

# Sustainability Report 2023

we



sustain the future.

Reporting period 2022



**PALLADIO GROUP**

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# Letter to the Stakeholders

(Rif. GRI 102-14/15)

2022 was a particularly challenging period for the Palladio Group and its reference market, both due to the effects of the pandemic still partially outstanding and due to the economic and international circumstances that have occurred. In particular, the war in Ukraine, the very high costs of energy and raw materials have led to an unsustainable situation for companies and families, which has resulted in an exceptional increase in inflation and a very heavy impact on price increases in general. Our Group has also suffered greatly from this new reality, with a reduction in the economic result: we have tried to transfer the new costs into sales prices, but not always managing to react with the right speed and consistency of increases at the expense of margins. On the other hand, Covid continued to influence the performance of our businesses, albeit in a less serious way, particularly due to the many absences that weighed on production capacity and the significant increase in post-pandemic orders. In spite of everything, however, we have continued our investment plan in terms of production plants, infrastructure and renewable energy, in a transverse way from a geographical point of view.

In such a changing and changed context, the Group has continued its sustainable path, making important progress in terms of initiatives, awareness and governance. I find it particularly important to mention, among others, the actions of involvement of the supply chain with a dedicated sustainability assessment programme, participation in numerous webinars and engagement programmes on ESG issues and the development of operational methods now fully rolled out and matured for continuous improvement. From the market point of view, however, we see an increase in the fragmentation of our Customers who are therefore, in different ways, involving their suppliers on ESG issues: for this reason, we have experienced, for example, cases of requests to subscribe to Codes of Conduct up to, at the opposite extreme, invitations for active participation in engagement programmes, that are enabling from the point of view of supplies. In parallel, in terms of available resources, 2022 showed a further explosion of proposals addressed to our Group, to increase awareness of ESG issues and to equip itself with effective tools to achieve the different objectives.

Finally, in confirmation of the centrality of Sustainability for our reference market, the Palladio Group has developed a new Strategic Industrial Plan 2023-2027 that presents, among other aspects, a dedicated focus on this issue: the final purpose is to develop the approach to the business also taking into account the drivers of Sustainability, to be able to optimise the result with an expanded approach. Of course, even more in this new vision, the theme of empowerment must be at the heart of corporate decisions since it depends on the individual economic, strategic and sustainable results of our Group: therefore, it is our intention to be able to generate added value for our stakeholders this year by telling what we have done and what we will do with this new Sustainability Report.

Best regards

**MAURO MARCHI**

Chief Executive Officer



# The Report's profile, a choice for transparency

(Rif. GRI 2-2,3)

Now in its tenth year, the **Sustainability Report** is part of our wider strategy of sustainability 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 (2020, 2021, 2022)** 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 par. 2.1.2 ["Identified Material Aspects and Boundaries"]).

The Report is made available to all our stakeholders thanks to the publication on the **GRI website**, on the **Palladio Group** website and on the **company intranet**.

For more information, the company can be contacted at the email address: **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.

We have chosen to frame our activities in a broader context in compliance with the **GRI Sustainability Reporting Standards**, which are an integral part of the document.

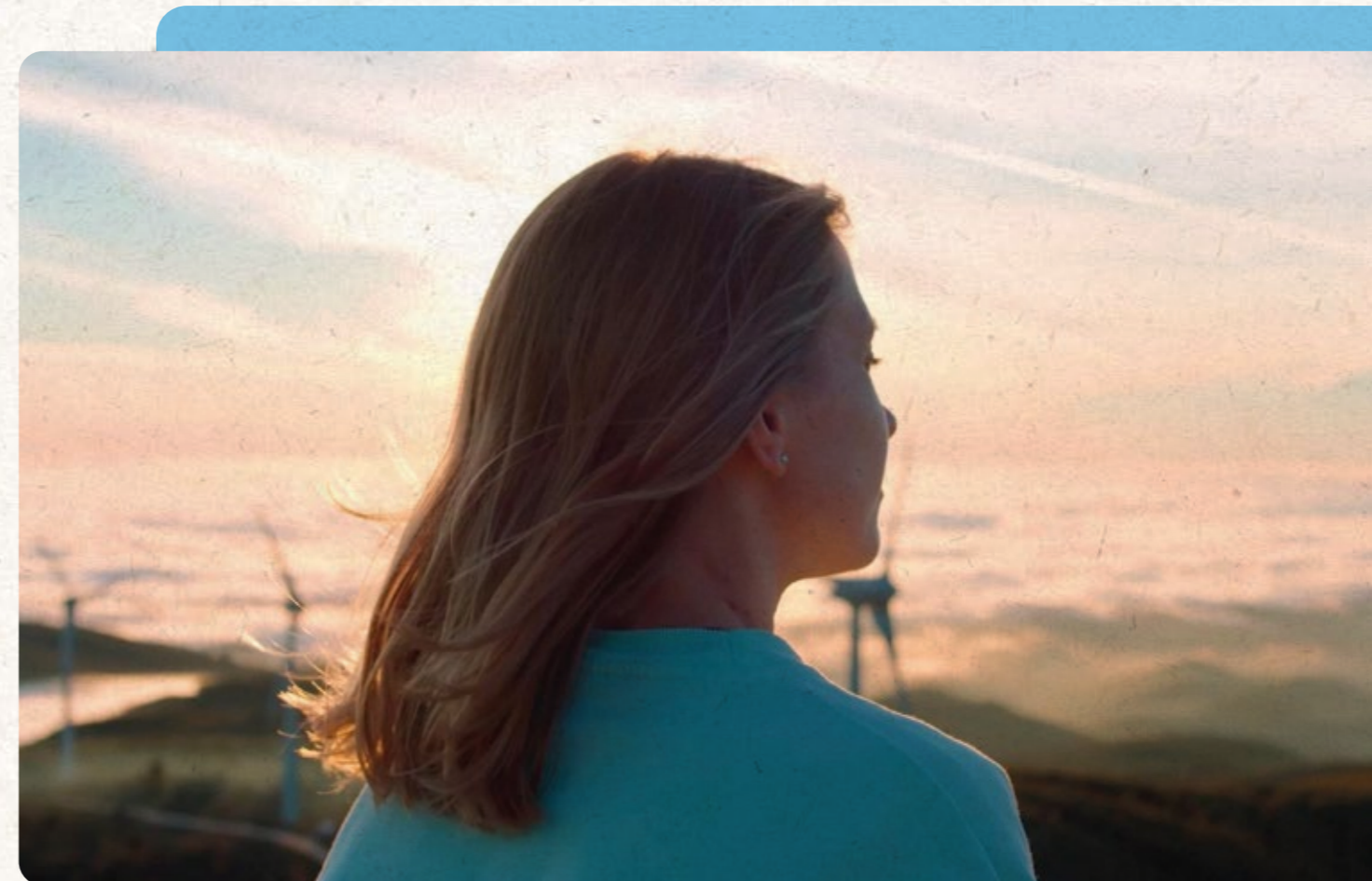
The Report has been drafted in accordance with the **GRI Standards** and subjected to external verification activities by **SGS Italia**, as per the attestation reported in the appropriate section.

To date, we have published **11 Sustainability Reports** (including Communication On Progress), **7 CDP Supply Chain Climate Change Reports** and **6 CDP Supply Chain Water questionnaires** and **13 Ecovadis sustainability ratings**.

The data relating to economic performance, reported in a specific section, are derived from the **Consolidated Financial Statements** audited by auditors of the company **Reconta Ernst & Young** and published on 31 December of each year. The data contained therein refer to the calendar year.

The Palladio Group does not draft an official consolidated financial statements, as the consolidated financial statements are drafted by the parent company Holding Gruppo Marchi S.p.A.

In any case, the scope of consolidation includes the Palladio Group companies (Palladio Group Spa and its Italian and foreign subsidiaries); in the consolidated financial statements of HGM Spa, the share held in BG Holding srl is also consolidated using the equity method (therefore only reporting the value of the investment), a corporate vehicle that in turn holds a stake in Burgo Group Spa.





# Prosperity

OUR IDENTITY

GOVERNANCE AND  
SUSTAINABILITY STRATEGY

ECONOMIC GROWTH

## 1.1 Our Identity

1.1.1

### About us: a reference point for packaging

(Rif. GRI2-1,6,23)

#### AN INTERNATIONAL BENCHMARK FOR PHARMACEUTICAL PACKAGING

A company with deep roots in Italy and a strong presence outside of it; a company that can offer its 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 three foreign subsidiaries and the Italian subsidiary company (see par. 1.2.4 ["Palladio Group and business lines: we shape the concept of packaging"]) 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 5 companies, 2 Italian and 3 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, 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**.

In October 2022, we were **awarded for being among the top 50 Italian excellences that stood out for sustainable development**, social responsibility and respect for the environment. The ranking was drawn up by Credit Suisse and Kon Group on the basis of the ESG rating (i.e. the rating indicating the soundness of a company from an environmental, social and governance point of view) issued by ALTIS Catholic University and RepRisk.



1.1.2

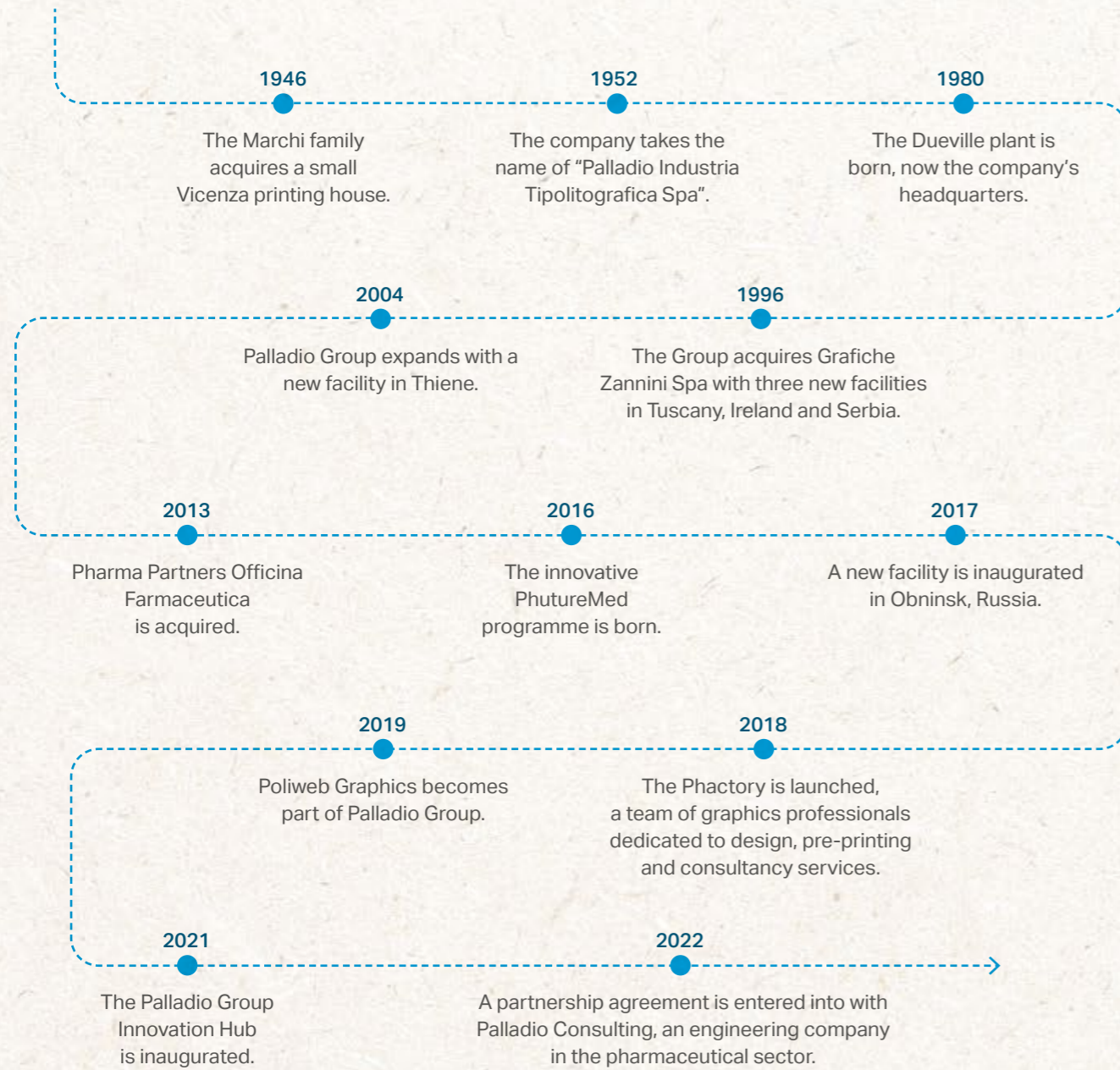
### Our history: we have anticipated the future of packaging since

(Rif. GRI 2-28)

Ours is the story of a company which **started out as Italian and became international**, while remaining firmly founded on its origins. Beginning its activity 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 on the commitment to meet the needs and expectations of our customers and every other stakeholder, whilst pursuing **sustainable and socially responsible development**.

A path of growth that has allowed the company to transform itself from a small local business to an **international, technologically advanced industrial reality**, capable of competing successfully with major multinationals.



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

Consistency in design and production choices is the basis of our sustainable growth path and is reflected in the reporting scope identified for this report.

In detail, the subject of the report includes the business lines that mainly produce products and services for the primary and secondary pharmaceutical packaging market (boxes, labels, leaflets, printed aluminium).

### 1.1.3 Our structure

(Rif. GRI 2-2; GRI 3-1)

## Our presence is international

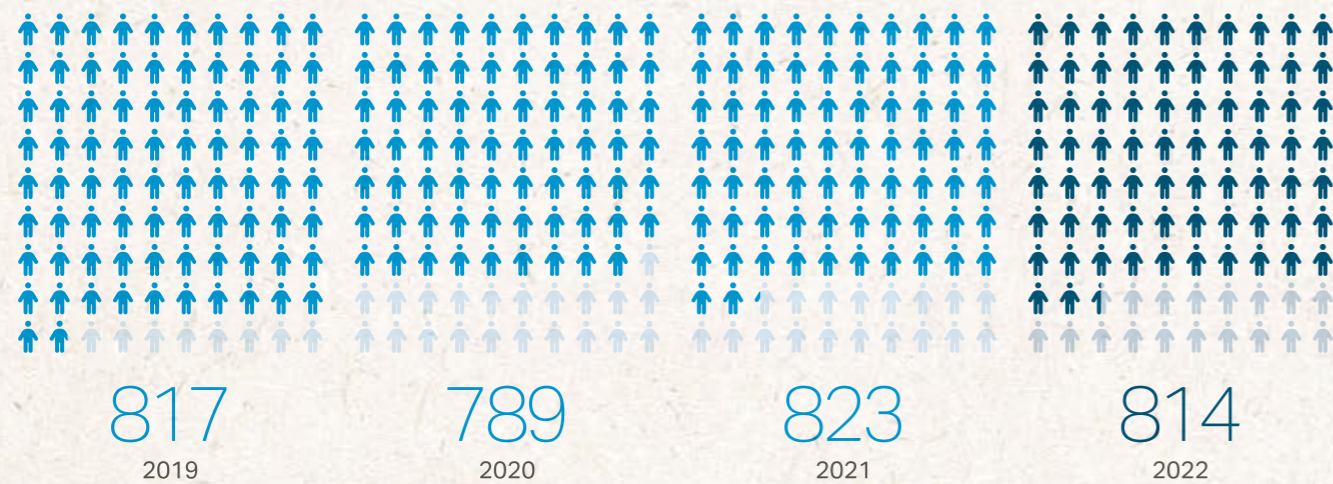




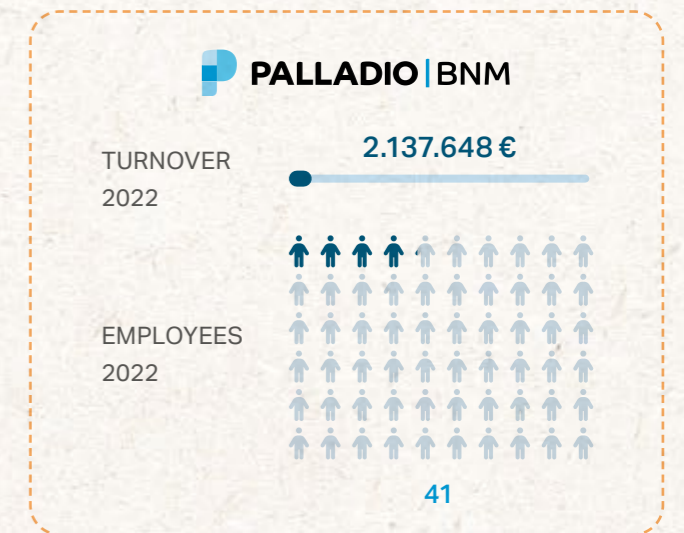
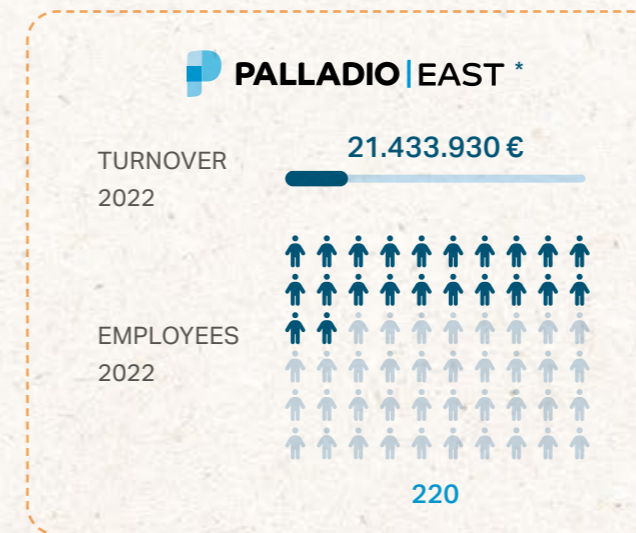
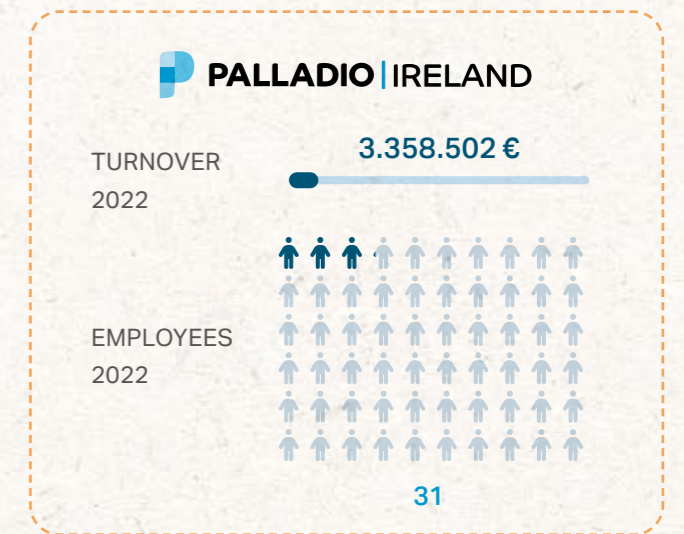
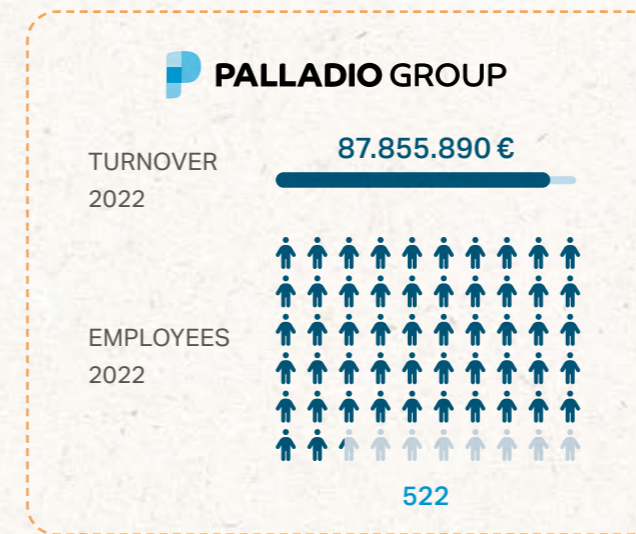
### Group turnover 2012-2022



### Total employees 2019-2022



👤 x 10



\* The data also includes Studio The Phactory, which was incorporated into Palladio East in October 2022.

*A GROWTH JOURNEY THAT HAS ENABLED THE COMPANY TO TRANSFORM FROM A SMALL LOCAL BUSINESS TO AN INTERNATIONAL INDUSTRIAL REALITY.*



1.1.4

## Palladio Group and business lines: we shape the packaging concept

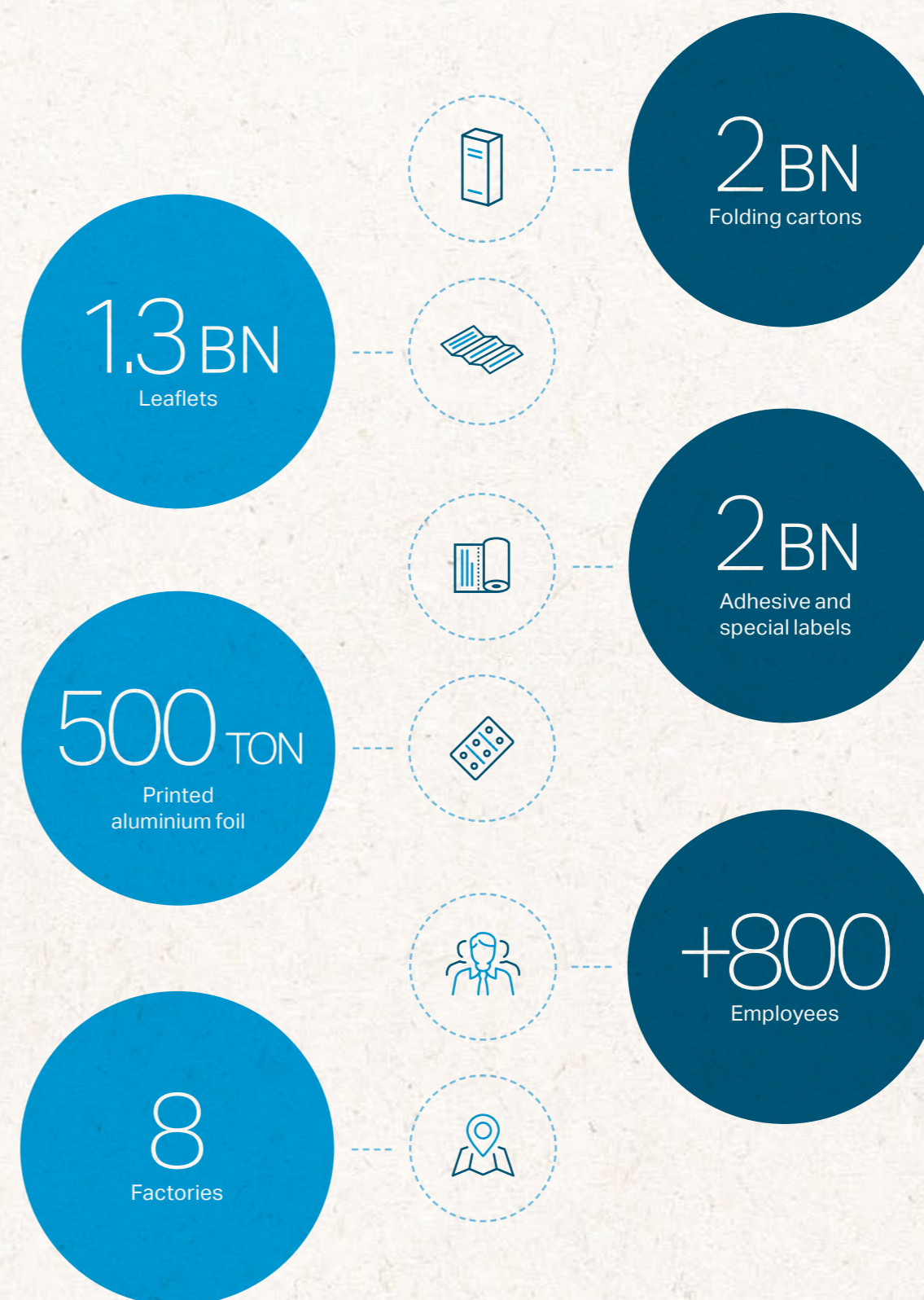
(Rif. GRI 2-1,6)

The Palladio Group's headquarters are located in Dueville (Vicenza) and as of 31 December 2022 has 5 companies between Italy and abroad, in line with the company's strategy of producing in key countries with respect to sectors where market opportunities are expected to grow the most. In October 2022, Studio The Phactory was incorporated into Palladio East.



\* Company not belonging to the reporting scope

## Group's total production capacity



## Our products



### Boxes

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).



### Leaflet

Single, double and triple reel leaflets, flat, folded and pre-folded, perforated leaflets, outserts with closing label and closed outserts with cold glue application.



### Adhesive labels

Self-adhesive labels on reels on various surfaces, paper, transparent material or compostable. Production also includes multi-page labels with Braille lettering, peel-off labels, tamper evident seals (plus anti-counterfeiting systems) and other special labels.



### 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



### Booklet

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.



### Patient Alert Card

The Alert Card is a special card that contains all the patient information that the treating physician should know (data and conditions, therapeutic indications, doses and times of drug intake, etc.). 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.



### Smart Packaging–PluggyMed

PluggyMed is an intelligent packaging solution designed to support patients and caregivers in monitoring and adherence to prescribed therapy. This is a system that allows interaction between the drug blister and a smart device, in order to monitor the correct intake of the drug.

## 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.

### Vendor Managed Inventory

Stock management with B2B system

BOX SUPPLY CHAIN

### Infact

Real-time traceability of deliveries with RFID technology

BOX LOGISTIC

### P24

Production in 24 hours and "just-in-time" delivery

BOX ON DEMAND

1.1.5

## Our principles and reference values

Rif. GRI 2-23, 25, 26)

### 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 competitor

### 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.

### 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.

### 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.

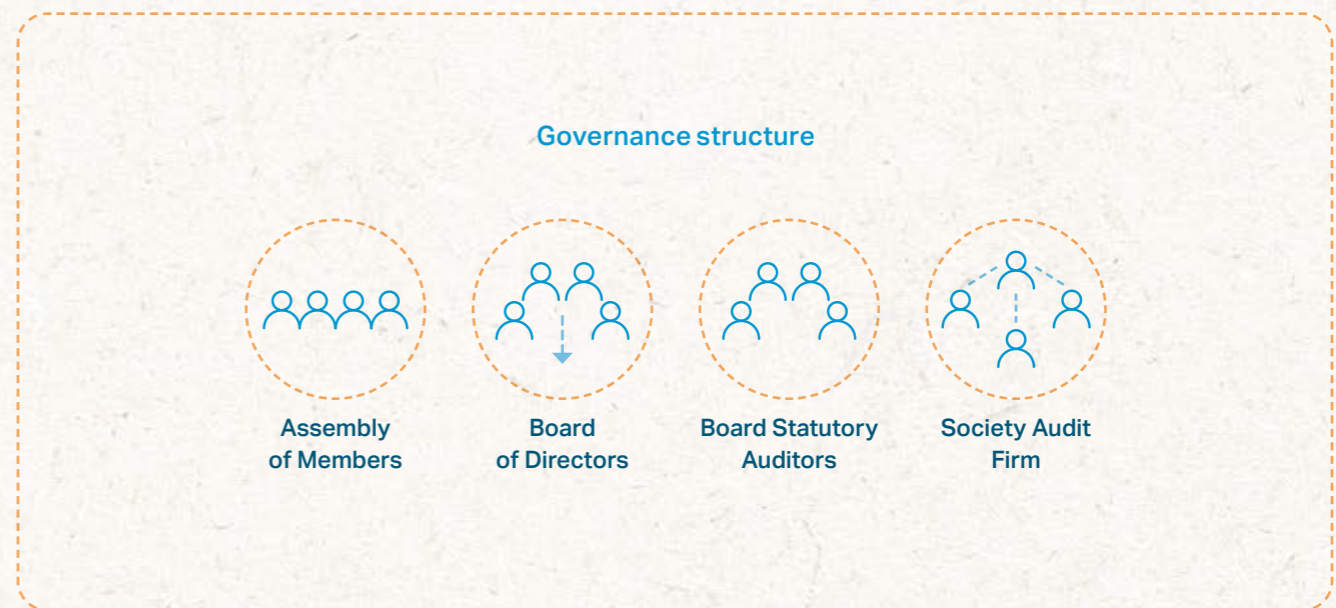
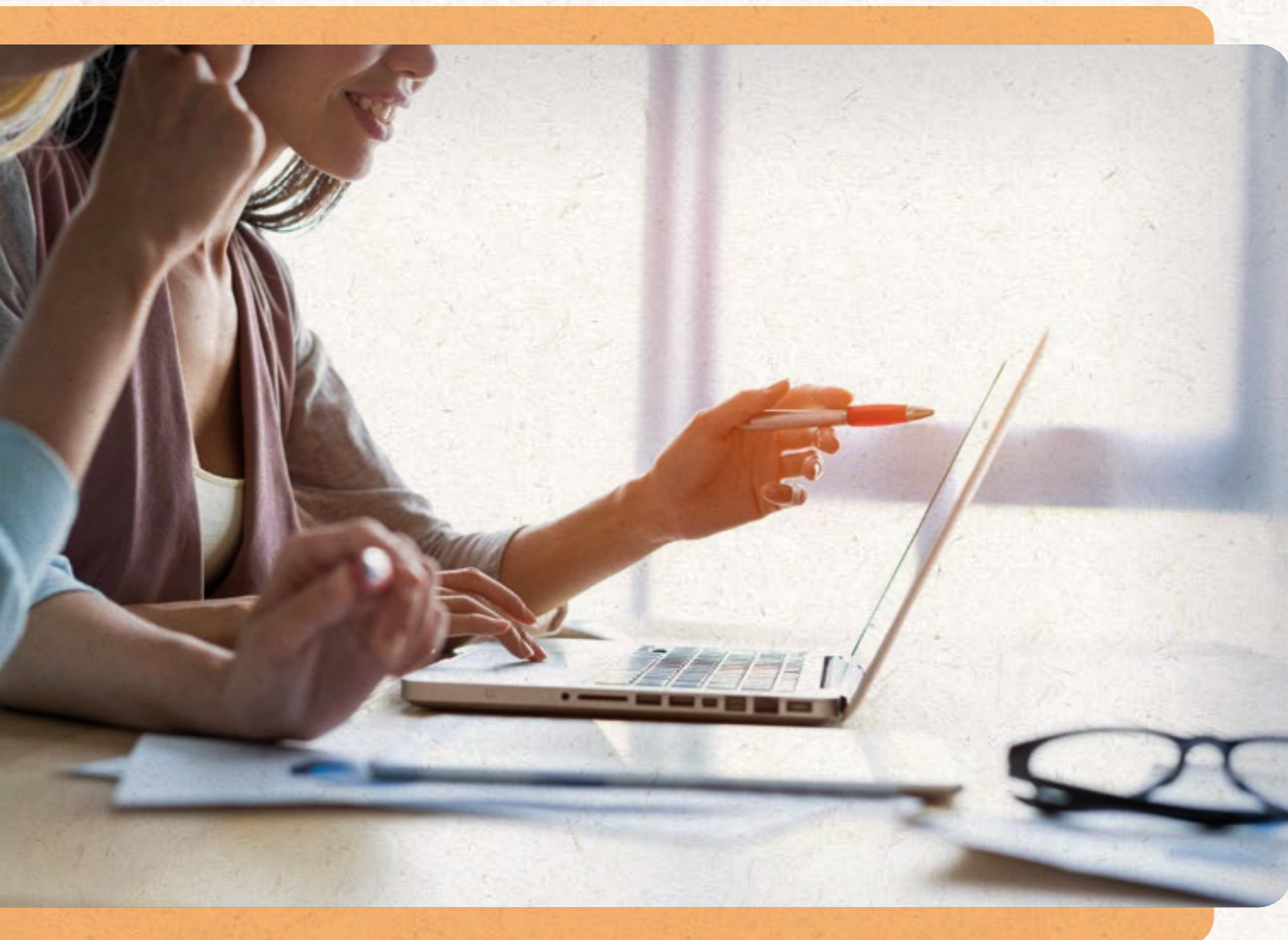
In the Palladio Group we do not wish to limit ourselves to simple regulatory compliance. We pursue business objectives which **prioritise social factors, health, and safety, and safeguarding the environment**. We are aware that entrepreneurial action must be consistent with the interests of the community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

- We have developed our **Code of Ethics**, which expresses the commitments and responsibilities we assume in managing each business activity.
- The Code makes the values and principles, that guide our actions when dealing with stakeholders, explicit.
- The latest version, which takes into account regulatory developments, was approved in 2017 by the **Group's Management Committee**, of which the Chief Executive Officer is a member.
- The Committee acts as a supervisory body for compliance with the Code by all employees and collaborators.
- The Code of Ethics has been delivered to and signed by every employee and is available on the **company intranet**.
- All new employees are given **specific training** at the time of hiring to explain our values to new resources.

- Suppliers are required to formally sign a **Supplier Code of Conduct**, which contains the same ethical principles on which our Code of Ethics is based.
- We have implemented a **whistleblowing procedure**, which can be activated both internally and externally through the exchange and communication platforms, which allows us **to report** safely and without repercussions **any concerns or illegal unethical behaviour**. No reports were made in 2022 to the Ethics Committee.
- We have implemented a procedure for handling complaints from both inside and outside.



# 1.2 Governance and sustainability strategy



## 1.2.1 Governance

(RIF, GRI 2.9-10-11-12-13 -14-15-16-17-18-19-20-21)

In Palladio Group, we have implemented the **traditional system of administration and control**, characterised by the separation between the management body (Board of Directors -BoD-) and the control body (Board of Statutory Auditors).

The Board of Directors, appointed on 05-05-2022, will remain in office until the approval of the new statutory financial statements scheduled for 31-12-2024. The BoD consists of a Chairman (who does not hold managerial positions within the Group), 2 Managing Directors, and 6 Directors (including a woman). All the members of the BoD have at least one executive position and some of them also have representative positions (40 in total). The companies to which these positions refer are for the most part related to Palladio Group SpA, the Burgo group and the Group Marchi Holding. Some members of the BoD (4 in total), have delegation responsibilities and/or have direct reports.

Among the Directors, there is the presence of an independent member. In fact, the members of the Board of Directors hold this position on behalf of the founding families of the Palladio Group, with the exception of a director, elected as a managerial profile with high competence and multi-year experience in the role of Chief Financial Officer.

The members of the Board of Directors are appointed by the Shareholders' Meeting in consideration of the criteria of integrity, professionalism and competence defined by the Articles of Association of the Palladio Group. The members of the BoD shall remain in office for a period not exceeding three financial years and shall be replaced on the date of the Shareholders' Meeting convened to approve the statutory financial statements for the last financial year relating to their office. All Directors are eligible for re-election, as provided for in art. 2383 of the Italian Civil Code.

As regards the measures for the prevention and mitigation of potential conflicts of interest that may involve the members of the BoD, these are explained both in company policies and in the Code of Ethics, which specifies that:

- Any operation/activity must be undertaken only in the interest of the Company in a lawful, correct and transparent manner.
- Conflicts of interest between personal (or family) economic activities and the tasks performed in the Company must be avoided.
- It is forbidden to carry out work activities (of any type and even outside working hours) at Customers, Suppliers and competitors of the Company.
- No personal favours, much less money, should be accepted from people or companies that intend to enter into business relationships with the Palladio Group.
- Any, even apparent, conflict of interest situation must be promptly reported to the Ethics Committee.

In order to avoid any situation of potential conflict arising from the fact that some members of the BoD of Palladio Group own shares of the supplier Burgo Group, the purchase contracts entered into between the parties are always aligned with market prices.

Any critical issues, both concerning the conduct of the organisation in its operations and business relationships, and regarding the real and potential negative impacts, potential and actual, on stakeholders, are reported to the BoD during the periodic meetings set at least quarterly or, for particularly serious situations, with extraordinary meetings. No critical issues were identified during 2022.

Finally, it should be noted that, as a guarantee of further correctness, the audit activities are entrusted to an external and independent audit firm.

### REMUNERATION RULES

At Palladio Group, we have a structured remuneration system at all levels.

The company remuneration policy of employees, including managers, is managed by the personnel office in full compliance with the National Collective Labour Agreements applied. The managers' remuneration package includes a fixed quota and a variable quota in the form of MBO (Management by Objectives). This variable share is recognised upon the achievement of objectives such as the Gross Operating Margin (GOM), the completion of specific projects, as well as performance indicators related to the membership function.

In this regard, for the functions directly involved in managing the organisation's impacts on the economy, the environment and people, the set of indicators assessed includes specific KPIs related to sustainability issues.

As far as the BoD is concerned, it is responsible for decisions on the remuneration of the Chief Executive Officer and other members of that body. The reporting of these decisions is reported in the minutes of the BoD meetings themselves.

### Governance in the control of the management of sustainability impacts



The commitment to sustainability is an integral part of our view of good corporate governance and responsibility towards our stakeholders and the community.

In 2018, we set up the **Sustainability Committee**, whose objective is to promote a path of continuous improvement of sustainability, which for us also means increasing competitiveness and strengthening the identity of the Group. This Committee meets at least every six months to define and monitor business objectives in line with the Sustainable Development Goals (SDGs) and to discuss the most relevant economic, social and environmental aspects and impacts compared to the SDGs. The Committee is responsible for the process of managing current and future ESG risks and opportunities. 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.

The Sustainability Committee is composed of some Corporate Managers of the Group, as well as the **Chief Executive Officer**. The latter has the delegation for ordinary and extraordinary administration activities, including the management of impacts and sustainability issues. The CEO, who is regularly informed and updated by the top management regarding the performance of sustainability, also has the responsibility to review and approve the ESG information communicated externally.

In addition to the Sustainability Committee, the **Corporate Management** (who reports directly to the CEO) plays a strategic role in the identification and management of ESG impacts. Firstly, in its activity of defining, implementing and monitoring the Group's Strategic Plan, vision and mission, the Management carries out specific activities related to sustainable development, with two strategic priorities dedicated to the theme. In addition, the governing body periodically submits the impact analysis to the various internal and external stakeholders through different types of tools (e.g. Materiality Analysis, Internal Surveys, and others) to understand the impact of the different factors in the ESG field.

The review of the effectiveness of processes to identify and manage the impacts of the organisation on the economy, the environment and people takes place with different frequency depending on the issues. The processes underlying the strategic priorities are checked on a monthly basis and reviewed at least annually. The other processes, on the other hand, are re-assessed with a frequency that depends on the mutation of the internal and external context.

The **highest governance bodies for performance evaluation**, including those related to ESG issues, are the Steering Committee and the Board of Directors. The Steering Committee monitors through specific KPIs the progress of the company's strategic plan against specifically identified objectives and targets. The objective of the Steering Committee is to intervene promptly in case of significant variations: for this reason, its meetings take place on a monthly basis. The Board of Directors, on the other hand, meets quarterly to define the general line for the Group's medium and long-term objectives, approve the strategic plan, and monitor the alignment between the medium and long-term objectives and the results obtained. The assessments of the two bodies are independent.

Finally, with regard to any **delegation** of the BoD with regard to sustainability issues, the same has formalised a special power of attorney for an executive, who has assumed obligations relating to compliance in the field of health and safety at work and environmental compliance.

### 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. 1.2.5 ["Our principles and reference values"]) represent some of the main documents summarising the guidelines, objectives, strategy and results we have achieved.

### A commitment confirmed and reinforced over the years

	<p><b>2001</b> ISO 14001 Environmental certification</p>		<p><b>2019</b> Definition of the scenarios to combat climate change</p>
	<p><b>2010</b> First Environmental Report</p>		<p><b>2020</b> Development of specific initiatives in response to the Covid-19 pandemic (such as third-party assessment and strengthening of the Business Continuity Plan).</p>
	<p><b>2011</b> First EcoVadis assessment and reorganisation of the Sustainability Management System</p>		<p><b>2020</b> EcoVadis annual assessment: 80% score achieved</p>
	<p><b>2012</b> Signed up to the United Nations Global Compact</p>		<p><b>2021</b> Implementation of a sustainable procurement process inspired by the "ISO20400:2017 Sustainable Procurement Guidance" standard</p>
	<p><b>2015</b> Alignment of the Sustainability Report to the drafting standards established by the Global Reporting Initiative</p>		<p><b>2021</b> We have been awarded the Sustainability Award for being among the 100 Italian excellences that have stood out for sustainable development, social responsibility and respect for the environment.</p>
	<p><b>2016</b> First participation in the Carbon Disclosure Project (CDP)</p>		<p><b>2022</b> We have improved our result in the sustainable field by receiving the Sustainability Award for the second year in a row, being among the top 50 Italian excellences</p>
	<p><b>2018</b> Established the Sustainability Committee and identified the SDGs connected with the Group's activities</p>		<p><b>2023</b> We have developed the new Industrial Strategic Plan 2023-2027, introducing a line dedicated to Sustainability for the first time</p>
	<p><b>2018</b> EcoVadis annual assessment: 75% score achieved</p>		<p><b>2030</b> Alignment of corporate performance to the Sustainable Development Goals signed by UN member countries</p>

1.2.2

## Our sustainability strategy

In early 2023, the new Industrial Strategic Plan 2023-2027 was drawn up by the Group's Corporate Managers. Within this plan there are a total of 4 pillars and 19 strategic priorities.

For the first time in the history of the Palladio Group, to confirm the direction taken many years ago on this issue, we wanted to give particular emphasis to the topic of Sustainability: there are, in fact, two strategic priorities dedicated to declining ESG aspects within the organisation and towards the reference market.

The Palladio Group's strategic approach



The first strategic priority related to the ESG areas concerns the Group's commitment to set the entire organisational model according to the philosophy of the **B-Corporation**, where the generation of positive value for employees, the society and the environment is pursued as a primary objective together with economic growth. We are therefore committed to continue our path of *sustainability leaders* in our sector, promoting the culture of sustainability at all levels, continuing to adopt ESG *best practices* in our functions, and integrating sustainability objectives into processes and corporate responsibilities.

The creation of "**Sustainability Competitive Value**" is the second strategic priority on which we will focus. At Palladio we are sure that ESG issues are a direct source of competitiveness and business success. For this, we will work to further strengthen our sustainability performance in order to attract and retain our talents, enhance our *customer penetration* capabilities, and at the same time reduce our impact on climate change by reducing our CO2 emissions.

1.2.3

## Materiality and impacts

(Rif. GRI 3)

In this context of renewed commitment to ESG issues as a strategic lever to ensure the long-term success of the Palladio Group, we have also updated our **corporate mission**, which in its current version has fully integrated the demands of sustainability:

*Guarantee our customers excellent products and services, which contribute to the health and well-being of people, through the integrity of our principles, the sustainability of products and processes, and innovation.*

**WE ADHERE TO THE PRINCIPLES OF REPORTING GLOBAL REPORTING INITIATIVE SUSTAINABILITY REPORTING STANDARDS**

**Quality and transparency** of data are key to our **sustainability strategy**. For this reason, we implement a reporting model of environmental, economic and social material aspects adhering to the **GRI Sustainability Reporting Standards** and we apply its principles both in terms of content definition and quality of the data and information reported. These international standards provide for the use of **specific indicators** for reporting, in accordance with the option chosen ("in compliance" option).

The reporting scope, in line with the previous sustainability report, takes into account the following bodies of the Group

- PALLADIO GROUP** DUEVILLE (VI), ITALY THIENE (VI), ITALY PONTEDERA (PI), ITALY GOSSOLENGO (PC), ITALY
- PALLADIO | IRELAND** TULLAMORE, IRELAND
- PALLADIO | BNM** OBNINSK, RUSSIA
- PALLADIO | EAST** SITO DI VRŠAC, SERBIA
- THE PHACTORY \*** SITO DI VRŠAC, SERBIA

\* Studio The Phactory was incorporated into Palladio East in October 2022.



The reporting data refer **to the last three years (2020, 2021, 2022)**.  
 The emission coefficients used for the environmental calculations and relevant details are outlined in Annex 2.

In line with the new reporting standards “GRI 3: Material issues 2021”, for the purposes of the 2022 Sustainability Report, the Palladio Group has **updated its approach to identifying the most relevant sustainability issues**. The material issues, according to the approach provided by the new GRI Standards version, must reflect **the most significant impacts of the organisation on the economy, the environment and people, including those on human rights**. To this end, we have implemented a **materiality analysis process** structured in 4 main macro-phases:

1. **Insight into the context of the organisation**
2. **Identification of actual and potential impacts**
3. **Assessing the importance of impacts**
4. **Prioritisation of the most significant impacts**

The complete list of impacts (current and potential, positive and negative) and related material issues for the year 2022 is shown in the following table:

 Governance

Impact No.	Average	Impacts	Macro theme	Themes	Type of impact	Status	Timing
5	4,1	Violations related to legal requirements, social and political systems, cultures and standards of behaviour in the countries where the Group operates	Ethics and Integrity	<ul style="list-style-type: none"> <li>Socio-environmental-economic compliance</li> <li>Anti-corruption</li> <li>Data and information security (customers, employees, companies, etc.)</li> <li>Brand Reputation</li> </ul>	⊗	⊕	🕒
6	3,3	Presence of a strong governance structure to oversee data protection processes	Ethics and Integrity	<ul style="list-style-type: none"> <li>Socio-environmental-economic compliance</li> <li>Anti-corruption</li> <li>Data and information security (customers, employees, companies, etc.)</li> <li>Reputation of the brand</li> </ul>	✅	📍	🕒

Legend:   
 ✅ Positive    ⊗ Negative    ⊕ Potential    📍 Current    🕒 Short-term    ⌚ Mid-term    ⌚ Long-term

4	3,7	Continuous pursuit of the highest production standards to meet the needs of customers in terms of compliance, quality, functionality, reliability and safety	Ethics and Integrity Relations with Customers Product Liability	<ul style="list-style-type: none"> <li>Product Quality and Safety</li> </ul>	✅	📍	🕒
2	3,9	Maintaining of the highest standards of productivity through diversification, technological progress and innovation	Investments & Innovation	<ul style="list-style-type: none"> <li>Investments and Digitalisation (economy 4.0)</li> <li>Innovation (product, process)</li> </ul>	✅	📍	🕒
1	3,8	Continuous strengthening of the leadership role in the sector by anticipating innovative solutions for the market based on development with customers	Investments & Innovation	<ul style="list-style-type: none"> <li>Investments and Digitalisation (economy 4.0)</li> <li>Innovation (product, process)</li> </ul>	✅	📍	🕒
3	3,5	Presence of an approach based on the centrality of the customer anticipating and interpreting their needs and expectations	Relations with Customers	<ul style="list-style-type: none"> <li>Collaboration with Customers</li> <li>Brand protection of Customers</li> <li>Customer satisfaction</li> </ul>	✅	📍	🕒
9	4,0	Failure to identify and/or manage key risks that may compromise business continuity	Economic development	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Growth strategy</li> <li>Business Continuity</li> </ul>	⊗	📍	🕒
7	3,7	Economic performance not aligned with strategic objectives	Economic development	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Growth strategy</li> <li>Business Continuity</li> </ul>	⊗	⊕	🕒
8	3,6	Business continuity risk management through a structured and complete business continuity plan	Economic development	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Growth strategy</li> <li>Business Continuity</li> </ul>	✅	📍	🕒
12	3,5	Use of raw materials (mainly cellulose) from controlled and certified supply chains	Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Sustainable logistics</li> <li>Sustainable Purchasing</li> </ul>	✅	📍	🕒
10	3,4	Presence of a sustainable procurement process (suppliers assessed, selected and monitored taking into account sustainability criteria)	Sustainable Supply Chain	<ul style="list-style-type: none"> <li>Sustainable logistics</li> <li>Sustainable Purchasing</li> </ul>	✅	📍	🕒

Legend:   
 ✅ Positive    ⊗ Negative    ⊕ Potential    📍 Current    🕒 Short-term    ⌚ Mid-term    ⌚ Long-term

13	3,2	Identification, monitoring and management of biodiversity impacts along the supply chain	Sustainable Supply Chain Biodiversity	<ul style="list-style-type: none"> <li>• Sustainable logistics</li> <li>• Sustainable Purchasing</li> </ul>	✓	📍	🕒
11	3,2	Failure to comply with the sustainability criteria required by the Group from its suppliers	Sustainable Supply Chain	<ul style="list-style-type: none"> <li>• Sustainable logistics</li> <li>• Sustainable Purchasing</li> </ul>	✗	🔍	🕒



## Environment

Impact No.	Average	Impacts	Macro theme	Themes	Type of impact	Status	Timing
14	3,3	Identification, monitoring and management of biodiversity impacts related to the Group's direct activities	Biodiversity	<ul style="list-style-type: none"> <li>• Protection of biodiversity</li> </ul>	✓	🔍	🕒
16	3,7	Strong commitment to the use of renewable energy	Climate Change	<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• GHG emissions</li> </ul>	✓	📍	🕒
15	3,4	Mancato raggiungimento dei target di riduzione delle emissioni climalteranti	Climate Change	<ul style="list-style-type: none"> <li>• Energy Management</li> <li>• GHG emissions</li> </ul>	✗	🔍	🕒
19	3,9	Waste management not in line with regulatory requirements	Circular economy	<ul style="list-style-type: none"> <li>• Responsible management of raw materials</li> <li>• Development of recyclable, reusable products</li> <li>• Management of impacts related to the product life cycle</li> <li>• Waste management</li> </ul>	✗	🔍	🕒
18	3,4	Development of recyclable, reusable products	Circular economy	<ul style="list-style-type: none"> <li>• Responsible management of raw materials</li> <li>• Development of recyclable, reusable products</li> <li>• Management of impacts related to the product life cycle</li> <li>• Waste management</li> </ul>	✓	🔍	🕒
17	3,3	Use of recycled and recyclable packaging	Circular economy	<ul style="list-style-type: none"> <li>• Responsible management of raw materials</li> <li>• Development of recyclable, reusable products</li> <li>• Management of impacts related to the product life cycle</li> <li>• Waste management</li> </ul>	✓	🔍	🕒
20	3,2	Presence and implementation of a strategy aimed at reducing the use of raw materials	Circular economy	<ul style="list-style-type: none"> <li>• Responsible management of raw materials</li> <li>• Development of recyclable, reusable products</li> <li>• Management of impacts related to the product life cycle</li> <li>• Waste management</li> </ul>	✓	🔍	🕒

Legend:

- ✓ Positive
- ✗ Negative
- 🔍 Potential
- 📍 Current
- 🕒 Short-term
- 🕒 Mid-term
- 🕒 Long-term

Legend:

- ✓ Positive
- ✗ Negative
- 🔍 Potential
- 📍 Current
- 🕒 Short-term
- 🕒 Mid-term
- 🕒 Long-term



# Social

Impact No.	Average	Impacts	Macro theme	Themes	Type of impact	Status	Timing
23	4,1	Failure to meet social and work standards and good practice	Human rights	Good working practices (e.g. child labour, forced labour, freedom of association, etc.)	⊗	🔍	🕒
24	3,3	Continuous collaboration with trade union representatives and strengthening of industrial relations	Human rights	Industrial Relations	✅	📍	🕒
21	3,5	Presence of a corporate welfare plan in line with employee expectations and demands	Human Capital Management	<ul style="list-style-type: none"> <li>Welfare/wellbeing</li> <li>Employee satisfaction</li> <li>Training and development of personnel skills</li> <li>Managerial Development</li> </ul>	✅	📍	🕒
22	3,9	Presence of a structured approach to personnel training and skills development, including managerial development	Human Capital Management	<ul style="list-style-type: none"> <li>Welfare/wellbeing</li> <li>Employee satisfaction</li> <li>Training and development of personnel skills</li> <li>Managerial Development</li> </ul>	✅	📍	🕒
26	4,0	Presence of a strong corporate culture with respect to the issues of equal opportunities and diversity	Equal Opportunities & Giving value to Diversity	<ul style="list-style-type: none"> <li>Gender Equality</li> <li>Youth Employment Development</li> <li>Ageing of the corporate population</li> </ul>	✅	📍	🕒
28	3,5	Lack of initiatives in favor of intergenerationality and skills updating of the senior corporate population	Equal Opportunities & Giving value to Diversity	<ul style="list-style-type: none"> <li>Gender Equality</li> <li>Youth Employment Development</li> <li>Ageing of the corporate population</li> </ul>	⊗	🔍	🕒
27	3,7	Presence of initiatives developed with the territory in favour of youth employment	Equal Opportunities & Giving value to Diversity	<ul style="list-style-type: none"> <li>Gender Equality</li> <li>Youth Employment Development</li> <li>Ageing of the corporate population</li> </ul>	✅	📍	🕒
25	3,3	Continuous support to the local communities of the Group's sites through specific projects	Relations with Local Communities	Support from local communities	✅	📍	🕒

Legend:

- ✅ Positive
- ⊗ Negative
- 🔍 Potential
- 📍 Current
- 🕒 Short-term
- 🕒 Mid-term
- 🕒 Long-term

30	4,5	Failure to comply with safety procedures and practices that have caused fatalities or accidents with serious consequences	Health & Safety	Health & Safety	⊗	🔍	🕒
29	4,0	Continuous strengthening of the company's management and culture with regard to health and safety	Health & Safety	Health & Safety	✅	📍	🕒

The impact that has obtained the highest importance rating concerns the issue of health and safety, in its sense of compliance with safety procedures and practices in order to avoid fatalities or accidents with serious consequences. This potential impact, as widely reported in these Financial Statements, is managed in advance at all Group sites through advanced management and control systems for occupational safety.

Among the other impacts identified as highly relevant, there are elements that reflect both the challenges related to the international profile of the Group (potential problems related to legal requirements, social and political systems, cultures and standards of behaviour in the countries in which Palladio operates), and the difficulties inherent in our production sector (identification and/or management of key risks potentially capable of compromising business continuity). This group of impacts also includes the issue of the presence of a strong corporate culture with respect to the issues of equal opportunities and diversity, which has become quite significant in the current socio-economic context.

Within the remaining issues deemed significant, although not priorities, there are representative issues of all 3 fundamental pillars of sustainability, namely that of governance (in the themes of ethics, innovation, customer management, economic development and sustainable supply chain), social (in the themes of human capital management and human rights), and environment (in the themes of circular economy and climate change)

In general terms, all the impacts and related ESG issues identified reflect the most important challenges and opportunities not only for Palladio, but also in reference to the business sector in which we operate, in which the driver of sustainability has emerged as a primary factor of competitiveness for all players in the supply chain.

1.2.4

## 2022 Results

2022 was a year marked by a deep economic crisis that affected businesses and families. The increase in energy and raw material costs has led to a reduction in the margin on sales of products and services. In addition, the pandemic continued to affect business performance due to the many absences that weighed on production capacity. Despite this, 2022 saw Palladio Group achieve many **important results in economic, social and environmental sustainability**.

Numerous initiatives have been carried out, many of them in support of some key stakeholders such as employees of the Group, communities and local suppliers.



### ① Defeating poverty

**Activity:** Document definition for RAL achievement mode beyond minimum law

**Scope of activity:** Entire Group

**Results:** Ongoing activity, extended to 2023

----

**Activity:** Anticipation of severance pay (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** 18 Severance Pay advances disbursed

----

**Activity:** Granting of company loans (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** 14 company loans disbursed

----

**Activity:** Participation in the "Fondo Aiutiamoci" (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** 1056 hours allocated

----

**Activity:** Provision of Performance Bonus in welfare services (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** 36 employees joined the PDR welfare

----

**Activity:** Provision of diaper bonus (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** €11,200 disbursed

----

**Activity:** Provision of marriage bonus (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** €5,000 disbursed

----

**Activity:** Subscription to Covid-19 insurance (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** Insurance subscribed



### ② Defeating hunger

**Activity:** Definition of policy for community donations

**Scope of activity:** Entire Group

**Results:** Activity in the process of being finalized. Donations of €56,000 (4% of net profit)



### ③ Ensuring health and well-being

**Activity:** Permits for medical visits (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** 352 hours of permits recognized

----

**Activity:** Organization of Palladio Health Challenge to promote a healthy lifestyle (see paragraph 3.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** Completed 3 company challenges

----

**Activity:** Training for anxiety and stress reduction

**Scope of activity:** Palladio Group S.p.A.

**Results:** Activity postponed to 2023

----

**Activity:** Internal communication of company welfare

**Scope of activity:** Palladio Group S.p.A.

**Results:** Internal communication through newsletters, communication portal, company magazine, posters, welfare booklet



### ④ Quality education

**Activity:** Support for the social enterprise "The Fairy Children" (see par. 5.2.2)

**Scope of activity:** Palladio Group S.p.A.

**Results:** Support for the "Abilmente" Project

----

**Activity:** Palladio Academy Workshop (see paragraph 3.3.4)

**Scope of activity:** Palladio Group S.p.A.

**Results:** 7 meetings held

----

**Activity:** Paths of professional training within the company

**Scope of activity:** Entire Group

**Results:** 1 path activated and completed

----

**Activity:** Training on the company's ethical code

**Scope of activity:** Palladio BNM

**Results:** Training for new hires



## 8 Decent work and economic growth

**Activity:** Projects in Strategy Deployment  
**Scope of activity:** Entire Group  
**Results:** MOL = 8.50%–Special Business/Total = 15%

----

**Activity:** Monitoring the punctuality of supplier payments  
**Scope of activity:** Entire Group  
**Results:** Efficiency = –4 days (average)

----

**Activity:** Supplier onboarding process – inclusion, commitment to subscribe to Palladio Group's Anti-Corruption Policy or provide their own  
**Scope of activity:** Entire Group  
**Results:** Activity completed

----

**Activity:** Training program for purchasing function to ensure compliance with sustainable procurement (see paragraph 3.3.1)  
**Scope of activity:** Entire Group  
**Results:** Training provided at group level

----

**Activity:** Organization of CSR-themed events for suppliers  
**Scope of activity:** Entire Group  
**Results:** Carried out 4 pilot meetings with suppliers - activity extended to 2023

----

**Activity:** Creation of a supplier evaluation and incentive system from an ESG standpoint  
**Scope of activity:** Entire Group  
**Results:** Activity ongoing, extended to 2023

----

**Activity:** Determining the need to take actions in view of corruption prevention  
**Scope of activity:** Entire Group  
**Results:** Activity performed

----

**Activity:** Review of the Human Rights policy to add quantitative objectives  
**Scope of activity:** Entire Group  
**Results:** Activity ongoing, extended to 2023

----

**Activity:** Review of Group strategy with a focus on sustainability (see paragraph 1.2.2)  
**Scope of activity:** Entire Group  
**Results:** Defined Strategy 2023-2027

----

**Activity:** Implementation of a credit policy to ensure respect for payment conditions by Customers  
**Scope of activity:** Entire Group  
**Results:** Activity ongoing, extended to 2023

**Activity:** Internal communication of sustainability  
**Scope of activity:** Entire Group  
**Results:** Internal communication through newsletters, communication portal, company magazine, posters

----

**Activity:** Provision of scholarships for employees' relatives (see paragraph 3.2.2)  
**Scope of activity:** Palladio Group S.p.A.  
**Results:** 6 scholarships disbursed for a total of €7,135

----

**Activity:** Support for distance education (see paragraph 5.2.2)  
**Scope of activity:** Palladio Group S.p.A.–Palladio Ireland  
**Results:** School textbooks sent to a school in Ethiopia

----

**Activity:** Support for the Dynamo Camp Foundation  
**Scope of activity:** Palladio Group S.p.A.  
**Results:** Support for the ceramics workshop project

## 5 Gender equality

**Activity:** Meeting program on inclusion and gender equality (see paragraph 5.2.2)  
**Scope of activity:** Palladio Group S.p.A.  
**Results:** Organized Workshop with G.A.G.A.–Participated in TedX Modena "Women on Change"

----

**Activity:** Agreement on smart working for mothers with children up to 10 years old  
**Scope of activity:** Palladio Group S.p.A.  
**Results:** Agreement available

## 7 Clean and affordable energy

**Activity:** Installation of photovoltaic system (Dueville plant)  
**Scope of activity:** Palladio Group S.p.A.  
**Results:** Installed capacity for 170 MWh

----

**Activity:** Installation of photovoltaic system (Serbia plant)  
**Scope of activity:** Palladio East  
**Results:** Installed capacity for 600 MWh

----

**Activity:** Installation of photovoltaic system (Thiene plant)  
**Scope of activity:** Palladio Group S.p.A.  
**Results:** In the process of finalization–Capacity for 533 MWh





### 9 Enterprise, innovation and infrastructure

**Activity:** Plant modernization  
**Scope of activity:** Entire Group  
**Results:** 35% of total investments used for this activity



### 10 Reducing inequalities

**Activity:** Analysis on wage values of men and women (at equal level, role, seniority, country)  
**Scope of activity:** Entire Group  
**Results:** Activity ongoing, extended to 2023



### 12 Responsible consumption and production

**Activity:** Evaluation of recycling possibilities for waste generated during the production cycle of self-adhesive products.  
**Activity scope:** Entire Group  
**Results:** Activity completed

----

**Activity:** Involvement of suppliers in CSR (Corporate Social Responsibility) initiatives–creation of tools for initial assessment.  
**Activity scope:** Entire Group  
**Results:** Tool defined



### 13 Fighting climate change

**Activity:** Creation of travel policy.  
**Activity scope:** Entire Group  
**Results:** Postponed to 2023.

----

**Activity:** Launch of corporate carpooling (refer to section 3.2.2).  
**Activity scope:** Palladio Group S.p.A.  
**Results:** Activity initiated: 1071 Kg of CO<sub>2</sub> saved



### 15 La vita sulla Terra

**Activity:** Installation of electric charging stations  
**Activity scope:** Entire Group  
**Results:** 4 stations installed

----

**Activity:** Analysis of CO<sub>2</sub> emissions contributions–identification of intervention areas  
**Activity scope:** Entire Group  
**Results:** Analysis in progress

**Activity:** Maintenance of FSC and PEFC Management Systems in already certified sites  
**Activity scope:** Palladio Group S.p.A.–Palladio East  
**Results:** Activity successfully completed and extended to labels produced in the Pontedera plant



1.2.5

## Goals, Commitments and Targets

### 2023-2027 STRATEGIC PLAN IN LINE WITH THE UNITED NATIONS 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

In 2022, we defined the new **Strategic Plan 2023-2027** for the Group. The objective of the Plan is **to guarantee our customers excellent products and services, which contribute to the health and well-being of people**, through the **integrity** of our principles, and **the sustainable innovation** of our products and processes.

In line with the Global Agenda 2030 approved by the United Nations (SDG 8 and SDG 9), the Plan is based on four pillars: **margin defence, trade development, product innovation, and process renewal.**

Aware of our role in sustainable development in the countries where we operate, we have decided to make a tangible contribution by linking our sustainability report to the Agenda 2030 objectives.

Hence, each chapter has one or more goals associated to it, in order to make the targets comparable against the commitments that governments have taken to safeguard the planet's future. In doing so, we have identified the targets closest to our activities and projects and those for which policies and strategies can be developed that can contribute directly or indirectly to their achievement.

### 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.



GRI Reference:  
201-1, 202-1, 203-2

**Goals and commitments:**

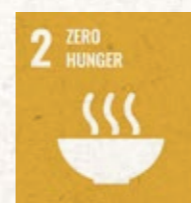
- Definition of a document for the method of achieving salary beyond the legal minimum

**Activity scope:** Entire Group

**Goals and commitments:**

- Anticipation of severance pay (TFR)
- Granting of company loans
- Participation in the "Fondo Aiutiamoci"
- Awarding of Result Bonus in welfare services
- Disbursement of diaper bonus
- Disbursement of marriage bonus

**Activity scope:** Palladio Group S.p.A.



GRI Reference:  
2.24

**Goals and commitments:**

- Definition of policy for donations to the community

**Activity scope:** Entire Group



GRI Reference:  
403 -2/3/6/7

**Goals and commitments:**

- Permits for medical visits
- Initiative to promote healthy lifestyle for employees
- Internal communication about company welfare

**Activity scope:** Palladio Group S.p.A.

**Goals and commitments:**

- Analysis of anxiety and work stress level

**Activity scope:** Entire Group



**GRI Reference:**  
2.26, 201-1, 203-1, 404-1/2

**Goals and commitments:**

- Support for the social enterprise "I Bambini delle Fate"
- Palladio Academy Workshops
- Granting scholarships for employees' relatives
- Support for the Dynamo Camp Foundation
- Corporate volunteering

**Activity scope:** Palladio Group S.p.A.

**Goals and commitments:**

- In-company professional training paths
- Creation of a process to ensure non-discrimination within the Group
- Reports of violations of the Ethical Code

**Activity scope:** Entire Group



**GRI Reference:**  
2.25, 405-1

**Goals and commitments:**

- Programme of meetings/events on dedicated themes (inclusion, gender equality, etc.)
- Establishment of a "trusted advisor" for discrimination management

**Activity scope:** Palladio Group S.p.A.



**GRI Reference:**  
302-1

**Goals and commitments:**

- Installation of photovoltaic system (Thiene plant)

**Activity scope:** Palladio Group S.p.A.



**GRI Reference:**  
2.6-23, 201-1, 308-1/2, 414-1/2

**Goals and commitments:**

- Strategic Plan Projects 2023-2027 - TURNOVER 2023 = €130 M - MOL = 13.70%
- Monitoring of punctuality in supplier payments
- Training programme for purchasing function to ensure respect for sustainable procurement
- Organisation of CSR-themed events for suppliers
- Creation of a system for evaluating and incentivising suppliers from an ESG perspective
- Definition of initiatives aimed at preventing corruption
- Review of the Human Rights policy
- Revision of the Human Rights policy to add quantitative objectives
- Implementation of a sustainability communication plan
- Creation of a credit policy to ensure respect for payment conditions by Customers

**Activity scope:** Entire Group



**GRI Reference:**  
302-4

**Goals and commitments:**

- Modernisation of plants

**Activity scope:** Entire Group



**GRI Reference:**  
405-2

**Goals and commitments:**

- Analysis on salary values for men and women (parity of level, role, seniority, nation)

**Activity scope:** Entire Group



# 1.3 Economic growth

## 1.3.1

### Economic responsibility and sustainable development

(Rif. GRI 3-3)



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 2017, we inaugurated **the Russian Palladio BNM plant**.
- In 2018, we expanded our labelling offer with the acquisition of **Poliweb Graphics** (see also par. 1.2.2 ["Our history: we anticipate the future of packaging"]).
- 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.
- During 2021, we inaugurated the Innovation Hub, which, through an anticipatory approach to market needs, will help the Group identify new opportunities in which to expand our business.
- On 1 April 2022, we entered into a partnership agreement with Palladio Consulting, an engineering company active in the Life Science sector and specialised in the design and construction of plants and environments with contamination controlled atmosphere. The main objective was to strengthen our position in international markets and define together a new level of services for our customers.

With particular reference to the Italian reality, in addition to generating value for our company, this dynamism indirectly contributes to **improving the socio-economic conditions 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 maximum effectiveness of our interventions—donations, financial contributions and pro bono activities—and to ensure that they translate into **concrete projects**, we conduct a **preventive analysis** of the needs of local communities or of general public interest and the projects available.

- In 2022, we invested **more than Euro 55,000** in initiatives to support communities.
- We guarantee our workers a pension plan in compliance with the regulations in force in the countries in which we operate.
- We also assist our employees in the transition from active working life to retirement, thanks also to support initiatives.

Considering the sectors in which we operate, in addition to staying true to **the**



**Goals and commitments:**

- Application of CSR questionnaire to suppliers

**Activity scope:** Entire Group

**GRI Reference:**  
2.6, 308-1, 414-1



**Goals and commitments:**

- Creation of travel policy

**Activity scope:** Entire Group

**Goals and commitments:**

- Corporate carpooling

**Activity scope:** Palladio Group S.p.A.

**GRI Reference:**  
2.24



**Goals and commitments:**

- Maintenance of FSC and PEFC Management Systems in already certified sites

**Activity scope:** Palladio Group S.p.A.–Palladio East

**GRI Reference:**  
304-2

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.

- Therefore, we pursue 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.
- We have adopted a **management model** based on the preventive analysis of the environmental impacts of our activities, the constant monitoring of consumption and waste and the **evaluation by third parties** of sustainability performance.
- An approach that has allowed us to identify areas for environmental improvement where we intervened with targeted actions, in **order to achieve the emission reduction targets we have set ourselves** (see ch. 4 ["Planet"]).

We are also aware of the risks due to physical changes in relation to **climate change**. **To this end**, we have taken out insurance contracts to protect ourselves in the event of unforeseen climatic events and we have strengthened our **Business Continuity and Disaster Recovery Plan** to ensure the continuity of our activities.



1.3.2

## Sustainable innovation, a strategic objective

With a view to **continuous improvement** and constant **search for excellence**, also in 2022 the Group pursued a strategic orientation increasingly focused on the **integration of sustainability in innovation** – both product and process – in line with the 2030 Sustainable Development Goals (SDGs) defined by the United Nations.

- On the product and service innovation side, Palladio is committed to **anticipating market changes** and responding more and more effectively to customers' needs by designing **new** and **reliable solutions** in collaboration with them.
- On the internal processes side, sustainable innovation is concretised in particular in **digital transformation**, which improves the fluidity of decision-making processes.

### The Palladio Innovation Hub

During 2022, the Innovation Hub, a project launched in 2021, promoted a series of initiatives aimed at identifying potential future scenarios in which to formulate / introduce new innovative products and services in pharmaceutical packaging.

Once the potential scenarios were identified, the dedicated manager turned their commitment to the formulation of new value propositions and business models, and to the creation and prototyping of innovative solutions.

This path led to the definition of the following six areas of innovation



**Digital Printing:** develop the capability in digital printing in order to seize new business opportunities and develop greater production flexibility.



**Clinical Trial:** develop a new capacity and innovative packaging solutions to enter the clinical trials sector that, within the pharmaceutical industry, represents both a dynamic and a strategic sector for the Palladio group.



**Special labels:** expand the already wide portfolio of solutions in the label sector, with the aim of meeting the most disparate/ all needs of the sector.



**Alternatives to Plastics:** develop new capabilities in the ECO-design sector, with the aim of creating new product or business solutions that leverage the high sustainability profile of paper and cardboard compared to materials of fossil origin.



**Smart Packaging:** create and develop new smart packaging capable of solving problems and meeting the needs and requirements of different stakeholders in the pharmaceutical industry, both in the logistics field and in the use of the drug by the patient.



**Digital Expert Service:** develop a portfolio of high added value services in the pharmaceutical packaging sector, using digital tools for more efficient and dynamic management.

## Strategy innovation workshop

In 2022, we participated in two workshops organised by Strategy Innovation to define the innovation areas on which to act in the coming years.

Through guided brainstorming, we have applied creative divergence and scenarisation techniques to identify the macro trends of the most interesting innovation processes that will influence the pharmaceutical market, on which to focus our projects.

## Digitisation

In the period 2023-2027, we will work on the “Data Driven” topic to provide the Group with the information necessary to make decisions through robust and reliable IT tools. In particular, among the various aspects to be privileged, there will be the development of tools for **collaboration** in transversal processes and the **digitisation** of some solutions.

In 2021, an intense activity of **culture** and **training** was carried out, conducting research on the most useful tools available on the market and training the **Digital Transformation Team** on the themes of the agile company. Over the next five years, in particular, the results of the transformation will have to be translated into new processes, tools and operating methods.

Within this scenario, some actions have already put into practice:

- **Advanced Workforce Management System (AWMS):** Software-as-a-Service (SaaS) platform for the efficient and safe management of the workforce in

production plants, entered into force in 2022 with excellent results from the point of view of flexibility in the Dueville, Thiene and Pontedera plants.

- **Decision Agility Project :** aims at understanding what data to collect based on future strategy, and then evolve the data platform architecture.
- **CRM project** (Customer Relationship Management): digitisation of information related to specific customers, in collaboration between different functions (such as marketing or administration).
- **Order Management Workflow:** tool for the transversal management of the Customer order from the acquisition phase to the production phase

As part of the evolution of Industry 4.0, the acquisition of new machines that interact with a centralised system is also envisaged, further automating processes.

1.3.3

## Operations and management systems

(Rif. GRI 2-28; GRI 3-3, 403-1)

- We have always invested in **cutting-edge technologies** and **equipment**, often developed in advance thanks to the close relationship established with customers and suppliers. An investment which contributes to offering a measurable added value in terms of logistics, productivity, and lead time.
- Through meetings for continuous improvement, we develop specific **programmes to update employees’ skills** and help them achieve strategic objectives in an ever-evolving work environment. A schedule of periodic cross-functional meetings involves members of the commercial, production and quality sectors in order to ensure alignment between different functions and efficiency in processes.
- We have adopted specific procedures to manage changes, the analysis of associated risks, the use of cutting-edge technologies.
- We have achieved reductions and, in some cases, the elimination of concentrations of certain hazardous substances potentially polluting the working environment and our finished products. In particular, thanks to the selection and monitoring of raw materials, we have reduced the presence of:
  1. PVC in the plastic film of some production lines;
  2. Benzophenone from overprint paints;
  3. SVHC and heavy metals from inks;
  4. Mineral oils

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).
- 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.

### 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



#### PALLADIO GROUP

	ISO 9001	ISO 14001	ISO 45001	CoC FSC	CoC PEFC	G.M.P
DUEVILLE, ITALY	●	●	●	●	●	●
THIENE, ITALY	●	●	●	●	●	●
PONTERA, ITALY	●	●	●	●	●	●
GOSSOLENGO, ITALY	●	●	●			●

#### PALLADIO | IRELAND

TULLAMORE, IRELAND	●					●
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#### PALLADIO | EAST

VRŠAC, SERBIA	●	●	●	●	●	●
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#### PALLADIO | BNM

OBNINSK, RUSSIA	●					●
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#### THE PHACTORY

VRŠAC, SERBIA	●					●
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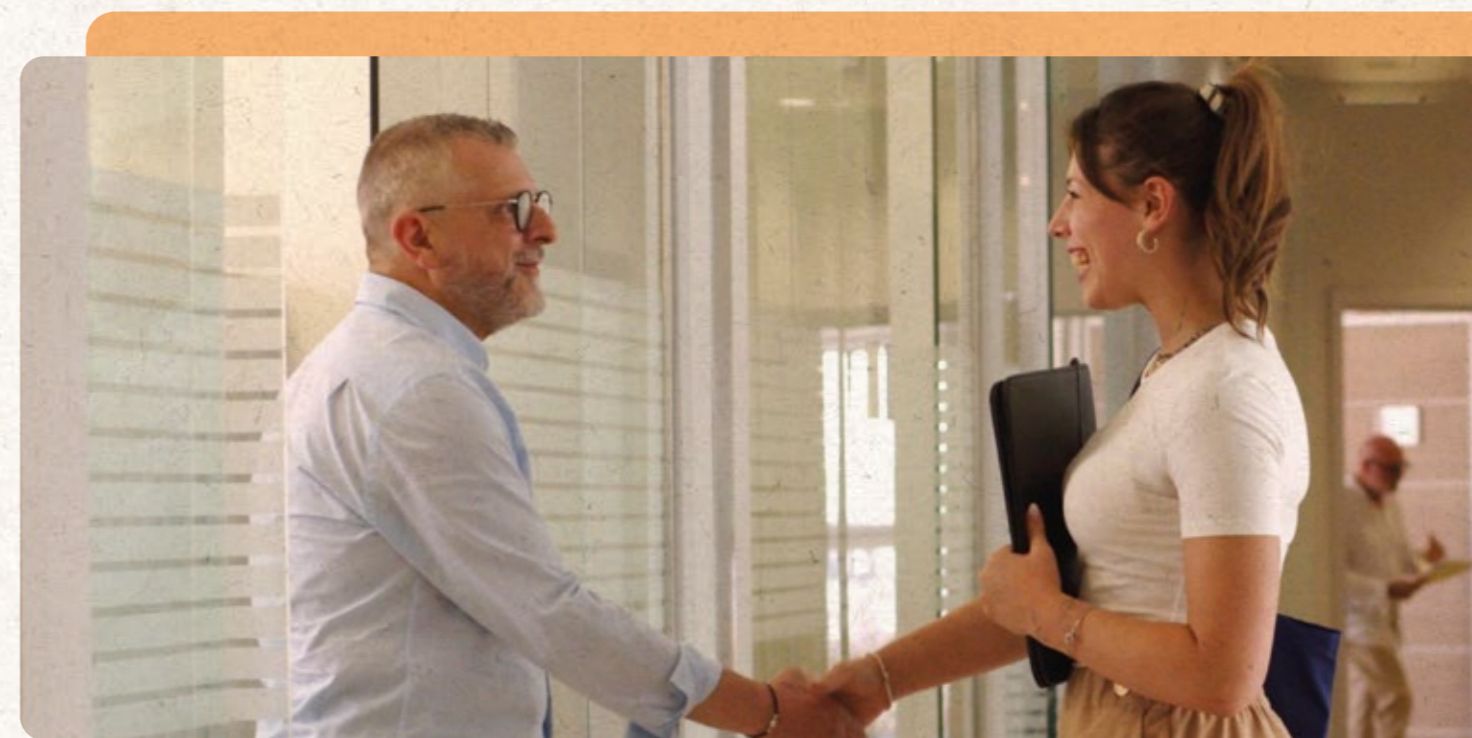
OUR PROACTIVE APPROACH IS CONFIRMED BY INTERNATIONALLY RECOGNISED CERTIFICATIONS

### 1.3.4

## Our 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 2022:

- We received no reports or complaints related to the work practices implemented by our suppliers;
- 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;
- We recorded no legal action related to unfair competition, anti-trust, or monopolistic practices;
- 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;
- 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;
- We recorded no cases of non-compliance with voluntary regulations and codes concerning information and labelling of products and services;
- We have recorded no complaints regarding the violation of privacy or loss of Customer data;
- We have recorded no cases of non-compliance with the principles of confidentiality and protection of information;





# Partnership

OUR COMMITMENT  
TO STAKEHOLDERS

A KEY PLAYER  
FOR SUSTAINABILITY:  
OUR SUPPLIERS

CUSTOMERS

# 2.1 Our commitment to stakeholders

(RIF. GRI 2-29)

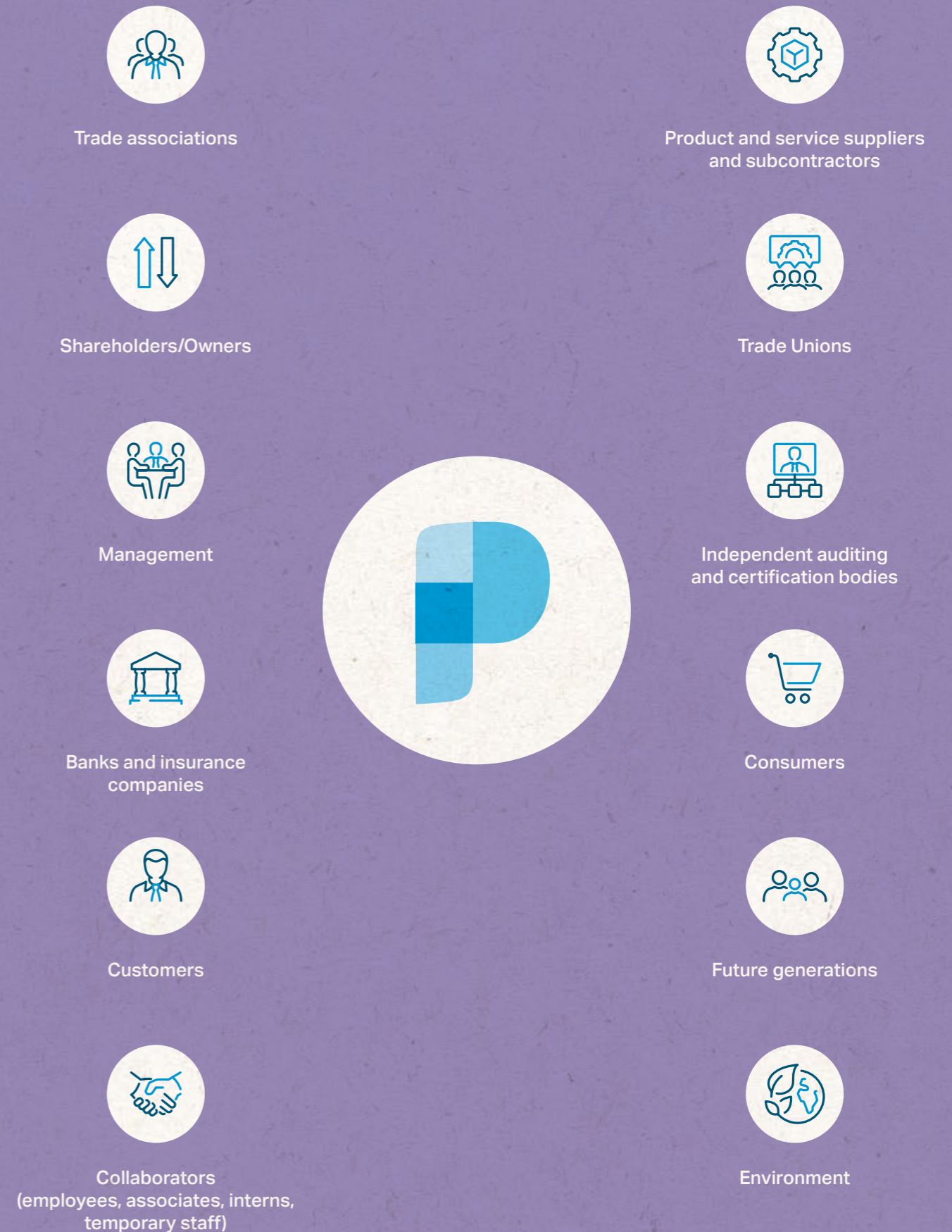
## Who are our stakeholders?

Stakeholders are individuals, groups or entities who have, or expect, ownership, rights or interests in a company and its activities, present and future, and whose contribution is essential to reach a specific organisational goal. The analysis carried out by the Palladio Group in 2022, conducted through interviews and dedicated workshops with the main company functions, made it possible to identify the following main stakeholders:

- Trade associations
- Shareholders/Ownership
- Management
- Banks and insurance companies
- Customers
- Collaborators (employees, collaborators, interns, temporary workers)
- Suppliers of products, services and subcontractors
- Trade unions
- Independent auditing and certification institutes
- Consumers
- Future generations
- The environment

Always remember that our activities are aimed, primarily, at the **stakeholders**. This is the driving principle we follow 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 draft and publish the **Sustainability Report**, as well as other reports that transparently report our sustainability performance, 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. The principles, values and sustainable development strategies of our Group are the result of both material topics, emerging from the involvement of the different functions, and the results of the various forms of **dialogue and discussion with stakeholders**.



### 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 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. Requests for contributions from non-profit organisations and associations are permitted if they have regular statutes and deeds of incorporation or donations for the sole purpose of charity sponsorship activities may concern the issues of social, environmental, sport, art and culture in general.

2.1.1

## Dialogue with stakeholders

(RIF. GRI 102-43)

**Inclusiveness and materiality** are the principles that define 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.

Since 2019, the role of **on-line communication** and **social networks**, in particular, has been steadily growing. **LinkedIn** stands out among the latter. In 2022, in fact, it recorded an increase in followers compared to the previous year, with **over 3,300** at year end. Social media networks are an effective tool for us to directly communicate, issues such as events, corporate initiatives and, above all, information regarding sustainability, and cross-sector initiatives involving different stakeholders.

Among the news of 2022, in June, we inaugurated our company profile on Instagram, while in September we published the internal communication portal "Palladio People 2.0". This portal was born as a virtual environment aimed at improving not only communication to and from all sectors of the company, but also the involvement of people in company life.

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
- Palladio People 2.0 internal communication portal
- Email address: [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)
- Instagram: [palladio.group](https://www.instagram.com/palladio.group)
- YouTube: [https://www.youtube.com/channel/UCtUWiVE\\_n2lvjYwabiiM06Q](https://www.youtube.com/channel/UCtUWiVE_n2lvjYwabiiM06Q)

In parallel with the adoption of **Industry 4.0 technologies**, it is our intention to increasingly use these means of communication, especially social networks, as **dynamic platforms** where to intercept any requests, carry out exchange methods, understand new needs, necessities and duties.

In 2022, relationships with stakeholders also included specific **engagement activities** for internal stakeholder groups relevant to the drafting of the Sustainability Report.

There are numerous activities and initiatives with which we involve stakeholders, in particular through **marketing communication** based on the same **ethical and responsible criteria** that inspire all our activity.

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 2022, we were among the exhibitors at Pharmapack Europe in Paris, at the AFI Symposium in Rimini, at CPhI worldwide in Frankfurt and at Pharmtech & Ingredients in Moscow.

As for relations with our employees, one of the most important tools is the "**Palladio People**", a biannual magazine in which not only everything that happens in the Palladio Group world is told, but also the stories of the people who contribute to the Group's success every day.

- Numerous topics are dealt with in the pages of the "People" magazine, ranging from the internal organisation to product news and 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 while **also looking at work-life balance issues**, in the winter 2022 edition, the **Benvenuti Piccoli Amici section of the Palladio Group**, was published for the fourth consecutive year, a section to welcome the birth of our collaborators' children over the last year.

2.1.2

## Transparency and sharing

(RIF. 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

Also in 2022, we responded to the Climate and Water questionnaires of **CDP** (Carbon Disclosure Project), the international non-profit organisation that measures the global commitment of companies, investors and regions **in the fight against climate change**.

The CDP assessment for 2022 confirmed our **B rating in climate change risk management and level C in water management**.

#### WHAT IS CDP?

CDP (Carbon Disclosure Project) is a UK-based organisation that supports businesses, investors and regions in their efforts to publicise the environmental impact of larger companies. 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 9,600 companies, 810 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\$130 trillion in assets and US\$5.5 trillion in buying power.



### Social responsibility: the SMETA audit

Since 2014, we have participated with variable frequency in the SMETA audit, an audit methodology that includes all aspects of responsible business practices, covering the four pillars outlined by Sedex in terms of work, health and safety, environment and business ethics (see box). The independent assessment, conducted by SGS on our behalf or for our customers, is based on a risk assessment that takes into consideration various aspects, including the geographical aspect. In addition to being a commitment signed with our Customers, it represents one of the many activities of alignment of the supply chain from the point of view of the CSR, as well as an opportunity to verify the policies in place in the Group Companies.

The result of the audit was positive: from the verification activities, including site tours, documentary analysis and interviews with workers, no non-compliance with the sustainability requirements provided by SMETA emerged.

#### 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](https://sedexglobal.com)

**WE ARE AMONG THE 1% OF THE COMPANIES WITH THE HIGHEST RATING OF CSR ASSESSMENT**





## CSR assessment: EcoVadis

In 2022, we repeated the **Ecovadis** assessment for the eleventh consecutive year. EcoVadis is one of the leading assessors of global supply chains, using a proprietary on-line platform to assess the sustainability performance of organisations. The assessment is based on a series of requirements, divided into four macro-areas (Environment, Labour and Human Rights, Sustainable Procurement and Business Ethics) and elaborated with reference to the main sustainable development standards such as the Global Reporting Initiative, the United Nations Global Compact and ISO 26000.

With an overall score of **80/100 and the award of the "Platinum" rating (the highest among the achievable ratings), for the third consecutive year, we have been confirmed in the 1% of the companies with the highest rating among the thousands of companies evaluated according to the Ecovadis platform.** A large part of this result is related to the repeated application of the principle of continuous improvement over all these years.

In addition to representing an acknowledgement of our vision and the efforts implemented for CSR, this certification also helps our customers aiming to achieve their sustainability objectives with us in order to align the supply chain from the point of view of sustainability as well.



## Sustainability Awards

In October 2022, we were awarded for being among the top 50 Italian excellences that stood out for sustainable development, social responsibility and respect for the environment. The ranking was drawn up by Credit Suisse and Kon Group on the basis of the ESG rating (i.e. the rating indicating the soundness of a company from an environmental, social and governance point of view) issued by ALTIS Catholic University and RepRisk.

## Chiesi

In November 2022, we were awarded the "Supplier Awards" from the Chiesi Group in the Sustainability category. The event involved the suppliers that stand out most in terms of quality, services and innovation.

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 specific labelling, but for each production batch, we provide suitable documentation issued by our Quality department, which certifies the conformity of the product manufactured to all applicable requirements.
- 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.
- During 2022, **no product was recalled by Palladio Group for safety reasons**, nor were there any issues that put the health and safety of the final consumer at risk.
- Our commitment is to maintain the quality system at a level of excellence, so that no products are recalled.
- To this end, we will continue in our **approach to continuous improvement**, also possible thanks to the constant monitoring of performance KPIs.

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.
- In 2020, we also started an activity aimed at developing the **Binding Corporate Rules** for our entire Group, as a basic tool of a management system for the legislative requirement.
- This activity continued in 2022, with the development of procedures dedicated to the management of processes impacted by the application of the requirement.

2.1.3

## Health and safety of our stakeholders

(RIF. GRI 416-1)

2.1.4

## Respect for privacy

(RIF. GRI 418-1)



- Also in 2022, we finalised an internal training system on GDPR issues, aimed at all members of the Group who have to work on the mandatory requirements in this area.

In fact, it is essential that the Binding Corporate Rules find **concrete application within company processes**, especially in reference to the management of data by our suppliers, as well as with respect to data concerning Palladio personnel.

Always with a view to general strengthening of our GDPR system, with the appointment during 2021 of Data Protection Officer, Privacy Officer and Privacy Specialist, **we have formalised the figures who will deal with the Governance of the processes related to data protection.**



## 2.2 A key player for sustainability: our suppliers

RIF. GRI 2-6-24, 308-1, 403-7, 414-1)

The Palladio Group is committed to implementing sustainability in its 360° processes, also in order to meet the demands and expectations of all its stakeholders.

During 2022, we focused on **further integrating the principles of social and environmental responsibility into our purchasing process, following the approach outlined in the "ISO20400:2017 Sustainable Procurement Guidance"**. This international standard provides guidance to organisations, regardless of their activity or size, guiding them in choosing the most appropriate organisational and operational modalities for the adoption of a sustainable procurement model.

- Implementation of the first phase of the new management tool or the ESG Initial Risk Assessment through the use of a series of specific ESG risk indices (Environmental, Social and Governance) linked to the supplier's country of residence;
- In the second phase, the ESG Risk Assessment for each supplier, based on the results of the self-assessment questionnaire covering aspects such as legislative compliance, environmental impact management, human rights and labour law;
- The assessment involved all the approximately 300 suppliers on the Vendor List;
- Critical issues and opportunities for improvement have been identified with regard to the implementation of the evaluation tool;
- The development during the year 2022 of the New Group Strategic Plan 2023-2027, suggested the need to wait for the Business Strategy before defining the ESG initiatives;
- The performance measurement and monitoring system is still being defined and will be finalised during 2023.

Regarding the qualification process of new suppliers, during 2022 **100% of them were qualified using the new self-assessment questionnaire** and the **monitoring activities of already qualified suppliers** continued with the same questionnaire. Awareness-raising activities were also carried out with the aim of **making our partners more aware** of these issues: by encouraging them to **understand and comply with the Code of Conduct**, we support them to set up and continue supply relationships according to **clear and transparent criteria**.

Our suppliers operate in **different sectors**: raw materials, ancillary materials (inks and paints), equipment or services (subcontractors, hauliers).

- With a view to **optimising logistics** and supply chains, from the **geographical origin** point of view, we prioritise local suppliers and, in particular, companies that can provide goods or services in the markets in which our sites are located.
- The raw materials used in production, defined by the customer, are also generally produced by **multi-national paper mills**.

The path taken has allowed the Palladio Group to further strengthen its commitment to promoting sustainability issues along the supply chain, encouraging suppliers to adopt increasingly responsible practices:

- Since 2016, our selection and qualification procedure requires suppliers to be aware of and share the **principles and values set out in the Code of Ethics and the Supplier Code of Conduct** (see par. 1.2.5 ["Our principles and reference values"]).
- 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 have certified Management Systems (in accordance with ISO9001, ISO14001, ISO45001 or other schemes) rather than products (e.g. CoC- FSC, CoC- PEFC).
- The consequences of the Russian war in Ukraine, during the year 2022, involved evaluation and surveillance activities regarding the forest origin of the fibers, a **re-evaluation of the PEFC certifications where it was not possible to guarantee an FSC CoC to customers who required it**, an intense and fruitful collaboration with the producers of raw materials, with particular reference to the Finnish ones, both for the risk analysis regarding the continuity of supplies or the possible interruption of the same that is still ongoing.
- An important consequence of the Russian war in Ukraine was the need for Scandinavian cartonboard raw material producers to ensure continuity of supply through the **rebuilding of a new supply chain** for timber, pulp and the supply of energy (methane gas) from the Russian Federation. The implementation of these plans and their possible effects have required **strategic decisions and onerous investments** also from an economic point of view, especially by producers that are geographically more exposed to risk; an intense communication and reporting activity by Palladio and the **evaluation and monitoring of all possible risks**.

In terms of **health and safety in the workplace**, we require the supplier or contractor to understand and comply with all the relevant local regulations in force as well as to follow the provisions of the documentation delivered, which must be signed for acceptance (for example, for Italy, DUVRI, the Single Document on the assessment of risk from interference). 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**.

With reference to environmental issues, we would like to point that the initiative of our suppliers of raw material cardboard in the Scandinavian area, regarding the mode of transport, continues: although the level of service is not yet optimal, intermodal transport by train has been extended and also used with a view to reducing logistical risk (delays in deliveries, strikes, landslides). The use of the **intermodal transport modality for 2022 by our primary cardboard supplier remained less than 20% of the volumes expressed in tons of raw material transported at the entrance**. This performance, substantially similar to that of the previous year but lower than the expectations of the supplier, is partly due to the aforementioned Russian war in Ukraine and above all to the intensification of logistical criticalities and the level of service required by the market. Due to the tragic events that characterised 2022, we have not been able to expand as we would have liked the use of the intermodal transport mode of raw materials from Northern Europe.

Palladio perceives a potential advantage in using this mode of transport, in terms of emissions and transport safety.

We will continue our efforts to improve this service but, given the national and international logistics situation, the so-called road transport results in terms of speed and reliability of deliveries more aligned with the needs of our business.

Any negative environmental impacts or complaints relating to the impacts are dealt with through **the non-compliance management process**. 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



*WE HAVE IMPLEMENTED A SUSTAINABLE PURCHASING PROCESS INSPIRED BY THE GUIDELINE "ISO20400:2017-SUSTAINABLE PROCUREMENT GUIDANCE"*

2.2.2

## Products and services: a challenge on several fronts

(Rif. GRI 103-2/3,102-9/10, 204-1, 301-1/2/3)



- Within the programme to strengthen the sustainable procurement model implemented in 2022, in May and June **we developed a Life Cycle Costing (LCC) tool, able to evaluate the costs related to the purchase of** assets (plants, equipment, etc.), products and services **that originate in all phases of the life cycle.** This tool provides a broad assessment that includes costs related to the phase of use (such as consumption of energy, fuel, water and other resources), and end-of-life costs (such as costs of decommissioning, dismantling and disposal).
- Through this innovative approach, we are able to make more sustainable choices from the point of view of the environmental impacts related to the various purchasing alternatives.

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. However, this dynamic is changing in light of the problems of shortage of raw materials on the market: the Palladio Group is in fact increasingly required by its customers to have a say in the choice of suppliers.

- We set ourselves the goal of sustainable management which, by reducing cardboard waste, rationalising the supplier's warehouse and introducing greater flexibility in orders, not only has **a positive impact on the environment**, but also brings **economic benefits** to all the actors in the supply chain.
- 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.



2.2.3

## Respect for forests and attention to biodiversity and indigenous communities

(Rif. GRI 102-9, 304-1/2/3/4, 411-1)



In Palladio Group, we wanted to further strengthen our efforts to safeguard forest resources through compliance with the requirements of the **CoC-PEFC™ and CoC- FSC certification schemes**, as well as our **Forest Sustainability Policy**, with the commitment to procure and use only certified raw materials or which do not originate from controversial sources.

### 2022 was a turning point in terms of sourcing FSC certified material:

- With 7,762 tonnes we have more than doubled supplies compared to 2021 (3,573 tonnes). Many of our most important customers have in fact started to request to use only this type of raw material for their products.
- In 2022, the adhesive material continues to be present in the portfolio of FSC certified products that we supply.

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. 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). In 2022, all **suppliers** of forest-based raw materials used by our Group also confirmed the origin of the material in accordance with these requirements and all are in possession of a valid forest chain of custody certification.

One of the environmental elements on which we place the greatest attention is **biodiversity**.

- Although all our plants are located in technological-industrial areas, we consider it our duty to assume a broader responsibility towards environmental issues, especially 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 globally in safeguarding the environment and, through adherence to forest management systems such as the FSC and PEFC chains of custody (see also par. 1.4.1 ["Economic responsibility and sustainable development"]), our Group favours purchases of raw materials of forest origin that come from forests managed in an environmentally, socially and economically sustainable manner.

In **addition, no incidents involving the rights of the communities in which we operate have been recorded in relation to the activities of** our Group.

2.3

## Customers

(RIF. 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. A widespread awareness at all levels of the organisation, to ensure that each and every one of us pays the utmost attention to the customer's requests, whose satisfaction we check through periodic meetings and continuous contacts.

### Customer Satisfaction and Customer Brand Protection

**Customer satisfaction** acquires a broader and more strategic role, which guides the development of our products and services according to a customer-oriented 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.
- 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 requirements of the GMPs (Good Manufacturing Practices) is the tool that allows us to ensure compliance with the procedures, while promoting a **culture of quality** throughout the company.
- Over the years, the company has broadened its range of services and products and has diversified, investing in **new technologies and in research and development** in order to increasingly present ourselves to customers as a **reliable partner**.
- Thus, we have obtained **results focused on their fulfilment** by guaranteeing the **protection** as well as the **compatible** and **ethical** use of **natural** and **human resources**.

The management of customer relationships and the possibility of guaranteeing specific services plays a key role in the implementation of our business strategies:

- We prepare specific **training courses and weekly meetings** for the sales force and provide 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.
- We manage customer relationships through a team of account managers,

organised by geographic area, who operate very much as **specialist consultants**. The team is also supported **by the Marketing & Customer Innovation area** that allows **to offer a specialised consulting service** to understand the needs of the customer and develop targeted solutions according to the different needs of the market, with a growing role also with respect to **sustainability issues**.

- We have also enhanced the **Customer Service function** to continue to offer an accurate, reliable and timely service. In this regard, a new organisation has been created called Sales & Operations Planning (S&OP) that aims at monitoring company programming and customer service by managing specific KPIs on compliance with deadlines and deliveries.

Another guiding principle our Group in customer satisfaction strategies concerns the **protection of their brand**. In this context, the issue of **anti-counterfeiting** is constantly monitored through the application of specific requirements, contained in specific agreements, requested by our partners. We apply the same approach to the issue of **information confidentiality: over the years, we have, in fact, consolidated the awareness of our employees and strengthened the IT security systems of our Group**. In addition to adopting it for all customer requests, in order to consolidate the awareness of our employees and therefore strengthen the IT security systems of our Group, during 2022 we provided targeted simulations regarding the risks related to cyber security and we implemented firewalls with a higher level of protection in order to make our corporate perimeter even more safe.

Looking to the future, we commit **to increasingly strengthen the daily collaboration with customers, with the aim of continuously improving the performance related to the quality and timeliness parameters of our products and services**. With this in mind, we plan to involve our business partners in a survey aimed at evaluating the performance of Palladio Group over the last three years marked by complex economic, geopolitical and pandemic-related events, in order to identify possible areas for improvement.

## Collaboration with customers

Throughout its history, Palladio Group has developed increasingly solid and structured commercial partnerships, taking a leading role in the **co-creation with the customer of new products and services**. Recently, the market's attention to increasingly numerous and detailed technical specifications has grown, as has the desire to design products with increasingly advanced sustainability characteristics together with Palladio.

Over **the last three years, our Group has worked closely with our vaccine manufacturing customers to develop ad-hoc packaging solutions**: this has been possible by implementing targeted solutions, such as the development of specific machinery, as well as guaranteeing customers full visibility regarding the continuity of the production activities of our sites.

We have also collaborated with our other customers in the pharmaceutical

sector to guarantee the supply of all products and the continuity of supply by countering in an organised way the lack of raw material deriving from the geopolitical situation on the international market.

During 2022, the complexity of the market and the growing trend of personalisation and customisation of the pharmaceutical product helped to amplify the benefits deriving from the use of digital printing with RFID labels, a technology that allows the unique, automatic and remote detection of objects, such as the packaging of our product. This technology has also allowed us to have a tracking and product quality corresponding to the specific needs of our customers.

Palladio Group has commercial relations with about 150 customers (multinationals, local companies, subcontractors, CMOs, CDMOs) who carry out manufacturing activities. These relationships take the form of long-term relationships with continuous sales actions based on multi-year and non-annual contracts. The geographic areas where customers are located are Europe and North Africa.





# People

OUR PEOPLE

THE IMPORTANCE OF WORK

OUR KNOWLEDGE

# 3.1 Our people

## Economic support for employees



\*(Severance indemnity) advance payment

### 3.1.1

## The value of work, well-being, relationships

(Rif., GRI 2-23, 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. At Palladio, we place the utmost importance on **respecting suitable 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 this end, the Group decided many years ago to adopt a **Human Rights Policy based on a set of principles that combine ethics and effectiveness (see box).efficacia** (v. box).

### 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.

### A CLEAR, REGULATORY FRAMEWORK TO SAFEGUARD EVERYONE

- We apply local contractual regulations for the sectors of reference, protecting employees and compliance with legislative 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

### 3.1.2

## Growth opportunities for all

(Rif. GRI 405-1)

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.

The company pays particular attention to the recognition of people's **qualifications, experiences 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**. These non-employee, both as production and maintenance operators, are hired through administration contracts lasting one year, at the end of which their recruitment is assessed.





## 3.2 The importance of work

3.2.1

### The centrality of work

(Rif. GRI 2-7,8,30, 202-1, 401-1/2/3, 402-1)



- At Palladio Group, where applicable, we apply collective bargaining for 100% of employees, using, in certain areas, **second-level contracts** to improve collective bargaining.
- We guarantee all employees **an extra allowance over minimum pay** that increases the minimum legal salary with a system of **salary revaluation** through indices, or **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. 3.2.2 ["Corporate welfare and work-life balance: well-being outside work"]).
- The **wages of newly-hired staff** are also, on average, higher than the legal minimum wage in every facility of the Group.
- 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.
- Through a voting system that guarantees anonymity, our Palladio Group SpA's employees elect their **Health and Safety Representative** (HSR) and the **Unitary Union Representative** (UUR).
- Even though Palladio Group does not have a specific global policy for the recruitment of personnel residing near the facilities, our recruitment practices nonetheless include prioritising people residing in the vicinity where the activity takes place.
- Both managers and employees are generally recruited by the local communities of reference (managers are understood as the first-level functions, while local community means the country in which the facility is present).

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 broader attention to work/life balance (see par. 3.2.2 ["Corporate welfare and work-life balance: well-being outside work"]), fixed-term employees enjoy the same benefits as permanent employees. They can join free prevention programmes, such as vaccination campaigns for influenza, tetanus, meningococcal and other diseases.
- Compulsory maternity leave is open to every member of staff in our Group, based on the regulations in effect in the various countries. Not only do we scrupulously abide by the laws but, if necessary, we favour any ancillary request through the granting of holidays and permits.

In industrial relations, we apply with particular attention the current regulations and, specifically, the European Regulation 2002/14/EC. In the event of a significant organisational change, we undertake to notify the workers' representatives and trade unions in advance.

3.2.2

### Company welfare and work-life balance: well-being outside work

(Rif. GRI 201-1, 403-6)



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 collaborators 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 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. In the factories of Dueville, Thiene, Pontedera and Gossolengo it is possible to receive parcels purchased online directly at the company's premises, while in Dueville and Pontedera there is also an **external laundry service available at discounted prices**.

#### Financial Support

##### Study grants for children of employees

Our company offers four types of **scholarships** that can be awarded to deserving students, sons and daughters of our employees. The four types of grant cover **state examinations** at Italian upper high schools, **university attendance, three-year university degrees and master's degrees**. The scholarship is awarded directly to the employee's child and can range **from € 1,000 to 2,000** depending on the results obtained.



**Wedding Bonus**

This is a **facility dedicated to couples of future spouses** who get married or form a civil partnership.

We give **€ 1,000 gross per couple**.

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**Diapers Bonus**

For the **children of employees born or adopted** in the current year, a bonus of **€ 100 gross per month** is paid until the first year of age or the first year of entry into the household following adoption.

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**Severance pay anticipation**

Employees 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.

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**Business Loans**

We offer permanent employees the possibility to apply for **business loans up to € 5,000**.

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**Performance premium 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. The application method is intuitive and effective, through the dedicated **WelfareMeet** portal. In case of choice of welfare services, we provide an **additional value in goods or services equal to 30% of the converted share**.

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**Jojob Carpooling**

In May 2022, we activated the Jojob Real Time Carpooling service for the home-work journey of colleagues to increase awareness and encourage sustainable mobility, promoting behavioural change in favour of active mobility. Thanks to the activation of this initiative Palladio Group Spa has saved 1071.3 kg of CO2 in just over six months.

## Health support

**Permits for medical examinations**

We grant the employee **paid leave for medical examinations** in the amount of 2 hours at a time for a maximum of 3 times during the year for a total of 6 hours, upon presentation of an appropriate medical statement.

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**Flu vaccination campaign**

In compliance with occupational safety, health and hygiene policies, we annually prepare a programme for the prevention, through **free vaccination**, of **influenza**.

**Covid-19 insurance**

Among all the measures we have implemented in order to address the health emergency related to Covid-19, in order to better protect the health and needs of our employees, we have taken out an **insurance coverage for the benefit of all employees**, regardless of the existence of health insurance plans, to provide real support in case of need. This coverage provides for a hospitalisation allowance of **€ 30 per day** up to a maximum of 30 days and a **recovery allowance after admission to intensive care of € 1500 at the time of discharge**.

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**Palladio Health Challenge**

The Palladio Health Challenge is an innovative competition that encourages people to adopt a healthy lifestyle and improve their daily habits by keeping fit. This competition, in partnership with Healthy Virtuoso, rewards those who carry out healthy activities such as walking, sports, meditation and much more.

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**Free Mammography**

In January, Palladio Group supported the initiative of WelfareCare-Benefit Society "Mammography and free ultrasound", dedicated to the prevention of breast cancer.

The goal was to raise awareness not only among our employees, but also among their families about the importance of breast cancer prevention and early detection, through access to a free breast examination.

## Work-family reconciliation

**Hourly flexibility**

The office personnel can take advantage of an **hourly flexibility** in the morning until 09:00. In this time slot, **a late entry is allowed** with respect to their working hours, which can then be recovered during the day.

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**Smart Working**

Depending on the role and task of the worker, it is possible to request the activation of **Smart Working**, which therefore gives the opportunity to carry out **work at home or other private place**.

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**"Aiutiamoci" Fund**

We provide employees with the **"Fondo Aiutiamoci"** to allow those who have exhausted the amount of holidays and leave, to **take advantage of additional hours of absence from work** voluntarily made available by other colleagues.



3.2.3

## How we protect health and safety

(Rif. GRI 403-1/2/3/4/6/8/9/10)



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. 1.4.4 ["Operations and management systems"]).

All employees (direct and non-employees) of Palladio Group SpA and Palladio East are covered by a **health and safety management system**. At the sites of Palladio Group SpA (Dueville, Thiene, Pontedera, Gossolengo) and Palladio East Doo (Vršac) the system is **ISO45001:2018** certified.

In each plant of our Group, we have identified and made operational **Health and Safety Committees** (see also par. 3.3.3 ["Knowing to protect and continuously improve ourselves"]). They are made up of representatives of the Management and of the workers: they have the task of verifying, checking, monitoring and advising the programmes for safety at work.

In the plants of Dueville, Thiene and Pontedera "**Security Society**" have been established, which are periodic departmental meetings in the presence of the personnel in charge and whose assessments are summarised in a report shared with the heads of the Safety Service (i.e. the Employer's Delegate, the Head of the Prevention and Protection Service -RSPP- and the Prevention and Protection Service Officer -ASPP). The Security Society tool is also used by workers to report hazardous situations. On the basis of the reports, containment measures are adopted, if deemed necessary, to reduce any impact on workers. All reports are, in any case, analysed by the Security Service and an explanation is given to employees on their reliability.

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. 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 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. We have undertaken related risk mitigation actions, consistent with our security management system.

A technical assessment is currently being carried out on all machinery with moving parts where it is possible to manually intervene, to apply any corrective measures aimed at reducing the risk. The analysis foresees that one type of machinery at a time is assessed, in order to guarantee a thorough and complete assessment of all potential risks. These investigations will therefore continue over the next few years, given the number of types of machines present in Palladio Group's facilities.

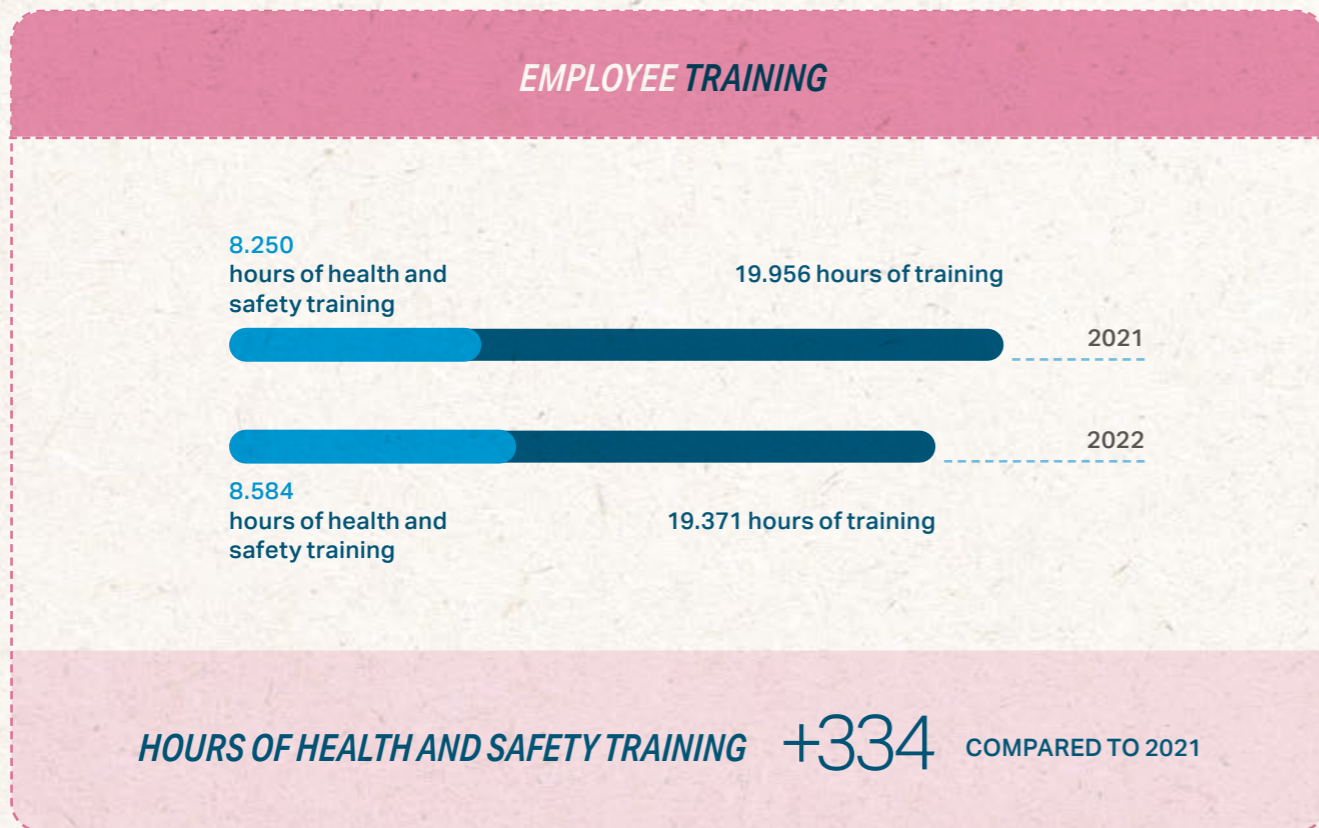
As for the **near misses**, the Prevention and Protection Service is activated, which treats the reports as if they were an actual accident. All reported near misses are then analysed, verified and on the basis of the evidence gathered, corrective actions are identified to reduce the possibility of them happening again. At foreign sites, this same approach is being implemented, also through the creation of guidelines valid for all the Group's companies.

As far as **occupational medicine is concerned**, in the Italian facilities this is carried out as required by Italian Legislative Decree 81/2008 art. 29 and 41. The annual inspection of the workplaces is conducted by the occupational physician with the presence of the Health and Representatives (HSR). In specific situations, intervention is required by the same physician in charge and the HSR: following timely analyses, and if a hazard is identified, appropriate training is provided to the personnel involved and/or specific work instructions. In sites abroad, the approach is similar and guided by legislative requirements and specific guidelines.

During 2022, we registered 4 applications for **occupational disease** with a positive outcome. This is in line with the average of previous years.



# 3.3 Our knowledge



## 3.3.1 A wealth of knowledge to share

(Rif. GRI 103 -2/3, 205-2, 403-5, 404-1/2, 412-2, 205-2)



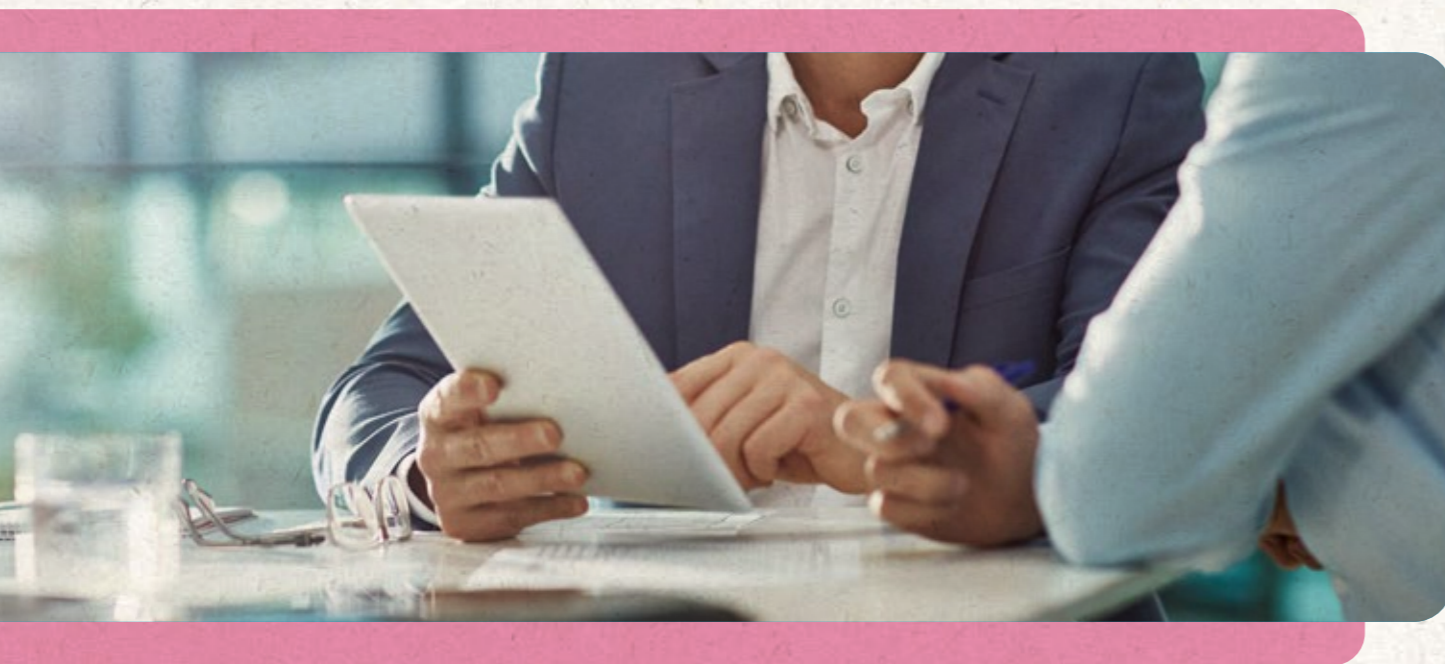
Training and opportunities for improvement are fundamental for the professional and personal growth of employees. To this end, the Group invests constantly in this activity, as shown by the 19,371 **hours of training** completed in 2022.

This figure is the same compared to previous years, especially thanks to the large-scale use of the online training mode, which has allowed the delivery of a wide range of courses to the entire corporate population.

- The training courses, in addition to including the topics of **health and safety (8584 hours)** have also deepened the aspects **related to ethics**.
- A particular focus has been placed on **sustainability**: in addition to providing **specific training to the purchasing department on issues related to sustainable procurement**, we have strengthened **the project dedicated to internal communication of sustainability**, whose purpose is to raise awareness and increase the involvement of employees as much as possible through informative communication material.
- Communications related to this project have seen the sharing of snippets on sustainable best practices to be implemented both in the workplace and in private life through the monthly newsletter and posters.
- Finally, within our corporate magazine, Palladio People, we have included articles on specific aspects of sustainability.

For us, personal growth does not finish with training: it is a goal that we pursue every day even 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 continuously**, in 2016 the **Palladio Academy was born**, an original concept of corporate training conceived by our Group (see par. 3.3.4 and box ["Palladio Academy: an advanced training concept"]).

Finally, 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**. All new hires receive relevant training.



## Training hours 2022



### 3.3.2

## How we evaluate and help people grow

(Rif. 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 people:**

- We have implemented a **role mapping** system designed to effectively manage **career paths**. In particular, in 2022, the specific courses aimed at the development of skills, started in previous years, continued.
- 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 concerned the **standardisation of the Human Resources Policy starting from Palladio Group Spa**. 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 continued the 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 has been divided and optimised according to two complementary objectives: firstly, to assess **individual training and development skills and objectives** and, at the same time, to create tools specifically 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.

### 3.3.3

## Knowing to protect and continuously improve ourselves

(Rif. GRI 403-5, 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 have committed ourselves in particular to promoting **interactive communication**, organised at several levels by setting up **Health and Safety Committees** with the involvement of our personnel (see also para. 3.2.3 ["How We Protect Health and Safety"]).
- 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**.

### 3.3.4

## Palladio Academy: an advanced training concept

(Rif. 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 opportunities for our people to grow.

- In July 2016, **Palladio Academy was born**, an initiative that emphasises the importance of the **culture of learning and experience sharing**: a training programme of excellence, which was born from an original training project developed within our Group in collaboration with leading training actors in the territory (see box).
- If the activities of the Academy slowed down in 2021 due to the pandemic, in 2022 these projects were rekindled thanks to the support of an external coach and the implementation of the agile methodology during the workshops organised during the year.
- The Academy carries out **continuous improvement** projects with the aim of making colleagues even more aware of the company's wealth of knowledge, in order to lead teams step by step to grow, to achieve the Group's objectives and their personal satisfaction.
- Palladio Academy is led by a **team of ten members** who, with great commitment and perseverance, carry out the objective of always maintaining the Group's training standard.

### 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.

Among the first Academy projects are the lists of key points created to facilitate the training of new resources and drastically reduce their time, together with the development of Palladio Wiki, a real encyclopaedia of the know-how of our Group. In 2022, we started working on the implementation of a shared Onboarding process among Palladio Group Spa facilities, to improve the reception of new hires in the company, increasing their involvement and facilitating the sharing of key knowledge and skills in the first months of joining the company.



# Planet

RESOURCE  
MANAGEMENT

# 4.1 Resource management

4.1.1

## Our environmental responsibility

(Rif. 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 environmental risks**, we have determined the **significant environmental aspects** in order to keep them under control:

- 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. Several studies aimed at defining and modifying the procedural methods and structural interventions have allowed us **to identify waste, reduce consumption and favour the recovery and recycling of our waste**.
- Among the most effective interventions, we have obtained considerable energy efficiencies from the modernisation of the systems, from the domotic management of air conditioning, lights and various utilities at the service of production and from the use of LED lights.

Thanks to the assessment of some environmental indicators, we are able to monitor the impacts and intervene significantly, establishing goals aimed at reducing the waste of natural resources and contribution to global warming.



4.1.2

## Our approach to climate change

(Rif. GRI 305-1/2/3/4)



It is now universally recognised that **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.

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 does not wish to limit itself to legal requirements, we have identified and taken into account the **relevant environmental aspects**, reporting direct and indirect GHG emissions and identifying, where possible, our interventions for their reduction.

The direct emissions of GHG (**Scope 1**) are due to the **combustion of natural gas and diesel** for heating the premises in our facilities. For each plant, we used the consumption of natural gas and oil, based on invoices, for the last three years.

In 2022, emissions related to the consumption of natural gas and diesel for heating decreased in all facilities: this was achieved thanks to the improvement of the efficiency of the facilities as well as the favourable weather conditions.

- Indirect GHG emissions from energy consumption (**Scope 2**) are due **to electricity consumption** in plants. Again, in this case we used data on electricity consumption in plants, taken from invoices for the last three years. Since 2016, we have calculated Scope 2 emissions in line with the requirements of the Greenhouse Gas Protocol, reporting according to two different methods called location-based method and market-based method.
- In 2022, hourly electricity consumption decreased in all facilities thanks to an improvement in plant efficiency and, in addition, with the installation and commissioning of photovoltaic systems in the Dueville and Palladio East plants, we found a reduction in Scope 2 (Location-based) emissions.
- Emissions calculated according to the market-based method have increased due to the decision to reduce the purchase of certificates of guarantee of origin of electricity from renewable sources, in favour of greater investments for the construction of photovoltaic systems in our offices.

Other indirect GHG emissions (**Scope 3**) indicate greenhouse gas emissions related to the production of raw materials entering the production cycle and the transport of raw materials and finished products. We used the data relating to the last three years of the quantities of raw materials entering each plant, distinguishing the incoming **materials**. Finally, we consider the emissions associated with **transport** for the supply of paper and cardboard raw materials and for the delivery of finished products from all the Group's facilities.

- We have implemented a constant monitoring of indirect impacts (Scope 3) that derive from factors such as the consumption of raw materials, the transport of raw materials and the transport of finished products.

- To mitigate the environmental impacts connected with the transportation of products, we are 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 different types of emissions (Scope 1, Scope 2, Scope 3) by transforming them into an economic value using the latest available carbon price value. Based on this information, considering the value in the different countries in which we operate, we have identified a specific **carbon indicator as the** ratio between the calculated value of carbon price (NOTE 1) and the turnover. This indicator has been **included in the company's key indicators**, in order to ensure that it is monitored.

Since climate change threatens to disrupt every aspect of our lives, creating negative environmental impacts, socio-economic instability and food supply stress, Palladio is reinventing the way it operates, which is why we have determined strategic targets on greenhouse gas emissions according to the criteria of the Science Based Target initiative (SBTi).

### OUR COMMITMENT TO ACTION

Below are our targets for 2027, developed in line with CDP requirements, compared to the 2019 reference year:

- Reduction by 19% of the indicator calculated as Purpose 1 and Purpose 2 emissions compared to the quantity of finished product (tonCO<sub>2</sub>/ton)
- Reduction by 9.8% in absolute emissions for Purpose 1 and Purpose 2 (tonCO<sub>2</sub>)
- Reduction by 9.2% in absolute emissions for purpose 1, purpose 2 and purpose 3 (tonCO<sub>2</sub>)

These targets were developed taking into account the reduction trajectories suggested by the SBTi methodology for the 2°C scenario.

### NOTE 1: THE CARBON PRICE

Carbon price is a value that the organisation voluntarily sets itself to internalise the economic cost of its greenhouse gas emissions. It can be used as:

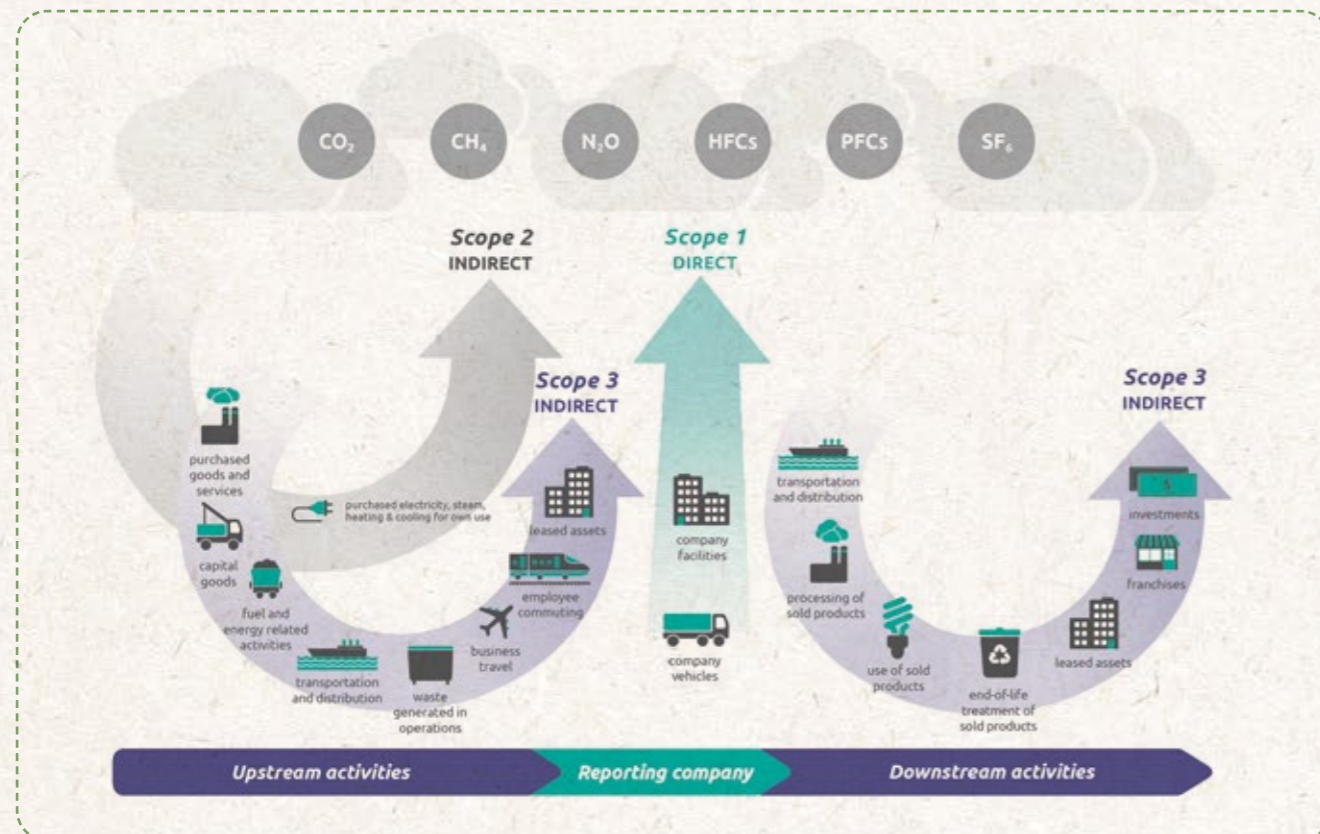
- a tool to support a corporate decarbonisation strategy;
- a risk management tool aimed at enabling the company's global strategy to become more resilient to regulatory climate policies and more conducive to reducing emissions.

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

## GHG EMISSIONS GRI 305-1/2/3

### Total CO<sub>2</sub> emissions 2022:

Scope 1: **1.452 tCO<sub>2</sub>** (4,69%) | Scope 2: **7.624 tCO<sub>2</sub>** (24,62%) | Scope 3: **21.895 tCO<sub>2</sub>** (70,69%)





4.1.3

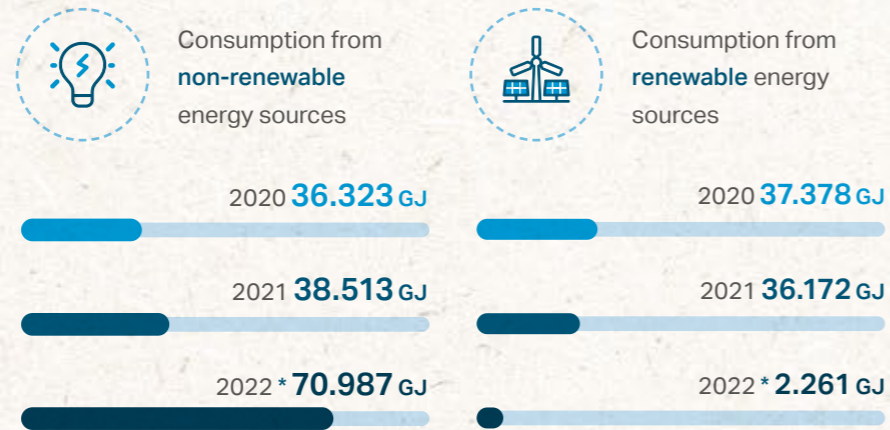
## Conscious use of energy

(Rif. GRI 302-1/3)



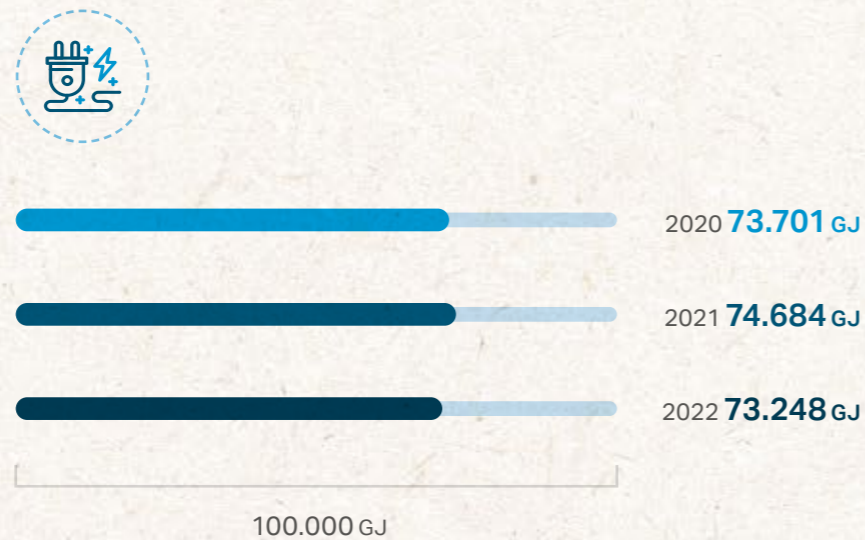
### Energy consumed within the organization

(Rif. GRI 302-1)



\* The 2022 result is strongly linked to the global energy scenario and access to measures such as certificates of origin.

### Total energy consumption



The energy consumption for the winter air conditioning of production environments and offices is attributable exclusively to the use of **natural gas** (Italian plants and Serbian plant) or **kerosene** (Irish plant). As foreseen by the Italian national plan to reduce consumption, Palladio group Spa has reduced the hours of heating by one hour and reduced the air temperature set point in both production areas and offices by 1°C. In addition, information material was provided to employees to raise awareness of energy savings and achieve the goal of reducing consumption.

The consumption of **electrical energy** is intended both for production activities and air conditioning, mostly in the summer, of the offices and production premises.

- Specific interventions have allowed us to **limit consumptions despite the rise in production**, including **raising awareness among employees** in addition to modifications to the system.
- The organisational changes were aimed at modernising the production equipment with the purchase of **new plants that allowed us to optimise processes**, thereby obtaining greater efficiency including energy efficiency.
- The interventions aimed at replacing neon bulbs with **energy-efficient lamps (LEDs)** were completed in all facilities
- **Home automation equipment** for the management of services for production, air conditioning of environments and the replacement of heating systems with high-efficiency boilers, are still used.
- Between 2018 and 2021, we installed **voltage stabilisers** at the Pontedera, Dueville and Thiene sites.
- In 2022, the replacement of diesel vehicles with **electric or hybrid vehicles** continues, further confirming our commitment to the progressive electrification of our corporate fleet.

Since 2017, we have carried out projects related to the **local production of renewable energy** through the installation of photovoltaic systems for a total of 880 MWh of self-production:

- The Pontedera facility reached a production capacity of 110 MWh of electrical energy through the help of 362 photovoltaic solar panels.
- The Dueville facility reached a production capacity of 170 MWh of electrical energy through the help of 390 photovoltaic solar panels.
- Palladio East reached a production capacity of 600 MWh of electrical energy through the help of 2,100 photovoltaic solar panels.

Pontedera	362	110 MWh
Dueville	390	170 MWh
Palladio East	2100	600 MWh

A further investment was also confirmed for 2023 for the construction of a new photovoltaic system at the Thiene plant. It is estimated that the plant will produce 533 MWh/year, accounting for about 30% of the plant's electricity consumption.

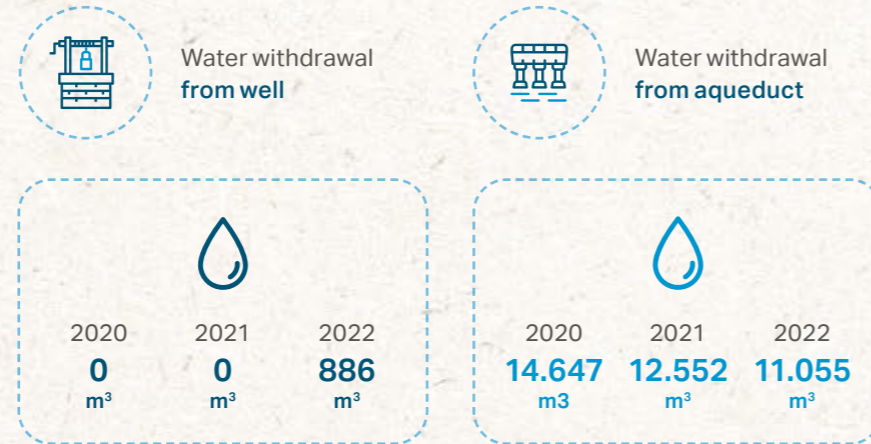
4.1.4

## Water: a vital resource

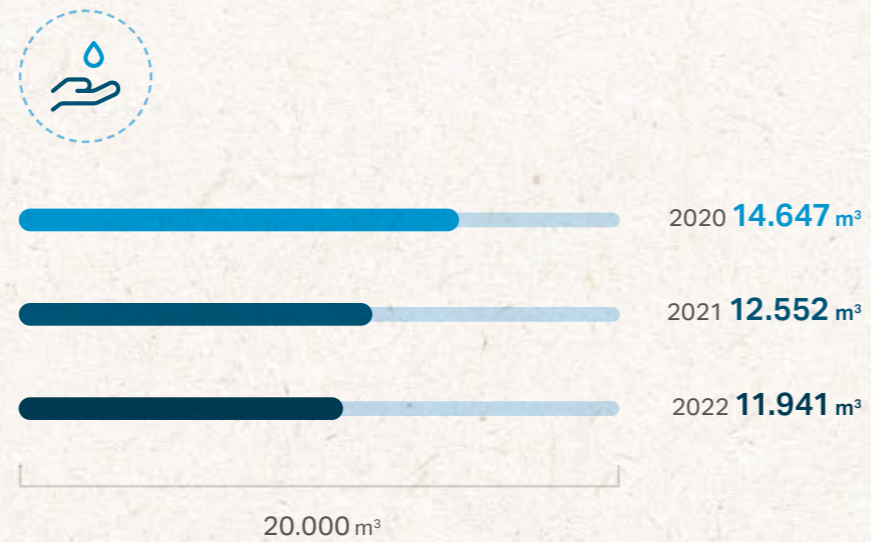
(Rif. GRI 303-1/2/3)

### Water withdrawal

(GRI 303-3)



### Total water withdrawal from all areas



All Group sites use water **as efficiently as possible**, aiming to counteract the ever-increasing level of exploitation that characterizes this essential resource at both the territorial and global level. We monitor the quantities of water taken from the water network on a monthly basis to ensure that there are no leaks and that consumption is aligned with average consumption, as well as compared to working hours:

- The Group's plants draw such quantities of water that they do not harm **significantly to water sources**.
- The only planned discharges are those resulting from the use of toilets and therefore assimilated to civil wastewater, which do not necessitate recycling or reuse methods.
- In the production process, water use is generally limited to the following offset printing activities for wetting printing plates and is managed as liquid waste. Consumption is therefore closely related to the quantities of product processed.

In any case, to limit water consumption and minimize the waste of that resource, we have installed flow reducers on the taps located in the toilets in the various locations, simple devices that mix air to the water coming out of the taps, as well as double buttons for flushing the water from the toilets:

- The total water withdrawn by all establishments of the group, amounting to 11941 m3, comes only from municipal or state aqueducts.
- The withdrawal of 2704 m3 occurs in water-stressed areas (Source: Water Risk Atlas of WRI).

Despite the reduced water impact of our activities, in the last four years, we have still supplied a **complete information overview** on the management of water resources by completing the CDP Supply Chain Water questionnaire. 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.



4.1.5

## How we manage waste

(Rif. GRI 306-1/2/3)

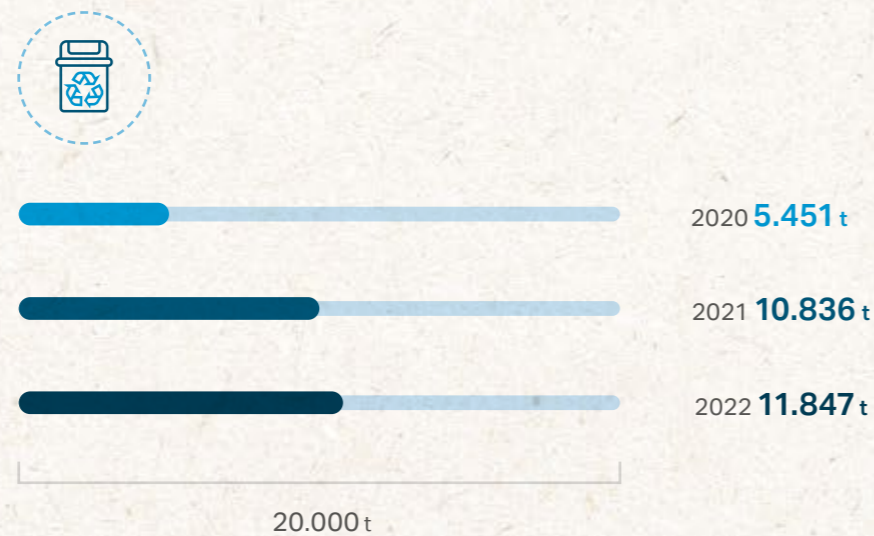


### Destination of waste

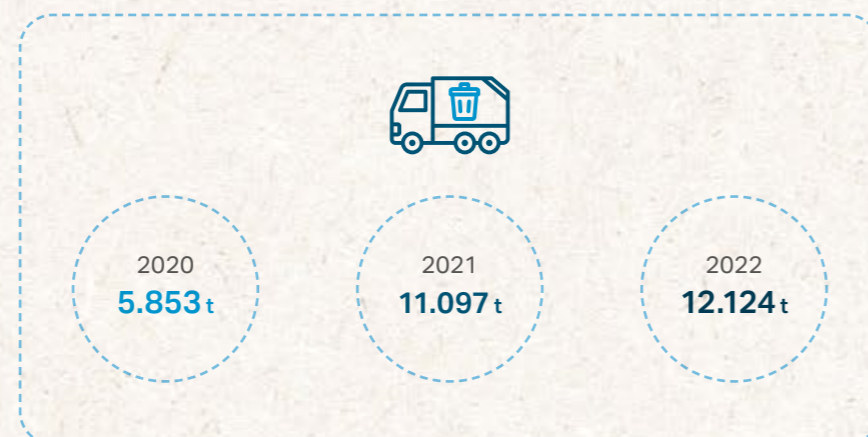
Percentage of **waste recovered** out of total



### Recovered waste



### Total weight of waste generated



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.
- We pay great attention to the potential for recovery and recycling of **waste** resulting from the use of raw materials, in particular paper and cardboard waste including poly laminates.
- We adopt separation and differentiation practices, avoiding potential contamination from non-paper materials and hazardous substances and we confer to plants authorised to recover paper and cardboard waste, in order to favour their reuse in the paper industry or in other industries that use such waste as a raw material.
- The production cycle processing waste project was completed in Dueville. The trim waste of the material used for production is separated: the wood pulp cardboard of the boxes and the paper of the sheets.
- 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.
- In the last three years, there have been no uncontrolled spills of waste.
- The ratio of hazardous waste to total waste in 2022 was 1%, remaining constant compared to the previous year, and in any case reduced compared to 2020.
- The ratio between waste sent for recycling and recovery in proportion to the total waste is 98%, unchanged compared to 2021

To limit the risks and reduce their use, Palladio monitors hazardous chemicals by asking suppliers to fill out a questionnaire to collect information on the presence of potentially hazardous substances contained within inks for printing processes and equipment cleaning products. Projects to replace existing substances with alternatives with lower environmental impact are being developed.

### ADDRESSING THE NEW GENERATIONS: YOUTHSPEAK FORUM

For any long-term sustainability strategy to succeed, the new generations need to be involved first-hand. This is why we have always supported initiatives involving young people, such as the YouthSpeak Forum project held in Belgrade, Serbia. YouthSpeak Forum is an event created by AIESEC that aims at bringing together young people and Senior Leaders of society in a multi-sectoral and multi-generational space, in order to inspire conversations and concrete actions around the theme of the Sustainable Development Goals of the United Nations 2030 Agenda. For the Serbian edition, the focus was on three main points of sustainable development: Decent Work and

Economic Growth, Responsible Consumption and Production, and Climate Action.

During the conference the young delegates were divided into teams with the task of designing, with the support of the participating companies, a campaign that was able to influence education, awareness and change in people's habits, from an entrepreneurial point of view. The team led by Palladio East won the award for the best innovative solution in the category entitled Mindset of Consumers.



# Peace

RIGHTS

FOR AN INCLUSIVE SOCIETY

*Peace as the presence of rights, for a more inclusive society that counteracts all forms of corruption or work injustice.*

*Peace as a commitment to combat all forms of violence, individual and collective, aimed at limiting the freedom of the individual or weakening the social fabric in which we operate.*

*These are our principles and the objectives that we intend to pursue in the near future in order to create a workplace aimed at the protection of individual freedom and that knows how to value the individual within society.*



## 5.1 Rights

5.1.1

### Work as a place of rights

(Rif. GRI 103-2/3, 412-1/3)



#### PROACTIVE INTEGRATION OF PEOPLE WITH DISABILITIES

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.

- Mechanisms are in place to **report to the Corporate Ethics Committee** any discriminatory attitude based on race, colour, sex, religion, political opinion, nationality or social background.
- There is no form of child labour, forced or compulsory labour 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 all the countries in which we operate, we guarantee the **economic conditions** provided for by law.
- We have adhered to the **FSC and PEFC forest protection standards** (see par. 4.2.1 ["Products and services: a challenge on several fronts"]), with which we also indirectly guarantee the **respect of indigenous peoples** and their territorial assets.
- 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 operation 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.
- In 2022, **no reports were made** in the Group's facilities regarding human rights violations or the work of the Group's employees or from internal or external stakeholders.

### A COMPLETE, ETHICAL TOOLBOX

Our commitment to ethics and social responsibility is expressed in a set of documents that define the behaviours of each member of the organisation:

- 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
- Occupational Health and Safety 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]
- ASSOCRAFICI-Associazione Nazionale Italiana Industrie Grafiche Cartotecniche e Trasformatrici [the Italian National Association of Graphic, Paper, and Transforming Industries]
- ATIF-Associazione Tecnica Italiana per lo sviluppo della Flessografia [the Italian Technical Association for the development of Flexography]
- CIAL-Consortio Imballaggi Alluminio [the Italian Aluminium Packaging Consortium]
- COMIECO-Consortio Nazionale Recupero e Riciclo degli Imballaggi a base Cellulosica [the Italian National Recovery and Recycling of Cellulose Packaging Consortium]
- CONAI-Consortio 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]
- PREVINDAI - Industrial Managers Pension Fund
- Confindustria
- Fondirigenti
- Fondimpresa
- CONFIDI-consortium of collective guarantee of the trusts
- Supplementary occupational pension funds: Byblos, Veneto Solidarity, INPS Treasury
- Enasarco
- Various territorial reclamation consortia

5.1.2

## Non-discrimination

(Rif. 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:

- We proactively promote the integration of people with special needs into the company environment, ensuring that they are assigned dignified and appropriate tasks;
- The working conditions and workplaces are designed and maintained in such a way as to facilitate mobility for people with disabilities.
- In 2022, no reports were made relative to discriminatory human rights practices.



5.1.3

## Freedom of association and collective bargaining

(Rif. 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:

- Trade union organisations are free to carry out their activities without any restrictions or interference from the company.
- Trade union meetings are held periodically in the Group’s facilities and are open to every employee, in order to support the right of workers to freely associate.
- The percentage of Italian employees registered with trade unions is 15%. In foreign companies, the data is not available as it is protected by privacy on the basis of local legislation in force.
- During 2022, there were 108 hours of strikes by employees in Italy, due to both adherence to national events related to the renewal of the Nation of Labour Collective Agreement (CCNL).
- 409 hours were used for 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.

5.1.4

## Child labour and forced labour

(Rif. GRI 408-1, 409-1))



We do not allow, in any Group plant, the use of **child labour**.

- In 2022, the minimum age of our employees was **18**, whilst the average age was **41 years old**.
- In line with the provisions of our Policies, our partners are also required to adhere 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.
- 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.

### OUR COMMITMENT TO THE ISSUE OF **CONFLICT MINERALS**

In 2015, we started a survey with some suppliers to analyse the topic of conflict minerals and to get confirmation that no materials extracted from conflict zones are used in the respective production processes. This investigation activity is repeated every 2 years, to ensure that there is no conflict mineral within our supply chain.

In July 2010, the United States Congress traced the mining and trading of tin, tungsten, tantalum and gold (“conflict minerals”) to potential human rights violations in the Democratic Republic of the Congo and in neighbouring countries (collectively referred to as 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.



## 5.2 For an inclusive society

### 5.2.1

#### Us for the community

(Rif. GRI 102-16, 103-2/3)

As a Group **we contribute to development** by creating greater **economic opportunities** for local communities and we intend to be an **active and participative** presence also in the **social and cultural growth** of the territories in which we are present.

To make our intervention more effective, we identify **priority topics** in each territory for which we develop numerous initiatives in the field of **solidarity, environmental education** (see ch. 4 ["Planet"]) **and sustainability** (see par. 5.2.2 ["Our contribution to local communities"]).

In Italy, our social commitment is reflected in a series of initiatives aimed at **mitigating the potential and actual impacts of our activities**, thanks to a **constant dialogue** with local institutions and organisations.

- We have developed and implemented **prevention programmes** to ensure compliance with the laws and safeguard the physical, economic and natural resources well-being of the territories in which we operate.
- **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. 5.2.4 ["Fight against corruption and relations with institutions"]).
- 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.
- 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.
- 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.

### 5.2.2

#### Participation of local communities

(Rif. 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.

Some initiatives that have affected the Italian perimeter:

- In 2022, we also supported the **Abilmente Project** by the **I Bambini delle Fate**, in collaboration with ENGIM Veneto, which aims to fill the "gap" between school and job placement of young people with autism and disabilities. This is achieved through a reality to experience educational 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/)).
- In 2022 we confirmed our support for **Dynamo Camp Onlus**, the first **Recreational Therapy** camp in Italy, which hosts children and young people aged 6 to 17 years suffering from serious or chronic diseases for free. Here, children can develop their skills by experiencing a large number of recreational, sports and expressive activities.
- In Italian factories, an important opportunity to help even more the disadvantaged categories is the **Christmas lottery**, on occasion of which we raised €2,715 in 2022. The amount was **doubled by the company** and donated to various humanitarian and social associations indicated by the employees.
- During 2022, we supported the Job Club Srl project, an innovative start-up with a social vocation whose objective is to help people find a job proactively, thanks to meetings and activities with partner companies and the guidance of a trainer. The result of this project was the activation of an internship within Palladio SpA.
- In June, we started a collaboration with G.A.G.A. Vicenza, an activist association for the LGBTQ+ community. Thanks to this collaboration we have organised a workshop at the headquarters in Dueville, with the aim of deepening the theme of gender identity and spreading the culture of inclusion in the daily life of all the people of Palladio Group. Workshops are scheduled for 2023 in all the Group's other Italian locations.
- Also in 2022, Palladio Group received the Libellula Foundation Award that the Municipality of Milan recognises to companies belonging to the Libellula Network for their commitment to the fight against violence against women and gender discrimination. Our support 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 aim of the project is to **trigger a cultural change** starting from the workplace.



- With the help of Palladio Ireland and an Irish school we sent a collection of used books, donated through the Strawberry Fields Onlus association to the Saint Joseph School in Addis Ababa for the school bookstore. Material for children for school and recreational use (figurines, paper blocks, hats, markers) had already been sent to this association in the past.
- On the occasion of the Christmas holiday, we bought pandori from Team For Children ONLUS 580 as a present for the people of Palladio Group, thus helping to support children of all ages and with any type of problem, hospitalised at the San Bortolo hospital in Vicenza, and their families.
- We have also purchased 150 Christmas cakes and 140 Easter eggs from the "Amici della Zizzi" association for the children and employees of the Zizzi association, at the forefront alongside families that welcome children in difficulty reported by social services, courts and families themselves.

- On 11 September 2022, the first edition of the PalladiOlimpiadi was held in Modena, where numerous colleagues from Italian factories spent a day dedicated to sport with their families. Guest of the event was Maurizia Cacciatori, former captain of the Italian volleyball national team, who recalled the most important stages of her long career, marked by significant and numerous successes, but also by some painful defeats.
- In November, some colleagues participated in the TEDxWomen in Modena, an event with an agenda full of interesting and exciting interventions, whose common thread was the theme "Women On Change", which gave space to the engaging stories of nine women. The synergistic meeting of these stories captured the attention of all the participants of Palladio, and gave them new ideas for reflection, triggering mechanisms for sharing and igniting conversations inspired by change.

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 working life to retirement is in fact **one of the most delicate moments** in everyone's life and we are committed on several fronts to **help our employees** in this transition.

### AWARENESS CAMPAIGN ON VIOLENCE AGAINST WOMEN

On 25 November 2022, on the occasion of the International Day for the Elimination of Violence against Women, Palladio Group involved its collaborators in an awareness campaign aimed at creating a culture of respect in which there is no discrimination and abuse of any kind, both in professional life and in private life. In all Italian and foreign facilities, we have shared the national numbers for requesting help, with the aim

of supporting victims of violence and encouraging them to break the silence. We then sent, through our internal communication channels, photos of our employees while they make the Signal for Help, the international signal to be recognised and replicated as an urgent request for help.

5.2.3

## 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.

- Over the years, we have also organized cultural, artistic and sports activities for employees in order to increase integration and strengthen the team spirit that distinguishes our Group.



- 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.



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 the three-year period 2019- 2022, **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

Finally, it should be noted that our Group maintains relations with **public institutions** essentially through **national trade associations** (see par. 1.2.5 [“Our principles and reference values”]) and consequently does not take positions on public policy, just as it does not participate in the development of public policies.

5.2.4

## Fight against corruption and relations with the institutions

(Rif. 201-4, 205-1/3, 415-1)



We are strongly committed to preventing any possibility of corruption in our facilities: for this reason, and to make our initiatives even more effective, in 2018 we asked an external body to carry out an assessment and audit related to prevention, in accordance with **ISO 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 2021, we decided to start an evaluation process of different solutions aimed at **making our approach to anti-corruption systemic**, such as the development of a Group management system, pursuing the “ISO 37001 Anti-bribery management systems” certification or adopting surveillance activities through dedicated audits.
- Our objective for 2023 is to decide on the most suitable path for our reality and then begin the implementation of the chosen solution.

# Additional documents

## 6 Data and indicator tables

### Economic Data

Table 1

(Data expressed in Euro and extended to the reporting perimeter only)

FINANCIAL ECONOMIC RESULTS	TOTAL			BREAKDOWN 2022				
	RIF. 201-1	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
Revenues		92,159,023	97,514,483	114,785,970	87,855,890	3,358,502	21,433,930	2,137,648
Economic value generated		92,159,023	97,514,483	114,785,970	87,855,890	3,358,502	21,433,930	2,137,648
Economic value distributed		92,407,762	97,033,045	113,634,400	86,467,463	3,490,126	21,743,771	1,933,040
a) operating costs		66,759,642	68,424,587	86,763,466	64,086,425	2,426,372	18,315,762	1,934,907
b) wages and benefits		22,037,320	24,335,869	26,752,494	21,983,283	1,044,889	3,104,765	619,557
(c) payments to capital providers		622,379	553,561	869,919	676,742	9,965	69,919	113,293
d) payments to PA		504,871	1,066,945	-238,816	-337,842 (1)	-	20,668	78,359
(e) Community investment *		133,979	71,106	72,703	58,855	-	13,848	-
Provision for bad debts		-	-	14,373	-	-	14,373	-
Exchange rate differences		2,349,571	-419,023	-818,432	-	-	-5,357	-813,075
Write-down of tangible and intangible assets		-	-	218,693	-	8,900	209,793	-
Write-down of financial assets		-	3,000,000	-	-	-	-	-

Reserves	-	-	-	-	-	-	-
Residual economic value	-248,739	481,438	1,151,570	1,388,427	-131,624	-309,841	204,608
Coverage of pension plans	5,249,261	5,866,413	6,371,616	5,034,609	85,011	1,122,268	129,729
Benefits	144,453	125,331	145,565	110,915	-	-	34,650
Severance pay advance	109,395	107,331	121,363	121,363	-	-	-
Loans	51,500	60,050	51,300	51,300	-	-	-

(1) is a provision  
Investments in the community\*: Donations and financial contributions

## Product data

Table 2

PRODUCTION	M.U.	TOTAL		BREAKDOWN 2022				
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Finished product	t	20,390	19,035	20,494	13,426	873	5,605	590
Operating hours	h	405,162	385,119	396,485	258,061	11,451	107,946	19,027

MATERIALS USED BY WEIGHT	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Renewable materials used	t	29,538	28,098	30,157	19,317	966	8,914	961
Board	t	22,447	21,042	22,382	13,916	786	7,018	662
Paper	t	6,594	6,563	7,173	4,840	180	1,854	299
Supports for self-adhesive products	t	497	494	602	561	0	41	0
Non-renewable materials used	t	119	151	212	212	0	0	0
Aluminium for blister packs	t	119	151	212	212	0	0	0
Total materials used	t	29,658	28,250	30,369	19,528	966	8,914	961

Notes: carton used for packaging added

Table 3

RECYCLED INPUT MATERIALS USED	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Total materials used	t	29,658	28,250	30,369	19,528	966	8,914	961

Recycled used materials (1)	t	4,691	4,308	4,284	2,083	19	2,132	50
Percentage of materials used from recycling	%	16%	15%	14%	11%	2%	24%	5%

(1) depends on the classification of the material by the supplier without taking into account the % of recycled material

## Environmental data

Table 4

ENERGY CONSUMPTION WITHIN THE ORGANISATION	M.U.	TOTAL		BREAKDOWN 2022				
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
REF. GRI 302-1		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Consumption from non-renewable energy sources	GJ	36,323	38,513	70,987	47,154	1,949	13,518	8,366
Natural gas	GJ	21,548	23,293	19,184	11,663	0	2,957	4,564
Kerosene	GJ	778	680	562	0	562	0	0
Purchased electrical energy	GJ	13,996	14,540	51,241	35,491	1,387	10,561	3,802
Consumption from renewable energy sources	GJ	37,378	36,172	2,261	585	0	1,676	0
Self-produced electrical energy from photovoltaic systems	GJ	401	428	2,261	585	0	1,676	0
Purchased electrical energy	GJ	36,978	35,744	0	0	0	0	0
<b>Total energy consumed</b>	<b>GJ</b>	<b>73,701</b>	<b>74,684</b>	<b>73,248</b>	<b>47,740</b>	<b>1,949</b>	<b>15,194</b>	<b>8,366</b>

Table 5

ENERGY INTENSITY	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
GRI 302-3		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Total energy consumed on finished product	GJ/t	3.61	3.92	3.57	3.56	2.23	2.71	14.17
Total energy consumed on hours worked	GJ/h	0.18	0.19	0.18	0.18	0.17	0.14	0.44
Electrical energy consumed on finished product	GJ/t	2.52	2.66	2.61	2.69	1.59	2.18	6.44
Electrical energy consumed on hours worked	GJ/h	0.13	0.13	0.13	0.14	0.12	0.11	0.20

Table 6

WATER WITHDRAWAL	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
GRI 303-3		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Total water withdrawal from all areas	MI	14.6	12.6	11.9	8.2	0.2	1.6	2.0
Well water	MI	0.0	0.0	0.9	0.9	0.0	0.0	0.0
Aqueduct water	MI	14.6	12.6	11.1	7.3	0.2	1.6	2.0

Table 7

GHG EMISSIONS	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
GRI 305-1/2/3								
Total GHG emissions (Scope 1, Scope 2, Scope 3) market-based	tCO <sub>2</sub>	23,627	25,326	30,971	21,022	761	7,591	1,590
Total GHG emissions (Scope 1, Scope 2, Scope 3) location-based	tCO <sub>2</sub>	26,284	27,643	28,683	18,943	675	7,475	1,590
Direct (Scope 1) GHG emissions	tCO <sub>2</sub>	1,286	1,379	1,452	824	41	321	267
Indirect GHG emissions from energy consumption (Scope 2) market-based	tCO <sub>2</sub>	2,846	3,080	7,624	4,508	220	2,241	656
Indirect GHG emissions from energy consumption (Scope 2) location-based	tCO <sub>2</sub>	5,502	5,398	5,336	2,422	134	2,124	656
Other indirect (Scope 3) GHG emissions	tCO <sub>2</sub>	19,495	20,866	21,895	15,697	500	5,030	667
Virgin raw materials used	tCO <sub>2</sub>	13,899	14,426	15,920	11,399	376	3,676	469
Recycled raw materials used	tCO <sub>2</sub>	1,281	1,243	1,172	570	5	583	14
Waste generated during activities	tCO <sub>2</sub>	300	353	381	268	17	81	15

Leased assets	tCO <sub>2</sub>	0	0	78	58	0	3	16
Upstream transport and distribution	tCO <sub>2</sub>	2,223	2,106	1,989	1,680	20	241	48
Downstream transport and distribution	tCO <sub>2</sub>	1,792	2,738	2,355	1,722	82	445	106
Direct (Scope 1) and indirect emissions from energy consumption (Scope 2) market-based	tCO <sub>2</sub>	4,132	4,460	9,076	5,331	260	2,562	923
Direct emissions (Scope 1) and indirect emissions from energy consumption (Scope 2) location-based	tCO <sub>2</sub>	6,789	6,777	6,789	3,246	175	2,445	923

## Notes:

- Modified the calculation of direct GHG emissions (scope 1) for the years 2020, 2021 by adding emissions related to owned vehicles
- Modified the calculation of indirect GHG emissions (scope 3): added leased assets for the years 2020, 2021 and 2022, added indirect emissions related to waste generated during activities for the years 2020, 2021 and 2022, modified the methodology for calculating indirect emissions related to raw materials.

Table 8

GHG EMISSIONS INTENSITY	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
GRI 305-4								
Total specific emissions of GHGs (Scope 1, Scope 2, Scope 3) market-based	tCO <sub>2</sub> /t	1.159	1.330	1.511	1.566	0.871	1.355	2.694

Total GHG emissions (Scope 1, Scope 2, Scope 3) location-based	tCO <sub>2</sub> /t	1.289	1.452	1.400	1.411	0.773	1.334	2.694
Specific direct GHG emissions (Scope 1)	tCO <sub>2</sub> /t	0.063	0.072	0.071	0.061	0.046	0.057	0.452
Indirect specific GHG emissions from energy consumption (Scope 2) market-based	tCO <sub>2</sub> /t	0.140	0.162	0.372	0.336	0.252	0.400	1.111
Indirect specific GHG emissions from energy consumption (Scope 2) location-based	tCO <sub>2</sub> /t	0.270	0.284	0.260	0.180	0.153	0.379	1.111
Specific indirect GHG emissions (Scope 3)	tCO <sub>2</sub> /t	0.956	1.096	1.068	1.169	0.573	0.897	1.131
Specific direct (Scope 1) and indirect (Scope 2) market-based emissions	tCO <sub>2</sub> /t	0.203	0.234	0.443	0.397	0.298	0.457	1.563
Specific direct (Scope 1) and indirect (Scope 2) location-based emissions	tCO <sub>2</sub> /t	0.333	0.356	0.331	0.242	0.200	0.436	1.563

## Notes:

- Modified the calculation of direct GHG emissions (scope 1) for the years 2020, 2021 by adding emissions related to owned vehicles
- Modified the calculation of indirect GHG emissions (scope 3): added leased assets for the years 2020, 2021 and 2022, added indirect emissions related to waste generated during activities for the years 2020, 2021 and 2022, modified the methodology for calculating indirect emissions related to raw materials.

Table 9

CARBON PRICE	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Carbon price total GHG emissions (Scope 1, Scope 2, Scope 3) market-based	€	584,771	1,366,185	2,504,620	1,700,581	61,504	613,919	128,616
Carbon price direct GHG emissions (Scope 1)	€	31,835	73,867	117,460	66,614	3,282	25,964	21,599
Carbon price indirect GHG emissions from energy consumption (Scope 2) market-based	€	70,430	164,955	616,518	364,525	17,762	181,195	53,037
Carbon price other indirect GHG emissions (Scope 3)	€	482,505	1,117,363	1,770,641	1,269,442	40,460	406,760	53,980

Table 10

CARBON PRICE INDICATORS	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Total GHG emissions indicator (Scope 1, Scope 2, Scope 3) market-based	€/€	0.0060	0.0139	0.0221	0.0197	0.0183	0.0286	0.0602

Direct GHG emissions indicator (Scope 1)	€/€	0.0003	0.0008	0.0010	0.0008	0.0010	0.0012	0.0101
Indirect GHG emissions indicator from energy consumption (Scope 2) market-based	€/€	0.0007	0.0017	0.0054	0.0042	0.0053	0.0085	0.0248
Other indirect GHG emissions indicator (Scope 3)	€/€	0.0050	0.0115	0.0156	0.0147	0.0120	0.0190	0.0253

Table 11

PRODUCT WASTE	M.U.	BREAKDOWN PER ENTITÀ						
		TOTAL	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO
GRI 306-3								
Total weight of waste produced	t	5,853	11,097	12,124	7,955	394	3,386	388
Hazardous waste	t	126	113	119	87	5	21	6
Non-hazardous waste	t	5,726	10,984	12,005	7,868	389	3,365	383
Percentage of hazardous waste in total	t	2%	1%	1%	1%	1%	1%	1%
Percentage of non-hazardous waste in total	t	98%	99%	99%	99%	99%	99%	99%

Table 12

DESTINATION OF WASTE	M.U.	TOTAL			BREAKDOWN 2022			
		2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BMN
Total weight of waste produced	t	5,853	11,097	12,124	7,955	394	3,386	388
Waste not destined for disposal	t	5,451	10,836	11,847	7,733	375	3,365	374
Waste for disposal	t	402	261	276	222	19	21	15
Percentage of non-disposal waste in total	t	93%	98%	98%	97%	95%	99%	96%
Percentage of waste destined for disposal out of the total	t	7%	2%	2%	3%	5%	1%	4%



## Supply Chain Data

Table 13

## SUSTAINABLE PROCUREMENT

REF. GRI 2.6, 308-1, 414-1	2020	2021	2022
Total Suppliers	263	315	327
Total new suppliers	63	18	21
Total new suppliers selected and qualified on the grounds of social and environmental criteria and on their impact on society	63	18	21
Percentage of new Suppliers selected and qualified on the grounds of social and environmental criteria and on their impact on society	100%	100%	100%
Total suppliers of raw material of forest origin (paper and cardboard)	77	63	64
Suppliers of raw material of forest origin compliant with EUTR 995/2010 and/or DDS (%)	100%	100%	89%
Certified forest products and/or products from controlled sources (%)	100%	100%	80%
Supply acquired in local markets (%)	66%	65%	65%
Total non-contractor suppliers audited on grounds of social, safety and environmental aspects (according to procedure PGS08)	0	0	0
Percentage of subcontractors audited on social, environmental and governance issues	*	*	100%

\*Data not available

Table 14

## PERCENTAGES OF SUPPLY ACQUIRED IN THE LOCAL MARKETS OF THE COUNTRY IN WHICH EACH DIVISION RESIDES

RIF. 204-1	2020	2021	2022
PALLADIO GROUP SPA	65,20%	56,00%	58,00%

		Incorporated in Palladio Spa in 2021	Incorporated in Palladio Spa in 2021
POLIWEB GRAPHICS SRL	91,80%		
PALLADIO EAST DOO	48,20%	50,40%	48,05%
PALLADIO IRELAND LTD	83,30%	85,50%	62,57%
PALLADIO BNM LLC	76,60%	73,00%	73,00%

## Health and safety data

Table 15

## WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM REF. 403-8

The percentage of all employees and non-employee workers, but whose work and/or workplace is controlled by the organisation, covered by an occupational health and safety management system based on recognised requirements and/or standards/guidelines.

	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
	100%	0%	100%	0%

Table 16

## NUMBER OF DEATHS

REF. 403-9	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
For all employees, the number of deaths as a result of accidents at work	0	0	0	0	0	0	0
For all workers who are not employees but whose work and/or place of work is under the control of the organisation, the number of deaths as a result of accidents at work	0	0	0	0	0	0	0

Total number and rate of deaths as a result of accidents at work	0	0	0	0	0	0	0
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Table 17

**NUMBER AND RATE OF ACCIDENTS**

REF. 403-9	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM	NOTE
For all employees, the total number of occupational accidents that can be recorded	12	21	27	25	0	2	0	Accidents moving parts of machinery
For all employees the recordable occupational accident rate	10	17	21	33	0	5	0	Note: Calculated as follows: (no. of episodes/ hours worked) *1,000,000
For all workers who are not employees, but whose work and/or place of work is under the control of the organisation the total number of recordable accidents at work	0	1	0	0	0	0	0	
For all workers who are not employees, but whose work and/or place of work is under the control of the organisation the rate of recordable accidents at work	0	14	0	0	0	0	0	Note: Calculated as follows: (no. of episodes/ hours worked) *1,000,000
For all employees, the number of accidents at work alone with serious consequences (excluding deaths)	0	1	0	0	0	0	0	
For all employees occupational accident rate with serious consequences (excluding deaths)	0	0	0	0	0	0	0	

For all workers who are not employees, but whose work and/or place of work is under the control of the organisation, the number of accidents at work alone with serious consequences (excluding deaths)	0	0	0	0	0	0	0
For all workers who are not employees, but whose work and/or place of work is under the control of the organisation, the number of accidents at work alone with serious consequences (excluding deaths)	0	0	0	0	0	0	0

Table 18

**WORK-RELATED ILL HEALTH**

REF. 403-10	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM	NOTE
For all employees, the number of deaths resulting from occupational diseases	0	0	0	0	0	0	0	
For all workers who are not employees but whose work and/or place of work is under the control of the organisation, the number of deaths resulting from occupational diseases	0	0	0	0	0	0	0	
For all employees, the number of cases of occupational diseases that can be attributable to	0	1	4	4	0	0	0	inadequate movement and inattention
For all workers who are not employees but whose work and/or place of work is under the control of the organisation the number of cases of occupational diseases that can be recorded	0	0	0	0	0	0	0	

Table 19

## H&amp;S OTHER INFORMATION

REF. --	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
Injuries on the road	2	1	5	5	0	0	0
Days of absence due to injury (not in progress)	299	619	457	320	0	137	0
For all employees the total number of hours worked	1,238,942	1,232,244	1,313,395	762,515	49,140	390,038	111,702
For all workers who are not employees but whose work and/or place of work is under the control of the organisation the total number of hours worked	100,571	71,967	69,591	69,591	0	0	0
Total hours worked (employees and non-employees)	1,339,513	1,304,211	1,382,986	832,107	49,140	390,038	111,702
Sick Time Off	616,02	80,200	84,542	47,605	4,464	28,800	3,673
Hours of absence due to injuries (not in progress)	2,392	4,952	3,656	2,560	0	1,096	0
Hours of absence due to accidents/hours worked	0,18%	0,38%	0,26%	0,31%	0,00%	0,28%	0,00%
Accident severity index	2	2	2	0	0	0	0
Accident frequency index	6	3	16	6	0	0	0
Absenteeism	4,60%	6,15%	6,11%	5,72%	9,08%	7,38%	3,29%

## Dati sociali

Table 20

DETAILED EMPLOYEE ANALYSIS - DIVERSITY	TOTAL			BREAKDOWN 2022			
REF. 2.7 - 405.1	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
<b>EMPLOYEES UNDER 30 YEARS OF AGE</b>							
Men	117	120	107	72	1	31	3
Women	19	20	31	27	0	1	3
Male employees	5	5	6	3	0	3	0
Female employees	8	8	8	7	0	0	1
Male workers	112	115	101	69	1	28	3
Female workers	11	12	23	20	0	1	2
Managers - men	0	0	0	0	0	0	0
Managers - women	0	0	0	0	0	0	0
<b>EMPLOYEES BETWEEN 30 AND 50 YEARS OLD</b>							
Men	342	359	353	187	13	125	28
Women	116	127	138	67	8	45	18
Male employees	37	38	31	17	0	11	3
Female employees	38	47	48	21	4	17	6
Male workers	292	305	307	160	12	114	21
Female workers	73	75	85	43	4	28	10
Managers - men	13	16	15	10	1	0	4
Managers - women	5	5	5	3	0	0	2
<b>EMPLOYEES OVER 50 YEARS OF AGE</b>							
Men	127	156	165	138	7	11	9
Women	31	41	42	31	2	7	2
Male employees	27	26	28	24	0	1	3
Female employees	9	11	14	9	0	3	2
Male workers	91	119	129	108	7	8	6
Female workers	22	28	27	22	2	3	0
Managers - men	9	11	8	6	0	2	0
Managers - women	0	2	1	0	0	1	0

Table 21

DETAILED ANALYSIS ON EMPLOYEES - GENDER AND ROLE	TOTAL		BREAKDOWN 2022				
	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
REF. 2.7 - 405.1							
Total number of employees	752	823	836	522	31	220	63
Total number of employees male	586	635	625	397	21	167	40
Total number of employees female	166	188	211	125	10	53	23
Total number of employees male employees	69	69	65	44	0	15	6
Total number of employees female employees	55	66	70	37	4	20	9
Total number of employees male employees	495	539	537	337	20	150	30
Total number of employees female employees	106	115	135	85	6	32	12
Total number of employees male managers	22	27	23	16	1	2	4
Total number of employees female managers	5	7	6	3	0	1	2

Table 22

DETAILED ANALYSIS ON EMPLOYEES - CONTRACT*	TOTAL		BREAKDOWN 2022				
	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
REF. 2.7							
Total open-ended contracts-male	527	571	560	372	13	140	35
→ FULL TIME	520	564	554	368	13	140	33
→ PART TIME	7	7	6	4	0	0	2
Total open-ended contracts-female	153	168	173	103	2	49	19
→ FULL TIME	147	159	164	95	2	49	18
→ PART TIME	6	9	9	8	0	0	1
Total fixed-term contracts-male	27	29	45	5	8	27	5
→ FULL TIME	27	28	44	5	7	27	5
→ PART TIME	0	1	1	0	1	0	0
Total fixed-term contracts-female	6	15	16	0	8	4	4
→ FULL TIME	6	11	16	0	8	4	4
→ PART TIME	0	0	0	0	0	0	0
temporary workers-men	32	35	20	20	0	0	0
→ FULL TIME	32	35	20	20	0	0	0
→ PART TIME	0	0	0	0	0	0	0
temporary workers-women	7	9	22	22	0	0	0
→ FULL TIME	7	9	22	22	0	0	0
→ PART TIME	0	0	0	0	0	0	0
Solidarity contract-male	0	0	0	0	N/A	N/A	N/A
→ FULL TIME	0	0	0	0	N/A	N/A	N/A
→ PART TIME	0	0	0	0	N/A	N/A	N/A
Solidarity contract-female	0	0	0	0	N/A	N/A	N/A
→ FULL TIME	0	0	0	0	N/A	N/A	N/A
→ PART TIME	0	0	0	0	N/A	N/A	N/A

\* The Palladio Group does not hire employees by the hour

Table 23

RECRUITMENT AND TERMINATION	TOTAL			BREAKDOWN 2022			
	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
REF. 401-1							
New hires men < 30	52	25	24	13	1	7	3
New hires women < 30	12	6	11	10	1	0	0
New hires men between 30 and 50	40	37	28	12	3	8	5
New hires women between 30 and 50	17	13	19	6	2	3	8
New Hires men > 50	5	7	5	1	0	0	4
New hires women > 50	0	2	3	1	1	1	0
Total new hires	126	90	90	43	8	19	20
Total contracts terminated	155	60	79	38	0	24	17

Table 24

PARENTAL LEAVE	TOTAL			BREAKDOWN 2022			
	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
REF. 401-3							
Number of eligible employees - male	10	13	18	10	0	8	0
Number of employees who have taken parental leave - male	10	13	18	10	0	8	0

Number of employees returning to work at the end of parental leave - male	10	13	10	10	0	8	0
Number of employees still on parental leave - male	2	4	9	1	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 - male	10	13	15	10	0	5	0
Number of eligible employees - female	5	5	9	4	0	5	0
Number of employees who have taken parental leave - female	5	5	6	4	0	5	0
Number of employees returning to work at the end of parental leave - female	4	0	7	4	0	2	0
Number of employees still on parental leave - female	0	3	3	1	0	3	0
Number of employees who returned to work after parental leave and who were still employed twelve months after they returned to work - female	4	0	4	4	0	3	0

Table 25

OTHER RELEVANT EMPLOYEE INFORMATION	TOTAL			BREAKDOWN 2022			
	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
REF. 201 - 2.30							
Number of employees who received an increase	111	67	523	480	13	2	28
Economic benefits/ rewards	713	777	781	480	27	220	54
Disciplinary measures taken	7	30	25	11	0	9	5
Number of ethical reports	0	1	0	0	0	0	0

Total vacation hours	137,204	130,024	125,041	76,760	4,496	35,152	8,633
Total overtime hours	34,912	45,786	63,891	24,848	1,317	36,520	1,206
Total hours of strike	52	168	108	108	0	0	0
Total number of hours spent in trade union meetings	398	238	409	409	0	0	0
Number of employees associated with trade unions	71	84	91	91	0	0	0
Affected by Disability	22	27	26	24	0	2	0
Foreign	32	38	38	16	22	0	0
National collective labour agreement*	-	-	-	100%	N.A.	N.A.	N.A.
Average incoming salaries of newly recruited men	-	-	-	1735,3	10,5 (1)	702,8	40.320,0
Average incoming salaries of newly recruited women	-	-	-	1652,7	10,5 (1)	608,5	36.160,0
Minimum wage applicable according to local law	-	-	-	1424,6	10,5	269,4	16.242,0
Ratio between the standard entry salary for men and the local minimum wage	-	-	-	1,22	1,00	2,61	2,48
Ratio of the standard entry salary for women to the local minimum wage	-	-	-	1,16	1,00	2,26	2,23
Average age	-	-	-	43	44	39	41
Minimum age	-	-	-	18	25	20	23

National collective agreements\*: all employees in Italy are covered by national collective agreements. With foreign employees, the Palladio group has entered into individual contracts that comply with local laws  
Wage values are expressed in local currency  
(1) hourly pay value

## Training data

Table 26

TRAINING	TOTAL			BREAKDOWN 2022				
	REF. 404-1/2, 412-2	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
Total hours of training		14,352	19,956	19,371	17,216	126	778	1,251
Average training per employee		19,1	24,2	23,2	33,0	4,1	3,5	19,9
Total hours of training - male		10,810	16,255	13,232	11,698	67	620	847
Average training rate for male employees		18	26	21	29	3	4	21
Total hours of training - female		3,542	37,01	6,139	5,518	59	158	404
Average training rate for female employees		21	20	29	44	6	3	18
Total hours of training - employees		3,407	4,411	4,280	3,497	18	192	573
Average hours of training for employees		27	33	32	43	5	5	38
Total hours of training - workers		10,945	15,546	15,092	13,720	108	586	678
Average hours of training for workers		18	24	22	33	4	3	16
Total hours of training on safety issues		4,822	8,251	8,584	8,303	35	229	17
Total hours of training on ethical issues		165	107	196	115	2	59	20
Total number of employees trained on ethical issues		583	536	581	522	11	28	20

Table 27

PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS	TOTAL			BREAKDOWN 2022			
	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
REF. 404-3	2020	2021	2022	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM
Number of male employees who received performance and professional development assessment	44	52	48	48	0	0	0
Number of female employees who have received performance and professional development evaluation	27	34	32	32	0	0	0
Number of male workers who have received performance and professional development assessment	14	21	18	18	0	0	0
Number of female workers who have received performance and professional development evaluation	2	2	2	2	0	0	0
Number of employees trained to develop their skills	131	463	244	234	0	0	10
Number of hours dedicated to training for employee capacity building	2,201	3,208	2,955	2,745	0	0	210

## Dati governance

Table 28

DIVERSITY IN GOVERNING BODIES CDA PALLADIO GROUP SPA REF. 405-1	TOTAL		
	2020	2021	2022
Total members of governing bodies	7	7	7
Men under 30 years of age	0	0	0
Men between 30 and 50 years of age	0	0	0
Men over 50 years of age	6	6	6
Women under 30 years of age	0	0	0
Women between 30 and 50 years of age	1	1	1
Women over 50 years of age	0	0	0

Table 29

ANNUAL TOTAL COMPENSATION RATIO  
(REF. 2.21)

## ANNUAL TOTAL COMPENSATION RATIO

Total annual salary of the person receiving the maximum salary / Average total annual salary of all employees of the organisation excluding the aforementioned person = 5.06

## CHANGE IN THE ANNUAL TOTAL REMUNERATION RATIO

Percentage increase in the total annual salary of the person receiving the maximum salary / Average percentage increase in the total annual salary of all employees of the organisation excluding the aforementioned person = 0%

# 7 Attachments

## Annex 1 Methodological note

(Ref. GRI 2-4,29; 3-1,2,3)

### Stakeholders

In order to understand and manage the needs of our partners and stakeholders, and to deepen sustainability issues with them, we have opened a source of constant and open dialogue with our stakeholders, ensuring that mutual expectations are met.

Below is the list of Palladio Group's stakeholders:

- Trade associations
- Public administration, government and steering bodies
- Shareholders/Ownership
- Management
- Banks and insurance companies
- Customers
- Collaborators (employees, collaborators, interns, temporary workers)
- Suppliers of products, services and subcontractors
- Schools and Universities
- Trade unions
- Independent auditing and certification institutes
- Voluntary sector (Foundations, associations and NGOs)
- People living near the company sites
- Consumers
- Future generations
- The environment

### Materiality analysis

The process of updating our approach to identifying the most relevant sustainability issues has involved us in four main activities:

#### 1 – Understanding the context of the organisation

In continuity with previous update activities of the Materiality Analysis, the organisational context of the Palladio Group has been further deepened taking into account:

- the activities and business model (including types of services offered, markets served, etc.) and business relationships with customers, suppliers, and other relevant parties;
- the sustainability context (market and legislative, internal and external, focused on social, environmental, economic, human rights-related issues, etc.);
- the main stakeholders.

#### 2 – Identification of actual and potential impacts

The results of the context analysis, which also considered the demands, expectations and needs that emerged from the continuous dialogue with stakeholders, as well as insights provided by experts in ESG issues, allowed us to identify a first list of impacts – current and potential, positive and negative – on the economy, the environment and people, including those on human rights. Each impact was associated with one or more relevant sustainability issues, collected in the list submitted for management evaluation, which then proceeded to validate the list.

#### 3 – Assessing the importance of impacts

The next phase of the Materiality Analysis process saw the involvement of company management and other stakeholders in the evaluation of impacts and related sustainability issues. In particular, the stakeholders involved include:

- **Direct involvement:** management (15), collaborators (7);
- **Indirect involvement:** trade unions, trade associations, public administration and governing bodies and management, independent auditing and certification bodies, charity sector, banks and insurance, consumers, environment, customers, future generations, schools and universities, product suppliers, services and subcontractors. The involvement of these stakeholders took place by asking the management of Palladio Group to evaluate through a proxy approach.

Participants were asked to complete an assessment questionnaire asking them to express an opinion on the relevance of the impact on a scale from 1 ("Not very relevant") to 5 ("Priority").

#### 4 – Prioritisation of the most significant impacts

The assessment of the significance of the impacts made it possible to prioritise each of them according to their importance. The impacts were then sorted in a decreasing order, from most to least significant. Subsequently, management set the threshold that determines the most significant impacts at a value of 3.4.



## Annex 2

### Table of coefficients used for environmental calculations

DESCRIPTION		M.U.	CONVERSION FACTOR		SOURCES
KEROSENE	Density	t/l	0.0008		https://www.seai.ie/data-and-insights/seai-statistics/conversion-factors
	Lower calorific value (LCV)	GJ/t	44.196		
	Emission factor	tCO <sub>2</sub> /TJ	71.4		
NATURAL GAS	Lower calorific value (LCV)	GJ/1000Stm <sup>3</sup>	ITALY	35.337	Table parametri standard nazionali
			SERBIA	33.338	www.aers.rs/Index.asp?l=2&a=662
			RUSSIA	37.696	https://www.oxfordenergy.org/wpcms/wp-content/uploads/2020/09/Russian-Gas-the-year-of-living-dangerously.pdf
	Emission factor	tCO <sub>2</sub> /TJ	ITALY	58.504	www.isprambiente.gov.it/en/publications/reports/italian-emission-inventory-1990-2021-informative-inventory-report-2023
			SERBIA	56.100	IPCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory)
			RUSSIA	56.100	IPCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory)
ELECTRICAL ENERGY	Emission factor (market-based)	gCO <sub>2</sub> /kWh	ITALY	456.57	www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf
			IRELAND	570.09	www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf
			SERBIA	763.74	www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf
			RUSSIA	621.00	www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020
	Emission factor (location-based)	gCO <sub>2</sub> /kWh	ITALY	245.7	www.isprambiente.gov.it/files2022/pubblicazioni/rapporti/r363-2022.pdf
		IRELAND	347.8	www.seai.ie/publications/Energy-in-Ireland-2022.pdf	
		SERBIA	724.00	www.iea.org (2010)	
		RUSSIA	621.00	www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020	

TRANSPORT	Conversion factor	gCO <sub>2</sub> /km	668,32		www.sinanet.isprambiente.it/it/sia-ispra/fetransp
BOARD	Conversion factor	tCO <sub>2</sub> /ton	Stora Enso	0.23	STORAENSO_Annual_Report_2022
			RDM	0.44	rdmgroup.com/wp-content/uploads/2022/09/RDM-digital-sustainability_report_2021.pdf
			MM karton	0.40	www.mm.group/fileadmin/user_upload/Media_Library_MMAG/Fuer_Investoren/Hauptversammlung/2023/MM_Annual_Report_2022.pdf
			Other	0.326	www.mm-karton.com/en/news-unfolded/excellent-co2-balance-of-cartonboard-packaging-proven-by-latest-study/
			Recycled	0.274	Calcolato come media ponderata dei fattori di emissione precedente e ridotto del 13%
PAPER	Conversion factor	tCO <sub>2</sub> /ton	Bolloré	0.884	UK Government GHG Conversion Factors for Company Reporting 2022 (Paper and board: mixed / primary material production)
			Other	0.884	UK Government GHG Conversion Factors for Company Reporting 2022 (Paper and board: mixed / primary material production)
			Recycled	0.739	UK Government GHG Conversion Factors for Company Reporting 2022 (Paper and board: paper / closed-loop source)
ADHESIVE MATERIAL	Conversion factor	tCO <sub>2</sub> /ton	Avery Denison	2.574	UK Government GHG Conversion Factors for Company Reporting 2022 (Plastics: average plastic film / Primary material production)
			Other	2.574	UK Government GHG Conversion Factors for Company Reporting 2022 (Plastics: average plastic film / Primary material production)
			Recycled	1.895	UK Government GHG Conversion Factors for Company Reporting 2022 (Plastics: average plastic film / Closed-loop source)
ALUMINIUM	Conversion factor	tCO <sub>2</sub> /ton	Other	9.123	UK Government GHG Conversion Factors for Company Reporting 2022 (Aluminium cans and foil / Primary material production)
			Recycled	0.999	UK Government GHG Conversion Factors for Company Reporting 2022 (Aluminium cans and foil / Closed-loop source)
WASTE GENERATED	Conversion factor	kgCO <sub>2</sub> /ton	Intended for disposal	467.01	UK Government GHG Conversion Factors for Company Reporting 2022
			Not intended for disposal	21.28	UK Government GHG Conversion Factors for Company Reporting 2022
CARBON PRICE	Conversion factor	€/tCO <sub>2</sub>	80.87		www.sendeco2.com/it/prezzi-co2

## 8 Declaration of assurance



### Independent Assurance Statement

SGS Italia S.p.A. has been appointed by the Management of Palladio Group SpA ("Palladio Group") to conduct an audit of the Sustainability Report for the 2022 reporting period (Financial Statements) with respect to the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2021 by the GRI - Global Reporting Initiative (hereinafter "GRI Standards 2021").

Our responsibility in carrying out the work commissioned to us, in accordance with the conditions agreed with the Organization, is solely addressed to the management of Palladio Group.

This Independent Assurance Statement is intended solely for Palladio Group stakeholders and is not intended to be and should not be used by anyone other than them.

#### DIRECTORS' RESPONSIBILITY FOR THE SUSTAINABILITY REPORT

The responsibility for preparing the Sustainability Report in accordance with the "GRI Standards 2021" guidelines lies with the directors of Palladio Group, as well as the definition of objectives in relation to sustainability performance and reporting of the results achieved.

It is also the responsibility of the directors of Palladio Group the identification of stakeholders and significant aspects to be reported, as well as the implementation and maintenance of adequate management and internal control processes relating to the data and information presented in the Sustainability Report.

#### INDEPENDENCE OF THE VERIFIER AND QUALITY CONTROL

SGS Italia S.p.A. declares its independence from Palladio Group and considers that there is no conflict of interest with the Organization, its subsidiaries and Interested Parties.

SGS Italia S.p.A. maintains a quality control system that includes documented guidelines and procedures on compliance with ethical principles and professional principles.

#### RESPONSIBILITY OF THE VERIFIER

SGS Italia S.p.A.'s responsibility is to express a conclusion on the reliability and accuracy of the information, data and assertions contained in the 2022 Sustainability Report and assess their compliance with the reference requirements, within the scope of verification below, with the aim of informing all Interested Parties.

The audit included the following activities, in line with what was agreed with Palladio Group:

- Analysis, according to *Limited Assurance Engagement*, activities and data related to sustainability, attributable to the period between January 2022 and December 2022, as reported in the Sustainability Report
- Evaluation of the Reporting principles referred to in the **GRI Standards 2021**, according to the option "*In accordance with*".

The activity was carried out according to the criteria indicated in the standard "*International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information*" (ISAE 3000), issued by the International Auditing and Assurance Standards Board, for assignments consisting of a limited review.

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

Via Caldera, 21, 20153 Milan (MI) – Italy - t +39 02 73931 f +39 02 70124630 and sgs.italy@sgs.com [www.sgs.com](http://www.sgs.com)  
 Members of SGS Group (Société Générale de Surveillance) - Registered Office Milan Via Caldera, 21 - Share capital € 2.500.000 i.v. C.F./N. Inscription. Reg. Imprese di Milano 04112680378 - P. IVA n. 11370520154 - Cod. Mecc. No. MI223913 - Single company subject to management and coordination by SGS European Subholding BV



#### VERIFICATION METHODOLOGY

The audit concerned the assessment of compliance with the principles for defining the content and quality of the Financial Statements, which include the "GRI Standards 2021". They are summarized below:

- analysis, through interviews, of the governance system and the management process of issues related to sustainable development related to the company's strategy and operations;
- analysis of the process for defining the relevant issues reported in the Sustainability Report with reference to the methods of analysis and understanding of the reference context, identification, evaluation and prioritization of actual and potential impacts and the internal validation of the results of the process;
- analysis of the compliance and internal consistency of the qualitative information contained in the Report and analysis of the operating methods of the processes underlying the generation, collection and management of quantitative data included in the Financial Statements. In particular, the following were carried out:
  - interviews with Palladio Group's corporate representatives involved in the operational management of the aspects reported in the document in order to collect information regarding the information, accounting and reporting system in place for the preparation of the Financial Statements, as well as the internal control processes and procedures that support the collection, aggregation, processing and transmission of data and information to the function responsible for preparing the Financial Statements;
  - sample analysis of supporting documentation in order to obtain evidence of the processes in place, their adequacy and the functioning of the internal control system for the correct processing of data and information in relation to the objectives described in the Financial Statements.

The verification team was chosen on the basis of the technical competence, experience and qualification of each member, in relation to the different dimensions assessed.

The audit activities were carried out in May 2023 remotely involving the various corporate functions of the Group.

The company Palladio East Doo (Vršac site, Serbia), selected on the basis of activities and contribution to the indicators at consolidated and location level, were carried out remote interviews with managers and documented evidence was acquired about the correct application of the procedures and calculation methods used for the indicators.

#### LIMITATIONS

The information and data of an economic and financial nature relating to the Group's consolidated financial statements at 31.12.2022, included in the Sustainability Report, have not been verified by SGS.

#### CONCLUSIONS

On the basis of the work carried out, no elements have come to the attention of SGS Italia S.p.A. to suggest that the Palladio Group Sustainability Report for the year ended 31 December 2022 has not been drawn up, in all significant aspects, in accordance with the requirements of the *GRI Standards* as described in the chapter 1.2 of the Sustainability Report.

Milan, 25.05.2023

SGS Italia S.p.A.

M. Laura Ligi  
 Knowledge  
 Project Leader

# 9 GRI content index

## Declaration of use

Palladio has drafted the financial statements in accordance with the GRI Standards for the period 01.01.22-31.12.22.

## GRI 1 used

GRI 1: Foundation 2021

## Applicable GRI sectoral standards

Not applicable

## General information

GRI STANDARD / OTHER SOURCE	DISCLOSURE	PAGES
<b>GRI 2:</b> General information 2021	2-1 Organisational details	1.1.3
	2-2 Entities included in the organisation's sustainability report	1.1.4
	2-3 Reporting period, frequency and point of contact	Methodological note
	2-4 Review of information	GRI Tables
	2-5 External Assurance	Declaration of assurance
	2-6 Activities, value chain and other business relationships	2.2
	2-7 Employees	3.1–GRI Tables
	2-8 Non-employees	3.1–GRI Tables
	2-9 Structure and composition of governance	1.2.1
	2-10 Appointment and selection of the highest governing body	1.2.1
	2-11 Chairman of the highest governing body	1.2.1
	2-12 Role of the highest governance body in controlling impact management	1.2.1.
	2-13 Delegation of responsibility for impact management	1.2.1.
	2-14 Role of the highest governance body in sustainability reporting	1.2.1.
	2-15 Conflicts of interest	

<b>GRI 2:</b> General information 2021	2-16 Communication of critical issues	
	2-17 Collective knowledge of the highest governing body	1.2.1.
	2-18 Performance evaluation of the highest governance body	1.2.1.
	2-19 Rules concerning remuneration	1.2.1.
	2-20 Procedure for determining remuneration	1.2.1.
	2-21 Annual total remuneration ratio	GRI Tables
	2-22 Declaration on the sustainable development strategy	Letter to Stakeholders
	2-23 Policy commitment	1.2
	2-24 Integration of policy commitments	1.2
	2-25 Processes aimed at remedying negative impacts	1.2
	2-26 Mechanisms for seeking clarification and raising concerns	
	2-27 Compliance with laws and regulations	1.3.4
	2-28 Membership in associations	
	2-29 Approach to stakeholder engagement	2.1.1
	2-30 Collective agreements	GRI Tables

## Material topics

<b>GRI 3:</b> Material topics 2021	3-1 Process of determining material topics	1.2.2– Methodological note
	3-2 List of material topics	1.2.2– Methodological note

## Economic development

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
	<b>GRI 201:</b> Economic performance 2016	
	201-1 Economic value directly generated and distributed	1.3–GRI Tables
	201-2 Financial implications and other risks and opportunities due to climate change	1.3
	201-3 Defined Benefit Pension Plans and Other Retirement Plans	1.3
	201-4 Financial assistance received from the government	1.3

## Sustainable Supply Chain

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 204:</b> Procurement Practices	204-1 Proportion of expenditure to local suppliers	2.2
<b>GRI 308:</b> Environmental assessment of suppliers	308-1 1 New suppliers that have been evaluated using environmental criteria	2.2
<b>GRI 411:</b> Rights of Indigenous Peoples	411-1 Infringements of indigenous peoples' rights	2.2
<b>GRI 414:</b> Social assessment of suppliers	414-1 New suppliers who have undergone evaluation through the use of social criteria	2.2

## Ethics and Integrity

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 205:</b> Anti-corruption	205-1 Transactions assessed for corruption risks	1.3.4
	205-2 Communication and training on anti-corruption policies and procedures	5.2.4
	205-3 Established incidents of corruption and actions taken	1.3.4
<b>GRI 206:</b> Anti-competitive behaviour	206-1 Legal action for anti-competitive, antitrust and monopolistic practices	1.3.4

## Investments and Innovation

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
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## Relations with Customers

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
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## Product liability

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
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## Circular Economy

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 301:</b> Materials	301-1 Materials used by weight or volume	GRI Tables

## Climate change

## Energy

<b>GRI103:</b> Management Approach	103-1 Explanation of the material topic and its scope	1.2.2– Methodological note
<b>GRI 302:</b> Energy	302-1 Energy consumed within the organisation	4.1–GRI Tables
	302-3 Energy intensity	4.1–GRI Tables

## GHG emissions

<b>GRI103:</b> Management Approach	103-1 Explanation of the material topic and its scope	1.2.2– Methodological note
<b>GRI 305:</b> Emissions	305-1 Direct GHG emissions (Scope 1)	4.1–GRI Tables
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	4.1–GRI Tables
	305-3 Other indirect GHG emissions (Scope 3)	4.1–GRI Tables
	305-4 Intensity of GHG emissions	4.1–GRI Tables

## Waste management

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 306:</b> Waste 2020	306-1 Generation of waste and significant impacts related to waste	4.1.5–GRI Tables
	306-2 Management of significant impacts related to waste	4.1.5–GRI Tables
	306-3 Waste generated	4.1.5–GRI Tables
	306-4 Waste brought to landfills	4.1.5–GRI Tables

## Health &amp; Safety

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 403:</b> Occupational health and safety	403-1 Occupational health and safety management system	3.2.3
	403-2 Hazard identification, risk assessment and accident investigation	3.2.3
	403-3 Occupational medicine services	3.2.3
	403-4 Participation and consultation of workers and communication on health and safety at work	3.2.3

403-5 Training of workers in occupational health and safety	3.2.3
403-6 Promoting workers' health	3.2.3
403-7 Prevention and mitigation of occupational health and safety impacts within trade relations	2.2
403-8 Workers covered by an occupational health and safety management system	3.2.3–GRI Tables
403-9 Workplace Accidents	3.2.3–GRI Tables
403-10 Occupational diseases	3.2.3–GRI Tables

## Human capital management

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 404:</b> Training and Education	404-1 Average annual training hours per employee	3.3–GRI Tables
	404-2 Employee skills update programmes and transition assistance programmes	3.3
	404-3 Percentage of employees receiving periodic performance and professional development evaluation	3.3–GRI Tables

## Equal Opportunities & Giving value to Diversity

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 405:</b> Diversity and Equal Opportunity	405-1 Diversity in governing bodies and among employees	GRI Tables
<b>GRI 406:</b> Non-discrimination	406-1 Episodes of discrimination and corrective measures taken	1.3.4

## Human rights

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 408:</b> Child Labour	408-1 Activities and suppliers at significant risk of child labour	5.1.4
<b>GRI 409:</b> Forced or Compulsory Labour	409-1 Activities and suppliers at significant risk of forced or compulsory labour	5.1.4
<b>GRI 412:</b> Human Rights Assessment	412- 1 Activities that have been subject to human rights reviews or impact assessments	5.1
	412 -2 Training of employees on human rights policies or procedures	GRI Tables

412- 3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	5.1
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## OTHER NON-MATERIAL TOPICS REPORTED

### Water and Effluents

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 303:</b> Water and effluents 2018	303-1 Interaction with water as a shared resource	4.1.4
	303-2 Management of impacts related to water discharge	4.1.4
	303-3 Water withdrawal	4.1.4–GRI Tables

### Employment

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 401:</b> Employment	401-1 New hires and turnover	GRI Tables
	401- 2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.2–GRI Tables
	401-3 Parental Leave	3.2–GRI Tables

### Industrial Relations

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2– Methodological note
<b>GRI 402:</b> Labour/Management Relations	402-1 Minimum notice period for operational changes	5.1

## Support to local communities

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	
<b>GRI 413:</b> Local Communities	413-1 Activities involving local communities, impact assessments and development programmes	5.2
	413-2 Activities with significant negative, potential and current impacts on local communities	5.2

## Public Policy

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2- Methodological note
<b>GRI 415:</b> Public Policy	415-1 Political contributions	5.2.4

## Protection of Biodiversity

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.2.2- Methodological note
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