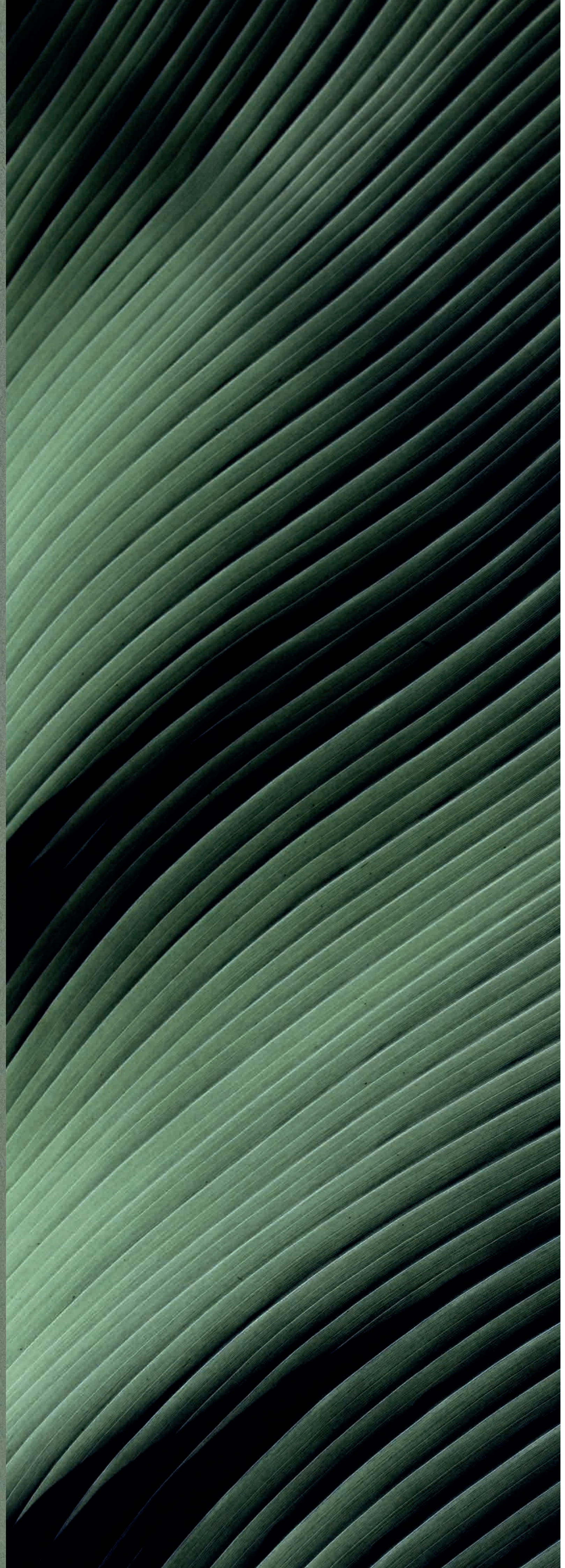
ITALGRANITI GROUP

ITALGRANITI IMPRONTA ITALSTONE

Sustainability Report 2025

Certified B Corporation

Learn more at bcorp.com



ITALGRANITI GROUP

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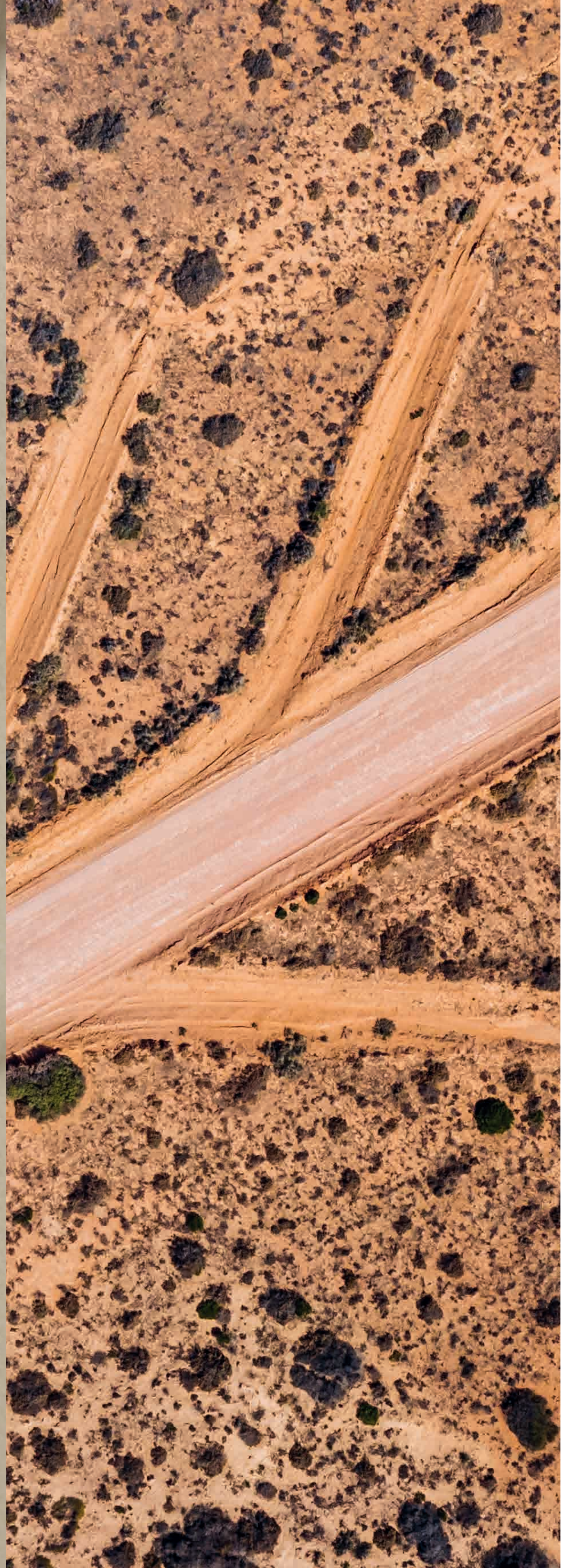


Letter to Stakeholders

Elisa Giacobazzi
CEO Italgraniti Group S.p.A.

Dear Stakeholders,

2025 was the year in which ITALGRANITI GROUP turned the investments made in previous years into tangible results.

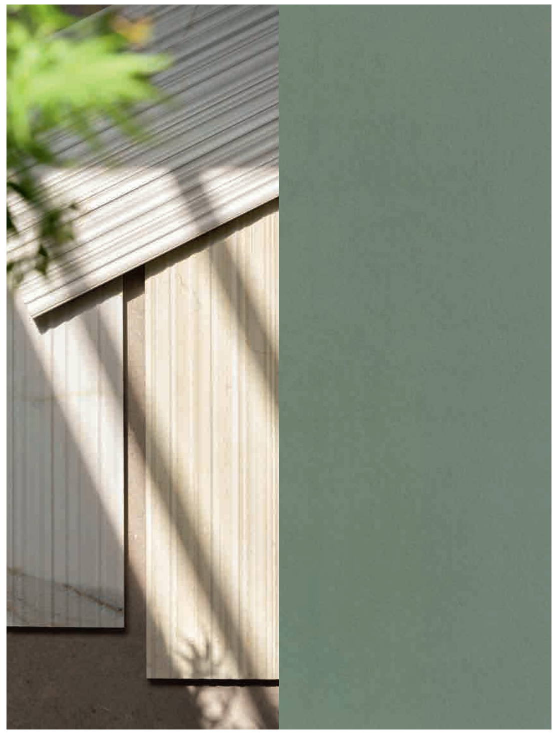
We are proud to have renewed our B Corp certification with a further improvement in our score. This proves that sustainability is not a side project, but the very core of how we do business.

The results confirm the soundness of the decisions we have made: greater production efficiency, technologically advanced processes and a more rational use of resources, in line with our sustainable growth strategy. On the environmental front, we have continued our commitment to reducing emissions by installing an additional, more efficient regenerative afterburner, while at the same time launching research aimed at identifying increasingly sustainable energy sources, including renewable natural gas, with visible results expected as early as next year.

In 2026, we will give further impetus to this innovation process with the introduction of our exclusive Grain-Tech® and Core-Tech® technologies, which will bring greater realism, depth and aesthetic continuity to the Group's ceramic surfaces.

These investments share the common goal of finding practical solutions capable of reducing the environmental impact of our operations, accelerating the transition to a low-carbon economy and enhancing the value of our products. Industrial innovation and sustainability are not distinct goals, but rather two aspects of the same development process.

Thank you for your continued support, and enjoy the read!



1. Italgraniti Group

2. 2025 Sustainability Report

1. Italgraniti Group

We are a B Corp

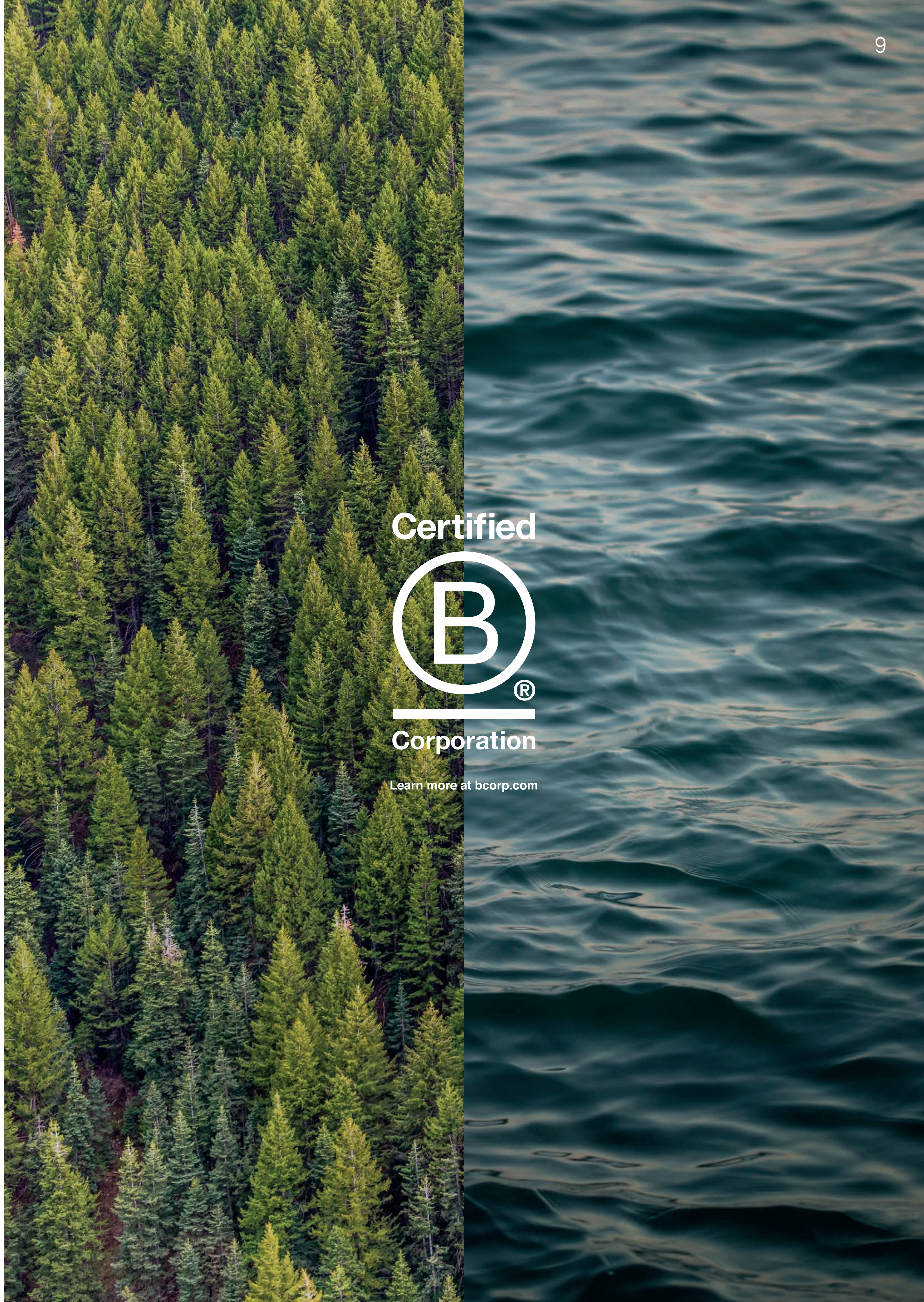
B CORP CERTIFICATION

WEB SITE

SUSTAINABILITY, RESPONSIBILITY AND INTERCONNECTION

ITALGRANITI GROUP is a company committed to the common good; it does not pursue profit as its sole objective, but is dedicated to making a positive impact on the ecosystem and on society as a whole. This approach is underpinned by the company's B Corp status, which was renewed in early 2026 by B Lab, the U.S. no-profit organisation that has been measuring businesses' environmental and social performance with the same precision as their economic results since 2006. This re-accreditation, accompanied by an increased score, attests to our ongoing growth path in integrating sustainability into our business model.

With a view to mitigating climate change, the Group is committed to developing products and processes that have the lowest possible impact on the environment. The adoption of sustainable practices throughout the entire supply chain, the use of recyclable materials and the adoption of technologies that reduce carbon emissions are an integral part of the ITALGRANITI GROUP's strategy. These choices translate the principles of environmental and social sustainability into concrete actions, reaching beyond the goal of simply maximising profit in order to contribute to the well-being of the environment and the community.



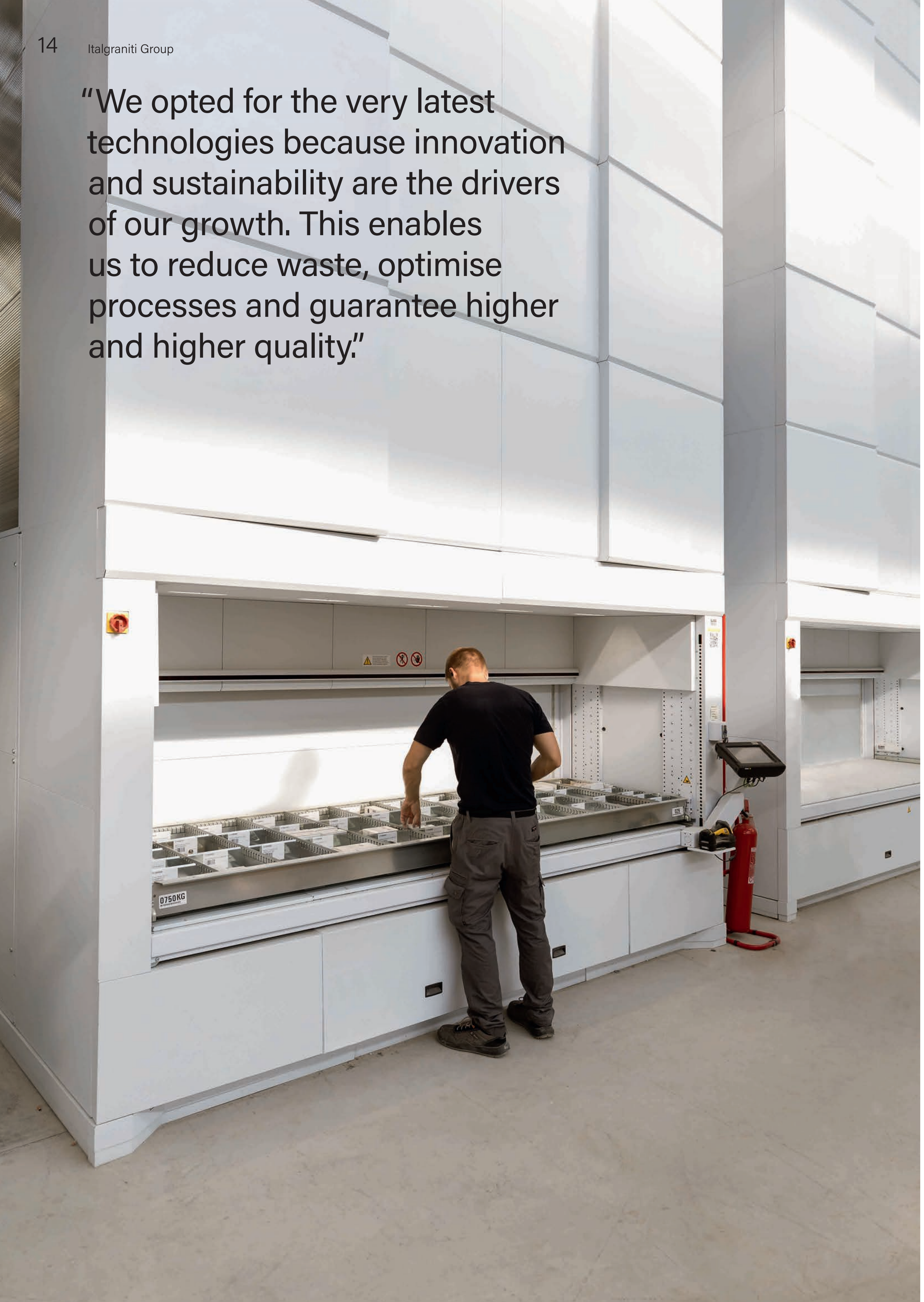
Italgraniti Group

INNOVATION, ENVIRONMENT, COMMUNITY:
THE PILLARS OF ITALGRANITY GROUP'S DEVELOPMENT

Established in 1994, Italgraniti Group is among the leading Italian manufacturers of stoneware surfaces for use in architecture and interior design, which combine innovation, aesthetics and sustainability. The Group now has 3 brands and 276 employees, produces and markets 6.6 million m^2 per year and exports about 80% of this output. In the last five years it has invested about €100 million: €60 million in a new plant specialising exclusively in large slabs and about €40 million in modernising the existing plant. Investment and a strong focus on the environment have enabled the implementation of a strategy grounded in sustainability and the reaffirmation of values, principles and commitments the Group has upheld for three generations.

ITALGRANITI GROUP is headquartered in Italy's most important ceramics district, world-famous for its innovative capability and the quality and design of its products: an area with fascinating history, art and culture worthy of promotion and appreciation. This district is home to both the Group's employees and its management, who are well aware of their responsibility for reducing environmental impact even below the already tight legal limits. In this context, ITALGRANITI GROUP is outstanding amongst the major Italian ceramics producers for its soundness and reliability, its innovative flair and its environmental stewardship. The Group's expansion in recent years has been supported by massive investments, which have equipped it with state-of-the-art production technologies. The company continually partners universities, training institutions, associations and local government to grow the social and cultural value of the local area and safeguard its environment and landscape.


“A next-generation production plant and an industrial model that combine technological innovation, process efficiency and an approach focused on continuous improvement.”
ITALGRANITI



"We opted for the very latest technologies because innovation and sustainability are the drivers of our growth. This enables us to reduce waste, optimise processes and guarantee higher and higher quality."

THE HISTORIC HEART OF ITALGRANITI GROUP'S PRODUCTION

In operation since 1994, the production site at San Martino in Rio (Reggio Emilia, Italy) hosts a high-tech modern plant occupying an area of 150 thousand m². The original section contains four completely independent production lines, which manufacture more than 6.6 million m²/year of high-quality traditional porcelain stoneware. The site underwent a major expansion from 2023 to 2025 with the construction of a new plant, specifically designed to produce large slabs.

In the last five years the existing part of the plant has benefited from large investments in industry 4.0 technologies, which have:
- reduced wastage of raw material;
- reduced energy use;
- increased yields (less scrap and offcuts in proportion to the amount of raw materials used);
- increased the sustainability of processes, with additional positive effects on products' performance.

The compaction department has also been updated, with plants delivering the best quality, performance and versatility technology can offer.

Equipment such as Continua+ 2180 and PH8200 enables:
- efficient management of even small batches, with a view to production to order in the future;
- shorter setup times;
- reduction in offcuts with maximised reuse of process scrap;
- integration with the cutting of greenware and fired materials;
- improved finished product quality;
- the guarantee of repeatable processes, ensuring the precise matching of different sizes within the same architectural project.

These systems are integrated with the industry 4.0 technologies that manage the production plant and supply the information needed to analyse the trends in output and monitor its quality and economic and environmental sustainability level.

Total area of industrial site
150,000 m²

More than
€100 million
invested in 5 years

More than
6.6 million m² produced
per year

The new industry 5.0 plant

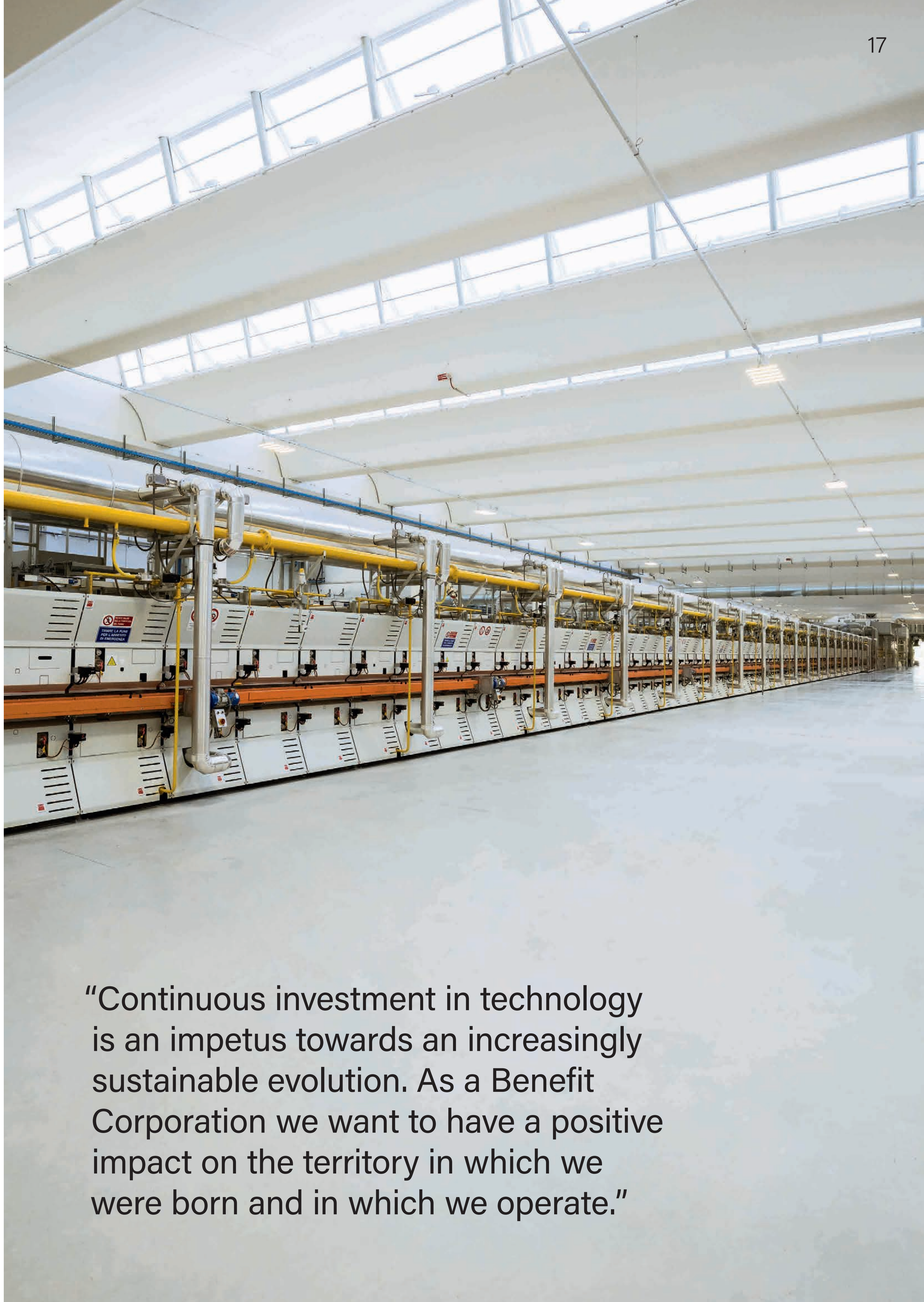
A NEW PLANT PRODUCING EXCLUSIVELY LARGE SLABS

Since the beginning of 2025, the new plant dedicated to the production of large porcelain stoneware slabs has been fully operational; it is a major industrial asset resulting from an investment of over 60 million euros.

The new production complex, occupying an area of about 30 thousand m², stands next to the historic plant and has been designed in accordance with the sector's highest sustainability standards: equipped with plants at the technological state of the art, it is self-sufficient in electricity. The new Hydrogen-Ready kiln is one of the plant's key features: 230 metres long, it enables the setting of gentler thermal curves and more balanced firing and cooling cycles, to optimise the product's strength and ease of shaping. The production process also enables the recycling of all process water and fired and greenware scrap, helping to reduce raw material consumption. The new plant is also lit by a high-efficiency dynamic LED system and equipped with a new regenerative afterburner incorporating a system to trap airborne particles, pollutants and volatile organic compounds (VOCs).

Total surface area of new plant
30,000 m²

Investments
€60 million



"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."

"We generate all the electricity required for our production cycle: an ambitious goal, but one that is consistent with the sustainable model in which we believe. This milestone has been achieved thanks to our firm determination to take concrete action to reduce our impact on the planet."

COGENERATION AND RENEWABLE SOURCES FOR SELF-SUFFICIENCY IN ELECTRICITY

The new production plant, fully operational since the start of 2025, tangibly embodies the Group's environmental policy, with its careful management of use of all resources, including raw materials, consumables and energy.

With this in mind, the plant will be completely self-sufficient in terms of electricity thanks to a photovoltaic system, which is currently nearing completion and, once fully operational, will generate 1.38 million kWh per year at full capacity, avoiding the discharge of 650 tonnes of CO_2 equivalent into the atmosphere each year, equivalent to the amount absorbed by a forest of 31,000 trees. The photovoltaic system functions alongside a 5 MW cogenerator, which produces electricity and heat with natural gas as its single optimised energy source, helping to cut use of electricity from the grid to zero. From structure to plants and from packaging to high-efficiency lighting, every part of the new factory has been designed to create a highly sustainable production cycle, with lower use of raw material and efficient recycling of all the resources available: water, heat and greenware and fired scrap.

Energy targets and environmental performance today:

Photovoltaic system	Emissions avoided	Equal to the absorption of
1,38 million kWh/year	650 tCO_2eq/year	31 thousand trees

Brands

ITALGRANITI GROUP

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 three brands, the Group composes a comprehensive offer of looks, sizes, thicknesses, finishes and accessories.

ITALGRANITI

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.

IMPRONTA

Since 1974, the Impronta brand has been a reference point for those seeking porcelain stoneware surfaces to create residential and commercial spaces with outstanding technical and aesthetic qualities. Underlying the brand's success is a deep-seated ceramic culture, rooted in the history of its home ceramics district in Italy's Emilia region. Impronta reaches beyond this tradition in its ability to meet - and often anticipate - the needs of the most discerning architecture and home design professionals.

ITALSTONE

Italstone is the Group brand dedicated to large slabs intended for the creation of high-performance surfaces suitable for all applications, from countertops to vertical and horizontal claddings. The brand offers architects, designers and transformers materials of immense technical and aesthetic excellence, for untrammelled freedom of expression: surfaces designed to create environments where worktops and furnishing are in perfect harmony with floor and wall coverings.

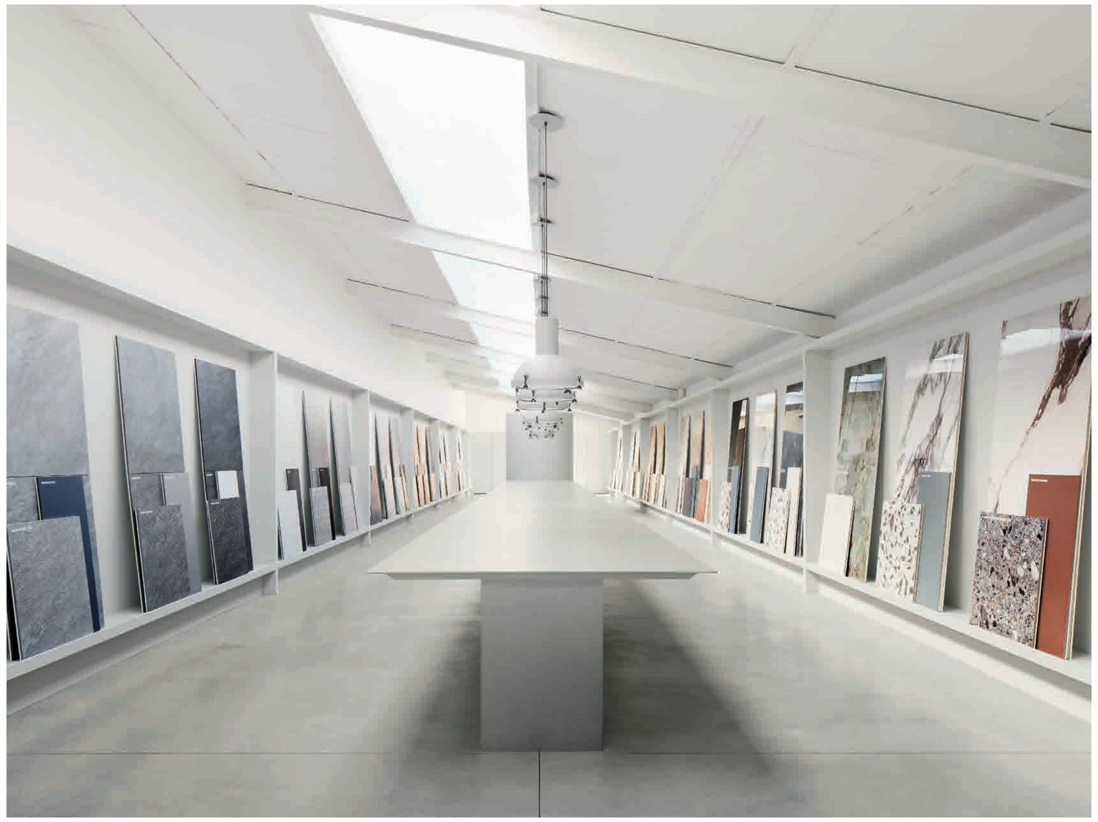
Headquarter & Showroom

HEADQUARTERS & FLAGSHIP STORE - MILAN

Designed by Art Directors Andrea Parisio and Giuseppe Pezzano, the Group's Milan flagship store is 600 square metres in area and is a key location for presenting the entire product range and exploring the applicational potential of porcelain stoneware. Conceived as a large penthouse, the space offers architects and designers examples of effective yet refined use of the Group's ceramic materials: there is also a display area dedicated to LOOM, the porcelain stoneware-clad furniture and design elements brand. During Milan Design Week 2026, the showroom presented *The Kitchen Becomes Architecture*, an installation dedicated to the use of large ceramic slabs in contemporary kitchens. With this exhibit, the showroom has renewed its identity in order to tangibly express the research and excellence that have always guided ITALGRANITI GROUP.

ITALGRANITI GROUP DOMUS - MODENA

The showroom near the headquarters at Formigine (Modena) was conceived by architects and art directors Andrea Parisio and Giuseppe Pezzano as today's version of the typical Roman domus. Room by room, the showroom offers a striking experience of the most authentically contemporary interior design. From the entrance hall to the bedroom, the Group's collections play a crucial role in the creation of home interiors with a refined, impeccable elegance, in perfect harmony with the monumental design of the architecture. The Group's locations are intended as meeting-places for encounters and exchanges of ideas between the company and its partners, multifunctional locations for experiencing its many, varied materials, colours and technologies for architecture and landscape design.



Products

ITALGRANITI GROUP is internationally acclaimed for the exceptionally high performance of its porcelain stoneware, a synthesis of innovation, design and production quality. This status is firmly rooted in the Made in Italy model, which has always been central to the company's industrial identity. All ceramic surfaces are designed, developed and produced in Italy, in the ceramics district, where the Group has consolidated a state-of-the-art production system that combines technical expertise, a design culture and social accountability.

MADE IN ITALY

TECHNOLOGY AND INNOVATION AT THE SERVICE OF SUSTAINABILITY

Innovation has always been a strategic pillar of ITALGRANITI GROUP. Through continual investments in research and development, the Group consolidates its role as a top player in the ceramics industry and sets the benchmark with its surfaces' high technology content.

Exclusive technologies such as RealUp®, StrideUp®, Grain-Tech®, Core-Tech® and Sana® bear witness to the company's market-leading cutting-edge production and functional and aesthetic qualities, confirming its ability to guide the sector's evolution towards more and more natural, high-performing, sustainable solutions. This vision is expressed through a tangible commitment to a ceramics industry able to generate lasting value by combining design, technical performance and environmental stewardship.

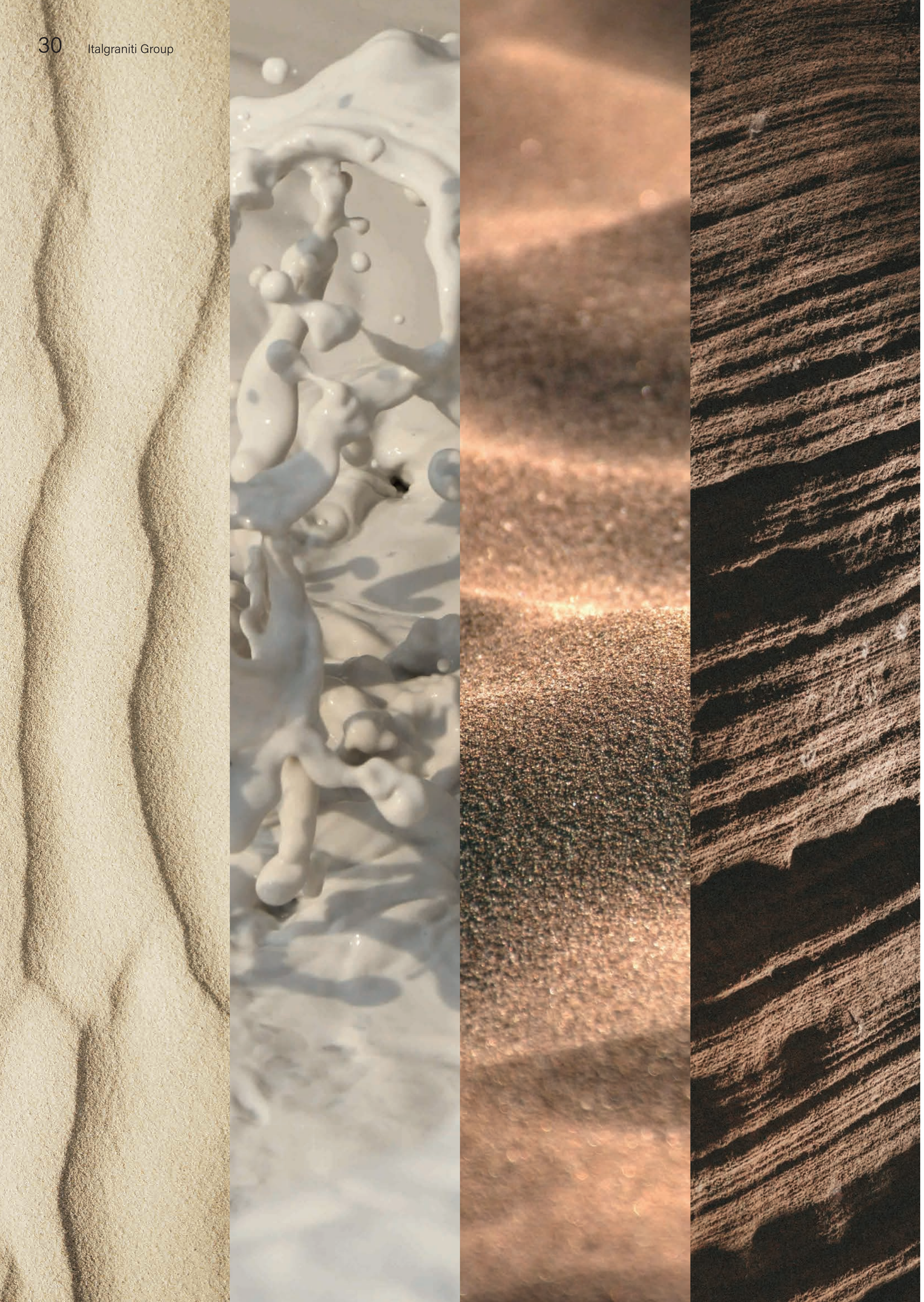
SANA: ANTIMICROBIAL SURFACES FOR MORE HYGIENIC ENVIRONMENTS

sana®
THE ANTIMICROBIAL TECHNOLOGY

Among the innovative technologies developed by ITALGRANITI GROUP, Sana® harnesses the antimicrobial properties of silver ions to help prevent up to 99.9 per cent of bacterial growth on ceramic surfaces. This innovation is based on an additive introduced into the ceramic mix prior to firing, becoming an integral part of the porcelain stoneware without altering its aesthetic qualities or performance. Sana® represents a further step forward in the evolution of the Group's products, helping to improve the quality of living-spaces and the value of contemporary buildings.

MOCA: A CONCRETE GUARANTEE OF SAFETY AND RELIABILITY

The MOCA Declaration of Conformity represents another milestone in ITALGRANITI GROUP's commitment to quality and responsibility. Surfaces that comply with the relevant regulations ensure they are fully suitable for contact with food, in accordance with the most stringent safety and hygiene standards, in both domestic and professional settings. An essential guarantee for kitchens, public premises, HoReCa venues and workspaces, where reliability, durability and quality control of materials are paramount. A concrete commitment that enables designers, architects and industry professionals to rely on safe, high-performance surfaces designed to stand the test of time.



A MATERIAL MADE ONLY FROM NATURAL RAW MATERIALS

Clays, feldspars, sands and quartzes: these are the fundamental ingredients of ITALGRANITI GROUP porcelain stoneware. They are completely natural raw materials, available in large quantities on the surface of our planet, sourced from quarries belonging to the Group's network of certified suppliers, which hold the authorisations required by law and must undergo compulsory environmental remediation of the site at the end of extraction.

Porcelain stoneware consists only of natural raw materials, fired at over 1,200 °C to give them the necessary strength. It does not require any treatment after installation (such as protective varnishes or resins), does not release volatile organic compounds (VOCs) into the environment and does not contain toxic materials. The Group's ceramic surfaces are safe, non-allergic and also extremely hygienic.

CERAMICS OF ITALY

ITALGRANITI GROUP belongs to Ceramics of Italy, the institutional brand that has represented and promoted Italian ceramics industry companies worldwide for more than 50 years. Membership of this shared value system confirms the Group's commitment to production based on quality, innovation and social and environmental responsibility.

Ceramics of Italy actively promotes an industrial model that highlights the value of the Made in Italy supply chain and focuses on raw material traceability, the safety of the materials used and the sustainability of production processes. In this context, ITALGRANITI GROUP guarantees the use of selected, safe raw materials from controlled sources, fully compliant with the strictest environmental and regulatory standards.

Ceramics of Italy

2. 2025 Sustainability Report

Highlights

ITALGRANITI GROUP pursues its commitment to sustainable development with tangible actions on the environmental, economic and social fronts. The data provided reflect 2024 performance through key indicators that measure the progress made in relation to the targets set.

ENVIRONMENTAL INDEXES

100% PROCESS WATER RECYCLED

100% RAW AND FIRED WASTE RECYCLED

99% WASTE RECYCLED

82% ELECTRICITY SELF-SUFFICIENCY

100% ENERGY FROM CERTIFIED RENEWABLE SOURCES

ECONOMIC INDEXES

127 MILLION EUROS TURNOVER

22 MILLION EUROS INVESTMENTS

19 MILLION EURO EBITDA MARGIN

80% PROPENSITY TO EXPORT

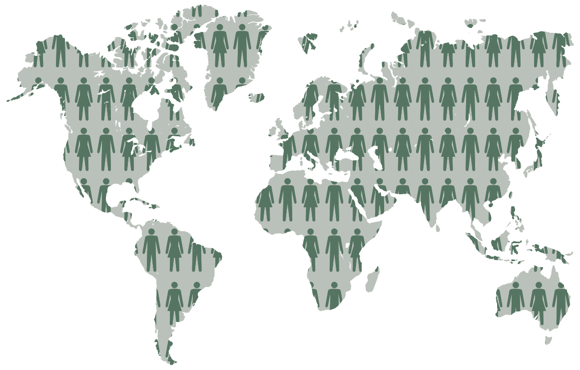
SOCIAL INDEXES

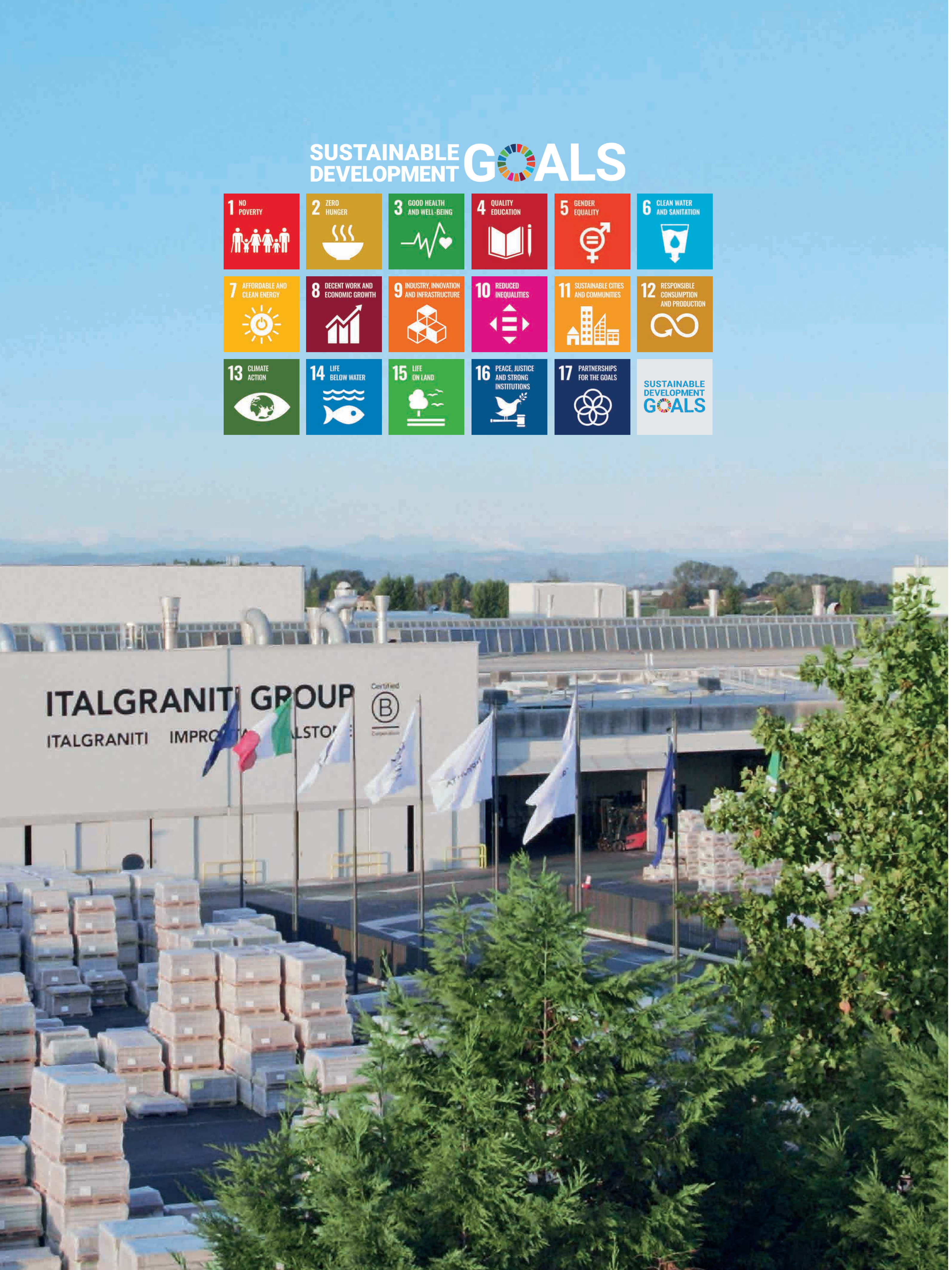
276 EMPLOYEES WORKING ON AVERAGE

99% OPEN-ENDED TERM EMPLOYEES

28% WOMEN IN WORKFORCE

+23,5% COMPARED TO FAIR PAY





Sustainable Development Goals (SDGs)

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. Section 12 ("2024 Objectives and programs"), on the other hand, sets out the company's future plans.

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.

Double materiality

INTRODUCTION TO THE DOUBLE MATERIALITY ANALYSIS

The double materiality analysis has played a central role in defining the contents of this Sustainability Report. This approach combines two perspectives:
- **Impact (inside-out) materiality:** assesses how the company's operations affect the environment, society and human rights.
- **Financial (outside-in) materiality:** considers how environmental, social and governance factors affect the company's financial position, results and prospects.

This analysis identifies the most relevant topics for inclusion in the reporting and guides the organisation's ESG strategy.

PHASES OF THE ASSESSMENT PROCESS

1. CONTEXT AND AREA OF THE ANALYSIS

The thorough context analysis process included:
- production and logistics operations;
- the supply chain;
- the demands of the target market;
- consultation of industry sustainability bench-marks, international standards, the current regulatory framework and emerging ESG risks;
- consultation of the CONFINDUSTRIA CERAMICA operating guidelines on "Double Materiality in the context of the Corporate Sustainability Report Directive (CSRD) in the ceramics industry."

2. IDENTIFICATION OF THE POTENTIAL TOPICS

The analysis was followed by preparation of the list of potentially material **Impacts, Risks and Opportunities (IROs)**. For each IRO, the list states:
- the reference to sustainability topics;
- description of the IRO;
- the position within the value chain where the IRO occurs (during the company's operations, upstream and/or downstream of its operations);
- the time horizon during which the IRO may occur (short, medium or long term);
- classification of the IRO as an impact, risk or opportunity.

3. MATERIALITY ASSESSMENT: CRITERIA APPLIED

Qualitative and quantitative criteria, differentiated for each type of materiality, were applied to every IRO identified:

For impact materiality, the score is obtained by multiplying:

SEVERITY X LIKELIHOOD

Where "Severity" is the combination of the following parameters:
- scale - harm or benefit of the impact;
- scope - reach of the impact;
- irremediable character of the impact - the extent to which it can be remedied.

For financial materiality, the score is obtained by multiplying:

FINANCIAL IMPACT X LIKELIHOOD

A risk/opportunity's financial impact assesses the size of its negative/positive effect.

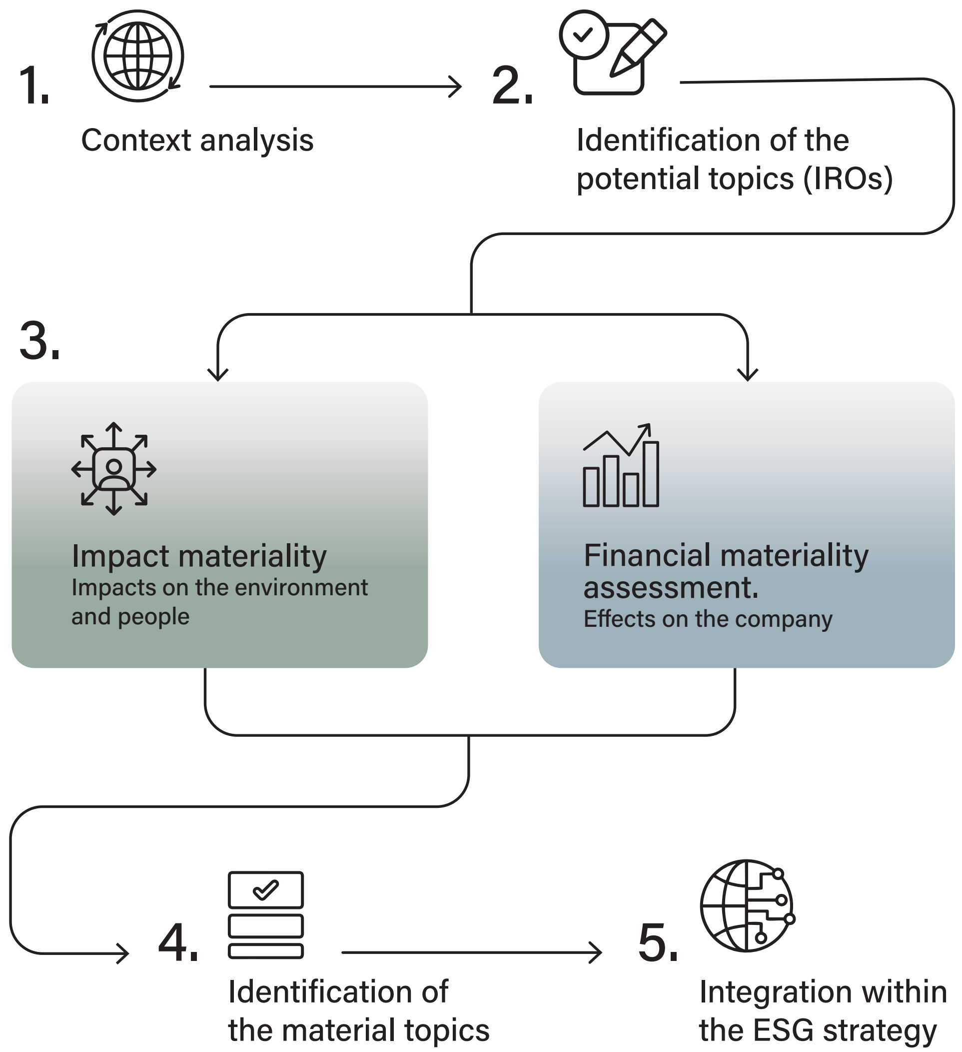
4. VALIDATION AND APPROVAL

The results of the assessment are discussed by a Sustainability Committee, which decides the priorities for action. The map of the IROs and the priorities that have emerged are validated by the General Management and approved by the Board of Directors, to ensure that they are fully aligned with the company's strategy.

5. OUTPUTS AND INTEGRATION WITHIN ESG STRATEGY

IROs classified as having "medium-high materiality" are the subject of complete reporting. They represent the strategic priorities which are the focus of:
- the sustainability objectives;
- the key performance indicators (KPIs);
- the management and mitigation policies;
- the information disclosed in this report.

The double materiality assessment process is reviewed annually or in case of significant events (e.g. regulatory changes, strategic developments, ESG crises).
This guarantees dynamic, consistent alignment with the expectations of shareholders and the operating situation of ITALGRANITI GROUP.



MATERIAL TOPICS FOR ITALGRANITI GROUP

The table below summarises the results of the materiality analysis conducted in accordance with the criteria set out above. The full analysis is contained in in-house corporate documents. Only the topics with at least minimal relevance are listed here. The IROs are listed in relation to the ESG topics.

For more accurate reporting, the European Sustainability Reporting Standards (ESRS) were also used, allowing for an analytical approach to sustainability issues.

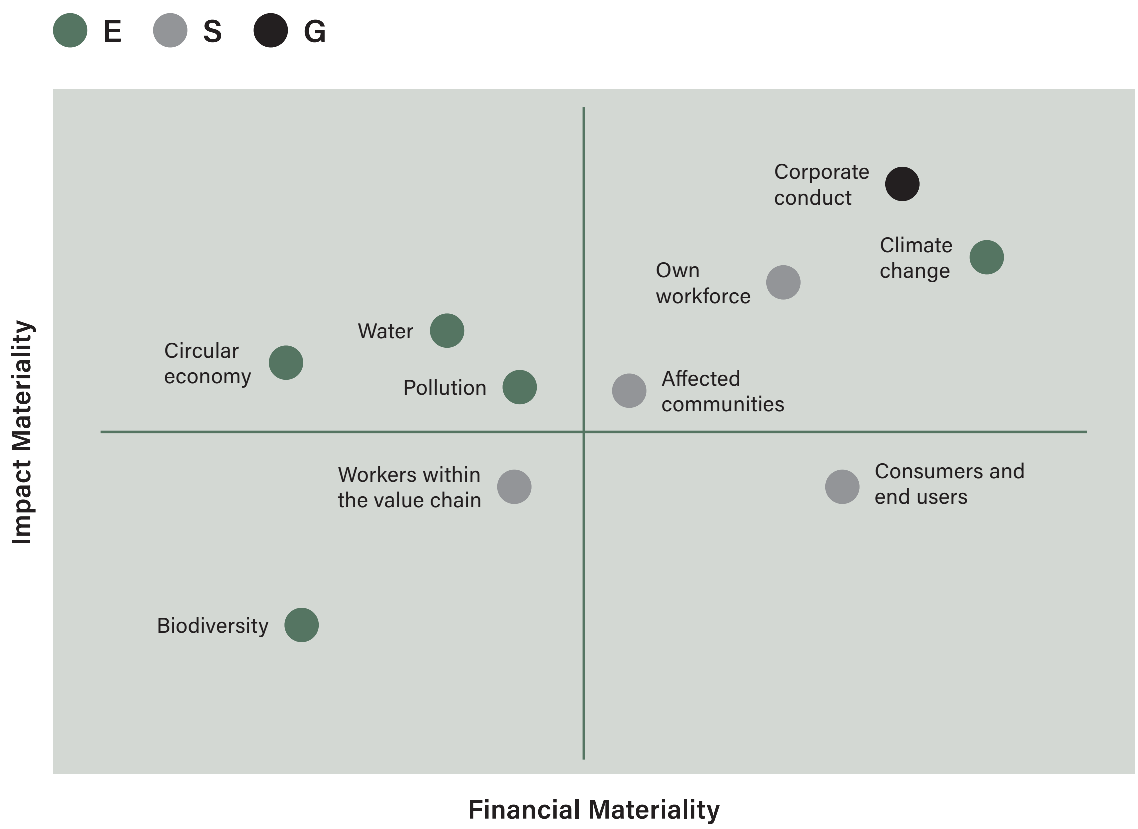
TOPIC	DESCRIPTION OF IRO	VALUE CHAIN	TIME HORIZON	TYPE OF IRO	IMPACT MATERIALITY	FINANCIAL MATERIALITY	TOPIC
CLIMATE CHANGE ESRS E1	Development of innovative technological and product solutions linked to ceramic, brick and refractory materials, able to prevent or mitigate the adverse effects of climate change on buildings and on constructions in general.	Own operations	Short term	Opportunity	High	High	CLIMATE CHANGE ESRS E1
	The transition of production activities towards greater environmental compatibility involves considerable initial investments, such as the replacement of production plants with low-impact alternatives and higher OpEX costs for the replacement of energy supplies.	Own operations	Long term	Risk	Medium	Medium	
	Contribution to climate change resulting from the generation of CO_2e and direct and indirect energy emissions deriving from the production operations at the Group's locations and sites (e.g. relating to use of natural gas or electricity from non-renewable sources).	Own operations	Medium term	Impact	Medium	Medium	
	Generation of direct emissions generated within the upstream and downstream value chain, associated to the lifecycle of the products manufactured, and in particular relating to the activities of suppliers, logistics providers, distributors and customers.	Upstream / downstream	Medium term	Impact	Medium	Medium	
	Use of energy from non-renewable sources, with consequent negative impacts on the environment and reduction of fossil energy stocks.	Own operations	Medium term	Impact	Low	Low	
	The implementation of energy efficiency measures and the in-house production of renewable energy (e.g. using photovoltaic systems) could reduce procurement costs for the company and thus represent an opportunity, especially if it is accompanied by gradual electrification of production processes.	Own operations	Short term	Opportunity	High	High	
	Energy market instability due to market factors and changes in geopolitical scenarios generates significant risks in energy procurement. For example, greater price volatility could cause an increase in the company's energy costs, thus reducing profit margins.	Own operations	Long term	Risk	Medium	Medium	
POLLUTION ESRS E2	Production of airborne pollutants such as fine particles, VOCs, nitrogen oxides (NOx), sulphur oxides (SOx), fluorine and other significant emissions with a negative effect on the environment and people.	Own operations	Medium term	Impact	Low	Low	POLLUTION ESRS E2
	Airborne pollutant emissions which exceed the limits lead to administrative penalties which negatively affect the company's financial position and reputation.	Own operations	Medium term	Risk	Low	Low	
	Discharge of pollutants into water leading to contamination of the soil and groundwater, as a result of poor management of process water and wastewater discharges.	Own operations	Medium term	Impact	Low	Low	
	Waterborne pollutant emissions which exceed the set limits lead to legal penalties which negatively affect the company's financial position and reputation.	Own operations	Medium term	Risk	Low	Low	
	Poor management of hazardous/concerning substances or failure to comply with the regulations with regard to hazardous/concerning substances could lead to accidents and the relative penalties, which would also affect the company's reputation.	Own operations	Medium term	Risk	Low	Low	
WATER ESRS E3	Use of water in production processes with repercussions on the availability of water resources at the local level.	Own operations	Medium term	Impact	Low	Low	WATER ESRS E3
	Water scarcity could constitute a risk for the company. In particular, the inability to obtain sufficient water from wells and/or the mains could jeopardise production capacity, also generating stoppages in operation, as well as causing higher investment costs due to the need to make technological changes.	Own operations	Medium term	Risk	Low	Low	
	Optimisation of water as a resource by complete reuse of direct and indirect process wastewater in production, with positive impacts on the availability of water at the local level.	Own operations	Short term	Opportunity	High	High	
BIODIVERSITY ESRS E4	Monitoring the responsible management of company sites and land use, with particular regard to the preservation of nature-oriented areas and their integration into the surrounding agricultural landscape.	Own operations	Long term	Impact	Low	Low	BIODIVERSITY ESRS E4
CIRCULAR ECONOMY ESRS E5	Use of process scrap and secondary raw materials including greenware/fired scrap from internal production processes and/or of by-products or scrap from outsourced processes or other production supply chains.	Own operations	Short term	Opportunity	High	High	CIRCULAR ECONOMY ESRS E5
	Generation of negative environmental impacts linked to the use of natural resources as raw materials for manufacturing the products (clays, sands, feldspars, timber, etc.).	Own operations	Medium term	Impact	Low	Low	
	Difficulties in procurement of some raw materials (e.g. clays, sands, feldspars, etc.) due to market factors and/or geopolitical events constitute a risk for the company. They would lead to a potential increase in procurement costs and a risk for productivity, up to and including operating stoppages due to a lack of supply. Moreover, it may be necessary to allocate additional resources to find new suppliers in order to reduce the company's dependence on a specific raw material supplier.	Own operations	Medium term	Risk	Medium	Medium	

TOPIC	DESCRIPTION OF IRO	VALUE CHAIN	TIME HORIZON	TYPE OF IRO	IMPACT MATERIALITY	FINANCIAL MATERIALITY
CIRCULAR ECONOMY **ESRS E5**	Reuse, recycling, recovery and re-manufacturing of products at the end of their lifecycle, in order to reduce waste and the consequent environmental impacts at end-of-life.	Own operations	Short term	Opportunity	Low	Low
	The implementation of circular economy models can create opportunities (such a reduction in the costs of procurement of virgin raw materials), ensure regulatory compliance and also generate reputational benefits.	Own operations	Short term	Opportunity	Low	Low
	Environmental impacts related to the production of hazardous and non-hazardous waste and its treatment and disposal.	Own operations	Medium term	Risk	Low	Low
	Poor management of waste (such as its incorrect classification) leads to fines and affects the company's reputation.	Own operations	Medium term	Risk	Low	Low
OWN WORKFORCE **ESRS S1**	If the organisation were unable to retain key managerial staff and skilled workers, the issues relating to the replacement of these abilities, skills and know-how could be considerable. Moreover, this would also cause a short-time loss of market competitiveness.	Own operations	Medium term	Risk	Medium	Medium
	A high staff turnover could lead to problems with the organisation of work and product quality, as well as loss of know-how.	Own operations	Medium term	Risk	Medium	Medium
	Thanks to investments to improve working conditions and employees' well-being, as well as efforts made with regard to sustainability, the company benefits from better motivation and a greater sense of belonging on the part of workers, and thus higher productivity from its human resources.s	Own operations	Short term	Opportunity	High	High
	Promotion of employee well-being through specific well-being activities and benefits, the creation of a healthy, stimulating workplace and the adoption of flexible working hours and working from home.	Own operations	Short term	Opportunity	High	High
	Workplace injuries or other accidents and ill health due to production processes that are unhealthy or risky for the company's own employees or contract staff.	Own operations	Medium term	Risk	Medium	Medium
	Improvement of workers' skills through training and career development activities, and general and technical programmes, in some cases linked to individual growth and assessment targets (e.g. career development plans).	Own operations	Short term	Opportunity	High	High
WORKERS WITHIN THE VALUE CHAIN **ESRS S2**	Unsatisfactory working conditions within the value chain (e.g. suppliers, transporters, etc.) could have reputational repercussions but above all could jeopardise continuity of procurement, thus extending the problem to the company's own business in financial and production terms.	Upstream	Medium term	Risk	Medium	Medium
	Human rights violations within the value chain (e.g. suppliers, transporters, etc.) could have reputational repercussions, in view of the lack of visibility of and control over the supply chain. Above all, they could cause interruptions in the continuity of supply, extending the problem to the company's own business and generating additional financial costs for replacement of suppliers.	Upstream	Medium term	Risk	Medium	Medium
STAKEHOLDER COMMUNITIES **ESRS S3**	Good relationships with the relevant local authorities and communities, in the form of partnerships with education and health care institutions and the third sector, can benefit organisations in terms of reputation and the attraction and retention of employees. It would also benefit communities in terms of job opportunities and growth of the local economy.	Own operations / downstream	Long term	Opportunity	High	High
	Contribution to the development of career and social opportunities in the local area, with consequent direct/indirect economic impacts on local communities, thanks to job creation and grants and donations to local associations.	Own operations	Short term	Opportunity	High	High
CONSUMERS AND END USERS **ESRS S4**	Full customer satisfaction in terms of the sustainability of the product or service provided.	Own operations	Short term	Opportunity	Medium	High
	Negative impacts on customers and end users caused by misleading communications and incorrect information with regard to the product's labelling or advertising.	Own operations	Short term	Risk	Medium	High
	Product nonconformities could lead to litigation with customers, with compensation costs and loss of reputation.	Own operations	Short term	Risk	Medium	High
CORPORATE CONDUCT **ESRS G1**	Awareness and promotion of a culture of ethics, equity and inclusion and respect for human rights on the part of management and employees.	Own operations	Short term	Opportunity	High	High
	Fines and fiscal penalties arising from poor corporate conduct could negatively affect the company's financial results and reputation, and also have serious legal implications.	Own operations	Short term	Risk	Low	Low
	Failure on the part of the company to protect whistleblowers could lead to legal and compliance costs, as well as reputational damage.	Own operations	Short term	Risk	Low	Low
	Impacts on the economy, the market and people caused by supplier payment times that undermine relationships, trust and the stability and reliability of the supply chain.	Own operations	Short term	Risk	Low	Low
	Bribery leads to reputational scandals and loss of market share, apart from negative impacts relating to fines and penalties imposed by the authorities.	Own operations	Short term	Risk	Low	Low

DOUBLE MATERIALITY

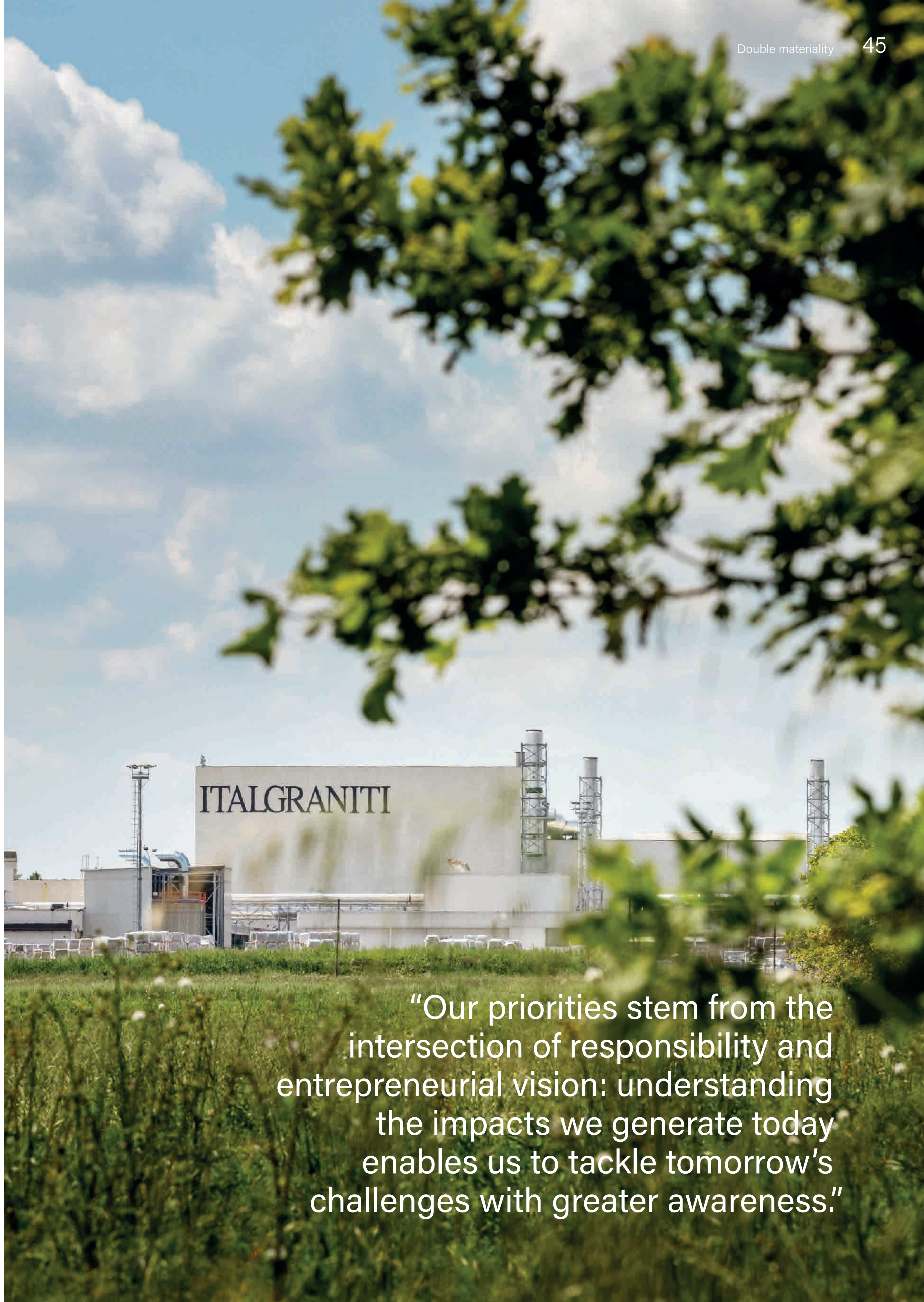
FROM ANALYSIS TO VISION

Every ESG-relevant topic is mapped on the double materiality matrix along two axes. The vertical axis (impact materiality) measures the positive or negative impact generated by the Group's activities on people and the environment; the horizontal axis (financial materiality) reflects how external changes (regulatory, climate or market-driven) can influence the Group's economic stability and value in the short, medium and long term. The map serves as the baseline for defining the strategic priorities, ESG targets and the content reported in this Sustainability Report.



The double materiality analysis highlights a significant correlation between the relevance of impacts generated by the Group's operations and their ability to influence the Group's financial performance and resilience.

Topics positioned in the highest materiality quadrant primarily relate to occupational health and safety, human capital development, climate change, affected communities, corporate governance, and resource efficiency. Alongside these, aspects relating to the circular economy, environmental protection and end-consumer protection also play a significant role, confirming ITALGRANITI GROUP's integrated approach to treating sustainability as a means of creating long-term value.



"Our priorities stem from the intersection of responsibility and entrepreneurial vision: understanding the impacts we generate today enables us to tackle tomorrow's challenges with greater awareness."

Stakeholders

APPROACH TO STAKEHOLDER MANAGEMENT

Dialogue with stakeholders is a fundamental pillar of the ITALGRANITI GROUP sustainability strategy. Therefore, a structured process has been adopted to identify, map and engage with the main stakeholders, in order to understand their expectations and integrate their evolving needs in decision-making processes.
In view of the industrial nature of the company's business - with significant environmental, social and territorial impacts - continual, transparent interaction with all stakeholders that influence or are influenced by its operations is necessary.

STAKEHOLDER MAP

We identified stakeholders by means of a participatory process involving the company's top management, the sustainability area, and the operating and commercial departments.
The map considers their level of **influence on the company's business** and their degree of **interest in ESG impacts.**

STAKEHOLDER CATEGORY	DESCRIPTION	MAIN INTEREST	LEVEL OF INFLUENCE
Employees and contract staff	Production and office workers, technical staff and management	Health and safety, working conditions, career development	High
Customers	Wholesalers, dealers, architects, contractors	Product quality, environmental certifications, sustainable innovation	Medium
Suppliers	Raw materials, transport, maintenance	Contractual ethics, payments, ESG criteria	Medium
Local communities	Members of the public, local organisations, associations	Environmental impacts, employment, relations with the local area	Medium-Low
Regulatory authorities and the public administration	Regional environmental protection agency (ARPA), local authorities, environmental authorities	Compliance, transparency, authorisations	High
Financial institutions	Banks, investors, insurance companies	ESG performance, risk management	Medium-High
Trade unions	Internal and external representatives	Labour relations, protection of rights, safety	High
Environmental NGOs and associations	Civic network, local environmental monitors	Biodiversity, emissions, use of resources	Low

EXPECTATIONS AND INTERESTS IDENTIFIED

Key expectations which emerged during the engagement cycle were also used as inputs for the **double materiality analysis** and for drawing up the ESG strategic plan.

STAKEHOLDERS	MAIN EXPECTATIONS	ACTIONS TAKEN
Employees	Improvement of working conditions, safety, training	HSE training, internal audits, welfare plan
Customers	Environment-friendly, traceable product, environmental certifications	EPD and product certifications
Suppliers	Clarity regarding selection criteria, contractual continuity	ESG qualification
Local communities	Reduction of odour-producing emissions, management of noise and airborne particles	Measures on plants
Public authorities	Regulatory compliance, accessibility of environmental data	Submission of data via ARPA portal, annual meetings
Funders	Clear ESG reporting, climate-related risk management	Integration of ESG risks in risk management
Trade unions	Involvement in decision-making, employment guarantees	Regular meetings, involvement in reorganisation plans

MODES OF ENGAGEMENT

The approach adopted includes both **qualitative** and **quantitative** tools to ensure regular, in-depth understanding of expectations.

TOOL	STAKEHOLDERS INVOLVED	FREQUENCY	MAIN AIM
ESG questionnaires	Customers, suppliers	Annual	Materiality and performance assessment
Interviews and focus groups	Employees, community, NGOs	Biennial	Gathering of qualitative feedback
Meetings with trade unions	Trade unions, representatives	Quarterly	Negotiation and communication
Public meetings	Local communities and organisations	Annual	Dialogue on environmental and social impacts
ESG report to investors	Funders	Annual	Disclosure and risk assessment
Sustainable supplier portal	Direct and indirect suppliers	Continuous	Monitoring of environmental and social criteria
Internal communications	All employees	Monthly	Transparency and strategic alignment

RESULTS OF ENGAGEMENT

We identified stakeholders by means of a participatory process involving the company's top management, the sustainability area, and the operating and commercial departments. The map considers their level of **influence on the company's business** and their degree of **interest in ESG impacts.**

E	Climate change Natural resources
S	Health and safety Human rights Gender equality
G	Ethical conduct

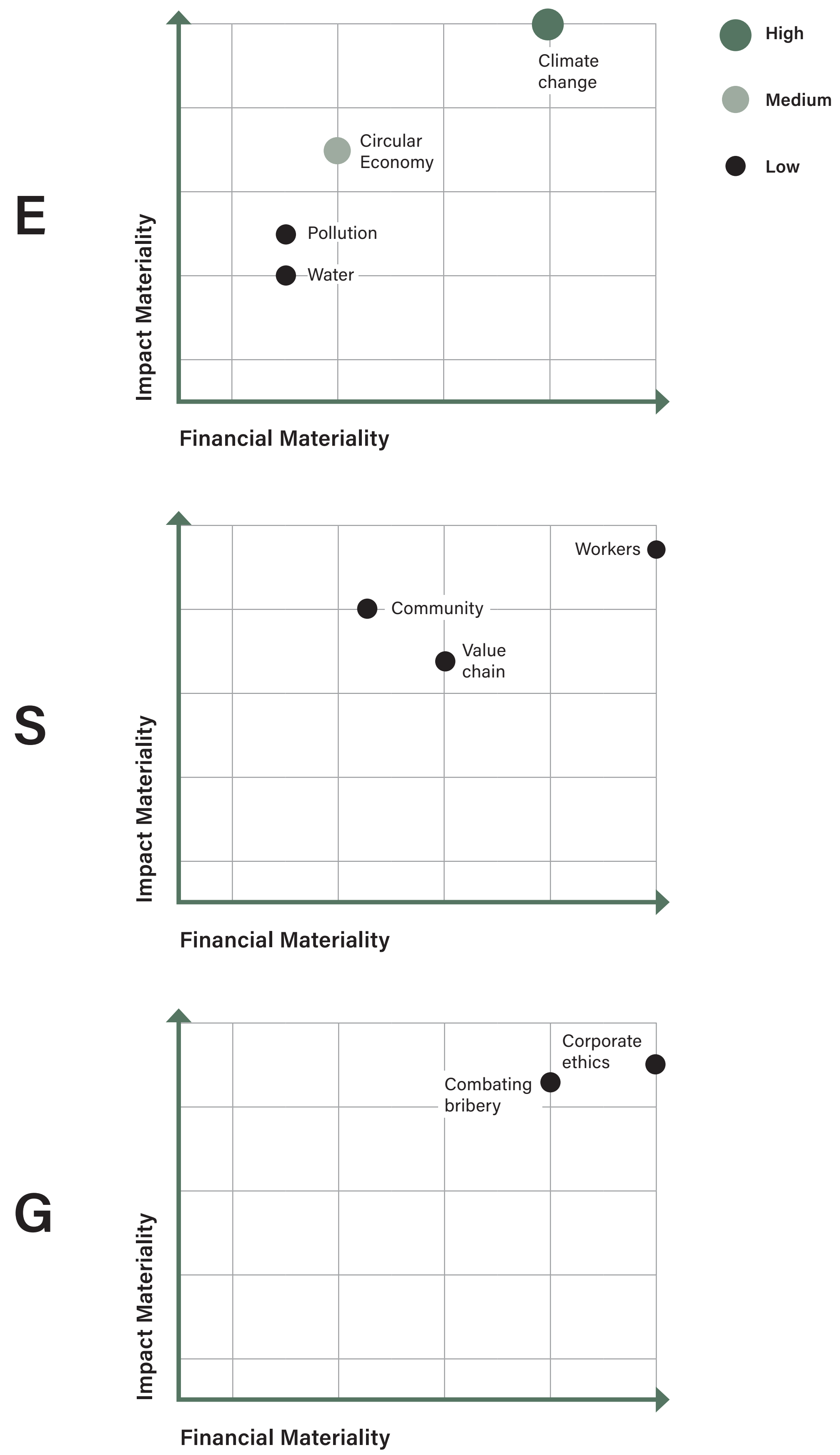
Information gathered through dialogue with stakeholders is integrated:
- in strategic and operational decision-making processes;
- in the setting of ESG objectives and KPIs;
- in risk management mechanisms;
- in the continuous improvement plan.

The results of integration of the double materiality analysis with stakeholder engagement are illustrated below.

FUTURE PROSPECTS

In the next three-year period, the company is committed to:
- drawing up a Stakeholder Engagement Policy in line with international best practices;
- extending the boundary of engagement to include new stakeholders (e.g. young professionals, green startups);
- introducing digital continuous dialogue tools (online surveys, ESG transparency dashboard).

IMPORTANCE FOR STAKEHOLDERS



Product sustainability

ITALGRANITI GROUP adopts production solutions intended to reduce environmental impact using state-of-the-art technologies and optimised industrial processes.
Water - from artesian wells - is a key factor in the production cycle, and 100% of it is reused thanks to a complete recycling system, except for the unavoidable losses due to evaporation. All greenware and fired production scrap is also recycled, helping to support a circular model for the management of resources. These achievements have been enabled by targeted investments viewed as strategic for the creation of a more and more responsible, future-oriented business. Auxiliary materials are also chosen on the basis of sustainability criteria: only high-efficiency, low-impact solutions are used, in smaller volumes than other resources. All packaging used is 100% recyclable and cardboard packaging contains a high percentage of recycled material, confirming responsible, consistent management of resources throughout the production chain.

100% reuse of process water

100% raw and fired waste recycled

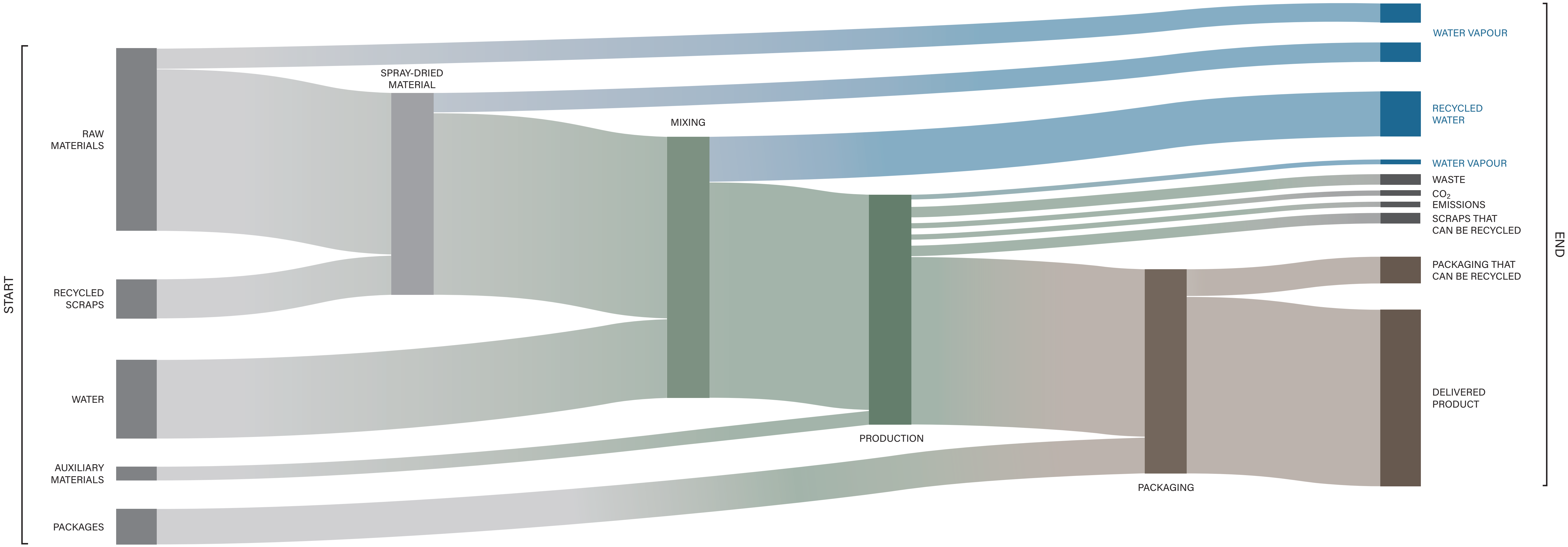
99% of waste recycled

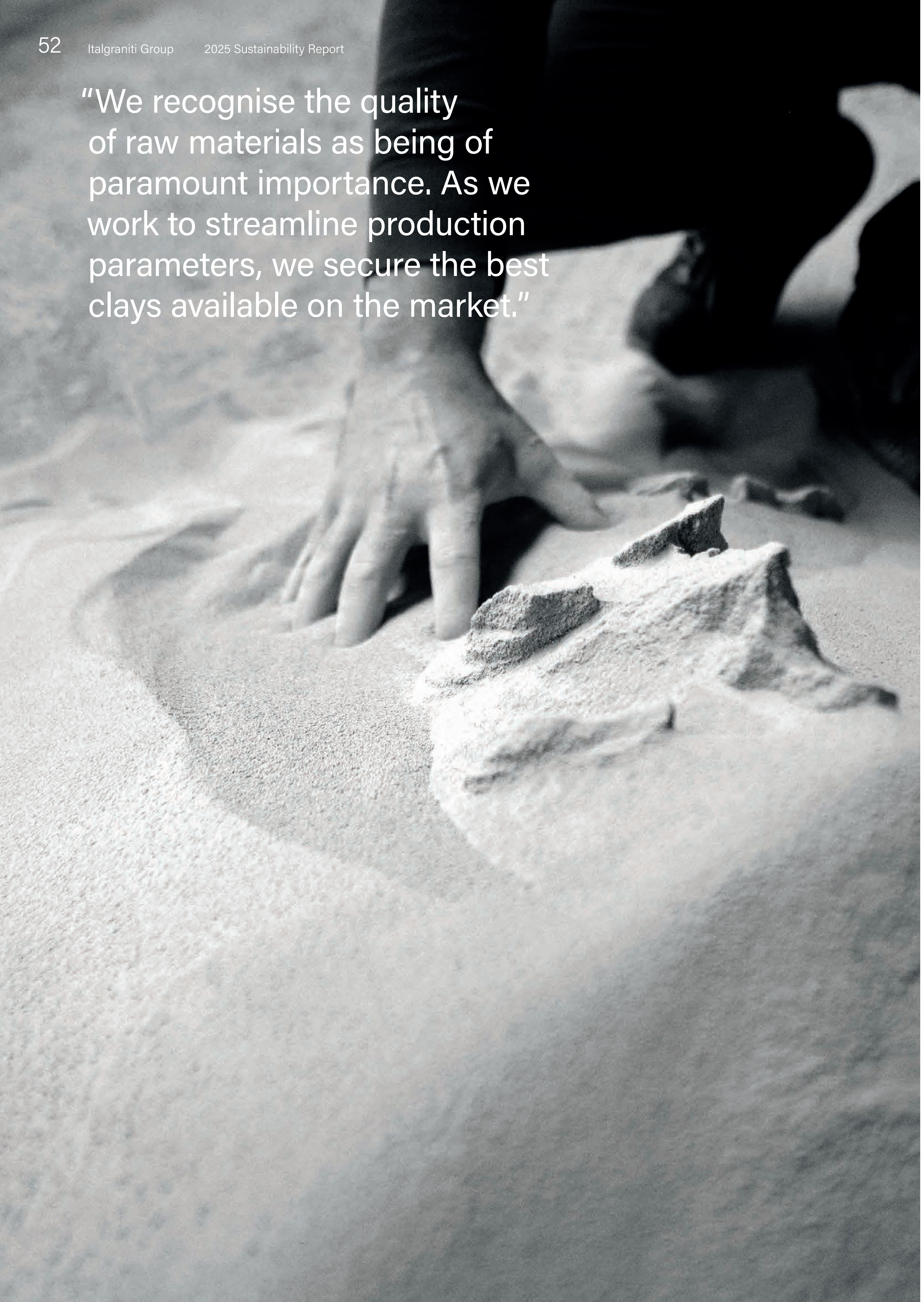
60% recycled material in cardboard packaging

100% recyclable packaging

MASS FLOW

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





“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.”

RAW AND AUXILIARY MATERIALS: ORIGIN AND FUNCTION

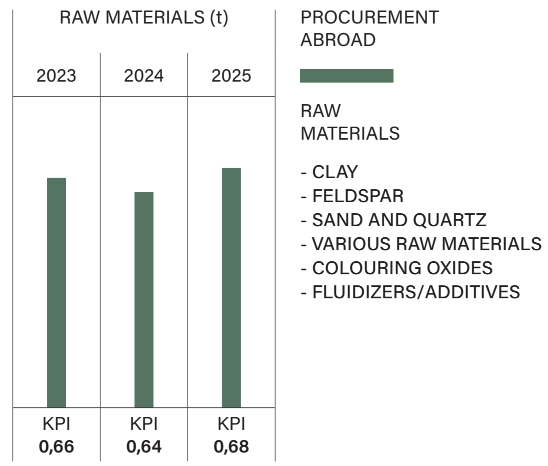
ITALGRANITI GROUP uses the following resources to manufacture its products:

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

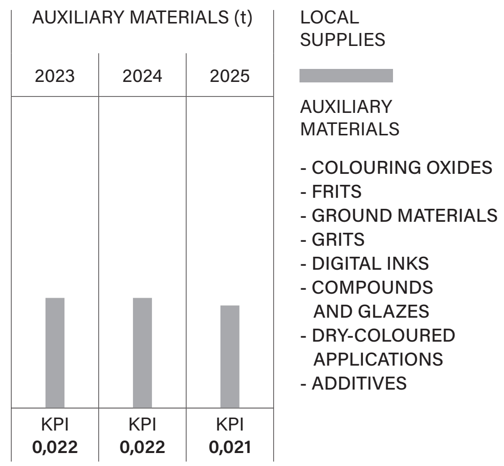
- **Auxiliary materials:** colouring oxides, frits, ground materials, grits, digital inks, compounds and glazes, dry coloured applications and additives.

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.



KPI (Raw materials / Production)



KPI (Auxiliary Materials / Production)

PACKAGING

"The battle against the use of plastic is a battle that is good for the environment and tells who we are, because it turns a certain idea of business, of the responsibilities involved and of the future we imagine into concrete choices."

PRODUCTS

To combat plastic pollution, throughout 2025 ITALGRANITI GROUP continued to increase its use of more sustainable and recyclable packaging materials and solutions. Packaging is designed to minimise material usage, which in 2025 accounted for around 3% of the total weight of shipped product.
As well as ensuring that packaging is proportionate to the quantity of product, the Group is already in line with the new regulatory requirements which, from August 2026, will introduce the obligation to provide a declaration of conformity and certification of recycled content percentages. Packaging is made from 100% recycled fibre cardboard, while a portion of the strapping is made from 99% recycled plastic. All suppliers hold the necessary certifications.

The table shows the packaging materials used by ITALGRANITI GROUP.

All components described in the table are recyclable. Wood and cardboard account for 92% of the total packaging. The cartons are die-cut and printed on the spot to eliminate scraps and reduce the standard sizes stored.

PACKAGING	2023	2024	2025
Wood	2,925	3,075	3,824
Cardboard	304	318	379
Heat shrinking film	210	242	295
Straps	74	82	78
Total	3,513	3,717	4,576
KPI (Packaging / Production)	2.5%	2.5%	3.0%

Values in tonnes

SAMPLE SETS

In recent years, as part of the Build to Zero project, ITALGRANITI GROUP has eliminated plastic from packaging materials used for sample sets, which consist of loose pieces sent to architects, designers, distributors and customers.

All polymers and plastic materials have been replaced with embossed paper, cardboard boxes, corrugated cardboard, stretch netting and paper adhesive tape, containing recycled material percentages ranging from 60% to 100%.

Cardboard boxes
consisting of 60% recycled material

Eco-friendly adhesive tape
in 100% recycled paper

QR Code
“Why we are different”
link to the website to learn more about the Group’s measures for the reduction, reuse and recycling of packaging

Recycled paper meshes
for wrapping and protecting products
obtained from production scrap

100% recycled embossed paper
for protecting the packaging instead of plastics

PRODUCT CERTIFICATIONS AND ATTESTATIONS

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

EPD
THE INTERNATIONAL EPD® SYSTEM

EPD

This year ITALGRANITI GROUP published its activity data on www.environdec.com, the website of the International EPD System, the world's first and longest running EPD program. 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.

LEED
COMPLIANT

LEED

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.

GREENGUARD CERTIFICATION

The GreenGuard is an Environmental Product Certification that certifies the emission of low levels of chemicals, such as phthalates, benzene, amines and formaldehyde. It has particular importance for those companies that, like ITALGRANITI GROUP, participate in contract supplies linked to green building protocols, such as the US LEED. These rating systems give the building a score based on the materials it uses. Together with other certifications, GreenGuard assigns the product used a credit that contributes to the building's score. Created in the US by a non-profit organisation, GreenGuard requires products to undergo independent scientific testing and continuous monitoring of chemical emissions. Those products that meet strict standards, based on criteria set by leading public health agencies, are certified.

放射性水平A类

CERTIFICATION CCC

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).

EN 14411

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").

UPEC

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

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.

Governance

For three generations, ITALGRANITI GROUP has been a family business rooted in the Emilia region. Since 2022, with the change of status into a Benefit Corporation and the attainment of B Corp certification, the Group has defined its entrepreneurial profile more and more clearly. Aware of the need for a paradigm shift, the Board of Directors decided to direct ITALGRANITI GROUP's economic, technological and professional resources towards a business model that places common benefit among the aims of economic activity.

Having obtained UNI/PdR 125:2022 certification on gender equality within organisations, the Group also adjusted its governance to embrace the enriching effects not only of the diversity of profiles and experiences of the members of the Board of Directors and the Board of Auditors, but also of gender diversity.
It also introduced the necessary organisational safeguards to ensure the fully equal participation of men and women in the opportunities created within the company.

CORPORATE STRUCTURE AND BODIES

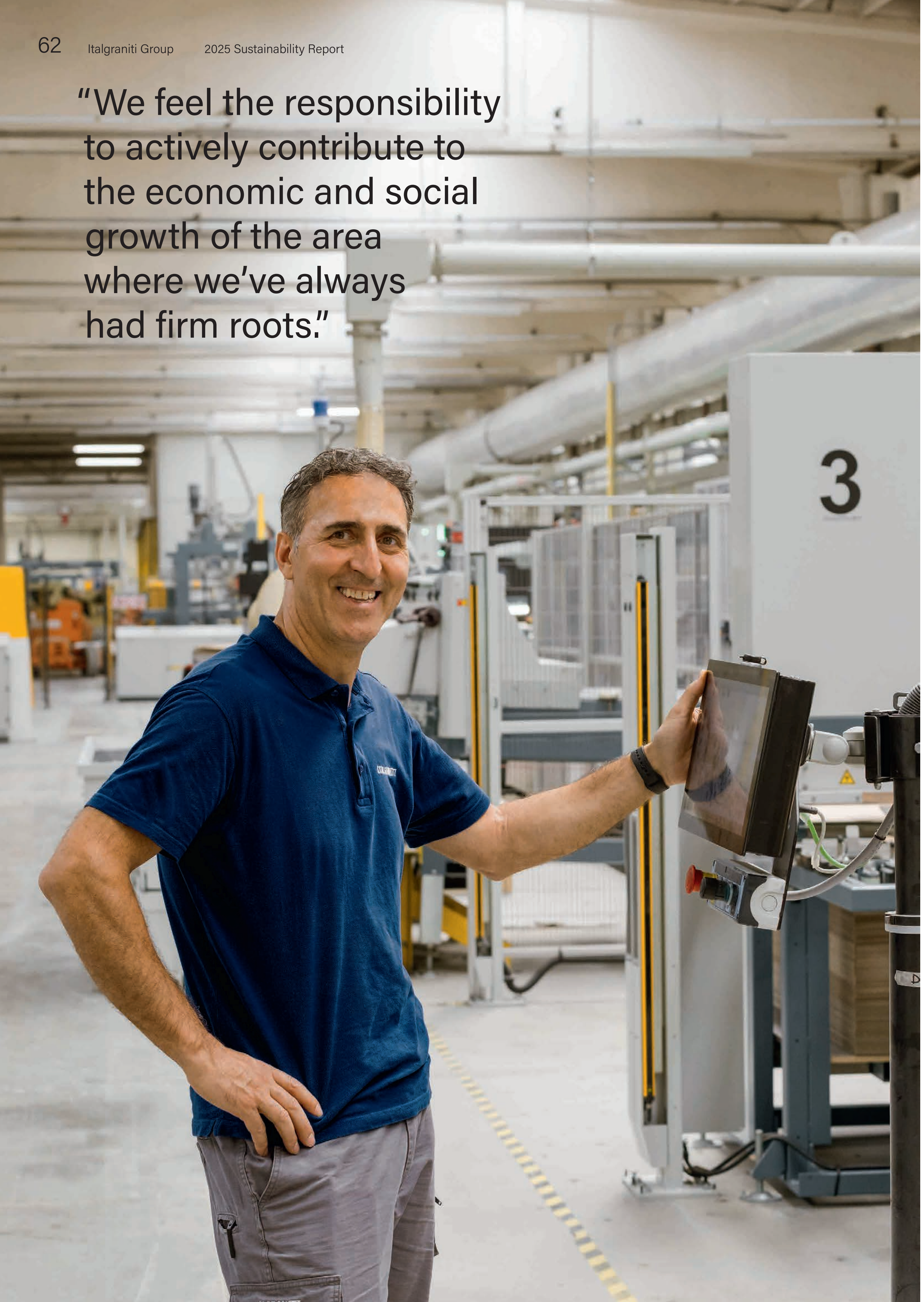
MEMBERS OF THE BOARD OF DIRECTORS	
Dante Giacobazzi	President and Company Representative
Francesco Maturo	Managing Director
Elisa Giacobazzi	Managing Director
Giuseppe Pifferi	Managing Director

MEMBERS OF THE BOARD OF AUDITORS	
Fabrizio Fregni	Chairman of the Board of Auditors
Claudia Peri	Standing auditor
Federico Baccani	Standing auditor
Samuele Mazzetti	Deputy auditor
Marco Detotto	Deputy auditor

INDEPENDENT AUDITORS
BDO Italia S.p.A

"We believe that diversity is always an opportunity for enrichment: diversity of gender, of human and professional profiles, of individual experiences."

Elisa Giacobazzi and Francesco Maturo - CEO of Italgraniti Group - Dante Giacobazzi - President of Italgraniti Group - and Antonia Giacobazzi

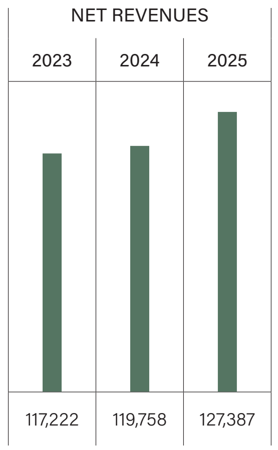


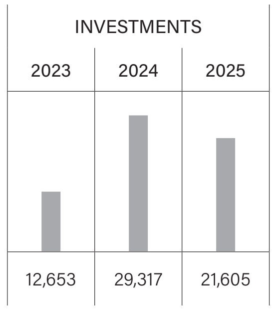
“We feel the responsibility to actively contribute to the economic and social growth of the area where we’ve always had firm roots.”

ECONOMIC VALUE DISTRIBUTED

ITALGRANITI GROUP operates in one of the world’s best-known, most highly respected ceramic floor and wall tile manufacturing districts. The Group is outstanding even in this context of excellence for its breadth of range and design quality, and the sustainability of its products and production processes.

ITALGRANITI GROUP also stands out amongst its peers for its legal status as a Benefit Corporation, a move taken with great conviction to formally affirm in relation to all stakeholders its commitment to pursuing not only economic profit but also common benefits for society and the territory, within which it operates on criteria of responsibility, sustainability and accountability. The Group undertakes to disclose its financial, productive and commercial data to its stakeholders annually. The table below illustrates the economic value the Group generated and distributed to the various stakeholders in 2024.





Value expressed in thousands of euros

	2023	2024	2025
Economic value generated	121,177	117,473	135,315
Operating costs	81,539	78,541	95,128
Remuneration and benefits	17,164	17,554	19,305
Payments to providers of capital	3,029	3,835	4,256
Payments to Public Administration	5,128	3,785	3,609
Investments in the community	43	43	66
Economic value distributed	106,904	103,512	122,364
Economic value retained	14,274	13,683	12,951

CORPORATE POLICIES

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.

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

GENDER EQUALITY

At the beginning of 2023, the process of obtaining UNI/PdR 125:2022 certification on gender equality was completed.
ITALGRANITI GROUP is the first Italian ceramic group to achieve it, reaching a very ambitious target, given the clear male dominance that has always characterised the ceramic sector. The Group believes that a more equitable presence of genders and their equal contribution to the development of our society also requires the commitment of the business world: gender equality is a key element in affirming the dignity of the individual and the importance of their full human and professional development - regardless of the gender one identifies with - and in overcoming any form of discrimination. Indeed, it is closely linked to social justice and is among the 17 Sustainable Development Goals of the UN 2030 Agenda.

The Group's gender equality and integration policy takes a two-pronged approach:

- analysing and addressing the specific needs of women and men;

- promoting targeted interventions to enable them to participate equally in the opportunities created within the company.

The Gender equality policy is addressed to Group employees and shared with Stakeholders, with the aim of having a greater impact in its value network and being a reference point for other companies; it offers guidelines to be implemented through practices and processes to create a work environment with equal opportunities throughout the entire cycle of people selection, management, development and career.

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 adhesion 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;

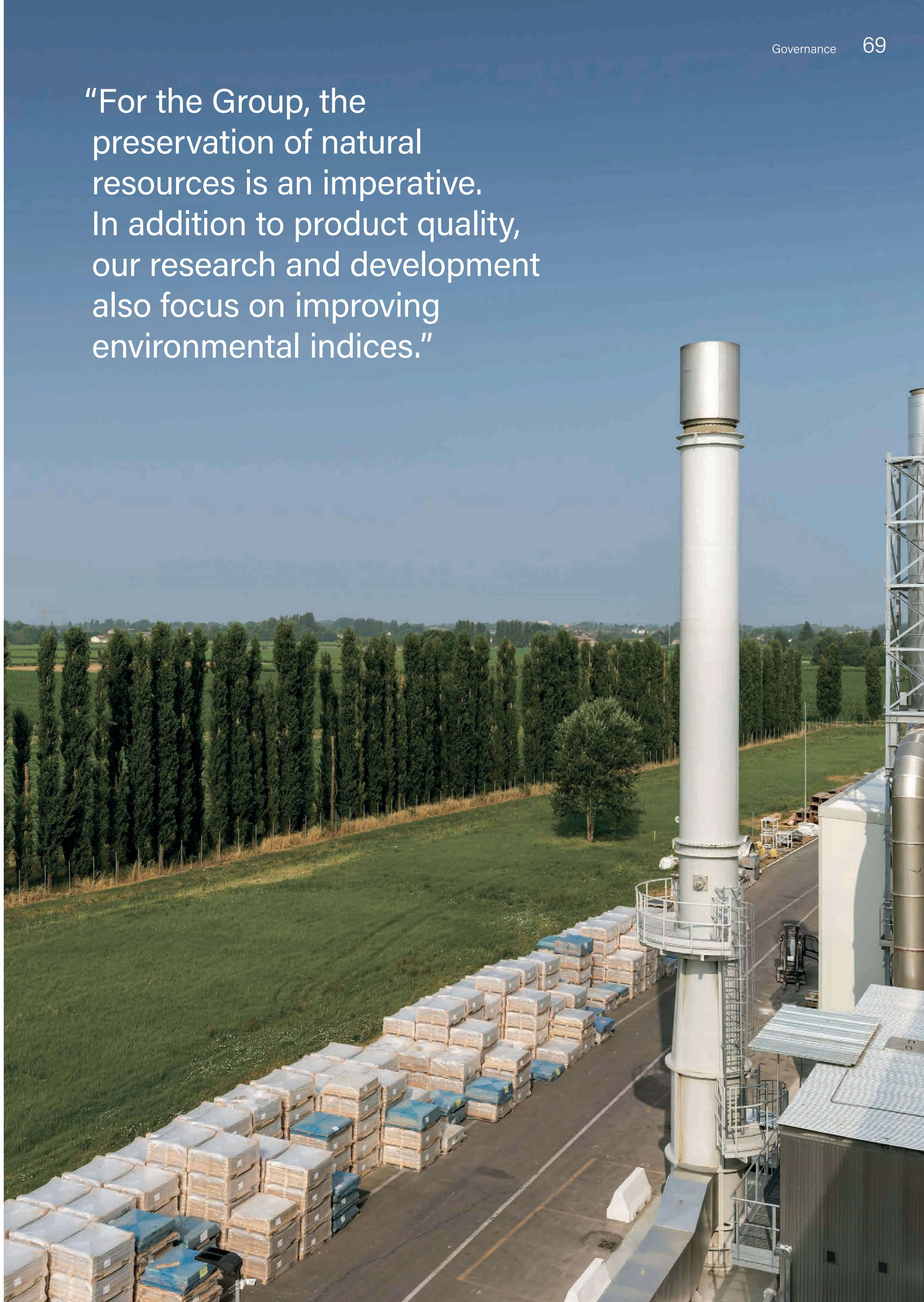
- assessing potential risks and opportunities related to environmental aspects arising from the Group's activities, processes, products and services;

- 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.



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

OCCUPATIONAL HEALTH AND SAFETY

The management of occupational health and safety issues is one of the main priorities of ITALGRANITI GROUP. Aware of its responsibility for these issues, the company has adopted the strict requirements of the ISO 45001 standard. ITALGRANITI GROUP has introduced a set of specific procedures and operating instructions that led to the certification of the occupational health and safety system some years ago. This system is constantly applied and updated to guarantee the continual improvement of performance, further reinforcing the company’s commitment to safeguarding its workers.

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.

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.

"We feel the responsibility for making our growth more and more sustainable. Every award we receive strengthens this commitment and encourages us to look beyond the milestones already achieved."

Armando Bergamini
Sustainability and Quality Manager

Responsibility Award

ITALGRANITI GROUP has received the Responsibility Award, presented to companies that successfully combine the growth of their business with responsible management of their corporate values. Quality, environmental stewardship, health and safety, inclusion and accountability: these are the principles that Guide the group and define its strategic vision, focused on collective wellbeing and sustainability.

The award confirms the Group's commitment to the responsible management of the three pillars of a business's accountability: Quality, Environment and Corporate Social Responsibility. Its implementation of these principles is confirmed by internationally accredited certifications, including ISO 9001 (quality management), ISO 14001 (environmental protection and impact reduction) and ISO 45001 (occupational health and safety).

It also holds certification for the management of greenhouse gas emissions (ISO 14064), transparency in environmental management (EMAS) and gender quality (UNI/Italian Presidential Decree 125:2022). The Responsibility Award was presented to Italgraniti Group during Milan Design Week 2025 by Bureau Veritas, a globally respected certification body with more than 300,000 certified organisations.

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.

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.

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.

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 Ethics 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 (complying with Italian Legislative Decree of 20 March 2023, no. 24) 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.

COMPANY CERTIFICATIONS AND ATTESTATIONS

The Group has obtained and maintains the following certifications.

Certified B Corporation
Learn more at bcorp.com

B CORP

ITALGRANITI GROUP is a B Corp. The Group pursues long-standing strategies of combining innovation and sustainability to generate positive impacts on people, the local area and the environment, through responsible, sustainable, accountable business practices. ITALGRANITI GROUP is part of the global movement which sees a business as a positive force not just for the economy but also for the well-being of people and the planet, and promotes the transition towards an inclusive, fair, regenerative economic model.

ISO 14064-1

ISO 14064-1 certification allows organisations to quantify their GHG emissions to implement carbon management policies and communicate their sustainability commitment to their stakeholders. ITALGRANITI GROUP started a reporting path on their greenhouse gases (GHG) emissions and removal. The study intends to respond to a need geared not only towards knowing their own Carbon Footprint but also towards identifying possible strategies and actions aimed to reducing GHG emissions. This important certification proves the Group proactive approach and the ability to provide consistent and reliable data on their Carbon Footprint.

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

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.

UNI/PDR 125:2022

ITALGRANITI GROUP is the first ceramic company in Italy to have obtained Gender Certification according to the UNI/PDR 125:2022 standard. Gender equality is a key element to combat discrimination in the world of work and to achieve its strategic objectives. Respect for the individual, together with their professional development, are considered essential values for the Group, which considers the relational, intellectual, organisational and technical skills of each employee a fundamental resource for the organisation.

ISO 9001

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.

ISO 45001

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.

ECOVADIS

EcoVadis is one of the leading international eco-sustainability rating platforms, enabling companies to monitor their suppliers' sustainability performance through a collaborative approach. EcoVadis aims to improve corporate environmental and social practices by leveraging the influence of global supply chains across 150 sectors and in 110 countries.

RESPONSIBILITY AWARD

The Responsibility Award is a recognition issued by Bureau Veritas that confirms the commitment of organizations to the responsible management of the three pillars of business operations: Quality, Environment, and Corporate Social Responsibility. The certificate immediately and concisely demonstrates the company's strategic vision; it enables organizations to effectively communicate their values and to show that they have embarked on a path of excellence in every aspect of business management.

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").
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, with the aim of achieving high protection of 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.

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.

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

CARBON FOOTPRINT AND CARBON MANAGEMENT: ITALGRANITI GROUP'S MEASURABLE COMMITMENT

The Sassuolo ceramics district forms the backdrop to ITALGRANITI GROUP's operations; it accounts for over 80% of Italian tile production and is one of the most advanced manufacturing hubs in the world. Porcelain stoneware production is inherently energy-intensive (particularly natural gas) and involves high water consumption. This results in significant exposure to gas and carbon prices, as well as direct sensitivity to local water availability. By contrast, the finished product is inert, durable and recyclable, with environmental profiles that can be documented through life cycle assessment (LCA).

Nearly all direct emissions and energy consumption are concentrated at the San Martino in Rio production site, which is subject to the EU Emissions Trading System (ETS). The Group has long pursued a structured sustainability programme, as evidenced by a comprehensive system of environmental, product and health and safety certifications. In addition to these, the company holds B Corp status and has an EcoVadis supply chain rating. Specifically, in 2023, ITALGRANITI GROUP obtained ISO 14064-1 certification, which sets out the requirements for quantifying and reporting an organisation's greenhouse gas (GHG) inventory. The standard requires emissions to be mapped and quantified in tonnes of carbon dioxide equivalent (CO_2eq).

EMISSIONS INVENTORY

Emissions reporting complies with the GHG Protocol and ISO 14064-1:2018 certification, which together form the most widely adopted international standard for measuring and reporting greenhouse gas (GHG) emissions across organisations, countries and products.

- **Scope 1:** direct emissions from sources owned or controlled by the company, such as production processes.
- **Scope 2:** indirect emissions resulting from the purchase of energy (electricity, heat, steam) produced by third parties and consumed by the company.
- **Scope 3:** other indirect emissions occurring along the value chain, both upstream and downstream of the company, such as transportation, purchased materials, business travel or waste disposal.

SCOPE 1

Source (Scope 1)	Fossil (tCO_2eq)	Biogenic (tCO_2eq)
Natural gas combustion	**56,892.60**	-
Production process	364	-
Company cars	220.3	12
Diesel for loaders and fire-fighting system	116	5.1
Fugitive emissions (F-gases)	24.1	-
AdBlue	1	-
Total Scope 1	**57,618.10**	**17.1**

SCOPE 2

Site (Scope 2 location-based)	Fossil (tCO_2eq)	Biogenic (tCO_2eq)
EE - San Martino in Rio (production)	**1,516.10**	**361.7**
Casinalbo, Formigine	281.4	67.1
Centro Stella	14	1.8
Sassuolo	13.4	3.2
Milano	7.6	1.8
EE - Other sites	316.4	-
Total Scope 2 (location-based)	**1,832.60**	**435.6**
Total Scope 2 (market-based, GO 100%)	**0**	**-**

SCOPE 3

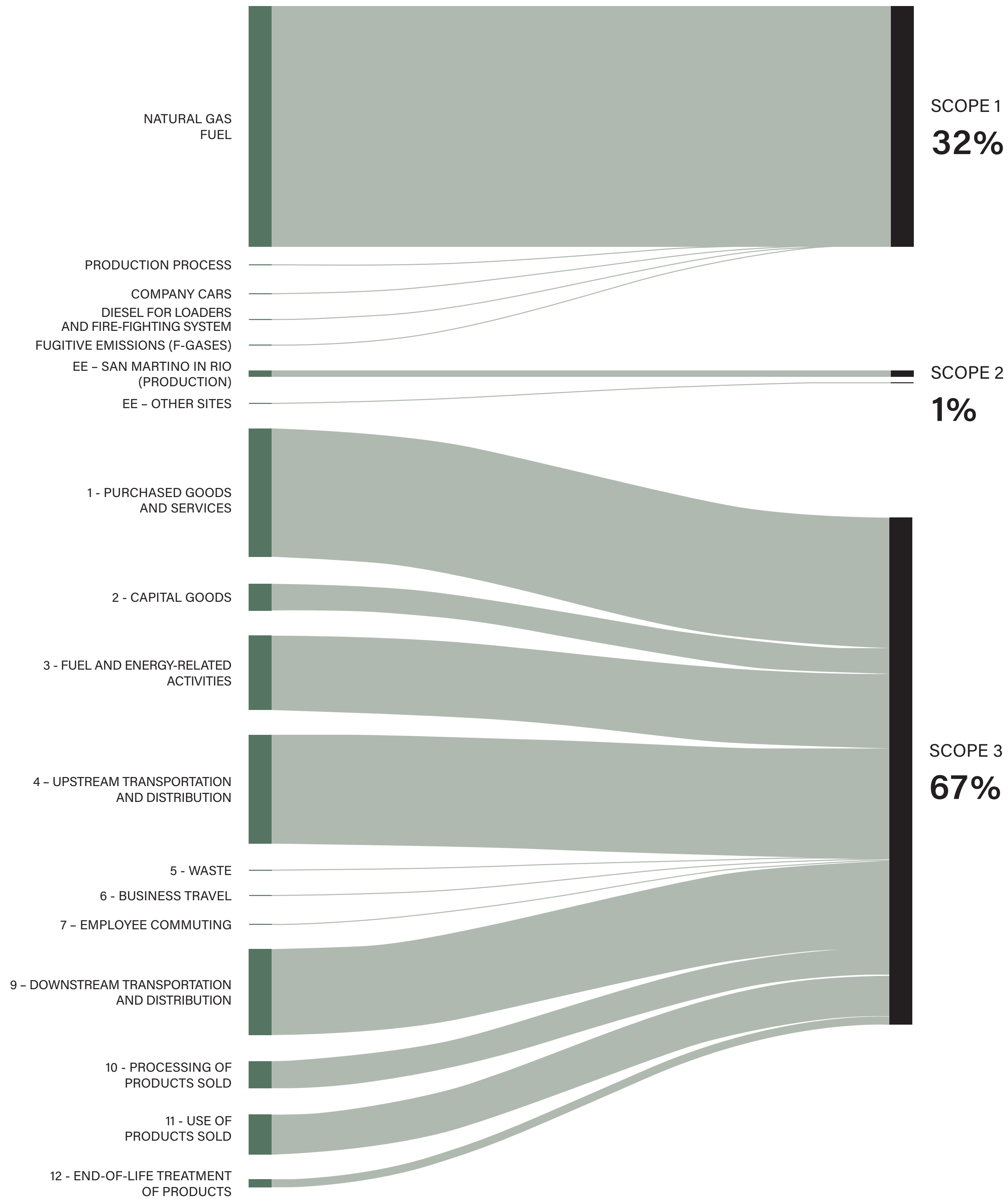
Category (Scope 3)	Fossil (tCO_2eq)	Biogenic (tCO_2eq)
1 - Purchased goods and services	**30,784.30**	**1,964.90**
2 - Capital goods	6,345.30	470.9
3 - Fuel and energy-related activities	17,730.50	66.3
4 - Upstream transportation and distribution	26,340.20	13.3
5 - Waste	40.7	0
6 - Business travel	460.3	0.7
7 - Employee commuting	381.9	0.6
9 - Downstream transportation and distribution	20,654.00	29.2
10 - Processing of products sold	**6,517.40**	2,644.10
11 - Use of products sold	**9,910.50**	682.1
12 - End-of-life treatment of products	1,773.80	6.8
Total Scope 3	**120,938.90**	**~5,879**

EMISSIONS INVENTORY

The opposite page illustrates the three emission scopes using a Sankey diagram, which presents the distribution of greenhouse gas emissions generated throughout the entire value chain in a concise and intuitive manner. The magnitude of the flows is proportional to the emissions from the various sources, making it easy to immediately identify priority areas for targeted reduction measures set out in the Group's climate strategy.

The analysis shows that direct emissions (Scope 1), which are largely attributable to natural gas consumption during spray-drying, drying, and firing, account for a significant proportion of the overall carbon footprint. These are the emissions over which the company exercises the greatest operational control and in respect of which **significant measures have been introduced to enhance energy efficiency and gradually replace fossil fuels with lower-carbon energy carriers, including biomethane.**
Conversely, indirect emissions associated with purchased energy (Scope 2) **are kept to a minimum – almost negligible – thanks to the use of self-generated photovoltaic electricity and the highly efficient cogeneration systems.**
This excellent result confirms the effectiveness of the measures taken in recent years to reduce the carbon footprint of electricity consumption.
However, the majority of the Group's climate footprint is attributable to Scope 3 emissions, occurring along the value chain and relate to activities that, while connected to the company's business, take place outside the Group's operational boundaries. This category includes emissions from purchased goods and services, fuel and energy activities not included in Scope 1 or Scope 2, transportation and the distribution of products. Although these emissions are not directly controlled by the company, they represent a key element of its decarbonisation strategy and require progressive engagement with suppliers, logistics partners and other stakeholders in the supply chain.

The diagram therefore highlights how the emission reduction journey must necessarily develop along two complementary axes: continuous internal energy and process efficiency improvements, alongside active value-chain collaboration to reduce indirect emissions. From this perspective, the mapping of emission flows serves as a tool to support strategic decision-making, enabling the identification of priority areas for action and the monitoring of the effectiveness of the measures taken over time.



CLIMATE RISK ASSESSMENT

The increasing frequency of extreme weather events, changes to the European regulatory framework and the gradual transition towards a low-emission economy make climate risk an increasingly important factor in company strategic planning. For this reason, ITALGRANITI GROUP has developed a structured climate risk assessment evaluating factors that could impact operational continuity, competitiveness, and long-term value creation. The analysis takes into account both transition risks, linked to developments in environmental and market policies, and physical risks arising from the effects of climate change, identifying targeted adaptation and mitigation strategies.

The climate risk assessment was developed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the European Sustainability Reporting Standard (ESRS E1), using scenarios from the Network for Greening the Financial System (NGFS). The analysis considers the risks associated with climate change, using the 'Orderly – Net Zero 2050' scenario as a baseline.

Carbon price

A key transition risk is the rising cost of emission allowances under the EU Emissions Trading System (ETS). As the San Martino in Rio production site is covered by the European CO_2 emissions trading system, rising carbon prices directly impact operating costs. Energy efficiency measures and the gradual shift towards biomethane are helping to mitigate this exposure, thereby strengthening the Group's financial resilience.

Market risks

Market trends demand products with increasingly transparent and verifiable environmental performance. Environmental certifications, Environmental Product Declarations (EPDs) and sustainability assessment tools (such as EcoVadis) are key requirements for customers, designers and industry professionals, making innovation and the credibility of environmental information essential for the Group's competitiveness.

Physical risks

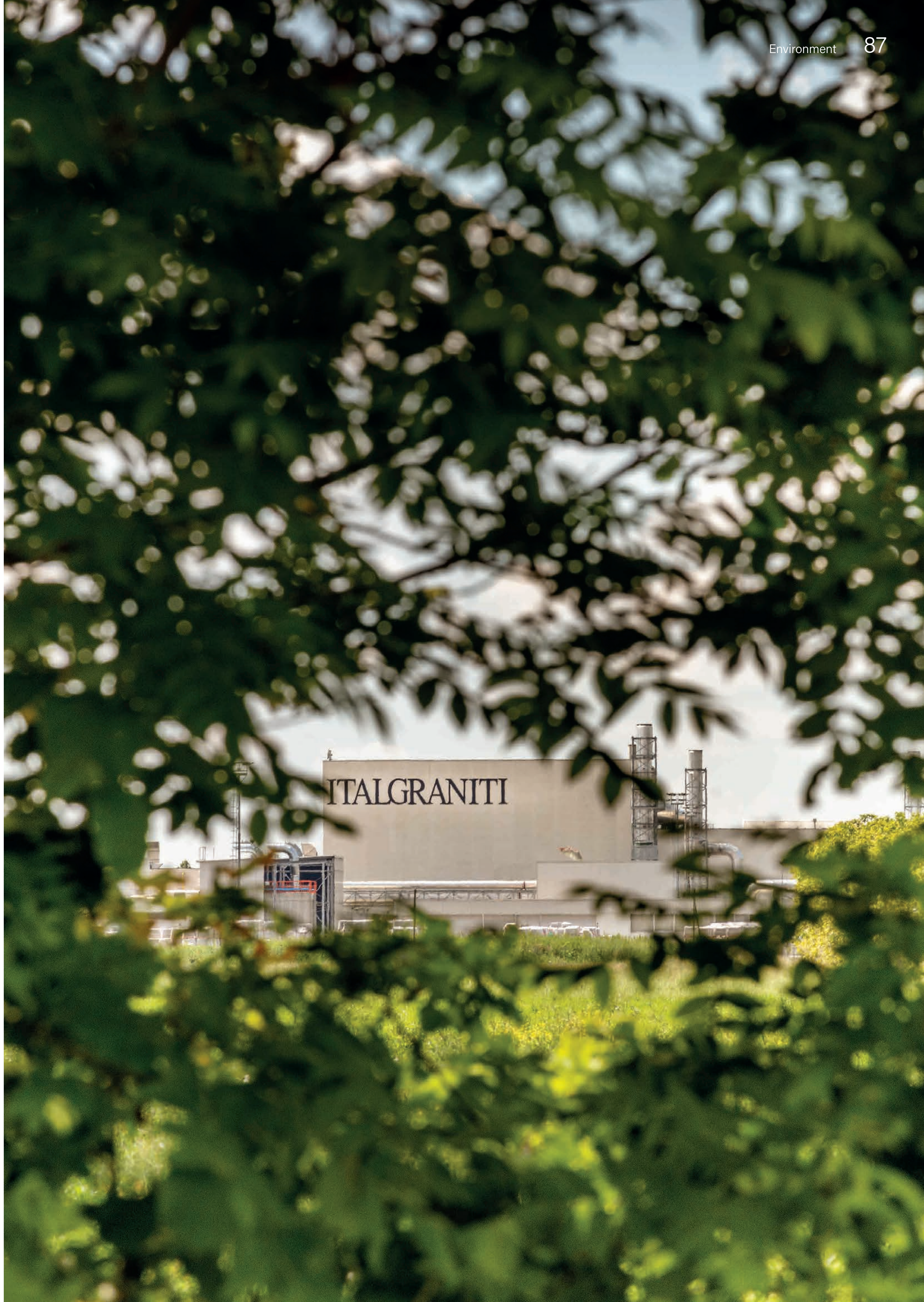
Extreme events linked to climate change, such as floods, hailstorms or heatwaves, pose direct risks to operational continuity. Added to these are chronic issues, such as water stress and rising temperatures, and the potential disruptions to the supply chain due to raw material availability – which is affected by geopolitical and climate-related risks – and to the efficiency of logistics, which relies on key hubs and routes. However, reusing 100% of wastewater, together with monitoring and adaptation measures, are key factors in building resilience against these risks.

Worker health and safety

Rising temperatures and the increased frequency of extreme weather events can also affect working conditions, increasing the risk of heat stress in the workplace and making health and safety even more paramount. In addition to these risks, there is another sector-specific risk, relating to the handling of crystalline silica dust. The Group oversees these aspects through its ISO 45001-certified Management System and by continually updating its prevention and protection measures.

Compliance and governance

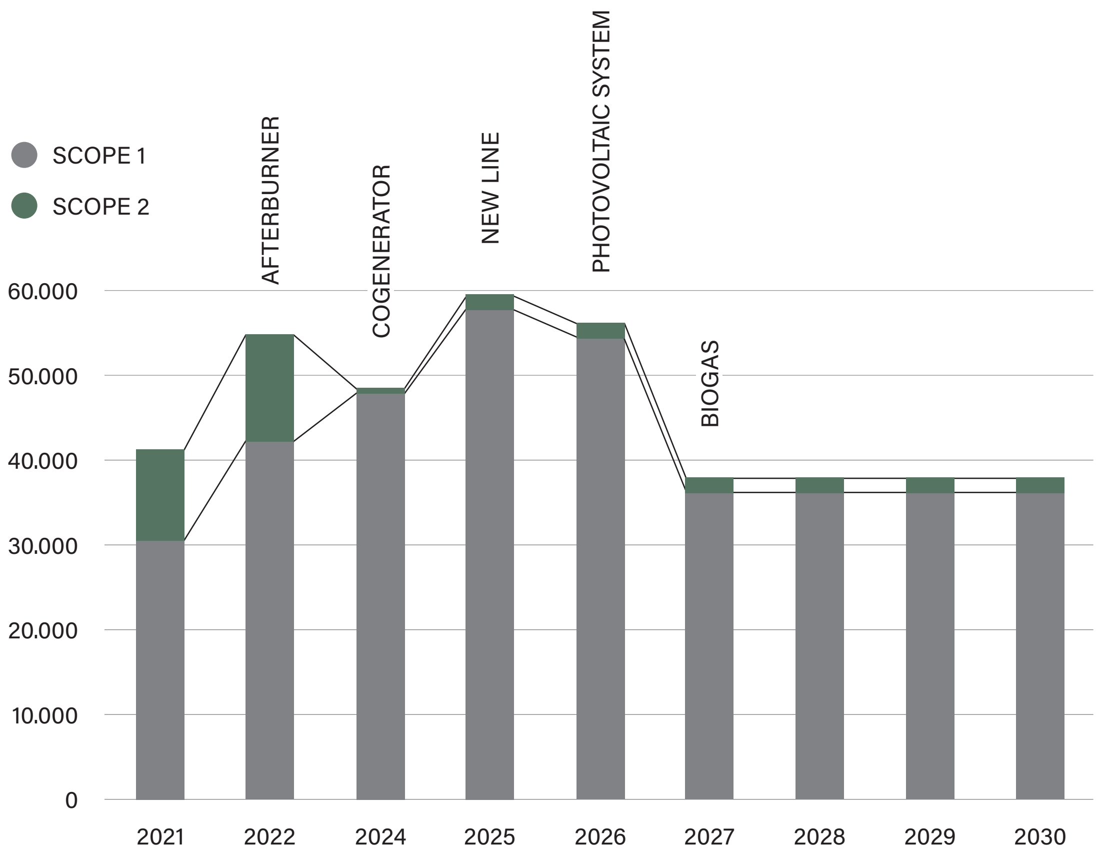
Changes to environmental legislation require constant monitoring, including from a compliance perspective. ITALGRANITI GROUP monitors the risks associated with environmental compliance, the accuracy of communications to stakeholders and compliance with the provisions of Italian Legislative Decree 231/01, through a governance system supported by Model 231, the Code of Ethics and a dedicated whistleblowing channel.



DECARBONISATION PATHWAY

THE ROLE OF RENEWABLE NATURAL GAS

Biomethane is a combustible gas produced mainly from agricultural waste and livestock manure, which are converted through anaerobic digestion into energy and digestate – a fertiliser capable of replacing synthetic chemicals, at least in part. It is regarded as a renewable source because it repurposes existing waste streams, embodying an integrated production model that brings together agriculture, circular economy, energy autonomy and the efficient use of resources. **The carbon dioxide produced by the combustion of biomethane is biogenic, a key concept for sustainability and the circular economy: unlike fossil carbon, its release forms part of the environment's natural cycle and does not add any further CO_2 to the atmosphere.**



Production (tonnes per year)

The chart outlines the Group's decarbonisation trajectory for 2021–2030, highlighting the effects of the measures implemented over time. Beyond 2027, the line flattens pending additional budgeted initiatives.

ITALGRANITI GROUP introduced biomethane in 2026, reaching 5% of total fuel requirements by year-end. **The aim is to increase it to 35% by the end of 2027. At full capacity, this initiative will avoid 21,619 tonnes of fossil CO_2 emissions each year.** Financially, the use of biomethane will act as a hedge against rising CO_2 costs. As the production plant in San Martino in Rio (RE) is subject to the Emissions Trading System (ETS), each tonne emitted requires the holding of an emission allowance, the cost of which will rise to varying degrees depending on the possible scenarios. The more this cost rises, the greater the economic value of biomethane will become. In essence, for ITALGRANITI GROUP, **biomethane is not only a means of reducing emissions but also a tool for managing financial risk,** as it protects the company from future increases in the price of emission allowances, **gradually reducing the cost of decarbonisation and making the business model more resilient.**

EMISSION TRADING SYSTEM OF THE EUROPEAN UNION

To tackle climate change threats and achieve CO_2 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_2) 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_2 equivalent) that companies can buy or sell according to their needs. Each year, companies participating in the ETS must return an allowance for every tonne of CO_2 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 2022; 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.

COGENERATION PLANT

nominal power of 5 MW
constant output of electricity
heat capacity over 11,000 kWh

82% electricity self-sufficiency

100% energy from certified renewable sources

COGENERATION PLANT

The San Martino in Rio production plant is now self-sufficient in electricity, a development that marks the achievement of a crucial milestone in terms of environmental sustainability. Indeed, the high-efficiency cogeneration plant installed in 2022 has drastically reduced the use of electricity from the grid.

Using natural gas as its sole energy source, the plant jointly generates electricity and heat, hugely increasing the efficiency of the initial fuel and cutting energy costs and CO_2 emissions compared to separate electricity and heat production. The plant has a rated capacity of 5 MW and is capable of supplying electricity 24/7. It alone accounts for over 80% of the production plant's electricity requirements; the remaining 20% will be covered by electricity generated by the photovoltaic system and a small proportion of purchased electricity. Any surplus beyond the demand for spot consumption is fed back into the grid.

In the last few years the Group has focused strongly on cogeneration, achieving very positive results in both environmental and economic terms. Since the cogenerator came into operation, energy consumption from the grid has plummeted and remains at a minimal level. 100% of purchased electricity comes from renewable sources certified by a Guarantee of Origin (GO).

ELECTRICITY CONSUMPTION

kWh	2023	2024	2025
Purchased from certified renewable sources	3,693.000	3,108.330	7,102.096
Produced in-house	28,642.416	31,167.432	31,428.611
Consumed	32,640.700	31,125.346	38,530.707
Supplied to grid	1,210.070	1,635.062	409.964
Percentage of electricity purchased from renewable sources / total consumption	11%	10%	18%

82 % ELECTRICITY SELF-SUFFICIENCY

NATURAL GAS USE

		2023	2024	2025
Natural gas	Sm^3	21,160.265	22,897.044	27,484.259

The change in the balance of consumption figures compared to previous years is due to the commissioning of the cogeneration plant, which has led to an increase in use of natural gas but a significant fall in electricity use. With regard to electricity, during 2023-2024 the Group gradually reduced its purchases from external sources and began only to buy energy from renewable sources.

POLLUTION

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)

	2023		2024		2025	
Pollutant type	authorised	medium released	authorised	medium released	authorised	medium released
Particulate matter	107,873	3,727	107,873	3,647	107,873	986
Fluorine	2,018	132	2,018	103	2,017	203
Lead	190	0.742	190	1.115	190	1.458
Nitrogen oxides	343,318	28,983	343,318	15,593	343,401	9,028
VOCs	20,933	5,783	20,933	2,143	20,932	1,049
Aldehydes	7,954	37	7,954	29	7,954	651
Carbon monoxide	114,018	987	114,018	3,825	114,018	2,217

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:

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

Emission KPI	2023	2024	2025	Bat*
Particulate matter	0.64	0.59	0.58	7.5
Fluorine	0.133	0.017	0.040	0.6
Lead	0.0002	0.0002	0.0008	0.05
Nitrogen oxides	4.93	2.54	4.80	N.D.
VOCs	0.983	0.349	0.107	N.D.
Aldehydes	0.006	0.005	0.539	N.D.
CO_2	0.081	0.62	0.27	N.D.

* BAT is the acronym of Best Available Techniques.
In the environmental and industrial context, BATs are the most effective, advanced technical solutions available at any given time for preventing or reducing the emissions and environmental impact of a manufacturing operation, also bearing in mind its economic feasibility.

REGENERATIVE AFTERBURNER

In 2025, the existing thermal regenerative afterburner was replaced with a new, higher-efficiency system designed to also handle the fumes produced by the new plant. The system works in conjunction with the fabric-filter flue gas treatment plant, helping to further minimise odour emissions.

The afterburner is capable of capturing the volatile organic compounds (VOCs) generated during production. These VOCs could generate noisome smells noticeable to the people living and working in the production plant's vicinity.

Inside the afterburner, which is fitted with three high-thermal-efficiency combustion chambers, temperatures reach as high as 850 °C, enough to completely oxidise the VOCs.

WATER

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	2023	2024	2025
Water drawn from wells (m^3)	65,171	68,075	78,347

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

100 %

2023 - 2024 - 2025

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

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

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.

	2023	2024	2025
Water KPI	0.51	0.50	0.49

BIODIVERSITY

Although it operates in areas that are already heavily developed and designated for productive use, ITALGRANITI GROUP constantly monitors its impact on land use, promoting responsible management of its presence in the local area. The Group's approach to biodiversity is based on the maintenance and enhancement of existing green spaces, the monitoring of nature-oriented areas and the optimisation of existing urbanised spaces, to minimise the impact on local ecosystems and promote smooth integration into the surrounding agricultural landscape.

SAN MARTINO IN RIO PRODUCTION SITE

BIODIVERSITY DATA	
Total surface area (m^2)	145,084
Covered surface area (m^2)	58,060
Waterproofed surface area (m^2)	123,289
Total nature-oriented surface area (m^2)	**21,795**
of which:	
Nature-oriented surface area on the NORTH side – Carpi direction (m^2)	815
Nature-oriented surface area SOUTH-EAST-WEST agricultural land (m^2)	20,980

CASINALBO LOGISTICS AND REGISTERED OFFICE

BIODIVERSITY DATA	
Total surface area (m^2)	35,500
Covered surface area (m^2)	9,470
Waterproofed surface area (m^2)	32,460
Total nature-oriented surface area (m^2)	**3,040**

RESOURCE USE AND THE CIRCULAR ECONOMY

ITALGRANITI GROUP believes strongly in the reuse and reduction of raw materials and increasingly implements the concept of circularity, which underpins environmental sustainability. The Group is constantly improving its management in this area, focusing on the reuse of all industrial scrap (both greenware and fired) and the recycling of all materials for which this is possible. The excellent results in this area are reflected by the percentages of waste recycled (99%) and of scrap returned to the production cycle (100%).

WASTE GENERATION

Waste generation is summarised in the following table:

WASTE GENERATION	2023	2024	2025
Waste disposed of to third parties for EWL codes specific to the ceramic sector (t/year)	6,102	5,472	7,812
Hazardous waste generated (t/year)	103.2	88.035	143.2

The Group continues 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:

$$\text{Waste KPI} = \frac{\text{Waste disposed of}}{\text{Production by weight}} = \frac{t}{t}$$

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

	2023	2024	2025
Waste KPI	0.05	0.04	0.06
Hazardous waste KPIs	0.0008	0.00065	0.0010

During 2025, the Group further strengthened its waste management system by implementing targeted waste separation across all production departments. This initiative has enabled a more accurate sorting of waste at source, increasing the separation of different types of material and proportionally reducing the proportion of mixed waste. At the same time, ITALGRANITI GROUP continues to apply the principles of the circular economy by recycling raw ceramic waste and secondary raw materials in-house, which are then reused in spray-dried body mix. This approach makes it possible to limit reliance on virgin raw materials, reduce the quantities sent for disposal and utilise waste as a resource within the production cycle.

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

People

The Group’s growth is grounded in the belief that the value of the company is closely linked to human capital. For this reason, ITALGRANITI GROUP promotes a corporate culture centred on respect for human rights, dignity and equal opportunities, fostering an inclusive working environment based on dialogue, active listening and the recognition of skills. A focus on people is an essential part of the Group’s way of working and helps to build relationships based on trust, responsibility and mutual respect.

EQUAL OPPORTUNITIES

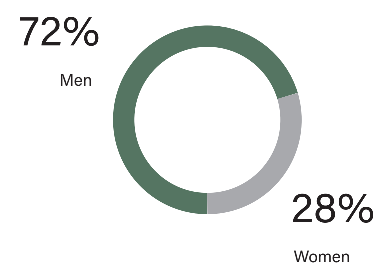
ITALGRANITI GROUP works hard to attract and recruit people with different abilities and backgrounds and pursues gender equality during selection and recruitment by drawing up shortlists with more or less equal numbers of men and women. At the same time, the company underlines the importance of meritocracy: experience, abilities and skills guide the choice of the best candidates. The Group is committed to assuring all employees, regardless of gender, equity and equal opportunities to access to the same rates of pay.

	EXECUTIVES	MANAGERS	CLERKS	SAME-LEVEL WORKERS	TOTAL
Men	8	15	49	128	200
Women	3	2	55	16	76
Total	11	17	98	131	276

TURNOVER	2023	2024	2025
Employed	22	24	39
Resigned	23	12	21

TOTAL WORKFORCE		%
Men	200	72
Women	76	28

<30 years	30-50 years	>50 years
40	115	121

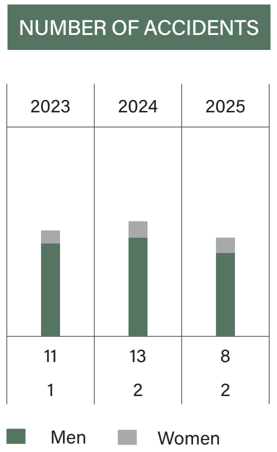


INDICATOR	DEFINITION	2025 RESULT
Overall pay dispersion	highest salary / median salary	5.04x
Gender pay gap	average male salary - average female salary / average female compensation	8.3%
Decent salary	lowest gross wage / decent salary (ISTAT data)	23.5%

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.

The 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. The standard is a necessary tool to generate a sustainable competitiveness model capable of improving the growth of all business performance.



TRAINING

A quarter of the 250 employees in 2023 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	2023	2024	2025
Women	16	12	13
Men	13	10	13
Workers	8	3	5.5
Clerks	20	21	23
Managers	12	9	11
Executives	34	7	12.5
Average hours of transversal training	10.51	9	10
Average hours of safety training	3.62	1	2.45

TOTAL HOURS OF TRAINING	2023	2024	2025
	3,607	2,552	3,514

ITALGRANITI ACADEMY

Italgraniti Academy was created with the intention of giving value to continuous training within the Group. Under this approach of lifelong learning and constant skill development, Italgraniti Academy offers training modules covering both technical and commercial topics.

These training measures, scheduled periodically throughout the year, focus on specific areas of interest for the technical-commercial organisation. Through these courses, the Academy ensures that all employees have access to learning opportunities that enhance their skills and prepare them to face the challenges of a constantly changing market. The training sessions organised by Italgraniti Academy not only improve participants' technical and commercial capabilities but also foster a shared company language. They are an opportunity for expressing and reinforcing the corporate culture, promoting a collaborative working environment oriented towards professional growth.

Italgraniti Academy is thus fundamental for the Group's success, as it supplies tools and knowledge essential for supporting the company's long-term innovation and competitiveness.

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.

THE ROLE OF THE DIVERSITY MANAGER

In order to make the company a more and more inclusive workplace, the ITALGRANITI GROUP has appointed a Diversity Manager. The holder of this post is tasked with developing inclusive policies and strategies and empowering diversities, in order to ensure that all employees feel at ease and have the same opportunities, irrespective of their origin, gender, age, religion, sexual orientation, etc.

The Diversity Manager also organises training for employees to raise awareness of the importance of living and working in a diverse environment. Last but not least, they play a crucial role in teaching the various team leaders about raising the awareness of employees' line managers concerning unconscious bias - prejudices that influence our judgements and behaviour without our realising it - and promoting inclusive communication. As well as improving the climate within the organisation, all this also helps to create a more united, productive company community.

CORPORATE WELFARE PROGRAMMES

The corporate welfare programmes run during 2025 include educational sessions, such as those on the prevention of common diseases, held by qualified health professionals, or the course on the latest healthy lifestyles, led by a nutritionist.

As in previous years, in 2025 employees were again offered the opportunity of free screening for the prevention of cardiovascular diseases. In addition, the Group has established a number of schemes with businesses in the areas where its sites are located: there, employees can benefit from discounts and concessions on products and services, increasing their purchasing power. Last but not least, when schools closed for the summer the Group renewed its agreements with local summer camps to enable employees' children to take part and facilitate a better work-life balance.

"An inclusive working environment is based on dialogue, listening and the empowerment of differences. These are the foundations of our commitment in this area."

Supply chain

THE VALUE CHAIN

In a sector like ceramics, there are many activities that contribute to creating value for the customer, and even more numerous are the people involved in the process; through their work, and daily commitment to give their best, each of them brings a valuable contribution. Being a B Corp drives ITALGRANITI GROUP to pay close attention to every link in the value chain, with particular regard to suppliers, within an entrepreneurial network animated by the desire to make a positive impact on the world around it.

The value chain is sustainable if all procurement, production and distribution processes activated directly or indirectly (e.g. through one's suppliers) are managed in an economically, socially and environmentally responsible manner. The Group shapes its purchasing processes on mutual loyalty, transparency and cooperation. As a B Corp certified Benefit Corporation, the Group requires its suppliers to respect the best practices regarding human rights, health and safety of its employees and contractors, environmental responsibility and care for working conditions. Finally, ITALGRANITI GROUP assesses supplier performance according to the highest quality standards, mapping the main risks within the supply chain, conducting second-party audits on suppliers and defining programs aimed at supporting them and stimulating their involvement also at a value level.

The Group is evaluating the main ESG platforms available on the market, with the aim of identifying the most suitable tool to support a structured and transparent dialogue with customers, partners and stakeholders on sustainability issues.

SUSTAINABLE PROCUREMENT AND THE 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.
Since 2021, with the Group's evolution to become a Benefit Corporation, suppliers have also been analysed in terms of their corporate social responsibility.

Being aware that sustainability that generates social and environmental benefits must be extended beyond the perimeter of direct actions, Italgraniti Group is committed to promoting these principles with the supply chain by engaging, where appropriate and possible:

- in purchasing goods and using suppliers that adopt active inclusion and diversity policies and have an active approach to tackling any kind of exploitation of labour;

- in purchasing goods and services that reflect appropriate and recognised environmental specifications or standards in order to pursue continuous improvement of internal procurement practices;

- in including sustainability criteria as part of the supplier evaluation process;

- in applying the environmental and safety legislation, including international obligations on climate change and sustainable development, such as reducing CO_2 emissions and protecting biodiversity;

- in giving priority to Suppliers who have introduced ethical and sustainable practices within their organisation;

- in promoting a level of cooperation and awareness on sustainability among supply chain partners and encouraging them to adopt sustainable practices;

- in avoiding the use of potentially environmentally harmful products when a less harmful alternative is available;

- in 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;

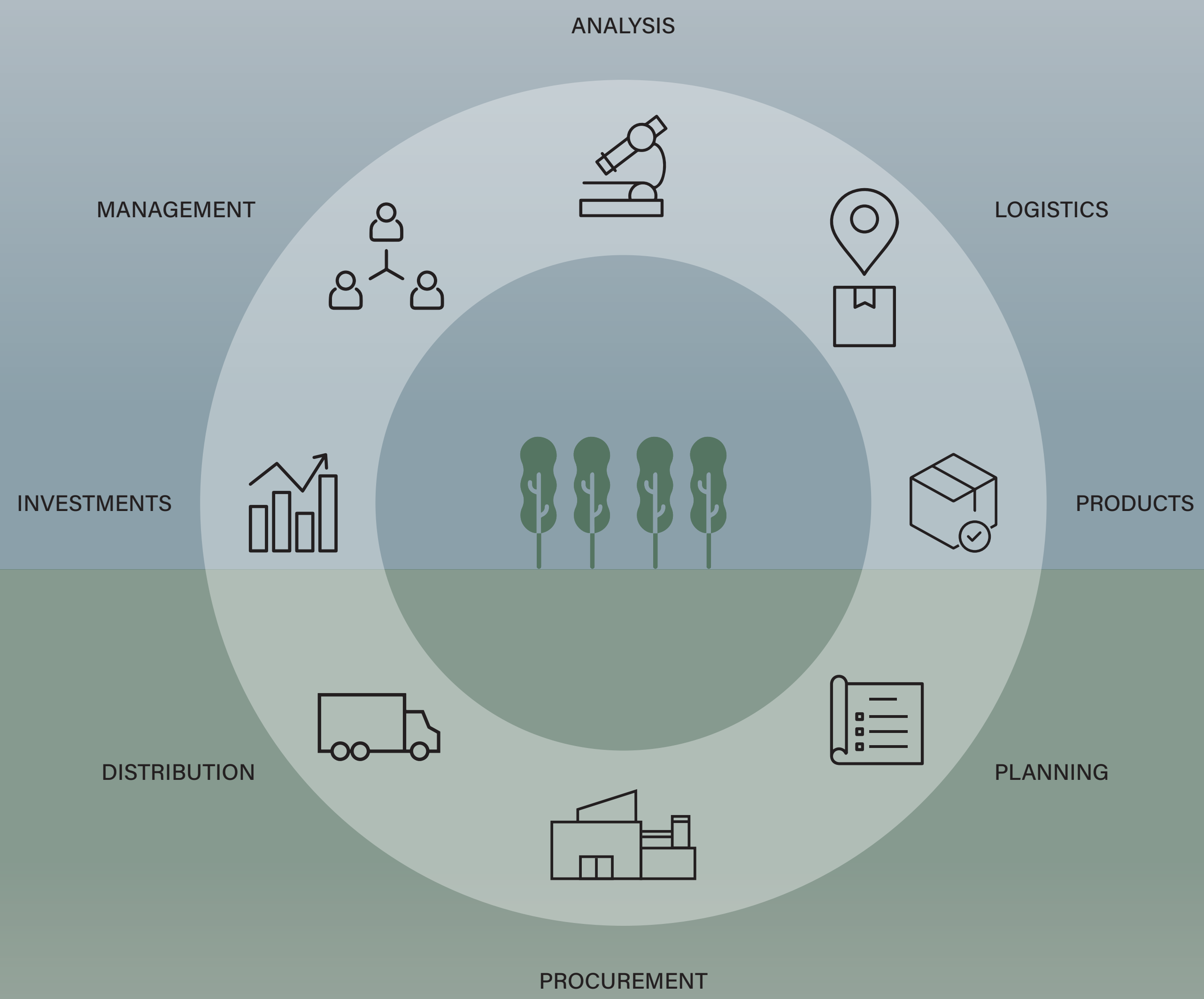
- in encouraging the sourcing of materials, products and services from local markets.

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

SUPPLY CHAIN MANAGEMENT

Through a responsible supply chain, ITALGRANITI GROUP aims to reduce environmental impact and promote practices that support local communities and conserve global resources.

This commitment is not just an obligation but also an opportunity for building a future where design and responsibility meet, creating a more sustainable world for future generations.



Objectives and plans

ACTIVITY	DESCRIPTION	SDGs
New production plant at San Martino in Rio (Reggio Emilia)	2025 saw the start of production at the new plant specialising only in large slabs, created thanks to an investment of about €60 million and equipped with innovative, energy-saving systems, including: - a photovoltaic system of 1.38 million kWh/year and a new regenerative thermal afterburner. - A system designed to recover 100% of wastewater and production scrap, helping to reduce raw material consumption. - New, exclusive Grain-Tech® and Core-Tech® technologies, delivering ceramic surfaces that are increasingly sophisticated in terms of realism and aesthetic continuity. - The new, latest-generation automatic vertical warehouse will be finalised. - The new stand-alone building, which will house the changing rooms and other employee facilities, will be completed. These have all been designed to the highest comfort standards in order to improve workers' well-being.	1, 5, 7, 8, 9, 13
New logistics hub	The new Group logistics hub, currently under development in Sassuolo, will optimise the dispatch of ready material and reduce the impact of transport on traffic with a consequent reduction in indirect CO_2 emissions.	9, 11, 13
CO_2 compensation (objective for 2026/27)	In continuity with the objectives pursued in previous years, the company is pushing on with its improvement of energy efficiency, using state-of-the-art in-house production systems. Italgraniti Group introduced biomethane in 2026, reaching 5% of total fuel requirements by year-end. The aim is to increase it to 35% by the end of 2027.	7, 12, 13
Packaging	Continuation of research and development activities to create increasingly sustainable packaging solutions, reducing the use of plastic and optimising the use of materials, in line with the European circular economy objectives.	13, 15
ESG qualification of suppliers	Screening of the Group's suppliers will be completed, using best practices that assess their socio-environmental profile and quality of governance as well as their economic performance.	8, 12, 17
Maintenance of Italian Gender Equality certification	Maintenance of UNI/PdR 125:2022 gender equality certification, a key factor in overcoming every form of discrimination and affirming personal dignity.	5, 10
Corporate welfare programmes	The value of diversity The Diversity Manager, appointed to promote inclusive behaviours and prevent conflicts, will continue to coordinate awareness-raising programmes addressed to staff and cooperate with company departments to include diversity principles in HR management policies, in keeping with the Group's commitment to encouraging an environment that values diversity and supports development.	5, 8, 10
	Training and prevention In cooperation with qualified health personnel, the Group will train its employees on healthy lifestyles and give them the opportunity to undergo free screening for the prevention of cardiovascular diseases.	3
	Affiliated summer camps When schools close for the summer holidays, the Group will activate agreements with local summer camps to encourage the participation of employees' children.	4, 11
	Employee benefits The Group has established schemes with numerous businesses in the areas where the company's sites are located. There, employees can benefit from discounts and concessions on products and services, increasing their purchasing power.	3, 17
Affected communities	Dementia care ITALGRANITI GROUP continues its commitment to support, until 2030, the Meeting Centre created within Dementia Friendly Community, a social inclusion project addressed to categories of people that have not yet had access to the traditional clinical pathway and thus meeting the needs of families caring for people in the early stages of the disease. As well as providing funding, the Group also permits employees to volunteer during working hours.	3, 11
	Sport, inclusion and communities ITALGRANITI GROUP promotes initiatives that leverage sport as a driver for growth, inclusion, and regional development: - it will continue to support CSI Modena, helping to promote the values of education, personal growth, equal opportunities and social cohesion. - It will renew its sponsorship of the Bonfiglio Trophy, a long-standing international youth tennis tournament, reaffirming its commitment to supporting the next generation and promoting sporting values.	3, 5, 11
	Community commitment The Group will continue to support local organisations and initiatives, contributing to the social, educational, sporting and community development of the local area. Supported entities include: the Municipality of Formigine, Volley Ball S. Martino, Magreta Parish, the Floriani Foundation, Formigine 2 Education Authority, Polisportiva PGS Formigine and Career Day.	10, 11

Methodological note

The ITALGRANITI GROUP Sustainability Report is a consolidated non-financial statement, in accordance with 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.

REFERENCE STANDARDS

This methodological note outlines the criteria, reference standards and methodologies adopted to prepare the 2025 Sustainability Report of ITALGRANITI GROUP, aimed at ensuring the transparency, reliability, and comparability of the reported information.

In preparing this Sustainability Report, the VSME standard (Voluntary Sustainability Reporting Standards for Non-Listed SMEs) has been adopted. This standard was developed by EFRAG (European Financial Reporting Advisory Group), the body tasked by the European Commission with drafting European sustainability reporting standards. This is the voluntary reporting framework for unlisted small and medium-sized enterprises, which aims to provide a simplified tool for integrating sustainability into business processes and models. At the same time, the standard meets the growing demand for sustainability data that SMEs receive from their stakeholders.

For more accurate reporting, the European Sustainability Reporting Standards (ESRS) were also used, allowing for an analytical approach to sustainability issues. In particular, the double materiality assessment was conducted across the entire set of ESRS standards through a process involving the identification of IROs (Impacts, Risks and Opportunities), the assessment of their significance in terms of impacts and financial materiality, and the definition of priority actions. The structure of the document, in relation to reporting requirements, is based on the specific VSME guidelines.

REPORTING CRITERIA

The VSME reporting standard provides two disclosure levels: a Basic Module and a Comprehensive Module. In preparing this Sustainability Report, ITALGRANITI GROUP has adopted the Comprehensive Module, in line with its objective of providing the fullest and most transparent information possible on ESG issues.

Time horizons
The company adopts the same time horizons as those defined in ESRS 1.
Specifically:
(a) short-term time horizon: annual, corresponding to the reporting period of the company financial statements;
(b) medium-term timeframe: five years following the reporting reference year;
(c) long-term time horizon: beyond five years.

Reporting boundary
The boundary encompasses the Group's sites: the production site in San Martino in Rio (RE), the head office and logistics centre at Casinalbo di Formigine (MO), the warehouses at Sassuolo (MO) and the showroom in Milan. The consolidation approach adopted is that of operational control.

Data sources
The data reported in this document relate to the 2025 financial year, unless otherwise stated in the text. In some cases, information has been updated to May 2026; as it was available at the time the financial statements were drawn up, it was deemed appropriate to make it available to readers.
The data sources, which are fully verifiable, comprise the following:
- management IT systems for administration, financial accounting and managerial accounting;
- financial statements;
- documented information from management systems;
- payroll and labour consultant reports;
- public sources and institutional databases, where relevant;
- greenhouse gas parameters and emission factors outlined in the following chapter.

Quality of information
ITALGRANITI GROUP is fundamentally committed to providing information in this document that is relevant, faithful, comparable, understandable and verifiable. Where available, comparative information for previous years has been provided. None of the information required in this report is classified as sensitive; therefore, there are no omissions to declare. All reporting requirements have been listed, even if only to state that they do not apply.

Publication frequency
The primary purpose of this document is to inform current and potential stakeholders; for this reason, ITALGRANITI GROUP has chosen to make its sustainability report public. The company currently publishes its Sustainability Report on an annual basis.

GREENHOUSE GAS EMISSIONS INVENTORY

Standards and factors
The inventory complies with the GHG Protocol and the ISO 14064-1:2018 standard. Emission factors are derived from Ecoinvent v3.11 (via SimaPro) for indirect emissions, from the DEFRA 2025 conversion factors for Scope 1 fuels, and from the ETS communications for process emissions.

Boundaries and consolidation
The approach adopted is that of operational control over the Group's sites. The materiality of indirect emissions is assessed on the basis of data availability, magnitude, impact, risk and opportunity, and is reviewed annually.

Biogenic emissions
Biogenic CO_2 is quantified and reported separately from the Scope totals, in accordance with the GHG Protocol and ESRS E1; methane and nitrous oxide from biomass remain within their respective Scopes.

Dual-reporting Scope 2
Scope 2 emissions are reported on both a location-based and a market-based basis. Full coverage of electricity through Guarantees of Origin, fully consolidated in 2025, reduces market-based Scope 2 emissions to zero; the location-based figure is retained as a reference required by the standard frameworks.

Capital goods
Capital goods (Scope 3, Category 2) are quantified using the spend-based method, by applying monetary emission factors (EXIOBASE classification) to the financial year's capital expenditure. This decision is motivated by the high year-on-year variability of the data, making item-level accuracy less relevant for decision-making purposes. The method is consistent with the screening estimates allowed under the GHG Protocol and improves on the previous amortised approach, which underestimated annual emissions. This item will be realigned with a physical method (Ecoinvent) once activity data becomes available. The associated biogenic emissions are shown as a 'memo' item.

Biomethane
CO_2 from the combustion of biomethane is accounted for as biogenic ('memo' item, outside the Scopes); while upstream emissions fall under Scope 3, Category 3. This classification is based on contractual instruments and Guarantees of Origin ('book-and-claim' logic). The achievable share is subject to the availability of certified volumes and network capacity.

Uncertainty
Uncertainty analysis is carried out using the Monte Carlo method (95%) for indirect categories; data quality is evaluated using ILCD indicators. Screening estimates (capital goods) and scenario assumptions (distribution, business travel) are the items with the highest level of uncertainty.

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Free Issue - Not for Resale

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