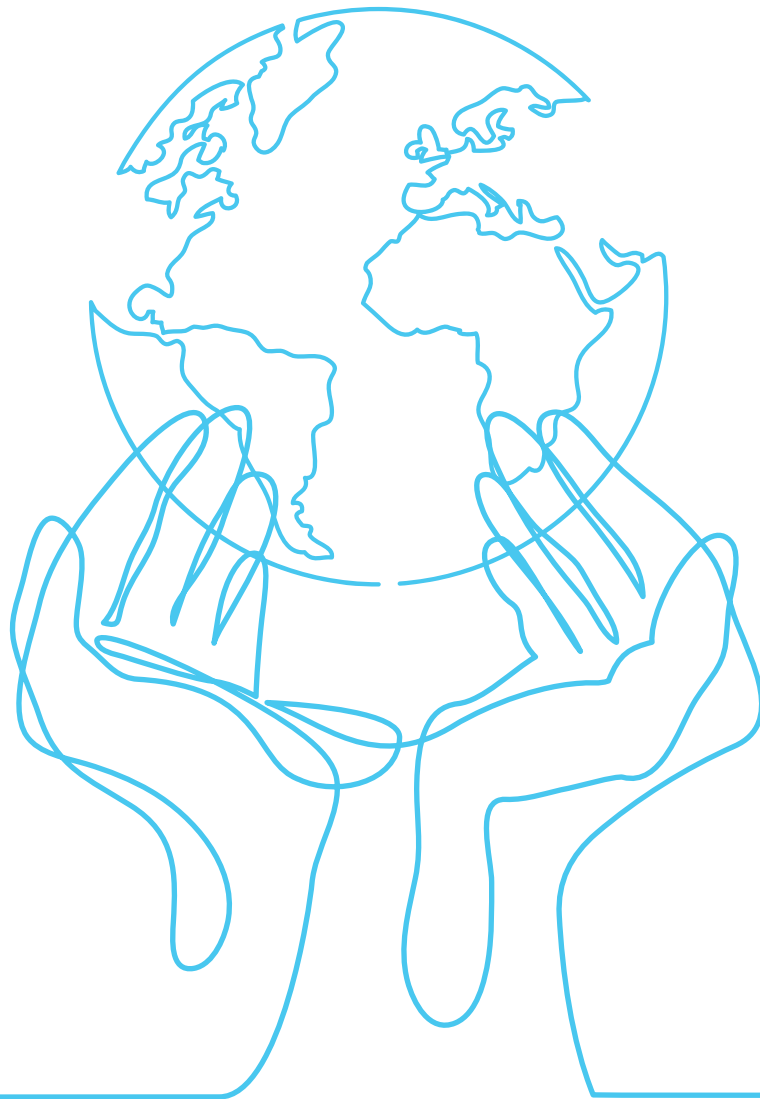


# Sustainability Report 2020

Reporting period 2019





# Sustainability Report 2020

Reporting period 2019

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# Letter to the Stakeholders





## 1.1. Letter to the Stakeholders (Ref. GRI 102-14/15)

2019 has been a very busy year for our Group. We have been involved in many activities which have allowed us to achieve several outstanding results. Amongst others, we saw significant growth in demand during the summer months, as well as requests from customers for the leaflets business line. In response to the growing complexity of the fold on this product, we made some key investments in order to increase our productivity. Still with the same objective in mind, in the middle of the year we started to trial continuous cycle shifts in the leaflets department in the plant at Pontedera, which required additional staff: this work organisation was designed with a view to insourcing the activity that will be completed in 2020 and that will allow us to be ready to respond more quickly to customer requests. Investments were also made to other business lines and plants in various companies in the Group: both in machinery – many of which are related to Digital Transformation and Industry 4.0 – and in human resources, with 60 new hires compared to last year. Amongst the investments in assets, I would specifically like to mention the warehouses at Dueville and Tullamore, the installation of a complete production line for leaflets in the Irish plant, and the acquisition of new print systems at Dueville and Palladio East.

With the same commitment, and in order to pursue important results, including with regard to Sustainability, we invested in photovoltaic plants at some facilities, encouraged mobility

solutions aimed at reducing the emissions of CO<sub>2</sub> (purchasing electric vehicles, the company car-pooling project), and promoting initiatives to reduce the environmental impact derived from the use of plastics in the company (water dispensers and water bottles).

Again this year, the economic trend has been positive, thanks to the commitment and professionalism shown by our entire staff: even if the outlook for the Italian economy, as well as for the world, is very uncertain, our Group will not stop. As I always say, difficulties are great opportunities which, if we manage to seize them, will allow us to grow even more in the years to come.

Thanks to the strategic operations done over recent years on the geographic front (Palladio BNM in Russia) and the product front (Poliweb Graphics for special labels), today, we are a company that can offer secondary packaging products at a global level, and, above all, we are a company that can offer customers in the pharmaceutical world a range of comprehensive and integrated services in the supply chain. Part of this result was achieved through the 2018-2022 Strategic Plan, which was started at the end of 2017 and which launched several projects focusing on 4 areas of interest: Customers, finance, processes, and organisation. In the course of 2019, the Group decided to update its strategic direction in order to further drive the theme of innovation, in both product and process, and to integrate the theme of Sustainability within the Strategy Deployment, in line with the 2030 Sustainable Development

Goals (SDGs) defined by the United Nations, specifically numbers 8 and 9.

We consider it strategic that we move on two distinct fronts: enhancing the management of Sustainability implemented in recent years, and which places us among the most mature companies in this regard, and to evolve the approach to sustainability in line with the principle of continuous improvement. The goal is to create a virtuous circle that, from a response to an external input, is transformed into a positive attitude. In line with this second goal, 2019 was the first year in which the Sustainability Committee, set up in 2018, started to work actively on scheduled and measurable projects and initiatives: what has been achieved in this period clearly demonstrates an evolution from the point of view of the approach, but requires further effort from everyone on the subject of raising awareness of these issues, on empowering company drivers and, in particular, on involving every company in the Group.

We are convinced that sustainable development is the only possible path, in order not to comprise the opportunities for future generations to continue to grow, preserving the quality and the quantity of our natural assets and reserves and, in line with the commitments taken and pursued over the years, we will continue to enhance Sustainability in all its various forms.

We are committed to observing the main issues affecting our time, such as climate change, respect for Human Rights, and support for international principles such as the Global

Compact. We are also committed to respecting and promoting forest management action that is consistent with the respect for our ethical and environmental values, and we are dedicated to continuous improvement. Furthermore, respect for and safeguarding Health and Safety at Work, the Environment and Human Rights constitute the foundations of the company's operating strategies, strengthened by adopting Management Systems that are certified according to international standards.

In 2019, we also confirmed our commitment to supporting charitable activities through donations to non-profit foundations, both local and international, in the knowledge that a small gesture from us is a great help to them. Aware of the need to fight climate change, again this year we continued to assess the results of our decarbonisation process: a report that required baselines and related targets to be reviewed, as a result of other companies in the Group, not previously taken into account, being added to the reporting scope.

I believe it is right to recall that the issue of empowerment must always be central to our business activities, since our Group's economic, strategic, and sustainable results depend on it, both in the short, as well as the long, term. In this historic moment, which is so important and delicate from an environmental point of view, Sustainability, in particular, is becoming a principle that is increasingly being felt by everyone, and that is why it is essential that every employee's assessments and activities take account of this aspect. The results of this

empowerment work will probably only be visible in a few years' time, but it is important to remember that, to achieve the results that we have set ourselves, we need everyone involved to be immediately and actively aware, in particular those people in the Group who hold decision-making responsibility.

We want to continue to be the point of reference in the world of healthcare, providing products and services that anticipate the needs of our partners with innovative solutions, and we want to contribute to the company's sustainable development, as well as that of our stakeholders: I wish, therefore, to bring together, through reading this report, the actions and results that the Group has managed to achieve in compliance with the principles of Corporate Social Responsibility.

With regards,

**Mauro Marchi**  
*Chief Executive Officer*



## 1.2. The United Nations Global Compact: together for the future (Ref. GRI 102-12)

From global warming to socio-economic changes in many parts of the world: in recent years, it has become increasingly more evident that we can no longer postpone our shared commitment to a more responsible management of our resources. In the Palladio Group, we have long been aware of how important it is that the **manufacturing world** makes its own contribution. Indeed,

in May 2012, we formalised our support of the **United Nations Global Compact**: a joint initiative between companies from all over the world, United Nations agencies, and civil society stakeholders, that promotes collaboration in line with sustainable global growth, taking everyone's interests and concerns into account.

We believe that supporting the UN Global Compact is a decision that will bring **benefits to all our stakeholders**: in addition to supporting us on our path towards sustainability, its principles

### The ten UN Global Compact principles

Initially launched in 2004, the **United Nations Global Compact** – known, for short, as the UN Global Compact – is an initiative that aims to involve the business world in a new form of collaboration through supporting the **ten universal principles**, that range from human rights to job protection, from protecting the environment to fighting corruption:

#### Human Rights

- 1: To support and respect the protection of internationally proclaimed human rights
- 2: To ensure that businesses are not complicit in human rights abuses

#### Labour

- 3: To uphold freedom of association and the effective recognition of the right to collective bargaining
- 4: To eliminate all forms of forced and compulsory labour
- 5: To abolish child labour
- 6: To eliminate discrimination in respect of employment and occupation

#### The environment

- 7: To support a precautionary approach to environmental challenges
- 8: To undertake initiatives to promote greater environmental responsibility
- 9: To encourage the development and diffusion of environmentally friendly technologies

#### Anti-corruption

- 10: To work against corruption in all its forms, including extortion and bribery.



*“UN Global Compact as a choice that brings benefits to all our stakeholders”*

fit in with our business, connecting with our Group’s main activities and enhancing its competitiveness on the market. With a further development, in 2018, we included an integrated approach to the **Sustainable Development Goals (UN SDGs)** in our corporate responsibility strategy, using them as general guidelines when making management decisions.

Optimising the environmental performance of our activities is not just a key responsibility towards the community, but also contributes to reducing costs. Our Group is, therefore, committed to **integrating the Global Compact principles** into our corporate strategy, into our corporate culture, and into every one of our activities.

Activities that focus on **protecting people**, alongside the **compatible use of natural resources**. Treating employees fairly and respectfully is a natural fact for a well-managed company and contributes to **attracting and retaining the best personnel**. Furthermore, maintaining safeguards against corruption and breaches of human rights, in addition to being an ethical choice, protects our company from legal liability.

We want to be transparent and timely in providing customers, employees, suppliers, and other interested parties with information on our sustainability objectives and performance. That is why we based the sustainability report on the **GRI Sustainability Reporting Standards** (see box), to communicate the results achieved to our stakeholders in **complete transparency**.

Specifically, the periodic **Communication On Progress (COP)** has been integrated into this report. This describes everything we have done to observe the ten Global Compact principles and the UN SDGs.

### **1.3. Development strategies: strategic plan and sustainable development goals (Ref. GRI 102-15)**

In 2019, we continued with the implementation of the **2018-2022 Strategic Plan**, launched in February 2018 as a result of the **integration process** kicked off some years earlier in the Group. The Plan’s goal is **to create sustainable value** in the long term for every category of stakeholder through a high number of strategic implementation projects that will allow us to look to future challenges by putting adequate resources in place.

In line with the **2030 Global Agenda** approved by the United Nations (SDG 8 and SDG 9), the Plan is organised into **five pillars**: organic growth and cross-selling, efficiency and harmony, focus on high-margin products and services, diversification, managerialisation.

In this context, aware of our sustainable development role in the countries in which we operate, we decided to make **a tangible contribution** by linking our sustainability report to the 2030 Agenda goals. Hence, each chapter has **one or more goals** associated to it, in order to make the targets **comparable against the commitments** that governments

*“2018-2022 Strategic Plan in line with the United Nations 2030 Agenda for sustainable development”*

have taken to safeguard the planet’s future. In so doing, we identified the goals closest to our activities and projects, and those for which policies and strategies could be developed that can contribute, directly or indirectly, to their achievement.

#### **GRI: a standard to help the planet**

The Global Reporting Initiative (GRI) is an international independent organisation that promotes sustainability reporting, helping companies and governments throughout the world to better understand and communicate with greater transparency their impact on critical sustainability issues such as climate change, human rights, and social well-being.

The GRI Standards are the first and the most authoritative global standards for sustainability reporting. Thanks to their modular, interconnected structure, they represent the best practice in reporting a wide range of economic, environmental, and social impacts. The GRI Standards are organised into 3 universal standards that define the fundamental principles (GRI 101), the criteria for reporting contextual information relating to the organisation and its reporting practices (GRI 102), and the criteria for reporting the management methods for those aspects of a business that have a more significant impact on stakeholders (GRI 103). In addition, there are 3 series of specific standards for reporting economic issues (200), environmental issues (300), and social issues (400).

When a company adopts the GRI Standards, it attests to the seriousness of the commitment undertaken and the desire to be transparent and inclusive in communicating with interested parties.

#### **A “to-do list” for our future**

The 2030 Agenda for Sustainable Development is an action programme for people and the planet, signed in September 2015 by the governments of the 193 member countries of the UN. The company has set **17 sustainable development goals (SDGs)** and 169 related targets in a major action programme, which is leading the way toward the future of the next 15 years. Everybody, whether individual citizens or public organisations, private or non-profit, is called upon to contribute to achieving development goals for our part.

## About us



# “An international point of reference for pharmaceutical packaging”

## 2.1. About us: a point of reference for packaging (Ref. GRI 102-1/2/5/16)

A company with deep roots in Italy and a strong presence outside of it; a company that can offer customers **packaging solutions** created to meet their needs, both in terms of the product and the service. This is the Palladio Group today. The result of a long history of enthusiasm and determination, which has led us to be **the leader in Italy and one of the top companies in Europe** in the pharmaceutical packaging sector.

**Palladio Group S.p.A.**, the Group's parent company, is a joint-stock company under Italian law (*società per azioni*). The four non-Italian subsidiary companies and the two Italian investee companies (see par. 2.3) are limited liability companies. One of the reasons for the Group's constant growth is our decision to specialise in **logical and substantially uniform activities** between the various companies; activities focused on the design and production of packaging and services for the pharmaceutical and cosmetics industry.

With **over 800 workers** employed in 7 companies, 3 Italian and 4 non-Italian (between Ireland, Serbia, and Russia), we collaborate with companies and multinationals in the pharmaceutical sector to **develop innovative services** and to provide folding cartons, leaflets, booklets, self-adhesive labels, and printed aluminium foils for blister packs. We do not just offer products, but **solutions**: we see ourselves as a partner to leading multinational industries,

establishing relationships not only of supply but also of collaboration, essential in a context of **innovation and continuous improvement**.

Our reference market is the **pharmaceutical sector** and the *core business* is the production of **packaging material**. Our Group's objective is to offer products, skills, and know-how in compliance with the requirements envisaged, whilst aiming to **anticipate and meet the needs** of our stakeholders. Production is done by design, in accordance with the indications and technical specifications provided by the customer, in compliance with the certified standards, and in observance of the requirements and applicable law. Production activities are carried out using technologically advanced machinery and equipment, including in terms of **safety**, reduced energy consumption and **safeguarding the environment**. A history that continues to evolve, day by day, based on solid foundations: **research, quality, precision**.

## 2.2. Our history: predicting the future of packaging since 1946 (Ref. GRI 102-12/13)

Ours is the story of a company which **started out as Italian and became international**, whilst remaining firmly founded on its origins. Beginning at a time when Italy started to look to the future with confidence once more – in the immediate post-war period – we have, over the years, managed to hold onto this original **view of always looking ahead**. It is thanks to this vision that, in over seventy years of experience, we have seen progressive growth focused

### Our values

#### To anticipate

We are always striving to find new, reliable solutions to offer our customers, to anticipate their needs and desires, to create new trends and always be one step ahead of our competitors.

#### Why not?

True innovation is finding an opportunity in every obstacle, facing every challenge that comes our way with passion and expertise, not choosing the easy road, but opting for the one that leads to the very best solutions.

#### Responsibility

We have always built relationships with our customers, employees, and suppliers, basing them on mutual trust and a sense of responsibility towards them, to establish serious, efficient, and long-lasting relationships.

#### Continuity

Every day we strive to cultivate our employees' talent, to remain faithful to our goals and to respect the values that represent us. A steadfast approach that is essential in projecting the Group into the future.

on the commitment to meet the needs and expectations of our customers and every other interested party, whilst pursuing **sustainable and socially responsible development**.

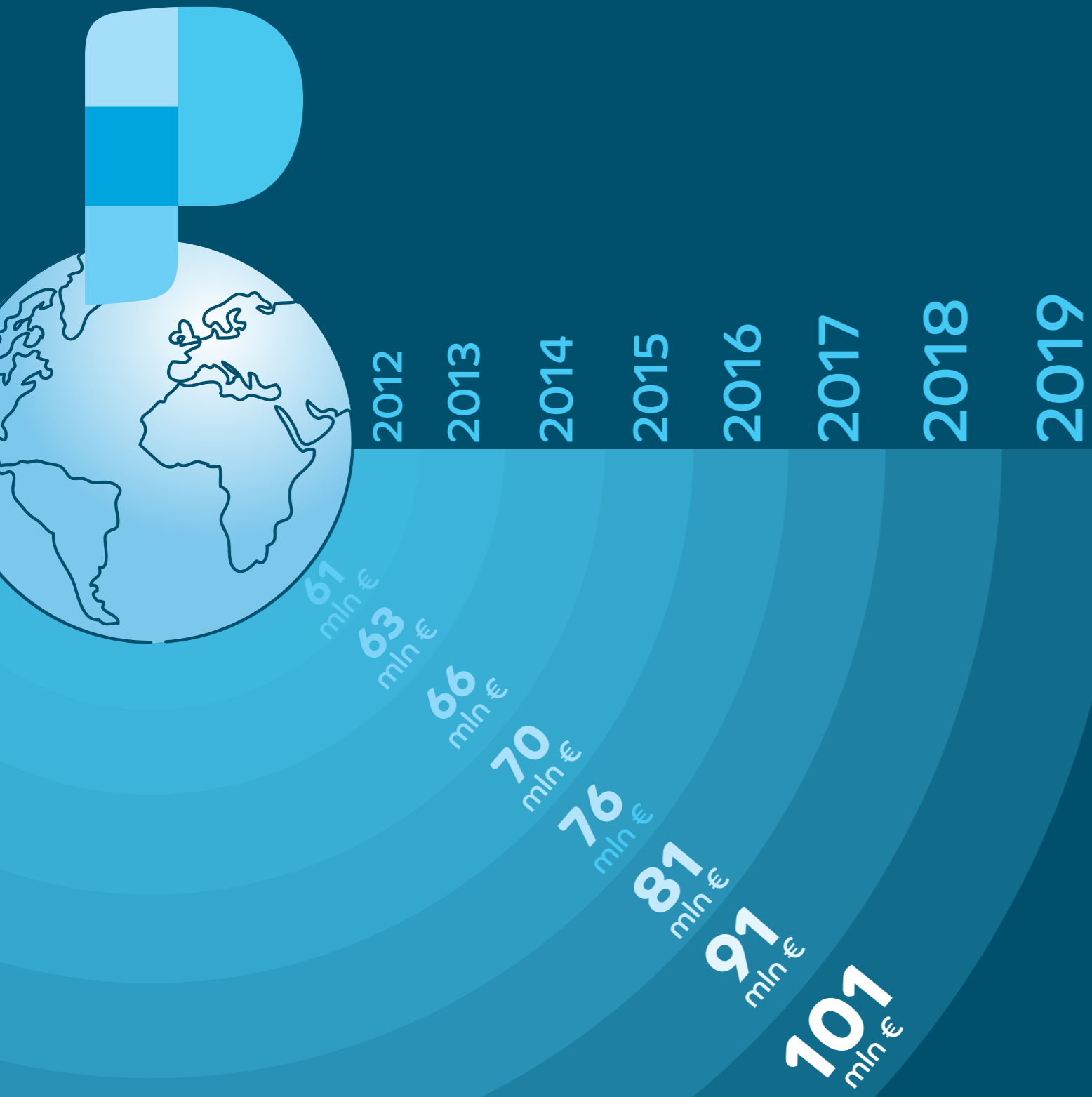
A path of growth which has allowed the company to transform itself from a small local firm into an **international, technologically advanced, industrial corporation**; one that competes successfully with the best multinationals. A story that began in 1946, when Antonio Marchi took over a small print firm in the heart of Vicenza called, Società Industria Tipolitografica Andrea Palladio. In 1952, to underscore how the business was expanding, the name changed to Palladio Industria

Tipolitografica S.p.A. and it began to specialise in the pharmaceutical sector.

In the decades that followed, the business saw constant growth and, in 1980, the company moved to the new plant at **Dueville**, in the province of Vicenza, which is, still today, the headquarters. In 1996, fifty years from the company's foundation, a second plant, still in the province of Vicenza was opened at **Thiene**. Production capacity doubled and, simultaneously, the markets of interest extended to the cosmetics industry.

2000 saw the official start-up the leaflets division at Dueville, thus enlarging the range of secondary packaging products on offer

# Group Turnover 2012 / 2019



**PALLADIO | IRELAND**

**PALLADIO GROUP**  
**POLIWEB GRAPHICS**  
**PHARMA PARTNERS\***

**PALLADIO | BNM**

**PALLADIO | EAST**  
**THE PHACTORY**

## 2019

PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM LLC	POLIWEB GRAPHICS SRL	STUDIO THE PHACTORY DOO
74.904.544,00 €	3.237.197,00 €	17.022.373,00 €	568.067,50 €	5.272.385,00 €	181.628,00 €

\* Company is not within the reporting perimeter

to customers. In 2004 **Grafica Zannini** was acquired and our Group opened two new plants in **Tuscany**, one in **Ireland** and one in **Serbia**. We then became the undisputed leader in Italy in secondary packaging for the pharmaceutical sector. 2011 saw the formal merger of Palladio and Grafica Zannini and the creation of **Palladio Zannini Industrie Grafiche Cartotecniche S.p.A.**

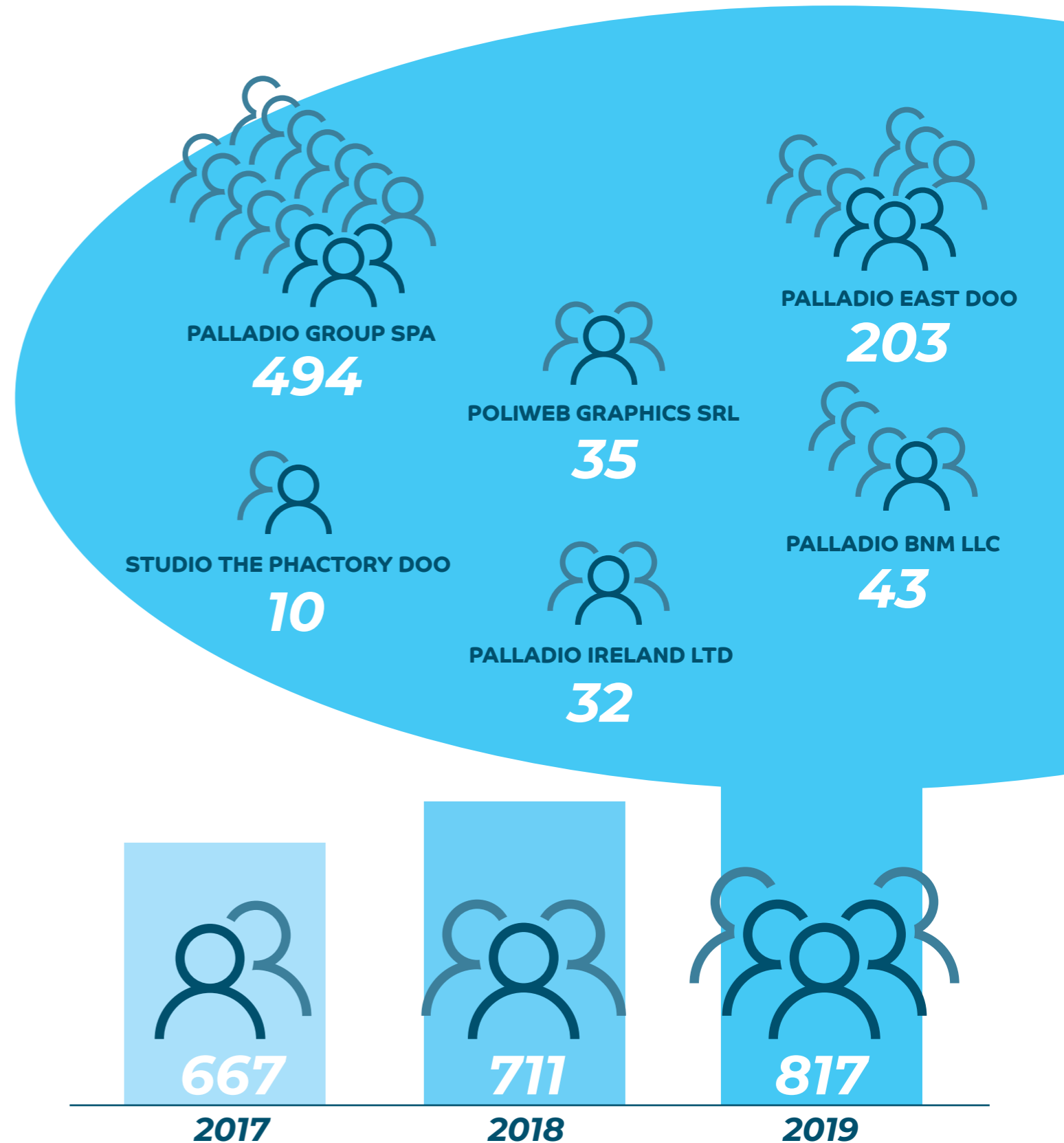
The most recent history is marked by signing up to the **UN Global Compact** in 2012 whilst pursuing a business diversification strategy. In 2013 Palladio Zannini took control of **Officina Farmaceutica Pharma Partners**, integrating it into a large industrial growth project and, in 2015, began the construction of a new production plant in **Russia**, in Obninsk in the region of Kaluga. The increasing integration between the components of the Group was underscored when, in 2015, the company name was changed to **Palladio Group S.p.A.** The facilities outside Italy in Serbia and Ireland, Zannini East and Zannini Ireland, are further testimony to this evolution becoming, respectively, **Palladio East** and **Palladio Ireland Packaging Solutions**.

We celebrated **seventy years of business** and passion in 2016 with an event held at the splendid Basilica Palladiana in Vicenza. Meanwhile expansion continues. In June 2017, another important step was taken in our development with the inauguration of the Russian branch's, **Palladio BNM**, production site in Obninsk. And in March 2018, the Palladio Group completed the acquisition of **Poliweb Graphics** in Gossolengo (Piacenza). The goal is to improve our position on the international market for labels for the healthcare sector.

Finally, in 2019, the approach focusing on complete solutions was enriched with the launch of **Studio The Phactory**, the spin-off company from Palladio East, still based in Vršac in Serbia: a team of graphics professionals dedicated to **artwork development services**. Combining graphic design, pre-press, and multi-level quality control, **Studio The Phactory** provides high-quality, ready-to-print files, customised according to the customer's needs. The main activities include developing artwork, print and pre-press tests, technical support, and consultancy.

*“A path of growth which has allowed the company to transform itself from a small local firm into an international industrial corporation”*

## Total employees





### 2.3 Palladio Group and its business lines: we give form to the concept of packaging (Ref. GRI 102-3/4/5/6/7)

The Palladio Group has its headquarters at Dueville (Vicenza) and, in 2019, included **7 companies overall, in Italy and overseas**, in line with the corporate strategy to have production facilities in key countries with respect to the markets in which greater growth opportunities are expected.

#### **P** PALLADIO GROUP

##### PALLADIO GROUP SPA

DUEVILLE (VI), ITALY

Headquarter

Folding cartons, leaflets

##### THIENE (VI), ITALY

Special folding cartons, leaflets, assemblies

##### PONTERA (PI), ITALY

Folding cartons, leaflets, booklets, assemblies, labels, printed aluminium foils, overlabelling

#### **P** PHARMA PARTNERS

##### PHARMA PARTNERS SRL

PRATO (PO), ITALY

Pharmaceutical Contract Packaging

#### **P** POLIWEB GRAPHICS

##### POLIWEB GRAPHICS SRL

GOSSOLENGO (PC), ITALY

Special labels

#### **P** PALLADIO | IRELAND

##### PALLADIO IRELAND PACKAGING SOLUTIONS LTD

TULLAMORE, IRELAND

Folding cartons, leaflets, overlabelling, serialization

#### **P** PALLADIO | BNM

##### PALLADIO BNM LLC

OBNINSK, RUSSIA

Folding cartons, leaflets

#### **P** PALLADIO | EAST

##### PALLADIO EAST DOO

VRŠAC, SERBIA

Folding cartons, leaflets, labels, overlabelling

#### **P** THE PHACTORY

##### STUDIO THE PHACTORY DOO

VRŠAC, SERBIA

Artwork development

## Group's total production capacity

**1.8** BILLION FOLDING CARTONS

**1.3** BILLION LEAFLETS

**1.2** BILLION LABELS

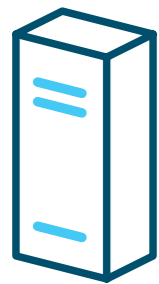
**500** TONNES OF PRINTED ALUMINIUM FOILS

## Employees as at 31<sup>st</sup> December 2019

**8** PRODUCTION SITES

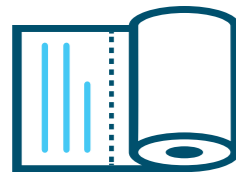
**+800** CONTRACTORS

# The production lines:



## FOLDING CARTONS

Folding cartons, blister packs and display boxes, cardboard, corrugated cardboard, and recycled paper solutions, in different shapes, colours and sizes, completely customised and made using print solutions with offset, flexo and digital technology (with UV and water-based varnishes).

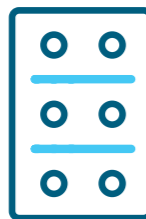


## ADHESIVE LABELS

Self-adhesive labels on reels on various surfaces, paper, transparent material or compostable. Production includes, as well as multi-page labels, with Braille lettering, peel-off and tamper evident labels, complete with anti-counterfeiting systems.

## PRINTED ALUMINIUM FOILS

Through flexo printing lines we produce printed aluminium foils for blister packs. This process takes place in a cleanroom, as required for the primary packaging of pharmaceuticals, and makes it possible to print in four colours in thicknesses of 20/25/30 microns.



## PATIENT ALERT CARD

We produce Patient Alert Cards on which important indications are printed in multiple languages which the patient must follow before, during and after pharmacological treatment. The Patient Alert Card is a special card that contains all the information regarding a patient and which the attending physician needs to know (data and conditions, therapeutic indications, dosage, and timing for administering the drug, etc.)



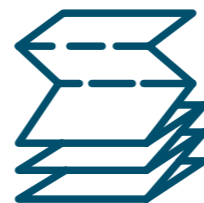
## LEAFLETS

Single, double, and triple reel leaflets, flat, folded, and pre-folded, leaflets with perforations and outserts with closing label.



## BOOKLETS

When a significant amount of information or instructions needs to be conveyed, we recommend the *booklet* solution; informational booklets of various sizes and configurations that ensure excellent readability and handling, also available in multiple languages.



# Our services:

In addition to the product lines, we also offer a range of support services that involve the supply chain, logistics and on-demand production, up to developing the artwork.



### Our history of sustainability

We have always been a company focused on sustainable development. For us, sustainability is not just a market requirement, but **a real opportunity to grow and constantly improve.**

Over the years we have promoted important initiatives with which corporate commitments have been defined with respect to social, economic, and environmental issues. **The Corporate Code of Ethics, the Charter of Values, and the Sustainability Report** (see par. 3.4) represent some of the main documents that summarise the guidelines, the goals, the strategy, and the results that we have achieved.

A commitment confirmed and reinforced over the years:

2001: ISO 14001 Environmental certification

2010: First Environmental Report

2011: First EcoVadis assessment and reorganisation of the Sustainability Management System

2012: Signed up to the United Nations Global Compact

2015: Alignment of the Sustainability Report to the drafting standards established by the Global Reporting Initiative

2016: First participation in the Carbon Disclosure Project

2018: Established the Sustainability Committee and identified the SDGs connected with the Group's activities. EcoVadis annual assessment: 75% score achieved

2019: Definition of the scenarios to combat climate change

2030: Alignment of corporate performance to the Sustainable Development Goals signed by UN member countries

## The Group







### 3.1. The structure (Ref. GRI 102-45/46)

The Palladio Group is part of **Holding Gruppo Marchi SpA** together with the Burgo Group.

**Consistency in design and production choices** is the basis for the Palladio Group's sustainable, long-term growth and is reflected in the scope of reporting used for this report.

In detail, the reporting scope includes the business lines which mainly produce the products and services for the primary and secondary pharmaceutical market (folding cartons, labels, leaflets, printed aluminium foils): the plants at **Dueville** (Vicenza), **Thiene** (Vicenza) and **Pontedera** (Pisa) for **Palladio Group S.p.A.**; and still in Italy, **Poliweb Graphics S.r.l.** (Gossolengo, Piacenza); outside Italy, **Palladio East DOO** (Vršac, Serbia); **Palladio Ireland Ltd.** (Tullamore, Ireland), **Palladio BNM** (Obninsk, Russia), and **Studio The Phactory DOO** (Vršac, Serbia). For reasons of consistency, **Pharma Partners S.r.l.** (Prato) is not included in the reporting scope since it operates in a different field (see also par. 2.3 for more information on the companies in the Group).

### 3.2. Governance (Ref. GRI 102-18)

With regard to our type of business, we have adopted the **traditional system of administration and accounting control** as the most efficient and effective means of organisation, characterised by separating the management body (the Board of Directors) from the control body (the Board of Statutory Auditors). To ensure even greater correctness, the audit activities are assigned to an **external, independent auditing firm**.

Corporate governance, in line with our Articles of Association, provides for mechanisms designed to ensure that the operations of the company's governing and control bodies **are not only efficient but also transparent**. Specifically, the members of the Board of Directors are appointed according to **criteria of integrity, professionalism, and competence**, as per the Articles of Association. They remain in office for a period not exceeding three years and their mandate expires on the day on which the shareholders' meeting is held to approve the financial statements for the last year of their term. Directors may be re-elected as provided for by article 2383 of the Italian Civil Code.

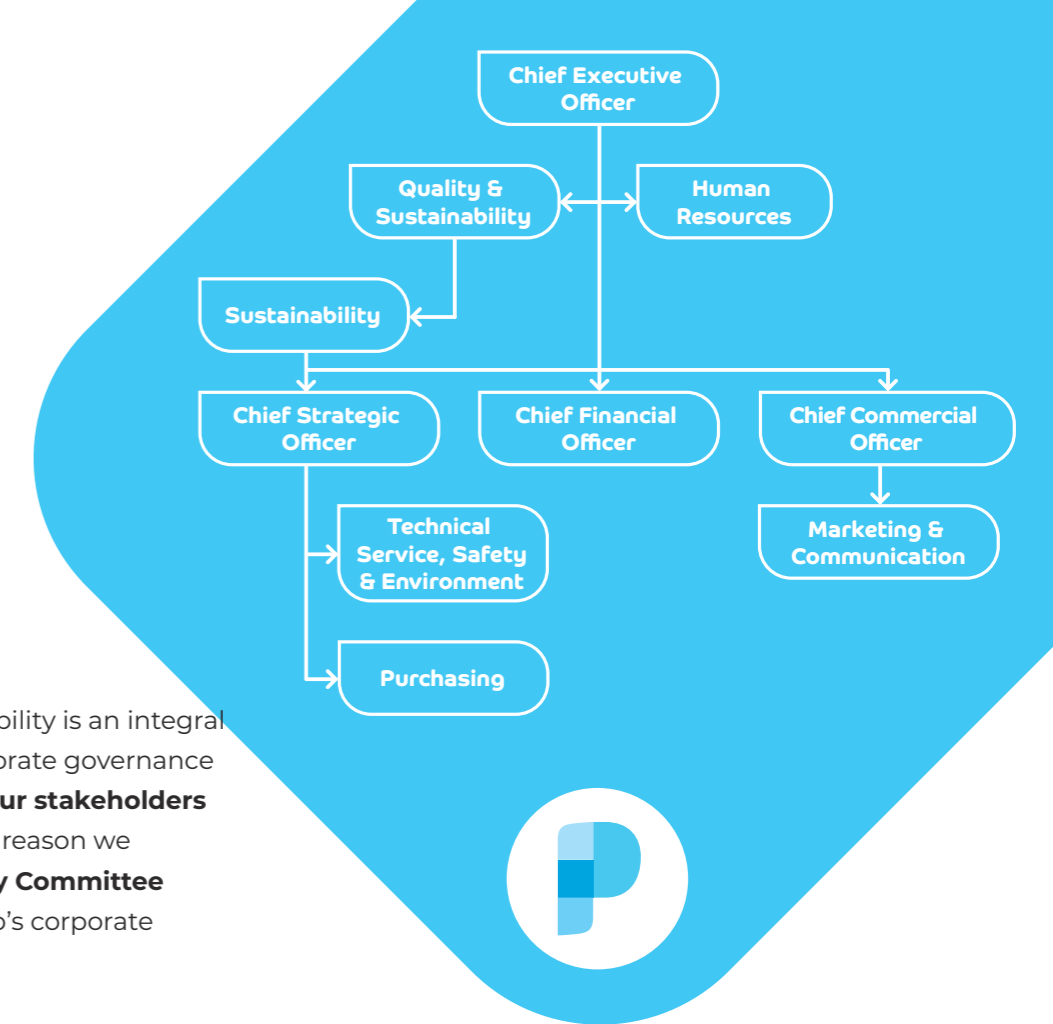
The current Board was appointed by the shareholders' meeting with the **resolution of 9 May 2019**, and will remain in office until the **2022 financial statements** are approved. There are **seven members**: the Chairperson, the CEO and five Directors. Detailed information on the members of the Board of Directors is public record and is available, upon request, from any Palladio Group plant or from the appropriate Chamber of Commerce (CCIAA) office.

### 3.3. Sustainability Committee (Ref. GRI 102-18)

The commitment to sustainability is an integral part of our view of good corporate governance and **responsibility towards our stakeholders and the community**. For this reason we established the **Sustainability Committee** in 2018, made up of the Group's corporate managers.

The Committee's objective is to promote a path of **continuous improvement in sustainability**, which, for us, also means increasing the Group's competitiveness and strengthening its identity.

The Committee meets every week to **define the company objectives in line with the sustainable development goals (SDGs)** and **discuss the most important economic, social and environmental aspects** with respect to the SDGs. The Committee is also responsible for managing current and future economic, environmental and social risks and opportunities (identification and prioritisation of material issues and their subsequent review over time). Formal meetings are held at the Group level and also handle **reviewing the risk framework, the environmental strategy, and key goals and indicators** in terms of sustainability and the related activities.



### 3.4. Principles and values of reference (Ref. GRI 102-16/17)

In the Palladio Group we do not wish to limit ourselves to simple regulatory compliance. We pursue business objectives which prioritise **social factors, health, and safety, and safeguarding the environment**. We are aware that entrepreneurial action must be **consistent with the interests of the community** and we believe in the importance of putting into practice good business governance based on a set of principles and values set out in rules and procedures.

A fundamental element is the **Code of Ethics**, which sets out the commitments and responsibilities that the company, and everyone who works for it, shall assume in carrying out every corporate activity. The Code makes **the values and principles**, that guide our actions when dealing with stakeholders, explicit. The current version, which reflects regulatory changes, was approved by the Palladio

## “A Sustainability Committee was established in 2018, made up of the Group’s corporate managers“

Group’s Management Committee in 2017 and **constitutes an integral part of the employment relationship**: everyone in the company is expected to behave in a way that is consistent

with the Code and the Group undertakes, in turn, to monitor that employees and contractors comply with it.

The Code of Ethics has been delivered to and signed by every employee and is available on the company intranet. New employees are given **training in**

**ethics**. We are also careful to request that the companies with which we establish working

relationships are aware of and **share the values in our Code of Ethics** and our Social Responsibility Policy, particularly with regard to the respect for human rights: we also formally ask our suppliers to sign our **Supplier Code of Conduct** which contains the ethical principles which guide our Group.

No reports were made in 2019 to the Ethics Committee. The Code of Ethics is available to all companies in our Group and can be downloaded from our website.

One more example of our Group’s proactive commitment in upholding the ethical values and principles which guide us is the **whistleblowing procedure**, which can be used to report - safely and without repercussion - any behaviour which may not be ethical or, indeed, legal. The procedure can be used both internally and externally through the communication exchange platforms.

### A complete, ethical toolbox

Our commitment to ethics and social responsibility, and our compliance with the ten UN Global Compact principles, is expressed in a set of documents which define how every member of the organisation needs to behave:

- Code of Ethics
- Charter of Values
- Ethical Trading Initiative Code (ETI)
- Charter of the Principles for Environmental Sustainability
- Sustainability Report
- Supplier Code of Conduct
- Social Responsibility Policy
- Human Rights Policy
- Sustainable Procurement Policy
- Policy on the Prevention of Corruption

### Active participants in the sectors in which we operate

Our Group is a member of the most important domestic and international industry associations and supports the main sector funds:

- **AFI** - *Associazione Farmaceutici Industria* [the Italian Pharmaceutical Industry Association]
- **ASSIDAI** - *Fondo di Assistenza Sanitaria Integrativa* [an Italian Supplementary Healthcare Fund]
- **ASSOGRAFICI** - *Associazione Nazionale Italiana Industrie Grafiche Cartotecniche e Trasformatrici* [the Italian Paper Converting Industries Association]
- **ATIF** - *Associazione Tecnica Italiana per lo sviluppo della Flessografia* [the Italian Technical Association for the development of Flexography]
- **CIAL** - *Consorzio Imballaggi Alluminio* [the Italian Aluminium Packaging Consortium]
- **COMIECO** - *Consorzio Nazionale Recupero e Riciclo degli Imballaggi a base Cellulosica* [the Italian National Recovery and Recycling of Cellulose Packaging Consortium]
- **CONAI** - *Consorzio Nazionale Imballaggi* [the Italian National Packaging Consortium]
- **ECMA** - *European Carton Makers Association*
- **ENIPG** - *Ente Nazionale Istruzione Professionale Grafica* [the Italian National Graphic Professional Training Body]

### 3.5. Operations and management systems (Ref. GRI 102-11/12/13)

In line with our mission, we have always **invested in advanced technology and equipment**, often developed in advance thanks to the close relationships established with customers and suppliers. An investment which contributes to offering **a measurable added value** in terms of logistics, productivity, and *lead time*.

Though **Lean Manufacturing** meetings (see box), we also develop **specific programmes** to update employee skills and help them achieve **strategic objectives** in a continuously evolving work environment. A schedule of **inter-**

**functional periodic meetings** – also done by video conference with other sites in the Group – involves members of the sales, production, and quality sectors in order to ensure alignment across the various functions and efficiency in the processes.

In order to facilitate achieving the objectives set out in the Policy for the Environment and Occupational Health and Safety, we also adopted **specific procedures** to manage change, analyse the associated results, and the use of advanced technology. In recent years, in particular, thanks to effective technological processes, we have managed to achieve **reductions in - and in some cases - the elimination of, substances**

that are harmful to the environment as well as to health and safety in the workplace. This has allowed us to protect our workers even more, as well as to reduce emissions and the production of harmful waste.

Our proactive approach is confirmed by the adoption of **internationally recognised and voluntary certifications** (see box), as well as Risk

Fund, Bad Debt Provision and Product Liability budget allocations. From the point of view of **continuous improvement**, and to ensure the quality and safety of our products for customers and consumers, we adopted - some time ago - certain corporate management systems that **comply with the requirements found in the strictest regulations.**

### What is Lean Manufacturing?

*Lean Manufacturing, or Lean Production, is a management methodology which focuses the use of resources on creating value for customers and for other stakeholders, identifying and eliminating any other use which, although apparently aimed at production, proves to be unnecessary and, therefore, a waste.*

Factors apparently functional to operations, which, though, are actually a waste, can be, for example, waiting times between activities, inventory management, handling and transportation which is not really necessary, or even excess activity in a production process.

In relation to the final point, *Lean Manufacturing* is often described as the creation of value with the least amount of work possible.

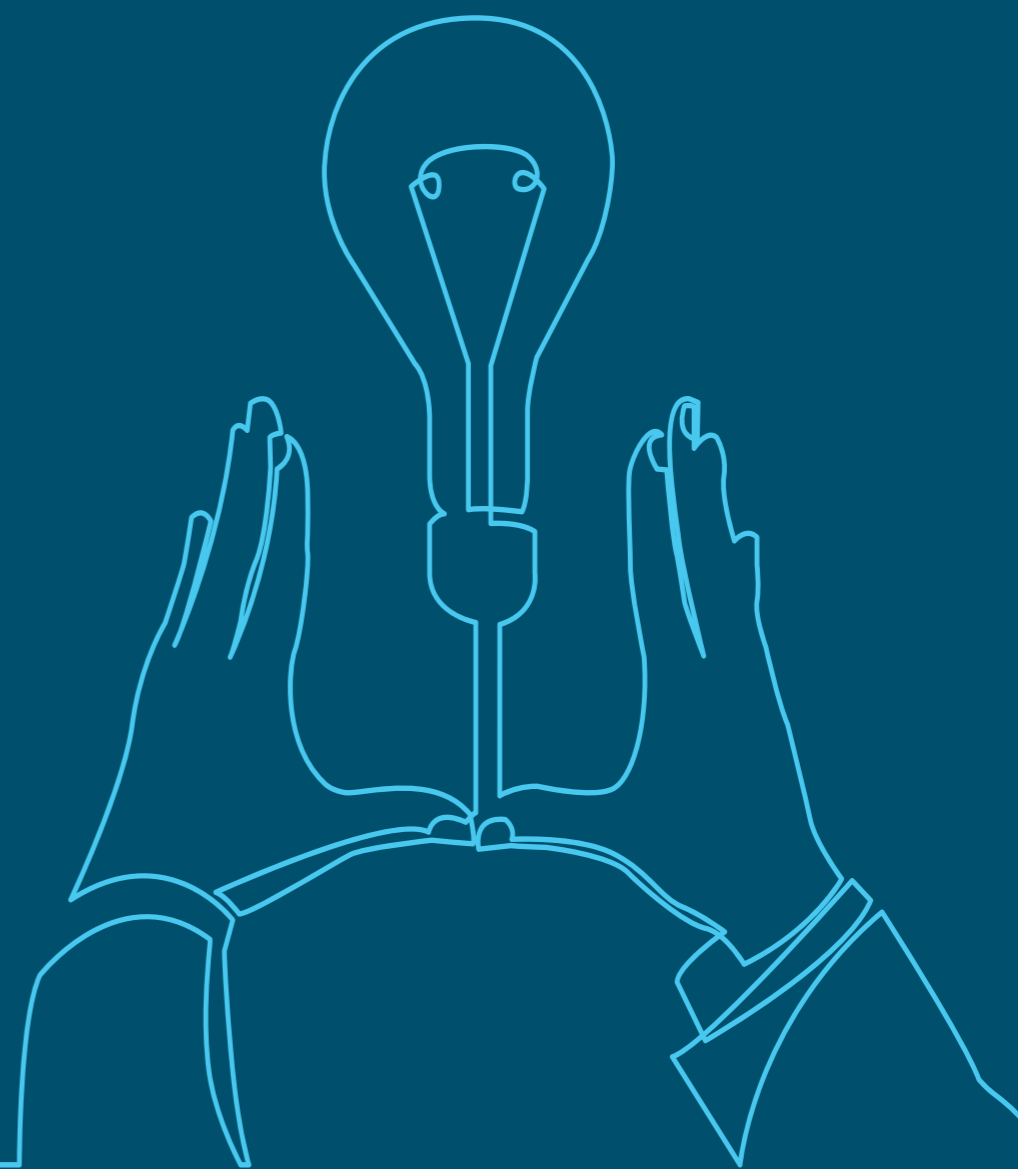
*“Our proactive approach is confirmed by internationally recognised certifications”*

### Our certifications and good practices

- **ISO 9001:2015** - Quality Management Systems
- **ISO 14001:2015** - Environmental Management Systems
- **ISO 45001:2018** - Occupational health and safety management systems
- **CoC FSC®** - Forest Stewardship Council® Chain of Custody
- **CoC PEFC™** - Chain of Custody of Forest Base Products
- **GMP** - Good Manufacturing Practice, applicable to Pharmaceutical Packaging

Company name	Site	Active certifications					Other
		ISO 9001	ISO 14001	ISO 45001	CoC FSC®	CoC PEFC™	G.M.P.
Palladio Group Spa	Dueville IT	●	●	●	●	●	●
	Thiene IT	●	●	●	●	●	●
	Pontedera IT	●	●	●	●	●	●
Palladio Ireland Ltd.	Tullamore IE	●	–	–	–	–	●
Palladio East D.o.o.	Vršac SRB	●	●	●	●	●	●
Palladio BNM LLC	Obninsk RU	●	–	–	–	–	●
Studio The Phactory D.o.o.	Vršac SRB	* in the process of being obtained	–	–	–	–	●
Polweb Graphics Srl	Piacenza IT	●	●	●	–	–	●

# Materiality



# "Quality and transparency of data are key to our sustainability strategy"

## 4.1. Identified material aspects and scope (Ref. GRI 102-47/48/49 – 103-1)

**Quality and transparency** of data are key to our **sustainability strategy**. This is why we adopted a material aspects management model at the environmental, economic, and social levels that complies with the **GRI Sustainability Reporting Standards** and we apply the principles both in terms of defining content as well as the quality of the data and information reported (see box).

These internationally recognised standards provide for the use of **specific indicators** for reporting, in accordance with the chosen option (Core Option). This allows us to perform **complete monitoring** of our performance and to assess the main environmental impacts derived from our Group's production activities, as well as

**communicating progress** in relation to the UN Global Compact principles in order to make sure that we are making measurable progress.

The process of determining the material aspects and their scope is done through four stages: **identification, prioritisation, validation, and review**.

Each stage covers specific elements of a process aimed at defining "**what is relevant and where it is relevant**".

During the first **identification** stage, we select potential material aspects by analysing various sources such as **corporate documents and policies, the Code of Ethics, consultation with various stakeholders, mandatory standards, the GRI Sustainability Reporting Standards**.

### The GRI Standards' reporting principles

The reporting principles in defining the report's content

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Entirety

Reporting principles in defining the quality of the report

- Accuracy
- Balance
- Clarity
- Comparability
- Reliability
- Timeliness

### How do we identify the potentially "material" aspects?

In identifying the potentially material aspects, we consider the following elements:

- Significant environmental aspects for our Group in accordance with the Environmental Management System
- Economic aspects which better meet the needs of an increasingly competitive market
- Significant social aspects in accordance with:
  - corporate policy and in respect of occupational health and safety
  - the Health and Safety of Workers Management System and relevant laws
  - the Code of Ethics and respect for fundamental human rights, as enshrined in international conventions on the matter
- Aspects of compliance with international product standards in relation to the relationship with the consumer.

During the second **prioritisation** stage, we examine the material aspects identified during the previous stage, **assigning a priority** to each of the economic, environmental and social issues affecting the organisation, using the risk assessment tool. The evaluation is based on both the significance of the **impacts on our Group**, and on **stakeholder interests**. We also define the scope (external and internal) within which the most significant impacts occur.

During the third validation stage, we review all the material aspects identified during the previous stage, **involving the various department managers across the board**, in relation to the skills and roles covered in all the Group's companies, in coordination with the corporate **Quality and Sustainability** department. The results from this activity are then definitively approved by the Sustainability Committee. During the fourth, and last, **review** stage, after the

publication of the report, we concentrate on the material aspects identified, considering **feedback from stakeholders** to identify new aspects which could be examined in a later report.

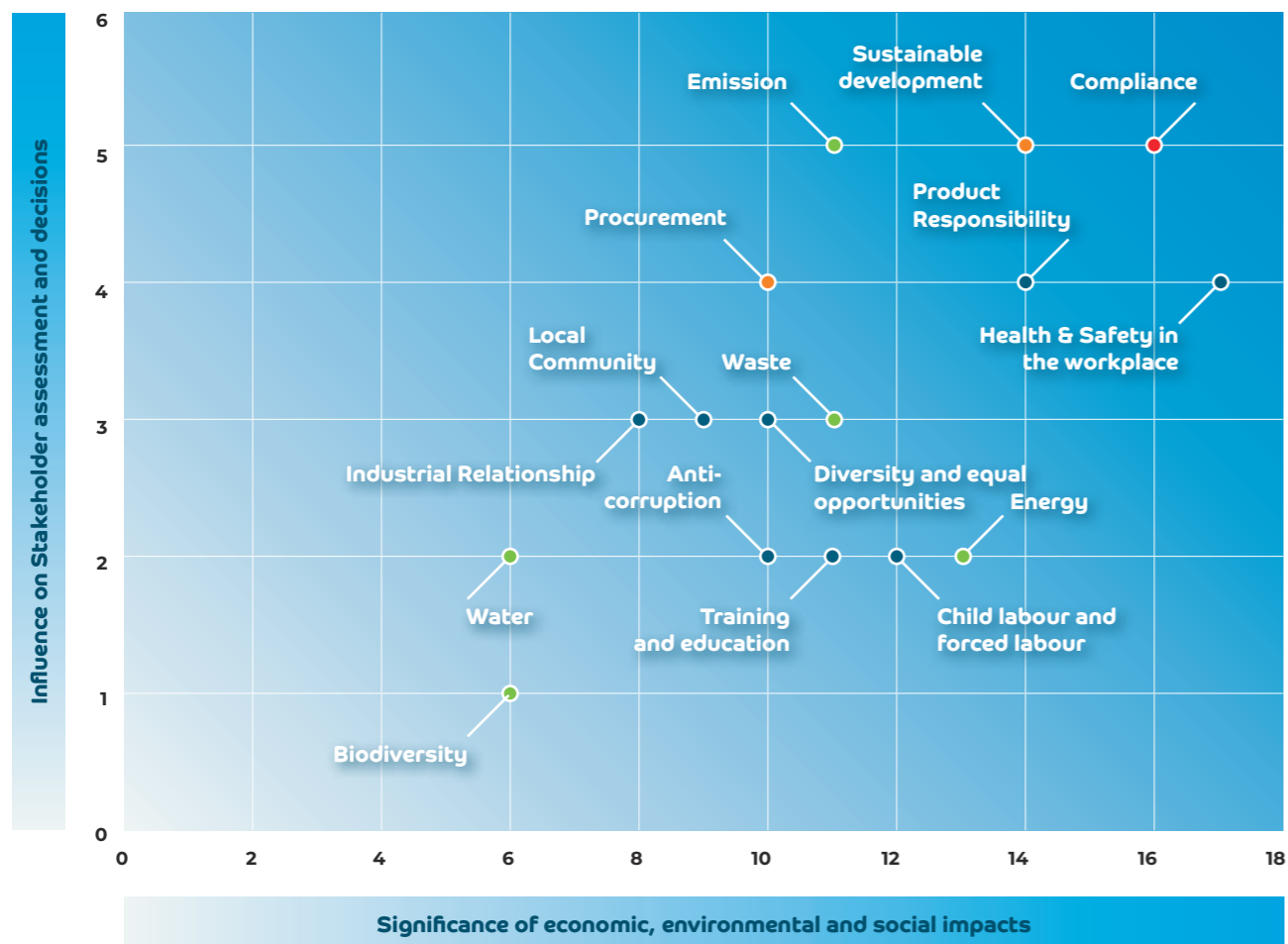
The output from the stages of identification, prioritisation, validation, and review of the material aspects are reported in the following figure. The material issues and their related scope have not changed from 2018 (see the table in **Annex 1**).

The report data refers to the **last three years (2017, 2018, 2019)** and is given at the Group level. For 2019 the data is also broken down by company.

We reworked some data compared to previous years in order to take into account the addition of some **conversion factors** and to correct some inaccuracies, in order to ensure the maximum consistency in reporting.

“We adhere to the reporting principles of Global Reporting Initiative Sustainability Reporting Standards”

## Graphic representation of prioritisation of material aspects 2018



In this regard, the table in **Annex 2** shows the updated environmental conversion factors compared to the previous reporting year. Furthermore, in the period in question, changes occurred regarding the reporting scope, as follows:

### Reporting scope up to 2018:

- Palladio Group Spa - plants at:
  - Dueville - Vicenza (Italy)
  - Thiene - Vicenza (Italy)
  - Pontedera - Pisa (Italy)
- Palladio Ireland Ltd - Tullamore (Ireland)
- Palladio East Doo - Vršac (Serbia)

### Reporting scope since 2019:

- In addition to those already part of the scope as of 2018, the following Group companies were included in 2019:
- Palladio BNM - Russia (in operation since 2017)
  - Poliweb Graphics Srl - Italy (in operation since 2012, acquired in 2018)
  - Studio The Phactory DOO - Vršac, Serbia (in operation since 2019).

The changes in the scope required, specifically, the data for the Group’s **greenhouse gas** emissions to be updated, taking into account the new plants, whilst **updating (restating)** the values in reference to the 2012 baseline.

The 2012 baseline was recalculated with the **proxy method** whilst including the emission values from the **Poliweb Graphics** plant, calculated by applying linear regression on the basis of turnover values for the plant for the years 2012, 2018 and 2019. In this way, the contributions to **Scope 1** and **Scope 2** emissions attributable to

the Poliweb Graphics plant for the 2012 base year were included.

We therefore added the emissions contribution thus calculated to the **2012 values** and referred to the previous reporting scope.

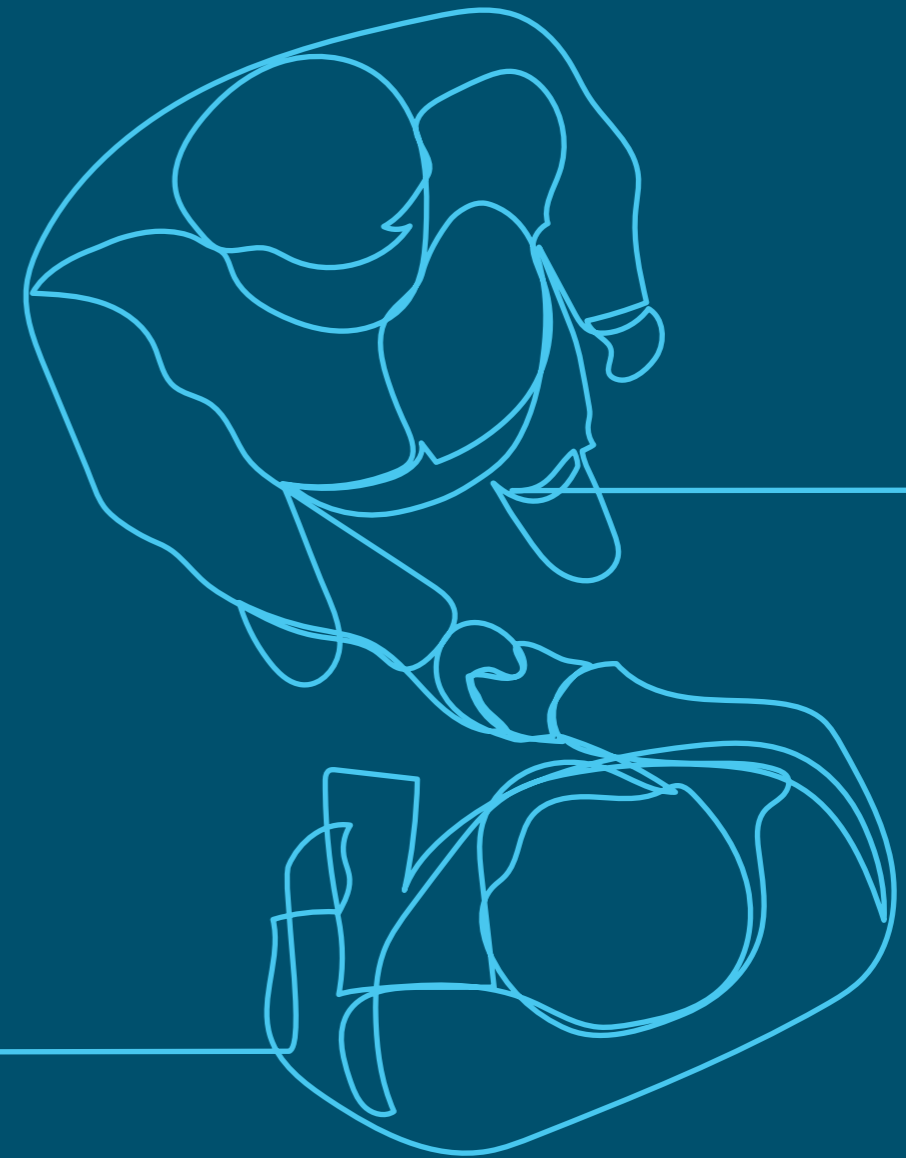
The same **proxy approach** was also adopted to calculate emissions from the Poliweb Graphics plant for 2017, allowing, in this way, the Group’s emissions profile to be completed for the entire three-year period of reference.

The **emissions values** for 2017 and 2018 were recalculated following the updates to certain emissions factors regarding the respective reporting years.

All the other data collected and processed for the purpose of calculating the GRI indicators (see the tables in chapter 16) takes account of the scope change, showing data from the year operations commenced or from the year of acquisition by the Group.

The term Carbon Footprint used in this document implies the intensity of the GHG emissions expressed as the quantity of GHG emissions per unit of activity, output or any other specific parameter.

# Stakeholders



## 5.1. Our commitment to stakeholders (Ref. GRI 102-40/42/44)

Always remember that our activities are aimed, primarily, at the **stakeholders**. This is the driving principle to which we look in order to constantly strengthen our **leadership** position in domestic and international markets: our development occurs, day by day, on the priority of **satisfying the needs of every stakeholder**, starting with the rights defined by domestic legislation and by applicable international standards.

The decision to prepare and publish the **Sustainability Report**, in addition to other reporting which sets out, in a transparent way, our corporate social responsibility – for example, **EcoVadis and CDP** – was just the first step. Our path of sharing and divulging information contributes to focusing on the important aspects, on which we concentrate, and on meeting the needs and expectations of stakeholders. Our Group's sustainable principles and values are the result of both material issues, which arise from involving various functions, and the outputs from various forms of **dialogue and discussion with stakeholders**: in 2019 no critical issues emerged from these activities.

### Who are our stakeholders?

All those who have an interest, in any capacity, in our business: whether internally, such as shareholders, employees or contractors, or externally, such as customers, suppliers or business partners. We also consider stakeholders all individuals or groups, in addition to the organisations and institutions that represent them, whose interests are influenced by the direct and indirect effects of our Group's activities: in particular, **local communities, environmental associations, future generations**.

## 5.2. Dialogue with stakeholders (Ref. GRI 102-43)

**Inclusiveness and materiality** are the principles defining our approach to sustainability. Principles which guide us to **drive innovation** in order to achieve our objectives in terms of **information quality** and suitability in how we present such information to our stakeholders.

In 2019, the role of **online communication** and **social media networks** in particular, grew. Of the latter, **LinkedIn** stands out. It saw the number of followers double compared to the previous year, exceeding **a figure of 1,200** by the end of the year. Social media networks are an effective tool for us to communicate, in a direct way, such topics as events, corporate initiatives, information regarding sustainability, and transversal initiatives involving different stakeholders, to stakeholders.



The various parties can use our **integrated communication platforms**, both external and internal, without limitation:

- Website: [www.palladiogroup.com](http://www.palladiogroup.com)
- Intranet site: intranet interna
- Indirizzo e-mail: [info@palladiogroup.com](mailto:info@palladiogroup.com)
- Facebook: [www.facebook.com/pages/Amici-di-Palladiogroup](https://www.facebook.com/pages/Amici-di-Palladiogroup)
- LinkedIn: [www.linkedin.com/company/palladiogroup](https://www.linkedin.com/company/palladiogroup)
- Vimeo: [vimeo.com/user44390006](https://vimeo.com/user44390006)

Looking to the future, in parallel with adopting **Industry 4.0** technologies, we intend to increasingly use these means of communication – and above all, social media networks – as **dynamic platforms** where we can intercept any requests, create new ways to exchange information, understand new needs and duties.

In 2019, relationships with stakeholders included, amongst other things, the specific **involvement** of groups of internal stakeholders in preparing the Sustainability Report.

## 5.3. Palladio Group News: the company magazine (Ref. GRI 102-43)

In 2019, we updated the graphics in our **company magazine**. This magazine talks about - in a friendly, direct way - what is happening in the Palladio Group world and deals with various topics ranging from the internal organisation to product news, passing through the main events.

The publication's structure includes an **editorial section** signed by the CEO, a **focus** on a relevant topic or something of particular interest to the company, various **columns** that present news from our operational sites, pages dedicated to events, corporate life, and employees.

With this tool we want to **promote employee participation and involvement**, to keep employees updated about ongoing activities, and to promote the circulation of information between departments. Another important objective is to **promote and increase a sense of belonging**, a spirit of collaboration and team work, improving the atmosphere in the company. With this in mind, and **also considering the issue of work/life balance**, in the 2019 winter edition, the section, **Benvenuti Piccoli Amici di Palladio Group** [Welcoming the Little Friends of the Palladio Group], dedicated to newly-born children of employees, was launched.

## 5.4. Transparency and sharing (Ref. GRI 102-12/43)

For us, sharing our results with stakeholders in a transparent manner also means **adhering to the strictest international standards**: further confirmation of the decision we took to face the challenge, across the board, of sustainability.

*Climate change: the CDP rating*  
Again in 2019, we improved our rating in the environmental impact assessment carried out annually by **CDP** (formerly the Carbon Disclosure Project, see box), the international



### What is the CDP?

The CDP (formerly the Carbon Disclosure Project) is an organisation based in the United Kingdom which supports companies, investors, and regions in their commitment to making the environmental impact of large companies public. Its objective is to make environmental reporting and risk management market standards in order to help sharing, learning about, and adopting the actions needed to create a sustainable economy. Since 2002, over 8,400 companies, 800 cities and 120 states and regions around the world have made their environmental information public through the CDP, for an equivalent economic value of US\$96 trillion in assets and US\$3 trillion in buying power.

To find out more: [cdp.ne](http://cdp.ne)




non-profit organisation which measures the global commitment of companies, investors, and regions in the **fight against climate change**. In fact, we improved our rating **from B to A-** in managing risks connected to climate change and **from B- to B** in managing water resources. The level A/A- places us at a **leadership level**, whilst B/B- indicates an **active commitment** to improvement actions.

The results achieved in 2019 confirm a commitment **at the same level as the best companies in the sector**. The rating of A- in managing risks connected to climate change is, in fact, both **higher than the average** on which the packaging manufactures are certified and higher than the European and global average.

In managing water resources, the B rating is still **higher than the global average** and in line with the average for our sector as well as the European average.

This is an important recognition, in addition to transparency in communication, of our actions and strategies to fight climate change, through **a model of sustainable development** that combines economic performance with reductions in CO<sub>2</sub> emissions.

### CDP SCORE REPORT - WATER SECURITY 2019




**Palladio Group SPA**

Region	Europe
Country	Italy
Questionnaire	Paper & forestry
Activity Group	Paper products & packaging

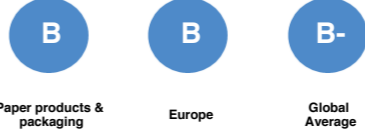
*The CDP Score Report allows companies to understand their score and indicate which categories require attention in order to reach higher levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their water governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager of your key CDP contact.*

Your CDP score

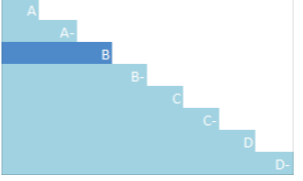


**B**

Average performance



**UNDERSTANDING YOUR SCORE REPORT**



Palladio Group SPA received a B which is in the Management band. This is same as the Europe regional average of B, and same as the Paper products & packaging sector average of B.


**Leadership (A/A-):** Implementing current best practices  
**Management (B/B-):** Taking coordinated action on water issues  
**Awareness (C/C-):** Knowledge of impacts on, and of, water issues  
**Disclosure (D/D-):** Transparent about water issues

*Social responsibility: the SMETA audit*

In March 2019, we repeated, for the fifth consecutive year, **the SMETA company audit**. We received a **positive result** with zero non-conformities being reported, confirming the strong commitment to achieve permanent improvements in the field of CSR.

SMETA is an audit methodology which includes all aspects of **responsible business practices**,

### CDP SCORE REPORT - CLIMATE CHANGE 2019




**Palladio Group SPA**

Region	Europe
Country	Italy
Questionnaire	Paper & forestry
Activity Group	Paper products & packaging


*The CDP Score Report allows companies to understand their score and indicate which categories require attention in order to reach higher levels. This enables companies to progress towards environmental stewardship through benchmarking and comparison with peers, in order to continuously improve their climate governance. Investors will additionally receive a copy of the CDP Score Report upon request. For further feedback please contact your account manager of your key CDP contact.*

Your CDP score

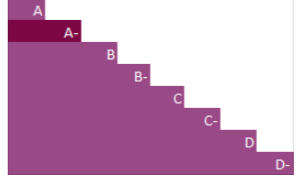


**A-**

Average performance



**UNDERSTANDING YOUR SCORE REPORT**



Palladio Group SPA received a A- which is in the Leadership band. This is higher than the Europe regional average of C, and higher than the Paper products & packaging sector average of B.

**Leadership (A/A-):** Implementing current best practices  
**Management (B/B-):** Taking coordinated action on climate issues  
**Awareness (C/C-):** Knowledge of impacts on, and of, climate issues  
**Disclosure (D/D-):** Transparent about climate issues

covering the **four pillars** outlined by Sedex in the areas of work, health and safety, the environment, and business ethics. (see box).

The independent assessment, carried out by **SGS**, looked at **Palladio East** as a demonstration of how transversal our strategy is with respect to the various communities in which we operate, **in Italy as well as outside Italy**.

### Sedex and the SMETA audit

Sedex is a non-profit organisation committed to increasing the adoption of ethical principles along global supply chains and building **the largest platform in Europe** to collect and process data on ethical behaviour in supply chains. SMETA (Sedex Members Ethical Trade Audit) IV Pillar is the corporate audit methodology most used at the international level to measure a company's social commitment. It covers four macro-topics relative to human and workers' rights, health and safety, managing environmental impact, and business ethics, specifically anti-corruption practices. The methodology is based on a collection of proven good practices and techniques, designed to support high quality audits that encompass every aspect of responsible business practice. Sharing is facilitated by a reporting format and a shared plan of corrective action.

To find out more: [sedexglobal.com](http://sedexglobal.com)

*“Inclusiveness and materiality are the principles defining our approach to sustainability”*

*CSR assessment: EcoVadis*

We have been following the **Global Reporting Initiative** reporting guidelines in preparing the Sustainability Report (GRI Standards) since 2015. In this context, in 2019, we achieved, for the eighth year running, the **Gold Medal** – the highest level – for **Corporate Social Responsibility** from **EcoVadis**, one of the main assessors of global supply chains.

With an overall score of **79/100**, we rank among the companies with the highest rating, out of **over 40,000 companies analysed** who act proactively and responsibly in relation to corporate social responsibility.

In addition to representing an acknowledgement of our vision and the efforts made towards CSR, this certification is also **a tool for our customers** who aim to achieve their environmental and sustainability objects together with us.



**The EcoVadis platform and the GRIs**

EcoVadis is an online platform to assess CSR (Corporate Social Responsibility). The assessment is based on sustainable development standards: the Global Reporting Initiative, the United Nations Global Compact and ISO 26000.

The Global Reporting Initiative (GRI), strongly supported by the UNEP (United Nations Environment Programme), by companies, audit companies, environmental associations, and the UN, is an international institute that establishes the principles for drafting a Sustainability Report and its content. Standardising processes helps to share information and initiatives, facilitating a common commitment to reach the sustainability objectives established by the United Nations.



**5.5. Contact with stakeholders (Ref. GRI 102-43)**

We involve stakeholders through numerous activities and initiatives, specifically through **marketing communication** based on the same **ethical and responsibility criteria** that inspire our entire business.

Furthermore, given that the types of products and services we offer **are not supplied directly to the end user** – a potential party for sponsorship activities – we do not need to adhere to any self-regulatory programmes or codes when it comes to marketing activities of external origin.

We generally contact our customers through normal business practices or through **attendance at events open to the public. Trade shows** are, for us, particularly important in being able to establish - or maintain - **more personal and direct contact** with our stakeholders. In 2019 we attended various events and trade shows including:

- Pharmapack Europe, Paris
- Pharmintech Exhibition, Bologna
- 59th edition of the Simposio AFI [Italian Pharmaceutical Industry Association Symposium], Rimini
- All you can track and trace, Macerata
- Maps for Future, Employer Branding, Vicenza
- Labelling and Packaging Forum, Milan
- CPhI Worldwide, Frankfurt
- Pharmtech & Ingredients, Moscow

**5.6. Customers (Ref. GRI 103 -2/3, 102-43)**

The centrality of the customer is of strategic importance for our Group: it is on our **ability to anticipate and interpret our customers' needs and expectations** that we have built our constant growth. This awareness is keenly felt at every level of the organisation in order to ensure that everyone pays the utmost attention to requests from customers, whose satisfaction we verify through periodic meetings and questionnaires.

**Customer satisfaction** takes on a broader, more strategic role which guides the development of our products and services in accordance with a customer-led business approach. The ability to be constantly able to meet customer needs and expectations is the prerequisite for creating and maintaining the trust necessary for long-lasting relationships.

*Customer satisfaction*

Achieving high standards of quality means, to us, meeting customer needs in terms of **functionality, reliability, and safety**. The Quality Management System, aligned with the applicable GMP (Good Manufacturing Practice) requirements, is the tool which allows us to ensure compliance with procedures, whilst simultaneously promoting a **culture of quality** throughout the entire company by involving every employee.

Over the years, the company has broadened its range of services and products and has

### The 2019 Customer Satisfaction Questionnaire

The questionnaire's objective is to assess our customers' level of satisfaction and to identify possible areas for improvement: it involves an interview comprising six open questions and a questionnaire of seven multiple choice questions.

The tool was created in partnership with an external consultant with the aim of covering the widest possible spectrum of companies, and the target was represented by all our Italian customers.

The feedback was significant: over 80% of the companies contacted responded, representing approximately 79% of turnover in Italy. A particularly significant result, also because the decision was taken not to have the questionnaire anonymous, in order to provide an opportunity for targeted follow-up actions based on the answers from individual companies, an approach that has proven to be one of the strengths of the methodology adopted.

diversified, investing in **new technologies and in research and development** in order to increasingly present ourselves to customers as a **reliable partner**. We therefore achieved **results focused on customer satisfaction** by guaranteeing protection for, and the compatible and ethical use of, both human and natural resources.

In this context, managing relationships with customers and the opportunity to **ensure specific services** takes on a key role in realising our business strategies. To this end, we organise **specific training courses** for the sales team, with weekly meetings, and we offer adequate support and behavioural directives. Contractual relationships and communications to customers are based on the principles of **correctness and honesty, professionalism, transparency, and cooperation** in seeking the most suitable solution to their needs.

In order to understand customer needs and their level of satisfaction with our products

and services, we periodically organise several **initiatives to dialogue with customers**. Of particular note is the periodic survey carried out for the 2019 edition which involved every Italian customer and was sent to **93 contacts in 48 companies** (see box).

#### *Relationships with customers*

We manage customer relationships through a **team of account managers**, organised by geographic area, who operate very much as **specialist consultants**. The team is supported by the **Marketing & Communication team** which, through various communication channels (meetings at customer sites, trade shows, websites) **delivers a specialist consulting service** in order to understand the customer's needs and to build targeted solutions based on the different needs of the market, with a growing role with regard to **sustainability**. In recent years, we also strengthened the **customer service team** in order to continue to offer a reliable, timely, and detailed service.

### 5.7. The health and safety of our stakeholders (Ref. GRI 416-1)

The type of products made in our Group's plants **do not involve any significant risk** to customers in terms of their health and safety. However, operating a service in a **sensitive sector** such as the pharmaceutical one, we apply the greatest attention to any aspect of our activities that might entail repercussions on **society in general**.

Our product does not require any specific labelling but for each order received we provide adequate documentation issued by our **Quality** team that certifies the type of material used. Whilst not having direct contact with the end user, we offer customers **innovative solutions** for the **medicine of the future**, designed to **help patients** monitor and follow the therapy prescribed.

### 5.8. Privacy (Ref. GRI 418-1)



In the Palladio Group we have developed a high sense of the importance of **generating, using, and storing information** in the proper way. We pursue, and have maintained over time, a level of **confidentiality, integrity, and information availability** that complies with the requirements established not only by existing legislation (specifically regarding the protection of privacy and intellectual property), but also by the contractual requirements of customers and stakeholders, as well as any other requirements established independently by our Group on the basis of criteria of efficiency and effectiveness.

In 2018, we aligned our procedures with EU Regulation 2016/679 (the General Data Protection Regulation, GDPR) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

# Procurement



# “Raising awareness about the use of recycled or low grammage paper”

## 6.1. Products and services: a challenge on many fronts (Ref. GRI 103-2/3, 102-9/10, 204-1, 301-1/2/3)



For our Group, committing to the **sustainable management of products and services** is a challenge that works on two fronts: we work to order, and **it is our customer** who defines which type of material and which supplier to use. The possibility to use **raw materials from controlled supply chains** depends on their requests. The fact of not being able to directly act on the product sold, however, has pushed us to find even more **innovative and creative** ways to promote sustainable consumption: for example, through initiatives which sensitise the customer and through the use of **recycled cardboard** or through reducing **paper grammage**.

We have set ourselves the goal of sustainable management which, by reducing paper waste, rationalising the supplier's warehouse, and introducing greater flexibility in orders, not only leads to **a positive impact on the environment**, but also leads to **economic advantages** for our customers and for the other parties in the supply chain. And the initiatives that we have promoted have delivered positive results: again in 2019, customer requests to use **recycled material** reached approximately **22%, over one fifth of the total**.

In the packaging we use for the packaging sold, for which, moreover, we are not bound by external requirements, we have opted to favour **packaging derived from recycled material**. The vast majority of the materials we use in production can be **reused or recycled** at the end of their life cycle, at which time we properly sort and collect them for subsequent treatment.

### Rules and sustainability

In regards to packaging, the pharmaceutical sector must adhere to very strict guidelines based essentially on the GMP (Good Manufacturing Practices). Criteria, which, among other things, do not allow the delivery of packaging materials for subsequent reuse. Use is permitted only once in order to avoid any potential contamination or risk of counterfeit. In any case, the characteristics of the material used allow potential recycling in other supply chains.

### Europe for forests

In October 2010, the European Union adopted a regulation to prevent the illegal timber trade in Europe. On 3 March 2013, EU Regulation 995/2010, better known as the EU Timber Regulation (EUTR), came into effect which applies to wood and all products originated from it, including paper.

For companies that introduce products made from wood fibres into Europe, the regulation prohibits launching and marketing products of illegal origin and requires the adoption of a system of internal *“due diligence”*, that is, a system which implements all reasonably possible checks to prevent unlawful practices.

## 6.2. Protecting forests by preserving production (Ref. GRI 102-9)

At Palladio Group, we sought to further strengthen our efforts to safeguard forest resources by satisfying the requirements of certification schemes **CoC-PEFC™ and Coc-FSC®**, in addition to our own **Forest Sustainability Policy**, committing to the supply and use of only certified or responsibly sourced raw materials.

Our sourcing policy is to **guarantee the origin and legality** of wood products (paper and cardboard) in our chain of custody, by paying particular attention to suppliers of **raw materials of forest origin** and to the material supplied. Hence, detailed information is gathered to assess the **legality, traceability, and certification status** of third parties, global policy compliance and compliance with the **EUTR 995/2010 “Timber Regulation”** and with the **Due**

**Diligence System** (see box).

Again in 2019, **every supplier** of raw materials of forest origin used by our Group confirmed the origin of their material and each supplier holds a valid certificate of the forestry chain of custody. For the reporting year we can, therefore, confirm that **100% of the raw materials purchased** and derived from wood (paper and cardboard) comes from **legal sources**.

## 6.3. A key actor in sustainability: our suppliers (Ref. GRI 102-9, 308-1, 414-1)

Our suppliers operate in **various sectors**: raw materials, ancillary materials to produce pharmaceutical packaging such as inks and paint, or services, specifically sub-contractors. With a view to **optimising logistics** and supply chains, from the **geographical origin** point of view, we favour local suppliers and, in particular, companies that can provide goods or services

<sup>1</sup> This approach has been adopted with reference to “due diligence systems” as per art. 6 of Regulation (EU) N. 995/2010

in those markets in which our sites operate. The raw materials used in production, defined by the customer, are generally produced by **multi-national paper mills**.

The active role that we want our suppliers to play also includes **social aspects**. In selecting suppliers, in addition to assessing their management systems, we perform a **preliminary assessment of their sustainability performance** by using ad hoc tools. This assessment is also extended to those suppliers already used, by asking them to compile a self-assessment questionnaire on sustainability.

Since 2016, our **selection and qualification procedure** require suppliers to be aware of and to share our **principles and values** as set out in our Code of Ethics (see also par. 2.2 and 3.3). Specifically, suppliers commit to **complying with our standards** in terms of occupational health and safety, freedom of association and non-retaliation, forced or compulsory labour, child labour, non-discrimination, compliance with environmental regulations, abuse of office and corruption. In line with this approach, we value suppliers who hold management system certifications (e.g. ISO9001, ISO14001 or ISO45001) as opposed to product certifications (e.g. CoC FSC®, CoC PEFC™).

During the year in question, we selected and inserted **57 new suppliers in our vendor list, of which 50** were qualified based on their social, environmental criteria and impact on society. We also continued to **monitor** previously qualified suppliers through on-site audits,

during which workplace safety and legislative compliance requirements are assessed. This activity, which will continue over the next few years until it has reached **every supplier**, also aims to make our partners **more aware** of these issues: encouraging suppliers to **appreciate and observe the Code of Conduct**, and through compliance with its principles, to support them in setting up and continuing supply relationships based on **clear and transparent criteria**.

In terms of **health and safety in the workplace**, we ask suppliers and contractors to acknowledge and comply with all local regulations in effect on the matter, in addition to following the provisions in the documentation delivered which must be signed by way of acceptance (Single Document on the Assessment of Risk from Interference - *Documento Unico Valutazione Rischi Interferenze, DUVRI*). In the case of suppliers or contractors selected for work which is to be done **inside our sites**, as provided for by procedures, we will ask for all the documentation which certifies compliance with the legislative and contractual obligations towards their employees, corporate social responsibility and respect for the rules of good conduct set out in our **Environmental and Health & Safety Management System**.

Any negative environmental impacts or any complaints regarding such impacts will be handled through **documented management of the non-conformity**. There were no events during the reporting period that led to the termination of contracts with suppliers, contractors or other business partners due to

inadequate performance conditions or violations of human rights and work practices.

In 2015, we began a survey with some suppliers to analyse the topic of **conflict minerals** (see box) and to get confirmation that no materials

extracted from conflict zones are used in the respective production processes. Following the results obtained, it was decided to focus monitoring on certain categories of suppliers at higher risk.

#### Our commitment to the issue of Conflict Minerals

In July 2010, the US Congress recognised the mining and trading of tin, tungsten, tantalum, and gold (“minerals coming from conflict areas”) as part of human rights violations in the Democratic Republic of the Congo and neighbouring countries (collectively, the “DRC”). The President of the United States of America approved a new regulation, the Dodd-Frank Act, requiring companies, American or others, to make the use of so-called *Conflict Minerals* extracted from mines in the DRC area, public.

New EU legislation concerning Conflict minerals, which follows the path of the discipline established by the United States, obliges all European importers of minerals and metals containing tin, tungsten, tantalum and gold, except for the smallest importers, to carry out checks to ensure that due diligence obligations are satisfied by their suppliers.

*“CoC-PEFC™ and Coc-FSC® Certifications to safeguard forest resources”*

#### 6.4. Attention to biodiversity and indigenous communities (Ref. GRI 304-1/2/3/4, 411-1)



One of the environmental elements on which we place the greatest attention is **biodiversity**. Even if all our plants are in industrial or technological areas, and, therefore, far from protected zones, areas of high biodiversity, and areas containing the habitat of **protected species** (see box), we believe it is our duty to assume **a wider responsibility** towards environmental issues, especially when looking at the origin of our raw materials.

The raw material we use mostly consists of **paper and cardboard**. We are aware of the role that forests play **at the global level** in protecting the environment, as well as in maintaining and enriching biodiversity: by adopting a forest management system, such as the **FSC® and PEFC™** chains of custody (see also par. 6.1), our Group favours the purchase of raw materials of forest origin that come from **forests which are sustainably managed** from the environmental, social, and economic point of view. Thanks to these sustainable practices and to following certified chains of custody, in relation to our Group's activities, no events were recorded that involved the **rights of the communities** in which we operate.

##### The IUCN "red list"




Compiled by the International Union for the Conservation of Nature and Natural Resources, IUCN, the "red list" is the longest-lasting list of protected species, having been started in 1948.



The latest version was disclosed in 2012 at the United Nations Conference on Sustainable Development in Rio de Janeiro and includes 2,000 new species, four of which are extinct and two are new. The IUCN assessed a total of 63,837 species, of which 19,817 are considered to be at risk of extinction, 3,947 are described as "critically endangered" and 5,766 as "endangered", whilst 10,000 species are listed as "vulnerable". Under threat are 41% of amphibian species, 33% of coral reefs, 30% of conifers, 25% of mammals and 13% of birds.

## Objectives and results










## 7.1. Objectives, commitments and targets



SDG	Ref. GRI	Objectives and commitments	Target
	201-1 202-1 203-2 413-2	We will formalise, in a specific procedure, the ways in which the Group's employee salaries exceed the minimum legal wage	-
		We will continue to maintain a constant dialogue with various local institutions and other organisations in order to evaluate any important impacts that company activities and choices might have on communities	-
		In regards to Palladio Group SpA, we will continue to provide the possibility to pay an early severance benefit [Trattamento di Fine Rapporto (TFR)], as well as our participation in the "Fondo Aiutiamoci" [Let's help each other Fund]; We will also include the performance bonus in the corporate welfare package	-
	102-12 201-1 203-1/2 411-1 413-2	We will draw up a specific policy for community donations and continue to support pro bono activities for non-profit associations and foundations	Target 2020: • Donations equal to 0.80% of net profit
	403-2/3	We will implement Covid-19 prevention measures	-
		We will hold training/information sessions on the prevention of Covid-19	-
		We will launch a project for the general assessment of the causes of injuries and adopt relative improvement initiatives	-
		We will continue to strengthen the prevention and treatment of substance abuse, including drug abuse and alcoholism through awareness-raising courses (also in relation to the work environment)	Target 2020: • Detect 0 (zero) positive outcomes to drug/alcohol test
		We will define specific smoking areas and include the obligation to respect said areas in the company regulations; We will also conduct an awareness-raising campaign against smoking at Palladio East	-
		In regards to Palladio Group SpA, we will offer a flu vaccination service and continue to offer employees paid leave for medical examinations	-
		We will continue to organise initiatives for the "Palladio Pensioners' Group"	Target 2020: • No. 2 initiatives

	102-12 201-1 404-1/2	We will continue to hold training and communication courses for our employees through: A. Internal professional training courses B. General training/communication (on all fronts) C. Training/communication on the Code of Ethics D. An internal communication project on sustainability-related issues E. Training on "GRI" (Global Reporting Initiative) reporting methods	Target 2020: A. No.5 internal professional training courses
		We will continue to offer scholarships to the families of Palladio Group SpA employees	-
		We will promote targeted initiatives in support of long-distance education	-
		We will continue to support the project of the non-profit social enterprise "Natura Nakupenda"	-
		We will continue to support the "Abilmente" project (a bridge between school and work for young adults with disabilities and neurodevelopmental disorders)	-
		We will continue to support the activities of the Palladio Academy	Target 2020: • No. 5 meetings
	102-12 401-1/2/3 405-1/2 406-1	We will ensure compliance with corporate policy objectives that contemplate equal opportunity rights and condemn social, racial and religious discrimination in favour of the integration of all individuals and a cultural exchange; We will ensure that all employees are treated with social equality, guaranteeing them equal opportunities, in particular gender equality	-
		We will ensure universal access to sexual health by all of the Group's employees through mandatory maternity leave based on the regulations in force in the various countries; The company will continue to encourage, through the granting of holidays and leave, any ancillary requests in support of maternity and parenting, which shall be enjoyed by both men and women indiscriminately	-
		In regards to Palladio Group SpA, we shall launch the "Telefono rosa by Fondazione Libellula" [Pink telephone by the Dragonfly Foundation] for Palladio Group SpA employees (support for violence)	-



	302-1/3/4/5	In regards to Palladio Group SpA and Palladio Ireland, we will continue to purchase electricity produced by renewable sources; in regards to Palladio East and Poliweb Graphics on the other hand, we will activate contracts for the purchase of energy from renewable sources	Targets tied to an increase in the portion of renewable energy with respect to total power consumption: <ul style="list-style-type: none"> <li>• Target 2020: &gt; 70%</li> <li>• Target 2025: &gt; 80%</li> <li>• Target 2030: &gt; 90%</li> </ul>
		We will install voltage rectifiers in the Pontedara site	-
	201-1	Through the 2018-2022 Strategic Plan, we will continue to promote economic development and innovation in order to achieve the highest standards of economic productivity through diversification, technological progress and innovation;	Target 2020: <ul style="list-style-type: none"> <li>• GOM &gt;20%</li> <li>• Special business with respect to total &gt;30%</li> </ul>
		We will continue to stimulate lasting, inclusive and sustainable economic growth, full and productive employment and dignified work for all, through the commitments expressed in the Corporate Code of Ethics and related policies.	Target 2020: <ul style="list-style-type: none"> <li>• Turnover &gt;120M€</li> </ul>
	201-1 203-1	We will continue to improve infrastructures, increasing the efficiency of use of the resources and adopting cleaner and healthier technologies and industrial processes for the environment. In implementing the 2018-2022 Strategic Plan we will invest in: <ul style="list-style-type: none"> <li>• plant revamping projects</li> <li>• a study into the adaptation of the safety systems of Palladio East, Palladio Ireland plants and the Pontedara site (Palladio Group SpA) (operational in 2021)</li> </ul>	Target 2020: <ul style="list-style-type: none"> <li>• &gt;30% investments for plant replacement with respect to total investments</li> </ul>
	405-2	We will perform a gender pay gap analysis (for men and women having the same level, role, experience and in the same country)	-
	102-12 203-1	We will continue to invest in the ecological education and awareness-raising of future generations through adhesion to the Ekologija initiative with schools in Serbia (E-BIN project)	-

	301-1/2/3 306-2/3/4 308-1 414-1	We will extend the project tied to differentiated waste collection in the kitchens of Poliweb Graphics, Palladio East, Palladio Ireland and Palladio BNM	-
		We will evaluate the possibility of recycling processing waste from the self-adhesive production cycle	-
		In regards to Poliweb Graphics, we will extend the evaluation of new suppliers in accordance with the sustainability requirements	Target 2020: <ul style="list-style-type: none"> <li>• 100% number of new suppliers selected by evaluating sustainability requirements, with respect to all new suppliers</li> </ul>
	201-2 305-1/2/3/4/5	We will rationalise the supplier network based on the presence or otherwise of management system certifications (e.g. ISO9001, ISO14001 or ISO45001) as opposed to product certifications (e.g. CoC FSC®, CoC PEFC™)	Target 2020: <ul style="list-style-type: none"> <li>• &gt;70% number of certified suppliers with respect to all suppliers</li> </ul>
		We will activate the initial evaluation questionnaire (which includes sustainability requirements) in digital mode, which will be submitted to our suppliers	Target 2020: <ul style="list-style-type: none"> <li>• &gt;90% number of questionnaires completed and returned with respect to the total number of questionnaires sent</li> </ul>
		We will draw up a specific policy for international trips	-
		We will continue to regularly assess the risks and opportunities associated with climate change as part of the company's global strategic planning and corporate risk management, undertaking to promote a cleaner energy future; In relation to the SDA 2DS scenario, in line with limiting the global temperature increase to 2°C, pathways reduction rates have been defined for the periods 2015-2030 and 2015-2050, which provide for a reduction in carbon dioxide emissions from our production activities for scope 1 and scope 2, as well as total CO <sub>2</sub> emissions; We will also perform an analysis of CO <sub>2</sub> emission contributions in order to identify those activities with the highest added value	Target 2020 <ul style="list-style-type: none"> <li>• 28% reduction in CO<sub>2</sub> from scope 1 and scope 2 emissions (with respect to the reference year 2012)</li> </ul> Target: 2030 <ul style="list-style-type: none"> <li>• - 34% for scope 1 and scope 2</li> <li>• - 22% for total CO<sub>2</sub> emissions</li> </ul> Target 2050: <ul style="list-style-type: none"> <li>• - 83% for scope 1 and scope 2</li> <li>• - 52% for total CO<sub>2</sub> emissions</li> </ul>

	304-1/2/3/4	In regards to Palladio Group SpA and Palladio East, we will keep the FSC® and PEFC™ Forest Management System Chains of Custody active - thus supporting the protection of forests and their fauna	-
		We will continue to purchase only certified forestry products and/or originating from controlled sources	Target 2020: • 100% purchase of certified forestry products and/or originating from controlled sources
		Our supplier management procedures will include the need to demonstrate conformity with EUTR 995 for all suppliers operating in a European context	-
	205-1/2/3	We will maintain and continuously strengthen our corporate governance system, aligning it with the best national and international standards for the prevention of corruption in compliance with the tenth principle of the UN Global Compact, to which Palladio subscribed in 2012 (based on which “businesses should work against corruption in all its forms, including extortion and bribery”)	-
		We shall provide training on the anti-corruption policy	-
		We shall review the Code of Ethics	-

## 7.2. 2019 Results



69.16% of employees received a wage higher than the minimum wage required by law, without any distinction between gender and background.

91.19% of employees received economic benefits/bonuses. In the Italian offices and plants of the parent company Palladio Group S.p.A., we have also granted performance bonuses tied to the achievement of preset objectives.

The total advances to the employee termination indemnity fund [Trattamenti di Fine Rapporto (TFR)] amounted to 171,749 Euro.

In the Italian offices and plants of the parent company Palladio Group S.p.A., we set up the “Fondo Aiutiamoci” [Let’s help each other Fund] hour bank, through which employees who have used up their leave and holidays can take advantage of additional leave hours voluntarily made available by other employees.

We have supported projects helping the community through donations, financial contributions and pro bono activities following an analysis of the needs of the local communities or the general public interest for a total amount of 61,955 Euro.

We invested in education and raising ecological awareness among future generations through supporting national/international initiatives and through directly financing projects aimed at helping people understand the issue of sustainability in all its aspects. We have also supported numerous activities, specifically:

- Support for the “eBin” project (Palladio East DOO)
- Support for the “Riciclo Aperto” project (Palladio Group S.p.A.)
- Support for the “Libellula Project” (Palladio Group S.p.A., Poliweb Graphica)
- Support for the social enterprise, “I Bambini delle Fate” (Palladio Group S.p.A.)
- Support for the “Natura Nakupenda” project (Palladio Group S.p.A.)
- Support for the “Peer Safety Education” project (Palladio Group S.p.A.)
- Support for the “PMI Day Industriamoci” project (Palladio Group S.p.A.)
- Support for the Pensioners’ Group (Palladio Group S.p.A.)

We had active participation/dialogue with various local institutions in the countries in which we operate, including:

- AFI - Associazione Farmaceutici Industria [the Italian Pharmaceutical Industry Association]
- ASSIDAI - Fondo di Assistenza Sanitaria Integrativa [an Italian Supplementary Healthcare Fund]
- ASSOGRAFICI - Associazione Nazionale Italiana Industrie Grafiche Cartotecniche e Trasformatrici [the Italian Paper Converting Industries Association]
- ATIF - Associazione Tecnica Italiana per lo sviluppo della Flessografia [the Italian Technical Association for the development of Flexography]
- CIAL - Consorzio Imballaggi Alluminio [the Italian Aluminium Packaging Consortium]
- COMIECO - Consorzio Nazionale Recupero e Riciclo degli Imballaggi a base Cellulosica [the Italian National Recovery and Recycling of Cellulose Packaging Consortium]
- CONAI - Consorzio Nazionale Imballaggi [the Italian National Packaging Consortium]
- ECMA - European Carton Makers Association
- ENIPG - Ente Nazionale Istruzione Professionale Grafica [the Italian National Graphic Professional Training Body]
- FASI - Fondo Assistenza Sanitaria Integrativa [an Italian Supplementary Healthcare Fund]
- GIFASP - Gruppo Italiano Fabbricanti Astucci e Scatole Pieghevoli [the Italian Carton and Folding Box Manufacturers’ Group]
- GIPEA - Gruppo Italiano Produttori Etichette Autoadesive [the Italian Self-adhesive Label Manufacturers’ Group]
- Salute Sempre - Fondo di Assistenza Sanitaria Integrativa [an Italian Supplementary Healthcare Fund]



Courses on preventing accidents and occupational diseases were carried out for 4,688 hours to contribute to achieving the accident target (zero trend).

A free influenza vaccination programme was implemented.

We sensitised employees to the issues of alcohol and drug abuse, and we recorded 0 positive tests conducted in accordance with the law.

2 cases of occupational disease were recorded.

The injury severity index was 0.36, whilst the accident frequency index was 17.46.



Training hours totalled 16,318.

The average training per employee stood at 19.97 hours.

As at today 739 employees have participated in training courses on ethics and anti-corruption issues. Sustainability issues were also discussed; in this case, training was provided to the Sustainability Team (which includes both corporate managers and all the resources involved in managing corporate sustainability).

We continued to implement the Academy and Palladio Wiki project.

We continued to provide specific courses aimed at developing skills, started in the previous two years.

4 types of study grants were made available to be assigned to student children of employees for their high school diploma, university studies, three-year degree course, or master's degree course.

Through an Irish school, we organised an initiative for Irish children to donate used reading books which will be sent to the Saint Joseph School in Addis Abeba for the school library.



No reports were made concerning discriminatory human rights practices.

We enhanced and developed the know-how of human capital, in line with the company's strategic guidelines, through specific training to develop skills and to assess performance.

We guaranteed universal access to sexual health and maternity. During the year, 7 employees out of 7 eligible took advantage of them.

The rate of employees returning to work is 100%.

The Group continued its Corporate Social Responsibility commitments, formalised in the Human Rights Policy.

We ensured respect for the dignity of each person by offering equal opportunities at all stages and for all aspects of the employment relationship, adopting wage and social protection policies for the purpose of greater equality, and avoiding any form of discrimination resulting from differences in gender, age, state of health, nationality, political or religious opinions.

We have supported the "Libellula" project, the first network of companies united against violence towards women.



94% of the energy purchased for Italian plants comes from renewable sources with a certified Guarantee of Origin.

100% of the electrical energy purchased for the Irish plant comes from renewable sources guaranteed by a specific agreement with the supplier.

In December 2019, in the Pontedera plant (IT), we completed the installation of 362 photovoltaic panels (equal to 101.36 kWp).

We supplemented the company's fleet of vehicles with the first electric vehicle. The expectation is to add other vehicles of this type to our fleet in the near future.

To improve the infrastructure, increasing the efficiency in the use of resources and adopting cleaner and healthier technologies and industrial processes for the environment, investments were made to increase energy efficiency, such as:

- the replacement and installation of new, technologically more advanced and efficient production lines to respect the environment and achieve energy savings
- the reduction of internal climatic dispersion with the installation of high energy efficient fixtures
- the replacement of neon bulbs with high energy efficient LED lights
- the use of automated equipment to manage services used in production
- the replacement of heating plants with highly efficient boilers

With a view to protecting the safety of our IT employees, we carried out anti-seismic adjustment action at the Thiene (IT) plant.

We continued to promote economic development and innovation in line with the 2018-2022 Strategic Plan, which aims to stimulate lasting, inclusive, and sustainable economic growth, full and productive employment, and decent work for everyone. To this end, investments were made in:

- new technologies (Industry 4.0), equal to 33% of the total amount invested,
- replacing plants and systems, equal to 52% of the total amount invested.

100% of the forest-based products purchased were of lawful origin

88% of new suppliers have been selected and qualified on the grounds of social and environmental criteria and on their impact on society.

47% of our suppliers have one or more certifications related to management systems (e.g. ISO9001, ISO14001 or ISO45001) rather than product certifications (e.g. CoC FSC®, CoC PEFC™).

We asked our suppliers to compile a self-assessment questionnaire on the topic of sustainability. The response rate compared to the total number of questionnaires sent was 64%.

100% of forest-based products come from suppliers of forest-based raw materials that are compliant with EUTR 995/2010 and/or DDS.

In the already-certified plants at Dueville (IT), Thiene (IT), Pontedera (IT) and Vršac (SRB), we succeeded in keeping the certifications relative to the CoC FSC®, CoC PEFC™ management systems.

The percentage of waste sent for recycling/recovery recorded a 20% increase with respect to 2017, modifying the ratio with respect to the total waste in 2018 by -0.5%.

The total hazardous waste has been reduced by 7% with respect to 2017.

The amount of hazardous waste with respect to total waste accounted for in 2017, has decreased by 27%.

Differentiated waste management has been adopted in the kitchens at the Group's Italian plants.



An assessment was made on the risks and opportunities associated with climate change which led to scenarios consistent with limiting the global temperature increase to 2°C (see chapter 9.3 on climate change and following).

We have reduced the CO<sub>2</sub> emissions originating from our production activities (scope 1+scope2) by 10% with respect to 2017 and by 51% with respect to 2012.

We launched an initiative, operational since 2020, offering our employees a corporate carpooling service.

By way of confirming the constant commitment to the environment, we decided to give our workers a personalised aluminium water bottle in order to gradually eliminate the use of single-use plastic ones.



In 2019, 12,605 m<sup>3</sup> of water were consumed.

Consumption per capita was 15.43 m<sup>3</sup>.



In line with the tenth UN Global Compact principle, which Palladio Group subscribed to in 2012:

- we carried out training exercises on the issues of ethics and anti-corruption
- we have planned specific actions to further increase awareness of the factors that can help prevent corruption.

# Sustainable Development



*“Business Continuity and Disaster Recovery Plan”*

**61.955 €**

COMMUNITY INVESTMENTS 2019

**8.1. Economic responsibility and sustainable development (Ref. GRI 103-2/3 , 201-1, 203-1/2)**



In recent years we have continued to **reorganise** in order to respond even more effectively to the needs of an increasingly competitive market. We made investments aimed at improving the organisation, making production more efficient, **increasing the services available to customers**, and strengthening our leadership in the markets in which we operate.

In 2019, **Studio The Phactory** came into operation in Vršac in Serbia. This spin-off from Palladio East is focused on **artwork development** and graphic services, further consolidating our strategy focused on overseeing the fastest growing markets. A piece that adds to the 2017 inauguration of the **Russian plant of Palladio BNM** and, in 2018, to the acquisition of **Poliweb Graphics**, which expanded our labelling solutions (see also par. 2.3).

In addition to generating value for our company, this dynamism contributes indirectly to **improving the socio-economic situation of**

**the local communities** in which we operate. By supporting **community projects** in high value areas for civil society, such as **social, cultural, and artistic activities**, we also contribute to improving the **quality of life** of the local communities in which we work, even beyond the economic aspects.

To ensure the greatest effectiveness in our actions – donations, financial contributions, and pro bono activities – and to ensure that they translate into **concrete projects**, we carry out **an analysis** of the needs of the local communities or the general public interest. In addition to the various activities which we undertakes as a Group, as in every year, **our employees** contributed in supporting, together with the company, through donations from the Christmas Raffle, various humanitarian and social associations selected by the workers themselves. In 2019, we invested a total of **approximately 62,000 Euro** in initiatives supporting communities. Of particular note is the support for initiatives supporting the culture of safety, environmental projects which come from bodies within the region, and initiatives of a sporting, cultural, and social nature. Totally in line with the regulation in effect regarding the matter, we offer our workers a pension plan in accordance with the provisions set forth by the companies in which we operate. We also assist our employees in the transition from their working life to their retirement.

*“Hiring from within the region and local community”*

**8.2. Our market presence (Ref. GRI 202-1/2)**



The most important operational countries (based on the number of employees) are **Italy and Serbia**.

The wages for newly hired personnel, in every Group location, are, on average, higher than the minimum wage required by law without any distinction between gender and background. The Palladio Group does not have a specific global policy regarding the recruitment of personnel residing in the vicinity of a plant. Hiring practices nonetheless tend to favour those who reside within the vicinity of the business activities. Both the managers and employees of the subsidiary companies outside Italy, and of the various Italian plants, are generally recruited from the local communities of reference (managers are intended as first level Roles, while local community implies the country where the plant is located).

**8.3. Sustainable development (Ref. GRI 201-2)**



Considering the sectors in which we operate, in addition to staying true to **the values** that drive us, we are **deeply aware** of the importance of ensuring the long-lasting **sustainable**

**development** of our activities and a more efficient use of energy and materials. We follow, therefore, an approach of **continuous improvement** in our environmental and energy performance, applying **best practices** that allow us to strengthen environmental management in a cost-effective way.

In order to achieve these objectives, we adopted a **management model** based on a prior analysis of the environmental impacts of our activities, on constantly monitoring consumption and waste, and on the **third-party assessment** of our performance in terms of Corporate Social Responsibility. This approach has allowed us to identify areas for improvement (in terms of the environment) on which to take targeted action, which resulted in **progressive reductions of CO<sub>2</sub> emissions in relation to the tonnes of finished product produced**.

Overall, in 2019 expenses for environmental management and protection amounted to **more than 304,414,000 Euro**, mainly attributable to the installation of cleaner and more efficient technologies, training courses for personnel directly involved in environmental management, product purchasing and external services (see par. 9). We are also aware of the risks due to physical changes in relation to **climate change**: our current view is that they **do not affect** the operations of our plants and the corporate decisions in the mid- to long-term. We have, however, signed insurance contracts to protect ourselves in the event of an unexpected climate event and we have formalised a **Business Continuity and Disaster Recovery Plan** to ensure the continuity of our activities.

# The environment



## 9.1. Our environmental responsibility (Ref. GRI 103-2/3)

Our Group has identified the environmental aspects related to our activities, products, and direct and indirect services, as well as the related impact factors linked to the **life cycle perspective**. With a view to **preventing any environmental risk**, we analysed the **significant environmental aspects** in order to keep them under control. Specifically, in defining, implementing, and maintaining the **Environmental Management System** we have considered all the applicable legal requirements and the other types of requirements to which we have subscribed.

Each year we define **specific improvement objectives** in order to improve performance levels and reduce consumption. Objectives which, over the years, have resulted in significant benefits: several studies aimed at defining and modifying procedural methods and organisational changes have allowed us to **identify waste and reduce consumption**. Amongst the most effective actions, we obtained considerable energy efficiencies from the modernisation of the plants – with the subsequent **optimisation of processes** – as well as from the automatic management of air conditioning, lighting and various utilities needed for production, and the use of LED lights.

Another important step in the policy of reducing waste is the management of discarded material from raw materials which, when permitted by local regulations, our plants manage, for the

most part, as a **by-product**. In any case, every type of material is managed appropriately with a view to **reusing or recycling** it. We also separate the various **packaging materials** (such as wooden pallets, plastic, and iron) in order to help improve efficiency in the use of materials and resources.

This is **a commitment that we have been pursuing for some time**: indeed, since 2009, we have been monitoring greenhouse gases (GHGs) deriving specifically from the **consumption of natural gas** (direct emissions of greenhouse gases) and from the **consumption of electrical energy** (indirect emissions of greenhouse gases).

We also verified the **indirect impacts** caused by our production activities such as the **consumption of raw materials**, transportation connected with the purchase of **raw materials**, and transportation connected with the **sales of finished products**.

Thanks to the **environmental impact assessment** in relation to annual production, we are able to monitor consumption and to **intervene in a significant way**, establishing objectives aimed at reducing the waste of natural resources and the contribution to *Global Warming*. To measure reduction, we evaluate the company's *Carbon Footprint* for the years of reference.

## 9.2. How we control emissions (Rif. GRI 305-1/2/3/4/5)



Due to the type of our activities, our Group **does not** have plants or activities which produce significant atmospheric **emissions**, intended as emissions for which the relevant authorities have prescribed monitoring. Furthermore, there is no equipment that contains substances which are harmful to the **ozone layer**.

In line with a proactive sustainability philosophy, which goes beyond the legal requirements, we have, in any case, identified and taken into consideration **the relevant environmental aspects**, described below.

### Scope 1

This is represented by greenhouse gas emissions due to the **combustion of natural gas and oil** to heat rooms (direct and controllable emissions) at our plants. For each plant, we used the consumption of natural gas and oil, based on invoices, for the last three years.

### Scope 2

This regards greenhouse gas emissions due to the **consumption of electrical energy** in plants (indirect emissions). Again in this case we used data on electricity consumption in plants, taken from invoices for the last three years.

In 2016, we introduced the method to calculate *Scope 2* emissions in line with the new **Greenhouse Gas Protocol Scope 2 Guidance** requirements. *Scope 2* emissions are reported in two different ways, the *location-based method*

### How greenhouse gases are classified

Greenhouse gas (GHG) emissions are essentially divided into two categories.

**Direct emissions** are those generated or produced by a source owned by the company or a company subsidiary (**Scope 1**). These include, for example, emissions from stationary combustion, mobile combustion, fugitive emissions such as F-Gases, organic deposition and so on.

**Indirect emissions** are those connected with the company's activities, but which come from external sources (**Scope 2 and Scope 3**). Amongst the **Scope 2** emissions are those deriving from the use of purchased electricity, as well as from any flow of heat or steam purchased. Amongst the **Scope 3** emissions, however, are indirect emissions deriving from, for example, stationary and mobile combustion not belonging to the company, such as those emissions resulting from the extraction and production of purchased materials and fuels, the transportation of products and materials, and the external management of the waste produced.



and the *market-based method* (see box).

For the **market-based** method, we used emission factors, where available, in order of preference from *Garanzie di Origine* [Guarantees of Origin] (Italy), the specific emissions factor made available by the supplier (Ireland), the Residual Mix (Italy, Ireland) and the emissions factor used in the *location-based* methods (Serbia, Russia).

For the **location-based** method, however, the emission factors relative to the respective national electricity production grids were used.

**Scope 3**  
Indicates the greenhouse gas emissions due to the **processing of raw materials** entering the production cycle and the transportation of

raw materials and the finished products (other indirect emissions).

We used the data from the last three years containing the quantities of **raw materials** entering each plant. In detail, we distinguished between the material entering, such as **cardboard** for **processing into the folding cartons lines, paper for processing into the leaflets lines**, self-adhesive labels for processing into the adhesive lines and, finally, **journeys** both inbound (for the purchase of paper and cardboard raw materials) and outbound (for the delivery of the finished products) to and from each plant in the Group.

For more information on the *Scopes*, see the definitions in the *Greenhouse Gas Protocol* ([www.ghgprotocol.org](http://www.ghgprotocol.org))

#### Scope 2: two methods for maximum effectiveness

The **location-based** method considers the average intensity of the GHG emissions from the electricity grid on which energy consumption occurs, using an **average emissions factor** for the national grid.

The **market-based** method, however, considered the electricity emissions by using emission factors **deriving directly from contractual supply instruments** adopted by the company (for example, guarantee of origin - GO - certificates for the sale and purchase of energy for which the method of generating energy is certified). To avoid double counting between users, the *market-based* approach requires, if the company does not have any specific contractual supply instruments, the use of the **residual mix**, a figure that approximates the amount of energy produced from sources that do not have access to certification and traceability mechanisms (for example, the Guarantees of Origin).

(source: *GHG Scope 2 Guidance executive summary - An amendment to the GHG Protocol Corporate Standard*).



#### The focus on new generations: Ricicloaperto [Open Recycling] and eBin

For any long-term sustainability strategy to succeed, the new generations need to be involved first-hand. That is why we have always supported projects that involve young people and, in 2019, we focused specifically on the Ricicloaperto campaign in Italy and on the eBin project in Serbia.

##### The Ricicloaperto campaign

Raising awareness and educating new generations is essential to ensure the planet has a sustainable future. Each year, for over 15 years, we have participated in Ricicloaperto, the national initiative promoted by COMIECO (the Italian consortium for the recovery and recycling of cellulose-based packaging) aimed at the young.

Once more in 2019, on 27, 28 and 29 March, we opened our plants in the province of Vicenza to talk to high school students from the region about the various phases of cardboard paper recycling, with the aim of raising awareness about separating waste for collection and the conscious use of resources in general.

Ricicloaperto is an excellent communication campaign that, by showing first-hand how differentiated waste is collected and recycled, aims to demonstrate the sector's industrial value, professionalism and technologies and to show, again first-hand, how paper and cardboard are actually recycled in order to reassure people of the value of their daily commitment to separate waste collection. The idea that "it all gets put together anyway" is not true: and the enthusiasm with which teachers and students spoke about the visit demonstrates that the message is getting through.

##### The eBin project

eBin is a project based on the Internet of Things (IoT) that aims to motivate high school students in Serbia to recycle paper through a system which offers them constant feedback on their actions. Thanks to a smart container, each kilogramme of paper disposed of is weighed and recorded and the information is made public on a website, as well as on the container itself through an electronic ink display.

As per the Ricicloaperto campaign, the objective in this case is to overcome one of the main motivational obstacles to recycling: the fact that the user does not perceive an immediate change as a result of his or her commitment. After a prototype was built, a pilot project was kicked off at the "Borislav Petrov Braca" school in Vršac and the initiative is expected to be rolled out to other schools, optimising the functions and possibly adding registration to allow customised access to users.



## Reduction of CO<sub>2</sub> since 2012

### 9.3. The Carbon Footprint challenge

In recent years, we have identified a series of activities aimed at defining and improving **procedural methods and organisational changes** that would allow for a reduction in consumption derived from any energy waste. Thanks to these actions, we managed to **avoid an increase in greenhouse gas emissions** even in the face of plant expansion, the addition of further production lines, production differentiation and an increase in business, which have resulted in an increase in energy consumption.

We therefore determined the strategic objectives regarding greenhouse gas emissions as the sum of the **Scope 1 emissions** and the **Scope 2 emissions** based on the market-based method.

In 2017 we signed an agreement applicable to several of the Group's plants, to purchase energy produced exclusively through **renewable sources**, which resulted in **a reduction of CO<sub>2</sub> emissions by approximately 20%<sup>2</sup>** at Group level in relation to Scope 2, calculated with reference to 2017. We also implemented **constant monitoring** of the indirect impacts (Scope 3) that derive from factors such as the consumption of raw materials, transportation derived from purchasing raw materials, and

transportation derived from the sales of the finished products.

The application of **Lean Manufacturing** (see par. 3.5) led us to implement other solutions which have resulted in efficiencies, reducing the absolute environmental impact at the Group level, and **limiting the increase of CO<sub>2</sub>** tied to the increase in production. To mitigate the environmental impacts connected with the transportation of products, we are **constantly optimising inbound and outbound journeys** by resorting to purchasing, and the subsequent production of the finished product, in **plants which are closest to the customer** to whom the material will be delivered. We account for the various types of emission (Scope 1, Scope 2, Scope 3) by **transforming them into an economic value**: we use the latest available carbon price value reported in the latest edition of the *World Bank Group Report (State and Trends of Carbon Pricing)*. On the basis of this information, considering the value of the different countries in which we operate, we identified a **specific carbon indicator** as the ratio between the value calculated for the *carbon price*<sup>3</sup> and turnover. This indicator has been **included in the company's key indicators**, in order to ensure that it is monitored.

<sup>2</sup> calculated as the ratio between the market-based Scope 1 + Scope 2 emissions and the quantity of finished product.

<sup>3</sup> The carbon price is a value that the organisation voluntarily sets to internalise the economic cost of its greenhouse gas emissions. It can be used as:

- a tool to support a corporate decarbonisation strategy;
- a risk management tool aimed at enabling the company's global strategy to become more resilient to regulatory climate policies and more conducive to reducing emissions.

This voluntary carbon pricing tool intrinsically integrates the greenhouse gas emission reduction policies issued by governments to which organisations are subject.

#### Climate Change: a challenge we cannot afford to lose

In September 2015, the United Nations adopted the Sustainable Development Goals (SDGs), a global agenda for sustainable development up to 2030. One of these goals (Goal 13) regards climate action and the need to adopt urgent measures to combat climate change and its impacts. The agenda received a significant boost with the adoption of the Paris Agreement on the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015. This agreement established a complete framework to reduce greenhouse gas emissions and to limit global warming to a maximum of 2° Celsius above pre-industrialised levels.

The Intergovernmental Panel of experts on Climate Change (IPCC), the main international body for assessing climate change, estimated (report AR5) that, in order to stay under the threshold of 2°C, the concentration of CO<sub>2</sub> in the atmosphere needs to be limited to 450 parts per million (ppm) by 2100. The Panel presented a range of different potential temperature scenarios, among which some also include an extreme final climatic risk. The report also highlights the huge costs caused by climate risk to investors, regulators, and governments in the event of a lack of mobility.

The establishment of the Task Force on Climate-related Financial Disclosures (TCFD) by the Financial Stability Board (FSB) has prompted institutions, organisations, and companies to recognise, in an even more decisive manner, the financial impact of climate risk. The possibility that the 1.5°C threshold will be exceeded leads to rather disturbing scenarios. In fact, an increase in the average global temperature of 2°C could lead to the disappearance of coral reefs and their entire complex marine ecosystems. Sea levels would rise globally by 10 centimetres, drastically changing the lives of millions of people who live along coastlines. Oceans would face more intense processes of acidification compared to today, with grave consequences for marine flora and fauna. Hotter summers and extreme climatic events would make cultivating cereals - the main source of nourishment for billions of people in large parts of the world - more difficult and more expensive.

Action is needed at every level in order to ensure a sustainable economy, society, and environment in general. The IPCC report states that only through a significant, and very rapid, change in the way we live and in our habits will we be able to avoid serious consequences. This implies changing the way we produce electricity, favouring renewable sources over other sources of energy, and changing how production chains, transport systems, farming, and the organisation of our cities are done. The longer we delay, the more difficult it will be to change in an organised and economically sustainable way. Action is therefore needed at every level in order to ensure a sustainable economy, society, and environment for everyone.

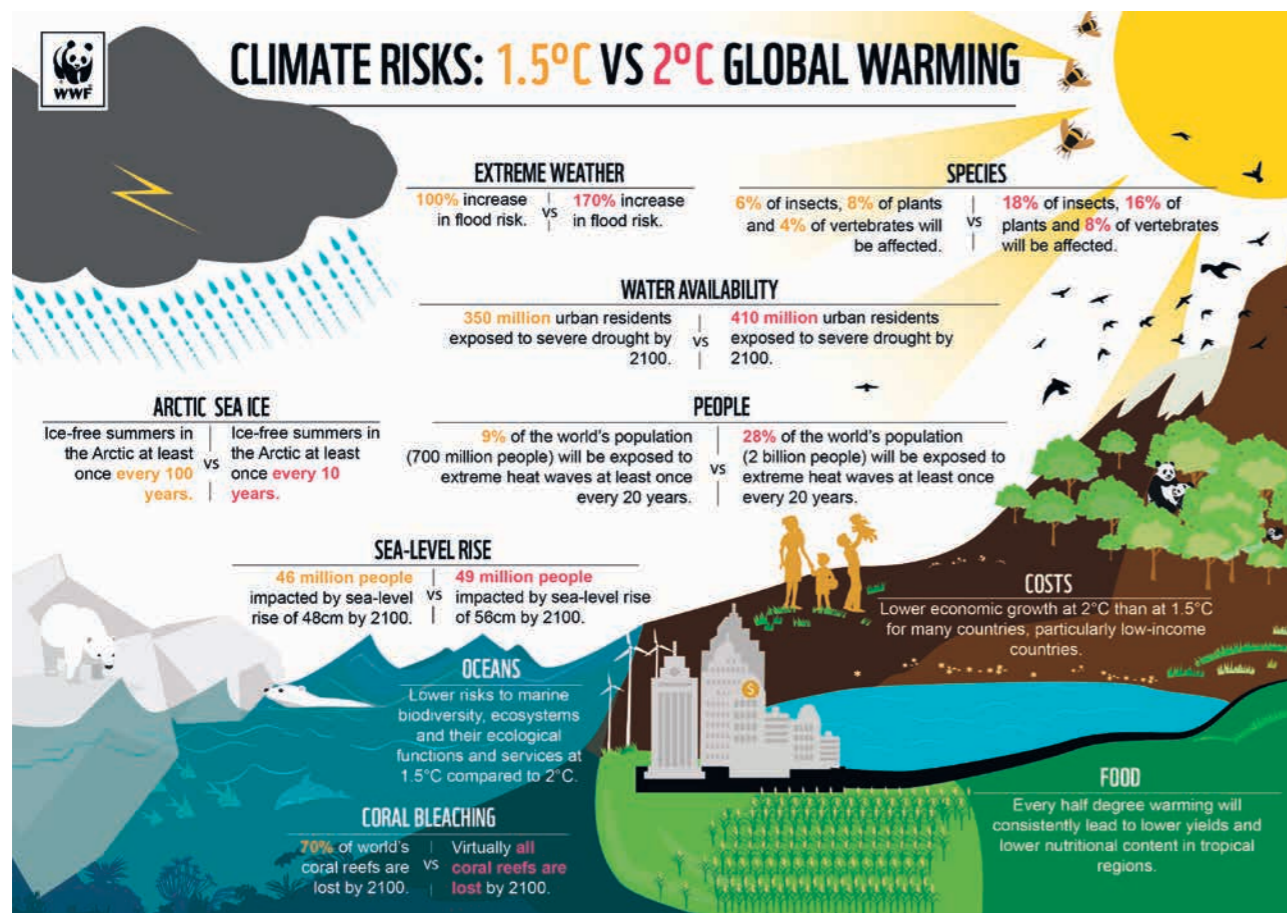
For more details: *UN, 2015. Transforming our world: the 2030 Agenda for Sustainable Development.*

<https://sustainabledevelopment.un.org/post2015/transformingourworld>

### We can all contribute: corporate carpooling

In 2019, we launched an initiative, operational since 2020, offering our employees a corporate carpooling service. Through a web platform and the Jojob smartphone app, our employees and contractors can share the use of their private vehicle with two or more colleagues on the way to and from work: a service designed for people who take the same route each day.

Jojob allows registered users to see which colleagues take the route most compatible with their own and the app can be used freely: only when you need it or even every day. At the end of each journey, Jojob provides a precise account of the kilometres taken, the CO<sub>2</sub> saved and the contribution to travel costs to be paid to the vehicle's owner. There are many advantages, from the economic savings to accessing the company incentive plan, up to detailed "accounting" of journeys.



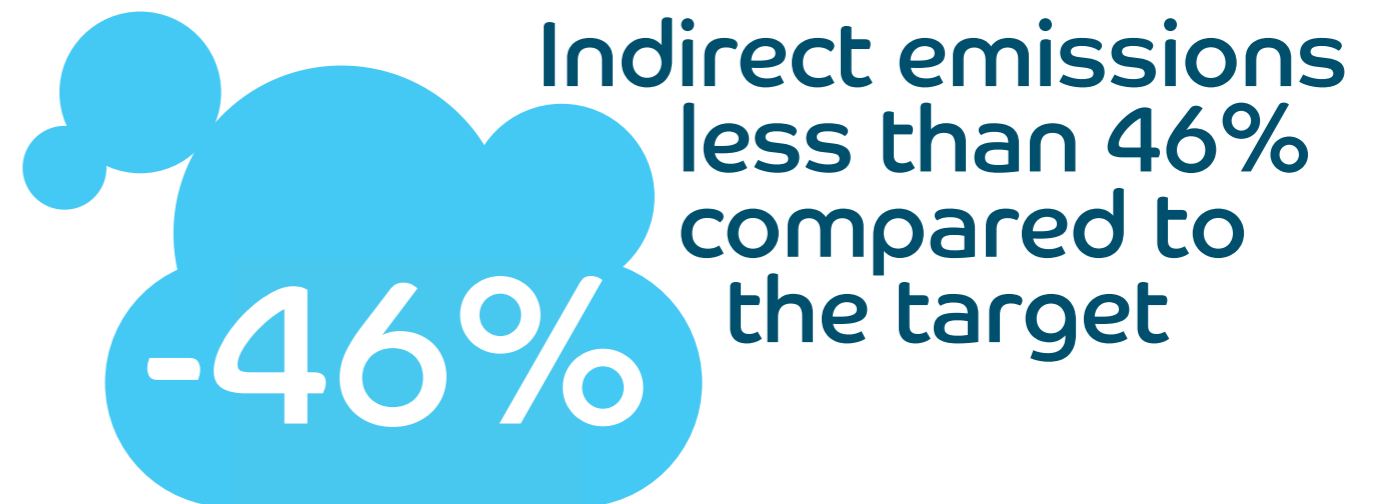
### 9.4. Our approach to climate change

It is now universally recognised that the **the fight against climate change** is an indispensable condition in ensuring that other sustainable development objectives can be successfully pursued.

Our Group is deeply aware of the need to **face these issues in a systematic way**: as part of our **global strategic business planning**, and corporate risk management, by regularly assessing the risks and opportunities associated with climate change and committing ourselves to promoting a cleaner energy future. Our actions include the use of innovative approaches

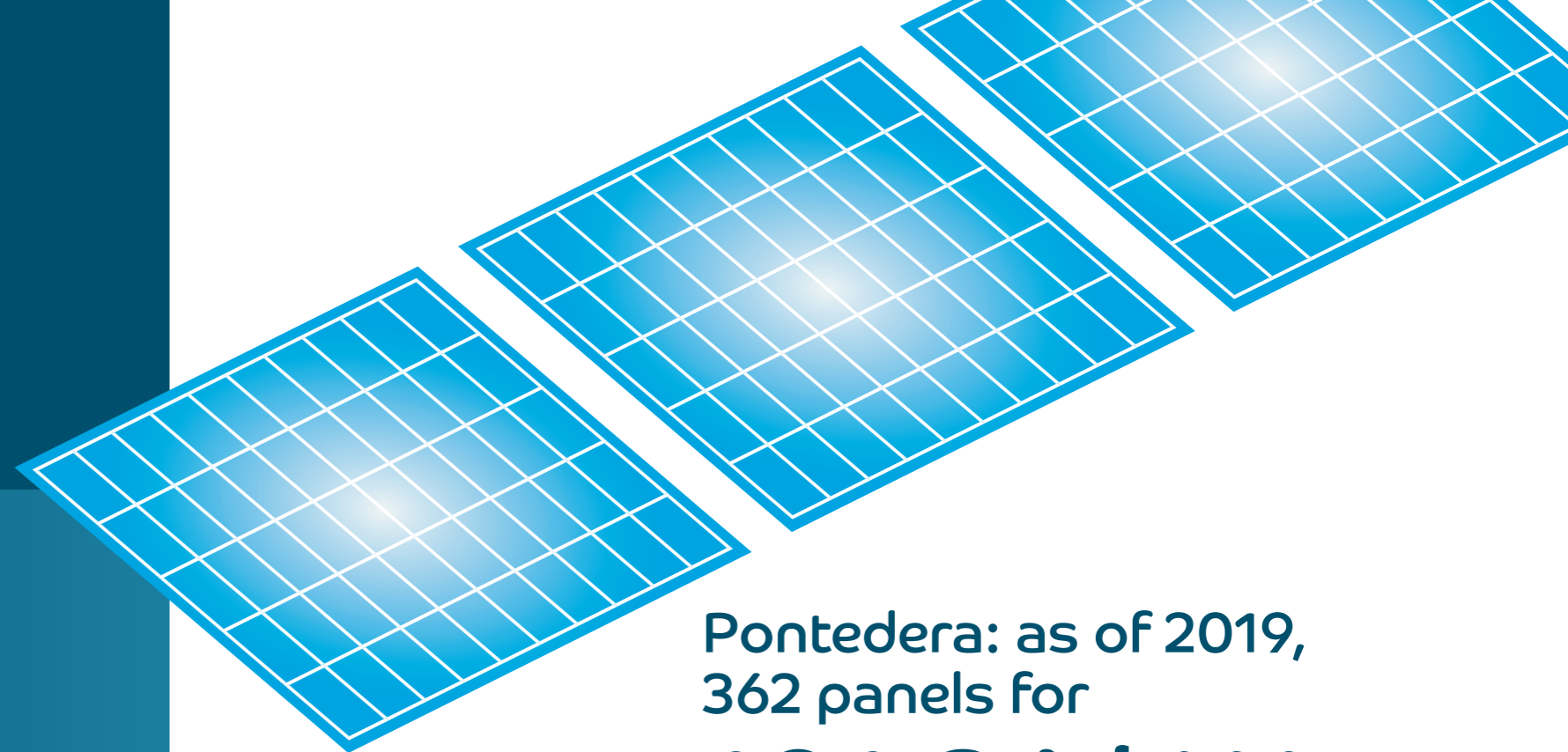
to integrate energy use with renewable energy resources. Thanks to this approach, following the strategic restructuring and investments made in recent years, we have **reduced specific CO<sub>2</sub> emissions**<sup>4</sup> (Scope 1 and Scope 2) **by 10%** with respect to 2017 and by **51%** with respect to 2012.

In line with the TCFD requirements issued in June 2017, and in addition to that already disclosed in previous years, this report includes **an update and more details** on the Group's climate strategy. In fact, we decided to engage with our stakeholders, publicising the assessment of the potential impacts deriving from future requirements and technological progress aimed at limiting global warming to 2°C above pre-industrial levels.

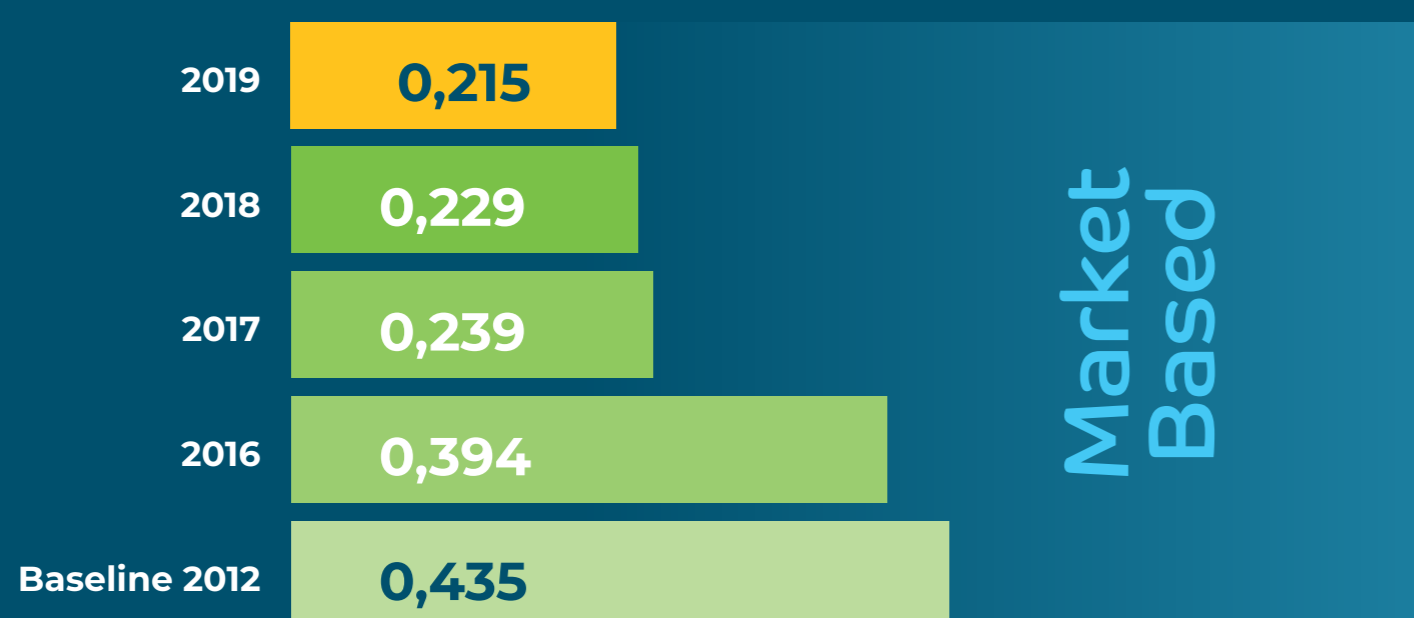
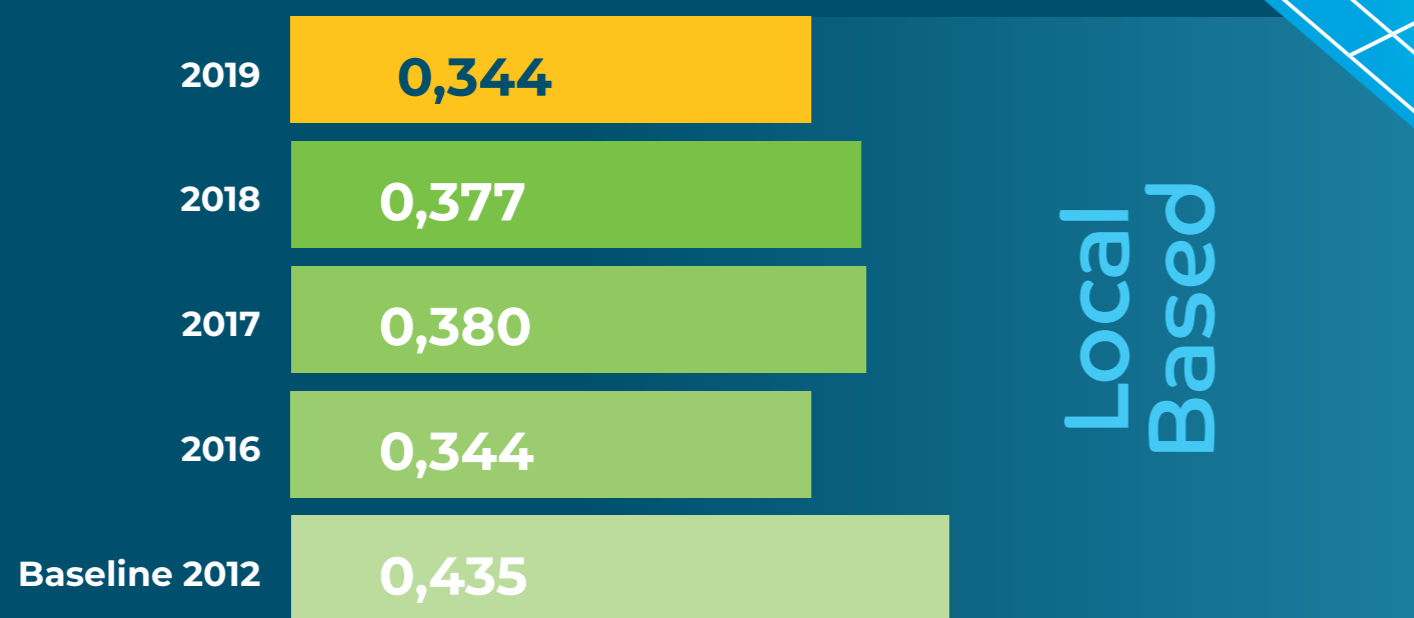


<sup>4</sup> calculated as the ratio between Scope 1 + Scope 2 Market Based emissions and the quantity of finished product

# Carbon emission Footprint



Pontedera: as of 2019,  
362 panels for  
**101,36 kWp**



## 9.5. Analysis, results, scenarios and comparisons

Our business is heavily focused on **supplying pharmaceutical packaging** and the subsequent impact is closely connected to the consumption of electrical energy and the consumption of raw materials of forest origin. For this assessment, we analysed the potential impacts on production activities through **long-term scenario models**. In these scenarios we considered possible variations in quantities of raw materials, energy consumption, and inbound and outbound transportation. Each model has different emissions of CO<sub>2</sub>.

To develop the scenario analysis in relation to our business, we used and compared **two calculation models**. The first is the model published in the **Deep Decarbonization Pathways Project (DDPP)** report, a global initiative promoted by the Sustainable

Development Solutions Network (SDSN) and the *Institut du Développement Durable et des Relations Internationales* [Institute for Sustainable Development and International Relations] (IDDRI). The DDPP is included among the transition scenarios mentioned by the TCFD and consistent with the target to limiting the rise in global temperature to within 2°C defined in the Paris Agreement.

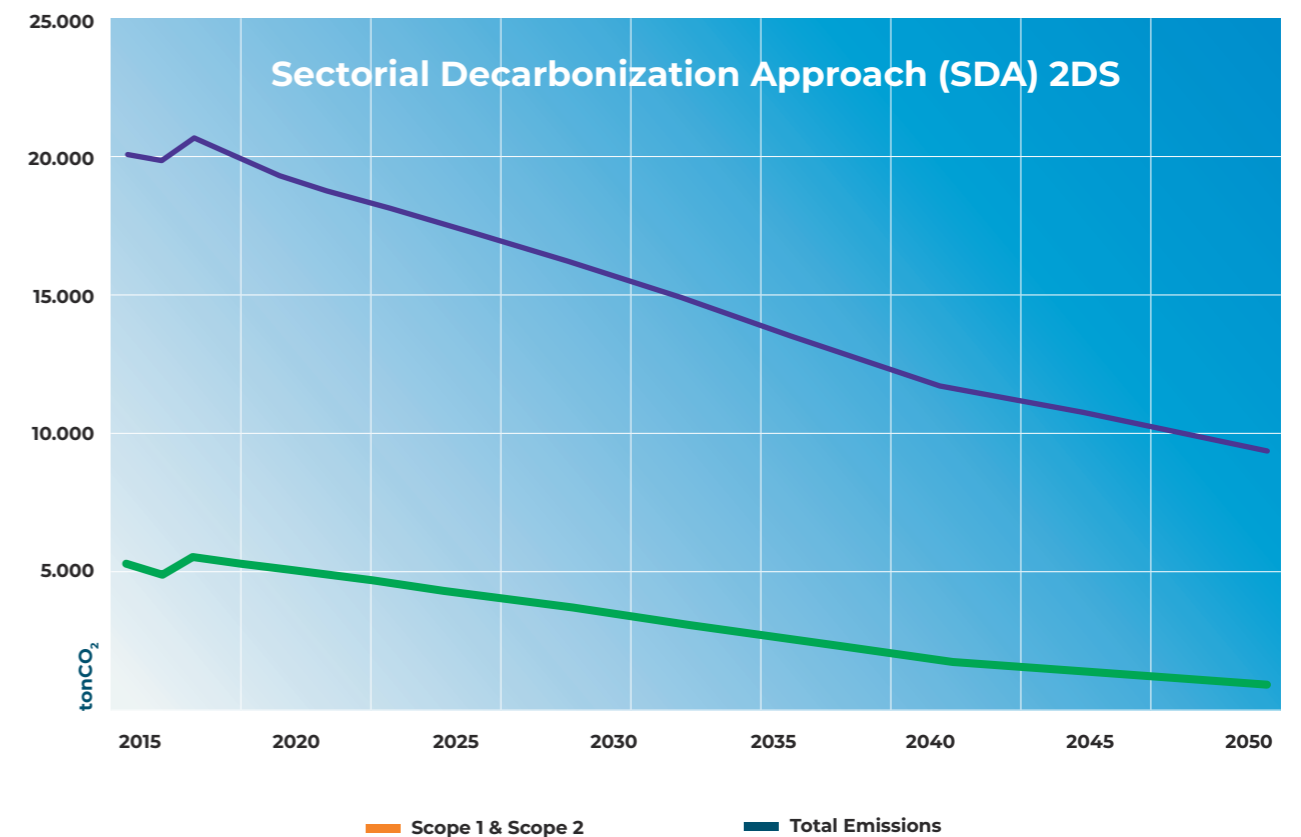
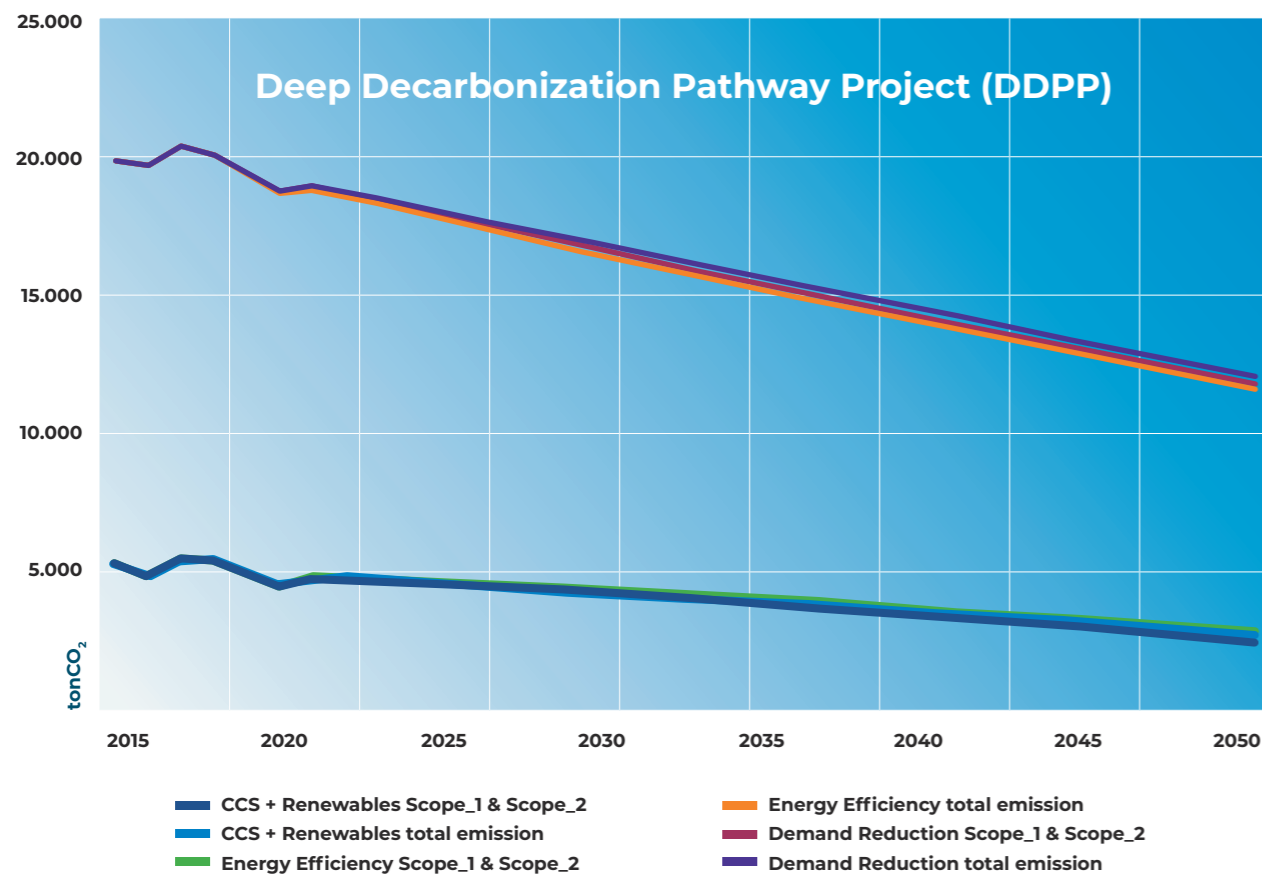
The second calculation model is the **Sectoral Decarbonization Approach (SDA)** proposed by Science Based Targets (SBT). This method is based on the 2°C scenario (2DS) developed by the International Energy Agency (IEA) as part of the study, *Energy Technology Perspectives (ETP) 2014* (IEA, 2014). This was developed by the CDP, WRI and WWF with technical support from Ecofys as a consulting partner. The methodology gives companies a sector-specific method to set emissions objectives based on the latest ETP data.

# Results, scenarios, and comparisons

The graphs below show the trends relative to the scenarios identified in the two models (DDPP and SDA\_2DS) divided by Scope 1 + Scope 2 and total emissions.

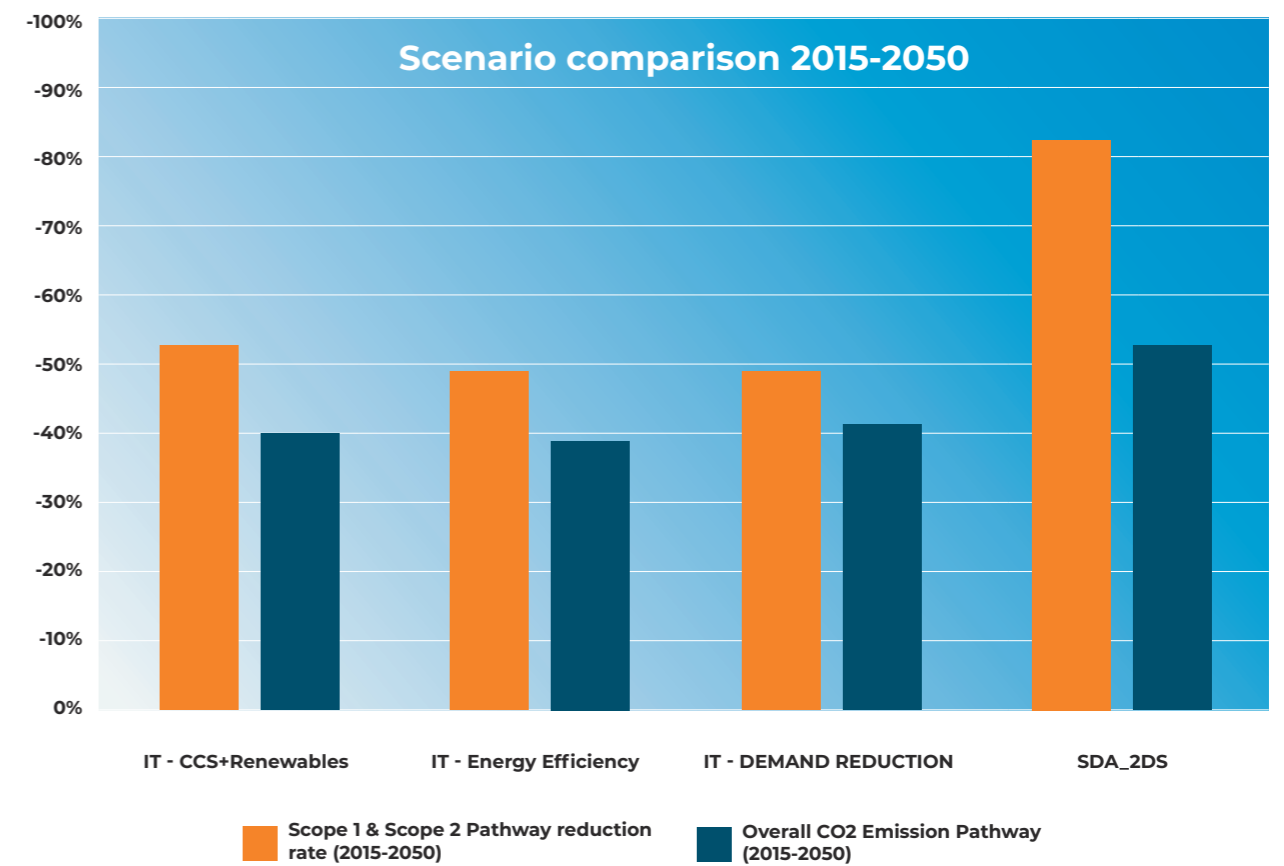
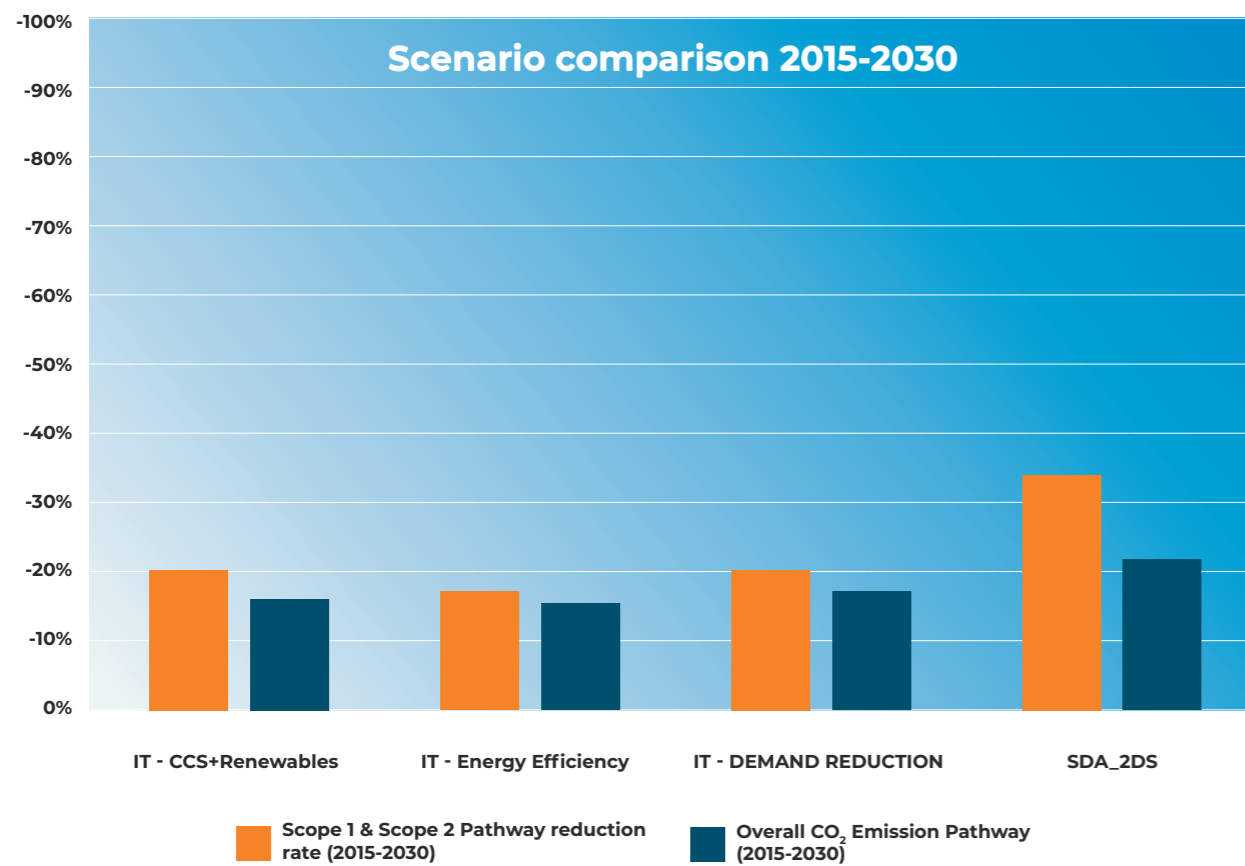
With reference to the reduction trajectories defined by the reference scenarios<sup>5</sup>, in 2019, values associated with direct emissions (Scope 1) approximately 40% higher compared to the target value are seen, whilst, on the other hand, values associated with indirect emissions (market based Scope 2) approximately 46% lower compared to the target value are seen.

<sup>5</sup> The comparison is done on the uniform reporting scope referring to 2015



# Comparisons between the DDPP and SDA-2DS scenarios

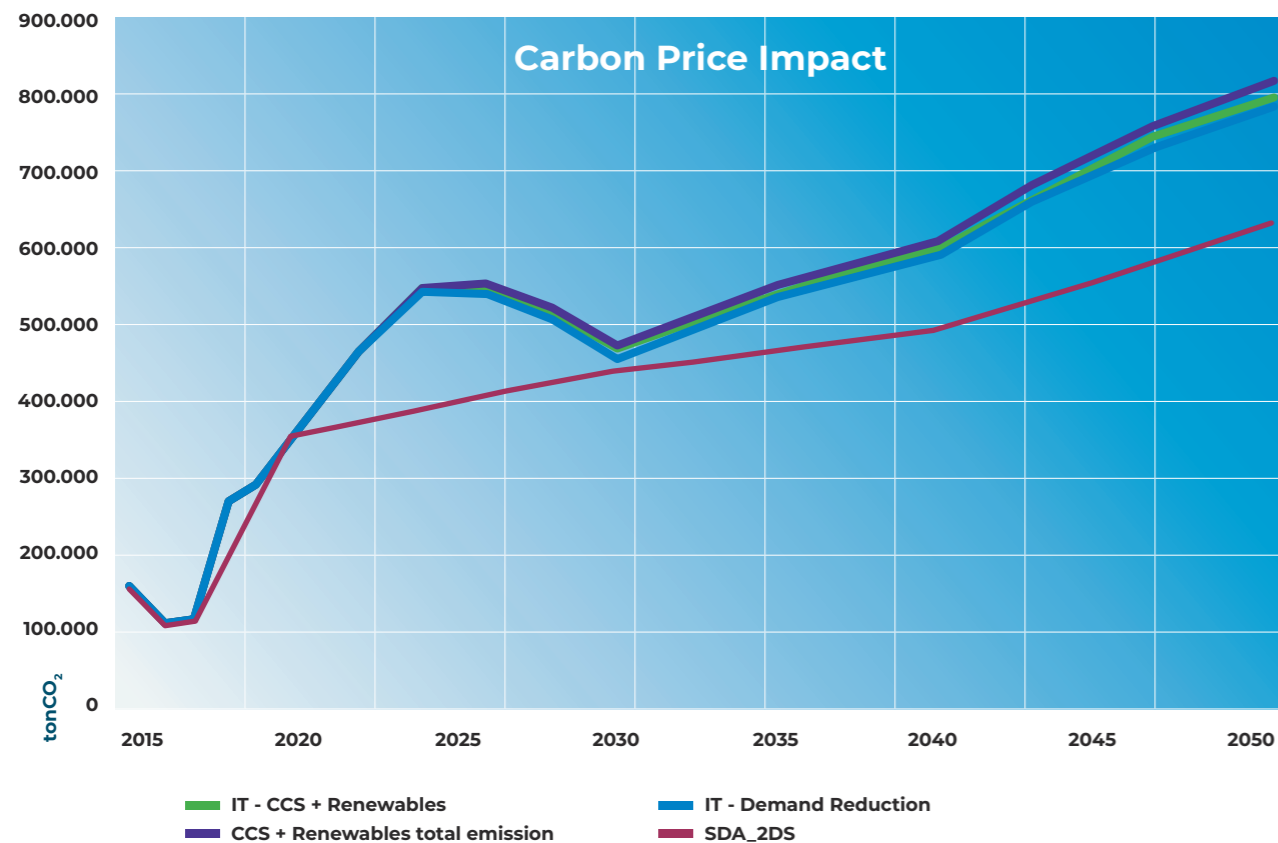
The graphs show, respectively, the comparisons between the two scenario models analysed with reference to the target years 2030 and 2050, which shows greater effort is required from the Palladio Group S.p.A. parent company in terms of reducing, in particular, Scope 1 and Scope 2 emissions in the SDA\_2DS scenario compared to the DDPP scenario.



# Carbon Price Impact

The scenario analysis was accompanied by a typical economic impact assessment of direct and indirect CO<sub>2</sub> associated with the activities of the parent company, Palladio Group S.p.A.

In the graph shown, the impact assessments associated with the various scenarios, in terms of specific Carbon Price, are compared.



## 9.6. Conscious use of energy (Ref. GRI 302-1/3/4)



The energy consumption for winter air conditioning in production environments and offices is exclusively attributable to the use of **natural gas** (Italian plants and the Serbian plant) or **fuel oil** (Irish plant). The consumption of electrical energy is significant and represents a greater environmental impact. This consumption derives both from normal production as well as the use of compressors for cooling.

Specific actions taken allowed us to **contain consumption despite an increase in production**. This containment was obtained thanks to a series of actions which included **raising awareness among employees** as well as modifications to plants. The organisational changes were aimed at modernising the production equipment with the purchase of **new plants which have allowed us to optimise processes** thereby obtaining greater efficiency including energy efficiency. Other actions were aimed, for example, at replacing neon bulbs with **high energy efficient LED lights**, at using **automated equipment** to manage services used in production, air conditioning of environments, and replacing heating plants with highly efficient boilers.

Since 2017 we have signed agreements for the purchase of **energy produced exclusively by renewable sources**. In particular, 94% of the

energy purchased for Italian plants comes from renewable sources with a certified Guarantee of Origin. 100% of the electrical energy purchased for the Irish plant comes from renewable sources guaranteed by a specific agreement with the supplier. This choice is reflected positively in a significant reduction in emissions associated with the consumption of electricity, calculated according to the *market-based* method described in the Scope 2 Guidelines in the GHG protocol.

Of particular interest is the initiative implemented in the plant at **Pontedera** where, in December 2019, we installed **362 photovoltaic panels** delivering **101.36 kWp** of power that came into operation on 5 March 2020.

Another important **improvement activity**, which we launched respectively in 2018 at the plant at **Dueville** and in 2019 in **Thiene**, concerns the installation of a **voltage stabiliser** which allowed us, in 2019, to save approximately 12.6 TEP of electrical energy and to avoid emitting approximately **20.7 tonnes of CO<sub>2</sub>**. The same efficiency action is being considered for the plant at **Pontedera**.

Finally, as further confirmation of our commitment to energy responsibility, in 2019, we supplemented the company's fleet of vehicles with the first electric vehicle. The expectation is to add other vehicles of this type to our fleet in the near future.

## 9.7. How we manage waste (Ref. GRI 306-2/3/4)



Our Group follows a **clear strategy** for managing waste. The objective is to prevent and to reduce the quantity of waste so that its relative global environmental impact remains minimal. All the waste we produce is sent for treatment, disposal or recycling in order to prevent and significantly reduce all types of pollution.

In the three years, we have not recorded any significant uncontrolled spills of waste. The total waste produced has grown in relation to the increase in production. Compared to 2017, the actions undertaken have however allowed us to **reduce hazardous waste by 7%** with a **27% reduction** in the ratio of hazardous waste to total waste.

The percentage of waste sent for recycling/recovery similarly recorded a 20% increase with respect to 2017, modifying the ratio with respect to the total waste in 2018 by -0.5%.

The percentage of waste sent for recycling or recovery has recorded an **increase of about 20% with respect to 2017**, representing **0.5%** of the total waste in 2018. With this in mind, the project to adopt differentiated waste management, relative to the kitchen activities at the Group's Italian plants, was included.

## 9.8. Responsible management of effluents (Ref. GRI 306-1/5)



Our production cycle **does not involve the discharge of industrial water**. The only discharge envisaged is that resulting from the use of bathrooms and is, therefore, similar to civil waste water.

The Group's offices and production plants are located in technological or industrial areas and, therefore, **far from protected zones**, areas of high biodiversity and areas containing the habitat of those species listed on the IUCN red list which includes all the 197 Italian Policy Species (species included in the annexes to Directive 92/43/EEC "Habitat" and the Bern Convention, both ratified by the Italian government and, de facto, constituting national law). For this reason, no measurements, in this regard, are envisaged (see also par. 6.3).

## 9.9. Water: a vital resource (Ref. GRI 303-1/2/3)



Every Group location uses water in **the most efficient way possible**, thus working to counter the ever-increasing level of exploiting that characterises this essential resource, both at the regional level and the global one.

The water consumed originates respectively from municipal or state aqueducts (about 18% of total consumption) and from wells. The Group's plants withdraw quantities of water that **do not damage in any significant way the water sources** and the main use is hygiene-sanitary purposes, which do not require methods of recycling or reusing. In the production process, the use of water is generally limited to offset printing activities to wet the printing plates (managed as liquid waste). Consumption is therefore strictly linked to the quantities of product processed.

In any case, to limit the consumption of water and to reduce to the minimum any waste of this resource, we installed **flow reducers** on the taps in the bathrooms at several locations, simple devices which mix air into the water from the tap, as well as **double buttons** for flushing toilets.

In the course of 2019, a total of 12,605 m<sup>3</sup> of water was consumed, with a per capita target set at 15 m<sup>3</sup> per year, and per capita consumption equal to 15.43 m<sup>3</sup>.

Despite the reduced water impact of our activities, we wanted, in any case, in the last three years, to provide **full information** on the water issues by completing the **CDP Supply Chain Water questionnaire**, dedicated to managing water resources.

With regard to the **Sustainable Development Goal, number 6** we are carrying out an appropriate analysis aimed at seeking innovative solutions to contain water consumption and to significantly increase efficiency in our use of water.

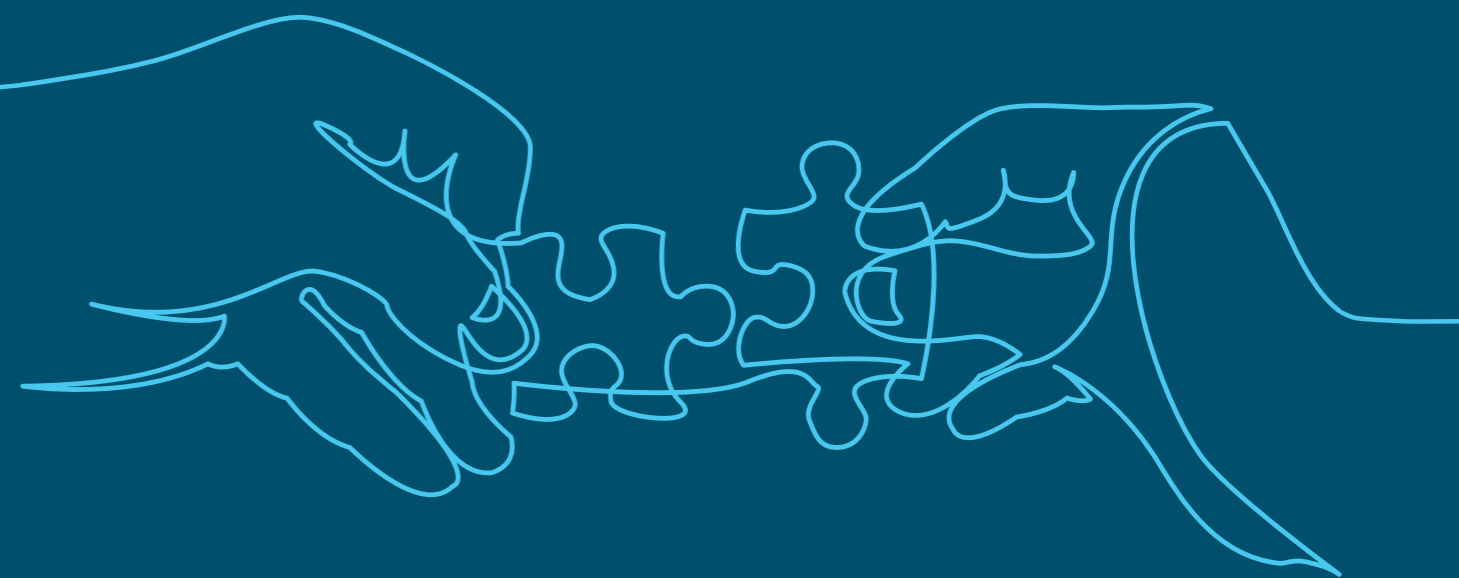
### Our employees play an active part

By way of confirming the constant commitment to the environment, we decided to give our workers a personalised aluminium water bottle in order to gradually eliminate the use of single-use plastic ones. In Dueville, Thiene and Pontedera we also installed micro-filtered water dispensers, connected to the mains water supply, to deliver good, safe, "zero km" water.



10

## Work



# Economic support for employees

171.749 €

ADVANCE SEVERANC PAYMENTS 2019

26.668 €

LOANS 2019

148.199 €

BENEFITS 2019

## 10.1. The value of work, well-being and relations (Ref. GRI 102-12, 102-16, 103-2/3, 201-1)

**Everyone's contribution** has been, and continues to be, at the centre of the **constant growth** that has characterised our Group since its foundation. That is why, in Palladio, we place the utmost value on **observing adequate working practices and conditions**. Both in the workplace

and in all areas that interact with us.

Adopting adequate working practices means, for us, not only improving the company's performance, but also fully establishing **corporate ethics**, throughout the entire organisation, enduring respect for human rights and rejecting any and every form of abuse towards our employees. To

### Respect and protection across the board

The key factors in our Human Rights Policy are:

- we protect human resources, which constitute the primary assets for corporate development
- we share policies and company objectives
- we involve employees in order to develop their skills and abilities
- we promote activities aimed at the integration of personnel
- we check the requirements and respect for the ethics of work management at our suppliers.

this end, we have developed a **Human Rights Policy** based on a set of principles that includes ethics and efficacy (see box). In 2012, we signed up to the **Global Compact** (see par. 1.1) which also includes principles relative to protecting people and workers. Adopting a **Code of Ethics** and a

**Charter of Values**, together with the **Social Responsibility Policies**, also highlights how, for some time now, we have adopted **practices of respect and satisfaction** for our employees, enabling them to feel protected and to be able to cooperate within the corporate ecosystem (see box).

### A clear, regulatory framework to safeguard everyone

- We apply collective bargaining for the sector of reference, protecting employees and ensuring compliance with legal provisions
- We guarantee freedom to join a trade union
- We promote respect for health and safety at work
- We support our workers' professional growth through targeted training programmes
- We balance the distribution of employees on the basis of sex, age, belonging to protected categories
- We guarantee equal opportunities between men and women, in compliance with the job categories to which they belong

In the Palladio East DOO plant in Serbia, in March 2019, for the fifth consecutive year, an independent audit was carried out by **SGS** in compliance with the **SMETA** methodology, with positive results, with zero non-conformities being reported.

This is the **fourth audit** done using the **"4-pillar"** method, i.e. an audit focusing on four macro-topics, relating to human rights and the rights of workers, health and safety, managing environmental impact, and business ethics (see also par. 5.4).

**10.2. The centrality of work**  
**(Ref. GRI 102-8, 102-41, 201-1, 401-1/2/3, 402-1)**



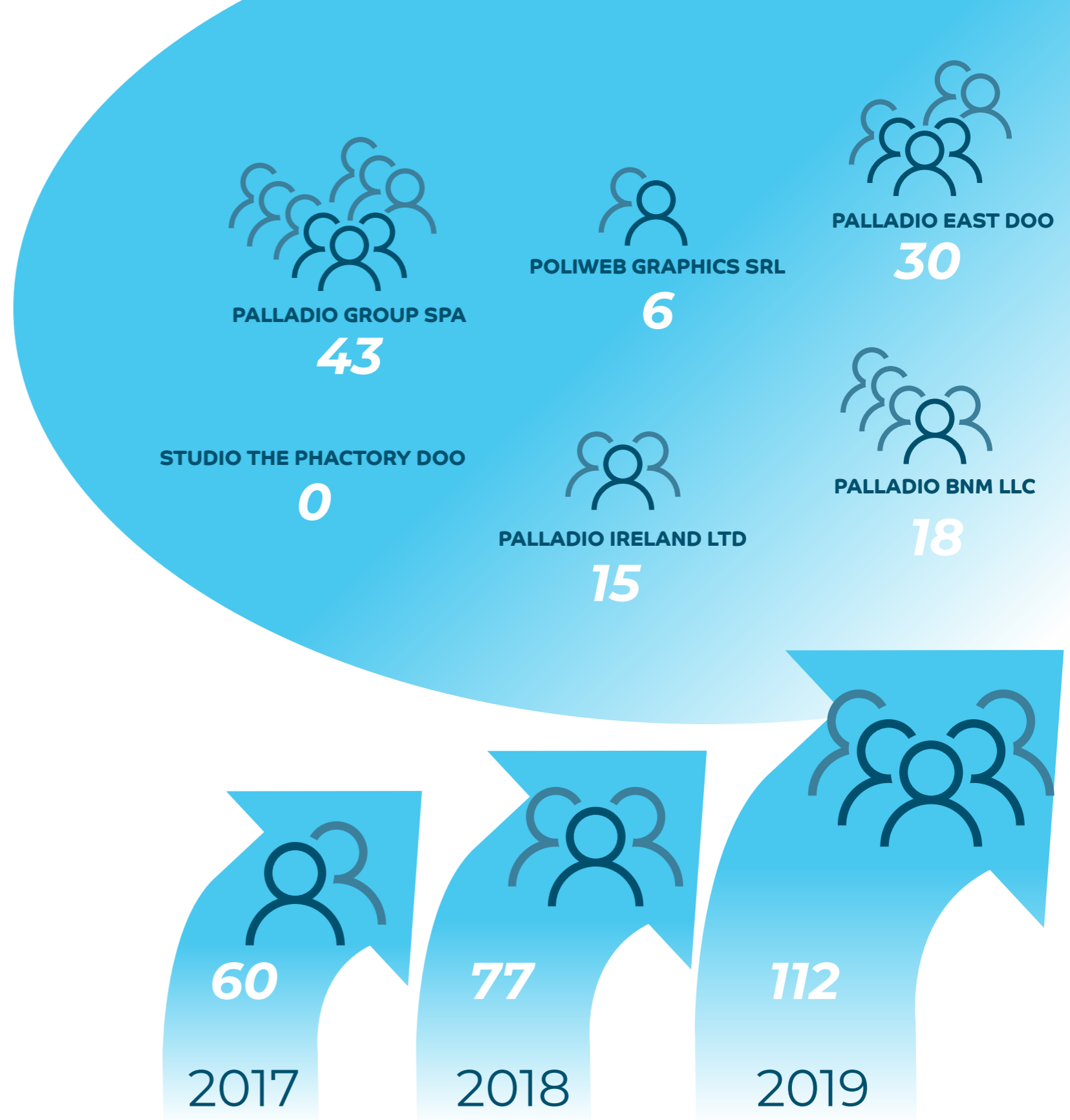
At Palladio Group, we apply collective bargaining to all employees. By applying improved **second level contracts** with respect to the collective bargaining agreement, we also guarantee employees **a productivity bonus** (or equivalent) that increases their minimum legal wage through a **wage review system** based on indices, or else **specific benefits**. To encourage **active participation** in the life of the company, and to **reward** everyone who contributes to achieving our results, we pay an annual **performance bonus** (see also par. 10.3). The **wages of newly-hired staff** are also, on average, higher than the legal minimum wage in every Group facility. We acknowledge that every employee has the right to join a **trade union**, if so desired, and we guarantee that **trade union organisations** will have the freedom to carry out their activities without restriction or interference. In particular, by way of a voting system where anonymity is guaranteed, our employees of Palladio Group SpA elect their own Health and Safety and Trade Union Representatives.

Always open to dialogue, our **Human Resources** department is available to listen to and to deal with workers' issues, always aiming to find satisfactory solutions **in compliance with corporate ethics and confidentiality**.

As part of a wider focus on work/life balance (see also par. 10.3), employees on fixed-term contracts enjoy the same benefits as employees on open-ended contracts: specifically, they can count on an integrated health care support plan, fully paid by the company, and they can join free prevention programmes, such as vaccination campaigns against seasonal influenza, tetanus, meningococcal disease, and others.

Compulsory maternity leave is open to every member of staff in our Group, based on the regulations in effect in the various countries. In any case, we do not restrict ourselves to following the law blindly and, if necessary, we will consider accessory requests by granting holidays and leave.

In industrial relations we apply, with particular vigour, legislation in effect and, specifically European Regulation 2002/14/EC on the transfer of companies, plants, or part of them, following a contractual transfer or merger. In the event of a significant organisational change, we undertake, therefore, to notify the workers' representatives and trade unions in advance. In the reporting period, no significant organisation changes were made, nor any significant operational modifications.



**Total new hires**

# “Welfare/work-life balance initiatives”

## 10.3. Opportunities and growth for men and women (Ref. GRI 405-1/2)



A key point in our policies is the commitment to **treat all our people equally**, regardless of their **social and personal situation**, guaranteeing **equal opportunities** to everyone. This is also thanks to a **set of documents** that, defining **roles and responsibilities** in a timely manner, makes applying the principles of equity and equality easier and more effective in an operational company. Particular attention is paid to recognising people's **qualifications, experience, and their skills and abilities**. This allows us to put each worker in **the most suitable position** and to pay them a **fair wage**, given the task performed, excluding any discrimination.

In every Italian plant and in the subsidiary companies outside Italy, we generally refer to the **local community** when hiring managers and employees, promoting **the regions and the communities** in which we operate. To promote and encourage career development, we offer individual or collective department-specific performance evaluation paths and tools. **Internal and external training** courses allow employees to expand their skills.

With the goal of ensuring our high standards of efficiency are achieved in every situation, in the event of production peaks, we bolster our workforce using **temporary agency services**.

## 10.4. Corporate welfare and work/life balance: well-being beyond the workplace (Ref. GRI 201-1)

Being attentive to people's needs means, for us, seeing people **in their entirety**, outside their professional role. We believe that the well-being of our employees is based on a **balanced relationship** between work and private life, and that is why we adopted, some time ago, policies covering **corporate welfare and work/life balance** that provide for several initiatives.

In the parent company's, **Palladio Group S.p.A.**, Italian facilities and plants, in particular, we have made several **corporate welfare** initiatives available, appropriately calibrated to the various facilities according to local needs.

### Corporate concierge service

Our employees can manage **various chores** directly from the workplace, thereby freeing up precious time to spend with the **family** or for other personal activities. The **post pick-up** service (available at Dueville and Thiene) allows **post, registered mail, and personal packages** to be sent, as well as bills and fines to be paid. Furthermore, in the Dueville and Pontedera plants, a service is available that allows personal packages to be delivered directly to the company. At the Dueville plant, an authorised external laundry service is also available at reduced rates.

### Study grants for children of employees

Our company makes four types of **study grant** available that can be awarded to deserving

students, the sons and daughters of our employees, for amounts not subject to taxation up to a maximum of **4,800 Euro a year**. The four types of grant cover **state examinations** at Italian upper high schools, **university attendance, three-year university degrees** and **master's degrees**.

### Financial concessions

**We support our employees financially** through various measures. Every employee with at least 8 years of service can request an **advance on their employee severance benefit fund** [*Trattamento di Fine Rapporto TFR*] **up to 70%** of the accrued amount, once during the employment relationship. We also offer **company loans** of **up to 5,000 Euro** to employees on open-ended contracts. Even if extending a loan is not possible, once the first has been settled, a second loan may be requested.

### Medical leave and the Aiutiamoci Fund

In addition to three **paid leave periods** of two hours each, up to three times a year, for a total of six hours, we give our employees the opportunity to use **additional, unpaid leave**. Workers who have used up their time off and holidays can take advantage of the additional hours of time off **made available voluntarily** by other employees, via the **Aiutiamoci Fund** hour bank: a way to promote solidarity between colleagues as well as between the company and workers.

### Performance bonus in welfare services

We pay our employees a **performance bonus** related to the results achieved through the **continuous improvement** programmes run in

the company. The bonus can be requested in the form of money, **welfare services** or a mix of the two. Making a request is intuitive and effective through the dedicated **WelfareMeet** portal and, when welfare services are requested, whether in whole or in part, we provide an additional value in goods or services up to **30%** of the amount converted.

### Remote working and flexible hours

In today's world, **time** is a more valuable asset than money. For some tasks and roles, where possible, in the Palladio Group we offer employees the chance of carrying out their work **remotely**, whilst ensuring availability during normal working hours. For employees with office duties, **flexible working hours** are available, with arrival times anywhere between 8.00am and 9.00am.

## 10.5. How we protect health and safety (Ref. GRI 403-1/2/3/4)



A fundamental prerequisite for guaranteeing rights, opportunities, and growth, by creating a working environment in which everyone feels involved, is, first and foremost, **protecting everyone's health and safety** (see also par. 3.5). To this end, in each Group plant, we identified and formally established **Health and Safety Committees** (see also par. 11.2). Made up of management representatives and worker representatives, the Committees have the

### The law and safety: Italian regulations

In Italy, the reference standard is Italian Legislative Decree no. 81 of 9 April 2008, the “Consolidated Law on the Protection of Health and Safety in the Workplace”, to which is added the agreement that governs the Workers’ Safety Representative. Protocols of understanding and formal agreements with trade unions are in effect which govern health and safety aspects in the national collective bargaining agreements such as, for example, having the workers’ representatives participate in inspections and audits regarding the health and safety of employees, investigations into accidents, training, commitments to performance objectives or on the level of practices to be adopted, periodic inspections, and the presence of joint health and safety committees.

In the facilities outside Italy, in compliance with the laws in effect in each country, and although there are no formal trade union agreements in place, we carry out the same activities as those done in Italy, such as periodic meetings with employees on health and safety at work. In the Serbian, Irish and Russian sites, there are figures who work inside the plant as workers’ safety representatives.

job of verifying, checking, monitoring, and advising on programmes involving safety at work. Each facility has **at least one person who is responsible** for calculating and updating the statistics relative to the trend in accidents, analysing data in accordance with **UNI 7249/2007**.

We periodically review the trend in accidents, both at the plant level and the Group one, **carefully evaluating the risks and identifying the causes** that could lead to more significant situations, such as work-related stress, manually handling loads, noise, or the use of video terminals. To prevent these risks, we provide **specific measures** for workers - such as training courses, opinion surveys, reducing overtime, flexible working hours, and interventions on plants, equipment, and real estate assets – with the goal of ensuring appropriate **working facilities**, making **operating conditions** more

comfortable, and ensuring the safety and reliability of **human-machine interaction**.

The most frequent types of injuries have concerned the upper limbs. In regards to these injuries, we have adopted specific mitigation measures for the related risks in line with our safety management system.

Always with a view to protecting the safety of our employees, in 2019, we carried out **anti-seismic adjustment action at the Thiene plant**.

In the course of 2019, we recorded **5 requests** for occupational illness, 2 of which were rejected, 2 approved and one is being assessed by the competent governmental bodies.

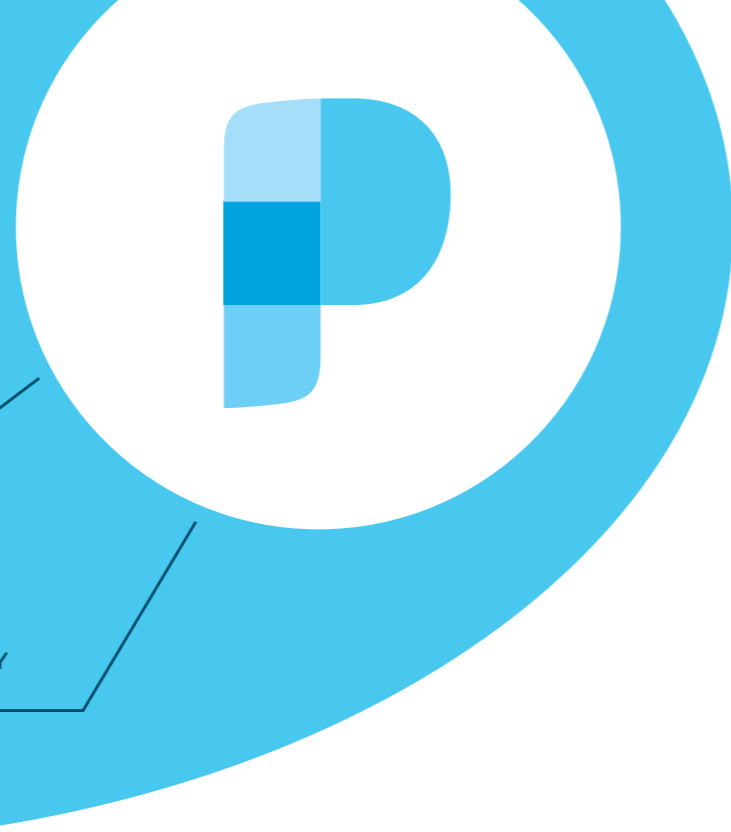
## Knowledge



# Employee training

16.318 TRAINING HOURS

4.688 HEALTH AND SAFETY TRAINING HOURS



## 11.1. A wealth of knowledge to share (Ref. GRI 103 -2/3, 404-1/2, 412-2, 205-2)



Training and opportunities to improve - both professional as well personal - are essential to the growth of employees. That is why our Group invests constantly in these activities, as demonstrated by the **16,318 hours of training**. A figure that is part of a growth trend in recent years, with a peak in 2018.

These training courses, in addition to covering **health and safety issues (4,688 hours)**, also covered aspects relative to **ethics and anti-corruption, with participation by 739 employees** as at today. Furthermore, **sustainability** issues were also discussed; in this case, training was provided to the Sustainability Team (which includes both corporate managers and all the resources involved in managing corporate sustainability) with the plan to extend this type of training to every employee in the near future.

For us, personal growth does not stop with training. It is goal that we pursue every day, including in our daily activities. With the aim of making our people even more aware of the company's wealth of knowledge, sharing and **transmitting our know-how in a continuous way**, in 2016, the **Palladio Academy** was launched, an original concept in corporate training created by our Group, and **Palladio Wiki**, a digital encyclopaedia containing the Palladio Group's know-how (see par. 11.3 and box).



## 11.2. How we evaluate and help people grow (Ref. GRI 404-3)

Training, designed and organised by the **Human Resources** team, and aimed at increasing and strengthening the skills and abilities of internal personnel, forms part of a broader strategy of career consolidation and **enhancing and developing our staff**.

In this logic of enhancing and recognising skills, we implemented a **role mapping** system which is designed to manage **career paths** effectively: vertical or horizontal progression, internal mobility, managing professional development trajectories. Specifically, in 2019, the specific courses aimed at developing skills, which ran in the two previous years, were continued. We also created operational paths aimed at consolidating the **organisational model** pursued over recent years, with particular attention on team development through courses on **developing personal skills**, mediation skills, *problem solving*, and how to interact with other team members and other work groups.

In parallel, the establishment of **shared functions** at the Group level has allowed us to remove barriers between the various functions, facilitating **knowledge sharing** and continuous training.

Another level of intervention, also aimed at ensuring further equity and meritocracy, regards the **standardisation of the Human Resources Policy**. We defined common classification systems, position weighting schemes and

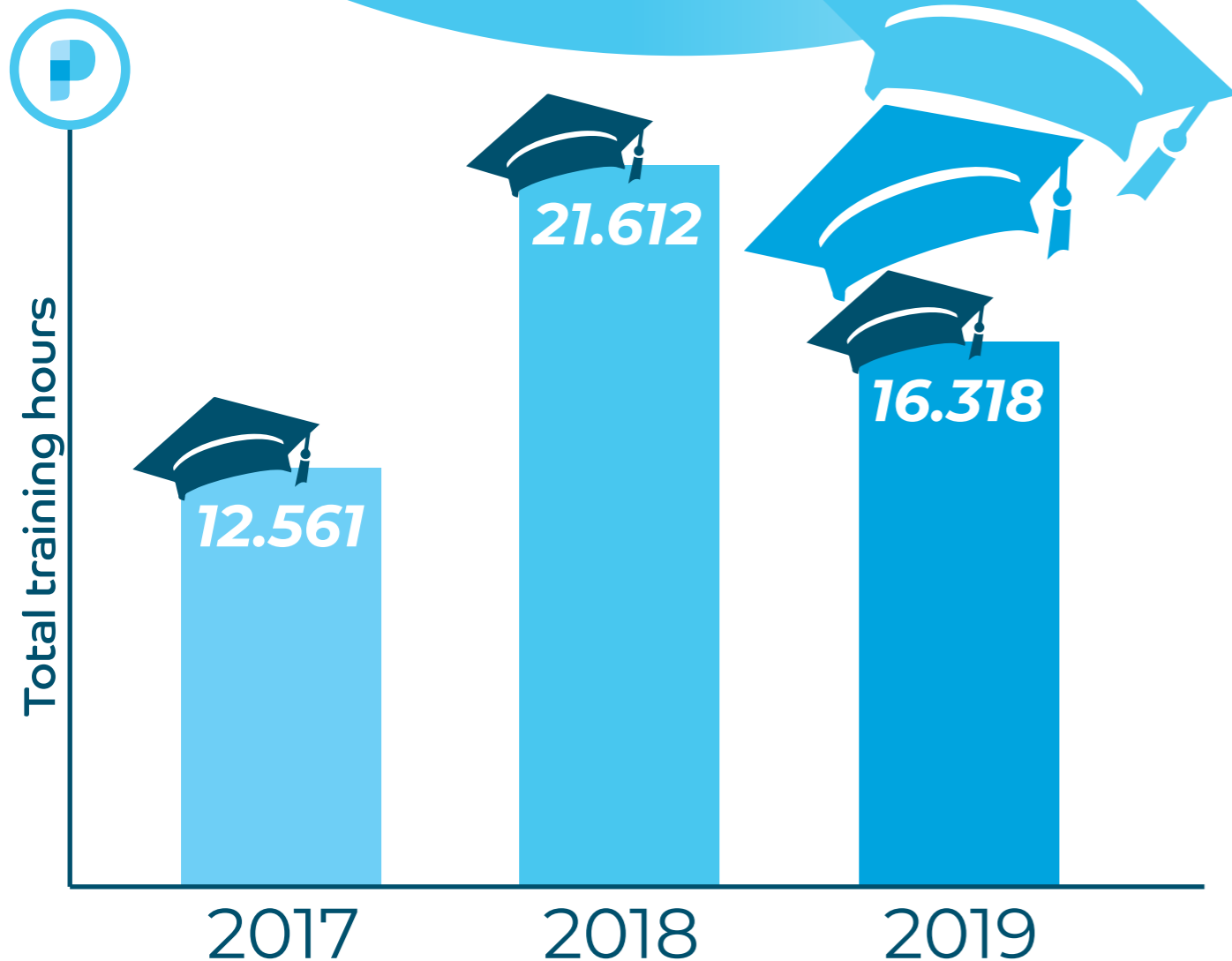
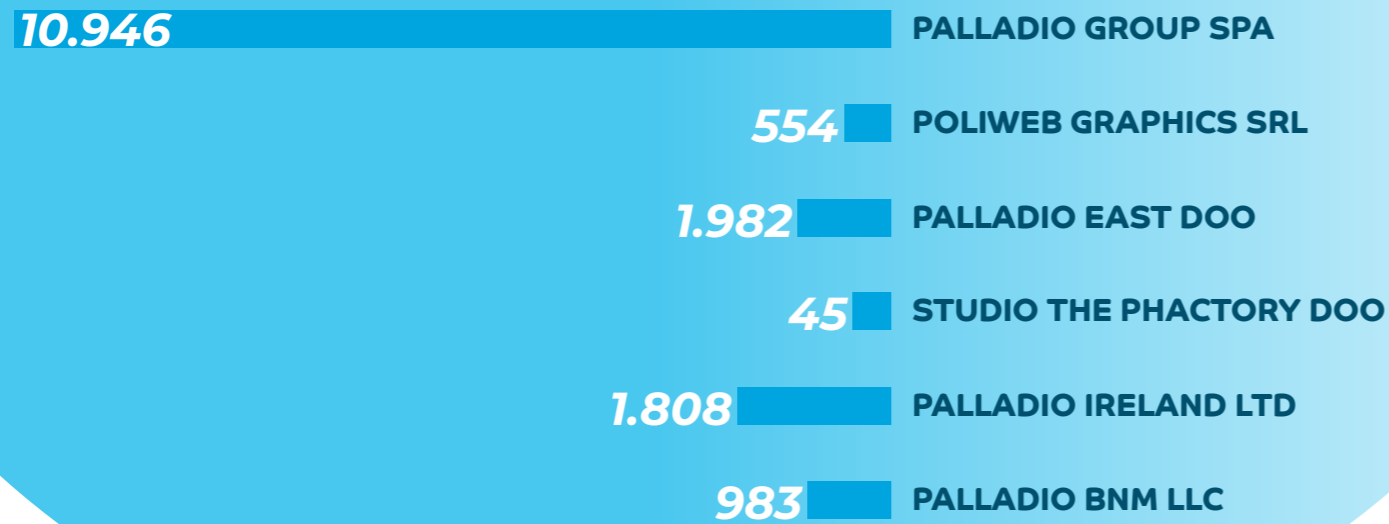
incentive schemes, whilst the remuneration process was made **more transparent** thanks to the standardisation of levels and job titles within the company.

In terms of **assessing skills and developing human resources**, we started a process which, through **assessing the knowledge** of every worker, plans to enhance and increase potential, identify training gaps, and develop specific and individual training plans by planning a dedicated career path. The process of assessing skills and performance has been divided and optimised based on two complementary objectives: firstly, to assess **individual training and development objectives** and, at the same time, create specific tools designed to **guide and enhance each person's professional performance**.

With the aim of **making employees aware** of the development of their career, we integrated standardised, top-down assessment processes with tools such as **self-evaluations**, in order to promote awareness among the parties involved. The activity is in the running-in phase in Italian plants. It will then be extended to plants outside Italian once sufficiently mature.

*“Role mapping and career paths”*

# Training hours 2019



### 11.3. Knowing, to protect and continuously improve ourselves (Ref. GRI 404-2)

The health and safety of our personnel are vital priorities for our Group. **Training and communication on the topic of safety**, therefore, play a central role in our strategy of sharing corporate knowledge. We are specifically committed to promoting **interactive communication**, organised by the heads of departments, establishing **Health and Safety Committees** with the involvement of staff (see also par. 10.4). The Committees analyse data on safety and the results from any reports that may have been made by employees. They also assess and share **improvement opportunities**.

As part of the initiatives to share knowledge, of particular interest is the second **workshop dedicated to “contamination between departments”** organised for Saturday 7 December by the **Palladio Academy**. After the session in 2018, with the punching departments, it was the turn of the **“folding-gluing”** departments in 2019. Employees from the respective departments at Dueville, Thiene and Pontedera met in a conference facility in Loiano (Bologna) where the **Team Academy** accompanied them through a day of discussion and comparison, using innovative methods such as the **World Café** – a simple yet effective method to create more constructive, informal discussions – in order to analyse the various aspects concerning the last stage of folding carton production within the context of **Industry 4.0**. The attendees rated the day very positive,

with a large majority finding it very or extremely interesting. The three words that sum up the day are: **sharing, knowledge, comparison**.

### 11.4. Palladio Academy and Palladio Wiki: an advanced concept of training (Ref. GRI 404-2)

We have always believed in the value of our people and in the importance of investing daily in training activities that create important opportunities for our people to grow. From the desire to **share and transmit corporate know-how**, in July 2016, the **Palladio Academy** was created: a training programme *par excellence* that came out of an original training project developed within our Group in partnership with leading training organisations in the region (see box).

The Palladio Academy focuses on **developing the skills and abilities** of employees through training courses **developed ad hoc** on the basis of the professional level. This is an initiative that underlines the importance of the **culture of learning and sharing experience**: in order to help the team grow, step by step, and to achieve the Group’s objectives, as well as offer some personal satisfaction. The Palladio Academy is guided by **ten founders** with support from **over 35 trainers** who, with great commitment and perseverance, pursue the goal of always delivering a high standard of training at any Group plant.

To spread the company’s know-how, the Palladio

## “Awareness campaigns on social and environmental responsibility that also involved families”

Academy also uses digital tools such as **Palladio Wiki**, an **encyclopaedia** of our Group’s know-how. Knowledge is a shared resource: that is why **every employee or contractor can access** Palladio Wiki and use it to find information, updates or learn about anything related to the world of the Palladio Group. This is another important step in guaranteeing **high and uniform standards** at every facility in our Group.

### 11.5. For social and environmental responsibility (Ref. GRI 205-2)

We are aware that the **fight against corruption** and the **support for human and workers’ rights** are some of the main challenges for sustainable development. In 2017, when our **Code of Ethics** was updated, we provided each employee with information on **human rights**. Every new employee during the year of reference received relevant training.

In this context, we are deeply committed to **raising awareness among employees**: we promote initiatives that involve them both directly,

and in certain cases, their families too. In particular, we run **awareness campaigns** on sustainable activities using brochures, posters, and visits to plants, to share, as widely as possible, our Group’s vision and commitment to the environment.

#### How and why we launched the Palladio Academy

The ever broader scope of our training activities and the continuous growth in the number of employees led to us creating, in July 2016, the Palladio Academy. Launched in collaboration with Niuko – the training company from Unindustria Padua and Confindustria Vicenza – Palladio Academy is not a company “school” but rather a training method developed within the Group specifically for our needs.

We identified over 35 trainers, from every department in every facility of the Group, based on their ability to communicate, teach, and gather information, as well as their experience. We then created a list of the key points that had to be covered when training new resources, leaving each trainer the choice of how to deal with the topic and what educational materials to use. Adopting this method has allowed us to drastically reducing training times: and so we quickly extended the approach to the new plant in Russia, where trainers periodically take turns to run courses based on materials translated into Russian.

## Rights



**Palladio**  
**Wiki**



# “Proactive integration of people with disabilities”

## 12.1. Work as a place of rights (Ref. GRI 103-2/3, 412-1/3)



In the Palladio Group, the utmost attention to fundamental human rights **stems from our values and corporate ethics** and is strengthened with the commitment to respect the international conventions on the matter and legislation in effect in the countries in which we operate, **putting these rights into practice** in our everyday activities.

Thanks to **clear and timely company policies**, this commitment is upheld at every level of the organisation and in every country in which we operate. More specifically, we have included social and environmental criteria in our **supplier selection process** with which we establish collaborative relationships for work or services, and mechanisms are provided to **report to the corporate Ethics Committee** any discriminatory behaviour based on race, colour, sex, religion, political opinion, nationality, or social background.

There is no form of child labour, forced or compulsory labour in the company and any work request that goes beyond normal working hours **is governed by national, supplementary contracts** in accordance with the workers' representatives and trade unions, **which provide for compensation** based on the number of overtime hours worked.

In every country in which we operate **we**

**guarantee the minimum wage** as provided for by law. Since we promote forest protection standards, such as the **FSC® and PEFC™** (see par. 6.1), we also ensure, in an indirect way, **respect for indigenous populations** and their territorial assets.

In confirmation of this, in 2019, **no reports were made** in the Group's plants regarding any breach of human rights or relative to the work of Group employees or from an internal or external stakeholder.

Being aware that the commitment to respect human rights needs to be sustained over time, we **periodically check and verify** the human rights aspects of all our activities. This is an operation which is done through a **formal assessment process** based on information provided by Ethics Committees and the various managers at all the Group's plants. The activity helps us to **direct decisions** in a more correct way and to prevent our company from being associated with or complicit in actions undertaken by other parties with which the company has, or might have, dealings.

## 12.2. Non-discrimination (Ref. GRI 406-1)



The right to equal opportunities and the rejection of discrimination on social, racial, or religious grounds in favour of integration

of individuals and cultural exchange, are key objectives in our corporate policies.

Starting with the **greatest commitment** to the hiring percentages of people with disabilities, as provided for by domestic legislation in effect, and with a view to ensure equal treatment, in the Palladio Group **we also promote, in a proactive way**, integration of people with disabilities within the company, ensuring that dignified and adequate tasks are assigned to them.

The working conditions and workplaces are designed and maintained in such a way as to **facilitate mobility** for people with disabilities.

In 2019, **no reports were made** relative to discriminatory human rights practices.

## 12.3. Freedom of Association and Collective Bargaining (Ref. GRI 102-41, 407-1)



Every employee is free, according to their wishes, to **join a trade union** or similar organisation without this leading to any advantage or disadvantage being held against them.

Trade union organisations are free to carry out their activities without any restrictions or interference from the company. Trade union meetings (paid for) are held periodically in Group plants and are open to every employee

in order to support the right of workers to freely associate.

9.18% of employees are registered with a trade union. In 2019, 494 hours of strikes by employees were recorded, due, in part, to participation in national events, whilst 802 hours were spent in paid trade union meetings.

**Suppliers** are monitored through appropriate control activities (code of conduct and questionnaires), in which specific reference is made to freedom of association and collective bargaining.

## 12.4. Child labour and forced labour (Ref. GRI 408-1, 409-1)



We do not allow, in any Group plant, the use of **child labour**. In 2019, the minimum age of our employees was **18**, whilst the average age was **34**. In line with our policies, our partners are asked to sign up to **codes of conduct**. The main raw material suppliers are also monitored through **specific questionnaires**, whilst every service provider (contractor) is controlled through specific **declarations** that certify that the company has fulfilled its legal and contractual obligations, including with respect to child labour.

There has never been a case of **forced labour or compulsory labour** in the Palladio Group.

## Community

Employees are guaranteed appropriate work times, as provided for by national contracts: the work done as overtime is **regularly paid** and workers voluntarily take up any initiative involving overtime.

Working hours at the Palladio Group are set in

such a way as not to prejudice the rights of each worker to be able to enjoy **daily rest periods** aimed at restoring psychological, physical, and intellectual energy. Workers enjoy, without oppression, the right to leave and sickness due to them. Also in this case, **suppliers are monitored and controlled** through specific activities.



### 13.1. Us for the community (Ref. GRI 102-16, 103-2/3 )

In addition to **contributing to development** by creating better **economic opportunities** for the local communities, in the regions in which we operate, we also want to be **an active and participatory presence in social and cultural growth**. By looking at the needs of the community, and with a view to making our intervention more effective, for each territory we identify the **priority themes** for which we develop numerous initiatives in the context of **solidarity, environmental education (see par. 9) and sustainability (see par. 13.1)**.

A social commitment firmly anchored to **our values**, that has always played an important role in our corporate culture. And which is primarily reflected in a series of initiatives aimed

at **mitigating the potential and effective impact** or our daily operations, also thanks to a **constant dialogue** with local institutions and organisations: we have developed and implemented **prevention programmes** in order to ensure compliance with the law and to safeguard physical and economic well-being, as well as to protect the natural resources of the regions in which we have our plants.

In order to carry out this proactive role in the communities, it is essential that we start with relationships with the most direct stakeholders. **Ethics and meritocracy** are the values that guide us in our choices regarding employees, suppliers, customers, and any other organisation with which we have dealings. Specifically, we do not tolerate corruption under any circumstances whatsoever (see par. 13.3).

#### Our principles in dealings with stakeholders

In the Palladio Group:

- promoting the development of roles and rewarding company workers is only permitted on the basis of the merit demonstrated in terms of participation, professional growth, achieving the objectives assigned and a sense of belonging to the company
- promising or offering objects, services, inducements, or favours of value (to managers, officers, or employees of the Public Administration, or to their relatives) in order to obtain an interest or an advantage for the Palladio Group is not permitted. Offering gifts or other benefits of modest value is permitted only if it falls under legitimate uses or customs
- parties, their representatives and candidates are not financed and any pressure (direct or indirect) on political representatives is vigorously avoided
- supporting requests for contributions, coming from non-profit bodies and associations with regular articles of association and by-laws, is permitted, as are charitable donations
- sponsorship activities may concern social or environmental themes as well as sports, and art and culture in general.

Business relationships with customers are based on a **relationship of trust** and our aim is **for the intrinsic quality** of the products and services we provide to be the reason they are chosen. We select and qualify our suppliers in accordance with **detailed rules and formalised procedures** and we give no favouritism to any of them or any agreement in which a potential conflict of interests might be seen.

Whoever works with our Group must be able to find a **valid commercial partner** in us, but also must be aware that our **business model** is based on the principles and values of **social ethics**, far from monopolistic practices, which can lead to unfair competition, and practices that run contrary to the principles of a free market. That is why, from a **responsible marketing** perspective, we send customers and suppliers an informational notice that explains our commitment to social responsibility, encouraging them to work along the same principles.

### 13.2. Participants of local communities (Ref. GRI 413-1/2)



Our proactive participation in the socio-economic development of the communities in which we work translates into **support for numerous associations** be they local, domestic, or international. Considering their **nature of solidarity**, at the moment, we have not provided for a system to measure the percentage of the

activities for which the local community has been involved.

In the Italian plants, an important opportunity with which to turn our thoughts to disadvantaged people is the **Christmas raffle**. Again in 2019, the proceeds from the sales of raffle tickets, **doubled by the company**, were donated to various humanitarian and social associations chosen by employees.

As part of the overall budget for social initiatives, in 2019, again at Christmas, we donated the funds intended to purchase presents for customers to support non-profit organisations. Specifically, we supported the **Abil-mente Project** by the **I Bambini delle Fate** association and the **“Dopo di noi” Training and Work Centre Project** by the **Natura Nakupenda** association (see box).

Furthermore, through an Irish school, we organised an initiative for Irish children to donate used reading books which will be sent to the **Saint Joseph School in Addis Abeba** for the school library. Palladio had already worked with this institute through donations to the non-profit, Strawberry; in addition, under other circumstances, materials have been sent to children for educational and recreational use (stickers, paper pads, caps, markers).

At Easter, as happened last year, **Palladio East** livened up the holidays of children with special needs by donating school supplies, picture frames and decorative Easter eggs, to orphans at the **Bela Crkva Shelter**, located close to the plant at Vršac (Serbia).

### More autonomy for children with disabilities

The *Abil-mente Project* run by the association, *I Bambini delle Fate*, in partnership with ENGIM Veneto, aims to fill the gap between schooling and work placement for children with autism and disabilities. This is done through a company to experience educational, creative, and recreational activities that enhance their skills, increase their sense of self-dependence in being able to achieve personal and social autonomy.

[www.ibambinidellefate.it/progetto-abil-mente/](http://www.ibambinidellefate.it/progetto-abil-mente/)

The “*Dopo di noi*” Training and Work Centre run by Natura Nakupenda offers young autistic people a job opportunity, especially when they can no longer count on their families. In this context, social agricultural initiatives are enhanced in Tuscany, also thanks to a specific regional law. In 2012, a therapeutic garden was created for parents and children to work together.

[http://www.naturanakupenda.net/1/progetto\\_autismo\\_1068611.html](http://www.naturanakupenda.net/1/progetto_autismo_1068611.html)

A special mention is reserved for our Group's support of the **Libellula Project**, the first network of companies united **against violence towards women and gender discrimination**.

We are convinced that Corporate Social Responsibility must translate into an active role that promotes a culture of equality, integration, equal opportunity, and mutual respect. Our commitment is, for us, a great opportunity to make a real, solid contribution, raising awareness among our stakeholders of this delicate, and sadly continuing, topic.

The project's aim is to trigger cultural change **starting with the workplace**: the first phase was information gathering through an anonymous questionnaire sent to every employee of the **Palladio Group S.p.A., Poliweb and Pharma Partners**. On 25 November, on the International Day for the Elimination of Violence Against Women, we inaugurated our **Red Benches** at the

entrance to every Palladio Group Italian plant: a symbol of non-violence and a tangible sign of our commitment to dealing with this delicate, and sadly continuing, topic.

### 13.3. Socialising activities

We have always believed that there is a close connection between **personal well-being** and work performance, an indicator which, in the past, was measured solely in terms of productivity. Today, productivity is considered together with **new ideas and the desire to continuously improve**, which can only happen if people are **motivated by and interested in** the work they perform.

Following this approach and consistent with this commitment, over the years we have also organised cultural, artistic, and sporting events

for employees in order to strengthen integration and reinforce the team spirit that distinguishes our Group. In 2019, we concentrated on **company visits**, a highly effective tool in creating direct communication between the world inside a company and the one outside.

The attention to our people is not limited to those who currently have an active role in the company, but extends to all those who have helped our Group grow over the years. Moving from employment to retirement can be **one of the most delicate moments** of our life. We are committed on several fronts to **assist employees** in this step.

With regard to the social aspects, we are careful to preserve a **sense of community**. For some

years, the **“Palladio Pensioners’ Group”** has become a corporate institution that organises trips, informal gatherings, plant visits, theatrical performances and other initiatives that involve ex-colleagues, giving them the chance to meet and renew the ties created from long-term employment with the company.

Our ex-colleagues are also invited to participate in exchanging **Christmas greetings, the Christmas raffle and delivering Christmas gift packs** together with all the staff on duty. Again in 2019, the company organised the classic **annual trip**, completely free, open to pensioners and their partners, through a cultural exchange to Ferrara and Comacchio, places recognised by UNESCO as “City of the Renaissance, and its Po Delta”. The previous year, the trip was a romantic

### The exchange between the productive world and societ

On 15 November, the tenth *PMI Day-Industriamoci* was held, an initiative promoted by Confindustria that offers young people the opportunity to see a manufacturing company up close. For the occasion, our plants at Thiene (Vicenza) and Pontedera (Pisa) hosted nearly 100 middle- and high-school students to show and explain the entire production cycle of folding cartons, leaflets, and labels. The day was managed by the team from the Palladio Academy. <https://www.confindustria.it/home/appuntamenti/eventi-confindustria/dettaglio-evento/pmi-day.2019>

Also in 2019, we supported the Peer Safety Education Project, promoted by the Italian Institute for Safety [*Istituto Italiano per la Sicurezza*]. The project's goal is to spread a culture of safety amongst the young through an approach that addresses both the risks related to daily life as well as those in the workplace. *Peer education* is an innovative strategy that enhances the ability of children and young people to become educators of their peers on important issues. [http://www.istitutoitalianosicurezza.it/it/peer\\_safety\\_education.php](http://www.istitutoitalianosicurezza.it/it/peer_safety_education.php)

mini-cruise through the Venetian villas on the Brenta River, from Padua to Venice.

### 13.4. The fight against corruption (Ref. GRI 205-1/3)



We are heavily committed to preventing any possibility of corruption in our plants and, to make our initiatives even more effective, in 2018, we asked an external body to carry out an assessment and an audit relative to prevention, in compliance with **regulation 37001**. The data that emerged highlighted that the areas in which our Group operates cannot be classified as at a high risk of corruption. During 2019, we planned specific actions to **further increase awareness** of the factors that can help prevent corruption.

The financial statements for the period are reviewed annually by **Reconta Ernst & Young** to determine and certify their compliance with the regulations governing the criteria with which they are prepared. With this in mind, any accounting operation or transaction is based on the **accuracy, completeness, and authorisation** of basic information for the related records.

Every company payment to be made is **commensurate to performance and to contractual rules** and cannot be made to a person other than the contractual counterparty. Any type of omission or falsification that an

employee might become aware of is to be reported immediately to the **Ethics Committee**.

In 2019, **no reports of corruption were made** that involved employees or suppliers, and there was no legal action taken concerning corruption against the companies in our Group.

### 13.5. Relationships with institutions (Rif. GRI 201-4, 415-1)



Our Group maintains relationships with **public institutions** mainly through **national industry associations** (see par. 3.4) and, as a consequence, does not take positions on public policy, just as it does not participate in the development of public policies.

As seen in our principles, company policy prohibits us from making contributions to politicians or political parties, nor may we accept financial benefits from public administrations. The Public Administration is not part of our shareholding structure.

## The Report's Profile



## 14.1. The Report's profile, the choice for transparency (Rif. GRI 102-50/51/52/53/54/55/56)

Now in its eighth year, the **Sustainability Report** is part of our wider strategy of sustainable development and demonstrates our willingness to **share, in a transparent way**, with every stakeholder, our commitment to **continuous improvement**.

The reporting data in this edition refers to the **last three years (2017, 2018, 2019)** and, unless otherwise specified, relate to the **Palladio Group** as a whole, understood as being the set of the parent company, Palladio Group S.p.A., and its subsidiaries both in Italy and outside Italy (see also Methodology Note).

With the goal of promoting the **greatest distribution and accessibility**, we make the report available to every stakeholder thanks to its publication on the United Nations' **Global Compact** website and on the **GRI** website as well as the **Palladio Group** website and the **company intranet**.

For more information, the company can be contacted at:  
**sustainability@palladiogroup.com**.

The aim of the report is to disclose information on the **economic, environmental, and social performance** deriving from the Palladio Group's production activities on a yearly basis, in order to **constantly account** for the actions we take. We believe that production companies play a

key role in building a more sustainable future, a **collaborative process** between companies, institutions, and people which becomes all the more effective the more comparable and shareable information it makes available.

That is why we decided to frame our activities within a wider context in respect of the **GRI Sustainability Reporting Standards** and the **Global Compact Principles** (see par. 14.1), which are an integral part of the document. In detail, the report has been prepared in compliance with the **GRI Standards: Core option** and subjected to external verification by **SGS Italia**, as certified in the specific section.

To date, we have published **8 Sustainability Reports** (including **Communications On Progress**), **2 Communications On Progress**, **4 CDP Supply Chain Climate Change Reports** and **3 CDP Supply Chain Water questionnaires** and **10 EcoVadis sustainability assessments (with ratings)**.

The data relative to the economic performance, given in the specific section, comes from the **Consolidated Financial Statements for the year** subject to verification by auditors from **Reconta Ernst & Young**.

The latest publication, available from the Palladio Group website, the GRI website and the UN Global Compact website, is dated **April 2019**.

## 14.2. Why the ten UN Global Compact principles

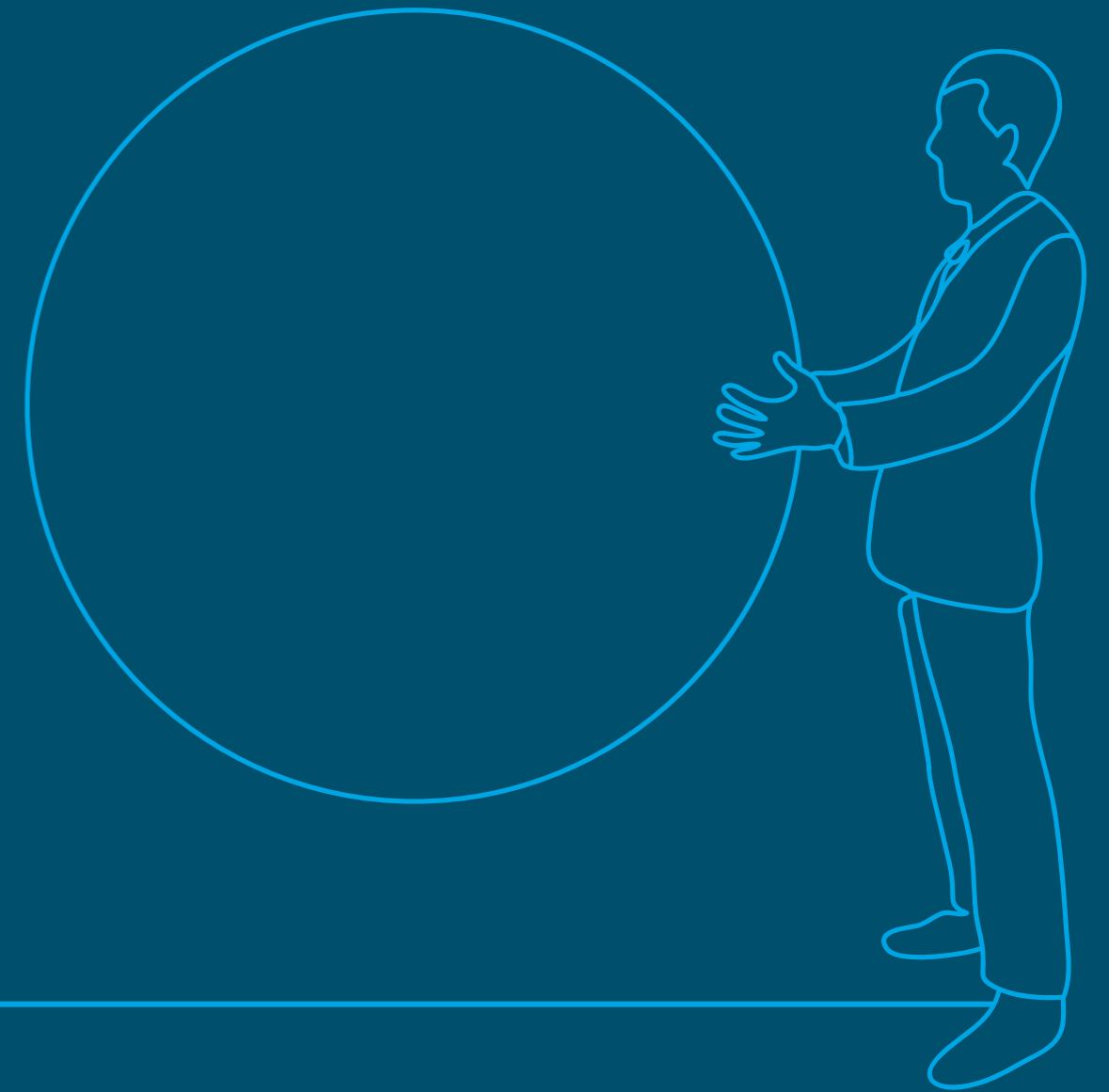
In May 2012, we formalised our commitment to the **UN Global Compact**, which guides our sustainability model. This pact unites companies committed to aligning their businesses and strategies to the universally accepted **10 principles** regarding human rights, work, the environment, and the fight against corruption.

This Report highlights our commitment to observe and promote these principles thanks to reporting which reflects the **GRI Standards' performance indicators** that apply to the Palladio Group, which, in turn, relate to each of the ten principles.

In order to ease searching for information, we have also prepared **table 3 in the annexes**. The table shows which GRI STD performance indicators that apply to the Palladio Group are to be related with each of the 10 UN Global Compact principles.

**To find the pages where the GRI indicators are discussed, see the explanatory table of the report's contents.**

# Compliance





## 15.1. Compliance

With a view to even greater transparency, in relation to each GRI, we summarise, in an analytical way, the findings for the reporting year. Specifically, in the course of 2019:



we received no reports or complaints regarding suppliers' work practices  
**(Rif. 414-2)**



we recorded no cases of non-compliance with voluntary regulations and codes concerning the impacts on the health and safety of products and services supplied by the Group's plants  
**(Rif. 416-2)**



we recorded no significant environmental impacts or complaints regarding an environmental impact, nor any administrative or criminal sanctions, financial or otherwise *res judicata* due to non-conformity or failure to comply with laws and regulations regarding the environment  
**(Rif. 307-1)**



we recorded no cases of non-compliance with voluntary regulations and codes concerning information and labelling of products and services  
**(Rif. 417-2)**



we recorded no legal action related to unfair competition, anti-trust, or monopolistic practices  
**(Rif. 206-1)**



we recorded no complaints regarding privacy breaches or loss of customer data  
**(Rif. 418-1)**



we received no reports or complaints concerning impacts on society and we recorded no administrative or criminal sanctions, financial or otherwise, *res judicata* due to the non-conformity or failure to comply with the laws and regulations to which the Group's plants are subject in their operation  
**(Rif. 419-1)**



## Data and indicators



## 16.1. Data and indicator tables

Economic and Financial Results <sup>(1)</sup> Ref. 201-1, 203-1	Total			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Revenues	81.479.291	90.702.038	101.186.195	74.904.544	5.272.385	17.022.373	181.628	3.237.197	568.068
Economic value distributed	74.172.481	85.401.319	95.057.017	69.743.009	5.201.342	15.866.210	178.560	3.170.034	897.862
b) Operating costs	53.211.714	61.769.983	71.202.577	50.634.015	3.923.183	13.156.404	18.166	2.002.099	1.468.710
c) Wages and benefits	18.393.637	20.407.465	22.398.020	16.902.261	1.308.464	2.498.171	159.507	1.160.849	368.768
d) Payments to providers of capital	305.864	1.451.835	-351.651	491.877	7.932	77.269	887	2.005	-931.621
e) Payments to the Public Administration	2.205.665	1.706.485	1.746.116	1.653.701	-39.037	134.366	-	5.081	-7.995
f) Community investments <sup>(2)</sup>	55.601	65.551	61.955	61.155	800	-	-	-	-
Economic value retained	7.306.810	5.300.718	6.129.178	5.161.535	71.043	1.156.163	3.068	67.163	-329.794

<sup>(1)</sup> Figures expressed in Euro and extended to the reporting scope only  
<sup>(2)</sup> Donations and financial contributions

Raw material used Ref. 301-1	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Board	kg	20.173.173	21.676.040	23.253.696	14.809.175	13.973	6.538.301	1.497.462	394.785
Paper	kg	4.655.153	4.760.628	6.235.838	4.783.870	0	1.258.737	9.231	184.000
Supports for self-adhesive products	kg	117.258	443.798	503.439	150.800	331.000	21.639	0	0
Aluminium for blister packs	kg	50.743	85.161	88.427	88.427	0	0	0	0
Total raw material from renewable sources	kg	24.945.584	26.880.466	29.992.974	19.743.845	344.973	7.818.677	1.506.693	578.785
Total raw material from non-renewable sources	kg	50.743	85.161	88.427	88.427	0	0	0	0
Total raw material	kg	24.996.327	26.965.627	30.081.401	19.832.272	344.973	7.818.677	1.506.693	578.785
Total production	kg	16.100.932	18.002.173	20.501.026	13.812.090	344.973	4.805.537	1.202.780	335.645

Percentage of incoming recycled raw material used Ref. 301-2	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total raw material used	kg	24.996.327	26.965.627	30.081.401	19.832.272	344.973	7.818.677	1.506.693	578.785
Total recycled material used	kg	4.644.591	4.717.905	5.134.852	2.507.410	0	2.595.642	31.800	0
Percentage of recycled material used	%	23,02	21,77	22,08	16,93	0	39,70	2,12	0

Products and related packaging material recycled at the end of their life cycle Ref. 301-3	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total production	kg	16.100.932	18.002.173	20.501.026	13.812.090	344.973	4.805.537	1.202.780	335.645
Total recovery products sent for recycling <sup>(1)</sup>	kg	8.895.395	8.963.454	9.580.375	6.020.182	0	3.013.140	303.913	243.140
Percentage of recovery products (recovery products/ total production)	%	55,25	49,79	46,73	43,59	0	62,70	25,27	72,44

<sup>(1)</sup> Note: Takes into account only the total of paper and board waste sent for recycling.

Percentages of supply acquired in the local markets of the country for each Division Ref. 204-1	M.U.	2017	2018	2019
PALLADIO GROUP SPA	%	47.66%	55.31%	63.8%
POLIWEB GRAPHICS	%	97.83%	98.07%	98.17%
PALLADIO EAST DOO	%	58.47%	42.57%	46.55%
STUDIO THE PHACTORY	%	0%	0%	0%
PALLADIO IRELAND LTD	%	94.43%	94.32%	83.00%
PALLADIO BNM	%	100%	91.7%	81.6%

Energy consumption for production and summer air conditioning Ref. 302-1	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Electrical energy	GJ	38.969	44.849	47.960	29.687	2.198	11.821	1.385	2.869

For the conversion of volumes into gigajoules, the table in annex 2 of this report has been used

Energy consumption for heating Ref., 302-1	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Natural gas	GJ	16.926	19.868	21.225	12.666	725	3.755	0	4.078
Oil	GJ	460	652	740	0	0	0	740	0

For the conversion of volumes into gigajoules, the table in annex 2 of this report has been used

Energy consumption in comparison (intensity) Ref. 302-3/4	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Natural gas consumption	Sm3	483.907	562.017	600.161	358.778	20.545	112.647	0	108.191
Gas used (Sm3 / hours of production)	Sm3/h	1,56	1,58	1,54	1,51	1,06	1,06	0,00	7,64
Gas used (Sm3 / kg total production)	Sm3/kg	0,030	0,031	0,029	0,026	0,060	0,023	0,000	0,322
Electrical energy used	kWh	10.824.827	12.457.997	13.322.260	8.246.391	610.497	3.283.674	384.678	797.020
Electrical energy used (kWh / hours of production)	kWh/h	34,89	35,11	34,15	34,78	31,35	31,03	28,44	56,26
Electrical energy used (kWh / kg total production)	kWh/kg	0,6723	0,6920	0,6498	0,5970	1,7697	0,6833	0,3198	2,3746

Energy consumption in comparison (intensity) Ref. 302-3/4	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Oil consumption	l	12.558	17.810	20.223	0	0	0	20.223	0
Oil (litres / hours of production)	l/h	0,04	0,05	0,05	0	0,00	0,00	1,50	0,00
Oil (litres / kg total production)	l/kg	0,00078	0,00099	0,00099	0	0,00000	0,00000	0,01681	0,00000

Water consumption Ref. 303-1/2/3	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Water withdrawn from the mains	m3	1.041	2.455	2.295	212	418	0	172	1.493
Water withdrawn from wells	m3	8.218	7.452	10.310	8.278	0	2.032	0	0
Water withdrawn from other sources	m3	0	0	0	0	0	0	0	0
Total water withdrawn	m3	9.259	9.907	12.605	8.490	418	2.032	172	1.493

Waste Ref. 306-1/2/4	Total			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total waste produced	kg	4.476.113	5.200.860	5.700.339	1.831.515	107.820	3.176.092	314.507	270.405
Total waste recovered (R)	kg	4.213.836	4.683.865	5.108.499	1.634.809	0	3.156.498	302.827	14.365
Total hazardous waste	kg	120.839	120.245	112.435	79.336	800	19.639	7.425	5.235
% hazardous waste of total waste produced	%	2,70	2,31	1,97	4,33	0,74	0,62	2,36	1,94
% waste recovered of total waste produced	%	94,14	90,06	89,62	89,26	0	99,38	96,29	5,31
Total NON hazardous waste	kg	4.355.274	5.080.615	5.587.904	1.752.179	107.020	3.156.453	307.082	265.170
Waste directly linked to production	kg	235.682	227.191	201.602	176.891	2.100	11.093	6.313	5.205
Total raw material waste <sup>(1)</sup>	kg	8.895.395	8.963.454	9.580.375	6.020.182	0	3.013.140	303.913	243.140

<sup>(1)</sup> Note: Takes into account only the total of paper and board waste sent for recycling.

Emissions Ref. 305-1/2/3/4/5	M.U.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total CO <sub>2</sub> emissions (Market-based)	tonCO <sub>2</sub>	18.232	20.451	23.303	12.611	1.552	7.174	966	1.107
Total CO <sub>2</sub> emissions (Location-based)	tonCO <sub>2</sub>	20.504	23.125	25.951	15.217	1.450	7.174	1.110	1.107
Direct emissions of CO <sub>2</sub> from fossil fuels (natural gas + oil)	tonCO <sub>2</sub>	1.018	1.160	1.243	709	41	211	54	229
Market-based indirect emissions of CO <sub>2</sub> (i.e. generated by the E.P. provider)	tonCO <sub>2</sub>	2.830	2.955	3.171	0	295	2.377	0	498
Location-based indirect emissions of CO <sub>2</sub> (i.e. generated by the E.P. provider)	tonCO <sub>2</sub>	5.102	5.629	5.819	2.606	193	2.377	144	498
Indirect emissions of CO <sub>2</sub> from production (as finished product)	tonCO <sub>2</sub>	10.884	12.804	14.707	8.859	864	3.951	844	295
Indirect emissions of CO <sub>2</sub> from inbound transportation	tonCO <sub>2</sub>	1.459	1.600	2.082	1.753	34	257	4	33
Indirect emissions of CO <sub>2</sub> from outbound transportation	tonCO <sub>2</sub>	2.041	1.932	2.101	1.290	318	378	64	51
Indirect emissions of CO <sub>2</sub> from paper and cardboard waste	tonCO <sub>2</sub>	6.013	6.375	6.873	3.861	0	2.478	213	214
Indirect emissions of CO <sub>2</sub> from raw materials	tonCO <sub>2</sub>	16.897	19.179	21.580	12.720	864	6.429	1.057	509
Fuel carbon footprint	tonCO <sub>2</sub> /ton produzione totale	0,063	0,064	0,061	0,051	0,118	0,044	0,045	0,682
Market-based electrical energy carbon footprint	tonCO <sub>2</sub> /ton total production	0,176	0,164	0,155	0,000	0,855	0,495	0,000	1,484
Location-based electrical energy carbon footprint	tonCO <sub>2</sub> /ton produzione totale	0,317	0,313	0,284	0,189	0,559	0,495	0,120	1,484
Production carbon footprint	tonCO <sub>2</sub> /ton total production	0,676	0,711	0,717	0,641	2,506	0,822	0,701	0,880
Transportation carbon footprint	tonCO <sub>2</sub> /ton total production	0,217	0,196	0,204	0,220	1,020	0,132	0,057	0,251
Market-based carbon footprint (from all sources)	tonCO <sub>2</sub> /ton total production	1,132	1,136	1,137	0,913	4,499	1,493	0,803	3,297
Location-based carbon footprint (from all sources)	tonCO <sub>2</sub> /ton total production	1,273	1,285	1,254	1,102	4,203	1,493	0,923	3,297

Carbon Price	U.M.	Total			Breakdown 2019				
		2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO+ STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Weighted average carbon price calculated	€/tonCO <sub>2</sub>	6,46	13,27	21,21	21,27	21,17	21,17	18,63	21,17
Gross carbon price (scope 1+ scope 2 + scope 3)	€	117.786,35	271.389,31	494.343,45	268.197	32.853	151.872	17.993	23.429
Carbon price from fossil fuels (scope 1)	€	5.940,07	15.322,65	26.175,36	15.002	859	4.460	1.011	4.843
Market-based scope 2 carbon price (i.e. generated by the E.P. provider)	€	19.316,30	38.134,41	67.116,10	0	6.246	50.326	0	10.545
Production carbon price (as finished product)	€	73.055,83	172.011,63	312.686,09	188.776	18.298	83.644	15.714	6.254
Indirect emissions of CO <sub>2</sub> from paper and cardboard purchases	€	108.062,19	253.430,37	454.129,40	269.273	18.298	136.090	19.684	10.785
Indirect emissions of CO <sub>2</sub> from paper and cardboard waste	€	35.006,36	81.418,74	141.443,30	80.497	0	52.446	3.970	4.530
Indirect emissions of CO <sub>2</sub> from inbound transportation	€	7.813,11	20.669,82	44.056,77	37.107	720	5.445	76	709
Indirect emissions of CO <sub>2</sub> from outbound transportation	€	11.661,04	25.250,81	44.309,12	27.311	6.730	7.998	1.193	1.077
Scope 1 Carbon price indicator (*)	€/€	0,000069	0,000169	0,000261	0,000202	0,000165	0,000262	0,000312	0,008526
Scope 2 Carbon price indicator (*)	€/€	0,000225	0,000420	0,000668	0,000000	0,001196	0,002956	0,000000	0,018563
Scope 3 Carbon price indicator (*)	€/€	0,001484	0,003300	0,005402	0,004486	0,004932	0,008784	0,006473	0,022130
Gross carbon price indicator (*)	€/€	0,001370	0,002992	0,004922	0,003606	0,006293	0,008922	0,005558	0,041244

(\*) Calculated by taking account of the presence of Poliweb Graphics from 2017.

Detailed analysis of employees Ref. 102-8, 201-3, 202-1/2, 405-1, 401-2	Total			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total employees - men	510	543	629	399	21	146	6	24	33
Total employees - women	157	168	188	95	14	57	4	8	10
General total employees	667	711	817	494	35	203	10	32	43
on permanent contract - men	384	436	475	299	19	105	5	14	33
-full time	N/A	431	466	293	19	105	5	14	30
-part time	N/A	5	9	6	0	0	0	0	3
on permanent contract - women	106	138	145	75	13	42	3	2	10
-full time	N/A	123	134	69	9	42	3	2	9
-part time	N/A	15	11	6	4	0	0	0	1
fixed term contract - men	46	43	54	1	0	42	1	10	0
-full time	N/A	42	53	0	0	42	1	10	0
-part time	N/A	1	1	1	0	0	0	0	0
fixed term contract - women	19	16	24	2	1	14	1	6	0
-full time	N/A	14	23	2	0	14	1	6	0
-part time	N/A	2	1	0	1	0	0	0	0
temporary workers - men	76	65	102	100	2	0	0	0	0
-full time	N/A	65	102	100	2	0	0	0	0
-part time	N/A	0	0	0	0	0	0	0	0
temporary workers - women	21	13	17	17	0	0	0	0	0
-full time	N/A	13	17	17	0	0	0	0	0
-part time	N/A	0	0	0	0	0	0	0	0
Solidarity contract <sup>6</sup>	15	14	0	0	0	0	0	0	0
-Men	5	4	0	0	0	0	0	0	0
-Women	10	10	0	0	0	0	0	0	0
With trade union membership	73	64	75	75	0	0	0	0	0

Affected by Disability	28	26	25	21	1	1	1	0	1
Foreign	27	22	35	14	0	0	0	15	6
Salaries above minimum wage	507	525	565	272	20	203	10	18	42
-Men	Men	388	422	212	11	146	6	15	32
-Women	Women	137	143	60	9	57	4	3	10
Annual salary increments %	6,75%	9,85%	38,56%	21,26%	11,43%	100,00%	0,00%	3,13%	4,65%
Bonuses/Premiums %	96,85%	81,29%	91,19%	100,00%	0,00%	100,00%	100,00%	100,00%	13,95%
Salaries above minimum wage %	76,01%	73,84%	69,16%	55,06%	57,14%	100,00%	100,00%	56,25%	97,67%
-Men	Men	71,45%	67,09%	53,13%	52,38%	100,00%	100,00%	62,50%	96,97%
-Women	Women	81,55%	76,06%	63,16%	64,29%	100,00%	100,00%	37,50%	100,00%
Overtime % of hours worked	6,24%	4,98%	5,19%	3,43%	4,34%	9,67%	0,04%	5,76%	1,26%
Holiday hours % of hours worked	9,30%	9,59%	10,35%	10,81%	11,76%	10,15%	11,36%	8,72%	6,22%
Disciplinary Measures % of employees	4%	3%	2%	2%	0%	0%	0%	0%	7%
Worked hours	909.832	1.042.645,49	1.208.476,62	677.157,60	54.221,50	352.059	19.575	38.841	66.623
Holiday hours	84.639	100.009,36	125.058,33	73.178,83	6.378	35.744	2.224	3.387	4.147
Overtime	56.785	51.962,2	62.709,91	23.237,93	2.355	34.032	7	2.237	841
No. Ethical complaints	0	0	0	0	0	0	0	0	0
% Ethical complaints	0%	0%	0%	0%	0%	0%	0%	0%	0%
Cover of the pension plan (Euro)	4.373.799	4.877.190	5.204.378	3.904.605	274.759	874.869	0	89.749	60.396
% Senior managers hired in the local community	100	100	100	100	100	100	100	100	100

<sup>6</sup> This category of employees is absorbed by part-time contracts, so it is not to be counted when calculating the total number of employees

Detailed analysis of employees by category Ref. 102-8, 405-1	Total			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Employees under 18									
Total Employees under 18	0	0	0	0	0	0	0	0	0
Employees under 30									
Total - Men	85	105	144	89	8	36	1	5	5
Total - Women	19	20	27	17	1	7	0	1	1
White collar - men	5	10	8	2	1	2	1	0	2
White collar - women	5	10	12	7	1	3	0	1	0
Blue collar - men	80	95	136	87	7	34	0	5	3
Blue collar - women	14	10	15	10	0	4	0	0	1
Managers - men	0	0	0	0	0	0	0	0	0
Managers - women	0	0	0	0	0	0	0	0	0
Total	104	125	171	106	9	43	1	6	6
Employees 30 – 50									
Total - Men	330	311	355	200	7	103	5	17	23
Total - Women	110	116	124	54	7	47	4	5	7
White collar - men	41	34	33	13	3	8	4	1	4
White collar - women	32	41	40	15	2	16	4	1	2
Blue collar - men	282	265	309	181	3	95	0	15	15
Blue collar - women	74	69	79	37	4	30	0	4	4
Managers - men	7	12	13	6	1	0	1	1	4
Managers - women	4	6	5	2	1	1	0	0	1
Total	440	427	479	254	14	150	9	22	30
Employees over 50									
Total - Men	95	127	130	110	6	7	0	2	5
Total - Women	28	32	37	24	6	3	0	2	2

White collar - men	22	29	32	28	0	0	0	0	4
White collar - women	8	10	12	5	3	1	0	1	2
Blue collar - men	65	89	90	76	6	5	0	2	1
Blue collar - women	20	21	24	19	2	2	0	1	0
Managers - men	7	9	8	6	0	2	0	0	0
Managers - women	1	1	1	0	1	0	0	0	0
Total	123	159	167	134	12	10	0	4	7
Employees' age									
Average age	40	39	34,45	44,8	44,41	37	37	37,94	39,98
Minimum age	18	18	18	18	18	20	29	20	25
% of total employees									
White collar - men	10%	10%	9%	8,70%	11,43%	4,93%	50,00%	3%	23%
White collar - women	7%	9%	8%	5,47%	17,14%	9,85%	40,00%	9%	9%
Blue collar - men	64%	63%	65%	69,64%	45,71%	66,01%	0,00%	69%	44%
Blue collar - women	16%	14%	14%	13,36%	17,14%	17,73%	0,00%	16%	12%
Managers - men	2%	3%	3%	2,43%	2,86%	0,99%	10,00%	3%	9%
Managers - women	1%	1%	1%	0,40%	5,71%	0,49%	0,00%	0%	2%

Hiring and Terminations Ref. 401-1	Total			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
New hires Men <30	15	25	36	18	4	10	0	3	1
New hires Women <30	4	4	9	6	0	2	0	0	1
New hires Men 30-50	24	32	39	10	0	14	0	6	9
New hires Women 30-50	9	11	18	4	1	4	0	5	4
New hires Men >50	6	4	6	3	0	0	0	0	3
New hires Women >50	2	1	4	2	1	0	0	1	0
<b>Total new hires</b>	<b>60</b>	<b>77</b>	<b>112</b>	<b>43</b>	<b>6</b>	<b>30</b>	<b>0</b>	<b>15</b>	<b>18</b>
<b>Total terminations</b>	<b>30</b>	<b>36</b>	<b>53</b>	<b>25</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>9</b>	<b>8</b>
Hiring rate Men <30	2,25%	3,52%	4,41%	3,64%	11,43%	4,93%	0,00%	9,38%	2,33%
Hiring rate Women <30	0,60%	0,56%	1,10%	1,21%	0,00%	0,99%	0,00%	0,00%	2,33%
Hiring rate Men 30-50	3,60%	4,50%	4,77%	2,02%	0,00%	6,90%	0,00%	18,75%	20,93%
Hiring rate Women 30-50	1,35%	1,55%	2,20%	0,81%	2,86%	1,97%	0,00%	15,63%	9,30%
Hiring rate Men >50	0,90%	0,56%	0,73%	0,61%	0,00%	0,00%	0,00%	0,00%	6,98%
Hiring rate Women >50	0,30%	0,14%	0,49%	0,40%	2,86%	0,00%	0,00%	3,13%	0,00%
<b>New hiring rate</b>	<b>9,00%</b>	<b>10,83%</b>	<b>13,71%</b>	<b>8,70%</b>	<b>17,14%</b>	<b>14,78%</b>	<b>0,00%</b>	<b>46,88%</b>	<b>41,86%</b>
<b>Terminations rate</b>	<b>4,50%</b>	<b>5,06%</b>	<b>6,49%</b>	<b>5,06%</b>	<b>14,29%</b>	<b>2,46%</b>	<b>10,00%</b>	<b>28,13%</b>	<b>18,60%</b>
<b>Hiring rate Men</b>	<b>6,75%</b>	<b>8,58%</b>	<b>9,91%</b>	<b>6,28%</b>	<b>11,43%</b>	<b>11,82%</b>	<b>0,00%</b>	<b>28,13%</b>	<b>30,23%</b>
<b>Hiring rate Women</b>	<b>2,25%</b>	<b>2,25%</b>	<b>3,79%</b>	<b>2,43%</b>	<b>5,71%</b>	<b>2,96%</b>	<b>0,00%</b>	<b>18,75%</b>	<b>11,63%</b>

Training Ref. 403-4, 404-1/2, 412-2	Total			Breakdown 2019										
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM					
<b>Total training hours</b>	<b>12.561</b>	<b>21.612</b>	<b>16.318</b>	<b>10.946</b>	<b>554</b>	<b>1.982</b>	<b>45</b>	<b>1.808</b>	<b>983</b>					
<b>Average training per employee</b>	<b>6,91</b>	<b>30,40</b>	<b>19,87</b>	<b>22,16</b>	<b>15,83</b>	<b>9,76</b>	<b>4,50</b>	<b>56,50</b>	<b>22,86</b>					
Number of training hours divided by category														
year	PALLADIO GROUP SPA		POLIWEB GRAPHICS		PALLADIO EAST DOO		STUDIO THE PHACTORY		PALLADIO IRELAND LTD		PALLADIO BNM		TOTAL	
	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar
2017	1.969	5.255	0	0	760	2366	0	0	147	525	571	240	3.447	8.386
2018	3.217	9.009	63	300	372	3371	0	0	72	839	782	2.680	4.506	16.199
2019	1.974	8.973	102	452	282	1.562	45	0	109	1.699	746	120	3.258	12.806
Average training hours divided by employees' category														
year	PALLADIO GROUP SPA		POLIWEB GRAPHICS		PALLADIO EAST DOO		STUDIO THE PHACTORY		PALLADIO IRELAND LTD		PALLADIO BNM		TOTAL	
	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar	white collar	blue collar
2017	27,35	13,98	0	0	19,00	17,66	0	0	29,30	40,38	38,07	20,00	16,25	13,15
2018	40,72	25,31	4,50	15,79	7,75	23,74	0	0	12,00	59,93	52,13	148,89	16,73	39,09
2019	23,50	21,89	7,85	20,55	8,55	9,19	4,50	0	21,80	62,93	39,26	5,00	15,06	17,08
Number of training hours divided by gender														
year	PALLADIO GROUP SPA		POLIWEB GRAPHICS		PALLADIO EAST DOO		STUDIO THE PHACTORY		PALLADIO IRELAND LTD		PALLADIO BNM		TOTAL	
	men	women	men	women	men	women	men	women	men	women	men	women	men	women
2017	6.111	1.114	0	0	2.353	773	0	0	546	126	1.173	366	10.182	2.379
2018	10.306	2.668	284	79	2.949	794	0	0	884	27	2.884	737	17.307	4.305
2019	8.999	1.947	434	120	1.562	420	26	19	1.600	208	729	254	13.350	2.968
Average training hours by gender														
year	PALLADIO GROUP SPA		POLIWEB GRAPHICS		PALLADIO EAST DOO		STUDIO THE PHACTORY		PALLADIO IRELAND LTD		PALLADIO BNM		TOTAL	
	men	women	men	women	men	women	men	women	men	women	men	women	men	women
2017	17,41	11,49	0	0	7,97	61,74	0	0	1,30	6,70	61,74	45,75	12,49	9,50
2018	29,61	30,67	14,20	6,08	13,69	110,92	0	0	52,00	9,00	110,92	105,29	32,73	23,53
2019	22,55	20,49	20,67	8,57	10,70	7,37	4,33	4,75	66,67	26,00	22,09	25,40	21,00	13,23

Percentage of employees who receive periodic assessment of their performance and professional development Ref. 404-3	2019					
	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
White collar - men	93,02%	25%	0%	0%	100%	0%
White collar - women	88,89%	0%	0%	0%	33,33%	0%
Blue collar - men	5,23%	6,25%	0%	0%	0%	0%
Blue collar - women	1,52%	0%	0%	0%	0%	0%

Ethics and anti-corruption training Ref. 205-2/ 412-2	2013	2014	2015	2016	2017	2018	2019
Training hours	15	406	165	15	230	60,5	245
Trained employees	488	15	379	165	640	464	739
% Trained employees in the reporting year	100%	3%	71%	28%	95,95%	65,26%	90,45%
% general trained employees since the start of the training programme, without distinction by year	100	100	100	100	100	100	100%

Occupational health and safety training	Total hours of training			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Hours	3.586	6.949	4.688	3.732	518	183	10	128	117

Anti-corruption Ref. 205-3	Total			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total number of episodes for which employees have been dismissed or subjected to disciplinary measures for corruption	0	0	0	0	0	0	0	0	0
Total number of incidents for which contracts with business partners have not been renewed for violations related to corruption	0	0	0	0	0	0	0	0	0
Number of legal actions regarding corruption practices against the organization or its employees	0	0	0	0	0	0	0	0	0

Right to parental leave Ref. 401-3	Total			Breakdown 2019											
	2017	2018	2019	PALLADIO GROUP SPA		POLIWEB GRAPHICS		PALLADIO EAST DOO		STUDIO THE PHACTORY		PALLADIO IRELAND LTD		PALLADIO BNM	
				men	women	men	women	men	women	men	women	men	women		
Number of eligible employees <sup>1</sup>	16	12	7	0	7	0	0	0	0	0	0	0	0	0	0
Number of employees who took parental leave	8	5	7	0	7	0	0	0	0	0	0	0	0	0	0
Number of employees who returned to work at the end of parental leave	4	4	5	0	1	0	0	0	4	0	0	0	0	0	0
Number of employees who are still on parental leave	4	1	5	0	4	0	0	0	1	0	0	0	0	0	0
Number of employees who returned to work after parental leave and who were still employed twelve months after they returned to work	4	4	1	0	1	0	0	0	0	0	0	0	0	0	0
% Rate or return of employees <sup>2</sup>	100%	100%	100%	0	100%	0	0	0	100%	0	0	100%	0	0	0

<sup>1</sup> Those who declared throughout the year to be eligible for long-term parental leave  
<sup>2</sup> Percentage referred to the end of the parental leave period referred to the reporting year

Occupational health and safety Ref. 403-2	Total hours of training			Breakdown 2019					
	2017	2018	2019	PALLADIO GROUP SPA	POLIWEB GRAPHICS	PALLADIO EAST DOO	STUDIO THE PHACTORY	PALLADIO IRELAND LTD	PALLADIO BNM
Total number of work accidents	10	13	19	9	0	9	0	1	0
Total number of accidents in transit	4	0	1	1	0	0	0	0	0
Total number of days of absence due to accidents (not in transit)	162	391	412	111	0	301	0	0	0
Hours worked by employees (excluding holidays, time off, sickness)	904.376	1.043.240	1.145.710	622.230	46.382	352.059	19.575	38.841	66.623
Total number of hours of absence due to accidents (not in transit)	1.296	3.128	3.296	888	0	2.408	0	0	0
% hours of absence due to accidents of total hours worked	0,14%	0,30%	0,29%	0,14%	0	0,68%	0	0	0
Injury severity index	0,18	0,37	0,36	0,18	0	0,85	0	0	0
Accident frequency index	15,48	12,46	17,46	16,07	0	25,56	0	25,75	0
Absenteeism (excluding holidays, time off, sickness)	4,78%	3,81%	4,28%	3,87%	3,15%	5,58%	0,57%	7,26%	1,32%
Hours lost through sick leave	43.234	39.782	49.006	24.074	1.462	19.656	112	2.820	882
Total number of supplier accidents	N/A	N/A	8	8	N/A	N/A	N/A	N/A	N/A



Sustainable Procurement Ref.102-9/10, 308-1, 414-1	2017	2018	2019
Total Suppliers	192	235	303
Total new suppliers selected and qualified on the grounds of social and environmental criteria and on their impact on society	26	38	50
Percentage of new suppliers selected and qualified on the grounds of social and environmental criteria and on their impact on society	96%	88%	88%
Total suppliers of raw material of forest origin (paper and cardboard)	39	39	56
Total suppliers of raw material of forest origin in compliance with EUTR 995/2010 and/or DDS	39	39	56
Total suppliers of raw material of forest origin certified FSC® and/or PEFC™	39	39	56
Percentage of certified forestry products and/or originating from controlled sources	100%	100%	100%

## Annexes



## 17.1. Annexes

### Annex 1 - Table with material aspects, priority, and relative scope.

Area	Material Aspect	GRI Indicators	Priority	Aspect scope	
				Internal	External
Economic	Sustainable Development	201-1/2/3	High	Palladio Group	Community
		202-1/2			
		203-1/2			
	Procurement	204-1	Medium	Palladio Group	Suppliers
		301 -1/2/3			
		308-1			
		411-1			
		412-1/3			
	Compliance	414 -1/2	High	Palladio Group	-
		206-1			
		307-1			
		414-2			
		416-2			
	Anti-corruption	417-2	Low	Palladio Group	Suppliers
205-1/3					
201-4					
Environment	Emissions	305-1/2/3/4/5	Medium		Community
	Energy	302-1/3/4	Medium	Palladio Group	-
	Water	303-1/2/3	Low	Palladio Group	-
	Biodiversity	304-1/2/3/4	Low	-	Suppliers
	Waste	306-1/2/3/4/5	Medium	Palladio Group	-
Company	Occupational health and safety	403-1/2/3/4	High	Palladio Group	Suppliers
	Training and Education	404-1/2/3	Low	Palladio Group	-
		205 -2			
	Diversity and Equal Opportunity	412 -2	Medium	Palladio Group	Suppliers
		405-1/2			
	Industrial Relations	406-1	Medium	Palladio Group	
	Child Labour and Forced Labour	402-1	Low	Palladio Group	Suppliers
		408-1			
	Local Communities	409-1	Medium	Palladio Group	-
Product responsibility	413-1/2	High	Palladio Group	-	
		416-1			

### Annex 2 - Table of the coefficients used for environmental calculations

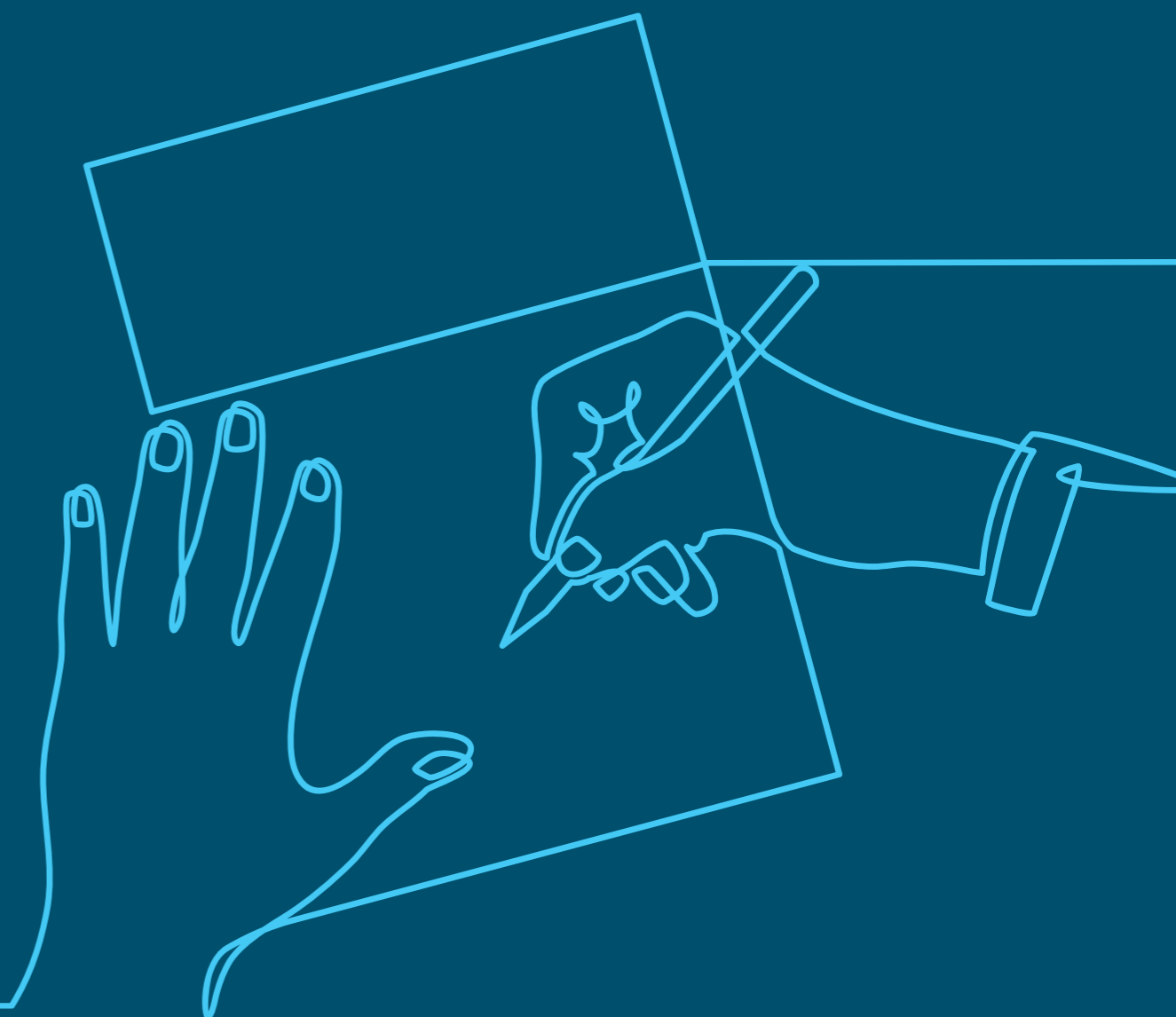
Conversion factors 2019								
Criteria adopted		Ref.	M.U.	Conversion factor	Sources			
Oil	The following description is applied to determine the CO <sub>2</sub> emissions deriving from the combustion of diesel fuel during the reference period (calendar year). The amount of fuel used is expressed in terms of energy content (TJ) and therefore the basic calculation formula is: <b>Ton/CO<sub>2</sub> = (t of diesel oil x PCI x Emission factor x Oxidation factor) x 0.000001</b> . Where: the amount of diesel is given by the purchase invoices. The other data is extracted from the table of national parameters communicated by the EPA (Environmental Protection Agency).	DENSITY	t/l	0,845	Source: <a href="https://www.seai.ie/resources/seai-statistics/conversion-factors/">https://www.seai.ie/resources/seai-statistics/conversion-factors/</a>			
		PCI	MJ/t	43,308				
		EMISS. FACTOR	tCO <sub>2</sub> /TJ	73,300				
		OXID. FACTOR	COEFF.	1,000				
Methane	The following description is applied to determine the CO <sub>2</sub> emissions deriving from the combustion of natural gas during the reference period (calendar year). The amount of fuel used is expressed in terms of energy content (TJ) and therefore the basic calculation formula is: <b>Ton/CO<sub>2</sub> = (Sm<sup>3</sup> of gas x PCI x Emission factor x Oxidation factor) x 0.000001</b> . Where: the amount of gas used is given by the invoice data. The other data is extracted from the table of national parameters. For Italy, the data is communicated by the Ministry for the Environment (Emission Trading Directive)	PCI Italy	GJ/1000Stm <sup>3</sup>	35,303	Publication by the Ministry for the Environment, Land and Sea Protection: <a href="https://www.minambiente.it/sites/default/files/archivio/allegati/emission_trading/fattori_standard_2019.pdf">https://www.minambiente.it/sites/default/files/archivio/allegati/emission_trading/fattori_standard_2019.pdf</a>			
		EMISS. FACTOR	tCO <sub>2</sub> /TJ	55,954				
		OXID. FACTOR	COEFF.	1				
		PCI Serbia	GJ/1000Stm <sup>3</sup>	33,338	AERS Serbia <a href="http://www.aers.rs/Index.asp?l=2&amp;a=662">http://www.aers.rs/Index.asp?l=2&amp;a=662</a> in the dedicated excel file: Kalkulator-PrimerSvodjenja			
		Emiss. Factor Serbia	tCO <sub>2</sub> /TJ	56,100	PCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory) <a href="http://www.sinanet.isprambiente.it">www.sinanet.isprambiente.it</a> Specifically Factors electricity emission production and consumption_2018-1 file excel sheet no.8 Average Natural Gas Value, IPCC'06			
		PCI Russia	GJ/1000Stm <sup>3</sup>	37,969	European Gas Demand and Sources of Gas Supply. TYDNP 2018 Gas Supply Potential SJWS, 7th December 2017, Brussels.			
Emiss. Factor Russia	tCO <sub>2</sub> /TJ	56,100	IPCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory)					
Electrical energy	What is described below is used to determine the volume of CO <sub>2</sub> in relation to the electricity purchased regardless of how this is used. The specific quantity of CO <sub>2</sub> grams related to 1 kWh (as provided by the grid or by recognised standards) needs to be calculated. Through these benchmarks, the amount of electricity-produced CO <sub>2</sub> is determined. The formula will then be: (amount of energy purchased in kWh x conversion factor) x 0.000001)	COEFF. OF CONV.	gCO <sub>2</sub> /kWh					
						ITALY	Market based 483,29	<a href="https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2018/AIB_2018_Residual_Mix_Results_v1_1.pdf">https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2018/AIB_2018_Residual_Mix_Results_v1_1.pdf</a>
							Location based 316	<a href="http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report-2018/view">http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report-2018/view</a>
						SERBIA	Market based 724	<a href="http://www.iea.org">http://www.iea.org</a> (2010)
							Location based 724	<a href="http://www.iea.org">http://www.iea.org</a> (2010)
						IRELAND	Market based 634,20	Draft: <a href="https://www.aib-net.org/facts/european_residual_mix">https://www.aib-net.org/facts/european_residual_mix</a>
							Location based 375	<a href="https://www.seai.ie/resources/publications/Energy-in-Ireland-2018.pdf">https://www.seai.ie/resources/publications/Energy-in-Ireland-2018.pdf</a>
						RUSSIA	Market based 625	<a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a>
	<a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a>							
Transport	Transformation from km to gCO <sub>2</sub>	FROM KM TO GCO <sub>2</sub>	gCO <sub>2</sub> /km	661	<a href="http://www.sinanet.isprambiente.it/it/sia-ispra/fetransp">http://www.sinanet.isprambiente.it/it/sia-ispra/fetransp</a>			
Adhesiv	Transformation from m <sup>2</sup> to kg	COEFF.	kg/mq	0,107	Specific weight			
Raw material		COEFF. OF CONV.NE	tCO <sub>2</sub> /ton.					
						Board Producer Stora Enso (ref. Tambrite)	0,297	<a href="https://www.storaenso.com/en/sustainability/environmental/carbon-dioxide">https://www.storaenso.com/en/sustainability/environmental/carbon-dioxide</a>
						Board Producer RDM (ref. Rochcoat)	0,398	Bilancio-del-Valore-Sostenibile-2018_ita.pdf
						Board Producer MM Karton (ref. Kromopak)	0,885	<a href="https://www.procarton.com/new-pro-carton-carbon-footprint-885-kg-CO2-eq-tonne/">https://www.procarton.com/new-pro-carton-carbon-footprint-885-kg-CO<sub>2</sub>-eq-tonne/</a>
Various Board Producers	0,885	<a href="https://www.procarton.com/new-pro-carton-carbon-footprint-885-kg-CO2-eq-tonne/">https://www.procarton.com/new-pro-carton-carbon-footprint-885-kg-CO<sub>2</sub>-eq-tonne/</a>						

Conversion factors 2019					
Criteria adopted		Ref.	M.U.	Conversion factor	Sources
Carbon price	Paper Producer Bolloré (ref Primabrite)			0,870	Defra (Paper and board: mixed): Conversion-Factors-2019-Full-set-for-advanced-users.xls
	Various Paper Producers			0,870	Defra (Paper and board: mixed): Conversion-Factors-2019-Full-set-for-advanced-users.xls
	Supports for self-adhesive products Producer Avery Dennison			2,574	Defra (Plastics: average plastic film Conversion-Factors-2019-Full-set-for-advanced-users.xls
	Supports for self-adhesive products Producer Avery Dennison			2,574	Defra (Plastics: average plastic film): Conversion-Factors-2019-Full-set-for-advanced-users.xls
Currency exchange		Coeff. Of change \$/€		1,181	Currency conversion rates, Report of Word Bank Group: <a href="https://data.worldbank.org/indicator/PA.NUS.FCRF?locations=XC">https://data.worldbank.org/indicator/PA.NUS.FCRF?locations=XC</a>
Carbon price	EU ETS	Italy	\$	25	Carbon price value deduced from the last edition of Report of Word Bank Group - State and Trends of Carbon Pricing 2018
	Ireland carbon tax	Ireland	\$	22	
	EU ETS	Serbia	\$	25	
	EU ETS	Russia	\$	25	

### Annex 3 - Correlation table of the Report with the 10 principles UN Global Compact

Area	Global compact principle	GRI indicator
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights in their respective spheres of influence	412-1 412-2 412-3 413-1 413-2 414-1 414-2
	Principle 2 Businesses should make sure that they are not complicit in human rights abuses, not even indirectly	
Labour	Principle 3 Businesses should uphold the freedom of association of employees and the effective recognition of the right to collective bargaining	102-8 102-41 401-1 401-2 401-3 405-1 405-2 406-1 407-1 408-1 409-1 412-1 412-2
	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labour	
	Principle 5 Businesses should uphold the effective abolition of child labour	
Environment	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
	Principle 7 Businesses should support a precautionary approach to environmental challenges	201-2 301-1 301-2 301-3 302-1 302-4 303-1 303-2 303-3 305-1 305-2 305-3 305-4 305-5 307-1 308-1
	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility	
Anti-Corruption	Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies	
	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	102-16 201-4 205-1 205-2 205-3 415-1

# Assurance





## Assurance Statement

SGS Italia S.p.A. was commissioned by the Management of Palladio Group SpA to undertake an independent assurance of the Company's Annual Report 2020 reporting period 2019 (the "Report") in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the GRI - Global Reporting Initiative (hereinafter the "GRI Standards").

Our responsibility in conducting the work commissioned from us, in accordance with the term of reference agreed on with the Organization, is solely towards the management of Palladio Group.

This Independent Assurance Statement is intended solely for the information and use of Palladio Group's stakeholders and is not intended to be and should not be used by anyone other than this specified parties.

### RESPONSIBILITY OF THE DIRECTORS FOR THE REPORT

The Directors are responsible for preparing the Report in compliance with the "GRI Standards" guideline, and for that part of internal control that they consider necessary to prepare Sustainability Report that is free from material misstatement, whether due to fraud or unintentional behaviours or events. The Directors are also responsible for defining the sustainability performance targets of Palladio, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

### INDEPENDENCE OF THE AUDITORS AND QUALITY CONTROL

SGS Italia S.p.A. SGS affirms its independence from Palladio Group, being free from bias and conflict of interests with the Organization, its subsidiaries and stakeholders.

SGS Italia S.p.A. maintains an overall quality control system that includes directives and procedures on the compliance with the ethical principles and with the professional principles.

### AUDITOR'S RESPONSIBILITY

The responsibility of SGS Italia S.p.A. is to express an opinion concerning the reliability and accuracy of the information, data and statements contained in the 2019 Sustainability Report and to assess the compliance of Report with the reference requirements, within the below mentioned assurance scope, with the purpose to inform all Interested Parties.

The scope of the work agreed on with Palladio Group included the following aspects:

- analysis, according to Limited Assurance Engagement, of the business and data on sustainability, for the period January 2019 to December 2019, as contained in the Report
- the evaluation of the Report against the Global Reporting Initiative's **GRI Standards**, core option

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the IAASB (International Auditing and Assurance Standards Board) for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement.

#### SGS Italia S.p.A.

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Membri del Gruppo SGS (Société Générale de Surveillance) - Sede Legale Milano Via Caldera, 21 - Capitale sociale € 2.500.000 I.V. C.F./N. Iscriz. Reg. Imprese di Milano 04112680378 - P. IVA n. 11370520154 - Cod. Mecc. n. MI223913 - Società unipersonale soggetta a direzione e coordinamento di SGS European Subholding BV



### ASSURANCE METHODOLOGY

The procedures we performed consisted in verifying the compliance of the Report with the principles for defining the content and the quality of a sustainability report set out in the GRI Standards and are summarized as follows:

- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Group's strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report (materiality analysis), with reference to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the internal consistency of the qualitative information described in the Report and analysing the processes underlying the generation, recording and management of quantitative data included in the Report. In detail, we carried out:
  - meetings and interviews with the Palladio Group's management to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the Report preparation;
  - a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;

The audit team was assembled based on their technical know-how, experience and qualification of each member in relation to the various dimensions assessed.

Audit activities were carried out during May 2020 at the Head Quarters in Dueville (VI).

### LIMITATIONS

Economic and financial data contained in the Consolidated Financial Statements at 31 December 2019, included in the Sustainability Report, have not been audited by SGS.

### CONCLUSIONS

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report as of 31 December 2019 of Palladio has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in chapter 4 of the Sustainability Report.

Milan, 12th May 2020

#### SGS Italia S.p.A.

Paola Santarelli  
Certification & Business Enhancement  
Business Manager

M. Laura Ligi  
Certification & Business Enhancement  
Project Leader

## GRI content index



## 19.1. GRI content index (Ref. GRI 102-55)

The Palladio Group's 2019 Sustainability Report was drawn up in accordance with the "GRI Standards", "Core" option. The table below shows the table of contents for the reported content, specifying which GRI Standards have been used and which information has been included in the scope of reporting. All GRI Standards used refer to the 2016 version.

General disclosures (GRI 102)			
GRI	INDICATOR'S TITLE	PAGE	NOTES
102-1	Name of organisation	20	
102-2	Primary brands, products, and/or services	20	
102-3	Location of headquarters	26	
102-4	Location of operations	26	
102-5	Ownership and legal form	20/26	
102-6	Markets served	26	
102-7	Scale of the organisation	26	
102-8	Information on employees and other workers	100/136/138	
102-9	Supply chain	56/57/144	
102-10	Significant changes to the organisation and its supply chain	56/144	
102-11	Precautionary Principle	35	
102-12	External initiatives	15/20/35/47/98	
102-13	Membership of associations	20/35	
102-14	Statement from senior decision-maker	12	
102-15	Key impacts, risks, and opportunities	12/16	
102-16	Values, principles, standards, and norms of behaviour	20/33/98/116	
102-17	Mechanisms for advice and concerns about ethics	33	
102-18	Governance structure	32/33	
102-40	List of stakeholder groups	46	
102-41	Collective bargaining agreements	100/113	
102-42	Identifying and selecting stakeholders	46	
102-43	Approach to stakeholder engagement	46/47/51	
102-44	Key topics and concerns raised	46	
102-45	Entities included in the consolidated financial statements	32	
102-46	Defining report content and topic boundaries	32	
102-47	List of material topics	40	
102-48	Restatements of information	40	
102-49	Changes in reporting	40	
102-50	Reporting period	122	
102-51	Date of most recent report	122	

102-52	Reporting cycle	122	
102-53	Contact point for questions regarding the report	122	
102-54	Claims of reporting in accordance with the GRI Standards	122	
102-55	GRI content index	122	
102-56	External assurance	122/152	

MATERIAL THEMES				
ECONOMIC THEMES (SERIES 200)				
<b>Economic Performance</b>				
RI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	74/98/116	
	103-3	Evaluation of the management approach	74/98/116	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	74/98/100/102/130	
	201-2	Financial implications and other risks and opportunities due to climate change	75	
	201-3	Defined benefit plan obligations and other retirement plans	136	
	201-4	Financial assistance received from government	120	
<b>Market Presence</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	74	
	103-3	Evaluation of the management approach	74	
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	75/136	
	202-2	Proportion of senior management hired from the local community	75/136	
<b>Indirect Economic Impacts</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	74	
	103-3	Evaluation of the management approach	74	
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	74/130	
	203-2	Significant indirect economic impacts	74	
<b>Procurement Practices</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 204: Procurement Practices	204-1	Proportion of spending on local suppliers	56/131	
<b>Anti-corruption</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	106/116	
	103-3	Evaluation of the management approach	106/116	

GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	120	
	205-2	Communication and training about anti-corruption policies and procedures	106/110/142/144	
	205-3	Confirmed incidents of corruption and actions taken	120/142	
<b>Anti-competitive Behaviour</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	74	
	103-3	Evaluation of the management approach	74	
GRI 206: Anti-competitive Behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	126	
<b>ENVIRONMENTAL THEMES (SERIES 300)</b>				
<b>Materials</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 301: Materials	301-1	Materials used by weight or volume	56/130	
	301-2	Recycled input materials used	56/131	
	301-3	Reclaimed products and their packaging materials	56/131	
<b>Energy</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
GRI 302: Energy	302-1	Energy consumption within the organisation	93/132	
	302-3	Energy intensity	93/132	
	302-4	Reduction of energy consumption	93/132	
<b>Water and Effluents</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	95/133	
	303-2	Management of water discharge-related impacts	95/133	
	303-3	Water withdrawal	95/133	
<b>Biodiversity</b>				

GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	60	
	304-2	Significant impacts of activities, products, and services on biodiversity	60	
	304-3	Habitats protected or restored	60	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	60	
<b>Emissions</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	79/134	
	305-2	Energy indirect (Scope 2) GHG emissions	79/134	
	305-3	Other indirect (Scope 3) GHG emissions	79/134	
	305-4	GHG emissions intensity	79/134	
	305-5	Reduction of GHG emissions	79/134	
<b>Effluents and Waste</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	94/133	
	306-2	Waste by type and disposal method	94/133	
	306-3	Significant spills	94	
	306-4	Transport of hazardous waste	94/133	
	306-5	Water bodies affected by water discharges and/or runoff	94	
<b>Environmental Compliance</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	78	
	103-3	Evaluation of the management approach	78	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	126	
<b>Supplier Environmental Assessment</b>				



GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	57/144	
<b>SOCIAL THEMES (SERIES 400)</b>				
<b>Labour/Management Relations</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	98	
	103-3	Evaluation of the management approach	98	
GRI 402: Labour/Management Relations	402-1	Minimum notice periods regarding operational changes	100	
<b>Occupational health and safety</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	98	
	103-3	Evaluation of the management approach	98	
GRI 403: Occupational health and safety	403-1	Workers representation in formal joint management-worker health and safety committees	103	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities	103/143	
	403-3	Workers with high incidence or with other risk of occupational illness	103	
	403-4	Health and safety topics covered in formal agreements with trade unions	103/141	
<b>Training and Education</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	106	
	103-3	Evaluation of the management approach	106	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	106/141	
	404-2	Programmes for upgrading employee skills and transition assistance programmes	106/109/141	
	404-3	Percentage of employees receiving regular performance and career development reviews	107/142	
<b>Diversity and Equal Opportunity</b>				
GRI 103: Management Approach	103-1	Spiegazione del tema materiale e del relativo perimetro	40	
	103-2	La modalità di gestione e le sue componenti	98	
	103-3	Valutazione delle modalità di gestione	98	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	102/136/138	
	405-2	Ratio of basic salary and remuneration of women to men	102	

<b>Non-discrimination</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	112	
	103-3	Evaluation of the management approach	112	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	112	
<b>Child Labour</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	112	
	103-3	Evaluation of the management approach	112	
GRI 408: Child Labour	408-1	Operations and suppliers at significant risk for incidents of child labour	113	
<b>Forced or Compulsory Labour</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	112	
	103-3	Evaluation of the management approach	112	
GRI 409: Forced or Compulsory Labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	113	
<b>Rights of Indigenous Peoples</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	60	
<b>Human Rights Assessment</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56/106/112	
	103-3	Evaluation of the management approach	56/106/112	
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	112	
	412-2	Employee training on human rights policies or procedures	106/141/142	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	112	
<b>Local Communities</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	116	
	103-3	Evaluation of the management approach	116	

GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	117	
	413-2	Operations with significant actual and potential negative impacts on local communities	117	
<b>Supplier Social Assessment</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	56	
	103-3	Evaluation of the management approach	56	
GRI 414: Supplier Social Assessment	414 -1	New suppliers that were screened using social criteria	57/144	
	414 -2	Negative social impacts in the supply chain and actions taken	126	
<b>Public Policy</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	116	
	103-3	Evaluation of the management approach	116	
GRI 415: Public Policy	415-1	Political contributions	120	
<b>Customer Health and Safety</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	51	
	103-3	Evaluation of the management approach	51	
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	53	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	126	
<b>Marketing and Labelling</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	51	
	103-3	Evaluation of the management approach	51	
GRI 417: Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	126	
<b>Socio-economic Compliance</b>				
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	40	
	103-2	The management approach and its components	74	
	103-3	Evaluation of the management approach	74	
GRI 419: Socio-economic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	126	

<b>OTHER THEMES</b>				
<b>SOCIAL THEMES (SERIES 400)</b>				
<b>Employment</b>				
GRI 401: Employment	401-1	New employee hires and employee turnover	100/140	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	100/136	
	401-3	Parental leave	100/143	
<b>Freedom of Association and Collective Bargaining</b>				
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	113	
<b>Customer Privacy</b>				
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	53/126	

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## Questionnaire



## 20.1. Evaluation Questionnaire

To allow all interested readers to **express their opinion** concerning the compliance of the **Sustainability Report** with the principles of **assurance and quality of information supplied** in this edition, we have included the following questionnaire in order to receive any **feedback helpful in clarifying and improving the contents** of this report. The questionnaire can be completed and sent via email to the following address: **sustainability@palladiogroup.com**.

We thank you in advance for your precious time.

### 1) Indicate the Stakeholder category to which you belong

- Shareholders
- Suppliers
- Customers
- Employers (indicate which office) \_\_\_\_\_
- Community
- Institutions
- Business partners
- Other

### 2) Evaluation of this Sustainability Report

	NOT SATISFIED	SATISFIED	VERY SATISFIED
Completeness of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clarity of results:			
- Economic	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Environmental	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
- Social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 3) To what extent did this Sustainability Report satisfy your information needs?

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### 4) Which information would you suggest be further elaborated in order to improve the Sustainability Report next year?

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### 5) Do you believe this Sustainability Report to be a useful tool in obtaining more knowledge about the Palladio Group?

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### 6) Other observations and suggestions?

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## Credits

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