Conformità e della corretta gestione delle stesse.

If a supplier is found to be non-compliant with the evaluation and selection criteria upon collaboration, the Group takes various measures depending on the nature of the non-conformities. Sanctions are applied in cases related to health and safety, and in more severe cases, the dangerous entities are dismissed. In cases of non-payment of contributions and wages, payments are immediately suspended until the positions are regularised, the supplier's financial position is re-evaluated, and if deemed unreliable, the supplier is removed from the supplier list. In the case of suspected or confirmed mafia infiltrations within the supplier's organisation after the contract is signed, immediate action is taken to terminate the contract. In recent years, additional supplier selection tools have been implemented, significantly reducing the risk of engaging with potentially risky companies with mafia infiltrations.

Carron Group – Number of suppliers – Three-year period 2020 - 2022

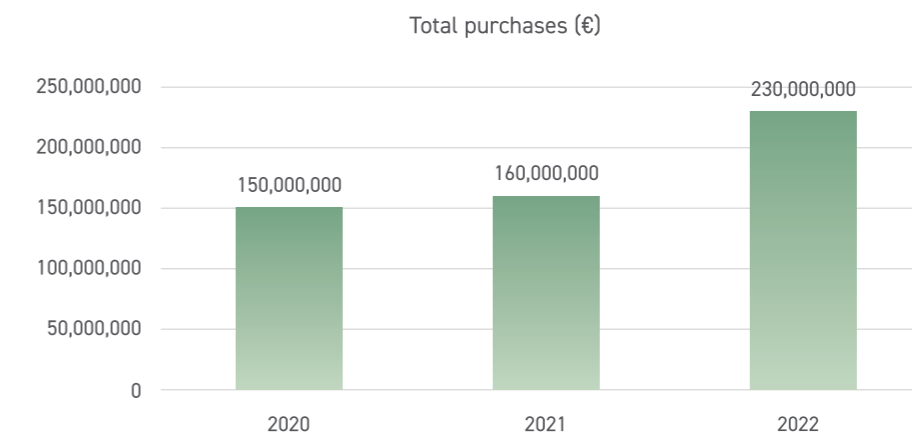


Suppliers by category



In 2022, the number of suppliers decreased compared to the previous two-year period. The reason lies in the acquisition of large orders by the Group during the year, which led to a reduction in the number of construction sites and, consequently, suppliers, against an increase in contractual amounts. The trend of the incurred supply costs is shown in the following graph.

Carron Group – Purchases from suppliers – Three-year period 2020 - 2022



In 2022, consistent with the previous three-year period, 100% of the purchases were made from suppliers located in Italy.

SOCIAL EVALUATION OF SUPPLIERS

100% of new suppliers who do business with Carron Group are assessed using social criteria. This data, which has remained constant in recent years, allows for exclusive collaboration with entities that respect human rights and labour dignity.

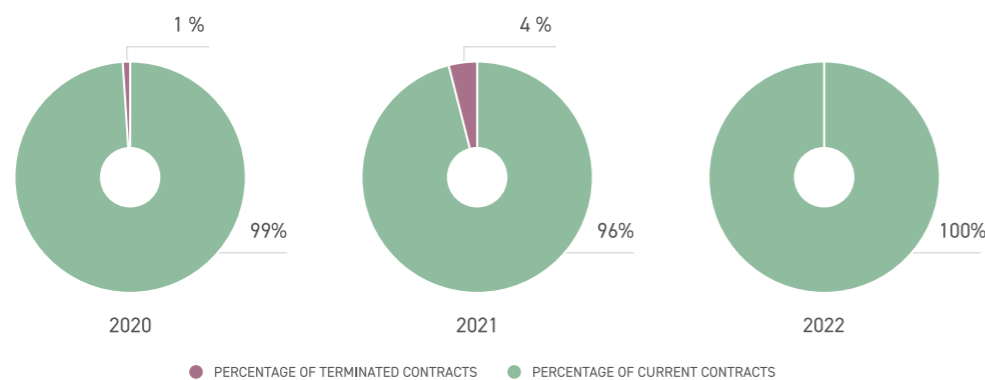
Following checks and further assessments, if there are significant negative social impacts, potential or current, the Group terminates relationships with these entities.

The negative social impacts identified in Carron Group's supply chain are:

- Failure to pay employees;
- Non-payment of contributions (DURC);
- Suspicion of mafia infiltration;
- Failure to comply with the security plan;
- Failure to register on the white list.

In 2022, no contracts with suppliers were terminated for the reasons mentioned above. The percentage of contracts terminated during the last three years is low and represented in the graphs below.

Carron Group – Percentage of terminated contracts – Three-year period 2020 - 2022



ENVIRONMENTAL ASSESSMENT OF SUPPLIERS

The use of raw materials, soil modification, the production of hazardous and non-hazardous waste, air pollution, and the production of noise and vibrations in construction are negative environmental impacts that are to a large extent still unavoidable in the building industry. These environmental impacts result from the use of aggregates, cement, bitumen, and steel, excavations and earthmoving activities that disperse dust, the use of operating machinery for excavation and demolition, as well as the use of explosives in tunnels, which generate noise and vibrations, and, finally, from the execution of FAV and MCA remediation.

These impacts can be mitigated when entering into contracts or other agreements, as well as through constant collaboration with suppliers.

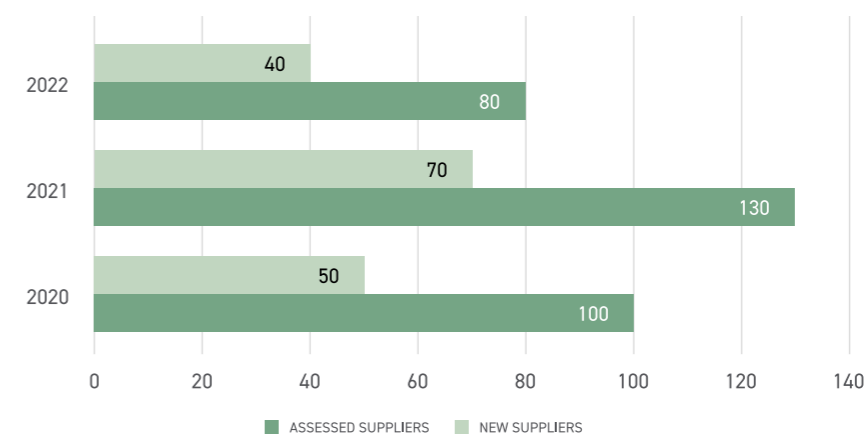
Carron Group is committed to selecting new suppliers also on the basis of environmental criteria and monitoring their activities to ensure ethical and environmentally responsible collaborations within the supply chain.

Where evaluations reveal current or potential negative environmental impacts, improvements are agreed upon to ensure long-term collaboration at high performance levels.

The percentage of new suppliers assessed according to environmental criteria has grown steadily over the last three years, reaching 50% in 2022.

Compared to social assessments, the percentage is lower because social criteria are mandatory by law for participation in tenders and collaborations, while some environmental criteria, such as the UNI ISO 14001:2015 standard certifying an Environmental Management System, are voluntary.

Carron Group – Percentage (%) assessment of new suppliers using environmental criteria over the three-year period 2020-2022



Finally, a fourth and final criterion for supplier selection is added to the technical-economic, social and environmental criteria: proximity. This makes it possible to both support the local economy and reduce the environmental and economic impacts related to transportation.

At Carron Group's construction sites, 80% of the suppliers operating there belong to the same region or geographic area.

Furthermore, 100% of the Group's suppliers are based in Italy.

2

2 GOVERNANCE AND STRATEGY



The Group is a family-owned company. The board of directors is appointed according to the criteria established in the articles of association, and committee appointments are made based on the representativeness of the members with respect to their roles within the company.

The organisational structures of the two Group companies are set out below.

2.1 ORGANISATIONAL ARRANGEMENT, CARRON SPA

PRESIDENT

Arch. Diego Carron

BOARD OF DIRECTORS

Diego Carron	President
Marta Carron	Vice President
Paola Carron	CEO
Arianna Carron	CEO
Barbara Carron	CEO

COLLEGIO SINDACALE

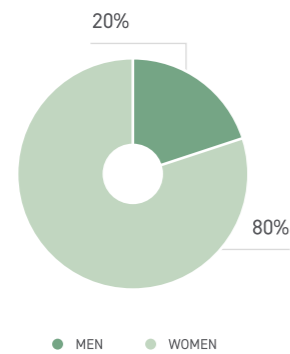
Marco Contessotto	President
Primo Ceppellini	Statutory Auditor
Alberto Da Dalto	Statutory Auditor
Alessandra Poloniato	Alternate Auditor
Paolo Giroto	Alternate Auditor

ORGANISMO DI VIGILANZA D.Lgs. 231/2001

Francesco Schiavon	President
Marco Contessotto	Member
Andrea Dal Negro	Member

Carron SPA - Members of Carron S.p.A. Board of Directors by gender - 2022

Board of Directors Carron SPA



2.2 DISPOSIZIONE ORGANIZZATIVA, CARRON BAU

PRESIDENT

Arch. Diego Carron

BOARD OF DIRECTORS

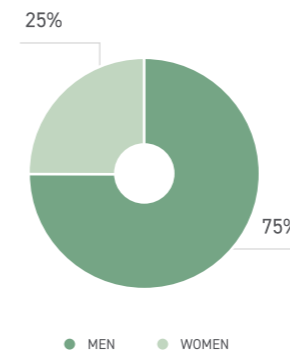
Diego Carron	President
Christian Lechner	Managing Director
Chris Untergasser	Managing Director
Marta Carron	Managing Director
Aldo Gobbato	Managing Director
Andrea Nardi	Managing Director
Franco Barina	Director
Paola Carron	Director

SUPERVISORY BOARD (Italian) Leg. Decree no. 231/2001

Marco Contessotto	President
Andrea Dal Negro	Member
Giovanni Carlini	Member

Carron BAU - Members of Carron S.p.A. Board of Directors by gender - 2022

Board of Directors Carron BAU



2.3 INTEGRITY AND BUSINESS ETHICS

The Group is a family-owned company. The board of directors is appointed according to the criteria established in the articles of association, and committee appointments are made based on the representativeness of the members with respect to their roles within the company.

The organisational structures of the two Group companies are set out below.

2.3.1 ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL PURSUANT TO (ITALIAN) LEGISLATIVE DECREE 231/2001

Following the adoption and effective implementation of the Organisation, Management and Control Model provided for in Legislative Decree 231/2001 (MOG 231/2001), any sanctions against the company are precluded, while the Group's activities are constantly monitored and the entire organisational structure is made accountable for its actions.

The MOG 231/2001 provides for the administrative liability of legal persons. Adopting this model helps prevent crimes by defining internal rules and guidelines verified by the Supervisory Body through the auditing and monitoring of information flows related to the activities carried out by different areas of the Group. Among the offences included are crimes related to corruption. In 2022, 13 operational activities were analysed to avert potential risks arising mainly from relations with the public administration, and no incidents of corruption were found.

CARRON CODE OF ETHICS

Carron Group has adopted its own Code of Ethics, which represents the set of rights, duties and ethical principles adopted vis-à-vis employees, public administrations, shareholders and third parties. With its adoption, the Group commits itself to acting in a transparent and lawful manner, making explicit a series of principles that enhance the Group's ethics (see the requirements of the ANCE (Italian Association of Private Construction Contractors) Code).

ANCE CODE OF ETHICS

The Code of Ethics adopted by ANCE establishes an ethical commitment with the objective of protecting freedom to conduct a business, transparency and lawfulness in the construction sector. By adhering to the initiative, Carron Group wants to contribute to the achievement of these goals by following the provisions contained therein.

2.4 LEGALITY RATING

The Italian Competition Authority (AGCM) has awarded Carron Group a maximum three-star legality rating.

The legality rating is a tool aimed at promoting and introducing principles of ethical behaviour by assigning a rating on compliance with the law to requesting companies and, more generally, on the level of attention paid to the proper governance of business.



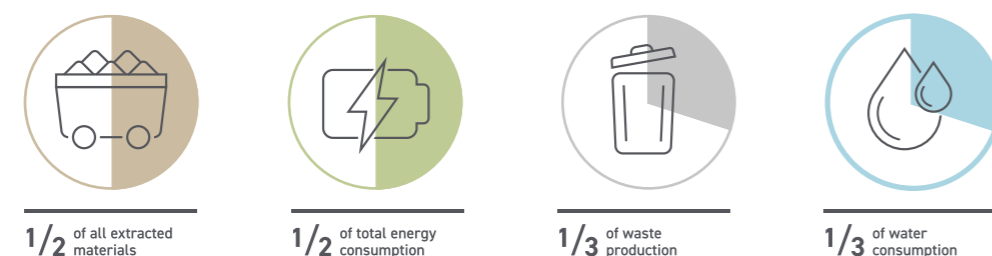
2.5 SUSTAINABILITY COMMITTEE

'Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs'

2030 Agenda for Sustainable Development, United Nations Department of Public Information

The goal of the 2030 Agenda's 15-year plan is to return a better world than the one we currently have. All signatory countries, including Italy, are called upon to introduce an approach in line with the 17 sustainable development goals set by the United Nations. Social, economic and environmental development will only be truly sustainable when each objective is fully achieved.

Considering the life cycle of buildings, the construction sector is responsible for:



Construction industry consumption in Europe (Eurostat, 2016)

Given its environmental significance, construction can no longer escape a new awareness: constructing buildings with a low environmental impact is not just a possibility. Protecting our planet has now become a necessity.

The Group reaffirmed its dedication to sustainability in 2022 by establishing a specialized Sustainability Committee. This committee comprises a representative from the ownership, as well as members from the administration, purchasing, human resources, tender/commercial, and integrated management system departments. The aim of this decision is to solidify the Group's commitment to actively contribute to sustainable development. By uniting forces internally, the Group seeks to enhance the management of environmental, social, and governance impacts across both companies, Carron Bau and Carron S.p.A.

The Committee meets periodically to review all activities, discuss any specific agenda items and address any critical issues. A member of the Board is always expected to attend. Currently, the minutes of these meetings are not recorded.

2.6 RISK MANAGEMENT

2.6.1 CERTIFICATIONS

Third-party certification plays a strategic role in the company's day-to-day business: on the one hand, it is an extraordinary process-sharing tool available to all employees, and on the other, it is a sure guarantee of the reliability of the company's procedures and processes.

Carron Group has adopted an Integrated Quality, Environment and Safety Management System compliant with the requirements of the UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI EN ISO 45001:2018 standards, in order to achieve the objectives set out in the company policy.



2.6.1.1 INTEGRATED QUALITY, ENVIRONMENT AND SAFETY MANAGEMENT SYSTEM

The system complies with the new international standards UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018. The three management systems are certified in accordance with the standards for the construction sector, for the following activities:

- Design, construction, renovation and maintenance of construction, infrastructural (road and railway) and hydraulic engineering works;
- Restoration of real estate under protection.

The Group operates using the certified Quality Management System, also with regard to the Environment and Safety.

The system has been pre-established in order to achieve general objectives with the aim of:

- Rationalising and optimising both management and executive activities consistent with the new organisation of the Group, by implementing the use of computerised processes;
- Minimising errors;
- Guaranteeing customer satisfaction, namely by assuring customers that the work, in technical and economic terms, is accomplished and maintained with the required quality, and also allowing external verification on the Integrated Management System;
- Orienting corporate culture towards environmentally-friendly behaviour (control and rationalisation of the consumption of water and energy resources, correct management and separation of waste and waste produced) and operated in compliance with the binding legislation and the voluntary regulatory framework (UNI EN ISO 14001)

- Pursuing the best possible conditions in terms of health and safety and hygiene in the workplace, in accordance with the requirements of current legislation and the ISO 45001:2018 framework;
- Managing their activities also with the aim of preventing accidents, injuries and work-related diseases and safeguarding the health of workers, company assets, third parties and the community in which the company operates, thereby arranging the purchase, operation and maintenance of machines, plants and equipment, the organisation of workplaces, and the definition of operating methods and organisational aspects, with a view to continuous improvement;
- Ensuring the widest possible dissemination of all information notices regarding health and safety risks in the workplace and the intervention procedures in emergency situations that may harm persons or the environment;
- Reducing the general negative environmental impacts during the performance of activities through an assessment of the same already in the planning phase and through an accurate selection, assessment and awareness-raising of suppliers and contractors;
- Seeking clear and direct forms of internal and external communication that give evidence of transparent behaviour and are founded on respect and collaboration;
- Seeking the satisfaction of all internal and external stakeholders;
- Maintaining the certification of the company's Integrated Management System.

The Integrated Management System policy is based on participation and involvement at all levels according to the critical nature of the tasks and responsibilities of each operator. The objective is that of continuous improvement, both in terms of meeting customer requirements and the effectiveness of the Integrated Management System. Finally, as per standard, company objectives are reviewed annually.

The objectives and resources used to achieve them are defined by the company on an annual basis following a review of the Integrated Management System and may be updated according to organisational and process changes or strategic decisions concerning the Group's market policy. The achievement of objectives is monitored on the basis of parametric values in order to objectively evaluate the achievement and take decisions based on factual information.

Particular attention is paid to the environmental and safety aspects in the workplace by applying the Management System, with constant action by all personnel involved, assisted by the Internal Prevention and Protection Service composed of a supervisor and three employees.

2.6.1.2 CQOP SOA CERTIFICATION

CQOP SOA verifies the general and technical/economic requirements that companies must meet to obtain the SOA certification required to participate in tenders and to execute public works for amounts exceeding 150,000 euro.

Carron Group is SOA-qualified for the categories and classifications as per the qualification certificate issued by CQOP SOA S.p.A.



2.6.1.3 GBC ITALIA

Carron Group is a member of the Green Building Council Italia, a non-profit association part of the international GBC network that aims to accelerate the spread of a sustainable building culture by driving market transformation. This certification facilitates a global vision of sustainability (from planning to actual construction), exploiting all possible means for reducing the various environmental impacts and harmful emissions in the construction of buildings. It also establishes a market value for green buildings, stimulating competition between companies in terms of the environmental performance of constructions and encouraging conscious consumption, also among end users.



2.6.1.4 White List

As an activity exposed to the risk of mafia infiltration, pursuant to Article 1, paragraph 53 of (Italian) Law 190/2012, White List registration is mandatory for Carron Group.

The Group is therefore on the list of executors of works not subject to mafia infiltration attempts (so-called White List) for the province of Treviso. Given its validity of only 12 months and the obligation to update it by immediately notifying any corporate changes that have occurred, the monitoring of mafia infiltrations and relevant criminal convictions for all the company's top management is constant, correct, rapid and verified.



3

3 PROSPERITY

3.1 VALUE SHARING

The reporting of the economic value generated and distributed provides a complete picture of the relations between the Group and the socio-economic system of which it is part. It is a reclassification of the information in the financial statements that makes it possible to highlight how much wealth is generated by the company and how it is shared with stakeholders.

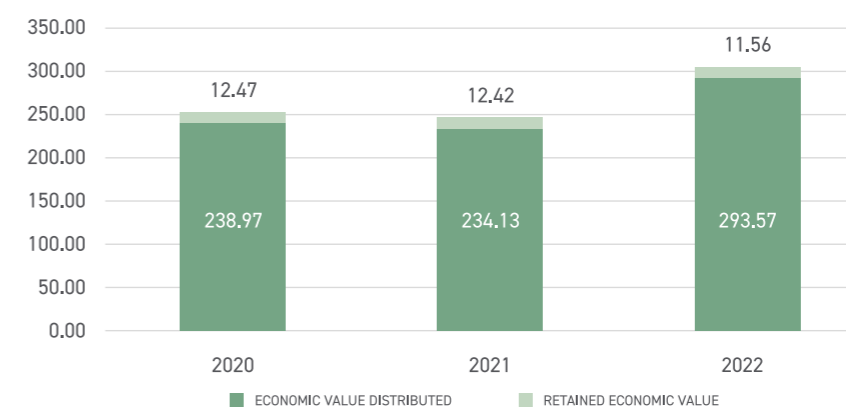
The data were processed in accordance with the GRI standard by highlighting the following stakeholder categories: suppliers, employees, capital providers, public administrations and local communities.

The results for the three-year period are shown in the following table, where retained economic value means the wealth that is reinvested in the company at the end of the year.

Economic value generated and distributed, Carron Group ⁽²⁾	2020	2021	2022
Economic value generated	251,704,532.00	246,543,101.00	305,130,921.66
Economic value distributed	238,969,429.65	234,127,330.74	293,567,607.50
Trade payables	213,407,018.00	207,119,751.00	256,259,634.00
Employees	19,113,542.00	20,302,583.00	22,012,979.14
Capital providers	2,009,682.00	1,935,416.00	8,523,880.92
Public administrations	4,313,708.65	4,715,356.74	6,720,392.44
Local communities	125,479.00	54,224.00	50,721.00
Retained economic value	12,735,102.35	12,415,770.26	11,563,314.16

The ratio between distributed and retained value is represented in the chart, as follows:

Carron Group - Economic value generated in millions of euros - Three-year period 2020 - 2022



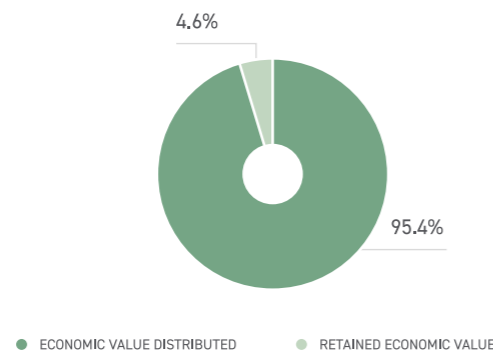
(2) Unless otherwise specified, the data presented in the following sections refer to Carron Group, meaning Carron SpA, headquartered in San Zenone degli Ezzelini (Treviso province) and Carron Bau Srl, based in Varna (Bolzano province).

In 2022, despite a decrease in retained economic value, there was an increase in distributed economic value, reaching 96.2% of the total generated.

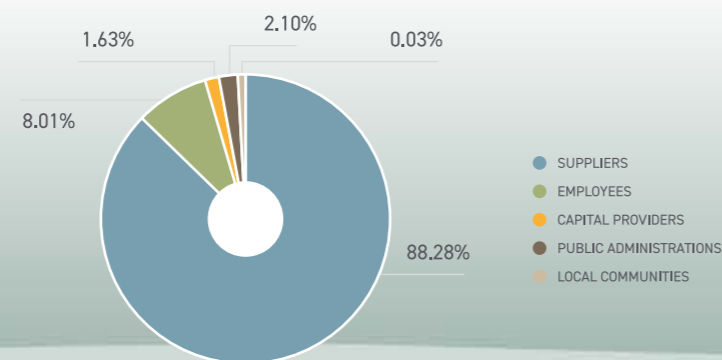
As seen in the graph, on average over the three-year period about 95.4% of economic value generated was distributed to stakeholders in the form of payments to suppliers, salaries and benefits, payments to public administrations and investments to support local communities. The remaining 4.6% was reinvested in the company.

Of the value distributed over the three-year period, 88.28% was transferred to suppliers in the form of payments; 8.01% was allocated to workers' salaries; 1.60% went to the public administration in the form of taxes and penalties; 1.88% went to payments to capital suppliers; and the remaining 0.03%, corresponding to an average of EUR 76,000 per year over the three-year period, was invested in local communities through donations, charity, infrastructure investments, and events.

Carron Group - Percentage of economic value distributed and retained on average by the Group - Three-year period 2020-2022

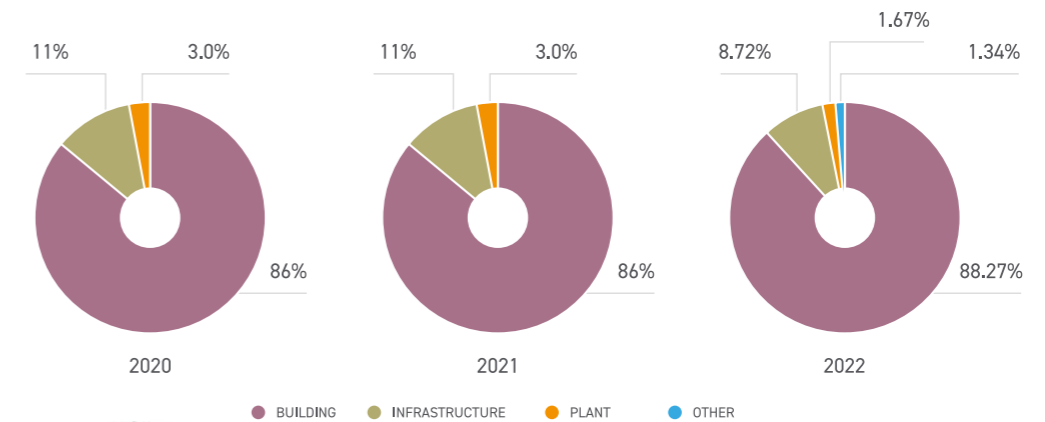


Carron Group - Value distributed per stakeholder category
Average over three-year period 2020-2022



Revenue breakdowns by segment are available from the consolidated financial statements, with figures at 31 December 2022, which are compared with the previous years below:

Carron Group - Breakdown of revenue by segment - Three-year period 2020-2022



4

4 PEOPLE

4.1 THE PEOPLE OF CARRON GROUP

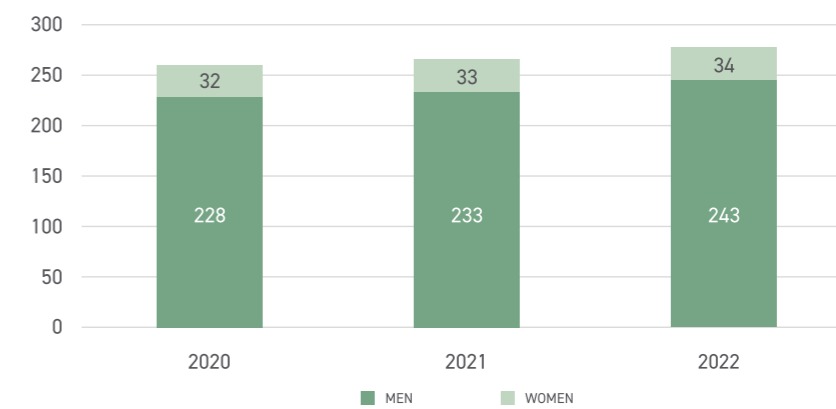
Carron Group recognises the fundamental importance of human resources as a key factor for business success. In this context, it promotes an environment of loyalty and mutual trust between employer and employee.

Human resources management is based on respecting the personality and professionalism of each individual, providing equal opportunities for all employees based on their professional qualifications and individual capabilities. At Carron Group, there is no discrimination based on age, religion, sexual orientation, political or trade union membership. Favouritism is also avoided in recruitment practices and internal professional development opportunities.

Carron Group employees are 100% covered by collective bargaining agreements, and as at 31/12/2022 are distributed by job title, gender and age group, as follows:

Employees by professional category, gender and age group, Carron Group - Year 2022									
	<30			30-50			>50		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	0	0	0	1	0	1	6	0	6
Junior managers	0	0	0	5	0	5	3	1	4
White-collar workers	18	9	27	102	20	122	27	4	31
Blue-collar workers	6	0	6	42	0	42	33	0	33
Total	24	9	33	150	20	170	69	5	74

Carron Group - breakdown of employees by gender - Three-year period 2020 - 2022



Carron Group's workforce continues to grow, demonstrating the company's solidity, which not only encourages new hires for growth and expansion, but also has a low turnover rate compared to the Great Resignation phenomenon of the past two years

Positive turnover rate	
Group level	
Year	Turnover
2020	14.1%
2021	15.3%
2022	13.5%
Positive turnover rate (new hires) in the period / headcount at start of period * 100	

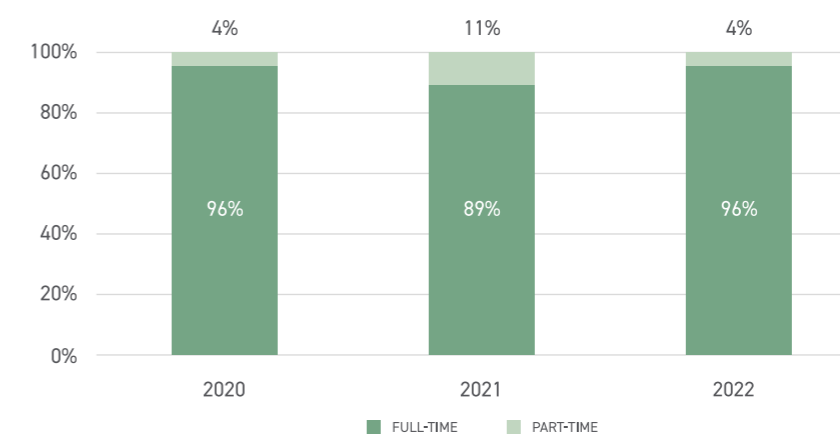
Negative turnover rate	
Group level	
Year	Turnover
2020	8.9%
2021	11.1%
2022	12.7%
Negative turnover rate (leavers) in the period / headcount at start of period * 100	

Overall turnover rate	
Group level	
Year	Turnover
2020	22.4%
2021	25.9%
2022	19.0%
Overall turnover rate (new hires + leavers in the period) / average headcount in the period * 100	

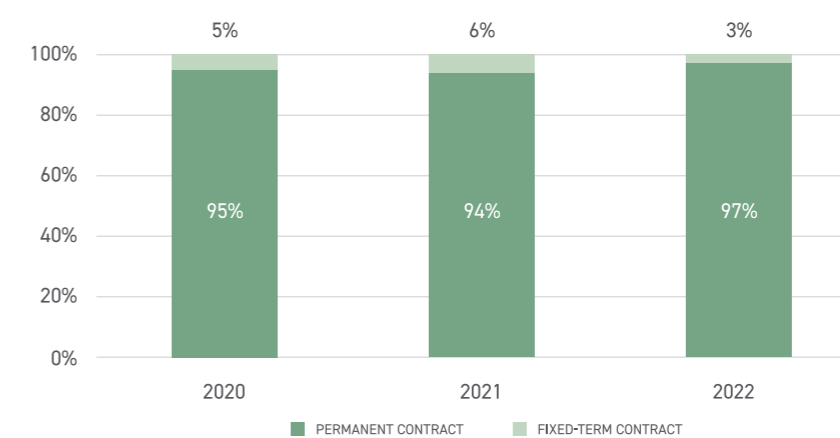
Turnover compensation rate	
Group level	
Year	Turnover
2020	159.1%
2021	137.9%
2022	105.8%
Overall turnover rate (new hires + leavers in the period) / average headcount in the period * 100	

To facilitate *talent retention*, policies are put in place to incentivise individual growth, professional development, and compensation. These policies are specifically tailored to address situations that HR, management, and production leaders identify as potentially leading to resignations. *Talent attraction* is supported by the company's reputation, which attracts various technical and professional candidates, as well as relationships with universities, vocational schools, and industry associations.

Carron Group – Employees by employment category
Three-year period 2020 - 2022



Carron Group – Employees by type of employment contract
Three-year period 2020 - 2022



As the chart illustrates, 97% of the Group's employment contracts in 2022 are permanent contracts. The preference for this type of contract aims to ensure business stability, retain know-how, and gain a competitive advantage over competitors.

Work-life balance for Carron employees is enabled not only by part-time work, which is granted on request to facilitate home/work balance, but also through the Homework project for easy and convenient remote working via the company's cloud platform.

Additionally, in 2022 the Group decided to develop its own welfare plan that included a EUR 600 bill bonus and a EUR 200 fuel bonus to support employees facing general energy price increases. All current employees benefitted from these bonuses, for which the group allocated a total of EUR 203,041.

4.2 EQUAL OPPORTUNITIES, FAIRNESS AND INCLUSION

Gender equality and equal opportunities for women are goals that still need to be achieved, both in the Italian socio-cultural and working environment and on a global level. In the construction industry, a purely male-dominated sector, achieving these objectives is even more challenging due to harsh working conditions.

Women entering the workforce in this sector face numerous challenges to remain and progress into leadership positions. In particular, the difficulty of manoeuvring in a predominantly male-dominated sector and the lack of female role models and mentors represent the most widespread challenges. Additionally, long working days and the need for a high number of business trips to distant locations are factors that are difficult to adapt to family caregiving responsibilities, which still largely fall upon women.

However, the evolution of the sector towards greater mechanisation allows men and women to access and perform the same professional tasks with substantially equal rights and opportunities.

In addition, new career opportunities in the construction sector, such as those related to energy efficiency and sustainable building, offer encouraging prospects for specialised professionals, regardless of gender.

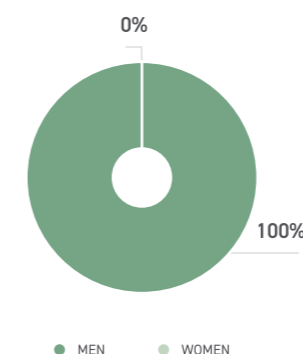
Inclusivity and equal involvement of women in the workforce are crucial themes for Carron Group, which has always been committed to promoting equal opportunities. Nevertheless, there remains a significant gender gap within the company due to the nature of the sector and the socio-cultural context

Carron Group - Percentage of executives by gender - 2022

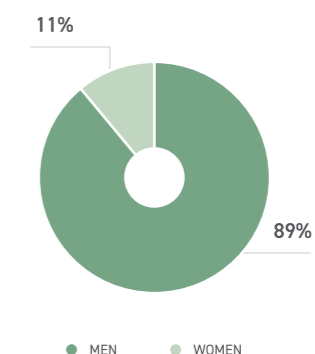


The predominance of the male gender in the company is particularly evident in the blue-collar function – which accounts for 29.2% of the total number of employees – where no women are present. Management positions (directors and middle managers) and the board are equally accessible to both sexes, based on the candidate’s skills.

Gruppo Carron - Percentage of executives by gender - year 2022



Gruppo Carron - Percentage of managers by gender - year 2022



Since this imbalance has historical, cultural and social reasons, the recognition of equal rights of access to professional positions is not in itself a sufficient condition for effective access. Therefore, while from the perspective of educational and training backgrounds, the potential for hiring is not influenced by gender, on the other hand, access to similar career prospects is conditioned by lower mobility within the territory and the persistent binding of cultural prejudices that confine female work possibilities to only the domestic and family sphere. This generally influences the construction sector at the national and, likely, at the continental level, albeit with territorial and geographical variations.

Despite these limitations – which can therefore still be considered structural – Carron Group respects all employees, regardless of gender, starting with the basic guarantees recognised by law and providing the same salary base defined by the national collective bargaining agreement.

In this sense, Carron has given ample evidence of its availability – even recently – and willingness to ensure professional and working continuity even in cases of maternity leave close to one another, with the additional benefit of remote working at the end of the maternity period. Part-time employment also plays a significant role in this perspective, with seven women and one man employed under such contracts in 2022.

Analysing salary data, it becomes apparent that there is no gender pay gap in terms of salaries. Any slight variations in salaries are solely due to seniority increases and overtime hours.

GRI 405-2: Ratio of basic salary and remuneration of women to men for each employee category.

Carron S.p.A. employee categories	UoM	Change in women's wages compared to men (%)
Executives		*
Middle managers		+0.2%
Level 1 employees		*
Level 2 employees		*
Level 3 employees		-0.6%
Level 4 employees		0.3%
Level 5 employees		-1.1%
Level 6 employees		0.5%
Level 7 employees		*
Blue-collar workers		*

*For these categories, the percentage changes were not taken into account since only male collaborators fall within these categories.

The same type of analysis was not possible within Carron Bau, as there are no male or female counterparts in all levels and job classifications.

WELFARE CARE: JOINING THE "PREVENZIONE È VITA" PROJECT

Carron Group has been part of the WelfareCare project since 2017, because 'we care about welfare'. Our interest is in initiatives that promote the safety and well-being of our workers.

WelfareCare

Carron Group has partnered with the Prevenzione è Vita (Prevention is Life) project to provide women in Carron Group aged 40 to 49 years with the option to have free mammograms in the closest affiliated diagnostic centres.

Preventive screening is essential for early detection of breast cancer, the most frequent neoplasia in women. This is because the probability of making a full recovery is directly related to receiving an early diagnosis.

In Italy, screening programmes include a free mammogram for women aged 50 and 70 years of age, once every two years. Just in the last few weeks, the San Giacomo hospital in Castelfranco has activated a new senology clinic that operates on a voluntary basis to provide prevention services to women of pre-screening age.

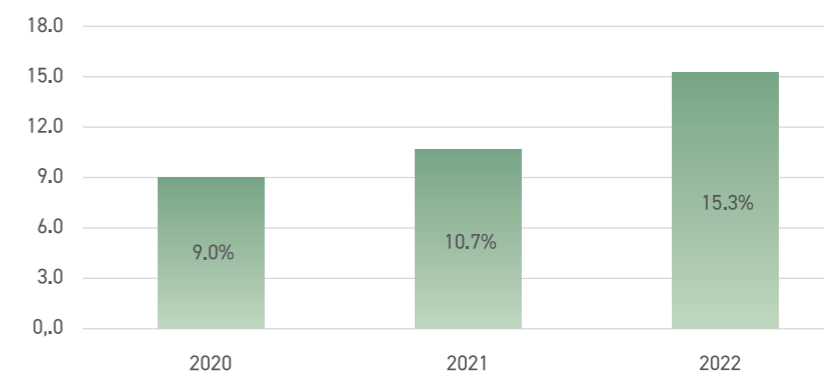
The "Prevention is Life" programme implements our health protection initiatives, the values of which inspire us also to offer free check-ups.

4.3 PROFESSIONAL GROWTH AND DEVELOPMENT

The continued improvement and development of its employees, also through training initiatives, is a priority issue for Carron Group.

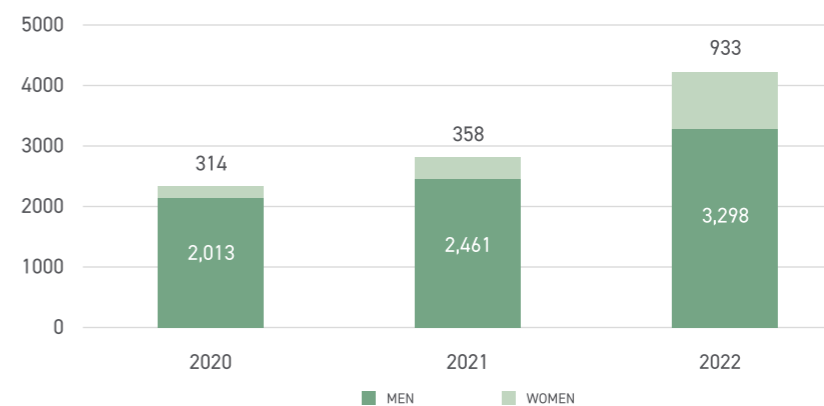
The aim is to enable a greater vertical and horizontal mobility of all business functions, as well as to improve know-how and skills in order to enhance customer satisfaction and launch new projects and business areas. Employee training is an essential tool for increasing awareness of innovation and, as a result, company competitiveness.

Carron Group - Training hours/man - Three-year period 2020 - 2022



Training hours per person show a rising trend over the three-year period, demonstrating the company's investment in continuous learning for its employees. It should also be noted that in 2020, the topic of training and development was affected by the restrictions caused by COVID-19, both from a regulatory standpoint and due to the application of anti-gathering protocols. However, where possible and allowed, Carron Group still conducted training activities remotely.

Carron Group - Hours of training provided by gender - Three-year period 2020 - 2022

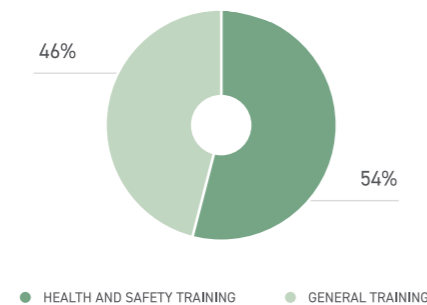


As shown in the graph, the number of training hours directed towards women has been steadily increasing, with a remarkable 161% increase between 2021 and 2022.

Current training courses include:

- Cyber Security
- First Aid
- Technical Spec. Sustainable Tenders and Procurement
- Firefighting
- Business Administration / Financial Statements
- Electrical Design in BIM / Revit
- German Language
- Safe Driving
- Lifting Platforms

Carron Group - percentage distribution of training hours – 2022



During the apprenticeship period, the company provides young workers with experienced tutors whose task is to work closely with the young apprentice for the duration of the individual training plan, passing on the necessary skills and ensuring the integration of external and internal training.

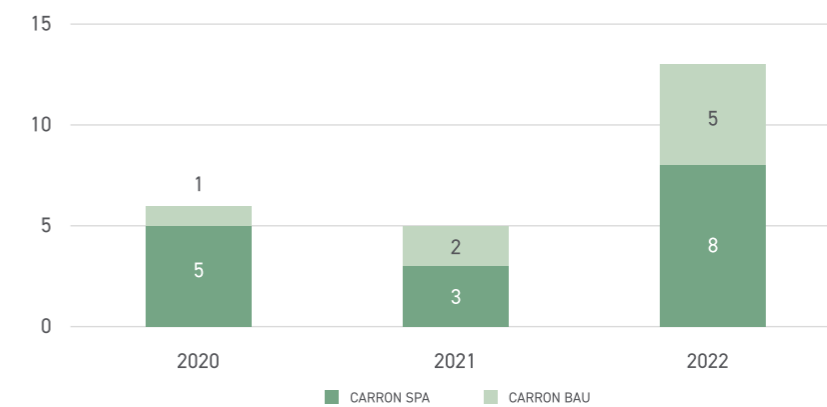


4.4 HEALTH AND SAFETY

The Group manages activities also with the aim of preventing accidents, injuries and occupational diseases and safeguarding the health of workers, company assets, third parties and the community in which the companies belonging to the Group operate. To protect the health and safety of its employees, the Group has adopted a Management System in accordance with ISO 45001:2018. The System covers 100% of company's employed and subcontracted workers at the headquarters and all construction sites managed by the Group.

Every decision and procedure is aimed at safeguarding the health of workers and the community in which the company operates. Purchasing, operation, and maintenance of machinery, the acquisition of systems and equipment, workplace organisation, and the definition of operating methods and organisational aspects are all implemented with a perspective of continuous improvement.

Carron Group – Number of accidents per company – Three-year period 2020 - 2022



All personnel are trained, briefed and regularly updated on possible health and safety risks in the workplace and asked to act accordingly to avoid occupational injuries and illnesses. Health and safety training activities for employees and non-employee workers in 2022 focused on first aid, RLS (workers' safety committee), confined spaces, fire-fighting, ropes, chains, accessories, lifting platforms and other aspects.

The effectiveness of these preventive actions is monitored through the systematic collection and use of safety statistics related to safety parameters, which are effective tools for motivating a company's governing bodies towards achieving safety performance improvement targets.

Full evacuation drills with emergency simulation are undertaken periodically, while operational meetings between supervisors, the site safety officer and the site safety officer's assistants are held on a weekly basis to verify any corrective actions following accidents or injuries, to intervene with reminders or repetitions if there are repeated reports on the same subject, and to plan future procedures (if necessary) for the next special works.

The Group adopts specific provisions for monitoring the compliance of the conduct of any person acting on its behalf, in order to detect and eliminate any situations of risk in a timely manner. Given the articulation of activities, the Group adopts a system of delegation of powers and positions, with the assignment of tasks being issued in explicit and specific terms to people with suitable capabilities and skills.

CARRON BAU - PERIODIC CHECK-UPS

When it comes to health, the workplace is among the most important factors to take into account. The company's primary objective is to safeguard the health of its employees, and it works to ensure a healthier environment for its employees by offering them a comprehensive medical check-up service as part of its collaboration with a private clinic.

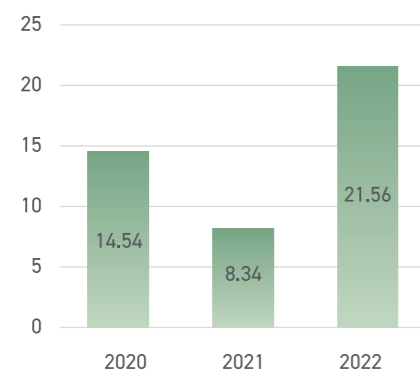
The Sant'Anna nursing home in Merano (BZ), a state-of-the-art centre based on prevention through the use of the most modern early diagnosis techniques, has an agreement with Carron Group. It offers a complete health check-up for employees and collaborators, with particular attention to age groups and those who work off-site. In addition to providing a range of blood and heart tests and X-ray examinations, the centre issues medical reports and conducts final examinations/interviews with individual patients. Where necessary, follow-up examinations are carried out at the same clinic, again free of charge for employees. This health check-up is offered every two years.



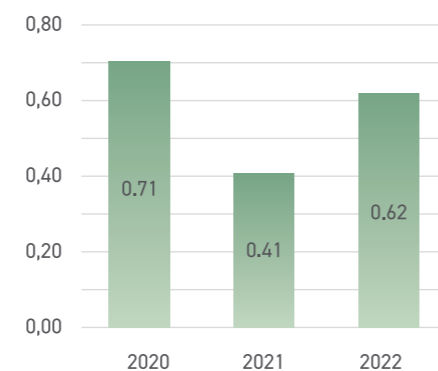
4.4.1 CARRON S.P.A.

Carron Spa's frequency index, calculated as the product of accidents and hours worked (see table below), increased by 158% compared to the previous year. In 2022, there were 8 accidents, compared to 3 in 2021 and 5 in 2020.

*Carron SPA – frequency rate
Three-year period 2020/2022*



*Carron SPA – severity rate
Three-year period 2020/2022*

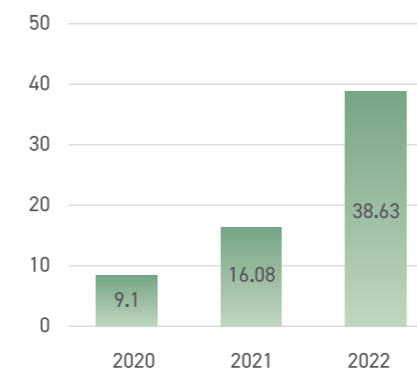


As for the accident severity index, calculated as the product of total days of illness following the accident and the hours worked in the year (see table below), it also experienced an increase compared to 2021. The days lost due to accidents were 231 in 2022 and 149 in 2021. This value shows a 5% decrease compared to 2020.

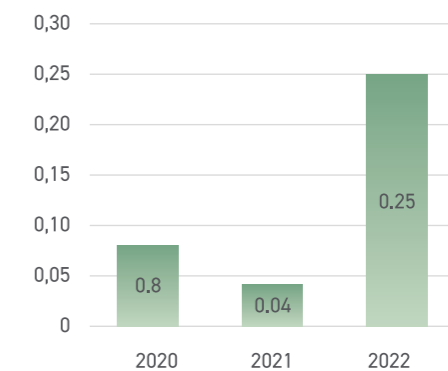
4.4.2 CARRON BAU

In 2022, there were 5 accidents at Carron Bau, compared to 2 accidents in 2021, resulting in a 130% increase in the frequency index compared to 2021.

*Carron BAU – frequency rate
Three-year period 2020/2022*



*Carron BAU – severity rate
Three-year period 2020/2022*



The number of working days lost due to accidents was 32 in 2022 and 5 in 2021, resulting in a 525% increase in the severity index.

Carron Bau – Severity rate – Three-year period 2020 - 2022

Frequency rate

How many accidents occurred per million hours worked in a given period.

Frequency rate = no. accidents x 1,000,000 / no. hours worked

Indice di gravità

Number of work days lost to accidents per 1,000 hours worked in a given period..

Severity rate = no. work days lost to accidents x 1,000 / no. hours worked

4.5 THE CUSTOMER RELATIONSHIP

The Group places health and safety at the core of its relationship with customers. Customers have the right to non-hazardous products, as suggested by numerous national and international regulations that consider the protection of customer health and safety a primary objective. The Group's priority is to meet customers' expectations regarding its products and services, ensuring they perform their functions satisfactorily without any health and safety risks.

At the customer's request, Carron Group fulfils its orders following certain protocols for obtaining specific certifications. In particular:

- WELL certification is a system that defines the parameters by which buildings can improve people's lives by focusing on their comfort. It is based on a holistic view of building interiors and an analysis of the impact they have on our behaviour and well-being. Supported by numerous medical and scientific studies, it aims to improve the interactions between human beings and the built environment in order to achieve healthier and more comfortable buildings, while also increasing productivity.



- LEED and BREEAM certification promotes a sustainability-oriented approach, recognising the performance of buildings in key areas such as energy and water saving, reduction of CO2 emissions, improvement of the ecological quality of interiors, materials and resources used, design and site selection.



- WIRED certification assesses the quality and resilience of digital infrastructure in buildings. It is a digital connectivity rating scheme that serves as an independent benchmark and provides owners with insights to improve their building's digital infrastructure.



4.6 COMMITMENT TO THE COMMUNITY

Carron Group supports a range of charitable initiatives and associations committed to promoting the common good and creating a more equitable and cohesive society. The Group's contribution in 2022 amounted to EUR **50,721**, involving various activities. Among these, first and foremost, are the charitable donations, such as those directed towards the social services of the **Municipality of Torrevecchia Pia**, a small town in the province of Pavia, or donations in support of **Italy's cultural heritage**, aimed at the realisation of a monumental complex.

The Group also sponsored the **Charing 2022** event, a **charitable sports event promoting social values**, sports passions, and local traditions, with the aim of supporting third-sector organisations. Specifically, all actions carried out by Charing were directed towards the Serafico Institute in Assisi, an institution that promotes and conducts rehabilitative, psycho-educational, and socio-sanitary assistance for children and young adults with severe physical, mental, and sensory **disabilities**, combining ethical principles, scientific evidence, and clinical experiences.

Also worth mentioning is Carron Group's support for **6Insuperabile**, an event organised by the alumni association Sola in Deo Sors, featuring a series of initiatives focused on **inclusion** and **solidarity**. The objective of this initiative is to create synergy between disabilities, sports, and the local community, involving important figures from institutional, social, Olympic, and Paralympic backgrounds.



Carron Group's support for sustainability, solidarity, and inclusion values is further concretised through its participation in associations. These include the **Associazione Infrastrutture Sostenibili**, an organisation that promotes a **new approach** to the design, construction, and management of infrastructure, **placing sustainability** at the core in all its main aspects: environmental, economic, and social. Carron is also a member of **AIDAF**, the Italian Association of Family Businesses, an Italian entity of FBN - Family Business Network, which gathers 3,210 family businesses worldwide, with over 10,300 members in 58 countries.

AIDAF enables a continuous exchange of international experiences and best practices to contribute to the development of new generations of family businesses. The association's mission, aligned with Carron Group, is to encourage the development of a **healthy and solid** family business model based on **ethical** values and **social responsibility**, as essential elements for sustainable and long-lasting business growth.

5

5 PLANET

The built environment has a significant impact on many sectors of the economy, jobs and quality of life. It requires vast amounts of resources, reaching nearly 50% of all extracted raw materials. As a result, the same sector is responsible for over 35% of the total waste production in the EU.

Greenhouse gas emissions from the extraction of materials, the production of construction products, and the construction and renovation of buildings are estimated at 5-12% of total national greenhouse gas emissions. Improved material efficiency could save 80% of these emissions.

To increase material efficiency and reduce climate impact, the European Commission is launching a new global strategy for a sustainable built environment. This strategy will ensure coherence between relevant policies concerning climate change, energy and resource efficiency, construction and demolition waste management, accessibility, digitalisation, and skills development. It will promote the principles of circularity throughout the life cycle of buildings through a mix of regulatory approaches, sustainability diagnosis and certification schemes, and revision of recovery targets for the sector, both in quantitative and qualitative terms.

Carron intends to contribute to this change of course by demonstrating how it is possible to preserve and enhance environmental resources even in the construction sector. This decision is taken in advance of legal obligations, consistent with the corporate vision that has always combined the effectiveness of performance with the efficiency of actions, under the banner of responsibility and core values shared with all employees.

Underlying this approach, Carron Group's production activities are managed in strict compliance with current environmental legislation. All necessary investigations are carried out in advance to verify the possible environmental risks arising from the characteristic activities of the construction sector in order to prevent any risk and damage.

The Group is also committed to spreading and consolidating a culture of environmental protection and pollution prevention among all its employees and subcontractors, developing risk awareness and promoting responsible behaviour by all employees.

5.1 PLANNING

Soil consumption.

Soil consumption is a phenomenon associated with the loss of a fundamental environmental resource due to the occupation of land that was originally agricultural, natural or semi-natural.

The phenomenon refers to an increase in artificial land cover linked to settlement dynamics. This process is mainly due to the construction of new buildings and infrastructure, expansion of cities, densification or conversion of land within an urban area, and local infrastructure.

The concept of soil consumption is therefore defined as a change from **non-artificial land cover** (non-consumed soil) to **artificial land cover** (consumed soil).



Aware of the fact that its business sector presents some critical issues related to environmental protection, Carron Group is committed to enhancing and protecting the territory as a common good and respecting the environment around its construction sites by carrying out preliminary environmental impact assessments in order to better direct project implementation and environmental monitoring management during the construction phase.

For Carron, this approach is not a challenge, it is standard practice. Reducing general negative environmental impacts when carrying out works through an assessment of these impacts at the planning stage and through careful selection, evaluation and awareness-raising of suppliers and contractors, is one of the general objectives included in Carron Group's Integrated Health, Safety and Environment System.

CARRON ENTERPRISE: BIM AS AN OPPORTUNITY TO OPTIMISE PROCESSES



Through Building Information Modelling (BIM), Carron Group continues its path of digitisation and information standardisation, making data more accurate and, at the same time, accessible and visually comprehensible.

Designing and executing works using BIM also promotes multidisciplinary coordination, increasing levels of design control and consistency. With a well-developed clash detection system, critical interferences are identified, allowing for their resolution in advance and avoiding potential delays. BIM further enhances the extraction and control of quantities, especially for complex and large-scale projects, enabling the analysis of construction processes and cost quantification during the construction phase.



5.2 ENERGY CONSUMPTION AND EMISSIONS

Even today, buildings are responsible for approximately 30% of global final energy consumption and 39% of energy-related CO₂ emissions. That is why the construction sector is increasingly focused on energy consumption, both during the construction phase and throughout the building's life cycle.

Given the importance of intelligent and responsible management of energy use, the construction of high-performance buildings, the energy upgrading of existing ones, and the use of high-efficiency heating and cooling technologies are now central to the practices of every leading company in the sector.

Carron Group is committed to complying with the trend lines of current regulations in terms of energy with a view to continuous improvement, from the construction site to the building's use phase.

Among the priorities outlined in the recent net zero carbon strategy developed by Carron Group are to purchase green energy with Renewable Energy Certificates (RECs) for 30% of energy consumption; to offset electricity consumption by generating at least 5% of renewable energy on site (e.g. solar panels on caravan complexes, solar-powered temporary lighting systems, solar-powered cameras and variable message signs); and to reduce overall fuel consumption by 10% through better planning and logistics. In this regard, specific strategies may include:

- Reducing the number of deliveries;
- Reduction of downtime;
- On-site reuse of soils or other materials to reduce truck traffic to and from the site;
- Reduction of on-site travel; proper planning of logistics, such as setting up material in the immediate vicinity of the installation site;
- Acceleration planning without additional resource consumption;
- Preferential transport of materials by water/railway over road transport (distribution or third-party logistics);
- On-site plants (cement/asphalt production) instead of the transport of material to the site from long distances;
- Prefabrication of off-site elements and installation on site

In practical terms, Carron SpA sets several targets that realise the above points, implementing the use of alternative fuels such as biodiesel in heavy equipment for at least 5% of total fuel consumption, the purchase of hybrid or fully electric vehicles for at least 50% of the fleet, and the use of electrified equipment for at least 20% (compared to gas or diesel engines).

For construction sites, the company intends to implement an integrated energy consumption management system during the construction phase through automated/digitised monitoring systems, such as energy management software allowing intelligent performance monitoring and the use of equipment and machinery connected to this system.

Energy consumption data is reported per operating centre.

CARRON SPA

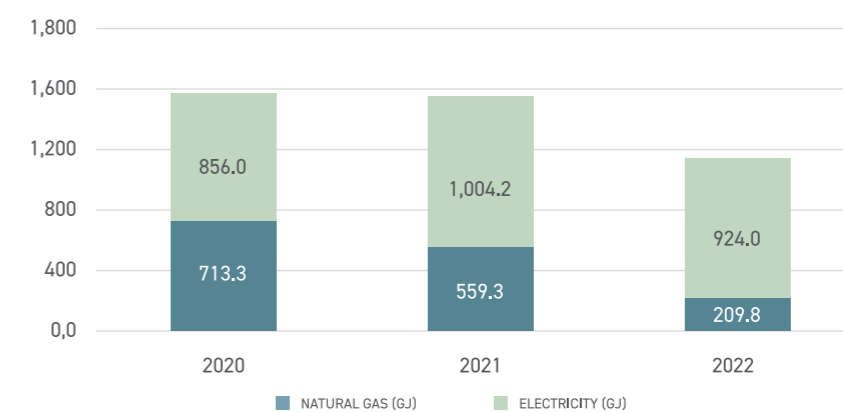
Aligned with the latest energy policy guidelines, which have become even more urgent in light of geopolitical changes pushing for the electrification of energy use, including thermal utilities, Carron Group has invested in an innovative air conditioning and climate control system powered by heat pumps with an installed capacity of 459 kW at its headquarters in San Zenone degli Ezzelini. This system has delivered significant energy savings compared to the previous set-up, implying the gradual abandonment of fossil fuels (specifically natural gas) in favour of electricity obtained from renewable resources, in this case from the 398 kWp photovoltaic plant.

This has led to an increase in electricity consumption that has replaced natural gas for office heating/air conditioning.

In addition, in 2022, the company replaced the boiler with a heat pump for the main office, significantly reducing the consumption of natural gas.

A residual amount of natural gas is still consumed to heat the basement and main hall.

Carron SPA – Energy consumption (GJ) – Three-year period 2020-2022

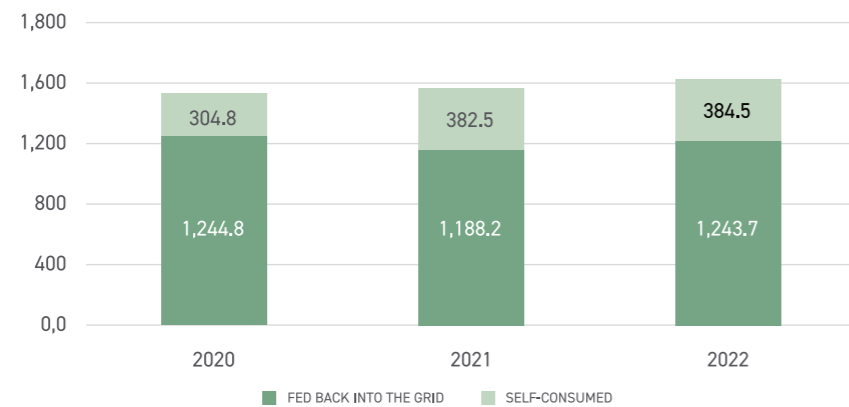


The graph shows the sharp decline in Carron S.p.A.'s natural gas consumption in 2022.



The installation in 2011 of a proprietary photovoltaic system on the roofs of the San Zenone headquarters has led to the following flattering values of self-produced and self-consumed energy:

Carron SPA - Electricity from photovoltaics (GJ) - Three-year period 2020 - 2022

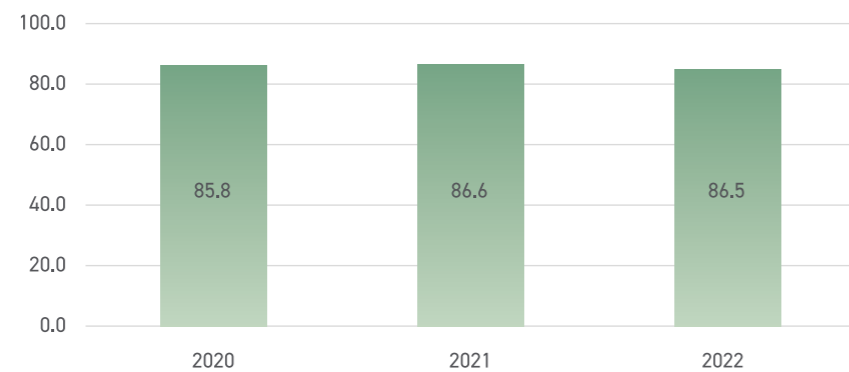


In 2022, 42% of the energy consumed by Carron SpA came from its own photovoltaic system on the roof of its Treviso headquarters, while the remaining electricity purchased and consumed came from 100% certified hydroelectric renewable sources thanks to the 'Energia pulita - Green energy' project with Dolomiti Energia.

CARRON BAU

Carron Bau has invested in LED lighting and presence detection systems to optimise energy consumption. However, electricity consumption remained constant as the site has experienced simultaneous economic and personnel expansion.

Carron Bau - Electricity consumed (GJ) - Three-year period 2020-2022

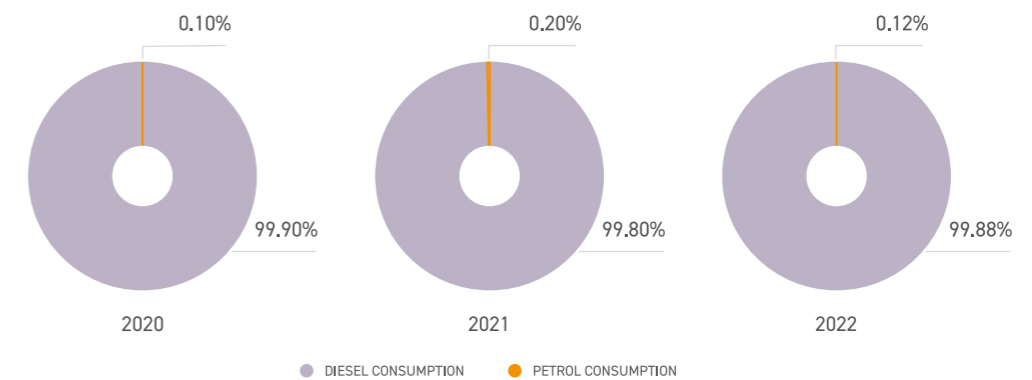


5.2.1 SCOPE 1

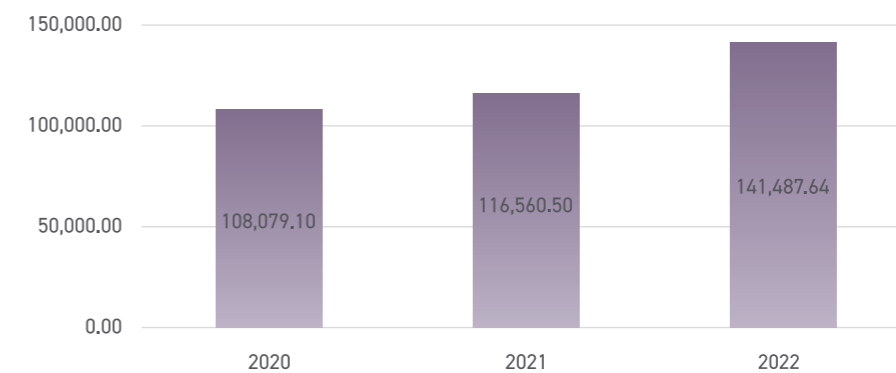
Carron Group leases its own fleet, used for commercial and production purposes. The main consumptions were diesel fuel, needed to move the vehicles, and petrol, used to a limited extent after the recent renewal of the fleet.

Fuel consumption, together with the natural gas needed to heat the offices in the winter, influenced the calculation of SCOPE 1 (tCO₂) emissions from sources owned or controlled by the company.

Carron Group - Fuel consumption of the company fleet [%] Three-year period 2020-2022



Carron Bau - Diesel Consumption [l] - Three-year period 2020-2022



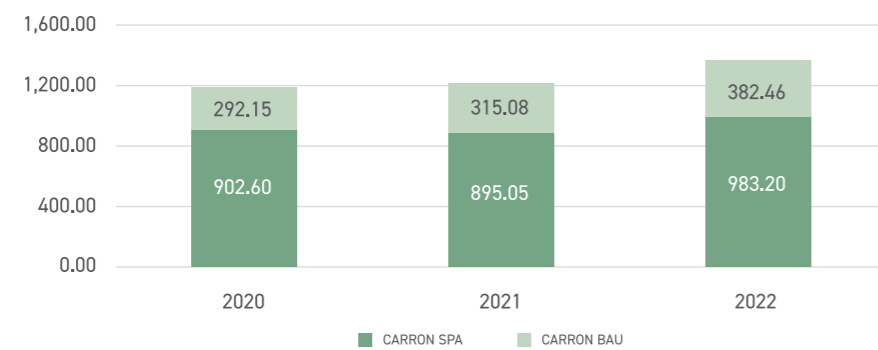
At Group level, emissions associated with direct consumption of fossil fuels were as follows:

Carron SPA ⁽³⁾	SCOPE 1 (t CO ₂ -eq)	Carron BAU	SCOPE 1 (t CO ₂ -eq)
2020	902.60	2020	292.15
2021	895.05	2021	315.08
2022	983.2	2022	382.46

⁽³⁾ The figures for the years 2020 and 2021 have been recalculated. To calculate scope 1 emissions, coefficients from the table of national standard parameters for fuels, updated as of 13 December 2022, have been used. To calculate scope 2 emissions, the coefficients published in 2020 by ISPRA (Italian National Institute for Environmental Protection and Research) were used.

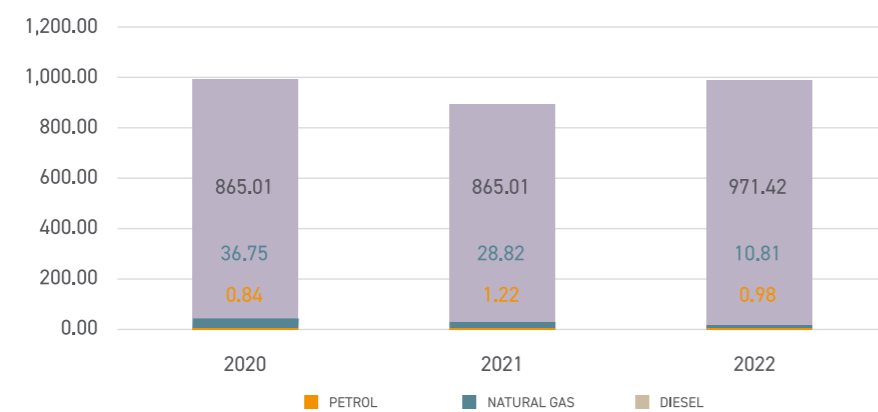
SCOPE 1
Direct emissions generated by the company from sources owned or controlled by the company.

SCOPE 1 [Ton CO2 eq], Carron Group – Three-year period 2020-2022 ⁽⁴⁾



Carron SpA owns 73% of the cars for company and mixed use, and all construction site vehicles. Diesel consumption has the greatest impact on SCOPE 1 with around 95% of the total.

SCOPE 1 [Ton CO2 eq], Carron SPA – Three-year period 2020-2022 ⁽⁵⁾



⁽⁴⁾ ⁽⁵⁾ The figures for the years 2020 and 2021 have been recalculated. To calculate scope 1 emissions, coefficients from the table of national standard parameters for fuels, updated as of 13 December 2022, have been used.

5.2.2 SCOPE 2 ⁽⁶⁾

Investments aimed at consumption efficiency, the voluntary adoption of certified management systems, the training and awareness-raising among people towards virtuous and environmentally friendly behaviour are the main levers for the efficient use of energy and natural resources and the reduction of corporate CO2eq emissions

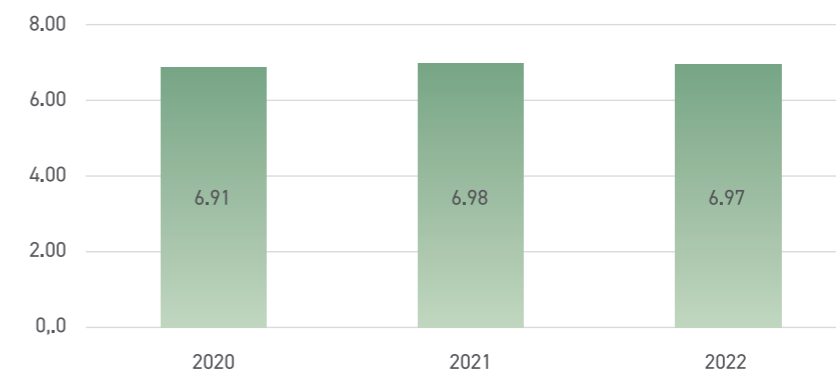
SCOPE 2
Indirect emissions generated from the energy purchased and consumed **by the company.**

By using electricity from certified renewable sources (hydroelectric), Carron SpA has reduced its emissions in terms of tonnes of CO2 related to electricity consumption to zero. Over 74 tonnes of CO2 were avoided in 2022.

The calculation of Scope 2 is only for the Bolzano province premises.

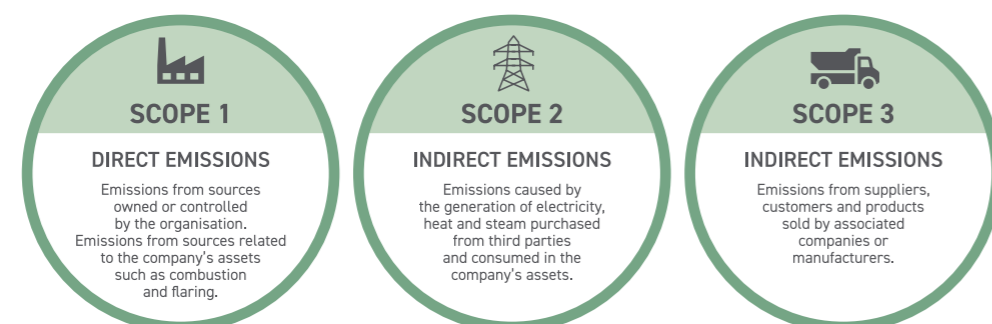
The increase in consumption is minimal and not proportional to the increase in personnel and turnover, as Carron Bau has implemented actions to reduce office energy consumption that have kept emissions constant despite the company's growth.

SCOPE 2 [Ton CO2 eq] – Three-year period 2020-2022



⁽⁶⁾ The emission factors used for the calculation of Scope 2 for Italy refer to the data published by ISPRA ('Fattori di emissione di gas serra in atmosfera nel settore elettrico nazionale e nei principali paesi europei (Atmospheric greenhouse gas emission factors in the national electricity sector and in the main European countries) – 317' ISPRA 2020).

5.3 NET ZERO STRATEGY



In order to contribute to the achievement of the Paris Agreement climate change targets, Carron is announcing a strategy to reduce its emissions and aim to reach climate neutrality by 2050. The strategy provides for a set of organisational and operational procedures to achieve the following objectives:

1. Climate neutrality of corporate locations;
2. Climate neutrality of construction sites;
3. Minimisation of embodied carbon of new projects;
4. Zero emissions from transport;
5. Zero avoidable emissions from waste.

The company has set a target of zero Scope 1 and Scope 2 emissions by 2035 (**Carbon Neutrality**) and zero Scope 3 emissions by 2050 (**Net Zero**).

The operational and organisational procedures put in place to achieve the targets are described in the following table.

CARBON NEUTRALITY – SCOPE 1,2	
SUSTAINABLE MOBILITY	The Group will gradually replace the corporate fleet and use electric or low carbon fuel vehicles in order to progressively reduce SCOPE 1 emissions (owned vehicles) and SCOPE 3 emissions (leased vehicles). Most of the vehicles used by the Group are leased; therefore, there is considerable flexibility in management and quick access to the least emissive solutions.
	The goal is to convert 100% of the company fleet (owned and leased) to electric and low carbon fuel (biodiesel, hydrogen) vehicles by 2035 .

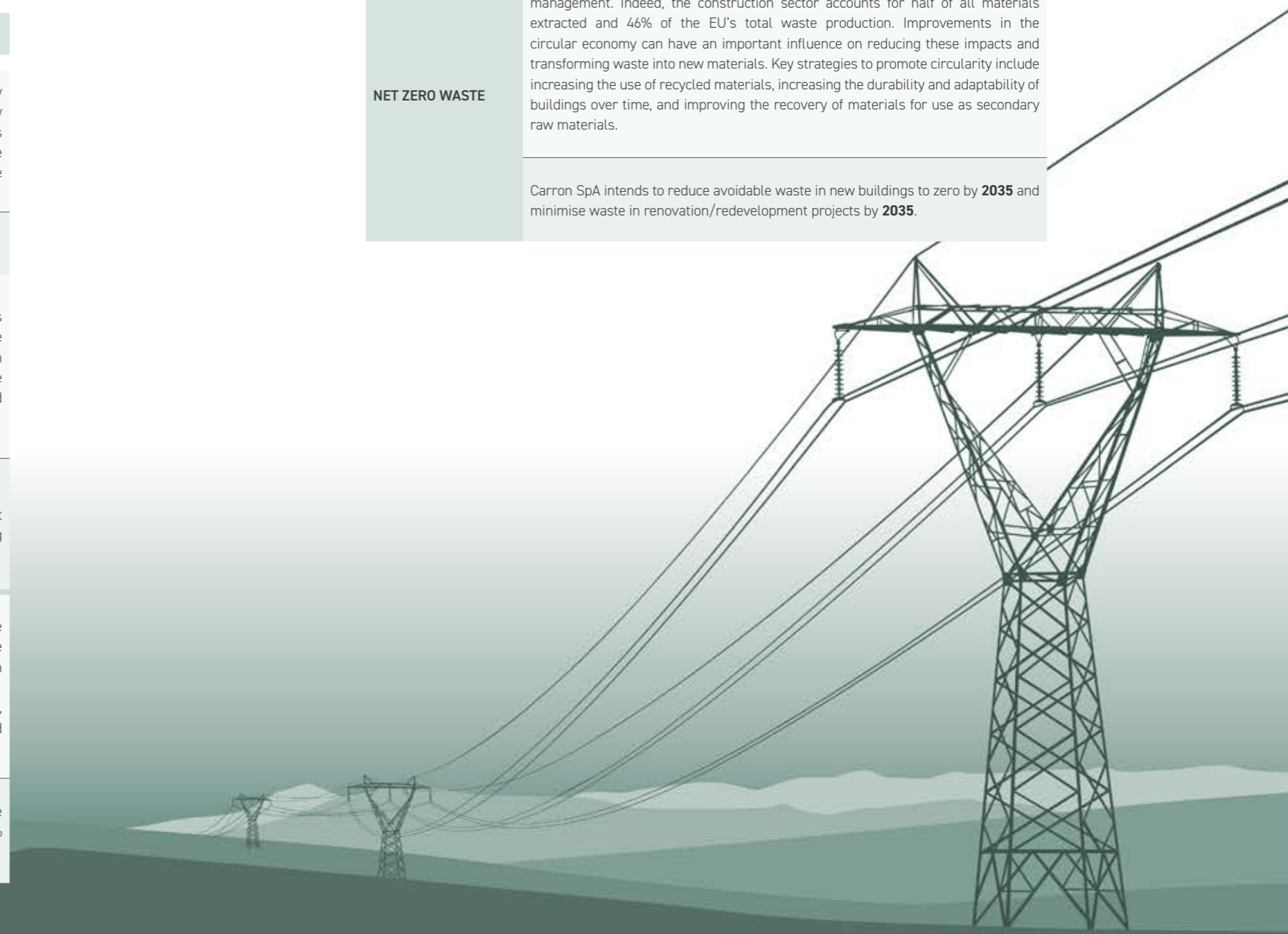
ELECTRIFICATION OF PLANT AND EQUIPMENT	In order to reduce emissions from operations, plant and equipment used on construction sites will be gradually electrified. The latter will only use renewable sources. This measure reduces the SCOPE 1 emissions attributable to the fuel consumption of owned plant and equipment and the SCOPE 3 emissions of rented plant and equipment.
	The Group has set a goal to maximise the use of electrical plant and equipment and implement energy efficiency measures by 2035 through the exploitation of Best Available Technology (BAT). Furthermore, measures to offset emissions will be put in place for all activities/machinery still using a residual amount of fossil fuels from 2026 . Over time, offsetting may be replaced by the reform of the EU ETS, which will internalise the cost of carbon by binding fossil fuel distributors/producers upstream in the supply chain.
SUPPLY OF ELECTRICITY WITH A GUARANTEE OF RENEWABLE ORIGIN	In order to neutralise SCOPE 2 emissions, Carron has entered into electricity supply contracts with a renewable energy guarantees of origin.
	Thanks to this measure, Carron SpA has achieved the target of reducing indirect emissions related to the production of electricity consumed at the Ca' Rainati (TV) site, corresponding to about 147 MWh in 2021 . From 2022 , in order to neutralise SCOPE 2 emissions from operations, the company will also enter into electricity supply contracts with guarantees of origin for construction sites.
ON-SITE RENEWABLE PLANTS	An on-site photovoltaic system has been installed at the headquarters, making emissions from all electricity consumption carbon neutral: about 252 MWh in 2022. Carron also fed 345 MWh of produced energy back into the grid during the year, helping to reduce emissions in the regional energy mix. Additionally, the Group plans to install another photovoltaic system at its headquarters.
	The Group is committed to maximising the installation of renewable plants at its headquarters and operations by 2035 . Temporary photovoltaic systems will be installed on housing roofs at construction sites and, where possible, permanent on-site solar parks.
ENERGY EFFICIENCY MEASURES	Carron SpA has initiated a series of measures and initiatives to improve the energy efficiency of its premises and operating sites, with the aim of reducing consumption. In this regard, an energy manager will be appointed to prepare and implement an energy management plan aimed at identifying improvement operations. In addition, Carron recently carried out a LED relamping of its headquarters and will install automated control and regulation systems in the near future. In order to reduce consumption from operations, the best available technological solutions in terms of energy efficiency will be evaluated during the planning phase of the construction sites, supported by an integrated monitoring system for optimising power management.
	The goal is to rely on Best Available Technology (BAT) for premises and operating sites by 2025 .

Carron Group is aware of the strategic importance – for climate change mitigation – of managing and reducing **SCOPE 3** emissions in the construction sector. Throughout the EU, real estate and related sectors account for over 40% of energy consumption, over 50% of resource consumption and 46% of waste generation. Rethinking asset planning for sustainability and circularity has become an imperative for stakeholders across the value chain. In this regard, Carron is committed to a strategy aimed at value chain carbon neutrality by 2040.

In order to manage Scope 3 emissions, it is necessary to take measures across all phases of the business, in particular the **building design phase, supplier selection phase and operation monitoring**. The following measures will be applied to real estate projects, where Carron directly controls the design phase.

NET ZERO – SCOPE 3	
REDUCE THE ENERGY INTENSITY OF NEW PROJECTS	The largest share of emissions in the real estate sector is attributable to energy consumption over the lifetime of buildings. This emission category is not directly controlled by Carron SpA, but it can be managed by applying ad-hoc measures in the design phase. In this regard, the company is committed to considering the best solutions on the market in terms of energy efficiency in order to minimise consumption.
	The goal is to systematically use Best Available Technology in all new projects by 2035 .
EMISSION REDUCTION	In addition to being energy efficient, the new projects will be integrated with systems and solutions to maximise the exploitation of on-site self-generated renewable energy. This measure will be crucial in decreasing peak demand for electricity from the grid and will allow balancing operations of the same, also contributing to the mitigation of electricity prices. The excess low-cost renewable energy will be fed back into the grid, helping to lighten the load on the national energy mix.
	Carron intends to include on-site renewable plants in all new projects from 2030 . And from 2025, with the continued roll-out of electric vehicles in the transport market, all new projects will have dedicated areas with stations for recharging vehicles. This will help reduce transport emissions.
EMBODIED CARBON OF BUILDINGS	Embodied carbon corresponds to the emissions released during the life cycle of a building, which includes the production and raw material supply phase, the construction phase, the operations phase (operational carbon) and the demolition and waste disposal phase. Managing this emission category is complex and requires material selection policies, partnerships with supplier, and integrated tracking and monitoring systems geared towards minimising embodied carbon and maximising system circularity.
	The company has set itself the goal of selecting suppliers with a target to reduce emissions by 50% by 2025 compared to the market baseline and the remaining 50% by 2050 . BAT by 2030 and renewal by 2040 .

SITE VEHICLE MOBILITY PLANNING	Carron is developing site planning criteria to reduce emissions attributable to traffic at construction sites. The planning phase is carried out by analysing critical cases and preparing the relevant regulations to define routes and timetables, and requesting possible authorisations.
	These measures have already been implemented and will be applied at all Carron SpA construction sites from 2025 .
NET ZERO WASTE	The Group is committed to minimising avoidable emissions related to waste management. Indeed, the construction sector accounts for half of all materials extracted and 46% of the EU's total waste production. Improvements in the circular economy can have an important influence on reducing these impacts and transforming waste into new materials. Key strategies to promote circularity include increasing the use of recycled materials, increasing the durability and adaptability of buildings over time, and improving the recovery of materials for use as secondary raw materials.
	Carron SpA intends to reduce avoidable waste in new buildings to zero by 2035 and minimise waste in renovation/redevelopment projects by 2035 .



5.4 WATER CONSUMPTION

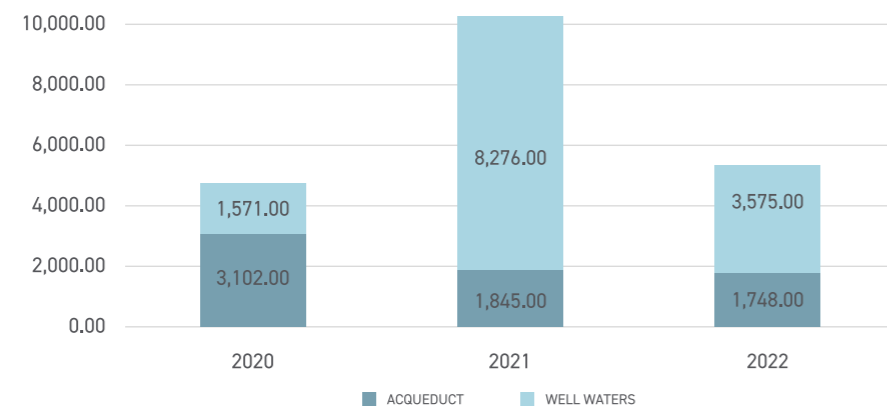
Water withdrawals are an insignificant aspect of the activities carried out by the Carron sites included in the scope of the report (Carron SpA and Carron Bau) and are mainly attributable to the use of toilets.

The company does not produce industrial waste water. It only produces domestic waste water, which goes into the sewage system.

5.4.1 CARRON SPA

In addition to the toilet facilities, Carron SpA draws from wells for irrigation activities, and for the condensation fluid of the air conditioning system's cooling unit. Consumption is monitored with the principal aim of reducing the wastage of water for irrigation.

Carron SPA – Water withdrawals (MI) – Three-year period 2020-2022

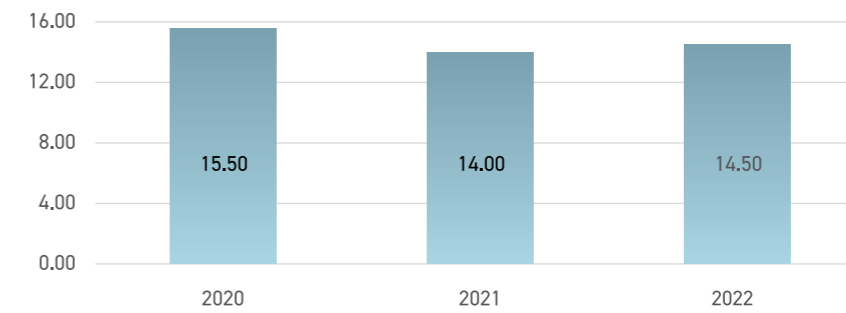


The sharp increase in water consumption in 2021 was caused by water leakage from the water supply network, with water consumption for 2022 on average in line with 2020.

5.4.2 CARRON BAU

The values shown in the table represent an estimate of consumption based on meter readings taken over the years. Carron Bau's premises in Varna are rented, and consequently the landlord does not issue details of consumption, but sends a general invoice for various items.

Carron BAU – Water withdrawals (MI) – Three-year period 2020-2022



All water withdrawals come from aqueducts and their discharge destination is also the public water system.

5.5. WASTE

5.5.1 CARRON SPA

Besides general office waste classified as municipal waste, Carron SpA's waste also includes construction site waste. The Treviso premises has a warehouse area for storing these materials.

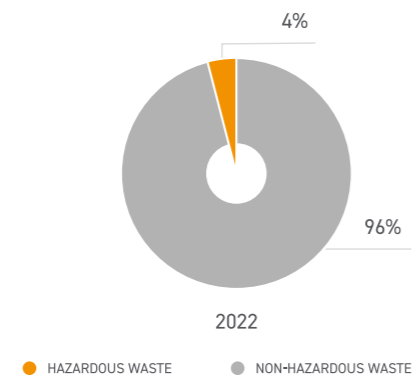
EWC code:	Main types of waste - Year 2022	T
08.03.18	Printer cartridges	0.015
15.01.01	Paper and cardboard packaging	3.1
15.01.03	Wood packaging	14.78
15.01.06	Mixed packaging	11.61
16.05.04*	Gases in pressure vessels containing hazardous substances	1.84
20.02.01	Paper and cardboard	11.92

51.9% of Carron SpA's waste was packaging, required for the storage and transport of raw materials from the warehouse to the construction sites.

Waste disposal is carried out through specialised companies and authorised transporters and recipients. With the goal of reducing the impacts resulting from generated waste, Carron S.p.A. limits waste production to only what is strictly necessary for production, management, and logistics activities, and waste is temporarily stored in dedicated containers.

An estimated 96% of the materials were recycled.⁽⁷⁾ The percentage of hazardous waste was limited to 4% of the total.

Carron SPA - Waste separation [%] - 2022



⁽⁷⁾ The estimate is based on the high recyclability of packaging, iron and steel. The estimate recovery of WEEE is 30%, in line with the European Parliament's assessments, while all hazardous waste is disposed of correctly. E-waste in the EU: facts and figures; European Parliament (2022), <https://www.europarl.europa.eu/news/it/headlines/society/20201208STO93325/rifiuti-elettronici-nell-ue-dati-e-cifre-infografica>.

5.5.2 CARRON BAU

The waste generated by Carron Bau is general office waste - classified as municipal waste - in the quantities indicated in the table.

Non-hazardous waste (kg)	274.2
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6

OSPEDAL GRANDO SRL – TREVISO

Construction of the new healthcare hub in Treviso, extension and modernisation of the current hospital

CONTRACTING ENTITY	Ospedal Grando S.r.l.
PLACE	Treviso (TV)
START DATE	14/03/2018
TYPE OF WORK	Collective
DESIGNER	L+Partners S.r.l. ; Poolengineering S.p.A.; Studio Architetto Follina

6 PILOT CONSTRUCTION SITE

Carron Costruzioni aims to continue reporting on the ecological and safety impacts of the Ospedal Grando in Treviso, as an example of reporting on actual construction operations carried out through a comprehensive contracting system.

The finished project will involve the construction of the new healthcare hub in Treviso, which includes the expansion and modernisation of the existing hospital. The project is called the 'citadel of health' because of the hospital's new vision, focused on streamlining and optimising the facilities and services it provides.

At the heart of the project is the hospital's macro-area, the beating heart of the entire citadel from which the following five functional sub-areas can be accessed:

- **Office wing**, main entrance, start and end point of the main communication chain;
- **Administrative wing**, whose function is as described by its name;
- **Territorial macro-wing**, the centre of distribution of the most requested services, which will make it possible to provide healthcare to the greatest number of people;
- The **training block**, where training, research, and teaching activities will take place with the university; the logistics macro-block, which incorporates the highest technological contents, is conceived as a large dock, the port of arrival for goods, and the production and distribution of energy directly received from the Sile river.

All this within a green area extending across 5 hectares.

The overall intervention covers an area of over 167,000 m² within which 90,000 m² consists of new structures and 57,000 m² of renovations. First phase works started in March 2018 and were completed in December 2022, with expenditure amounting to approximately EUR 80 million.

The entire final and executive design was carried out according to Building Information Modelling (BIM) processes; the 3D (three-dimensional and parametric modelling for all disciplines), 4D (time) and 5D (cost) development phases allowed complete control of the project as required by the UNI 11337 standard, Building and civil engineering works - Digital management of the informative processes.

The executive project of the Treviso hospital macro-area was a finalist at the BIM&DIGITAL AWARDS 2019, and has achieved the LEED Italia standard.

6.1 MATERIALS AND WASTE

At its construction sites, Carron Group pays particular attention to the choice of construction elements and favours the efficiency of prefabricated materials, maximising their use.

According to these principles, the design, construction and management of a building, through an integrated approach, are aimed at preserving the environment by reducing the negative impact on it. It is therefore a matter of constructing, renovating or converting a building element in the most ecological and sustainable way by aiming to integrate systems or installations that exploit clean energies, using materials and construction techniques that lead to the creation of a true integration between the building, its inhabitants and the environment that hosts it.

Two main materials were used in the central phase of the construction and modernisation of Treviso hospital: concrete, for the construction of the foundations and the load-bearing structure of the buildings, and steel, for the construction of the reinforcement embedded within it.

Following these, by quantity, are sand and cement screeds. These have been used to level the surfaces, to distribute the load of the elements above and to receive the final flooring.

Other high-consumption materials include waterproofing and insulation materials for the roofing of buildings and interior block and plasterboard masonry.

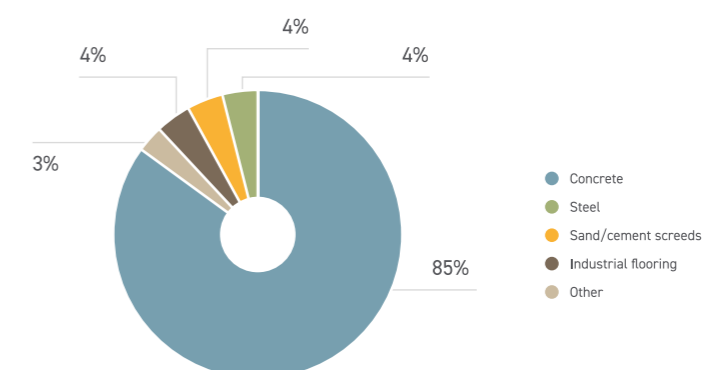
Materials (t), three-year period 2020/2022			
	2020	2021	2022
Concrete	87,360	14,880	500
Steel	4,100	580	120
Sand/cement screeds	1,070	3,470	100
Glass	1,180	170	92
Aluminium	200	30	20
Plasterboard	-	1,000	200
Local PVC	-	101	132
Stoneware	-	161	32
Polyurethane insulation	-	75	10
Wool insulation	-	170	150
Industrial flooring	-	4,050	800
Total	93,910	20,637	2,156

The purchase of prefabricated materials makes it possible to minimise site work and, more generally, the impact on the environment. The off-site processing of customised materials means that waste production during installation is eliminated and site time is reduced by 40%, as components arrive unpacked, thus eliminating the problem of dealing with packaging.

In addition, Carron SpA chooses EPD (Environmental Product Declaration) certified products that guarantee the use of significant amounts of recycled material, ensuring a lower environmental impact at all stages of the life cycle and the achievement of LEED credits.

The company is fully committed to a circular economy system in which materials used are almost entirely recycled (from external waste streams) or to be recycled (construction site waste reused in a beneficial way).

Ospedal Grando – Percentage of materials used – Three-year period 2020 - 2022



Carron SpA also makes sure to find a disposal site as close as possible to the construction site area to reduce the likelihood of loss or dispersion of waste and to limit the CO2 emissions from vehicles.

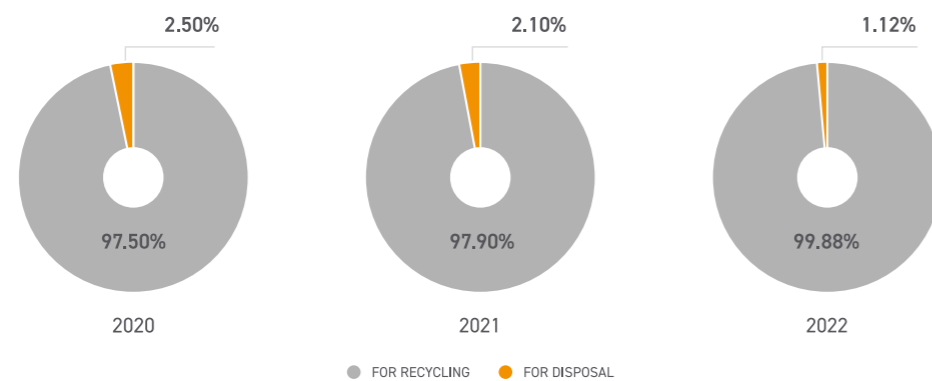
During the construction phase, Carron Group ensures adequate and effective waste collection for both construction materials and individually produced waste by installing small collection points in several areas of the construction site and a centralised ecological island for the final collection of waste for disposal.

As far as the Treviso hospital site is concerned, the quantities of waste (in tonnes) are as follows:

Waste (T), Three-year period 2020/2022				
EWC	Material	2020	2021	2022
170201	Wood	117.53	181.2	113.81
170904	Mixed waste from demolition and construction activities	414.11	10.6	-
170302	Bituminous mixtures	297.94	369.46	-
170101	Cement	1.706.04	3.807	10.26
150106	Mixed packaging	6.62	129.1	91.93
170405	Iron and metals	39.95	67.18	48.81
170802	Plasterboard	-	343.12	-
170107	Mixed concrete and brick	-	95.84	35.02
170603	Other insulating materials containing or consisting of hazardous substances			3.39
TOTAL		2.582.19	5.003.5	303.22

Carron SpA's virtuous waste management process – also with a view to contributing to the circular economy – has enabled almost all waste materials to be recycled over the past three years.

Ospedal Grando – Waste and recycling materials [%] – Three-year period 2020-2022



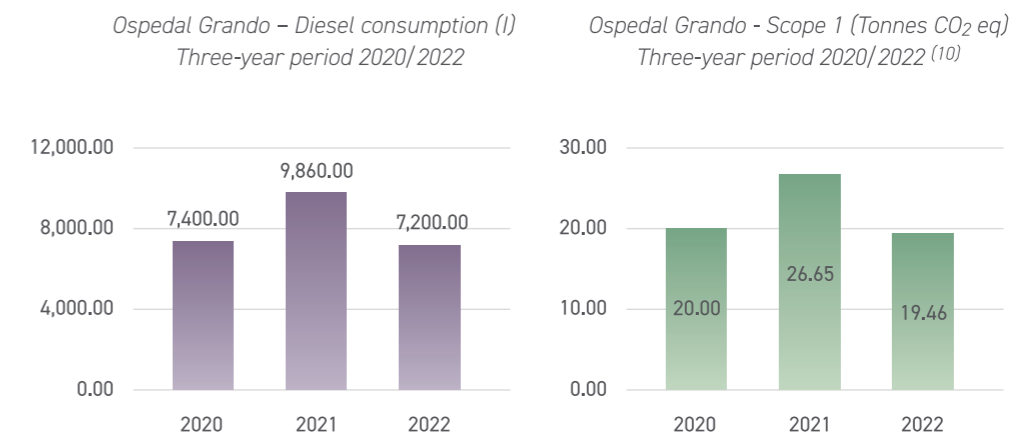
6.2 EMISSIONS

Accurate measurement of emissions is the starting point for developing one's climate strategy. It is essential to identify emission sources in order to take timely action to reduce one's own impact and to give credibility to the offsetting phase. This is why analysis is extremely relevant to the challenge of climate change ⁽⁸⁾.

The site consumption relates to the fuel needed to move vehicles, and the electricity for the use of smaller equipment and for lighting the site itself. Below, SCOPE 1 and SCOPE 2 ⁽⁹⁾ greenhouse gas emissions are analysed. These measures express, in CO₂e, the total greenhouse gas emissions directly related to pilot site operations.

SCOPE 1
Direct emissions generated by the company, from sources owned or controlled by the company.

The consumption of diesel required to move construction site vehicles, as shown below, was therefore taken into account to calculate Scope 1 emissions.



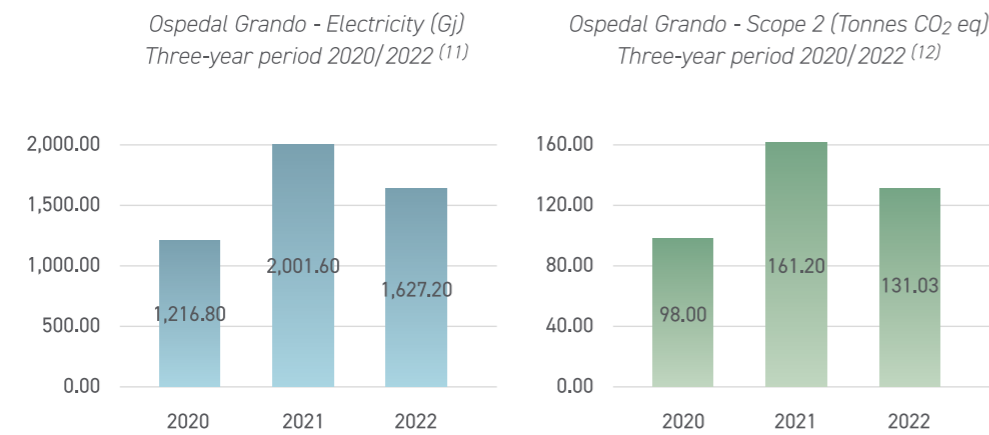
⁽⁸⁾ Greenhouse Gases (GHG) 'trap' heat in the atmosphere. These include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF₆). It should be noted that water vapour, although responsible for a significant portion of the natural greenhouse effect, is not included in the count as it is not directly influenced by human activities. (Source: Kyoto Protocol).

⁽⁹⁾ The GHG Protocol groups emission sources into three distinct categories: Scope 1 (direct emissions), Scope 2 (indirect emissions from energy consumption) and Scope 3 (other indirect emissions from upstream and downstream activities of the organisation).

⁽¹⁰⁾ The figures for the years 2020 and 2021 have been recalculated. To calculate scope 1 emissions, coefficients from the table of national standard parameters for fuels, updated as of 13 December 2022, have been used. To calculate scope 2 emissions, the coefficients published in 2020 by ISPRA (Italian National Institute for Environmental Protection and Research) were used.

SCOPE 2
Indirect emissions generated from the energy purchased and consumed by the company.

Electricity consumption and the corresponding SCOPE 2 are dictated by the works phases, in line with the project Gantt chart.



(11) (12) The figures for the years 2020 and 2021 have been recalculated. To calculate scope 1 emissions, coefficients from the table of national standard parameters for fuels, updated as of 13 December 2022, have been used. To calculate scope 2 emissions, the coefficients published in 2020 by ISPRA (Italian National Institute for Environmental Protection and Research) were used.

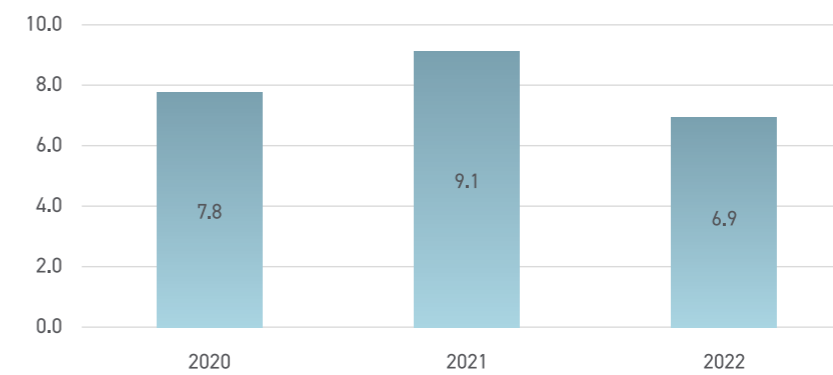
6.3 CONSUMI IDRICI

The main water withdrawals used for the construction site are those necessary for the personal hygiene of the collaborators and for the commissioning of mechanical systems. Regarding the toilets, whose dimensions are determined by tabular values for the expected number and frequency users, discharges are regulated by a connection to the existing sewer system or through filling tanks. In the case of filling systems for testing and commissioning, untreated water is discharged into the sewer system, and the discharges to be used are defined during the design stage.

Water-saving devices, such as collection systems that reuse rain water for washing vehicles or tanks, are adopted during the various construction phases. Washing these as they leave the construction site ensures that the dust caused by the uplift induced by dirty tyres is eliminated, and contributes to the maintenance of road cleanliness. Consequently, any run-off from precipitation of roads does not lead to pollution of groundwater or other water bodies in the vicinity.

Water consumption from the mains during the three-year reporting period is as follows:

Ospedal Grando - Water withdrawals [MI] - Three-year period 2020-2022



6.4 HEALTH AND SAFETY ON THE CONSTRUCTION SITE

The organisation extends the quality of processes and safety procedures of the certified Integrated Management System (Quality, Environment and Safety) to the construction sites managed by the Group. For Ospedal Grando, as for any other construction site, work hazards have been identified, and risks have been assessed systematically and non-systematically, allowing the application of the hierarchy of controls to eliminate hazards and minimise risks.

The results of these review processes allow for the collection of non-conformities and the activation of appropriate corrective actions with effectiveness assessments at the worksites where Carron Group indirectly manages its personnel, who are trained, informed and regularly updated on possible health and safety risks in the workplace and invited to act accordingly to avoid accidents and occupational diseases.

New operating personnel at the site undergo an induction programme in which all persons responsible for active on-site safety, routes and emergency contact persons are identified. All these monitoring and continuous improvement activities have resulted in Carron S.p.A. recording no injuries in the three-year period 2019-2021. In contrast, in 2022, only one minor injury (upper limb trauma) was recorded.

In 2020, a non-conformity related to a hazardous situation was assigned. This, too, was managed and corrected immediately following controls to identify the causes of the risk. Subsequently, training was provided to strengthen the safety culture on the construction site. Finally, to protect the safety of site personnel, disciplinary measures were taken against one worker due to his lack of risk awareness, despite constant warnings. This reprimand allowed the company to clearly convey how seriously it is committed to the health and safety of all its workers.



7

7 METHODOLOGICAL NOTE

This Sustainability Report of Carron Group (hereinafter, 'the Group') represents the second edition of the document, voluntarily prepared to provide increasingly accurate reporting on ESG (Environment, Social and Governance) performance.

The document aims to offer stakeholders a clear, comprehensive, and transparent representation of activities, projects, commitments, short-to-medium-term objectives, and achieved results, with a focus on long-term value creation. Approved by the Board of Directors on 29/05/2023, the Sustainability Report (hereinafter, 'the Report') is prepared in accordance with the new version of the GRI Standards (effective from 1 January 2023), at a 'with reference to' application level.

In particular, the Report refers to the GRI Standards indicated in the GRI Content Index table provided at the end of the document, where, for each relevant ('material') aspect, the page of the Report or of other corporate documents containing the relevant content can be found.

The figures and information shown refer to the financial year from 1 January to 31 December 2022. Where available, comparative data for the previous three-year period 2020-2022 have been included to illustrate the Group's performance trend over a broader time frame.

To provide an accurate representation of performance, the inclusion of directly detectable and measurable qualitative-quantitative indicators was favoured.

The scope of the economic and financial data reporting corresponds to that of the Group's Consolidated Financial Statements at 31 December 2022.

The reporting scope of the financial statements includes the Group's Italian locations listed below:
Carron S.p.A. San Zenone degli Ezzelini (TV), Via Bosco 14/1 31020 (registered office)
Carron BAU Via Forch, 3, 39040 Zona Industriale BZ
Ospedal Grandò Treviso (TV)

The Report was prepared with the technical and methodological assistance of IMQ eAmbiente S.r.l. and is not subject to third-party verification.

For more details on objectives, indicators, and achieved results, or to provide feedback on this document, you can send a request to paola.carron@carron.it

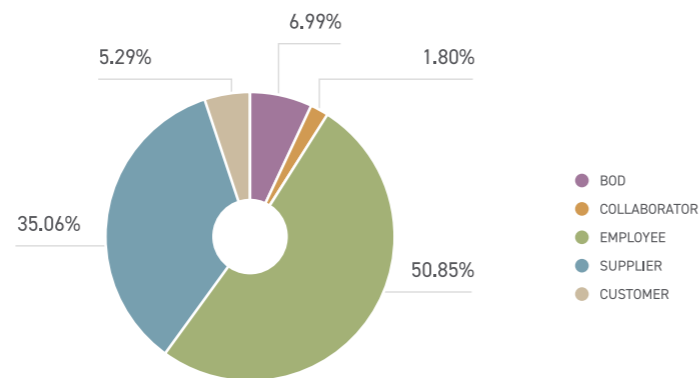
The data appendix is available at the following link:



MATERIALITY ANALYSIS

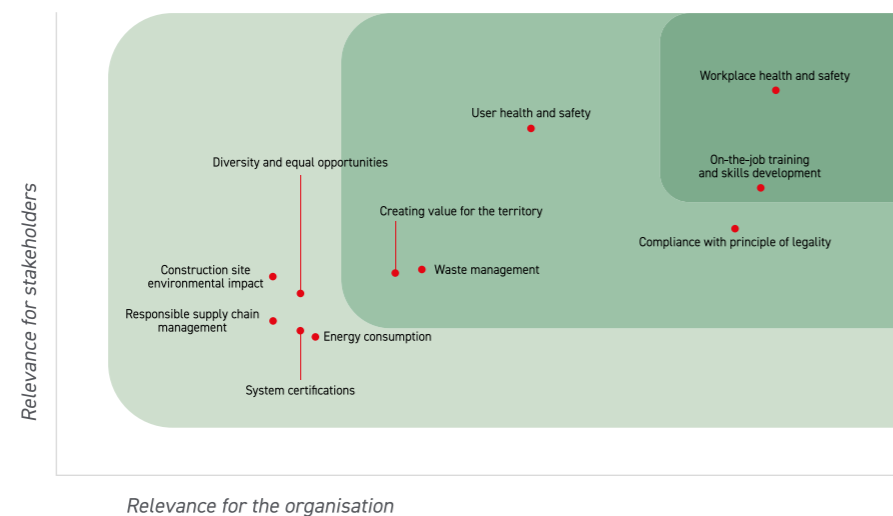
In sustainability reporting, materiality is the principle that determines which relevant topics are important enough to make their reporting essential in a Sustainability Report, so that communication of the Group's performance and impacts is targeted and effective. For the 2022 Sustainability Report, the Group relied on the results of the materiality analysis conducted in 2021, which are presented below. Carron S.p.A. and Carron Bau involved the primary stakeholders in the identification of material topics through an anonymous online questionnaire. The stakeholders involved are divided into groups as follows.

Carron Group - Percentage of stakeholders involved in the materiality analysis, by group - 2021



The result of the analysis of the responses is expressed in the materiality matrix: the x-axis shows the average of the responses of the organisation (Board of Directors, Sustainability Committee, Executives and other managers), while the y-axis shows the average of the responses of collaborators, suppliers, customers and employees (excluding those in administrative and management roles).

Carron Group - Materiality matrix - 2021

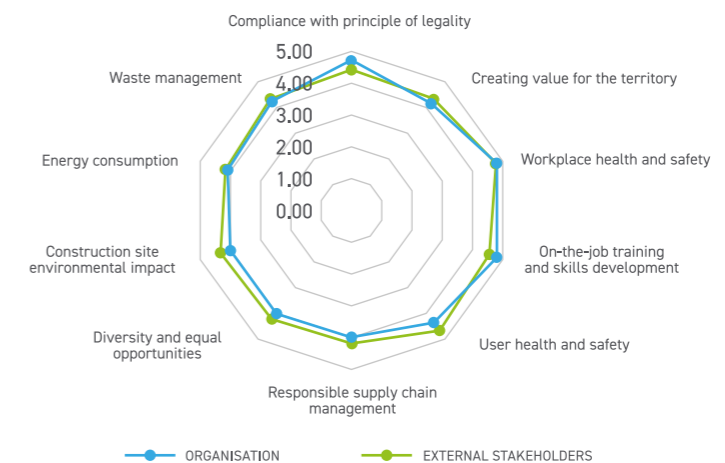


The topics, which are material from this evaluation, are those which on both the x and y axes received a score greater than or equal to 4 on a Likert scale of up to 5. In the table below, they are divided according to ESG (environmental, social and governance) criteria:

ECONOMIC/GOVERNANCE ISSUES	SOCIAL ISSUES	ENVIRONMENTAL ISSUES
Responsible supply chain management	Health and safety at work	Ecological impacts of construction sites
Respect for the principle of legality	On-the-job training and skills development	Waste management
Creating value for the territory	User health and safety	Energy consumption
Diversity and equal opportunities		

Subsequently, the differences in evaluation between the organisation and the stakeholders for each proposed topic were taken into account. These are shown in the radar chart below.

Score variation between the organisation and internal stakeholders



These topics have been prominently addressed in the report to provide stakeholders with a faithful representation of the ongoing development – with a view to consistent and transparent communication – but above all to provide clear indications of the development horizon and the relevant projects, objectives, responsibilities, metrics and activities implemented.

SECTOR-SPECIFIC IMPACT AREAS

The following table illustrates the sector-specific impact areas and their corresponding descriptions as provided by EFRAG, with reference to the sector in which the Group's activities belong.

SECTOR IMPACT AREAS ACCORDING TO EFRAG: CONSTRUCTION & ENGINEERING	DESCRIPTION
Energy	The construction sector is responsible for significant energy consumption, primarily derived from fossil fuels, leading to implications for climate change and greenhouse gas emissions. Managing energy efficiency and dependency on various energy sources play a crucial role in the profitability of construction and engineering companies.
Emissions	The production and use of construction materials remain carbon-intensive compared to other sectors, exposing the construction industry to higher operational and capital expenses due to emission regulations.
Financial exposure to risks	The construction sector faces potentially significant climate-related regulations that play a key role in addressing climate change but may undermine business profitability.
Water	Construction and infrastructure usage can cause soil and water contamination, poor waste management, and stress on water resources. Violation of environmental regulations can result in costly fines and damage the company's reputation.
Procurement	Companies relying on critical materials are exposed to supply chain risks, such as price increases and scarcity, due to growing global demand and dependence on deposits concentrated in a few countries. Firms using alternatives to critical materials ensure stable supply and can mitigate financial impacts.
Waste	Recycling rates in the construction and engineering sector are high. However, waste from production processes, pollution control devices, and hazardous waste management activities pose regulatory risks and may increase operational costs.

SECTOR IMPACT AREAS ACCORDING TO EFRAG: CONSTRUCTION & ENGINEERING	DESCRIPTION
Workplace health and safety	The construction and engineering sector are characterised by significant health and safety risks for workers, including accidents involving transport and heavy machinery, falls, exposure to hazardous chemicals, and other hazards. Companies investing in proper employee training, fostering a safety culture, and implementing rigorous safety protocols can minimise safety-related expenses and improve work quality.
Innovation	Innovations in construction materials are driving sustainable construction growth. This creates business opportunities for companies in the sector that can increase revenue.
Relationships with business partners	Having strong relationships with business partners is critical to the success of operations. The ability to establish solid relationships can influence the quality of work performed, the timeliness of deliveries, and the company's ability to meet customer requirements.
Sustainability governance	Sustainability governance and organisation are increasingly relevant for construction companies due to the growing attention to environmental and social issues.

OBJECTIVES

ESG	OBJECTIVE	KPI	TIMEFRAME		
			Short term (1-2 years))	Medium term (3-5 years))	Long term (more than five years)
GOVERNANCE	Revision of current code of ethics.	-			
	Preparation of code of conduct for supply chain.	Preparation of code of conduct			
	Learn more about Envision certification (training + partnership for implementation).				

ESG	OBJECTIVE	KPI	TIMEFRAME		
			Short term (1-2 years))	Medium term (3-5 years))	Long term (more than five years)
SOCIAL	Greater balance of gender equality among the various work categories, starting at managerial level.	% of gender at various levels of responsibility; female figures in strategic positions.			
	Implementation of gender equality guidelines to monitor pay gap.	Strategic plan for an inclusive work environment; management processes for gender quality and inclusion; post-maternity leave services.			
	Prepare a strategy with significant social impact + Implement a long-term strategy of positive social impact.	-			
	Involve staff with a reward scheme linked to sustainable management of the organisation: co-responsibility, no one excluded, with a view to enhancing the human resources that are most committed to this issue.	Sustainability contest in which the best ideas are rewarded with funds for their implementation.			
	Specific training for planners, procurement department, technical department, quality control, etc., aimed at assessing impacts throughout the building/infrastructure life cycle with a view to minimising them.	Specific training for planners, procurement department, technical department, quality control, etc., aimed at assessing impacts throughout the building/infrastructure life cycle with a view to minimising them.			

ESG	OBJECTIVE	KPI	TIMEFRAME		
			Short term (1-2 years))	Medium term (3-5 years))	Long term (more than five years)
ENVIRONMENT	Achieve 100% of new suppliers assessed by environmental criteria.	+85%			
	Reduce fossil fuel consumption and convert company fleet to electric.	+100%			
	Implement a data collection and consumption monitoring system for the organisation's SCOPE 3 reporting.	Create procedures for the specific objective or adopt a platform for data and fulfilment management at multiple sites.			
	CARRON BAU: change to electricity supplier with guarantee of origin, resulting in lower total CO ₂ emissions.	-			
	CARRON SPA: reduce natural gas consumption in favour of self-produced renewable electricity, resulting lower total CO ₂ emissions.	-			

8

8 GRI INDEX

8.1 GRI 1

This document has been prepared in accordance with the following reporting principles established by the GRI Standards:

- Accuracy
- Balance
- Clarity
- Comparability
- Completeness
- Sustainability context
- Timeliness
- Verifiability

DECLARATION OF USE	Carron Cav. Angelo S.p.A. has reported the information mentioned in this GRI Content Index for the period from 1 January 2022 to 31 December 2022 with reference to GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021

8.2 GRI 2

STANDARD GRI/ OTHER SOURCE	INFORMATION	PAGE	NOTES/ OMISSIONS
GRI 2: General Disclosures 2021	2-1 Organisational details	Page 75	
	2-2 Entities included in the organisation's sustainability reporting	Page 75	
	2-3 Reporting period, frequency and contact point	Page 75	
	2-4 statements of information	Omission	Not present
	2-5 External assurance	Omission	Not present
	2-6 Activities, value chain and other business relationships	Page 7-17	
	2-7 Employees	Page 33-38	
	2-8 Workers who are not employees	Omission	
	2-9 Governance structure and composition	Page 33-38	
	2-10 Nomination and selection of the highest governance body	Page 19-21	
	2-11 Chair of the highest governance body	Page 19-21	
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 24	
	2-13 Delegation of responsibility for managing impacts	Page 24	
	2-14 Role of the highest governance body in sustainability report	Omission	Not present
	2-15 Conflicts of interest	Page 22	
	2-16 Communication of critical concerns	Page 25-27	
	2-17 Collective knowledge of the highest governance body	Omission	Not present
	2-18 Evaluation of the performance of the highest governance body	There is no formal procedure for the evaluation of the performance of the highest governance body.	

STANDARD GRI/ OTHER SOURCE	INFORMATION	PAGE	NOTES/ OMISSIONS
GRI 2: General Disclosures 2021	2-19 Regulations concerning remuneration	Remuneration is managed through internal processes ensuring confidentiality	
	2-20 Process to determine remuneration	No procedures applied.	
	2-21 Annual total compensation ratio	Page 38	
	2-22 Statement on sustainable development strategy	Page 5	
	2-23 Policy commitments	Page 25-27	
	2-24 Embedding policy commitments	The Company follows procedures in accordance with the Organisation and Management Model (MOG) and the Integrated Management System (IMS), as well as certifications held. Once a specific commitment has been identified, a corresponding manager is designated, usually the head of the relevant department. The tasks assigned to designated individuals are defined, and they maintain contacts with any relevant entities or consultants and receive the necessary training to perform their role.	
	2-25 Processes to remediate negative impacts	Page 25-27	
	2-26 Mechanisms for seeking advice and raising concerns	Page 25-27	
	2-27 Compliance with laws and regulations	Page 25-27	
	2-28 Membership associations	Page 45	
	2-29 Approach to stakeholder engagement	Page 76-77	
	2-30 Collective bargaining agreements	Page 33	

8.3 GRI 200

ECONOMIC TOPIC				
GRI STANDARD	INFORMATION	DESCRIPTION	PAGE	NOTES/OMISSIONS
GRI 201: Economic Performance 2016				
	201-1	Direct economic value generated and distributed	Page 29-31	
GRI 203: Indirect economic impacts 2016				
	203-2	Significant indirect economic impacts	Page. 45	
GRI 205: Anti-corruption 2016				
	205-1	Operations assessed for risks related to corruption	Page 22	
	205-2	Communication and training about anti-corruption policies and procedures	Page 22	

8.4 GRI 300

ENVIRONMENTAL TOPIC				
GRI STANDARD	INFORMATION	DESCRIPTION	PAGE	NOTES/OMISSIONS
GRI 301: Materials 2016				
	301-1	Materials used by weight or volume	Page 66-67	Only for pilot site
	301-2	Recycled input materials used	Page 66-67	Only for pilot site
GRI 302: Energy 2016				
	302-1	Energy consumption within the organisation	Page 50-52	
	302-4	Reduction of energy consumption	Page 66-67	
GRI 303: Water and Effluents 2018				
	303-2	Management of water discharge-related impacts	Page 60-61, 71	
	303-3	Water withdrawal	Page 60-61, 71	
	303-4	Water discharge	Page 60-61, 71	
	303-5	Water consumption	Page 60-61, 71	
GRI 305: Emissions 2016				
	305-1	Direct (Scope 1) GHG emissions	Page 53-54	
	305-2	Energy indirect (Scope 2) GHG emissions	Page 55	
	305-4	GHG emissions intensity	Page 69-70	
	305-5	Reduction of GHG emissions	Page 56-59	
GRI 306: Waste 2020				
Management approach	306-1	Waste generation and significant waste-related impacts	Page 58-59, 68	
	306-2	Management of significant waste-related impacts	Page 58-59, 68	
	306-3	Waste generated	Page 62-63	
GRI 308: Supplier Environmental Assessment 2016				
	308-1	New suppliers that were screened using environmental criteria	Page 17	
	308-2	Negative environmental impacts in the supply chain and actions taken	Page 17	

8.5 GRI 400

SOCIAL TOPIC				
GRI STANDARD	INFORMATION	DESCRIPTION	PAGE	NOTES/ OMISSIONS
GRI 401: Employment 2016				
	401-1	New employee hires and employee turnover	Page 34	
GRI 403: Occupational Health and Safety 2018				
	403-1	Occupational health and safety management system	Page 41-43, 72	
	403-2	Hazard identification, risk assessment, and incident investigation	Page 41-43, 72	
	403-3	Occupational health services	Page 41-43	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 41-43	
	403-5	Worker training on occupational health and safety	Page 40	
	403-6	Promotion of worker health	Page 41-43, 72	
	403-8	Workers covered by an occupational health and safety management system	Page. 41-43, 72	
	403-9	Work-related injuries	Page 41-43, 72	
	403-10	Work-related ill health	Page 41-43, 72	
GRI 404: Training and Education 2016				
	404-1	Average hours of training per year per employee	Page 39-40	
GRI 405: Diversity and Equal Opportunity 2016				
	405-1	Diversity of governing bodies and employees	Page 36-38	
	405-2	Ratio of basic salary and remuneration of women to men	Page 36-38	

SOCIAL TOPIC				
GRI STANDARD	INFORMATION	DESCRIPTION	PAGE	NOTES/ OMISSIONS
GRI 413: Human rights assessment 2016				
	413-1	Operations with local community engagement, impact assessments, and development programmes	Page. 45	
	413-2	Operations with significant actual and potential negative impacts on local communities	Page 45	
GRI 414: Supplier Social Assessment 2016				
	414-1	New suppliers that were screened using social criteria	Page 16-17	
	414-2	Negative social impacts in the supply chain and actions taken	Page. 16-17	
GRI 416: Customer Health and Safety 2016				
	416-1	Assessment of the health and safety impacts of product and service categories	Page 44	



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