

Sustainability  
Report  
2021

FOR  
A GREENER  
FUTURE

“Becoming a Benefit Corporation confirms an approach we have long adopted. The idea that doing business can also contribute to the well-being of people and the environment, finds new impetus in the change of company bylaws to generate fertile ground for new, concrete and measurable initiatives”.

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01.

# Letter to Stakeholders

Dear stakeholders,

we are directing economic, technological and professional resources with greater conviction towards a business model capable of creating not only profits but also social and environmental advantages. To pursue this strategy, the Group has evolved into a Benefit Corporation, with a commitment to implement and promote socially responsible behaviour aimed at the common good.

It is time for change: we need regenerative change capable of involving businesses, institutions and citizens. All players in social, political and economic life can and must make a difference by investing skills, energy and creativity.

This Sustainability Report has been prepared with the aim of reporting on the social and environmental performance of ITALGRANITI GROUP in accordance with the objectives and principles established by the UN. It is a summary of the actions and projects undertaken and planned, which guide the Group towards the well-being of its employees, their families and the local community.

Enjoy your reading!



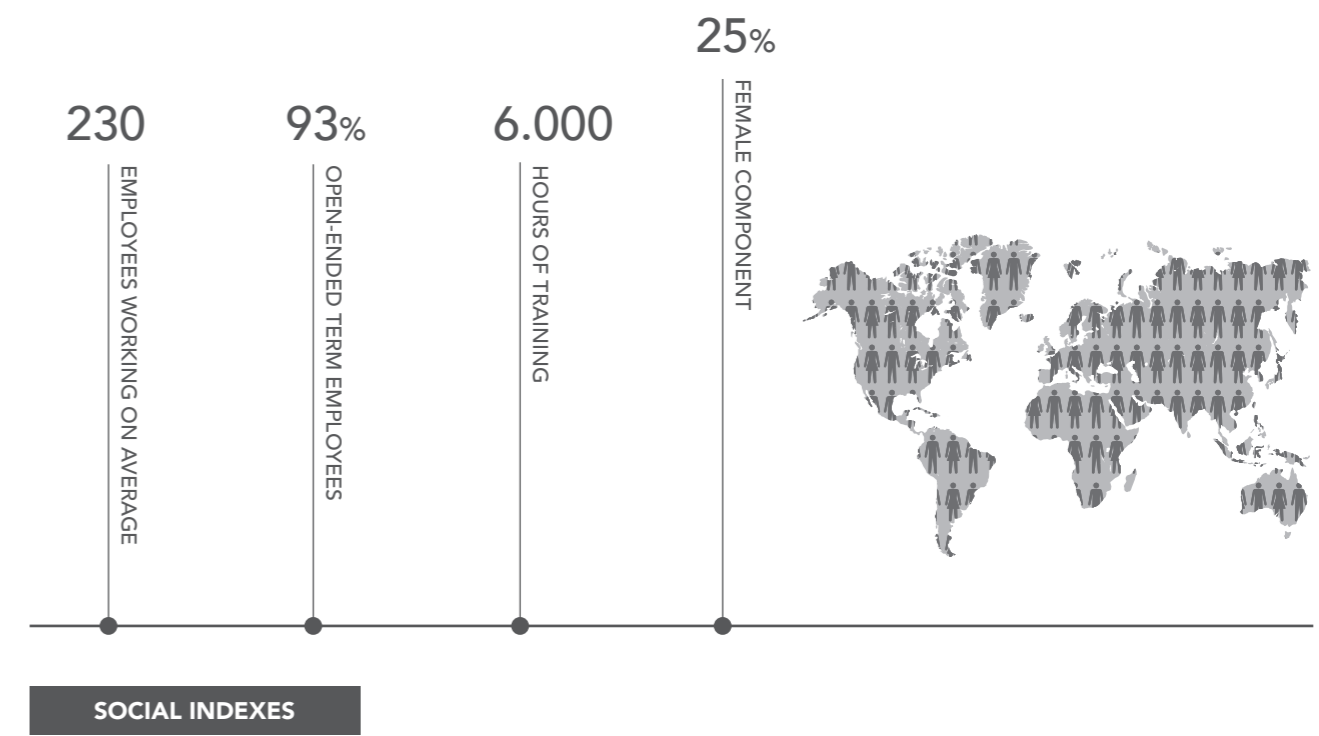
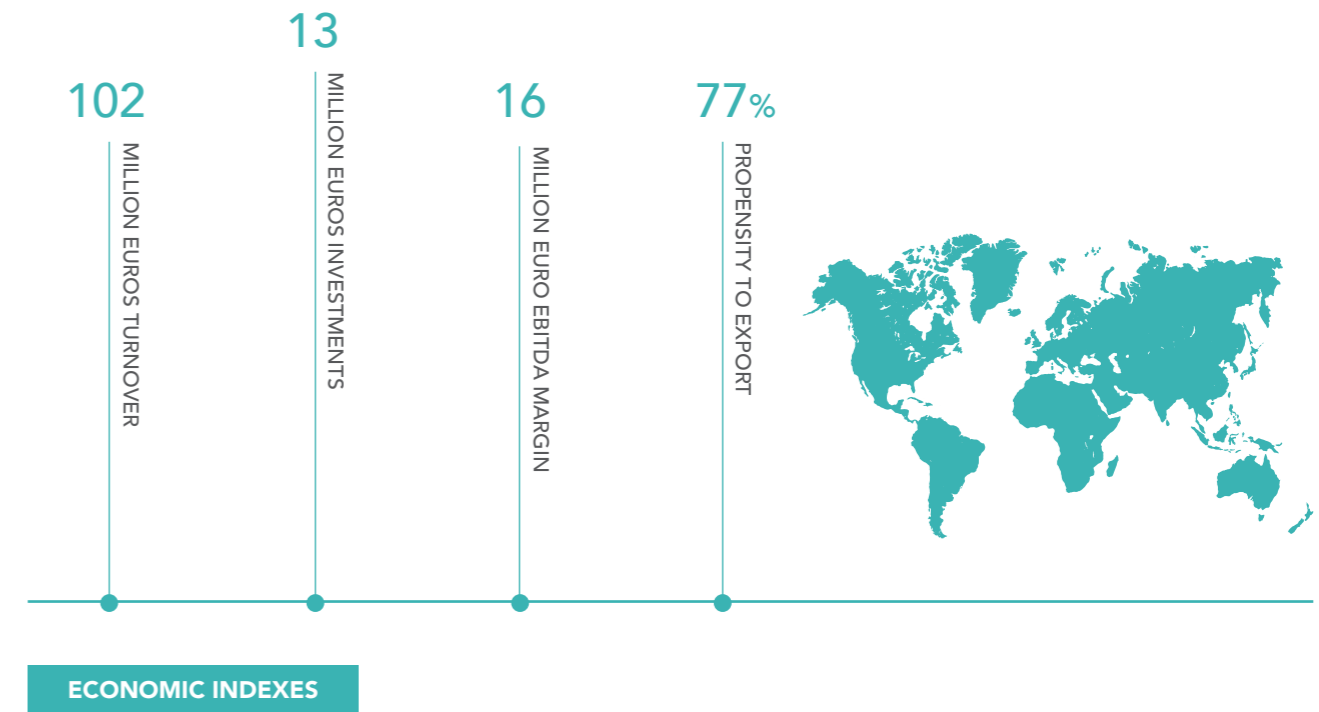
**Elisa Giacobazzi**  
Italgraniti Group S.p.A. CEO

02.

# Highlights

ITALGRANITI GROUP has been producing MADE IN ITALY porcelain stoneware surfaces that combine design, functionality and safety for three generations. Through its brands, the Group provides contemporary building and architecture with some of the best ceramic solutions for interiors and exteriors.

Over the years, the company has continued to make improvements on the three levels of sustainability: environmental, economic and social. This process has defined a strategy that sets out actions to achieve sustainability targets, measuring performance; the tables highlight the results for the year 2021, through the indicators considered most significant.



# 03.

## Methodological note

The Sustainability Report of ITALGRANITI GROUP (hereinafter also "Group") is a consolidated non-financial statement, as required by Italian Legislative Decree 254/2016. The selection of contents to be reported was made considering the most relevant topics for the Group and its stakeholders.

The method adopted to prepare this Sustainability Report complies with the Global Reporting Initiative Sustainability Reporting Standards (also known as "GRI"), internationally recognised reporting guidelines.

The company performance data and indicators cover the financial year 2021 (1 January to 31 December) and are the result of market analyses, internal processing, use of databases and sector studies. The information contained herein is current as at 31 May 2022 and is compared with that of the previous year, when available. In this case, the data are clearly associated with the relevant year. The use of estimates has been limited as much as possible, which are in any case based on the best available methods.



### 03.1 Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals were adopted by the United Nations in 2015 with the aim of helping countries and organisations around the world to take the necessary actions to reduce poverty, protect the environment and ensure economic prosperity and social development.

The 17 goals and 169 specific targets are closely integrated with each other - action in one thematic area affects the results of other areas - and form the foundation of the 2030 Agenda for Sustainable Development, aimed at

balancing social, economic and environmental sustainability. That of the United Nations is therefore a universal appeal that recognises the creativity, know-how, technology and financial resources of all societies as urgent.

### ITALGRANITI GROUP

The 2030 Agenda and the related 17 SDGs internationally represent the frame of reference for corporate sustainability, to which they offer global and local opportunities and challenges, with the aim of finding technological, management and corporate social responsibility solutions.

ITALGRANITI GROUP is willing to contribute directly and indirectly to the pursuit of these goals. As concerns these SDGs, the Group makes a commitment to its stakeholders to monitor the activities undertaken and periodically describe their quantitative and

qualitative impact in the Sustainability Report. The relevant goals are also summarised at the beginning of each chapter in this document. Section 10 ("Goals and Programs"), on the other hand, sets out the company's future plans.

# 04.



## Company

Italgraniti GROUP stood out for its solidity, reliability and ability to innovate among the large Italian ceramic companies. Its expansion in recent years has been supported by considerable investment in the latest cutting-edge production technology.

The Group now has 4 brands and about 250 employees, produces and markets 6 million m<sup>2</sup> per year and exports 80% of it. Between 2019 and 2021, it invested EUR 25 million, EUR 8 million of which in 4.0 technologies.

Investment and a strong focus on the environment have made it possible to realise a sustainability strategy and highlight values, principles and commitments that the Group has upheld for three generations.

### 04.1 Territory

ITALGRANITI GROUP is based in Italy's most important ceramic district, known the world over for its ability to innovate and for the quality and design of its products. The area boasts historical, artistic and cultural excellence that deserves to be defended and promoted; it is home to the Group's employees and management, who feel a

responsibility to reduce their environmental impact even beyond the already restrictive legal requirements. ITALGRANITI GROUP collaborates on an ongoing basis with universities, training organisations, associations and institutions to enhance the social and cultural value of the territory and to safeguard its environment and landscape.

“Continuous investment in technology is an impetus towards an increasingly sustainable evolution. As a Benefit Corporation we want to have a positive impact on the territory in which we were born and in which we operate”.

**EUR 25 million**  
of investment

**EUR 8 million**  
in 4.0 technologies





Site area  
**145,000 m<sup>2</sup>**  
 Covered area  
**35,000 m<sup>2</sup>**

## 04.2 Locations

### San Martino in Rio plant

Operating since 1994, the plant in San Martino in Rio (RE) is a modern production site covering 145,000 m<sup>2</sup>, 35,000 of which are covered. Equipped with three completely independent production lines, it produces around 6 million m<sup>2</sup> of high-quality porcelain stoneware each year. The considerable investment in 4.0 technologies in recent years has increased

the efficiency and sustainability of processes, with a significant impact on product performance, too.

In the course of 2022, the Group will begin work on doubling the production site; this further major investment will significantly increase the plant's output and overall efficiency.

### Warehouse and Logistics

The Group has three warehouses totalling some 83,000 m<sup>2</sup>, all of which adopt a highly computerised logistics model aimed at reducing the splitting up of loads and the dispersion of

incoming and outgoing traffic. Special internal shuttles collect orders with fully optimised trips, reducing the number of trucks entering the storage areas.





## Headquarter

Based in Formigine (Mo), ITALGRANITI GROUP headquarters house the collections of the Group's four brands. The Showroom is the meeting and exchange point between the

company and its partners, a multifunctional space to experience the multiplicity of materials, colours and technologies dedicated to architecture and landscape design.



## Milan Flagship Store

Opened in 2018 in the heart of the Brera Design District on Via Statuto, the Milan showroom designed by architects Andrea Parisio and Giuseppe Pezzano testifies to the dynamism of a Group that has been a leading player in the ceramic sector for more than 20 years, partnering architects and interior designers all over the world. A prestigious showcase of

ceramic surfaces capable of merging the culture of living and technical excellence, the newly renovated exhibition space makes tangible the passion and expertise that animates the Group's tireless research activity, which has always been supported by great aesthetic sensitivity and constantly cutting-edge technologies.



## 04.3 Brands

ITALGRANITI GROUP produces and distributes worldwide a wide range of ceramic surfaces that best represent the Made in Italy aesthetic culture and stylistic excellence demanded by top architects and interior designers. With its four brands, the Group composes a comprehensive offer of looks, sizes, thicknesses, finishes and accessories.



## ITALGRANITI GROUP

**ITALGRANITI**  
INTERIOR & ARCHITECTURAL SURFACES

Around the world, Italgraniti is synonymous with high-performance porcelain stoneware. The transformation of top quality raw materials gives rise to ceramic projects able of interpreting the multiple housing, architectural and symbolic needs of a world in constant evolution. Italgraniti's collections encompass all aesthetic looks, sizes, thicknesses and finishes and are able to turn into solutions that combine high technical qualities with high aesthetic content.

**OPEN**<sup>®</sup>  
REWRITING OUTDOOR SURFACES

OPEN is the project of outdoor flooring surfaces in technical porcelain stoneware with an extra thickness of 20 mm. Designed for garden design and all multi-purpose outdoor areas requiring ultra-strength and safety. OPEN provides refined material inspirations and guarantees maximum flexibility of installation for large public spaces and advanced residential contexts.

**ITALSTONE**<sup>®</sup>  
UNLIMITED SURFACE

Italstone is the brand dedicated to large 12 mm thick slabs ideal for worktops. The brand offers planners, architects and designers technical excellence and maximum freedom of expression: scenic surfaces - in 6, 12 and 20 mm thicknesses - designed to create environments where worktops and furnishing accessories are in perfect harmony with floor and wall coverings.

**IMPRONTA**  
SUPERIOR ITALIAN PORCELAIN

Since 1975, the Impronta brand has been a reference point for those seeking porcelain stoneware surfaces to create residential and commercial spaces with great technical and aesthetic qualities. Underlying the brand's success is a great ceramic culture and the ability to meet - and often anticipate - the needs of top professionals in the industry.

## 04.4 Digital transparency

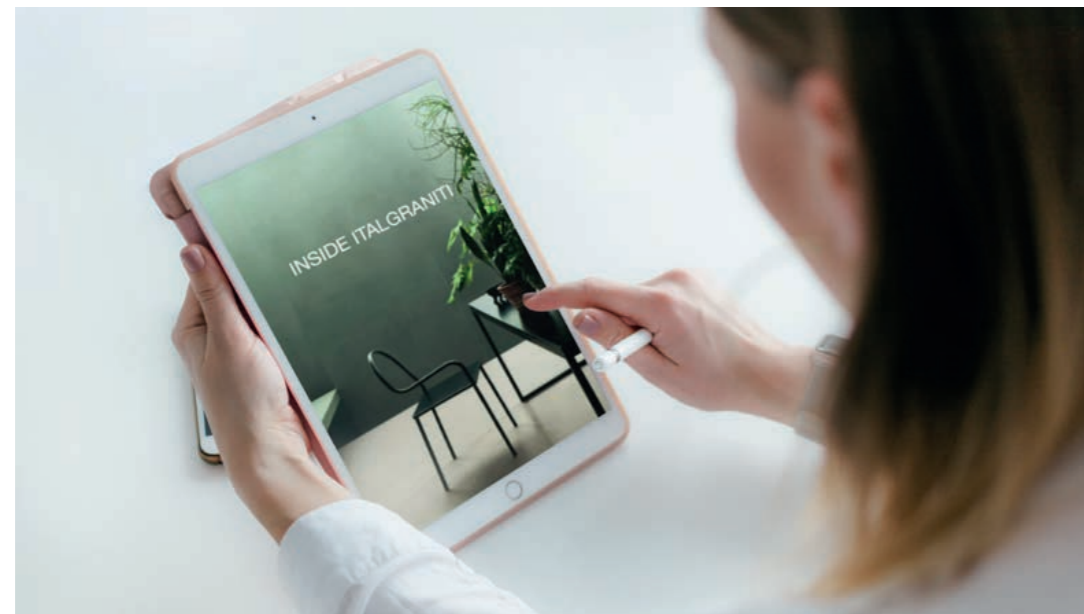
The digital revolution has brought unprecedented accessibility to information to the majority of the world's population. Digital tools are, therefore, also transparency tools, because they replace intermediaries with interfaces that are always operational,

always better designed and always richer in information. It was with this transparency in mind that the Inside portal was implemented in 2021 and the company joined Ongreening®, a platform dedicated to sustainable materials.

### Inside Portal

Inside is the web portal dedicated to the Group's sales network, a platform that is also always accessible from mobile phones where you can check product availability, place orders and check their status, download related

documents and stay up-to-date on the latest marketing tools. Inside provides access to vital information to work better and give customers accurate and timely answers.



### Ongreening

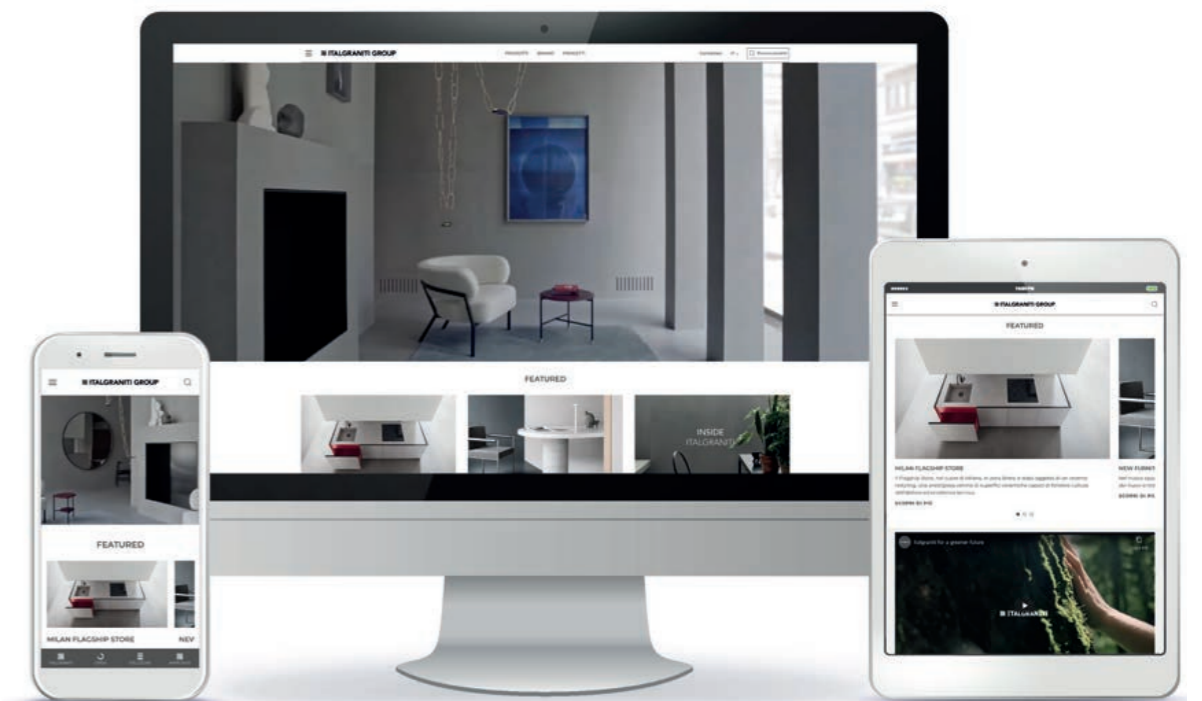
Ongreening.com is an independent portal established in 2014 and dedicated to green building and sustainability professionals, used daily by thousands of architects, designers and consultants. Ongreening provides

detailed information about conformity and the contribution of ITALGRANITI GROUP products to the main building sustainability certification systems (LEED®, BREEAM®, WELL™ and others).

## New Website

A new Group website was designed in 2021. The new user interface provides a more intuitive and pleasant browsing experience, with much more textual and photographic content, both for the corporate area and for the brands and their products. The possibility

of downloading a large number of up-to-date documents (collection catalogues, technical manuals, specifications, press releases and thematic dossiers) helps to establish transparent relationships with anyone interested in the Group and its brands.



# 05.



## Products

ITALGRANITI GROUP is internationally recognised for the very high performance of its Made-in-Italy porcelain stoneware, obtained by selecting and processing top quality raw materials. The various collections interpret the multiple needs of a more and more demanding customer base worldwide, to whom they offer functional and design responses.

### 05.1 ITALGRANITI GROUP porcelain stoneware

The industrial solutions of the Group are the result of almost half a century of experience and research. State-of-the-art equipment, rational and reliable processes enable us to produce ceramic surfaces of the highest quality standards.

Porcelain stoneware consists only of natural raw materials fired above 1,200 °C to give them the necessary strength. It does not require any post-installation treatment (such as paint or protective resins), does not release volatile organic compounds (VOC) into the environment and does not contain

toxic materials. The Group's ceramic surfaces are safe, hypoallergenic and highly hygienic materials because they have virtually zero porosity, which means that they do not allow dirt to penetrate beneath the surface and offer bacteria, mould, fungi and bad odours an inhospitable breeding ground.



- 160x320 45x90
- 120x280 22,5x90
- 120x120 60x60
- 80x160 30x60
- 80x80 20x60
- 60x120 15x60
- 40x120 10x60
- 30x120 10x55
- 20x120 10x30
- 40x80



- 6 mm
- 9 mm
- 12 mm
- 20 mm



- StrideUp
- RealUp



"We recognise the quality of raw materials as being of paramount importance. As we work to streamline production parameters, we secure the best clays available on the market".

## 05.2 Product sustainability

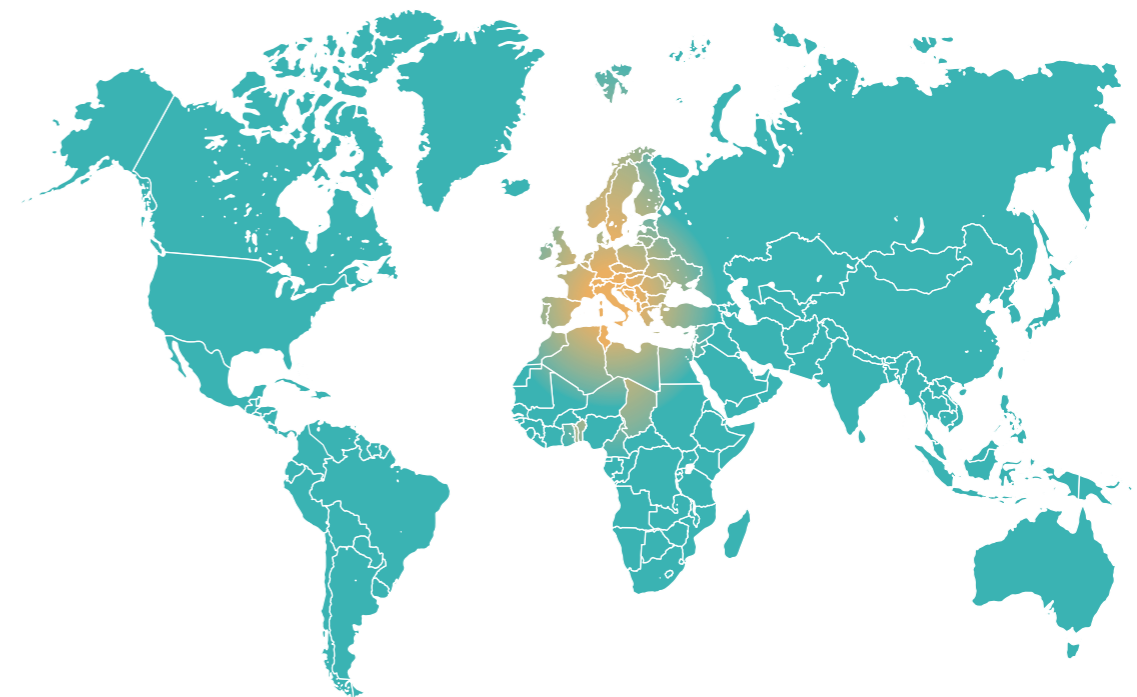
ITALGRANITI GROUP uses the following resources to manufacture its products:

- **Raw materials:** clays, feldspars, sands and quartzes, colouring oxides, fluidizers/additives and other raw materials.

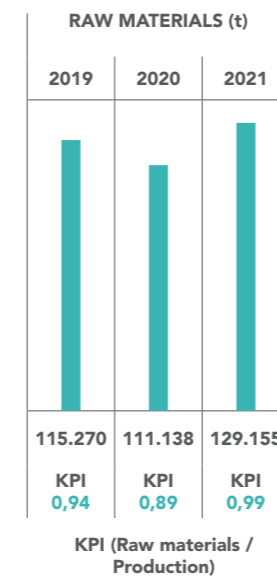
- **Auxiliary materials:** colouring oxides, frits, ground materials, grits, digital inks, compounds and glazes, dry coloured applications and additives.

The composition of the product is typical of ceramic products. Specifically, raw materials form the structure of the tile while auxiliary materials are used to give the aesthetic appearance and surface performance.

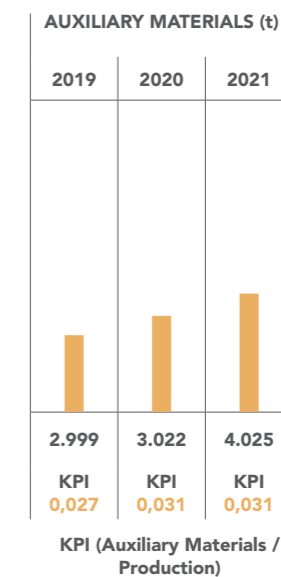
The geographical origin of raw materials varies according to their quality: In fact, ITALGRANITI GROUP searches for the materials that can guarantee the best results both technically and aesthetically. Auxiliary materials, on the other hand, are sourced locally, where it is possible to rely on the high specialisation of the Emilia ceramic district.



The adjacent graphs show the data on material consumption, including the indicator (KPI) that relates it to production.



- PROCUREMENT ABROAD**
- RAW MATERIALS**
- CLAY
  - FELDSPAR
  - SAND AND QUARTZ
  - VARIOUS RAW MATERIALS
  - COLOURING OXIDES
  - FLUIDIZERS/ADDITIVES



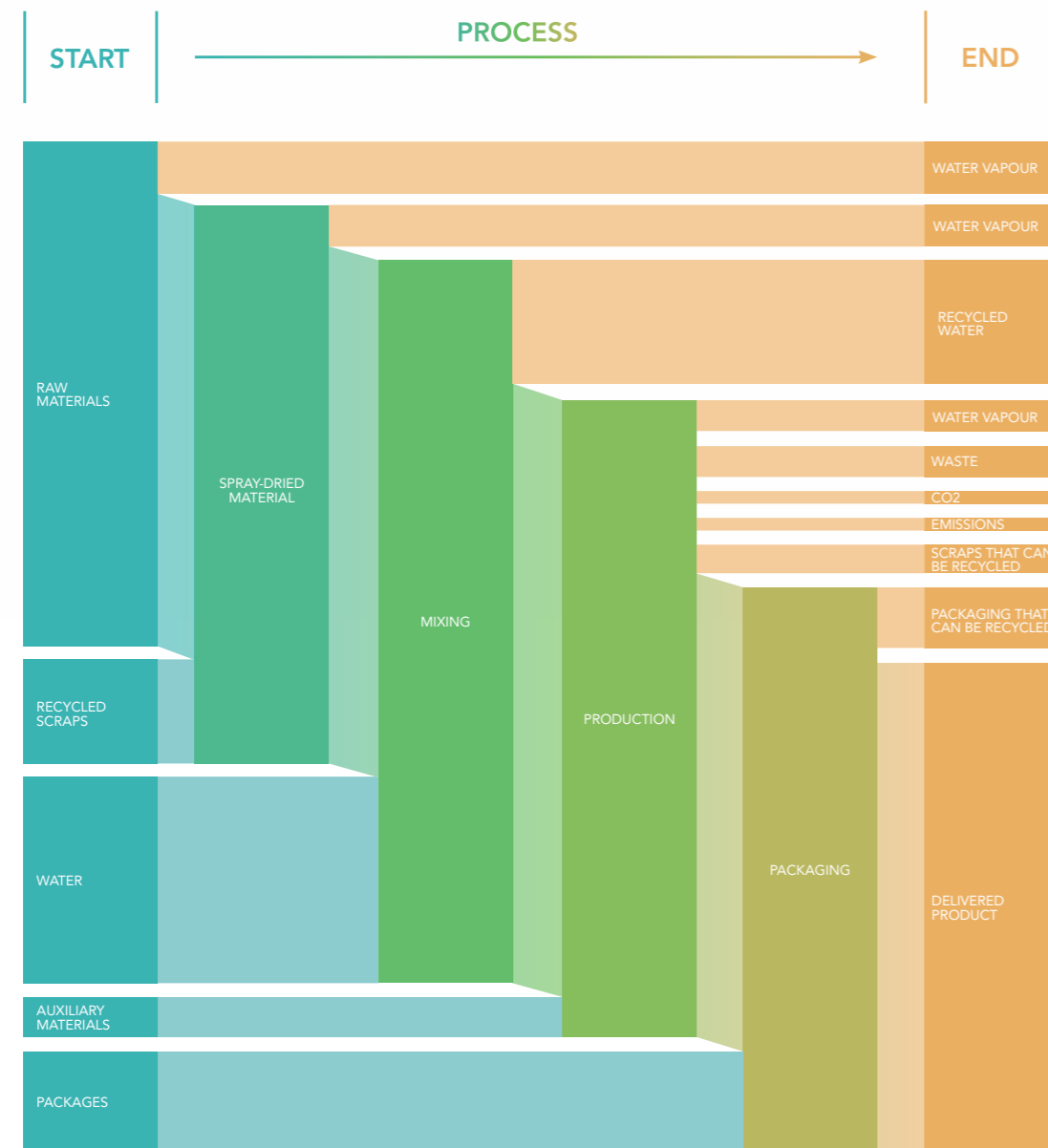
- LOCAL SUPPLIES**
- AUXILIARY MATERIALS**
- COLOURING OXIDES
  - FRITS
  - GROUND MATERIALS
  - GRITS
  - DIGITAL INKS
  - COMPOUNDS AND GLAZES
  - APPLICATIONS DRY-COLOURED
  - ADDITIVES

## Mass flow

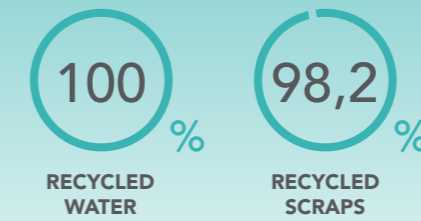
The diagram represents the mass flow of the production process that transforms the raw material into the finished product.

ITALGRANITI GROUP has collaborated with the most qualified suppliers to study products and processes with less environmental impact. A significant amount of water, drawn from artesian wells, is involved in the process

outlined below. After use, all water is recycled, less evaporation losses. The auxiliary materials used represent the best solutions for the industry and are employed in the process with much lower volumes than other resources.



## Recycling water and production scraps



ITALGRANITI GROUP recovers 100% of the water used in the production process and almost completely recycles production scraps. This important objective required considerable investment, which was considered essential in view of increasing environmental sustainability.

## Packaging

The table shows the packaging materials used by ITALGRANITI GROUP.

Values in ton

PACKAGING	2020	2021
<b>Wood</b>	2.448	3.152
<b>Cardboard</b>	0,24	0,32
<b>Heat shrinking film</b>	0,19	0,22
<b>Straps</b>	0,07	0,12
<b>Total</b>	<b>2.448,5</b>	<b>3.152,66</b>
<b>KPI (Packaging / Production)</b>	2,5 %	2,4 %

All components described in the table are recyclable. Wood and cardboard account for 91% of the total packaging. The cartons are die-cut and printed on the spot to eliminate scraps and reduce the standard sizes stored.



### 05.3 Product certifications

Our products are certified to the highest quality, safety and environmental standards on the market.



#### EPD

The EPD (Environmental Product Declaration) is a concise document that outlines the environmental performance profile of our product and allows us to communicate objective, comparable and credible information in this regard, without expressing evaluation, preferability or minimum levels to be respected;

it thus allows those who read it to make a conscious and correctly informed choice. This year ITALGRANITI GROUP published its activity data on [www.environdec.com](http://www.environdec.com), the website of the International EPD System, the world's first and longest running EPD program.



#### LEED CERTIFICATION

ITALGRANITI GROUP's products meet the requirements of LEED certifications. LEED credits provide all interested parties with the necessary tools to objectively calculate the impact of a building in terms of environmental sustainability. The system is based on the attribution - for each of the requirements characterising the eco-compatibility of a building - of credits that, added together, give the level of certification obtained: the higher

it is, the greater the competitive value of the building on the market. Our products do not release toxic substances and do not contribute to the heat island effect; moreover, they come from a plant with a certified environmental management system. A certified percentage of more than 20% recycled material (pre-consumer material) is used to manufacture them. This certification was issued by Bureau Veritas Italia S.p.A.



#### CCC CERTIFICATION

The CCC marking is governed by a Chinese regulation certifying that ITALGRANITI GROUP's products have the lowest possible natural radioactivity for building materials, lower even than the natural radioactivity of granite. The CCC certification is obtained after cross-testing by two different laboratories on the same sample and an audit by the certification body

guaranteeing that the certified products comply with the criterion. The CCC mark divides the products into two classes: A and B. All ITALGRANITI GROUP products belong to class A, which is the safest, suitable for use in all places, including public places (such as schools and kindergartens).

## Product certifications



### CE MARK

The CE mark guarantees product safety. A product with CE mark complies with all the safety and consumer protection parameters of the relevant European directive. The CE mark is obtained by passing laboratory tests and submitting a technical file describing the

performance of the products under examination, in accordance with Regulation (EU) no. 305/2011 (known as the CPR Regulation) and the harmonised standard UNI EN 14411 ("Ceramic tiles - Definitions, classification, characteristics and marking").



### NF UPEC CERTIFICATION

This is a French quality mark obtained on the basis of tests according to the European standard EN 14411 and the CSTB's Technical Cahiers. Each product is assigned a classification

that attributes its suitability for installation in the various target environments. The certified products and their Classements are specified in the certificate.



### CERAMICS OF ITALY

Ceramics of Italy is the institutional and sectorial brand that represents and promotes the companies of the Italian ceramic industry worldwide. For almost forty years, it has been promoting the image and content of the Italian ceramic industry on foreign markets: Ceramics of Italy synthesises tradition, quality, innovation and creativity.

The institutional image of the Italian ceramic industry, the brand safeguards and spreads awareness of the member companies of Confindustria Ceramica and the use of their products through trade fairs, promotional and advertising campaigns, and institutional participation in commercial, cultural and image initiatives aimed at strengthening the action of

individual companies on international markets. Ceramics of Italy represents the will of the Italian ceramic tile industry to spread and promote in Italy and abroad a new value of the tile: no longer a product for the construction industry, but a reference point for style and creativity in the development of a new Made in Italy living culture. The Italian ceramic tile industry labels with the Ceramics of Italy mark those materials characterised by a high design, capable of qualifying living spaces, the result of modern technologies that produce in the utmost respect for the environment, with a great attention to safety in the workplace, the constant search for optimisation of the resources employed, according to the highest performance standards.

The product marks are correctly stamped on the packaging as prescribed by the certification bodies. ITALGRANITI GROUP ensures full compliance with the ISO 14411 standard with regard not only to technical performance but also to labelling, displaying useful information for recognising product quality. The CE marking resulting from the Construction Products Directive is extremely important.

Audits by certification bodies for overseas shipments have never revealed any anomalies or non-conformities in packaging, marking and labelling. Over the years, there have never been any complaints or non-conformities caused by product-related health and safety problems. There were also no complaints about erroneous commercial communications.

## 05.4 Supply chain

The careful selection of suppliers, based on their qualification, is a cornerstone of the company's strategy.

After inclusion of the suppliers in the Group's supply chain, a systematic monitoring of their performance in terms of product quality, service, environmental protection and occupational health and safety is carried out.

As of this year, with the Group's evolution to become a Benefit Corporation, suppliers are also being analysed in terms of their corporate social responsibility.

ITALGRANITI GROUP's commitment to promoting environmental and social sustainability goes beyond the corporate borders and involves the entire supply chain. For this, the following objectives were set:

- purchasing goods and services from suppliers that actively adopt inclusion and diversity policies and have a concrete approach to tackling any kind of exploitation of people
- complying with environmental legislation, including international obligations on climate change and sustainable development, such as reducing CO2 emissions and protecting biodiversity
- giving priority to suppliers who have introduced ethical and sustainable practices within their organisation
- promoting awareness of the importance of sustainability among supply chain partners and encouraging them to adopt sustainable practices
- avoiding the use of potentially environmentally harmful products when a less harmful alternative is available
- reducing waste and the use of non-renewable resources by identifying and eliminating, where possible, wasteful practices in internal and external operations, prioritising goods that provide the greatest benefits in the circular economy
- encouraging the sourcing of materials, products and services from local markets.

To achieve these goals, a process of retraining and constant monitoring of the entire supply chain was initiated.



# 06.



## Governance

The Group, a family business for three generations, is rooted in the Emilia region, where it continues to invest in research, product and process quality and the best available technologies, guided by the same values of almost fifty years ago:

beauty, technical excellence, passion and responsibility. Thanks to these values and the Code of Conduct inspired by them, the company is able to cope in the best possible way with the changes and constant demands of the market.

### 06.1 Corporate structure and bodies

#### MEMBERS OF THE BOARD OF DIRECTORS

<b>Dante Giacobazzi</b>	President and Company Representative
<b>Francesco Maturo</b>	Managing Director
<b>Elisa Giacobazzi</b>	Managing Director
<b>Giuseppe Pifferi</b>	Managing Director

#### MEMBERS OF THE BOARD OF AUDITORS

<b>Cristina Corradi</b>	Chairman of the Board of Auditors
<b>Statutory auditor</b>	Statutory auditor
<b>Piermaria Covati</b>	Statutory auditor
<b>Federico Fiorcari</b>	Deputy auditor
<b>Riccardo Vandini</b>	Deputy auditor

#### INDEPENDENT AUDITORS

BDO Italia S.p.A



### 06.2 Mission and values

At a time when architecture and interior design are evolving rapidly, the Group has earned a place among the protagonists of ceramic excellence. The ITALGRANITI GROUP brand has always been a benchmark for innovation in ceramic products and the services that gravitate around them, because it is only by experimenting, creating and devising unique solutions that it is possible to offer the market products exclusive in every respect.

“As a Benefit Corporate, we must maximise the benefits for people and the community we belong to, both economically and socio-culturally”.



### 06.3 Integrated corporate policy

The Group promotes a policy that systematically and strategically integrates four major management areas: social responsibility, process and product quality, environmental protection and occupational health and safety.

#### Corporate Social Responsibility

ITALGRANITI GROUP sees the principles of Corporate Social Responsibility as a strategic evolution of its traditional role as a business player. CSR promotes an innovative regenerative economic model that, alongside profit, ensures positive and sustainable

impacts on society and the biosphere. Accordingly, the Group has become a Benefit Corporation, including in its bylaws the fundamental objective of pursuing socially responsible behaviour oriented towards the common good.

All employees are called upon to share and pursue these goals:

- the involvement of all parties concerned (stakeholders) in order to maintain constructive relations with the players taking part in the corporate business
- the ethical conduct of the corporate business, to keep the Group reputation high and protect it from provisions by the supervisory authorities, which may include fines and punishments
- the balancing of the interests of investors with those of the community
- the implementation of initiatives and projects aimed at common benefit, in a responsible, sustainable and transparent manner.

## Quality of Products

High-quality products and services are the winning strategy for satisfying and retaining customers and for continuing to grow while complying with applicable laws and regulations. This strategy necessarily involves sustainable product and process innovation and the use of the best available technologies.

The Group's management team wants to pursue innovation at all levels, promoting the research and the development of ever higher performing products, both in aesthetic and technical terms, investing in production plants and technologies able to guarantee reliable, efficient processes.

These are the objectives that all collaborators are called to share and pursue:

- product excellence in order to overcome the competitors in the offer to customers
- compliance with product regulations to ensure safety and proper environmental management
- customer satisfaction in all aspects of the business relationship: product quality, punctuality of service, cordiality and collaboration in interpersonal relations
- the efficiency of processes that optimise the use of raw materials and energy forces, to ensure economic margins that are crucial to business success
- continuous staff training, to keep them at the highest levels of competence and awareness, so that everyone feels part of a team striving for business success
- maximum collaboration with suppliers and business partners to improve the entire supply chain and enable joint growth
- economic growth, to ensure the Group's prosperity and employment stability.



“For the Group, the preservation of natural resources is an imperative. In addition to product quality, our research and development also focus on improving environmental indices”.

## The Environment and Sustainability

In connection with the Group's activities and the resulting impact, the Group undertakes responsibilities related to environmental protection and the sustainability of products and production processes.

The Management considers the protection of environmental resources and the management of their problems to be one of the most important corporate priorities. Voluntary adherence to the EMAS Regulation and maintenance of ISO 14001 Certification

are an opportunity for ITALGRANITI GROUP to confirm and boost the protection and improvement of the environmental quality of the territory in which it operates. The overall EMAS implementation record shows an important impact on research and innovation of products and processes, with concrete results in terms of environmental improvements and a strengthening of the Group's image and competitiveness in the market.

These are the objectives that all collaborators are called to share and pursue:

- carefully assessing the environmental impacts of activities and products, in order to take the necessary measures to mitigate or, if possible, eliminate them, paying particular attention to the consumption of energy and natural resources, atmospheric emissions, waste generation, noise pollution and industrial water discharges
- assessing the context in which the Group operates, also in relation to the expectations of the stakeholders with whom it wishes to establish a constructive dialogue
- assessing potential risks and opportunities related to environmental aspects arising from the Group's activities, processes, products and services
- ensuring full compliance with applicable rules and laws and cooperate with public authorities in the event of controls and audits
- assigning appropriate responsibilities and authorities for the planning and implementation of environmental actions
- setting objectives and defining environmental programs geared towards continuous improvement, adopting appropriate indicators to measure the achievement of the set goals and the performance of the actions undertaken
- adopting technical solutions aligned with the best available technology, when economically feasible.

## Occupational Health and Safety

The management of occupational health and safety issues is one of the priorities of ITALGRANITI GROUP, which, feeling a direct responsibility for these issues, has adopted the requirements of the ISO 45001 standard and has prepared procedures and operating instructions that have led to the certification of the system already 3 years ago.

These are the objectives that all collaborators are called to share and pursue:

- providing safe and healthy working conditions in order to prevent accidents, injuries and work-related diseases
- systematically assessing the risks that may arise from the various work activities, and accordingly taking the necessary measures to remove or at least mitigate them
- assessing the context in which the Group operates, also in terms of stakeholder expectations, taken as specific commitments of the organisation
- complying with all applicable occupational health and safety rules and laws and cooperating with public authorities in the event of checks and controls
- setting objectives and defining programs for continuous improvement of occupational health and safety , adopting appropriate indicators to measure the achievement of the set goals and the performance of the actions undertaken
- promoting worker participation by identifying instruments for consultation and involvement.

**“Our commitment to building safe and healthy workplaces has steadily grown over time, becoming a top priority, an absolute requirement”.**



Photo by MRC Temiscamingue on Unsplash

## 06.4 Risk analysis

The Management has systematically extended the risk analysis to all areas of the company, including the risk of offences covered by Italian Legislative Decree no. 231/01. To carry out these assessments, a very broad definition of risk was adopted (as per UNI 11230 - Risk Management), which can be adapted to the various areas of the company: risk is the totality of the possibility of an event and its consequences on objectives.

Other criteria can be used for more specific activities such as assessment of risks for occupational health and safety. Risk is a probabilistic concept: it is the probability that a certain event which may cause a damage occurs.

The notion of risk implies the existence of a source of danger (or threat) and the possibility that this becomes a damage. We consider opportunities as cases where uncertainty can become positive consequences on the objectives.

Risks and opportunities may arise from:

- the context of the Group
- compliance obligations
- stakeholders' expectations.

## 06.5 Code of Conduct

The Code of Conduct is the document through which ITALGRANITI GROUP declares its responsibilities and ethical-social commitments. It therefore contains the criteria the Group adopts to pursue the interests of internal and external stakeholders.

ITALGRANITI GROUP recognises the importance of the ethical and social values of work: consequently, it is committed to the sound and responsible management of its own activities and those of its social partners, with respect for the community to which it belongs. In conducting its activities, in fact, the Group is based on principles of fairness and transparency in the assumption of risks, both towards customers and within the company: it is in this perspective that the corporate governance system has been set up and implemented.

These commitments gave rise to the Code of Conduct, which has these aims:

- defining the fundamental ethical principles of ITALGRANITI GROUP
- establishing rules of conduct for those working on behalf of the Group
- fostering dialogue, involvement and consensus among these players
- indicating the basis for a voluntary agreement to ethically regulate relationships between ITALGRANITI GROUP and its stakeholders
- representing the basic element for the adoption of the Organisational Model pursuant to Italian Legislative Decree 231/2001 on the administrative liability of entities.

## 06.6 Organisational Model pursuant to Italian Legislative Decree 231/01

Model 231 is an organised system of documents, procedures and work and control activities aimed at preventing and reducing the risk of committing the offences contemplated by Italian Legislative Decree 231/2001, which governs the liability of entities for administrative offences dependent on crime.

ITALGRANITI GROUP has adopted an organisation, management and control model that has a dual purpose:

- protecting the Group from the sanctions provided for in Italian Legislative Decree 231/01
- formalising their ethical behaviour and extending it to their social stakeholders.

One of the purposes of the model is, therefore, to induce in all those who operate in sensitive processes an awareness of the social value of the model itself in relation to the purpose of preventing offences and encouraging compliance with the rules roles, and operating methods indicated in the various protocols.

The addressees of the model are all the social stakeholders of ITALGRANITI GROUP, but in particular:

- shareholders
- board members
- top position persons
- employees, including temporary workers
- external collaborators, i.e. consultants, suppliers, sub-contractors and all partners.

## 06.7 Whistleblowing

Anyone who becomes aware of conduct that is not in line with the provisions of the Law, the Organisational Model pursuant to Italian Legislative Decree 231/01 or the Code of Conduct may report it (also anonymously) to the internal Supervisory Board (SB).

Conduct or irregularities that cause damage to ITALGRANITI GROUP may be reported, such as actions committed or attempted and omissions likely to cause damage to the health or safety of workers, damage to the Group's image, financial damage, damage to employees and users, acts of attempted or implemented corruption; or conduct by third parties (such as collaborators, suppliers, consultants, etc.) in the same area of relevance. Reports must be based on precise and consistent facts, and reporting channels may not be used for purposes other than protecting the integrity of the Group.

Having an internal reporting channel (as per European Directive 2019/1937 on Whistleblowing) protects employees, suppliers and customers who want to report wrongdoing within the Group. This is an important guarantee for the person witnessing potentially unlawful acts because, by remaining anonymous, he or she does not risk becoming a victim of mobbing or discrimination of any kind. In addition, the Whistleblowing channel allows for the early detection of wrongdoing and violations, which often end up causing organisations without an effective reporting system damage, including financial damage; it also allows for the timely search for solutions, avoiding or limiting possible image damage.

**“The business model we have chosen connects businesses and companies more and more closely and responsibly to society and the environment”.**

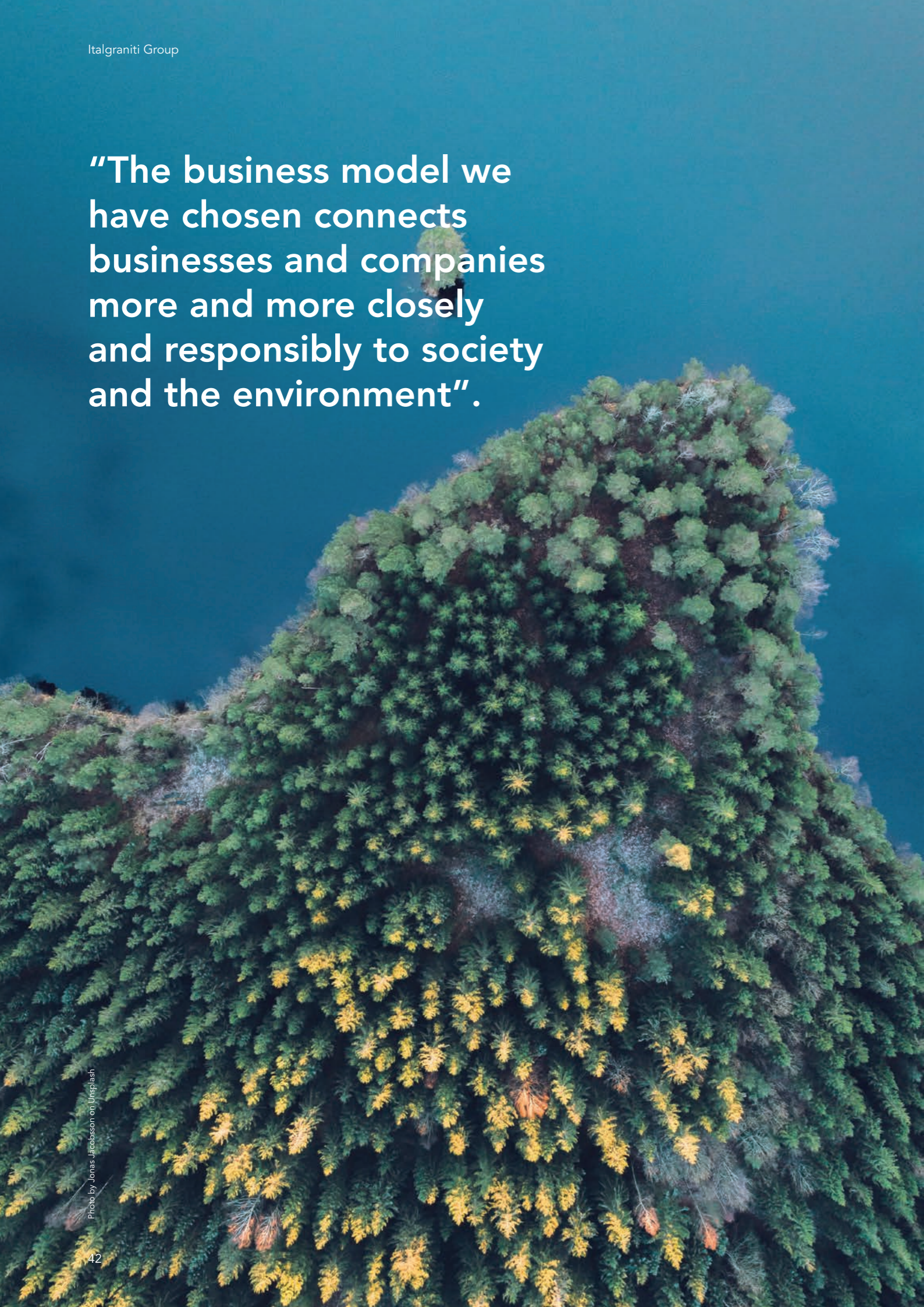


Photo by Jonas Jacobsson on Unsplash

## 06.8 Benefit Corporation

ITALGRANITI GROUP is officially a Benefit Corporation. It is the natural development of the evolutionary process that the company has pursued for some time to qualify its sustainability profile.

The Board and the entire BoD are indeed aware of the need for a regenerative change, which is only possible by directing the Group's economic, technological and professional resources towards a business model capable of creating not only profits, but also social and environmental benefits.

Being a Benefit Corporation also places common benefit among the aims of economic activity: it means increasing the positive social impact on people and the environment by acting responsibly, sustainably and transparently towards customers, employees, suppliers and financiers, civil society, the environment and the territory, public administration and the voluntary sector.

As a Benefit Corporation, ITALGRANITI will continue to:

- adopt sustainable industry standards to reduce the environmental impact of production processes, logistics and the supply chain, also by collaborating with scientific and cultural research institutions
- invest in the recovery, re-use and saving of energy and non-renewable raw materials
- adopt organisational and management models that protect workers' rights and their well-being, also with the aim of making them accountable for the models adopted at company level
- continue the dialogue with local communities to promote sustainable lifestyles and initiatives for socio-cultural development and environmental protection.

## 06.9 Company certifications

The Group has obtained and maintains the following certifications.



### EMAS REGISTRATION

Eco-Management and Audit Scheme (EMAS) is a voluntary instrument created by the European Community that organisations (companies and public bodies) can join voluntarily in order to assess and improve their environmental performance and provide the public and other interested parties with information on their

environmental management. EMAS is one of the voluntary instruments activated under the Fifth Action Programme of the EU in favour of environment, and has as its priority aim to contribute to the achievement of sustainable economic development, emphasising the role and responsibilities of business.



### ISO 14001 CERTIFICATION

The system described by ISO 14001 is one of the most widespread Environmental Management Systems and is characterised by the development and implementation of a policy that commits the organisation to full mandatory (legislative) and voluntary compliance (compliance with additional self-imposed

or market-driven requirements). The Group subscribes to these requirements in order to establish or integrate rules for effective management into its organisational system to continuously improve its performance with regard to significant environmental aspects.



### ISO 45001 CERTIFICATION

The safety of employees is an essential requirement and a top priority for ITALGRANITI GROUP, as evidenced by its continuous commitment to improvement and updating in the field of occupational health and protection. Improving behaviour and enhancing the corporate culture on health and safety is

a constant goal of the Group. Obtaining UNI ISO 45001 certification strengthens a corporate culture that deems safety not just as a regulatory requirement but as an essential part of work processes.



### ISO 9001 CERTIFICATION

ISO 9001 certification is an internationally recognised standard for the creation, implementation and management of a Quality Management System. It is a certification recognised as a basis for creating a system that

ensures customer satisfaction and continuous improvement of performance; it is a valid way of assuring customers that the quality they expect will be maintained and improved over time.

### IEA - IPPC OBSERVATORY

The European Union adopted the first directive on integrated pollution prevention and control (IPPC) in 1996, which has now been replaced by the Industrial Emissions Directive 2010/75/EU ("IED"). In Italy, this directive was transposed by Legislative Decree 46/2014 amending Legislative Decree 152/2006, which includes the rules governing the granting, updating and review of the Integrated Environmental Authorisation (IEA) of the plants involved. The Emilia-Romagna Region, in implementation of the IED Directive, approved the reform of the Regional Law 21/2004 (with Regional Law 9/2015 and Regional Law 13/2015), with which it envisages exercising through the Agenzia Prevenzione Ambiente Energia dell'Emilia-Romagna (Energy and Environment Prevention Agency of Emilia-Romagna - ARPAE) the administrative functions of "competent authority" and reserves for itself a guiding and coordinating role with the issuing of implementation directives and the exchange of information.

The IPPC directive is based on three fundamental cornerstones:

1. The integrated approach, which implies that authorisations must consider the

environmental impact in its entirety, including emissions to air, water and soil, waste generation, noise, radiation and vibration, resource utilisation, energy efficiency, accident prevention and site restoration after closure, with the aim of achieving a high level of protection for the environment as a whole;

2. BAT (Best Available Techniques), on which authorisation conditions must be based;

3. Local conditions: when granting authorisations, the competent authorities take into account the technical characteristics of the plant, the geographical location and local environmental conditions.

The IPPC directive also provides for broad public participation since the population has the right to participate in the decision-making process and to be informed of the consequences; also according to the principles of the Aarhus Convention, the Emilia-Romagna Region manages the online publication of authorisations of regional competence and the publication of the periodic reports sent by plant operators and the reports of inspections carried out by ARPAE.



### ECOVADIS CERTIFICATION: SUSTAINABILITY ASSESSMENT

EcoVadis aims to improve environmental and social practices of companies by harnessing the influence of global logistics chains. It is one of the leading international eco-sustainability rating platforms and operates the first collaborative platform that allows companies to monitor the sustainability performance of their suppliers, in 150 sectors and in 110 countries. It assigns a score that gives the individual company high visibility to a wide audience of potential customers, who are increasingly interested in the sustainability levels of the supply chain. The evaluation model is based on globally

recognised standards such as GRI (Global Reporting Initiative), UNGC (United Nations Global Compact), ISO 26000 and is overseen by an international scientific committee: it consists of verifying, by means of a questionnaire, the supplier's performance in relation to 4 macro-themes:

- Environment
- Labour and human rights
- Ethics
- Sustainable procurement.



# 07.



## Stakeholder

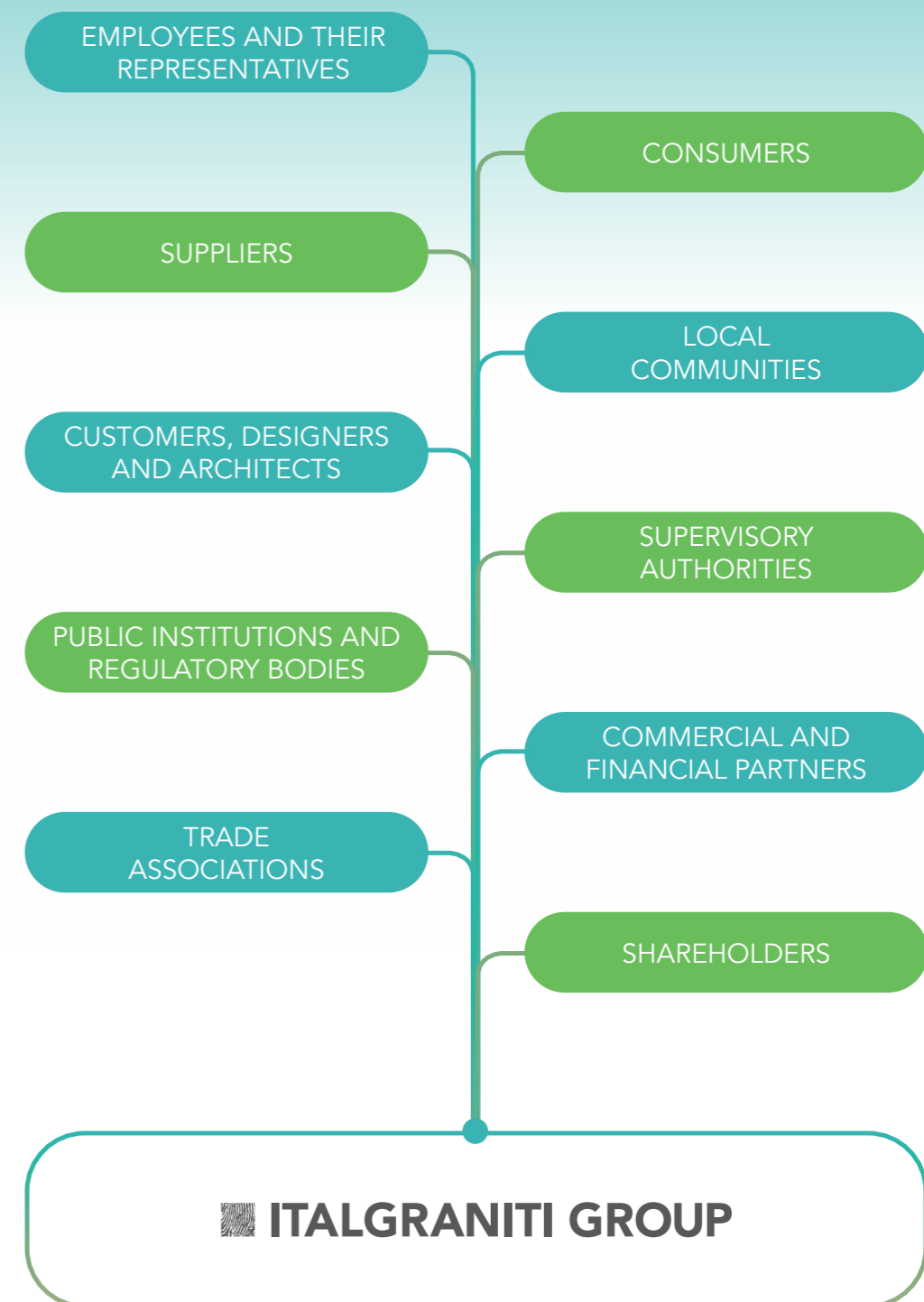
Over the years, the importance of stakeholders has grown in parallel with the expansion of the Group, culminating in its official recognition as a Benefit Corporation.

Involving and listening to their needs strengthens the relationship between ITALGRANITI GROUP and the territory in which it operates. The expectations, perceptions and priorities of stakeholders influence the Group's strategy, and thus also the definition of economic and socio-environmental objectives.

For the drafting of this Sustainability Report, individuals or groups were identified - in accordance with the principles of the GRI Standards - who can be considered stakeholders, having a relationship with the company and its activities.



Photo by Shane Rounce on Unsplash



ITALGRANITI GROUP is today an open system in constant relationship with the territory and all those who care about the success of the Group's business project to some extent.

08.



# Human resources

Among the Group's most important assets are its people who, with their daily commitment, skills and human qualities, govern every function and every business process.

ITALGRANITI GROUP is committed to attracting and hiring people with different skills and backgrounds, pursuing gender equality in selection and hiring through the identification of a shortlist of candidates that tends to be equal in terms of male-female ratio. At the same time,

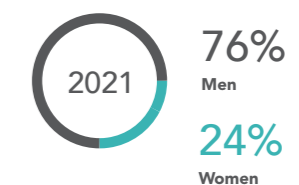
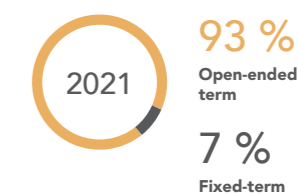
the company emphasises the importance of meritocracy: experience, skills and competences guide the selection of the best candidates. The Group is committed to ensuring that all employees, regardless of their gender, have fair and equal access to the same remuneration.

	EXECUTIVES	MANAGERS	CLERKS	SAME-LEVEL WORKERS	WORKERS	TEMPORARY WORKERS	TOTAL
Men	8	11	55	40	60	14	188
Women	1	4	38	1	13	3	60
Total	9	15	93	41	74	17	248

STAFF COMPOSITION	MEN	WOMEN	TOTAL
Open-ended	175	56	231
Fixed-term	14	3	17
Full time	175	50	225
Part time	0	6	6

TOTAL WORKFORCE		
Men	189	76 %
Women	59	24 %

TURNOVER	2019	2020	2021
Employed	12	10	7
Discharged	26	9	12



<30 years	7%
30-50 years	43%
> 50 years	50%

A quarter of the 248 employees in 2021 are women, a ratio that is repeated if we consider the presence of women on the Board of Directors and in management (including executives). In line with the UN Sustainable Development Goals, the Group considers gender equality to be a key issue for combating discrimination in the world of

work and for achieving its strategic goals. The policy on gender equality and inclusion follows a two-pronged approach: analysing and addressing the specific needs of women and men in any initiative and promoting targeted interventions to enable them to participate equally in the opportunities created in the course of business life.

AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE	2019	2020	2021
<b>Women</b>	30,9	9,7	8
<b>Men</b>	31	46,17	33
<b>Workers</b>	4,6	24,71	9
<b>Clerks</b>	57,56	36,33	41
<b>Managers</b>	80,57	130,07	45
<b>Executives</b>	107,5	56,4	22
<b>Average hours of transversal training</b>	29,68	33,99	26,77
<b>Average hours of safety training</b>	1,3	2,96	0,65
<b>Total hours of training</b>	<b>7406</b>	<b>8617</b>	<b>6363</b>

## 08.1 Welcome training

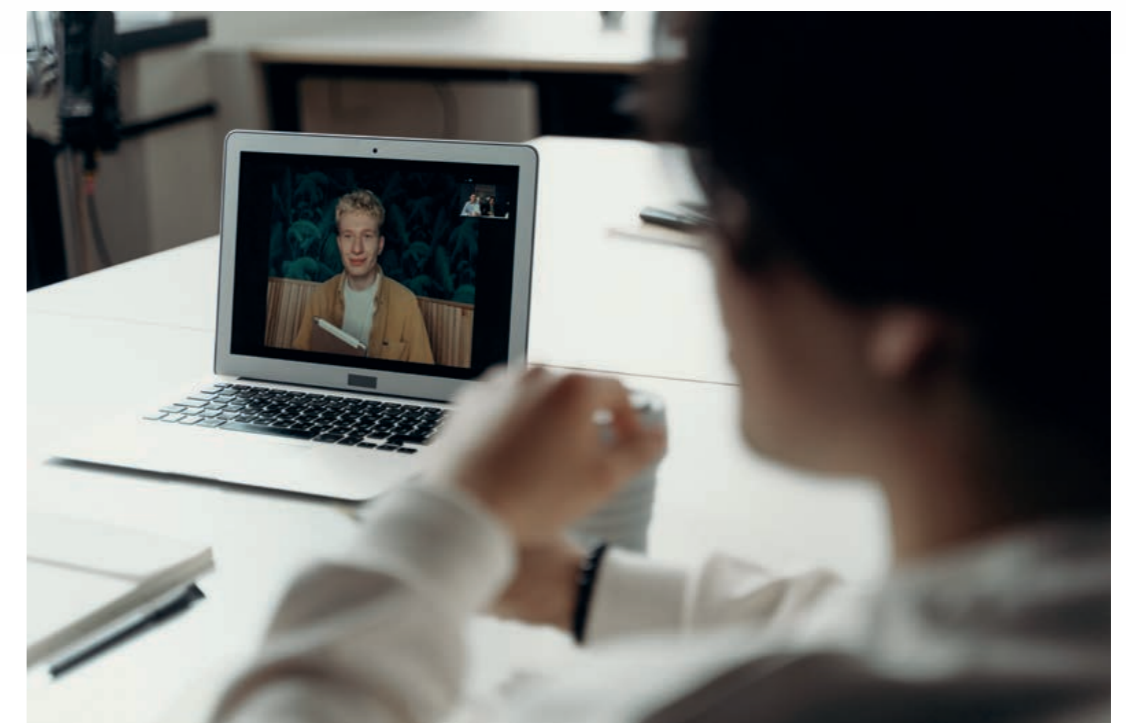
Welcome training is a tool for the insertion and integration of young new employees who have no work experience in the ceramic industry. This training provides an insight into all departments, including production, and takes place during

the first two months of employment. In this way, the new employee acquires full awareness of the organisation, product characteristics and company dynamics.

## 08.2 Italgraniti Academy

Italgraniti Academy was created with the intention of giving value to continuous training within the Group. With a view to lifelong learning and constant development of skills and knowledge, Italgraniti Academy offers modules covering both technical and commercial topics.

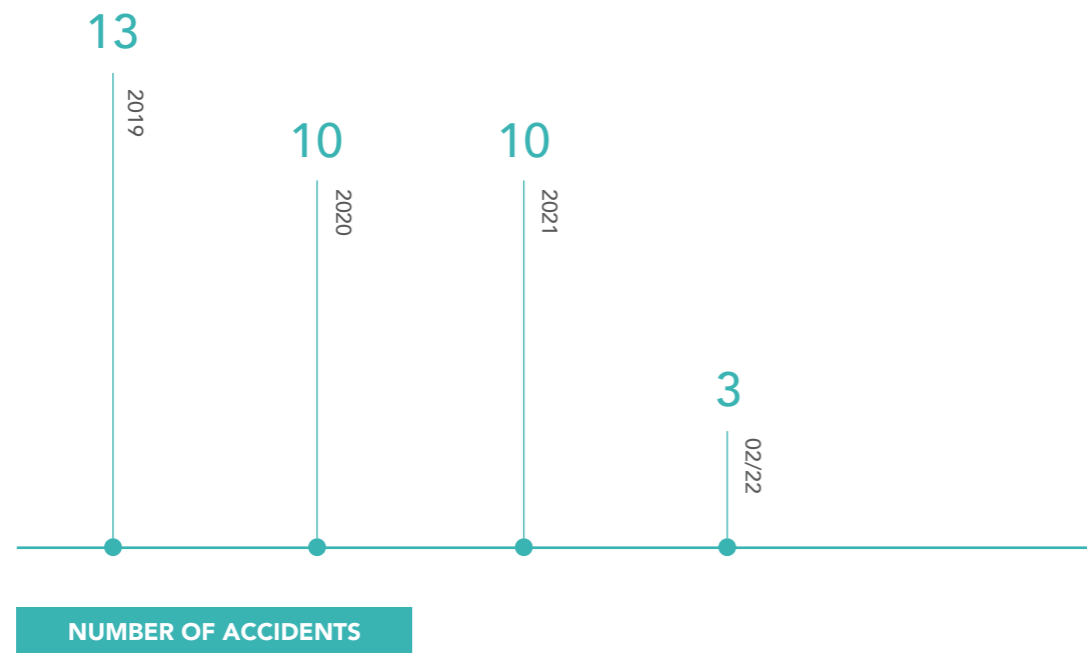
These training measures focus on areas of interest mainly dedicated to the technical-commercial structure and are planned periodically throughout the year. These training and meeting moments become a vehicle of a common corporate language and an opportunity to express the corporate culture.



### 08.3 Occupational Health and Safety

ITALGRANITI GROUP has always considered the health and safety of its employees to be an absolute and binding priority, which it tackles with extreme seriousness, annually planning various initiatives related to the training of people, the prevention of risky behaviour and

plant maintenance. ITALGRANITI GROUP has obtained the ISO 45001 certification, a fundamental tool for strengthening a corporate culture that deems safety not just as a regulatory requirement but as an essential part of corporate processes.



**“Economic growth, social inclusion and worker protection are pressing and unavoidable challenges, and as a Group we want to play our part”.**

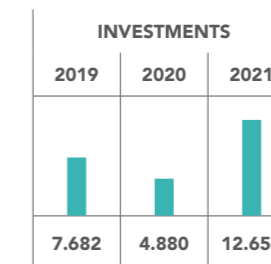
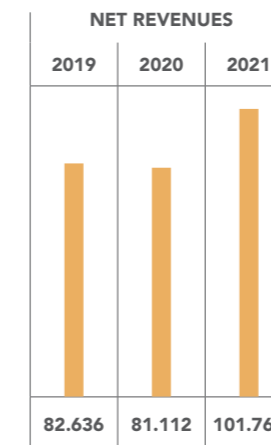
09.



# Economic value distributed

ITALGRANITI GROUP operates in one of the world's best-known and most popular industrial districts for the production of ceramic floor and wall tiles, within which it carries out all its activities. In this context, the Group stands out for the breadth of its range, the design of its products and the sustainability of its production processes. The link with the territory has never failed, especially from an economic and social point of view; this gives the Group a sense of

responsibility both in its daily operations and in defining its medium and long term strategy. Annually and with extreme transparency, ITALGRANITI GROUP is committed to disclosing financial, production and commercial data to its stakeholders. The table below shows the economic value generated by the Group in 2021 and distributed to the various stakeholders. Comparison is made with the previous two years.



Value expressed in thousands of euros

	2019	2020	2021
<b>Economic value generated</b>	84.895	79.391	105.427
<b>Operating costs</b>	61.247	55.227	74.462
<b>Remuneration and benefits</b>	16.729	14.753	16.520
<b>Payments to providers of capital</b>	2.153	1.172	783
<b>Payments to Public Administration</b>	674	1.029	1.119
<b>Investments in the community</b>	1	25	29
<b>Economic value distributed</b>	80.804	72.206	92.912
<b>Economic value retained</b>	4.091	7.185	12.516

# 10.



## Environment

As an EMAS-registered company, ITALGRANITI GROUP publishes its Environmental Declaration annually, previously validated by the accredited third party. This document communicates the company's environmental performance to stakeholders on the basis of defined criteria and with maximum transparency.

### 10.1 Environmental aspects

ITALGRANITI GROUP systematically identifies the environmental aspects associated with its activities and its products and services, measuring, when possible, the impacts associated with the entire product life cycle. This analysis was extended to those aspects that the Group can keep under control and those that it can influence.

The purpose of the assessment is to measure or estimate the significance of individual impacts to enable prioritisation of actions to be undertaken to achieve significant environmental improvement. For this purpose, both normal and abnormal conditions were considered, as well as potential emergencies.

The direct environmental aspects taken into account are:

- water drawn
- emissions in the atmosphere
- soil and subsoil
- energy consumption
- use of substances
- waste generation
- external noise from production facilities
- miscellaneous material consumption.

The induced environmental aspects taken into account are:

- transport of the finished product to the end customer and of the raw materials to the plant
- environmental behaviour of contractors, subcontractors and suppliers who may have an influence on the environment
- effect on the environment due to the disposal or end-of-life of marketed products.

**“More and more, day after day, we make environmental sustainability an integral part of our products and our production and management processes”.**

These environmental aspects find their management within specific environmental procedures or instructions, depending on the significance and degree of influence of ITALGRANITI GROUP. In order to measure the company's performance in terms of environmental management, a number of key indicators (KPIs) have been identified (based on

the guidelines of Regulation 2018/2026/EU). KPIs are normalised on production volumes, i.e. on products in stock expressed in t/year. By way of example, below are the figures used for reporting in the year 2021 and the relevant sources from which they were taken:

DATA	2021		SOURCE
	SAN MARTINO	CASINALBO	
Production by weight	131.010 t	/	AIA annual report
Built-up area	35.201 m <sup>2</sup>	9.470 m <sup>2</sup>	Company floor plan
Square metres of product shipped	/	3.125.167 m <sup>2</sup>	SAP Internal Management System
Raw materials for body	129.155 t	/	SAP Internal Management System Procurement
Raw materials for special effects	4.025 t	/	SAP Internal Management System Procurement
Electric power used for production purposes	101.789 GJ	40.214 GJ	AIA annual report - EDISON invoices
Thermal energy used for production purposes	597.116 GJ	/	SNAM reports
Waste disposed of	6.836 t	/	ECOS Internal Management System
Hazardous waste disposed of	80 t	/	ECOS Internal Management System
Weight of substances released - Particulate matter	0,69 g/ m <sup>2</sup>	/	AIA annual report
Weight of substances released - Lead	0,00004 g/ m <sup>2</sup>	/	AIA annual report
Weight of substances released - Fluorine	0,013 g/ m <sup>2</sup>	/	AIA annual report
Weight of substances released - VOCs	0,088 g/ m <sup>2</sup>	/	AIA annual report
Weight of substances released - Aldehydes	0,011 g/ m <sup>2</sup>	/	AIA annual report
Weight of substances released - Nitrogen oxides.	3,74 g/ m <sup>2</sup>	/	AIA annual report

## 10.2 Biodiversity

ITALGRANITI GROUP operates in an area that is not particularly vulnerable in terms of preserving biological balance and safeguarding biodiversity. However, the Group has identified an indicator that can give a measure of the company's ability to reduce land consumption in relation to production volumes.

This indicator is defined as follows:

$$\text{Biodiversity KPI} = \frac{\text{Built-up area}}{\text{Production by weight}} = \frac{\text{m}^2}{\text{t}}$$

	2019	2020	2021
Biodiversity KPI	0,36	0,40	0,30

## 10.3 Energy consumption

This table shows the Group's energy consumption, both electrical and thermal:

	2019	2020	2021
Electric power (GJ)	100.064	95.680	101.789
Methane gas (GJ)	466.642	474.540	597.116

Approximately 17.91% of the total electric power supplied comes from renewable primary sources. Energy KPIs show a positive trend, with a clear decrease in consumption of both electric power and methane gas.

$$\text{Electric power KPI} = \frac{\text{Electric power used for production purposes}}{\text{Volume in square metres of finished product shipped}} = \frac{\text{GJ}}{\text{m}^2}$$

$$\text{Thermal energy KPI} = \frac{\text{Electric energy used for production purposes}}{\text{Production sent by weight}} = \frac{\text{GJ}}{\text{t}}$$

	2019	2020	2021
Electric power KPI	0,91	0,97	0,78
Thermal energy KPI	4,24	4,79	4,56

## 10.4 Waste generation

Waste generation is summarised in the following table.

WASTE GENERATION	2019	2020	2021
Waste disposed of to third parties for EWL codes specific to the ceramic sector (t/year)	7.806	5864	3983
Hazardous waste generated (t/year)	81	70	48

Thanks to the recycling of all scraps, waste production is decreasing. The Group implements a separate collection of packaging waste (cardboard, plastic and wood), which is stored in a special waste separation area using specific bins for each type of material, appropriately identified by signs specifying the type and EWL code. All other waste is collected in designated areas. We consider this very important, which is why appropriate indicators have been identified:

$$\text{Waste KPI} = \frac{\text{Waste disposed of}}{\text{Production by weight}} = \frac{\text{t}}{\text{t}} \quad \text{Hazardous waste KPI} = \frac{\text{Hazardous waste disposed of}}{\text{Generation by weigh}} = \frac{\text{t}}{\text{t}}$$

	2019	2020	2021
Waste KPI	0,08	0,06	0,05
Hazardous waste KPI	0,00070	0,00071	0,00060

## 10.5 Emissions in the atmosphere

The table below shows the authorised limits for atmospheric emissions and actual emissions. In order to define the emissions more precisely, this value is expressed in mass flow:

MASS FLOW (kg/year)

Pollutant type	2019		2020		2021	
	authorised	medium released	authorised	medium released	authorised	medium released
Particulate matter	110.143	7.456	110.143	6.887	110.143	4.010
Fluorine	1.658	160	1.658	79	1.658	74
Lead	166	0,28	166	0,02	166	0,34
Sulphur oxides	165.816	0	165.816	0	165.816	0
Nitrogen oxides	333.448	21.567	333.448	15.638	333.448	21.665
VOCs	16.581	1.529	16.581	1.763	16.581	507
Aldehydes	6.632	144	6.632	301	6.632	65

All Group's parameters are well within the authorised limits.

An appropriate indicator is also calculated to assess the impact of emissions as a function of production:

$$\text{Emissions KPI} = \frac{\text{Weight of released substances}}{1000 \text{ m}^2 \text{ of tiles sent in stock}} = \frac{\text{Kg}}{\text{m}^2}$$

Emissions KPI	2019	2020	2021	Bat
Particulate matter	1,53	1,54	0,69	7,5
Fluorine	0,030	0,017	0,013	0,6
Lead	0,00006	0,00003	0,00004	0,05
Sulphur oxides	4,42	3,50	3,74	
Nitrogen oxides	4,42	3,50	3,74	
VOCs	0,310	0,395	0,088	
Aldehydes	0,03	0,067	0,011	



## 10.6 CO<sub>2</sub> emissions

The indicator measuring CO<sub>2</sub> emissions into the atmosphere is expressed as follows:

$$\text{CO}_2 \text{ emissions KPI06} = \frac{\text{Weight of CO}_2}{\text{Production volume by weight}} = \frac{\text{t}}{\text{t}}$$

The method provided in Annex II of European Commission Decision 2007/589/EC was used to calculate the weight of CO<sub>2</sub>.

	2019	2020	2021
CO <sub>2</sub> emissions KPI	0,32	0,35	0,30

### EMISSION TRADING SYSTEM OF THE EUROPEAN UNION

To tackle climate change threats and achieve CO<sub>2</sub> emission reduction targets in Europe's main industrial sectors, the European Union issued Directive 2003/87/EC in 2003, which introduced the Emission Trading System (ETS), a genuine market for emission allowances. The ETS involves all companies producing climate-changing gases (such as CO<sub>2</sub>) and is based on "Cap and Trade", a principle that establishes a cap on the maximum emissions allowed on the European territory, divided into "emission allowances" (each equal to 1 t of CO<sub>2</sub> equivalent) that companies can buy or sell according to their needs. Each year, companies participating in the ETS must return an allowance for every t of CO<sub>2</sub> equivalent emitted. Only a limited number of allowances are allocated for free, and companies that do not receive any or do not have enough

allowances to cover their emissions must purchase additional allowances, either from other companies or at auction. ITALGRANITI GROUP is an industrial company with plants with considerable thermal power and is one of the companies covered by the ETS. As stipulated in the European program, the free allowances allocated to the Group were reduced at the beginning of 2021; a cut that represents a further incentive to curb environmentally harmful emissions rather than to purchase emission allowances. In line with the EU objectives that gave rise to the ETS, the Group's commitment goes in this direction, with monitoring plans compiled annually, accurate and transparent accounting of emissions and, above all, investments in increasingly environment-friendly production technologies.

## 10.7 Water consumption

The water used for the various production stages is drawn from two artesian wells. Water consumption is monitored through specific metering that breaks down consumption by department. Water consumption in recent years is shown in this table:

WATER CONSUMPTION	2019	2020	2021
Water drawn from wells (m <sup>3</sup> )	58.994	56.530	61.918

Tile production requires large amounts of water. ITALGRANITI GROUP's production process is designed to significantly reduce consumption through the recovery of process wash water. The water recovery system consists of several collection tanks and a purification plant that collects all internal wastewater, thus reducing water withdrawal from wells.

Below is the recovery percentage compared to industry BAT (Best Available Techniques).

### WASTE WATER REUTILISATION FACTOR



Water consumption is an environmental aspect to be monitored and therefore a specific KPI for water use has been defined:

$$\text{Water KPI} = \frac{\text{Volume of water drawn}}{\text{Production sent shipped by weight}} = \frac{\text{m}^3}{\text{t}}$$

This KPI can be applied for the production site in San Martino in Rio (RE) only. There are no industrial wells in the Casinalbo logistics centre, only domestic users.

	2019	2020	2021
Water KPI	0,54	0,57	0,47

# 11.

## Objectives and programs

This document transparently describes the Group's sustainability achievements in accordance with the globally recognised guidelines of the 2030 Agenda. The Sustainability Report is also an opportunity to share the Sustainable Development Goals (SDGs) for the near future and the company's programs in line with each of them.

### GOALS FOR 2021

ACTIVITY	DESCRIPTION	SDGs
<b>Complete coverage of electric power needs through internal self-generation</b>	A 4.6 MW cogeneration turbine was installed to cover the entire electric power needs of the production plant in San Martino in Rio (RE) and optimise methane gas consumption.	
<b>Conversion of conventional lighting fixtures into high-performance LED lighting fixtures</b>	At the plant in San Martino in Rio (RE), the replacement of traditional indoor and outdoor lighting fixtures with low-energy LED lamps has been completed.	
<b>Thermal destruction of substances potentially responsible for odour nuisance</b>	At the plant in San Martino in Rio (RE), a firing fume treatment system has been added for the thermal destruction of the substances most responsible for the odour nuisance that is widespread in the ceramic district. The firing fumes already treated by the traditional hydrated lime abatement system now pass through a regenerative thermal after-burner.	
<b>Dialogue with stakeholders</b>	<ul style="list-style-type: none"> <li><b>- COVID Emergency</b> The Group supported public health in the fight against COVID-19 by donating EUR 20,000 to the Modena General Hospital.</li> <li><b>- Palliative care support</b> The company has supported the Fondazione Floriani ONLUS, which aims to disseminate and apply palliative care for the terminally ill.</li> <li><b>- Dementia care</b> The Group contributed to the creation of a Meeting Centre within the Dementia Friendly Community, a pilot project of social inclusion aimed at population groups that have not yet had access to the traditional clinical pathway, meeting the needs of families caring for people in the early stages of the disease. The initiative was launched together with the municipality of Formigine, "Dementia Friendly Community".</li> <li><b>- Italian national amputee team</b> Support to national football team events for amputee athletes.</li> <li><b>- Implementation of collaborative relationships with local institutions.</b></li> </ul>	
<b>Mitigation of CO<sub>2</sub> emissions through planting</b>	Along the company perimeter of the production plant in San Martino in Rio (RE), the company planted 100 poplar cypress trees (Populus Nigra Italica), for a total investment of EUR 18,000.	

### GOALS FOR 2022

ACTIVITY	DESCRIPTION	SDGs
<b>Change to Benefit Corporation</b>	Amendment of the company bylaws with change to a Benefit Corporation.	
<b>B-Corp certification</b>	Obtaining B-Corp certification, to give substance to the Group's commitment to significantly mitigate any impact related to industrial activity.	
<b>Expansion of production areas</b>	Increasing jobs and optimising consumption through the installation of state-of-the-art production lines, with a total investment estimated at around EUR 50,000,000.	
<b>Restoration of road surface in Via per Carpi and construction of cycle/pedestrian path</b>	The Group has earmarked almost EUR 2,000,000 to repair the section of Via per Carpi between the production plant and Trignano (1.5 km in total) and to build a cycle/pedestrian path from Trignano to the Galdi roundabout (about 1 km).	
<b>PCR 2021 continuous line installation</b>	The Group will replace the traditional pressing line with a new prototype PCR 2021 continuous line capable of achieving better production performance while minimising waste and maximising process scrap recovery.	
<b>Conversion of conventional lighting fixtures into high-performance LED lamps at the headquarters in Formigine</b>	At the headquarters in Formigine (MO), the replacement of traditional indoor and outdoor lighting fixtures with low-energy LED lamps has been completed.	
<b>Sustainability of the Supply chain</b>	The company will introduce a policy of searching, evaluating and selecting suppliers according to ESG (Environmental, Social and Governance) sustainability criteria.	
<b>Dialogue with stakeholders</b>	<ul style="list-style-type: none"> <li><b>- "Discovery English" project</b> The group will support an English language enhancement project aimed at the fifth classes of local primary schools.</li> <li><b>- Dementia care</b> The Group will continue to support the Meeting Centre created within Dementia Friendly Community, a pilot project of social inclusion aimed at population groups that have not yet had access to the traditional clinical pathway, meeting the needs of families caring for people in the early stages of the disease.</li> <li><b>- Italian national amputee team</b> Support for national football team events for amputee athletes will continue.</li> <li><b>- Agreement with Ottica Dalpasso</b> The Group will enter into an agreement with Ottica Dalpasso - which is present in all the territories hosting the company's sites - which offers employees significant discounts on the purchase of prescription glasses.</li> <li><b>- Implementation of collaborative relationships with local institutions.</b></li> </ul>	

# 12.

## GRI content index

GRI STANDARD	PARAGRAPHS
<b>GRI 102: GENERAL DISCLOSURES</b>	
<b>ORGANISATIONAL PROFILE</b>	
102- 1 Name of the organisation	Cover
102-2 Activities, brands, products, and services	Profile
102-3 Location of headquarters	Cover
102-4 Location of operations	Profile
102-5 Ownership and legal form	Profile
102-6 Markets served	Profile
102-7 Scale of the organization	Profile
102-8 Information on employees and other workers	Human resources
102- 9 Supply chain	Supply chain
102-10 Significant changes to the organization and its supply chain	Supply chain
102-11 Precautionary principle or approach	Environment
102-12 External initiatives	Objectives and programs
102-13 Membership of associations	Profile
<b>STRATEGY</b>	
102-14 Statement from a senior decision-maker	CEO Letter
102-15 Key Impacts, risks and opportunities	Risk analysis
<b>ETHICS AND INTEGRITY</b>	
102-16 Values, principles, standards and norms of behavior	Governance
102-17 Mechanisms for advice and concerns about ethics	Whistleblowing
<b>GOVERNANCE</b>	
102-18 Governance structure	Governance
102-19 Delegating authority	Governance
102-20 Executive-level responsibility for economic, environmental and social topics	General, all document
102-21 Consulting stakeholders on economic, environmental and social topics	Stakeholders
102-22 Composition of the highest governance body and its committees	Governance
102-23 Chair of the highest governance body	Governance
102-24 Nominating and selecting the highest governance body	Governance
102-25 Conflicts of Interest 102-25	General, all document
102-26 Role of the highest governance body in setting purpose, values, and strategy	Governance
102-27 Collective knowledge of the highest governance body	Governance
102-28 Evaluating the highest governance body's performance	-
102-29 Identifying and managing economic, environmental and social impacts	General, all document
102-30 Effectiveness of risk management processes	Risk analysis

GRI STANDARD	PARAGRAPHS
102-31 Review of economic, environmental and social topics	Human resources, environment, economic value
102-32 Highest governance body's role in sustainability reporting	Governance
102-33 Communicating critical concerns	-
102-34 Nature and total number of critical concerns	-
102-35 Remuneration policies	Human resources
102-36 Process for determining remuneration	Human resources
102-37 Stakeholders' involvement in remuneration	Stakeholders
102-38 Annual total compensation ratio	Human resources
102-39 Percentage increase in annual total compensation ratio	Human resources
<b>STAKEHOLDER ENGAGEMENT</b>	
102-40 List of stakeholder groups	Stakeholders
102-41 Collective bargaining agreements	Human resources
102-42 Identifying and selecting stakeholders	Stakeholders
102-43 Approach to stakeholder engagement	-
102-44 Key topics and concerns raised	-
<b>REPORTING PRACTICES</b>	
102-45 Entities included in the consolidated financial statements	-
102-46 Defining report content and topic boundaries	-
102-47 List of material topics	-
102-48 Restatements of information	-
102-49 Changes in reporting	-
102-50 Reporting period	-
102-51 Date of most recent report	-
102-52 Reporting cycle	-
102-53 Contact point for questions regarding the report	-
102-54 Claims of reporting in accordance with the GRI Standards	-
102-55 GRI content index	-
102-56 External assurance	-
<b>GRI 103: MANAGEMENT APPROACH</b>	
<b>GENERAL REQUIREMENTS FOR REPORTING OF THE MANAGEMENT APPROACH</b>	
103-1 Explanation of the material topic and its boundary	-
103-2 The management approach and its components	-
103-3 Evaluation of the management approach	-
<b>GRI 201: ECONOMIC PERFORMANCE</b>	
201-1 Direct economic value generated and distributed	Economic value distributed
201-2 Financial implications and other risks and opportunities due to climate change	Environment
201-3 Defined benefit plan obligations and other retirement plans	Human resources
201-4 Financial assistance received from government	Value distributed

GRI STANDARD	PARAGRAFI
<b>GRI 202: MARKET PRESENCE</b>	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Human resources
202-2 Proportion of senior management hired from the local community	Human resources
<b>GRI 203: INDIRECT ECONOMIC IMPACTS</b>	
203-1 Infrastructure investments and services supported	Value distributed
203-2 Significant indirect economic impacts	Value distributed
<b>GRI 204: PROCUREMENT PRACTICES</b>	
204-1 Proportion of spending on local suppliers	Value distributed
<b>GRI 205: ANTI-CORRUPTION</b>	
205-1 Operations risks related to corruption	Model 231
205-2 Communication and training about anti-corruption policies and procedures	Model 231
205-3 Confirmed incidents of corruption and actions taken	Model 231
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOUR</b>	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Model 231
<b>GRI 207: TAX</b>	
207-1 Approach to tax	Value distributed
207-2 Tax Governance, control, and risk management	Value distributed
207-3 Stakeholder engagement and management of concerns related to tax	Value distributed
207-4 Country-by-country reporting	Value distributed
<b>GRI 301: MATERIALS</b>	
301-1 Materials used by weight or volume	Products, Environment
301-2 Recycled input materials used	Products, Environment
301-3 Reclaimed products and their packaging materials	Products, Environment
<b>GRI 302: ENERGY</b>	
302-1 Energy consumption within the organization	Environment
302-2 Energy consumption outside the organization	Environment
302-3 Energy intensity	Environment
302-4 Reduction of energy consumption	Environment
302-5 Reductions in the energy requirements of products and services	Environment
<b>GRI 303: WATER AND EFFLUENTS</b>	
303-1 Interaction with water as a shared resource	Environment
303-2 Management of water discharge-related impacts	Environment
303-3 Water withdrawal	Environment
303- 4 Water discharge	Environment
303- 5 Water consumption	Environment

GRI STANDARD	PARAGRAPHS
<b>GRI 304: BIODIVERSITY</b>	
304-1 Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	Environment
304-2 Significant impacts of activities, products, and services on biodiversity	Environment
304-3 Habitats protected or restored	Environment
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Environment
<b>GRI 305: EMISSIONS</b>	
305-1 Direct (Scope 1) GHG emissions	Environment
305-2 Energy indirect (Scope 2) GHG emissions	Environment
305-3 Other indirect (Scope 3) GHG emissions	Environment
305-4 GHG emissions intensity	Environment
305-5 Reduction of GHG emissions	Environment
305-6 Emissions of ozone-depleting substances (ODS)	Environment
305-7 Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ) and other significant air emissions	Environment
<b>GRI 306: WASTE</b>	
306-1 Waste generation and significant waste-related impacts	Environment
306-2 Management of significant waste-related impacts	Environment
306-3 Waste generated	Environment
306-4 Waste diverted from disposal	Environment
306-5 Waste directed to disposal	Environment
<b>GRI 307: ENVIRONMENTAL COMPLIANCE</b>	
307-1 Non-compliance with environmental laws and regulations	Environment
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>	
308-1 New suppliers that were screened using environmental criteria	Environment
308-2 Negative environmental impacts in the supply chain and actions taken	Environment
<b>GRI 401: EMPLOYMENT</b>	
401-1 New employee hires and employee turnover	Human resources
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Human resources
401-3 Parental Leave	Human resources
<b>GRI 402: LABOR/MANAGEMENT RELATIONS</b>	
402-1 Minimum notice periods regarding operational changes	Human resources
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>	
403-1 Occupational health and safety management system	Human resources
403-2 Hazard identification, risk assessment, and incident investigation	Human resources
403-3 Occupational health services	Human resources

GRI STANDARD	PARAGRAPHS
403-4 Worker participation, consultation, and communication on occupational health and safety	Human resources
403-5 Worker training on occupational health and safety	Human resources
403-6 Promotion of worker health	Human resources
403-7 Prevention and mitigation of occupational health and safety impacts linked by business relationships	Human resources
403-8 Workers covered by an occupational health and safety management system	Human resources
403-9 Work-related injuries	Human resources
403-10 Work-related ill health	Human resources
<b>GRI 404: TRAINING AND EDUCATION</b>	
404-1 Average hours of training per year per employee	Human resources
404-2 Programs for upgrading employee skills and transition assistance programs	Human resources
404-3 Percentage of employees receiving regular performance and career development reviews	Human resources
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES</b>	
405-1 Diversity of governance bodies and employees	Human resources
405-2 Ratio of basic salary and remuneration of women to men	Human resources
<b>GRI 406: NON-DISCRIMINATION</b>	
406-1 Incidents of discrimination and corrective actions taken	Human resources
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>	
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<b>GRI 408: CHILD LABOUR</b>	
408-1 Operations and suppliers at significant risk for incidents of child labor	Human resources
<b>GRI 409: FORCED OR COMPULSORY LABOUR</b>	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human resources
<b>GRI 410: SECURITY PRACTICES</b>	
410-1 Security personnel trained in human rights policies or procedures	Human resources
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES</b>	
411-1 Incidents of violations involving rights of indigenous peoples	Human resources
<b>GRI 412: HUMAN RIGHTS ASSESSMENT</b>	
412-1 Operations that have been subject of human rights reviews or impact assessments	Human resources
412-2 Employee training on human rights policies or procedures	Human resources
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Human resources

GRI STANDARD	PARAGRAPHS
<b>GRI 413: LOCAL COMMUNITIES</b>	
413-1 Operations with local community engagement, impact assessments, and development programs	Objectives and programs
413-2 Operations with significant actual and potential negative impacts on local communities	Objectives and programs
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT</b>	
414-1 New suppliers that were screened using social criteria	Supply chain
414-2 Negative social impacts in the supply chain and actions taken	Supply chain
<b>GRI 415: PUBLIC POLICY</b>	
415-1 Political contributions	
<b>GRI 416: CUSTOMER HEALTH AND SAFETY</b>	
416-1 Assessment of the health and safety impacts of products and services	Products
416-2 Incidents of non-compliance concerning impacts on the health and safety impacts of products and services	Products
<b>GRI 417: MARKETING AND LABELING</b>	
417-1 Requirements for product and service information and labeling	Products
417-2 Incidents of non-compliance concerning product and service information and labeling	Products
417-3 Incidents of non-compliance concerning marketing communications	Products
<b>GRI 418: CUSTOMER PRIVACY</b>	
418-1 Substantiated complaints regarding breaches of customer privacy and losses of customer data	
<b>GRI 419: SOCIOECONOMIC COMPLIANCE</b>	
419-1 Non-compliance with laws and regulations in the social and economic area	

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