2022 SUSTAINABILITY REPORT

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Letter to stakeholders

Dear stakeholders,
once again this year we have maintained our commitment to present to you the DESPE S.p.A. Sustainability Report: this second edition continues to be a practise in transparency and dialogue with all of you, where we are fully aware that today, more than ever, we cannot discuss business and economic development without fully committing to the social and environmental sustainability of development itself.
Concepts that today risk being deemed trivial and obvious, given they are constantly on everyone's lips, but this is not the case as far as DESPE is concerned: even though this is only our second report, these are concepts we have always put into practise. They are in our DNA, as we operate in full compliance with environmental sustainability requirements and according to the best practises of the circular economy, investing significant resources in research and development, always searching for the best solutions to minimise the impacts of our footprints.
We have been internationally recognised for almost 50 years for our ability to succeed in the most complex challenges; this makes us extremely proud, but at the same time requires high levels of responsibility on our part. This is why we continuously invest in our human resources, technologies, safety, environmental protection and quality.
2022 was a year full of events that disrupted the global competitive scenario. On the one hand, the control over t he COVID-19 pandemic has allowed many countries to return to near normality but, on the other hand, geopolitical tensions linked to the war in Ukraine, together with the rise in inflation and interest rates, the climate crisis and the energy crisis are all major elements of uncertainty that will continue to impact the coming months. In this exceptionally challenging context, DESPE continues its path of development, economic growth and commitment to the environment, people and the territory. Turnover in 2022 exceeded € 47 million, a year-on-year increase of 3%, profit-

ability remained stable (EBITDA At 13%), despite the significant increase in raw material and energy costs; there were 82 employees. Important results were also achieved from the investments made which, in 2022, amounted to over € 4 million (+60% compared to 2021). In 2022 we were proud to present our new flagship product, the CAT 6015 Jumbo Demolition, one of the largest demolition excavators ever built in the world.

In short, we have never faltered, on the contrary, we have moved forward with grit and determination basing our responsible behaviour on sustainable innovation and continuous research. Our resources and our investments have always aimed to improve our solutions and processes day after day: this is our way of guaranteeing sustainable development for future generations.

The following pages attempt to represent all of the above and, once again, discuss all aspect with all our stakeholders to identify together the opportunities for improvement in the future. It is more than likely that, in the coming years, we will also have the obligation to render our sustainability reports public (based on recent regulatory developments at a European level): we will respond by reaching this deadline well prepared, convinced that sustainable development is a sine qua non condition to help build, protect and enhance the future of the new generations and the Country as a whole.

Enjoy the read.

DESPE S.p.A.
Panseri Stefano
Managing Director

"We work worldwide exporting professionalism, technology and MADE IN ITALY".

Methodology note

Purpose, scope and reporting period

This second DESPE SpA Sustainability Report describes in a transparent manner the role and responsibilities of the Company towards its stakeholders, measuring the results achieved in relation to the commitments undertaken regarding material topics. Once again this year, DESPE has drafted this report on a voluntary basis, as there are no mandatory obligations to publish a sustainability report as of yet: however, we expect it to fall within the obligations of the Corporate Sustainability Reporting Directive – "CSRD" (Directive 2022/2464), the new Sustainability Reporting Directive that was finally approved by the EU Council in November 2022, which will expand the sustainability reporting obligation during the coming years.

The data and information contained in this Report relate to the period from 1 January 2021 to 31 December 2022 (**reporting period**) and are disclosed on an annual basis; these data are compared with the information related to the previous years, in order to allow all stakeholders to compare performance over time; no restatement of data published during the previous years was required.

Reporting Process

The "Sustainability Reporting Standards" issued in 2016 by the Global Reporting Initiative (GRI), with subsequent additions and amendments (including the adoption of the 2021 GRI Universal standards), were used to prepare the 2022 Sustainability Report based on the "GRI-referenced" approach. The preparation of the document required the implementation of an in-house reporting process carried out by a Work Group made up of the various reporting area referents, under the supervision of a project leader and the company's Top Management.

The topics covered in the Sustainability Report are those considered "material" (relevant) as they are able to reflect the organisation's impacts on the economy, the environment and people, including those on human rights. These issues were identified by means of a materiality analysis of material topics according to the approach described in paragraph "1.6 Stakeholders and material topic analysis".

Contact Us

For comments, requests, opinions and suggestions for improvements to this Sustainability Report, please contact:

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1.
DESPE company profile

1. DESPE company profile

Highlights 2022- DESPE in snippets

- Almost 50 years of history - Founded in: 1975 - Operates in Italy, Europe and North America
- Member of: CTBUH, EDA, NADECO, EDI
- Certifications/Regulations/National Bar Registrations:
  - Quality UNI EN ISO 9001(since 1998)
  - Environment UNI EN ISO 14001 / EMAS III (since 2006)
  - Safety UNI EN ISO 45001(since 2018)
  - Energy UNI EN ISO 50001(since 2018)
  - CQOP SOA OG1 -V / OG3- IV -BIS / OG7 - IV / OG12 -VI / 0S 1- III BIS / OS21 - II / OS23 -VIII
  - National Registry of Environmental Professionals CAT 8B-9B-10B-C
  - Organisational Management and Control Model according to L.D. 231(since 2008)
- Worksites operating in 2022: 39
- Employees and consultants: ca. 100
  - Women employees in 2022: 18%
  - Hours of training on Occupational Health and Safety issues in 2022: 780
- Total machinery fleet: 300 machines/equipment
- Investments: € 4.2 million
- Maximisation of the recovery of generated waste: in 2022 more than 95% of the waste from Construction & Demolition (C&D) was recovered
- Use of the landfill as the last solution for waste disposal
- Awards and nominations for the 'WORLD DEMOLITION AWARDS': 40

1.1. Who we are and what we believe in

We are a company recognised internationally for its unique ability to design innovative solutions and succeed in the most complex challenges. We are what we do. And for over 50 years we have been trying to do it as best we can".

Giuseppe Panseri,
Founder and chairman of DESPE S.p.A.

A pioneer in the history of demolition in Italy, DESPE is currently one of the most important international players in the DEMOLITION, ENGINEERING CONSULTING, RECLAMATION AND DECOMMISSIONING sectors. An absolute benchmark in terms of innovation and one of the few companies in the world to have won more than 14 awards at the prestigious 'World Demolition Awards'.

DESPE firmly believes in innovation and technological development and strives to best meet the requirements of its Customers, by focusing on the customisation of bespoke systems and solutions. This is thanks to the professional skills and expertise of its human resources, and a flexible organisation, capable of accelerating decision-making to deliver swift, high-quality services; DESPE adopts safe, efficient and environmentally friendly solutions in line with global sustainable development trends.

DESPE Pillars

Safety First

The company has achieved previously unimaginable levels of safety and respect for the environment, in accordance with the laws in force and paying such attention that it has even set new benchmark standards. Because to demolish flawlessly, you first need to know how to create flawlessly. And DESPE has been doing just that for almost 50 years.

Innovative DNA

DESPE invests systematically in innovation through DRS®, the in-house R&D department, which is capable of developing systems and technologies that have already revolutionised the demolition world and continue to do so. It also has one of the largest and highly specialised machinery fleets in the whole of Europe with over 300 pieces of equipment, including the Made in DESPE equipment, duly patented by the company.

360 degree training

The company has specialised excavators with more than 35 years of experience, nuclear engineers, personnel who can operate in high-risk industries, and a team of about 100 resources who are constantly updated both on the job and in the classroom. A real team that shares the goals and works together to achieve them.

Code of Ethics: Our Charter of Values

DESPE's Code of Ethics defines the ethical and social responsibility of all those involved in the business organisation. Ethical orientation is an indispensable approach to ensure the reliability of the Company's behaviour toward Stakeholders and, more generally, towards the entire civil and economic context in which the Company operates.

In particular, DESPE's values focus on:

- Legality, honesty and fairness
- Respect for the physical and cultural integrity of individuals and non-discrimination
- Valorisation of Human Resources
- Health and safety of people and working environments.
- Environmental protection and sustainable development
- Fight against corruption and conflicts of interest
- Fair Competition
- Responsibilities towards the Community
- Confidentiality
- Transparency
- Protection of Privacy
- Fair contract management
- Impartiality

1.2. Our history

DESPE is one of the major Italian players specialised in the demolition sector. It was the first ITALIAN company to become a member of the EDA, the European Demolition Association, when Italy did not yet have its own national association.
The company Scavi di Bergamo was founded by Vincenzo Panseri back in the **1950s**. It was a small family business operating in the excavation sector.
In the **1970s**, Giuseppe Panseri, his son, decided to turn the hugely successful family business into a company specialised in demolition works.
At that time, demolition did not exist in Italy. It was mainly an activity improvised by unskilled operators. No Italian company had the means and expertise to carry out these activities in a professional manner.
With the support and endorsement of his father, Giuseppe Panseri took a trip to Japan and returned to Italy with the designs for the first demolition grippers.

In 1975 DESPE Srl was founded, which is the acronym of Demolizioni Speciali (Special Demolitions).
A family business which aimed to specialise in the demolition sector and bring to Italy the skills and means that were not available at that time. Panseri also imported the designs the first excavators with a demolition arm from Japan, when in Italy the famous "cartoon type wrecking ball" was still being used.

In the 1990s Panseri invented and patented two systems that are still unsurpassed today. The hydraulic platform for the demolition of chimney stacks in complete safety and the hydraulic boiler abseiling system.
DESPE carried out specialist work throughout Italy, especially in the thermal power plant sector, where its technological inventions lead it to be considered as the only company capable of performing demolition with high safety standards. Giuseppe Panseri was considered to be the pioneer of Italian demolition works and one of the leading experts in Europe.

In 2000: during the restructuring of the Scala Theatre Stage Tower in Milan, the Flying Demolition System made its debut, an excavator condensed into a small container which makes it possible to reach any demolition height required.

In 2011: the **TopDownWay** system made its debut in Lyon (France), the safest system in the world for demolishing skyscrapers.

In 2016, the **Self Climbing Kokoon** made its debut in Manhattan, New York City, a protective system for iron skyscraper builders that revolutionised safety and productivity standards in this extremely traditional industry.

In 2018, the **Cut&Drop** system made its debut in Lyon, which was able to dismantle a building starting from its foundations, using hydraulic cylinders that cut parts of the building and accompany them to the ground.

In 2022: The CAT 6015 **Jumbo Demolition**, one of the largest demolition excavators ever built in the world, became part of the DESPE fleet.
Jumbo incorporates a mix of technology and advanced hydraulics that enables it to perform large volume projects with extreme accuracy regardless of its extraordinary size.

DESPE today
Today, DESPE is one of the most important Italian and European enterprises. Every year it is invited to represent Italy at the major demolition conferences abroad. The Chairman's sons have also now joined the company: Stefano Panseri, CEO, member of the NADECO Technical Commission, Chairman of EDA and Roberto Panseri, Managing Director and Sales Manager.

1.3. Business Model and reference benchmark sectors

During 2022, according to data from the ANCE Study Centre and ISTAT, the Italian economy achieved a positive performance, exceeding the expectations of most economic observers, with a deterioration after the start of the conflict in Ukraine. In fact, GDP in 2022 recorded a solid year-on-year increase of 3.7%, higher than our main European partners for the second consecutive year, thus continuing the post-pandemic recovery phase that began in 2021 (7% year-on-year). Growth is driven by domestic demand, especially in the investment sector (9.4% in 2022), where **the important contribution made by the construction sector** is highlighted among the various sectors, and has been the main growth drive of the Italian economy over the last two years. According to forecasts made by ANCE, **around one third of GDP growth in the relative periods is attributable to construction**.

Construction firms promote policies that combine the entrepreneurial skills of this industry with the interests and needs of civil society, aiming to achieve:
· economic, social and labour growth
· energy-environmental sustainability
· welfare of the country.

Within this context, DESPE operates using **its own business model** which, by focusing on aspects such as experience, quality, safety and careful planning of all logistical aspects, has led it to be the reference benchmark on the Italian demolition market.

Thanks to the design and development of techniques and equipment aimed at solving the most complex operational situations DESPE now has a sound reputation on the domestic and European markets. A result that led it to become the Italian enterprise with the largest turnover achieved exclusively and entirely in this specific building sector compartment.

1. DESPE company profile

Controlled demolition requires specific skills and the use of qualified operators at all levels; this is why DESPE has always focused on its human resources and their training. Thanks to this constant attention, the experience and skills of its operators, team leaders, technical engineers and their ability to work in teams implementing techniques that valorise individuals, the company is able to manage all assigned projects perfectly in maximum safety conditions.

Process map

1 PRIMARY PROCESSES

- Special demolition of civil and industrial structures
- Nuclear decommissioning
- Land reclamation
- Coordination of reclamation activities
- Brokerage without holding hazardous and non-hazardous waste
- Design of special machines operating in the field of demolition and building construction

2 SECONDARY PROCESSES

- Management processes
- Support processes
- Management processes

The company has at its disposal a vast fleet of machines which includes excavators with 24, 35, 55 meter arms, excavators with standard arms, pliers, shears, and crusher units of various sizes, tyre or track mounted mechanical shovels, means for the transportation of rubble, special dust abatement units, telescopic lifting devices and compact machines.

Further to these machines, all built in accordance with sector-defined technical specifications, DESPE also has a number of special patented tools (such as the chimney demolition platform, or the radio-controlled robots) which have been entirely designed and developed by our in-house technical teams. Since 2016 DESPE has also been involved in the design and manufacture of special machines for the demolition and construction of buildings.

Given the works completed and its recognition at an international level, DESPE continues to be the most highly qualified member of the EDA (European Demolition Association) and a founder partner of NADECO (Italian National Demolition Association). These qualifications not only constitute a seal of guarantee concerning the technical and organisational capabilities, but endorse a work method that undergoes continues evolution.

AREAS OF OPERATION

DEMOLITIONS AND MUCH MORE

DESPE has developed a benchmark standard that translates into projects with the highest levels of safety, sustainability, and efficacy, on all types of structures, in all environments and in any condition. It has completed a number of interventions that have gone down in history in the Italian demolition industry, such as the demolition of the Scala Theatre Stage Tower in Milan, or the demolition of the Tavazzano Chimney Stack (LO), the tallest building ever demolished in Europe up until then.

1. DESPE company profile

ENGINEERING CONSULTING

Complexity must also be deconstructed to make it manageable, controllable, resolvable. This is why DESPE conducts design studies that are able to predict every structural, environmental, logistic and safety aspect. In addition to designing and building special demolition technologies, it also provides advice and support, sharing its expertise across the globe.



NUCLEAR and PHARMACEUTICAL DECOMMISSIONING

DESPE is one of the most experienced, specialised and qualified enterprise in Europe for the decommissioning of radiologically active and sensitive areas. This has been achieved through a lengthy and careful preparation, which began back in 2005 with the training of highly qualified operators and still continues today. In 2008 it dealt with the decontamination and decommissioning of the nuclear fuel production site in Bosco Marengo (AL). In 2009 it dealt with the decontamination and decommissioning of the secondary circuit of the power station in Caorso (PC). In the following years, the company was responsible for the decommissioning of the Engine Room in Latina, the pier in Latina, the demolition of the four Hammon towers in Bohunice (Slovakia), and the decommissioning of the Garigliano (CE) power station.
It also conducted the pharmaceutical decontamination from OEB 4-5 antibiotic principles of pharmaceutical sites across Europe.

RECLAMATION

DESPE's focus on the environment is clearly evident in every project it undertakes. This attitude culminates in its reclamation activities to help to free more and more areas of the planet from polluting and toxic waste. DESPE mainly focuses on maximising the conferral of waste in general, from land reclamation to recovery systems, and it aims to achieve its dream which, with a shared commitment, can actually come true: to make our world a healthier and safer place to live, leaving regenerated usable spaces to future generations.

1. DESPE company profile

AREAS OF OPERATION

Historic
Monumental

Urban

Skyscrapers

Real Estate

Retail

Decommission-
ing
Nuclear power

Energy

Petrochemical
plants

Steel works

Decontam.
pharmaceutical

Industries

Chimney stacks

Infrastructures

Sports

Excavations,
reclamation of
asbestos, soil
and railway
ballasts

Underwater
and marine

Emergency

1.4. Governance and organisation

Corporate Governance structure

The management model adopted by DESPE is fairly traditional and includes a Board of Directors and a Board of Statutory Auditors to supervise the administration. Both bodies are appointed by the General Meetings of Shareholders. The company has appointed an auditing firm to audit the accounts and report on the financial statements, pursuant to the laws in force and the Articles of Association.

The DESPE Board of Directors, renewed for the three-year period 2023-2025 at the time of the approval of the financial statements for the year ended 31 December 2022, consists of 3 members:

- Giuseppe Panseri: founder, chair and President NADECO (National Association for Demolition and Circular Economy for Construction);
- Stefano Panseri CEO and President of EDA (European Demolition Association),
- Roberto Panseri: Managing Director and Sales Director.

In terms of diversity, two-thirds of the Board of Directors are between the ages of 40 and 50, while one member is over the age of 50.
In addition, DESPE has adopted an organisational model to ensure fair and transparent conditions whilst conducting its business, to protect the position and reputation of the company, the expectations of its shareholders and the work of its employees and collaborators, modulated on the specific requirements determined by Legislative Decree 231/2001 (Model 231). It also appointed a Supervisory Body consisting of three members:

- Chair: Claudia Zilioli
- External member: Andrea Locatelli
- Internal member: Daniela Pina

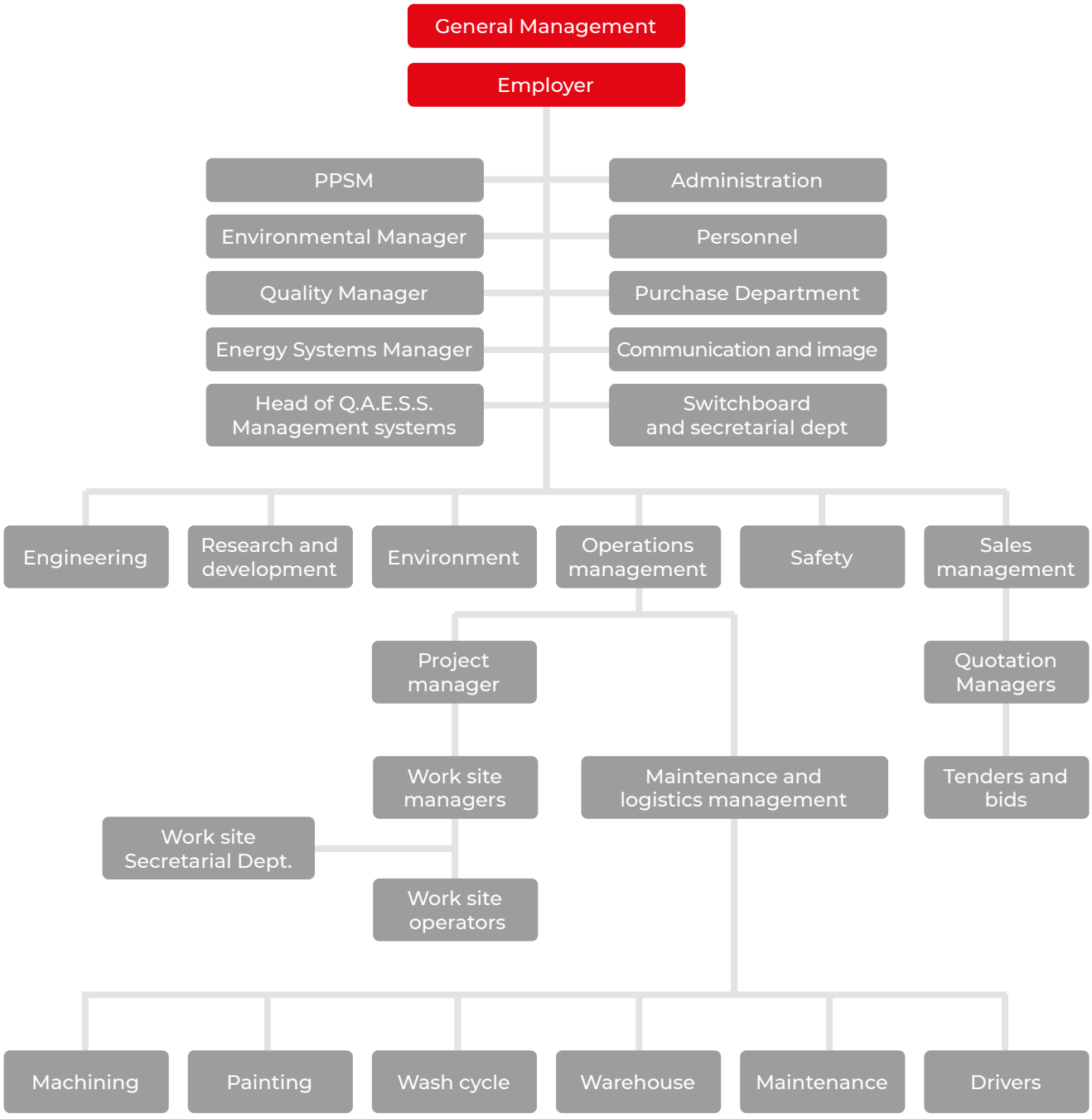
1. DESPE company profile

Company organization

DESPE senior management is directly responsible for procurement, personnel, and the R&D sector (connected with the fleet of machinery).

There are also specific management and offices established for each area with relative directors and project managers who are responsible for the individual projects.

The company is structured as follows.



Risk Management and Control System under Leg. Decree no. 231/2001

To support the decision-making, management and administrative processes, DESPE has established a risk management area thanks to its countless management systems with the aim of promptly identifying risks in the company's core business, to define appropriate prevention and mitigation measures necessary to safeguard operational effectiveness. The CEO is responsible for risk management and control activities, has the task of coordinating risk identification activities and monitoring the management of the same, with the support of the Management Systems Director. Furthermore, DESPE, in order to ensure fair and transparent conditions pursuant to its business affairs and company activities, has put in place an Organisational, Management and Control Model to define a structured system of rules and controls to be followed, to pursue the company's business purpose in full compliance with current legal provisions, also in order to prevent the commission of the crimes under Leg. Decree no. 231/2001; appointed the Supervisory Body,as indicated in the previous paragraph. The main objective of the Model is to create an organic and structured system of control principles and procedures to prevent the offences set out in the Decree from being committed. The Model constitutes the main pillars of the company's governance system, which serves the process of disseminating a business culture based on fairness, transparency and legality.

FOCUS: FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION

DESPE conducts its business activities in accordance with the values and principles envisaged by its Code of Ethics, in the belief that business management cannot be decoupled from ethics in both its internal and external relations. In this regard, the Company is firmly committed to fighting corruption, whether active or passive, by rejecting it in any context and in any form.

For this reason, the Company has adopted a Code of Ethics, based on the model envisaged by Legislative Decree no. 231/2001, which aims to identify and prevent all forms of corruption, and is applicable to employees and all persons acting in the name and on behalf of the Company.

DESPE aims to raise awareness on corruption among its employees, representatives, suppliers, partners and anyone else doing business for and on behalf of or under the control of the Company, and how to fight it, and encourages their responsible involvement in order to boost the effectiveness and ethical reputation of the Company.

All DESPE operations are supervised by the Supervisory Body, which is responsible, among other, for monitoring their compliance with measures to prevent corruption crimes and offences within the company. To date, the supervisory body has not detected any illegal activities within DESPE, in relation to those envisaged in the Code of Ethics and the Organisational Model.

In order to raise further awareness among personnel of fairness and transparency, including anti-corruption, DESPE organises specific communication and training activities: all new recruits (10 in 2022) are informed about the quality, environmental, health and safety, energy policies, together with the Code of Ethics and the Model 231. Moreover, during the end-of-year plenary meeting, these topics are addressed and discussed with all employees: in 2022 it envisaged the participation of 64 workers (80% of employees).

Among the risks monitored particularly by DESPE over the 2020-2021 period, are those related to **the prevention of COVID 19 contamination**. The Company has established the Covid Emergency Committee (consisting in the Employer, PPSM, HR Manager, and Board members), tasked with preparing and implementing the relevant safety protocols. DESPE has regularly sanitised the work environment, provided personnel with the necessary PPE and trained all personnel on the correct procedures to be followed. It has also established a control system at the work sites, to monitor the implementation of the provisions put in place to prevent the spreading of the COVID-19 virus.
In 2022, the organisation realised a series of safety videos and disclosed them at all organisational levels; the objective was to maintain continuous improvement of some of the main phases concerning different company specialisations.
The active participation of corporate resources made the initiative inclusive and extremely engaging.

1.5. Management qualifying elements

DESPE invests around 2% of its turnover in innovation through DRS®, the in-house R&D department, which is capable of developing systems and technologies that have already revolutionised the demolition world and continue to do so: in 2022 this amounted to € 657,692, equal to 1.4% of the value of production.
It also invests an average 6% of its turnover (8.8% in 2022) in technology improvements mainly related to investments in capital goods. It also has one of the largest and highly specialised machinery fleets in the whole of Europe with over 300 pieces of equipment, including the Made in DESPE equipment, duly patented by the company: “TopDown-Way®”, a system created for the intelligent demolition of skyscrapers, “Dust Buster®”, an abatement system of dust during height work, the “Lifting Jacks®” system for the controlled demolition of boilers and the “Red 0-Ring®”, the circular hydraulic platform for the deconstruction of chimney stacks, the recent commissioning of the “CAT 6015 Jumbo Demolition”, one of the largest demolition excavators ever built in the world.

Management and certification systems
DESPE's focus on sustainability, safety, innovation and qualitative progress of its processes is confirmed by the many certifications it has obtained. In fact, the Company has put in place a company management system that conforms to all applicable regulations in force: **ISO 9001** for quality management, **ISO 14001 and EMAS** for environmental protection, **ISO 45001** for occupational health and safety, **ISO 50001** for energy efficiency.
It also hold the following sector-based certifications: **CQOP SOA OG1 -V / OG3- IV -BIS / OG7 - IV / OG12 -VI / 0S 1- III BIS / OS21 - II / OS23 – VIII and is a member of the NATIONAL REGISTRY OF ENVIRONMENTAL PROFESSIONALS CAT 8B-9A-10B/C-2bis**.

DESPE has prepared **an Integrated Management System for Quality Environment Energy Health and Safety** in order to:

- demonstrate the company's ability to always provide services that meet the Customer's requirements and those in compulsory settings;
- gain and improve customer satisfaction;
- implement continuous improvements and prevention measures against non-conformities;
- meet UNI EN ISO 9001:2015 regulation requirements;
- improve environmental performance;
- meet UNI EN ISO 14001:2015 regulation requirements;
- follow the instructions laid down in Regulation (EC) No. 1221/2009 – EMASIII and Regulation (EU) 2017/1505;
- meet UNI ISO 45001:2018 regulation requirements;
- guarantee fulfilment of the Health and Safety objectives from an effective cost / benefit perspective;
- contribute to improving the levels of Occupational Health and Safety;
- handle risks and opportunities related to the context and relative objectives;
- improve internal and external corporate image;
- meet UNI EN ISO 50001:2018 regulation requirements;
- improve energy performance.

Moreover, DESPE complies with all security standards regulating the processing of **personal data**, both hard and electronic versions, in compliance with industry regulations and in particular the European Regulation on the protection of privacy and the protection of sensitive data (European General Data Protection Regulation (EU-GDPR)) which entered into force in May 2018. DESPE has not received any complaints about privacy violations with regards to its customer data, nor has it experienced data leakage, theft or loss.

Awards and nominations

A pioneer in the history of demolition in Italy, DESPE is currently one of the most important international players. An absolute benchmark in terms of innovation and one of the few companies in the world to have won more than 14 awards at the prestigious **'World Demolition Awards.'** The following summarises the most important World Demolition Awards obtained in the last three years:

2020

World Demolition Awards:

- SHORTLIST CIVILS AWARD
  for the Mungivacca project in Bari.
- SHORTLIST RECYCLING & ENVIRONMENTAL
  for the intervention at Chorus Life, Bergamo.
- SHORTLIST CONTRACT US $1 MILLION AR OVER
  for the demolition of the Auchan shopping centre in Milan.
- SHORTLIST URBAN DEMOLITION UNDER US$10 MILLION
  for the demolition of the Esselunga industrial site in Livorno.

2021

World Demolition Awards:

- SHORTLIST COLLABORATION AWARD
  for the Exxon Mobil Refinery in Notre Dame de Gravenchon.
- SHORTLIST CONTRACT OF THE YEAR UNDER US$1 MILLION
  for the demolition of the Vinci station in Lyon.
- SHORTLIST CONTRACT OF THE YEAR US$1 MILLION OR OVER
  for the demolition of the former Expo Milan area for Mind/Lendlease.
- SHORTLIST RECYCLING & ENVIRONMENTAL
  for the Edison wind farm in Castelnuovo della Daunia (FG)
- SHORTLIST SAFETY & TRAINING for the course held at the Bologna Fire Department.
- **Industria Felix Award / High Budget Honour** .

2022

World Demolition Awards:

- SHORTLIST CIVILS AWARD
  for the decommissioning of offshore facilities at the Syndial site.
- SHORTLIST CONTRACT OF THE YEAR US$1 MILLION OR OVER
  for the demolition of the Autogrill Montepulciano motorway overpass
- SHORTLIST INDUSTRIAL DEMOLITION AWARD
  for the dismantling of blast furnace AFO3
- WINNER OF THE COLLABORATION AWARD
  for the demolition of the Carlsberg headquarters
- WINNER OF THE INDUSTRIAL DEMOLITION AWARD
  for Enel Genova

1.6. Stakeholders and material topic analysis

As far as DESPE is concerned, sustainable management of its business means establishing and maintaining transparent, collaborative and constructive relationships with all those who are directly involved and/or influenced by its activities, i.e. its “stakeholders”. In particular, in conducting its business, DESPE entertains relationships with a number of internal and external stakeholders, who are able to influence more or less directly business operations and have an interest in the company conducting its business in a responsible and sustainable manner.
The following diagram shows the key stakeholders identified by DESPE.

DESPE stakeholders

✔ Shareholders	✔ Customers	✔ Human resources	✔ Environment
✔ Credit Institutes and Insurance companies	✔ Bodies and Institutions	✔ Suppliers	✔ Collectivity and local community

DESPE considers the continuous interaction and dialogue with all its stakeholders to be crucial and of strategic importance, which is why it adopts communication tools and methods reiterated throughout the year.

The way relationships are managed and the involvement with the different categories of stakeholders varies according to the extent and maturity of the relationship itself; in any case, its dialogue with the various categories of stakeholders is always inspired by the principles envisaged by the Code of Ethics adopted by the company.

The task of the Communications Department is to support all Directors and Management in managing their relationships with the various stakeholders, identifying priorities, objectives, tools and actions to be put in place, developing the relevant operational phases and evaluating feedback and results.

External communication is based on:
· the website
· events
· institutional relations
· communication campaigns
· social platforms (Facebook, Instagram).

Considerable importance is also given to internal communication which aims to create a corporate culture, through sharing and transparency, promoting both top-down and bottom-up internal communication with specific actions and tools. This includes:
· staff meetings
· corporate communications (by email or whatsapp)
· posts on the bulletin board
· the corporate intranet.
· corporate events

Materiality analysis

The information and data provided in DESPE's Sustainability Report refer to the economic, social and environmental issues that are considered to be the most relevant, and material, for the company and its stakeholders.

With the second Sustainability Report, DESPE aimed to align the reporting practises started in the previous year with new national and international standards: in 2022, it focused on the ESG-based business risk analysis in order to assess negative and positive impacts of sustainability.

This activity required the involvement of senior management and the CEO for the assessment of the so-called "materiality of impact": the goal set for the next reporting periods is to implement a stakeholder engagement process, so that stakeholders are also included in the process of identifying and assessing our external impacts.

The process adopted in this phase was then divided into the following operational activities:

The results of the context analysis, which also profited from the materiality analysis conducted in the previous Sustainability Report, were cross-referenced with the results of the corporate risk assessment system defined by the Quality and Environmental management systems; this aimed to identify positive and negative impacts on communities, people and the environment related to sustainability topics relevant to DESPE.

In addition to the risks, the main opportunities for DESPE related to these topics were also identified.

This defined a perimeter of 79 impacts, submitted to management for assessment in the subsequent phase, including 38 possible risks to people, the community and the environment and 41 possible opportunities that could generate a positive impact for DESPE with regard to the identified topics.

Senior management carried out an assessment using a score from 1 to 5 regarding the relative severity (risk) or benefit (opportunity) for each impact; this took into account the probability of occurrence of the event, the scale (extent of the risk or benefit generated by the opportunity), the extent (extent of diffusion of the impact) and, as regards to the risks, the degree of remediation (level of difficulty in counteracting or remedying the damage caused by the impact).

Finally, the workshop results were analysed with management to identify the negative and positive impacts from an ESG perspective that are most relevant to DESPE.

Dimensions	Topics	Negative impacts	Positive impacts	Assessment
ENVIRONMENTAL DIMENSION	Abatement of emissions and combating climate change	4.00	3.50	MEDIUM-HIGH
	Management of waste, soil and subsoil	3.50	4.00	MEDIUM-HIGH
	Water resource management	4.00	3.00	MEDIUM-HIGH
SOCIAL DIMENSION	Training and development	3.00	3.00	MEDIUM-HIGH
	Health and safety of employees	4.00	4.50	HIGH
	Corporate welfare	3.00	3.00	MEDIUM-HIGH
	Protection of human rights	4.00	3.00	MEDIUM-HIGH
	Community support	4.00	3.00	MEDIUM-HIGH
ECONOMIC AND GOVERNANCE DIMENSION	Business ethics and integrity	3.50	3.00	MEDIUM-HIGH
	Regulatory Compliance and Risk Management	4.00	3.00	MEDIUM-HIGH
	Fight against active and passive corruption	4.00	4.00	HIGH
CUSTOMERS AND SUPPLIERS	Quality and safety of solutions, of products and/or services	4.50	4.00	HIGH
	Privacy and data protection	4.00	2.50	MEDIUM-HIGH
	Research, development and innovation in manufacturing and management processes	3.50	3.50	MEDIUM-HIGH
	Sustainable supply chain management	3.50	2.67	MEDIUM-HIGH

The relevance threshold, used both to identify the material topics from an impact perspective and define the individual impacts considered as material, has been identified as an assessment median of 3.
An in-depth analysis of the results showed that economic, governance and social dimensions were more relevant, while some environmental-related impacts (e.g. circular economy or energy management – given the specificity of the business) were on average less relevant. Health and safety for workers, the protection of human rights, safety at construction sites, the quality of the solutions offered and the correct management of waste were among the most significant topics.
The increased opportunities for the business mirror the topics to which the greatest risks are also associated (health and safety, quality, governance), demonstrating that the areas with the highest impact for DESPE are also those that generate the most sustainable value for the company and stakeholders. Other interesting areas of opportunity have been identified regarding the abatement of emissions and in research and development.

To conclude, it should be noted that the topics identified as those with less significance in terms of impact for DESPE are direct energy consumptions (it should be noted that by type of business the energy used at worksites is supplied by the Client), circular economy, non-discrimination issues, talent development, the management of extraordinary events (e.g. pandemic): DESPE has decided to extend the valuations of these topics over the coming years.

In order to verify the coverage of the impacts identified by using the GRI Standard Indicators, please refer to Chapter 7 ‘GRI Content Index’.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2.
Economic performance

2. Economic performance

2.1. Main operating figures

The beginning of 2022 was marked by the outbreak of the ongoing Russia-Ukraine conflict. However, as DESPE does not entertain any business relationships with economic operators resident in these countries, it has not suffered significant repercussions; the company continuously monitors the overall trends in raw material and consumer prices, which are starting to show signs of deceleration and stabilisation, and therefore have no significant effects on the result of the current year.

DESPE reached a value of production of € 47,359,996, with a year-on-year increase of € 1,163,783. Despite this increase, the operating result showed a slight decrease compared to the previous year (€ 2,708,448, compared to € 3,117,335 in 2021) due to the high level of competitiveness required to achieve the acquisition of certain orders, which led to a decrease of the order margin and an increase in financial expense during the year.

In 2022 DESPE continued to pursue its investment policy, which already began in previous years, continued and is aimed at optimising the production structure and the warehouse, raising the quality standards of the services provided and increasing safety levels for operators. **Investments made in property plant and equipment** in 2022 amounted to € 4,183,395 (+60% compared to 2021) and can be broken down as follows: plant and machinery € 3,651,024, industrial and commercial equipment € 15,235 and other property plant and equipment € 517,136.

2.2. Direct economic value generated and distributed

The representation of the economic value generated and distributed makes it possible, through the reclassification of certain items in DESPE's Income Statement, to better highlight **the company's ability to generate wealth for the benefit of some of its main stakeholders**, with regards to the cost-effectiveness of management and the expectations of the stakeholders themselves.

During 2022, DESPE generated an **economic value of €47.4 million** (the sum of revenues and other positive income components).

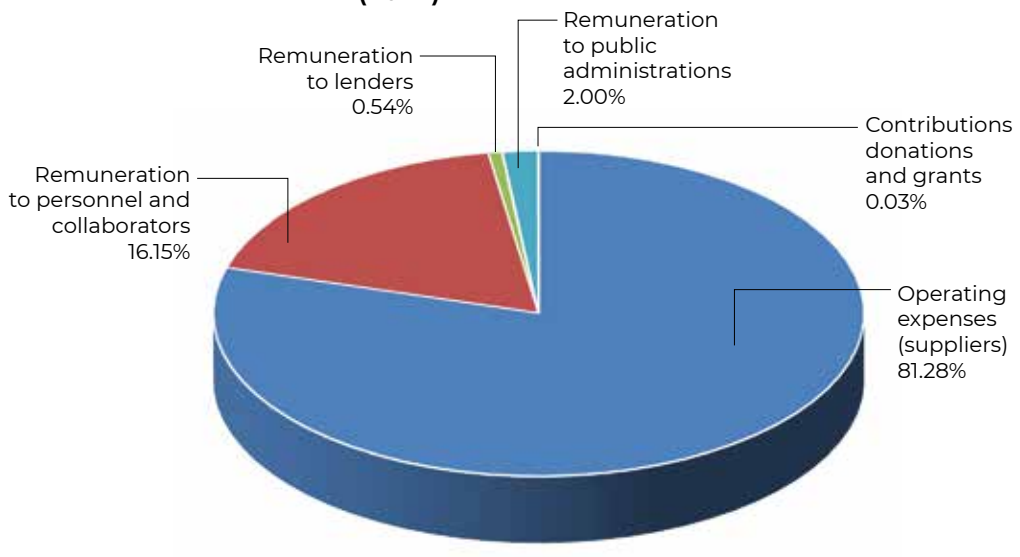
The distributed economic value (87.90 % of the generated value) was equal to Euro **41.6 million and represents the portion of wealth** used to remunerate the main DESPE stakeholders, both internal and external. The remaining 12.10% represents the **retained economic value** : determined as the difference between the generated economic value and the distributed economic value, and represents all the financial resources dedicated to the economic growth and equity stability of the company. This amount, equal to Euro 5.7 million in 2022, is to be considered as the investment that DESPE makes each year in order to keep its processes efficient and to enable long term sustainable development.

The table below shows how the distributed economic value was used to remunerate the socio-economic system with which DESPE interacts, with particular reference to some of its main stakeholders:

- **suppliers**: costs related to the purchase of goods and services required to perform business activities;
- **personnel**: in the form of wages and salaries, social security contributions, benefits, training and safety costs, remuneration to directors, etc.,
- **Public Administration**: costs incurred related to the payment of income taxes (IRES and IRAP) and other taxes related to the period;
- **lenders**: interest paid to banks and credit institutions and other financial charges,
- to conclude, an amount of around 0.03% (for 2022) of the distributed economic value was allocated to the **community** in the form of donations for charitable activities and grants.

Direct economic value generated and distributed	2021	% on total	2022	% on total
(A) Economic value generated	**46,329,381**	**100.00%**	**47,372,127**	**100.00%**
Revenue	29,584,818		44,618,357	
Other income	1,401,583		972,203	
Changes in work in progress on order	15,209,812		1,769,436	
Financial income	133,168		12,131	
(B) Economic value distributed to stakeholders	**40,421,719**	**87.25%**	**41,638,043**	**87.90%**
Operating expenses (suppliers)	32,144,681		33,844,572	
Remuneration to personnel and collaborators	7,271,435		6,724,831	
Remuneration to lenders	162,550		225,125	
Remuneration to public administration	836,353		832,995	
Contributions donations and grants	6,700		10,520	
(A-B) Retained economic value	**5,907,662**	**12.75%**	**5,734,084**	**12.10%**
Depreciation and writedowns	2,790,326		3,025,636	
Accruals to reserves	3,117,335		2,708,448	

Distributed economic value (2022)

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3.
Customers and markets

3. Customers and markets

3.1. Customer focus and quality policy

With over 45 years of experience, DESPE is a leading company in Italy and among the primary operators in Europe and across the globe in a number of sectors: Special Demolition, Engineering Consulting, Decommissioning and Reclamation, and the Design and Construction of Special Equipment.

DESPE operates on the market with two business units:

- the first provides Special Demolition, Decommissioning and Reclamation services and operates mainly in Italy and the countries of the European Economic Community
- the second is responsible for the engineering and construction of machinery for the special demolition and the construction of skyscrapers; this business unit operates mainly in Europe and North America with two different product lines:
  - TopDownWay Product: skyscraper demolition machines
  - Self Climbing Kokoon Product: machines for the construction of skyscrapers using steel structures.

Based on the needs of the customer, DESPE focuses on the primary objective of solving the problems it faces in full compliance with the following drivers:

- highest priority to the health, safety and working standards of its collaborators
- highest priority given to both direct and indirect environmental issues related to its operations
- highest priority given to the development of innovative solutions and equipment, with a significant automation component, which makes it possible to raise the standards referred to in the previous two points.

The company operates on the markets through the main company DESPE S.p.A. and through a number of permanent organisations operating in individual countries:

- DESPE France
- DESPE Slovakia

DESPE's commitment towards excellence, quality, skills and performance has also been endorsed in its **Quality Policy**, whereby the company undertakes to:

- observe current laws and meet the quality requirements set in contracts in order to gain full customer satisfaction
- plan and manage business and construction site processes to achieve maximum efficiency and effectiveness
- inform, educate and train personnel on Quality aspects, specific techniques concerning demolition and reclamation activities, and control and management methods
- implement a continuous improvement process according to organisational, technological, legislative and regulatory evolutions
- coordinate all activities that effect Quality and Customer satisfaction in a group Quality System that meets UNI EN ISO 9001 standard requirements.

Moreover, thanks to other certified management systems, DESPE is constantly committed to maximising the optimisation of its processes and services, also from a health and safety (ISO 45001), environmental protection (ISO 14001) and energy efficiency (ISO 50001) viewpoint.

INVESTMENT IN ONE OF THE MOST POWERFUL SPECIALIST FLEETS IN EUROPE

DESPE invests extensive resources in its machines and equipment: the monitoring of DESPE machines and equipment is guaranteed by the ongoing execution of routine and, where necessary, extraordinary maintenance. More specifically, maintenance services are classified into different types:

- routine maintenance for vehicles (servicing, arm welding checks)
- extraordinary maintenance
- maintenance and control completed every time vehicles and equipment return to the Central Workshop
- daily maintenance and control completed at the Work Sites

DESPE MACHINERY FLEET

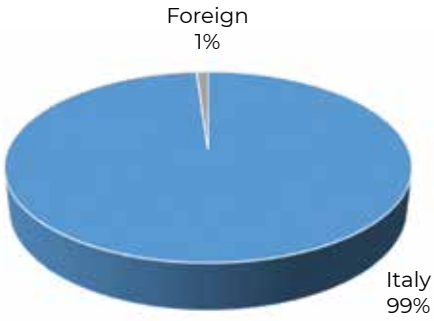
- Ca. 67 trucks
- 49 excavators and shovels over 100 quintals
- 21 mini excavators and shovels under 100 quintals
- 15 Elevators – Lifting devices
- 8 Remote-controlled equipment
- 36 Demolition hammers
- 44 Metal Shears
- 47 Demolition Grippers and 3 Manual Demolition Grippers
- 40 Wrecking balls
- 4 Special DESPE design equipment
- 4 Multisystem equipment
- 10 Passenger cars
- 43 Miscellaneous worksite equipment

3.2. Turnover analysis

In 2022 DESPE worked on a total of 39 different worksites: the company operates mainly in Italy (99% of turnover), but also has a significant presence on European and non-European markets.
The main activities supplied by DESPE to its customers in 2022 referred to services (mainly demolition and reclamation) amounting to 85% of turnover, and the sale of recovered and waste materials (14% of turnover).

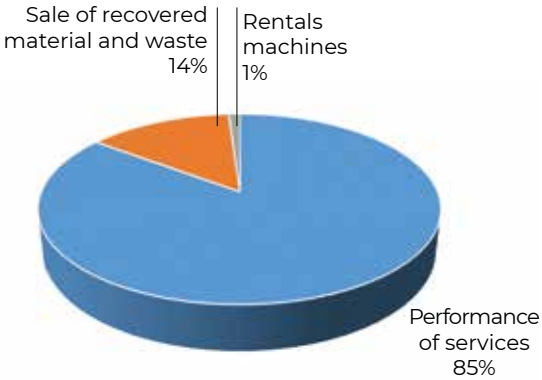
Turnover divided by geographic area

Turnover by geographic area (2022)	Value of the current year (euro)
Italy	44,282,900
Foreign markets	335,457
Total	**44,618,357**



Turnover by type

Turnover by business type	Value of the current year (euro)
Provision of services	37,965,277
Sale of recovered materials and waste	6,412,632
Machine rentals	240,448
Total	**44,618,357**



Among its different types of customers, DESPE also includes **Public Administrations** in its portfolio: DESPE ensures the strictest compliance with the applicable Community, national and corporate regulations, in addition to its own Code of Ethics and the Organisational Model 231. On a half-yearly basis, the DESPE Sales Office sends the Supervisory Body a list of the acquired public calls for tender and, where appropriate, the SB shall schedule specific control audits. For purely information purposes, DESPE bid for 5 public calls for tender in 2022, (8 in 2021) 2 of which were won.

Examples of significant interventions

Some of the most significant interventions carried out by DESPE in recent years include:

POWER PLANTS - THERMAL POWER STATIONS

- Porto Corsini
- Turbigo Levante
- Tavazzano and Montanaso
- Piacenza
- Chivasso
- Termini Imerese

NUCLEAR DECOMMISSIONING

- Plant system for the production of nuclear fuel - Bosco Marengo
- Army nuclear power plant - Pisa
- Nuclear power plant - Caorso
- Nuclear power plant - Garigliano

INDUSTRY

- Former San Pellegrino warehouses
- Industrial Buildings - Gentilly FRANCE
- Italcementi plant - Casale Monferrato
- Former Sugar Plant - San Pietro in Casale
- Industrial Building - Via Rubattino MI
- Esselunga Plants and Stores - ITALY
- Former Novaceta Magenta (MI)

HISTORICAL MONUMENTS

- Scala Theatre Stage Tower - Milan
- Pre-Christian tomb - Capua
- Arengario Museum, Piazza Duomo- Milan
- Mosaics by Mario de Luigi - Porto Corsini Enel Power Station
- Pre-Christian Temple – Naples
- Corriere della Sera headquarters- Milan

OIL RIG DECOMMISSIONING

- Val D'Agri Oil Plant - Viggiano (PZ)
- Candela Gas Plant - Candela (FG)
- Pisticci Oil Centre (MT)
- Former Agip Rho Oil Refinery - Pero (MI)
- ENI/SYNDIAL ITALIA plants

INFRASTRUCTURES

- Piacenza Bridge - Lodi
- Tiburtina Station - Rome
- Railway Station - Parma
- 49 motorway overpasses on A4 MI-BG
- Turin Viaduct CERVIT

STEEL WORKS

- Blast Furnace H F6 - Tubize Belgium
- Falk Steelworks Area - Sesto San Giovanni
- ILVA Area - Cornigliano Genoa
- Former INDEL Ironworks - Domodossola
- AFO3 and other ADI installations - Taranto

UNDERWATER

- Sea pier - Latina
- Ro-Ro Quay - Marghera
- Ottovolante Quay - La Maddalena
- Nitrogen Quay - Marghera

REAL ESTATE PROPERTY

- UAP Tour – Lyon
- Emperor Justinian District - Rome
- Hotel SPORTING D'HIVER - Monte Carlo
- Retail Tower in Via Manzoni - Milan
- Whitevale and Bluevale Towers - Glasgow SCOTLAND
- Via Ceresio-via Bramate Property Unit - MILAN
- Expo 2015-Mind MI

LEISURE

- Cable car station - Passo del Tonale
- Cable car station - Sass-Pordoi
- Giglio Stadium - Reggio Emilia
- Vigorelli - Milan
- Olympic Stadium (North and South Ends + Montemario Grandstand) - Rome
- VELODROME Stadium Marseille
- GEWISS STADIUM Bergamo

EMERGENCY

- Earthquake 2012 - Modena
- Earthquake 2009 - Abruzzo (rescue service and demolition of the students hall)
- Tornado 2001 - Tenaris Dalmine plant (roof demolition)
- Fire 1999 - Mont Blanc tunnel (specialised diamond cutting works as part of the safety restoration works).

3.3. Innovative research and development

DESPE makes significant investments every year in innovation: its Research and Development department has, in fact, the objective of developing sophisticated solutions for any type of project. The aim is to become a European benchmark enterprise for special operations, something that happened in Lyon with the sophisticated Cut & Drop system that had never been used before in Europe. At the same time, it also exports and disseminates across the globe its patented systems such as the TopDownWay®, which has already been used in France and Scotland.

The patented assets refer to the DESPE business unit that deals with machine engineering and construction; in particular, the following systems are covered by patents:

- TopDownWay® product: skyscraper demolition machine.
- Self Climbing Kokoon® product: machine for the construction of skyscrapers using steel structures.

DESPE's technical and procedural know-how has grown steadily throughout the company's 48 years in the industry; the history of DESPE is one of innovation that has encouraged the implementation of new work procedures within the company, and has often led to the construction of custom-built equipment for the execution of its own work. This mix of skills and equipment has created the technological gap that exists between DESPE and its main competitors on today's market.

Here is a brief example of how DESPE's innovation skills have manifested themselves over the years:

1976 Implementation of procedures for the **demolition of motorway overpasses at night in just eight hours**.

1980 The first **hydraulic demolition grippers and the thermal lance** were introduced to the processing cycle.

1985 The first **excavator with a high demolition arm** was launched on the Italian market, a product that was 10 years ahead of its time, and where machine builders (e.g. Caterpillar) only launched their own versions 10 years later.

1990 A platform was designed and built for the **controlled demolition of chimneys in thermoelectric power plants**; even today it remains one of the safest and innovative systems used to demolish chimneys in the industrial field.

1992 A cooling tower was demolished In the geothermal district of Larderello using **remote radio control and video control systems**.

1997 The first **dynamic oil lowering system** for boilers was invented and implemented, capable of lifting 4000 t of weight simultaneously.

2000 During the restructuring of the Scala Theatre Stage Tower in Milan, the **Flying Demolition System** made its debut, an excavator condensed into a small container which helps solve problems related to height.

2011: The **TopDownWay** system made its debut in Lyon, the safest system in the world for demolishing skyscrapers.

2012 In Belgium a **hydraulic collapse technology** was implemented for a foundry blast furnace; this technology competes directly with the more traditional explosive types, providing a significant number of environmental operational advantages.

2016, The **Self Climbing Kokoon** made its debut in Manhattan, New York City, a protective system for iron skyscraper builders that revolutionised safety and productivity standards in this extremely traditional industry.

2018 The **Cut&Drop** system made its debut in Lyon, which was able to dismantle a building starting from its foundations, using giant hydraulic cylinders that cut parts of the building and accompany them to the ground.

2022 The CAT 6015 Jumbo Demolition, one of the largest demolition excavators ever built in the world, made its **debut at the Magenta** worksite.
Jumbo incorporates a mix of technology and advanced hydraulics that enables it to perform large volume projects with extreme accuracy regardless of its extraordinary size.

3. Customers and markets

Among all the innovations illustrated in the diagram above, the **TopDownWay®** deserves a special mention, given it is a sophisticated system for the intelligent demolition of skyscrapers: the system is the result of the need, typically found in cities, to expand vertically, replacing buildings with inefficient energy systems with taller, more ecological and anti-seismic skyscrapers. TopDownWay® is a modular self-descending machine that can be adapted to suit the requirements of all types of structures to be demolished. It is an intelligent containment system as it retains all the material generated by the demolition works within the structure (glass, rubble, debris, noise, vibrations, dust, and sprayed water). TopDownWay® allows operators to work simultaneously on the 3 floors it occupies, in which it is possible to carry out different operations at the same time, such as the dismantling of the façades, the demolition of the floor and the removal of debris. As the work progresses, the platform descends in a controlled manner until it reaches zero level and the building has been completely demolished.

SHARED DESIGN: CUSTOMER-ORIENTED APPROACH

An example of what it means for DESPE to effectively communicate with its customers and share the best solutions, is the R&D phase: in fact, business research and development is organised in an organic manner, always starting from the commercial phase, i.e. the phase in which the customer submits a problem to DESPE that needs to be solved. In this phase, a multi-discipline brainstorming process is carried out to identify a range of specific solutions, highlighting the advantages and disadvantages for each of them in terms of safety, environmental outcomes, work comfort, cost and timelines.

Sessions are held with the Customer to present the range of solutions identified and find the best solution that meets the Customer's demands.

Only then does the design phase begin, where the service is broken down into its main components: engineering, involvement of internal resources, involvement of external resources, mechanical, hydraulic and mechatronics expertise.

When dealing with a new procedure, it is defined and implemented in an on-site test cycle; in the case of a new product, a prototype is built, usually on a one-to-one scale, therefore a real-life mockup, which is tested in-house at the company facilities, which also has a vertical test field (for self-climbing kokoon systems).

DESPE has carried out several innovative pre-competitive activities during the course of 2022.

Design and experimental development activities in innovative projects compared to the target.

Continuation of the innovative digital process innovation projects with the co-development of innovative SW, at an Industry 4.0 level, aimed at interconnecting and integrating the different technological solutions distributed across the planet.

In particular, it focused its efforts on the following design and experimental development activities in innovative projects:

- "Coima Lorenzini" project with the design and implementation of an innovative building dismantling method, cutting it into structural ashlars which are then removed using an engine driven crane
- the continuation of the experimental development as part of a boiler lowering project using hydraulic jacks, applied for the very first time to a city power plant, all powered by electricity only, with no use of engine driven cranes (traditional technology), and therefore no CO_2 emissions
- continuation of the development of an innovative solution for demolishing non-permanent exhibition buildings/pavilions equipped with innovative materials and technologies that have never been demolished before
- preliminary analysis, design, modifications and development as part of the transformation of "Demolition 4.0"
- experimental intervention with the new jumbo 6015B (innovative special demolition machine) at the Magenta work-site
- study and experimental development aimed at implementing a hydraulic cylinder used as a temporary prop within the TopDownWay® project
- preliminary analysis, design and experimental development of the "Ilva Taranto" project - demolition of chimney stacks 5 and 6: research and experimental development aimed at developing an innovative solution for the demolition of the coal scarifier which has critical issues also regarding environmental protection aspects c/o Acciaieria d'Italia Taranto Plant
- continuation of the experimental development of the innovative self-cleaning sanitary unit
- research and experimental development on an innovative solution for the executive design and dismantling of systems, structures and components located inside reactor buildings Caorso (ER).

For the development of the above mentioned projects, the company incurred admissible costs equal to **€ 657,692** to take advantage of the tax credit scheme for research, development, technological innovation, design and aesthetic activities according to Art. 1 par. 198-209 of Law no. 160 of 27 December 2019 as amended.

- **Approx. €658,000 invested in R&D**
- **6,600** total HOURS of RESEARCH, DEVELOPMENT, TECHNOLOGICAL INNOVATION, DESIGN and AESTHETIC DESIGN by PERSONNEL on PROJECTS
- a total of **27 engineers, technicians, managers, and specialists** involved in R&D activities

3.4. Worksite safety and quality

DESPE implements an integrated Management System which specifically focuses on quality control, safety, environmental protection and energy efficiency in all its operating environments (construction sites, worksites, warehouses and plant systems): this allows it to offer its customers reliability and the assurance of full compliance with all applicable regulations.

As for the safety aspects, DESPE collects and monitors all documentation to be transmitted to the Site Safety Coordinator (SSC) providing proof of regulatory compliance relating to: professional technical eligibility - personnel - means (both its own and those of the selected subcontractors).

In addition, DESPE conducts inspections and audits in all operational areas to analyse the status of implementation and application of the Management System, as well as the status of implementation of non-compliance processes on safety, environment and quality issues. The results of these inspections are recorded in designated system records and reports (non-conformities, observations and comments) and are addressed using documented action plans and submitted for annual management reviews.

Occupational health and safety inspections are conducted at all DESPE worksites by Designated Authorities (ISPRA, Ministry of Labour and Social Welfare, Fire Brigade) and Supervisory Bodies (Local Health Authority, Provincial Labour Office, etc.), followed by the issue of the inspection reports. Once again, in 2022 no serious warnings or sanctions have been issued by any Authorities or Supervisory Bodies.

WORK SAFETY

The evolution of technology used on worksites, the use of new materials, new machinery and equipment, leads to the need for technological innovations and new methodologies to support **risk prevention and protection strategies adopted at worksites**.

For this reason, DESPE is always at the forefront when it comes to the renewal of its intervention methods, aimed at guaranteeing the highest safety standards for its employees and for all those working within the worksites, paying special attention to the mitigation of potential interferences with the surrounding environment. In this regard DESPE has developed and registered a number of patents (e.g. TDW, SCK, CUT&DROP, to name just a few) which make it possible to operate in complete safety and eliminate any risk to operators and external observers.

No less important is the possession and use of devices such as the DESPE Safety Shield System, (protection sheet against the hurling of materials during demolition activities) together with special boiler rooms and self-descending machines for the demolition of chimney stacks, whereby in a single word, safety, DESPE embraces the wider concepts of design, research and development. The risk analysis carried out by DESPE at each worksite provides for the assessment of every potential hazardous situation that could arise.

It is therefore essential to conduct a risk assessment that leads to the identification of these three fundamental aspects:
- use of screening technologies to examine the process lines undergoing the intervention, monitoring the conservation status and their contents;
- installation of extinguishing systems sized according to the type of foreseeable fire;
- organisation of evacuation systems which, in the event of an emergency, envisage optimal response times based on the foreseeable emergency.

3.5. Customer satisfaction and communication

As for customer relations, DESPE defines the benchmark principles and modus operandi that regulate service requirements, customer communication aspects, customer satisfaction levels, and care of customer assets.

In particular, **communication with Customers** is a key and distinctive process adopted by DESPE, sharing technical information relating to worksites, queries and information relating to contract management, feedback from customers (including complaints) etc.

At the same time, the **assessment of customer satisfaction** is essential for the company: DESPE carries out annual ad hoc reports and data analysis (non-conformities detected during quality audits, complaints received, registered injuries, etc.). The data is analysed by the designated offices and brought to the attention of Senior Management.

3. Customers and markets

To provide its services, DESPE uses areas which are the property of the Customer and may come into possession of classified information (Customer Intellectual property) whilst conducting its operations. DESPE performs its activities guaranteeing maximum respect for the spaces of Customers, training and boosting awareness of its employees as regards to care and **safeguarding of Customer assets** .

Customer satisfaction assessments are systematically conducted by Project Managers during scheduled meetings with Customers.

Annual telephone interviews are also carried out by the head of DESPE's Integrated Quality Environment Energy Health and Safety system to monitor customer satisfaction on the following subjects:

- Respect of expectations in the management of environmental impact events (noise, dust, vibration)
- Respect of bordering properties
- Respect of the parts to be preserved (respect for pre-existent assets)
- Processing results (work carried out to top workmanship standards)
- Respect of expectations regarding timelines
- Relations with DESPE's Site Foreman
- Relations with DESPE operators
- Relations with Subcontractors
- Relations with DESPE office staff

In 2022, DESPE customers took part in a direct satisfaction assessment: the overall results show a score of 4.75 on a scale from 0 (severely insufficient) to 5 (excellent). In 2021, the score was 4.43.

The points that were most appreciated by DESPE customers were:
- Respect of the parts to be preserved (respect for pre-existent assets)
- Processing results (work carried out to top workmanship standards)
- Relations with DESPE office staff

It should also be noted that no complaints were recorded in 2021 and 2022. The result of the survey is shared annually with DESPE Senior Management.
In order to continuously improve its relationships with customers and stakeholders in general, DESPE pays particular attention to its communication activities: from the coordinated image to boost brand identity, to institutional advertising campaigns, from communication within worksites to its presence on social media (YouTube, Instagram and Facebook) targeting the general public, which DESPE uses to disseminate information on the company's work, news, innovative machinery and successes.

For the most representative worksites, DESPE has also made videos and photographic shoots such as those for National Geographic Television (a documentary on the demolition of the bridge that collapsed on the River Po in the province of Piacenza).

As President of EDA, Stefano Panseri holds meetings (approximately monthly) with the contact persons of the National Demolition Associations of the individual European countries.

Its sporting sponsorships are also worthy of mention (the most important of which is the sponsorship of Atalanta Football Club) along with its publications (for example, the book about the historic demolition of the Scala Theatre or "Stardust", a tribute to 'dust', the symbol of demolition activity focusing on 40 years of DESPE projects worldwide).

Finally, it should be remembered that the visibility of DESPE and its knowledge within the sector, is also pursued in its participation in international competitions, such as the World Demolition Awards: the company prides itself on being among the first companies in the world to have received multiple nominations for this award.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4.
Suppliers and business partners

4. Suppliers and business partners

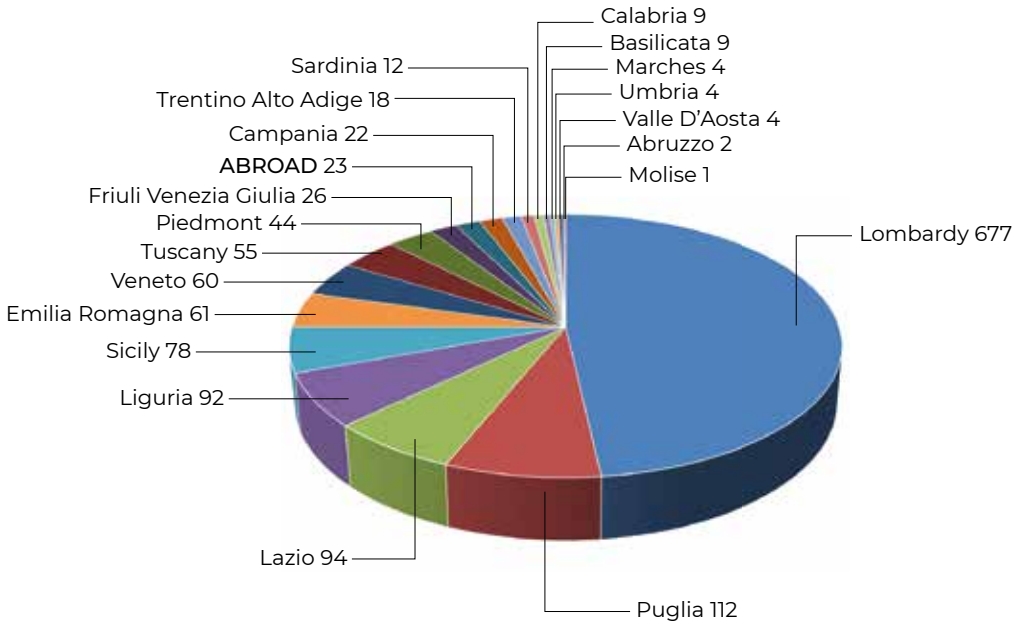
4.1. DESPE supply chain

DESPE is fully aware that the procurement phase of goods, materials and services are key to the creation of business value as they contribute significantly to the generated output. As regards to the category of suppliers, a crucial role is played by subcontractors who contribute to the execution of "turnkey" projects.

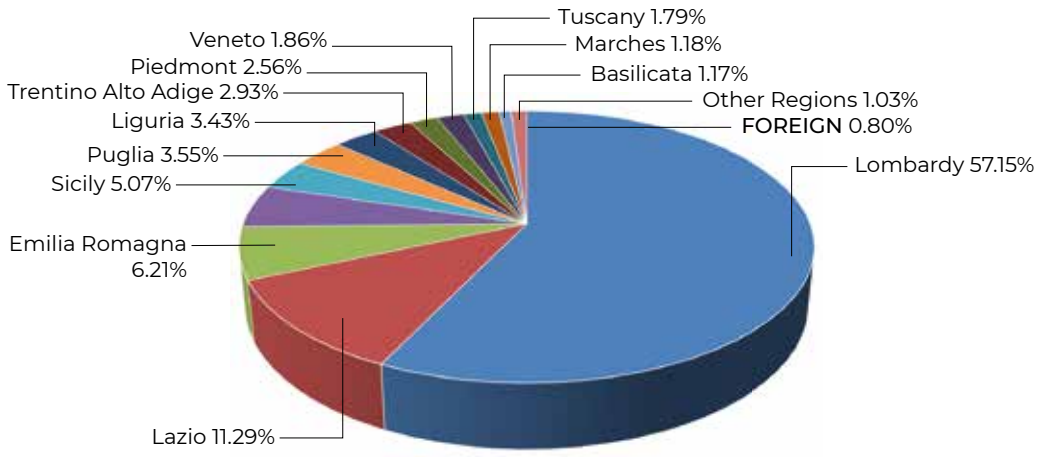
The commitment undertaken by DESPE is to maintain a relationship with suppliers based on the principles of fairness, sustainability, equity and optimisation of the overall cost, while ensuring compliance with all quality and safety requirements.
DESPE considers suppliers of **materials, machinery, equipment, services** (including **subcontractors**) to be strategic and relevant to the quality of its work.

The fleet of suppliers handled by DESPE during 2022 (with the receipt of at least one invoice) consists of **1,404 enterprises**, located in Lombardy and elsewhere in Italy: of these, 677 are located in Lombardy (48% of the total) and the remainder elsewhere in Italy.
DESPE has always aimed to use local suppliers to reduce transport time and costs. The preference for local suppliers also has a positive impact on local communities (supporting occupation and the market) and the environment (contributing to reducing pollution).
The economic impact of the Lombardy region in 2022 was **€ 21 million**, and equal to 57% of the total purchases made by the company.

Number of suppliers divided by Region 2022

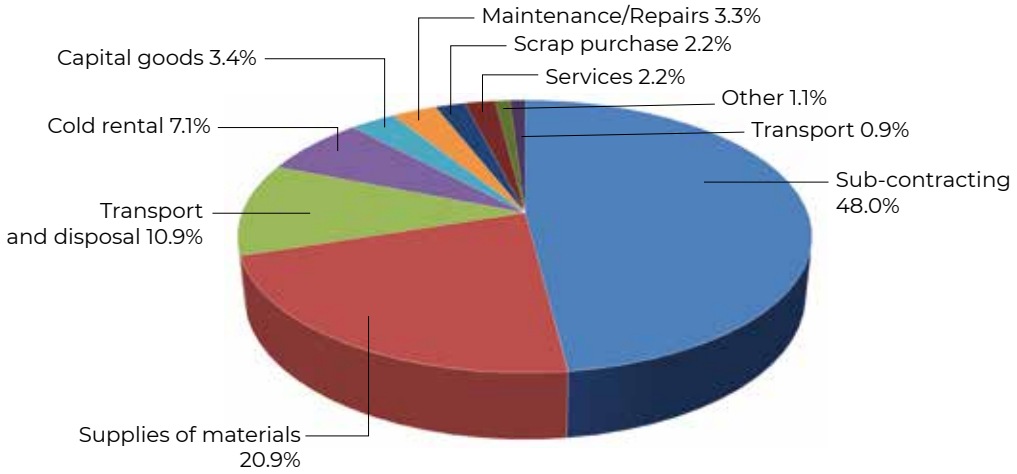


Turnover of purchases by geographic area (2022)



Within the supplier fleet, there are some suppliers which are considered by DESPE to have a greater impact on its production capacity and to be of greater importance for the quality of its processing activities; for this reason, DESPE regulates its relationship with the same by issuing purchase orders. In this sense , they can be defined as **strategic suppliers**.
In 2022 , there were **307** suppliers in this category; DESPE generated a purchase turnover with these suppliers of € 26.7 million (72.6% of total purchases) corresponding to the following types of supplies: subcontracting, transportation and disposal (waste), materials, cold rentals, maintenance/repair, transportation, services and capital goods.

Value of purchases from strategic suppliers by type (2022)



Among the strategic suppliers, **sub-contractors** are of strategic importance, accounting for 48% of the total amounts purchased from this type of supplier: a category to which DESPE pays particular attention given the importance they have concerning the quality of processing and the possible socio-environmental impacts they could generate.

4.2. Strategic supplier qualification and monitoring

DESPE is committed to ensuring that all strategic suppliers, i.e. those with the most impact on its processing operations, comply with the requirements of the company's management systems. Fulfilment of these requirements is always verified by objective and documentary evidence and, for certain product categories, also by audits, in order to verify the ability of suppliers to meet specific supply requirements and compliance with the requirements of the certified management systems (quality, environment, safety, energy). In addition to complying with legal requirements and in accordance with the Code of Ethics and the Organisational Model 231, DESPE requires its strategic suppliers to comply with the following principles and standards:

- qualitative and technical adequacy and consistency of the product/service
- prompt communication of product safety data sheets and any authorisations
- administrative reliability and commercial competitiveness
- certified or adequate and documented Quality System and Environmental System
- adequate experience
- Health and Safety System and lack of injuries
- no convictions regarding any of the offences envisaged by Leg. Decree no. 231/01
- transparency, including willingness to allow visits to their premises
- delivery times
- economic conditions.

Environmental audits are scheduled for **environmentally significant suppliers** to assess the control of significant impacts related to specific contractually commissioned work. Generally speaking, the DESPE Environmental Policy is delivered to all suppliers/subcontractors who impact the environmental aspects.
The performance of suppliers used in 2022 was monitored using nonconformity analyses foreseen by the management systems and also using on-site inspections regarding Safety, Environment and Quality control: it should be noted that no significant performance shortfalls were identified by such activities.

Controls carried out in 2022 in accordance with social and environmental requirements
Among its strategic suppliers, DESPE has identified two categories that are particularly relevant from a social and environmental perspective and apply specific control and monitoring procedures to the same:
1. Transport and waste disposal companies: 100% of these suppliers are monitored by DESPE as regards to:
- authorisations
- transporter plates
- suitable bills of lading

2. sub-contractors; DESPE carries out the following **social controls** on 100% of suppliers
- Operational Safety Plan controls
- regular contributions controls (DURC)
- no child labour controls
- compliance with our Code of Ethics
- paid contributions controls (salaries, etc.)
- controls regarding the provision of task-specific training.

Moreover, given the potential impacts on people and the environment related to sub-contracting activities, DESPE assigns its PPSM and the Environmental Manager to conduct specific formal health and safety and environmental controls during site inspections.

In 2022, the following controls were carried out:

SUBCONTRACTORS	
HEALTH AND SAFETY CONTROLS	**ENVIRONMENTAL CONTROLS**
· 25 inspected sites	· 26 sites
· 36 visits and controls	· 45 visits and controls
· 17 subcontractors involved	· 24 subcontractors involved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5.
DESPE human resource capital

5. DESPE human resource capital

5.1. Policies regarding personnel relations

Human resources play a key role in business development, so DESPE protects and promotes the development of human resources aimed at increasing the wealth of skills and expertise it already has.
DESPE defines and disseminates to all personnel what they need to know in order to pursue the conformity of services offered to customers (organisational knowledge of the company) by means of its Policies, the Management Systems, Internal Regulations and its Code of Ethics. In fact, thanks to its management systems, DESPE has established a system of conduct for the management, selection and valorisation of its human resources, which is disseminated and transposed through procedures within the corporate environment. Human resources management is assigned to the HR Dept. which oversees all activities and directly follows up all legal practices with the support of a labour lawyer.

The **Code of Ethics** adopted by DESPE is disseminated to employees and collaborators via company servers and published on the company website; the principles of the Code of Ethics provide guidelines on the day-to-day activities of all those working at the company and are an integral part of the corporate style and identity. Respect, compliance and dissemination of the values and contents of the Code of Ethics must be pursued above and beyond any business or personal interest that may conflict with the same. Using its Code of Ethics, the Organisational Management and Control Model and the regular monitoring action of the Supervisory Body, DESPE identifies all and any discriminatory conduct as a breach of the business conduct rules and principles, and worthy of disciplinary sanction. No cases of discrimination were recorded in the reference period.

DESPE is committed, on a daily basis, to promoting the **protection of Human Rights** (such as the fight against child labour, freedom of association and collective bargaining, forced or compulsory labour, etc.) for all persons working in its "value chain" in full compliance with current legislation and integrates this principle within the processes carried out and monitored constantly by the various management systems adopted (see: § 1.5).
In its Code of Ethics, DESPE cites the principles of legality, integrity and professional ethics, confidentiality and respect for privacy, respect for the person, safety and protection of the environment; here are some significant sections of this Code:

- DESPE guarantees respect for the physical and cultural integrity of individuals and respect for its relations with others;
- the company ensures that working conditions within its premises respect individual dignity in addition to safe and healthy work environments;
- all forms of discrimination concerning the management of contractual relationships are prohibited on the grounds of ethnicity, religion, age, gender, nationality, political or trade union membership.

Given the continuous monitoring provided by the management systems adopted, including the Organisational Model 231, DESPE considers that there is an exceptionally low risk of violation of human rights within its premises; the geographical areas in which DESPE operates refer to realities in which human rights, the concept of personal freedom and personal integrity are all part of the common culture, in compliance with the relevant laws and reference standards (for this reason no specific training activities on respect for Fundamental Human Rights were carried out during 2021 and 2022).

In DESPE there were no complaints lodged with public authorities or trade union disputes concerning discrimination at the workplace.

Possible residual risks in relation to these issues could only occur along the supply chain (subcontracting) in certain geographical areas: the active management of DESPE suppliers increases its control over social and environmental aspects of its production partners.

The National Collective Construction Industry Contract is applicable to all DESPE employees; if it refers to work abroad, an adjustment to the contract shall be put in place in advance for all those working abroad. The contract also foresees that both white and blue collar workers shall enrol with the SANEDIL Fund through the Construction Workers Fund to benefit from the health services envisaged by the Fund's health plan. In addition to the provisions of the contract, DESPE strives to recognise additional benefits to its employees. For instance:

- an agreement was signed with CAF Coldiretti Bergamo which shall prepare any formality paperwork (Tax Returns, 730 etc.) required by all employees
- its ANCE membership entails the possibility of enjoying special conditions and discounts on formalities and support in various fields.

DESPE refers to the legislation in force and to the applicable CCNL (National Collective Bargaining Agreement) as regards to the respect of minimum notice periods for workers in the event that major operational changes are necessary (this situation has not yet occurred).

The contribution of DESPE's human resources in achieving its business goals is of paramount importance: it is also for this reason that the company wanted to support its employees in such a particular historical period (caused by the Russo-Ukrainian conflict) marked by rising inflation, rising energy costs, and falling household purchasing power. In December 2022, the company decided to gift every employee and loyal collaborator a voucher for an amount of € 1,000.

5.2. Composition and characteristics of employees

Personnel and machines are two fundamental resources for the company: a team of around 100 men and women. A highly qualified group of experts that constantly keeps abreast of all the latest developments. A real team that shares the goals and works together to achieve them.

As at 31/12/2022, DESPE employs a total of **82** individuals (4 less than in 2021). 93% are employed with **permanent** contracts which is consistent with the company's strategy to create stable and lasting employment for its workers.

In addition to its employees, DESPE also collaborates with highly loyal, non-employed workers, included in the company organisational chart, who have been providing their advisory services for many years, in particular for the following activities:

- management of business systems (quality, environment, energy, health and safety) certified by a third party and related internal audit activities
- management of the company's IT system
- research and development
- image and communication
- worksite safety management

The **number of women** in the company in 2022 was 18%; in 2021 it was **17%**, a consistent figure compared to 2020. In 2022 , about 9% of staff (7% in 2021) applied for part time contracts: a total of 7 workers, 4 of whom are women. As at 31/12/2022, there were 2 employees belonging to **the protected categories**, in line with previous years.

EMPLOYEES by contract type and gender

	2020			2021			2022		
	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Total open-end	14	59	**73**	15	60	**75**	14	62	**76**
Total fixed-term	1	12	**13**	0	11	**11**	1	5	**6**
Total	**15**	**71**	**86**	**15**	**71**	**86**	**15**	**67**	**82**

EMPLOYEES by job type and gender

	2020			2021			2022		
	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Full time	11	68	**79**	11	69	**80**	11	64	**75**
Part-time	4	3	**7**	4	2	**6**	4	3	**7**
Total	**15**	**71**	**86**	**15**	**71**	**86**	**15**	**67**	**82**

EMPLOYEES by role type and gender

	2020			2021			2022		
	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Executives	0	1	**1**	0	1	**1**	0	1	**1**
Managers	2	1	**3**	2	1	**3**	2	1	**3**
Office workers	11	18	**29**	11	18	**29**	11	17	**28**
Production workers	2	51	**53**	2	51	**53**	2	47	**49**
Apprentice	-	-	**-**	-	-	**-**	0	1	**1**
Total	**15**	**71**	**86**	**15**	**71**	**86**	**15**	**67**	**82**

EMPLOYEES by role type and age group

	2020				2021				2022			
	<30 years	30-50 years	>50 years	**Total**	<30 years	30-50 years	>50 years	**Total**	<30 years	30-50 years	>50 years	**Total**
Executives	-	-	1	**1**	-	-	1	**1**	-	-	1	**1**
Managers	-	1	2	**3**	-	1	2	**3**	-	1	2	**3**
Office workers	6	17	6	**29**	5	18	6	**29**	3	18	7	**28**
Production workers	3	26	24	**53**	4	26	23	**53**	3	24	22	**49**
Appren-tices	-	-	-	**-**	-	-	-	**-**	1	-	-	**1**
Total	**9**	**44**	**33**	**86**	**9**	**45**	**32**	**86**	**7**	**43**	**32**	**82**

The employee recruitment phase shall be conducted in accordance with the principles of equal opportunities and without discrimination. It shall envisage an objective assessment of the personal and professional characteristics of the candidate, in relation to the job to be performed whilst excluding any form of favouritism, facilitation or recommendation.

RECRUITMENT AND TERMINATION

	2020			2021			2022		
	Women	Men	**Total**	Women	Men	**Total**	Women	Men	**Total**
Number of new recruits	1	13	**14**	0	13	**13**	1	9	**10**
Number of terminations	1	4	**5**	0	11	**11**	1	10	**11**
Rate of new recruits*	**0.07**	**0.18**	**0.16**	**0.00**	**0.18**	**0.15**	**0.07**	**0.13**	**0.12**
Turnover rate*	**0.07**	**0.06**	**0.06**	**0.00**	**0.15**	**0.13**	**0.07**	**0.15**	**0.13**

* rates are calculated as the ratio between the number of recruited/terminated workers in the year and the number of workers present at 31/12, by gender.

RECRUITMENT AND RESIGNATION by age group

	2020				2021				2022			
	<30 years	30-50 years	>50 years	**Total**	<30 years	30-50 years	>50 years	**Total**	<30 years	30-50 years	>50 years	**Total**
Number of new recruits	5	8	1	**14**	2	9	2	**13**	2	5	3	**10**
Number of termi-nations	1	2	2	**5**	2	7	1	**10**	0	8	3	**11**

The terminations were related to the expiry of fixed term contracts, voluntary resignation and retirements.

5.3. Occupational Health and Safety

Occupational health and safety is a constant commitment for DESPE which not only involves promoting safe and correct conduct at the workplace, but also in creating and maintaining the most suitable conditions for this to occur. (promotion of positive actions). The main objective is to create a tangible shared safety culture, which recognises the importance of respect for persons and regulations, by ensuring that each individual feels responsible towards themselves and towards their work colleagues. DESPE is committed to and invests in the improvement of the health and safety conditions for all individuals, including both its employees and third parties, going far beyond the mandatory provisions of the law. This commitment has enabled the company to obtain the certification of its Health and Safety Management System since 2008 (today according to the ISO 45001:2018 standard): it is thanks to this system that the company is able to apply strict control over its safety-related regulations in all its workplaces, adopting standards, policies and procedures, whilst continuing to strive towards continuous improvement of the workplace environment. DESPE involves every single worker in this commitment, as all personnel, both employees and non-employees, are covered by the Safety System.

SAFETY MANAGEMENT SYSTEM HIGHLIGHTS

- 100% achievement of targets set during management review
- 100% of ropes and chains checked
- 100% of lifting equipment checked
- 100% of fire extinguishers and hydrants at HQ and worksites checked
- 100% medical first aid boxes checked
- 100% PPE checked for suitability and compliance
- 100% PPE with expiry dates checked
- 100% maintenance of workshop equipment checked
- 100% new recruits receiving health & safety training during the year

It is essential that all employees are fully aware of their role and responsibility to achieve compliance with the **Safety Policy** and the potential consequences of any deviations from the indicated operating procedures.

DESPE pursues the protection of the health and safety of each worker putting in place the following strategic pillars, formalised in its Safety Policy:

- observe the laws and agreements applicable to occupational health and safety
- define OHS management responsibilities to each worker, each according to their skills and competences;
- provide safe and healthy working conditions to prevent work-related injuries and diseases
- consider the OHS and relevant results as an integral part of business management
- aim for continuous improvement and prevention
- provide the necessary human and instrumental resources
- conduct each work activity in accordance with accident prevention regulations
- inform and educate workers so they can conduct their tasks in safe conditions and so that they can assume their responsibilities regarding OHS
- involve and consult workers, also through their safety representatives
- set and disclose OHS goals and implementation programmes within the company
- involve suppliers and subcontracts on offered work performances;

With regard to accident and injury performance, DESPE manages accidents in accordance with internal procedures for reporting and analysis of accidents – near misses and injuries, included in the ISO 45001 certified Management System. During 2022 DESPE worked on 39 orders (compared to 45 in 2021): the hours worked amounted to 164,060 (10% less than in 2021) and only 1 accident occurred: the rate of recordable occupational accidents (number of accidents/hours worked*1,000,000) amounted to 6.09 (63% less than in 2021). There were no accidents causing serious or fatal consequences for workers. The company aims to achieve its **“zero-accident”** target: in the last 10 years, this target has been achieved 3 times, and the average number of accidents per year is 1.2.
In addition, there have been no cases of occupational disease.

OHSAS training and instruction is organised according to actual requirements reported periodically during consultation with workers or their Representative and provided by the PPSM. In 2022, 42 training events were held at the headquarters (involving 198 participants) and 37 were held at construction sites (involving 226 participants) for a total of 785 hours.

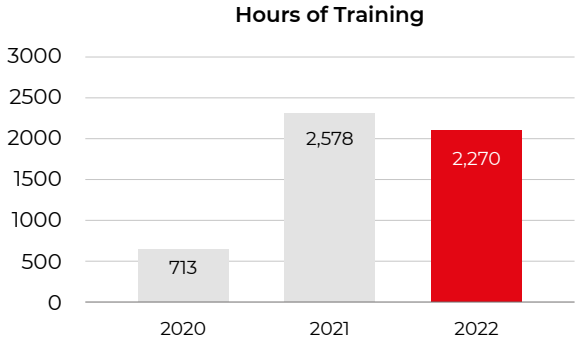
5.4. Training and valorisation

The enhancement of human capital is an essential element for the success of DESPE's business, which constantly strives to increase the professional growth of each employee through the organisation of training initiatives to achieve the business objectives in the most effective manner.

DESPE has identified the competences, in terms of instruction, training and experience, for each responsible position indicated on the company's organisational chart.
Each year, the HR department collects the various training requests and identifies the priority assigned to the individual courses. These training requirements are highlighted in the General Plan that is approved by Senior Management at the annual review of the Quality Environment Energy Health and Safety System, in line with service requirements and authorised budgets. The training plan is drawn up by the HR department.
The efficacy of the training provided shall be assessed year by year: the results of this assessment shall be taken into account for the planning of subsequent training and instruction courses.
Training is provided with the participation at external and in-house courses, documented with attendance certificates; training mainly implements coaching techniques.
The company has specialised excavators with more than 35 years of experience, nuclear engineers, personnel who can operate in high-risk industries, and a team of about 100 resources operate constantly updated both on the job and in the classroom. A real team that shares the goals and works together to achieve them.

Individuals at all levels are directly involved in training activities and courses when they are:
- newly recruited
- transferred to other work positions
- involved in organisational changes and/or technical/technological innovations that significantly change the job description
- involved in professional growth plans
- involved in technological changes
- involved in corporate strategies.

The training hours provided in 2022 amounted to 2,270, with an average of 27.7 hours per worker (-8% compared to the previous year).



TRAINING HOURS BY GENDER

	2020	2021	2022
Total number of hours of training provided to **female** employees	197	1,042	564
Total number of training hours provided to **male** employees	516	1,536	1,706
Average hours of training per **female** employee	13.1	69.5	37.6
Average hours of training per **male** employee	7.3	21.6	25.5

TRAINING HOURS BY JOB CATEGORY

	2020	2021	2022
Total number of hours of training provided to Directors and Middle Management	50	114	134
Total number of hours of training provided to white collar workers	286	1,507	982
Total number of hours of training provided to blue collar workers	377	957	1,154
Average hours of training per Director and Middle Manager	12.5	28.6	33.4
Average hours of training per white collar worker	9.9	52.0	33.9
Average hours of training per blue collar worker	7.1	18.1	23.6

The training provided mainly focused on technical updating and on-going training on occupational health and safety aspects.

TRAINING HOURS BY SUBJECT

	2020	2021	2022
Environment	60	87	223
Emergencies - Safety	627	875	781
Technical	14	83	45
QUALITY, ENVIRONMENT, ENERGY, HEALTH & SAFETY System and Model 231	12	34.5	72
Data Digitisation, Industry 4.0	-	695	532
Environmental sustainability, supporting requests for funding of sustainable investments	-	803	617
Total hours of training	**713**	**2,578**	**2,270**

● 5.5. Internal communication , involvement and satisfaction

DESPE pays particular attention to listening and its dialogue with employees, in order to create relations based on mutual collaboration and boost the sense of belonging and the dissemination of our corporate values and culture.

The most important internal communication activities carried out during the year include:

- enterprise network server sharing: where all documents/procedures/modules relating to the Quality System, Environmental System, Energy System, Health and Safety System, Model 231 and Code of Ethics are available for consultation in the system documents folder
- use of the company notice board, hanging in the workshop warehouse, where mainly practical and operational instructions for worksite operators are posted
- use of emails, whatsapp, phone calls
- spontaneous or scheduled meetings of managers at dedicated open office spaces
- end of year meetings systematically organised by senior management at the DESPE registered office.

6.
Environmental Responsibility

6. Environmental Responsibility

6.1. Environmental management and risk management systems

The principles of safeguarding and protecting t he environment have always been fundamental values in DESPE's DNA: in the realisation of its projects and activities, the company always focuses on the objective of protecting the environment and the rights of future generations whilst actively contributing to the improvement of the same.
DESPE shares its environmental protection culture with all its stakeholders, both internal and external, with the dissemination of its **Environmental Policy**.

With its decision to implement an Environmental Policy aimed at saving resources and limiting environmental impacts, DESPE has developed a work model where environmental protection, the safeguarding of the health of workers and those who live with them represent a mandatory value. The key cornerstones of the policy are:

- observe current laws and applicable environmental regulations
- implement a continuous improvement and pollution prevention process according to organisational, technological, legislative and regulatory evolutions
- prevent accidents that can have effects on the environment and plan necessary emergency procedures aimed to efficiently and promptly limit impacts, in association with specific entities
- focus all efforts in organisational, operating and technological terms to prevent water, air and ground pollution
- minimise resource consumption and the production of waste, promoting recycling, where possible
- inform, educate and train personnel on environmental protection
- involve suppliers and subcontractors according to the environmental services provided and their commitment to meeting the Environmental Management System requirements
- control processes assigned to third parties, significant in the environmental context
- work towards continuous improvement of the environmental management system to boost environmental performance

DESPE has adopted the following management systems to pursue its objectives of environmental protection, pollution prevention, and reduction of energy and resource consumptions. In particular:

- **UNI EN ISO 14001**: Environmental Management System certification
- **Regulation EC 1221/2009 EMASIII - Eco-Management and Audit Scheme**: a voluntary environmental certification tool for the assessment and improvement of environmental performance. What's more, DESPE has also transposed Regulation (EU) 2017/1505 and Regulation (EU) 2018/2026 which allow it to exercise consistent control over all environmental aspects arising from its business operations.
- **UNI CEI EN ISO 50001**: Energy Management System (EMS) which allows for continuous improvement of corporate energy performance.

Today, in addition to the aforementioned certifications, DESPE has put in place an **Organisational, Management and Control Model pursuant to Legislative Decree 231/01** and has also gained SOA certifications: **OG01-classification V, OG03-classification IVbis, OG07-classification IV, OG12-classification VI, OS1-classification IIIbis, OS21-classification II, OS23-classification VIII**. DESPE is also registered in the **National Register of Environmental Managers** Categories 8B, 9A, 10B-C and 2bis - Transport of non-hazardous waste on its own account.

DESPE undertakes to periodically verify the compliance of its Environmental Management System with the Regulations and Standards, and to identify opportunities for improvement by means if regular and scheduled audit activities, especially aimed at continuously verifying compliance with applicable environmental and safety legislations.

DESPE regularly maintains and renews its certifications to improve the operational efficiency of its Environmental Management System and to maintain visibility of its work to all stakeholders. In particular, DESPE provides information on environmental and technical aspects in an annual disclosure, through its institutional website, of its **Environmental Declaration** to local communities, the general public and stakeholders.

The acknowledgement that the participation of each individual plays a crucial role in achieving high operational standards and satisfactory environmental performance within the management system, led DESPE to create an organisational structure which encourages the active participation of each employee. For this purpose, roles, responsibilities, tasks and mutual relations have been identified and established for all employees who manage, conduct and control activities that have a significant impact on the environment.

The structure of the Environmental Management System supporting Senior Management consists of those covering the following company roles:

- **Integrated Quality Environment Energy Health and Safety System Manager:** organises Environmental Reviews conducted by Senior Management, performs legislative compliance audits and environmental audits (HQ and worksites), overseeing environmental monitoring and non-conformity management.
- **Environmental Manager:** supported by the employees working in the Environmental Department, ensures proper management of waste and environmental compliance formalities, participates in the Environmental Reviews conducted by Senior Management, carries out environmental controls at worksites and HQ, manages environmental monitoring and resolves nonconformities.
- **Head of LEED inspections:** guarantees the application of best practices and carries out LEED inspections at worksites.

All environmental incidents encountered by DESPE are recorded as an Environmental System Nonconformity. In the 2019-2022 three-year period, no. 5 environmental non-conformities were promptly resolved, but none of them involved accidents and therefore did not have any impact on the ability of DESPE to pursue the expected results in relation to its Environmental Management System.

In addition, DESPE periodically carries out an analysis to identify **indirect environmental impacts** i.e. those over which DESPE cannot have full management control. It then studies the best strategies regarding the influence and involvement of its suppliers/customers in the adoption of policies aimed at minimising such impacts. For example, the suppliers with environmental relevance are those involved in particular operations (manual demolition using oxyacetylene torches, diamond-dressed blade or wire cutting, secondary crushing), construction of metal carpentry structures, transport and disposal of waste or asbestos or industrial reclamation. DESPE indirectly contains these impacts by conducting a thorough initial qualification and monitoring the environmental performance of suppliers to verify compliance with the DESPE Environmental Policy and its Management System. In this respect, DESPE sends a request to all its suppliers regarding the sharing and commitment to comply with its Environmental Policy during the contractual definition of the activities to be provided. In addition, DESPE conducts specific environmental audits on these categories of suppliers, scheduled by Environmental Management.

● 6.2. Energy and management of emissions

DESPE embraces a continued commitment to reducing energy consumption by means of the continuous monitoring of consumptions and the transposition and adoption of all the principles envisaged by the **Energy Policy** in all its activities. More specifically, DESPE hereby undertakes to:

- fully comply with all legislation in force (including all other energy standards voluntarily undersigned by the company) and the reference regulation
- use products and services that minimise energy impacts
- support design activities that take into account the improvement of energy performance
- identify the activities and/or areas responsible for energy consumptions, so as to engage in potential interventions which lead to improved energy performance
- put in place and maintain an energy management system, that complies with the requirements of the UNI EN ISO 50001:2018 standard, and strives to achieve continuous improvement of its energy performances, according to the “PLAN-DO-CHECK-ACT” (PDCA) management procedure
- ensure systematic sharing of all management system information with the company stakeholders (internal and external).

Fuels

The consumption of methane refers to the heating of offices and workshops by means of a methane gas boiler and is directly proportional to the use of heating and refrigeration systems.
The consumption of diesel is directly proportional to the use of the machinery, and is therefore strictly necessary for the purpose of performing the work itself. Given that the incorrect operation of the machinery could contribute to an improper increase in fuel consumption, DESPE has put in place a strict routine maintenance schedule for machinery regarding: checks on hydraulic oil, engine oil, engine coolant, greasing of pivot points, engine cooling system, hydraulic system, alternator and starter motor, fuel filter, alternator belt, battery, rotation bearing pin and pinion, gauges and indicators, tracks/tyres, safety stickers etc.).

	2020		2021		2022	
Natural Gas*	27,455 cbm	984 GJ	30,460 cbm	1,092 GJ	18,452 cbm	662 GJ
Diesel*	700,449 litres	25,313 GJ	909,813 litres	32,879 GJ	1,080,104 litres	38,949 GJ

* Natural Gas Conversion Methodology in the Work Environment - Defra 2022: 1cbm= 0.0359 GJoule.
** Company Machinery Oil Conversion Methodology: Defra 2022: 1lt= 0.03606 GJoule.

The consumption of natural gas for the years 2020 and 2021 is generally directly proportional to the use of thermal and refrigeration systems.
In May 2022, the cooling system was replaced by the installation of a new heat pump, which also serves as a heating system; the energy source changed from natural gas to electricity, hence the significant decrease in consumptions.
Natural gas continues to be used as an energy source for the painting plant system only.
The consumption of diesel is proportional to the use of DESPE equipment. The lower figures recorded in 2020 are due to the closure of the worksites in March and April and the partial reopening in May due to the Covid pandemic. The increase in consumptions during the final quarter of 2022 was due to the entry into operation of new machines purchased in 2022 with a capacity of over 90 tonnes.

Electric energy

In order to pursue its energy efficiency objectives, DESPE uses energy from renewable sources with the consequent reduction of greenhouse gas emissions (GHG emissions).
In 2011, DESPE installed a 151.73 kW **photovoltaic panel system** on the roof of an existing warehouse (production electrical workshop with an energy system from renewable sources, with a power level of over 20Kw).

Electricity consumptions*

	2020		2021		2022	
Electric energy purchased	474,833 Kwh	1,709 GJ	357,974 Kwh	1,288 GJ	350,348 Kwh	1,261 GJ
Electric energy self-produced and consumed (Photovoltaic)	43,239 Kwh	155 GJ	130,447 Kwh	469 GJ	156,284 Kwh	563 GJ
Total	**518,072 Kwh**	**1,864 GJ**	**488,421 Kwh**	**1,757 GJ**	**506,632 Kwh**	**1,824 GJ**

* Electric Energy Conversion Methodology: Unit converter International Energy Agency: 1kWh= 0.0036 GJoule.

Consumptions generally replicate the same annual trend. In June 2020 a fire broke out which severely damaged the photovoltaic system which remained out of service until February 2021. In May 2022, the energy source switched from natural gas to electricity, hence the significant increase in consumption in the final quarter of 2022.

Dust atmospheric emissions

The atmospheric emissions generated by DESPE's activities are related to both HQ and worksite activities; demolition activities have, by nature, a frequent and high impact on dust emissions, the significance of which depends heavily on the characteristics of the demolished material and the geographical location of the worksite.

DESPE has put in place containment measures, described in specific work instructions, for all worksite activities which, depending on the characteristics of the material to be demolished and the geographical location of the worksite, basically involve the use of direct spray water jets, spray water jets, tarpaulins (in the latter case, it is not a matter of limiting emissions, but rather the orientation of the same).

The activities performed at its HQ refer to atmospheric emissions related to:
- boiler fume emissions
- painting system dust emissions
- welding fume emissions.

Monitoring analyses of atmospheric emissions are systematically carried out on all HQ activities (painting and welding). The results of the tests carried out are as follows: all values fall well within the legal limits.

Atmospheric emissions

Type of emission	2020	2021	2022	Legal limits
PAINTING Dust value (mg/Nm^3)	0.21 ÷ 0.26	0.20 ÷ 0.34	0.20 ÷ 0.29	3.00
PAINTING Average percentage quantity by weight of VOCs (%)	47.85%	49.47%	53.58%	75%
WELDING Dust value (mg/Nm^3)	3.68	0.75	3.50	10.00

Greenhouse gas emissions generated by DESPE activities can be divided into direct and indirect emissions. Direct emissions (Scope 1) arise from the direct combustion of fossil fuels purchased for heating or machine refuelling. Indirect emissions (Scope 2) refer to electricity purchased and consumed by the company for electrical equipment, heating and lighting within the facilities.

Emissions calculated using both the "location-based" approach and the "market-based" approach are illustrated in the table below.
While the location-based approach takes into account the average intensity of greenhouse gas emissions of the networks on which energy consumption occurs, mainly using data relating to the average network emission factor, the market-based approach takes into account the electricity emissions that the company has intentionally chosen with contractual arrangements.

EMISSIONS OF CO_2* (tCO_2e)	2020	2021	2022
Natural Gas (Scope 1)	55.50	61.57	37.19
Diesel (Scope 1)	1,895	2,461	2,915
Energy purchased from non-renewable sources (Scope 2):			
Emissions from consumption of energy purchased from non-renewable sources **(Location Based Method)**	245.49	185.07	86.08
Emissions from consumption of energy purchased from non-renewable **(Market Based Method)**	217.95	164.31	159.96

* The following sources were used for the calculation of emissions:
- Direct emissions (Scope 1): DEFRA 2022
- Indirect emissions (Scope 2):
  - Market Based Method - European Residual Mixes "AIB"
  - Location Based Method - Ispra Report 2022

As per the energy consumptions, direct emissions of CO2 in 2022 are higher than in 2020 as operations resumed at full capacity after the Covid-19 pandemic closures. It can be noted however that the increased use of self-produced electricity from renewable sources has resulted in lower indirect emissions compared to the previous year.

6.3. Water resources management

DESPE uses water resources both at its HQ and worksites.

HQ water consumption

The use of water resources is mainly due to workshop activities (washing of machinery) and marginally to the use of the office bathrooms; therefore, there are both civil and industrial sewage systems involved.

The trend of consumptions is consistent in both 2021 and 2022.

	2020	2021	2022
Headquarters water consumption (cbm)	1,498	2,004	2,072

The discharged water rate is at least equal to the water consumed with the addition of storm water; after purification (industrial sewage discharges) 1011 cbm were discharged in 2022 (446 in 2021 and 811 in 2020). Changes in sewage waters after purification is proportional to the turnover of washed machinery and the level of rainfall.

DESPE ensures the control and purification of the water used to wash machinery using a biological purification plant system installed in 2008. The gravity discharge takes place in PVC pipes to an underground reinforced concrete tank, where the water passes through the degritting, oil removal and microbiological treatment phases.
When the tank is full, a submerged pump directly supplies the activated carbon filter and the iron removal magnet, and then relaunches it all to the final inspection pit within the limits imposed by the current Legislative Decree no. 152/06. This waste system is fitted with a meter.

The first storm water is channelled first to the biological treatment plant and then to the public sewage system. The yard areas shall be paved and periodically cleaned in order to prevent the dispersion of particular pollutants and clogging of the sewage system. This undergoes annual cleaning and maintenance.
Annual monitoring activities are carried out by analysing the water discharged by the purification system: the waste water analysed falls **well below the limits of the reference regulation (Leg. Decree no. 152/06) for sewage discharges**

Water consumption at worksites

The use of water resources is mainly due to the abatement of dusts during demolition activities, which is generally carried out using two distinct methods:
- abatement of dusts from the bottom upwards
- abatement of dusts from the top downwards.

Water resources used at the worksites cannot generally be calculated as they are normally supplied directly by the worksite itself (common supplies).

6.4. Use of materials and waste management

Use of materials

During its activities DESPE uses the following materials:

- oil for machinery and equipment maintenance
- painting substances
- welding material.

Raw materials	Units of measure	2020	2021	2022
Hydraulic oil	KG	10,271	12,740	11,229
Painting substances	Litres	3,301	2,723	2,968
Welding material.	KG	886	738	692.4

It can be seen that the use of **hydraulic oil and engine oil** has increased compared to 2020, as it is proportional to the use of excavating machines. Compared to 2020, however, the painting and welding materials (resulting from mechanical work) have decreased: this is because in 2020, due to the pandemic, the overhauls and maintenance of machinery and equipment were facilitated, resulting in a higher use of these materials.
The office equipment consumption is considered to be insignificant.

Waste management

The waste produced by DESPE that requires more attention in terms of storage and disposal management, is mainly generated at worksites and consists of demolition material (inert and iron), land to be reclaimed, hazardous waste from dilapidated machinery and, sometimes, worksite waste,which can be both hazardous and non-hazardous.

DESPE carries out waste management in accordance with current legislation with the application of appropriate internal procedures to manage both worksite and HQ waste.

Temporary waste storage points shall be clearly identified and, for hazardous waste, soil contamination prevention measures (coverage, containment basin) shall be put in place.

All generated waste shall be sent to a disposal or recycling facility by authorised enterprises; these enterprises shall be carefully selected by DESPE and can only operate after receiving formal authorisations and validation by the Environmental Department.
In 2022, 285 thousand tonnes of waste were produced, around 50 thousand tonnes more than in 2021. The figures for 2020 are not significant, due to the closure of the worksites during the COVID-19 pandemic. 99.51% of the waste generated in 2022 was non-hazardous and 98.67% was sent to recycling facilities.

Waste generated (Tons)	2020	2021	2022
Non-hazardous waste	134,138	236,148	283,453
Hazardous Waste	684	917	1,408
Total waste produced	**134,822**	**237,065**	**284,861**
Of which destined for disposal	5,903	4,739	3,796
Of which destined for recycling	128,919	232,326	281,065

Worksite waste accounts for 99% of the total waste generated by DESPE, 50% of which consists of a mix of construction and demolition waste, 35% of soil and rocks, and 10% of iron and steel.

7.
Index of GRI contents

7. Index of GRI contents

The table below illustrates the GRI indicators used for the preparation of DESPE's 2022 Sustainability Report. In accordance with the latest Italian version of the GRI Standards, the standards and individual indicators are indicated making reference to the paragraph in the relative document.

Declaration of use: DESPE reported the information cited in this GRI content index for the period 01/01/2022 - 31/12/2022 with reference to GRI standards.

GRI 1 Used: GRI 1 - Foundation - Version 2021

GRI STANDARD	INFORMATION NOTICE		LOCATION
GRI 2: General Disclosures 2021	**2-1**	Organizational details	Methodology note
	2-2	Entities included in the organisation's sustainability reporting	Methodology note
	2-3	Reporting period, frequency, and contact point	Methodology note
	2-4	Restatements of information	Methodology note
	2-6	Activities, value chain and other business relationships	Par. 1.3
	2-7	Employees	Par. 5.2
	2-8	Workers who are not employees	Par. 5.2
	2-9	Governance structure and composition	Par. 1.4
GRI 3: Material topics 2021	**3-1**	Guide to determine material topics	Par. 1.6
	3-2	List of material topics	Par. 1.6
GRI 201: Economic Performance 2016	**201-1**	Direct economic value generated and distributed	Par. 2.2
GRI 204: Procurement practices 2016	**204-1**	Proportion of spending on local suppliers	Par. 4.1
GRI 205: Anti-Corruption 2016	**205-1**	Operations assessed for risks related to corruption	Par. 1.4
	205-2	Communication and training about anti-corruption policies and procedures	Par. 1.4
	205-3	Confirmed incidents of corruption and actions taken	Par. 1.4
GRI 301: Materials 2016	**301-1**	Materials used by weight or volume	Par. 6.4
GRI 302: Energy 2016	**302-1**	Energy consumption within the organisation	Par. 6.2
GRI 303: Water and wastewater discharges 2018	**303-1**	Interactions with water as a shared resource	Par. 6.3
	303-2	Management of water discharge-related impacts	Par. 6.3
	303-5	Water consumption	Par. 6.3
GRI 305: Emissions 2016	**305-1**	Direct GHG Emissions (Scope 1)	Par. 6.2
	305-2	Energy indirect (Scope 2) GHG emissions	Par. 6.2

GRI STANDARD		INFORMATION NOTICE	LOCATION
GRI 306: Waste 2020	**306-1**	Waste generation and significant waste-related impacts	Par. 6.4
	306-2	Management of significant waste-related impacts	Par. 6.4
	306-3	Waste generated	Par. 6.4
	306-4	Waste diverted from disposal	Par. 6.4
	306-5	Waste directed to disposal	Par. 6.4
GRI 308: Supplier environmental assessment 2016	**308-2**	Negative environmental impacts in the supply chain and actions taken	Par. 4.2
GRI 401: Employment 2016	**401-1**	New employee hires and employee turnover	Par. 5.2
	401-2	Benefits provided to full-time employee that are not provided to temporary or part-time employees	Par. 5.1
GRI 402: Labour/ Management relations 2016	**402-1**	Minimum notice period regarding operational changes	Par. 5.2
GRI 403: Occupational Health and Safety 2018	**403-1**	Occupational health and safety management system	Par. 5.3
	403-2	Hazard identification, risk assessment and incident investigations	Par. 5.3
	403-3	Occupational health services	Par. 5.3
	403-4	Worker participation, consultation, and communication on occupational health and safety	Par. 5.3
	403-5	Worker training on occupational health and safety	Par. 5.3
	403-6	Promotion of worker health	Par. 5.3
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Par. 5.3
	403-8	Workers covered by an occupational health and safety management system	Par. 5.3
	403-9	Work-related injuries	Par. 5.3
	403-10	Work-related ill health	Par. 5.3
GRI 404: Training and education 2016	**404-1**	Average hours of training per year per employee	Par. 5.4
	404-2	Programs for updating employee skills and transition assistance programs	Par. 5.4
GRI 405: Diversity and Equal opportunity 2016	**405-1**	Diversity of governance bodies and employees	Par. 1.4 and 5.2
GRI 406: Non-discrimination 2016	**406-1**	Incidents of discrimination and corrective actions taken	Par. 5.1
GRI 407: Freedom of association and collective bargaining 2016	**407-1**	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Par. 5.1

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GRI STANDARD		INFORMATION NOTICE	LOCATION
GRI 408: Child labour 2016	**408-1**	Operations and suppliers at significant risk for incidents of child labour	Par. 5.1
GRI 409: Forced or compulsory labour 2016	**409-1**	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Par. 5.1
GRI 414: Supplier social assessment 2016	**414-2**	Negative social impacts in the supply chain and actions taken	Par. 4.2
GRI 416: Customer health and safety 2016	**416-1**	Assessment of the health and safety impacts of product and service categories	Par. 3.4
GRI 418: Customer Privacy 2016	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Par. 1.5

OTHER RELEVANT TOPICS	LOCATION
Research, development and innovation	Par. 3.3
Customer satisfaction and communication	Par. 3.5
Business ethics, compliance and risk management	Par. 1.4 and 1.5

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