

**2023**

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Sustainability  
Report

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# LETTER TO STAKEHOLDERS

Dear Stakeholders,

The time has come to share the Ceramiche Gresmalt Group's second Sustainability Report with you. This document represents not only a detailed account of our ESG performance, but also testifies to our responsible approach in sharing it clearly and transparently with the entire value chain. Sustainability is a direction we took some time ago, in the awareness that our contribution is significant for a future which respects both the environment and the people around us.

In recent years, the ceramics sector has undergone a strong expansion, driven by the post-COVID recovery and an increase in global demand for building materials. However, 2023 marked a turning point, with a significant decrease in demand, and as a consequence, production. This slowdown has led to production stoppages and has required profound reflection on market dynamics and the strategies to adopt for the future.

Gresmalt has equally gone through significant expansion in recent years, achieving turnover of 218 million Euros in 2022. Year-end 2023 saw a drop in turnover in line with general sector trends. Despite this, Gresmalt has never lost sight of the importance of innovating in terms of our corporate strategies, aiming to make them ever-more sustainable.

From this standpoint, sustainability represents a key element for Gresmalt's current and future positioning. A series of concrete initiatives have been undertaken to integrate the principles of sustainability into all company operations. Development of the ESG strategy has been key in this process. Having defined the three strategic guidelines, and on the basis of the results of the materiality assessment, the ESG Strategy identifies improvement goals, actions and timeframes for implementing and reaching the set goals.

Over the course of 2023, the governance structure for the supervision and management of sustainability aspects was improved. The Innovability Unit, deriving from the merger of the Innovation and Sustainability areas, was added to the organisational chart. Moreover, the position of Chief ESG Officer, responsible for co-ordinating all ESG activities in partnership with the

ESG Committee, was introduced. The Code of Ethics, the ESG Corporate Policy and the Supplier Code of Conduct have been updated, and the Sustainable Procurement Policy has been defined.

Improvement actions were performed to improve the mapping of the ESG impacts of our supply chain, in the awareness that forewarned is forearmed when it comes to managing the risks associated with procurement, which is a vital factor for both our competitiveness and to implement our responsible procurement strategies. To this end, a risk-based ESG assessment process was begun, which will be followed by further monitoring initiatives.

Among the main innovations, Gresmalt boasts the best-practice DYCTA, an assessment model which allows environmental, social, financial and technological KPIs to be obtained in real time. This set of data and information is essential for monitoring sustainability performance at the organisational and product level. Thanks to DYCTA, G3NIUS has been created, an environmentally designed technology for creating products with low environmental impact.

Over the course of 2023, resources have been assigned to increase employee skills and well-being, in the knowledge that each, thanks to their added value, contributes to achieving the goals. Remote working has been experimented with to help improve work-life balance, and specific training courses have been organised for various roles, from members of the ESG Committee to the sales force.

We want to use this awareness to improve our performance, employing the best technological and management solutions that are becoming widespread internationally but guided also by the principles of our entrepreneurial tradition. With a view to continuous improvement, and with a particular focus on ESG issues, we look towards the future, taking concrete action in everyday activities and sharing the values in which we believe.

Alessandra Salvarani  
Deputy Chair

Filippo Salvarani  
Chair



# An Italian group, future focused thanks to long-standing values

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Founded in 1968, the Ceramiche Gresmalt Group is today one of the key players in the Italian ceramics industry, a go-to name for the production and sale of porcelain stoneware for floors and walls.

Operating within a 100% Italian production cycle, the Group's USP is its ability to guarantee high quality product and advanced processes through the use of cutting-edge technologies.

Over time, the Group has consolidated an approach to environmental, social, economic and technological sustainability which enables it to chart its performance in detail and identify improvement actions.

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## THE GROUP IN NUMBERS (HIGHLIGHTS)

4

**Brands**

162.8

**Turnover,  
millions of €**

18.2

**Million m<sup>2</sup>  
of products**

507

**Employees**  
(as at 31.12.2023)

97%

**Workers with permanent  
employment agreements**

3,920

**Hours of training  
provided**

-29%

**Recordable accident  
rate**  
(compared to 2022)

100%

**Waste water  
reused**

100%

**Raw process scraps  
recycled**

-22%

**CO<sub>2</sub> emissions,  
Scope 1 and 2  
Market-Based**  
(compared to 2022)

-32%

**Carbon footprint,  
G3NIUS 7.4 mm**  
(compared to sector average)

Ceramiche Gresmalt Group specialises in the development, production, and distribution of ceramic products for the building industry. The Group was founded in 1968 by Carlo Salvarani, in the heart of Italy's ceramics district. Today, over fifty years on, it is one of the leading players in the industry in terms of surfacing materials produced, with seven sites, over 500 employees, rising revenues, and cutting-edge technology.

## Acquisition 1979

Gresmalt acquired the company, whose production was built on the red clay extracted from the ancient quarries located in the lands of Matilde di Canossa.



## Abitare la Ceramica 2009

This new brand was created to market high-end products.



## Ermes Aurelia 2018

This sales business joined the Gresmalt Group.



## Today 2024

Looking forward towards new goals.

## 1968 Foundation

Carlo Salvarani, together with other partners, founded a company in Casalgrande that specialised in the manufacture of ceramics products.

## 1998 Sintesi

A new brand was created and an independent sales network set up.



## 2016 Industrie Matildiche

The Frassinoro plant was refurbished and its name was changed.

## 2022 Headquarters and Logistic HUB

New administrative and commercial headquarters and new logistics HUB.

A history based on excellence and innovation

1 Honesty

2 Passion

3 Efficiency

4 Continuous  
improvement

5 Customer  
focus

6 Respect  
for people

Gresmalt's core values are honesty, passion, efficiency, continuous improvement, customer focus, and respect for people. These values are the tenets upon which the company's day-to-day management is built and they underpin everything we do.

Within the scope of these values, Gresmalt is committed to contributing to sustainable development and to increasingly integrating economic, environmental, and social issues within its decision-making processes, in order to grow the business and provide an excellent service to its customers, in line with some of the frameworks shared internationally, such as the principles of the UN Global Compact and the UN Agenda 2030.

## MISSION AND VISION OUR VALUE PROPOSITION

Gresmalt's core values are reflected in its vision and mission statements, which describe exactly what the company offers its stakeholders and highlight the unique features that make it stand out:

### FUTURE-ORIENTED VISION

Gresmalt's ambition is to create smarter and more environment respectful ceramic materials, and to make customers' homes a place they love and in which they can live well.





## PRESENT-ORIENTED MISSION

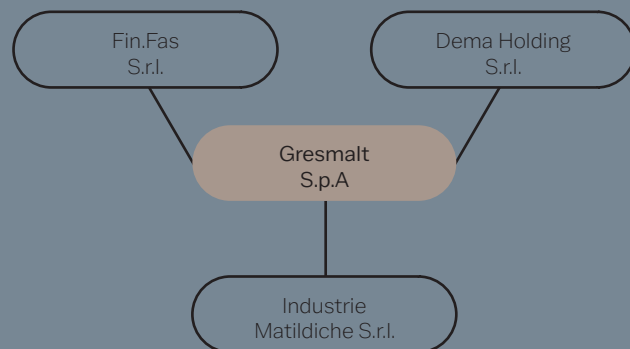
Gresmalt is committed to being recognised as an innovation- and sustainability-oriented ceramics manufacturer with the ability to make Italian style accessible to all, which provides high quality products that meet reasonable customer expectations.

## OUR GOVERNANCE AND FINANCIAL PERFORMANCE

# Corporate Structure

The Group is owned by two shareholders Filippo and Alessandra Salvarani, who are the sons of the company's founder Carlo Salvarani.

Control of the Group is exercised through holding companies Fin.Fas and Dema Holding, through which the shareholders hold 100% of the shares in Gresmalt S.p.A., which in turn holds 100% of the company Industrie Matildiche S.r.l.



Governance plays a fundamental role in the Group's responsible development of business, ensuring ethical, transparent management of operations taking into account the stakeholders' interests.



# Our governance model

Our governance model involves the following corporate bodies:

## 1 Shareholders

Gresmalt's shareholders, called together at ordinary and special meetings, form the company's main decision-making body which expresses the will of the company; more specifically, shareholders resolve and decide on the matters specifically designated therefor by the law and the company's Articles of Association. The shareholders' meeting is responsible for unanimously nominating the members of the Group's Board of Directors every three years. Selection of the Board Members is based on the desire to preserve the values of this family company and prevent conflicts of interest, thanks to the correspondence between the company ownership and the Chairmanship of the Board of Directors.

## 2 Board of Directors

The Board of Directors is the collective body vested with general powers for the company's ordinary and extraordinary management, with the power to carry out all the actions and activities deemed appropriate to achieve the corporate purpose, with the exception of the matters and decisions which, by law or in accordance with the Articles of Association, must be put to a shareholders' resolution. Among its other duties, the Board of Directors is responsible for approving and updating the sustainability policies and documentation, as well as approving the reporting process and the Sustainability Report on an annual basis. The Board also delegates management of sustainable development aspects to the Chief ESG Officer, in co-ordination with general management. The Chief ESG Officer chairs the ESG Committee, which reports to the Board on the progress of its operational activities twice yearly (as described in the "Sustainability Governance" section). In order to monitor the progress of the Group's Commitments in ESG matters, the Board tasks the Committee with drafting an annual ESG report, which contains the main updates in sustainability matters with reference to the current financial year. On 31 December 2023, the board comprised the two shareholders, Filippo Salvarani (chair of the board and managing director), Alessandra Salvarani (director, deputy chair of the board, and managing director) and Roberto Sutter (independent director). The board meets periodically during the year, in order to approve decisions which are necessary for the Group's operations concerning, among other areas, sustainability and remuneration policies.

## 3 Board of Auditors

Pursuant to Article 2403 of the Italian Civil Code, the board of auditors oversees compliance with the law and the Articles of Association, and ensures proper management standards are upheld, checking in particular that the management and accounting structure adopted by the company is compliant and works as it should.

## 4 Auditing Firm

External audits are an important aspect of Gresmalt's corporate governance and they are carried out by an auditing firm which meets the specific requirements established by law, in compliance with the provisions of applicable legislation.

The **Board of Directors** is directly involved in the management of sustainability matters. Filippo Salvarani, Chair of the Board, is the IEA (Integrated Environmental Authorisation) delegate. Alessandra Salvarani, Deputy Chair of the Board, is Chief ESG Officer, (Chair of the ESG Committee). Like the rest of the members of the ESG Committee and the company's top management, the Chair of the ESG Committee received specific training on sustainable development aspects during the course of 2023 through induction and training sessions.

While there is no formalised policy in this regard, remuneration of the board members is composed of a fixed component, established on the basis of the responsibilities and mandates, and a variable one, paid on the basis of the financial goals achieved.

NAME	GENDER	AGE	EXECUTIVE MEMBER	INDEPENDENT	OTHER ROLES
Filippo Salvarani	M	> 50	Yes	No	-
Alessandra Salvarani	F	> 50	Yes	No	-
Roberto Sutter	M	> 50	No	Yes	-

In 2023, the General Management approved the ESG strategic plan, containing the sustainability goals defined on the basis of three strategic guidelines which the Group intends to achieve during the three-year period 2023-2026. The ESG Strategic Plan is laid out in detail in the relative section of chapter 2. The plan's goals are presented, as further information sections at the end of the sections, within this Sustainability Report.

# Business Integrity Guarantee

The Group believes that respect and integrity are the cornerstones of any relationship within the organisation and form the basis of our decisions. Over time, Gresmalt has developed a series of tools which are adopted across the Group to guarantee systematic application of our values and compliance with applicable legislation.

## The Group's Code of Ethics

In 2018, Gresmalt adopted its Code of Ethics as a strategic tool for managing the organisation. The code is the document that governs the relationships between the company and its stakeholders. It is approved by the Group's Board of Directors and was updated in July 2023. Once approved by the board of directors, future updates will be promptly distributed to all stakeholders. The latest update to the Code of Ethics introduced sections dedicated to the following matters:

- Sustainable procurement, rendering explicit the Group's commitment to promoting principles of ethics, integrity and sustainability along its supply chain, through evaluating and selecting suppliers with characteristics of sustainability
- Prohibiting facilitation payments, in order to fight all forms of corruption
- Lobbying, with the goal of guaranteeing compliance with local best practice and regulations

When engaging in its activities and pursuing its objectives, Gresmalt bases its actions on principles such as transparency, honesty, fairness, and good faith, in both internal relationships (whether with employees and other workers, or with directors, managers and members of other corporate bodies) and in its dealings with external third parties, such as suppliers, subcontractors, or customers. Within the Code of Ethics, explicit reference is made to preventing conflicts of interest which, once notified, are managed in accordance with procedures by the Legal Department and Company Management, who specify the method of resolving the issue to the employee in question.

In general, at Gresmalt corruption and bribery (i.e. employees or other workers, directors, and any other parties acting on behalf of Gresmalt giving or promising any third party money gifts or other benefits which are not due and not part of normal business practices) is not acceptable; likewise, it is not acceptable for the aforesaid employees or other workers, directors, and any other parties acting on behalf of the company to accept gifts from or allow themselves to be influenced by third parties with a view to making certain decisions or taking certain actions as part of their work activities. Furthermore, at Gresmalt, any conduct which is any way unlawful is unacceptable. In this regard, there were no cases of non-compliance with laws and regulations, corruption, anti-competitive behaviour, or antitrust or monopolistic practices recorded during 2023.



Download Code of Ethics



## WHISTLEBLOWING POLICY

During the course of 2023, in implementation of Italian Legislative Decree 24 on compliance with Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law, Gresmalt Group implemented and published on its website its Whistleblowing Policy and developed an operating procedure, approved by the Board of Directors.

In this regard, an anonymous committee was set up, whose members are supported by the ICT supervisor, responsible for taking charge of any whistleblowing reports made anonymously by

third parties through the dedicated channels. The committee must, within one week of receiving such a report, acknowledge receipt and follow it up with in-depth investigations. Reports must be resolved within three months. The committee informs the Board of Directors in a timely manner in the event that the investigations and checks performed following receipt of reports highlight effective violations, or if there is a well-founded suspicion that a crime has been committed. No whistleblowing reports were received in 2023.

## TRADE COMPLIANCE

The Group has adopted a Trade Compliance procedure for internal use in order to guarantee that all international trade activities conducted by the company actually comply with all measures

relating to international economic sanctions in force, through checks at an administrative level.

## ESG Strategy

### ETHICS, INTEGRITY, AND COMPLIANCE

Development guideline: Commitment to stakeholders

#### Goals

	Implementation timeline				
Sharing ESG goals with stakeholders in a transparent manner	2023	2024	2025	2026	2027
Adopting an organisational system able to prevent crimes and improve legal compliance	2023	2024	2025	2026	2027

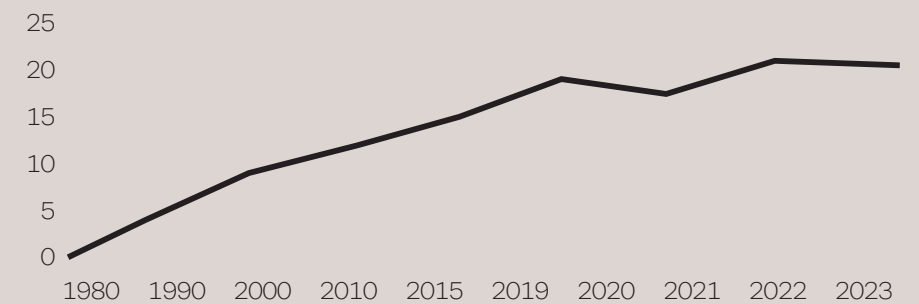
- In the year of reference
- Q1+Q2
- Q3+Q4



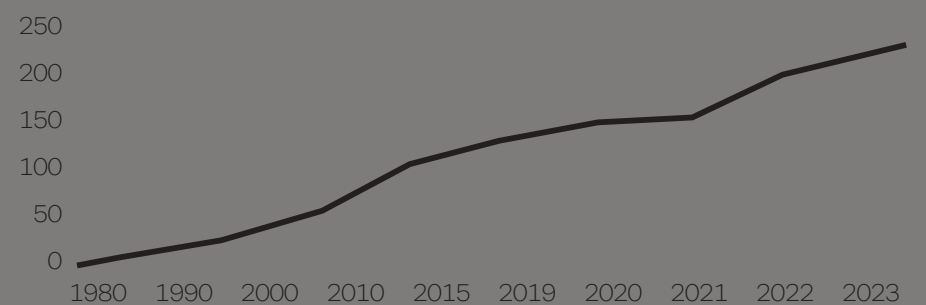
# Economic Value Generated and Distributed

Gresmalt Group is today the go-to name in the ceramics industry in terms of production volumes and revenue. Trends in both of these indicators since 1980 are shown below.

**Group Production Performance**  
(million m<sup>2</sup> of tiles manufactured)



**Group Revenue**  
(millions of €)



The expansion of the Group has been consistently supported by significant investments aimed at continuous product and production process innovation, leading to substantial increases in both output volumes and customer satisfaction levels. Listed below are a few of the key investments undertaken in the last financial year.

## Buildings

### **Reroofing and installation of solar PV system in Iano**

Reroofing of the Iano production site in Scandiano and installation of a new 2.6 MWp solar PV system.

### **New showroom and restyling of Sant'Antonino di Casalgrande site**

Renovation of the Ermenegildo Zegna – Aurelia brand showroom and restyling of the offices.

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## Production and Logistics Technologies

### **New digital decoration machine**

Installation of a new system for wet and dry digital decoration of textured surfaces in the Iano plant.

### **Enea Green**

Installation of a new oil heat exchanger for the presses, which provides greater efficiency and lower levels of noise pollution.

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## Energy and Water Infrastructure

### **Iano Relamping**

Replacement of traditional lamps with LEDs to provide significant energy savings.

### **New pumps in the Iano production plant**

The piston pumps were replaced with electric pumps which use 70% less water for cooling.

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## Information Technology

### **Colorsuite Software**

Installation and use of software able to provide full colour management in the graphic design files for printing on the ceramic surfaces.

### **Expansion with WMS areas managed with Intellimag software**

Purchase of new licences for optimising the logistics flows in the goods movement/handling areas.

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# OUR BUSINESS MODEL

## THE GROUP'S PRODUCTION STRUCTURE

The Group's manufacturing activities are spread over three plants located in Italy, which provide production capacity, for glazed porcelain stoneware tiles, of approximately 20.8 million m<sup>2</sup>/year.

The huge range of products offered by Ceramiche Gresmalt include a vast assortment of sizes and thicknesses to satisfy all our customers' needs, guaranteeing maximum flexibility of use and application.

The main production plant, located in Iano di Scandiano, near Reggio Emilia, houses production of the tile body mix employed for all the Group's products, which is then used on site or distributed to the sites in Viano in the Reggio Emilia area, or Frassinoro near Modena.



### 1 Iano



Production Capacity:  
9.5 million m<sup>2</sup> (potential)  
Production: 8.9 million m<sup>2</sup>  
Human Resources:  
184 employees

### 2 Viano



Production Capacity:  
5.9 million m<sup>2</sup> (potential)  
Production: 5 million m<sup>2</sup>  
Human Resources:  
93 employees

### 3 S. Antonino



Showroom: Ermes Aurelia.  
Human Resources:  
21 employees

### 4 Casalgrande



Logistics  
Human Resources:  
5 employees

### 5 Sassuolo



Showroom:  
Sintesi, Abitare, Frassinoro.  
Human Resources:  
110 employees

### 6 Fiorano



Logistics Hub  
Human Resources:  
6 employees

### 7 Frassinoro



Production Capacity:  
5.4 million m<sup>2</sup> (potential)  
Production: 4.3 million m<sup>2</sup>  
Human Resources: 88 employees

-  Production Plant
-  Logistics Centre
-  Administration, sales offices, showrooms



## DISTRIBUTION TO CUSTOMERS AND END USERS

Using the services of advanced logistics hubs, the group distributes 70% of the ceramic tiles it produces via direct sales through specialist retailers, under its B2B brands "Sintesi", "Abitare la Ceramica", and "Erme Aurelia".

The remaining 30% is marketed by large-scale retailers under another B2B brand, "Frassinoro". These products, which are made on the basis of precise contractual specifications, undergo regular screening by customers, through on-site inspections at the production plants and specific tests on the products conducted by the Group to ensure quality and environmental compliance.

Outgoing products from the Group's production plants are distributed to customers using "cross-docking" methods, which involve direct delivery to the store, or delivery to the logistics centre for storage, as an intermediate step prior to delivery to the retailer's store.

The Group's target market areas are Italy, where around 25% of the products are distributed, and the international market, which accounts for approximately 75% of the products, in particular France and Germany.



# DATA PROTECTION AND GUARANTEE OF BUSINESS CONTINUITY

As established in its ESG Corporate Policy and in the Group's Code of Ethics, Gresmalt undertakes to protect trade secrets, intellectual property, and other confidential information, the content of any form of intellectual and industrial property belonging to others, as well as the confidential and personal data concerning its employees, customers, suppliers and business partners.

In order to maintain this commitment, the Group is constantly committed to ensuring that its IT systems are up to date, in line with the best data security technologies and practices available. During 2023, Gresmalt used Sophos software to implement an intrusion detection system on the endpoints and internal networks, based on constant monitoring of traffic in order to detect anomalous traffic and activate a notification and alarm system in the event of hostile intrusions. The system will be expanded in 2024 with the inclusion of the plants and IoT. A ZTNA (Zero Trust Network) – a system which improves security compared to traditional VPNs – was also developed in 2023. Users must authenticate themselves, and access criteria are defined for authorised resources only.

At a financial level, cybersecurity risks are covered by a specific insurance policy. In early 2023, the Group also updated its Business Continuity (Disaster Recovery) and Backup procedures.

In 2023, there were no claims concerning customer data breaches and losses.

## ICT BUSINESS CONTINUITY PLAN

The Business Continuity Plan is the main document that contains the activities, actions, and plans relating to business continuity. The scope of business continuity extends beyond the realm of information technology, impacting the overall operational effectiveness of the entire company. Business continuity therefore encompasses a collection of actions directed at restoring the state of the computer system, or a portion thereof, including the physical and organisational aspects and the people necessary for its operation, with the aim of reestablishing the conditions prior to a disastrous event.

## BACKUP PROCEDURE

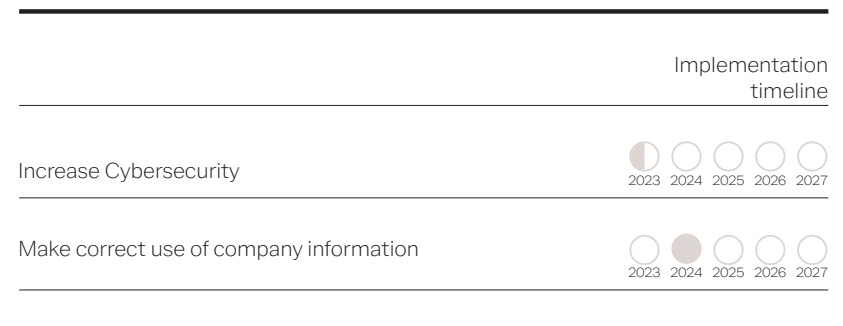
This policy sets out the process for recovering saved data in the event of an emergency. All backups fall under this process/procedure and all archived files are managed by the company to comply with data loss and security policies. In the event of a computer emergency and based on the crisis situation, the IT department decides on the protocol to apply. Data recovery tests are carried out at on samples taken at random to check system operation while monthly checks are conducted on the backups to ensure continuous coverage and annual checks to verify their security and compliance with applicable standards. In 2023, the Group took steps to integrate the backup systems and make them more secure, isolating them from the network, as well as expanding cloud storage capacity.

## ESG Strategy

### DATA PRIVACY & SECURITY

Development guideline: Innovability

#### Goals



- In the year of reference
- Q1+Q2
- Q3+Q4



# OUR APPROACH TO SUSTAINABILITY

Gresmalt considers sustainability to be a cornerstone of its enterprise culture. That is why, in all its daily activities, the company is committed to responsible use of natural and human resources, as well as technologies that reduce environmental and social impact.

The Group's sustainability journey has involved a gradual evolution of the methods and strategies employed to consolidate its internal governance and enhance its ESG (Environmental, Social, and Governance) performance over time. More specifically, 2023 saw the continuation of a structured pathway which began in 2022 with a benchmarking initiative to assess the Group's sustainability standing, and the implementation of a materiality analysis, which formed the foundation of the first Sustainability Report (2022).

In 2023 Group documentation such as the Code of Ethics, the Supplier Code of Conduct, the ESG Corporate Policy and the sustainable procurement policy were updated to provide them with a greater level of detail, and Gresmalt's sustainability commitments were officially formalised. In order to increase the awareness and knowledge required for change in terms of sustainable development, the members of the ESG Committee and some of the Group's top managers took part in a structured training and induction course on sustainability topics. Additionally, in light of this Sustainability Report, the materiality assessment was updated, including through a stakeholder engagement activity.

Finally, in the awareness of the need to adopt a future-focused approach in planning its activities, Gresmalt has developed an ESG Strategic Plan, which establishes measurable sustainability goals and targets on the basis of three strategic guidelines.

# THE GOVERNANCE OF SUSTAINABILITY

The Board of Directors delegated management of the Group's sustainable development aspects to the Chair of the ESG Committee (Chief ESG Officer), putting in place an operational structure which facilitates the pursuit of the Group's ESG goals.

The ESG strategies are defined by the general management, which integrates them into corporate objectives in line with the company's business model. Therefore, the general management implements the strategies relating to the environmental, social, and corporate governance fields in partnership with the ESG committee.

Gresmalt's ongoing commitment to sustainability matters is ensured through the formalisation of its strategy, which began in 2020 with the approval of the ESG Corporate Policy. The document, which sets out the Gresmalt Group's environmental, social, and governance policies, was updated in 2023 and approved by the Board of Directors.

The update to the ESG Corporate Policy was dictated by the need to acknowledge changes made to the Code of Ethics with regard to the ESG governance model, sustainable procurement, anti-corruption and human rights.

The board meets regularly to review and potentially approve proposals to revise the Group's ESG documentation, which consists of the Corporate Policy, the Code of Ethics, and the Supplier Code of Conduct. These updates are made on the basis of a specific review-approval-dissemination procedure, approved by the Board in February 2023.



Download  
Corporate  
Policy



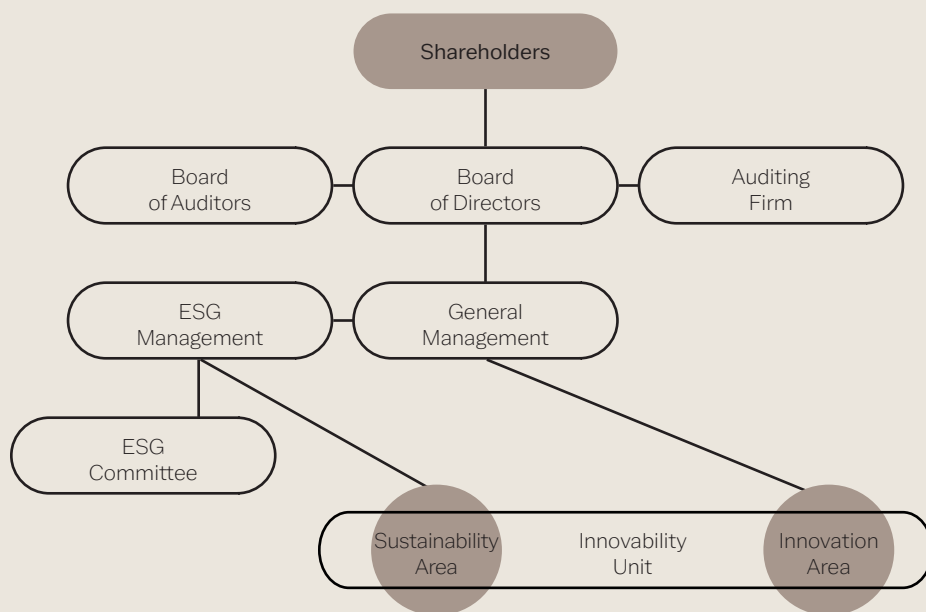
## THE ESG COMMITTEE

The Group's ESG Corporate Policy contains the corporate organisation chart as an attachment, which describes the organisational structure of the Gresmalt Group. The organisational chart shows the existence of an ESG committee, which reports directly to the general management.

The ESG committee is a working group with specific expertise in the area set up by the management team, whose task is to analyse, monitor, and report on ESG indicators. In 2023 the role of Chief ESG Officer was formalised, assigned to the Vice Chair of the Board of Directors; this role is supported by the ESG Committee Co-ordinator, who holds the operational roles in the area of sustainability.

For all the activities concerned, the ESG committee liaises with the general management,

meeting periodically and taking minutes of the matters discussed. Every six months, it reports to the general management on the objectives achieved and the progress of the activities underway, and also proposes new activities with a view to continuous improvement. Additionally, in support of the ESG Committee, the Innovability Unit is an internal body of Gresmalt which coordinates the processes of innovation and sustainability and facilitates the transfer of R&D results to the market. This unit coordinates the different company departments with a multi-departmental approach; these include several departments: Administration and Finance, Human Resources, Procurement and Logistics, Information Systems, Environment and Safety, Quality and Certifications, Sales and Marketing, and R&D.



## INTEGRATED MANAGEMENT SYSTEM



Gresmalt has established a project for implementation of Company Management Systems in accordance with standards ISO 9001:2015, ISO 45001:2018, ISO 50001:2018. The Group has also provided for the extension of the scope of the existing Environmental Management System according to ISO 14001:2015. The Integrated Management System focuses on different company areas, specifically quality, safety, environment, and energy. This integrated approach allows company efforts to be made more efficient, avoiding redundancy, preventing and eliminating conflicts, and creating synergies between company departments. Certification of the management systems represents an important step for the formalisation of the procedures present within the Group. Implementation of the Company Management System in accordance with ISO 9001:2015 and ISO 14001:2015 is planned for Q1/Q2 2025, while the management system in accordance with ISO 45001:2018 and ISO 50001:2018 will be implemented between Q3/Q4 2025 and Q1 2026.

# OUR ESG PLAN

In 2023, the Group's ESG Strategic Plan for 2023-2026 was developed. The plan lays out the sustainability goals, divided by topic, to which targets and the actions to achieve them are connected. Moreover, *Key Performance Indicators* (KPIs) have been assigned to each goal, with the aim of providing objective evaluation metrics with which to monitor the achievement of the goals set by Gresmalt.

Gresmalt has identified three guidelines for the definition of the Plan. The first concerns **innovability**, where innovation and sustainability come together to direct the Group's full commitment to the ecological transition enabled by technology. This aspect includes both environmental goals (on energy consumption, emissions, *climate change* and water resources), product goals (quality, innovation and circularity of products and processes), and data privacy and security.

The second guideline concerns **development of human resources**, which represents the company's strength, and includes worker training and welfare, as well as occupational health and safety. The final guideline is linked to the **commitment to stakeholders**, which includes their satisfaction, ethics, integrity, and compliance and management of impacts along the supply chain. Gresmalt considers it fundamentally important to build good relationships with its stakeholders, and is committed to sharing its ESG performance with them in a transparent manner. The ESG Plan structure is given below.

DEVELOPMENT GUIDELINES	MATERIAL TOPIC	GOALS
INNOVABILITY		Adopt an environmental management system able to facilitate the prevention of environmental risks across the entire Group.
	Energy usage, emissions, and climate change	Adopt an Energy Management System to improve the Group's energy performance
		Certify the level of sustainability of ceramic products
		Develop a decarbonisation plan
	Product quality, performance, and innovation	Offer products with low environmental impact to customers
	Management of water resources	Optimise water usage in the production process
	Process and Product Circularity	Favour responsible use of resources for ceramics production
	Data Privacy & Security	Increase Cybersecurity
		Make correct use of company information

DEVELOPMENT GUIDELINES	MATERIAL TOPIC	GOALS
Development of human resources	Worker training and welfare	Grow worker awareness of ESG topics
		Introduce agile work methods to increase employee well-being
	Occupational Health and Safety	Protect occupational health and safety
Commitment to stakeholders	Manage impacts along the supply chain	Share ESG performance with the supply chain
	Ethics, integrity, and compliance	Share ESG commitments with stakeholders in a transparent manner
		Adopt an organisational system able to prevent crimes and improve legal compliance
		Distribute and publish the ESG performance achieved in order to improve the Stakeholder Engagement Rate
Stakeholder Satisfaction	Adopt a management system aimed at optimising the corporate processes	

Alongside the definition of the strategic plan, an operating plan has also been drawn up which contains not only the timeframes for implementation of the ESG actions, but also identifies the responsible party assigned to these actions. The operating plan therefore associates well-defined timeframes and

internal responsibilities with the goals of the strategic plan. The strategic plan was approved by the General Management in 2023, and represents an important step in the progressive planning and formalisation of the Group's commitment to environmental, social and governance matters.

## MEASURING OUR PERFORMANCE

The Sustainability Report serves as an instrument for analysing and managing our sustainability performance, with the objective of consistently enhancing the Group's Environmental, Social, and Governance (ESG) standing. Additionally, Gresmalt deems it crucial to ensure its sustainability rating is kept up to date within some of the most widely recognised international ESG rating systems. The group is indeed committed to periodically updating the assessment questionnaire on the Ecovadis platform, which offers an internationally recognised sustainability rating, and on the SEDEX platform, focused on the supply chain.

The Ecovadis assessment is based on 21 aspects grouped into four areas (environment,

workers' safety and human rights, fair business practices, and sustainable procurement). These 21 aspects or criteria are drawn from international standards such as the Global Compact principles, the International Labour Organization (ILO) conventions, the GRI (Global Reporting Initiative) and ISO 26000 standards, and the CERES (Coalition for Environmentally Responsible Economy) principles.

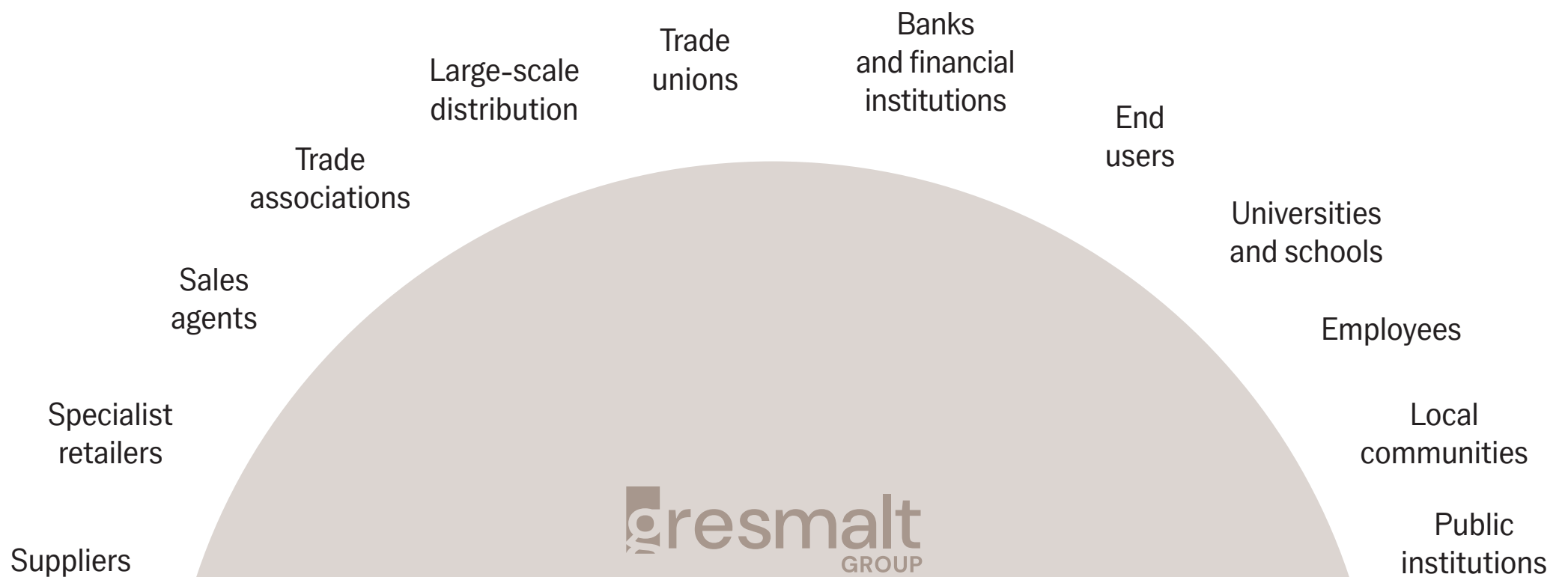
SEDEX, on the other hand, allows monitoring of ESG aspects along the supply chain. This platform also allows internal social audits to be performed, following a specific methodology which investigates aspects relating to human rights, worker rights, complaint management systems, and health and safety.

# GROUP STAKEHOLDERS AND MATERIALITY ASSESSMENT

## Our Stakeholders

Acting responsibly entails considering the expectations of all the stakeholders involved in Group's activities or whose interests overlap with those of organisation. This means individuals and groups who can influence or be influenced by organization's activitie in terms of policies, work processes, actions, and objectives. It is therefore imperative to identify and engage these stakeholders by addressing their needs and priorities in decision-making processes and when outlining economic, environmental, and social goals.

From a detailed contextual and benchmark analysis, Gresmalt has identified and selected its key stakeholders, meaning the players who are various involved, directly or indirectly, in the company's activities.



# Materiality Assessment

Based on the GRI Standard methodology, a sustainability issue is material if it relates to significant impacts of the organisation (resulting from the organisation's activities and investments, its products and/or services or its value chain) on the economy, the environment and/or people, including human rights, in the short, medium, and long term. This includes negative or positive, current or potential impacts and is discussed in terms of impact materiality. The materiality of the impacts is measured by considering their severity as well as the likelihood of their occurrence.

For the drafting of the first Sustainability Report in 2022, the Group performed a first materiality assessment process, under the coordination of the ESG Committee. As part of a dedicated workshop, the Group's ESG Committee and its top managers were asked to assess the severity and likelihood of occurrence of the positive and negative impacts that the Group's business generates or could create, as identified previously. After these assessments, the impacts were prioritised and those deemed significant were grouped together as material issues.

For 2023, the Group decided to expand the materiality assessment process through a *stakeholder engagement* activity. This process, as specified by GRI 3 – Material topics 2021, incorporated the following phases.

**1.** Understanding and assessing the context (business, environmental, social/political) within which the Group operates, and identifying pertinent stakeholders.

**2.** On the basis of this context, identifying the current and potential positive and negative impacts that the Group's activities might trigger on the economy, environment, and individuals (including those relating to human rights) within the framework of the organisation's activities and business relationships.

**3.** Assessing impacts through the involvement of the ESG Committee and senior management.

**4.** Prioritising impacts and grouping them together as material issues.

**5.** Assessment of the topics by a panel of key stakeholders through a *stakeholder engagement* activity, carried out for the first time for the 2023 Sustainability Report.

**6.** Comparison of the results of the stakeholder votes with those obtained from the internal feedback process in order to update the scores assigned to the ESG topics previously identified by the Group.



As such, in 2023 the Group decided to directly involve a panel of stakeholders in the materiality process, through the administration of an online survey which over 100 stakeholders participated in. The response rate of the survey was over 62%, a figure which confirms the quality of Gresmalt's relationship and dialogue with its stakeholders. The stakeholder categories involved in the process were as follows:



Stakeholders were asked to give a score from 1 (not important) to 5 (very important) to the topics which were identified as material during the materiality assessment performed for the 2022 Sustainability Report. This involvement has allowed the Group to gain a concrete view of its stakeholders' expectations of the relevance of the economic, environmental and social impacts that Gresmalt generates, as well as increasing their involvement in company choices. Following the online questionnaire, the results were supplemented by the considerations of the members of the ESG Committee, and the order of the material topics was modified as follows:

REAL AND POTENTIAL IMPACTS GENERATED BY THE GROUP	MATERIAL TOPICS
<ul style="list-style-type: none"> <li>Worker training and growth</li> <li>Employee satisfaction and well-being</li> <li>Discrimination and non-inclusive practices in the workplace</li> </ul>	Worker training and welfare
<ul style="list-style-type: none"> <li>Misleading communications to customers and end users</li> <li>Satisfaction of customers and end users</li> <li>Health risks for product users</li> </ul>	Customer satisfaction and end user safety
<ul style="list-style-type: none"> <li>Quality of products manufactured</li> <li>Product and process innovation</li> </ul>	Product quality, performance, and innovation
<ul style="list-style-type: none"> <li>Work-related injuries and occupational diseases</li> </ul>	Occupational Health and Safety
<ul style="list-style-type: none"> <li>Generation and distribution of economic value</li> <li>Generation of indirect economic impacts</li> <li>Inadequate risk management</li> </ul>	Generation of economic value
<ul style="list-style-type: none"> <li>Non-compliance with laws, regulations, and standards</li> <li>Unethical business conduct</li> </ul>	Ethics, integrity, and compliance

REAL AND POTENTIAL IMPACTS GENERATED BY THE GROUP	MATERIAL TOPICS
<ul style="list-style-type: none"> <li>Generation of climate-altering emissions</li> <li>Generation of atmospheric pollutant emissions</li> <li>Impacts triggered by transport</li> <li>Energy usage</li> </ul>	Energy usage, emissions, and climate change
<ul style="list-style-type: none"> <li>Data breach and loss</li> </ul>	Data Privacy & Security
<ul style="list-style-type: none"> <li>Adoption of circular economy practices</li> <li>Generation of process waste and end-of-life waste</li> </ul>	Process and Product Circularity
<ul style="list-style-type: none"> <li>Use and contamination of water resources</li> </ul>	Management of Water Resources
<ul style="list-style-type: none"> <li>Human rights violations in the workplace and the supply chain</li> </ul>	Protection of Human Rights
<ul style="list-style-type: none"> <li>Negative environmental impacts relating to suppliers</li> <li>Use of raw materials for products and packaging</li> </ul>	Management of impacts on the Supply Chain
<ul style="list-style-type: none"> <li>Hiring workers from the local community</li> <li>Local development and community relations</li> </ul>	Relations with Local Communities

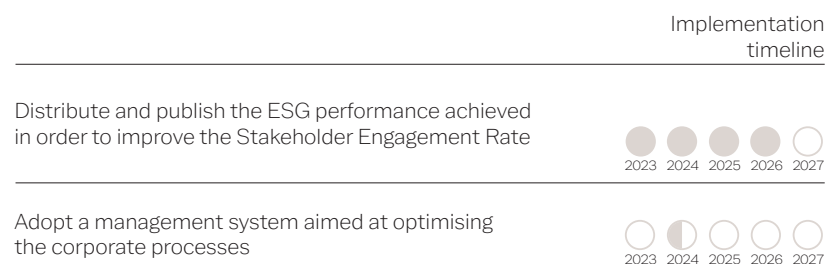
In the past, the topic of human rights was considered important, but given the context in which the Group operates, an absence of risk in this regard was assumed. Nevertheless, following evolution of the reference context and the results of the survey with the stakeholders, the Group has decided to introduce the topic "Protection of Human Rights" in the list of material topics.

## ESG Strategy

### STAKEHOLDER SATISFACTION

Development guideline: Commitment to stakeholders

#### Goals



## OUR PRODUCTS

Across its three manufacturing facilities, the Ceramiche Gresmalt Group manufactures top-end porcelain stoneware for floor and wall applications which are available to customers at competitive prices.

Over recent years, the Group has gradually reduced the environmental impacts of its production processes through the integration of state-of-the-art technology and substantial investments guided by smart manufacturing principles.

Research, development, and innovation activities have been oriented towards sustainability principles, life-cycle thinking and eco-design, within a framework of increasing collaboration with the world of scientific research.



## THE GROUP'S BRANDS AND PRODUCTS

The Group's history in the world of ceramics began in 1968 and has led us today to rank among the leading names in Italy and worldwide for the manufacture and marketing of porcelain stoneware for floor and wall applications. Quality, innovation, and a fully Italian production process converge within our four brands:

**SINTESI**<sup>®</sup>  
CERAMICA ITALIANA

Performance, design, versatility.

The careful development of design, colors and finishes is transformed, thanks to cutting-edge technologies, into collections with elegant and versatile aesthetics, capable of interpreting projects and living styles to the fullest while preserving their value over time.

Brand  
Website



**ab**  
—  
**c** **abitare**  
**la ceramica**

Abitare la ceramica: for a new idea of home.

Ceramics become the scenario to accommodate real-life situations to be built around the home. The relationship with space is strengthened through direct contact with ceramic surfaces designed to convey new living meanings.

Brand  
Website



**ermesaurelia**

Two souls, one brand: ermesaurelia.

Past, present, future. Three dimensions of time merge to create ermesaurelia's unique and instantly recognisable identity. Expressing the heritage of tradition with a contemporary angle, the brand of today designs for tomorrow.

Brand  
Website



 **FRASSINORO**  
GRUPPO GRESMALT

Frassinoro, the brand strongly sustainability-oriented, dedicated to the B2B market.

Constant technological innovation in sustainable product development, combined with attention to trends in architecture and interior design, lead to the creation of high-quality ceramic collections with reduced environmental impact, to give style to living spaces.

Brand  
Website



## PORCELAIN STONEWARE

Ceramiche Gresmalt Group focuses its production on porcelain stoneware tiles for floors and walls. Porcelain stoneware is a ceramic material with a compact structure, which is particularly resistant and long-lasting. The porcelain stoneware manufactured by Gresmalt complies with the technical specifications established by standard EN 14411 (ISO 13006) and appendix G to ISO 10545 for dry pressed ceramic tiles with low water absorption ( $\leq 0.5\%$ ), group Bla.

The Group's ceramic tile collections cover the entire range of architectural and design requirements for both floors and walls, through the range of formats, thicknesses and finishes.



## CERAMICS AS A SUSTAINABLE PRODUCT

Over recent decades, the flooring market has witnessed the arrival of new names offering new, alternative materials for applications where ceramic tiles were the conventional choice. These include hardwood, nylon carpeting, vinyl composition tiles, cork, and linoleum.

In terms of product sustainability, specific attributes of porcelain stoneware improve its performance throughout its life cycle. In summary, porcelain stoneware stands apart from other flooring and wall covering options due to the following unique features:



### NON-DEFORMABILITY

Porcelain stoneware maintains its original shape and size over time even when exposed to certain environmental conditions such as humidity.



### RECYCLABILITY

Post-consumer porcelain stoneware tiles can be reused within the ceramic production process or repurposed for other applications, such as concrete aggregates and road construction.



### STRENGTH

Porcelain stoneware tiles offer high mechanical strength and abrasion resistance.



### FIRE RESISTANCE

Porcelain stoneware is fireproof and meets high building safety standards.



### DURABILITY

According to the Product Category Rules (which provide the rules, requirements, and guidelines for drafting EPDs), the intrinsic strength of porcelain stoneware ensures it has a life cycle of 50 years.



### CLEANLINESS AND CARE

Porcelain stoneware does not require any special maintenance and is easy to clean and sanitise.



### SAFETY TO HUMAN HEALTH

Porcelain stoneware is also an inorganic material which does not release VOCs (volatile organic compounds), does not contain CMR SVHCs (carcinogenic, mutagenic or toxic for reproduction substances of very high concern), and is classified A+. During its high-temperature firing process (at temperatures exceeding 1200°C), any remnants of organic chemical compounds are eliminated.

# OUR PRODUCTION PROCESS



## STORAGE

After quarrying, the raw materials which will be used to make the ceramic tiles are transported to the factory and stored in designated indoor areas, separated into batches based on their type.

1



## SPRAY DRYING

Next, special pumps are used to send the slurry to a vertical dryer for dry-spraying, which facilitates rapid evaporation of most of the water.

3



## DRYING

During the drying step, the remaining water in the ceramic mix (about 6-7%) is removed from the shaped product, as required to ensure the tiles' integrity.

5



## FIRING

The pressed, glazed, and decorated tiles are taken to the kilns for firing at temperatures reaching 1.210-1.230°C employing cycles of different durations depending on their format.

7



## PACKAGING

Afterwards, the products are grouped into quality classes and placed in homogeneous batches, before being sent for packaging and final distribution.

9

2

## GRINDING

The raw materials are mixed and ground with water in continuous rotary mills until a solid/ liquid suspension called slurry is obtained.



4

## SHAPING

The tiles are shaped into the desired dimensions by the pressing process, which is designed to compact the powders.



6

## GLAZING

Glazing and decoration consist in the application of glazes and inks to the surface of the previously pressed and dried tiles.



8

## FINAL PROCESSING

After firing, the tiles may undergo additional processing: cutting, rectification, brushing, lapping/honing.



The Ceramiche Gresmalt Group production process is a complete cycle that begins with the processing of raw materials extracted from in quarries and culminates in the logistics for the distribution of the finished products.

# Our Production Process

Through the implementation of Internet of Things (IoT) technologies, the Group can collect detailed data about flows of materials, energy usage (heat and electricity), and emissions into the atmosphere for each step described. The digitisation of manufacturing plants, in line with the Industry 4.0 approach, has involved the installation of smart meters for each machine to monitor real time energy consumption in and collect production data.

This network of sensors is wirelessly connected to the MES (Manufacturing Execution System),

a computer system that governs and controls the entire production process, from order placement to the finished product, aligning business management needs with those of the factory and, therefore, bridging the gap between those who make the decision and those who implement them. The MES is in turn integrated with the ERP (Enterprise Resource Planning) and provides real-time data on the implementation of the processes to allow, in addition to management of current operations, the analysis of the stock to assess environmental impacts (LCA, Life Cycle Assessment).

## ISO 17889-1:2021, Ceramic tiling systems — Sustainability for ceramic tiles and installation materials – Part 1: Specification for ceramic tiles.

Production activity within the Gresmalt Group complies with the primary worldwide standard defining sustainable ceramic tiles (published by the International Organisation for Standardization in June 2021). Following the audit performed during the course of 2024, the Group achieved a score of 126 points out of the 130 available, thus attaining certification. The standard consists of 38 indicators spread across environmental, social, and economic fields and features a multi-rating structure which makes it possible

to rate the level of performance achieved by the products. This standard is also aligned with the Sustainable Development Goals (SDGs) outlined by the United Nations within the 2030 Agenda, focusing specifically on Goal 12, which concerns responsible consumption and production.

## EPD - ENVIRONMENTAL PRODUCT DECLARATION

The Gresmalt Group has obtained the EPD (Environmental Product Declaration) as a company. This voluntary certification documents the environmental impact of the porcelain stoneware tiles manufactured in the company's three plants, reporting transparently, objectively, and using comparable criteria. The EPD is designed to improve environmental communication between producers, distributors, and consumers, providing data on energy and raw material usage, on the production of solid waste, on atmospheric emissions, and on the

disposal of wastewater. The EPD is prepared in compliance with rigorous methodological standards, under which assessments and verifications are carried out by independent, accredited third parties. This process ensures the validation of the document, thereby guaranteeing the authenticity and accuracy of the information it contains.



## PRODUCTION PROCESS INNOVATION

### DYCTA: THE TRANSITION FROM INDUSTRY 4.0 TO INDUSTRY 5.0

The Gresmalt group is going beyond Industry 4.0 with the introduction of DYCTA (Dynamic Sustainability Assessment), an advanced sustainability assessment system. Using digitisation and IoT technologies, DYCTA transforms the environmental, social, economic and technology sustainability assessment into a proactive and dynamic process. The digital platforms in the factories use interconnected sensors capture operating data in real time, allowing for continuous assessment of the corporate impacts. DYCTA's innovation lies in its forward-looking approach, which allows Gresmalt to predict and respond in an agile manner to present and future sustainability requirements. This ability to adapt is fundamental for the transition to industry 5.0, where

human-machine interaction and responsible innovation become central. DYCTA, with its real-time analysis, facilitates the identification of inefficiencies and promotion of sustainable practices, improving the management of resources and communication with stakeholders. DYCTA not only guides Gresmalt towards greater transparency and social responsibility, but also lays the foundations for a future in which advanced artificial intelligence integrates with human ingenuity and machines.



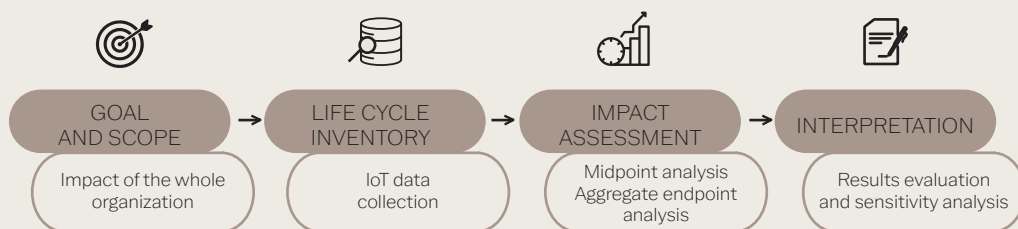
## ENVIRONMENTAL SUSTAINABILITY ASSESSMENT – ORGANISATIONAL LIFE CYCLE ASSESSMENT (O-LCA)

**DYCTA Environment** uses the LCA (Life Cycle Assessment) methodology to measure the environmental effects of the organisation and its products in accordance with the ISO 14040 and ISO 14044 standards. This method is used by Gresmalt dynamically and in real time, allowing the lifecycle of the company's products and its activities to be continuously monitored. Thanks to DYCTA, Gresmalt can use LCA to study the environmental effects of every product, while another method known as O-LCA (Organisational Life Cycle Assessment) provides an overview of the effects of the entire organisation. This combination helps us find inefficiencies and opportunities for improvement, supporting decisions to reduce negative effects and adopt more sustainable practices. The use of these methods demonstrates Gresmalt's commitment to Industry 5.0, an industrial model which places great importance on environmental sustainability, responsible innovation and human-machine interaction. Thanks to this approach, Gresmalt not only reduces

its environmental impact, but also increases transparency and responsibility along the entire value chain. The methodology used to conduct the environmental assessment follows the guidelines for organisational life cycle assessment. This approach covers the same phases of a product life cycle assessment (LCA):

- Definition of the goal and the scope: clarifies the scope and the confines of the assessment.
- Life cycle inventory analysis: gathers data for the material and energy flows.
- Impact assessment: examines the environmental effects associated with the material and energy flows.
- Life cycle interpretation: analyses and evaluates the results to identify areas for improvement.

These phases are illustrated in the following figure.



INDUSTRY 5.0 ENVIRONMENT

The results of the life cycle assessment (LCA) show the environmental impact per m<sup>2</sup> produced during 2022 and 2023 through various key sustainability indicators:



### REDUCTION IN EMISSIONS

In 2023, our greenhouse gas emissions (GWP) decreased by 9%, from 8,900 to 8,110 kg CO<sub>2</sub> equivalent. This improvement is due to our efforts to increase energy efficiency and use renewable energy.



### IMPACT ON THE OZONE LAYER

The impact on ozone depletion (ODP) decreased slightly, demonstrating our commitment to reducing the use of chemicals which harm the ozone layer.



### ACIDIFICATION AND POLLUTION OF WATERS

We reduced acidification (AP) by 8% by decreasing SO<sub>2</sub> and NO<sub>x</sub> emissions. The impact on eutrophication of water (EP) was 12%, thanks to a reduction in the release of nutrients such as phosphorous and nitrogen.



### ATMOSPHERIC POLLUTION

The potential impact on tropospheric ozone formation (POCP) fell by 9%, indicating a reduction in emissions of non-methane volatile organic compounds (NMVOC).



### USE OF RESOURCES

We have reduced consumption of abiotic resources. The use of minerals and metals (ADPE) fell by 13%, while use of fossil resources (ADPF) was reduced by 7%. This highlights our commitment to sustainable management of resources.



### WATER USAGE

Use of water and its global deprivation (WDP) improved by 15%, reflecting our efforts to optimise water consumption.

## SOCIAL SUSTAINABILITY ASSESSMENT – ORGANISATIONAL SOCIAL LIFE CYCLE ASSESSMENT (SO-LCA)

**DYCTA Social** uses the S-LCA (Social Life Cycle Assessment) method to examine the social effects of products or of the organisation (O-LCA: Organisational Social Life Cycle Assessment), following the UNEP 2020 guidelines. This model identifies six main groups of stakeholders: workers, local communities, society, consumers, and value chain players and investors, and categorises the relevant social impacts for each group.

Thanks to DYCTA Social, Gresmalt performs in-depth analysis of the social effects of its activities. The S-LCA method identifies and assesses the social effects of the organisation's activities along the entire value chain, allowing the company to

adopt more responsible and sustainable practices. This approach, alongside the assessment of the technological and economic environmental effects, helps Gresmalt to take informed decisions and promote an ethical and inclusive work environment. The use of DYCTA Social shows Gresmalt's commitment to promoting social well-being and the transition towards Industry 5.0. This step not only improves the company's transparency and social responsibility, but also offers the opportunity to further involve stakeholders and to better align with global sustainable development goals.

## ORGANIZATIONAL ECONOMIC SUSTAINABILITY ASSESSMENT (O-ESA)

**DYCTA Economic** adapts the analytical framework outlined in the 2020 UNEP Guidelines for Social Analysis to the economic context, both for product-level and organizational assessment. Its main goal is to develop an integrated economic sustainability index using the key data from the company financial statement. The model is currently being fine-tuned with the integration of machine learning algorithms to improve the data analysis. This approach is aligned with the concept of Life Cycle Thinking

(LCT), taking into consideration not only the financial aspects of the company, but also those of suppliers and distributors, assessing the entire life cycle of the products and corporate activities.

## ORGANIZATIONAL TECHNOLOGICAL SUSTAINABILITY ASSESSMENT (O-TSA)

**DYCTA Technological** was introduced by Gresmalt to assess technological sustainability as a potential fourth pillar of sustainable development, alongside the social, economic and environmental. Based on the concept of Life Cycle Thinking (LCT), DYCTA Technological examines the entire life cycle of processes and products, evaluating how to the technologies used influence

the overall sustainability of the company. This system not only monitors the technological sustainability, but also promotes an intelligent and interconnected production environment, optimising the decision-making processes and improving operational efficiency.

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# Gresmalt Innovability

To accelerate internal innovation and technology transfer, Gresmalt has established partnerships with a range of universities, including the University of Pavia, the University of Calabria, the University of Sassari, the University of Bolzano, the University of Brescia, and the Rey Juan Carlos University of Madrid. These partnerships translate into R&D projects which facilitate interchange of knowledge and expertise and technology transfer.

The guiding principle across all these projects is the integration of sustainability principles into corporate operational models through the use of digital technologies and the Industry 5.0 model.

Listed below are some of projects which are either underway or in the start-up phase:

### **VOLT – Viability fOr circuLar manufacTuring**

The VOLT project, led by Gresmalt in partnership with Sacmi, Zschimmer & Schwarz Ceramco, the University of Pavia and University of Brescia, began in January 2024. Its main goal is to explore the possibility to implement circular manufacturing in the ceramics sector, with a focus on optimising the use of resources and minimising waste. This is performed by developing benchmarks for the body mix formulations and assessing of the environmental impact of the logistic chains of the materials.

1

2

### **START – SusTainable dAta-dRiven manufacTuring**

Started up in May 2023, the START project, also led by Gresmalt in partnership with Sacmi, Free University of Bozen-Bolzano, University of Sassari and University of Calabria, aims to transform the Smart Factory, developed within the scope of the Industry 4.0 model, into an Intelligent Factory, characteristic of Industry 5.0. This is performed by integrating artificial intelligence to develop sustainable technological solutions, with the goal of monitoring the environmental impact of the ceramics production process in real time, and guiding the organisation towards the Intelligent Industry.

### **REDiRECT – REDuce Reuse Ceramic Tiles**

The REDiRECT project, concluded in December 2023, was a Gresmalt initiative in partnership with Eurit, University of Modena and Reggio Emilia, University of Sassari and University of Calabria. The project developed a sustainable manufacturing model for the ceramics and mining industry, named Impresa Circolare 4.0, which integrates the principles of the circular economy with IoT and Industry 4.0 technologies.

The goal was to promote the competitiveness of companies through digitisation of the production processes and exploitation of waste and excess production, favouring a circular approach to resources.

3

4

### **IESMAN – Internet of Enterprise Sustainable Manufacturing**

The IESMAN project, led by Smalticeram in partnership with Industrie Matildiche, University of Pavia and University of Modena and Reggio Emilia, was completed in December 2023. The project developed an Internet of Enterprise model for the sustainable manufacturing of inks, glazes and ceramic tiles. The goal was to connect processes, customers, suppliers and partners to optimise interactions and exchange information.

# OUR PRODUCT QUALITY GUARANTEE

To guarantee quality products, Gresmalt is committed to stringent monitoring of both processes and end products. The aim of the checks carried out on the finished products is to verify that the technical performance meets applicable parameters, to certify classification of the product, and to guarantee quality and safety.

The quality control procedures and the technical performance of the products are formalised through specific policies and reflect the requirements of applicable standards.

Quality checks on the raw materials and products during the production process are conducted by the technology laboratory and the test and inspection stations along the production chain. All the incoming raw materials used in the tile body mix are tested in the technology laboratory. The laboratory also tests the products' main technical characteristics according to a specific quality protocol in order to constantly monitor compliance with production standards. The tests are recorded either in reports and paper test sheets or on the ERP system.

Some of the characteristics checked during production are:

- Moisture
- Density
- Residue check
- Weight of the glaze in the glazing plant (viscosity)
- Dimensions of the tiles and the diagonals during the production process
- Bending strength and breaking strength

Checks are also carried out on the finished product on the basis of specific quality indicators, by the sorting department, which is part of the technology laboratory. Finally, the Group employs external laboratories to conduct product characterization, particularly for technical tests that fall outside its own accreditation.

The finished product undergoes the following tests, employing suitable instrumentation and complying with the regulatory provisions of UNI EN ISO international standards:

- Determination of resistance to surface abrasion
- Determination of resistance to surface abrasion (Mazaud method)
- Determination of chemical resistance
- Determination of stain resistance
- Determination of bending strength and breaking force
- Determination of surface hardness according to the Mohs scale
- Determination of water absorption
- Determination of the linear expansion coefficient

The fired material is classified into different quality classes based on the aesthetic, mechanical, and dimensional defects found during the quality sorting stage. The aesthetic defects are inspected by a special inspection system and subsequently by a tester at a dedicated station. For each item manufactured, the main kinds of faults encountered are recorded in a physical paper register. Other important steps in the sorting system include dimensional and flatness testing with specific equipment featuring optical sensors that guarantee measurement accuracy to one tenth of a millimetre.

**The quality system of all the Group's facilities is UPEC-certified, which means we can develop products that comply with UPEC provisions based on specific customer requirements. The tests which the tiles undergo at the "Centre Scientifique du Bâtiment (CSTB)", in accordance with ISO standards, are highly selective and are intended to determine the durability and performance of the products with respect to four fundamental characteristics: wear resistance (U), bending strength (P), water resistance (E), and chemical resistance (C).**

The Group's customers, particularly major retailers, carry out regular assessments of the quality system in place and verify the adequacy of Gresmalt's testing measures for both the production process and the final product. In particular, for each product placed on the market, the certificates of the testing performed on the finished products and the packaging must be made available.

Customers also carry out sample checks on the products by sending them for analysis in external technical laboratories, in order to verify compliance with the declared quality and performance levels.

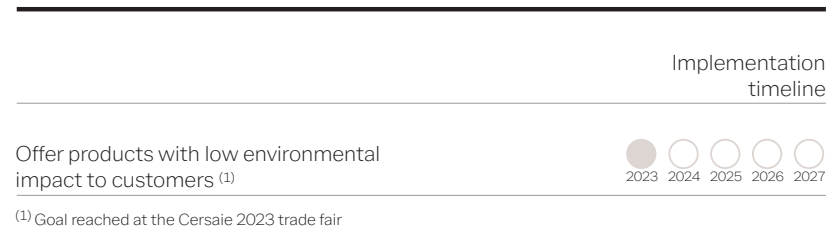
Audits are carried out every three years on aspects of quality, social responsibility, and environmental performance. Finally, the organisation's overall social and environmental performance is assessed through the use of rating systems and assessment questionnaires such as Ecovadis and SMETA Sedex.

In 2023, a minor nonconformity was reported in the product labelling area: a label was illegible due to the print characteristics.

## ESG Strategy

PRODUCT QUALITY, PERFORMANCE, AND INNOVATION  
Development guideline: Innovability

### Goals



- In the year of reference
- ◐ Q1+Q2
- ◑ Q3+Q4



## DEVELOPMENT OF SUSTAINABLE PRODUCTS

To align its research, development, and innovation efforts with sustainability principles, the Gresmalt Group has embraced eco-design as its new approach to design. Indeed, it is during the design phase of a new ceramic collection that decisions are made which profoundly impact the level of sustainability of the products throughout their lifecycle.

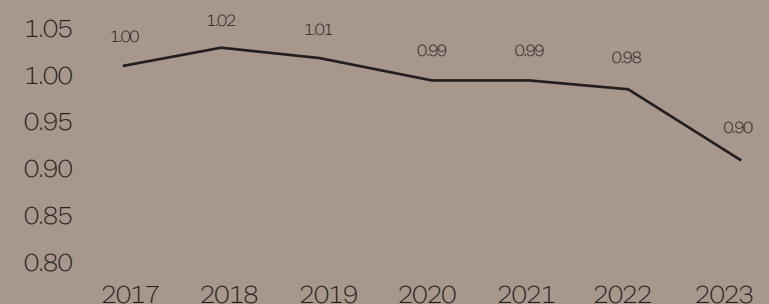
### ECO-DESIGN: SUSTAINABLE DESIGN WITH DYCTA

Gresmalt Group has implemented Eco-design and life cycle perspective by exploiting the potential of DYCTA in association with digital technologies of Industry 4.0 and the emerging paradigm of Industry 5.0.

This integration has led to the development of ceramic products that place sustainability alongside more conventional attributes such as functionality, aesthetics, quality, and value.

Monitoring of the impacts generated by the Group's activities, along the various stages of the life cycle of the products manufactured, has highlighted a progressive reduction in recent years. More specifically, in terms of impacts on the climate (GWP - Global Warming Potential), a 9% reduction in emissions (measured as kg of CO<sub>2</sub> equivalent per m<sup>2</sup> of product manufactured) was observed with respect to 2020 and a 10% reduction with respect to 2017.

### Impacts per m<sup>2</sup> of product manufactured (2017 = 1.00)



\* 1 m<sup>2</sup> of Porcelain Stoneware Tiles - 18.15 kg/m<sup>2</sup> - S.L. 50 years

G3NIUS is the technology that embodies the Gresmalt Group's commitment to research, development and innovation for sustainability which culminates in the creation of new ceramic tile collections. G3NIUS is the highest expression of the sustainable development path undertaken by the Group, and at the same time offers products which are SMARTER (100% Italian design), GREENER (low environmental impact) and BETTER (high quality standards).

Initially, G3NIUS was implemented to create collections with a thickness of 7.4 mm, for which EPD (Environmental Product Declaration) and Carbon Footprint of Products (CFP) certification were obtained. The reduced thickness of 7.4 mm guarantees the end user a series of tangible benefits such as ease of handling due to the lightweight design; ease of cutting and drilling; quicker and more cost-effective installation; responsible production resulting from the decreased use of natural and energy resources; less environmental impact and a smaller carbon footprint; logistical advantages for the distributor, as up to 20% more material (in terms of m<sup>2</sup>) can be accommodated on vehicles.

Given the commercial success of these collections, during 2023 a feasibility study was performed for the production of collections with a 6 mm thickness. The EPD and PCF for these collections are expected in early 2025, when the environmental data for one year of production are available, as required by the standards.



## THE TECHNOLOGY

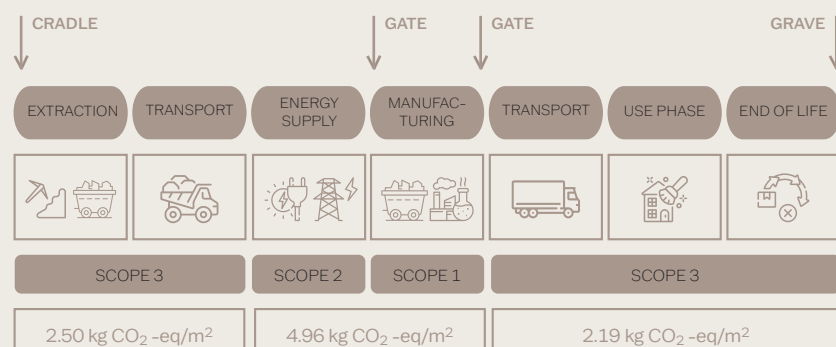
G3NIUS technology is based on two core principles: responsible use of resources and adoption of digital technologies. In particular, G3NIUS primarily involves the use of local and recycled raw materials, recycling of processing scraps, recovery of process water, optimisation of energy consumption, and the adoption of more efficient production processes. The adoption of digital technologies, on the other hand, allows for real-time monitoring of the production process and the environmental and socioeconomic performance of the products. This allows for timely interventions to optimise the processes and further reduce the environmental impact.

## ENVIRONMENTAL PRODUCT CERTIFICATIONS




To ensure transparency, the Environmental Product Declaration (EPD) and the Carbon Footprint Certification (CFC) for the 7.4 mm thick collections were drafted in 2023 on the basis of the 2022 data, i.e. the year the G3NIUS technology was launched on the market. This documentation has been verified by an independent accredited third party.

The Environmental Product Declaration (EPD) highlights the responsible use of raw materials thanks to the fact that the G3NIUS products are manufactured with 20% recycled raw materials.

Moreover, the LCA (Life Cycle Assessment), the analysis underlying the EPD, highlights that G3NIUS technology provides for complete recycling of the water used during the different phases of the process, minimising the water footprint.



The Carbon Footprint of Products (CFP) is a document which certifies the product's environmental impact deriving from CO<sub>2</sub> emissions, represented by the GWP (Global Warming Potential). The Carbon Footprint of the tiles produced using G3NIUS technology, calculated using primary data for the production phase (Scope 1) and procurement of electrical energy (Scope 2) and estimated through a scenario analysis for the procurement phase (Scope 3), is 0.746 tCO<sub>2</sub>-eq per 100 m<sup>2</sup> of ceramic tiles. This parameter is significantly lower than the average for the Italian ceramics sector, for which the carbon footprint per 100 m<sup>2</sup> of ceramic tiles is equivalent to 1.100 tCO<sub>2</sub>-eq, a comparison made possible thanks to data available in the sector EPD.

	G3NIUS	BENCHMARK	
	3,077	4,538	Equivalent to the greenhouse gas produced by km travelled by a petrol car
	318	470	Equivalent to the CO <sub>2</sub> emissions of Litres of petrol consumed
	12,3	18,2	Equivalent to carbon sequestered by Trees cultivated for 10 years

## LOGISTICAL EFFICIENCY

The optimised thickness allows over 20% more material to be loaded onto the same vehicle compared to standard thickness product. This is also reflected in optimised transport costs and lower environmental impact.

## TRAINING

The Group provides free training for sales associates from customers in the large-scale retail sector: during these courses, held both in the classroom, remotely or at the distributor's premises, topics covered include sustainability issues and the characteristics of the G3NIUS technology.



100% Made in Italy



100% recycled/recyclable packaging



European standards compliant (EN 14411)

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## SOLAR IMPULSE – EFFICIENT SOLUTION AWARD

In recognition of its sustainability characteristics, G3NIUS technology was acknowledged by the Solar Impulse Foundation as an "Efficient Solar Impulse Solution" in August 2021.



The aim of the challenge was to select 1.000 solutions that combine environmental protection and benefits for revenue, in order to convince governments and companies to accelerate the transition to a sustainable, carbon-free economy.

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## LIFE FORCE OF THE FUTURE – EU LIFE PROGRAM

The LIFE program is the EU tool to support the environment and climate actions which cofinances projects with the goal of launching low-environmental impact products on the market. G3NIUS technology was developed within the scope of the LIFE FORCE OF THE FUTURE project.



In 2023, G3NIUS technology was recognised as "Ceramic Sector Benchmark" by the European Commission through CINEA (European Climate, Infrastructure and Environment Executive Agency), thanks to its low-environmental impact characteristics.

# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

## PROCUREMENT SOURCES

The ceramic production process requires a complex supply chain which primarily involves mineral raw materials (clays, feldspars, sand), packaging materials (paper/cardboard, recycled plastic, wood), and various other complementary goods and services also necessary to ensure efficient high-quality production.

With a procurement strategy which in 2023 made exclusive use of Italian and European suppliers, the Group confirms its commitment to reducing the environmental impact linked to transport, also using intermodal logistics for long distances (train, ship).

In particular, the choice to select a significant portion of feldspars and sand from Italian deposits (Piedmont, Sardinia, Tuscany) confirms the goal of local and sustainable procurement, making use of local resources and minimising the environmental impact, contributes to stabilising local production chains and supporting the circular economy.

## SUPPLY CHAIN GROUP MANAGEMENT

In 2023, Gresmalt further strengthened its commitment to responsible and sustainable procurement. The updates of the Code of Ethics, the ESG Corporate Policy and the Supplier Code of Conduct incorporated sustainable procurement into the Group's strategic pillars.

In particular, the Code of Ethics includes specific obligations for the supply chain, while the ESG Corporate Policy defines a clear reference framework for analysis and mitigation of the

environmental and social impacts linked to purchasing activities.

Finally, the Supplier Code of Conduct actively promotes ethics and sustainability principles between all commercial partners, contributing to building an ever-more responsible supply chain.

The combination of these tools, which represent the foundations of Gresmalt's sustainability governance system, allow the goal of a transparent, equitable and sustainable supply chain to be pursued.

## SUPPLIER CODE OF CONDUCT

For Gresmalt, being responsible means making a commitment that extends beyond its walls, involving the entire supply chain. Therefore, the Group has drawn up a Code of Conduct, which establishes the minimum requirements the company expects of its suppliers of goods and services in terms of their conduct when engaging in business.

The aim of this document is to provide a framework for ethical and sustainable commercial relationships with suppliers. Suppliers are required to comply with this Code and to guarantee compliance with the minimum standards contained therein.

The Code, which is formally approved by the Board of Directors, is divided into three sections which set out the Group's approach and its expectations towards suppliers in terms of commitment to the environment, commitment to society and commitment to fair business practices.

More specifically, Gresmalt pursues and supports respect for internationally recognised human rights, especially those of its employees and business partners. Gresmalt neither engages in nor tolerates the employment of child or forced labour, nor does it enter into agreements with suppliers or subcontractors that engage in these practices.

In 2023, the Supplier Code of Conduct was updated with the goal of promoting principles of ethics, integrity and sustainability along the supply chain, and to guarantee

that suppliers comply with applicable environmental, health & safety and human rights legislation, including international obligations in terms of climate change and sustainable development.



## SUPPLIER SELECTION AND ASSESSMENT

The Gresmalt Group performs a rigorous assessment of its suppliers both in the initial qualification stage and as part of its periodic monitoring of performance over time. This assessment process, which is structured into different phases, aims to guarantee the quality of our products and services. More specifically, during the preliminary assessment stage, an in-depth assessment of the financial stability of potential suppliers is performed to assess their performance over the last few years and their reliability.

An initial experimental ESG risk assessment procedure was trialled in 2023 on a selected panel of suppliers. The goal was to start mapping the level of risk and potential hazards associated with some of the Group's supply chain players on the basis of strategic and sustainability criteria.

As a result of this identification and assessment process, the purchasing department proceeded to investigate the sustainability practices of the suppliers found to be most at risk through specific questionnaires. In particular, due to the potentially significant impacts that could be triggered by the extraction of the mineral raw materials used, the Group has taken steps to ensure and guarantee that its supplies come from quarries with an environmental remediation plan, in compliance with EU

Directive 92/43/ EEC (conservation of natural habitats and wild fauna and flora), EU Directive 79/409/EEC (conservation of wild birds) and the 1992 United Nations Convention on Biological Diversity.

In 2023, the Group also adopted a Sustainable Procurement Policy, approved by the Board of Directors, which commits the company to constantly improve its ESG performance. The policy has been implemented within the supplier selection procedure so as to provide for gradual integration of ESG assessments alongside traditional selection criteria.

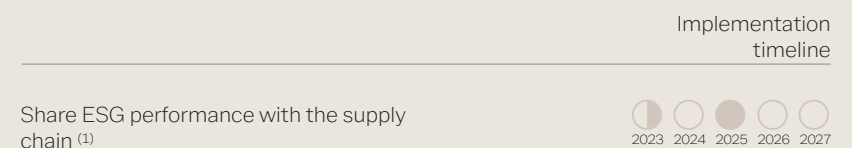
The updating and implementation of the policies and procedures in the area of sustainable supply chain management were accompanied by a series of improvement actions designed to increase engagement and monitor suppliers on sustainability topics.

Since 2023, as a matter of fact, a panel of suppliers has been asked to sign the Group's Code of Ethics and the Supplier Code of Conduct, in order to take on commitments in a reciprocal and informed manner. This commitment will continue with the progressive integration of ESG contractual clauses, which will clarify the sustainability commitments desired from suppliers, into their contracts from 2024.

## ESG Strategy

MANAGE IMPACTS ALONG THE SUPPLY CHAIN  
Development guideline: Commitment to stakeholders

### Goals



<sup>(1)</sup> The actions aimed at achieving the goals are specified both for the second half of 2023 and for 2025

- In the year of reference
- Q1+Q2
- Q3+Q4



# CUSTOMER RELATIONS

One of Gresmalt's core values is customer focus. The company's commitment to supplying high-quality products goes hand in hand with an efficient technical and sales service, to guarantee customers timely support and information.

Over recent years, the Group has concentrated its marketing and communication efforts on promoting a groupwide corporate culture. This culture strengthens the sense of belonging of the various brands and establishes a common guiding principle for corporate values and essential product characteristics, which also extends to customers.

Relations with customers, be they specialist retailers or large-scale stores, are based on interaction with the sales and marketing departments of the various brands, and daily dealings with our sales force.

The company employs a multi-channel approach to communicate its products to customers, with particular emphasis on the following methods:

- General catalogue, one for each brand, containing all the lines
- Line catalogue, broken down by brand
- Corporate and brand websites
- Newsletters
- Instagram and LinkedIn with different profiles for each brand

**G3NIUS**  
Smarter. Greener. Better.  
BY GRESMALT

The collections made using G3NIUS technology are supported by dedicated communication, both at corporate and brand level, which includes information on sustainability performance. In channels dedicated to large-scale retail customers, the products and display panels of the G3NIUS lines feature a QR code which links to detailed information on the product and on its sustainable characteristics.

The training provided to sales staff on the characteristics of the G3NIUS products has been recorded, thus doubling its value: not only has it allowed the Gresmalt sales force

to learn about the characteristics of this produce line, but it can also be used as a communication tool for Group customers.



## CUSTOMER SATISFACTION MONITORING

To monitor consumer satisfaction, Gresmalt systematically collects feedback and comments from its customers through various channels and methods. There is an internal filing system containing all the complaints received either via the retailers or directly from the end customer through the sales department.

Once a complaint has been received, an internal procedure is implemented whereby the content of the claim is analysed and the truth of the matter is verified by contacting the retailer or end customer directly. If the complaint is valid, the Group takes all measures necessary to guarantee customer satisfaction and remedy the nonconformity found.

Taking into account all of the Group's brands, credit notes issued for products returned due to product, order, or

shipment nonconformities in 2023 amounted to 0.13% of the Group's revenue, demonstrating the high level of product quality and sales professionalism. This result has been made possible in no small part by the control system implemented to detect any defects in appearance and dimensions, which does not simply sample the tiles, but rather performs checks on all tiles manufactured to virtually eliminate the risk of nonconformities.

Some of our customers' online sales platforms allow their customers to add reviews for the products they have purchased. This provides Gresmalt with direct access to the end users' viewpoints and opinions, which the company then takes into consideration within its processes.

# OUR PEOPLE

Gresmalt works responsibly to safeguard the health of its employees, of the local communities around its production facilities, and the safety of operations along the value chain.

During the course of 2023, the company workforce stood at around 500 employees, a slight decrease to the figure for 2022.

We are committed to making Gresmalt Group attractive to new talent and competitive for employee retention. Based on this reasoning, we intend to increase our attention to the wellbeing, training, and diversity of our staff, recognising them as strategic business levers.

Our employees are the human capital of the organisation now and in the future. It is thanks to them that the Group develops, produces and sells high quality products around the world, and that it passes on the company's heritage, its knowledge and its values, over time, including its commitments to sustainability.

As at 31 December 2023, the Group had 507 employees, a slight decrease compared to the previous year (527), with an average workforce of 524 employees for the year. All the employees are now located in Italy.

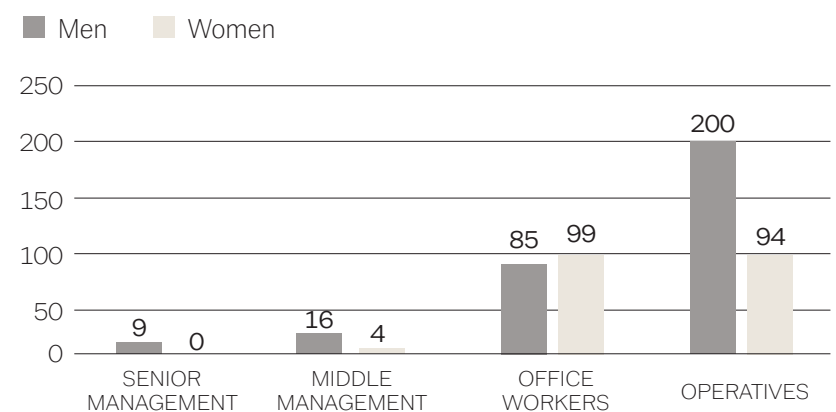
Confirming the importance for the company of the stability of its workers, 97% are hired on permanent contracts and most (99.6%) are employed full-time. The remainder includes temporary employment agreements (down by around 59% compared to the previous year) and 2 part-time agreements.

Examining the distribution of staff based on their professional roles, roughly 58% of new hires fall under the operatives category (294 people), a slight decrease (-4%) on the previous year. Office workers (184 people) account for 36% of the workforce, while middle and senior managers make up the remaining 6%.

Among the entire workforce, women make up 39%, a stable figure in comparison to 2022. Across the categories specified earlier, female representation stands at 32% among the operatives, 54% among the office workers, and 20% among middle managers. However, there are no female senior managers.

As regards the breakdown of personnel by age, as at 31 December 2023, 49% of employees fell within the 30-50 age group (249 people); 41% of personnel are aged 50 and above (210 people) while 10% are under 30 (48 employees). There are 17 individuals with protected status under Italian labour law, including 6 office workers and 11 operatives. The Gresmalt Group did not have agency workers, interns, trainees or other external workers at the end of the 2022 and 2023 financial years.

## Employees broken down by employment classification and gender at 31.12.2023



# OCCUPATIONAL HEALTH AND SAFETY

Ensuring employees' health and safety is one of the priorities of Gresmalt's social policy and is achieved by taking all the necessary care to ensure workers are safe. The safety-oriented culture aimed at preventing any injuries or accidents constitutes a core component of the company's organisational framework.

In compliance with the provisions of Italian Law 81/08, the operational management of safety at Group sites is delegated to specific supervisors. The related activity is based on a specific risk assessment which is reported in the Risk Assessment Documents (RAD) drawn up for each plant. These designated supervisors are required to complete a quarterly checklist with which they can report any critical environmental issues to their superior and to the Environment and Safety department.

There is a dedicated procedure for reporting accidents, which requires the department head and factory manager to fill in a form, which is sent to the health, safety, and prevention manager and to the human resources office for preparation of the official accident report. Once a worker has returned to work following an accident, a verification inspection is carried out by the health, safety, and prevention manager, by a representative of the company in its capacity as employer's delegate and by the designated member of the employee's department. On the basis of the event and the verification activity, improvement and corrective actions may be established.

In addition to the annual meeting with the workers' safety representatives, inspections are carried out on a quarterly basis for residual risk assessment check-ups. On the basis of these inspections, actions to improve health and safety conditions are reported on an annual basis in an action plan for improvement, which also sets out the related implementation times.

The Group's medium-term strategic planning provides for attainment of certification of the Occupational Health and Safety Management System according to ISO 45001. It is

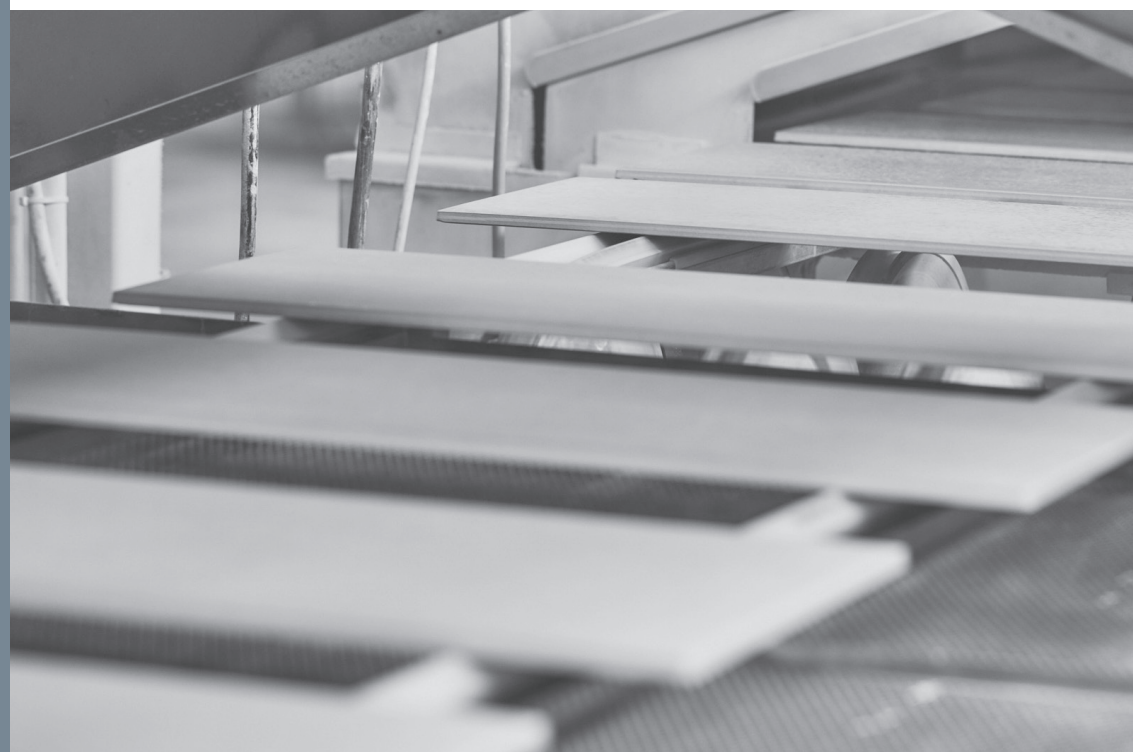
from this standpoint that the Group is focusing its efforts in cataloguing and formalising the existing procedures for the purposes of preparing a Safety Manual, including a clear division of roles and responsibilities, as well as procedures which are standardised and which workers are familiar with.

## **SAFETY CERTIFICATION OF PRODUCTION LINES**

Risk assessments pertaining to the processes are also conducted on a per-individual production line basis. More specifically, in 2023, the safety certification project for the production lines at the Iano plant based on the industry guidelines drawn up by Confindustria Ceramica and Acimac associations, started in 2022, was completed. For each plant, a declaration of conformity was obtained for each line and the layout was defined based on the floorplan. Following on from that, an inspection was conducted for each department, which served as the basis for an adjustment report, to seek certification of the entire line. Certification was attained for all lines, with the exception of the sorting department.

The Group has an occupational doctor, who sees all new staff during the pre-hire stage. Annual medicals are carried out on site and if a worker fails to keep their appointment they are denied entry to the premises until the requirement is met.

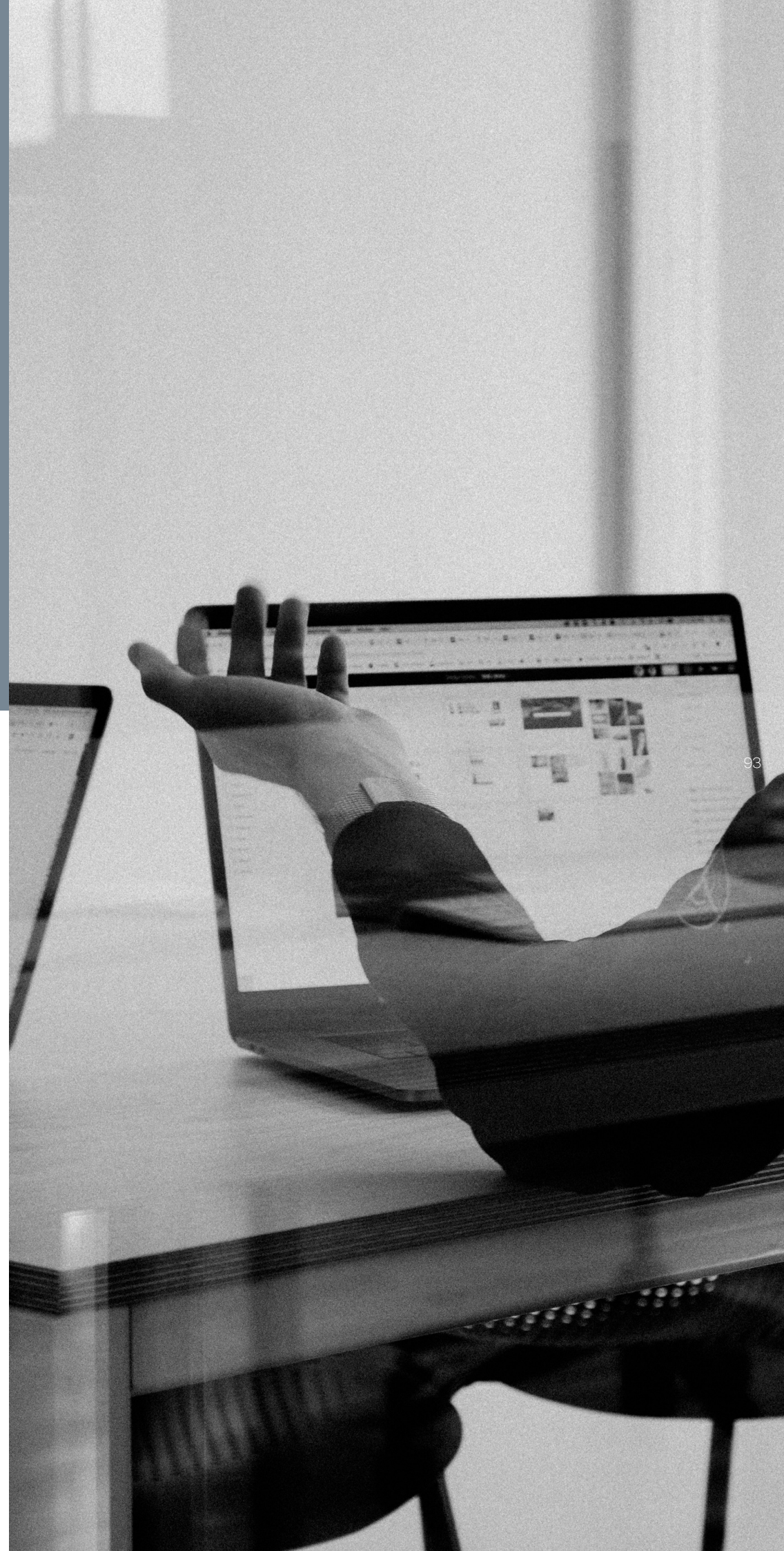
Training on occupational health and safety is tailored to each worker based on an information database that allows for prompt notification of training needs. Compulsory training is provided in the form of courses held by the health, safety, and prevention manager and legally recognised training bodies, in addition to the training given



by the supervisors of each individual department/area.

In 2023, 2,917 hours of training were provided on health and safety, equivalent to 5.8 hours per person. Thanks in part to the training provided by the Group, accident figures show a significant decrease from 2022: from 27 accidents (in 2022) to 18 (in 2023), equal to a 33% decrease.

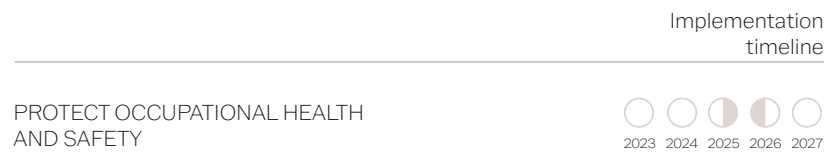
External workers are managed under an outsourcing system: responsibility for their health and safety lies with the contractor in accordance with the provisions of applicable legislation. Gresmalt provides external workers with information through the "Single Interference Risk Assessment Document", which describes the specific risks associated with the activities to be carried out in the plant and the measures which must be taken to protect workers. From September 2023, management of tender contracts uses an MES platform, common to many companies in the ceramics sector, where they are constantly updated.



## ESG Strategy

OCCUPATIONAL HEALTH AND SAFETY  
Development guideline: Development of human resources

### Goals



- In the year of reference
- Q1+Q2
- Q3+Q4



# WORKER TRAINING, GROWTH AND PROGRESSION

Gresmalt is a business that builds its success on its people, i.e. the employees and workers who bring their experience and skills to their work every day. For this reason, a focus on employees is a priority of the Group's social policy and is pursued through the development of everyone's qualities and talents at work.

Specifically, the company regards the training and growth of internal competencies as a key strategy for attracting and retaining people with the talents and professional expertise necessary for the success of its business. In this context, internal mobility offers people the opportunity to grow professionally and see their skills recognised and valued.

At the beginning of their employment relationship, workers receive full role-specific training encompassing the following aspects: organisational structure and internal regulations, procedures to adopt to prevent occupational health risks, and hygiene standards.

Staff training after hiring takes the form of both training courses created on the basis of specific needs identified internally and on-the-job training: this on-the-job training mainly involves the operatives.

In addition to refreshers of mandatory training and the provision of non-mandatory training courses linked to employees' personal and professional development, 2023 saw the implementation of two important training projects.

The first involved specific training sessions on various sustainability topics – from the reference regulatory context in progressive evolution and climate change, to sustainable supply chain management and sustainability reporting – and saw the participation of members of the ESG Committee and some of those working with them. The training course, of a total duration of 24 hours, represents a dual commitment by Gresmalt: on the one hand, there is the desire to further develop the professional quality of its employees, while on the other there is the intention to increase the sustainability expertise of the members of the ESG Committee, consistent with the path taken by the Group, also from a standpoint of raising internal awareness.

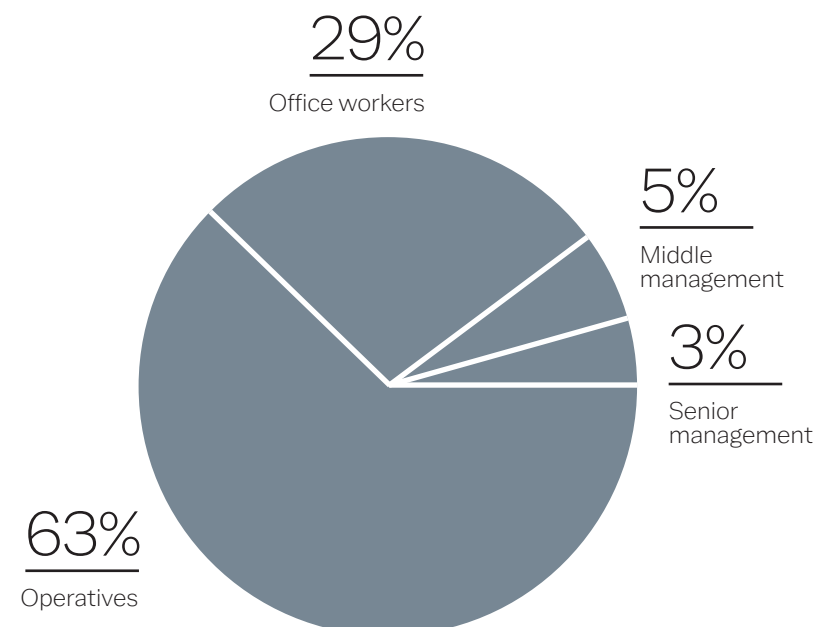
Given the success of the ESG training during 2023, the Group also plans to provide specific sustainability training to its sales staff in 2024.

The second, on the other hand, was aimed at sales and marketing staff, with the goal of improving soft skills, on specific areas of the sector and their role, such as communication, negotiation and preparation of a trade fair. The course lasted a total of six days, and concluded with a follow-up session in the following months. Given the success of the project, the Company aims to expand this training to the sales force of other Group brands as well, in the awareness of the importance of providing personnel development training.

Further courses held in 2023 involved IT training through the distribution of information sheets on the GDPR and cybersecurity. At the end of this initiative, the information sheets were collected and led to the creation of a manual.

Gresmalt's commitment to employee training is demonstrated by the per capita hours provided for employee training, standing at 7.7 hours per person in 2023, for a total of 3,920 hours. The decrease in hours of training compared to 2022 was due to the end of specific training courses provided, such as the course on Industry 4.0.

## Division of training hours in 2023 by employment classification

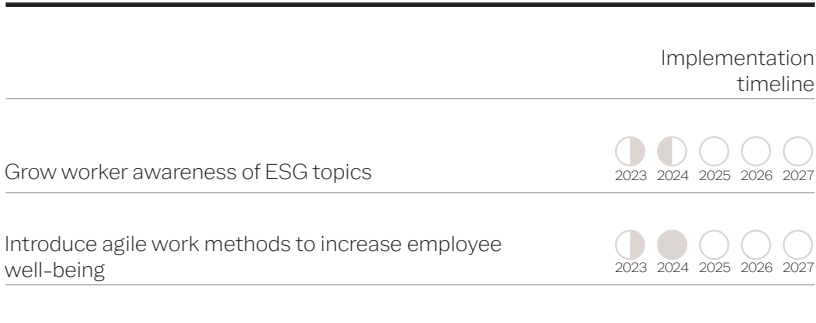


A further new aspect introduced in 2023 was the structuring and formalisation of a feedback session at the end of the year between the employees and managers of each area. The HR department, which coordinates this process, sends each department head a detailed report of their employees, so that everyone has the main elements available to assess any updates at a contractual level and more. This comparison is particularly relevant for employees, as it provides them with the ability to better understand expectations for them, to identify any areas for improvement, but also to externalise needs or requirements, to improve their performance in the workplace. Any contractual modifications are then approved by the manager and communicated to the employees through further feedback.

**ESG Strategy**

WORKER TRAINING AND WELFARE  
 Development guideline: Development of human resources

**Goals**



- In the year of reference
- Q1+Q2
- Q3+Q4



# EMPLOYEE WELFARE

Gresmalt is dedicated to safeguarding the wellbeing and quality of life of its employees and other staff members through the implementation of solutions designed to enhance personnel motivation and productivity, while also mitigating turnover rates.

The Group has adopted company regulations to clarify the conduct and rules that apply to employees once they enter the working environment. Upon joining the company, new resources are provided with the regulations document which includes, for example, certain general rules and standards concerning conduct.

When recruiting staff, the Group is committed to guaranteeing competitive remuneration but also to enhancing aspects with non-monetary appeal, such as its commitment to sustainability issues, approach to innovation, and the construction quality of the Group's headquarters.

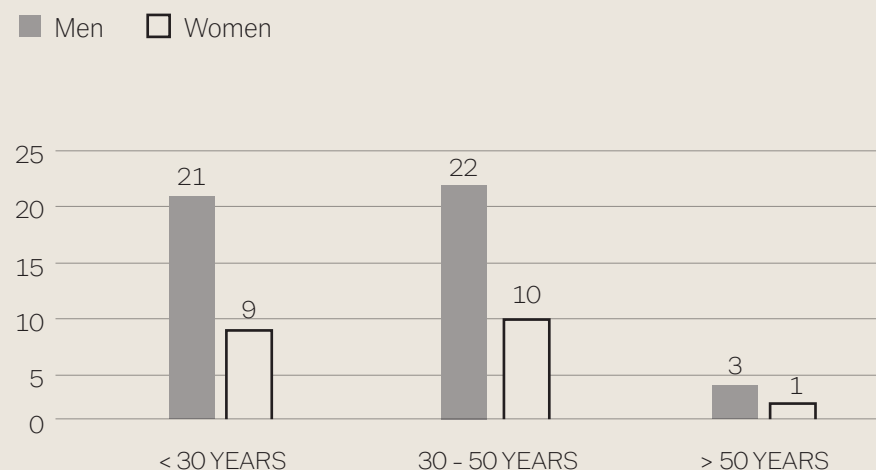
In order to further improve its employees' work-life balance and improve satisfaction, in October 2023 the Group introduced flexible working, governed through regulations which allow employees whose duties can be performed remotely to work from home one day a week. Flexible working will be used experimentally for twelve months, and is on a voluntary basis, through individual agreements.

While there are no formalised regulations or policies on the determination of retribution for top management, this is composed of a fixed portion, on the basis of duties and responsibilities, and a variable portion, on the basis of financial performance indicators and results.

The Group's focus on employee wellbeing and satisfaction has contributed to the stabilisation of the workforce over time, indicative of corporate balance and robustness. In 2023, the company saw 66 new hires, concentrated mainly in the under-30 (30 hires) and 30-50 (32 hires) age brackets.



**Hires by gender and age group**  
(As at 31.12.2023)



# DIVERSITY, INCLUSION, AND EQUAL OPPORTUNITIES

The Group is committed to offering an inclusive work environment in which people's identity is not only respected but also valued, to prevent any form of inequality and discrimination from potentially adversely affecting its employees.

The company also operates within the framework of the Universal Declaration of Human Rights of the United Nations and the Fundamental Conventions of the ILO (International Labour Organization). More specifically, Gresmalt rejects any form of discrimination based on age, health, gender, sexual orientation, ethnicity, language, nationality, political opinions, religion, or membership of trade unions. Furthermore, Gresmalt is against any form of child or forced labour, as laid out in the Code of Ethics and Code of Conduct.

The Group carefully monitors the main indicators of diversity considered relevant for its business such as the presence of female personnel in the various roles within the company and within the governing body; the average age and the age distribution of employees across the main positions and across those joining/leaving during the year; the number of personnel with protected status according to Italian labour law.

As at 31 December 2023, female representation in the company stood at 39% of total employees, while in terms of roles, women made up 33% of the Board of Directors, 32% of the operatives, 54% of the office workers, and 20% of the middle managers, but were absent among the senior management.

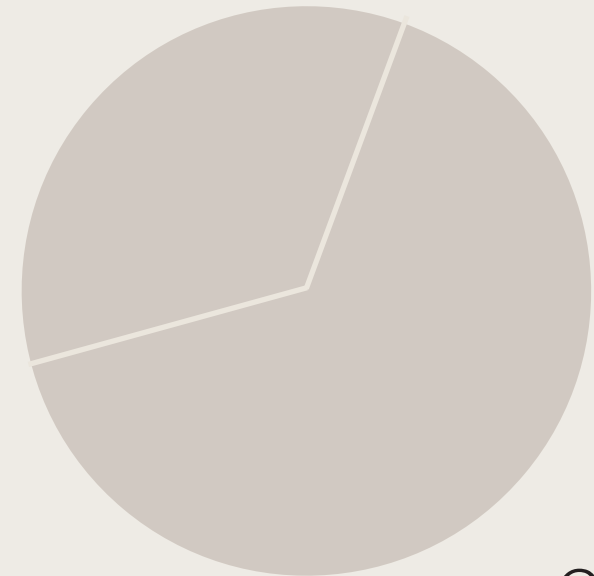
The under-30 age group accounted for 10% of the workforce at the end of 2023. Young people were mainly office workers (8% of the total) and operatives (12%).

Seventeen employees had the protected legal status envisaged by Italian Law 68/99 for individuals with recognised disabilities (3% of the total workforce), the same as in 2022.

## Employees by gender (As at 31.12.2023)

39%

Women



61%

Men

## Employees by age band (As at 31.12.2023)

< 30 YEARS

48



30 - 50 YEARS

249



> 50 YEARS

210



# COMMUNITY RELATIONS AND PARTNERSHIPS

For Gresmalt, social responsibility also means supporting the community in which it operates and the area where it has maintained a presence for 55 years. In this context, the company has undertaken initiatives and projects over the years that have enabled it to engage the local community in its achievements, demonstrating its sense of responsibility and belonging.

Some of the initiatives implemented in recent years are summarised below:



Since 2019, the Frassinoro brand of the Gresmalt Group has chosen to join the "Bricolage del cuore" association, the corporate volunteering project designed by DIY retailer Leroy Merlin to promote socially useful projects. The commitment continued in 2020, when the Company chose to supply porcelain stoneware tiles for the flooring of the Emporio della Solidarietà low-income supermarket/foodbank and the food kitchen created by Caritas Ambrosiana charity in Rho (Milan) called "Aggiungi un posto a tavola" ("Add a seat at the table").



In 2023, the Gresmalt Group was main sponsor of the Frassinoro Summer Biathlon Festival. The event, now in its fifth edition, gave the community of Frassinoro the chance to meet professionals from the world of Biathlon, including Olympic athlete Dorothea Wierer; to watch the scheduled events and competitions; and to discover the offering of typical foods and wines. Gresmalt's participation as event sponsor expresses the company's desire to support the local area and people.

Gresmalt aims to improve its employer branding through partnerships with multiple Italian and foreign universities leading to joint initiatives for specific projects.

Since 2023, the Group has taken part in the career days of the local universities in order to introduce the company to young talents, favouring the company's employer branding and visibility. Gresmalt believes in the importance of establishing a relationship with young people who are looking to enter the world of work, creating a bridge between universities and companies, and to consolidate its corporate group image externally.

Finally, we note that Gresmalt is a member of Confindustria Ceramica, the most important Italian trade association in the ceramics sector.





## ENVIRONMENTAL IMPACT MANAGEMENT

Gresmalt manages its impacts on the environment according to an environmental management system compliant with ISO 14001:2015 and in compliance with applicable national and international legislation.

Utilising a real-time monitoring system for tracking resource and energy usage, along with emissions and the generation of industrial waste, the Company generates a monthly Life Cycle Assessment (LCA) report.

The Group is committed to decreasing its environmental impact over time by consistently investing in energy efficiency, generating renewable energy, and enhancing the circularity of its production processes.

# OUR ENERGY CONSUMPTION

Gresmalt undertakes to guarantee full compliance with local, national and international environmental legislation, adopting all steps necessary in order to measure and manage the environmental impacts generated by its activities.

The Group's three production sites operate under the Integrated Environmental Authorization (IEA) scheme, which is regularly renewed by the competent authorities. On the basis of current legislation, a monitoring plan has been set up which involves adopting the Best Available Techniques (BAT), monitoring the relative performance, documenting the results annually, and disclosing the information to the competent authorities (various environment agencies - ARPAE- SAC, ARPAE - and the municipality where the production plant is located).

The Group has also begun applying an environmental management system (EMS) that is compliant with the most widely recognised international standards. In March 2023, the operational headquarters in Sassuolo and the production site in Iano di Scandiano (RE) was awarded ISO certification for its environmental management system, confirming compliance with the requirements of standard ISO 14001:2015. The medium-term goal, as established by the ESG Strategy, is to extend the certification to all company operating sites.

At organisational level, authority for the management of environmental aspects lies with the chair of the Board of Directors, particularly as regards the management of the Integrated Environmental Authorisation. There is also a Group point of contact for IEA and an environmental representative for the correct management of the impacts generated in each production site.

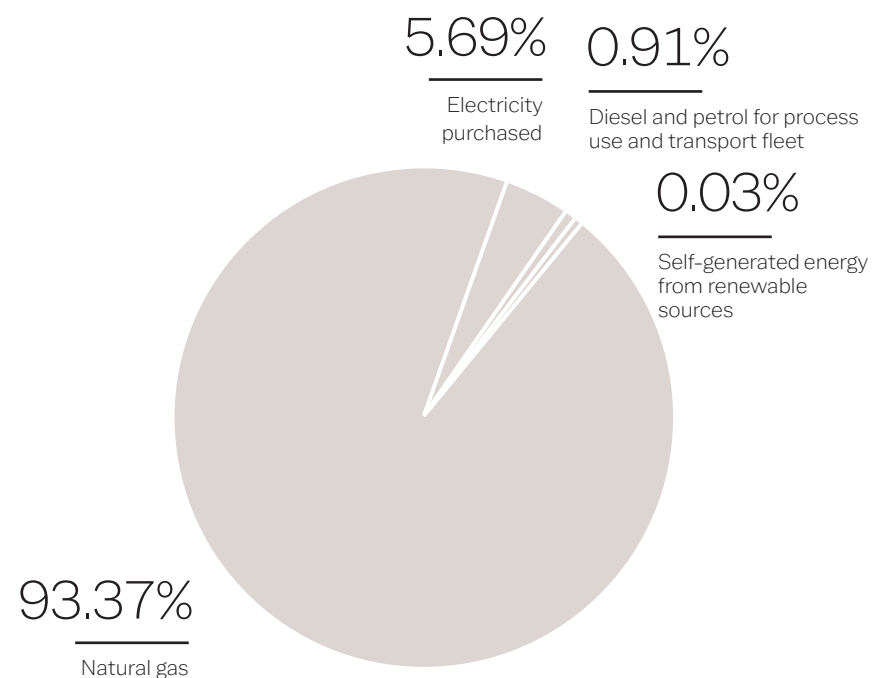
Finally, there are three sub-delegations of authority, to specific points of contacts responsible for managing the most relevant impact areas, namely: emissions into the atmosphere, released wastewater, and waste management. These designated supervisors are required to complete a quarterly checklist with which they can report any critical environmental issues to their superior and to the Environment and Safety department.

The monitoring of the environmental impacts of the production sites is based on an extensive data collection system for measuring electricity, natural gas, and water usage. More specifically, energy consumption data collection is completely digitised and integrated into an information system which allows the control department to create a monthly summary consumption report for each production site, which is used by the various company areas to process operational data.

Gresmalt is committed to pursuing maximum energy efficiency by reducing the electricity and natural gas consumption per weight unit of manufactured product. To achieve this goal, the company adopts the most innovative production technologies and appropriate organisational models.

The monitoring of electricity and natural gas flows within the production processes is ensured by a system of interconnected meters which are used to quantify the incoming and outgoing energy flows for the various departments.

## Energy usage within the organisation (%)



The Group uses a combined heat and power (CHP) system for the production of electricity and heat. The system maximises use of a single fuel so as to reduce pollutant and greenhouse gas emissions compared with the conventional approach of using electricity and heat generated separately. The plant also provides thermal energy in the form of combustion fumes, which are recovered and used in the operation of the spray dryers in the ceramic tile preparation unit. The new system offers better adaptability changes in electrical loads, which optimises electrical generation in terms of self-consumption within the plant, and guarantees maximum heat recovery from the spray dryers.

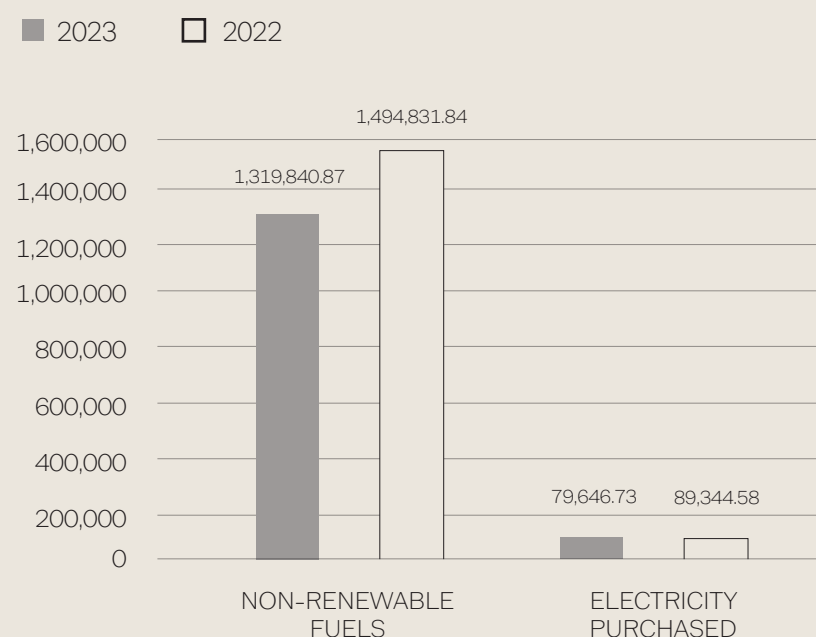
The Group has also started work to guarantee on-site production of renewable energy. A major remediation project concerning the asbestos roof at the lano plant enabled the Group to proceed with the installation of a photovoltaic system with capacity of approximately 3 MWp, operational from January 2024. The installation of an additional cogeneration turbine is scheduled once again for 2024.

In 2023, energy efficiency interventions continued. In keeping with the goal of revamping the lighting using low-energy LED fluorescent technology, the illuminated floor area was further increased by replacing the translucent roof sections, to reduce the need to turn on lights during the day and make full use of natural light. In terms of optimising the production process, the energy-efficiency work provided for also included the trial installation of an air drier, which allows combustion to be made more efficient and minimise heat loss in the lano plant; in addition to this, a new oil heat exchanger for the presses was installed, with an inverter-drive motor which provides greater efficiency and lower levels of noise pollution.

The Group has identified short-, medium- and long-term goals for its headquarters and production sites to achieve sustainability aspects. In particular, for the lano plant, Gresmalt has set goals for energy efficiency, reductions in emissions, water consumption and waste recovery, identifying both the Group's starting point and the data which should be obtained once the objective has been met.

As shown in the graph below, in keeping with trends in the sector, the Group underwent production stoppages over the course of the year which led to a decrease in consumption in the production sites.

### Use of non-renewable fuels and electricity (GJ)



Finally, during the course of 2023, a study was carried out to measure levels of odorous emissions, and it was determined that the Group's emissions were over a third lower than the legal limits laid out.

# EMISSIONS MANAGEMENT

Gresmalt takes all possible action to mitigate the direct and indirect environmental impacts of industrial activities on the local area. With this objective in mind, it focuses specifically on managing the release of substances and particulate matter, along with gradually decreasing the greenhouse effect gas (GHG) emissions that contribute to climate change. The aim of this approach is to gradually bring the Group in line with global commitments to decarbonisation.

Gresmalt is committed to starting a Carbon Neutrality path in line with the objectives of the Paris Agreement (COP21) and the European Climate Law.

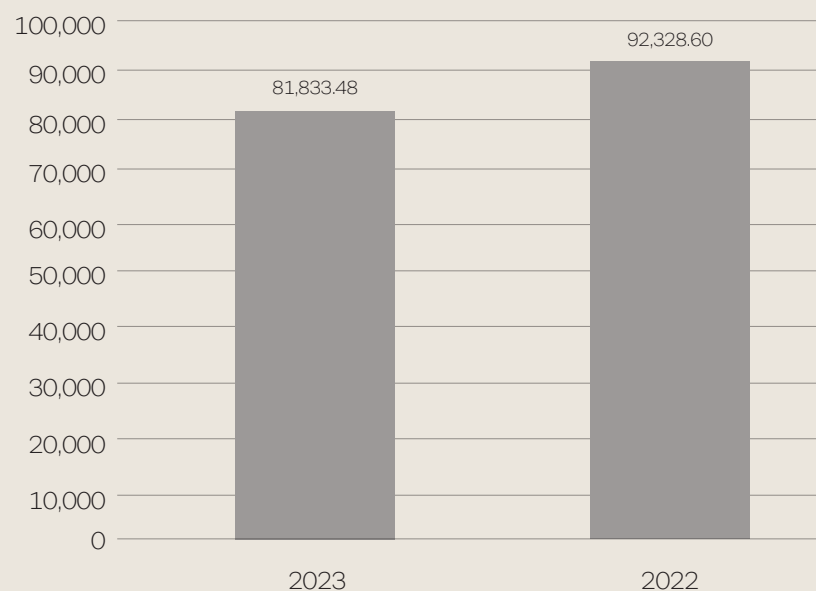
Carbon dioxide emissions are carefully monitored in accordance with the guidelines set out in the ETS (European Emissions Trading Scheme), which includes the ceramics industry.

With reference to this legislation, Gresmalt has certified the quotas due for the Phase IV 2021/2030 assignment. In this phase, the allocation of free quotas will occur in two separate stages over the span of a decade, departing from the previous annual allocation method and these quotas will be significantly lower than at present. The company has therefore decided to keep the Iano plant in the ETS register

and to include the Viano and Frassinoro plants in what is known as the "opt-out" register, which is dedicated to plants with CO<sub>2</sub> emissions below 25,000 tCO<sub>2</sub>/year. Over time, the Group has significantly reduced the amount of carbon dioxide (CO<sub>2</sub>) emissions generated in its operations. More specifically, since 2010 the company has reduced CO<sub>2</sub> emissions through substantial investments to enhance its production plants. IoT technologies and Industry 4.0 models have been applied in particular, enabling the Group to achieve greater energy efficiency and decrease energy consumption.

Quantitatively, in 2023, 81,883 tonnes of CO<sub>2</sub>e was generated by the Group's activities, taking into account the Scope 1 and Scope 2 (location-based) GHG emissions. As a consequence of the drop in consumption, due to the production stoppages which occurred during 2023, Scope 1 and Scope 2 (Location based) emissions also saw reductions compared to 2022, when they stood at 92,329 (-11.3%), as shown in the graph below.

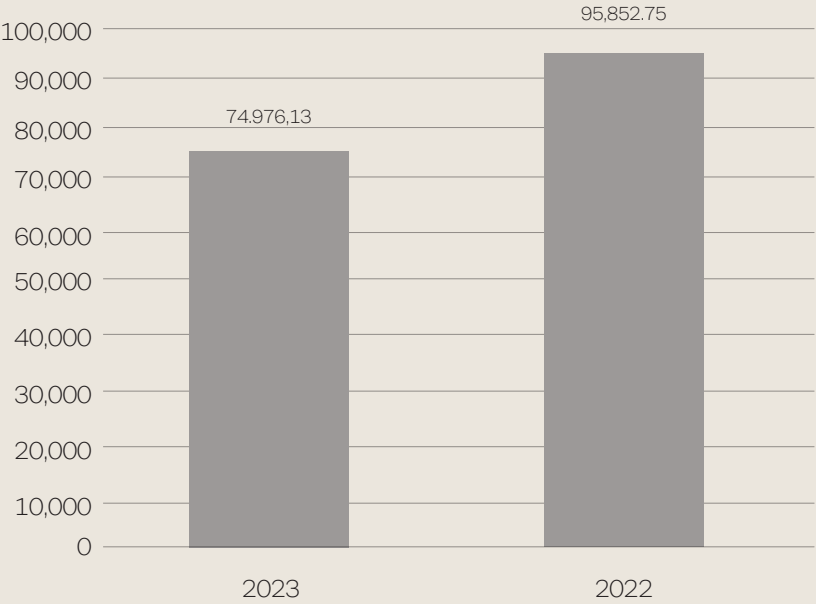
**Scope 1 and Scope 2 -  
Location based emissions (tCO<sub>2</sub>e)**



The emissions intensity index per m<sup>2</sup> of product placed in the warehouse amounts to 4.52 kgCO<sub>2</sub>e/m<sup>2</sup>, a decrease of 8% compared to 2022 (4.86 kgCO<sub>2</sub>e/m<sup>2</sup>).

The Scope 1 and Scope 2 GHG emissions calculated using the Market Based methodology, on the other hand, saw a significant decrease (-21.8%) in 2023, thanks to the purchase of Guarantee of Origin (GO) certificates during the year of reference. Guarantee of Origin certificates are issued in Italy by the GSE, attesting to the procurement of electricity produced from renewable sources.

**Scope 1 and Scope 2 - Market based emissions (tCO<sub>2</sub>e)**



Finally, in 2023 a thorough analysis of the Group's energy consumption models and the available technology was started up in partnership with CEFLA in order to identify potential interventions at plant-engineering level for reduction of consumption first and foremost, and above all of GHG emissions. The analysis represents a starting point for the development of the Decarbonisation Plan, provided for by late 2024 per the ESG Strategy.

**REDUCTION OF TRANSPORT-RELATED EMISSIONS**

Gresmalt's production units are located in challenging areas. The company is fully aware of the negative impact generated by transport activities within these manufacturing districts, which are marked by a concentrated presence of large companies within a limited area. In pursuit of this objective, alongside the experimentation activities concerning the rail/sea intermodal sections (actions designed to lighten the environmental load stemming from road transportation), the Group has also initiated a project to innovate its warehouse management, which is destined to deliver positive environmental impacts. More specifically, the introduction of a dedicated information system has led to faster shipments and order preparation, while also enabling drivers to book access to the company's logistics hub. This innovation has made it possible to eliminate queues at the site entrance, thereby reducing waiting times and airborne emissions generated by vehicles.

In terms of managing other atmospheric pollutant emissions, the Group adopts the best practices for continuously monitoring, analysing and managing flows of particulate matter, nitrogen oxides, sulphur oxides, carbon monoxide, and other substances generated during the manufacturing process, including:

- Dust abatement systems, fabric bag filters, and wet abatement systems
- Purification of fumes in a special abatement plant during mill loading
- Extraction system for dust, fumes, and mists with a fabric filter in the glazing department
- Use of hydrated lime to minimise fluoride emissions from the firing process

Pollutant emissions are tracked according to a precise monitoring strategy aligned with applicable legislation, which involves regular testing for self-assessment with guidance from an external laboratory. For the emissions from firing kilns and spray dryers, assessments are performed every quarter for hot fumes, while cold fumes from other sources are assessed every six months. Filters also undergo visual inspections. The company keeps a self-assessment database, to record the outcomes of each test conducted. This is done to establish a repository of historical data spanning multiple years for every plant and to allow the monitoring of any critical issues which may arise.

Additionally, when firing ceramic products, the company strives constantly to limit the use of raw materials or semi-finished products which contain substances that could release carbon dioxide (CO<sub>2</sub>) or other volatile substances.

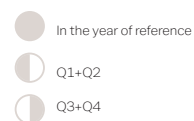
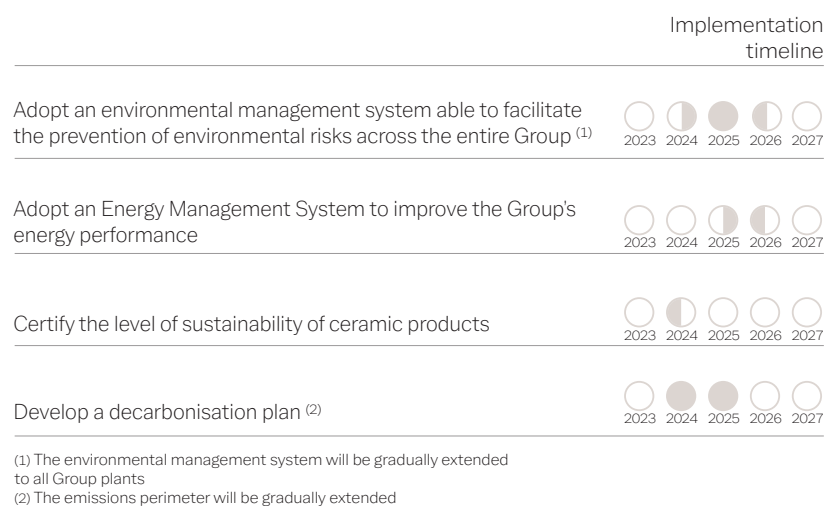
In order to further reduce the organisation's impact, suitable probes have been installed in the Iano and Frassinoro plants which issue alarm signals in the event of emissions beyond a certain threshold.

This limit was voluntarily set over 80% lower than the level required by current legislation.

## ESG Strategy

ENERGY USAGE, EMISSIONS, AND CLIMATE CHANGE  
Development guideline: Innovability

### Goals



In order to reduce the environmental impact of its ceramic products, Gresmalt encourages environmental sustainability along the supply chain with particular focus on raw materials and chemical compounds, also promoting innovation in materials and processes.

The raw materials used for the production of the Gresmalt ceramic body mix fall under three main categories:

- 1 Plastics (27 - 33 %):**  
illite and kaolinitic clays sourced nationally and in Europe. The clays lend the mix multiple properties: during grinding they promote suspension of the solid matter in water, during pressing they make the mix more workable, they impart cohesion and resistance to the pressed materials after drying and, during firing, they form the structure and texture of the ceramic body.
- 2 Fluxes (15 - 35 %):**  
sodium and sodium-potassium feldspars sourced nationally and in Europe. During the firing phase, the feldspars contribute to the creation of the glassy phase which improves the level of sintering (reduced porosity and water absorption). Additionally, by reacting with clays they form new compounds which lend the finished product mechanical strength and cohesion.
- 3 Aggregates (15 - 30 %):**  
feldspathic and quartz sands sourced nationally. Thanks to their resistance to the high temperatures of the firing cycle, the feldspathic and quartz sands form the skeleton of the ceramic product, guaranteeing it maintains its geometrical form and flatness.

Among these, certified recycled raw materials (pre-consumer) account for 20 - 25%. Recycled raw materials limit the environmental impact of the Group's ceramic products, reducing the carbon footprint of the extraction process and transportation of the raw materials. They also play a role in achieving the circularity goals set by the company.

Finally, the manufacturing process involves the use of chemical compounds (glazes and inks) and additives for decorating the surface of the tiles. Glazes are compounds containing glass grit (known as frits), clays, kaolins, and quartzes, which melt during firing to form a protective vitrified layer on the surface. The inks, which are applied using digital printers prior to firing, consist of finely ground inorganic pigments dispersed in organic carriers. The effects and designs are then printed onto the surface of the tiles.

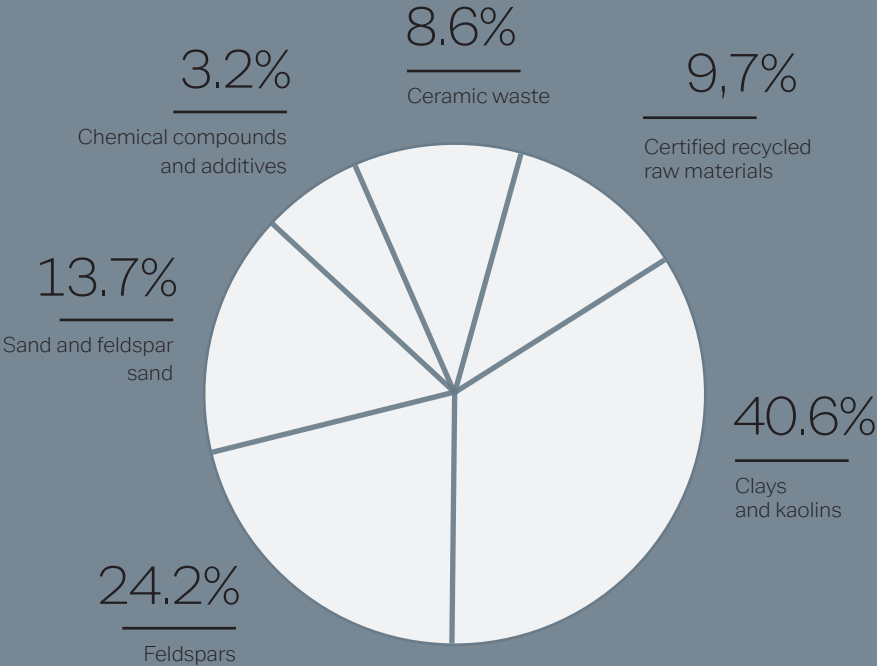
In 2023, the Group used a total of around 350,000 tonnes of raw materials, a decrease (-13%) compared to 2022. Around 10% of materials used were composed of certified recycled raw materials. The intensity index of the use of raw materials in the production process is 19.21 kg per m<sup>2</sup> of finished product placed in the warehouse.

The Group is committed to enhancing the production process through a circular economy lens, with the aim of gradually decreasing raw material requirements.

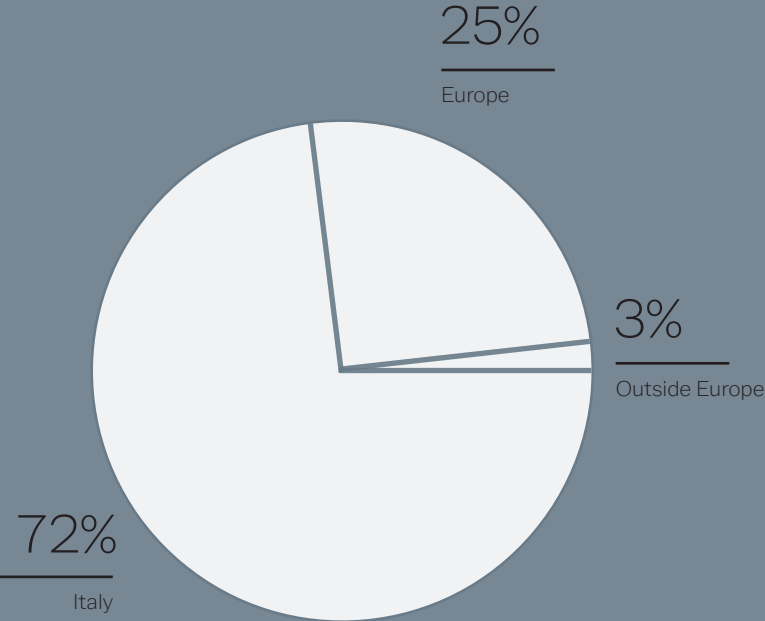
The Group's commitment focuses on increasing the percentage of recycled material, deriving from extraction processing waste and from raw and fired waste recovered from the internal process. This proportion represents about 20% of all production, of which 14% derives from certified secondary raw materials which, by recycling them within the tile body mix, enables us to reduce usage of new raw materials.

In terms of the source of supplies, over 70% of the raw materials used in the tile body are sourced nationally and these shorter transportation distances result in a lower environmental impact throughout the product's lifecycle. Additionally, European clays are mainly transported by rail, leveraging the environmental benefits offered by this systems as opposed to road and sea.

**Raw materials used for product manufacturing in 2023 (%)**



**Source of raw materials used**



## PACKAGING

Gresmalt's packaging is the result of an attentive R&D process, aimed at combining protection, sustainability and functionality. The use of cutting-edge machines and environmentally sustainable materials allow us to package our products in such a way as to:

- Protect the ceramic product during the transport and handling phases
- Ensure safety for operatives along the entire supply chain
- Contain the information required by reference standards
- Contain information required by the product users
- Have a reduced impact on the environment

In particular, as regards the aspects of use of materials from recycling processes and recyclability, the packaging of all our collections uses:

- Cartons which are 100% derived from FSC-certified recycling and 100% recyclable
- Plastics which are 80% derived from recycling and 100% recyclable
- Inks which are 100% plant based
- PEFC-certified wooden EPAL pallets, 100% recyclable

In 2023, thanks to the use of advanced technologies, the Group was able to optimise the quantity of material used for every product, reducing waste and improving efficiency; a little over 9,000 tonnes of material was used for packaging (73% wood for pallets, 19% corrugated cardboard for boxes and 8% plastic for strapping and shrink wrap), a year-on-year decrease of 7%.



**G3NIUS**

Smarter. Greener. Better.  
BY GRESMALT



**SMARTER:**  
ITALIAN STYLE  
AND PRACTICALITY



**GREENER:**  
ECO-FRIENDLY  
PRODUCT



**BETTER:**  
RI  
PE

**G3NIUS**

**60 x 60 (24" x 24")**  
GRES PORCELLANATO

Gresmalt is committed to developing methods and tools for measuring and accounting for water consumption, to optimise water usage in the production process. To this end, the company aims to maintain and, where possible, increase overall recycling of industrial water by also using industrial wastewater from other ceramics manufacturers.

The production plant in Iano di Scandiano draws water through its own wells and from the mains water supply, the Viano plant obtains its supplies from the mains water supply and from water drawn from below the bed of the Tresinaro river, while the Frassinoro site draws exclusively from the mains supply.

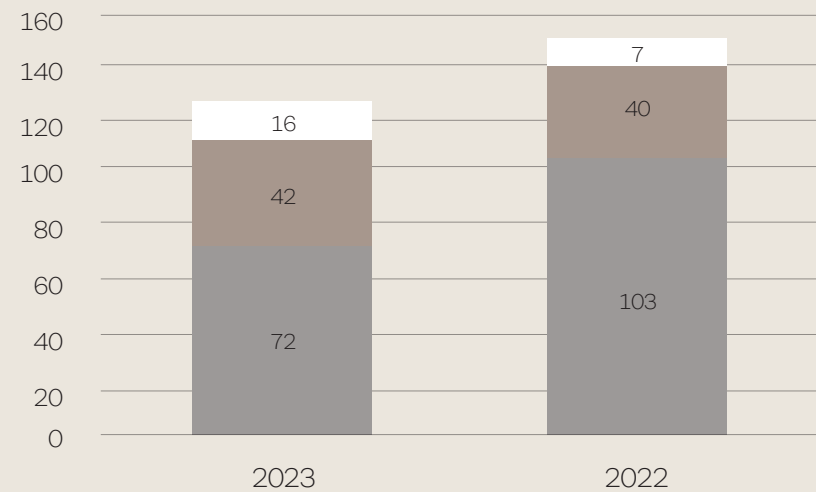
Water consumption and flows within the production process are measured through timely, constant recording of the reading on the water meters installed in the plants.

In 2023, the Group's water withdrawals amounted to approximately 130,000 m<sup>3</sup>, marking a decrease of over 14% against 2022. Consumption per tonne of product placed in the warehouse amounts to 0.43 m<sup>3</sup>/ton, indicating a decrease of 3% on the previous year.



## Water withdrawal per source (thousands of m<sup>3</sup>)

- Water drawn from mains supply
- Water drawn from wells
- Water resources from third parties



Today, the Group totally recycles the wastewater generated in its washing plants and production lines as part of the ceramic body mix preparation process. This source supplies approximately 65% of the water needed for grinding the raw materials necessary for all production across the three plants, while the remaining 35% is taken from wells or from the mains supply.

More specifically, the Iano site is authorised to recover wastewater produced by third parties, and receives wastewater from the Viano and Frassinoro sites, as well as water from other ceramics manufacturing plants. Before being used, the water is stored in special tanks inside the plant and undergoes conductivity and density tests to ensure compatibility with production requirements.

Two of the Group's plants also have a cutting/grinding/lapping/polishing department, where process wastewater undergoes filtering and pressing to produce, in addition to solid waste, wastewater which is then reused within the same department.

In 2023, numerous efficiency measures were implemented in terms of water management. These include:

- Meters were installed to refine the water consumption calculations and allow for better monitoring of the data.
- The PPB pumps in the ATM department were replaced, allowing for significant savings in use of clean water, with a reduction from 100 to 12 litres per hour.
- A new tank for storage of waste water received from third parties was constructed; this quantity has gone from around 75 to 150 cubic metres per day, leading to a significant reduction in mains water usage.

There is currently a plan to recover water from the spray drier vapours which could be used the body grinding process, making it possible to recover up to 60% of water emissions during spray drying. As regards water disposal, only the non-production wastewater is discharged into the sewerage, while the rest of the water flow is reused until it evaporates.

## ESG Strategy

### MANAGEMENT OF WATER RESOURCES

Development guideline: Innovability

#### Goals



- In the year of reference
- ◐ Q1+Q2
- ◑ Q3+Q4



# THE CIRCULARITY OF OUR PRODUCTION PROCESS

Thanks in no small part to the specific nature of the ceramic production process, Gresmalt's business features a significant level of circularity in terms of resource use. The company's goal is to find new solutions to make an already largely optimised process even more circular.

As explained above, by virtue of both the total recycling of internal wastewater with the addition of further wastewater from external sources, over 100% of the process water resources are reclaimed and reused in a continuous cycle, through to their complete evaporation.

Even the raw and fired waste generated in the production process is totally recycled, reused (classified as a by-product, in compliance with the provisions of the Emilia-Romagna Regional Council) as a component of the ceramic body mix.

The Group is actively involved in the innovation of both products and processes, with the goal of incorporating increasing volumes of recycled material sourced externally into its products. To date, several Gresmalt product lines contain a significant percentage of secondary raw materials, and the Group's objective is to enhance communication with its suppliers in order to increase this portion while at the same time ensuring the accuracy of statements made in this context.

This commitment moves towards ensuring the compliance of our products with evolving national and international legislation, primarily the French AGECE Law (Loi Anti-gaspillage pour une économie circulaire), which aims to promote circular economy in production processes.

## THE AGECE LAW (LOI ANTI-GASPILLAGE POUR UNE ECONOMIE CIRCULAIRE)

Enacted on 10 February 2020, the AGECE Law (Loi Anti-gaspillage pour une économie circulaire) aims to transition from the current "linear" economy (produce, consume, dispose of) to a "circular" economy. It requires all retailers and other distributors of building materials (including tiles) to make statements informing end users of the circular economy characteristics of the products sold, including the recycled material content.

Any waste materials from the production process that cannot be reused are disposed of in compliance with current waste legislation. The Group conducts an overall analysis on each type of waste generated and disposed of each year, in order to ensure correct classification using EWC codes. A process for the collection of urban waste sorted at source has been launched in conjunction with different utilities firms depending on the plant, i.e. either HERA or IREN.

## ESG Strategy

### PROCESS AND PRODUCT CIRCULARITY

Development guideline: Innovability

#### Goals



- In the year of reference
- ◐ Q1+Q2
- ◑ Q3+Q4



# OUR SUSTAINABILITY PERFORMANCE

MATERIAL TOPIC	IMPACTS	DESCRIPTION OF IMPACTS	NATURE OF IMPACTS	GRI ASPECT	IMPACT PERIMETER	GRESMALT INVOLVEMENT
Worker training and welfare	Worker training and growth	Improvement of worker skills through training and professional development activities, including those linked to growth and personalised assessment goals	Potential / Positive	GRI 404: Training and education	Group employees	Caused by the Group
	Employee satisfaction and well-being	Reduced worker satisfaction and well-being due to unsuitable working conditions and failure to adopt company wellbeing practices and work-life balance	Potential / Negative	GRI 401: Employment	Group employees	Caused by the Group
	Discrimination and non-inclusive practices in the workplace	Negative impacts on worker motivation and satisfaction due to discrimination (e.g. linked to gender, age, ethnicity etc., or other non-inclusive practices)	Potential / Negative	GRI 405: Diversity and Equal Opportunity	Group employees	Caused by the Group
Customer satisfaction and end user safety	Misleading communications to customers and end users	Negative impacts on customers and end users caused by misleading communications and incorrect labelling	Potential / Negative	Not related to GRI aspects	Group and Customers	Caused by the Group
	Satisfaction of customers and end users	Inadequate management of customer relationships, with negative consequences on their ability to meet the needs of end users	Potential / Negative	Not related to GRI aspects	Group and Customers	Caused by the Group
	Health risks for product users	Creation of products with inappropriate performance characteristics sufficient to generate negative impacts on user health and safety	Potential / Negative	GRI 416: Customer Health and Safety	Group and Customers	Caused by the Group
Product quality, performance, and innovation	Quality of products manufactured	Reduced ability to adopt measures sufficient to guarantee product quality, design and technical performance to customers	Potential / Negative	Not related to GRI aspects	Group	Caused by the Group
	Product and process innovation	Positive impacts on people and economic systems generated by technological process innovations and product innovations linked to research and development activities	Current / Positive	Not related to GRI aspects	Group	Caused by the Group
Occupational Health and Safety	Work-related injuries and occupational diseases	Accidents/injuries in the workplace, with negative consequences for direct employees or external contractors (including conditions linked to prolonged exposure to pollutants such as silica, heavy metals etc.)	Potential / Negative	GRI 403: Occupational Health and Safety	Group employees	Caused by the Group

MATERIAL TOPIC	IMPACTS	DESCRIPTION OF IMPACTS	NATURE OF IMPACTS	GRI ASPECT	IMPACT PERIMETER	GRESMALT INVOLVEMENT
Generation of economic value	Generation and distribution of economic value	Positive economic impacts generated by the organisation through its business activities for workers, local community, suppliers, customers and other stakeholders	Current / Positive	GRI 201: Economic Performance	Group	Caused by the Group
	Generation of indirect economic impacts	Generation of positive indirect economic impacts, linked to economic development, employment and improvement in skills and expertise in the communities where the Group operates	Current / Positive	Not related to GRI aspects	Group and Local Communities	Caused by the Group
	Inadequate risk management	Negative impacts caused by inadequacy of the risk management systems by the organisation, in particular those linked to ESG risks	Potential / Negative	Not related to GRI aspects	Group	Caused by the Group
Ethics, integrity, and compliance	Non-compliance with laws, regulations, and standards	Failure to comply with applicable laws, regulations, standards (both internal and external) with indirect negative impacts on employees, customers and suppliers	Potential / Negative	GRI 206: Anti-competitive Behaviour	Group	Caused by the Group
	Unethical business conduct	Negative impacts on people and the economic systems generated by unethical business conduct (e.g. corruption, anti-competitive behaviour, monopolistic practices etc.)	Potential / Negative	GRI 205: Anti-Corruption	Group	Caused by the Group
Energy usage, emissions, and climate change	Generation of climate-altering emissions	Contribution to climate change via direct and indirect energy GHG emissions, linked to the activities performed in the Group's premises and sites	Current / Negative	GRI 305: Emissions	Group and Energy suppliers	Caused by the Group and correlated to the group via its commercial relationships
	Generation of atmospheric pollutant emissions	Impact on the environment and local communities linked to pollutant emissions (e.g. nitrogen oxides) and odours, generated within the scope of the production processes	Current / Negative	GRI 305: Emissions	Group and Energy suppliers	Caused by the Group and correlated to the group via its commercial relationships
	Impacts triggered by transport	Climate-altering, pollutant and particulate atmospheric emissions linked to transport entering and leaving the Group's production sites	Current / Negative	Not related to GRI aspects	Group and Group suppliers	Caused by the Group
	Energy usage	Consumption of energy from non-renewable sources, with consequent negative impacts on the environment and reduction of energy stocks	Current / Negative	GRI 302: Energy	Group	Caused by the Group
Data Privacy & Security	Data breach and loss	Violation of applicable legislation and failure to apply optimum data management procedures to the detriment of stakeholder privacy	Potential / Negative	GRI 418: Customer privacy	Group and Customers	Caused by the Group
Process and Product Circularity	Adoption of circular economy practices	Creation of positive impacts through the recycling and reuse of scrap or byproduct materials in order to reduce the requirements for raw materials in the production processes	Potential / Positive	GRI 301: Materials	Group	Caused by the Group
	Generation of process waste and end-of-life waste	Creation of negative impacts linked to the generation of hazardous and non-hazardous waste both within the production processes and at the end of the products' service life (e.g. construction waste)	Current / Negative	GRI 306: Waste	Group	Caused by the Group

MATERIAL TOPIC	IMPACTS	DESCRIPTION OF IMPACTS	NATURE OF IMPACTS	GRI ASPECT	IMPACT PERIMETER	GRESMALT INVOLVEMENT
Management of Water Resources	Use and contamination of water resources	Negative impact on the availability of water caused by withdrawal and contamination within the scope of the production process	Current / Negative	GRI 303: Water and Effluents	Group	Caused by the Group
Protection of Human Rights	Human rights violations in the workplace and the supply chain	Potential impacts linked to violation of human rights within the Group and along the value chain (e.g. child labour, forced labour)	Potential / Negative	GRI 408: Child Labour GRI 409: Forced or Compulsory Labour	Group and Group suppliers	Caused by the Group
	Negative social impacts linked to suppliers	Negative impacts linked to the procurement of goods and services from suppliers, in particular aspects generated by them on social aspects	Potential / Negative	GRI 414: Supplier Social Assessment	Group and Group suppliers	Caused by the Group
Management of impacts on the Supply Chain	Negative environmental impacts relating to suppliers	Negative impacts linked to the procurement of goods and services from suppliers, in particular aspects generated by them on environmental aspects	Potential / Negative	GRI 308: Supplier Environmental Assessment	Group and Group suppliers	Caused by the Group
	Use of raw materials for products and packaging	Environmental impact linked to the extraction and transformation of raw materials (feldspars, chemical substances etc.) required for the manufacturing and packaging of ceramic products	Current / Negative	GRI 301: Materials	Group	Caused by the Group
Relations with Local Communities	Hiring workers from the local community	Hiring of workers from the communities in which the Group operates, with positive impacts on the local economies	Current / Positive	Not related to GRI aspects	Group	Caused by the Group
	Local development and community relations	Support to local development through contributions and donations to the local organisations in the area in which the Group has the greatest presence (e.g. location of headquarters)	Current / Positive	Not related to GRI aspects	Group and Local Communities	Caused by the Group

# SOCIAL RESPONSIBILITY

## DISCLOSURE 2-7 Employees<sup>1</sup>

### Employees by gender as at 31 December (headcount)

As at 31 December 2023			As at 31 December 2022		
Men	Women	Total	Men	Women	Total
310	197	507	319	208	527

### Employees (headcount) by agreement type (permanent and temporary) and gender

Agreement type <sup>2</sup>	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
Permanent	298	196	494	301	194	495
Temporary	12	1	13	18	14	32
<b>Total</b>	<b>310</b>	<b>197</b>	<b>507</b>	<b>319</b>	<b>208</b>	<b>527</b>

### Employees (headcount) by employment type (full-time or part-time) and gender

Agreement type	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
Full-time	310	195	505	319	206	525
Part-time	-	2	2	-	2	2
Part time (%)	-	1%	0.4%	-	1%	0.4%
<b>Total</b>	<b>310</b>	<b>197</b>	<b>507</b>	<b>319</b>	<b>208</b>	<b>527</b>

## DISCLOSURE 2-30 Collective bargaining agreements

### Percentage of total employees covered by collective bargaining agreements

	As at 31 December 2023	As at 31 December 2022
Total number of employees	507	527
Number of employees with collective employment agreements	507	527
<b>Total percentage</b>	<b>100%</b>	<b>100%</b>

## DISCLOSURE 401-1 New employee hires and employee turnover

### Incoming (headcount)

Number of employees	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Men	21	22	3	46	26	31	10	67
Women	9	10	1	20	18	19	8	45
<b>Total</b>	<b>30</b>	<b>32</b>	<b>4</b>	<b>66</b>	<b>44</b>	<b>50</b>	<b>18</b>	<b>112</b>

### Outgoing (headcount)

Number of employees	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Men	20	16	19	55	11	15	18	44
Women	14	14	3	31	5	6	6	17
<b>Total</b>	<b>34</b>	<b>30</b>	<b>22</b>	<b>86</b>	<b>16</b>	<b>21</b>	<b>24</b>	<b>61</b>

### Hiring rate by gender

%	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
<b>Total</b>	<b>15%</b>	<b>10%</b>	<b>13%</b>	<b>21%</b>	<b>22%</b>	<b>21%</b>

### Hiring rate by age band

%	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
<b>Total</b>	<b>63%</b>	<b>13%</b>	<b>2%</b>	<b>13%</b>	<b>68%</b>	<b>19%</b>	<b>9%</b>	<b>21%</b>

### Turnover rate by gender

%	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
<b>Total</b>	<b>18%</b>	<b>16%</b>	<b>17%</b>	<b>14%</b>	<b>8%</b>	<b>12%</b>

### Turnover rate by age band

%	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
<b>Total</b>	<b>71%</b>	<b>12%</b>	<b>10%</b>	<b>17%</b>	<b>25%</b>	<b>8%</b>	<b>12%</b>	<b>12%</b>

## DISCLOSURE 403-9 Work-related injuries

### Accidents at work

Number of incidents	2023	2022
Total number of deaths due to injuries at work	-	-
Total number of serious injuries at work (excluding fatalities)	-	-
Total number of recordable injuries at work (includes fatalities and serious injuries) <sup>3</sup>	18	27

### Injury indices

Rate	2023	2022
Rate of deaths due to injuries at work	-	-
Rate of serious injuries at work (excluding fatalities)	-	-
Recordable workplace injury rate <sup>4</sup>	23.49	33.15
Number of hours worked	766,390	814,529

## DISCLOSURE 401-1 New employee hires and employee turnover

### Training hours by employment classification and gender

Hours of training	2023								
	Number of hours Men	Total employees Men	Number of hours per head Men	Number of hours Women	Total employees Women	Number of hours per head Women	Number of hours Total	Total employees	Number of hours per head Total
Senior management	98	9	10.9	-	-	-	98	9	10.9
Middle management	154	16	9.6	40	4	10.0	194	20	9.7
Office workers	882	85	10.4	266	99	2.7	1,148	184	6.2
Operatives	1,971	200	9.9	509	94	5.4	2,480	294	8.4
<b>Total</b>	<b>3,105</b>	<b>310</b>	<b>10.0</b>	<b>815</b>	<b>197</b>	<b>4.1</b>	<b>3,920</b>	<b>507</b>	<b>7.7</b>

Hours of training	2022								
	Number of hours Men	Total employees Men	Number of hours per head Men	Number of hours Women	Total employees Women	Number of hours per head Women	Number of hours Total	Total employees	Number of hours per head Total
Senior management	234	6	39.0	-	-	-	234	6	39.0
Middle management	306	19	16.1	125	3	41.5	431	22	19.6
Office workers	1,772	86	20.6	2,505	107	23.4	4,277	193	22.2
Operatives	2,268	208	10.9	615	98	6.3	2,883	306	9.4
<b>Total</b>	<b>4,580</b>	<b>319</b>	<b>14.4</b>	<b>3,244</b>	<b>208</b>	<b>15.6</b>	<b>7,824</b>	<b>527</b>	<b>14.8</b>

## Of which hours of training on health and safety topics, by gender and employment classification

Hours of training	2023								
	Number of hours men	Total employees Men	Number of hours per head Men	Number of hours Women	Total employees Women	Number of hours per head Women	Number of hours Total	Total employees	Number of hours per head Total
Senior management	-	9	-	-	-	-	-	9	-
Middle management	50	16	3.1	8	4	2.0	58	20	2.9
Office workers	547	85	6.4	86	99	0.9	633	184	3.4
Operatives	1,733	200	8.7	493	94	5.2	2,226	294	7.6
<b>Total</b>	<b>2,330</b>	<b>310</b>	<b>7.5</b>	<b>587</b>	<b>197</b>	<b>3.0</b>	<b>2,917</b>	<b>507</b>	<b>5.8</b>

Hours of training	2022								
	Number of hours men	Total employees Men	Number of hours per head Men	Number of hours Women	Total employees Women	Number of hours per head Women	Number of hours Total	Total employees	Number of hours per head Total
Senior management	39	6	6.5	-	-	-	39	6	6.5
Middle management	66	19	3.5	27	3	9.0	93	22	4.2
Office workers	491	86	5.7	422	107	3.9	913	193	4.7
Operatives	1,986	208	9.5	547	98	5.6	2,533	306	8.3
<b>Total</b>	<b>2,582</b>	<b>319</b>	<b>8.1</b>	<b>996</b>	<b>208</b>	<b>4.8</b>	<b>3,578</b>	<b>527</b>	<b>6.8</b>

## DISCLOSURE 405-1 Diversity of governance bodies and employees

### Composition of Board of Directors by age band

Number of persons	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Men	-	-	2	2	-	-	2	2
Women	-	-	1	1	-	-	1	1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>

### Employees (headcount) by employment classification and gender

Number of employees	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
Senior management	9	-	9	6	-	6
Middle management	16	4	20	19	3	22
Office workers	85	99	184	86	107	193
Operatives	200	94	294	208	98	306
<b>Total</b>	<b>310</b>	<b>197</b>	<b>507</b>	<b>319</b>	<b>208</b>	<b>527</b>

## Employees (headcount) by employment classification and age band

Number of employees	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Senior management	-	3	6	9	-	1	5	6
Middle management	-	7	13	20	-	9	13	22
Office workers	14	107	63	184	28	111	54	193
Operatives	34	132	128	294	37	147	122	306
<b>Total</b>	<b>48</b>	<b>249</b>	<b>210</b>	<b>507</b>	<b>65</b>	<b>268</b>	<b>194</b>	<b>527</b>

## Employees with protected legal status under Italian Law by employment classification (headcount)

Protected legal status	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
Senior management	-	-	-	-	-	-
Middle management	-	-	-	-	-	-
Office workers	1	5	6	1	4	5
Operatives	8	3	11	7	5	12
<b>Total</b>	<b>9</b>	<b>8</b>	<b>17</b>	<b>8</b>	<b>9</b>	<b>17</b>

## Board of Directors by age band (percentages)

Board Members	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Men	-	-	67%	67%	-	-	67%	67%
Women	-	-	33%	33%	-	-	33%	33%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>100%</b>	<b>100%</b>

## Employees by employment classification and gender (percentages)

%	As at 31 December 2023			As at 31 December 2022		
	Men	Women	Total	Men	Women	Total
Senior management	100%	-	2%	100%	-	1%
Middle management	80%	20%	4%	86%	14%	4%
Office workers	46%	54%	36%	45%	55%	37%
Operatives	68%	32%	58%	68%	32%	58%
<b>Total</b>	<b>61%</b>	<b>39%</b>	<b>100%</b>	<b>61%</b>	<b>39%</b>	<b>100%</b>

## Employees by employment classification and age band (percentages)

%	As at 31 December 2023				As at 31 December 2022			
	< 30 years	30-50 years	> 50 years	Total	< 30 years	30-50 years	> 50 years	Total
Senior management	-	33%	67%	2%	-	17%	83%	1%
Middle management	-	35%	65%	4%	-	41%	59%	4%
Office workers	8%	58%	34%	36%	14%	58%	28.0%	37%
Operatives	12%	45%	43%	58%	12%	48%	40%	58%
<b>Total</b>	<b>10%</b>	<b>49%</b>	<b>41%</b>	<b>100%</b>	<b>12%</b>	<b>51%</b>	<b>37%</b>	<b>100%</b>

## DISCLOSURE 414-1 New suppliers that were screened using social criteria

### New suppliers screened using social criteria

	2023	2022
Total new suppliers	493	679
Total new "relevant" suppliers <sup>5</sup>	53	47
New suppliers screened using social criteria	3	-
<b>Percentage of new suppliers screened using social criteria</b>	<b>6%</b>	<b>-</b>

<sup>1</sup> Workers with apprenticeship agreements are included in the internal workforce. There are some specific activities (such as finished product logistics and sample preparation) which are mainly contracted out to external cooperatives.

<sup>2</sup> The increase in temporary agreements arises from the need for flexibility and to replace absent personnel.

<sup>3</sup> The main types of injuries are cuts, bruising/crushing, sprains/strains, and others.

<sup>4</sup> The rate has been calculated using 1.000.000 as the multiplier for working hours.

<sup>5</sup> "Relevant" suppliers refers to supply chain players, therefore all suppliers who produce goods which contribute to the creation of products. The total of new suppliers, on the other hand, refers to any organisation which has issued an invoice over the course of the year, including changes in company name. The screening criteria are applied only to "relevant" suppliers.

# ENVIRONMENTAL RESPONSIBILITY

## DISCLOSURE 301-1 Materials used by weight or volume<sup>6</sup>

### Raw materials used for product manufacturing

Material type	Unit of measurement	2023	2022
Clays and kaolins	kg	141,474,000	157,690,000
Feldspars	kg	84,253,000	117,327,000
Sand and feldspar sand	kg	47,739,000	55,402,000
Chemical compounds and additives	kg	11,187,084	12,073,541
<b>Total non-renewable materials</b>	<b>kg</b>	<b>284,653,084</b>	<b>342,492,541</b>
Ceramic waste	kg	29,883,685	34,291,178
Certified recycled raw materials	kg	33,636,000	24,864,000
<b>Total renewable materials</b>	<b>kg</b>	<b>63,519,685</b>	<b>59,155,178</b>
<b>Total materials used</b>	<b>kg</b>	<b>348,172,769</b>	<b>401,647,719</b>

### Materials used for packaging

Material type	Unit of measurement	2023	2022
Plastic	kg	700,119	695,480
<b>Total non-renewable materials</b>	<b>kg</b>	<b>700,119</b>	<b>695,480</b>
Wood	kg	6,674,817	7,209,293
Cardboard	kg	1,706,813	1,883,108
<b>Total renewable materials</b>	<b>kg</b>	<b>8,381,630</b>	<b>9,092,401</b>
<b>Total materials used</b>	<b>kg</b>	<b>9,081,748</b>	<b>9,787,881</b>

## DISCLOSURE 302-1 Energy consumption within the organisation<sup>7</sup>

### Energy consumption by site

Consumption type	Unit of measurement	2023		2022	
		Total	Total GJ	Total	Total GJ
<b>Non-renewable fuels</b>			<b>1,319,841</b>		<b>1,494,832</b>
Natural gas	Smc	36,226,973	1,307,130	41,262,724	1,481,487
Genset diesel	tonnes	22	925	4	179
Automotive diesel (company fleet)	l	323,393	11,640	365,547	13,157
Automotive petrol (company fleet)	l	4,551	145	270	9
<b>Electricity purchased</b>	<b>kWh</b>	<b>22,124,093</b>	<b>79,647</b>	<b>24,817,938</b>	<b>89,345</b>
Of which from non-renewable sources (e.g. grid)	kWh	135,093	486	24,817,938	89,345
Of which from certified renewable sources (Guarantee of Origin)	kWh	21,989,000	79,160	-	-
<b>Self-generated electricity from renewable sources</b>	<b>kWh</b>	<b>149,170</b>	<b>537</b>	<b>103,017</b>	<b>371</b>
Self-generated electricity from solar PV systems	kWh	149,170	537	103,017	371
<b>Electricity produced and exported to the grid</b>	<b>kWh</b>	<b>1,940,568</b>	<b>6,986</b>	<b>2,096,467</b>	<b>7,547</b>
Of which from non-renewable sources (e.g. natural gas cogeneration system)	kWh	1,924,058	6,927	2,074,084	7,467
Of which from renewable sources (e.g. from solar PV systems)	kWh	16,510	59	22,383	81

### Total consumption within the organisation

Energy	Unit of measurement	2023	2022
<b>Total energy use</b>	<b>GJ</b>	<b>1,399,965</b>	<b>1,584,467</b>
Renewable energy	GJ	79,638	290
Non-renewable energy	GJ	1,320,327	1,584,176
<b>% renewable energy of total</b>	<b>%</b>	<b>5.69%</b>	<b>0.02%</b>

## Energy consumption conversion factors

Original unit	Conversion unit	2023	Source 2023	2022	Source 2022
Electrical / Thermal Energy	GJ/kWh	0.0036	CONSTANT	0.0036	CONSTANT
Natural Gas – Production Plants	GJ/1000Smc	35.457	ETS 2023 – Viano Plant, Frassinoro Plant	35.337	ETS 2022 – Viano Plant, Frassinoro Plant
Natural Gas – Production Plants	GJ/1000Nmc	38.384	ETS 2023 – Scandiano Plant	38.180	ETS 2022 – Scandiano Plant
Natural Gas – Group Headquarters	GJ/Smc	0.034	SOURCE: National Inventory Report (NIR) 2023	0.034	SOURCE: National Inventory Report (NIR) 2022
Genset diesel	GJ/tonne	42.873	ETS 2023 – Viano Plant, Frassinoro Plant, Scandiano Plant	42.873	ETS 2022 – Viano Plant, Frassinoro Plant, Scandiano Plant
Automotive Diesel	GJ/tonne	42.850	National Inventory Report (NIR) 2023	42.850	National Inventory Report (NIR) 2022
Diesel (Density)	kg/litre	0.840	Energy Manager 2018 Guidelines - Version 2.1 (FIRE)	0.840	Energy Manager 2018 Guidelines - Version 2.1 (FIRE)
Automotive Unleaded Petrol	GJ/tonne	43.130	National Inventory Report (NIR) 2023	43.130	National Inventory Report (NIR) 2022
Petrol (Density)	kg/litre	0.740	Energy Manager 2018 Guidelines - Version 2.1 (FIRE)	0.740	Energy Manager 2018 Guidelines - Version 2.1 (FIRE)

## DISCLOSURE 305-1 Direct GHG emissions (Scope 1) and 305-2 Indirect GHG emissions from energy consumption (Scope 2)<sup>10</sup>

### CO<sub>2</sub> emissions

	Unit of measurement	2023	2022
Scope 1	tCO <sub>2</sub> e	74,914	84,511
Natural gas	tCO <sub>2</sub> e	73,236	83,530
Genset diesel	tCO <sub>2</sub> e	68	13
Automotive Diesel (company fleet)	tCO <sub>2</sub> e	856	967
Automotive petrol (company fleet)	tCO <sub>2</sub> e	754.31	0.63
Scope 2 (electricity, location-based)	tCO <sub>2</sub>	6,969	7,818
Scope 2 (electricity, market-based)	tCO <sub>2</sub>	62	11,342
Total (Scope 1 + Scope 2 location-based)	tCO <sub>2</sub> e	81,883	92,329
Total (Scope 1 + Scope 2 market-based) <sup>11</sup>	tCO <sub>2</sub> e	74,976	95,853

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## 303-3 Water withdrawal<sup>8</sup>

### Energy consumption by site

Withdrawal point	Unit of measurement	2023		2022	
		All areas	Areas with water stress <sup>9</sup>	All areas	Areas with water stress
<b>Non-renewable fuels</b>					
Surface water (total)	Megalitres	72	-	103	-
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	72	-	103	-
Ground water (total)	Megalitres	42	-	40	-
Freshwater (≤1,000 mg/l total dissolved solids)	Megalitres	42	-	40	-
Water resources from third parties (total)	Megalitres	16	-	7	-
Waste water	Megalitres	16	-	7	-
Total water withdrawals	Megalitres	130	-	150	-

## Energy consumption emission factors

Original unit	Conversion unit	2023	Source 2023	2022	Source 2022
Natural Gas – Production Plants	tCO <sub>2</sub> e/TJ	56.518	ETS 2023 – Viano Plant, Frassinoro Plant	56.333	ETS 2022 – Viano Plant, Frassinoro Plant
Natural Gas – Production Plants	tCO <sub>2</sub> e/TJ	55.797	ETS 2023 – Scandiano Plant	56.404	ETS 2022 – Scandiano Plant
Natural Gas – Group Headquarters	tCO <sub>2</sub> e/smc	2.004	Italian Environment Ministry 2023	1.991	Italian Environment Ministry 2022
Genset diesel	tCO <sub>2</sub> e/TJ	73.927	ETS 2023 – Viano Plant, Frassinoro Plant, Scandiano Plant	73.927	ETS 2022 – Viano Plant, Frassinoro Plant, Scandiano Plant
Automotive petrol	tCO <sub>2</sub> e/ton	3.152	Italian Environment Ministry 2023	3.152	Italian Environment Ministry 2022
Automotive Diesel	tCO <sub>2</sub> e/ton	3.150	ISPRA 2023	3.150	ISPRA 2022

## Energy consumption emission factors

Original unit	Conversion unit	2023	Source 2023	2022	Source 2022
Electricity (Location based) - ITA	kgCO <sub>2</sub> /kWh	0.315	Terna 2019	0.315	Terna 2019
Electricity (Market based) - ITA	kgCO <sub>2</sub> /kWh	0.457	AIB 2023	0.457	AIB 2022

## DISCLOSURE 306-3 Waste generated <sup>12</sup>

### Total weight of NON-HAZARDOUS waste generated

Type of waste	Unit of measurement	2023	2022
Aqueous suspensions containing ceramic materials [EWC 08 02 03]	tonnes	17,566	20,123
Aqueous sludges containing ceramic materials [EWC 08 02 02]	tonnes	5,147	7,402
Waste ceramics, bricks, tiles, and building materials (after thermal processing) [EWC 10 12 08]	tonnes	9,082	10,137
Other non-hazardous waste	tonnes	910	2,536
<b>Total</b>	<b>tonnes</b>	<b>32,705</b>	<b>40,197</b>

### Total weight of HAZARDOUS waste generated

Type of waste	Unit of measurement	2023	2022
Solid wastes from gas treatment containing hazardous substances [EWC 10 12 09]	tonnes	269	303
Other hazardous waste	tonnes	26	29
<b>Total</b>	<b>tonnes</b>	<b>295</b>	<b>332</b>

## DISCLOSURE 308-1 New suppliers that were screened using environmental criteria

### New suppliers screened using environmental criteria

Type of waste	2023	2022
Total new suppliers	493	679
Total new "relevant" suppliers <sup>13</sup>	53	47
New suppliers screened using environmental criteria	3	-
Percentage of new relevant suppliers screened using environmental criteria	6%	-

<sup>6</sup> The data in question were restated due to expansion of the reporting perimeter.

<sup>7</sup> The data in question were restated due to expansion of the reporting perimeter.

<sup>8</sup> The data in question were restated due to expansion of the reporting perimeter.

<sup>9</sup> \* To establish the water-stressed areas, we use Aqueduct, a WRI tool available online at: [www.wri.org/our-work/project/aqueduct](http://www.wri.org/our-work/project/aqueduct) The results shown in the "baseline water stress" column were taken into consideration for the analysis

<sup>10</sup> The data in question were restated due to expansion of the reporting perimeter.

<sup>11</sup> To calculate Scope 2 emissions in line with the GRI Sustainability Reporting Standards, both calculation methods were used.  
 - Location-based approach: reflects the intensity of emissions generated by consumption of electricity in relation to the production network within which operations are performed.  
 - Market-based approach: reflects the intensity of emissions generated by consumption of electricity purchased through any specific supply contracts  
 Scope 2 emissions are expressed in tonnes of CO<sub>2</sub>, as the percentage of natural gas and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalents), as can be seen from the literature. Also note that the Group has not made use of certificates of origin for the purchase of electricity from renewable sources.

<sup>12</sup> The data in question were restated due to expansion of the reporting perimeter.

<sup>13</sup> "Relevant" suppliers refers to supply chain players, therefore all suppliers who produce goods which contribute to the creation of products. The total of new suppliers, on the other hand, refers to any organisation which has issued an invoice over the course of the year, including changes in company name. The screening criteria are applied only to "relevant" suppliers.

# NOTE ON METHODOLOGY

This document is the second edition of the Gruppo Ceramiche Gresmalt S.p.A. (also referred to as "Gresmalt", "Gresmalt Group", or the "Group") Sustainability Report. This report is compiled on an annual basis to provide a clear overview of the company's activities in terms of environmental, social, and economic sustainability throughout the 2023 financial year, running from 1<sup>st</sup> January to 31<sup>st</sup> December.

The Sustainability Report was prepared in line with a selection of the "GRI Sustainability Reporting Standards" published by the Global Reporting Initiative (GRI), according to the "In accordance" option, as detailed in the "GRI Content Index" table which allows the GRI indicators reported in this document to be highlighted.

The choice of aspects and indicators to use when defining the content to be reported was based on a materiality analysis to establish the issues that are material for the Company and its stakeholders. For details on the activities carried out, please see the section of this document titled "The Group's stakeholders and the materiality analysis".

The scope of the economic and social data and information contained in the Report is the same as for the Consolidated Financial Statements prepared by Ceramiche Gresmalt S.p.A., Group, whose registered premises are located in Casalgrande (Reggio Emilia). As such, the scope of the environmental and employee data and information contained in the Report includes the production plants located in Iano (Reggio Emilia), Viano (Reggio Emilia), and Frassinoro (Modena), the logistics hubs and the sales, marketing, and administrative offices located in Sant'Antonino (Reggio Emilia), Casalgrande (Reggio Emilia), Sassuolo (Modena), and Fiorano Modenese (Modena).

During the reporting period, there were no significant changes with respect to the Gresmalt Group's size, organisational structure, ownership structure, or supply chain. Any modifications to historical data are duly noted.

In order to allow comparability of data over time and to provide an comprehensive overview of the Company's performance, where possible, the data published are

presented in comparison with the performance for the financial year 2022.

Technical support for the realization of the Gresmalt 2023 Sustainability Report and for the Stakeholder Engagement activities: **Deloitte & Touche S.p.A.**

No external assurance has been sought for this Report and its contents.

For any information relating to this Sustainability Report, please contact us at:

[sustainability@gresmalt.it](mailto:sustainability@gresmalt.it)

# GRI CONTENT INDEX

Statement of use	Gruppo Ceramiche Gresmalt has reported the information cited in this GRI content index for the period 1 January 2022 – 31 December 2023.
Use - GRI 1	GRI 1 - Foundation - 2021 Version
Applicable GRI sector standards	N.A.

GRI STANDARD	INFORMATIONS	LOCATION	OMISSIONS		
			Omitted informations	Reason	Explanation
<b>General Information</b>					
GRI 2: General Information 2021	2-1 Organisational details	12, 144, 145			
	2-2 Entities included in the organisation's sustainability reporting	144, 145			
	2-3 Reporting period, frequency and contact point	144, 145			
	2-4 Restatement of information	144			
	2-5 External assurance	145			
	2-6 Activities, value chain and other business relationships	12, 82			
	2-7 Employees	88, 89, 132			
	2-8 Workers who are not employees	89			
	2-9 Governance structure and composition	22, 23			
	2-10 Appointment and selection of the highest governing body	22			
	2-11 Chair of the highest governance body	22, 23			
	2-12 Role of the highest governance body in overseeing the management of impacts	22			
	2-13 Delegation of responsibility for managing impacts	22			
	2-14 Role of the highest governance body in sustainability reporting	22			
	2-15 Conflicts of interest	22			
	2-16 Communication of critical issues	26			
	2-17 Collective knowledge of the highest governing body	23			
	2-18 Performance evaluation of the highest governing body	22, 23			
	2-19 Rules regarding remuneration	23			
	2-20 Process to determine remuneration	23			

GRI STANDARD	INFORMATIONS	LOCATION	OMISSIONS		
			Omitted informations	Reason	Explanation
<b>General Information</b>					
GRI 2: Informative generali 2021	2-21 Total Annual Compensation Report		2-21 a, 2-21 b, 2-21 c.	Confidentiality Constraints	Disclosure 2-21 has not been reported for confidentiality reasons. The Group does not have a public disclosure relating to remuneration and is not subject to any regulatory obligation.
	2-22 Statement on sustainable development strategy	5, 6			
	2-23 Policy commitments	40			
	2-24 Embedding policy commitments	39-45			
	2-25 Processes to address potential negative impacts	20-26, 37, 42, 43, 70, 72, 83-85, 86-100, 106, 110, 121, 124			
	2-26 Mechanisms for requesting clarification and raising concerns	22			
	2-27 Compliance to laws and regulations	24			
	2-28 Membership in associations	103			
	2-29 Approach to stakeholder engagement	46-50			
	2-30 Collective bargaining agreements	132			
<b>Material Topics</b>					
GRI 3: Material Topics	3-1 Process to determine material topics	48-51			
	3-2 List of material topics	50, 51, 126-130			
<b>Worker Training and Welfare</b>					
GRI 3: Material topics 2021	3-1 Process to determine material topics	94-96			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	99, 133			
GRI 404: Training and Education 2016	404-1 Average training hours per year per employee	95, 134, 135			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	23, 89, 135-137			
<b>Customer satisfaction and end user safety</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	86, 87			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning impacts on health and the safety impacts of products and services	72			
<b>Product quality, performance, and innovation</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	63-69, 74-78			

GRI STANDARD	INFORMATIONS	LOCATION	Omitted informations	OMISSIONS	
				Reason	Explanation
<b>Occupational Health and Safety</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	90, 91			
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	90, 91			
	403-2 Hazard identification, risk assessment, and incident investigation	90, 91			
	403-3 Occupational health services	90, 91			
	403-4 Worker participation, consultation, and communication on occupational health and safety	90, 91			
	403-5 Worker training on occupational health and safety	90, 91			
	403-6 Promotion of worker health	90, 91			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	90, 91			
	403-9 Work-related injuries	90-92, 134			
<b>Generation of economic value</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	29, 30			
<b>Ethics, integrity, and compliance</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	22-24			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	24			
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	24			
<b>Energy usage, emissions, and climate change</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	105-114			
GRI 302: Energy 2016	302-1 Energy consumed within the organization	106-09, 139, 140			
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	110-12, 141, 142			
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	110-12, 141, 142			
	305-4 Greenhouse gas (GHG) emission intensity	112			
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other relevant air emissions		305-7 a. 305-7 b. 305-7 c.	Unavailability of data	Currently, the data is not collected in line with the requirements of the GRI Standards, as it is used for different purposes. In view of the implementation of the CSRD, the Group is committed to collecting the data in a timely manner.

GRI STANDARD	INFORMATIONS	LOCATION	OMISSIONS		
			Omitted informations	Reason	Explanation
<b>Data privacy &amp; security</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	37			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints regarding violations of customer privacy and loss of customer data	37			
<b>Process and Product Circularity</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	115-18, 124, 125			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	115-117, 138			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	124, 125			
	306-2 Management of significant waste-related impacts	124, 125			
	306-3 Waste generated	124, 125, 142			
<b>Management of Water Resources</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	121-123			
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	122			
	303-2 Management of impacts related to water discharge	122			
	303-3 Water withdrawal	122, 140			
<b>Human rights protection</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	82-84			
GRI 408: Child Labour 2016	408-1 Activities and suppliers presenting a significant risk of incidents of child labor	82-85			
GRI 409: Forced or compulsory labour 2016	409-1 Activities and suppliers presenting a significant risk of incidents of forced or compulsory labor	82-85			
<b>Management of impacts on the Supply Chain</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	82-85			
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that have been assessed using environmental criteria	142			
GRI 414: Social evaluation of suppliers	414-1 New suppliers who have been assessed using social criteria	137			
<b>Relations with Local Communities</b>					
GRI 3: Material topics 2021	3-3 Management of Material Topics	102, 103			

# SUSTAINABILITY REPORT

## JULY 2024

Gruppo Ceramiche Gresmalt S.p.A  
Registered Office: Via Statale 467 no. 45, 42013 Casalgrande (RE), Italy  
Operating Premises: Via Regina Pacis 136, 41049 Sassuolo (MO), Italy

Tel +39 0536 1883000  
Mail [info@gresmalt.it](mailto:info@gresmalt.it)



[gresmalt.it](http://gresmalt.it)