

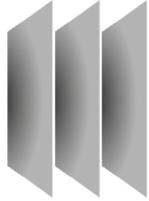
# Sustainability Report

## 2022



---

DESIGN SURFACES

ITAL  CER  
GROUP

---

DESIGN SURFACES

# Index

<b>LETTER TO THE STAKEHOLDERS</b> .....	06	<b>4_SAFEGUARDING THE ENVIRONMENT</b> .....	70
<b>METHODOLOGICAL NOTE</b> .....	08	Tackling Climate Change.....	75
<b>2022 ESG HIGHLIGHTS</b> .....	10	Energy consumption.....	76
<b>1_THE ITALCER GROUP: ITS IDENTITY</b> .....	12	Emissions.....	78
Vision.....	16	Biodiversity.....	79
Mission.....	16	Water and management of wastewater.....	80
Values.....	17	Circular economy and Waste management.....	81
The Italcere Group activities.....	18	<b>5_THE CENTRAL NATURE OF PEOPLE</b> .....	82
The Brands.....	19	Fostering diversity & inclusion.....	86
The Production Sites.....	24	Respect for and protection of Human Rights.....	87
The Italcere Group's Business Model.....	32	Wellbeing, Health and Safety in the Workplace.....	88
Economic Performances.....	36	Development and enhancement of people.....	90
Commitment to Sustainability.....	38	<b>6_SAFE AND INNOVATIVE PRODUCTS</b> .....	92
Italcere Group's ESG strategic guidelines.....	42	Product Quality and Safety.....	93
Italcere Group's contribution to the Sustainable Development Goals.....	46	Eco-sustainable innovation.....	94
Sustainability governance.....	48	<b>7_THE RESPONSIBLE VALUE CHAIN</b> .....	98
The Group's Stakeholders.....	48	Raw Materials and Procurement.....	99
Materiality analysis.....	52	Responsible supply chain management.....	101
<b>2_OUR STRONG AND ETHICAL GOVERNANCE</b> .....	58	The Central Nature of Customers.....	103
Organisational and governance structure.....	59	<b>8_THE CONTRIBUTION TO SOCIETY</b> .....	104
Ethics and integrity of the Italcere Group.....	62	The Support and the Engagement of the Local Communities.....	105
<b>3_REMUNERATION POLICIES AND PROCEDURES</b> .....	66	The Promotion of Economic and Social Development.....	108
Risk Management.....	68	<b>9_COMPARISON BETWEEN THE LIST OF 2022 MATERIAL ISSUES AND THE 2021 MATERIAL ISSUES</b> .....	110
Privacy & Cybersecurity.....	69	<b>10_GRI CONTENT INDEX</b> .....	112

# Letter to Stakeholder



ITALCER  
GROUP



GRI 2-22

It is with great pride that I look back on the journey accomplished so far by the Italcer Group, which in 2022 saw the acquisition of **Ceramica Fondovalle**, that enabled the Italcer Group to achieve one of its original goals: to showcase a catalogue of design ceramic surfaces - produced in its own factories - ranging from extra small and small to large and extra-large formats. This acquisition has significantly strengthened the Group's status, as a leader among European and international ceramic groups.

In addition to innovation and international and commercial expansion, the Group pursues sustainable development goals on a daily basis, and this second sustainability report - based on the **three dimensions of sustainable development**, i.e. the economic, social and ecological dimensions - bears witness to this.

In today's complex socio-economic scenario, ecological transition and sustainable development have been confirmed as pivotal themes in Italcer Group's strategic approach, again in 2022. That **sustainability is a founding value of the Italcer Group** emerges, first and foremost, from the progressive decarbonisation of production processes in favour of the implementation of renewable energy plants at the Group's production sites, primarily photovoltaic systems. The past year has further emphasised the Italcer Group's intention to promote the development of a circular economy and the sustainable use of resources, with the aim of preserving the value of the products and services offered over time, and progressively disengaging the development of Group companies from the consumption of exhaustible natural resources. We are aware that the transition towards

a circular economy contributes to reducing harmful emissions into the environment and to optimising the availability of raw materials, while at the same time generating an inescapable boost to innovation and economic growth.

The Italcer Group's commitment to tackling the challenges of the climate and energy emergency, transforming it into an opportunity to innovate and make production processes more efficient thanks to the use of renewable sources, has also led to the company being awarded the prestigious **Sustainability Award 2022** - sponsored by Forbes, Credit Suisse and KON Group and validated by Cattolica University and RepRisk - for having demonstrated its ability to pursue sustainable, inclusive and stable growth, creating added value for the community as well. An acknowledgement of such a high value proves Italcer Group's leadership in ESG issues.

At the same time, I am aware that such a prestigious result is also coming from the positive contribution of the Group's human capital, which actively supports to the business's growth and success. There is no doubt that the brilliant results we have achieved, and even more so the challenging goals we have set for the future, would not be achievable without the indispensable contribution of the women and men of the Italcer Group, who daily imbue their work with the competence, responsibility and dedication that enhance the Group's range. For this reason, I would like to thank them sincerely and assure them that the Italcer Group will continue to further the central nature of the individual and his or her potential, with a view to creating a close-knit community of people who share the same values and goals.

In conclusion, I would like to take this opportunity to thank all our Shareholders and Stakeholders for the stimuli they provide us with, to pursue sustainable development and the members of the Board of Directors and the Board of Statutory Auditors for their decisive contribution to the growth of the Group.

**Graziano Verdi**

*C.E.O.*

*of the Italcer Group*

# Methodological note

This Sustainability Report as at 31 December 2022 has been prepared in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” defined by the GRI - Global Reporting Initiative (GRI), according to the “in accordance” reporting option. The commitment towards the promotion of sustainability culture is renewed for the second year. The Italcere Group 2022 Sustainability Report is a testimony to the path the Group intends to continue on in reporting on ESG issues.

The Report was drawn up on the basis of the ESG policies advocated by the Group and contextually expressed in the business objectives in relation to sustainability performance and reporting of the results achieved. The contents forming the subject matter of the reporting were selected starting from the results of the materiality analysis (See pag.52), which made it possible to identify the material aspects, i.e. those that reflect the significant impacts for the Group from a sustainability standpoint (economic, social and environmental) and that substantially influence stakeholders' assessments and decisions.

In line with the contents of the 2022 GRI disclosure 1 (“Foundation”), this Sustainability Report has been prepared in accordance with the following principles: accuracy, balance, clarity, comparability, comprehensiveness, sustainability context, promptness and verifiability.

The scope of reporting refers to: Italcere S.p.A., Devon&Devon S.p.A., Ceramica Fondovalle S.p.A., La Fabbrica S.p.A., Spray Dry S.p.A., Equipe Cerámicas S.L.U., and, solely for GRI 2-7, 2-8, 401-1, 404-1, 405-1, to Italcere USA Inc. With regard to GRI 201-1, reference is made to the scope of the Consolidated financial statements.

The period to which this Sustainability Report refers covers the timeframe from 1 January 2022 to 31 December 2022. In order to present the performance trend over a longer period, where available, a comparison was provided with data relating to the financial years 2021 and 2020.

We specify that Equipe Cerámicas S.L.U. joined the Group in March 2021 and Fondovalle S.p.A. in October 2022. For this reason, their sustainability figures have been integrated as of 2021 and 2022, respectively.

To ensure the reliability of the data and information published, preference was given to the inclusion of directly detectable and measurable qualitative-quantitative indicators, resorting only in limited and appropriately indicated cases to estimates.

All generic or not described images portrait products settings, productive facilities or warehouses belonging to Italcere Group.

For additional information on goals, indicators and results achieved or for comments on this document, please contact the company at: [info@gruppoitalcer.it](mailto:info@gruppoitalcer.it)

# ESG Highlights 2022

## THE GROUP

**8**

MAIN GROUP BRANDS

**2**

COUNTRIES IN WHICH THE  
GROUP OPERATES

**125**

COUNTRIES SERVED

**333.108** THOUSAND €

ECONOMIC VALUE  
DIRECTLY GENERATED

**310.165** THOUSAND €

ECONOMIC VALUE DIRECTLY  
DISTRIBUTED

**22.943** THOUSAND €

ECONOMIC VALUE DIRECTLY  
RETAINED

**11**

PRODUCTION FACILITIES,  
OF WHICH 4 IN SPAIN  
AND 7 IN ITALY

**1064**

EMPLOYEES

**3.500** THOUSAND €

OF INVESTMENTS IN R&D

## SUSTAINABILITY

**5**

SDGs TO WHICH ITALCER  
CONTRIBUTES



**8.046** THOUSAND €

INVESTED IN SOCIAL AND  
ENVIRONMENTAL PROJECTS  
IN 2022

OF WHICH **58%**  
FOR CO-GENERATION PLANTS

OF WHICH **32%**  
FOR PHOTOVOLTAIC PLANTS

OF WHICH **9,8%**  
FOR PLANT IMPROVEMENT  
AND MAINTENANCE ACTIVITIES

## 1

# The Italcer Group: its identity



## THE ITALCER GROUP: ITS IDENTITY

GRI 2-1

The Italcer Group - whose parent company is Italcer S.p.A., an Italian joint stock company incorporated under Italian law, with registered offices in the Municipality of Rubiera (RE) - was founded in Spring **2017** by the private equity fund Mindful Capital Partners (formerly known as Mandarin Capital Partners) and Graziano Verdi.

The Group operates in the design surfaces market as a multi-specialist, developing **high-quality ceramic products for indoor and outdoor use, as well as luxury bathroom furniture** for commercial and residential use, with a focus on innovation, design and environmental sustainability.

To-date, the Group's catalogue of ceramic products comprises some **209 collections**, designed to suit different types of customers, including B2B, high-end distributors and large retail chains, worldwide.

The Group's sales network serves around **125 countries** worldwide, making it one of the leading players in the industry. Products are supplied via a portfolio of brands, the main ones of which are: **Ceramica Rondine, Elios Ceramica, La Fabbrica-AVA, Fondovalle, Bottega, Equipe and Devon&Devon.**

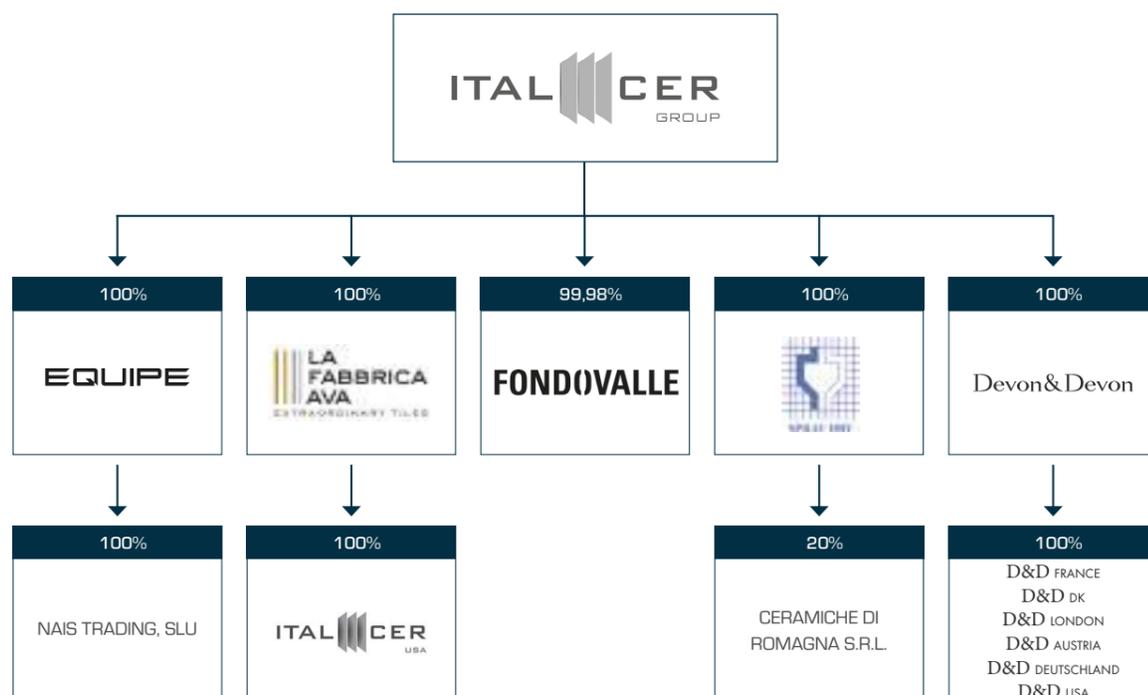
Furthermore, the Group, through the company Spray Dry S.p.A., produces atomised powders, which are partly used in the Group's production processes and partly sold to other operators in the sector, generating a significant portion of revenues.



**CONTINUOUS EXPANSION DRIVEN BY GREAT AMBITION**

The Italcer Group was founded with the aim of creating a leading global player in the ceramic surfaces sector. Since its foundation, the Group has grown both internally and externally, by means of multiple acquisitions, and has thus completed its product portfolio, in terms of size - from small formats to large slabs - for the widest applications, in the residential and non-residential sector. It has also expanded its geographic reach by serving an increasing number of customers in different countries, while continuing to invest in its own area.

To-date, the Italcer Group consists of Italcer S.p.A., the parent company, and the following directly or indirectly owned subsidiaries:



The Italcer Group immediately embarked on an expansion project, acquiring **La Fabbrica S.p.A.**, based in Castel Bolognese, Ravenna, owner of the “**La Fabbrica**” and “**AVA**” brands. La Fabbrica is an Italian company specialising in the sale of high quality ceramic products for floors and walls, for both indoor and outdoor solutions.

In the same year, the Group added to its portfolio **Elios Ceramica S.p.A.**, based in Fiorano Modenese and merged into Italcer at the end of 2018. Currently, the Elios brand is positioned in the artistic ceramics segment and highlights the attention to detail typical of artisan style.

In October 2017, the Group continued its expansion strategy by acquiring the company and its namesake brand **Devon&Devon**, a world leader in luxury bathroom furnishings. **Devon&Devon** exports to over 80 countries with a network of boutiques, retailers and flagship stores located in the most important cities in Europe, the United States, the Middle East, China and Australia.

In **2018**, the Italcer Group strengthened its presence in its geographic area with the acquisition of 100% of **Ceramica Rondine S.p.A.**, founded in 1961 in the area between Reggio Emilia and Modena, one of the most flourishing industrial concerns in the ceramics sector. New products, innovative technologies, research and development, quality, design and respect for the environment: these are the values that have guided Ceramica Rondine in its first half-century of history.

At the end of **2020**, the Group acquired the industrial branch of Cedir (Ceramiche di Romagna), thus expanding its production capacity and consequently its market presence.

In March **2021**, the Group's expansion and internationalisation strategy continued with the acquisition of **Equipe Cerámicas S.L.U.**, a Spanish ceramics company based in Figueroles (Castellón) and world leader in the production of small formats. The acquisition of the Spanish company confirmed the Italcer Group's desire for expansion, whose production now comes from the two most famous and renowned ceramic centres in the world, with a consequent guarantee in terms of quality and prestige.

In conclusion, in October **2022**, the Group acquired **Ceramica Fondovalle S.p.A.**, an international leader in the production and marketing of large and extra-large slabs.

It can thus boast of producing in its own plants products ranging from **very small formats to very large slabs**, via brands that are highly complementary in terms of size, shape, positioning and target customers.

**An important competitive advantage.**



Fuorisalone Milano



## VISION

The Italcer Group's vision is to be a world leader in **high-end designer surfaces** and **luxury** bathroom furniture, with a strong focus on innovation, sustainability, employee safety and economic growth.

## MISSION

The Italcer Group's mission is to be the point of reference for the planning and design industry, offering innovative and sustainable products and services, capable of anticipating and generating new market trends. Furthermore, the Italcer Group aims to enhance its reputation in the production of "clean" and sustainable ceramics, targeting technological, production and managerial excellence and guaranteeing environmental sustainability throughout the production process.



## VALUES

Since the inception of the Italcer Group, management has outlined the core characteristics of the business: quality, reliability, promptness, flexibility, attention to aesthetics and design, integrating the concept of sustainability. The latter is not only environmental, as the Group also pursues the two pillars of social sustainability, paying the utmost attention to the creation of new jobs and health and safety for all employees, as well as the wellbeing of the communities where it operates.

The production sites, located in the two most important ceramic clusters in the world, give life to creativity, taste, design and continuous aesthetic evolution. In fact, the ranges for ceramic floor and wall ceramic are expressed with the elegance of the finest marble, the ancient charm of stone, the natural warmth of wood, the material aspect of terracotta and refined nuances.

The driving inspiration for the Italcer Group can be summed up in the following values:

**Innovation:** investing in the research and development of advanced technological solutions to anticipate market trends and offer increasingly high-performance, efficient and eco-friendly products.

**Quality:** guaranteeing the highest quality of its products through the constant control of production processes and the use of premium materials.

**Design:** developing innovative and original design products that stand out for their aesthetic beauty and unique design.

**Creativity:** constantly developing new original ideas to offer innovative and distinctive products that meet market demands and exceed customer expectations.

**Sophistication:** offering high quality products with an elegant design, with attention to details, capable of satisfying the needs of the most demanding customers and allowing the Group to differentiate itself from the competition.

**Listening to customers and their expectations:** placing the customer's needs and requests at the centre of its decision-making processes through careful and constant dialogue, researching and offering customised solutions.

**Reliability:** guaranteeing customers the maximum reliability of the products supplied, by means of rigorous quality controls and obtaining certifications attesting to the safety of the materials used. This ensures full customer satisfaction and the creation of a long-term relationship of trust.

**Customer care:** offering customised assistance and support to its customers, to help them choose the products best suited to their needs and solve any problems.

**Central nature of the human resources:** enhancing and investing in the skills and potential of its employees, to create a serene, motivating and stimulating work environment capable of attracting and enhancing the best talents in the sector.

**Commitment to sustainability:** furthering environmental protection and the reduction of the environmental impact of its production processes through the use of innovative technologies, sustainable and durable materials and a design that is "Made in Italy" and partly, for small format ceramics, "Made in Spain".

# The Italcer Group activities

## THE ITALCER GROUP ACTIVITIES

GRI 2-6

The Group, through its various brands, offers three macro product lines:

- **Designer porcelain stoneware ceramic:** the product line includes porcelain stoneware ceramic designed to be highly resistant and durable, but also aesthetically appealing. The products are available in a wide range of colours and finishes and can be used for a variety of applications, including floors, walls and facades.
- **White-body designer ceramic:** the product line includes ceramic designed for interior cladding with distinctive aesthetic effects such as smoothness and brightness. The production process involves lower temperature firing compared to porcelain stoneware ceramics firing process, to achieve a softer, more porous surface.
- **Bathroom furniture:** the product line includes bathroom fixtures and fittings such as bathtubs, washbasins, toilets, shower trays and accessories. The furniture is designed to be unique and functional, aesthetically appealing and made of high-quality materials, favouring clean, modern lines. The bathroom furniture is available in a variety of styles, from classic to contemporary.



# The Brands

The various brands of the Italcer Group guarantee the offer of a complete and complementary range of ceramic and luxury bathroom furnishings that vary in size, format and price range. Thanks to this, the Group is able to serve and satisfy the different needs and requirements of customers and the market, from large commercial surfaces to residential use.



## THE BRANDS

### Devon&Devon



The Devon&Devon brand, known worldwide for supplying bathroom furnishing solutions, expresses the utmost elegance and unique luxury style that characterises the Made in Italy concept. The company's products are made from the finest materials and are designed to evoke a sense of sophistication and refinement.

Founded by two Florentine architects in 1989, and now part of the Italcer Group, Devon&Devon combines the artisan, artistic and architectural tradition of the Tuscan area, cradle of millenary manufacturing know-how, with a modern and refined taste, focusing on projects for villas, apartments, yachts and luxury hotels, including luxury boutiques and 4- and 5-star hotels. Devon&Devon offers a wide range of products, including freestanding and built-in bathtubs, washbasins, shower cubicles, faucets, accessories and lighting. The company's products are made from the finest materials and are designed to evoke a sense of luxury and sophistication.

Devon&Devon's main sales channels include distributors specialised in high-quality bathroom furnishings (usually also specialised in the sale of ceramics), which account for 55% of total revenues, and Devon&Devon branded showrooms located in major cities around the world, including Milan, Paris and London, which account for 40% of revenues. The remaining revenues come from sales through single-brand showrooms, installers and direct sales to end customers via e-commerce. Devon&Devon's products are complementary to those of other Group brands, thus providing complete solutions for those who want a finest quality product.

## THE BRANDS



La Fabbrica is an Italian company founded in 1994 in Castel Bolognese known for its high-end ceramic floor and wall ceramic, marketed under the brand name La Fabbrica-AVA. The company specialises in large formats, which account for 74% of its revenues.

With 47 collections in its catalogue, La Fabbrica offers products with high quality technical and stylistic features, appreciated by the residential as well as the commercial sector. The company's experience in the large-format sector is a competitive advantage for further expansion into the most sought-after segments of the market.

La Fabbrica's **main customers** include large renowned retail chains and retailers.

In 2022, revenues from the ten largest customers accounted for 11% of the brand's turnover. Geographically, Italy accounted for 26% of revenues, while the other three main regions (DACH, France and USA and Canada) accounted for 40% of La Fabbrica's total revenues.



Ceramica Rondine, founded in 1961 in Emilia Romagna, is a world leader in the production of porcelain stoneware floor and wall ceramic.

The brand's collections are designed to meet the functional and aesthetic needs of interior design and furnishing projects, exploiting the qualities and performance of porcelain stoneware.

Ceramica Rondine's **main customers** are well known retail chains located in the main countries.

In 2022, the turnover of the ten largest customers accounted for 27% of the brand's revenue, Italy accounted for 22%, while the other three main regions (USA and Canada, DACH and France) accounted for 43% of Ceramica Rondine's turnover.

## BOTTEGA



Since 2019, the Bottega brand is synonymous of values and passion. Creativity, research and an accurate analysis of details are its inspiring principles.

The **main customers** of the Bottega brand are large retail chains, mainly located in the USA.



Since 1968, the Elios Ceramica brand has been showcasing products for residential and commercial applications, including floor and wall coverings and mosaics, ranging from traditional small-format majolica to porcelain stoneware slabs decorated with high-definition digital technology, following the values of expertise, passion and creativity.

With 29 collections, the brand's products are known for their innovative design and cutting-edge technology, which allows for a wide range of styles and colours. In addition, Elios Ceramica is highly specialised in swimming pool surfacing.

The **main customers** of the Elios Ceramica brand are large retail chains, wholesalers and swimming pools ceramic resellers.

In 2022, the revenues of the brand's ten largest customers accounted for 36% of the brand's turnover; Italy accounted for 22% of revenues and the other three main regions (USA and Canada, DACH and France) accounted for 43% of Elios Ceramica's revenues.

## EQUIPE



Equipe Cerámicas was founded in 1999 in Figueroles, Castellón and, after significant growth in the designer ceramic market, is now the world's leading company in the small format floor and wall tile market with a focus on decorative ceramics. With 49 collections, the entire product range of Equipe Cerámicas is focused on the production of small and very small format ceramics, which represent 96% of the total production.

Equipe Cerámicas' **main customers** are distributors.

In 2022, the revenues of Equipe Cerámicas' ten largest customers accounted for 35% of the brand's revenues, the United States and Canada accounted for 36% and the other three leading countries (Spain, Italy and France) accounted for 27% of Equipe Cerámicas' revenues.

## FONDOVALLE



Fondovalle was founded in 1962 and is based in the ceramic district of Modena. With 25 collections, Fondovalle is a leading manufacturer and distributor of large-size floor, wall and furniture slabs in eight main styles including concrete, marble, wood, metal and textile effects. Fondovalle's production consists for 65% in extra-large slabs and 35% large-size slabs.

Fondovalle's **main customers** include specialised distributors and white label customers.

In 2022, the revenues of Fondovalle's ten largest customers accounted for 40% of the brand's revenues, Italy accounted for 41% and the other three main regions (DACH, Benelux and France) accounted for 33% of Fondovalle's turnover.

# The Production Sites

## THE PRODUCTION SITES

GRI 2-1

In addition to sustainability and innovation aimed at supplying quality products that are at the same time aesthetically appealing, the Italcera Group aims to increase its **presence in its area of origin**, enhancing its history and tradition. The Group's production sites are in fact strategically located in the two most important **ceramic districts** in the world, where the context favours the creation of design products, with continuous innovation. The multiple acquisitions made by the Italcera Group are testimony to its interest in operating in its country of origin, with a strong increase in employment in the areas where it is located. In fact, the Group aims to increasingly expand its sales internationally, while remaining faithful to the core elements of its strategic vision: traditions and values of its geographic areas, its employees and its suppliers.

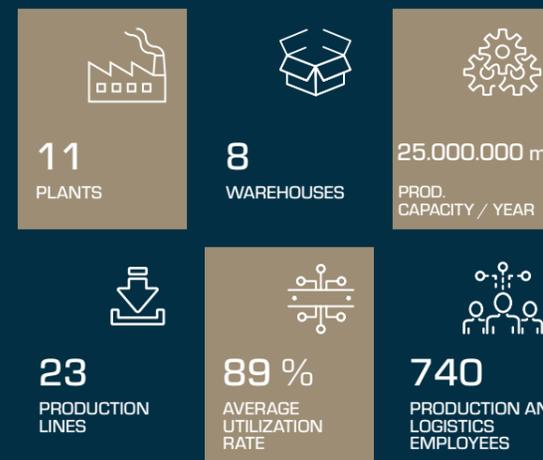
At the end of 2022, the Italcera Group has 11 production plants, 7 of which in Italy and 4 in Spain (3 in Figueroles and 1 in Onda). The facilities cover a total surface area of 545 thousand square metres and have a production capacity of approximately 25 million square metres, consuming 450 thousand tonnes of atomised powders per year.

All the buildings are wholly owned by the Group, with the exception of Castel Bolognese facility owned by Ceramiche di Romagna S.r.l., the Fiorano Modenese facility and the Onda facility, which are leased.



# SPECIALIZED MANUFACTURING FOOTPRINT, LOCATED IN THE TWO MOST REPUTABLE TOP-END CLUSTERS

FORMAT SPECIALIZATION → INCREASED PRODUCTIVITY → LOWER COST



The map shows only the production and logistics sites, with the exception of Devon&Devon

## ITALIAN PRODUCTION PLANTS



*" Our manufacturing facilities equipped with advanced systems are located in the two most reputable clusters for ceramics worldwide."*

### RUBIERA

The building complex, consisting of six buildings, is located in the Municipality of Rubiera, in the province of Reggio Emilia. The site has a total surface area of approximately 100,000 square metres and employs 110 people, 83 in production and 27 in logistics. The facility, owned by the Group, is specialised in the production of medium and large-sized ceramic products and its annual production capacity is around 5.75 million square metres.

### FIORANO MODENESE

The facility, located on the border between the Municipalities of Formigine and Fiorano Modenese, boasts a total surface area of 56,900 square metres. The facility employs 65 people (63 in production and 2 in logistics) and specialises in the production of small-size ceramics (XS and S) as well as in the production of Elios Ceramica branded ceramics for swimming pools. Thanks to recent investments that have enabled the modernisation of certain production lines turning them 4.0, the facility is able to produce large sizes (100x100 cm) for indoor and outdoor use, adopting H2O technology (20mm thick products). The facility has an annual production capacity of approximately 3.5 million square metres.

### UBERSETTO

The industrial building in Formigine (Modena), which became part of the Group within the sphere of the acquisition of Ceramica Fondovalle, has a total surface area of 36,000 square metres. The facility employs 28 people (20 in production and 8 in logistics) and it is specialized in ceramic finishing activities (cutting, grinding, lapping). Recent investments have led to the modernisation of the polishing line with "supershine" technology to increase production and improve yield. Logistics activities are carried out at the site.

### MARANO SUL PANARO

The Marano sul Panaro property complex, which became part of the Group in 2022 within the sphere of the acquisition of Ceramica Fondovalle, has a total surface area of around 26,900 square metres. The facility employs 49 people and specialises in the production of large ceramic surfacing (L and XL). The facility's annual production capacity is approximately 1.9 million square metres.

### CASTEL BOLOGNESE

The Castel Bolognese facility is owned by Ceramiche di Romagna S.r.l. (in liquidation) and is currently managed by the Group under a lease agreement. The facility, which covers a total surface area of approximately 83,000 square metres, employs 108 people (102 in production and 6 in logistics) and specialises in the production of extra-small, small and medium-sized ceramics, both for indoor and outdoor use, by means of the use of H2O technology. Recent investments in the plant have led to the opening of a third production line and the installation of a 2 MW cogeneration plant. The facility's annual production capacity is approximately 3.5 million square metres.

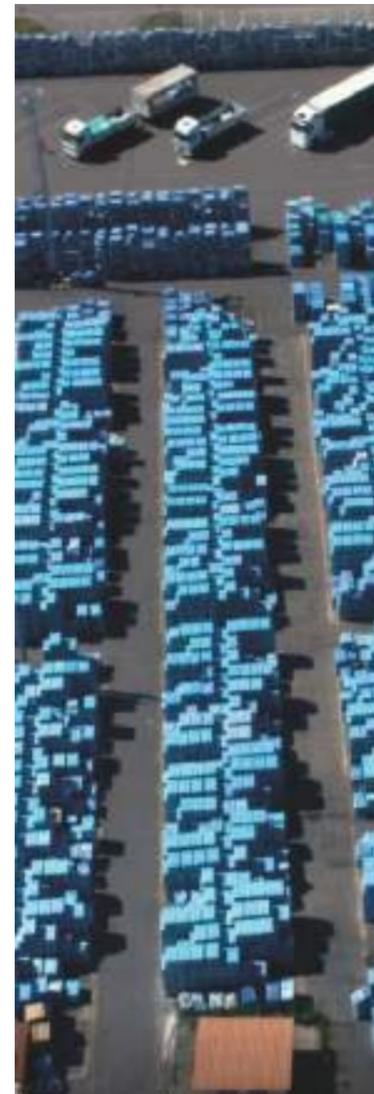
### VETTO D'ENZA

The industrial site located in the Municipality of Vetto d'Enza boasts a total surface area of around 132,000 square metres. This production site, specialised in the production of large and extra-large ceramics, employs 79 people (77 in production and 2 in logistics) and has recently invested in a new picking line, a cogenerator with heat recovery and the production of a new extra-large 24x150 cm format. The annual production capacity of the facility is approximately 3.5 million square metres.

### SASSUOLO

The industrial site located in the Municipality of Sassuolo covers a total surface area of about 45,000 square metres and employs 27 people (25 in production and 2 in logistics). The facility is dedicated to the production of spray-dried mixtures. With an annual production capacity of about 480,000 tonnes, the facility mainly serves the Group's own production, but also supplies third-party companies in the sector. A 3.2 MW co-generator plant was recently installed to reduce energy costs, as well as a grinding plant for fired ceramic waste and a new wet grinding plant for raw materials to improve the efficiency and sustainability of the production process.

## SPANISH PRODUCTION PLANTS



### FIGUEROLES

The plant in Figueroles, Spain, is owned by the subsidiary Equipe Cerámicas and comprises three industrial buildings and warehouses with a total of eight production lines. The facilities specialise in the production of glazed and unglazed ceramic products and have an annual production capacity of approximately 7,000,000 square metres.

### ONDA

The Onda plant, also in Spain, is owned by Eterna Quality Surface, S.L. (an unrelated company) and is operated by the subsidiary Equipe Cerámicas under a lease agreement entered into November 2021. The Onda facility includes a plant specialising in custom-made glazed and unglazed ceramic products and its annual production capacity is approximately 155,794 square metres.

# The Italcer Group's Business Model

GRI 2-6

The enhancement of each individual product is the secret of the Italcer Group's success. The common thread within the organisation is product innovation, quality, design and sustainability.

One of the Italcer Group's missions has always been to standardise each type of product supplied according to high quality standards, respecting the trust of each stakeholder. This is the driver that describes the Italcer Group's way of thinking and acting and that has led to the choice, development and enhancement of the products supplied, making them one of the show pieces of the Made in Italy concept.

- CREATIVITY
- DESIGN
- IDEAS
- AESTHETICS
- ATTENTION TO DETAILS
- EVOLUTION
- INNOVATION
- REFINEMENT

The Group has implemented and continues to implement production and commercial synergies among its member companies, which enable it to add value to the products and services it supplies.

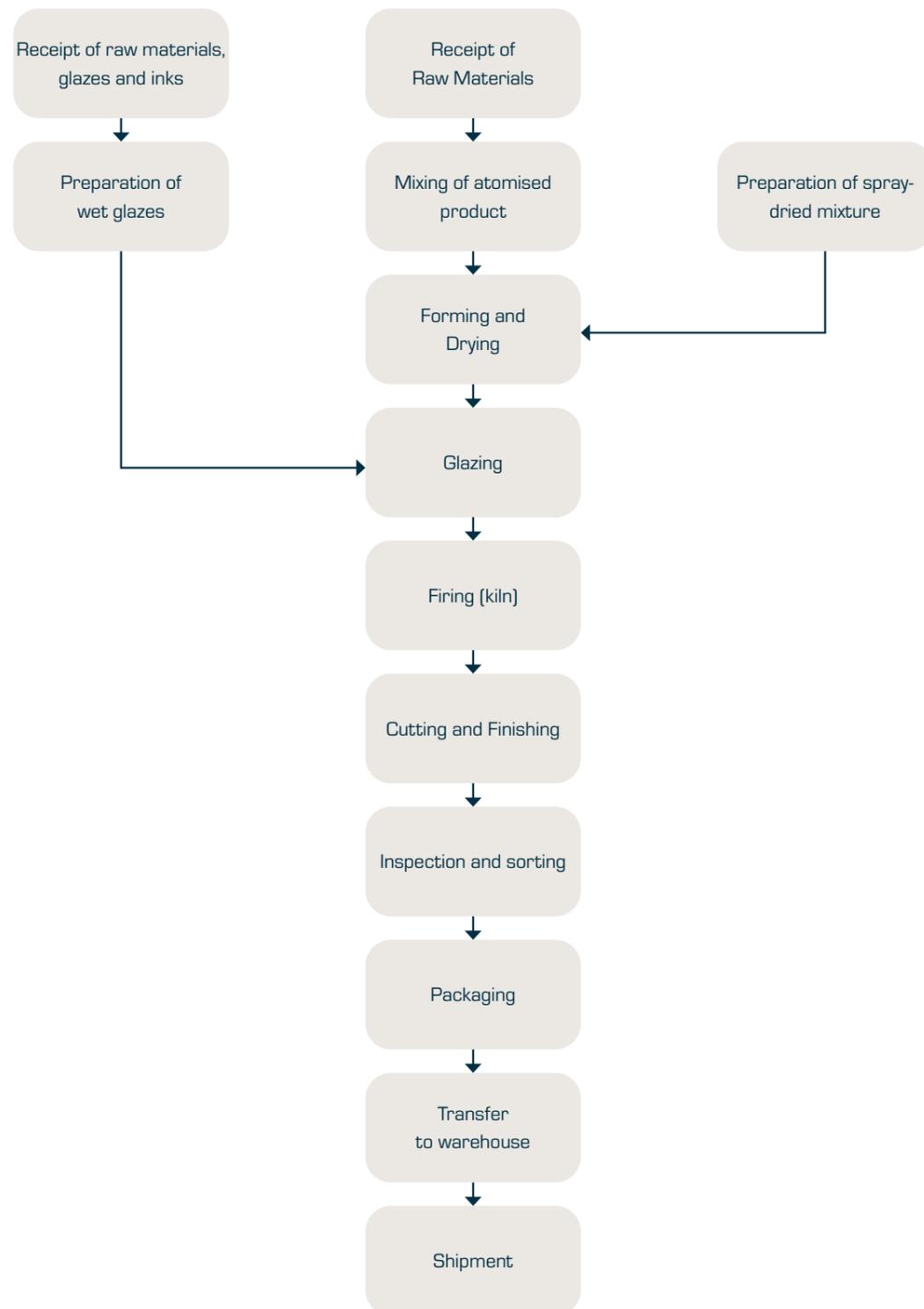
The main stages of the business model are as follows:



## THE PRODUCTION PROCESS

Over the past few years, the Italcera Group has focused on high quality products in terms of both technical performance and aesthetic quality of workmanship, constantly optimising the entire ceramic production process.

The Group's products are manufactured according to the following production process:



**Grinding and spray-drying:** clay and other raw materials used in the production of ceramics are first processed by means of the grinding process, reducing them into small particles of atomised powder. Subsequently, the resulting mixture is subjected to the spray-drying process to remove excess moisture. These operations are mainly carried out by the subsidiary Spray Dry and in the atomiser located in the Castel Bolognese plant, which supply the atomised powders to the Group's other plants for the production of ceramics. The part of atomised powder not used by the Group's production is sold by Spray Dry to market players belonging to the ceramic district. The production facilities in Spain, on the other hand, purchase atomised powders from third-party suppliers.

**Pressing:** Atomised powders are processed in a phase known as pressing, during which the powder is compacted at high pressure (more than 350 kg/cm<sup>2</sup>) using hydraulic presses (small and medium-sized ceramic) or continuous pressing plants (XL-sized ceramic) in order to obtain the desired shape and size.

**Drying:** after pressing, the ceramic slabs undergo a drying phase. During this process, the slabs are exposed to controlled temperature and humidity conditions to ensure even and gradual drying. This step is crucial to avoid cracks, which can occur if the slabs dry too quickly or unevenly.

**Glazing:** after drying, the slabs undergo a decorating process in which a layer of glaze is applied to the surface to improve the texture and strength of the slabs. This layer typically consists of a glaze that is applied using techniques such as spraying. The coating layer not only improves the aesthetic appearance of the slabs, but also acts as a protective barrier against abrasion, staining and other types of damage.

**Digital decoration:** the finishing and customisation phase begins with the digital decoration of the slabs using printing techniques. This is a crucial stage in the production process, as it allows a wide range of designs and patterns to be created, offering endless possibilities for customisation. The digital printing process involves the use of advanced printers and special inks capable of reproducing detailed, high-quality images on the surface of the slabs.

**Firing:** in this phase, the slabs are fired at high temperatures to strengthen them and achieve the desired porosity. The firing process takes place in carefully controlled kilns to ensure that the slabs are heated evenly and to the right temperature. Once the firing is complete, the slabs are left to cool gradually to avoid cracks.

**Cutting and finishing:** after the firing process, the ceramic slabs can be cut and finished. Cutting is done with high-precision machinery that ensures regular edges and uniform dimensions. Finishing, on the other hand, involves various processes such as polishing, grinding or brushing, depending on the desired surface finish. These processes improve the texture, colour and overall appearance of the slabs, giving them a unique and refined look.

**Sorting and packaging:** the slabs undergo meticulous quality control to ensure that they meet the Group's high standards. Once the slabs pass quality control, they are carefully packed and prepared for shipment to customers.

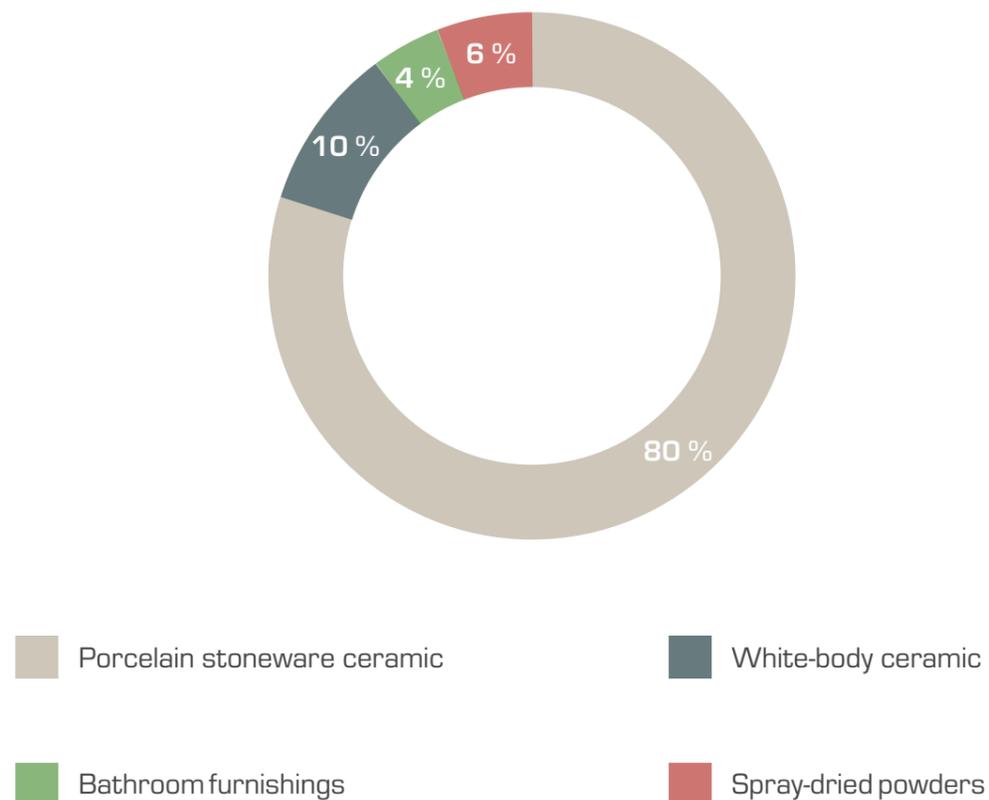
**ECONOMIC PERFORMANCES**

In 2022, the **ceramic slab** segment accounted for 95% of Italcera Group's revenues, compared to 95% in 2021 and 92% in 2020. The **bathroom furnishings** segment accounted for 5% of revenues, compared to 5% in 2021 and 8% in 2020.

The following table shows net revenues by segment type [% of total]:

	2022 [% of revenues]	2021 [% of revenues]	2020 [% of revenues]
<b>Ceramics</b>	95 %	95 %	92 %
<b>Bathroom furnishings</b>	5 %	5 %	8 %

The following chart illustrates the net revenues by application type [% of total 2022 revenues]:



As at 31 December 2022, the Group had 1,064 employees, with production facilities and offices in two geographic areas: Italy, with 7 production facilities and 79% of revenues, and Spain, with 4 production facilities and 21% of revenues.

The following table shows revenues by geographic area for the years ended 31 December 2022, 2021 and 2020, respectively [% of revenues]:

	2022 [% of revenues]	2021 [% of revenues]	2020 [% of revenues]
<b>Italy</b>	31 %	27 %	29 %
<b>Europe</b>	40 %	45 %	49 %
<b>North America</b>	20 %	18 %	16 %
<b>Other Countries</b>	9 %	10 %	6 %



# Commitment to Sustainability



## COMMITMENT TO SUSTAINABILITY

The Italcera Group has made a name for itself by means of its focus on sustainability issues, especially thanks to its constant efforts to reduce the environmental impacts of its operations and its investments in research and the development of alternative solutions for ceramic production.

In particular, the Italcera Group (with the exception of Ceramica Fondovalle since it was acquired in September of 2022, for which there is the same implementation project) has implemented an **Integrated Management System (IMS)**, including quality, environmental, energy and occupational safety management in accordance with the ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO 45001:2018 standards and the EMAS Regulation, respectively.

Over the years, important **investments and projects** have been carried out in the area of environmental, social and product sustainability. For example, by means of the installation of **photovoltaic and cogeneration plants** to produce electricity and recover heat from the production cycle, as well as through the development of a circular economy model that aims to reduce the environmental impact of its operations by reducing waste and reusing materials.

A range of **innovative products** has also been developed that contain more than 50% of recycled raw materials, as certified annually by Certiquality, an independent certification body and partner of IQNET (International Certification Network).

The Italcera Group has been able to significantly reduce production waste, each year sending over 99% of the **waste generated** to authorised external companies for recovery.

With regard to the use of **water resources**, the Italcera Group has adopted sustainable water resource management practices in the ceramics production process, which allow 100% of water to be reused, recovered and recirculated.

With regard to the Group's **supply chain**, sustainable supplier management practices have been implemented over the years, such as monitoring ESG information related to suppliers, ensuring that they are in line with the Group's values and commitment to sustainability.

Hand in hand with its concern for the environment, the Italcera Group is attentive to issues of **social responsibility**, which is why it takes part in and organises various initiatives aimed at, among other aspects, promoting **diversity and inclusion**, and **ensuring equal opportunities and non-discrimination**. These efforts include, among other aspects, action to retain and develop talent, such as training and wellness promotion programmes for employees and community partnerships, which consist of funding local projects and initiatives, participating in charity events and collaborating with universities and academies, including the Bologna Business School.

These noteworthy achievements have earned the Group recognition as the best performing Italian company in terms of ESG issues compared to its competitors. In fact, in 2022 the Group won the **Sustainability Award**, an award furthered by Credit Suisse and Kon Group and based on ESG rankings drawn up by the Università Cattolica del Sacro Cuore, RepRisk and Forbes, thanks to its investments in ESG initiatives.

## ACKNOWLEDGMENTS

## SUSTAINABILITY AWARD



### ITALCER - WINNER OF THE 2022 SUSTAINABILITY AWARD

In 2022, Italcera was acknowledged the first among the top 100 Italian excellencies to receive the **2022 Sustainability Award**, ranked by Credit Suisse, Kon Group and Forbes. The award is reserved for Italian companies that have distinguished themselves most in facing today's challenges, such as the climate emergency, the changing needs of employees and in general the demands of multiple stakeholders, transforming them into an opportunity to express **innovation, far-sightedness and proactive growth**. The participating companies were selected and assessed by the organisers by means of criteria that took into account the company's ESG rating, issued by Altis Università Cattolica and Reprisk, which was scored by Altis, and the cross-checking of the results via Reprisk's indicators. This allowed the organisers to select the companies that stood out the most and have been working for years on sustainable production.

## AMICO DEL CONSUMATORE

On 5 July 2022, Italcera announced its participation in the Codacons "2022 Amico Del Consumatore" award. This is an award that each year Codacons assigns to companies, entities and individuals who have distinguished themselves for activities in favour of citizens and for the protection of the community, and who have **adopted measures aimed at reducing CO<sub>2</sub> emissions**. The award acknowledges Italcera's work, ensuring that it is recognised as one of the 55 best companies committed to fighting climate change through the reduction of Greenhouse Gas emissions.

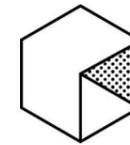
## ECCELLENZE ITALIANE



Italcera was awarded the prestigious "100 Eccellenze Italiane" award for its contribution to the socio-economic development of the country. The ceremony took place in Rome, at the Campidoglio, and brought together the main exponents of the Italian economic scene. At the award ceremony, the CEO Graziano Verdi confirmed Italcera's commitment to continuing to pursue environmental policies, by means of the innovation of its processes so as to be increasingly efficient and sustainable, and at the same time contributing to the growth of the social fabric through the creation of employment in the area. This

acknowledgment further underscores Italcera's commitment to the sector and its ability to represent **Italian excellence around the world**.

## ARCHIPRODUCTS AWARD



### archiproducts<sup>®</sup> DESIGN AWARDS

Devon&Devon's «**Twenties**» faucet collection, developed in collaboration with the prestigious architectural firm Gensler, was awarded at the **Archiproducts Design Awards 2022** in the Bathroom category. Graziano Verdi, CEO of the Italcera Group, expressed his pride at this important acknowledgment and thanked all the professionals at Gensler who collaborated in the research work that led to the creation of Twenties, as well as the Holiday and Dove bathtubs, already winners of the award in 2020. The jury, consisting of experts in design, architecture and publishing, appreciated Twenties' ability to transcend traditional boundaries, combining the inspiration of the 1920s with an **innovative approach to functionality**.



**ITALCER GROUP'S ESG STRATEGIC GUIDELINES**

The Italcer Group has always been committed to the **creation of sustainable value** and, for this reason, **ESG** factors are part of the company's management model. In fact, ESG factors represent the values that guide the company's processes, together with tangible actions and projects that aim to create added and shared value for society, the environment and the Group itself.

The ceramics sector represents an important part of the construction industry, which is why it is necessary to innovate production processes with the introduction of modern and sustainable materials to minimise the environmental impact of urbanisation and enable smarter and greener architecture. For this reason, the Italcer Group has defined its impact-related ambition to create sustainable value for the planet, its people and its stakeholders:

***"Promote the creation of sustainable spaces through eco-friendly ceramic products manufactured through innovative and resource-efficient processes grounded in circular economy principles"***

In line with this ambition, to emphasise its commitment to sustainability, an **ESG strategy** defined around **six ESG strategic** lines has been developed and adopted by the Group, which include the principles and basis of the commitments the Group wants to maintain vis-à-vis its stakeholders in order to create tangible value and contribute to the advancement of the UN Sustainable Development Goals (SDGs).

To support the implementation of the commitment in the areas of sustainability, an **ESG policy** was introduced for all Group employees, shareholders and investors, as well as suppliers and other stakeholders with whom the Group interacts, directly and indirectly. The policy is developed around the six areas recognised as priorities by the Group's strategy.



**OUR STRONG AND ETHICAL GOVERNANCE**

- Guarantee ethical, integral and responsible business conduct;
- Ensure transparent communication of the financial and non-financial information;
- Pursue sustainable economic performances.

**OUR POSITIVE CONTRIBUTION TO SOCIETY**

- Further the social development of our communities, also by means of partnerships.

**OUR RESPONSIBLE VALUE CHAIN:**

- Manage the value chain responsibly, strengthening relationships and furthering sustainability with upstream and downstream operators;
- Encourage the procurement of sustainable raw materials.

**OUR SAFE AND INNOVATIVE PRODUCTS:**

- Develop safe products for our employees and for our customers;
- Guarantee the highest and most rigorous quality standards of our products;
- Continue to innovate our products so as to develop environmentally friendly technologies and processes.

**THE SAFEGUARDING OF OUR ENVIRONMENT:**

- Reduce the impact on climate change contributing to achieving carbon neutrality and increasing the use of energy from renewable sources;
- Contribute to improving water quality and increase the efficient use of the water resource;
- Reduce the exploitation of natural resources and favour circular economy models also through the minimisation of waste.

**THE CENTRAL NATURE OF OUR PEOPLE:**

- Contribute to the development of a work environment that favours diversity;
- Support and further the development of the skills of our people;
- Reinforce a culture of workplace safety at all levels;
- Ensure and promote respect for human rights and dignified working conditions also throughout the value chain.



**GOVERNANCE**



The ItalcCer Group is constantly dedicated to the development of its business activities through the principles of integrity, ethics and transparency. Based on the principle of continuous improvement, the Group is committed to:

- Developing corporate policies based on the principles of Corporate Social Responsibility;
- Ensuring business integrity through ethical management;
- Complying with regulatory and legal requirements by means of the formalisation of a compliance model;
- Not tolerating active and passive corruption and bribery;
- Working on the identification and management of risks considering economic, social and environmental perspectives.

**PRODUCT MANAGEMENT**



The Group is committed to creating a bond of trust with customers through the development of safe, quality products. In practical terms, the Group's actions are aimed at:

- Generating a lasting bond of trust with customers and distributors by supplying quality products;
- Working to continue to increase sustainable product designs;
- Promoting and investing in technological innovation, based on new technologies, enabling the Group to meet and satisfy the changing needs of consumers;
- Promoting the health and safety of products for users, through compliance with the law and safety regulations;
- Working to offer a service that follows the highest quality standards and meets customer needs;
- Producing ceramics with special characteristics (anti-viral, anti-bacterial and anti-pollution), also aimed at protecting the environment to increase the well-being of customers and society.

**ENVIRONMENT**



The ItalcCer Group is committed to minimising the effects of its production processes and business activities on the environment, while simultaneously guaranteeing the high quality of ceramics production and the respect for and preservation of the environment. In order to fulfil these commitments, the Group has adopted an approach that considers products throughout their life cycle, starting from raw materials and ending with the consumer.

On the environmental front, the Group is committed to:

- Optimising energy consumption by carefully monitoring and identifying possible ways to rationalise processes and plants, as well as identifying opportunities to use renewable sources;
- Promoting action to protect Environmental Capital, by means of the treatment of water and air;
- Continuing to reduce noise and the acoustic impact produced inside production facilities;
- Reducing and limiting external emissions, particularly air pollutants, minimising possible impacts on the areas and the neighbouring communities;
- Increasing the percentage of recycled materials so as to create even more sustainable products;
- Continuing to reduce waste production by means of focusing on circular economy practices during the ceramic production cycle.

**VALUE CHAIN MANAGEMENT**



The ItalcCer Group is committed to constantly monitoring its supply chain and to accurately assessing the suppliers with whom it works via social, economic and environmental criteria. To this end, the Group is committed to:

- Promoting compliance with the Group's ethical principles and legal requirements in the supplier network;
- Promoting a responsible supply chain that is committed vis-à-vis the local community;
- Continuing to purchase local products for as many raw materials as possible, furthering the growth of local suppliers;
- Working with suppliers to identify and mitigate inherent social and environmental risks.

**PEOPLE**



The ItalcCer Group recognises People as a priority, in the knowledge that the success of the organisation belongs to the people who shape it by promoting the safety, inclusion and professional growth of employees and associates. Therefore, the Group is committed to:

- Working on talent retention and development measures, fostering the motivation and growth of employees and associates in an appealing work environment, offering on-going training at all levels;
- Promoting fair working conditions and employee welfare;
- Supporting the Universal Declaration of Human Rights;
- Ensuring safe and pleasant working environments, promoting health through the prevention of occupational hazards;
- Furthering equal opportunities and non-discrimination for all employees;
- Seeking to involve employees in company activities that aim to integrate the company's values and culture.

**SOCIETY**



The ItalcCer Group is committed to creating shared value for society by playing an active role as a generator of wealth, employment, quality services and contributing to the local communities in which it operates. Therefore, it is dedicated to:

- Encouraging the involvement of Group workers in local community development;
- Promoting voluntary activities for Group employees and social actions with non-profit organisations;
- Promoting the social development of the communities in which the Group operates and the employability, diversity and inclusion of groups at risk of exclusion.

**ITALCER GROUP'S CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS**

The Italcera Group is committed to creating sustainable and lasting value in order to generate a positive impact on society and the environment. To achieve its impact objectives, numerous actions are set in motion throughout the Group by means of the implementation of specific Plans and Procedures, thanks to which it contributes towards the achievement of a number of the **UN Sustainable Development Goals**.

In particular, the Italcera Group with its business contributes to the achievement of 5 of the 17 goals, for each of which it has implemented actions and processes to make the Group an active promoter of ESG issues both within and outside its business context:

- **SDG 3: Health and well-being;**
- **SDG 6: Clean water and sanitation**
- **SDG 8: Decent work and economic growth**
- **SDG 9: Industry, innovation and infrastructure**
- **SDG 12: Responsible consumption and production.**

The 17 Sustainable Development Goals and their 169 associated targets form the vital core of the 2030 Agenda, the Programme of Action for People, Planet and Prosperity signed in September 2015 by the governments of the 193 UN member countries.

These goals take into account the three dimensions of sustainable development, i.e. economic, social and environmental, in a balanced manner and are aimed at ending poverty, promoting social and economic development, and combating inequality and climate change.

The SDGs are **universal in scope** and all countries are called upon to contribute to their achievement, according to their capacities, in the effort to put the world on a sustainable path, no longer distinguishing between developed, emerging and developing countries. Furthermore, the SDGs **envisage the active involvement of organisations, institutions, businesses and the entire community in general**, calling on all parties to implement tangible action to achieve one or more of the sustainable development goals.

Using the UN organisation's definition, *"sustainable development is the satisfaction of the needs of the present generation without compromising the ability of future generations to realise their own"*, we believe it is essential to combine three fundamental elements: economic growth, social inclusion and environmental protection.

SDGs	Italcera's commitment
Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> <li>• Innovation of ceramic production processes based on strict quality standards;</li> <li>• Development of ADVANCE®, antiviral, antibacterial and anti-pollution technology.</li> </ul> 
Ensure the availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> <li>• Optimisation of water management processes;                             <ul style="list-style-type: none"> <li>• Total recycling of water used;</li> </ul> </li> <li>• Minimise the release of chemicals and hazardous materials.</li> </ul> 
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>• Creation and promotion of stable and decent employment,</li> <li>• Protection of workers' rights through the promotion of safe and secure working environments</li> <li>• Adoption of a policy for suppliers and customers</li> </ul> 
Build resilient infrastructure and promote innovation and fair, responsible and sustainable industrialisation	<ul style="list-style-type: none"> <li>• Creation of innovative materials and high-performance technologies;</li> <li>• Adoption and development of environmentally friendly technologies.</li> </ul> 
Ensure sustainable production and consumption patterns	<ul style="list-style-type: none"> <li>• Publication of a 20-25 Environmental Declaration;                             <ul style="list-style-type: none"> <li>• Use of recycled materials in production processes;</li> </ul> </li> <li>• Adoption of policies to reduce waste generation through re-use and recycling.</li> </ul> 

## SUSTAINABILITY GOVERNANCE

The **Board of Directors of the Parent Company Italcere S.p.A.** is responsible for defining and approving actions to meet and achieve the commitments and priorities defined in the ESG policy, as well as the periodic monitoring of performance indicators for each line of action.

Accordingly, the Board of Directors is specifically assigned the following functions:

- The review of the Group's corporate responsibility policy, ensuring that it is aimed at value creation;
- Monitoring corporate social responsibility practices and assessing the degree of compliance;
- The supervision and evaluation of processes in relation to different stakeholders.

Italcere Group's commitment to ESG issues in 2022 was also confirmed by the establishment of a **Working Group** exclusively dedicated to sustainability-related activities, which includes employees from the HSE, Finance, Quality, HR and Legal departments.

The appointment of an **Audit, Risk and Sustainability Committee** was also set as a goal for 2023, partly made up of independent directors, which will ensure that the organisation operates ethically and responsibly.

## THE GROUP'S STAKEHOLDERS

GRI 2-29

Over the years, the Italcere Group has built and established active and constant dialogue with its internal and external stakeholders, based on the values of honesty, trust and consensus. Being an integral part of the area and the environment in which it operates, the Group recognises that the expectations and requests of its main stakeholders are a necessary element in contributing to the creation of large-scale positive impacts.

Involving its stakeholders means making it possible to combine business objectives with the socio-economic development of areas and communities, building strong and positive relationships to achieve sustainable and lasting results.

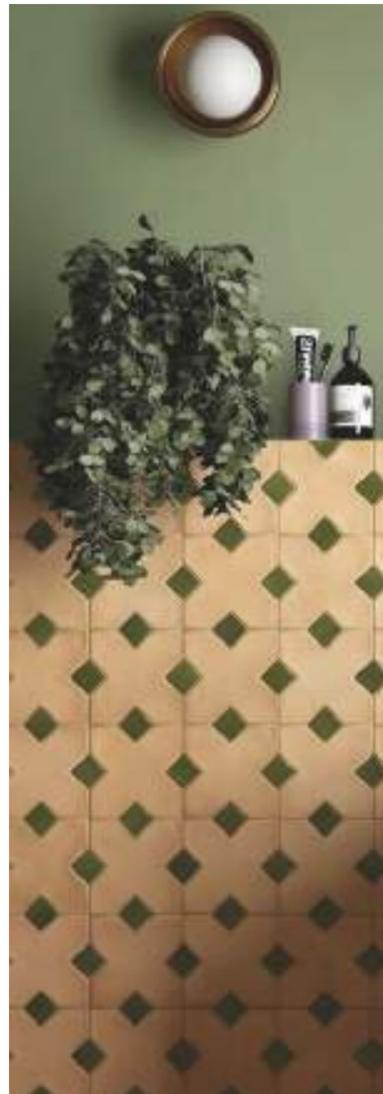
By means of a process of constant feedback and discussion, the Italcere Group has the opportunity to assess the extent to which it is understanding and satisfying the expectations and interests of its stakeholders and, consequently, to identify areas in which to increase its commitment and those in which to continue with the approach already adopted. The premises on which this dialogue is based are:

- **the identification of the key stakeholders with whom to deal on a regular basis:** in this regard, the stakeholder map was established by means of internal surveys with the company structures in charge of the daily management of relations with the respective stakeholder categories;
- **the definition of the most appropriate methods for stakeholder engagement:** stakeholder relations that occur internally use channels such as daily reports from the Group's sales offices, the human resources portal, local and national press releases and articles, and recurring meetings with employee representatives, in addition to the shareholders' meeting and periodic meetings with management that works in close contact with Italcere's direct and indirect investors and shareholders.

The Group's commitment to making external communication channels easily usable and accessible is constant, using comprehensible and transparent communication.

In addition, the Group is a member of associations such as **Confindustria Ceramica** (Italy) and **ASCER - Asociación Española De Fabricantes De Azulejos Y Pavimentos Cerámicos** (Spain) and participates in numerous national and international events and trade fairs.

Stakeholders	Italcere Group	Internal Engagement Channels	External Engagement Channels
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>• Retailers</li> <li>• Contractors</li> <li>• Direct customers</li> <li>• Construction companies</li> <li>• Professional design and architecture studios</li> <li>• Other Italcere Group companies</li> </ul>	<ul style="list-style-type: none"> <li>• Organised visits to Group offices, facilities and showrooms</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in events and trade fairs</li> <li>• Newsletters</li> </ul>
<b>SUPPLIERS</b>	<ul style="list-style-type: none"> <li>• Raw material suppliers</li> <li>• Suppliers of other materials</li> <li>• Suppliers of services</li> <li>• Other Italcere Group companies</li> </ul>	<ul style="list-style-type: none"> <li>• Daily reports from the Group's sales offices</li> </ul>	<ul style="list-style-type: none"> <li>• Management area dedicated to building and developing relationships with interior designers and architects</li> </ul>
<b>EMPLOYEES/ COLLABORATORS</b>	<ul style="list-style-type: none"> <li>• Front office employees</li> <li>• Back-office employees</li> <li>• External commercial agents</li> </ul>	<ul style="list-style-type: none"> <li>• Communication through notice boards and posters at Group facilities</li> <li>• Human Resources Portal</li> </ul>	<ul style="list-style-type: none"> <li>• Webinars and on-line presentations</li> </ul>
<b>SHAREHOLDERS AND INVESTORS</b>	<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• General Shareholders' Meetings</li> <li>• Board of Directors meetings</li> <li>• Recurrent management meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Direct communications channels</li> </ul>
<b>PUBLIC ADMINISTRATION AUTHORITIES</b>	<ul style="list-style-type: none"> <li>• Regulatory bodies</li> <li>• Other public entities</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings with trade union representatives</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases</li> </ul>
<b>SECTOR AGENTS</b>	<ul style="list-style-type: none"> <li>• Sector-related associations</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration with sector-related trade associations</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in events and trade fairs</li> </ul>
<b>SOCIETY</b>	<ul style="list-style-type: none"> <li>• Local community</li> <li>• Media and opinion leaders</li> <li>• End users</li> </ul>	<ul style="list-style-type: none"> <li>• Conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Social media channels and digital campaigns</li> </ul>



GREEN BUILDING COUNCIL ITALIA



# Green Building Council Italia

The **Green Building Council Italia** (hereafter GBC Italia) is a non-profit association that brings together the most competitive companies and the most qualified Italian associations and professional communities active in the sustainable building sector. Founded in January 2008, the association's goal is to promote sustainable design and construction practices in order to reduce environmental impacts, increase profitability and improve the health and well-being of building occupants. To-date, GBC Italia promotes the transformation of the Italian construction

market through the promotion of the LEED certification system and by developing a specific rating system for the certification of historic buildings. The association's mission is to further collaboration between all sectors of the real estate and construction industry, government, academic institutions and all other stakeholders. Italcera, **a member of the Green Building Council Italia**, contributes with its products to the **LEED (Leadership in Energy and Environmental Design)** certification of buildings, thanks to the high content of certified recycilate.



**MATERIALITY ANALYSIS**

GRI 3-1, 3-2

During 2022, the Italcera Group updated its materiality analysis in order to identify the areas where the Group's activities may have the greatest impact on environmental protection, governance tools and social issues.

The analysis was carried out in line with the new reporting principles of the **GRI Universal Standards 2021**, which introduce the concept of **impact materiality**. The new standards define as material those issues that reflect the most significant impacts an organisation has or could have on the economy, environment and people, including those on human rights, as a result of the organisation's activities or business relationships.

The materiality analysis was structured according to the following steps:

1. **Understanding the business context:** an analysis of the main sector trends was carried out, as well as benchmarking activities. The main documents published by the most important international organisations on sustainability in relation to the sector in which the Italcera Group operates were analysed. This analysis made it possible to identify the relevant aspects for the company, considering its business activities and relations, the sustainability context in which the company operates and stakeholder expectations.
2. **Identification of impacts and related issues:** the positive and negative, current and potential impacts generated by the Group on the economy, environment and people have been identified, based on the analysis of internal company documents, such as the Organisation, Management and Control Model, Internal Policies and the Sustainability Reporting published in 2021, and external documents, such as the World Economic Forum's 2023 Global Risk Report and scenario analyses of the ceramic sector. Each impact was subsequently associated with a potentially material issue.
3. **Assessment of the significance of impacts:** a number of internal stakeholders, experts in ESG issues, were involved by means of a survey, during which they were asked to assess the severity and likelihood of each impact, the output of which made it possible to identify the significance of each one.
4. **Prioritisation of the most significant impacts and definition of the list of material issues:** the results obtained during the assessment phase were analysed in order to prioritise the impacts and associated issues. By means of this exercise the list of **14 material issues** for the Italcera Group was defined.



Each of the issues identified has in conclusion been reclassified within the 6 strategic guidelines and is reported on in this document.

The issues that are most relevant for the Group are as follows:

MATERIAL ISSUE	DESCRIPTION	RELATED IMPACTS	DIMENSION
Health and safety at the workplace	Encouraging a culture regarding health and safety at the workplace by means of the dissemination of behavioural policies contributes to compliance with rules and regulations in the field of prevention of accidents and occupational diseases.	<ul style="list-style-type: none"> <li>Fewer accidents and occupational injuries linked to the presence of a specific health and safety policy, which in turn generates a positive perception of safety among employees;</li> <li>Scarce compliance with health and safety regulations generates negative impacts related to the occurrence of accidents and occupational diseases such as incorrect behaviour not adequately supervised, insufficient voluntary training on health and safety issues, also affecting employee motivation.</li> </ul>	People
Development of employee skills	Promote human capital development and training initiatives through the implementation of technical and managerial training sessions in an ongoing and structured manner in order to ensure the Group's competitiveness and appeal. Implement the process for collecting data and reporting on training. Introduce tools to support the individual performance evaluation process in order to define effective personnel development programmes consistent with specific roles.	<ul style="list-style-type: none"> <li>Investing in employee training leads to an increase in skills thanks to the provision of training activities;</li> <li>Failure to update skills generates a cultural gap in the area, and the lack of predisposition to development and training activities does not help the Group in the growth and enhancement of employees.</li> </ul>	People

MATERIAL ISSUE	DESCRIPTION	RELATED IMPACTS	DIMENSION
<b>GHG emissions and climate change</b>	Further climate change mitigation strategies to reduce greenhouse gas emissions. Develop energy efficiency initiatives at operational sites and promote the use and production of energy from renewable sources.	<ul style="list-style-type: none"> <li>Environmental benefits deriving from the production and/or purchase of energy from renewable sources, from energy efficiency and thus from the reduction in GHG emissions;</li> <li>Direct or indirect Greenhouse Gas emissions from the company's activities can affect the development of its local area and generate long-term adverse climatic conditions, even generating adverse events and potential natural disasters.</li> </ul>	Environment
<b>Financial transparency</b>	Ensure high standards of transparency with regard to the publication of financial information and make it easily accessible to all stakeholders.	<ul style="list-style-type: none"> <li>A transparent corporate system that complies with regulatory obligations increases value for the community;</li> <li>Economic damage to local communities and the state tax authorities caused by increased pressure on public debt, with reputational repercussions resulting from a lack of transparency.</li> </ul>	Governance
<b>Privacy &amp; Cybersecurity</b>	Ensure that the information and data of customers, employees, suppliers and anyone connected in any way to Italcera Group's activities are protected from unauthorised or accidental changes, as well as from loss and disclosure, by means of appropriate IT systems. Clearly identify security procedures, principles and objectives in line with the risk appetite defined by the company.	<ul style="list-style-type: none"> <li>Inadequate maintenance of infrastructures and/or unavailability of IT systems, relating to services and transport, can generate inconveniences for customers and suppliers. Cyberattacks by cyber criminals generate negative impacts on business continuity, asset functionality and the protection of sensitive data.</li> </ul>	Governance

MATERIAL ISSUE	DESCRIPTION	RELATED IMPACTS	DIMENSION
<b>Ethics, integrity and legislative compliance</b>	Carry out activities with loyalty and fairness in compliance with the law, regulations, prescriptions and corporate provisions. Adopt preventive measures and targeted policies, as well as promote partnerships that have as their objective the commitment to fight corruption and crime in general and, also, the dissemination of a corporate culture based on values of ethics and integrity.	<ul style="list-style-type: none"> <li>Responsibly select stakeholders throughout the supply chain and further and ensure compliance with environmental and social criteria;</li> <li>The publication of false declarations or unfair practices by the Group generates a strong negative impact on reputation.</li> </ul>	Governance
<b>Protection of human rights</b>	Prohibit any kind of human rights violation within the organisation's activities and especially throughout the supply chain, including - but not limited to - child labour, forced labour, modern slavery. Effectively implement appropriate procedures to ensure respect for human rights throughout the Group's supply chain, paying particular attention to the areas and countries most at risk.	<ul style="list-style-type: none"> <li>The protection of human rights generates positive impacts deriving from promoting, guaranteeing and protecting human rights throughout the Group's value chain;</li> <li>Potential reputational impacts caused by the inadequate management of workers' rights such as the use of child or forced labour by the organisation's suppliers and/or associates, which could have a negative effect on the adoption of virtuous behaviour in the local area and the community.</li> </ul>	Value Chain
<b>Economic Performances</b>	Ensure steady and sustainable economic growth that combines profit creation with positive actions and contributions to the environment, society and economic systems. The Italcera Group's economic activities are reflected in its supply chain, its employee management policies and the environment.	<ul style="list-style-type: none"> <li>It increases the value of the local area by means of the payment of taxes and royalties, as well as by investing in activities to improve the quality of life of local communities and the environment;</li> <li>Indirect negative impacts resulting from the Group's economic performance cause a decrease in profitability throughout the area in which the company operates, negatively affecting the well-being of all stakeholders.</li> </ul>	Governance

MATERIAL ISSUE	DESCRIPTION	RELATED IMPACTS	DIMENSION
<b>Product innovation and security</b>	Within the sphere of the responsible innovation approach, design systems and processes that increase the sustainability of products and production processes that make use of the best available scientific knowledge and optimise the use of raw materials, with the aim of gradually reducing the use of non-recyclable materials.	<ul style="list-style-type: none"> <li>Use high standards of product quality and safety related to the controlled and limited use of chemicals, generating a positive impact on the environment and the health and safety of customers;</li> <li>The company may incur a negative reputational and customer satisfaction impact from not meeting the highest product quality and safety standards.</li> </ul>	Product Management
<b>Local communities</b>	Promote socially valuable projects and initiatives aimed at involving local communities, strengthening integration in the local area.	<ul style="list-style-type: none"> <li>Increase employee satisfaction and social cohesion thanks to possible community-based initiatives;</li> <li>Indirect negative impacts on local communities are potentially of environmental origin, caused by the scarcity of available resources.</li> </ul>	Society
<b>Diversity &amp; inclusion</b>	Implement programmes and projects aimed at ensuring equal opportunities, equality and non-discrimination in-house. Spread and create an inclusive culture, which values all forms of diversity, listening to everyone and encouraging positive action and conduct.	<ul style="list-style-type: none"> <li>Encourage social cohesion through the implementation of programmes, initiatives and projects aimed at fostering equal opportunities and non-discrimination in-house, thus favouring the creation of a culture that values diversity and encourages positive action and conduct in the local area and the work environment;</li> <li>The lack of diversity, whether gender, academic or professional-related, could facilitate the phenomenon of groupthink and adversely affect the diversification of skills also for creative purposes.</li> </ul>	People

MATERIAL ISSUE	DESCRIPTION	RELATED IMPACTS	DIMENSION
<b>Waste management and the circular economy</b>	Responsibly manage waste and scrap resulting from the Group's activities: collect, monitor, treat and properly dispose of the waste produced in order to reduce its environmental impact.	<ul style="list-style-type: none"> <li>Implement policies and processes for correct waste management, including policies for correct disposal, recycling and recovery;</li> <li>Non-responsible scrap and waste management causes negative impacts related to the production and sending to landfills of hazardous waste, which is particularly harmful to the environment.</li> </ul>	Environment
<b>Water and management of wastewater</b>	Optimise the consumption and management of water resources in operations and adopt virtuous policies and practices that favour the responsible use of water and encourage its reuse.	<ul style="list-style-type: none"> <li>Plan and optimally manage the use of water resources, furthering initiatives aimed at reducing water consumption in production processes via plant efficiency;</li> <li>Inefficient water management indirectly increases the risk of droughts. Rising costs of raw materials, or water resources, could impact and dramatically increase the cost structure.</li> </ul>	Environment
<b>Responsible Supply chain management</b>	Manage the supply chain in a sustainable manner, furthering responsible and ethical purchasing policies, starting with the selection of suppliers, taking into account social and environmental performance. Work on a specific Code of Conduct to be submitted to suppliers for their endorsement and, eventually, define specific audit programmes to monitor their performance.	<ul style="list-style-type: none"> <li>Failure to supervise the tracking of the origin of materials throughout the supply chain or failure to consider the environmental aspects of logistics aspects;</li> <li>Failure to supervise social and environmental aspects throughout the supply chain (such as failure to respect human rights) causes negative reputational, social and environmental impacts.</li> </ul>	Value Chain

## 2

# Our Strong and Ethical Governance

## ORGANISATIONAL AND GOVERNANCE STRUCTURE

GRI 2-9, 2-10, 2-11, 405-1

The governance bodies of the parent company Italcerc S.p.A. represent the core of the Group's strategic decisions, and ensure that **ethics, integrity and accountability** are the principles by means of which these decisions are adopted.

The General shareholders' meeting, the Board of Directors and the Board of Statutory Auditors are also responsible for ensuring that the company's financial and ESG disclosures are made **transparently**, and guarantee the pursuit of **sustainable economic performance**.

### The General Shareholders' Meeting

The shareholders' meeting, in which the indirect shareholders also participate by way of audience, in addition to its statutory functions, approves the Group's governance framework and empowers the Board of Directors for implementation. It also oversees that the adopted sustainability vision is understood, developed and in line with the Group's values.

As at 31 December 2022, the main shareholders of Italcerc S.p.A. are: Italfloor S.p.A., which holds 58.36% of the share capital, Decotile Invest S.L., which holds 31.23% of the share capital and V-2 Investors & Participationis S.L., which holds 10.41% of the share capital.

### The Board of Directors

The Board of Directors, in carrying out its activities, sees to the ordinary and extraordinary management of the company and defines the strategic guidelines, the evaluation of the adequacy of the organisational, administrative and accounting structure and the general assessment of the management performance.

The Board of Directors has the power to delegate its general powers to executive committees or to one or more chief executive officers, determining their powers.

Italcerc S.p.A.'s Board was appointed by the Company's ordinary shareholders' meeting held on 3 March 2021 for a period of three financial years, until the approval of the financial statements as at 31 December 2023. It should be noted that the Chairman of the Board does not hold any other position within the company.

The Board of Directors currently consists of seven directors:

Position	First name and last name
Chairman	Stanca Lorenzo
Chief Executive Officer	Verdi Graziano
Independent director	Prodi Giorgio
Director	Forchielli Alberto
Director	Jordi Alegre Sala representing Miura Consulting Services, S.L.
Director	Ignacio Moro Soucheiron, representing Miura Advisory Services III, S.L.
Director	Rogelio Vila Ubeda, representing V-2 Investors & Participationis, S.L.

Composition of the Board of Directors of Italcerc by gender	n°	%
Men	7	100 %

Composition of the Board of Directors of Italcerc by age	n°	%
> 50	5	71 %
30 - 50	2	29 %

**ORGANISATIONAL AND GOVERNANCE STRUCTURE**

**The Board of Statutory Auditors**

The Board of Statutory Auditors has the task of auditing and monitoring the activities concerning the company, compliance with regulations, the clarity and completeness of data and supervision of the correct administration.

Currently, there are five members:

- **Giovanni Taliento**, Chairman of the Board and statutory auditor;
- **Maurizio Baldassarini**, statutory auditor;
- **Giuseppe Fiorella**, statutory auditor;
- **Raffaello Taliento**, alternate auditor;
- **Raffaele Fiorella**, alternate auditor.



GRI 2-15, 2-26

**CODE OF ETHICS**

The Parent Company Italcir S.p.A. has adopted its own **Code of Ethics**, drawn up in compliance with the reporting obligations of the Management and Control Organisational Model pursuant to Italian Legislative Decree No. 231/2001 concerning the administrative liability of legal entities, companies and associations. In addition, Italcir's Code of Ethics has been extended to all companies within the Group.

The structure of the Code consists of a General Part, in which the Company's profile, the reference legislation, the Regulations of the Supervisory Body, the disciplinary system and the measures to be adopted for the related training, dissemination, as well as for amendments and updating are illustrated.

The second part of the document includes provisions on the general principles adopted by the Company, such as the procedures for selecting suppliers and customers, the commitment to comply with the law, the protection of privacy, and whistleblowing procedures.

Matters relating to the emergence of conflicts of interest in senior management bodies are governed by the Company's Articles of Association, which explicitly set out the procedures to be followed, including the forfeiture of voting rights at shareholders' meetings for potentially exposed parties.

The **general principles** guiding the Group's activities are:



**LEGALITY**

Comply with all laws and regulations applicable to the Company's activities, in each country where it operates, ensuring ethical and responsible behaviour.



**LOYALTY AND FAIRNESS**

Act fairly and loyally towards all stakeholders, creating lasting relationships based on transparency and mutual trust.



**IMPARTIALITY AND EQUAL OPPORTUNITIES**

Ensure equality of opportunity for all employees, without any discrimination based on race, age, gender, religion or sexual orientation.



**DILIGENCE, PROFESSIONALISM AND EFFICIENCY**

Work with diligence, professionalism and efficiency to ensure maximum value for stakeholders.



**TRANSPARENCY**

Provide clear and verifiable information on products, processes and activities to enable all stakeholders to make informed decisions.



**SAFETY AT WORK**

Create a safe and healthy working environment for all employees, and protecting their health and well-being.



**ENVIRONMENTAL PROTECTION**

Reduce the environmental impact of activities and products by adopting sustainable and responsible practices to preserve natural resources for future generations.



**CONFLICT OF INTEREST**

Avoid situations of conflict of interest that may compromise its independence and integrity.



**CONFIDENTIALITY OF INFORMATION**

Respect the confidentiality, integrity and truthfulness of all information, documents and public or private systems, whenever they belong to.

# Ethics and integrity of the Italcir Group

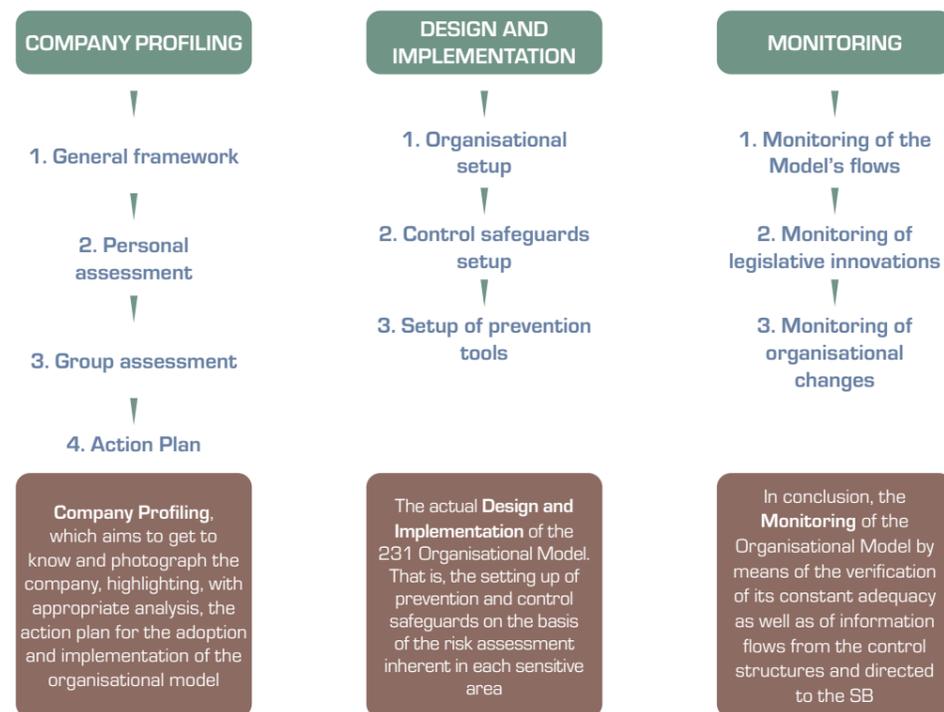


**MANAGEMENT AND CONTROL ORGANISATIONAL MODEL**

GRI 3-3, 205-2, 205-3

In compliance with Italian Legislative Decree No. 231/2001, Italc S.p.A. has adopted a **Management and Control Organisational Model (MOG)** and nominated a **Supervisory Body (SB)**, which has the task of supervising compliance with the provisions of the 231 Model and the Code of Ethics and monitoring the offence prevention system.

THE DESIGN AND IMPLEMENTATION OF THE ORGANISATIONAL MODEL WAS CHARACTERISED BY THREE DISTINCT BUT CONNECTED ACTIVITIES:



Italc S.p.A.'s MOG depends on a repository of documents and related processes, designed to prevent and control the commission of the offences set out in Italian Legislative Decree No. 231/2001. This repository allows the model to be constantly updated and in line with corporate and regulatory changes.

A necessary and integral part of the MOG, for the purposes of assessing its effectiveness and suitability, is the **Disciplinary Code** - approved by the Board of Directors and the Board of Statutory Auditors - which identifies the sanctions and conduct that may facilitate the commission of the offences indicated in Italian Legislative Decree No. 231/2001.

It is the same Article 6 of the Decree which, in listing the elements that must be found within the Models prepared by the company, under letter e) expressly envisages that the company has the duty to "introduce a disciplinary system capable of disciplining non-compliance with the measures indicated by the model".

Italc S.p.A. has therefore set up a specific disciplinary system, aimed at punishing all those forms of conduct that constitute violations of the Model. In the event that the conduct to be censured constitutes a type of offence covered in accordance with Italian Legislative Decree No. 231/2001, the application of sanctions is irrespective of the initiation and outcome of the related criminal proceedings launched by the Judicial Authorities.

Furthermore, in order to raise awareness among its employees on issues of ethics, integrity and regulatory compliance, the Company has furthered dedicated training activities. In fact, during 2022 and 2021, Italc S.p.A. involved its employees and members of the governing bodies in specific courses on its **anti-corruption** procedures and policies. During the year, the Corporate & Compliance area also saw the introduction of the Group Internal Audit unit, which is responsible for verifying the correct implementation of corporate procedures and processes, as well as the adequacy of the organisation's internal controls, aimed at the correct management of corporate risks.

Employees who have received anti-corruption training are broken down in the following table:

Number of employees to whom the organisation's anti-corruption policies and procedures have been communicated and who have received anti-corruption training	UM	2022	2021
<b>Executives</b>	n°	13	3
Men	n°	12	2
Women	n°	1	1
<b>Middle Managers</b>	n°	21	0
Men	n°	15	0
Women	n°	6	0
<b>Office workers</b>	n°	69	0
Men	n°	22	0
Women	n°	47	0
<b>Blue-collar workers</b>	n°	0	0
Men	n°	0	0
Women	n°	0	0
<b>Total</b>	n°	103	3
Men	n°	49	2
Women	n°	54	1

Percentage of employees to whom the organisation's anti-corruption policies and procedures have been communicated and who have received anti-corruption training	UM	2022	2021
<b>Executives</b>	%	44,8%	11,5%
Men	%	41,4%	7,7%
Women	%	3%	3,8%
<b>Middle Managers</b>	%	50,0%	-
Men	%	35,7%	-
Women	%	14,3%	-
<b>Office workers</b>	%	19,7%	-
Men	%	6,3%	-
Women	%	13,4%	-
<b>Blue-collar workers</b>	%	-	-
Men	%	-	-
Women	%	-	-
<b>Total</b>	%	9,7%	0,4%
Men	%	4,6%	0,2%
Women	%	5,1%	0,1%

In conclusion, as envisaged by the 231 Model, training sessions are held periodically for Top Management and all employees on business ethics. In fact, it is disclosed that currently three of the directors and managers have attended training courses on this subject.

Thanks also to such action, it is with pride that the Group can state that during 2022 **there were no ascertained incidents of corruption**, neither with regard to internal proceedings with employees, nor with regard to any incidents with external suppliers and partners.

## 3

## Remuneration policies and procedures

## REMUNERATION POLICIES AND PROCEDURES

GRI 2-19, 2-20, 2-21

The aim of the Group's Remuneration Policy for top management is to **attract, motivate and retain resources** possessing the professional qualities necessary to achieve corporate objectives. The Policy is also fundamental in aligning the interests of management and shareholders, through the creation of a link between remuneration and individual performance. In conclusion, it aims at the creation of sustainable value over the medium-long term for the Italcera Group and shareholders, and at ensuring that remuneration is based on results actually achieved.

First level Executives with strategic responsibilities are remunerated with **fixed remuneration and variable remuneration**, subject to the achievement of predetermined business objectives (**MBO - Management by Objectives**). The payment of short-term variable remuneration is subject to the level of achievement of specific Group performance objectives, objectively measurable and correlated to the targets established in the budget, determined annually by the Chief Executive Officer, with the support of the HR Department. Moreover, a maximum amount of the variable component is established with respect to the gross annual fixed component. The adequacy of the targets is defined by the CEO with the support of the HR Director.

To-date, the ratio between the remuneration of the highest paid person in the organisation and the average annual remuneration of all employees is **11.651**.



## RISK MANAGEMENT

The Italcere Group performs periodic analyses concerning the context in which it operates and the activities it carries out, in order to recognise the potential risks to which it is exposed, define a solid prevention structure and implement a strategy to mitigate them.

By following its **Integrated Management System (IMS)**, the Group manages risks and opportunities from a global perspective and encourages improvement processes in respect of all stakeholders. The system focuses mainly on three key aspects:

- **Attention to customers and their needs:** anticipating and understanding the needs of its customers, both retail and business-to-business, and responding to their expectations;
- **The central nature of the Person:** adopting voluntary standards in the field of safety in the workplace to focus on people and their families, in order to aim for an increasingly better quality of work;
- **Respect for the environment and sustainability:** implementing environmental and energy management systems that govern and control the improvement of environmental performance and the use of non-renewable resources. This ensures sustainability for the business over the long term, but above all else is a contribution to the development and protection of the contexts in which the Group operates.

## PRIVACY & CYBERSECURITY

GRI 3-3

In "The Global Risks Report 2023", compiled by the World Economic Forum, the spread of cybercrime and cybersecurity are among the top ten global risks to be managed. The risks companies may face are both of social nature, related to the disclosure of employees' personal data, and economic due to the global increase in cyber-attacks, which present organisations with the challenge of constantly developing, implementing and reviewing security strategies.

By virtue of this, data management is a cross-cutting issue for the Group and a mutual commitment of all employees and stakeholders is necessary to prevent actions that may harm them and the organisation in general. In light of these considerations, the Italcere Group acts in line with the European Union's **General Data Protection Regulation (GDPR) No. 2016/679**. In order to be compliant with the GDPR, the company satisfies the various privacy and cyber security requirements, such as obtaining consent for the collection and processing of data, protection of personal data, consent for users to manage and exercise their rights and the reporting of data breaches. Furthermore, the Italcere Group has developed a specific policy on relations with suppliers and customers. This policy establishes the procedures for the collection, storage and use of personal data of suppliers and customers, guaranteeing maximum protection of privacy and data security. Furthermore, the Italcere Group is committed to ensuring compliance with all relevant laws and regulations relating to the protection of personal data.

In conclusion, in order to avoid cyberattacks and possible data breaches, Italcere S.p.A. has carried out an assessment of the vulnerability of its infrastructure, as well as a penetration test, as a result of which a remediation plan has been drawn up and is currently being implemented. The Group has organised ad hoc training courses and launched awareness-raising campaigns for its personnel, aimed at creating awareness of the cyber risks that each individual user may come across.



## 4

## Safeguarding the Environment



The Italcere Group cares about minimising the negative effects of its activities on the environment; therefore, it carries out constant checks to monitor the effect and impact of its activities with a view to constantly improving its performance and adopts a series of policies to reduce the environmental impact of its products and the pressure on the extraction of raw materials.

The Italcere Group's commitment to safeguarding the environment is achieved by means of the use of natural, recyclable and renewable materials, increased use of renewable energy, energy efficiency actions and the correct management of water resources. Furthermore, the Group is committed to reducing greenhouse gas emissions through the use of low environmental impact technologies and practices, in order to prevent, mitigate and respond promptly to the effects of climate change.

#### 2023 - 2025 IMPROVEMENT PROGRAMME: THE FUTURE OBJECTIVES

The Italcere Group can claim to have achieved some important objectives that it had set itself by means of the **2020-2022 Improvement Programme**, in order to manage the challenges laid down by the market and the environment and begin to design its sustainability strategy. Five objectives had been identified in the Programme, which can be described through the management of hazardous substances, energy efficiency, eco-sustainable product design, reduction of the amount of ceramic waste conferred to third parties, and the extension of the Quality, Safety, Health and Environment (QSHE) Management System to the facilities to be acquired after 2020. In order to achieve the objectives, various investments have been made in relation to these areas.

Following the success of the 2020-2022 Improvement Programme, the Group has decided to continue the initiative, not only to create value for its stakeholders over the medium to long term, but also to pursue the achievement of its ESG objectives, updating and modifying them over time. The company's goal is to create an integrated approach that benefits responsibility and maximisation of the business value.

The new **2023 - 2025 Improvement Programme** includes four key objectives for the company, including:

1. **Covering electricity needs from renewable sources;**
2. **Energy efficiency;**
3. **Introduction of electric mobility in vehicles;**
4. **Management of hazardous substances.**

Specifically, the following action has been undertaken:

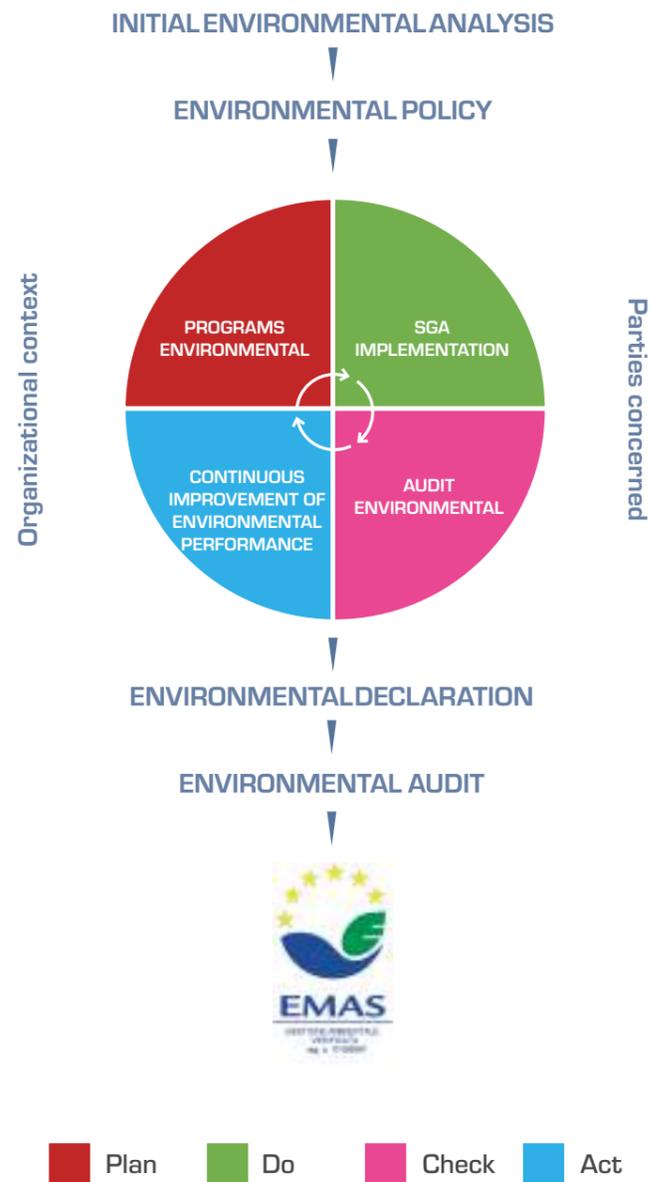
- **Covering electricity needs from renewable sources and energy efficiency:** installation of a **photovoltaic** system (Rubiera) to cover the consumption of the warehouses and the production site, satisfying more than 30% of energy needs. In the three-year period 2023/2025, further projects will be launched to install photovoltaic systems on all the roofs of the Group's buildings. In addition, a technical and economic assessment will be launched for the installation of cogeneration plants (Marano and Fiorano), with the aim of guaranteeing an electricity coverage of more than 70% for the site;
- **Introduction of electric mobility:** installation of electric columns for recharging cars and gradual inclusion of electric mobility in the car fleet.
- **Management of hazardous substances (asbestos):** in continuity with the 2020-2022 Improvement Plan, Italcere intends to proceed with the management and removal of hazardous substances. At present, the decision has been made to clean up 100% of the roofs of the Fiorano Modenese and Castel Bolognese factories, removing the asbestos present.
- **Research and innovation:** In 2023, a new firing kiln was also installed at the Fiorano factory capable of working with a fuel mixture containing up to 50% hydrogen, which can be used once it is available and could allow an annual saving of about 1.5 million cubic metres of gas consumed, corresponding to about 3,000 tonnes of CO<sub>2</sub> avoided.

**ENVIRONMENTAL MANAGEMENT SYSTEM**

The Italcera Group has adopted an **Environmental Management System**, with the aim of creating operational tools to monitor the impacts on the environment created by the company's activities, by means of the definition of an **Environmental Policy**, the identification of objectives and the monitoring of their achievement.

For all activities with a potential impact on the environment, identified by means of the initial environmental analysis and periodically reviewed, special procedures and instructions are defined that provide the personnel concerned with operational methods to control the impact.

Reliable indicators are prepared for the main processes in order to implement appropriate monitoring and measurement programmes. The system implemented makes it possible, starting from the trend indicators identified, to identify potential areas for improvement in order to avoid the occurrence of undesirable impacts, also ensuring that any improvement is documented, verified and evaluated. The Environmental Management System is periodically reviewed in order to assess its effectiveness and ongoing improvement.



The environmental aspects covered by the Environmental Management System are as follows:

Aspects covered by the corporate management system
The use of natural mineral resources
The origin of mineral raw materials
Water consumption
Energy consumption
Process water discharges
Atmospheric emissions originating from the production cycle
Waste generation
Noise emissions in the workplace
External noise emissions
The presence of hazardous substances in glazes and product design
The presence of asbestos, PCBs, ozone-depleting substances and hazardous situations for the soil and subsoil
The vehicular traffic induced by the logistical processes for raw material and finished product handling
The visual impact of the facility
The indirect environmental aspects

In addition to the Environmental Management System, the Italcera Group, in compliance with current legislative and in order to mitigate the impact of climate change, has equipped itself with an **Emergency Plan** that also includes the handling of natural emergencies (fire, spills) as well as other emergencies related to extraordinary events (e.g. earthquakes, floods). In addition, potential emergency situations have been identified due to possible spills of hazardous products (enamels, oily substances), for which response procedures have been established and a team of emergency responders trained.



**CERTIFICATIONS**

To-date the Group has the following environmental certifications:

ENVIRONMENTAL CERTIFICATION							
	ITALCER GROUP	Devon&Devon	FONDOVALLE	EQUIPE	LA FABBRICA AVA	CERAMICA Rondine	ELIOS CERAMICA
ISO 9001	●		●		●	●	●
ISO 14001	●				●	●	●
ISO 45001	●					●	●
ISO 50001	●					●	
VOC	●		●		●	●	●
GBC U.S.	●			●			
GBC ESP				●			
GBC ITALY	●					●	●
EPD	●		●	●	●	●	●

In 2022, Italcer, with its Rubiera facility, took part in Certiquality's pilot project to verify compliance with the new ISO17889-1 standard on the sustainability of ceramics and received a certificate of conformity from the Body with a score of 126/130, an assessment rating based on 38 criteria divided up between environmental, social and economic aspects. This is the first international standard to assess product sustainability performance and communicate its level of sustainability, providing design professionals, contractors and consumers with a verifiable resource to identify sustainable ceramics. A further step to guide all stakeholders in environmental responsibility throughout the supply chain.

**TACKLING CLIMATE CHANGE**

GRI 3-3

Being responsible and aware of the ongoing climate challenges, as well as conscious of the consequent need to act to counter them, the Italcer Group has developed corporate strategies to mitigate its environmental impacts, focusing mainly on energy, both consumed and produced.

Specifically, over the next few years, the Italcer Group will strive to **optimise energy consumption** by means of careful monitoring and identification of possible ways to rationalise processes and plants, as well as the identification of opportunities to use renewable sources, and to reduce and contain emissions of air pollutants and odour emissions, caused in recent years by odours generated by the use of raw materials for digital printing. The Italcer plant in Rubiera has already equipped itself with a thermal afterburner, capable of abating odours coming from the facility, minimising possible impacts on neighbouring areas and communities.

In order to communicate environmental performance, for the Rubiera, Fiorano Modenese, Vetto D'Enza and Castel Bolognese facilities, the Group has drawn up the **2023/2025 Environmental Declaration**<sup>1</sup>. In particular, the document aims to:

- set **strategic objectives**;
- **monitor plant consumption and CO<sub>2</sub> emissions through specific KPIs**;
- **identify any gaps** and implement effective corrective actions.



<sup>1</sup> Fondovalle is not at present included since the acquisition of the same took place in October 2022.

## ENERGY CONSUMPTION

GRI 203-1, 203-2, 302-4, 302-1

The ceramics industry is a highly energy-intensive production activity due to the combustion of fossil fuels for energy production and the production of chemical processes. Energy consumption, in fact, is the Italcera Group's main source of emissions, which is why most of the Group's ESG commitments are aimed at reducing and making efficient the use of energy throughout the production processes.

Direct energy consumption				
Direct energy consumption (offices and headquarters)	UM	2022	2021	2020
Natural gas	GJ	2.211.791,13	2.007.532,61	1.303.051,16
LPG	GJ	18.690,40	-	-
Propane gas	GJ	4.405,03	4.405,03	-
Direct energy consumption (company vehicles)	UM	2022	2021	2020
Diesel	GJ	18.394,39	16.370,24	9.788,61
Electricity (photovoltaic)	GJ	1.988,24	-	-
<b>Total direct energy consumption<sup>2</sup></b>	<b>GJ</b>	<b>2.255.269,18</b>	<b>2.028.307,88</b>	<b>1.312.839,77</b>
<i>Direct energy consumption over materials produced by the Group<sup>3</sup></i>	<i>GJ/m<sup>2</sup></i>	<i>0,1106</i>	<i>0,1162</i>	<i>0,1335</i>

Indirect energy consumption (energy purchased)	UM	2022	2021	2020
Electricity (a)	GJ	188.070,60	222.894,43	141.577,28
<i>Direct energy consumption over materials produced by the Group</i>	<i>GJ/m<sup>2</sup></i>	<i>0,0092</i>	<i>0,0128</i>	<i>0,0144</i>

Self-generated electricity	UM	2022	2021	2020
Electricity (b)	GJ	90.148,70	20.360,36	11.962,78
<i>Of which from co-generation</i>	<i>GJ</i>	<i>90.119,04</i>	<i>20.336,79</i>	<i>11.947,21</i>
<i>Of which from photovoltaic</i>	<i>GJ</i>	<i>29,66</i>	<i>23,57</i>	<i>15,57</i>
<b>Total electricity consumed (a+b)</b>	<b>GJ</b>	<b>278.219,30</b>	<b>243.254,79</b>	<b>153.540,06</b>
Heat recovered from co-generation in the atomisation process	GJ	51.083,79	-	-
<b>Total heat recovered through self-generated electricity</b>	<b>GJ</b>	<b>51.083,79</b>	<b>-</b>	<b>-</b>

Based on the recommendations of the global scientific community, the Italcera Group has developed its own corporate strategy consisting of **maximising efficiency** in the use of energy, reducing consumption throughout the production cycle and investing in the purchase and production of energy from **renewable sources**. As shown in the table above, there was an increase in energy consumption in 2022, which can, however, be explained in light of the numerous company acquisitions that have increased the size of the Italcera Group in recent years.

Electricity is purchased solely from domestic suppliers and the amount of energy consumed that comes from renewable sources is **32,4%**.

Furthermore, over **Euro 7.2 million** was invested at Group level in 2022 to build cogeneration and photovoltaic plants, for a total of more than **7.5 MW** installed in total, of which **3,420 kWp<sup>4</sup>** for photovoltaic plants and **4,120 KW** for cogeneration plants.

<sup>2</sup> To-date, although the Group has recorded an increase in energy consumption, this is due to the various acquisitions in recent years by the Italcera Group.

<sup>3</sup> The reference m<sup>2</sup> for calculating the index are given in the table on pg 78.

<sup>4</sup> kWp: kilowatt peak.

The Rubiera plant is equipped with a 1,200 kWp photovoltaic plant for a potential annual production of about 1,350 MWh, currently being completed with start-up scheduled for the first half of 2023. In the Vetto D'Enza plant, on the other hand, there is a 456 kWp photovoltaic plant for a potential annual production of about 500 MWh, currently being completed with start-up scheduled for the first half of 2023. These plants will indirectly avoid the emission of over 500 tons of CO<sub>2</sub> into the atmosphere<sup>5</sup>.

The 1,000 kW cogeneration plant for the production of electricity and heat recovery in the production cycle at the Vetto site was completed in 2022.

The construction of these plants has allowed the Group to achieve important objectives, such as reducing the consumption of primary energy fuel, reducing the emissions of pollutants caused by thermoelectric energy production, thereby reducing the environmental impact of thermoelectric energy production, and in conclusion, reducing transmission losses due to energy distribution and transport.

A 2 MWe cogeneration plant is installed at the Castel Bolognese site for the self-production of electricity and heat recovery in the production process.

**Thermal consumption** is determined by the facilities connected to the **natural gas** distribution network, the only fuel source used. The main plants that use methane are the dryers and kilns, which, due to their very nature, are always in operation even if there is no production.

In 2022, the Group replaced the old clay handling vehicles with new generation vehicles. The new vehicles, thanks to new anti-pollution technologies such as particulate filters and urea additives, will reduce fuel consumption by approximately 15% each year (16,800 litres/year). In addition, the Italcera Group will include electric cars in its company car fleet to replace diesel or petrol vehicles.

Specific electricity consumption	UM	2022	2021	2020
Rubiera	GJ/ton	0,48	0,48	0,51
Vetto	GJ/ton	0,38	0,50	0,51
Fiorano	GJ/ton	0,63	0,59	0,63
Castel Bolognese	GJ/ton	0,34	0,35	0,32

Specific gas consumption	UM	2022	2021	2020
Rubiera	GJ/ton	2,60	2,65	2,82
Vetto	GJ/ton	2,94	2,84	3,02
Fiorano	GJ/ton	3,28	3,19	3,22
Castel Bolognese	GJ/ton	5,43	5,49	4,11

Specific total consumption (electric + gas)	UM	2022	2021	2020
Rubiera	GJ/ton	3,08	3,13	3,33
Vetto	GJ/ton	3,32	3,34	3,53
Fiorano	GJ/ton	3,91	3,78	3,85
<b>BAT ( Best Available Technologies)</b>		<b>4 GJ/ton</b>		
Castel Bolognese	GJ/ton	5,77	5,84	4,43
<b>BAT ( Best Available Technologies)</b>		<b>6,5 GJ/ton</b>		

<sup>5</sup> Source of conversion factor kWh/tonCO<sub>2</sub>eq - ISPRA Report, Emission factors for electricity production and consumption in Italy 2021, Table 2.25.

<sup>6</sup> Data from "Dichiarazione ambientale" 2023 - 2025 Italcera S.p.A.

## EMISSIONS

GRI 305-1, 305-2

The environmental impacts determined by atmospheric emissions are one of the most significant aspects for companies producing ceramics.

The CO<sub>2</sub> emission data illustrated below is broken down according to:

- **Scope 1: direct emissions from the production cycle** (e.g. fuel combustion, heat for heating, etc.)
- **Scope 2: indirect emissions related to the supply of electricity from the grid.**

In order to minimise risks and negative impacts, **specific monitoring** is carried out on emission points in relation to pollutants to verify compliance with the authorisation limits, and in 2022 the results of the monitoring carried out did not reveal any pollutants outside the limits.

The **main type** of pollutant is **dust produced** by the handling and processing of raw materials; the other pollutants originate from the firing processes for ceramics, which take place at high temperatures and cause the release of substances from both the raw materials and the glazes, as well as from natural gas combustion processes (fluorine, volatile organic substances and nitrogen oxides).

Direct and indirect CO <sub>2</sub> emissions	UM	2022	2021	2020
Scope 1 <sup>7</sup>	tCO <sub>2e</sub>	113.571,30	102.214,70	66.004,21
Scope 2 location based <sup>8</sup>	tCO <sub>2e</sub>	13.500,40	16.129,40	10.245
<b>Scope 1+2</b>	<b>tCO<sub>2e</sub></b>	<b>127.071,70</b>	<b>118.344,10</b>	<b>76.249,21</b>

The Group's emissions mainly derive from production activities, consumption for office operations and, to a lesser extent, from company cars and electricity purchased from third parties.

During the three-year reporting period, emissions increased in line with the Group's production capacity. In fact, when compared to the average annual production of the plants, as shown in the table below, it can be seen that the ratio of emissions to production, on the contrary, is down from **0,0078 tCO<sub>2e</sub>/Pm[m<sup>2</sup>/year] in 2020 to 0,0062 tCO<sub>2e</sub>/ Pm[m<sup>2</sup>/year] in 2022**, which is evidence of the Italcera Group's efforts to make its production cycle sustainable.

Facility/Pm [m <sup>2</sup> /anno]	UM	2022	2021	2020
Fondovalle	Pm [m <sup>2</sup> /year]	1.695.913	-	-
Castel Bolognese	Pm [m <sup>2</sup> /year]	2.772.935	2.177.868	1.268.177
Vetto	Pm [m <sup>2</sup> /year]	3.024.285	3.124.026	2.566.275
Fiorano	Pm [m <sup>2</sup> /year]	1.982.482	2.310.175	1.867.959
Rubiera	Pm [m <sup>2</sup> /year]	4.852.681	4.907.792	4.129.422
Figueroles	Pm [m <sup>2</sup> /year]	5.920.571	4.931.448	-
Onda	Pm [m <sup>2</sup> /year]	149.126	-	-
<b>Totale</b>	<b>Pm [m<sup>2</sup>/year]</b>	<b>20.397.993</b>	<b>17.451.309</b>	<b>9.831.833</b>

Energy intensity	UM	2022	2021	2020
Production ratio/scope 1	tCO <sub>2e</sub> / Pm [m <sup>2</sup> /year]	0,0056	0,0059	0,0067
Production ratio/scope 2	tCO <sub>2e</sub> / Pm [m <sup>2</sup> /year]	0,0007	0,0009	0,001
<b>Total</b>	<b>tCO<sub>2e</sub>/ Pm [m<sup>2</sup>/year]</b>	<b>0,0062</b>	<b>0,0068</b>	<b>0,0078</b>

<sup>7</sup> Note that scope 1 emissions were calculated from the consumption reported in GRI 302-1 disclosure.

<sup>8</sup> Source of conversion factor kWh/tonCO<sub>2e</sub> - ISPRA Report, Emission factors for electricity production and consumption in Italy 2021, Table 2.25.

## BIODIVERSITY

The impact on the biological diversity of the environment and soil consumption from the facilities and offices is not significant, and the Italcera Group is committed every day to implementing actions that can reduce the risk of contamination of the environment with hazardous substances, thus preserving soil biodiversity.

For example, during 2022, the Italcera Group carried out major **works to remove asbestos cement roofing** in its various production facilities. At the **Rubiera** and **Vetto D'Enza** facilities, **all asbestos roofing was completely removed** with the subsequent **installation of photovoltaic panels** and, with regard to the **Fiorano** and **Castel Bolognese** facilities, the Group's goal for 2025 is 100% asbestos removal.

The clearing and disposal of asbestos from the Rubiera and Vetto facilities has generated benefits for the community and the territory in the areas surrounding the plants, eliminating the health hazard caused by exposure to asbestos. This activity has been fundamental in safeguarding biodiversity and preserving the soil.



## WATER AND MANAGEMENT OF WASTEWATER

GRI 3-3, 303-1, 303-2, 303-3, 303-5

Water is essential in the ceramic production process as it is used both for the preparation of semi-finished products (and especially glazes) and for washing facilities and equipment. With respect to water withdrawal, it can be seen that it remained constant during 2022 and 2021, and the 41,03% increase compared to 2020 is attributable to the increased number of facilities.

Water withdrawal by source	UM	2022	2021	2020
		All areas	All areas	All areas
Groundwater	Megalitres	210.32	213.25	148.50
fresh water (< 1,000 mg/L total dissolved solids)		210.32	213.25	148.50
other types of water (> 1,000 mg/L total dissolved solids)		-	-	-
Third party water resources		27.28	17.88	3.74
fresh water (< 1,000 mg/L total dissolved solids)		27.28	17.88	3.74
other types of water (> 1,000 mg/L total dissolved solids)		-	-	-
Total water withdrawals		237.60	231.13	152.24
fresh water (< 1,000 mg/L total dissolved solids)		237.60	231.13	152.24
other types of water (> 1,000 mg/L total dissolved solids)		-	-	-

In all production facilities there are closed circuits and process water is conveyed to a chemical-physical purification plant and subsequently reused in the production departments or given to third-party companies for recovery, allowing all Italcera Group facilities not to have industrial wastewater drainage systems.

For example, for the Castel Bolognese site, which is not authorised for the discharge of industrial water, where water is a fundamental component for the production of spray-dried mixture, thanks to continuous improvements so as to lead the transition to circularity in the industry, it is possible to **reuse, recover and recycle 100% of the water used in the production process**, making the environmental impacts related to water discharges practically absent.

In addition, significant investments were made in **wastewater treatment** plants to reduce water consumption at production sites. Thanks to the Group's efficiency strategy, the water consumption of the Italian plants is as follows:

Water consumption by source	UM	2022	2021	2020
		All areas	All areas	All areas
Groundwater	Megalitres	210.32	213.25	148.50
fresh water (< 1,000 mg/L total dissolved solids)		210.32	213.25	148.50
other types of water (> 1,000 mg/L total dissolved solids)		-	-	-
Third party water resources		27.28	17.88	3.74
fresh water (< 1,000 mg/L total dissolved solids)		27.28	17.88	3.74
other types of water (> 1,000 mg/L total dissolved solids)		-	-	-
Total water withdrawals		237.60	231.13	152.24
fresh water (< 1,000 mg/L total dissolved solids)		237.60	231.13	152.24
other types of water (> 1,000 mg/L total dissolved solids)		-	-	-

## CIRCULAR ECONOMY AND WASTE MANAGEMENT

GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5, 301-2

As a result of research and development, the Italcera Group succeeds in reducing the use of natural resources and, consequently, the environmental impacts related to the extraction, transportation and management of virgin raw materials in order to mitigate the pressure on natural resources, which represents one of the most important challenges for the world economy.

Despite resource supply issues caused by geopolitical conflicts and problems arising from the global health situation, the Italcera Group has managed to achieve its goal of increasing the percentage of recycled material in its spray-dried mixture formulations to 52%.

The Group is committed to managing resources from a circular perspective, implementing **recovery, recycling and reuse processes for materials resulting from its activities**. The aim is to create a closed cycle of production and consumption, in which waste becomes a resource for new products.

The waste produced, mainly of a non-hazardous type, is delivered, in accordance with the requirements of current legislation, to authorised external companies. Over the years, the amount of ceramic waste conferred to third parties has been reduced, **switching from "waste" to "by-product" status**, thus achieving the target of gradually reducing the conferral of ceramic waste to third parties by 60%.

Below are the figures on the most characteristic wastes of the ceramic production cycle (process water treatment sludge, purified water, raw and fired ceramic scraps, grinding powders).

Waste produced by type	UM	2022	2021	2020
Hazardous	ton	199,24	190,76	158,2
Non-hazardous	ton	54.169,63	35.105,60	14.532,52
<b>Total</b>	ton	<b>54.368,87</b>	<b>35.296,36</b>	<b>14.690,72</b>

Recovered wastes	UM	2022		2021		2020	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Other recovery operations	ton	17,7	54.499,30	16	35.105,40	14,2	14.532,50
of which on site	ton	-	-	-	-	-	-
of which care of an external site	ton	17,7	54.499,30	16	35.105,40	14,2	14.532,50
<b>Total (hazardous - non-hazardous)</b>	ton	<b>17,7</b>	<b>54.499,30</b>	<b>16</b>	<b>35.105,40</b>	<b>14,2</b>	<b>14.532,50</b>
<b>Total</b>	ton	<b>54.517</b>		<b>35.121,40</b>		<b>14.546,70</b>	

Wastes for disposal	UM	2022		2021		2020	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Landfill disposal	ton	3,4	0,07	3,1	0,2	-	-
of which on site	ton	-	-	-	-	-	-
of which care of an external site	ton	3,4	0,07	3,1	0,2	-	-
Altre operazioni di smaltimento	ton	167,6	91,6	171,6	-	144	-
of which on site	ton	-	-	-	-	-	-
of which care of an external site	ton	167,6	91,6	171,6	-	144	-
<b>Total (hazardous - non-hazardous)</b>	ton	<b>171</b>	<b>91,7</b>	<b>174,7</b>	<b>0,2</b>	<b>144</b>	<b>-</b>
<b>Total</b>	ton	<b>262,7</b>		<b>174,9</b>		<b>144,04</b>	

# 5

## The Central nature of People

### CENTRALITY OF PEOPLE

GRI 2-7, 2-8, 401-1, 405-1

Within the Italcera Group, **valuing people**, their **health, well-being** and **growth** has always been a **business fundamental**. For this reason, the Group is committed to ensuring a safe, comfortable and stimulating working environment. Moreover, since its foundation, the Group has firmly believed in the diversity and inclusion of its work teams and considers it a strategic lever to achieve a learning culture, better customer understanding and improved financial results.

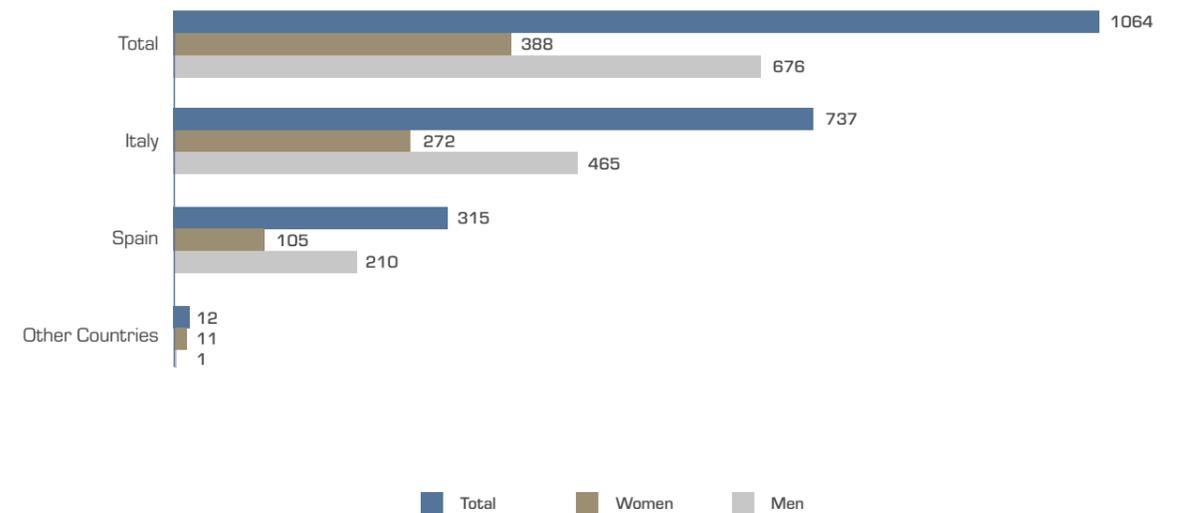
Thanks to its people, a strategic and indispensable asset, the Group is able to achieve important and ambitious goals and targets.

As at 31 December 2022, the Group had **1,064 employees**, with a growth trend throughout the entire three-year reporting period. The workforce grew by 24.3% and 86% respectively in 2021 and 2020.

Of these, 69.3% work in Italy, 29.6% are employed at the Group's two Spanish production sites and 1.1% are located in other countries.



NUMBER OF EMPLOYEES BY GEOGRAPHIC AREA AND GENDER 2022



## CENTRALITY OF PEOPLE

In terms of contract types, to-date, about **95%** of the Group's employees are employed under **open-ended contracts**.

Employees by work contract and by gender	UM	2022	2021	2020
Permanent contract	n°	1009	731	563
Men	n°	641	448	343
Women	n°	368	283	220
Fixed-term contract	n°	55	125	9
Men	n°	35	93	9
Women	n°	20	32	-
Total number of employees	n°	1064	856	572
Total men	n°	676	541	352
Total women	n°	388	315	220

Employees by work contract and by geographic area	UM	2022	2021	2020
Italy	n°	737	568	556
Permanent contract	n°	684	552	547
Fixed-term contract	n°	53	16	9
Spain	n°	315	275	-
Permanent contract	n°	313	166	-
Fixed-term contract	n°	2	109	-
Abroad	n°	12	13	16
Permanent contract	n°	12	13	16
Fixed-term contract	n°	-	-	-
Totale	n°	1064	856	572

Employees by type of employment and gender	UM	2022	2021	2020
Full-Time	n°	1036	826	544
Men	n°	674	538	349
Women	n°	362	288	195
Part-Time	n°	28	30	28
Men	n°	2	3	3
Women	n°	26	27	25
Total number of employees	n°	1064	856	572
Total men	n°	676	541	352
Total women	n°	388	315	220

External Workers by gender	UM	2022	2021	2020
Gender	n°	78	69	56
Men	n°	77	68	55
Women	n°	1	1	1

Recruitment in 2022 (excluding that deriving from the Fondovalle acquisition) amounted to **318** new employees, an **increase of 35,2%** compared to 2021. If 34,5% of the new recruits were under 30 years of age. In the same year, there were **210** leavers, with a turnover rate of 22,8% for men and 14,9% for women. Overall, despite an increase in the workforce (+24.2%), the turnover rate almost doubled compared to the previous year.

It is important to consider that the majority of Italcere Group employees are employed under full-time contracts, representing more than 97% of the total.

The Italcere Group is committed to creating programmes and opportunities to foster gender equality in its workforce and the industry in which it operates. From 2021 to 2022, there was a **23,2%** increase in the female workforce, demonstrating the Group's commitment to gender diversity. Female recruits, out of the total number of recruits, accounted for 30,1%, 26,7% and 33,2% for the years 2022, 2021 and 2020, respectively.

New recruits and turnover				
Gender	UM	2022	2021	2020
Employees hired	n°	319	236	199
Men	n°	223	173	133
Women	n°	96	63	66
Leavers	n°	212	135	76
Men	n°	154	90	51
Women	n°	58	45	25

Recruitment and turnover rate				
Age	UM	2022	2021	2020
Employees hired	n°	319	236	199
< 30	n°	110	94	26
30 - 50 (inclusive)	n°	159	114	72
> 50	n°	50	28	101
Leavers	n°	212	135	76
< 30	n°	58	20	10
30 - 50 (inclusive)	n°	95	61	31
> 50	n°	59	54	35

Rates	%	2022	2021	2020
Hiring	%	30%	27,60%	34,80%
Turnover	%	19,90%	15,80%	13,30%

## FOSTERING DIVERSITY & INCLUSION

GRI 3-3, 405-1

The Italcercer Group recognises the importance of gender diversity and supports **equal opportunities** for all employees, regardless of gender and age. The Group furthers an **inclusive working environment** that **respects the rights of all workers** and values diversity and individual differences, its **healthy** and **safe**, and where everyone feels heard and understood.

All employees are called upon to behave with the utmost professionalism and respect for the dignity of their colleagues and all those with whom they come into contact with the organisation for professional reasons. They are also encouraged to further daily understanding and cooperation with colleagues, customers and, in general, with all those with whom they come into contact in the performance of their duties.

36,5% of employees are women. Moreover, 13,4% of employees are under 30 years of age, 49,5% are between 30 and 50 years of age, and the remaining 37,1% are over 50 years of age.

Employees divided up by age and type	UM	2022	2021	2020
<b>Total employees &lt; 30</b>	%	<b>13%</b>	<b>12%</b>	<b>7%</b>
Executives	%	-	-	-
Middle Managers	%	-	-	3%
Office workers	%	41%	36%	71%
Blue-collar workers	%	59%	64%	26%
<b>Total employees 30 - 50</b>	%	<b>50%</b>	<b>51%</b>	<b>48%</b>
Executives	%	1%	1%	2%
Middle Managers	%	6%	5%	6%
Office workers	%	32%	38%	41%
Blue-collar workers	%	61%	56%	51%
<b>Total employees &gt; 50</b>	%	<b>37%</b>	<b>37%</b>	<b>45%</b>
Executives	%	6%	6%	6%
Middle Managers	%	3%	2%	2%
Office workers	%	31%	31%	32%
Blue-collar workers	%	60%	61%	61%
<b>Total</b>	%	<b>100%</b>	<b>100%</b>	<b>100%</b>

Gender	UM	2022	2021	2020
<b>Executives</b>	%	<b>3%</b>	<b>3%</b>	<b>4%</b>
Men	%	97%	96%	90%
Women	%	3%	4%	10%
<b>Middle Managers</b>	%	<b>4%</b>	<b>3%</b>	<b>4%</b>
Men	%	69%	64%	62%
Women	%	31%	36%	38%
<b>Office workers</b>	%	<b>33%</b>	<b>35%</b>	<b>39%</b>
Men	%	45%	45%	46%
Women	%	55%	55%	54%
<b>Blue-collar workers</b>	%	<b>60%</b>	<b>59%</b>	<b>53%</b>
Men	%	72%	72%	71%
Women	%	28%	28%	29%
<b>Total</b>	%	<b>100%</b>	<b>100%</b>	<b>100%</b>

Vulnerable categories	UM	2022	2021	2020
Executives	%	-	-	-
Middle Managers	%	-	-	-
Office workers	%	0,50%	0,50%	0,50%
Blue-collar workers	%	1,90%	1,60%	1,8%
<b>Total</b>	%	<b>2,40%</b>	<b>2,10%</b>	<b>2,30%</b>

## RESPECT FOR AND PROTECTION OF HUMAN RIGHTS

GRI 3-3, 406-1

The Italcercer Group is committed to ensuring respect for human rights in all business activities, believing this to be fundamental for building fair and lasting relationships with stakeholders and for the long-term success of the organisation's business.

One of the Group's core principles is impartiality. With respect to this principle, the Group intends **to avoid any kind of discrimination** on the basis of age, gender, state of health, race, political opinions, religious beliefs or other. In the Italcercer Group's internal and external relations, all operators are required to adopt the same conduct vis-à-vis their counterparts. Impartiality and non-discrimination apply to every aspect of the Italcercer Group's decisions, including the employment of its Human Resources and access to recruitment, development, promotion, training and remuneration.

The organisation encourages the reporting of conduct that does not comply with the law or ethical standards adopted by its employees and associates. In particular, it has adopted, from as early as Spring 2022, specific **whistleblowing** procedures to handle reports, guaranteeing the utmost confidentiality and protection of the persons involved, and is committed to carefully assessing the reports received and taking timely action to prevent any unlawful or non-compliant conduct with regard to rules or regulations.

The Group co-operates with suppliers and partners to ensure that they too respect human rights in their business activities, requiring them to endorse the **Code of Ethics**. Constant monitoring of suppliers' practices to ensure they comply with the standards is indeed a priority for the Group, which requires the implementation of measures to respect human rights at all times.



## WELLBEING, HEALTH AND SAFETY IN THE WORKPLACE

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-7, 403-9

The Italcere Group's fundamental responsibility is the health and safety of its employees and all those working inside and outside its plants. In fact, it is fundamental for the Group to adopt increasingly effective measures to prevent accidents at work and occupational diseases and to respond to possible emergency scenarios.

A tangible demonstration of the Group's commitment is the achievement of **ISO 45001:2018** certification for all Italcere Group plants. ISO 45001 is a standard for occupational health and safety management systems that certifies a commitment to the reduction and prevention of accidents at work and occupational diseases, including the promotion and protection of physical and mental health.



In addition, the entire Group has an **Occupational Health and Safety Management System**, which includes a specific policy and a plan for the prevention of occupational risks, putting in place effective measures and actions to prevent injuries, accidents at work and the occurrence of occupational diseases. In particular, the health and safety performance monitoring system envisages periodic audits with qualified external personnel. In addition, there are improvement plans and annual inspections by a third party. In conclusion, the Group carries out periodic operational audits in all workplaces by the Compliance Officers, which focus in particular on

the presence of dust, hazardous substances, noise, and risks related to the use of machinery and manual handling operations.

Fire extinguishers, fire doors, emergency lights, and various types of signs are available in each facility to enable all personnel and in particular the team of emergency workers to respond appropriately to the above-mentioned scenarios. The training of employees is carried out periodically, including an emergency simulation and periodic evacuation simulations for the facility involving the entire staff.

Each Group company has appointed a **Medical Officer** to manage the health surveillance of all workers. The Medical Officer has a group of professionals who support him or her in the management of legal deadlines, medical suitability and abnormal situations.

Pursuant to Italian Legislative Decree No. 81/08, the Italcere Group has established a **Prevention and Protection Service** that meets periodically for legal obligations or for any needs to be assessed. In order to facilitate worker participation and consultation in the development, implementation and evaluation of the occupational health and safety system, the Italcere Group has introduced, in compliance with regulatory obligations, annual periodic meetings with the participation of the Workers' Safety Managers (hereinafter WSM) of each site. In particular, the participation of WSMs in internal audits to monitor the performance of the management system is envisaged.

Furthermore, via the Group's whistleblowing communication channel, employees can anonymously report any dangers and inappropriate situations related to the work environment.

In order to further and encourage a culture of risk prevention, the Group raises awareness and involves employees of all roles and levels through information and training activities, especially for new recruits, and involvement in risk analyses. In fact, the Group pays particular attention to general training and specific training for all newly hired workers, fully complying with legislative indications. In addition, the Group provides specific courses on emergency management and the use of work equipment in order to ensure teams of workers assigned to these functions at all company sites to cover all work shifts.

All Group sites have also been equipped with automatic emergency defibrillators on a voluntary basis, as the type of activity carried out is not subject to a specific obligation.

In 2022, 73 accidents occurred, an increase of 73,8% compared to 2021. Of the different types, the majority (about 60%) were bruises, while injuries, sprains, stress injuries and injuries linked to cauterization accounted for 11.5%, 11.5%, 9.5% and 7.7% respectively.

With the increase in the number of employees and the various acquisitions of the Group, from 2020 to 2022, the annual hours worked by employees increased by approximately 126,7%. The increase in working hours led to an increase in the **accident frequency rate**<sup>9</sup> for the male gender, but not for the female gender.

Number of Accidents at workplace	UM	2022	2021	2020
Total	n°	73	42	27
Men	n°	60	26	18
Women	n°	13	16	9

Annual hours worked by employees				
Professional venue and gender	UM	2022	2021	2020
Italy	n°	1.201.465	961.222	749.000
Men	n°	759.049	600.661	467.278
Women	n°	442.416	360.561	281.722
Spain	n°	496.347	424.916	-
Men	n°	333.634	277.898	-
Women	n°	162.713	147.018	-
Total	n°	1.697.812	1.386.138	749.000
Men	n°	1.092.683	878.559	467.278
Woman	n°	605.129	507.579	281.722

Employee accidents at workplace rate <sup>9</sup>	2022	2021	2020
Total	43	30,3	36,05
Men	54,91	29,59	38,52
Women	21,48	31,52	31,95

### FUEL BONUS

GRI 401-2

The Italcere Group pays great attention to the well-being of its employees and is constantly looking for initiatives to support them. In fact, during 2022, in order to counter the increase in energy and fuel costs, it provided all employees located in Italy with a fuel bonus worth Euro 200 in the form of a voucher.

<sup>9</sup> The calculation of the "Rate of recordable accidents at work" is based on 1,000,000 hours worked, according to the following formula: (Total recordable accidents at work / Hours worked) \* 1,000,000

## DEVELOPMENT AND ENHANCEMENT OF PEOPLE

GRI 3-3, 404-1

The Italcere Group strongly believes that the **enhancement and development of talents** are crucial for the company's growth.

This is why it furthers human capital development and training initiatives through the implementation of technical and managerial training sessions on an ongoing and structured basis.

### ITALCER ACADEMY

In 2019, the **Italcere Academy** was founded with the aim of training and enhancing internal talent, building special growth and skills development paths for them.

During 2022, the organisation provided almost 5,000 hours of training, at all levels: compulsory training, in the field of Health and Safety in the Workplace, technical training, ranging from production machinery to computer or accounting programmes, managerial training in collaboration with the best Italian universities, and behavioural training across the various roles, fundamental to develop the entire area of soft skills.

With the aim of raising employee performance, development and skills, the Group has increased the average hours of training for each employee in 2022 and 2021. In fact, an average of approximately 1.6 hours of training per employee was provided in 2020, compared to 6,3 and 4,3 hours in 2021 and 2022. The slight decrease in 2022 is due to the acquisition of Ceramica Fondovalle in October 2022. Compared to 2020, there was an increase of more than 500% in total training hours in 2022. To confirm this figure, below are the training hours provided to employees:

Average hours of training per employee	UM	2022	2021	2020
<b>Executives</b>	n°	<b>20,3</b>	<b>14,8</b>	<b>7,8</b>
Men	n°	18,1	13,8	6,5
Women	n°	80	40	20
<b>Middle Managers</b>	n°	<b>19,2</b>	<b>44,7</b>	<b>6,7</b>
Men	n°	15,8	46,7	6,2
Women	n°	27	41,1	7,5
<b>Office workers</b>	n°	<b>4,7</b>	<b>5,7</b>	<b>1,3</b>
Men	n°	3,9	7,2	1,5
Women	n°	5,3	4,5	1,2
<b>Blue-collar workers</b>	n°	<b>2,4</b>	<b>4,1</b>	<b>1,1</b>
Men	n°	2,4	4	1
Women	n°	2,7	4,4	1,1
<b>Total</b>	n°	<b>4,3</b>	<b>6,3</b>	<b>1,6</b>
Men	n°	4	6,7	1,7
Women	n°	5	5,8	1,5

Total hours of training	UM	2022	2021	2020
<b>Executives</b>	n°	<b>588</b>	<b>386</b>	<b>164</b>
Men	n°	508	346	124
Women	n°	80	40	40
<b>Middle Managers</b>	n°	<b>808</b>	<b>1.251</b>	<b>140</b>
Men	n°	457	840	80
Women	n°	351	411	60
<b>Office workers</b>	n°	<b>1.637</b>	<b>1.714</b>	<b>300</b>
Men	n°	623	970	160
Women	n°	1.014	744	140
<b>Blue-collar workers</b>	n°	<b>1.567</b>	<b>2.066</b>	<b>322</b>
Men	n°	1.084	1.449	226
Women	n°	483	617	96
<b>Total</b>	n°	<b>4.600</b>	<b>5.417</b>	<b>926</b>
Men	n°	2.672	3.605	590
Women	n°	1.928	1.812	336

Alongside training activities, the Group introduced tools to support the individual **performance evaluation** process in order to define effective personnel development programmes consistent with specific roles. A Management By Objectives plan has been implemented, which envisages an annual performance evaluation, by means of the "Performance Management System" (PMS), including a salary review.

It should be noted that, in line with the desire to continue to improve practices and procedures, the Group has a software to monitor employee performances and formalise performance reviews.



# 6

## Safe and Innovative Products

### SAFE AND INNOVATIVE PRODUCTS



The Italcer Group is constantly engaged in research and development aimed at two main objectives:

- **development of designs that meet the evolving needs** of consumers;
- **identification of innovative technological solutions**, always at the forefront of style and functionality, to be applied to its products.

Through these efforts, the Group aims to be at the forefront of both design and technology, providing its customers with an elevated user experience.

### PRODUCT QUALITY AND SAFETY

GRI 3-3, 416-1, 416-2

The Italcer Group focuses on the high **quality and safety of the products** it supplies, confirming its position as a leader in the "Made in Italy" sector; increasing the trust transmitted to customers and guaranteeing greater continuity in business relations. The Group's ceramic and porcelain stoneware products are in fact made from raw materials of extraordinary quality, strength and solidity.

To guarantee the highest quality of products and services, quality control processes have been enhanced and new safety and sustainability standards have been implemented, in line with the Group's values and customer needs.



The use of technologically advanced tools, used in combination with the selection of high quality materials, makes it possible to create products that excel from a technical standpoint, echoing the values of traditional craftsmanship. In addition, the use of **high quality raw materials** also ensures a long product life, thus reducing the impact on the environment by means of the production of less waste.

As proof of its ongoing commitment to ensuring the safety and quality of its products, the Group is **ISO 9001:2015** certified, a certification that establishes the criteria for a quality management system and guarantees consistent, good quality products and services that meet customers' needs and expectations.

To date, the Group has not recorded any incidents of non-compliance regarding the safety impacts of its products or any harm to people's health. All products are manufactured in compliance with the strictest international standards, guaranteeing an impeccable finished product, also with regard to safety.



## ECO-SUSTAINABLE INNOVATION

Thanks to its recyclability, due to the all-natural derivation of the material, processed ceramics are a material with a low environmental impact. Ceramic can in fact be fully reintroduced into the production process or used for the production of concrete for road construction.

Given the virtuous characteristic of the material, the Italcera Group is committed to the continuous search for innovative solutions to increase the reuse of raw materials, thus reducing virgin raw materials and furthering the circular economy.

One of the objectives that the Italcera Group has set itself is to research and develop environmentally sustainable products, increasing the percentage of recycled materials. To date, the Group manufactures products that can contain more than **50% recycled material**. Spray Dry S.p.A., which produces spray-dried mixtures, manages to include a very high amount of recycled materials in its production. The **goal** for the next three years is to reach **at least 60% of recycled materials** in all plants.

In addition, the Group is committed to researching solutions that guarantee greater durability and less thickness for its products.



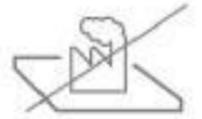
ADVANCE® technology is the Italcera Group's most important innovation. To date, it has obtained Italian patents for industrial invention No. 102019000015677 and No. 102020000020035 and US Patent No. 11.446.644. Further patent applications have been filed by Italcera S.p.A..

Thanks to substantial investment in research and development into innovative and sustainable materials, in conjunction with collaborations with experts in the field, the material is revolutionary in many ways.

The material is a **bio-compound** of biomimetic **tin dioxide** (SnO<sub>2</sub>) and **titanium dioxide** (TiO<sub>2</sub>), which makes the product:

- **Antiviral and Antibacterial:** Advance ceramic eliminates 90% of viruses after only 15 minutes of exposure to light, reaching 100% after 6 hours and fights different types of bacteria from a minimum of 95% up to 100% after 8 hours of exposure to light.
- The antiviral capacity of ADVANCE® technology products has been certified by the Tile Council of North America according to the standards (ISO18061:2014[E]), while the antibacterial capacity has been certified by the University of Ferrara and again by the Tile Council of North America according to the standards (ISO 27447:2019).
- **Eco-sustainable and anti-pollutant:** the anti-pollutant properties have been confirmed by the Chemistry Department of the University of Turin according to the UNI 11484 standard, which describes the method for determining the ability to reduce nitrogen monoxide NO<sub>x</sub> in the gas phase by photocatalytic action. In fact, when applied outdoors on the façades of houses and buildings, ADVANCE® succeeds in reducing NO<sub>x</sub> (Nitrogen Oxides) molecules by 20.7% in just three hours, allowing for a considerable improvement in air quality thanks to the photocatalytic action that is activated by natural light, converting volatile pollutants into harmless substances.

UNI 11484  
 METODI DI PROVA PER LA MISURAZIONE  
 DELLA CAPACITÀ ANTIPOLLUTANTE  
 DEI MATERIALI DA EDIFICAZIONE



The technology - which can be applied to any ceramic product and is therefore at the service of all Group companies - is not only safe for health, but also a sustainable and environmentally friendly choice, as it is realised in a single firing at very high temperature and without the need for further treatment.

## H2O CERAMICS

H2O technology is an innovative self-supporting system of 20 mm thick ceramic designed for outdoor use by Italcera. H2O ceramics can in fact be laid dry on gravel or grass to pave the garden, glued on screeds, raised on rigid supports in recycled and recyclable plastic material.

Suitable for infinite applications, they combine the strength and durability of ceramic with the aesthetics of wood, stone and concrete. In addition to being practical and aesthetically appealing, H2O ceramics are also environmentally friendly, as they are made from a high percentage of recycled materials.

**PRODUCT CERTIFICATIONS**

The table below includes the product certifications that the Italcer Group has obtained, which testify to its commitment and focus on environmental, safety and quality issues offered to its customers:

PRODUCT CERTIFICATIONS					
	ITALCER GROUP	Devon&Devon	FONDOVALLE	EQUIPE	LA FABBRICA AVA
CE	●	●	●	●	●
EPD	●		●	●	●
MOCA	●				●
CCC	●		●		●
QB UPEC	●		●		●
SASO QUALITY MARK	●		●		
GREENGUARD GOLD		●			
VOC-COV	●		●		●

PRODUCT CERTIFICATIONS	ITALCER GROUP
	All of Italcer's products have European Union CE certification ensuring compliance with EU safety requirements.
	It is an independently certified and verified environmental product declaration that provides clear and comparable information on environmental performance throughout its life cycle.
	The Declaration of Conformity for MOCA (Materials and Objects in Contact with Food) is a certification required to ensure compliance with certain mandatory food hygiene requirements. The Advance® range bears this certification.
	VOC-COV certification is a system that certifies the amount of volatile organic compounds. All Italcer products have achieved the highest rating.
 放射性水平A类	Italcer products are compliant and suitable according to the standards of the China Compulsory Certificate.
	The UPEC classification associated with the QB certification mark attests that floor coverings comply with the technical requirements set by the certification body. It indicates that the durability of a product is appropriate for use in specific types of premises.
	Italcer has acquired quality certification (Saso Quality Mark).
	Greenguard gold is the certification that protects people's health by improving air quality and reducing exposure to indoor chemicals.

# 7

## The Responsible Value Chain

### THE RESPONSIBLE VALUE CHAIN

The Italcer Group demonstrates its commitment to value creation throughout the supply chain and the enhancement of local communities.

Paying particular attention to the sourcing of raw materials, the Italcer Group selects the best suppliers, showing preference to those in the area surrounding its production sites. Thanks to the quality of the suppliers in the Italian and Spanish industrial district, Italcer, with the synergies created in the area, enhances and exalts the Made in Italy and Made in Spain ceramic industrial hub.



### RAW MATERIALS AND PROCUREMENT

GRI 2-6, 301-1, 301-2, 301-3

Natural raw materials are one of the most important aspects for a ceramic company and represent a significant financial statement item. These raw materials mainly consist of sand, clay, feldspar, quartz and other natural substances from extraction activities in Italy and/or Europe.

The main materials used in the production process are therefore:

- The spray-dried mixture
- Raw materials for glazes, frits, grits, inks
- Raw materials for additives such as fluidizers and screen printing mediums
- Reagents for air and water purification systems
- Paper, cardboard, wood and plastic used solely for packaging

Non-renewable materials	UM	2022 Total	2021 Total	2020 Total
Spray-dried mixture	ton	320.971,75	289.623,22	225.149,22
Raw materials for glazes (glazes, frits, grits, raw materials, inks)	ton	12.630,21	5.898,32	6.107,72
Raw additive materials (fluidizers and screen printing mediums)	ton	4.473,07	3.716,72	2.989,65
Reagents for air and water purification systems	ton	177,58	216,04	182,12
Plastic products (for packaging)	ton	521,25	415,9	362,69
Raw materials for the production of mixtures	ton	473.828,10	373.323,37	268.527,65
Incoming ceramic waste (by-products+waste)	ton	69.563,31	75.001,76	55.044,94
Incoming recycled water (waste)	ton	9.784,32	11.918,96	15.005,10
Paper (Paper and Cardboard for Packaging)	ton	2.472,18	2.419,63	1.575,60
<b>Total renewable materials (a)</b>	<b>ton</b>	<b>894.421,77</b>	<b>762.533,92</b>	<b>574.944,69</b>

Renewable materials	UM	Total	Total	Total
Wood (for packaging)	ton	6.649,12	4.113,17	3.538,54
<b>Total non-renewable materials (b)</b>	<b>ton</b>	<b>6.649,12</b>	<b>4.113,17</b>	<b>3.538,54</b>

Total materials	UM	Total	Total	Total
Total of recycled materials used	ton	171.889,93	182.731,76	145.219,30
<b>Total of recycled materials used (a+b)</b>	<b>ton</b>	<b>901.070,89</b>	<b>766.647,09</b>	<b>578.483,23</b>
Percentage of recycled materials used to produce products and primary services of the organisation	ton	19,1%	23,8%	25,3%

Already before the start of the Russian-Ukrainian conflict, in order to mitigate possible supply chain disruptions and improve the logistical efficiency of the supply chain itself, the Group had already changed its supply network with regard to the Ukrainian suppliers by setting up partnerships with suppliers in Italy, Germany, Spain and Turkey. Furthermore, having within the Group Spray Dry, a company dedicated only to the production of the spray-dried product, significantly reduces the dependence on third-party suppliers of said product.

Thanks to the undisputed geographic characteristics of the Modena-Reggio Emilia ceramic district, the Group's Italian plants are able to procure a large part of their supplies from suppliers in the area, optimising logistics and generating value in the neighbouring areas, enhancing the synergic value chain.

For the year ending 31 December 2022, the Group's first, and the top 5 and 10 clay suppliers accounted for 31%, 81% and 99% respectively of the total clay used by the company (35%, 82% and 99% for the year ending 31 December 2021 and 31%, 86% and 99% for the year ending 31 December 2020).

As at 31 December 2022, the Group produced 67% of the spray-dried powders required for its internal consumption internally, while for the remaining 33%, the Group relied on third-party suppliers. In terms of spray-dried powders supplied by third parties, the Group's first and top 5 spray-dried powder suppliers accounted for 62% and 100%. In Spain, Equipe Cerámicas has only one supplier of spray-dried powders.

During the three-year reporting period, the Group had business dealings with more than 80% of domestic suppliers, bearing witness to the effort it takes to select local suppliers.

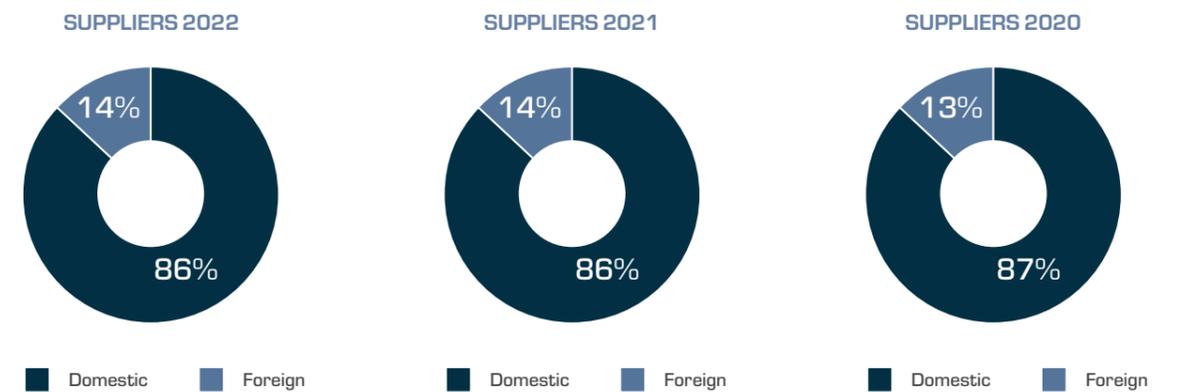


**RESPONSIBLE SUPPLY CHAIN MANAGEMENT**

GRI 3-3, 204-1

The Italcer Group places great importance on relations with its suppliers, by means of the efficient and transparent management of relations with them, which is essential to guarantee the quality and competitiveness of the materials and products offered, which the Group is committed to constantly enhancing. The Italcer Group's policy therefore envisages close collaboration with suppliers, sharing with them the organisation's strategic objectives and guaranteeing fair and transparent treatment.

The table below shows the breakdown of expenditure in favour of domestic and foreign suppliers:



The organisation selects its suppliers and customers based on sustainability and social responsibility criteria. In particular, the formulation of the conditions for the purchase of goods and services is dictated by values and parameters of competition, objectivity, fairness, impartiality, equity, price, quality of the good and service rendered, guarantees of assistance and, last but not least, by an accurate and precise evaluation of the offer, favouring the choice of suppliers that adopt sustainable policies and respect human rights. Furthermore, the organisation is committed to carefully assessing its commercial relations, avoiding collaboration with parties subject to sanctions and restrictions imposed by the international community.

Dealings with suppliers, including relations of a financial and advisory nature, are subject to the principles contained in the Code of Ethics and are constantly and carefully monitored by the Group, always in full compliance with current legislation.

Regardless of the significance of the business, the Group's priority is to establish business and commercial relations exclusively with parties that engage in lawful activities and are financed with capital of legitimate origin. Accordingly, the Italcer Group carries out preventive controls, which in certain circumstances may be aimed at acquiring appropriate certifications and declarations (anti-mafia and anti-money laundering) from the contractor.

As from 2023, the Group, through internal structures, will carry out **periodic audits** and checks on its suppliers on the basis of environmental, social and governance factors.



## THE CENTRAL NATURE OF CUSTOMERS

The Italcer Group's go-to-market process involves selling its products to a **highly diversified customer base**, both in terms of geographic distribution, with customers present in over 125 countries, and in terms of revenue concentration, with the first and the top 5 and 10 customers as at 31 December 2022 accounting for 4%, 11% and 16% of the Group's total revenues, respectively (5%, 14% and 18% for the year ended 31 December 2021 and 6%, 16% and 21% for the year ended 31 December 2020, respectively).

In order to reach its customers, the Group uses various sales channels, such as large retail chains, B2B partnerships, construction companies and agents acting as both distributors and retail shops. As at 31 December 2022, 9% of revenue was derived from sales made by large retail chains with which the Group has standard market contracts.

The central nature of the customers is one of the Italcer Group's core values and represents a crucial element for the success of the organisation.

Over the years, Italcer Group companies have been committed to creating lasting and valuable relationships with all stakeholders, through the quality offered, the use of innovative solutions, and by placing customer needs at the centre.

Over the past year, the Italcer Group has continued to invest in the relationship with its customers, through the expansion of its offer of different types of ceramic product solutions, the introduction of new innovative and sustainable products and materials, such as Advance®, in conjunction with the simplification of purchasing processes and the creation of more effective communication channels.

# 8

## The Contribution to Society

### THE CONTRIBUTION TO SOCIETY



Over the years, the Italcer Group has endeavoured to create a strong bond with the areas in which it operates, paying attention to the needs they express, and outlining a path of joint development and growth that leads the entire Group to support numerous projects and initiatives in support of local communities in areas of greatest social need.

All the activities that Italcer supports or develops derive from specific analyses that detect local needs and define suitable ways of supporting communities, thus seeking to respond to specific targets of the 2030 Agenda's Sustainable Development Goals.

In particular during 2022, the Group supported initiatives throughout the areas of intervention considered as priority:

- Social and child protection
- Education, training and research
- Art and culture
- Sport
- Environment and Sustainability

### THE SUPPORT AND THE ENGAGEMENT OF THE LOCAL COMMUNITIES

GRI 3-3, 413-1

The results achieved by the various companies of the Italcer Group are also due to the support, work-related and otherwise, of the local communities.

Proximity to and collaboration with the local community are fundamental values for the company, which seeks to create a positive impact on people's lives and the surrounding environment. Indeed, the Italcer Group has been committed for years to developing and supporting **social projects and initiatives to support its community**, including education, culture, health and environmental initiatives.

During 2022 it supported the **Istituto Sacro Cuore Modena** theatre with a donation of Advance ceramics covering a total area of 125 square metres.

In the cultural sphere, the Group supported the restoration of the **Carani Theatre** in Sassuolo, with a donation of Euro 25,000.



The Group, represented by Devon&Devon, participated in **Convivio**, an exclusive market fair for the fight against HIV and infectious emergencies. Within the exhibition, it was possible to purchase exclusive design pieces, including furniture and objects from **Devon&Devon's** latest collections. Proceeds from the sales were donated to **ANLAIDS** Lombardy Section for clinical and scientific research projects. Thanks to the commitment of the many volunteers involved, Convivio has raised over Euro 25 million in its 30

years of existence.

Of great social relevance is the initiative of Devon&Devon, which for years has supported **Corri La Vita**, the charity event dedicated to the fight against breast cancer. In addition to encouraging the participation of a large group of employees and associates in the race, Devon&Devon supports the fundraising of Corri La Vita Onlus through a donation equal to 5% of the turnover of the Florence Showroom during the month of October, the international month dedicated to the prevention of breast cancer. This donation is destined to support the **ISPRO-LILT Oncological Rehabilitation Centre** of Villa delle Rose, the **SenoNetwork** portal and the **Fondazione Italiana di Leniterapia Onlus (FILE)**.

As far as sport is concerned, Italcercer **sponsored the local football team** US Rubierese amateur sports club in Rubiera, which collaborates with the **TuttoSiMuove** association in order to support the disabled through cultural and sporting initiatives, and supported the **US Rubierese women's team** through donations, encouraging the promotion and social inclusion of the community.

Still in the sports sphere, the Company supported the **Guardia di Finanza sports group** of Emilia-Romagna, making a donation for the purchase of a minibus used to transport athletes.

Italcercer also collaborates with **Società Benefit Progetti Del Cuore S.r.l.**, which provides voluntary services for the weaker segments of the population, participating in the solidarity transport project for the Rubiera area, providing a means of transport for the disabled and elderly.

The Group sponsored and supported a **solidarity fundraising event** for the **San Patrignano** therapeutic and rehabilitation community, which carries out numerous solidarity activities to support the community.

Other donations included support for the **Associazione l'Aliante**, a non-profit organisation that encourages the autonomy and dignity of people with disabilities.

In the initial period of the Russian-Ukrainian conflict, through the Caseificio Quattro Madonne, a **donation was made to Emporio Sociale Portobello to support the Ukrainian community**. Moreover, in the same period, the Group collaborated with the Federlegno Arredo design community to financially support the humanitarian activities of the World Food Programme (WFP) in the areas affected by the conflict.

In addition, the Group supported the entire project to extend the greenery and irrigation of the **Parco delle Foibe in Fiorano**. The project, based on an idea of the Rotary Club of Sassuolo, in partnership with the Municipality of Fiorano Modenese and financed by the Italcercer Group, envisages the introduction of twelve trees chosen from among the most efficient plant species for fighting fine dust and cleaning the air. The work included the planting of the green areas and the related micro-irrigation system, which will be managed by the Municipal Authority, and will transform an area of the park into another important green lung in Fiorano.



As part of its initiatives throughout the Iberian area, Equipe has been committed for years to the fight against infant mortality in developing countries, renewing for the fourth year in a row its collaboration with the **La Caixa and Gavi Social Foundation**. In recent years, thanks to the Foundation, more than seven million children in the world's poorest countries have been vaccinated. For this reason, Equipe Cerámicas and the Italcercer Group are proud to continue to collaborate and renew their commitment with the La Caixa and Gavi Social Foundation for childhood

vaccinations and thus contribute to saving the lives of millions of children, especially in difficult years like these from a health standpoint.

In conclusion, during the year, the Group was constantly involved in **ESG training initiatives**, collaborating with local authorities, schools and institutes. In this regard, the CEO Graziano Verdi spoke as a lecturer in several courses on environmental and social issues, such as:

- Participation in the interdisciplinary training project **JUMP**, which aims to promote youth employment;
- Participation in meeting in the **Corleone University residence in Bologna**;
- Participation in the **ESG course «Sustainability: not only environment!»** in collaboration with the Economy and Finance cultural association;
- Participation in the conference **«Innovation, Digitisation, Raw Materials, Energy, New Markets, and Exports»** organised by Teleuniversity GLocal.



Fuorisalone Milano, an event in collaboration with the architects Doriana and Massimiliano Fuksas

## THE PROMOTION OF ECONOMIC AND SOCIAL DEVELOPMENT

GRI 3-3, 201-1

The Group aims to seize the economic opportunities offered by both the domestic and international scenario in which it operates, with the aim of reinforcing the central role that the key aspects of capital solidity and profitability creation play in its sustainability strategy.

To cope with the current economic trends, the Group managed to increase the economic value generated between 2022 and 2021 by about 29%. As mentioned in the previous paragraphs, the various acquisitions over the years and the diversification of suppliers and customers have enabled the Group to avoid and mitigate economic risks without affecting the company's profitability.

The **generation and distribution of economic value** makes it possible to interpret the figures in the Annual Financial Statements using a different key. By adopting a multi-stakeholder approach, the wealth produced by a company is not limited to the economic result, but also takes into account environmental and social results, the pursuit of which is inseparable from the use of economic resources.

Economic value directly generated and distributed (in thousands of €)			
Item	2022	2021	2020
<b>Economic value directly generated (a+b)</b>	<b>333.108</b>	<b>263.528</b>	<b>157.707</b>
a) Total revenues	329.448	261.001	157.172
b) Financial income	3.660	2.527	535
<b>Economic value distributed (c+d+e+f+g)</b>	<b>310.165</b>	<b>247.181</b>	<b>145.335</b>
c) Operating costs	222.197	174.253	98.222
d) Remuneration and benefits	61.072	52.976	33.496
e) Payments to providers of capital	18.527	14.474	12.893
f) Payments to the Public Administration Authorities	8.334	5.454	702
g) Investments in the local Community	35	24	22
<b>Economic value retained by the Company (1 - 2)</b>	<b>22.943</b>	<b>16.347</b>	<b>12.372</b>

The **revenues** generated in 2022 amount to around **Euro 329,448 thousand**, while the economic value distributed, which amounts to about **Euro 310,165 thousand**, is made up of the following analytical items:

- **Operating costs:** these represent the economic value generated and distributed in favour of the supply chain and are equal to approximately **Euro 222,197 thousand**;
- **Remuneration and benefits:** amounting to **Euro 61,072 thousand**, these represent the portion of economic value generated and distributed to employees, under the form of wages and salaries, social security charges, leaving indemnities and other services in favour of employees;
- **Payments to providers of capital:** amounting to around **Euro 18,527 thousand**, these represent the interest expense paid by the Company to its providers of capital;
- **Value distributed to the Public Administration Authorities:** amounting to **Euro 8,334 thousand**, this represents the portion of economic value distributed to the State, by means of payment of taxes;
- **Investments in the local Community:** amounting to **Euro 35 thousand**, these represent the portion of economic value used to participate in the activities of organisations operating in scientific and social areas of interest to Italcir Group.

## INFRASTRUCTURAL INVESTMENTS

GRI 203-1, 203-2

The investments made in energy efficiency activities during 2022 were as follows:

Value of the Structural Investments (in thousands of €)	2022
Vetto co-generator	2.150 €
Spray Dry co-generator (Sassuolo)	2.574 €
Photovoltaic plant (Rubiera - A2)	888 €
Photovoltaic plant (Rubiera - A1)	163 €
Photovoltaic plant (Vetto)	338 €
Roof renovation with asbestos abatement (Rubiera)	681 €
Roof renovation with asbestos abatement (Vetto)	76 €
Installation of a new power reception sub-station	66 €
<b>Total</b>	<b>6.936 €</b>

The installation of the thermal co-generator has made it possible to reduce atmospheric emissions and represents a significant step, on the one hand, for economic purposes, as it reduces energy expenditure and dependence on the electricity grid, and on the other hand - as already explored in previous sections - it constitutes a further commitment in the fight against climate change.

Investments for the installation of photovoltaic systems have also been made in order to significantly reduce environmental pollution by decreasing CO<sub>2</sub> emissions.

The strategic decision-making process for investment allocation generates indirect as well as direct impacts on own operations, creating synergies with the community that can potentially extend over a long-term timeframe. Such investments may include means of transport, public utilities, community social infrastructures, healthcare institutions, health centres and sports centres.

For years, "Financial Transparency", a material issue in 2022, has been a key element in the way the Group conducts its business. In order to avoid any negative impacts on this issue, the parent company Italcir S.p.A. plans to introduce a Control, Risk and Sustainability Committee, which will not only monitor the reporting of non-financial information, but also the correct use of accounting standards.



# 9

## Comparison between the list of 2022 material issues and the 2021 material issues



### COMPARISON BETWEEN THE LIST OF 2022 MATERIAL ISSUES AND THE 2021 MATERIAL ISSUES

GRI 3-2

The table below shows the comparison between the material issues identified in the 2022 materiality analysis and those in the 2021 Sustainability Report. For the description of the 2022 materiality issues please refer to the section "Materiality Analysis".

Aspect	Material issues 2021	Material issues 2022	2022 vs 2021
Governance	Communication and transparency	Financial transparency	The "Financial Transparency" issue fully incorporated the "Communication and Transparency" issue.
	Risk Management		The "Risk Management" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Ethics and compliance	Ethics, integrity and legislative compliance	The "Ethics and Compliance" issue has been updated in this document to "Ethics, Integrity and Regulatory Compliance".
	ESG management and dialogue with stakeholders		The "ESG management and dialogue with stakeholders" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
		Privacy & Cybersecurity	The "Privacy & Cybersecurity" issue was introduced in 2022.
		Economic Performances	The "Economic Performances" issue did not change from the previous year.
People	Economic performances Development and loyalty retention of talents	Development of employee skills	The "Economic performances Development and loyalty retention of talents" issue fully incorporated the "Development of employee skills" issue.
	Employee welfare		The "Employee welfare" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Human rights and fair working conditions	Protection of Human Rights	The "Protection of human rights" issue fully incorporated the "Human rights and fair working conditions" issue.
	Gender equality, diversity and inclusion	Diversity & Inclusion	The "Diversity & Inclusion" issue fully incorporated the "Gender equality, diversity and inclusion" issue.
	Health and safety in the workplace	Health and safety in the workplace	The "Health and safety in the workplace" issue did not change from the previous year.
Society	Support for the local communities	Local communities	The "Local communities" issue fully incorporated the "Support for local communities" issue.
	Promotion of employment		The "Promotion of employment" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
Environment	Local production		The "Local production" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Efficient use of materials		The "Efficient use of materials" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Energy efficiency		The "Energy efficiency" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Greenhouse gas emissions and climate change	GHG emissions and climate change	The "GHG emissions and climate change" issue fully incorporated the "Greenhouse gas emissions and climate change" issue.
	Water and waste management	Waste management and the Circular economy	The "Waste management and the Circular economy" issue fully incorporated the "Water and waste management" issue.
	Protection of natural resources	Water and Management of wastewater	The "Water and Management of wastewater" issue fully incorporated the "Protection of natural resources" issue.
Product	Labelling		The "Labelling" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Satisfaction and loyalty of the customer		The "Satisfaction and loyalty of the customer" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
	Innovation	Product Innovation and Security	The "Product Innovation and Security" issue fully incorporated the "Innovation" and "Sustainable design of the product" issues.
	Sustainable design of the product		The "Sustainable design of the product" issue was not included in the list of issues analysed in the 2022 Materiality analysis, but the aspects related to it were nevertheless reported in this document.
Value Chain	Management of the ESG risks within the supply chain	Responsible supply chain management	The "Responsible supply chain management" issue fully incorporated the "Innovation" and "Management of the ESG risks within the supply chain" issues.

# 10

## GRI Content Index

<b>DECLARATION OF USE</b>	The Italcercer Group has developed this Document in accordance with the GRI 2021 Standards with reference to the period 1 January 2022 - 31 December 2022
<b>GRI 1 USED</b>	GRI 1: 2021 Reporting Standards
<b>GRI SECTOR STANDARDS APPLICABLE</b>	Not applicable as of the date of publication of this Document

GRI STANDARDS	DISCLOSURE	REFERENCE
<b>General disclosures</b>		
GRI 2 - General Disclosures - 2021 version	2-1 Organisational details	The Italcercer Group: its identity
	2-2 Entities included in the organisation's sustainability reporting	All Entities belonging to the Italcercer Group are included in the report
	2-3 Reporting period, frequency and point of contact	Methodological note
	2-4 Information review	Methodological note
	2-5 External assurance	Company Audit Report
	2-6 Business, value chain and other business relations	The Group's activities
	Il Business Model del Gruppo	The Group's Business Model
	2-7 Employees	Fostering diversity & inclusion
	2-8 Non-employee workforce	The central nature of the people
	2-9 Governance composition and structure	Organisational and governance structure
	2-10 Appointment and selection of the highest governance body	Organisational and governance structure
	2-11 Chairperson of the highest governance body	Organisational and governance structure
	2-12 Role of the highest governance body in the control of impact management	Letter to the Stakeholders
	2-13 Delegation of responsibility for impact management	Organisational and governance structure
	2-14 Role of the highest governance body in the sustainability reporting	Organisational and governance structure
	2-15 Conflicts of interest	Ethics and integrity of the Italcercer Group
	2-16 Communication of criticalities	Organisational and governance structure
	2-17 Collective knowledge of the highest governance body	Organisational and governance structure
	2-18 Assessment of the performance of the highest governance body	Organisational and governance structure
	2-19 Rules regarding remuneration	Organisational and governance structure
	2-20 Procedure for determining remuneration	Organisational and governance structure
	2-21 Annual total remuneration ratio	Organisational and governance structure
	2-22 Declaration on the sustainable development strategy	Letter to the Stakeholders
	2-23 Commitment in terms of policy	The Italcercer Group: its identity
	2-24 Integration of the impacts in terms of policy	Governance structure
	2-25 Processes aimed at remedying negative impacts	Ethics and integrity of the Italcercer Group
	2-26 Mechanisms for requesting clarifications and raising concerns	Ethics and integrity of the Italcercer Group
	2-27 Compliance with laws and regulations	Ethics and integrity of the Italcercer Group
	2-28 Membership of associations	The Group's Stakeholders
	2-29 Approach to stakeholder engagement	The Group's Stakeholders
2-30 Collective contracts	The Group's Stakeholders	

Material Issues		
GRI 3 - Material issues - 2021 version	3-1 Process for determining the material issues	Materiality Analysis
	3-2 List of the material issues	Materiality Analysis
Material Issue	Economic Performances	
GRI 3-3	Management of the material issue	The Promotion of Economic and Social Development
GRI 201-1	Economic value generated and distributed	The Promotion of Economic and Social Development
GRI 203-1	Infrastructural investments and services financed	The Promotion of Economic and Social Development
GRI 203-2	Significant indirect economic impacts	The Promotion of Economic and Social Development
Material Issue	Responsible supply chain management	
GRI 3-3	Management of the material issue	Responsible supply chain management
GRI 204-1	Proportion of expenditure to local suppliers	Responsible supply chain management
Material Issue	Regulatory compliance and anti-corruption	
GRI 3-3	Management of the material issue	Ethics and integrity of the Italcercer Group
GRI 205-2	Communication and training about anti-corruption policies and procedures	Ethics and integrity of the Italcercer Group
GRI 205-3	Established incidents of corruption and actions taken	No incidents of corruption were recorded in the three-year reporting period.
Material Issue	Responsible use of raw materials	
GRI 3-3	Management of the material issue	Raw Materials and Procurement
GRI 301-1	Materials used by weight or volume.	Raw Materials and Procurement
GRI 301-2	Material used originating from recycling	Raw Materials and Procurement
Material Issue	Responsible water resource management	
GRI 3-3	Management of the material issue	Water and management of wastewater
GRI 303-1	Interaction with water as a shared resource	Water and management of wastewater
GRI 303-2	Management of impacts related to water discharge	Water and management of wastewater
GRI 303-3	Water Withdrawal	Water and management of wastewater
GRI 303-5	Water consumption	Water and management of wastewater
Material Issue	Energy efficiency - Emissions	
GRI 3-3	Management of the material issue	Energy consumption
GRI 302-1	Energy consumption (direct and indirect) within the organisation	Energy consumption
GRI 302-4	Reduction of energy consumption	Energy consumption
Material Issue	Circular economy and waste management	
GRI 3-3	Management of the material issue	Circular economy and Waste management
GRI 306-1	Production of waste and significant impacts associated with waste	Circular economy and Waste management
GRI 306-2	Management of significant impacts associated with waste	Circular economy and Waste management
GRI 306-3	Waste Produced	Circular economy and Waste management
GRI 306-4	Waste not intended for disposal	Circular economy and Waste management
GRI 306-5	Waste intended for disposal	Circular economy and Waste management
Material Issue	Protection of human rights and investments in the local community	
GRI 3-3	Management of the material issue	Ethics and integrity of the Italcercer Group
GRI 406-1	Incidents of ascertained discrimination and action taken	No incidents of discrimination were recorded in the three-year reporting period.
GRI 413-1	Activities envisaging local community engagement, impact assessments and development programmes	The Support and the Engagement of the Local Communities

Material Issue	Diversity and equal opportunities	
GRI 3-3	Management of the material issue	The central nature of the people
GRI 401-1	New recruits and turnover	The central nature of the people
GRI 404-1	Average hours of training per year per employee	The central nature of the people
GRI 405-1	Diversity in governance bodies and among employees	The central nature of the people
Material Issue	Service quality	
GRI 3-3	Management of the material issue	Product Quality and Safety
GRI 416-1	Assessment of health and safety impacts by categories of products and services	Product Quality and Safety
GRI 416-2	Incidents of non-compliance concerning health and safety impacts of products and services	Product Quality and Safety
Material Issue	Health and safety in the workplace	
GRI 3-3	Management of the material issue	Wellbeing, Health and Safety in the Workplace
GRI 403-1	Health and safety in the workplace management system	Wellbeing, Health and Safety in the Workplace
GRI 403-2	Hazard identification, risk assessment and accident investigation	Wellbeing, Health and Safety in the Workplace
GRI 403-3	Occupational health services	Wellbeing, Health and Safety in the Workplace
GRI 403-4	Worker participation and consultation and communication on health and safety in the workplace	Wellbeing, Health and Safety in the Workplace
GRI 403-5	Worker training on health and safety in the workplace	Wellbeing, Health and Safety in the Workplace
GRI 403-6	Employee health promotion	Wellbeing, Health and Safety in the Workplace
GRI 403-7	Prevention and mitigation of H&S impacts within business relationships	Wellbeing, Health and Safety in the Workplace
GRI 403-9	Work-related injuries	Wellbeing, Health and Safety in the Workplace



KPMG S.p.A.  
 Revisione e organizzazione contabile  
 Via Innocenzo Malvasia, 6  
 40131 BOLOGNA BO  
 Telefono +39 051 4392511  
 Email it-fmauditaly@kpmg.it  
 PEC kpmgspa@pec.kpmg.it

**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## Independent auditors' report on the sustainability report

*To the board of directors of  
 Italcera S.p.A.*

We have been engaged to perform a limited assurance engagement on the 2022 Sustainability report (the "sustainability report") of the Italcera Group (the "group").

### **Directors' responsibility for the sustainability report**

The directors of Italcera S.p.A. (the "parent") are responsible for the preparation of a sustainability report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative using the "in accordance" option (the "GRI Standards"), as described in the "Methodological note" section of the sustainability disclosure, which they have identified as the reporting standards.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a sustainability report that is free from material misstatement, whether due to fraud or error.

They are also responsible for defining the group's objectives regarding its sustainability performance and the identification of the stakeholders and the significant aspects to report.

### **Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Italcera Group**

*Independent auditors' report  
 31 December 2022*

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the sustainability report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability report is free from material misstatement.

A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the sustainability report are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the sustainability report, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

- 1 analysing the reporting of material aspects process, specifically how the reference environment is analysed and understood, how the actual and potential impacts are identified, assessed and prioritised and how the process outcome is validated internally;
- 2 comparing the financial disclosures presented in the "The Promotion of Economic and Social Development" section of the sustainability report with those included in the group's consolidated financial statements;
- 3 understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the sustainability report.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the sustainability report.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at group level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the sustainability report;
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited, including remotely, Italcera S.p.A., Equipe Cerámicas S.L.U. and Spray Dry S.p.A., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence, on a sample basis, supporting the correct application of the procedures and methods used to calculate the indicators.

**Italcer Group**  
*Independent auditors' report*  
31 December 2022

**Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2022 Sustainability report of the Italcer Group has not been prepared, in all material respects, in accordance with the requirements of the GRI Standards, as specified in the "Methodological note" section of the sustainability report.

**Other matters**

The 2021 comparative figures presented in the sustainability report have not been examined.

Bologna, 5 July 2023

KPMG S.p.A.

(signed on the original)

Enrico Bassanelli  
Director of Audit

**Edizione:**

Italcer SpA | [www.gruppoitalcer.it](http://www.gruppoitalcer.it)

**Photo credits:**

Rondine | [www.ceramicarondine.it](http://www.ceramicarondine.it)  
La Fabbrica | [www.lafabbrica.it](http://www.lafabbrica.it)  
AVA | [www.avaceramica.it](http://www.avaceramica.it)  
Devon&Devon | [www.devon-devon.com/it](http://www.devon-devon.com/it)  
Elios Ceramica | [www.eliosceramica.com](http://www.eliosceramica.com)  
Advance | [www.advanceceramic.it](http://www.advanceceramic.it)  
Equipe | [www.equipeceramicas.com](http://www.equipeceramicas.com)  
Bottega | [www.botteगतiles.com](http://www.botteगतiles.com)  
Fondovalle | [www.fondovalle.it](http://www.fondovalle.it)



Advance | [www.advanceceramic.it](http://www.advanceceramic.it)



Printed on paper without Chlorine of natural origin  
100% recyclable and biodegradable



ITALCER SpA  
Via Emilia Ovest, 53/A  
42048 Rubiera - RE  
CF/P.IVA: 00142060359  
[info@gruppoitalcer.it](mailto:info@gruppoitalcer.it)



---

**DESIGN SURFACES**

ITALCER SpA  
Via Emilia Ovest, 53/A  
42048 Rubiera - RE  
CF/P.IVA: 00142060359  
[info@gruppoitalcer.it](mailto:info@gruppoitalcer.it)