

Gruppo Borghi

SUSTAINABILITY REPORT 2023

EXECUTIVE SUMMARY



Sustainability Report Contents

Below is the content structure of the Borghi Group's first Sustainability Report, referring to the 2023 financial year. The report has been prepared in accordance with the "GRI Sustainability Reporting Standards," following the "with reference" approach.



Letter to the Stakeholders

Methodological Note

1. Borghi Group

2. Our Business

3. Social Responsibility

4. Environmental Responsibility

Performance Indicators

GRI Content Index

Highlights



1960

**Gruppo
Borghi
Founded**

3

**Business Units:
Borghi, FOR,
T.Erre**

~370

**Million Euros
in revenue in
2023**

1

**Integrated
Management System**
Quality, Environment, Health
and Workplace Safety

7

**Manufacturing
companies and a
joint venture in
China**

20

**Countries in
which the
Group
operates**

2,259

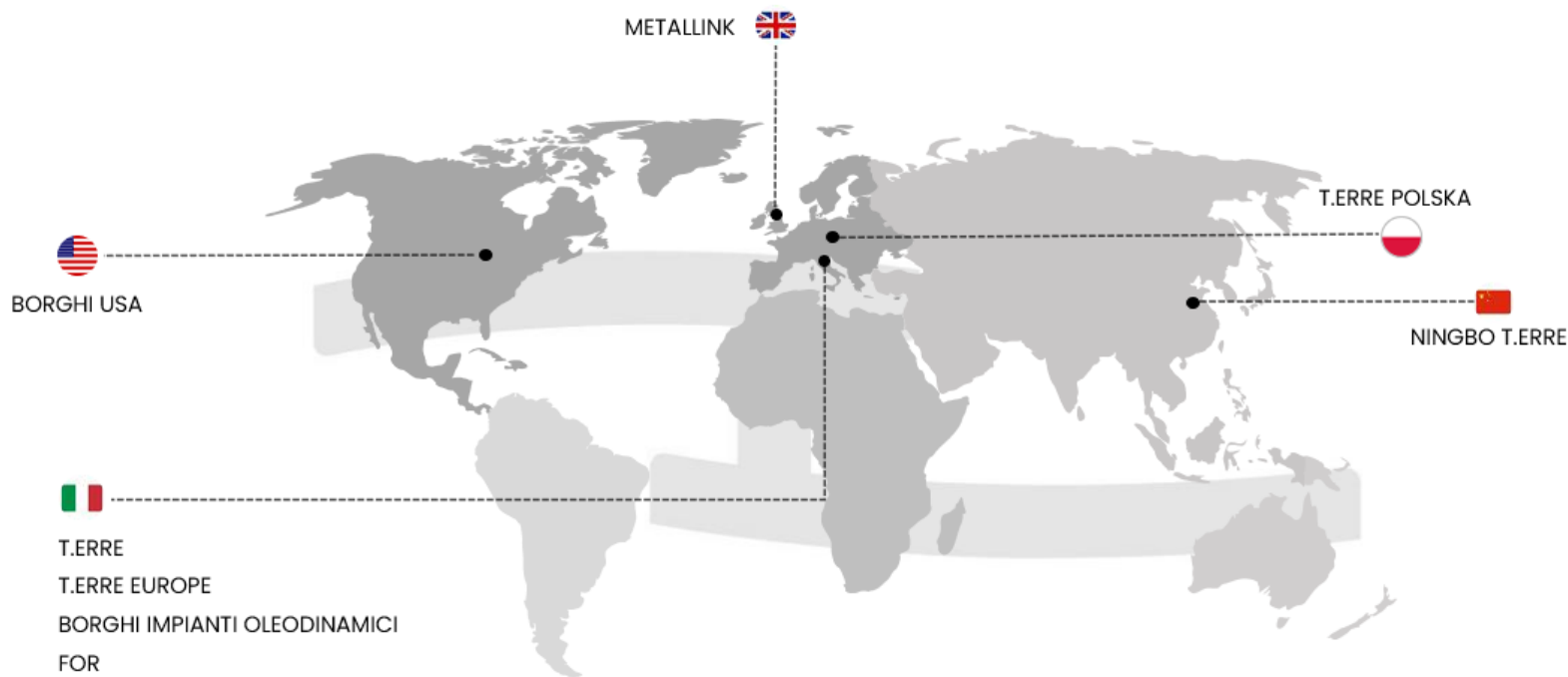
**Employees as
of
31.12.2023**

18%

**Renewable energy
of total energy
consumption**

The Group's History and Companies

Borghi Group, founded in 1960 in Bologna by Oliviero Borghi, the Borghi Group has been operating for over sixty years in the design, development, and production of pipes and fittings for applications in the Automotive (Car, Truck, Bus), Agriculture, Construction, Material Handling, and Mining sectors.



Borghi Group comprises seven production facilities located across Europe, the United States, and a joint venture in Asia, employing more than 2,250 people.

The companies, leaders in their respective sectors, are organized into three business divisions based on sector specialization. These divisions are focused on continuous investment in new technologies and processes, ensuring they remain competitive in global markets, serving major OEMs and Tier 1 companies.



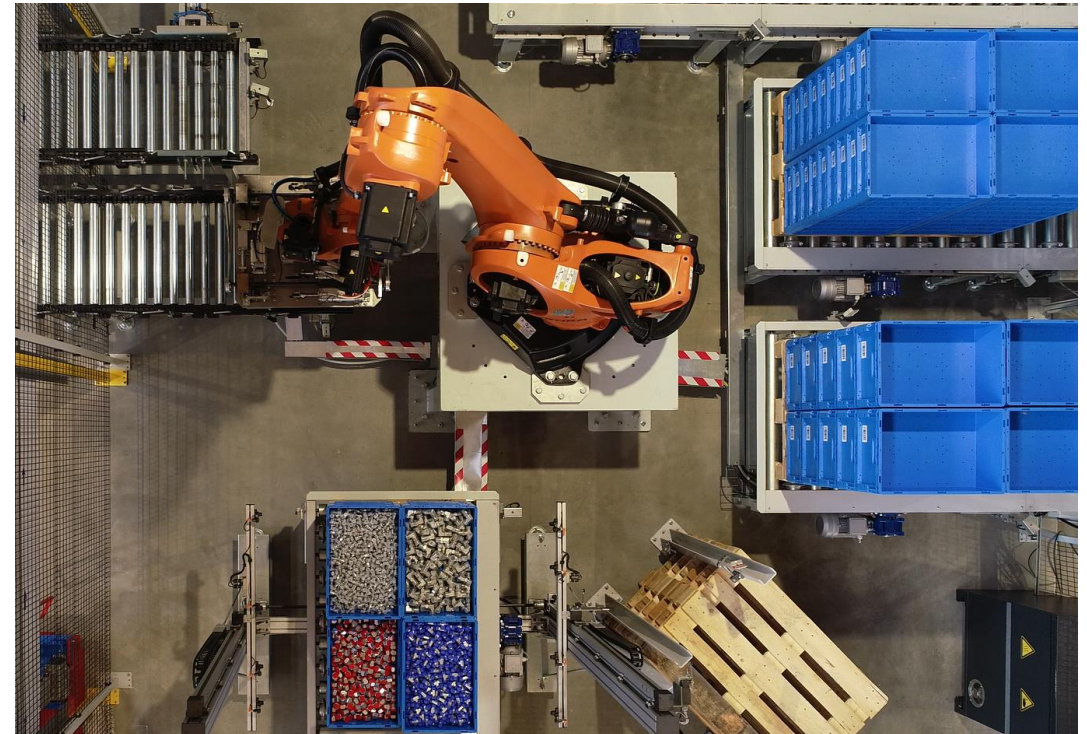
Governance and values

MISSION

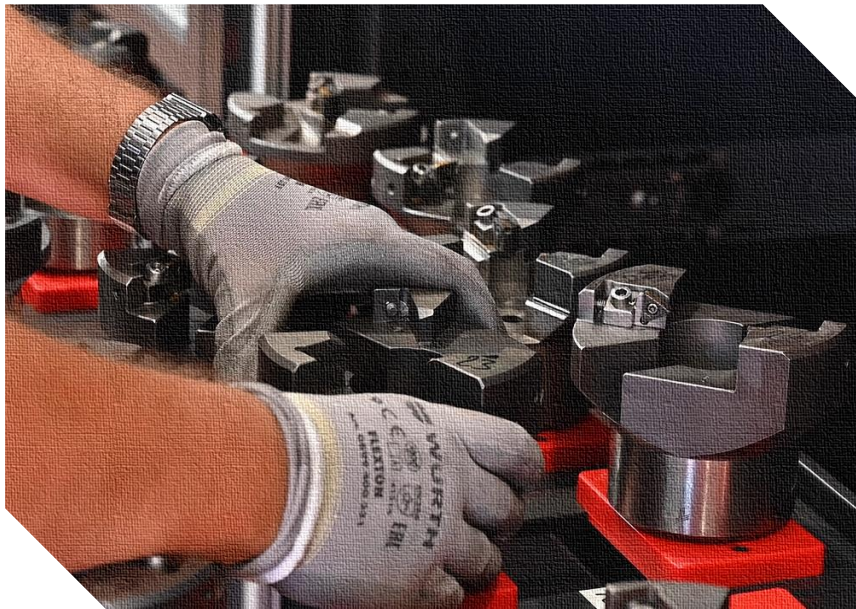
To be a Group capable of providing effective solutions for the production of pipes and fittings used across a wide range of sectors, from Automotive to Mining, with a focus on eco-sustainability. The Group aims to meet customer needs while creating value for shareholders, employees, and the community, with a strong commitment to upholding the ethical principles and standards of conduct outlined in the Code of Ethics.

VISION

To be at the forefront of innovation in operations management, exploring materials and production solutions that consistently position the Group as a benchmark for customers, designers, and competitors.



Governance and values



VALUES

HONESTY AND RESPECT

QUALITY AND INNOVATION

CORPORATE SOCIAL RESPONSIBILITY

INDIVIDUAL RESPONSIBILITY

CLARITY

COURAGE

SENSE OF BELONGING

Governance and values

In conducting its business, the Group aims to establish and ensure adherence to ethical principles and corporate responsibility. To uphold this commitment, the Italian companies have adopted a Code of Ethics, which outlines the values, behavioral standards, and principles that the Group follows in its operations and in its relationships with stakeholders, in full compliance with applicable laws and regulations.

MODEL 231/01

The Italian companies within the Group have adopted an Organisation, Management, and Control Model (MOG) in accordance with Legislative Decree 231/2001. The MOG acknowledges the administrative liability of entities arising from the commission of the offenses listed in the document, along with the corresponding sanctions, with the aim of ensuring the effective implementation of the Model.

WHISTLEBLOWING

The Whistleblowing system was updated in 2023, incorporating also the adaptation to the latest regulatory guidelines pursuant to Legislative Decree 24/2023 implementing the Whistleblowing Directive, where the reporting tool is given primary importance to the prevention of regulation violations and ensuring more effective protection for whistleblowers.

Business and markets served

The versatility of the Group is reflected in the variety of markets in which it operates: each company specialises in various fields of application which allow Gruppo Borghi to maintain its competitiveness in the different market sectors. The markets served by the Group are: Automotive Passenger Cars, Automotive Truck & Bus, Agriculture, Construction, Material Handling, Mining and other applications.

AUTOMOTIVE PASSENGER CARS



AUTOMOTIVE TRUCK & BUS



AGRICULTURE



CONSTRUCTION



MATERIAL HANDLING



MINING



Quality in what we do

The Borghi, FOR and T.Erre business units share an approach to quality management based on three common elements: risk mapping, objective planning and continuous monitoring. All companies implement systems to identify and mitigate risks, with actions aimed at ensuring compliance with quality requirements. They define annual objectives and improvement plans to monitor and optimise processes. Furthermore, they carry out sample checks and controls to guarantee product conformity, with a constant focus on customer satisfaction and validation of the results obtained.

RISK MANAGEMENT

PLANNING

**CUSTOMER
SATISFACTION**

CONTROL

VALIDATION

**CONTINUOUS
IMPROVEMENT**

In 2023, no non-compliances related to the health and safety impacts of products and services were reported.

Considered as an essential element, the Group has chosen to integrate quality within the Management System, with the aim of defining objectives to be laid out and the actions to be taken to obtain products compliant with customer demands.



ISO 9001
**QUALITY MANAGEMENT
SYSTEM**

*Borghi Impianti Oleodinamici S.p.A., FOR S.p.A.,
T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre Polska
Sp.Z.o.o.*



IATF 16949
**QUALITY IN THE
AUTOMOTIVE SECTOR**

*FOR S.p.A., T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre
Polska Sp.Z.o.o.*



Supply chain management



The Group's production process primarily employs ferrous materials, rubber, steel, plastic, and other materials used for manufacturing its products. To monitor its supply chain, the Group, through its Quality department, conducts audits of its suppliers, during which improvement actions to be implemented are identified.



BORGHI IMPIANTI

- ✓ Selection of suppliers based on quality, innovation and ISO 9001 certification
- ✓ Relationships with suppliers guided by the Code of Ethics
- ✓ Periodic performance monitoring and management of non-conformities

FOR

- ✓ Supplier selection based on ISO 9001 certifications, with preference for ISO 14001 and 45001
- ✓ Periodic performance monitoring and risk analysis
- ✓ From 2024, signing of the Code of Ethics and CSR self-certification is required

T.ERRE

- ✓ Supplier selection based on ISO 9001 and preference for IATF 16949 and ISO 14001
- ✓ Rating of suppliers on costs, quality and logistics, with annual audits based on the scores
- ✓ Obligation to comply with the Code of Ethics and risk analysis of business operations

The Group's People

The employees of the Borghi Group constitute the key resource for the success of the Group and represent the driving force behind each company activity. Their skills, commitment and dedication are fundamental aspects leading to the innovation and growth of the company.

2.259

Employees at
Group level as
of 31.12.2023

+160

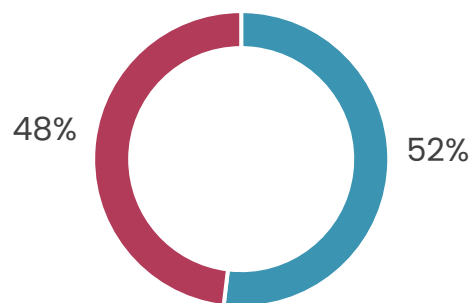
Net change
against 2022

+7.6%

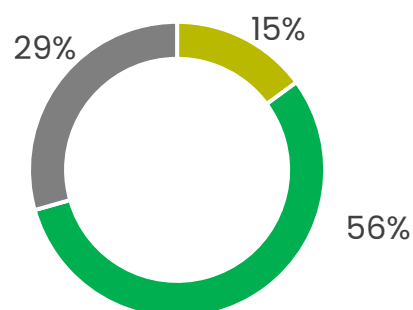
Percentage
change against
2022

years

Composition of the workforce



■ Men ■ Women



■ <30 years ■ 30-50 years ■ >50 years

The composition data refers to 1,501 employees, which include the employees of the company included in the reporting perimeter (Parent Group Gruppo Borghi S.p.A. and the subsidiaries Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre Polska Sp.Z. o.o.).



The Group's People

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Our commitment to people's well-being

- ✓ The Borghi Group attracts talent thanks to its reputation and contacts with local technical schools.
- ✓ Use of an ad hoc platform for personnel research and selection.
- ✓ Investments in employee well-being and benefits such as canteen, welfare vouchers and flexibility for parents.
- ✓ Introduction of time flexibility measures to improve work-life balance.
- ✓ Monitoring of the company climate with periodic analyse and listening points to improve employee satisfaction.



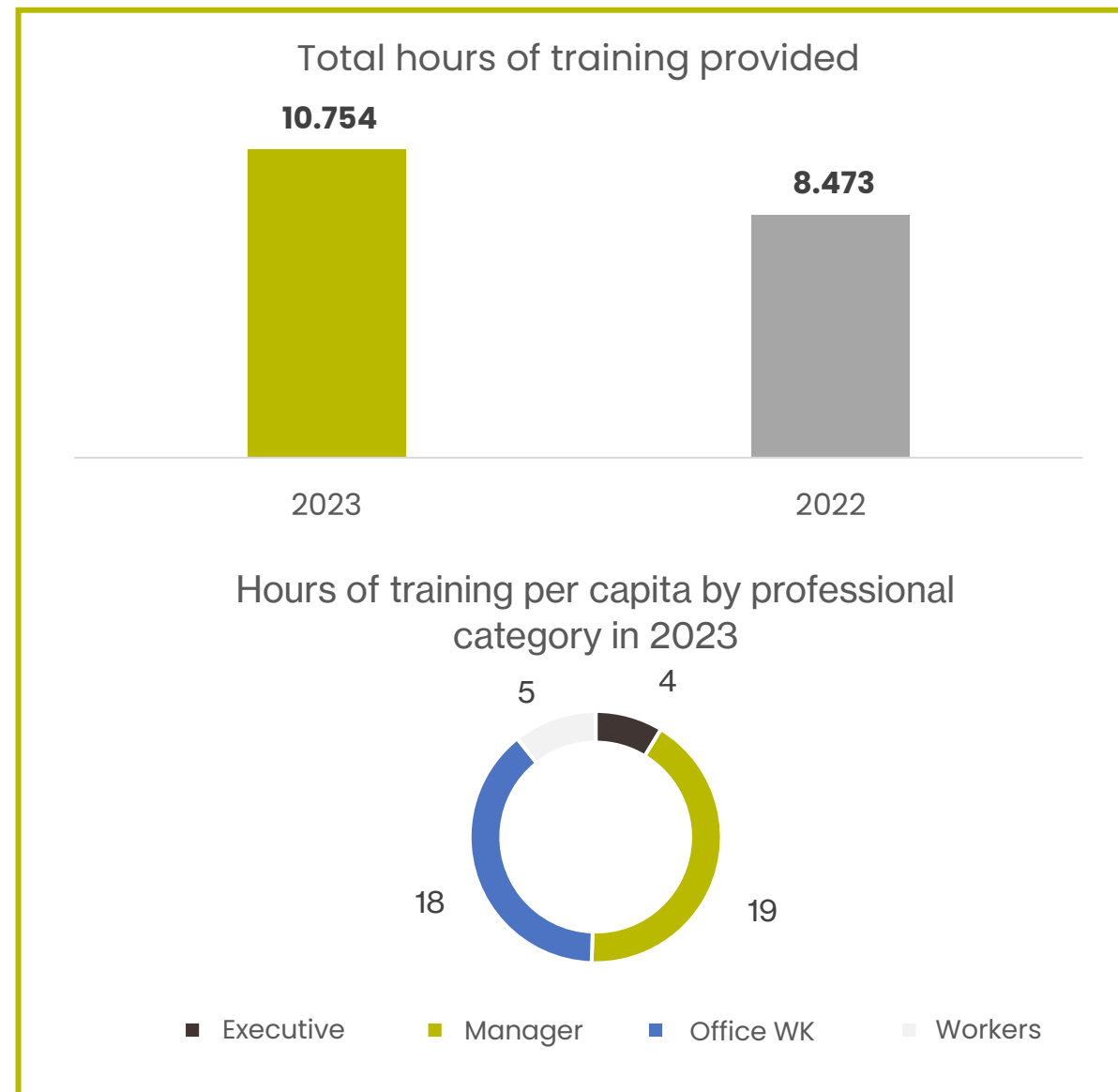
Training and skills development

The importance of training and developing people is one of the elements enabling encouragement of staff well-being, promoting development and growth of their skills. The process for providing training courses is common within all Group companies.

In 2023, 10,754 hours of training were provided, a clear increase compared to the 8,473 hours provided in the previous year (+27%), of which 2,954 were hours on health and safety. The hours of training per capita in 2023 amount to 7.

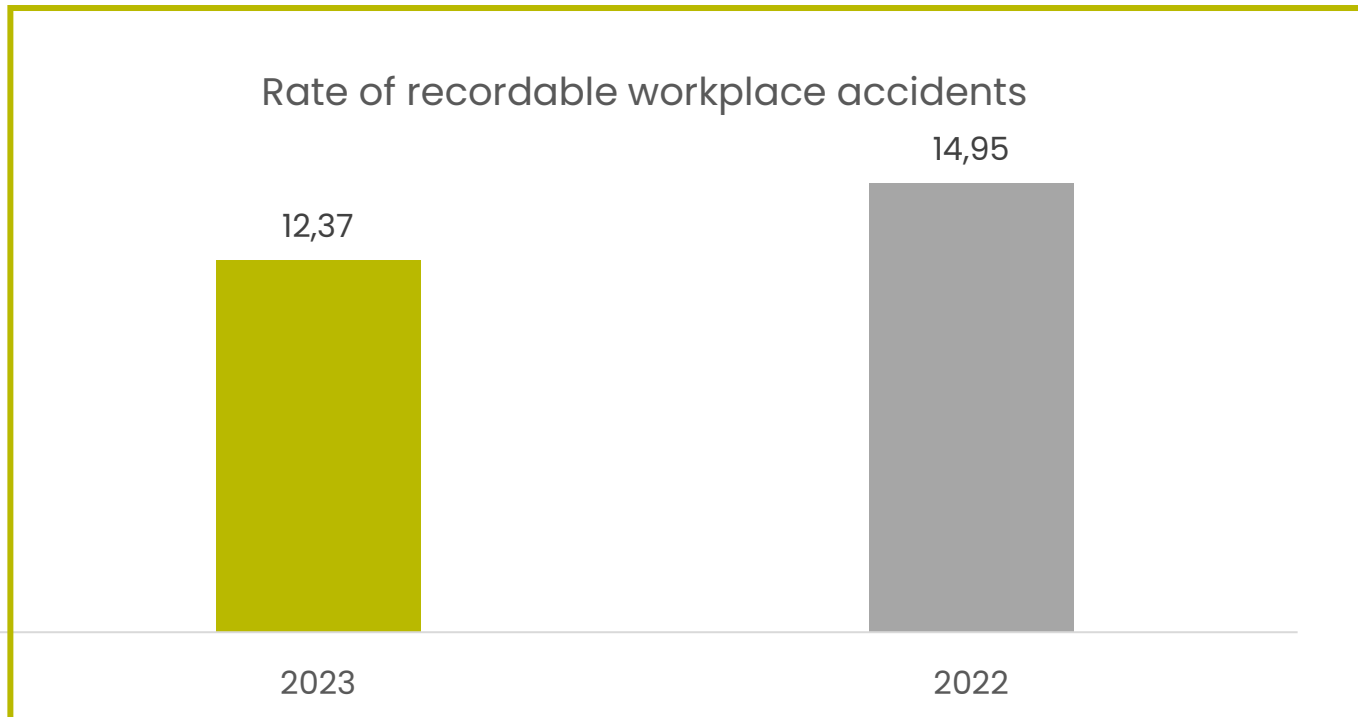
This constitutes an element of great pride for the Group as it demonstrates staff attention towards the work carried out and motivation of learning.

The data on training refers to 1,501 employees, which include the employees of the company included in the reporting perimeter (Parent Group Gruppo Borghi S.p.A. and the subsidiaries Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre Polska Sp.Z. o.o.).



Health and safety management

In compliance with the requirements of Legislative Decree 81/08, the Italian companies have appointed a Prevention and Protection Service Manager (RSPP), responsible for ensuring the implementation of appropriate safeguards to protect the health and safety of workers. Furthermore, to meet the requirements of Legislative Decree 81/08, the Group prepares and periodically reviews a Risk Assessment Document (DVR) that addresses common risks associated with the Group's business sectors, such as manual lifting, work-related stress, biological hazards, and others.



Certified health and safety management system at Borghi Impianti Oleodinamici S.p.A., FOR S.p.A. and T.ERRE S.r.l sites.

-9%

Injuries recorded compared to 2022

12.4

The rate of recordable injuries in 2023

The injury rate was calculated as the ratio between total number and hours worked, using a multiplication factor of 1,000,000.



The data on health and safety refers to 1,501 employees, which include the employees of the company included in the reporting perimeter (Parent Group Gruppo Borghi S.p.A. and the subsidiaries Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.erre S.r.l., T.erre Europe S.r.l., T.erre Polska Sp.Z.

Our commitment to the environment

Environmental protection, which is included among the principles of the Group's Code of Ethics, is expressed through the constant commitment to ensuring responsible and sustainable growth and pushes Gruppo Borghi to face environmental challenges with awareness and complete transparency. The effort towards reducing its environmental impact derives from the awareness of a shared responsibility towards environmental protection..



ISO 14001

Certified health and safety management system at Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.Erre S.r.l. and T.Erre Polska Sp.Z. o.o sites.

-32%

Scope 1 and Scope 2 Emissions
(Market-Based) compared to 2022

18%

renewable energy from total energy
consumption

100%

electricity covered by Guarantee of
Origin in 2023 in T.Erre Polska Sp.Z.o.o.

Our commitment to the environment



Company activities are conducted in full compliance with legal environmental requirements and the authorisations held by the various production sites. The Group's environmental authorisations, T.Erre S.r.l. and T.Erre Europe S.r.l. are in possession of the Single Environmental Authorisation (AUA), while Borghi Impianti Oleodinamici S.p.A. and T.Erre S.r.l. I hold the Integrated Environmental Authorisation (AIA).

In managing the issue, the Group carries out an in-depth assessment of the related risks, identifying the actions to be taken to address these risks, guaranteeing a proactive and mitigative approach. Aware of the importance of environmental risk assessment, T.Erre S.r.l. and T.Erre Europe S.r.l. have developed their own environmental risk analysis.

Energy consumption

To monitor and reduce its negative effects on the environment, the Group collects and manages data at individual company level both for internal management purposes and for the preparation of the Sustainability Report.

125,510

GJ of energy consumed in 2023

-5%

Energy consumption compared to 2022

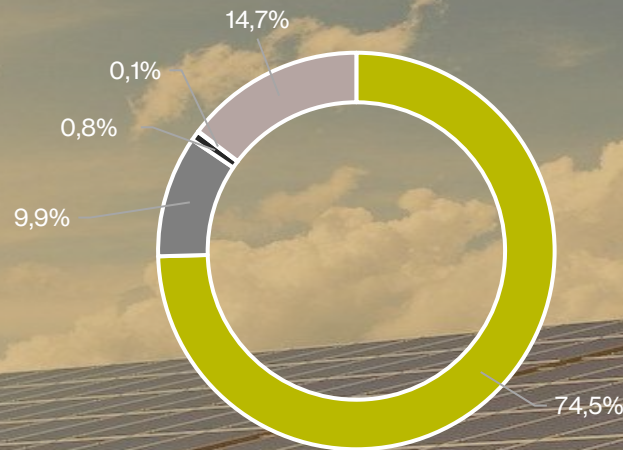
18%

Renewable energy on the total

MAPPING OF ENERGY CONSUMPTION FLOWS

In compliance with Legislative Decree 102 of 4 July 2014, the Group conducted the energy diagnosis for three Group sites, selected on the basis of the criteria imposed by law. The objective is to obtain a complete vision of the energy behaviour of the sites under examination in order to determine the actions to be implemented to achieve energy efficiency.

Non-renewable fuels by type of consumption (%)

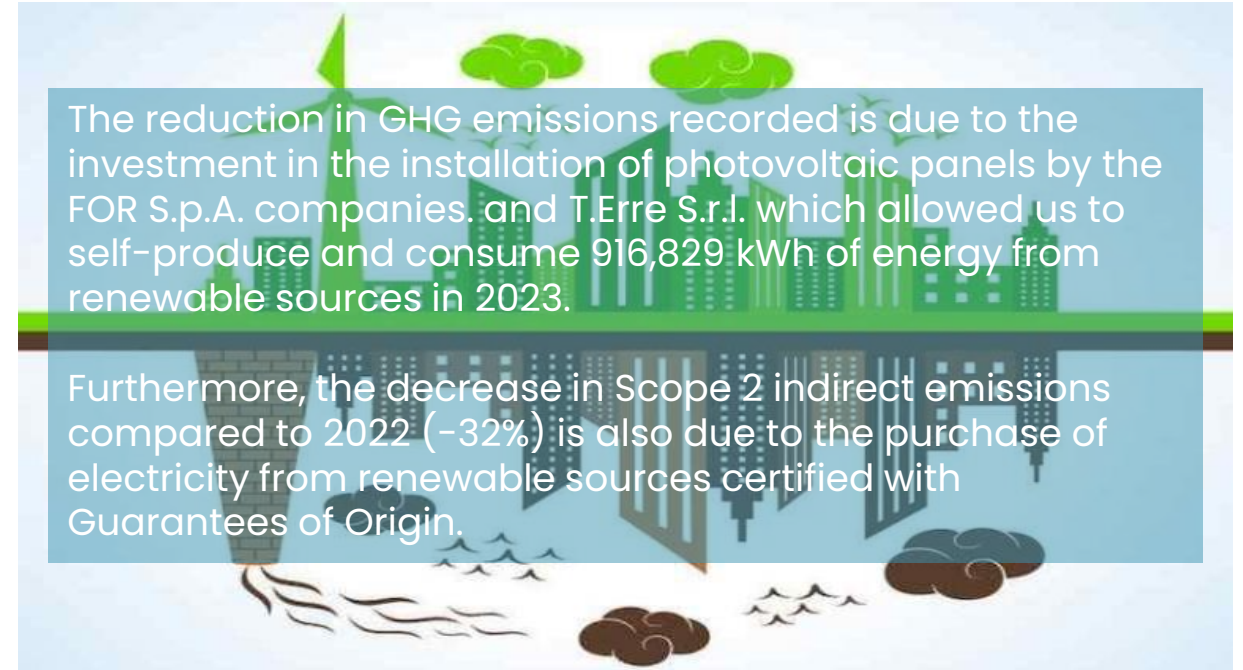
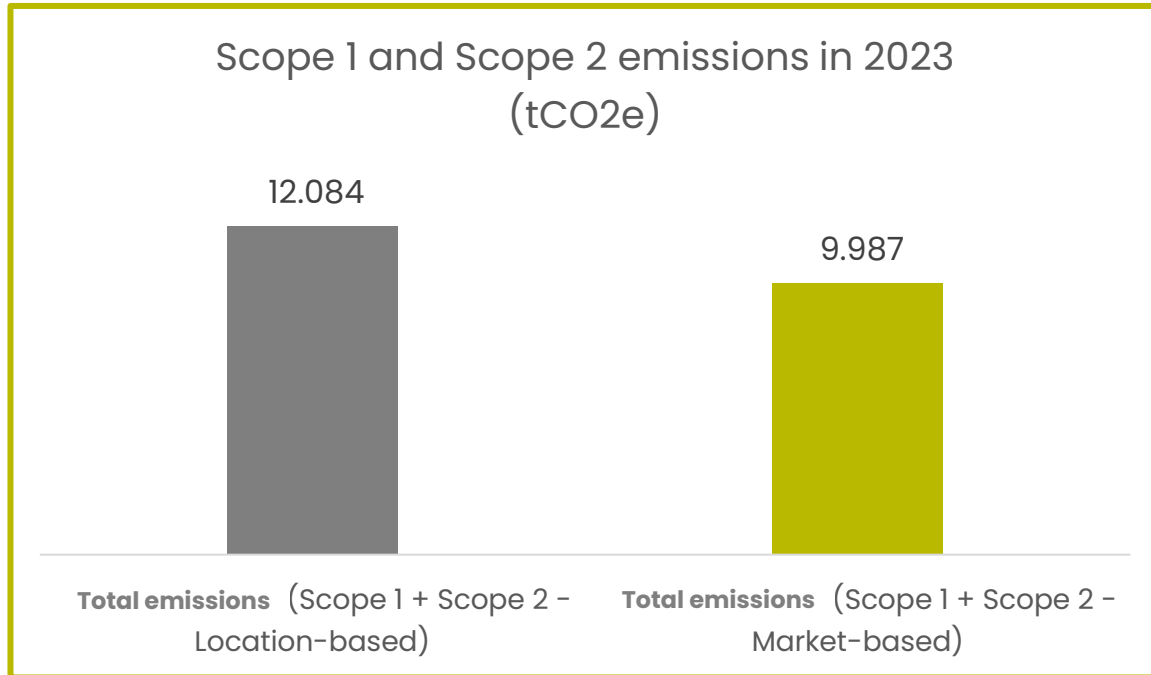


■ Natural gas ■ Diesel for vehicles ■ Petrol for vehicles ■ LPG for vehicles ■ Propane

The data on energy and emissions refer to the companies included in the reporting perimeter (Parent Group Borghi S.p.A. Group and the subsidiaries Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre Polska Sp.z o.o.).

Climate-changing emissions

Scope 1 and Scope 2 (Market-based) emissions amounted to 9,987 tonnes CO₂e, significantly lower than the 12,084 tonnes CO₂ emissions of Scope 1 and Scope 2 (Location-based).

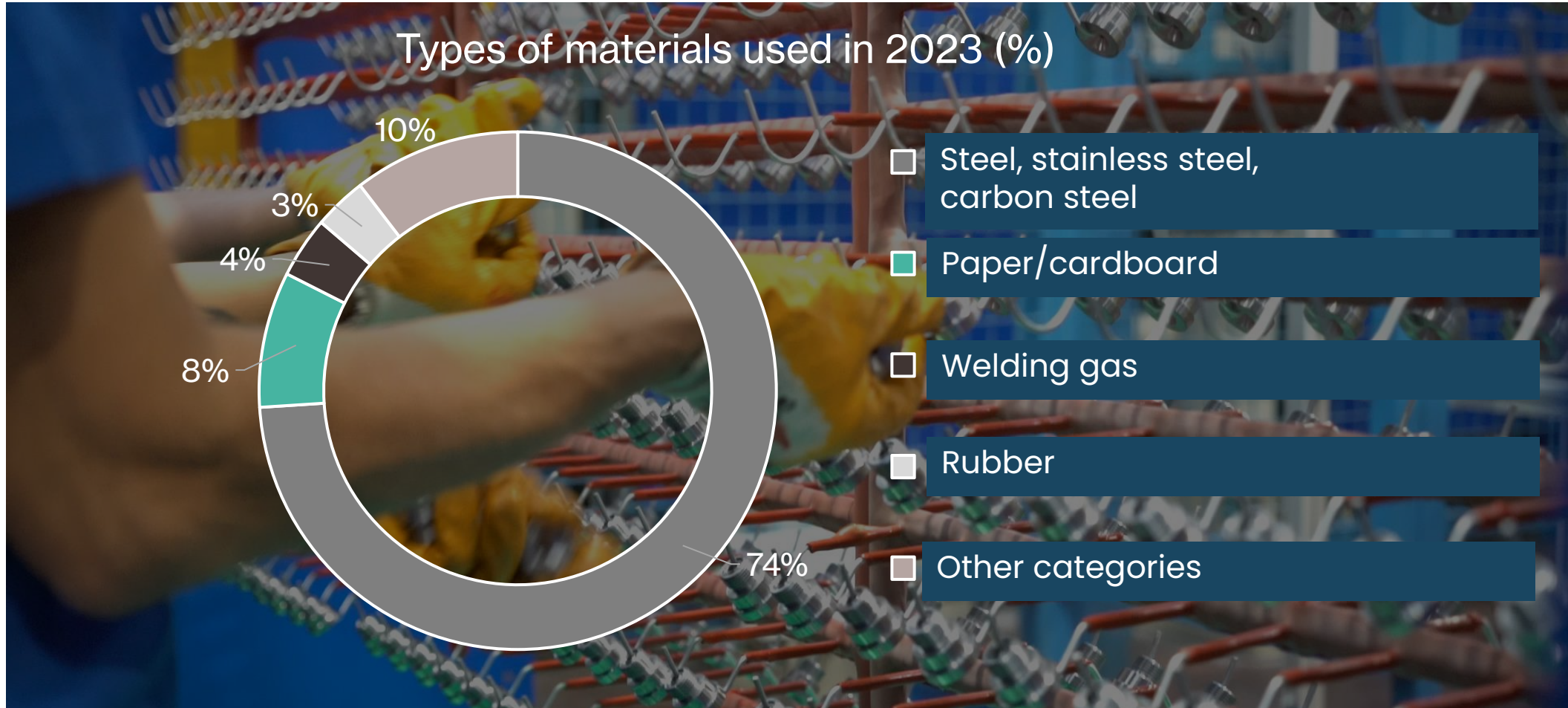


ORGANIZATION CARBON FOOTPRINT CERTIFICATION – ISO 14064

The Carbon Footprint study carried out in 2022 by the T.erre business unit is also part of the Borghi Group's sustainability path, which allowed us to obtain a detailed vision of the environmental emission impact. In fact, the Carbon Footprint study was carried out to analyse and quantify the GHG emissions of the corporate activities of T.erre S.r.l, T.erre Europe S.r.l and T.erre Polska Sp.Z.o.o., in compliance with the UNI EN ISO 14064 standard -1:2018.

The materials used and waste management

For the Group's production activities, materials such as steel are mainly used, which constitutes the vast majority of the materials used (74% of total materials), paper and cardboard (8%), welding gas (4%) and rubber (3%).



The materials used and waste management

For the Group's production activities, material such as steel is used, which constitutes the vast majority of the material used (74% of total materials), paper and cardboard (8%), welding gas (4%) and rubber (3%).

16.264

Tons of materials
used in 2023

4.643

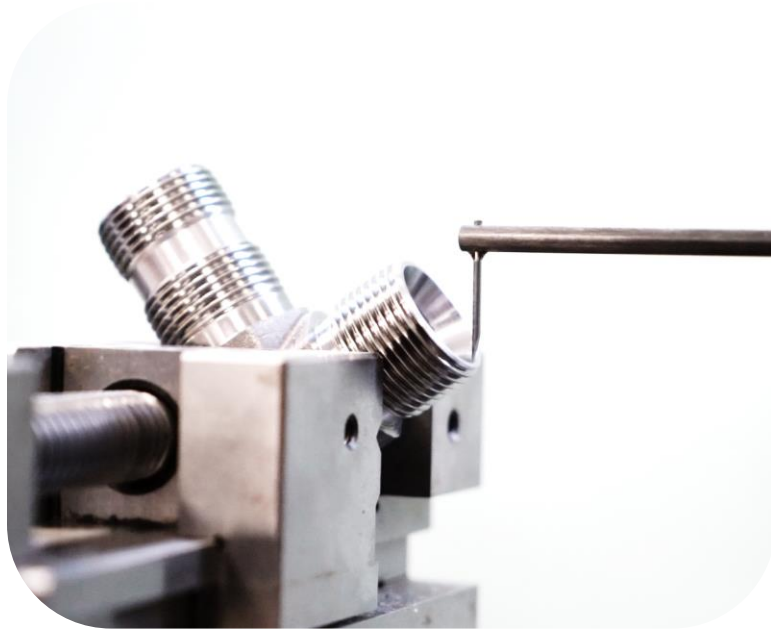
Tons of waste
generated in 2023

10%

Renewable materials
(paper and wood) on the
total

THE WASTE PRODUCED BY THE GROUP

The main types of waste generated by the Group are ferrous material, paper and cardboard and wood. With regard to hazardous waste, the main types are acids, degreasing waste and machinery emulsions. Overall, 4,643 tonnes of waste were produced in 2023, in line with 2022 (-0.2%), when the tonnage amounted to 4,652 waste, the percentage of non-hazardous waste is 82%.



The data on materials and waste refer to the companies included in the reporting perimeter (Parent Group Borghi S.p.A. Group and the subsidiaries Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre Polska Sp.Z. o.o.).

Methodological note

This document represents the first Sustainability Report of the Borghi Group (in the document also "the Group") with the aim of transparently communicating approach, commitment and main results in the field of environmental, social and economic sustainability in relation to 2023 financial year (from 1 January 2023 to 31 December 2023). This Sustainability Report was drawn up by reporting a selection of the "GRI Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI), as indicated in the "GRI Content Index" table.

The scope of the economic data and information is the same as that of the Group's consolidated financial statements as at 31 December 2023. With regards to the Group's social and environmental data, the Parent Company Gruppo Borghi S.p.A. is included in the reporting scope, and the subsidiaries Borghi Impianti Oleodinamici S.p.A., FOR S.p.A., T.Erre S.r.l., T.Erre Europe S.r.l., T.Erre Polska Sp.Z. o.o., while the companies Ningbo T.Erre Automotive Co Ltd., Borghi USA Inc and Metallink L.t.d. are excluded. as at the date of this Report the information is not currently available.

In order to allow the comparability of the data over time and the evaluation of the performance of the Group's activities, the 2022 comparison period has been included, where available. Furthermore, in order to guarantee the reliability of the data, the use of estimates has been limited as much as possible, which, if present, are appropriately reported and based on the best available methodologies.

Furthermore, it should be noted that during the 2023 financial year there were no significant changes relating to the size, organizational structure, ownership structure and supply chain of the Group.

For further information and suggestions regarding the Borghi Group Sustainability Report, you can write to: report@borghi-impianti.com

The Sustainability Report, drawn up annually, is not subject to review by an independent third party.

The document is also available on the website: [Home Gruppo Borghi | Borghi Group](#)