



2022

Sustainability report

Join the innovation revolution!

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Letter from Our Managing Director

Dear Fellow Stakeholder,

2022 has been an eventful year for Valland. Despite the challenges arising from raw materials price increases, due to the geopolitical climate and events, we have successfully managed to support our Clients by meeting their needs delivering our products with the usual level of quality and reliability.

This has been possible thanks, on one side, to the competence and loyalty of our employees and, on the other side, to the resilience of our network of suppliers, which greatly benefited from our company policies and activities, which promote reciprocal trust between actors of our supply chain and foster a collaborative dynamic.

In parallel with the core business activities the Company, over the past year, has also pursued further innovation and tried to disrupt the current market status for the O&G main actors in order to have a stronger action toward sustainability.

The Company has pursued the Digital Inventory Initiative and managed to propose two patents for AM produced gasket

designs, that will allow its End User to have access to Spare Parts manufactured on demand, close to site, with a lower environmental impact.

Further to that, Valland has consolidated the investments that resulted, in May 2022, to the establishment of a new dedicated Advanced Manufacturing facility. Valland now has an established and functioning AM department that includes polymer and metal printing machines, including critical post-processing equipment.

Looking at the year to come, Valland will certainly improve on the important role it's serving in supporting the key towards sustainability and, considering the global energetic instabilities and threats that we are experiencing, will do so also via a structured and improved control over its impacts, by way of evaluation of Product Carbon Footprint and Company Carbon Footprint, Social and Environmental KPIs, Corporate Social Responsibility. In particular, Valland is developing internal expertise in

order to evaluate Carbon Footprints in accordance with ISO 14040/14044 and 14064/14067 standards. Concluding, I want to underline that this commitment will not prevent us from looking towards new horizons providing our active contribution in shaping a sustainable future for our planet and society.

Best regards,

Giacomo Andrea Zandore





01.

Introduction

Reporting Standards

About this report

The publication of the present sustainability report aims at **sharing with all the interested stakeholders our company ESG's activities.**

The report is published on a yearly basis and it has been prepared in accordance with Comprehensive option of **GRI standards** and in adherence to the **Sustainability reporting guidance for the oil and gas industry** edited by Ipieca in collaboration with API and IOGP.

For emission reporting we have applied the standard from the **Greenhouse Gas Protocol.**

Assumed values and reported results have been derived based on data collected from our various monitoring systems.

For further information regarding this document, please contact Alex Giorgini (alex.giorgini@valland.it).



Global Reporting Initiative (GRI) through **GRI Standards** enable any organization – large or small, private or public – to understand and report on their impacts on the economy, environment and people in a comparable and credible way, thereby **increasing transparency** on their **contribution to sustainable development.**

Source: www.globalreporting.org



Ipieca is the global oil and gas association for advancing **environmental** and **social performance** across the **energy transition.**

Source: www.ipieca.org



GHG Protocol establishes comprehensive global standardized frameworks to **measure and manage greenhouse gas (GHG) emissions** from private and public sector operations, value chains and mitigation actions.

Source: www.ghgprotocol.org

About Us

We are an Italian manufacturer of **high-quality** and **tailor-made valves**. The company was established in **2006**. Our reference market is represented by **Oil & Gas** Exploration and Production sectors, including subsea and transmission applications, together with other special industrial services.

In recent years Valland has defined a development trajectory striving for the great challenges of our times: the **Energy Transition** and the subversion of standard manufacturing paradigms by means of **Additive Manufacturing principle**.

We strongly believe in **Innovation** as the main enabling factor to configure a **Sustainable Future** for our planet, society and economy.

Vision

- Continuous improvement
- Value creation for Customers and Stakeholders
- Trustable and Sustainable cooperation with supply chain, environment and local communities

Mission

- To bring solutions that allows the realization of Client's vision
- To build and maintain trust and respect throughout the supply chain
- To enrich the environment and society where we operate

Values

- Caring
- Flexibility
- Innovation
- Sustainability



UN Sustainable Development Goals

Our commitment to the SDGs

Valland's Sustainability Strategy is built around **UN's Sustainable Development Goals (SDGs)** and EU's revolutionary **Green Deal** plan, both representing supporting pillars in tracing the path towards a better future.

Technology-led innovation, rationalization of natural resources exploitation, circular consumption and production ecosystems are the key elements we will pursue in order to meet our objectives.

Furthermore, we will bring **people at the centre of the process** because we believe that innovation is only feasible if technology is integrated with expertise, knowledges and skills.



Friendly workplace

Providing a healthy and secure workplace for employees:

- Health & Safety education and awareness actions
- Promoting team building events
- Focus on maintaining a proper life-work balance
- Screening medical tests for disease prevention



Innovation first

Promote an inclusive and sustainable technological development and foster innovation culture:

- R&D department establishment
- Additive Manufacturing facility implementation
- Investing on cutting-edge technologies (e.g., 3D printing processes, hydrogen related solutions etc.)



Preserve natural resources

Ensure circular and sustainable consumption-production patterns:

- Waste generation containment through prevention, reduction, recycle and reuse
- Optimize internal and supply chain natural resource management and use for business operation



Road to carbon neutrality

Strive to pursue the carbon neutral achievement for the organization:

- Maximize the renewable sources contribution to overall energy consumptions (e.g., PV plant installation)
- Reduce the organization and supply chain CO2 footprint
- Disseminating sustainability competences and awareness



02.

Environment

We care about the Environment

Official certificates



Renewal over several years of **ISO 14001 – Environmental Management Systems** certification.

Energy use



Facilities HVAC system based on **Heat Pump** coupled with **Geothermal** source.

Independence from natural gas supply – we rely on a **full electric solution**.

Guarantee of **renewable source origin** for electric energy purchased from the grid.

Possibility of **adjusting environmental conditions** in different workspaces at our facilities.

Commissioned, for 2023, the construction of a ~220 kWp **photovoltaic system** on the roofs of company buildings.

Waste management



Careful **classification of the waste produced** in order to optimize its recycling (municipal, special and hazardous).

Usage of **recycled paper and plastic** for disposable uses.

Keeping track of the **paper prints** made with the perspective to progressively minimize their number.

Eco-friendly packaging adoption for our products.

Transportation



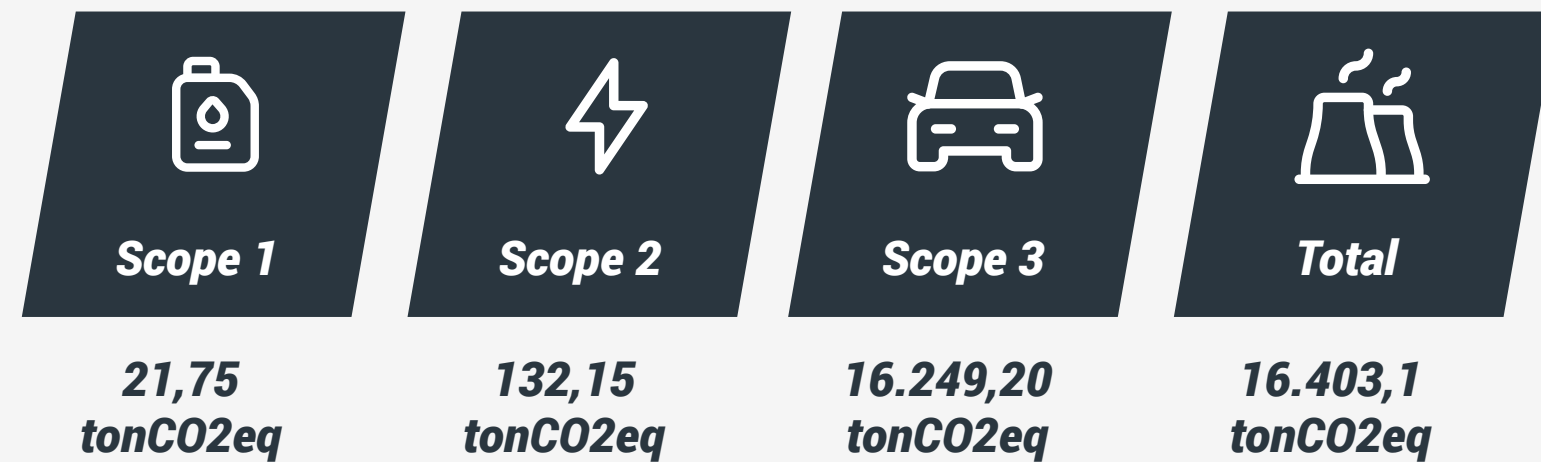
Avoidance of unnecessary **transportation** or **freight** of goods.

Keeping track of **kilometres travelled** on **company cars**.

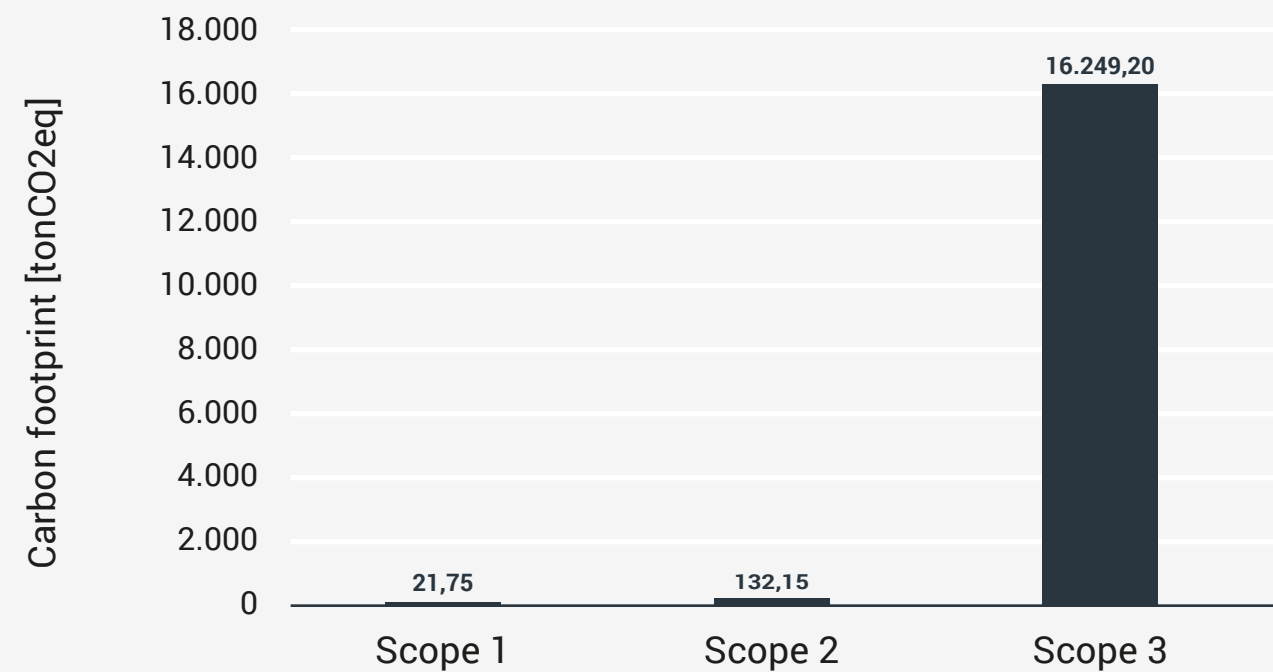
Estimation of **kilometres covered** by our **supply chain** both upstream and downstream the company operation.

Minimization of **business trips** in a compatible form to our desire of discovering new things. **We still believe in human contact!**

Our Carbon Footprint



Carbon footprint - 2022



Carbon footprint assessment

Scope 1 emissions include:

- Fuel consumption to produce electricity, steam, heat or power
- Fuel consumption of vehicles owned/leased by the company
- Refrigerants leaks in HVAC systems, chillers, refrigerators, etc.

Scope 2 emissions include:

- Electricity and other sources purchased from local utility

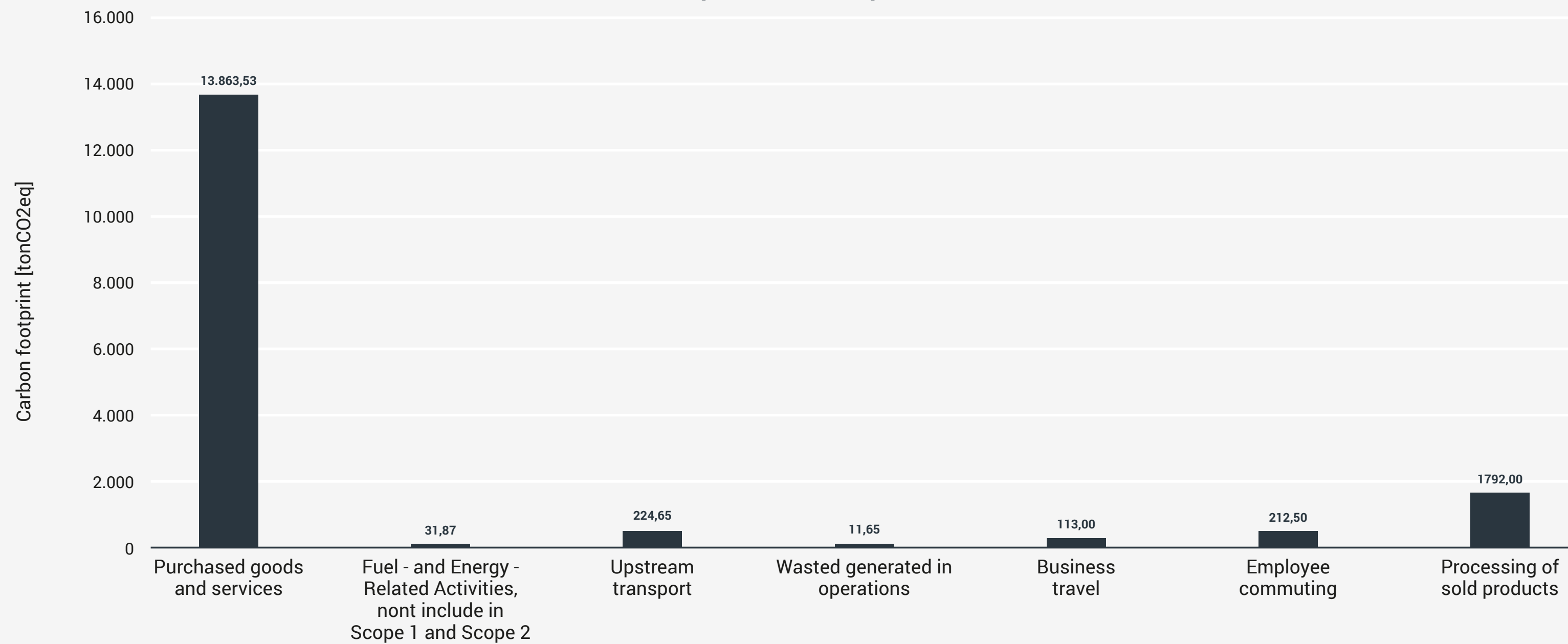
Scope 3 emissions include:

- Purchased goods and services
- Fuel and Energy related activities, not include in Scope 1 or Scope 2
- Upstream transport
- Waste generated in operations
- Business travels
- Employees commuting
- Processing of sold products

Our Carbon Footprint

Scope 3 detail

Scope 3 - Carbon footprint - 2022



R&D and Innovation

Additive Manufacturing revolution

Valland has always been exposed to **innovative development** of both process and product from technical, economic as well as environmental sustainability perspectives.

During 2022, the skills acquired enabled the opening of an in-house **AM department** dedicated to the development and manufacture of components by means of **additive manufacturing technologies**.



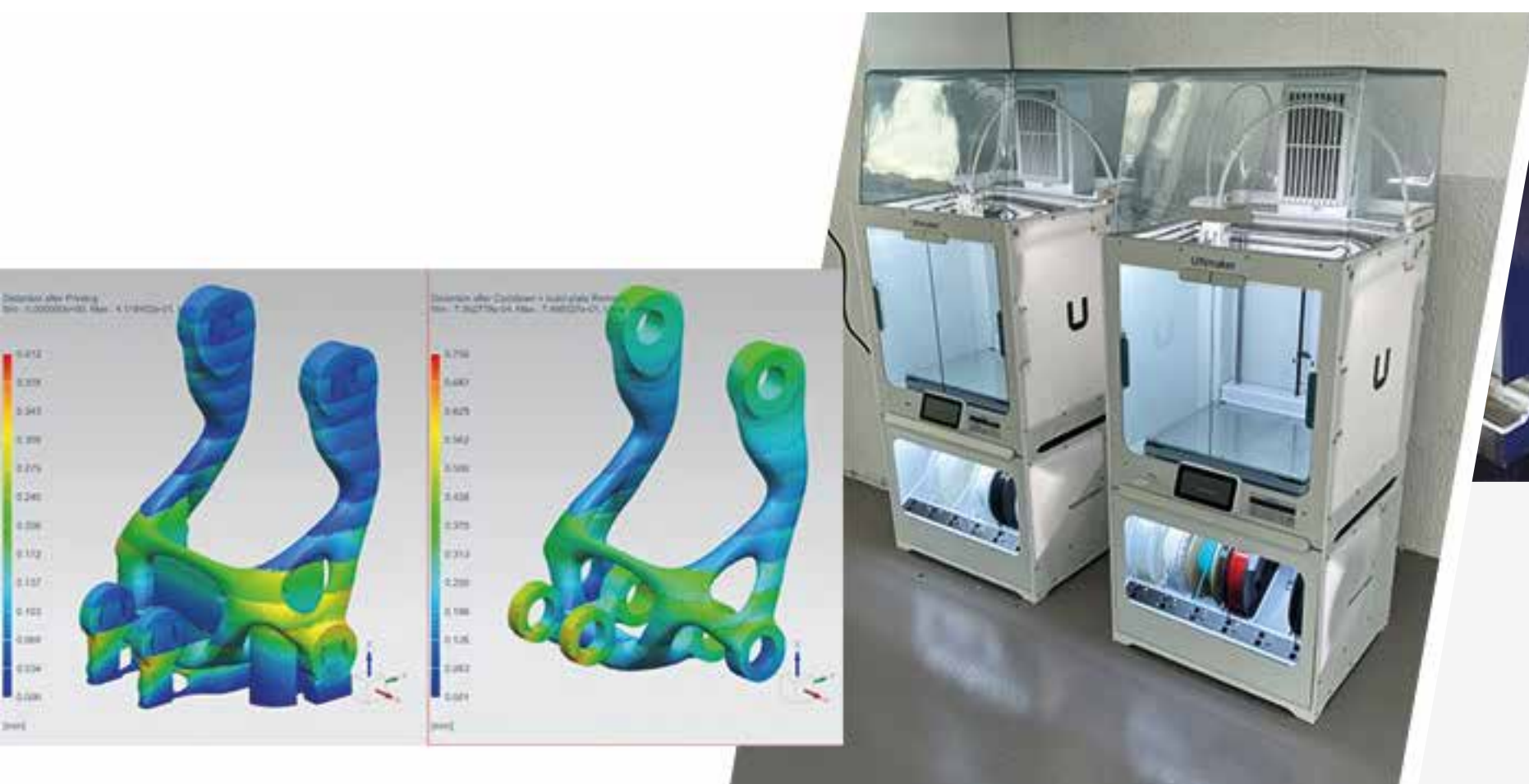
R&D and Innovation

Further improvement

During 2021-2022 Valland has significantly expanded its Additive Manufacturing capabilities in the fields of **polymeric, resin and metallic materials**.

The variety of machine types will allow us to properly cover a wide range of **requests from Clients** and **internal needs for R&D activities**.

3D Printed components





03.

Social



Social Business Principles

Code of Ethics and Conduct

Valland is committed to conducting business in accordance with the highest standards of **ethics** and **integrity**.

We strongly believe that **servicing our clients** and **taking care of our community** are not only integral to running our business successfully, but it is part of our individual responsibilities as citizens of the world.

Based on this belief we have developed **core principles** guiding company's business practices and ethical behavior:

- We comply with laws and regulations
- We care about our employees and their families
- We ensure healthy and safe working conditions
- We want communities to count on us
- We strive to operate in a manner that respect the environment
- We carefully select our business partners

To read more about our business principles visit our website: valland.it/company/corporate-social-responsability/

Equitable and Inclusive Workplace

Since its foundation Valland strived to establish a working environment where all employees are treated with **dignity** and **respect**, both by colleagues and by the Company itself. Our cornerstones are:

- Dignity and Privacy
- Inclusivity and Diversity
- Equity and Fairness

Supporting Not-for-Profit Initiatives

It is natural attitude of Valland to contribute in supporting initiatives in favour of **deprived** and **needy** members of the society.



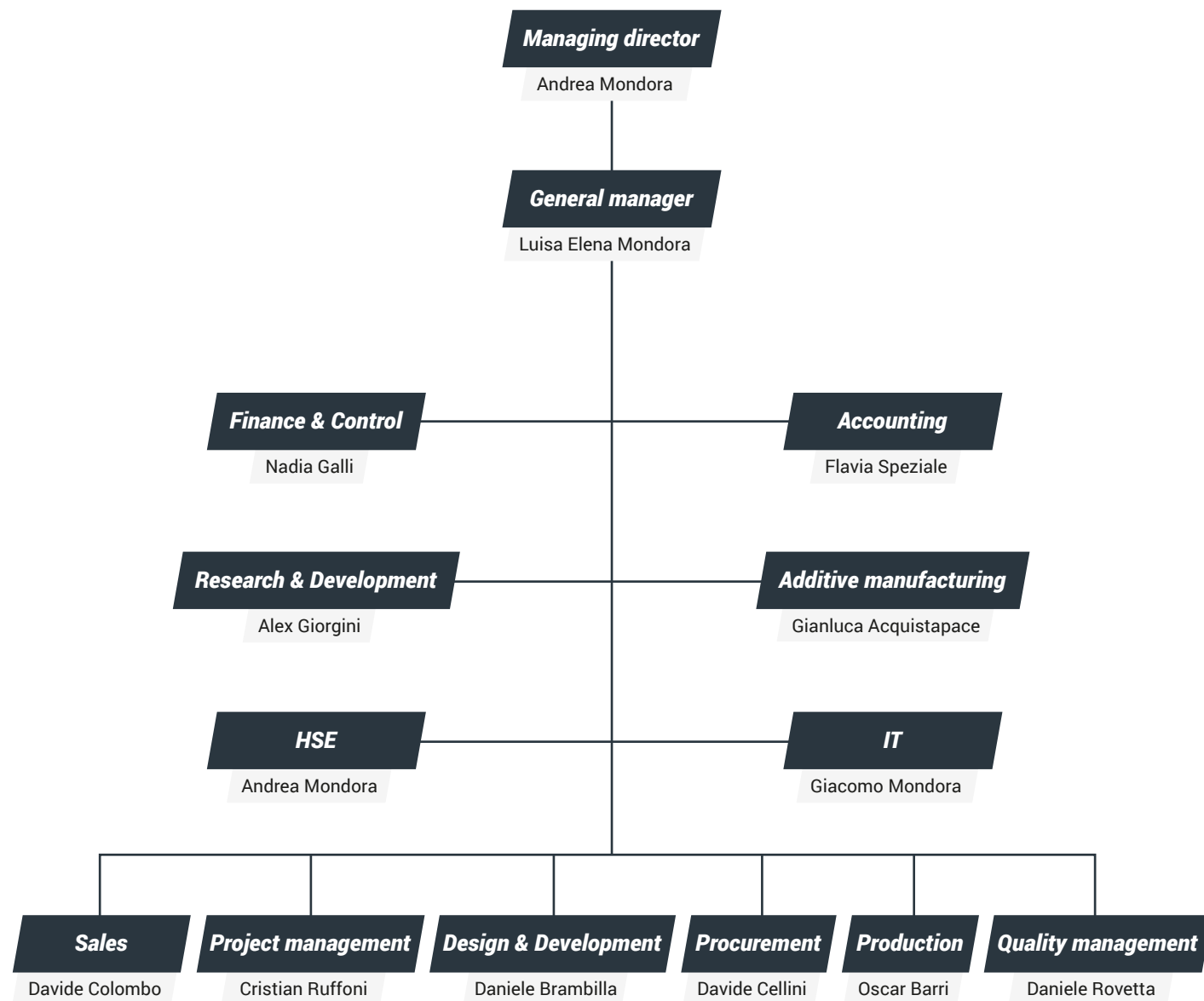
Valland offered to employees medical screening tests to spread throughout the company the culture of prevention.



Funds raised to support the research against cystic fibrosis.

Our Organization

Organization Chart



Our internal R&D and AM divisions

Valland houses an internal **R&D Division** dedicated to managing and promoting technological advancements within the industry, while providing support to other internal divisions in the study and development of innovative projects.

This division specializes in the development of in-house and externally funded projects in areas including O&G and Energy sector valves, the Hydrogen sector and Additive Manufacturing.

Additionally, Valland features an innovative **Additive Manufacturing department** dedicated to designing, prototyping, and manufacturing metallic and polymeric components for both its own products and those of third parties.





04.

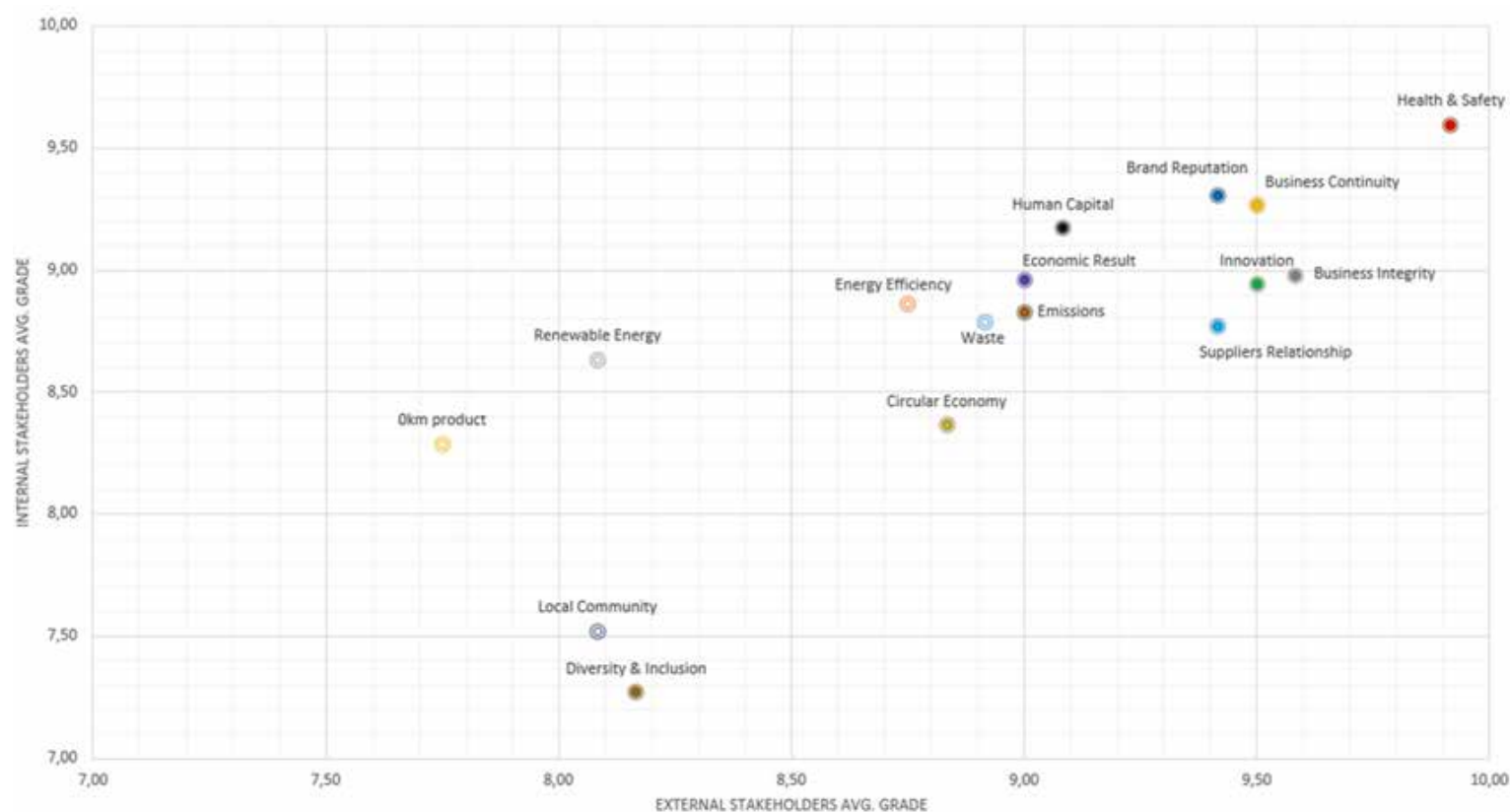
Governance

Stakeholders

Materiality assessment

Valland's success depends on **understanding and responding at needs** of the subjects that interact with us.

We have therefore **assessed and identified ESG themes** that are perceived as most relevant from the perspective of the company stakeholders.

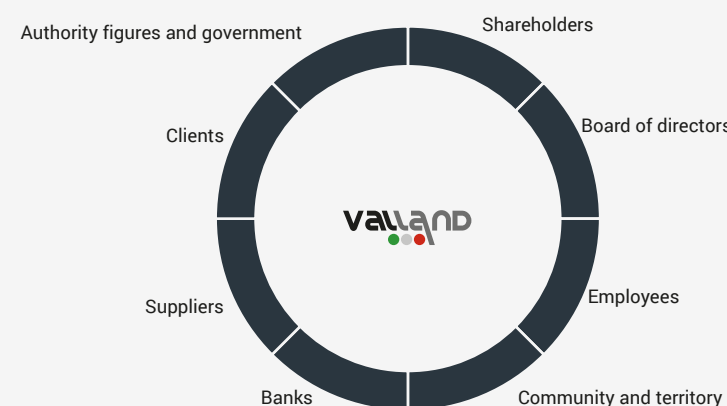


Key Stakeholders and Reference Markets

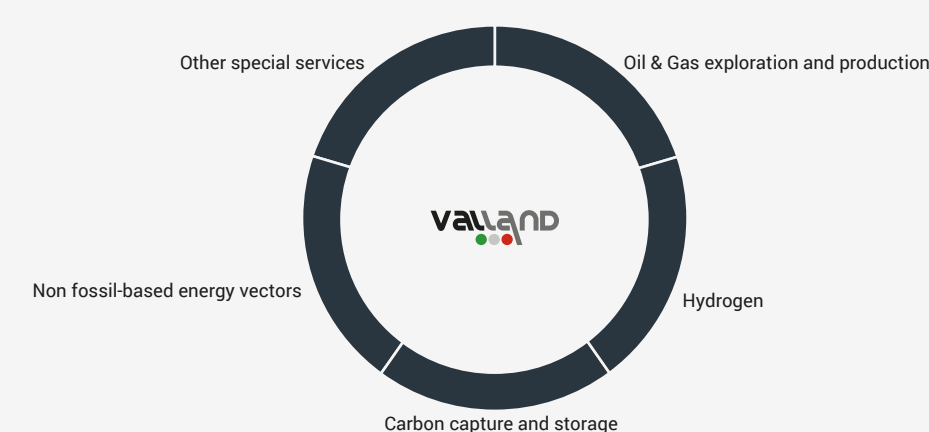
Stakeholders engagement is crucial in the company value creation process. We interact with a **wide universe of entities**, both internal and external, keeping with them connections through different channels. Maintaining these links allow the company to promptly address relevant **risks and opportunities**.

Since the company foundation the reference market has been represented by the **Oil & Gas Exploration & Production sector**. We will continue to serve it, also considering the geopolitical tensions we are experiencing, in order to **guarantee the access to secure and affordable energy sources**. In parallel, we are exploring new markets linked to innovative clean energy technologies such as **Hydrogen, Carbon Capture and Storage (CCS) and other non-fossil based Energy Vectors** (Ammonia, Renewable Synthesis Gases, etc.).

Key stakeholders



Reference markets



Risks and Opportunities

Risks and Opportunities – Review of 2022

In Valland every year we are used to perform an internal review regarding risk and opportunities assessment.

This is carried out to **better analyze the events occurred** and to **plan the development approach** that we will implement in the years to come. These are our key findings:

Key Findings Risks:

- Supply chain disruption
- Uncertainty in raw material supply and market prices
- Long tail effect of COVID-19 pandemic

Key Findings Opportunities:

- Approaching the market niche of Hydrogen and CCS applications valves
- Significant investments for the set up of an innovative Additive Manufacturing facility

SWOT analysis – Looking to the future

	<i>Advantageous factors</i>	<i>Disadvantageous factors</i>
<i>Internal factors</i>	<ul style="list-style-type: none"> • No accidents or injuries throughout the years (S) • Management directly involved, quick decision making (G) • Consistent know how, attitude in entering new high tech niche when required (G) • Agile small-medium enterprise able to adapt to unconventional requests (G) • Low environmental impact due to low emission activities (E) 	<ul style="list-style-type: none"> • Difficulties in managing series production (G) • High price product due to quality level and customization degree (G) • Difficulties in replacing figures in key roles being the personnel highly skilled (G) • Difficulties in assessing and controlling the sustainability of the value chain (E)
<i>External factors</i>	<ul style="list-style-type: none"> • Increase the expertise on valves for Clean Energy sectors applications (E-G) • Identify interesting potential new products for Hydrogen applications (E-G) • Proceed with investments in Additive Manufacturing business (E-G) • Approach the market with products made by AM technologies (mass customization) (G) 	<ul style="list-style-type: none"> • Supply chain disruptive materials prices and availability (G) • Investing in new business lines when a complex international framework is present insisting on political, economic and energy-related perspectives (E-G)

ESG KPIs and Targets

Focus area		2022 Benchmark	2023 Target	
SDG	Area	Actual state/KPIs	Target	KPIs
	Friendly workplace	<ul style="list-style-type: none"> • 0 LTIFR* and 0 TRCFR** • 6% Attrition rate • < 0.1% Revenue donated to charity 	<ul style="list-style-type: none"> • Maintain the result • Maintain the result • Increase the share of revenues donated 	<ul style="list-style-type: none"> • 0 LTIFR* and 0 TRCFR** • < 20% Attrition rate • 0.2% Revenue donated to charity
	Innovation first	<ul style="list-style-type: none"> • Investments for AM facility set-up • Approach to clean energy niche markets 	<ul style="list-style-type: none"> • Finalize investments and start developing business in the sector • Increase the share of clean energy markets on total revenues 	<ul style="list-style-type: none"> • Acquisition of 10 orders involving AM parts • 5% of total revenues from clean energy sector markets
	Preserve Natural Resources	<ul style="list-style-type: none"> • Around 10 tons of municipal wastes produced • <10% Hazardous wastes share over special wastes 	<ul style="list-style-type: none"> • Maintain and possibly reduce the result • Maintain and possibly reduce the result 	<ul style="list-style-type: none"> • <10 Tons of municipal wastes produced • <10% Share of hazardous wastes over special wastes
	Road to Carbon Neutrality	<ul style="list-style-type: none"> • Share of renewables over total EE consumption – 100% guaranteed but physically according to energy mix • Scope 1 CF: 21,75 tonCO2eq • Scope 2 CF: 132,15 tonCO2eq • Scope 3 CF: 16.249,2 tonCO2eq 	<ul style="list-style-type: none"> • Installation and comissioning of a ~220 kW size PV plant at our facilities • Reduce Scope 1 and 2 emissions • Improve the reliability of Scope 3 emissions assessment and reduce Scope 3 emissions 	<ul style="list-style-type: none"> • At least 20% of total EE consumption covered by PV plant production • 20% Reduction on Scope 1 and 2 emissions • Fine tuning of Calculation Tools for Scope 3 emissions assessment

*LTIFR: Lost Time Injury Frequency Rate

**TRCFR: Total Recordable Case Frequency Rate



Annex



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*Small enough to care,
big enough to handle!*
