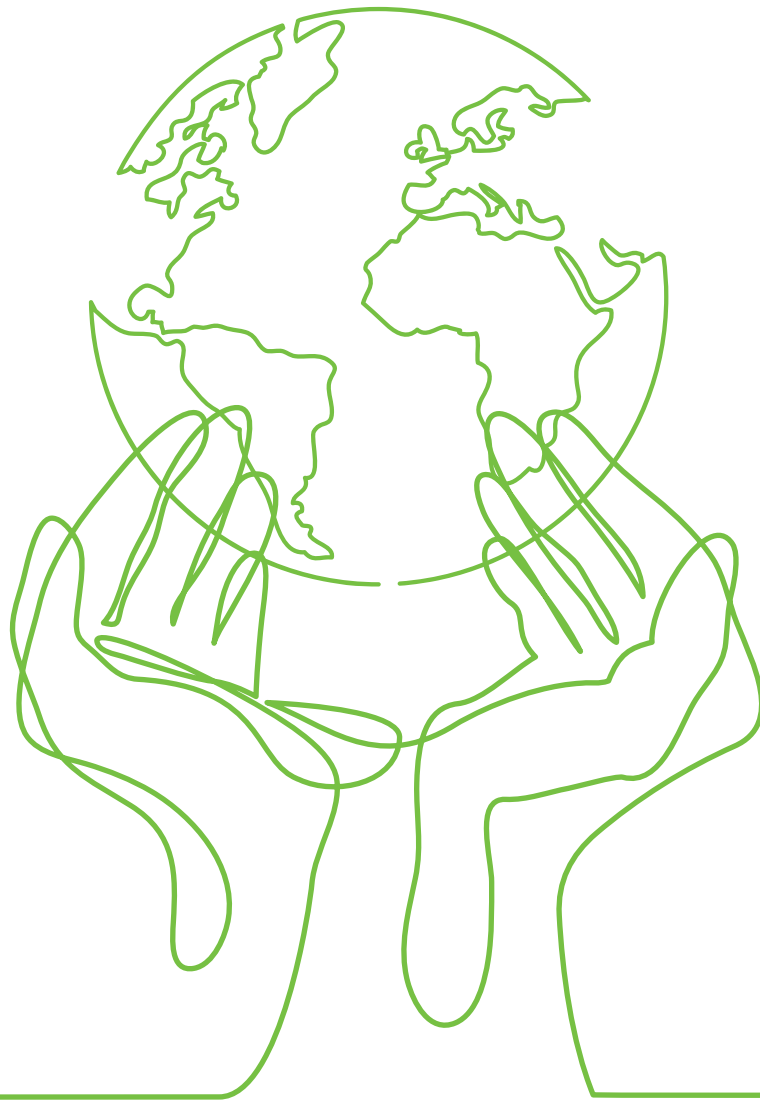


# Sustainability Report 2021

Reporting period 2020



**PALLADIO GROUP**  
Packaging clinic



# Sustainability Report 2021

Reporting period 2020

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## Letter to the Stakeholders





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

2020 can obviously be defined as a very special year due to the events linked to the pandemic from Covid-19, both from the point of view of the difficulties that this new challenge has posed for all companies on the world stage, and areas of reflection that the changed context has offered us. In particular, from a commercial point of view, we saw a significant increase in demand in the Group in the first months of the pandemic, which required enormous effort to meet the requests from a production, organisational and logistical point of view. Towards the end of the year, however, the effect of the increase in stock at our customer sites on the one hand, and the change in living conditions of consumers on the other, led to a decrease in consumption of our products. To tackle this change in context, the Group has continued investments in the facilities of the various Group companies, still in line with the strategic and development goals of the digitisation and automation of our systems.

From an economic point of view, 2020 ended with good results given the context in which they were generated. Even though they are not completely in line with expectations, they should still be viewed positively in the light of the conditions in which they were generated and the results achieved by other companies in our sector and other sectors.

It should also be pointed out that we have been able to consolidate the two major strategic operations carried out in recent years on the geo-

graphical (Palladio BNM in Russia) and on product front (Poliweb Graphics for special labels), both from the point of view of results and organisational aspects. For these reasons as well, we are now a company that is able to offer products for secondary packaging on a global level, but above all, one able to offer customers in the pharmaceutical world a range of complete and integrated services in the supply chain.

Observing the change in market conditions and the new stimuli, on the other hand, that are being generated in terms of sustainability, we have decided to focus further on this specific area, and to integrate the many important initiatives already in place, within our Strategic Plan. This has led to a transformation of the previously defined activities within a broader perspective, both from a geographical and awareness and operational point of view. The results that the Group has succeeded in reaching are the result of further efforts that employees have implemented in a period of stress and uncertainty from a human level as well.

In line with the strategic choice to invest further in sustainability, the Group has begun to achieve greater awareness of its positioning with respect to the market also from this point of view and to work towards developing processes that can integrate the principles of sustainability into the various business processes. This change is just a small part of what is required to achieve additional progress, but requires everyone to make further efforts on the issue of raising awareness about these issues, on the accountability of corporate drivers and, in particular, on the involvement of all the companies in the Group.

We firmly believe that sustainable development is the only path possible to avoid comprising opportunities for future generations to continue to grow, preserving the quality and quantity of our natural assets and reserves and, in line with the commitments undertaken and pursued over the years, we will continue to promote sustainability in all its various forms.

As in previous years, we continue our commitment to respecting the key issues of our time, such as climate change, sustainable development, respect for human rights and adherence to international principles such as the Global Compact. We are also committed to respecting and promoting forest management action that is consistent with the respect for our ethical and environmental values, and we are dedicated to continuous improvement. Furthermore, respect for and safeguarding Health and Safety at Work, the Environment and Human Rights constitute the foundations of the company's operating strategies, strengthened by adopting Management Systems that are certified according to international standards.

In 2020, we also confirmed our commitment to supporting charitable activities through donations to non-profit foundations, both local and international, in the knowledge that a small gesture from us is a great help to them. In the knowledge of the need to combat climate change, this year we are also continuing to assess the results of our decarbonisation process. Reporting, which in the last improvement step had introduced other Group companies not previously considered, now allows us to gain a complete



overview not only of the results but also of the most significant factors for achieving the targets related to CO2 emissions.

This year, once again, I would like to emphasise how the issue of accountability must always be the focus of our business activities, since the individual economic, strategic and sustainable results of our Group, both short and long term, depend upon it. In this historic period, which is so important and delicate from an environmental point of view, sustainability, in particular, is becoming a principle that is increasingly acknowledged by everyone, which is why it is essential that every employee's assessments and activities take this aspect into account.

We want to continue to be the point of reference

in the world of healthcare, providing products and services that anticipate the needs of our partners with innovative solutions. We also want to contribute to the company's sustainable development, as well as that of our stakeholders, I wish, therefore, to bring together, by reading this report, the actions and results that the Group has succeeded in achieving in compliance with the principles of Corporate Social Responsibility.

Best regards,  
  
Mauro Marchi  
Chief Executive Officer

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

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

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

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

We believe that supporting the UN Global Compact is a decision that will bring benefits to all our

**The ten UN Global Compact principles**

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

**Human Rights**

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

**Labour**

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

**Environment**

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

**Anti-Corruption**

- 10. Businesses should work against corruption in all its forms, including extortion and bribery.



## "2018-2022 Strategic Plan in line with the United Nations 2030 Agenda for sustainable development"

stakeholders: in addition to supporting us on our path towards sustainability, its principles fit in with our business, connecting with our Group's main activities and boosting its competitiveness on the market. With a further development, in 2018, we included an integrated approach to the Sustainable Development Goals (UN SDGs) in our corporate responsibility strategy, using them as general guidelines when making management decisions.

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

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

We want to be transparent and timely in providing customers, employees, suppliers, and other stakeholders with information on our sustainability objectives and performance. Accordingly, the sustainability report was based on the GRI Sustainability Reporting Standards (see box) to communicate the results achieved to our stakeholders in complete transparency. Specifically,

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

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

In 2020, we continued the implementation of the 2018-2022 Strategic Plan as a result of the process of integration started several years ago in the Group. The Plan's goal is to create sustainable value in the long term for every category of stakeholder through a high number of strategic implementation projects that will allow us to look to future challenges by putting adequate resources in place.

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

In this context, aware of our sustainable development role in the countries in which we operate, we decided to make a tangible contribution by linking our sustainability report to the 2030 Agenda goals. Hence, each chapter has one or more goals associated to it, in order to make the targets comparable against the commitments that governments have taken to safeguard the planet's future. In so doing, we identified the goals closest to our activities and projects, and those for which policies and strategies could be developed that can contribute, directly or indirectly, to their achievement.

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

### GRI: a standard to help the planet

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

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

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

### A "to-do list" for our future

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

2

## About us



“An international point of reference for pharmaceutical packaging”

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

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

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

With **over 750 workers** employed in 7 companies, 3 Italian and 4 non-Italian (between Ireland, Serbia, and Russia), we collaborate with companies and multinationals in the pharmaceutical sector to **develop innovative services** and to provide folding cartons, leaflets, booklets, self-adhesive labels, and printed aluminium foils for blister packs. We do not just offer products, but **solutions**: we see ourselves as a partner to leading multinational industries, establishing

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

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

2.2. Our story: we have been ahead of the curve in the packaging industry since 1946 (Ref. GRI 102-12/13)

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

Our values

To anticipate

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

Why not?

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

Responsibility

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

Continuity

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

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

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

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

2000 saw the official start-up the leaflets division at Dueville, thus enlarging the range of secondary packaging products on offer to customers. In 2004, **Grafica Zannini** was acquired and our

# Group Revenues 2012 / 2020



 **PALLADIO | IRELAND**

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

 **PALLADIO | BNM**

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

## Revenues 2020

| PALLADIO GROUP SPA | PALLADIO IRELAND LTD | PALLADIO EAST DOO | PALLADIO BNM LLC | POLIWEB GRAPHICS SRL | STUDIO THE PHACTORY DOO |
|--------------------|----------------------|-------------------|------------------|----------------------|-------------------------|
| 72.456.844 €       | 2.697.885 €          | 16.112.935 €      | 891.359 €        | 5.429.766 €          | 161.100 €               |

\* Company is not within the reporting perimeter.

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

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

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

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

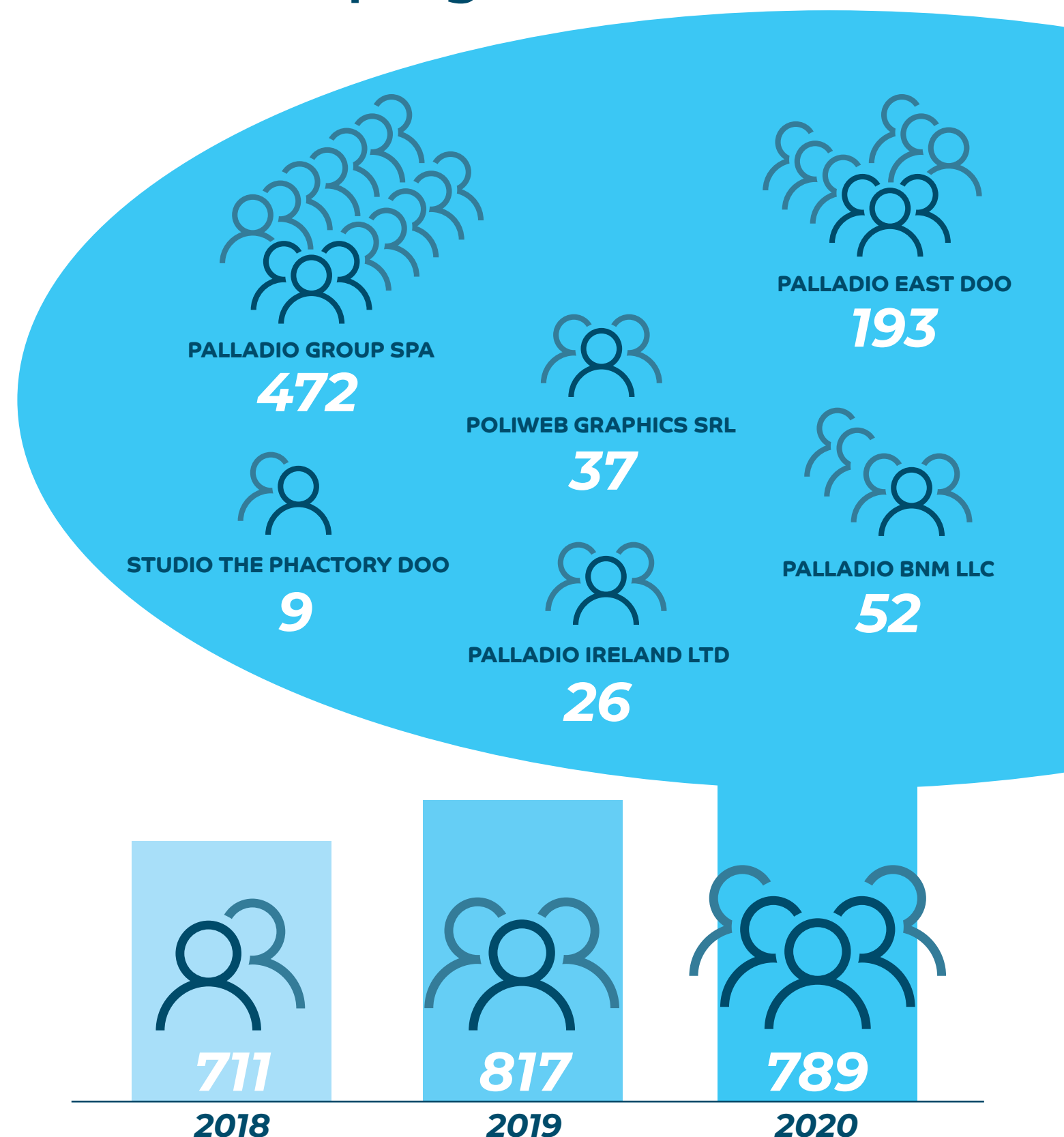
In 2019, the approach focusing on complete solutions was enriched with the launch of **Studio The Phactory**, the spin-off company from Palladio East, still based in Vršac in Serbia: a team of graphics professionals dedicated to **artwork development services**. By combining graphic design, pre-printing and quality control on multiple levels, **Studio The Phactory** supplies high-quality print-ready file, customised to customer specifications. The main activities include developing artwork, print and pre-press tests, technical support, and consultancy.

Lastly, in 2020, with a view to reorganising the Group and strengthening the effectiveness, efficiency and flexibility of the labels division, we started the process that led to Palladio Group Spa incorporating Poliweb Graphics S.r.l. with production site in Gossolengo (PC) on 1 January 2021.

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

The Palladio Group has its headquarters at Dueville (Vicenza) and, in 2020, included 7 companies overall, in Italy and overseas, in line with the corporate strategy to have production facilities in key countries with respect to the markets in which greater growth opportunities are expected.

## Total employees 2020







## **PALLADIO GROUP**

**PALLADIO GROUP SPA**  
DUEVILLE (VI), ITALY

Headquarter  
Folding cartons, leaflets

**THIENE (VI), ITALY**  
Special folding cartons, leaflets, assemblies

**PONTEDERA (PI), ITALY**  
Folding cartons, leaflets, booklets, assemblies,  
labels, printed aluminium foils, overlabelling

## **PHARMA PARTNERS**

**PHARMA PARTNERS SRL**  
PRATO (PO), ITALY  
Pharmaceutical Contract Packaging

## **POLIWEB GRAPHICS**

**POLIWEB GRAPHICS SRL**  
GOSSOLENGO (PC), ITALY  
Special labels

## **PALLADIO | IRELAND**

**PALLADIO IRELAND PACKAGING SOLUTIONS LTD**  
TULLAMORE, IRELAND  
Folding cartons, leaflets, overlabelling,  
serialization

## **PALLADIO | BNM**

**PALLADIO BNM LLC**  
OBNINSK, RUSSIA  
Folding cartons, leaflets

## **PALLADIO | EAST**

**PALLADIO EAST DOO**  
VRŠAC, SERBIA  
Folding cartons, leaflets, labels, overlabelling

## **THE PHACTORY**

**STUDIO THE PHACTORY DOO**  
VRŠAC, SERBIA  
Artwork development

# Group's total production capacity

**2** BILLION FOLDING  
CARTONS

**1.3** BILLION LEAFLETS

**2** BILLION ADHESIVE AND  
SPECIAL LABELS

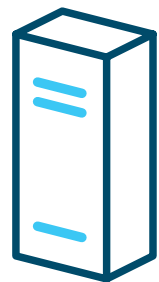
**500** TONNES OF PRINTED  
ALUMINIUM FOILS

# Workers at 31 December 2020

**8** PRODUCTION SITES

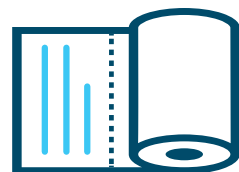
**+750** EMPLOYEES

# The production lines:



## FOLDING CARTONS

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

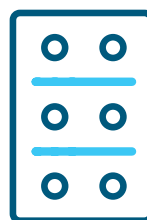


## LABELS

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

## PRINTED ALUMINIUM FOILS

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



## PATIENT ALERT CARD

The Alert Card is a special card that contains all the patient information that the treating physician should know (data and conditions, therapeutic indications, doses and times of drug intake, etc.). We produce Patient Alert Cards on which important indications are printed in multiple languages which the patient must follow before, during and after pharmacological treatment.

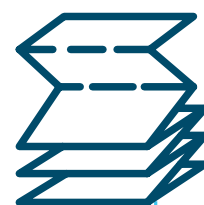
## LEAFLETS

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



## BOOKLETS

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



# Our services:

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



### Our history of sustainability

We have always been a company focused on sustainable development. For us, sustainability is not just a market requirement, but a real opportunity to grow and constantly improve. Over the years we have promoted important initiatives with which corporate commitments have been defined with respect to social, economic, and environmental issues. The Corporate Code of Ethics, the Charter of Values, and the Sustainability Report (see par. 3.4) represent some of the main documents that summarise the guidelines, the goals, the strategy, and the results that we have achieved.

A commitment confirmed and reinforced over the years:

2001: ISO 14001 Environmental certification

2010: First Environmental Report

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

2012: Signed up to the United Nations Global Compact

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

2016: First participation in the Carbon Disclosure Project

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

2019: Definition of the scenarios to combat climate change

2020: Development of specific initiatives in response to the Covid-19 pandemic (such as the third-party assessment and strengthening of the Business Continuity Plan)

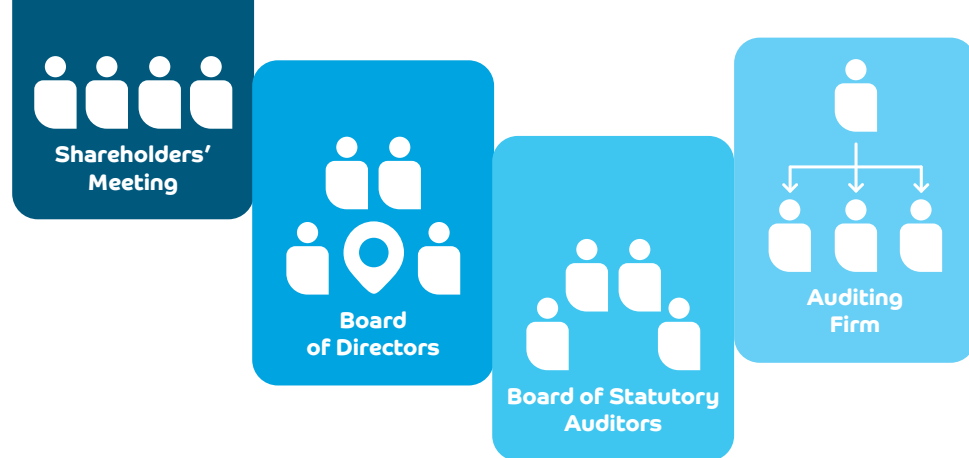
2030: Alignment of corporate performance to the Sustainable Development Goals signed by UN member countries

3

## The Group







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

The Palladio Group is part of Holding Gruppo Marchi SpA together with the Burgo Group. Consistency in design and production choices is the basis for the Palladio Group's sustainable, long-term growth and is reflected in the reporting boundary used for this report. In detail, the reporting boundary includes the business lines which mainly produce the products and services for the primary and secondary pharmaceutical market (folding cartons, labels, leaflets, printed aluminium foils): the plants at Dueville (Vicenza), Thiene (Vicenza) and Pontedera (Pisa) for Palladio Group S.p.A.; and still in Italy, Poliweb Graphics S.r.l. (Gossolengo, Piacenza); abroad, Palladio East DOO (Vršac, Serbia); Palladio Ireland Ltd. (Tullamore, Ireland), Palladio BNM (Obninsk, Russia), and Studio The Phactory DOO (Vršac, Serbia). For reasons of consistency, Pharma Partners S.r.l. (Prato) is not included in the reporting boundary since it operates in a different field (see also par. 2.3 for more information on the companies in the Group).

### 3.2. The governance (Ref. GRI 102-18)

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

external, independent auditing firm.

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

The current Board of Directors was appointed by the shareholders' meeting with the resolution of 9 May 2019, and will remain in office until the 2022 financial statements are approved. There are seven members: the Chairperson, the CEO and five Directors. The company also has Special Attorneys for specific roles or tasks.

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

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

The Committee's objective is to promote a path

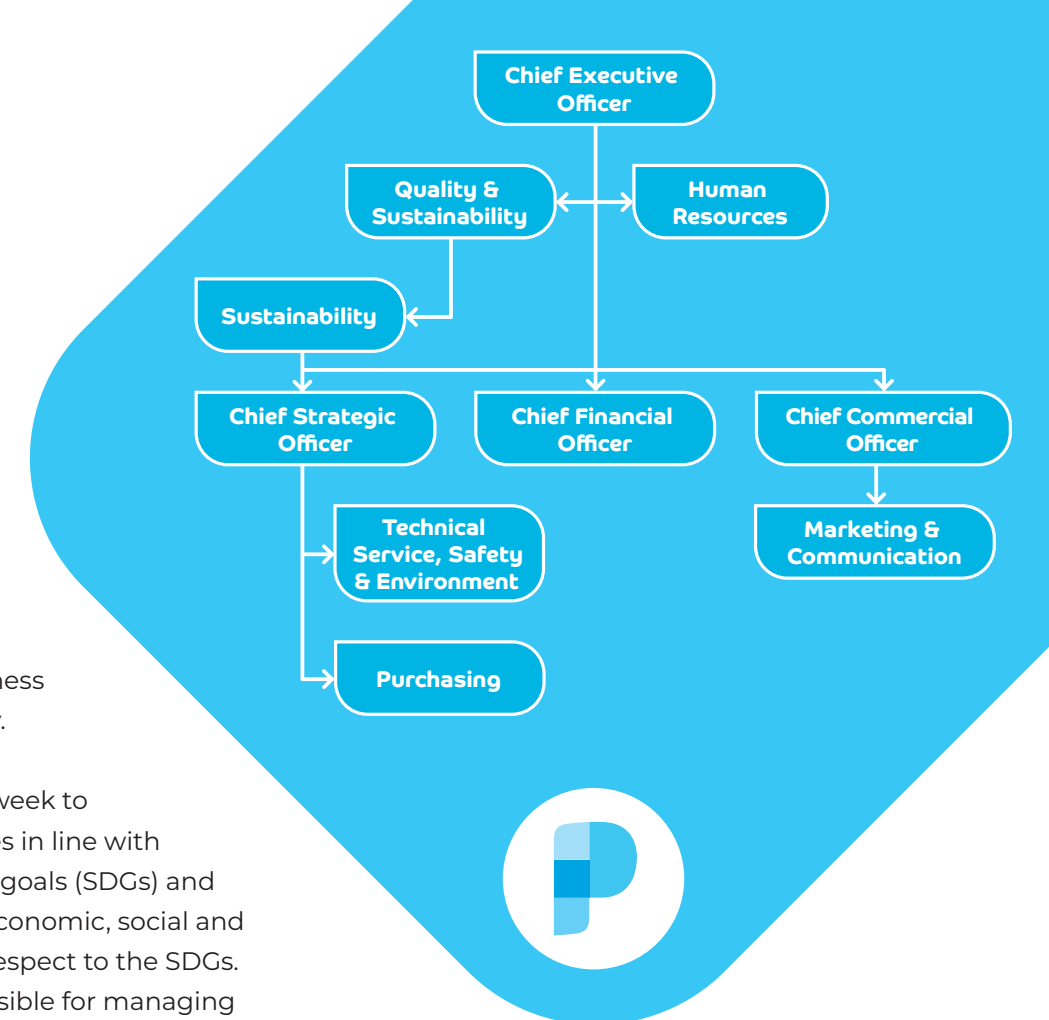
of continuous improvement in sustainability, which, for us, also means increasing the Group's competitiveness and strengthening its identity.

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

### 3.4. The principles and reference values (Ref. GRI 102-16/17)

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

A fundamental element is the Code of Ethics, which sets out the commitments and respon-



sibilities that the company, and everyone who works for it, shall assume in carrying out every corporate activity. The Code makes the values and principles, that guide our actions when dealing with stakeholders, explicit. The current version, which reflects regulatory changes, was approved by the Palladio Group's Management Committee in 2017 and constitutes an integral part of the employment relationship: everyone in the company is expected to behave in a way that is consistent with the Code and the Group undertakes, in turn, to monitor that employees and contractors comply with it.

The Code of Ethics has been delivered to and signed by every employee and is available on the company intranet. New employees are given training in ethics when hired. We are also careful to request that the companies with which we establish working relationships are aware of and share the values in our Code of Ethics and our Social Responsibility Policy, particularly with regard to the respect for human rights: we also for-

# “A Sustainability Committee was established in 2018, made up of the Group's Corporate Managers”

mally ask our suppliers to sign our Supplier Code of Conduct which contains the ethical principles which guide our Group.

One more example of our Group's proactive commitment in upholding the ethical values and principles which guide us is the whistleblowing procedure, which can be used to report - safely and without repercussion - any behaviour which may not be ethical or, indeed, legal. The procedure can be used both internally and externally through the communication exchange platforms. No reports were made in 2020 to the Ethics Committee.

## 3.5. Operations and management systems (Ref. GRI 102-11/12/13, 403-1)

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

Through meetings on continuous improvement based of the principles of Lean Manufacturing (see box), we also develop specific programmes

### A complete, ethical toolbox

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

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

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

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

- AFI - *Associazione Farmaceutici Industria* [the Italian Pharmaceutical Industry Association]
- ASSIDAI - *Fondo di Assistenza Sanitaria Integrativa* [an Italian Supplementary Healthcare Fund]
- ASSOCRAFICI - *Associazione Nazionale Italiana Industrie Grafiche Cartotecniche e Trasformatrici* [the Italian National Association of Graphic, Paper, and Transforming Industries]
- ATIF - *Associazione Tecnica Italiana per lo sviluppo della Flessografia* [the Italian Technical Association for the development of Flexography]
- CIAL - *Consorzio Imballaggi Alluminio* [the Italian Aluminium Packaging Consortium]
- COMIECO - *Consorzio Nazionale Recupero e Riciclo degli Imballaggi a base Cellulosica* [the Italian National Recovery and Recycling of Cellulose Packaging Consortium]
- CONAI - *Consorzio Nazionale Imballaggi* [the Italian National Packaging Consortium]
- ECMA - European Carton Makers Association
- ENIPC - *Ente Nazionale Istruzione Professionale Grafica* [the Italian National Graphic Professional Training Body]
- FASI - *Fondo Assistenza Sanitaria Integrativa* [an Italian Supplementary Healthcare Fund]
- CIFASP - *Gruppo Italiano Fabbrikanti Astucci e Scatole Pieghevoli* [the Italian Carton and Folding Box Manufacturers' Group]
- CIPEA - *Gruppo Italiano Produttori Etichette Autoadesive* [the Italian Self-adhesive Label Manufacturers' Group]
- Salute Sempre - *Fondo di Assistenza Sanitaria Integrativa* [an Italian Supplementary Healthcare Fund]
- Confindustria
- Fondirigenti
- Fondimpresa
- Various supplementary pension funds (Byblos, Veneto Solidarity, ARca SGR, Alleanza, etc.)
- Enasarco
- Energiaindustria consorzio
- Various consortia for land redevelopment

“Our proactive approach is confirmed by internationally recognised certifications”

What is Lean Manufacturing?

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

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

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

to enhance employees' skills and help them reach the strategic goals in an increasingly evolving workplace. A schedule of inter-functional periodic meetings – also done by video conference with other sites in the Group – involves members of the sales, production, and quality sectors in order to ensure alignment across the various functions and efficiency in the processes.

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

elimination - of harmful substances for the workplace. This has allowed us to protect our workers even more, as well as to reduce emissions and the production of harmful waste.

Our proactive approach is confirmed by the adoption of internationally recognised and voluntary certifications (see box), as well as Risk Fund, Bad Debt Provision and Product Liability budget allocations. From the point of view of continuous improvement, and to ensure the quality and safety of our products for customers and consumers, we adopted - some time ago - certain corporate management systems that comply with the requirements found in the strictest regulations.

3.6. Compliance (Ref. GRI 414-2, 307-1, 206-1, 419-1, 416-2, 417-2, 418-1)

With a view to even greater transparency, in relation to each GRI, we summarise, in an analytical way, the findings for the reporting year. Specifically, in the course of 2020:

we received no reports or complaints regarding suppliers' work practices we recorded no significant environmental impacts or complaints regarding an environmental impact, nor any administrative or criminal sanctions, financial or otherwise *res judicata* due to non-conformity or failure to comply with laws and regulations regarding the environment

we recorded no legal action related to unfair competition, anti-trust, or monopolistic practices






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

we recorded no cases of non-compliance with voluntary regulations and codes concerning the impacts on the health and safety of products and services supplied by the Group's plants

we recorded no cases of non-compliance with voluntary regulations and codes concerning information and labelling of products and services we did not record complaints about violations of privacy or loss of customer data We recorded one case of lack of respect for the principles of confidentiality and protection of information by an employee, as outlined in the Company Regulation and Code of Ethics. We immediately managed the event by implementing suitable corrective and preventive actions to minimise the risk and prevent similar situations from happening again.

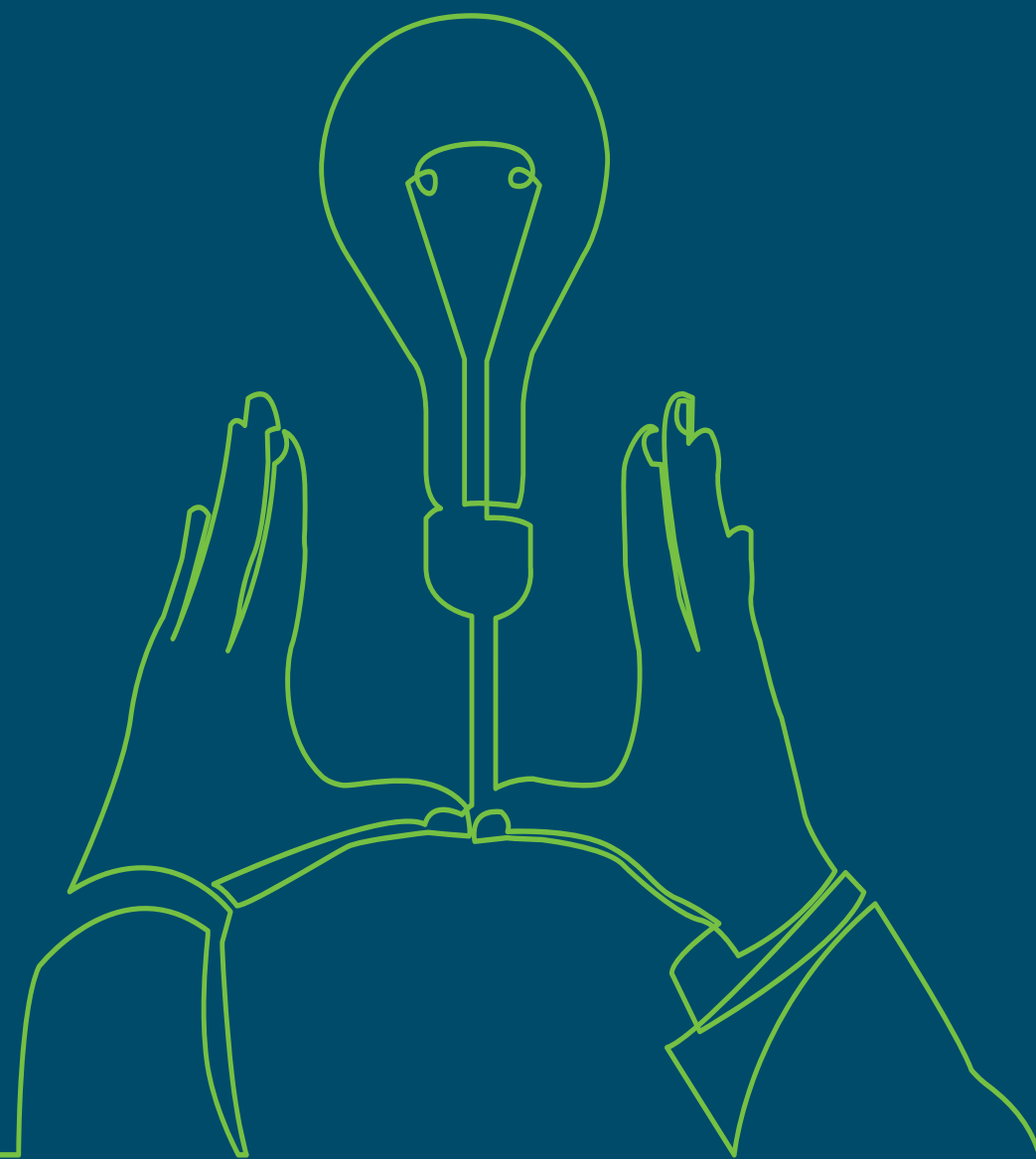
Our certifications and good practices

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

| <div>  <div>Company name</div> </div> | <div>  <div>Site</div> </div> | Active certifications   |   |   |  |   | Other                       |
|--|--|---|---|---|--|---|-----------------------------|
|  |  |  |  |  |  |  | Good Manufacturing Practice |
|  |  | ISO 9001  | ISO 14001   | ISO 45001   | CoC FSC®   | CoC PEFC™   | G.M.P.                      |
| Palladio Group Spa   | Dueville IT  | ●   | ●   | ●   | ●  | ●   | ●                           |
|  | Thiene IT  | ●   | ●   | ●   | ●  | ●   | ●                           |
|  | Pontedera IT   | ●   | ●   | ●   | ●  | ●   | ●                           |
| Palladio Ireland Ltd.  | Tullamore IE   | ●   | —   | —   | —  | —   | ●                           |
| Palladio East D.o.o.   | Vršac SRB  | ●   | ●   | ●   | ●  | ●   | ●                           |
| Palladio BNM LLC   | Obninsk RU   | ●   | —   | —   | —  | —   | ●                           |
| Studio The Phactory D.o.o  | Vršac SRB  | ●   | —   | —   | —  | —   | ●                           |
| Poliweb Graphics Srl   | Piacenza IT  | ●   | ●   | ●   | —  | —   | ●                           |

# 4

## Sustainability Strategy



*“We adhere to the  
Global Reporting Initiative  
Sustainability Reporting Standards”*

#### 4.1. The material topics identified and the limits (Ref. GRI 102-47/48/49 -103-1)

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

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

**nicating progress** in relation to the UN Global Compact principles in order to make sure that we are achieving measurable progress. We implemented the process of determining the material aspects and their scope through four stages: **identification, prioritisation, validation, and review**. Each of the four stages covers specific elements of the process aimed at defining **“what is relevant and where it is relevant”** (further information about the method used to determine the material aspects is outlined in **Annex 1** of this document).

The output from the stages of identification, prioritisation, validation, and review of the material aspects are reported in the following figure. The material issues and their related scope have not changed from 2020 (see the table in **Annex 1**). However, in 2020, we will update the Materiality Analysis: on this occasion, the entire process will

The GRI Standards’ reporting principles

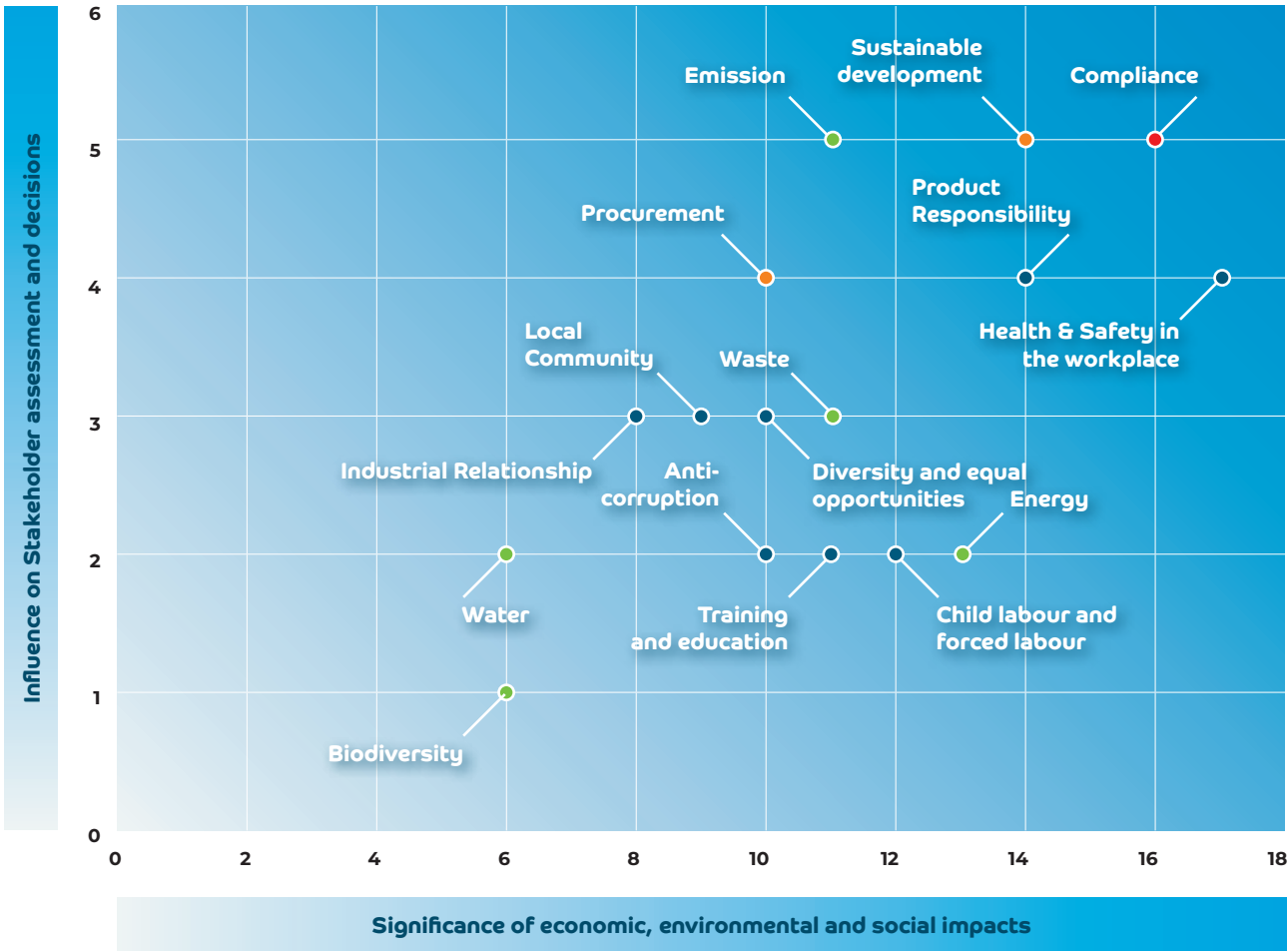
The reporting principles in defining the report’s content:

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Entirety

Reporting principles in defining the quality of the report:

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

### Graphic representation of prioritisation of material aspects 2018





be implemented again, involving both internal and external stakeholders. This important activity will allow us to review and realign our sustainability strategy on the basis of the results which will emerge, allowing us to develop a sustainability plan which is more in line with the interests of all our stakeholders.



The reporting boundary, in line with the approach introduced last year, takes in to account the following companies in the Group:


- Palladio Group Spa (Siti di Dueville (Vi), Italy, Thiene (Vi), Italy, Pontedera (Pi), Italy)
- Poliweb Graphics Srl (Sito di Gossolengo (Pc), Italy)
- Palladio Ireland Packaging Solutions Ltd (Sito di Tullamore, Ireland)
- Palladio Bnm Llc (Sito di Obninsk, Russia)
- Palladio East Doo (Sito di Vršac, Serbia)
- Studio The Phactory Doo (Sito di Vršac, Serbia)


The reporting data refer to the last three years (2018, 2019, 2020), are indicated at Group level and also divided by company. The emission coefficients used for the environmental calculations and relevant details are outlined in Annex 2.





4.2. Objectives, commitments and targets



Our approach to the issues of sustainability is demonstrated through tangible goals, which are put in place through constantly monitored and updated implementation plans. These commitments are developed in line with the company commitment towards SDGs, with a view the greatest positive impact possible compared to the ambitious targets defined by the United Nations 2030 Agenda. The following table provides an overview of our goals:

| SDG   | GRI reference              | Objectives and commitmentsi   | Target                              |
|---|----------------------------|---|-------------------------------------|
|    | 201-1<br>202-1<br>203-2    | We will formalise, in a specific procedure, the ways in which the Group's employee salaries exceed the minimum legal wage   | -                                   |
|   |                            | For Palladio Group SpA, we will continue to offer the possibility of taking severance pay in advance and company loans, as well as participation in the Aiutiamoci Fund; we will also include the performance bonus in the corporate welfare package  | -                                   |
|   |                            | We will set up a facility dedicated to couples of future spouses who get married or form a civil partnership  | -                                   |
|   |                            | We will bring in a monthly bonus for the children of employees born or adopted in 2021 until they reach the first year of age or the first year of introduction into the family unit following adoption.<br>For the children of employees born or adopted in 2020, the bonus will start from January 1, 2021 until they reach the first year of age or the first year of adoption | -                                   |
|  | 102-12<br>201-1<br>203-1/2 | We will draw up a specific policy for community donations and continue to support pro bono activities for non-profit associations and foundations   | Donations equal to 1% of net profit |

|   |           |  |   |
|---|-----------|--|---|
|  | 403-2/3/6 | We will launch a project for the general assessment of the causes of injuries and adopt relative improvement initiatives   | - |
|   |           | For Palladio Group SpA, we will offer and encourage the flu vaccination service and continue to grant employees paid leave for medical examinations  | - |
|   |           | We will start an innovative programme that allows all employees to compete against their colleagues which rewards a healthy lifestyle, based on activities such as walking, sports, sleep, meditation and much more  | - |
|   |           | We will provide our employees with a psychologist who will teach techniques to manage anxiety and stress situations, with the aim of acquiring a useful tool to reduce individual stress, increase the ability to manage psychological-physical stress, increase awareness of self and feelings, increase the sense of well-being and self-worth | - |
|   |           | We will join the “Fabbriche di Comunità” campaign, promoted by the government and Confindustria, providing full access to our company spaces to help the country and support the national anti Covid-19 vaccination campaign   | - |
|   |           | The company will continue to take out insurance coverage on behalf of all employees, regardless of whether they have health insurance plans, to provide real support in the event of hospitalisation and convalescence due to Covid-19 infection   | - |

|   |                            |   |                  |
|---|----------------------------|---|------------------|
|    | 102-12<br>201-1<br>404-1/2 | We will continue to hold training and communication courses for our employees through:<br>A. Internal vocational training courses<br>B. training/general communication<br>C. An internal communication project on issues relating to sustainability<br>D. Training on “GRI” (Global Reporting Initiative) reporting methods<br>E. training/communication on the Code of Ethics in Russia<br>F. specific training on topics concerning sustainability issue analysis | -                |
|   |                            | We will continue to offer scholarships to the families of Palladio Group SpA employees  | -                |
|   |                            | We will promote targeted initiatives in support of long-distance education  | -                |
|   |                            | We will continue to support the “Abilmente” project (a bridge between school and work for young adults with disabilities and neurodevelopmental disorders)  | -                |
|   |                            | We will continue to support the activities of the Palladio Academy  | No. 6 encounters |
|   |                            | We will start work to support the Dynamo Camp initiatives with the “Hip Hop” project  | -                |
|  | 405-2<br>406-1             | We will ensure compliance with corporate policy goals which covers the right to equal opportunities and in which social, racial and religious discrimination is condemned in favour of integration between individuals and cultural exchange;<br>We will ensure that all employees are treated with social equality by guaranteeing them equal opportunities, especially for gender   | -                |
|   |                            | We will ensure universal access to sexual health for all Group employees through compulsory maternity leave in accordance with the regulations in force in the various countries;<br>The company will continue to promote any additional requests to support motherhood and parenthood which benefit men and women alike, by granting holidays and permits  | -                |
|   |                            | For Palladio Group SpA, we will launch the “Telefono rosa by Fondazione Libellula” for employees (support for violence against women)   | -                |

|   |                 |   |  |
|---|-----------------|---|--|
|    | 302-1           | We will purchase energy produced by renewable sources for Palladio Group Spa, Palladio Ireland and Palladio East  | energy consumed originating from renewable sources/total = 100%<br>(Palladio Group Spa, Palladio Ireland, Palladio East) |
|   |                 | We will install a photovoltaic system in the Dueville facility  | -  |
|    | 201-1           | Through the 2018-2022 Strategic Plan, we will continue to promote the economic development and innovation to achieve the highest standards of economic productivity through diversification, technological progress and innovation;<br>We will continue to encourage long-lasting, inclusive and sustainable economic growth, full and productive employment and dignified work for all, through the commitments expressed in the Company's Code of Ethics and related policies | Target 2022:<br>• EBITDA >20%<br>• Special business out of total >30%<br>• Turnover >120M€                               |
|   |                 | We will continue to develop strategies to meet payment deadlines for all our suppliers  |  |
|   |                 | We will develop targeted communication for the initiatives developed within the corporate WELFARE   |  |
|  | 201-1<br>203-1  | We will continue to improve infrastructures, increasing the efficiency of use of the resources and adopting cleaner and healthier technologies and industrial processes for the environment. In implementing the 2018-2022 Strategic Plan we will invest in:<br>• facility renovation projects<br>• an adaptation study of the safety systems of the Palladio East, Palladio Ireland and the Pontedera site (Palladio Group SpA) (operational activity in 2021)                 | Investment for the substitution of facilities/total investments > 15%  |
|  | 405-2           | We will continue the analysis on salary levels between men and women (with the same level, role, seniority, country) rolling it out the other companies in the Group as well  | -  |
|  | 102-12<br>203-1 | We will continue to invest in the ecological education and awareness-raising of future generations through adhesion to the Ekologija initiative with schools in Serbia (E-BIN project)  | -  |

|   |                                      |   |   |
|---|--------------------------------------|---|---|
|    | 301-1/2/3<br>306-2<br>308-1<br>414-1 | Targeted communication on awareness of waste separation issues  | -   |
|   |                                      | We will evaluate the possibility of recycling processing waste from the self-adhesive production cycle  | -   |
|   |                                      | We will rationalise the supplier network based on the presence or otherwise of management system certifications (e.g. ISO9001, ISO14001 or ISO45001) as opposed to product certifications (e.g. CoC FSC®, CoC PEFC™)  | number of certified suppliers / total number of suppliers > 70%   |
|   |                                      | We will activate the initial evaluation questionnaire (which includes sustainability requirements) in digital mode, which will be submitted to our suppliers  | >90% number of questionnaires completed and returned with respect to the total number of  |
|   |                                      | We will start a project to use more sustainable printing plates   |   |
|   |                                      | We will start a project to identify alternative packaging methods instead of using plastic  |   |
|  | 305-1/2/3/4/5                        | We will continue to regularly assess the risks and opportunities associated with climate change as part of the company's global strategic planning and corporate risk management, undertaking to promote a cleaner energy future.<br>We will update the overall analysis based on the indications of the Science Based Targets initiative method (link), in line with the limitation of the global temperature increase to well below 2°C.<br>The reduction paths, determined in this way, will form the basis for the definition of the reduction targets of carbon dioxide emissions from our production activities for scope 1 & scope 2 and for global CO2 emissions.<br>We will also perform an analysis of CO2 emission contributions in order to identify those activities with the highest added value. | The new goals are currently being defined in light of the update of the study on the SBTi trajectory and the results achieved in 2020 |
|   |                                      | We will install charging stations inside the Dueville facility to encourage electric mobility for employees   |   |
|   |                                      | We will begin specific assessments on to the electrification of the company car fleet   |   |





|       |   |   |
|-------|---|---|
| 304-2 | For Palladio Group Spa and Palladio East, we will keep the FSC® Chain of Custody/Forestry Management Systems and PEFC™ running, thus supporting the protection of the forests and animals in them | -   |
|       | We will continue to purchase only certified forestry products and/or originating from controlled sources  | 100% purchase of certified forestry products and/or originating from controlled sources |

4.3. 2020 Results

Despite the difficulties due to the pandemic event, in 2020, the Palladio Group achieved many important results in economic, social and environmental sustainability. Obviously, the effects of closures and slowdowns due to Covid-19 have also impacted the management of sustainability-related activities. However, as can be seen

from the table below, this emergency situation has given us the opportunity, in addition to the commitments undertaken previously, to refocus our resources and intervene, where possible, to help some key stakeholders (out of all employees, local communities and local suppliers) through targeted contributions and supports.

| SDG | 2020 ACTIVITIES  | ACTIVITY PERIMETER | KPI 2020  | TARGET 2020 | 2020 RESULT            |
|-----|--|--------------------|---|-------------|------------------------|
|     | Definition of policies for the application of measures to implement the annual gross salary beyond the legal minimum, including employees and contractors                | GROUP              |   |             | Successfully completed |
|     | Advance payment of severance pay for unscheduled healthcare expenses, first home purchase, expenses deriving from maternity leave, expenses deriving from training leave | PALLADIO GROUP SPA | paid out  |             | € 109,395              |
|     | Payment of company loans with subsidised conditions  | PALLADIO GROUP SPA | paid out  |             | € 51,500               |
|     | Aiutiamoci Fund to take advantage of paid leave hours donated by other workers   | PALLADIO GROUP SPA | No. hours set aside with the Aiutiamoci Fund                                |             | 1056 h                 |
|     | Payment of the Performance Bonus in welfare measures (with a benefit to the employee for the portion exempt from tax by law)   | PALLADIO GROUP SPA | No. employees taking part in the welfare Performance Bonus (even partially) |             | Not applicable         |
|     | Donation to active workers during the lockdown period  | PALLADIO GROUP SPA | payment   |             | € 70,000               |

|  |   |  |                              |       |                        |
|--|---|--|------------------------------|-------|------------------------|
| <br> | Donation made to the community  | GROUP                                  | donations/net profit         | 0.80% | 3.85%                  |
|  | Organisation of a flu vaccination campaign  | PALLADIO GROUP SPA                     | No. of employees taking part |       | 44                     |
|  | Inclusion of a policy in the welfare package granting time for medical examinations   | PALLADIO GROUP SPA                     |                              |       | Successfully completed |
|  | Definition and implementation of Covid-19 prevention measures   | GROUP                                  |                              |       | Successfully completed |
|  | Provision of specific training/information for the prevention of Covid-19   | GROUP                                  |                              |       | Successfully completed |
|  | Donation to the San Bortolo Non-profit Foundation to support the Veneto region healthcare and hospital staff during the Covid emergency   | PALLADIO GROUP SPA                     | payment                      |       | € 50,000               |
|  | Donation to Team for Children to support the Veneto region healthcare and hospital staff during the Covid emergency   | PALLADIO GROUP SPA                     | payment                      |       | € 15,150               |
|  | Insurance coverage on behalf of all employees, regardless of whether they have health insurance plans, to provide real support in the event of hospitalisation and convalescence due to Covid-19 infection. | PALLADIO GROUP SPA<br>Poliweb Graphics |                              |       | Successfully completed |
|  |   |  |                              |       |                        |
|  |   |  |                              |       |                        |

|  |   |   |                |     |                         |
|--|---|---|----------------|-----|-------------------------|
| <br> | Funding of the "Abilmente" project in collaboration with "I Bambini delle Fate", aimed at supporting children with disabilities and neurodevelopmental disorders. | PALLADIO GROUP SPA  |                |     | Successfully completed  |
|  | Meetings to manage the activities of the internal Academy training project  | GROUP   |                |     | Successfully completed  |
|  | Completion of professional training courses within the Company for middle managers and office staff   | GROUP   |                |     | Successfully completed  |
|  | Implementation of a project dedicated to internal communication Sustainability  | GROUP   |                |     | Successfully completed  |
|  | Training provided to Managers for the GRI Sustainability Report   | GROUP   |                |     | Successfully completed  |
|  | Study grants paid to family members of employees  | PALLADIO GROUP SPA  | amount paid    |     | € 12,000                |
|  | Activation of contracts for the supply of electricity from renewable sources  | PALLADIO GROUP SPA<br>PALLADIO IRELAND<br>PALLADIO EAST<br>POLIWEB GRAPHICS |                | 70% | 100% activity perimeter |
|  | Installation of Palladio current rectifier for optimising electricity consumption   | PALLADIO GROUP SPA (Pontedera)  | energy savings | 3%  | 4.03%                   |

|   |   |   |  |               |                        |
|---|---|---|--|---------------|------------------------|
|    | Continuation of Strategy Deployment projects  | GROUP   | turnover   | >120M€ (2022) | 97M€                   |
|   |   |   | EBITDA   | >20%          | 13.6%                  |
|   |   |   | Special business/total   | >30%          | 19.1%                  |
|    | Implementation of projects for facility modernisation   | GROUP   | investment for the substitution of facilities/total investments  | >30%          | 13.25%                 |
|    | Analyses of salaries paid to men and women (with the same level, role, seniority, country).   | <ul style="list-style-type: none"> <li>• PALLADIO GROUP SPA</li> <li>• PALLADIO EAST</li> <li>• PALLADIO IRELAND</li> <li>• PALLADIO BNM</li> </ul> |  |               | Successfully completed |
|  | Continuation of the EKologiJa initiative for the promotion of a Sustainability project with the Training institutes in Serbia (E-BIN project) | PALLADIO EAST   |  |               | Successfully completed |
|  | Extension of the methods for assessing new suppliers based on Sustainability requirements   | POLIWEB GRAPHICS  | number of new suppliers selected by assessing the sustainability requirement / number of new suppliers | 100%          | 100%                   |
|   | Rationalisation of the supplier portfolio to align them with the Sustainability requirements of the Palladio Group                            | GROUP   | number of certified suppliers / total number of suppliers  | > 70%         | 44%                    |
|   | Implementation for compliance with Italian Leg. Decree 116/2020 (management of packaging and packaging waste)                                 | PALLADIO GROUP SPA  |  |               | Successfully completed |

|   |  |                                     |  |      |                        |
|---|--|-------------------------------------|--|------|------------------------|
|    | Analysis of CO <sub>2</sub> emissions contributions to identify the activities with greater added value                          | GROUP                               | absolute CO <sub>2</sub> emissions (baseline 2012)                     | -28% | -23%                   |
|   |  |                                     | Specific CO <sub>2</sub> emissions (baseline 2012, see par. 8.4)       | -20% | -51%                   |
|    | Maintenance of Forest Management Systems. FSC® and PEFC™ custody chains in already certified sites.                              | PALLADIO GROUP SPA<br>PALLADIO EAST |  |      | Successfully completed |
|   | Extension of the EUTR 995/2010 requirement to all suppliers operating in Europe  | GROUP                               |  |      | Successfully completed |
|   | Purchase of certified forestry products and/or originating from controlled sources (including material for self-adhesive labels) | GROUP                               | certified forestry products and/or originating from controlled sources | 100% | 100%                   |
|  | Training on the current anti-corruption policy   | GROUP                               |  |      | Successfully completed |
|   | Revision of the Code of Ethics and renewal of the Ethics Committee   | GROUP                               |  |      | Successfully completed |

5

## Stakeholders



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

Always remember that our activities are aimed, primarily, at the **stakeholders**. This is the guiding principle, to which we look, to constantly reinforce our **leadership** on the Italian and international market: our growth is built on a daily basis on the priority of **satisfying the needs of all stakeholders**, starting with the rights defined by Italian laws and applicable international standards. The decision to draft and publish the **Sustainability Report**, as well as other reports that tran-

sparently report our sustainability performance, for example **EcoVadis** and **CDP**, was just the first step. Our path of sharing and divulging information contributes to focusing on the important aspects, on which we concentrate, and on meeting the needs and expectations of stakeholders. The principles, values and strategies of sustainable development of our Group are the result of both material issues, which emerged from the involvement of the various departments, and the outcomes of the various forms of **dialogue and discussion with stakeholders**: no critical issues emerged from these activities in 2020.

### Who are our stakeholders?

Stakeholders are individuals, groups or entities who have, or expect, ownership, rights or interests in a company and its activities, present and future, and whose contribution is essential to reach a specific organisational goal. The analyses carried out by the Palladio Group made it possible to identify our main stakeholders:

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



## 5.2. The dialogue with the stakeholders (Ref. GRI 102-43)

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

Since 2019, the role of **on-line communication** and **social networks**, in particular, has been steadily growing. LinkedIn stands out among the latter. In 2020, in fact, it recorded an increase in followers compared to the previous year, with **over 1,600** at year end. Social media networks are an effective tool for us to directly communicate, issues such as events, corporate initiatives and, above all, information regarding sustainability, and cross-sector initiatives involving different stakeholders.

In this context, in 2019, we achieved an important recognition for our Sustainability Report, the main tool through which we share our sustainability performance with all the stakeholders. Indeed, the ConsumerLab - Future Respect Study Centre included our document among the best Sustainability Reports of 2019. The study was carried out by a group of experts who selected 210 Reports (published in 2020 relating to the 2019 financial year), deemed accessible and detailed in the representation of their sustainable governance.

The various parties can use our **integrated communication platforms**, both external and inter-

nal, without limitation:

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

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

In 2020, relationships with stakeholders included, amongst other things, the specific **involvement** of groups of internal stakeholders in preparing the Sustainability Report.

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

In 2020, we completely restyled our **company magazine**, updating both the graphics and format, and renamed it “People - The Palladio Group Magazine”. The aim of the magazine is to recount, in an intuitive and direct way, not only everything that happens in the Palladio Group world, but also to talk about the people who contribute to the success of the Group every day. Numerous topics are dealt with in the pages of the “People” magazine, ranging from the internal organisation to product news and main events.

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

With this tool we want to **promote employee participation and involvement**, to keep employees updated about ongoing activities, and to promote the circulation of information between departments. Another important objective is to **promote and increase a sense of belonging**, a spirit of collaboration and team work, improving the atmosphere in the company. With this in mind, and while **also looking at work-life balance issues**, in the winter 2020 edition, the **Benvenuti Piccoli Amici section of the Palladio Group**, was published for the second consecutive year, a section to welcome the birth of our collaborators' children over the last year.

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

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

**Climate change: the CDP rating**  
In 2020, we also responded to the Climate and Water questionnaires of **CDP** (Carbon Disclosure Project, see box), the international non-profit organisation that measures the global commitment of companies, investors and regions **in the**

**fight against climate change.**  
Unlike in previous years, we participated in the compilation of questionnaires in the **full version mode**, with the aim of measuring our awareness and our ability to manage risks and opportunities related to climate change in a more complete and in-depth manner.

This allowed us, for the first time, to obtain the **Supplier Engagement Rating (SER)**, which is reserved for organisations that participate in the questionnaire in the full version mode.

The Supplier Engagement Rating (SER) is aimed at assessing and encouraging commitment on climate issues of the corporate supply chain. It covers governance, objectives, supply chain emissions (Scope 3) and supplier engagement strategies.

Scope 3 greenhouse gas emissions represent more than 80% of the overall emissions associated with our activities, so it is essential to assess our ability to involve and intervene on our value chain.

The **SER rating obtained by the Palladio Group in 2020 is B** and is higher than both the packaging sector average (B-), the European average (B-), and the Global average (C).

The result of the **rating of the Climate and Water** questionnaires in the full version mode cannot be compared to the minimum version mode adopted in previous years. In particular, the results obtained in 2020 in the two question-


naires are:

- management of risks connected to climate change: the **rating obtained is C**, higher than the average rating of packaging producers (D) and aligned with the European and Global averages (B).
- **management of water resources: the** rating obtained is C, lower than the average for our sector, Europe and Global (B).

**Social responsibility: the SMETA audit**  
In 2020, the now routine SMETA audit did not take place due to the change in the international situation linked to the Covid-19 pandemic. SMETA is an audit methodology which includes all aspects of responsible business practices, covering the four pillars outlined by Sedex in the areas of work, health and safety, the environment, and business ethics (see box).

What is CDP?

CDP (Carbon Disclosure Project) is a UK-based organisation that supports businesses, investors and regions in their efforts to publicise the environmental impact of larger companies. Its objective is to make environmental reporting and risk management market standards in order to help sharing, learning about, and adopting the actions needed to create a sustainable economy. Since 2002, over 9,600 companies, 810 cities and 130 states and regions around the world have made their environmental information public through the CDP, for an equivalent economic value of US\$110 trillion in assets and US\$5.5 trillion in buying power.



The independent assessment, conducted by SGS on our behalf or for our customers, is based on a risk assessment that takes into consideration various aspects, including the geographical aspect. In addition to being a commitment signed together with our customers, it represents one of the many supply chain alignment activities from a CSR point of view and an opportunity to check the policies in place in the Group's companies, in Italy and abroad.

**CSR assessment: EcoVadis**  
In 2020, we repeated the **EcoVadis** assessment for the ninth consecutive year. EcoVadis is one of the leading assessors of global supply chains, using a proprietary on-line platform to assess the sustainability performance of organisations. The assessment is based on a series of requirements, divided into four macro-areas (Environment, Labour and Human Rights, Sustainable Procurement and Business Ethics) and elaborated with



## Sedex and the SMETA audit

### Sedex e l'audit SMETA

Sedex is a non-profit organisation committed to increasing the adoption of ethical principles along global supply chains and building **the largest platform in Europe** to collect and process data on ethical behaviour in supply chains.

**SMETA (Sedex Members Ethical Trade Audit)** IV Pillar is the corporate audit methodology most used at the international level to measure a company's social commitment. It covers four macro-topics relative to human and workers' rights, health and safety, managing environmental impact, and business ethics, specifically anti-corruption practices.

The methodology is based on a collection of proven good practices and techniques, designed to support high quality audits that encompass every aspect of responsible business practice. Sharing is facilitated by a reporting format and a shared plan of corrective action.

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

reference to the main sustainable development standards such as the Global Reporting Initiative, the United Nations Global Compact and ISO 26000.

With an overall score of **80/100** and the award of the **“Platinum” rating (the highest among the possible ratings)**, this year we are among 1% of the companies with the highest rating out of 75 thousand plus companies analysed that act proactively and responsibly in relation to corporate social responsibility. A large part of this result is related to the repeated application of the principle of continuous improvement over all these years.

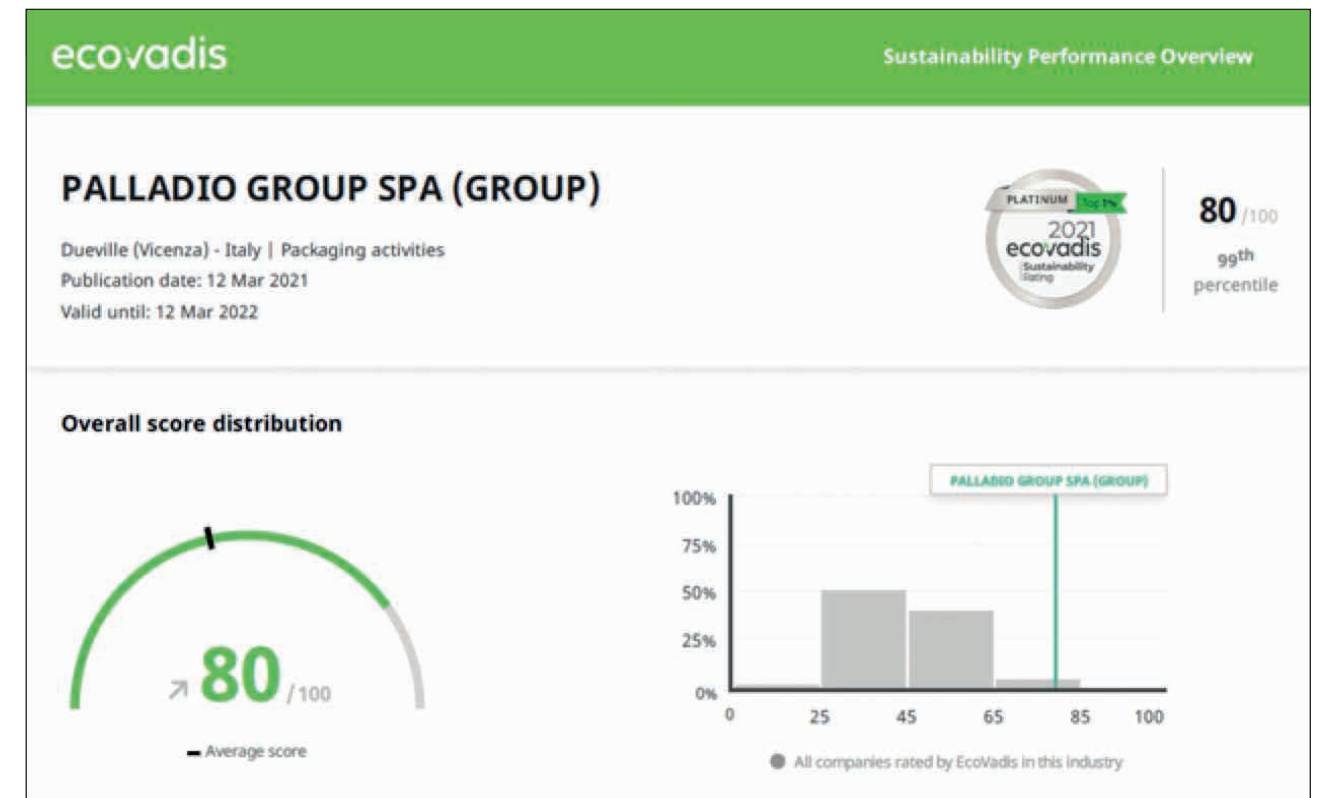
In addition to representing an acknowledgement of our vision and the efforts implemented for CSR, this certification also helps our customers aiming to achieve their sustainability objectives

with us in order to align the supply chain from the point of view of sustainability as well.

### 5.5. Contact with the stakeholders (Ref. 102-43)

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

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



*“We are among the 1% of the companies with the highest rating of CSR assessment”*

We generally contact our customers through normal business practices or through **attendance at events open to the public**. Trade shows are, for us, particularly important in being able to establish - or maintain - **more personal and direct contact** with our stakeholders. Compared to previous years, however, in 2020, due to the pandemic, we succeeded in participating in person in just two trade fairs, Pharmapack Europe in Paris and Pharmtech & Ingredients in Moscow.

## 5.6. The customers (Ref. 103-2/3, 102-43)

The centrality of the customer is of strategic importance for our Group: it is on our **ability to anticipate and interpret our customers' needs and expectations** that we have built our constant growth. A widespread awareness at all levels of the organisation, to ensure that each and every one of us pays the utmost attention to the customer's requests, whose satisfaction we check through periodic meetings and continuous contacts.

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

### *Customer satisfaction*

Achieving high standards of quality means, to us, meeting customer needs in terms of **functiona-**

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

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

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

### *Relationships with customers*

We manage customer relationships through a **team of account managers**, organised by geographic area, who operate very much as **specialist consultants**. The team is also supported by a **Marketing & Communications depart-**

**ment** which, through various communication channels, allows us to **offer a specialised consultancy service** to understand the customer's needs and develop targeted solutions according to the different market requirements, with an

increasing role in **sustainability issues** as well. In recent years, we have also strengthened the **customer service team** in order to continue to offer a reliable, timely, and detailed service.

### **The customer satisfaction questionnaire**

We had to drastically cut down on visits to our customers last year due to the Covid-19 pandemic. Sending out the satisfaction questionnaire by email, as we did in 2019, would have accentuated this distance even more, so we decided to schedule a series of one-on-one digital meetings to review the business and monitor current and future activities. This enabled us to reduce distances and have a direct, dedicated and real-time comparison with our customers.

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

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

**ral**. Our product does not require specific labelling, but for each production batch, we provide suitable documentation issued by our Quality department, which certifies the conformity of the product manufactured to all applicable requirements. Whilst not having direct contact with the end user, we offer customers **innovative solutions** for the **medicine of the future**, designed to **help patients** monitor and **follow the therapy** prescribed.



#### FOCUS: HOW WE HANDLED THE PANDEMIC

Palladio Group operates in a sector which is considered strategic for the company's fundamental activities, so our facilities never halted production during 2020, even in lockdown conditions.

In this period, in addition to continuing to guarantee the supply of our products, we undertook specific actions aimed at managing any pandemic-related problems, as well as taking advantage of the new opportunities created as a result of the new global economic circumstances.

Among the immediate actions implemented, aimed at maintaining strong relationships with customers at a time when distance could have had a negative impact, we organised specific retention actions, in particular, towards strategic customers. For example, we organised weekly meetings to monitor and continuously respond to customer requests and make our presence felt, acknowledging the effective operation of our facilities.

With an eye to new markets and on the basis of specific market surveys, a diversification strategy was also implemented during 2020, aimed at expanding our presence towards geographic areas that had historically been not covered.

Finally, with the aim of managing any future market shocks, in 2020, we laid the foundations for a project to strengthen the correlation between the commercial production budgets, in order to ensure maximum flexibility as well as operational continuity. Training projects are also moving in the same direction to make people versatile (to compensate for any production drops or peaks), as well as the development of commercial plans that can cope, with the programming of alternative strategies, with a possible downturn in the market.

#### 5.8. Respect for privacy (Ref. 418-1)

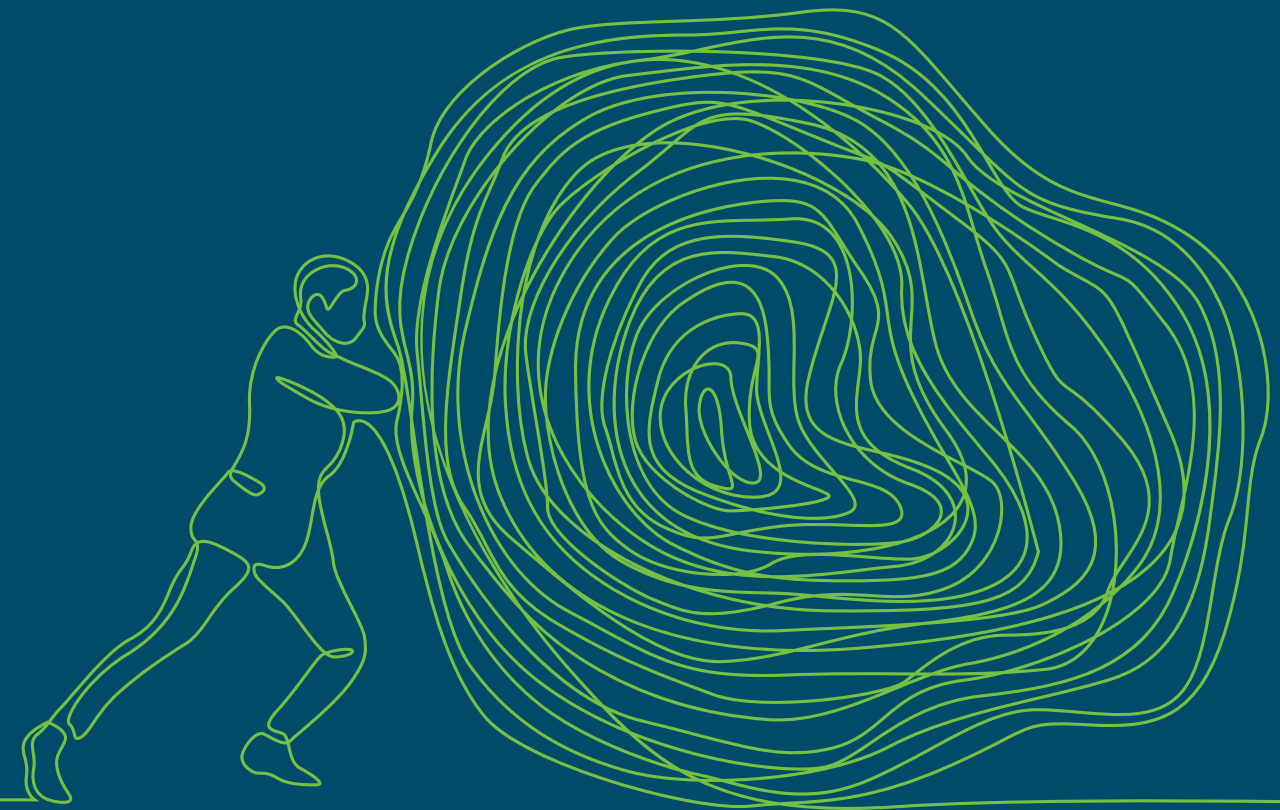


In the Palladio Group we have developed a high sense of the importance of **generating, using, and storing information** in the proper way. We pursue, and have maintained over time, a level of **confidentiality, integrity, and information availability** that complies with the requirements established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

In 2018, we aligned our procedures with EU Regulation 2016/679 (the General Data Protection Regulation, GDPR) on the protection of natural persons with regard to the processing of personal data and on the free movement of such data. In 2020, we also started an activity aimed at developing the Binding Corporate Rules for our entire Group, as a basic tool of a management system for the legislative requirement.

6

## Economic growth



# 135.479 €

EUROS INVESTED IN THE COMMUNITY IN 2020

## 6.1. Economic responsibility and sustainable development (Ref. 103-2/3, 201-1, 203-1/2)



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

In 2019, **Studio The Phactory** came into operation in Vršac in Serbia. This spin-off from Palladio East is focused on **artwork development** and graphic services, further consolidating our strategy focused on overseeing the fastest growing markets. A piece that adds to the 2017 inauguration of the **Russian plant of Palladio BNM** and, in 2018, to the acquisition of **Poliweb Graphics**, which expanded our labelling solutions (see also par. 2.2).

In addition to generating value for our company, this dynamism contributes indirectly to **improving the socio-economic situation of the local communities** in which we operate. By supporting **community projects** in high value areas for civil society, such as **social, cultural, and artistic activities**, we also contribute to improving the **quality of life** of the local communities in which we work, even beyond the economic aspects.

To ensure the maximum effectiveness of our interventions - donations, financial contributions and pro bono activities - and to ensure that they translate into **concrete projects**, we conduct a **preventive analysis** of the needs of local communities or of general public interest and the projects available. In 2020, in total, we invested **more than 130 thousand Euros** in initiatives to support communities (more than double compared to 2019, see chap. 12), especially through donations to support the healthcare system in the fight against the pandemic (see box).

In full compliance with the current regulation on the matter, we offer our workers a pension plan in accordance with the provisions set forth by the companies in which we operate. We also assist our employees in the transition from active working life to retirement, thanks also to support initiatives.

*“Recruitment within the territory and the local community”*

## “Business Continuity and Disaster Recovery Plan”

## 6.2. Our presence on the market (Ref. GRI 202-1/2)



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

The wages for newly hired personnel, in every Group location, are, on average, higher than the minimum wage required by law without any distinction between gender and background. Even through Palladio Group does not have a specific global policy for the recruitment of personnel residing near the facilities, our recruitment practices nonetheless include prioritising people residing in the vicinity where the activity takes place. Both the managers and employees of the subsidiary companies outside Italy, and of the various Italian plants, are generally recruited from the local communities of reference (managers are intended as first level Roles, while local community implies the country where the plant is located).

## 6.3. Sustainable growth (Ref. GRI 201-2)



Considering the sectors in which we operate, in addition to staying true to **the values** that drive us, we are **deeply aware** of the importance of ensuring the long-lasting **sustainable development** of our activities and a more efficient use

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

To achieve these objectives, we have adopted a **management model** based on the preventive analysis of the environmental impacts of our activities, on the constant monitoring of consumption and waste and on the **assessment of sustainability performance by third parties**. This approach has allowed us to identify areas for improvement (in terms of the environment) on which to take targeted action, which resulted in **progressive reductions of CO<sub>2</sub> emissions in relation to the tonnes of finished product produced**.

We are also aware of the risks due to physical changes in relation to **climate change**: our current view is that they do not affect the operations of our plants and the corporate decisions in the mid- to long-term. We have, however, stipulated insurance contracts to protect ourselves in the event of unforeseen climate-related events and we have strengthened our **Business Continuity and Disaster Recovery Plan** to ensure the continuity of our activities.

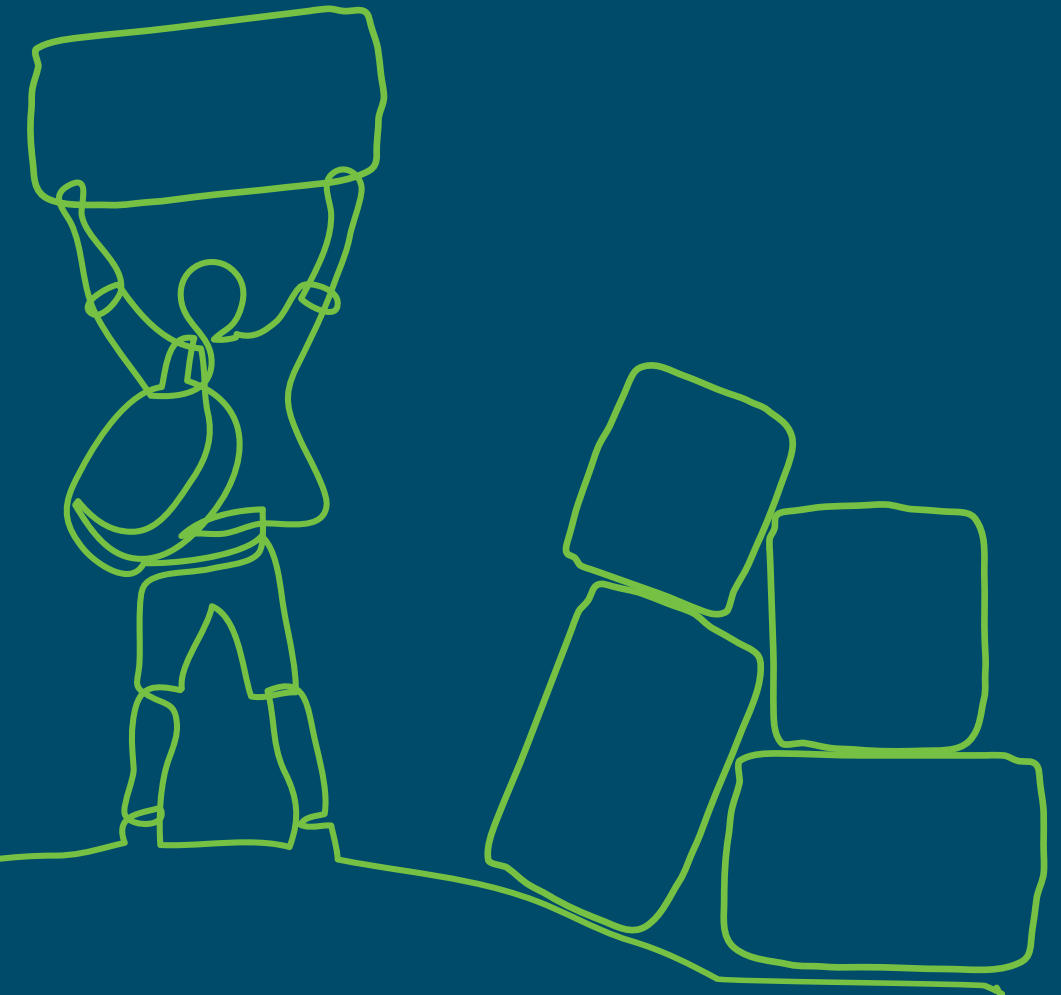
#### FOCUS: HOW WE HANDLED THE PANDEMIC OUTBREAK

The Business Continuity theme is, without a doubt, a central theme for Palladio Group. Our path to strengthen in-house tools related to the issue of business continuity takes 2018 as its reference point, the year in which we formalised the first version of the Business Continuity Plan (BCP). In 2020, this important document was then reviewed and supplemented to align it with the Covid-19 emergency situation, as well as with the applicable GMP requirements. The new version of Palladio Group's BCP demonstrates a more complete, extended and integrated approach, in fact:

- it not only covers Palladio's in-house activities, but also encompasses the entire supply chain (suppliers and subcontractors);
- in addition to operations, it also includes scenarios relating to employees, infrastructures and the availability of material;
- it applies to all the Palladio Group companies and facilities.

Alongside the review of the BCP, in April 2020, we decided to support an independent third-party assessment, the purpose of which was to assess the robustness of our business continuity management and control systems, potentially impacted following the pandemic outbreak in terms of: operational processes, economic and financial processes, relations with customers, suppliers and other relevant stakeholders (e.g. banks, investors, public authorities, communities, etc.), employee work. The result of this assessment has allowed us to understand and expand not only our strengths, but also the main areas for improvement, which will be the subject of specific actions to further improve our internal business continuity systems.

## Responsible sourcing



*“We have strengthened the partnerships with our suppliers and made the entire purchasing process stronger and more secure”*

FOCUS: HOW WE HANDLED THE PANDEMIC OUTBREAK

The continuity of supplies is a key aspect. For this reason, at the time of the outbreak of the pandemic, we promptly put a strategy in place to ensure that the flows of incoming materials were not delayed or interrupted, thus impacting production.

With regard to aluminium, one of the raw materials used for Palladio Group's business, we avoided any possible suspensions in supply, by bringing forward additional stock purchases at the first signs of potential problems in global supplies. With respect to paper, a key material for the activity of our facilities, we instead adopted measures that allow security stocks to be moved from the warehouses of suppliers abroad to Italy, thus avoiding possible delays at the borders between countries.

In a framework of growing uncertainty, we also strengthened partnerships with our suppliers, introducing additional measures to safeguard procurement processes. To this end, we asked suppliers, throughout 2020, to regularly monitor production capacity and report to any possible reductions and/or problems Palladio's purchasing team due to limitations, such as company outbreaks, limitations dictated by local law, etc. In order to strengthen and safeguard the purchasing process, we asked our business partners to share their business continuity strategies and plans. This activity, in addition to contributing towards strengthening our monitoring systems on the entire procurement process, also made it possible to raise awareness among some of our suppliers, who were invited to draw up a business continuity plan.

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



For our Group, committing to the **sustainable management of products and services** is a challenge that works on two fronts: we work to order, and **it is our customer** who defines which type of material and which supplier to use. The possibility to use **raw materials from controlled supply chains** depends on their requests.

Despite this, we set ourselves the goal of sustainable management which, by reducing cardboard waste, rationalising the supplier's warehouse and introducing greater flexibility in orders, not only has a **positive impact on the environment**, but also brings **economic benefits** to all the actors in the supply chain. And the initiatives, which we promoted, have led to positive results: in 2020 as well, approximately **21.3%** of customers requested the use of **recycled material**.

In the packaging we use for the packaging sold, for which, moreover, we are not bound by external requirements, we have opted to favour

**packaging derived from recycled material.** The vast majority of the materials we use in production can be **reused or recycled** at the end of their life cycle, at which time we properly sort and collect them for subsequent treatment.

7.2. Respect forests by preserving production (Ref. GRI 102-9)

In Palladio Group, we wanted to further strengthen our efforts to safeguard forest resources through compliance with the requirements of the **CoC-PEFC™ and CoC-FSC®** certification

schemes, as well as our **Forest Sustainability Policy**, with the commitment to procure and use only certified raw materials or which do not originate from controversial sources.

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

Rules and sustainability

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

Europe for forests

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

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



compliance with the **EUTR 995/2010 “Timber Regulation”** and with the **Due Diligence System** (see box). In 2020, all **suppliers** of forest-based raw materials used by our Group also confirmed the origin of the material in accordance with these requirements and all are in possession of a valid forest chain of custody certification.

### 7.3. A key actor for sustainability: our suppliers (Ref. GRI 102-9, 308-1, 403-7, 414-1)

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

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

Since 2016, our **selection and qualification procedure has required** suppliers to be aware of and share **the principles and values** set out

in the Code of Ethics and the Supplier Code of Conduct (see also par. 3.4). Specifically, suppliers commit to **complying with our standards** in terms of occupational health and safety, freedom of association and non-retaliation, forced or compulsory labour, child labour, non-discrimination, compliance with environmental regulations, abuse of office and corruption. In line with this approach, we value suppliers who have certified Management Systems (in accordance with ISO9001, ISO14001, ISO45001 or other schemes) rather than products (e.g. CoC-FSC®, CoC-PFC™).

The supplier selection, qualification and evaluation system was further strengthened and refined during the year. In particular, it was considered important to locate the geographical position of the production facilities of all the raw material suppliers of the group, to introduce energy efficiency clauses, for example in national and international transport contracts, and to formalise the request to suppliers for their Production Continuity Plan.

This set of activities has led to shared insights and an intensification of traditional customer-supplier commercial relationships; it made it possible to declare and share common objectives, also in terms of sustainability, and to strengthen relationships with a view to optimising the supply chain.

In particular, the effectiveness of the transport-related initiative of our primary cardboard raw material supplier should be noted. According to the data shared by the supplier over the last year, the intermodal transport method recorded

a significant increase, linked to a 13% reduction in CO2 emissions from incoming transport. All this with the same quality level of the material, a suitable level of service (punctuality in deliveries) and with a more accurate planning of purchase orders. This initiative led us to assess the possible roll-out of the analysis of transport methods to all suppliers of raw materials, along with the calculation of the associated CO2 emissions.

During the year in question, we selected and inserted **80 new suppliers in our vendor list, of which 65** were qualified based on their social, environmental criteria and impact on society.

In terms of monitoring previously qualified suppliers, the pandemic forced us to review our audit plan in the field, which includes a verification of safety in the workplace and legislative compliance requirements. To this end, we conducted a risk analysis relating to the expiry dates of the qualifications of the suppliers included in the vendor list, which resulted in our decision to suspend the verification activities for 2020, which will, however, be resumed as per usual in 2021 in person or remotely, as soon as conditions permit us to do so. These control activities, which will continue over the next few years to extend the assessment to all suppliers, were also implemented with the aim of making our partners **more aware** of these issues: encouraging them to **understand and respect the Code of Conduct**, and through compliance with its principles, we support them in setting up and continuing supply relationships according to **clear and transparent criteria**. In terms of **health and safety in the workplace**, we require the supplier or contractor to under-

stand and comply with all the relevant local regulations in force as well as to follow the provisions of the documentation delivered, which must be signed for acceptance (for example, for Italy, DUVRI, the Single Document on the assessment of risk from interference). In the case of suppliers or contractors selected for work which is to be done **inside our sites**, as provided for by procedures, we will ask for all the documentation which certifies compliance with the legislative and contractual obligations towards their employees, corporate social responsibility and respect for the rules of good conduct set out in our **Environmental and Health & Safety Management System**.

Any negative environmental impacts or complaints relating to the impacts are dealt with through **the non-compliance management process**. There were no events during the reporting period that led to the termination of contracts with suppliers, contractors or other business partners due to inadequate performance conditions or violations of human rights and work practices.

### 7.4. Attention on biodiversity and indigenous communities (Ref. 304-1/2/3/4, 411-1)



One of the environmental elements on which we place the greatest attention is biodiversity. Even if all our plants are in industrial or technological areas, and, therefore, far from protected zones,

“CoC-PEFC™ and CoC-FSC®  
certifications safeguarding forestry  
resources”

Our commitment to the issue of Conflict Minerals

In 2015, we began a survey with some suppliers to analyse the topic of conflict minerals (see box) and to get confirmation that no materials extracted from conflict zones are used in the respective production processes. Following the results obtained, it was decided to focus monitoring on certain categories of suppliers at higher risk.

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

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

The IUCN “red list”

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

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

areas of high biodiversity, and areas containing the habitat of protected species (see box), we believe it is our duty to assume a wider responsibility towards environmental issues, especially when looking at the origin of our raw materials.

The raw material we use mostly consists of paper and cardboard. We are aware of the role that forests play at the global level in protecting the environment, as well as in maintaining and enriching biodiversity: by adopting a forest ma-

nagement system, such as the FSC® and PEFC™ chains of custody (see also par. 6.1), our Group favours the purchase of raw materials of forest origin that come from forests which are sustainably managed from the environmental, social, and economic point of view. Thanks to these sustainable practices and to following certified chains of custody, in relation to our Group’s activities, no events were recorded that involved the rights of the communities in which we operate.

8

## The environment





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

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

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

Another important step in the policy of reducing waste is the management of discarded material from raw materials which, when permitted by local regulations, our plants manage, for the most part, as a **by-product**. In any case, every type of

material is managed appropriately with a view to **reusing or recycling it**. We also separate the various **packaging materials** (such as wooden pallets, plastic, and iron) in order to help improve efficiency in the use of materials and resources.

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

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

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

8.2. How we control emissions (Ref- GRI 305-1/2/3/4/5)



Due to the type of our activities, our Group **does not** have plants or activities which produce significant atmospheric **emissions**, intended as

emissions for which the relevant authorities have prescribed monitoring. Furthermore, there is no equipment that contains substances which are harmful to the **ozone layer**.

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

**Scope 1**  
This is represented by greenhouse gas emissions due to the **combustion of natural gas and oil** to heat rooms (direct and controllable emissions) at our plants. For each plant, we used the consumption of natural gas and oil, based on invoices, for the last three years.

**Scope 2**  
This regards greenhouse gas emissions due to the **consumption of electrical energy** in plants (indirect emissions). Again, in this case we used data on electricity consumption in plants, taken from invoices for the last three years.

In 2016, we introduced the *Scope 2* emissions calculation method in line with the new requirements of the **Greenhouse Gas Protocol**.

**Scope 2 Guidance.** *Scope 2* emissions are reported in two different ways, the *location-based method* and the *market-based method* (see box).

For the **market-based** method, we used emission factors, where available, in order of preference from *Garanzie di Origine* [Guarantees of

How greenhouse gases are classified

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

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

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

Origin] (Italy), the specific emissions factor made available by the supplier (Ireland), the *Residual Mix (Italy, Ireland)* and the emissions factor used in the *location-based* methods (Serbia, Russia).

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

#### Scope 3

Indicates the greenhouse gas emissions due to the **processing of raw materials** entering the production cycle and the transportation of raw materials and the finished products (other indirect emissions). We used the data from the last three years containing the quantities of **raw materials** entering each plant. In detail, we distinguished between the material entering, such as **cardboard** for **processing into the folding**

**cartons lines, paper for processing into the leaflet lines**, self-adhesive labels for processing into the adhesive lines and, finally, **journeys** both inbound (for the purchase of paper and cardboard raw materials) and outbound (for the delivery of the finished products) to and from each plant in the Group.

For further details on the Scopes, please refer to the definitions of the *Greenhouse Gas Protocol* ([www.ghgprotocol.org](http://www.ghgprotocol.org)).

### 8.3. The Carbon Footprint challenge

In recent years, we have identified a series of activities aimed at defining and improving **procedural methods and organisational changes** that would allow for a reduction in consumption

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

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

The **market-based method**, however, considered the electricity emissions by using emission factors **deriving directly from contractual supply instruments** adopted by the company users, the *market-based* approach requires, if the company does not have any specific contractual supply instruments, the use of the **residual mix**, a figure that approximates the amount of energy produced from sources that do not have access to certification and traceability mechanisms (for example, the Guarantees of Origin).

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



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

For any long-term sustainability strategy to succeed, the new generations need to be involved first-hand. To this end, we have always supported initiatives that involve young people, for example the Ricicloaperto campaign in Italy and the eBin project in Serbia.

##### The Ricicloaperto campaign

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

In 2020, we also gave local high school students access to our facilities to talk tell them about the different recycling phases of cardboard, with the aim of making them understand the importance of separating waste and the informed use of resources in general. This activity scheduled for March was, however cancelled due to the lockdown resulting from the Covid-19 pandemic. Ricicloaperto is an excellent communication campaign that, by showing first-hand how differentiated waste is collected and recycled, aims to demonstrate the sector's industrial value, professionalism and technologies and to show, again first-hand, how paper and cardboard are actually recycled in order to reassure people of the value of their daily commitment to separate waste collection.

##### The eBin project

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

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



derived from any energy waste. Thanks to these actions, we managed to **avoid an increase in greenhouse gas emissions** even in the face of plant expansion, the addition of further production lines, production differentiation and an increase in business, which have resulted in an increase in energy consumption. We therefore determined the strategic objectives regarding greenhouse gas emissions as the sum of the **Scope 1 emissions** and the **Scope 2 emissions** based on the *market-based* method. Since 2017, we have signed agreements to purchase energy produced exclusively from **renewable sources**, for some of the Group's facilities, which has allowed us to **reduce specific CO<sub>2</sub><sup>2</sup> emissions by about 9%** as a Group compared to Scope 2, calculated in reference to 2018. We also implemented **constant monitoring** of the indirect impacts (Scope 3) that derive from factors such as the consumption of raw materials, transportation derived from purchasing raw materials, and transportation derived from the sales of the finished products.

The investment in new facilities, in particular, has led to the implementation of additional solutions which have resulted in efficiency, reducing the overall environmental impact of the Group and **limiting the increase in CO<sub>2</sub>** linked to the incre-

ase in production. To mitigate the environmental impacts connected with the transportation of products, we are **constantly optimising inbound and outbound journeys** by resorting to purchasing, and the subsequent production of the finished product, in **plants which are closest to the customer** to whom the material will be delivered. We account for different types of emissions (Application scope 1, Scope 2, Scope 3) by transforming them into an economic value: we use the last figure for the price of carbon available obtained from the last edition of the *Report of World Bank Group (State and Trends of Carbon Pricing) and Ember-climate*. On the basis of this information, considering the value of the different countries in which we operate, we identified a **specific carbon indicator** as the ratio between the value calculated for the *carbon price*<sup>3</sup> and turnover. This indicator has been **included in the company's key indicators**, in order to ensure that it is monitored.

#### 8.4. Our approach to climate change

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

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

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

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

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

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

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

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

The possibility that the 1.5°C threshold will be exceeded leads to rather disturbing scenarios. In fact, an increase in the average global temperature of 2°C could lead to the disappearance of coral reefs and their entire complex marine ecosystems. Sea levels would rise globally by 10 centimetres, drastically changing the lives of millions of people who live along coastlines. Oceans would face more intense processes of acidification compared to today, with grave consequences for marine flora and fauna. Hotter summers and extreme climatic events would make cultivating cereals - the main source of nourishment for billions of people in large parts of the world - more difficult and more expensive.

The establishment of the Task Force on Climate-related Financial Disclosures (TCFD) by the Financial Stability Board (FSB) has prompted institutions, organisations, and companies to recognise, in an even more decisive manner, the financial impact of climate risk.

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

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

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

Our Group is deeply aware of the need to **face these issues in a systematic way**: as part of our **global strategic business planning**, and corporate risk management, by regularly assessing the risks and opportunities associated with climate change and committing ourselves to promoting a cleaner energy future. Our actions include the use of innovative approaches to integrate energy use with renewable energy resources. thanks to this approach, after the strategic restructuring and investment in recent years, we have **reduced specific CO<sub>2</sub> risks<sup>4</sup>** (Scope 1 and Scope 2) **by 7%** compared to 2018 and by **51%** compared to 2012.

### 8.5. An informed used of energy (Ref. GRI 302-1/3/4)



Energy consumption for winter heating of production areas and offices only involves the use of **natural gas** (Italian and Serbian facilities) or **fuel oil** (Irish facility). The consumption of **electrical energy** is intended both for production activities and air conditioning, mostly in the summer, of the offices and production premises.

Specific interventions have allowed us to **limit consumptions despite the rise in production**, including **raising awareness among employees** in addition to modifications to the system. The organisational changes were aimed at moderni-

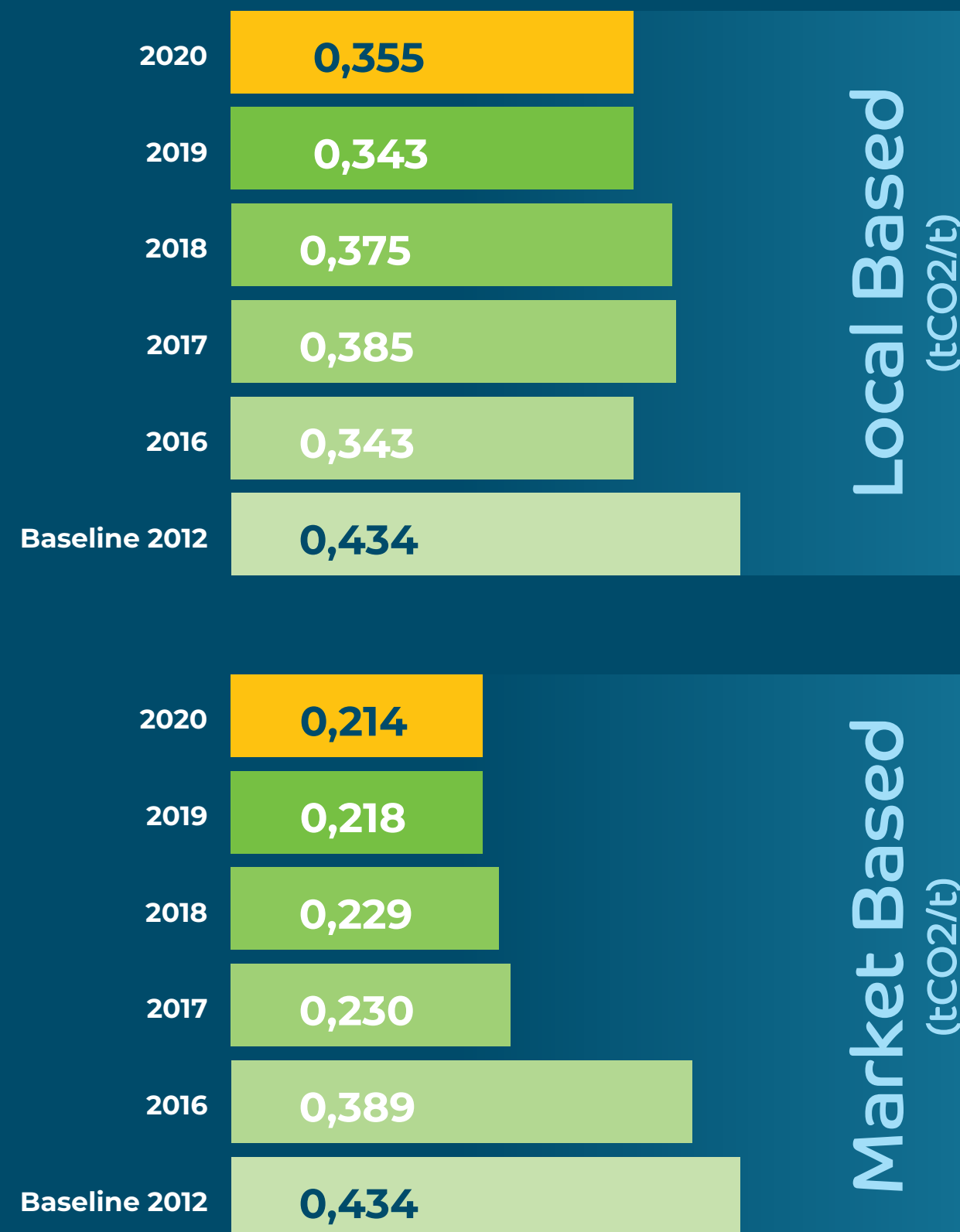
sing the production equipment with the purchase of **new plants which have allowed us to optimise processes** thereby obtaining greater efficiency including energy efficiency. Other actions were aimed, for example, at replacing neon bulbs with **high energy efficient LED lights**, at using **automated equipment** to manage services used in production, air conditioning of environments, and replacing heating plants with highly efficient boilers.

Since 2017 we have signed agreements for the purchase of **energy produced exclusively by renewable sources**. In particular, 100% of the energy purchased for the Italian facilities comes from renewable sources with a certified Guarantee of Origin. 100% of the electrical energy purchased for the Irish plant comes from renewable sources guaranteed by a specific agreement with the supplier. To date, 72% of the electrical energy purchased by Palladio Group comes from renewable sources with a certified Guarantee of Origin. This choice is reflected positively in a significant reduction in emissions associated with the consumption of electricity, calculated according to the market-based method described in the Scope 2 Guidelines in the GHG protocol.

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

<sup>4</sup> calcolate come rapporto tra le emissioni di Scope 1 + Scope 2 Market-based e la quantità di prodotto finito

# Carbon emission Footprint





Pontedera: as of 2019,  
322 panels for  
**101.36 kWp**

Another important **improvement activity**, which we started respectively in 2018 in the **Dueville** facility and in 2019 in the one in **Thiene**, concerns the installation of a **voltage stabiliser** which has allowed us to save about 12.6 TEP per year of electrical energy since 2019 and to avoid about **20.7 tonCO<sub>2</sub> per year**. The same efficiency action is being considered for the plant at **Pontedera**. Finally, as further confirmation of our commitment to energy responsibility, in 2019, we supplemented the company's fleet of vehicles with the first electric vehicle. The expectation is to add other vehicles of this type to our fleet in the near future.

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



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

reduce all types of pollution.

Over the last three years, there have been no uncontrolled spills of waste and the total waste produced has increased in relation with the increase in production. Moreover, the ratio between hazardous waste compared to the total waste was 2% in this period. Compared to 2018, **hazardous waste has increased by 5%**.

The percentage of waste sent to recycling/recovery rose by 16% compared to 2018. The ratio between waste sent to recycling/recovery is 93% (about +4% compared to the previous year). To this end, the waste separation management project was included for the kitchen activities in the Group's Italian facilities.

## 8.7. A responsible management of waste (Ref. GRI 306-1/5)



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

The Group's offices and production plants are located in technological or industrial areas and, therefore, **far from protected zones**, areas of high biodiversity and areas containing the habitat of those species listed on the IUCN red list which includes all the 197 Italian Policy Species (species included in the annexes to Directive

92/43/EEC "Habitat" and the Bern Convention, both ratified by the Italian government and, de facto, constituting national law). For this reason, no measurements, in this regard, are envisaged (see also par. 7.4).

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



Every Group location uses water in **the most efficient way possible**, thus working to counter the ever-increasing level of exploiting that characterises this essential resource, both at the regional level and the global one. We monitor the quantities of water taken from the water supply every month to check that there are no leaks and that the consumptions are in line with the average consumptions, as well in comparison with the working hours.

The Group's plants withdraw quantities of water that **do not damage in any significant way the water sources** and the main use is hygiene-sanitary purposes, which do not require methods of recycling or reusing. The use of water in the production process is generally limited to offset printing for wetting the printing plates (managed as liquid waste). Consumption is, therefore, strictly tied to the quantity of product processed. In any case, to limit the consumption of water and to reduce to the minimum any waste of this resource, we installed **flow reducers** on the taps in the bathrooms at several locations, simple devices which mix air into the water from the tap,

as well as **double buttons** for flushing toilets.

The total water extraction of Palladio Group, equal to 8,547 m<sup>3</sup> in 2020 and PBMN equal to 2,358 m<sup>3</sup>, occur in areas with water stress (Source: Water Risk Atlas of the WRI). The overall water consumption by all the group's facilities, equal to 12,647 m<sup>3</sup>, only comes from municipal or state aqueducts.

Despite the reduced water impact of our activi-

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

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

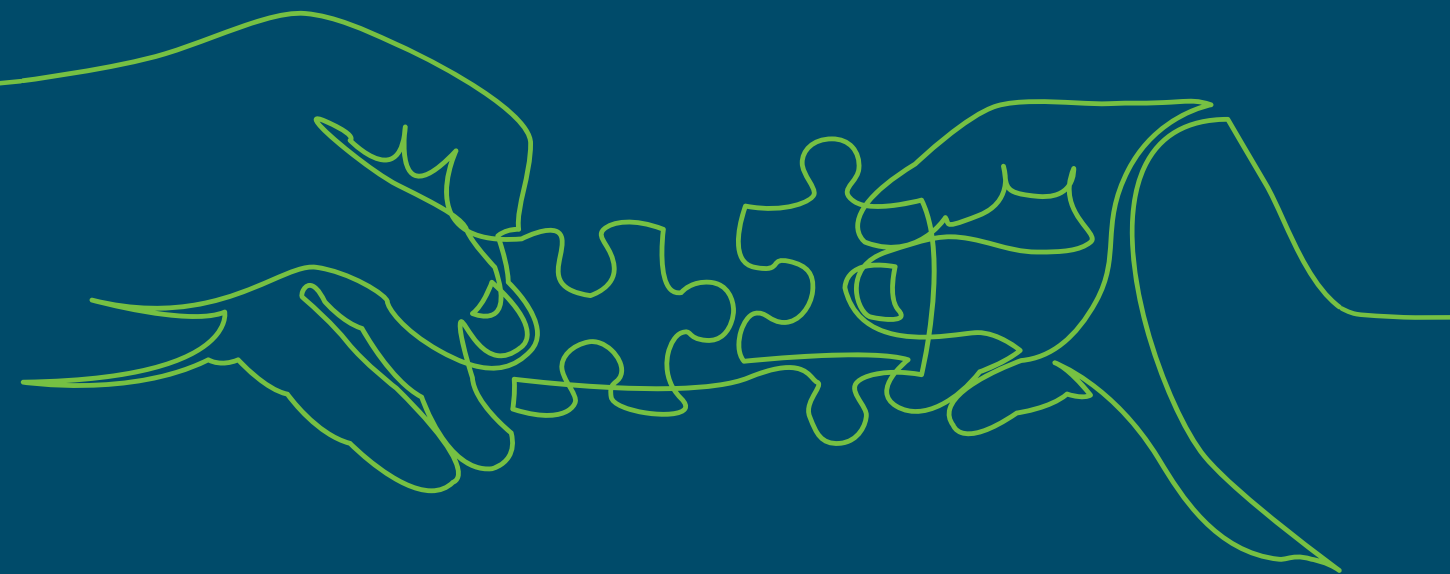
**Our employees play an active part**

As confirmation of our constant commitment to the environment, we decided to give all our collaborators and new employees of Palladio Group SpA a personalised aluminium bottle, to gradually eliminate the use of disposable plastic bottles. In Dueville, Thiene and Pontedera we also installed micro-filtered water dispensers, connected to the mains water supply, to deliver good, safe, "zero km" water.



9

## Labour



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

**Everyone's contribution** has been, and continues to be, at the centre of the **constant growth** that has characterised our Group since its foundation. This is why at Palladio we place the utmost importance on **respecting suitable working practices and conditions**, both in the workplace and in all areas that interact with us.

To this end, we are delighted to have participated in the Italian Rai2 television programme, "Our Human Capital", broadcast on October 17, during which Palladio Group was the protagonist of an

in-depth study dedicated to its business, told also through the stories of our employees.

Adopting adequate working practices means, for us, not only improving the company's performance, but also fully establishing **corporate ethics**, throughout the entire organisation, enduring respect for human rights and rejecting any and every form of abuse towards our employees. To this end, the Group decided many years ago to adopt a **Human Rights Policy based on a set of principles that combine ethics and**

### Respect and protection across the board

The key factors in our Human Rights Policy are:

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

### A clear, regulatory framework to safeguard everyone

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

# Economic support for employees

109.395 €

TFR  
SEVERANCE  
INDEMNITY  
ADVANCE  
PAYMENT  
2020

51.500 €

LOANS  
2020

174.152 €

BENEFIT  
2020

**effectiveness (see box).**

In 2012, we signed up to the **Global Compact** (see par. 1.1) which also includes principles relative to protecting people and workers. Adopting a **Code of Ethics** and a **Charter of Values**, together with the **Social Responsibility Policies**, also highlights how, for some time now, we have adopted **practices of respect and satisfaction** for our employees, enabling them to feel protected and to be able to cooperate within the corporate ecosystem (see box).

## 9.2. The centrality of work (Ref. 102-8, 102-41, 202-1, 401-1/2/3, 402-1)



At Palladio Group, we apply collective bargaining to all employees. By applying improved **second**

**level contracts** with respect to the collective bargaining agreement, we also guarantee employees a **productivity bonus** (or equivalent) that increases their minimum legal wage through a **wage review system** based on indices, or else **specific benefits**. To encourage **active participation** in the life of the company, and to **reward** everyone who contributes to achieving our results, we pay an annual **performance bonus** (see also par. 9.4). The **wages of newly-hired staff** are also, on average, higher than the legal minimum wage in every Group facility. We acknowledge that every employee has the right to join a **trade union**, if so desired, and we guarantee that **trade union organisations** will have the freedom to carry out their activities without restriction or interference. In particular, by way of a voting system where anonymity is guaranteed, our employees of Palladio Group SpA elect their own Workers' Health and Safety and Trade Union Representatives.

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

As part of a broader focus on work/life balance (see below, paragraph 9.4), fixed-term employees benefit from the same benefits as permanent employees: more specifically, they can count on a supplementary health care fund paid for by the company and can join free prevention programs, such as vaccination campaigns for influenza, tetanus, meningococcal disease and other diseases.

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

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

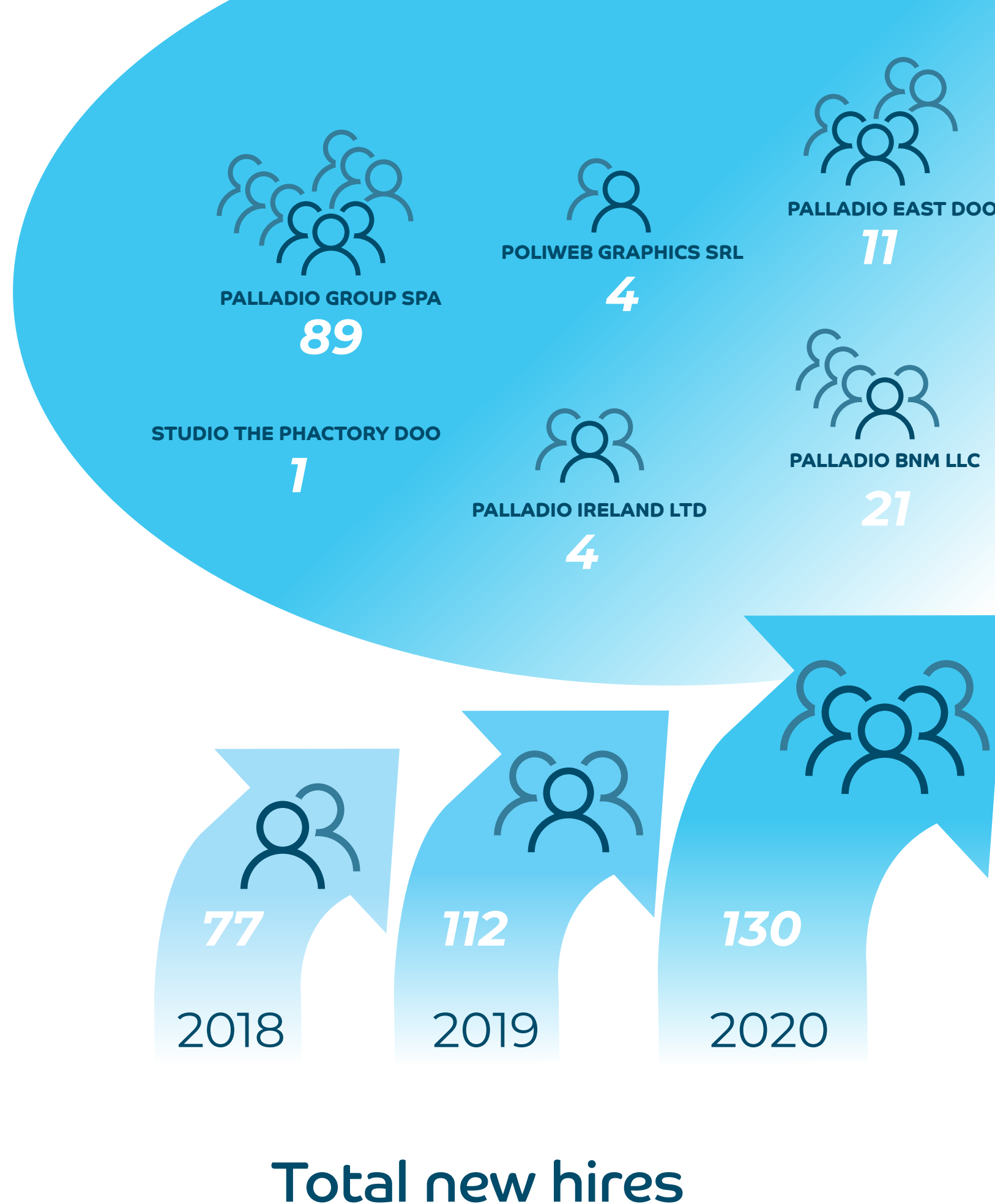
### 9.3. Opportunities and growth for everyone (Ref. 405-1/2)



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

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

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



## “Welfare and work/life balance initiatives”

### 9.4. Company welfare and work/life balance: well-being outside work (Ref. GRI 201-1, 403-6)

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

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

#### *Corporate concierge service*

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

#### *Study grants for children of employees*

Our company offers four types of **scholarships** that can be awarded to deserving students, sons and daughters of our employees. The four types of

grant cover **state examinations** at Italian upper high schools, **university attendance, three-year university degrees and master's degrees**. The grant is paid directly to the son or daughter of the employee.

#### *Financial concessions*

**We support our employees financially** through various measures. Every employee with at least 8 years of service can request an **advance on their employee severance benefit fund** [*Trattamento di Fine Rapporto TFR*] **up to 70%** of the accrued amount, once during the employment relationship. We also offer company loans of **up to 5,000 Euros** to employees on open-ended contracts.

#### *Medical leave and the Aiutiamoci Fund*

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

#### *Performance bonus*

We pay our employees a **performance bonus** related to the results achieved through the **continuous improvement** programmes run in the company. The bonus can be requested in the form of money, **welfare services** or a mix of the two. Making a request is intuitive and effective through the dedicated **WelfareMeet** portal and, when welfare services are requested, whether in whole

or in part, we provide an additional value in goods or services up to **30%** of the amount converted.

#### *Smartworking flexible timetable*

In today's world, **time** is a more valuable asset than money. For some tasks and roles, where possible, in the Palladio Group we offer employees the chance of carrying out their work **remotely**, whilst ensuring availability during normal working hours. There is also a **flexible entry time** until 9 am for office employees.

### 9.5. How we safeguard health and safety (Ref. GRI 403-2/3/4/6/8/9/10)



A fundamental prerequisite for guaranteeing rights, opportunities, and growth, by creating a working environment in which everyone feels involved, is, first and foremost, **protecting everyone's health and safety** (see also par. 3.5). All the workers (direct and non-direct employees) of Palladio Group in all our factories are covered by a health and safety management system. At the sites of Palladio Group SpA (Dueville, Thiene, Pontedera), Poliweb Graphics Srl and Palladio East Doo (Vršac), the system is ISO45001:2018 certified.

In each facility of our Group, we have identified and ratified **Health and Safety Committees** (see also paragraph 10.3). Made up of management representatives and worker representatives, the Committees have the job of verifying, checking, monitoring, and advising on programmes involving safety at work. Each facility has **at least one**

**person who is responsible** for calculating and updating the statistics relative to the trend in accidents, analysing data in accordance with **UNI 7249/2007**.

As a further element of strengthening the management of safety issues, “Circoli della Sicurezza” (Safety Roundtables) have been set up in the Dueville, Thiene and Pontedera facilities, periodic department meetings in the presence of the staff in charge and whose assessments are summarised in a report shared with the heads of the Safety Service (i.e. the Employer's Delegate, Health and Safety Manager -HSM- and the Health and Safety Officer -HSO). The Security Society tool is also used by workers to report hazardous situations. On the basis of the reports, containment measures are adopted, if deemed necessary, to reduce any impact on workers. All reports are, in any case, analysed by the Security Service and an explanation is given to employees on their reliability. In addition to the aforementioned Roundtables (which will also be rolled out to all the other Palladio Group facilities), the Safety Service is available to workers on a daily basis for timely reports, related to risks that are assessed in real time. We periodically review the trend in accidents, both at the plant level and the Group one, **carefully evaluating the risks and identifying the causes** that could lead to more significant situations, such as work-related stress, manually handling loads, noise, or the use of video terminals. To prevent these risks, we provide **specific measures** for workers - such as training courses, opinion surveys, reducing overtime, flexible working hours, and interventions on plants, equipment, and real estate assets – with the goal of ensuring appropriate **working facilities**, making **operating conditions** more comfor-

#### FOCUS: HOW WE HANDLED THE PANDEMIC OUTBREAK

Since the beginning of the pandemic, Palladio Group has supported its employees, adopting tools to protect the health and needs of all staff.

With a view to preventing the spread of infections, we extended the possibility of smart-working to all office staff, providing PCs, telephone solutions and internet connections where necessary.

Furthermore, with the aim of better protecting the health and needs of our staff, we took out insurance coverage for all employees of the Italian sites, regardless of the existence of health insurance plans, to provide concrete support in the event of need.

Our commitment has also included interventions that boost the commitment of the workforce to guarantee the normal supply of products and services essential for the pharmaceutical supply chain and for the life of all of us every day. In fact, in March and April 2020, we paid out an additional economic bonus compared to the contribution included in the “Cura Italia” Italian Law Decree of 17 March 2020, to all employees of the Dueville, Pontedera and Thiene sites for having continued to work during the lockdown, guaranteeing the normal supply of products and services essential for the pharmaceutical supply chain and for the life of all of us every day.

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

The most frequent types of injuries have concerned the upper limbs. In regards to these injuries, we have adopted mitigation measures for the related risks in line with our safety management system. Specifically, a technical assessment is currently being carried out on all machinery with moving parts where it is possible to manually intervene, to apply any corrective measures aimed at reducing the risk. During 2020, no in administration or working for external companies (e.g. maintenance, etc.) were involved in accidents whilst carrying out their work at our facilities.

With regard to near misses, on the other hand, in

the Italian sites, following an indication by the supervisors or figures to whom near misses were reported, the Health and Prevention Service is alerted, which treats the reports as an accident. All reported near misses are then analysed, verified and on the basis of the evidence gathered, corrective actions are identified to reduce the possibility of them happening again. At sites abroad, this same approach is also being implemented through the creation of guidelines valid for all Group companies, which are scheduled to be implemented by 2022.

From an employee safety point of view, we installed a palletiser at the Pontedera production

site, taking into account specific factors related to the type of work and positioning of the production lines, opting for an automated approach that would guarantee flexibility and scalability on other facilities in our group. We, therefore, designed a system that included a single palletising island for each line and a collection and transfer shuttle that handled the pick-up, transportation and release of the pallet in a single fully automated wrapping line.

The investment has led to significant benefits from the point of view of safety by relieving operators of the heavy and repetitive activity that manual palletisation involved.

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

In 2020, we did not record any requests for occupational disease, while the one submitted in 2019 is still being assessed by the competent government bodies.



#### FOCUS: HOW WE HANDLED THE PANDEMIC OUTBREAK

Palladio Group has spearheaded the prevention of the spread of Covid-19, with targeted and effective actions implemented throughout 2020. In line with the provisions of the Ministry of Health, in April 2020 we drafted the first specific procedure concerning the management of biological risk from Coronavirus, in which all the points required by the reference regulations are reported and analysed and the measures to avoid the risk of contagion are defined, such as:

- daily measurement of workers' body temperature, measured with remote thermometers by specialised external staff or using a thermo scanner;
- chemical disinfection and sanitisation of the facilities carried out approximately every 15 days by a qualified external company;
- elimination of microfiltered water dispensers to avoid the risk of contagion when refilling bottles or glasses;
- ban on gatherings in communal areas. Access to all communal areas, such as changing rooms, canteen, coffee rooms, etc. was restricted.
- obligation for all workers to use the masks provided by the company;
- intensification of daily cleaning by the contractor;
- obligation for operators to clean their workstation at the end of each shift;
- creation of entry and exit routes with predefined spaces and signs on the ground to maintain social distance;
- reduced access to changing rooms. Only the use of the lockers for storing personal items is allowed;
- distribution of sanitising gel in offices and communal areas.

The anti-Covid procedure has been constantly reviewed and updated on the basis of regulatory changes and increased awareness on the issue. The document is applied to all the companies of the Palladio Group, referring to specific local information where necessary.

In order to monitor the correct application of all anti-contagion measures, in April 2020 we set up the "Committee for the control and verification of the COVID regulation" in Palladio Group Spa, which organised meetings every two weeks during the peak period (and whenever necessary) or weekly. The Chief Executive Officer also attended the coordination meeting on the recurring health and safety issue on Monday morning, ensuring that the company management team was constantly up to date on the epidemic situation in the group's facilities. It is important to highlight that the Committee's activity was not limited to merely carrying out the mandatory obligations related to regulatory compliance, but was always focused on continuous improvement, achieved also through appropriate internal auditing and surveillance tasks. This context also includes the implementation of an agreement with specialised laboratories to allow employees, at the expense of the company, to promptly take the antigenic test in the event of suspected contagion.

In terms of training, we extended specific training activities to the entire Group workforce. We implemented specific classroom and practical training plans for the department heads, who then rolled out the training to all workers. The company Health and Safety Manager also held ad hoc training sessions in Palladio Group. All Group employees also received additional training through an in-depth video and infographics on the topic. Lastly, suitable warning and prevention signs were displayed in all the Group's production sites.

The set of measures adopted by Palladio Group in all its sites allowed us to manage the pandemic promptly and effectively, helping to avoid any outbreak among employees on the company premises.

# 10

## Knowledge





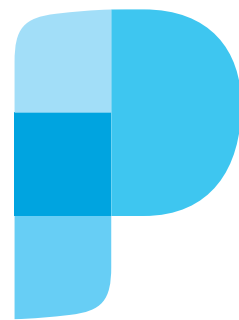
# Employee training

14.580

TRAINING HOURS

4.973

HEALTH AND SAFETY TRAINING HOURS



## 10.1. A wealth of knowledge to be shared (Ref. 103 -2/3, 403-5, 404-1/2, 412-2, 205-2)



Training and opportunities to improve - both professional as well personal - are essential to the growth of employees. To this end, the Group invests constantly in this activity, as shown by the **14,580 hours of training** completed in 2020.

In addition to including the topics of **health and safety (4,973 more hours compared to 2019)**, these training courses have taken an in-depth look at aspects related to **ethics and anti-corruption with 583 employees involved**. Specific focus was also given to aspects related to **sustainability**: in fact, we provided specific training to managers about the contents of the GRI Sustainability Report and also implemented a project dedicated to internal sustainability communication, the aim of which is to increase employee involvement as far as possible through information material displayed in the infopoints of the various facilities.

For us, personal growth does not finish with training: it is a goal that we pursue every day even in our daily activities. With the aim of making our people even more aware of the company's wealth of knowledge, sharing and **transmitting our know-how in a continuous way**, in 2016, the **Palladio Academy** was launched, an original concept in corporate training created by our Group, and **Palladio Wiki**, a digital encyclopaedia containing the Palladio Group's know-how (see par. 10.4 and box). In particular, in 2020, Palladio Academy focused on the creation of training material for use during on-the-job training for new hires, with a focus on the processes implemented in the Dueville, Thiene and Pontedera facilities.

## 10.2. How we appraise and develop our staff (Ref. GRI 404-3)

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

## *“Role mapping and career paths”*

In this logic of enhancing and recognising skills, we implemented a **role mapping** system which is designed to effectively manage **career paths**: vertical or horizontal progression, internal mobility, managing professional development trajectories. Specifically, in 2020, the specific courses aimed at developing skills, which ran in the two previous years, were continued.

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

Another level of intervention, also aimed at ensuring further equity and meritocracy, involved the **standardisation of the Human Resources Policy**. We defined common classification systems, position weighting schemes and incentive schemes, whilst the remuneration process was made **more transparent** thanks to the standardisation of levels and job titles within the company.

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

With the aim of **making employees aware** of the

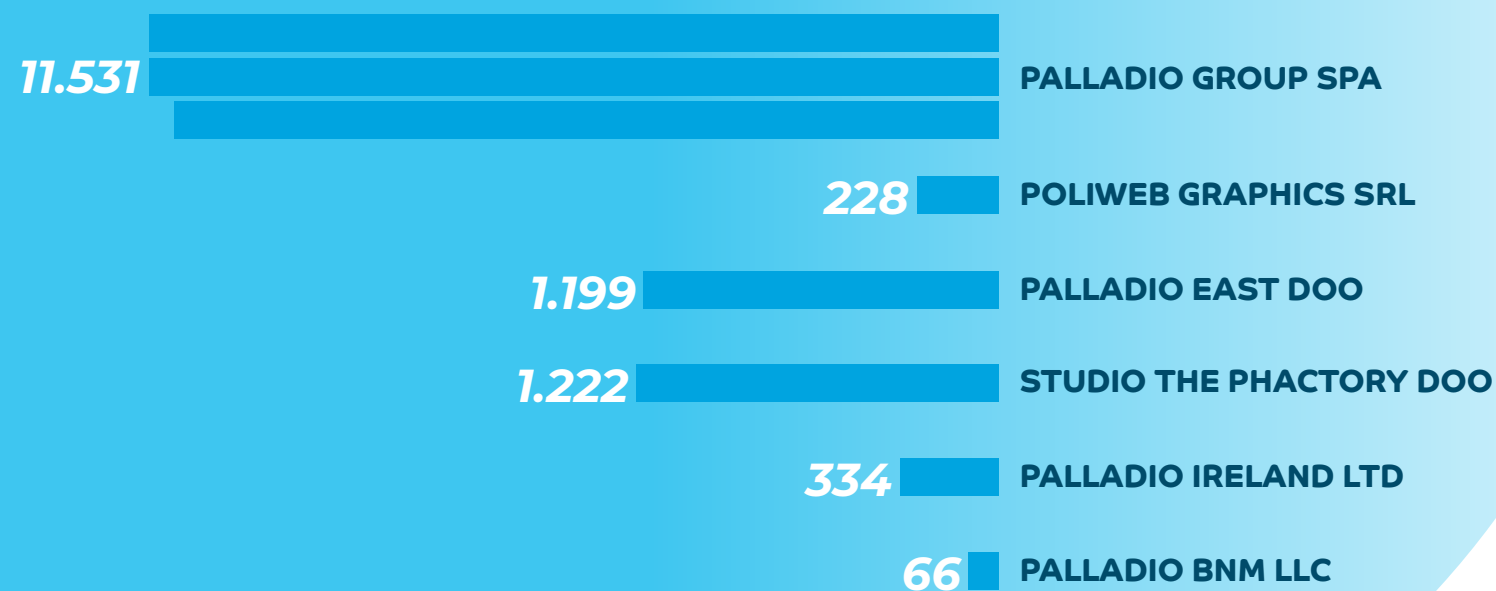
development of their career, we integrated standardised, top-down assessment processes with tools such as **self-evaluations**, in order to promote awareness among the parties involved. The activity is in the running-in phase in Italian plants. It will then be extended to plants outside Italian once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

## 10.3. Understanding, to protect and constantly improve (Ref. GRI 403-5, 404-2)

The health and safety of our personnel are vital priorities for our Group. **Training and communication on the topic of safety**, therefore, play a central role in our strategy of sharing corporate knowledge. We are specifically committed to promoting **interactive communication**, organised by the heads of departments, establishing **Health and Safety Committees** with the involvement of staff (see also par. 9.5). The Committees analyse data on safety and the results from any reports that may have been made by employees. They also assess and share **improvement opportunities**.

The **workshops dedicated to “contamination between departments”** organised by **Palladio Academy** are of particular interest as part of the initiatives for sharing knowledge. After the meeting in 2018 with the die-cut departments and, in 2019, with the **“folding and gluing”** department, the workshop dedicated to the **“leaflet printing”** department was scheduled for 2020, but then cancelled due to the pandemic. A **“cultural exchange”** between the workers in charge of box folding and gluing in the 3 Italian facilities was also

# Training hours 2020



planned in April. The activity would have given the workers the opportunity to work in another of the Group's facilities for a week to share their knowledge and learn new skills, however, this initiative was also cancelled due to the lockdown in March.

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

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

The Palladio Academy focuses on **developing the skills and abilities** of employees through training courses **developed ad hoc** on the basis of the professional level. This is an initiative that underlines the importance of the **culture of learning and sharing experience**: in order to help the team grow, step by step, and to achieve the Group's objectives, as well as offer some personal satisfaction. The Palladio Academy is guided by **ten founders** with support from **over 30 trainers** who, with great commitment and perseverance, pursue the goal of always delivering a high standard of training at any Group plant.

To spread the company's know-how, the Palladio Academy also uses digital tools such as **Palladio Wiki**, an **encyclopaedia** of our Group's know-how. Knowledge is a shared resource: that is why **every employee or contractor can access** Palladio Wiki



**PALLADIO**  
ACADEMY

### How and why we launched the Palladio Academy

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

We identified over 30 trainers, from every department in every facility of the Group, based on their ability to communicate, teach, and gather information, as well as their experience. We then created a list of the key points that had to be covered when training new resources, leaving each trainer the choice of how to deal with the topic and what educational materials to use. Adopting this method has allowed us to drastically reducing training times: and so we quickly extended the approach to the new plant in Russia, where trainers periodically take turns to run courses based on materials translated into Russian.



**Palladio**  
Wiki

and use it to find information, updates or learn about anything related to the world of the Palladio Group. This is another important step in guaranteeing **high and uniform standards** at every facility in our Group.

#### **10.5. For social and environmental responsibility (Ref. 205-2)**

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

In this context, we are deeply committed to raising awareness among employees: we promote initiatives that involve them both directly, and in certain cases, their families too. In particular, we run awareness campaigns on sustainable activities using brochures, posters, and visits to plants, to share, as widely as possible, our Group's vision and commitment to the environment.

*"Campaigns of awareness raising for the social responsibility and environmental that involve families too"*

11

## Rights



# “Proactive integration of people with disabilities”

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



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

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

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

In all the countries in which we operate, we guarantee the **economic conditions** provided for by law. Thanks to our participation in forest

protection standards, such as **FSC® and PEFC™** (see par. 7.2), we also ensure, in an indirect way, **respect for indigenous populations** and their territorial assets.

In confirmation of this, in 2020, **no reports were made** in the Group's plants regarding any breach of human rights or relative to the work of Group employees or from an internal or external stakeholder.

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

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



The right to equal opportunities and the rejection of discrimination on social, racial, or religious grounds in favour of integration of individuals and cultural exchange, are key objectives in our corporate policies.

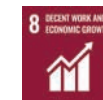
We recruit the **maximum percentage** of people with disabilities required by current Italian law. In order to guarantee equal treatment, in Palladio Group **we also proactively promote** the

integration of people with special needs into the company, ensuring they are assigned that are dignified and adequate tasks for them.

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

In 2020, **no reports were made** relative to discriminatory human rights practices.

## 11.3. Freedom of association and collective bargaining (Ref. GRI 102-41, 407-1)



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

Trade union organisations are free to carry out their activities without any restrictions or interference from the company. Trade union meetings (paid for) are held periodically in Group plants and are open to every employee in order to support the right of workers to freely associate. The percentage of Italian employees registered with trade unions is 11.11%. In foreign companies, the data is not available as it is protected by privacy on the basis of local legislation in force. During 2020, 52 hours of strikes by employees were recorded in Italy, due to both participation in national events and agitation proclaimed by trade unions of the Pontedera site. 398 hours were used for trade union meetings.

**Suppliers** are monitored through appropriate control activities (code of conduct and question-

naires), in which specific reference is made to freedom of association and collective bargaining.

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



We do not allow the use of **child labour**, in any Group facility. In 2020, the minimum age of our employees was **18**, whilst the average age was **40.8 years old**. In line with the provisions of our Policies, our partners are also required to adhere to **codes of conduct**. The main raw material suppliers are also monitored through specific questionnaires, whilst every service provider (contractor) is controlled through specific declarations that certify that the company has fulfilled its legal and contractual obligations, including with respect to child labour.

There has never been a case of **forced labour or compulsory labour** in the Palladio Group. Employees are guaranteed appropriate work times, as provided for by national contracts: the work done as overtime is **regularly paid** and workers voluntarily take up any initiative involving overtime.

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

12

## Community





12.1. Our contribution to the community (Ref. GRI 102-16, 103-2/3)

In addition to **contributing to development** by creating better **economic opportunities** for the local communities, in the regions in which we operate, we also want to be **an active and participatory presence** in **social and cultural growth**. By looking at the needs of the communities and with a view to improving our intervention, we identify **priority issues** in each area for which we develop numerous initiatives in the field of **n solidarity, environmental education** (see chapter 8) **and sustainability** (see par. 12.2).

Ours is a social commitment firmly tied to **our values**, which has always played an important role

in the corporate culture and is reflected, above all, in a series of initiatives aimed at **mitigating the potential and actual impacts** of our activities in daily operations. Thanks also to a **constant dialogue** with local institutions and organizations: in fact, we have developed and implemented **prevention programmes** to ensure compliance with laws and safeguard the physical, economic and natural resource well-being of the areas where the facilities are located.

In order to carry out this proactive role in the communities, it is essential that we start with relationships with the most direct stakeholders. **Ethics and meritocracy** are the values that guide us in our choices regarding employees, suppliers, customers, and any other organisation with which

we have dealings. In particular, we do not tolerate any kind of corruption whatsoever (see par. 12.4).

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

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

12.2. Participation in local communities (Ref. GRI 413-1/2)



Our proactive participation in the socio-economic development of the communities in which we work translates into **support for numerous associations** be they local, domestic, or international. Considering their **nature of solidarity**, at

the moment, we have not provided for a system to measure the percentage of the activities for which the local community has been involved.

Last year, we tackled the Coronavirus pandemic by supporting the community with tangible actions on behalf of the people in the community. We did this through initiatives, assistance and measures aimed at supporting the community that hosts us. Among the various initiatives, we donated 50,000 Euros **to the San Bortolo non-profit foundation** to help the Vicenza hospital and its patients. We also purchased over 400 hundred Easter cakes from the **Team For Children non-profit association** as a gift for our collaborators, thus contributing towards supporting the Veneto region health care system and the hospital staff dealing with health emergencies on a daily basis.

In 2020, we also supported the **Abilmente Project** by the **I Bambini delle Fate**, in collaboration with ENGIM Veneto, which aims to fill the “gap” between school and job placement of young people with autism and disabilities. This is done through a company to experience educational, creative, and recreational activities that enhance their skills, increase their sense of self-dependence in being able to achieve personal and social autonomy. ([www.ibambinidellefate.it/progetto-abil-mente/](http://www.ibambinidellefate.it/progetto-abil-mente/))

In the Italian facilities, an important opportunity to focus our attention on disadvantaged categories with greater focus is the **Christmas lottery**, the proceeds of which are generally **doubled by the company** and donated to various humanitarian and social associations nominated by the employees. In 2020, the lottery was cancelled due

**Our principles in relationships with the In Palladio Group stakeholders**

In the Palladio Group:

- promoting the development of roles and rewarding company workers is only permitted on the basis of the merit demonstrated in terms of participation, professional growth, achieving the objectives assigned and a sense of belonging to the company
- promising or offering objects, services, inducements, or favours of value (to managers, officers, or employees of the Public Administration, or to their relatives) in order to obtain an interest or an advantage for the Group is not permitted. Offering gifts or other benefits of modest value is permitted only if it falls under legitimate uses or customs
- parties, their representatives and candidates are not financed and any pressure (direct or indirect) on political representatives is vigorously avoided
- requests for contributions from non-profit organisations and associations are permitted if they have regular statutes and deeds of incorporation or donations for the sole purpose of charity sponsorship activities may concern the issues of social, environmental, sport, art and culture in general.



to the protracted health emergency, but we also donated the funds intended to purchase a gift for customers to **support non-profit organisations**.

A special should also go to the support of the **Libellula Foundation**, the first network of companies united against **violence against women and gender discrimination**. We firmly believe that Corporate Social Responsibility must translate into an active role that promotes a culture of equality, integration, equal opportunity, and mutual respect. Our support is, for us, a great opportunity to make a real, solid contribution, raising awareness among our stakeholders of this delicate, and sadly continuing, topic. The aim of the project is to **trigger a cultural change starting in the workplace**. In 2020, several workshops were scheduled in our facilities, which were then cancelled due to compliance with the new company rules for containing the spread of Covid-19.

### 12.3. Socialisation activities

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

Following this approach and consistent with this commitment, over the years we have also organised cultural, artistic, and sporting events for employees in order to strengthen integration and

reinforce the team spirit that distinguishes our Group.

The attention to our people is not limited to those who currently have an active role in the company, but extends to all those who have helped our Group grow over the years. Moving from working life to retirement is **one of the most delicate moments** in everyone's life and we are committed on several fronts to **help our employees** in this transition.

With regard to the social aspects, we are careful to preserve a **sense of community**. For some years, the **"Palladio Pensioners' Group"** has become a corporate institution that organises trips, informal gatherings, plant visits, theatrical performances and other initiatives that involve ex-colleagues, giving them the chance to meet and renew the ties created from long-term employment with the company. Our ex-colleagues are also invited to participate in exchanging **Christmas greetings, the Christmas raffle and delivering Christmas gift packs** together with all the staff on duty. In 2020, due to the pandemic, we were unable to organise the classic **annual event of the totally free cultural trip**, which is open to pensioners and their spouses.

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



We are strongly committed to preventing any possibility of corruption in our plants and, to

make our initiatives even more effective, in 2018, we asked an external body to carry out an assessment and an audit relative to prevention, in compliance with regulation 37001. The data that emerged highlighted that the areas in which our Group operates cannot be classified as at a high risk of corruption.

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

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

or falsification that an employee might become aware of is to be reported immediately to the **Ethics Committee**.

In 2020, **no reports of corruption were made** that involved employees or suppliers, and there was no legal action taken concerning corruption against the companies in our Group

### 12.5 Relations with institutions (Ref. 201-4, 415-1)



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

#### The exchange between the productive world and society

In 2020, the health emergency did not allow us to take part in the PMI Day-Industriamoci, an initiative promoted by Confindustria that offers young people the opportunity to see production facilities up close. The previous year, however, we hosted almost 100 middle and high school students in our facilities in Thiene (Vicenza) and Pontedera (Pisa), to show and explain to them the entire production cycle of folding cartons, leaflets and labels.

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## The Report's Profile



### 13.1. The report profile, a choice of transparency (Ref. GRI 102-50/51/52/53/54/55/56)

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

The reporting data in this edition refers to the **last three years (2018, 2019, 2020)** and, unless otherwise specified, relate to the Palladio Group as a whole, understood as being the set of the parent company, Palladio Group S.p.A., and its subsidiaries both in Italy and outside Italy (see also par. 4).

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

For more information, the company can be contacted at the email address:  
**[sustainability@palladiogroup.com](mailto:sustainability@palladiogroup.com)**.

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

and people which becomes all the more effective the more comparable and shareable information it makes available.

That is why we decided to frame our activities within a wider context in respect of the **GRI Sustainability Reporting Standards and the Global Compact Principles** (see par. 13.2), which are an integral part of the document. In detail, the report has been prepared in compliance with the **GRI Standards: Core option** and subjected to external verification by **SGS Italia**, as certified in the specific section.

To date, we have published **9 Sustainability Reports** (including Communications On Progress), **3 Communications On Progress, 5 CDP Supply Chain Climate Change Reports** and **4 CDP Supply Chain Water questionnaires and 11 EcoVadis sustainability assessments (with ratings)**.

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

The latest publication, available from the Palladio Group website, the GRI website and the UN Global Compact website, is dated **May 2020**.

### 13.2. Why the ten UN Global Compact principles

In May 2012, we formalised our commitment to the **UN Global Compact**, which guides our sustainability model. This pact unites companies com-

mitted to aligning their businesses and strategies to the universally accepted **10 principles** regarding human rights, work, the environment, and the fight against corruption.

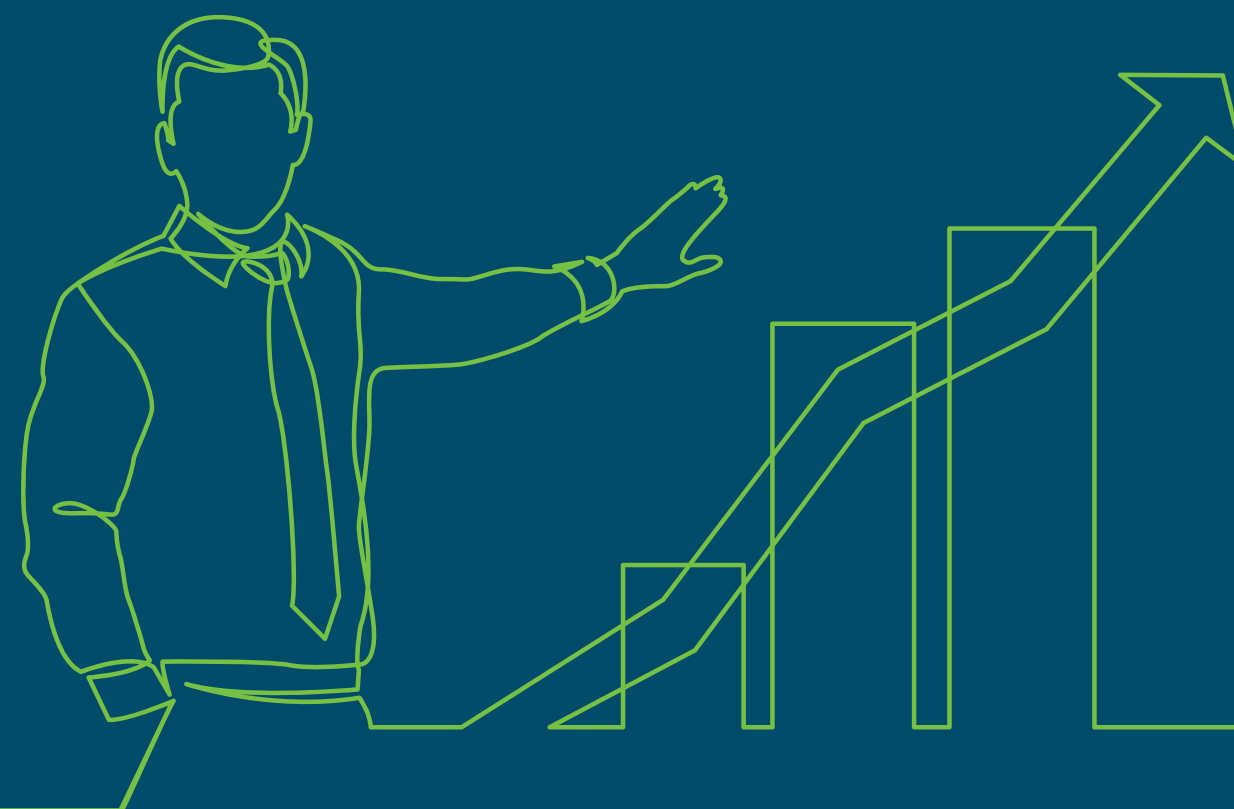
This Report highlights our commitment to observe and promote these principles thanks to reporting which reflects the **GRI Standards' performance indicators** that apply to the Palladio Group, which, in turn, relate to each of the ten principles.

To make it easier to search for information, we have also provided the **table in annex 3**. The table shows which GRI STD performance indicators that apply to the Palladio Group are to be related with each of the 10 UN Global Compact principles.

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

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## Data and indicator tables



14.1. Data and indicator tables

| Economic and Financial Results <sup>(1)</sup><br>Ref. 201-1, 203-1                   | Total      |             |            | Breakdown 2020     |                  |                   |                     |                      |              |
|--|------------|-------------|------------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|  | 2018       | 2019        | 2020       | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Revenues   | 90,702,038 | 101,186,195 | 97,749,889 | 72,456,844         | 5,429,766        | 16,112,935        | 161,100             | 2,697,885            | 891,359      |
| Economic value distributed   | 85,401,319 | 95,057,017  | 98,761,866 | 70,301,224         | 5,295,618        | 15,670,798        | 192,462             | 2,863,084            | 4,438,680    |
| b) Operating costs   | 61,769,983 | 71,202,577  | 71,659,362 | 50,466,145         | 3,791,247        | 12,903,012        | 30,746              | 2,073,261            | 2,394,951    |
| c) Wages and benefits  | 20,407,465 | 22,398,020  | 24,004,685 | 18,147,843         | 1,502,160        | 2,704,080         | 149,064             | 799,001              | 702,537      |
| d) Payments to providers of capital  | 1,451,835  | -351,651    | 2,985,313  | 419,043            | 711              | 47,905            | 12,652              | -9,178               | 2,514,180    |
| e) Payments to the Public Administration   | 1,706,485  | 1,746,116   | -22,975    | 1,134,214          | 0                | 15,801            | 0                   | 0                    | -1,172,990   |
| f) Community investments <sup>(2)</sup>  | 65,551     | 61,955      | 135,479    | 133,979            | 1,500            | 0                 | 0                   | 0                    | 0            |
| Economic value retained  | 5,300,718  | 6,129,178   | -1,011,977 | 2,155,620          | 134,148          | 442,137           | -31,362             | -165,199             | -3,547,321   |
| <sup>(1)</sup> Figures expressed in Euro and extended to the reporting boundary only |            |             |            |                    |                  |                   |                     |                      |              |
| <sup>(2)</sup> Donations and financial contributions                                 |            |             |            |                    |                  |                   |                     |                      |              |

| Raw material used<br>Ref. 301-1               | U.M. | Total      |            |            | Breakdown 2020     |                  |  |                      |              |
|---|------|------------|------------|------------|--------------------|------------------|--|----------------------|--------------|
|   |      | 2018       | 2019       | 2020       | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Board   | kg   | 21,173,845 | 22,455,484 | 22,010,333 | 14,113,567         | 11,867           | 6,815,017                              | 597,022              | 472,860      |
| Paper   | kg   | 4,760,628  | 6,235,838  | 6,594,233  | 4,747,653          | 0                | 1,395,747                              | 144,873              | 305,960      |
| Supports for self-adhesive products           | kg   | 443,798    | 503,439    | 496,799    | 137,562            | 328,129          | 31,108                                 | 0                    | 0            |
| Aluminium for blister packs                   | kg   | 85,161     | 88,427     | 119,391    | 119,391            | 0                | 0                                      | 0                    | 0            |
| Total raw material from renewable sources     | kg   | 26,378,271 | 29,194,761 | 29,101,365 | 18,998,782         | 339,996          | 8,241,872                              | 741,895              | 778,820      |
| Total raw material from non-renewable sources | kg   | 85,161     | 88,427     | 119,391    | 119,391            | 0                | 0                                      | 0                    | 0            |
| Total raw material used                       | kg   | 26,463,432 | 29,283,188 | 29,220,756 | 19,118,173         | 339,996          | 8,241,872                              | 741,895              | 778,820      |
| Total production                              | kg   | 17,499,978 | 19,702,813 | 19,242,106 | 12,823,515         | 339,996          | 5,148,962                              | 421,939              | 507,694      |

| Percentage of incoming recycled raw material used<br>Ref. 301-2                                     | M.U. | Total      |            |            | Breakdown 2020     |                  |  |                      |              |
|---|------|------------|------------|------------|--------------------|------------------|--|----------------------|--------------|
|   |      | 2018       | 2019       | 2020       | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Total raw material used   | kg   | 26,463,432 | 29,283,188 | 29,220,756 | 19,118,173         | 339,996          | 8,241,872                              | 741,895              | 778,820      |
| Total recycled material used  | kg   | 4,717,905  | 5,134,852  | 4,691,414  | 2,208,816          | 0                | 2,461,767                              | 20,831               | 0            |
| Percentage of recycled material used  | %    | 18%        | 18%        | 16%        | 12%                | 0%               | 30%                                    | 3%                   | 0%           |
| Reclaimed products and their packaging materials<br>Ref. 301-3                                      | M.U. | Total      |            |            | Breakdown 2020     |                  |  |                      |              |
|   |      | 2018       | 2019       | 2020       | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Total production  | kg   | 17,499,978 | 19,702,813 | 19,242,106 | 12,823,515         | 339,996          | 5,148,962                              | 421,939              | 507,694      |
| Total recovery products sent for recycling <sup>(1)</sup>   | kg   | 8,963,454  | 9,580,375  | 9,978,650  | 6,294,658          | 0                | 3,092,910                              | 319,956              | 271,126      |
| Percentage of recovery products (recovery products/ total production)                               | %    | 51%        | 49%        | 52%        | 49.09%             | 0.00%            | 60.07%                                 | 75.83%               | 53.40%       |
| <sup>(1)</sup> Note: Takes into account only the total of paper and board waste sent for recycling. |      |            |            |            |                    |                  |  |                      |              |

| Energy consumption for production and summer air conditioning<br>Ref. 302-1                      | M.U. | Total  |        |        | Breakdown 2020     |                  |  |                      |              |
|--|------|--------|--------|--------|--------------------|------------------|--|----------------------|--------------|
|  |      | 2018   | 2019   | 2020   | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Electrical energy  | GJ   | 44,849 | 47,960 | 51,375 | 33,529             | 2,412            | 10,727                                 | 1,438                | 3,269        |
| For the conversion of volumes into gigajoules, the table in annex 2 of this report has been used |      |        |        |        |                    |                  |  |                      |              |

| Energy consumption for heating<br>Ref. 302-1   | M.U. | Total  |        |        | Breakdown 2020     |                  |  |                      |              |
|--|------|--------|--------|--------|--------------------|------------------|--|----------------------|--------------|
|  |      | 2018   | 2019   | 2020   | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Natural gas  | GJ   | 19,868 | 21,225 | 21,548 | 13,168             | 1,095            | 3,608                                  | 0                    | 3,676        |
| Oil  | GJ   | 652    | 740    | 830    | 0                  | 0                | 0                                      | 830                  | 0            |
| For the conversion of volumes into gigajoules, the table in annex 2 of this report has been used |      |        |        |        |                    |                  |  |                      |              |

| Energy consumption in comparison (intensity)<br>Ref. 302-3/4 | M.U.    | Total      |            |            | Breakdown 2020     |                  |  |                      |              |
|--|---------|------------|------------|------------|--------------------|------------------|--|----------------------|--------------|
|  |         | 2018       | 2019       | 2020       | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Natural gas consumption                                      | Sm3     | 562,017    | 600,161    | 610,049    | 373,237            | 31,048           | 108,237                                | 0                    | 97,527       |
| Gas used (Sm3 / hours of production)                         | Sm3/h   | 1.58       | 1.54       | 1.49       | 1.57               | 1.40             | 0.95                                   | 0.00                 | 4.37         |
| Gas consumed (Sm3 / ton total production)                    | Sm3/ton | 32.12      | 30.46      | 31.70      | 29.11              | 91.32            | 21.02                                  | 0.00                 | 192.10       |
| Electrical energy used                                       | kWh     | 12,457,997 | 13,322,260 | 14,270,698 | 9,313,499          | 670,052          | 2,979,829                              | 399,342              | 907,976      |
| Electrical energy used (kWh / hours of production)           | kWh/h   | 35.11      | 34.15      | 34.77      | 39.09              | 30.11            | 26.15                                  | 29.14                | 40.65        |
| Electrical energy consumed (kWh / ton total production)      | kWh/ton | 711.89     | 676.16     | 741.64     | 726.28             | 1,970.77         | 578.72                                 | 946.44               | 1,788.43     |
| Oil consumption  | l       | 17,810     | 20,223     | 22,010     | 0                  | 0                | 0                                      | 22,010               | 0            |
| Oil (litres / hours of production)                           | l/h     | 0.05       | 0.05       | 0.05       | 0.00               | 0.00             | 0.00                                   | 1.61                 | 0.00         |
| Oil (litres / ton total production)                          | l/ton   | 1.02       | 1.03       | 1.14       | 0.00               | 0.00             | 0.00                                   | 52.16                | 0.00         |

| Water consumption<br>Ref. 303-1/2/3 | M.U. | Total |        |        | Breakdown 2020     |                  |  |                      |              |
|-------------------------------------|------|-------|--------|--------|--------------------|------------------|--|----------------------|--------------|
|                                     |      | 2018  | 2019   | 2020   | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Water withdrawn from the mains      | m³   | 9,716 | 12,393 | 12,647 | 8,547              | 497              | 1,125                                  | 120                  | 2,358        |
| Water withdrawn from wells          | m³   | 191   | 212    | 0      | 0                  | 0                | 0                                      | 0                    | 0            |
| Water withdrawn from other sources  | m³   | 0     | 0      | 0      | 0                  | 0                | 0                                      | 0                    | 0            |
| Total water withdrawn               | m³   | 9,907 | 12,605 | 12,647 | 8,547              | 497              | 1,125                                  | 120                  | 2,358        |

| Waste<br>Ref. 306-1/2/4   | M.U. | Total     |           |           | Breakdown 2020     |                  |  |                      |              |
|---|------|-----------|-----------|-----------|--------------------|------------------|--|----------------------|--------------|
|   |      | 2018      | 2019      | 2020      | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO+ STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Total waste produced  | kg   | 5,203,613 | 5,731,229 | 5,852,863 | 1,827,622          | 159,444          | 3,237,332                              | 306,723              | 321,742      |
| Total waste recovered (R)   | kg   | 4,683,865 | 5,108,499 | 5,450,850 | 1,626,007          | 0                | 3,217,060                              | 299,516              | 308,267      |
| Total hazardous waste   | kg   | 120,245   | 113,735   | 126,480   | 92,964             | 2,847            | 19,787                                 | 7,207                | 3,675        |
| % hazardous waste of total waste produced   | %    | 2.31%     | 1.98%     | 2.16%     | 5.09%              | 1.79%            | 0.61%                                  | 2.35%                | 1.14%        |
| % waste recovered of total waste produced   | %    | 90.01%    | 89.13%    | 93.13%    | 88.97%             | 0.00%            | 99.37%                                 | 97.65%               | 95.81%       |
| Total NON hazardous waste   | kg   | 5,083,368 | 5,617,494 | 5,726,383 | 1,734,658          | 156,597          | 3,217,545                              | 299,516              | 318,067      |
| Total raw material waste <sup>(1)</sup>   | kg   | 8,963,454 | 9,580,375 | 9,978,650 | 6,294,658          | 0                | 3,092,910                              | 319,956              | 271,126      |
| <sup>(1)</sup> Note: Takes into account only the total of paper and board waste sent for recycling. |      |           |           |           |                    |                  |  |                      |              |



| Emissions<br>Ref. 305-<br>1/2/3/4/5   | M.U.  | Total  |        |        | Breakdown 2020        |                     |   |                            |                 |
|---|---|--------|--------|--------|-----------------------|---------------------|---|----------------------------|-----------------|
|   |   | 2018   | 2019   | 2020   | PALLADIO<br>GROUP SPA | POLIWEB<br>GRAPHICS | PALLADIO<br>EAST DOO+<br>STUDIO THE<br>PHACTORY | PALLADIO<br>IRELAND<br>LTD | PALLADIO<br>BNM |
| Total CO <sub>2</sub> emissions<br>(Market-based)   | tonCO <sub>2</sub>                              | 19,961 | 22,530 | 18,264 | 10,547                | 1,194               | 5,324   | 331                        | 1,133           |
| Total CO <sub>2</sub> emissions<br>(Location-based)   | tonCO <sub>2</sub>                              | 22,518 | 24,989 | 20,992 | 13,089                | 1,379               | 5,200   | 456                        | 1,133           |
| Direct emissions of<br>CO <sub>2</sub> from fossil fuels<br>(natural gas + oil)                     | tonCO <sub>2</sub>                              | 1,160  | 1,243  | 1,272  | 740                   | 62                  | 202   | 61                         | 206             |
| Market-based<br>indirect emissions of<br>CO <sub>2</sub> (i.e. generated by<br>the E.P. provider)   | tonCO <sub>2</sub>                              | 2,848  | 3,053  | 2,846  | 0                     | 0                   | 2,282   | 0                          | 564             |
| Location-based<br>indirect emissions of<br>CO <sub>2</sub> (i.e. generated by<br>the E.P. provider) | tonCO <sub>2</sub>                              | 5,405  | 5,512  | 5,574  | 2,543                 | 185                 | 2,157   | 125                        | 564             |
| Indirect emissions of<br>CO <sub>2</sub> from production<br>(as finished product)                   | tonCO <sub>2</sub>                              | 12,421 | 14,052 | 10,132 | 6,888                 | 849                 | 2,208   | 180                        | 272             |
| Indirect emissions<br>of CO <sub>2</sub> from inbound<br>transportation                             | tonCO <sub>2</sub>                              | 1,600  | 2,082  | 2,223  | 1,853                 | 29                  | 292   | 19                         | 30              |
| Indirect emissions of<br>CO <sub>2</sub> from outbound<br>transportation                            | tonCO <sub>2</sub>                              | 1,932  | 2,101  | 1,792  | 1,066                 | 255                 | 339   | 71                         | 61              |
| Indirect emissions of<br>CO <sub>2</sub> from paper and<br>cardboard waste                          | tonCO <sub>2</sub>                              | 6,362  | 6,832  | 5,254  | 3,381                 | 0                   | 1,326   | 136                        | 145             |
| Indirect emissions<br>of CO <sub>2</sub> from raw<br>materials                                      | tonCO <sub>2</sub>                              | 18,783 | 20,884 | 15,386 | 10,269                | 849                 | 3,535   | 316                        | 417             |
| Fuel carbon footprint   | tonCO <sub>2</sub> /<br>ton total<br>production | 0.066  | 0.063  | 0.066  | 0.058                 | 0.181               | 0.039   | 0.144                      | 0.406           |
| Market-based<br>electrical energy<br>carbon footprint   | tonCO <sub>2</sub> /<br>ton total<br>production | 0.163  | 0.155  | 0.148  | 0.000                 | 0.000               | 0.443   | 0.000                      | 1.111           |
| Location-based<br>electrical energy<br>carbon footprint   | tonCO <sub>2</sub> /<br>ton total<br>production | 0.309  | 0.280  | 0.290  | 0.198                 | 0.545               | 0.419   | 0.297                      | 1.111           |
| Production carbon<br>footprint  | tonCO <sub>2</sub> /<br>ton total<br>production | 0.710  | 0.713  | 0.527  | 0.537                 | 2.496               | 0.429   | 0.426                      | 0.536           |
| Transportation<br>carbon footprint  | tonCO <sub>2</sub> /<br>ton total<br>production | 0.202  | 0.212  | 0.209  | 0.228                 | 0.835               | 0.123   | 0.213                      | 0.179           |
| Market-based carbon<br>footprint (from all<br>sources)  | tonCO <sub>2</sub> /<br>ton total<br>production | 1.141  | 1.143  | 0.949  | 0.822                 | 3.512               | 1.034   | 0.784                      | 2.232           |
| Location-based<br>carbon footprint<br>(from all sources)  | tonCO <sub>2</sub> /<br>ton total<br>production | 1.287  | 1.268  | 1.091  | 1.021                 | 4.056               | 1.010   | 1.081                      | 2.232           |

| Carbon Price   | M.U.                 | Total      |            |            | Breakdown 2020        |                     |   |                            |                 |
|--|----------------------|------------|------------|------------|-----------------------|---------------------|---|----------------------------|-----------------|
|  |                      | 2018       | 2019       | 2020       | PALLADIO<br>GROUP SPA | POLIWEB<br>GRAPHICS | PALLADIO<br>EAST DOO+<br>STUDIO THE<br>PHACTORY | PALLADIO<br>IRELAND<br>LTD | PALLADIO<br>BNM |
| Weighted average<br>carbon price<br>calculated                                   | €/tonCO <sub>2</sub> | 13.13      | 21.30      | 25.07      | 24.69                 | 25                  | 25  | 25                         | 25              |
| Gross carbon price<br>(scope 1+ scope 2 +<br>scope 3)                            | €                    | 262,052.17 | 479,994.47 | 457,875.69 | 260,392               | 29,550              | 131,771   | 8,120                      | 28,043          |
| Carbon price from<br>fossil fuels (scope 1)                                      | €                    | 15,322.65  | 26,175.36  | 31,458.84  | 18,326                | 1,524               | 5,010   | 1,493                      | 5,105           |
| Market-based scope<br>2 carbon price (i.e.<br>generated by the E.P.<br>provider) | €                    | 36,757.91  | 64,617.81  | 70,430.01  | 0                     | 0                   | 56,475  | 0                          | 13,955          |
| Production carbon<br>price (as finished<br>product)                              | €                    | 164,050.99 | 300,835.40 | 256,661.74 | 169,842               | 21,001              | 54,653  | 4,415                      | 6,730           |
| Indirect emissions of<br>CO <sub>2</sub> from paper and<br>cardboard purchases   | €                    | 245,088.26 | 441,193.17 | 380,737.97 | 254,167               | 21,001              | 87,482  | 7,763                      | 10,324          |
| Indirect emissions of<br>CO <sub>2</sub> from paper and<br>cardboard waste       | €                    | 81,037.27  | 140,357.77 | 124,117.50 | 84,325                | 0                   | 32,829  | 3,348                      | 3,594           |
| Indirect emissions<br>of CO <sub>2</sub> from inbound<br>transportation          | €                    | 20,669.82  | 44,056.77  | 55,010.97  | 45,850                | 720                 | 7,233   | 470                        | 737             |
| Indirect emissions of<br>CO <sub>2</sub> from outbound<br>transportation         | €                    | 25,250.81  | 44,309.12  | 44,334.76  | 26,374                | 6,304               | 8,400   | 1,741                      | 1,516           |
| Scope 1 Carbon price<br>indicator (*)  | €/€                  | 0.0001689  | 0.0002606  | 0.0003250  | 0.000255              | 0.000282            | 0.000316  | 0.000554                   | 0.005991        |
| Scope 2 Carbon price<br>indicator (*)  | €/€                  | 0.0004053  | 0.0006434  | 0.0007277  | 0.000000              | 0.000000            | 0.003560  | 0.000000                   | 0.016379        |
| Scope 3 Carbon price<br>indicator (*)  | €/€                  | 0.0032084  | 0.0052728  | 0.0049603  | 0.004535              | 0.005182            | 0.006501  | 0.003699                   | 0.014762        |
| Gross carbon price<br>indicator (*)  | €/€                  | 0.0028892  | 0.0047793  | 0.0047308  | 0.003618              | 0.005464            | 0.008308  | 0.003011                   | 0.032914        |
| (*) Calculated by taking account of the presence of Poliweb Graphics from 2017.  |                      |            |            |            |                       |                     |   |                            |                 |

| Sustainable Procurement<br>Ref.102-9/10, 308-1, 414-1   | 2018 | 2019 | 2020 |
|---|------|------|------|
| Total Suppliers   | 235  | 303  | 325  |
| Total new suppliers selected and qualified on the grounds of social and environmental criteria and on their impact on society         | 38   | 50   | 65   |
| Percentage of new suppliers selected and qualified on the grounds of social and environmental criteria and on their impact on society | 88%  | 88%  | 81%  |
| Total suppliers of raw material of forest origin (paper and cardboard)  | 39   | 56   | 77   |
| Total suppliers of raw material of forest origin in compliance with EUTR 995/2010 and/or DDS  | 39   | 56   | 77   |
| Total suppliers of raw material of forest origin certified FSC® and/or PEFC™  | 39   | 56   | 77   |
| Percentage of certified forestry products and/or originating from controlled sources  | 100% | 100% | 100% |

| Percentages of supply acquired in the local markets of the country for each Division<br>Ref. 204-1 | 2018  | 2019  | 2020  |
|--|-------|-------|-------|
| PALLADIO GROUP SPA   | 55.3% | 63.8% | 65.2% |
| POLIWEB GRAPHICS SRL   | 97.6% | 98.8% | 91.8% |
| PALLADIO EAST DOO  | 42.6% | 46.6% | 48.2% |
| STUDIO THE PHACTORY DOO  | 0%    | 0%    | 0%    |
| PALLADIO IRELAND LTD   | 94.3% | 83.0% | 83.3% |
| PALLADIO BNM LLC   | 91.7% | 81.6% | 76.6% |

| Occupational health and safety<br>Ref. 403-9                       | Total     |           |           | Breakdown 2020     |                  |                   |                     |                      |              |
|--|-----------|-----------|-----------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|  | 2018      | 2019      | 2020      | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Total number of work accidents                                     | 13        | 19        | 12        | 8                  | 1                | 3                 | 0                   | 0                    | 0            |
| Total number of accidents in transit                               | 0         | 1         | 2         | 0                  | 0                | 2                 | 0                   | 0                    | 0            |
| Total number of days of absence due to accidents (not in transit)  | 391       | 412       | 299       | 209                | 15               | 75                | 0                   | 0                    | 0            |
| Hours worked by employees (excluding holidays, time off, sickness) | 1,043,240 | 1,145,710 | 1,255,891 | 674,465            | 59,228           | 362,610           | 16,949              | 45,369               | 97,271       |
| Total number of hours of absence due to accidents (not in transit) | 3,128     | 3,296     | 2,392     | 1672               | 120              | 600               | 0                   | 0                    | 0            |
| % hours of absence due to accidents of total hours worked          | 0.30%     | 0.29%     | 0.19%     | 0.25%              | 0.20%            | 0.17%             | 0%                  | 0%                   | 0%           |
| Injury severity index  | 0.37      | 0.36      | 0.24      | 0.31               | 0.25             | 0.21              | 0.00                | 0.00                 | 0.00         |
| Accident frequency index   | 12.46     | 17.46     | 11.15     | 11.86              | 16.88            | 13.79             | 0.00                | 0.00                 | 0.00         |
| Absenteeism (excluding holidays, time off, sickness)               | 3.81%     | 4.28%     | 4.95%     | 4.90%              | 5.23%            | 5.70%             | 3.54%               | 4.33%                | 2.87%        |
| Hours lost through sick leave                                      | 39,782    | 49,006    | 62,202    | 33,082             | 3,096            | 20,664            | 600                 | 1,964                | 2,797        |
| Total number of supplier accidents                                 | N/A       | 8         | 11        | 10                 | 0                | 1                 | 0                   | 0                    | 0            |

| Detailed analysis of employees<br>Ref. 102-8, 201-3, 202-1/2, 405-1, 401-2 | Total |      |      | Breakdown 2020     |                  |                   |                     |                      |              |
|--|-------|------|------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|  | 2018  | 2019 | 2020 | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Total employees - men  | 543   | 543  | 609  | 379                | 23               | 145               | 5                   | 21                   | 36           |
| Total employees - women  | 168   | 168  | 180  | 93                 | 14               | 48                | 4                   | 5                    | 16           |
| General total employees  | 711   | 711  | 789  | 472                | 37               | 193               | 9                   | 26                   | 52           |
| on permanent contract - men  | 436   | 436  | 550  | 346                | 23               | 125               | 5                   | 15                   | 36           |
| -full time   | 431   | 431  | 543  | 342                | 23               | 125               | 5                   | 15                   | 33           |
| -part time   | 5     | 5    | 7    | 4                  | 0                | 0                 | 0                   | 0                    | 3            |
| on permanent contract - women  | 138   | 138  | 167  | 84                 | 14               | 48                | 4                   | 1                    | 16           |
| -full time   | 123   | 123  | 156  | 79                 | 9                | 48                | 4                   | 1                    | 15           |
| -part time   | 15    | 15   | 11   | 5                  | 5                | 0                 | 0                   | 0                    | 1            |
| fixed term contract - men  | 43    | 43   | 27   | 1                  | 0                | 20                | 0                   | 6                    | 0            |
| -full time   | 42    | 42   | 27   | 1                  | 0                | 20                | 0                   | 6                    | 0            |
| -part time   | 1     | 1    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| fixed term contract - women  | 16    | 16   | 6    | 2                  | 0                | 0                 | 0                   | 4                    | 0            |
| -full time   | 14    | 14   | 6    | 2                  | 0                | 0                 | 0                   | 4                    | 0            |
| -part time   | 2     | 2    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| temporary workers - men  | 65    | 65   | 32   | 32                 | 0                | 0                 | 0                   | 0                    | 0            |
| -full time   | 65    | 65   | 32   | 32                 | 0                | 0                 | 0                   | 0                    | 0            |
| -part time   | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| temporary workers - women  | 13    | 13   | 7    | 7                  | 0                | 0                 | 0                   | 0                    | 0            |
| -full time   | 13    | 13   | 7    | 7                  | 0                | 0                 | 0                   | 0                    | 0            |
| -part time   | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| Work-sharing agreement [1]   | 14    | 14   | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| -Men   | 4     | 4    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| -Women   | 10    | 10   | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| With trade union membership  | 64    | 64   | 71   | 71                 | 0                | 0                 | 0                   | 0                    | 0            |

|  |              |              |              |            |         |         |        |           |         |
|--|--------------|--------------|--------------|------------|---------|---------|--------|-----------|---------|
| Affected by Disability                         | 26           | 25           | 24           | 20         | 2       | 1       | 1      | 0         | 0       |
| Foreign  | 22           | 35           | 33           | 12         | 1       | 0       | 0      | 15        | 5       |
| Salaries above minimum wage                    | 525          | 565          | 563          | 263        | 24      | 193     | 9      | 22        | 52      |
| - Men  | 388          | 422          | 428          | 209        | 14      | 145     | 5      | 19        | 36      |
| - Women  | 137          | 143          | 135          | 54         | 10      | 48      | 4      | 3         | 16      |
| Annual salary increments %                     | 9.85%        | 38.56%       | 15%          | 22%        | 27%     | 0%      | 0%     | 12%       | 6%      |
| Bonuses/Premiums %                             | 81.29%       | 91.19%       | 95%          | 104%       | 103%    | 100%    | 0%     | 100%      | 10%     |
| Salaries above minimum wage %                  | 73.84%       | 69.16%       | 71%          | 56%        | 65%     | 100%    | 100%   | 85%       | 100%    |
| - Men  | 71.45%       | 67.09%       | 70%          | 55%        | 61%     | 100%    | 100%   | 90%       | 100%    |
| - Women  | 81.55%       | 76.06%       | 75%          | 58%        | 71%     | 100%    | 100%   | 60%       | 100%    |
| Overtime % of hours worked                     | 4.98%        | 5.19%        | 3%           | 2%         | 5%      | 5%      | 0%     | 2%        | 0%      |
| Holiday hours % of hours worked                | 9.59%        | 10.35%       | 11%          | 12%        | 6%      | 12%     | 15%    | 9%        | 5%      |
| Disciplinary Measures % of employees           | 3%           | 2%           | 1%           | 0%         | 0%      | 0%      | 0%     | 4%        | 10%     |
| Worked hours                                   | 1,042,645.49 | 1,208,476.62 | 1,255,892.47 | 674,466.13 | 59,228  | 362,610 | 16,949 | 45,368.50 | 97,271  |
| Holiday hours                                  | 100,009.36   | 125,058.33   | 140,481.70   | 81,050.50  | 3,278   | 44,752  | 2,472  | 4,144     | 4,786   |
| Overtime                                       | 51,962.20    | 62,709.91    | 37,762.60    | 14,844.55  | 2,850.8 | 18,794  | 45     | 922       | 306.3   |
| No. Ethical complaints                         | 0            | 0            | 0            | 0          | 0       | 0       | 0      | 0         | 0       |
| % Ethical complaints                           | 0%           | 0%           | 0%           | 0%         | 0%      | 0%      | 0%     | 0%        | 0%      |
| Cover of the pension plan (Euro)               | 4,877,190    | 5,228,876    | 5,514,168    | 4,218,868  | 328,430 | 769,282 | 0      | 81,466    | 116,122 |
| % Senior managers hired in the local community | 100%         | 100%         | 100%         | 1          | 0       | 0       | 0      | 0         | 0       |

<sup>1</sup> [1] This category of employees is absorbed by part-time contracts, so it is not to be counted when calculating the total number of employees

| Detailed analysis of employees by category<br>Ref. 102-8, 405-1 | Total |      |      | Breakdown 2020     |                  |                   |                     |                      |              |
|---|-------|------|------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|   | 2018  | 2019 | 2020 | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Employees under 18  |       |      |      |                    |                  |                   |                     |                      |              |
| Total Employees under 18  | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| Employees under 30  |       |      |      |                    |                  |                   |                     |                      |              |
| Total - Men   | 105   | 144  | 124  | 83                 | 7                | 28                | 0                   | 3                    | 3            |
| Total - Women   | 20    | 27   | 20   | 15                 | 1                | 2                 | 0                   | 0                    | 2            |
| White collar - men  | 10    | 8    | 6    | 3                  | 1                | 2                 | 0                   | 0                    | 0            |
| White collar - women  | 10    | 12   | 9    | 7                  | 1                | 0                 | 0                   | 0                    | 1            |
| Blue collar - men   | 95    | 136  | 118  | 80                 | 6                | 26                | 0                   | 3                    | 3            |
| Blue collar - women   | 10    | 15   | 11   | 8                  | 0                | 2                 | 0                   | 0                    | 1            |
| Managers - men  | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| Managers - women  | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| Total   | 125   | 171  | 144  | 98                 | 8                | 30                | 0                   | 3                    | 5            |
| Employees 30 – 50   |       |      |      |                    |                  |                   |                     |                      |              |
| Total - Men   | 311   | 355  | 352  | 185                | 10               | 110               | 5                   | 16                   | 26           |
| Total - Women   | 116   | 124  | 122  | 54                 | 6                | 43                | 4                   | 3                    | 12           |
| White collar - men  | 34    | 33   | 41   | 15                 | 4                | 11                | 4                   | 1                    | 6            |
| White collar - women  | 41    | 40   | 40   | 16                 | 2                | 14                | 4                   | 1                    | 3            |
| Blue collar - men   | 265   | 309  | 297  | 164                | 5                | 99                | 0                   | 14                   | 15           |
| Blue collar - women   | 69    | 79   | 76   | 36                 | 3                | 28                | 0                   | 2                    | 7            |
| Managers - men  | 12    | 13   | 14   | 6                  | 1                | 0                 | 1                   | 1                    | 5            |
| Managers - women  | 6     | 5    | 6    | 2                  | 1                | 1                 | 0                   | 0                    | 2            |
| Total   | 427   | 479  | 474  | 239                | 16               | 153               | 9                   | 19                   | 38           |

|                      |      |      |      |     |     |     |     |     |     |
|----------------------|------|------|------|-----|-----|-----|-----|-----|-----|
| Employees over 50    |      |      |      |     |     |     |     |     |     |
| Total - Men          | 127  | 130  | 133  | 111 | 6   | 7   | 0   | 2   | 7   |
| Total - Women        | 32   | 37   | 38   | 24  | 7   | 3   | 0   | 2   | 2   |
| White collar - men   | 29   | 32   | 27   | 23  | 0   | 0   | 0   | 0   | 4   |
| White collar - women | 10   | 12   | 12   | 5   | 3   | 1   | 0   | 1   | 2   |
| Blue collar - men    | 89   | 90   | 97   | 81  | 6   | 5   | 0   | 2   | 3   |
| Blue collar - women  | 21   | 24   | 25   | 19  | 3   | 2   | 0   | 1   | 0   |
| Managers - men       | 9    | 8    | 9    | 7   | 0   | 2   | 0   | 0   | 0   |
| Managers - women     | 1    | 1    | 1    | 0   | 1   | 0   | 0   | 0   | 0   |
| Total                | 159  | 167  | 171  | 135 | 13  | 10  | 0   | 4   | 9   |
| Employees' age       |      |      |      |     |     |     |     |     |     |
| Average age          | 39.0 | 40.2 | 40.8 | 43  | 44  | 38  | 38  | 42  | 40  |
| Minimum age          | 18   | 18   | 18   | 18  | 18  | 21  | 31  | 24  | 26  |
| % of total employees |      |      |      |     |     |     |     |     |     |
| White collar - men   | 10%  | 9%   | 9%   | 9%  | 14% | 7%  | 44% | 4%  | 19% |
| White collar - women | 9%   | 8%   | 8%   | 6%  | 16% | 8%  | 44% | 8%  | 12% |
| Blue collar - men    | 63%  | 65%  | 65%  | 69% | 46% | 67% | 0%  | 73% | 40% |
| Blue collar - women  | 14%  | 14%  | 14%  | 13% | 16% | 17% | 0%  | 12% | 15% |
| Managers - men       | 3%   | 3%   | 3%   | 3%  | 3%  | 1%  | 11% | 4%  | 10% |
| Managers - women     | 1%   | 1%   | 1%   | 0%  | 5%  | 1%  | 0%  | 0%  | 4%  |

| Hiring and Terminations<br>Ref. 401-1 | Total  |        |        | Breakdown 2020     |                  |                   |                     |                      |              |
|---------------------------------------|--------|--------|--------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|                                       | 2018   | 2019   | 2020   | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| New hires Men <30                     | 25     | 36     | 54     | 47                 | 2                | 2                 | 0                   | 0                    | 3            |
| New hires Women <30                   | 4      | 9      | 12     | 11                 | 0                | 0                 | 0                   | 0                    | 1            |
| New hires Men 30-50                   | 32     | 39     | 42     | 21                 | 2                | 7                 | 0                   | 3                    | 9            |
| New hires Women 30-50                 | 11     | 18     | 17     | 8                  | 0                | 2                 | 1                   | 1                    | 5            |
| New hires Men >50                     | 4      | 6      | 5      | 2                  | 0                | 0                 | 0                   | 0                    | 3            |
| New hires Women >50                   | 1      | 4      | 0      | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| Total new hires                       | 77     | 112    | 130    | 89                 | 4                | 11                | 1                   | 4                    | 21           |
| Total terminations                    | 36     | 53     | 157    | 111                | 2                | 21                | 2                   | 9                    | 12           |
| Hiring rate Men <30                   | 3.52%  | 4.41%  | 6.84%  | 9.96%              | 5.41%            | 1.04%             | 0.00%               | 0.00%                | 5.77%        |
| Hiring rate Women <30                 | 0.56%  | 1.10%  | 1.52%  | 2.33%              | 0.00%            | 0.00%             | 0.00%               | 0.00%                | 1.92%        |
| Hiring rate Men 30-50                 | 4.50%  | 4.77%  | 5.32%  | 4.45%              | 5.41%            | 3.63%             | 0.00%               | 11.54%               | 17.31%       |
| Hiring rate Women 30-50               | 1.55%  | 2.20%  | 2.15%  | 1.69%              | 0.00%            | 1.04%             | 11.11%              | 3.85%                | 9.62%        |
| Hiring rate Men >50                   | 0.56%  | 0.73%  | 0.63%  | 0.42%              | 0.00%            | 0.00%             | 0.00%               | 0.00%                | 5.77%        |
| Hiring rate Women >50                 | 0.14%  | 0.49%  | 0.00%  | 0.00%              | 0.00%            | 0.00%             | 0.00%               | 0.00%                | 0.00%        |
| New hiring rate                       | 10.83% | 13.71% | 16.48% | 18.86%             | 10.81%           | 5.70%             | 11.11%              | 15.38%               | 40.38%       |
| Terminations rate                     | 5.06%  | 6.49%  | 19.90% | 23.52%             | 5.41%            | 10.88%            | 22.22%              | 34.62%               | 23.08%       |
| Hiring rate Men                       | 8.58%  | 9.91%  | 12.80% | 14.83%             | 10.81%           | 4.66%             | 0.00%               | 11.54%               | 28.85%       |
| Hiring rate Women                     | 2.25%  | 3.79%  | 3.68%  | 4.03%              | 0.00%            | 1.04%             | 11.11%              | 3.85%                | 11.54%       |

| Training<br>Ref. 403-4, 404-1/2, 412-2                |                    | Total       |                  |             |                   |             | Breakdown 2020      |             |                      |                   |              |                     |                      |             |              |  |     |  |
|---|--------------------|-------------|------------------|-------------|-------------------|-------------|---------------------|-------------|----------------------|-------------------|--------------|---------------------|----------------------|-------------|--------------|--|-----|--|
|   |                    | 2018        | 2019             |             | 2020              |             | PALLADIO GROUP SPA  |             | POLIWEB GRAPHICS     | PALLADIO EAST DOO |              | STUDIO THE PHACTORY | PALLADIO IRELAND LTD |             | PALLADIO BNM |  |     |  |
| Total training hours                                  |                    | 21612.0     | 16318.0          |             | 14579.9           |             | 11530.9             |             | 228.0                |                   | 1199         |                     | 1222.0               |             | 334          |  | 66  |  |
| Average training per employee                         |                    | 30.4        | 19.9             |             | 18.5              |             | 24.4                |             | 6.2                  |                   | 6.2          |                     | 135.8                |             | 12.8         |  | 1.3 |  |
| Number of training hours divided by category          |                    |             |                  |             |                   |             |                     |             |                      |                   |              |                     |                      |             |              |  |     |  |
| year  | PALLADIO GROUP SPA |             | POLIWEB GRAPHICS |             | PALLADIO EAST DOO |             | STUDIO THE PHACTORY |             | PALLADIO IRELAND LTD |                   | PALLADIO BNM |                     | TOTALE               |             |              |  |     |  |
|   | white collar       | blue collar | white collar     | blue collar | white collar      | blue collar | white collar        | blue collar | white collar         | blue collar       | white collar | blue collar         | white collar         | blue collar |              |  |     |  |
| 2018  | 3217.0             | 9009.0      | 63.0             | 300.0       | 372.0             | 3371.0      | 0.0                 | 0.0         | 72.0                 | 839.0             | 782.0        | 2680.0              | 4506.0               | 16199.0     |              |  |     |  |
| 2019  | 1974.0             | 8973.0      | 102.0            | 452.0       | 282.0             | 1562.0      | 45.0                | 0.0         | 109.0                | 1699.0            | 746.0        | 120.0               | 3258.0               | 12806.0     |              |  |     |  |
| 2020  | 2018.8             | 9512.1      | 49.0             | 179.0       | 141.0             | 1058.0      | 1222.0              | 0.0         | 10.0                 | 324.0             | 15.0         | 51.0                | 3455.8               | 11124.1     |              |  |     |  |
| Average training hours divided by employees' category |                    |             |                  |             |                   |             |                     |             |                      |                   |              |                     |                      |             |              |  |     |  |
| year  | PALLADIO GROUP SPA |             | POLIWEB GRAPHICS |             | PALLADIO EAST DOO |             | STUDIO THE PHACTORY |             | PALLADIO IRELAND LTD |                   | PALLADIO BNM |                     | TOTALE               |             |              |  |     |  |
|   | white collar       | blue collar | white collar     | blue collar | white collar      | blue collar | white collar        | blue collar | white collar         | blue collar       | white collar | blue collar         | white collar         | blue collar |              |  |     |  |
| 2018  | 40.7               | 25.3        | 4.5              | 15.8        | 7.8               | 23.7        | 0.0                 | 0.0         | 12.0                 | 59.9              | 52.1         | 148.9               | 16.7                 | 39.1        |              |  |     |  |
| 2019  | 23.5               | 21.9        | 7.9              | 20.6        | 8.6               | 9.2         | 4.5                 | 0.0         | 21.8                 | 62.9              | 39.3         | 5.0                 | 15.1                 | 17.1        |              |  |     |  |
| 2020  | 24.0               | 24.5        | 3.5              | 7.8         | 4.5               | 6.5         | 135.8               | 0.0         | 2.5                  | 14.7              | 0.7          | 1.8                 | 24.4                 | 7.9         |              |  |     |  |
| Number of training hours divided by gender            |                    |             |                  |             |                   |             |                     |             |                      |                   |              |                     |                      |             |              |  |     |  |
| year  | PALLADIO GROUP SPA |             | POLIWEB GRAPHICS |             | PALLADIO EAST DOO |             | STUDIO THE PHACTORY |             | PALLADIO IRELAND LTD |                   | PALLADIO BNM |                     | TOTALE               |             |              |  |     |  |
|   | men                | women       | men              | women       | men               | women       | men                 | women       | men                  | women             | men          | women               | men                  | women       |              |  |     |  |
| 2018  | 10306.0            | 2668.0      | 284.0            | 79.0        | 2949.0            | 794.0       | 0.0                 | 0.0         | 884.0                | 27.0              | 2884.0       | 737.0               | 17307.0              | 4305.0      |              |  |     |  |
| 2019  | 8999.0             | 1947.0      | 434.0            | 120.0       | 1562.0            | 420.0       | 26.0                | 19.0        | 1600.0               | 208.0             | 729.0        | 254.0               | 13350.0              | 2968.0      |              |  |     |  |
| 2020  | 9458.99            | 2071.91     | 164              | 64          | 943               | 256         | 84                  | 1138        | 274                  | 60                | 50           | 16                  | 10974.0              | 3605.9      |              |  |     |  |
| Average training hours by gender                      |                    |             |                  |             |                   |             |                     |             |                      |                   |              |                     |                      |             |              |  |     |  |
| year  | PALLADIO GROUP SPA |             | POLIWEB GRAPHICS |             | PALLADIO EAST DOO |             | STUDIO THE PHACTORY |             | PALLADIO IRELAND LTD |                   | PALLADIO BNM |                     | TOTALE               |             |              |  |     |  |
|   | men                | women       | men              | women       | men               | women       | men                 | women       | men                  | women             | men          | women               | men                  | women       |              |  |     |  |
| 2018  | 29.6               | 30.7        | 14.2             | 6.1         | 13.7              | 110.9       | 0.0                 | 0.0         | 52.0                 | 9.0               | 110.9        | 105.3               | 32.7                 | 23.5        |              |  |     |  |
| 2019  | 22.6               | 20.5        | 20.7             | 8.6         | 10.7              | 7.4         | 4.3                 | 4.8         | 66.7                 | 26.0              | 22.1         | 25.4                | 21.0                 | 13.2        |              |  |     |  |
| 2020  | 25.0               | 22.3        | 7.1              | 4.6         | 6.5               | 5.3         | 16.8                | 284.5       | 13.0                 | 12.0              | 1.4          | 1.0                 | 10.0                 | 47.1        |              |  |     |  |



| Percentage of employees receiving regular performance and career development reviews<br>Ref. 404-3 | 2020               |                  |                     |                     |                      |              |
|--|--------------------|------------------|---------------------|---------------------|----------------------|--------------|
|  | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO   | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| White collar - men   | 100%               | 80%              | FIGURE NOT RECORDED | FIGURE NOT RECORDED | 100%                 | 0%           |
| White collar - women   | 89%                | 33%              | FIGURE NOT RECORDED | FIGURE NOT RECORDED | 100%                 | 0%           |
| Blue collar - men  | 4%                 | 18%              | FIGURE NOT RECORDED | FIGURE NOT RECORDED | 11%                  | 0%           |
| Blue collar - women  | 0%                 | 17%              | FIGURE NOT RECORDED | FIGURE NOT RECORDED | 67%                  | 0%           |

| Ethics and anti-corruption training<br>Ref. 205-2/ 412-2   | 2018 | 2019 | 2020 |
|--|------|------|------|
| Training hours   | 60.5 | 245  | 165  |
| Trained employees  | 464  | 739  | 583  |
| % Trained employees in the reporting year  | 65%  | 90%  | 74%  |
| % general trained employees since the start of the training programme, without distinction by year | 100% | 100% | 100% |

| Occupational health and safety training<br>Ref. 403-5 | Total hours of training |       |       | Breakdown 2020     |                  |                   |                     |                      |              |
|---|-------------------------|-------|-------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|   | 2018                    | 2019  | 2020  | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| Hours   | 6,949                   | 4,688 | 4,973 | 4,643              | 151              | 102               | 45                  | 30                   | 2            |

| Anti-corruption<br>Ref. 205-3   | Total |      |      | Breakdown 2020     |                  |                   |                     |                      |              |
|---|-------|------|------|--------------------|------------------|-------------------|---------------------|----------------------|--------------|
|   | 2018  | 2019 | 2020 | PALLADIO GROUP SPA | POLIWEB GRAPHICS | PALLADIO EAST DOO | STUDIO THE PHACTORY | PALLADIO IRELAND LTD | PALLADIO BNM |
| total number of episodes for which employees have been dismissed or subjected to disciplinary measures for corruption           | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| total number of incidents for which contracts with business partners have not been renewed for violations related to corruption | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |
| number of legal actions regarding corruption practices against the organization or its employees                                | 0     | 0    | 0    | 0                  | 0                | 0                 | 0                   | 0                    | 0            |

| Right to parental leave<br>Ref. 401-3  | TOTAL |      |      |
|--|-------|------|------|
|  | 2018  | 2019 | 2020 |
| number of eligible employees <sup>1</sup>  | 12    | 7    | 23   |
| number of employees who took parental leave  | 5     | 7    | 23   |
| number of employees who returned to work at the end of parental leave  | 4     | 5    | 23   |
| number of employees who are still on parental leave  | 1     | 5    | 6    |
| number of employees who returned to work after parental leave and who were still employed twelve months after they returned to work  | 4     | 1    | 22   |
| % Rate or return of employees <sup>2</sup>   | 100%  | 100% | 96%  |
| <sup>(1)</sup> Those who declared throughout the year to be eligible for long-term parental leave<br><sup>(2)</sup> Percentage referred to the end of the parental leave period referred to the reporting year |       |      |      |

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## Annexes



Annex 1 - Methodology note

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

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

2. During the second **prioritisation** stage, we examine the material aspects identified during the previous stage, **assigning a priority** to each of the economic, environmental and social issues affecting the organisation, using the risk assessment tool. The evaluation is based on both the significance of the **impacts on our Group**, and on **stakeholder interests**. We also define the scope (external and internal) within which the main significant impacts occur.
3. During the third validation stage, we review all the material aspects identified during the previous stage, **involving the various department managers across the board**, in relation to the skills and roles covered in all the Group's companies, in coordination with the corporate **Quality and Sustainability** department. The results of this activity are then finally approved by the Sustainability Committee.

4. During the fourth, and last, **review** stage, after the publication of the report, we concentrate on the material aspects identified, considering **feedback from stakeholders** to identify new aspects which could be examined in a later report.

The output from the stages of identification, prioritisation, validation, and review of the material aspects are reported in the table in par. 4.1. The material issues and their related scope have not changed compared to 2020.

| Area        | Material Aspect                 | GRI Indicators | Priority | Aspect boundary |           |
|-------------|---------------------------------|----------------|----------|-----------------|-----------|
|             |                                 |                |          | Internal        | External  |
| Economic    | Sustainable Development         | 201-1/2/3      | High     | Palladio Group  | Community |
|             |                                 | 202-1/2        |          |                 |           |
|             |                                 | 203-1/2        |          |                 |           |
|             | Procurement                     | 204-1          | Medium   | Palladio Group  | Suppliers |
|             |                                 | 301 -1/2/3     |          |                 |           |
|             |                                 | 308-1          |          |                 |           |
|             |                                 | 411-1          |          |                 |           |
|             |                                 | 412-1/3        |          |                 |           |
|             |                                 | 414 -1/2       |          |                 |           |
|             | Compliance                      | 206-1          | High     | Palladio Group  | -         |
|             |                                 | 307-1          |          |                 |           |
|             |                                 | 414-2          |          |                 |           |
|             |                                 | 416-2          |          |                 |           |
|             |                                 | 417-2          |          |                 |           |
|             |                                 | 419-1          |          |                 |           |
|             | Anti-corruption                 | 205-1/3        | Low      | Palladio Group  | Suppliers |
|             |                                 | 201-4          |          |                 |           |
|             |                                 | 415-1          |          |                 |           |
| Environment | Emissions                       | 305-1/2/3/4/5  | Medium   | -               | Community |
|             | Energy                          | 302-1/3/4      | Medium   | Palladio Group  | -         |
|             | Water                           | 303-1/3        | Low      | Palladio Group  | -         |
|             | Biodiversity                    | 304-1/2/3/4    | Low      | -               | Suppliers |
|             | Waste                           | 306-1/2/3/4/5  | Medium   | Palladio Group  | -         |
| Company     | Occupational health and safety  | 403-1-10       | High     | Palladio Group  | Suppliers |
|             | Training and Education          | 404-1/2/3      | Low      | Palladio Group  | -         |
|             |                                 | 205-2          |          |                 |           |
|             |                                 | 412-2          |          |                 |           |
|             | Diversity and Equal Opportunity | 405-1/2        | Medium   | Palladio Group  | Suppliers |
|             |                                 | 406-1          |          |                 |           |
|             | Industrial Relations            | 402-1          | Medium   | Palladio Group  | -         |
|             | Child Labour and Forced Labour  | 408-1          | Low      | Palladio Group  | Suppliers |
|             |                                 | 409-1          |          |                 |           |
|             | Local Communities               | 413-1/2        | Medium   | Palladio Group  | -         |
|             | Product responsibility          | 416-1          | High     | Palladio Group  | -         |

Annex 2 - Table of the coefficients used for environmental calculations

| Conversion factors 2020 |  |              |                      |                        |   |   |
|-------------------------|--|--------------|----------------------|------------------------|---|---|
| CRITERIA ADOPTED        |  | REF.         | M.U.                 | CONVERSION FACTOR      | SOURCES   |   |
| OIL                     | The following is applied in the calculation of CO2 emissions derived from the combustion of oil in the reference period (calendar year).   | DENSITY      | t/l                  | 0.845                  | <a href="https://www.seai.ie/resources/seai-statistics/conversion-factors/">https://www.seai.ie/resources/seai-statistics/conversion-factors/</a> |   |
|                         |  | NCV          | MJ/t                 | 44.589                 |   |   |
|                         | The amount of fuel used is expressed in terms of energy content (TJ) and, therefore, the calculation formula is as follows: $tCO_2 = t \text{ of oil} \times NCV \times \text{emission factor} \times \text{oxidation factor} \times 0.000001$ .   | OXID. FACTOR | tCO <sub>2</sub> /TJ | 73.300                 |   |   |
|                         |  | OXID. FACTOR | COEFF.               | 1.000                  |   |   |
| NATURAL GAS             | The following is applied in the calculation of CO2 emissions derived from the combustion of methane in the reference period (calendar year).<br><br>The amount of fuel used is expressed in terms of energy content (TJ) and, therefore, the calculation formula is as follows: $tCO_2 = Sm^3 \text{ of gas} \times NCV \times \text{Emission factor} \times \text{Oxidation factor} \times 0.000001$ .<br><br>The quantity of gas used is obtained from the invoice data. | ITALY        | NCV                  | GJ/1000Sm <sup>3</sup> | 35.281  | <a href="http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report/view">http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report/view</a> |
|                         |  |              | OXID. FACTOR         | tCO <sub>2</sub> /TJ   | 56.231  |   |
|                         |  |              | OXID. FACTOR         | COEFF.                 | 1   |   |
|                         |  | SERBIA       | NCV                  | GJ/1000Sm <sup>3</sup> | 33.338  | <a href="http://www.aers.rs/index.asp?f=2&amp;a=662">http://www.aers.rs/index.asp?f=2&amp;a=662</a>   |
|                         |  |              | OXID. FACTOR         | tCO <sub>2</sub> /TJ   | 56.100  |   |
|                         |  |              | OXID. FACTOR         | COEFF.                 | 1   |   |
|                         |  | RUSSIA       | NCV                  | GJ/1000Sm <sup>3</sup> | 37.696  | European Gas Demand and Sources of Gas Supply. TYDNP 2018 Gas Supply Potential SJWS, 7th December 2017, Brussels.   |
|                         |  |              | OXID. FACTOR         | tCO <sub>2</sub> /TJ   | 56.100  |   |
|                         |  |              | OXID. FACTOR         | COEFF.                 | 1   |   |
|                         |  |              |                      |                        |   |   |

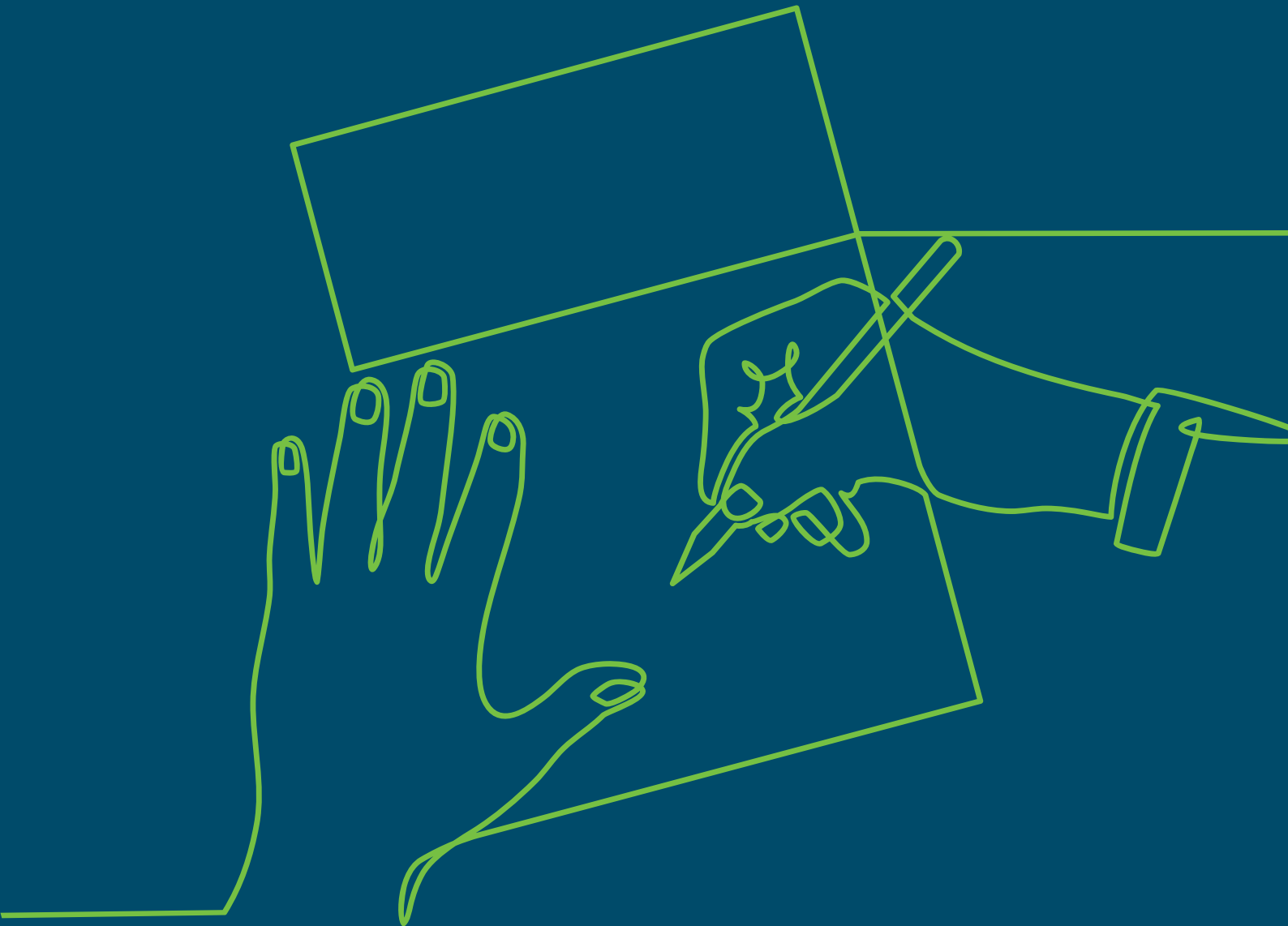
|                   |  |                    |                         |         |                       |   |
|-------------------|--|--------------------|-------------------------|---------|-----------------------|---|
| ELECTRICAL ENERGY | The amount of CO2 resulting from the electricity consumed is determined via the conversion factor.<br><br>The following formula is used: $tCO_2 = kWh \text{ of electrical energy} \times \text{conversion factor} \times 0.000001$ .<br><br>The quantity of electrical energy consumed is obtained from the invoice data. | CONVERSION FACTOR  | gCO <sub>2</sub> / kWh  | ITALY   | Market based 465.89   | <a href="https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2019/AIB_2019_Residual_Mix_Results_1_1.pdf">https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2019/AIB_2019_Residual_Mix_Results_1_1.pdf</a>   |
|                   |  |                    |                         |         | Location based 276.30 | <a href="https://www.isprambiente.gov.it/files2020/pubblicazioni/rapporti/Rapporto317_2020.pdf">https://www.isprambiente.gov.it/files2020/pubblicazioni/rapporti/Rapporto317_2020.pdf</a>   |
|                   |  |                    |                         | SERBIA  | Market based 765.75   | <a href="https://www.aib-net.org/facts/european_residual_mix">https://www.aib-net.org/facts/european_residual_mix</a>   |
|                   |  |                    |                         |         | Location based 724.00 | <a href="http://www.iea.org">http://www.iea.org</a> (2010)  |
|                   |  |                    |                         | IRELAND | Market based 495.15   | <a href="https://www.aib-net.org/facts/european_residual_mix">https://www.aib-net.org/facts/european_residual_mix</a>   |
|                   |  |                    |                         |         | Location based 314.00 | <a href="https://www.seai.ie/publications/Energy-in-Ireland-2020.pdf">https://www.seai.ie/publications/Energy-in-Ireland-2020.pdf</a>   |
|                   |  |                    |                         | RUSSIA  | Market based 621.00   | <a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a> |
|                   |  |                    |                         |         | Location based 621.00 | <a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a> |
| TRANSPORT         | Transformation from km to gCO <sub>2</sub>   | CONVERSION FACTOR  | gCO <sub>2</sub> / km   | 675.45  |                       | <a href="http://www.sinanet.isprambiente.it/it/sia-ispra/fetransp">http://www.sinanet.isprambiente.it/it/sia-ispra/fetransp</a>   |
| ADHESIVE          | Conversion from m <sup>2</sup> to kg   | SPECIFIC WEIGHT    | kg/m <sup>2</sup>       | 0.107   |                       |   |
| RAW MATERIAL      | Board Producer Stora Enso (ref. Tambrite)  | CONVERSION FACTOR  | tCO <sub>2</sub> / ton. | 0.283   |                       | <a href="https://www.storaenso.com/en/sustainability/environmental/carbon-dioxide">https://www.storaenso.com/en/sustainability/environmental/carbon-dioxide</a>   |
|                   | Board Producer RDM (ref. Rochcoat)   |                    |                         | 0.440   |                       | <a href="https://rdmgroup.com/wp-content/uploads/2021/04/Bilancio-di-sostenibilita-al-31-dicembre-2020-1.pdf">https://rdmgroup.com/wp-content/uploads/2021/04/Bilancio-di-sostenibilita-al-31-dicembre-2020-1.pdf</a>   |
|                   | Board Producer MM Karton (ref. Kromopak)   |                    |                         | 0.341   |                       | <a href="https://www.mayr-melnhof.com/en/for-investors/reports/">https://www.mayr-melnhof.com/en/for-investors/reports/</a>   |
|                   | Various Board Producers  |                    |                         | 0.326   |                       | <a href="https://www.mm-karton.com/en/news-unfolded/excellent-co2-balance-of-carton-board-packaging-proven-by-latest-study/">https://www.mm-karton.com/en/news-unfolded/excellent-co2-balance-of-carton-board-packaging-proven-by-latest-study/</a>   |
|                   | Paper Producer Bolloré (ref Primabrite)  |                    |                         | 0.854   |                       | Defra (Paper and board: mixed): Conversion-Factors-2020-Full-set-for-advanced-users.xls   |
|                   | Various Paper Producers  |                    |                         | 0.854   |                       | Defra (Paper and board: mixed): Conversion-Factors-2020-Full-set-for-advanced-users.xls   |
|                   | Supports for self-adhesive products Producer Avery Dennison  |                    |                         | 2.574   |                       | Defra (Plastics: average plastic film: Conversion-Factors-2020-Full-set-for-advanced-users.xls  |
|                   | Supports for self-adhesive products various prod.  |                    |                         | 2.574   |                       | Defra (Plastics: average plastic film: Conversion-Factors-2020-Full-set-for-advanced-users.xls  |
|                   | Aluminium  |                    |                         | 9.123   |                       | Defra (Aluminium cans and foil): Conversion-Factors-2020-Full-set-for-advanced-users.xls  |
|                   |  |                    |                         |         |                       |   |
| CURRENCY EXCHANGE |  | COEFF. OF EXCHANGE | \$/€                    | 1.140   |                       | <a href="https://www.x-rates.com/average/?from=USD&amp;to=EUR&amp;amount=1&amp;year=2020">https://www.x-rates.com/average/?from=USD&amp;to=EUR&amp;amount=1&amp;year=2020</a>   |
| CARBON PRICE      | EU ETS   | ITALY              | \$                      | 28.221  |                       | <a href="https://ember-climate.org/data/carbon-price-viewer/">https://ember-climate.org/data/carbon-price-viewer/</a>   |
|                   | Ireland carbon tax   | IRELAND            | \$                      | 28.000  |                       | World Bank: "State and Trends of Carbon Pricing 2020" (May), World Bank, Washington, DC.  |
|                   | EU ETS   | SERBIA             | \$                      | 28.221  |                       | <a href="https://ember-climate.org/data/carbon-price-viewer/">https://ember-climate.org/data/carbon-price-viewer/</a>   |
|                   | EU ETS   | RUSSIA             | \$                      | 28.221  |                       | <a href="https://ember-climate.org/data/carbon-price-viewer/">https://ember-climate.org/data/carbon-price-viewer/</a>   |

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

| Area            | Global Compact Principle  | GRI Indicator   |
|-----------------|---|---|
| HUMAN RIGHTS    | <b>Principle 1</b><br>Businesses should support and respect the protection of internationally proclaimed human rights in their respective spheres of influence. | 403-1/10<br>412-1<br>412-2<br>412-3<br>413-1<br>413-2<br>414-1<br>414-2                         |
|                 | <b>Principle 2</b><br>Businesses should make sure that they are not complicit in human rights abuses, not even indirectly.                                      |   |
| LABOUR          | <b>Principle 3</b><br>Businesses should uphold the freedom of association of employees and the effective recognition of the right to collective bargaining.     | 102-8<br>102-41<br>401-1<br>401-2<br>401-3<br>405-1<br>405-2                                    |
|                 | <b>Principle 4</b><br>Businesses should uphold the elimination of all forms of forced and compulsory labour.  | 406-1<br>407-1<br>408-1<br>409-1  |
|                 | <b>Principle 5</b><br>Businesses should uphold the effective abolition of child labour.   | 412-1<br>412-2  |
|                 | <b>Principle 6</b><br>Businesses should uphold the elimination of discrimination in respect of employment and occupation.                                       |   |
| ENVIRONMENT     | <b>Principle 7</b><br>Businesses should support a precautionary approach to environmental challenges.   | 201-2<br>301-1<br>301-2<br>301-3  |
|                 | <b>Principle 8</b><br>Businesses should undertake initiatives to promote greater environmental responsibility.  | 302-1<br>302-4<br>303-1<br>303-3<br>305-1<br>305-2<br>305-3<br>305-4<br>305-5<br>307-1<br>308-1 |
|                 | <b>Principle 9</b><br>Businesses should encourage the development and diffusion of environmentally friendly technologies.                                       |   |
| ANTI-CORRUPTION | <b>Principle 10</b><br>Businesses should work against corruption in all its forms, including extortion and bribery  | 102-16<br>201-4<br>205-1<br>205-2<br>205-3<br>415-1   |



Assurance







## Assurance Statement

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

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

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

### RESPONSIBILITY OF THE DIRECTORS FOR THE REPORT

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

### INDEPENDENCE OF THE AUDITORS AND QUALITY CONTROL

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

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

### AUDITOR'S RESPONSABILITY

The responsibility of SGS Italia S.p.A. is to express an opinion concerning the reliability and accuracy of the information, data and statements contained in the 2020 Sustainability Report and to assess the compliance of Report with the reference requirements, within the below mentioned assurance scope, with the purpose to inform all Interested Parties.

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

- analysis, according to Limited Assurance Engagement, of the business and data on sustainability, for the period January 2020 to December 2020, as contained in the Report
- the evaluation of the Report against the Global Reporting Initiative's **GRI Standards**, core option

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

### SGS Italia S.p.A.

Via Caldera, 21, 20153 Milano (MI) – Italy - t +39 02 73931 f +39 02 70124630 e [sgs.italy@sgs.com](mailto:sgs.italy@sgs.com) [www.sgs.com](http://www.sgs.com)  
Membri del Gruppo SGS (Société Générale de Surveillance) - Sede Legale Milano Via Caldera, 21 - Capitale sociale € 2.500.000 i.v. C.F./N. Iscriz. Reg. Imprese di Milano 04112680378 - P. IVA n. 11370520154 - Cod. Mecc. n. M223913 - Società unipersonale soggetta a direzione e coordinamento di SGS European Subholding BV



### ASSURANCE METHODOLOGY

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

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

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

Auditing activities were carried out in May 2021 involving the Company's central functions in in Dueville (VI). The audit activities were conducted remotely due to COVID-19 restrictions.

### LIMITATIONS

Economic and financial data contained in the Financial Statements at 31 December 2020, included in the Sustainability Report, have not been audited by SGS.

### CONCLUSIONS

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report as of 31 December 2020 of Palladio has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in chapter 4 of the Sustainability Report.

Milan, 16th June 2021

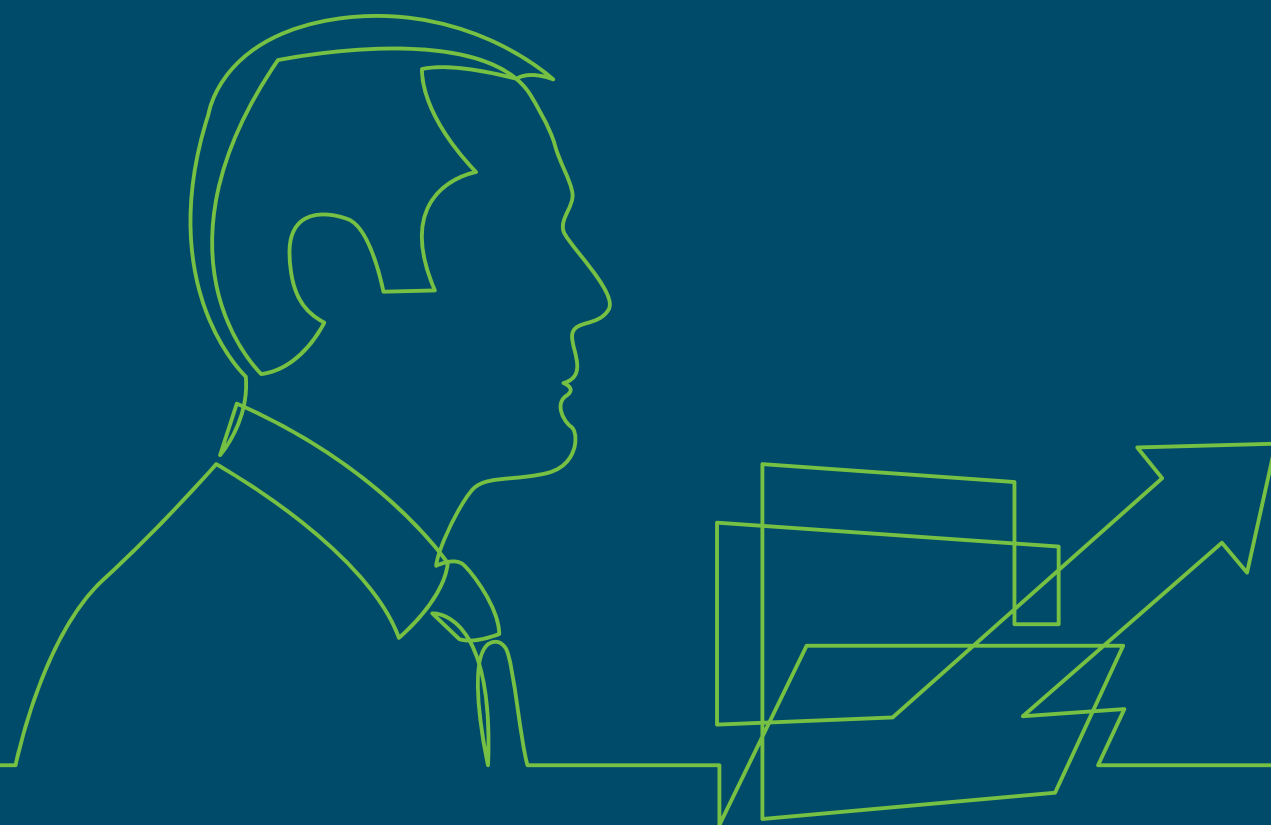
### SGS Italia S.p.A.

Paola Santarelli  
Certification & Business Enhancement  
Business Manager

M. Laura Ligi  
Certification & Business Enhancement  
Project Leader

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## GRI content index



17.1. GRI content index  
(Ref. GRI 102-55)

The Palladio Group's 2019 Sustainability Report was drawn up in accordance with the “GRI Standards”, “Core” option. The table below shows the table of contents for the reported content, specifying which GRI Standards have been used and which information has been included in the reporting boundary. All the GRI Standards used refer to the 2016 version, except for GRI 303 and 403 which refer to the new version applied from 2018.

| General disclosures (GRI) |  |                             |       |
|---------------------------|--|-----------------------------|-------|
| GRI                       | INDICATOR'S TITLE  | PARAGRAPH                   | NOTES |
| 102-1                     | Name of the organisation                                     | 2.1                         |       |
| 102-2                     | Primary brands, products, and/or services                    | 2.1 / 5.6                   |       |
| 102-3                     | Location of headquarters                                     | 2.3 / 5.6                   |       |
| 102-4                     | Location of operations                                       | 2.3                         |       |
| 102-5                     | Ownership and legal form                                     | 2.1 / 2.3                   |       |
| 102-6                     | Markets served   | 2.3                         |       |
| 102-7                     | Scale of the organisation                                    | 2.3                         |       |
| 102-8                     | Information on employees and other workers                   | 9.2 / 14.1                  |       |
| 102-9                     | Supply chain   | 7.1 / 7.2 / 14.1            |       |
| 102-10                    | Significant changes to the organisation and its supply chain | 7.1 / 14.1                  |       |
| 102-11                    | Precautionary Principle                                      | 3.5                         |       |
| 102-12                    | External initiatives   | 12 / 2.2 / 3.5 / 5.4 / 9.1  |       |
| 102-13                    | Membership of associations                                   | 2.2 / 3.5                   |       |
| 102-14                    | Statement from senior decision-maker                         | 1.1                         |       |
| 102-15                    | Key impacts, risks, and opportunities                        | 1.1 / 1.3                   |       |
| 102-16                    | Values, principles, standards, and norms of behaviour        | 2.1 / 3.4 / 9.1 / 12.1      |       |
| 102-17                    | Mechanisms for advice and concerns about ethics              | 3.4                         |       |
| 102-18                    | Governance structure   | 3.2 / 3.3                   |       |
| 102-40                    | List of stakeholder groups                                   | 5.1                         |       |
| 102-41                    | Collective bargaining agreements                             | 9.2 / 11.3                  |       |
| 102-42                    | Identifying and selecting stakeholders                       | 5.1                         |       |
| 102-43                    | Approach to stakeholder engagement                           | 5.2 / 5.3 / 5.4 / 5.5 / 5.6 |       |
| 102-44                    | Key topics and concerns raised                               | 5.1                         |       |
| 102-45                    | Entities included in the consolidated financial statements   | 3.1                         |       |
| 102-46                    | Defining report content and topic boundaries                 | 3.1                         |       |
| 102-47                    | List of material topics                                      | 4.1                         |       |
| 102-48                    | Restatements of information                                  | 4.1                         |       |
| 102-49                    | Changes in reporting   | 4.1                         |       |
| 102-50                    | Reporting period   | 13.1                        |       |
| 102-51                    | Date of most recent report                                   | 13.1                        |       |

|        |  |      |  |
|--------|--|------|--|
| 102-52 | Reporting cycle  | 13.1 |  |
| 102-53 | Contact point for questions regarding the report         | 13.1 |  |
| 102-54 | Claims of reporting in accordance with the GRI Standards | 13.1 |  |
| 102-55 | GRI content index  | 13.1 |  |
| 102-56 | External assurance                                       | 13.1 |  |

| MATERIAL THEMES                    |       |  |                  |  |
|------------------------------------|-------|--|------------------|--|
| ECONOMIC THEMES (SERIES 200)       |       |  |                  |  |
| Economic Performance               |       |  |                  |  |
| GRI 103: Management Approach       | 103-1 | Explanation of the material topic and its boundary                             | 4.1              |  |
|                                    | 103-2 | The management approach and its components                                     | 6.1 / 8.1        |  |
|                                    | 103-3 | Evaluation of the management approach  | 6.1 / 8.1        |  |
| GRI 201: Economic Performance      | 201-1 | Direct economic value generated and distributed                                | 6.1 / 8.1 / 14.1 |  |
|                                    | 201-2 | Financial implications and other risks and opportunities due to climate change | 6.3 / 9.4        |  |
|                                    | 201-3 | Defined benefit plan obligations and other retirement plans                    | 14.1             |  |
|                                    | 201-4 | Financial assistance received from government                                  | 12.5             |  |
| Market Presence                    |       |  |                  |  |
| GRI 103: Management Approach       | 103-1 | Explanation of the material topic and its boundary                             | 4.1              |  |
|                                    | 103-2 | The management approach and its components                                     | 6.1              |  |
|                                    | 103-3 | Evaluation of the management approach  | 6.1              |  |
| GRI 202: Market Presence           | 202-1 | Ratios of standard entry level wage by gender compared to local minimum wage   | 6.2 / 9.2 / 14.1 |  |
|                                    | 202-2 | Proportion of senior management hired from the local community                 | 6.2 / 14.1       |  |
| Indirect Economic Impacts          |       |  |                  |  |
| GRI 103: Management Approach       | 103-1 | Explanation of the material topic and its boundary                             | 4.1              |  |
|                                    | 103-2 | The management approach and its components                                     | 6.1              |  |
|                                    | 103-3 | Evaluation of the management approach  | 6.1              |  |
| GRI 203: Indirect Economic Impacts | 203-1 | Infrastructure investments and services supported                              | 6.1 / 14.1       |  |
|                                    | 203-2 | Significant indirect economic impacts  | 6.1              |  |
| Procurement Practices              |       |  |                  |  |
| GRI 103: Management Approach       | 103-1 | Explanation of the material topic and its boundary                             | 4.1              |  |
|                                    | 103-2 | The management approach and its components                                     | 7.1              |  |
|                                    | 103-3 | Evaluation of the management approach  | 7.1              |  |
| GRI 204: Procurement Practices     | 204-1 | Proportion of spending on local suppliers                                      | 7.1 / 14.1       |  |

|                                     |        |  |                    |  |
|-------------------------------------|--------|--|--------------------|--|
| Anti-corruption                     |        |  |                    |  |
| GRI 103: Management Approach        | 103-1  | Explanation of the material topic and its boundary                               | 4.1                |  |
|                                     | 103-2  | The management approach and its components                                       | 10.1 / 12.1        |  |
|                                     | 103-3  | Evaluation of the management approach  | 10.1 / 12.1        |  |
| GRI 205: Anti-corruption            | 205-1  | Operations assessed for risks related to corruption                              | 12.4               |  |
|                                     | 205 -2 | Communication and training about anti-corruption policies and procedures         | 10.1 / 10.5 / 14.1 |  |
|                                     | 205 -3 | Confirmed incidents of corruption and actions taken                              | 12.4 / 14.1        |  |
| Anti-competitive Behaviour          |        |  |                    |  |
| GRI 103: Management Approach        | 103-1  | Explanation of the material topic and its boundary                               | 4.1                |  |
|                                     | 103-2  | The management approach and its components                                       | 6.1                |  |
|                                     | 103-3  | Evaluation of the management approach  | 6.1                |  |
| GRI 206: Anti-competitive Behaviour | 206-1  | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | 3.6                |  |
| ENVIRONMENTAL THEMES (SERIES 300)   |        |  |                    |  |
| Materials                           |        |  |                    |  |
| GRI 103: Management Approach        | 103-1  | Explanation of the material topic and its boundary                               | 4.1                |  |
|                                     | 103-2  | The management approach and its components                                       | 7.1                |  |
|                                     | 103-3  | Evaluation of the management approach  | 7.1                |  |
| GRI 301: Materials                  | 301-1  | Materials used by weight or volume   | 7.1 / 14.1         |  |
|                                     | 301-2  | Recycled input materials used  | 7.1 / 14.1         |  |
|                                     | 301-3  | Reclaimed products and their packaging materials                                 | 7.1 / 14.1         |  |
| Energy                              |        |  |                    |  |
| GRI 103: Management Approach        | 103-1  | Explanation of the material topic and its boundary                               | 4.1                |  |
|                                     | 103-2  | The management approach and its components                                       | 8.1                |  |
|                                     | 103-3  | Evaluation of the management approach  | 8.1                |  |
| GRI 302: Energy                     | 302-1  | Energy consumption within the organisation                                       | 8.5 / 14.1         |  |
|                                     | 302-3  | Energy intensity   | 8.5 / 14.1         |  |
|                                     | 302-4  | Reduction of energy consumption  | 8.5 / 14.1         |  |

|                              |       |   |            |                |
|------------------------------|-------|---|------------|----------------|
| Water and Effluents          |       |   |            |                |
| GRI 103: Management Approach | 103-1 | Explanation of the material topic and its boundary  | 4.1        |                |
|                              | 103-2 | The management approach and its components  | 8.1        |                |
|                              | 103-3 | Evaluation of the management approach   | 8.1        |                |
| GRI 303: Water and effluents | 303-1 | Interactions with water as a shared resource  | 8.8 / 14.1 |                |
|                              | 303-2 | Management of water discharge-related impacts   | -          | Not applicable |
|                              | 303-3 | Water withdrawal  | 8.8 / 14.1 |                |
| Biodiversity                 |       |   |            |                |
| GRI 103: Management Approach | 103-1 | Explanation of the material topic and its boundary  | 4.1        |                |
|                              | 103-2 | The management approach and its components  | 7.1        |                |
|                              | 103-3 | Evaluation of the management approach   | 7.1        |                |
| GRI 304: Biodiversity        | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 7.4        |                |
|                              | 304-2 | Significant impacts of activities, products, and services on biodiversity   | 7.4        |                |
|                              | 304-3 | Habitats protected or restored  | 7.4        |                |
|                              | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations                                | 7.4        |                |
| Emissions                    |       |   |            |                |
| GRI 103: Management Approach | 103-1 | Explanation of the material topic and its boundary  | 4.1        |                |
|                              | 103-2 | The management approach and its components  | 8.1        |                |
|                              | 103-3 | Evaluation of the management approach   | 8.1        |                |
| GRI 305: Emissions           | 305-1 | Direct (Scope 1) GHG emissions  | 8.2 / 14.1 |                |
|                              | 305-2 | Energy indirect (Scope 2) GHG emissions   | 8.5 / 14.1 |                |
|                              | 305-3 | Other indirect (Scope 3) GHG emissions  | 8.5 / 14.1 |                |
|                              | 305-4 | GHG emissions intensity   | 8.5 / 14.1 |                |
|                              | 305-5 | Reduction of GHG emissions  | 8.5 / 14.1 |                |
| Effluents and Waste          |       |   |            |                |
| GRI 103: Management Approach | 103-1 | Explanation of the material topic and its boundary  | 4.1        |                |
|                              | 103-2 | The management approach and its components  | 8.1        |                |
|                              | 103-3 | Evaluation of the management approach   | 8.1        |                |

|  |       |   |            |  |
|--|-------|---|------------|--|
| GRI 306: Effluents and Waste               | 306-1 | Water discharge by quality and destination                    | 8.7 / 14.1 |  |
|  | 306-2 | Waste by type and disposal method                             | 8.6 / 14.1 |  |
|  | 306-3 | Significant spills  | 8.6        |  |
|  | 306-4 | Transport of hazardous waste                                  | 8.6 / 14.1 |  |
|  | 306-5 | Water bodies affected by water discharges and/or runoff       | 8.7        |  |
| Environmental Compliance                   |       |   |            |  |
| GRI 103: Management Approach               | 103-1 | Explanation of the material topic and its boundary            | 4.1        |  |
|  | 103-2 | The management approach and its components                    | 8.1        |  |
|  | 103-3 | Evaluation of the management approach                         | 8.1        |  |
| GRI 307: Environmental Compliance          | 307-1 | Non-compliance with environmental laws and regulations        | 3.6        |  |
| Supplier Environmental Assessment          |       |   |            |  |
| GRI 103: Management Approach               | 103-1 | Explanation of the material topic and its boundary            | 4.1        |  |
|  | 103-2 | The management approach and its components                    | 7.1        |  |
|  | 103-3 | Evaluation of the management approach                         | 7.1        |  |
| GRI 308: Supplier Environmental Assessment | 308-1 | New suppliers that were screened using environmental criteria | 14.1       |  |
| SOCIAL THEMES (SERIES 400)                 |       |   |            |  |
| Labour/Management Relations                |       |   |            |  |
| GRI 103: Management Approach               | 103-1 | Explanation of the material topic and its boundary            | 4.1        |  |
|  | 103-2 | The management approach and its components                    | 9.1        |  |
|  | 103-3 | Evaluation of the management approach                         | 9.1        |  |
| GRI 402: Labour/Management Relations       | 402-1 | Minimum notice periods regarding operational changes          | 9.2        |  |
| Occupational health and safety             |       |   |            |  |
| GRI 103: Management Approach               | 103-1 | Explanation of the material topic and its boundary            | 4.1        |  |
|  | 103-2 | The management approach and its components                    | 9.5        |  |
|  | 103-3 | Evaluation of the management approach                         | 9.5        |  |

|  |        |   |                     |  |
|--|--------|---|---------------------|--|
| GRI 403: Occupational health and safety  | 403-1  | Occupational health and safety management system  | 3.5                 |  |
|  | 403-2  | Hazard identification, risk assessment, and incident investigation  | 9.5                 |  |
|  | 403-3  | Occupational health services  | 9.5                 |  |
|  | 403-4  | Worker participation, consultation, and communication on occupational health and safety                       | 9.5 / 14.1          |  |
|  | 403-5  | Worker training on occupational health and safety   | 10.1 / 10.3 / 14.1  |  |
|  | 403-6  | Promotion of worker health  | 9.4 / 9.5           |  |
|  | 403-7  | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 7.3                 |  |
|  | 403-8  | Workers covered by an occupational health and safety management system  | 9.5                 |  |
|  | 403-9  | Work-related injuries   | 9.5 / 14.1          |  |
|  | 403-10 | Work-related ill health   | 9.5                 |  |
| Training and Education                   |        |   |                     |  |
| GRI 103: Management Approach             | 103-1  | Explanation of the material topic and its boundary  | 4.1                 |  |
|  | 103-2  | The management approach and its components  | 10.1                |  |
|  | 103-3  | Evaluation of the management approach   | 10.1                |  |
| GRI 404: Training and Education          | 404-1  | Average hours of training per year per employee   | 10.1 / 14.1         |  |
|  | 404-2  | Programmes for upgrading employee skills and transition assistance programmes                                 | 10.1/10.3/10.4/14.1 |  |
|  | 404-3  | Percentage of employees receiving regular performance and career development reviews                          | 10.2 / 14.1         |  |
| Diversity and Equal Opportunity          |        |   |                     |  |
| GRI 103: Management Approach             | 103-1  | Explanation of the material topic and its boundary  | 4.1                 |  |
|  | 103-2  | The management approach and its components  | 9.1                 |  |
|  | 103-3  | Evaluation of the management approach   | 9.1                 |  |
| GRI 405: Diversity and Equal Opportunity | 405-1  | Diversity of governance bodies and employees  | 9.3 / 14.1          |  |
|  | 405-2  | Ratio of basic salary and remuneration of women to men  | 9.3                 |  |
| Non-discrimination                       |        |   |                     |  |
| GRI 103: Management Approach             | 103-1  | Explanation of the material topic and its boundary  | 4.1                 |  |
|  | 103-2  | The management approach and its components  | 11.1                |  |
|  | 103-3  | Evaluation of the management approach   | 11.1                |  |
| GRI 406: Non-discrimination              | 406-1  | Incidents of discrimination and corrective actions taken  | 11.2                |  |



|                                       |        |  |             |  |
|---------------------------------------|--------|--|-------------|--|
| Child Labour                          |        |  |             |  |
| GRI 103: Management Approach          | 103-1  | Explanation of the material topic and its boundary   | 4.1         |  |
|                                       | 103-2  | The management approach and its components   | 11.1        |  |
|                                       | 103-3  | Evaluation of the management approach  | 11.1        |  |
| GRI 408: Child labour                 | 408-1  | Operations and suppliers at significant risk for incidents of child labour   | 11.4        |  |
| Forced or Compulsory Labour           |        |  |             |  |
| GRI 103: Management Approach          | 103-1  | Explanation of the material topic and its boundary   | 4.1         |  |
|                                       | 103-2  | The management approach and its components   | 11.1        |  |
|                                       | 103-3  | Evaluation of the management approach  | 11.1        |  |
| GRI 409: Forced or Compulsory Labour  | 409-1  | Operations and suppliers at significant risk for incidents of forced or compulsory labour                                  | 11.4        |  |
| Rights of Indigenous Peoples          |        |  |             |  |
| GRI 103: Management Approach          | 103-1  | Explanation of the material topic and its boundary   | 4.1         |  |
|                                       | 103-2  | The management approach and its components   | 7.1         |  |
|                                       | 103-3  | Evaluation of the management approach  | 7.1         |  |
| GRI 411: Rights of Indigenous Peoples | 411-1  | Incidents of violations involving rights of indigenous peoples   | 7.4         |  |
| Human Rights Assessment               |        |  |             |  |
| GRI 103: Management Approach          | 103-1  | Explanation of the material topic and its boundary   | 4.1         |  |
|                                       | 103-2  | The management approach and its components   | 10.1 / 11.1 |  |
|                                       | 103-3  | Evaluation of the management approach  | 10.1 / 11.1 |  |
| GRI 412: Human Rights Assessment      | 412-1  | Operations that have been subject to human rights reviews or impact assessments  | 11.1        |  |
|                                       | 412 -2 | Employee training on human rights policies or procedures   | 10.1 / 14.1 |  |
|                                       | 412-3  | Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 11.1        |  |
| Local Communities                     |        |  |             |  |
| GRI 103: Management Approach          | 103-1  | Explanation of the material topic and its boundary   | 4.1         |  |
|                                       | 103-2  | The management approach and its components   | 12.1        |  |
|                                       | 103-3  | Evaluation of the management approach  | 12.1        |  |
| GRI 413: Local Communities            | 413-1  | Operations with local community engagement, impact assessments, and development programmes                                 | 12.2        |  |
|                                       | 413-2  | Operations with significant actual and potential negative impacts on local communities                                     | 12.2        |  |

|                                     |       |   |      |  |
|-------------------------------------|-------|---|------|--|
| Supplier Social Assessment          |       |   |      |  |
| GRI 103: Management Approach        | 103-1 | Explanation of the material topic and its boundary  | 4.1  |  |
|                                     | 103-2 | The management approach and its components  | 7.1  |  |
|                                     | 103-3 | Evaluation of the management approach   | 7.1  |  |
| GRI 414: Supplier Social Assessment | 414 A | New suppliers that were screened using social criteria  | 14.1 |  |
|                                     | 414-2 | Negative social impacts in the supply chain and actions taken                                 | 3.6  |  |
| Public Policy                       |       |   |      |  |
| GRI 103: Management Approach        | 103-1 | Explanation of the material topic and its boundary  | 4.1  |  |
|                                     | 103-2 | The management approach and its components  | 12.1 |  |
|                                     | 103-3 | Evaluation of the management approach   | 12.1 |  |
| GRI 415: Public policy              | 415-1 | Political contributions   | 12.5 |  |
| Customer Health and Safety          |       |   |      |  |
| GRI 103: Management Approach        | 103-1 | Explanation of the material topic and its boundary  | 4.1  |  |
|                                     | 103-2 | The management approach and its components  | 5.6  |  |
|                                     | 103-3 | Evaluation of the management approach   | 5.6  |  |
| GRI 416: Customer Health and Safety | 416-1 | Assessment of the health and safety impacts of product and service categories                 | 5.7  |  |
|                                     | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 3.6  |  |
| Marketing and Labelling             |       |   |      |  |
| GRI 103: Management Approach        | 103-1 | Explanation of the material topic and its boundary  | 4.1  |  |
|                                     | 103-2 | The management approach and its components  | 5.6  |  |
|                                     | 103-3 | Evaluation of the management approach   | 5.6  |  |
| GRI 417: Marketing and Labelling    | 417-2 | Incidents of non-compliance concerning product and service information and labelling          | 3.6  |  |
| Socio-economic Compliance           |       |   |      |  |
| GRI 103: Management Approach        | 103-1 | Explanation of the material topic and its boundary  | 4.1  |  |
|                                     | 103-2 | The management approach and its components  | 6.1  |  |
|                                     | 103-3 | Evaluation of the management approach   | 6.1  |  |
| GRI 419: Socio-economic Compliance  | 419-1 | Non-compliance with laws and regulations in the social and economic area                      | 3.6  |  |

| OTHER THEMES  |       |  |            |  |
|---|-------|--|------------|--|
| SOCIAL THEMES (SERIES 400)                                |       |  |            |  |
| Employment  |       |  |            |  |
| GRI 401: Employment                                       | 401-1 | New employee hires and employee turnover   | 9.2        |  |
|   | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees             | 9.2 / 14.1 |  |
|   | 401-3 | Parental leave   | 9.2 / 14.1 |  |
| Freedom of Association and Collective Bargaining          |       |  |            |  |
| GRI 407: Freedom of Association and Collective Bargaining | 407-1 | Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 11.3       |  |
| Customer Privacy  |       |  |            |  |
| GRI 418: Customer Privacy                                 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data                   | 3.6 / 5.8  |  |

## Credits

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