

2022

sustainability  
report



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# Letter to Stakeholders

Our seventh edition of the Sustainability Report comes at the close of another critical year for economic reasons: the outbreak of the Russian-Ukrainian crisis - dramatic first and foremost from a humanitarian standpoint - caused impacts of unprecedented magnitude on energy factor costs. This has impacted our ability to produce at competitive costs, affecting our relationship with our trading partners to whom we have been forced to pass on some of the cost increases we have incurred.

In spite of these challenges, **our company was again extraordinarily responsive and resilient in 2022, experiencing a good growth from a business development standpoint:** with consolidated sales exceeding 450 million, an increase of more than 12% compared to 2021, and with a largely positive financial result.

External challenges have not interrupted the path of development and investment, particularly **in our sustainability strategy, which is increasingly mature and robust.** This is also why, despite the fact that our exit from the stock exchange in 2021 freed us from reporting obligations, we still want to continue to draw up and report on our activities, goals and results in terms of sustainability in order to continue **a commitment that is increasingly central to our corporate mission.**

Indeed, corporate responsibility and sustainability are among the cornerstones of this mission. This has resulted in:

- a) the launch and implementation of **an ambitious Sustainability Plan**, with major initiatives and targets set to be achieved in the medium term, on 3 fronts: Planet, Prosperity and People.
- b) **continued investment in thin slabs**, a product that is highly sustainable and in which we have been one of the pioneering ceramic companies. On these slabs, in 2022, we initiated (the first ceramic company to do so) a total CO<sub>2</sub> offsetting project, in order to make them totally carbon-neutral;
- c) a renewed commitment to provide **products for the health and safety of environments and for the protection of people** with our unique Protect antibacterial technology;

**People continue to be one of the mainstays of our entrepreneurial work.** Starting with the care and protection of our employees, as well as with the development of relations with the communities and the areas in which we operate. Even in a global context in which there have been and continue to be many uncertainties, we faced the many upheavals of the past few years with a sincere and natural priority toward people, while simultaneously safeguarding the continuity of our business.



Therefore **social and economic responsibility, along with our innate vocation for environmental responsibility**. In every situation, Panariagroup has always responded quickly and decisively, leveraging the strength and experience gained from almost 50 years of history faced with a great spirit of resilience and with the ability to respond to changes, adapting and evolving with a focus on sustainability.

**The company also continues to invest in its own development** with significant industrial and plant interventions, aiming to renew itself and become increasingly better equipped for future challenges. As well as in its international vocation, with a direct presence on target markets thanks to investments and organisational choices that view the world as our natural playground. This is our way of dealing with this historic period, together with all our employees, whom we thank for the passion, commitment, reliability and dedication to the company that they have continued to demonstrate even at such difficult times. This is all achieved with a **consistently high level of performance in environmental terms**, as well as **stable relations with our employees**, which has always been one of our key strengths.

This new edition of the Sustainability Report also gives an even more incisive account of:

- how we address our **commitment to the Global Compact and the SDGs established by the UN** to strengthen our mission as a leading company in not only the economic, but also in the social and environmental context
- the increasingly comprehensive figures and information intended to provide an in-depth representation of our daily actions.

Panariagroup increasingly wishes to be the driving force behind a shared development project: we will tenaciously pursue this ambition, adapting and responding to constantly changing scenarios and continuing to raise our responsibility to new levels.

Emilio Mussini  
Chairman of Panariagroup

A handwritten signature in black ink, appearing to read 'Emilio Mussini', is written below the printed name and title.

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## Support for innovation

We have invested around **105 million euro** in innovation over the last 5 years



## Low water impact

Our **water withdrawal intensity index** is **0.02 m<sup>3</sup> per m<sup>2</sup>** of tiles



## Close relationship with the local area

**Over 90%** of our expenditure is on **local suppliers**



## Human resources

**97%** of our employees have a **permanent contract**



## Attention to consumption of raw materials and water

We recovered **much of the production waste** and **processing water**

# our commitment





## Packaging

We purchased **over 650 tons of recycled plastic for industrial use**



## Waste management

**98% of waste sent for recovery** along the production chain



## Energy saving

Our **energy consumption index is 0.137 GJ per m<sup>2</sup> of tiles**



## Emission reduction

**9 tCO<sub>2</sub> per 1,000 m<sup>2</sup> of tiles\***,  
**121 tCO<sub>2</sub> avoided** over the course of the year\*\*



## Products for quality of life

We offered our customers a wide choice of **ultra-thin laminated porcelain tiles with eco-friendly features** (70 collections) and **antibacterial materials** (98 collections)

\* The figure takes into account direct Scope 1 and indirect Scope 2 - Location-based emissions.

\*\* The avoided CO<sub>2</sub> emissions were calculated with the location-based method (Emission factor source: Terna, International Comparisons, 2019 with gCO<sub>2</sub>/kWh emission factor for Italy).

# 2022 highlights

## Economic

MILLIONS OF EURO  
IN EBITDA

**41.8** > 2021  
**52.2** > 2022

MILLIONS OF EURO  
IN NET RESULT

**3.2** > 2021  
**13.5** > 2022

## Environmental

ENERGY INTENSITY<sup>2</sup>

GJ/m<sup>2</sup>  
**0.141** > 2021  
**0.137** > 2022

EMISSION INTENSITY<sup>2</sup>  
SCOPE 1 + SCOPE 2  
LOCATION-BASED

tCO<sub>2</sub>/m<sup>2</sup>  
**0.009** > 2021  
**0.009** > 2022

## Social

EMPLOYEES

no.  
**1,690** > 2021  
**1,720** > 2022

PERMANENT  
EMPLOYEES

%  
**97** > 2021  
**97** > 2022

1. Net of leasing liabilities.

2. The intensity values are calculated based on the m<sup>2</sup> of tiles produced during the year, which amounted to 22,058,727 m<sup>2</sup> in 2022 and to 24,365,161 m<sup>2</sup> in 2021.

# ights

MILLIONS OF EURO IN  
NET FINANCIAL  
POSITION<sup>1</sup>

**100.4** > 2021  
**116.6** > 2022

MILLIONS OF EURO IN  
NET WORKING CAPITAL

**105.9** > 2021  
**123.7** > 2022

MILLIONS OF EURO  
IN INVESTMENTS

**21.8** > 2021  
**31.5** > 2022

EMISSION INTENSITY<sup>2</sup>  
SCOPE 1 + SCOPE 2  
MARKET-BASED

tCO<sub>2</sub>/m<sup>2</sup>  
**0.010** > 2021  
**0.009** > 2022

WASTE SENT FOR  
RECOVERY

%  
**98** > 2021  
**98** > 2022

RAW WASTE RECOVERED  
IN THE PRODUCTION  
PROCESS

%  
**100** > 2021  
**100** > 2022

NEW HIRES  
UNDER 30

no.  
**106** > 2021  
**134** > 2022

TRAINING HOURS

no.  
**7,991** > 2021  
**13,139** > 2022

RECORDABLE OCCUPATIONAL  
ACCIDENT RATE – EMPLOYEES

**26.9** > 2021  
**23.4** > 2022





sustainability  
for  
Panariagroup

Sustainability is a living, changing principle and the actions that it inspires change with it, turning our company into a better one.

This belief has been central to our mission for years: to grow and to create well-being in harmony with people and the environment, with great willingness, passion and love for our work.

In order to achieve this ambition, we want to generate sustainable value for our Shareholders, employees and business partners while respecting the environment and the society, to continue to invest in research and innovation, and to meet the aesthetic requirements and well-being expectations of our Customers by offering products that comply with the highest quality standards and that respond to new market demands.

# in evidence

## Our commitment to People and the Planet



We have aligned ourselves with the 2030 Agenda for Sustainable Development, identifying the most significant SDGs in relation to the impact we generate on the local area.

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## Together for a sustainable global economy



We are the only Italian company in the ceramic industry to have voluntarily joined the *UN Global Compact* and we have been promoting its 10 fundamental principles since 2018.

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## Transparency towards our stakeholders



We report our sustainability performance annually, in accordance with the GRI Standards, offering a transparent disclosure to all our stakeholders and voluntarily subject to limited assurance by a third party.

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# Our approach to sustainability

**Panariagroup mission is to develop and create well-being in harmony with people and the environment**, with great willingness, passion and love for our work. In order to achieve these goals, the Group aims to generate sustainable value for its Shareholders, employees and commercial partners, respecting society and the environment. The Group has a strong focus on research and innovation and aims to meet the highest expectations in terms of well-being and aesthetics, for both professional and private Customers, in architecture and in the building industry.

Always at the vanguard in skilfully combining beauty, quality and sustainability, Panariagroup works every day **to reduce the environmental impact of its plants**, demonstrating its commitment to ecosystem conservation and to researching the best housing comforts. This is a vital and essential commitment for those who, like Panariagroup, **create products that millions of people** all around the world encounter in their daily life, at home or in public places.

In practice, acting responsibly means including sustainability among the aspects to take into consideration in the corporate daily choices, from the purchase of raw materials to the production and sale of the final product. This involves paying attention to the entire production chain and to the actors affected by it: employees, suppliers, consumers, Customers, local communities, associations and all those entities whose interests intersect with those of the company.

In this context, the Group has been and remains constantly committed to the **development of new management systems, procedures and policies that carefully consider respect for the environment and for the society that surrounds it**, of which it is an integral part.

This is confirmed by the progressive and constant implementation of the actions linked to the Sustainability Plan, which the company launched recently starting with the Italian Business Unit, and which in 2022 saw the first concrete initiatives come to fruition, such as the total neutralisation of CO<sub>2</sub> emissions on the entire production of laminated porcelain stoneware, starting in September 2022, with the THINK ZERO operation.

From a social standpoint, the Group contributes with perseverance and dedication to **increasing the prosperity of the areas in which it operates and of the people with whom it interacts**. In this regard, through its production plants and its commercial offices, the Group has actively continued to promote employment.

Even in the difficult contexts in which the Group has been directly or indirectly involved over the years, including the economic crisis and, more recently, the energy crisis, the emergency scenario linked to the spread of Covid-19 and, even earlier in 2012, the earthquake that severely affected the entire Emilia region, Panariagroup has demonstrated its resilience by tackling the situation with a proactive, adaptive and remedial approach. In this regard, the Group has always prioritised its employees by ensuring a timely and effective communication, maintaining stable employment levels, offering safe and healthy workplaces and paying the utmost attention to all its employee psychophysical well-being.





The company has continued its work on sustainability topics on various fronts and with different stakeholder categories, first and foremost employees, with whom, in all Business Units, it has conducted significant communication and liaison activities.

Moreover, in terms of **proximity and concrete help with its employee daily needs**, the company made fuel vouchers available to certain categories of employees in the final months of 2022, which were aimed at supporting household spending in a period of particularly high living costs (especially energy costs).

Furthermore, with a view to balancing personal and working needs, the company regulated smart working at the end of the year, making it structural following the emergency phase of the pandemic.

Once again, Panariagroup new Sustainability Report not only answers the need to show stakeholders the company activities, social commitment and efforts to reduce its environmental impact, but also the need to **integrate, with growing awareness, aspects of sustainability in the company strategic decisions**, in order to create increasing value for people and the areas in which it operates. In order to come to responsible decisions, it is therefore necessary to have a thorough understanding of the company positive and negative impact and this report is a fundamental step for Panariagroup towards this goal.











# Sustainable development goals (SDGs): Panariagroup contribution

The **Sustainable Development Goals** – SDGs – are a set of **17 goals defined within the United Nations with the aim of guiding Countries and organizations around the world on a path towards reducing inequality, promoting economic prosperity and social development, and protecting the environment**. Each goal includes 169 specific targets and together they make up the core elements of the 2030 Agenda for Sustainable Development.

In order to confirm its commitment to promoting a business model that integrates economic, social and environmental responsibility in all the Group aspects and activities, in 2021 **Panariagroup formalised its first Sustainability Plan**, starting with the Italian Business Unit, identifying a set of goals to achieve in the medium to long term. The goals were defined in consideration of the sustainable development guidelines recognised internationally by the 2030 Agenda and they represent a tangible and measurable commitment that the Group makes to all its stakeholders. In order to emphasise this project importance, Panariagroup has updated the structure of its Sustainability Report, compared to previous editions, aligning it with that of the Sustainability Plan and reporting the topics covered under the three “pillars”: People, Planet and Prosperity.

In view of its own scope of action, Panariagroup identified the most significant SDGs in relation to its impacts on the local area in order to make the existing link between sustainable development and corporate action more explicit. These goals constitute the guideline with which the Sustainability Plan was formalised, which necessarily takes into consideration what is set out in the UN framework. This activity has also been conducted in consideration of the “Linking the SDGs and the GRI Standards” document, a guide updated in September 2020 by the Global Reporting Initiative, which supports organizations in correlating the targets of each of the 17 SDGs with the GRI Standards disclosures.

**Panariagroup sustainability goals are based on the internationally recognized guidelines of the 2030 Agenda and of the 17 SDGs - Sustainable Development Goals.**

SDGs	SDGs Target
 <p><b>4</b> <b>ISTRUZIONE E QUALITÀ</b></p> <p><b>Ensure an inclusive and equitable quality education and promote lifelong learning opportunities for everyone</b></p>	<p><b>4.4:</b> By 2030, substantially increase the number of young people and adults who have relevant skills - including technical and vocational skills - for employment, decent jobs and entrepreneurship.</p>
 <p><b>6</b> <b>ACQUA PULITA E SANITAZIONE</b></p> <p><b>Ensure availability and sustainable management of water and sanitation for everyone</b></p>	<p><b>6.3:</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.</p> <p><b>6.4:</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.</p>
 <p><b>7</b> <b>ENERGIA PULITA E ACCESSIBILE</b></p> <p><b>Ensure access to affordable, reliable, sustainable and modern energy systems for everyone</b></p>	<p><b>7.2:</b> By 2030, substantially increase the share of renewable energy in the global energy mix.</p> <p><b>7.3:</b> By 2030, double the global rate of improvement in energy efficiency.</p>
 <p><b>8</b> <b>LAVORO DECENTO E CRESITA ECONOMICA</b></p> <p><b>Promote a sustained, inclusive and sustainable economic growth, full and productive employment and decent work for everyone</b></p>	<p><b>8.5:</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal remuneration for works of equal value.</p>
 <p><b>9</b> <b>IMPRESA INDUSTRIALE E INFRASTRUTTURE</b></p> <p><b>Build a resilient infrastructure, foster innovation, and promote a fair, inclusive and sustainable industrialization</b></p>	<p><b>9.1:</b> Develop a quality, reliable, sustainable and resilient infrastructure - including regional and trans-border infrastructure - to support economic development and human well-being, with a focus on affordable and equitable access for everyone.</p> <p><b>9.4:</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all Countries taking action in accordance with their respective abilities.</p>
 <p><b>11</b> <b>CITTA' E COMUNITA' SOSTENIBILI</b></p> <p><b>Make cities and human settlements inclusive, safe, resilient and sustainable</b></p>	<p><b>11.6:</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>
 <p><b>12</b> <b>CONSUMO E PRODUZIONE RESPONSABILI</b></p> <p><b>Ensure sustainable consumption and production patterns</b></p>	<p><b>12.2:</b> By 2030, achieve sustainable management and efficient use of natural resources.</p> <p><b>12.5:</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p>
 <p><b>13</b> <b>LOTTA CONTRO IL CAMBIAMENTO CLIMATICO</b></p> <p><b>Take urgent action to combat climate change and its impacts</b></p>	<p><b>13.1:</b> Strengthen resilience and adaptive ability to climate related hazards and natural disasters in all Countries.</p>

Although not included within the SDGs identified as most significant, Panariagroup also considers Goal 16, “Promote peaceful and inclusive societies for sustainable development, provide access to justice for everyone and build effective, accountable and inclusive institutions at all levels”, a priority. This is because of the importance of this Goal for the private sector: Panariagroup is conscious that it plays an important role in promoting the principles of ethics and transparency by incorporating them into its business model and by conducting a constant monitoring of its supply chain, while promoting lawfulness in the Countries in which it operates.

Although it is not identified as a strategic guideline, Goal 3 “Ensure healthy lives and promote well-being for everyone at all ages” is also a priority given the importance Panariagroup has always attached to the safety of its employees, both internal and external.

Our  
sustainability  
plan

sustainability is  
part of our dna,  
driving us beyond  
the ordinary



## The inception of the Sustainability Plan

In 2021, starting with the Italian Business Unit, we formalised our first Sustainability Plan, which was strongly supported by the company and which was the result of the excellent work of all the people at Panariagroup who took part in this ambitious project.

The Plan is consistent with our sustainability path over the years, which has led us to develop a strong sensitivity and awareness concerning topics related to corporate responsibility models. The project will soon be expanded by involving the foreign Business Units and dynamically enhanced by taking into account the evolving context and the Group new ambitions in driving change.

## People, Planet and Prosperity

Drawing on the principles of the United Nations and on the sustainable development guidelines set out in the 2030 Agenda, the Sustainability Plan consists of three "pillars": **People, Planet and Prosperity**. Each of these expresses our ambitions and the model we want to adopt in order to achieve goals beyond the ordinary.



**People**, the pillar devoted to our employees, protecting their health and well-being, enhancing their talents and increasing their satisfaction.



**Planet**, the pillar dedicated to our manufacturing operations, through which we strive to reduce our environmental impact and safeguard the Planet resources.



**Prosperity**, the pillar devoted to our idea of sustainable development, involving customers, suppliers and internal sustainable innovation processes.

# OUR COMMITMENT TO PEOPLE, PLANET AND PROSPERITY



## Panariagroup for People

- Enhance the talent and the special features of our employees.
- Achieve the highest levels of satisfaction for our employees, promoting their physical and mental well-being.
- Invest in young talents, increasing their presence within the company.



## Panariagroup for Planet

- Promote a culture focused on protecting water resources by increasing efficiency and reducing water use in production processes.
- Optimise energy consumption and increase clean energy production.
- Reduce direct and indirect emission impacts while developing awareness of the impact of climate change.
- Reduce the environmental impact of our packaging.



## Panariagroup for Prosperity

- Be a benchmark in the industry for innovation, developing new solutions with sustainable features and promoting responsible production models.
- Promote sustainability values and principles along the supply chain.
- Ensure full customer satisfaction.
- Promote sustainable urban development.



Please see chapters 3, 4 and 5 (within the introductory parts) for details on the operational goals and targets defined within the framework of the Sustainability Plan.

# 1/3

## Participation in the *UN Global Compact*

To date, of the around 21,000 signatories to the **UN Global Compact** worldwide, **Panariagroup is the only Company in the ceramics industry, in Italy, to have voluntarily joined the initiative**, and since the 2018 Sustainability Report it has been reporting annually on the **activities carried out to promote its 10 Principles** (Communication on Progress), in line with its commitments.

The Global Compact encourages companies around the world to create an economic, social and environmental framework to promote a healthy and sustainable world economy that guarantees everyone the opportunity to share the benefits. To this end, the Global Compact requires participating companies and organisations to share, support and apply, within their sphere of influence, a set of fundamental principles relating to human rights, labour standards, environmental protection and the fight against corruption. Panariagroup, by participating in the UN Global Compact, embraces these fundamental principles and welcomes international discussion of crucial topics, confirming its relevance with respect to its development policies.



**United Nations**  
Global Compact

scope	Global Compact principles	Global Compact requirements	Panariagroup reference
		Statement of continued support by the Chief Executive Officer (CEO)	Letter to stakeholders (p. 2)
Human rights	1. Promotion and respect of universally recognized human rights in their respective spheres of influence	Assessments, policies, goals and initiatives implemented	Risk of human rights violations (p. 56-57) Formalization of a Code of Ethics and of a Code of Business Conduct for the Group (p. 61)
	2. Guarantee of not being, directly or indirectly, complicit in violations of human rights	Performance indicators	GRI 2-23 (p. 50-51; 56-57; 60-61) GRI 414-1 (p. 102)

scope	Global Compact principles	Global Compact requirements	Panariagroup reference
Work	3. Support for worker freedom of association and recognition of the right to collective bargaining agreements	Assessments, policies, goals and initiatives implemented	Formalization of a Code of Ethics and of a Code of Business Conduct for the Group (p. 61) Initiatives described in the "Panariagroup for People" chapter
	4. Elimination of all the forms of forced and compulsory labour 5. Effective abolition of child labour 6. Elimination of all the forms of discrimination in employment and professional occupation	Performance indicators	GRI 2-7 (p. 169) GRI 2-8 (p. 168) GRI 2-30 (p. 141; 176) GRI 202-1 (p. 177) GRI 202-2 (p. 176) GRI 401-1 (p. 172-173) GRI 404-1 (p. 143; 174) GRI 405-1 (p. 168-170) GRI 406-1 (p. 140)
Environment	7. Support for the preventive approach to environmental challenges	Assessments, policies, goals and initiatives implemented	Environmental risk (p. 54-56) Adoption of an integrated quality, environment and health and safety system and ISO 14001 and EMAS certified management systems (p. 112) Initiatives described in the "Panariagroup for Planet" chapter
	8. Development of initiatives that promote a greater environmental responsibility 9. Incentivisation of the development and dissemination of technologies that respect the environment	Performance indicators	GRI 2-27 (p. 61) GRI 301-1 (p. 178) GRI 302-1 (p. 122-125; 160) GRI 302-3 (p. 122; 167) GRI 303-3 (p. 163) GRI 303-4 (p. 164) GRI 305-1 (p. 122-125; 161-162) GRI 305-2 (p. 122-125; 161-162) GRI 305-4 (p. 122; 167) GRI 305-7 (p. 161) GRI 306-3 (p. 165-166) GRI 308-1 (p. 102) GRI 414-1 (p. 102)
Fight against corruption	10. Commitment to fighting corruption in all its forms, including extortion and bribery	Assessments, policies, goals and initiatives implemented	Risk of active and passive corruption (p. 58) Adoption of the 231/01 Organizational and Management Model and its extensions in foreign companies (p. 60) Formalization of a Code of Ethics and of a Code of Business Conduct for the Group (p. 61)
		Performance indicators	GRI 2-23 (p. 50-51; 56-57; 60-61) GRI 205-3 (p. 61)

# 1/4

## The Group stakeholders and the relationship channels

**Stakeholders play a fundamental role in Panariagroup sustainable growth.** Through their involvement and through consideration of their needs, the Group maintains a constant vision towards the different contexts in which it operates, working hard to consider their expectations, perceptions and priorities within the decision-making processes and in the definition of economic, environmental and social goals.

Panariagroup has identified the individuals or the groups of individuals who have a relationship with the Group and its activities, through an analysis that considered the following variables: tension, influence, responsibility and dependence.

The result of this careful analysis of all the actors who gravitate around Panariagroup led to the **identification** of the following stakeholders.

Panariagroup maintains **a constant level of communication with its stakeholders, bearing in mind their mutual needs.** In this regard, the Group strives daily to foster active and continuing relations through various methods involving the different corporate departments.

**Through the involvement of the stakeholders and the consideration of their needs, the Group can pursue its economic, environmental and social targets in a shared and effective way.**



# **stakeholders**

**shareholders, financiers  
and investors**

**consumers**

**public institutions**

**customers  
(distributors)**

**employees  
and trade unions**

**suppliers**

**representative/trade  
associations**

**local communities**

**developers, architects,  
and interior designers**

In recent years, for example, **the Group decided to step up its listening activities, involving its employees through participation in a questionnaire and in specific focus group sessions** in order to identify improvement opportunities related to working life within the company and sustainability aspects. In the early months of 2022, the Group involved the financial institutions with which it deals on a daily basis, surveying their needs and expectations in relation to sustainability topics and examining the existing relationship between credit processes and ESG aspects. Also in 2022, as part of the 2022 Landscape Festival held in Bergamo in September, Panariagroup involved its entire sales network, together with the corporate top lines, in a day focused on sustainability, featuring authoritative speakers who illustrated the main evolutions taking place in the field of sustainability. In addition, a specific sustainability training and induction course for the Panariagroup sales network is being set up in 2023, in order to create increasing awareness and sensitivity to some of the topics that have become cornerstones of the company actions.

Through these initiatives, **Panariagroup is constantly renewing its commitment to its stakeholders**, in the belief that, by listening to them, we can build a better working environment together and, at the same time, help the company to make the best strategic decisions.

The following table shows the methods of interacting with the Group stakeholders, divided into individual categories.

**Panariagroup maintains a constant level of communication with its stakeholders, bearing in mind their mutual needs.**



stakeholders	methods
<b>Shareholders, financiers and investors</b>	<ul style="list-style-type: none"> <li>• Shareholders' Meeting</li> <li>• Publication on the Group website of all financial and non-financial information required by current regulations</li> <li>• Daily contact related to operations and specific meetings with the Group lenders</li> <li>• Communication activities through media of the corporate results and key initiatives</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Commercial relations in the Group shops</li> <li>• Presence at events (e.g. Milan Design Week)</li> <li>• External communication (website, social media, digital campaigns, press releases)</li> <li>• Online consulting</li> </ul>
<b>Public institutions</b>	<ul style="list-style-type: none"> <li>• Participation in data collection through surveys for statistical purposes</li> <li>• Compliance with the documentary requirements of national and local legislation</li> <li>• Constant collaboration with the institutions responsible for issuing authorizations and environmental certifications</li> </ul>
<b>Customers (distributors)</b>	<ul style="list-style-type: none"> <li>• Daily report from the Group commercial offices</li> <li>• Participation in the main trade fairs</li> <li>• Visits organized at the Group offices</li> <li>• Newsletter and direct communication</li> <li>• Webinars and online presentations</li> </ul>
<b>Employees and trade unions</b>	<ul style="list-style-type: none"> <li>• Notice boards and signage stands at the plants and sites</li> <li>• Training activities and regular refresher activities for employees</li> <li>• Regular meetings with employee representatives</li> <li>• Periodic management meeting to update managers</li> <li>• Communication through the HR Portal</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Activities to select suppliers and to assess performance in terms of quality, sustainability and cost of the service</li> <li>• Regular meetings and audits of suppliers carried out by the Group Purchasing Department</li> <li>• ESG Risk Analysis on suppliers in Italy and Portugal</li> </ul>
<b>Representative/trade association</b>	<ul style="list-style-type: none"> <li>• Membership of Confindustria Ceramica (Italy) and APICER (Portugal) and participation in the relevant technical commissions on environment and safety</li> <li>• Membership of the US Green Building Council</li> <li>• Participation as an ordinary member in Green Building Council Italia</li> <li>• Participation as an associate member of ASSOPOSA (National association of ceramic tile layers and installers)</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Sponsorship and donation of contributions aimed at the socio-economic development of the areas in which the Group operates</li> </ul>
<b>Developers, architects, and interior designers</b>	<ul style="list-style-type: none"> <li>• Presence of a department dedicated to building a structured and continuous relationship with planners, architects and interior designers</li> <li>• Technical seminars organized at external offices for compulsory training (training credits)</li> <li>• Seminars in the Group showrooms with the participation of experts</li> <li>• Participation in fairs and events aimed at the target audience</li> <li>• Visits organized at the Group offices</li> <li>• Newsletter and direct communication</li> <li>• Webinars and online presentations</li> </ul>

# 1/5

## Materiality analysis

The definition of relevant, so-called “material” topics, which are reported in this Sustainability Report, was based on the approach of the new release of the GRI Standards published in 2021, according to which a topic is considered material if it can represent the organisation impacts on the economy, the environment and people, including human rights.

In this context, the update of the materiality analysis for the 2022 financial year provided for the identification of positive and negative generated impacts, actual or potential, and their subsequent prioritisation after defining a specific significance threshold. The impacts thus obtained were grouped into a circumscribed set of material topics.

The following topics reflect the most significant economic, environmental and social impacts for Panariagroup in relation to the context in which it operates and to the nature of its organisation:

Material topics	Main impacts	Type of impact	Description of the main impacts	Main controls and activities
Generation and distribution of value	Generation and distribution of value to the Group stakeholders	Current positive	Generation of economic value and balanced distribution to stakeholders with the aim of creating value in the short, medium and long term for all those with whom the Group deals	<ul style="list-style-type: none"> <li>• CFO area to control the Group financial activities</li> <li>• Structured planning processes</li> <li>• Regular stakeholder dialogue and involvement initiatives</li> </ul>
	Employee satisfaction and psychophysical well-being	Current positive	Employee satisfaction through the implementation of activities to enhance their well-being and the provision of dedicated benefits	<ul style="list-style-type: none"> <li>• Prevention, welfare and local initiatives for employee well-being</li> <li>• Adoption of smart working and flexible working hours</li> <li>• Internal system for reporting violations (whistleblowing)</li> <li>• Code of Ethics</li> <li>• Integrated Quality, Environment, Health and Safety System, certified according to the ISO 45001 standard for the Italian and Portuguese BUs</li> <li>• Guidelines based on OSHA, NIOSH and ANSI standards for the US BU</li> </ul>
Well-being, health and safety	Occupational incidents	Potential negative	Accidents and/or other incidents related to the performance of working duties, with negative consequences for the health of internal and external employees	<ul style="list-style-type: none"> <li>• Prevention and Protection Service Manager (RSPP) at Group level</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for People” chapter</li> </ul>

Material topics	Main impacts	Type of impact	Description of the main impacts	Main controls and activities
<b>Sustainable innovation</b>	Product and process innovation with positive effects on people and on economic systems	Current positive	Positive impacts on people and on economic systems resulting from activities, policies and technological innovations aimed at continuous process improvement and at the development of products with innovative and sustainable features	<ul style="list-style-type: none"> <li>• Research Centre and R&amp;D activities in product and process technology innovations</li> <li>• PROTECT antibacterial technology for most of the products offered in Brand catalogues</li> <li>• A set of goals was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Prosperity” chapter</li> </ul>
	Energy consumption	Current negative	Use of electricity and fuels with consequent negative impacts on the environment and on the reduction of energy stocks	<ul style="list-style-type: none"> <li>• Integrated Environmental Authorisation, for the Italian BU plants</li> <li>• Integrated Quality, Environment, Health and Safety System, certified according to ISO 9001, ISO 14001 and EMAS standards, for the Italian and Portuguese BUs</li> </ul>
<b>Fighting climate change</b>	Generation of direct and indirect energy GHG emissions (Scope 1 and Scope 2)	Current negative	Contribution to climate change through the generation of direct and indirect energy emissions related to the activities carried out in the Group offices and sites	<ul style="list-style-type: none"> <li>• Group-wide product certifications</li> <li>• “THINK ZERO” project</li> <li>• A set of goals was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Planet” chapter</li> </ul>
	Consumption of resources and raw materials for the production process and Group activities	Current negative	Use of natural resources and raw materials in the production process resulting in negative impacts related to increased waste and reduced natural stocks	<ul style="list-style-type: none"> <li>• Integrated Environmental Authorisation, for the Italian BU plants</li> </ul>
<b>Direct environmental impacts</b>	Use of water resources for the Group activities	Current negative	Use of water to feed production processes with repercussions on the availability of water resources in the area	<ul style="list-style-type: none"> <li>• Integrated Quality, Environment, Health and Safety System, certified according to ISO 9001, ISO 14001 and EMAS standards, for the Italian and Portuguese BUs</li> </ul>
	Discharged water quality	Current negative	Wastewater with repercussions on the quality of the water resource in the area	<ul style="list-style-type: none"> <li>• Group-wide product certifications</li> </ul>
	Generation of other pollutant emissions (nitrogen oxides, sulphur oxides and other emissions)	Current negative	Generation of other polluting emissions from high-temperature combustion, such as nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOCs), hazardous air pollutants (HAPs) and particulate matter (PM)	<ul style="list-style-type: none"> <li>• Water balances and mapping of water-stressed areas using the “Aqueduct Water Risk Atlas” tool</li> <li>• A set of goals was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Planet” chapter</li> </ul>
	Generation of hazardous and non-hazardous waste	Current negative	Generation of hazardous and non-hazardous waste for production activities and throughout the value chain	

Material topics	Main impacts	Type of impact	Description of the main impacts	Main controls and activities
<b>Customer satisfaction and Brand reputation</b>	Customer satisfaction in terms of needs and expectations, including through a multi-brand approach	Current positive	Positive impacts of conducting business in a way that ensures full satisfaction of customer needs and expectations in terms of breadth of offer, relationship management and complaints	<ul style="list-style-type: none"> <li>• Customer care service</li> <li>• “VIS” Service - Internal Inspection Report for the Italian and US BUs</li> <li>• Contract &amp; Key-Account Division for specific customer segments</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Prosperity” chapter</li> </ul>
	Impacts on customer health and safety	Potential negative	Negative impacts on customer health related to inadequate product quality features (e.g. deviation from declared quality standards) with consequent health and safety risks	<ul style="list-style-type: none"> <li>• Group-wide product certifications</li> <li>• PROTECT antibacterial technology for most of the products offered in Brand catalogues</li> </ul>
<b>Product quality and design</b>	Partial and/or non-transparent information and communication about the products offered by the Group	Potential negative	Negative impacts on customers and end consumers caused by misleading, incomplete and non-transparent communication and mislabelling of products	
	Creation of jobs and paths to employment	Current positive	Integration of young staff into the company and creation of growth and career paths that increase the attractiveness and retention of talents	<ul style="list-style-type: none"> <li>• Cooperation with Confindustria Ceramica for the implementation of training and induction courses for the Italian BU</li> <li>• “Management Meeting” and periodic sharing of corporate results and strategies</li> <li>• Management and skills development plan for the Portuguese BU</li> <li>• Learning Management System, for the US BU</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for People” chapter</li> </ul>
<b>Attractiveness, training and development</b>	Worker training and skills development	Current positive	Improving worker skills through training and professional development activities, including those linked to personalised growth and assessment goals	
	Unethical business conduct and potential corruption cases	Potential negative	Negative impacts on people and on economic systems generated by unethical business conduct	<ul style="list-style-type: none"> <li>• Organisational, Management and Control Model (MOG 231), for the Italian BU</li> <li>• Supervisory Body (SB) at Group level</li> <li>• Internal system for reporting violations (whistleblowing)</li> <li>• Procedures aligned with MOG 231 and compliance programme for foreign BUs</li> <li>• Code of Ethics</li> <li>• Code of Business Conduct</li> <li>• Trade Compliance Procedure</li> <li>• Country-by-Country Report</li> </ul>
<b>Integrity and compliance</b>	Non-compliance with laws, regulations and standards	Potential negative	Non-compliance with applicable laws, regulations, internal and external standards with indirect impacts on employees, customers and suppliers	
	Anti-competitive behaviour and monopoly practices	Potential negative	Anti-competitive behaviour and monopoly practices with negative impacts on the economy and on the markets	
	Non-payment of taxes and duties in the Countries in which the company operates	Potential negative	Negative impacts on the economies of the Countries in which the Group operates due to the non-payment of taxes and duties owed and/or to the adoption of aggressive tax policies giving preference to Countries with more favourable tax jurisdictions	

Material topics	Main impacts	Type of impact	Description of the main impacts	Main controls and activities
<b>Diversity and inclusiveness of employees</b>	Staff remuneration	Current positive	Adoption of staff remuneration policies that ensure a decent standard of living and that enhance worker skills	<ul style="list-style-type: none"> <li>• Collective bargaining agreements for the BUs of Italy, Portugal and Germany</li> <li>• Supplementary corporate contracts for the Italian BU</li> <li>• Internal system for reporting violations (whistleblowing)</li> <li>• Code of Ethics</li> <li>• “Non-discrimination policy” for the US BU</li> <li>• “Anti-harassment policy” for the US BU</li> </ul>
	Inclusion of local community members in the Group management	Current positive	Inclusion of members of the local community in the Group management, with positive consequences for the enrichment of human capital and the company ability to understand local needs	
	Discrimination and non-inclusive occupational practices that do not consider diversity and minority groups	Potential negative	Negative impacts on employee well-being, satisfaction and motivation due to discriminatory behaviours (e.g. related to gender, age, ethnicity, etc.) or other non-inclusive practices	
<b>Responsible procurement</b>	Procurement practices that support the development of the local area	Current positive	Support for local development through procurement practices that favour business partners located in the areas in which the Group operates	<ul style="list-style-type: none"> <li>• Code of Business Conduct</li> <li>• Assessment of suppliers and gradual inclusion of ESG criteria</li> <li>• Inspections on a periodic basis</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Prosperity” chapter</li> </ul>
	Impacts related to supply chain management	Current negative	Negative impacts related to the procurement of goods and services from suppliers, in particular to the impacts that they generate on environmental and social aspects	

The “Annexes” section of this document provides an in-depth analysis of the correlation of the impacts to GRI indicators and to the Group involvement in impacts through its activities or as a result of its business relationships.

With respect to the topics considered material for the Group and its stakeholders published in the 2021 Sustainability Report, the following changes should be noted:

- The “Water resources management” and “Waste management and circular economy” topics were merged into a single topic, “Direct environmental impacts”, as were “Occupational health and safety” and “Well-being and responsibility towards employees” in “Well-being, health and safety”.
- The “Economic performance” topic was reworded as “Generation and distribution of value”, while “Employee training and development” was reworded as “Attractiveness, training and development”;
- The “Well-being and responsibility towards employees” and “Economic performance” topics have given rise to the new “Diversity and inclusiveness of employees” topic. Moreover, the “Customer satisfaction” and “Protection of brands and reputation” topics were merged into the new “Customer satisfaction and Brand reputation” topic.

The process of updating the materiality analysis involved, at all stages, the CSR Operational Committee, whose members are representatives of various corporate departments: the Group Administration, Finance and Control Department, the Marketing Department and the Engineering, Quality and Environment Department. In carrying out its work, the Committee was responsible for gathering the considerations and feedback of the Board of Directors, sharing and approving with it the final list of material topics for reporting and their related impacts.







The materiality analysis updated in 2022 was a first step in responding to the new requirements of the GRI Standards. As of next financial year, the Group will consider directly involving its stakeholders in order to further enhance and improve on the work it has started.

The identified topics not only form the basis for defining the structure of the Sustainability Report, but also provide a fundamental tool for developing and defining strategic sustainability priorities. Material topics were taken into account when defining the ambitions and operational goals formalised within the recent Sustainability Plan initiated by Panariagroup from the Italian Business Unit.

# 1/6

## Short-term sustainability focus areas

The main actions in the area of short-term sustainability (over a period of about 12 months) are outlined below, with their relative progress. In the following list, the activities that form part of the goals formalised within the Sustainability Plan have been marked with a specific logo.

economic topics	
actions	progress
<p>Industry 4.0: installation of a system of plant supervision and interconnection with the production lines in the plants of Finale Emilia and Toano (Italy), Aveiro and Ílhavo (Portugal).</p>	<p>Partially completed. The system is active in the Toano plant, while it is nearing completion for the other plants.</p> 
 <p>Complete renovation of a production line at the Fiorano Modenese plant through the installation of a new press for forming large-format slabs, a multi-level dryer, a sorting line and a packaging line with an increase in production capacity and optimization of energy consumption.</p>	<p>Completed.</p> 
<p>Alteration of the internal structure of the Fiorano Modenese plant with consequent improvement of the logistics and production organization and purchase of new laser-guided systems for the automatic handling of large-format plates, with consequent optimization of the productivity of the internal processing lines (grinding and lapping).</p>	<p>Completed.</p> 
<p>Installation of a new pressing, drying and decoration line at the Aveiro plant, with a consequent increase in the production capacity of large-format tiles (up to 120x120 cm) and optimization of energy performance.</p>	<p>Completed.</p> 
<p>Reorganization of the layout of the sanding and grinding department at the Ílhavo plant in order to optimize internal logistics and installation of soundproofing systems to improve noise levels.</p>	<p>The goal will be completed in 2023.</p> 



## economic topics

### actions



Replacement of a kiln at the Finale Emilia plant with a new one featuring high production capacity and performance optimization in terms of energy consumption.

### progress

Completed.



Installation of a new dry-grinding line at the Finale Emilia site, equipped with innovative automation in order to improve efficiency and production yields, and of a new sorting line, which can process and handle large formats (up to 180 cm side).

Completed.



Implementation of new automatic vehicles for the handling of fired material at the Finale Emilia site, required to manage increased production volumes.

Completed.



Increased large-format slab storage capacity at the Fiorano Modenese site through the reorganisation of the semi-finished products warehouse, in order to optimise the processing cycle and customer response speed.

Completed.



Complete revamping of a kiln at the Fiorano Modenese site through optimisation of the cooling system aimed at reducing the risk of defects in the fired material.

Completed.



Implementation of a new production line for large formats at the Aveiro plant with the installation of a press, a horizontal dryer, and a glazing line equipped with an innovative digital printer.

Completed.



Installation, at the Ílhavo plant, of a system for recovering fumes from the kilns during the firing stage inside the sprayer, resulting in energy savings and reduced CO<sub>2</sub> emissions.

Completed.



Optimisation of the sprayer control panel at the Lawrenceburg plant, in order to increase efficiency and reduce energy waste.

Completed.



Installation of a new transformer and of a distribution board at the Lawrenceburg plant, in order to optimise the efficiency of the entire plant electricity consumption.

The goal will be completed in 2023.



## quality and environment

### actions

Industry 4.0: achievement of CE line certifications in the plants in Finale Emilia and Toano (Italy).

### progress

Almost complete. Certifications were obtained for the two lines in the Finale Emilia plant.



Replacement of 50% of the Portuguese Business Unit car fleet with hybrid cars.

Temporarily suspended for internal assessments.



Optimisation of the filter dust recovery and treatment system in the Fiorano Modenese plant.

Completed.



Further development of activities for the eco-friendly improvement of packaging with the replacement of "white" strapping (made of virgin plastic) with "green" strapping (made of regenerated plastic) in the plants of the Italian Business Unit.

Completed.



Implementation of an internal logistics software (MMS) aimed at optimizing the management of material handling, resulting in lower fuel consumption and less pollution.

The software and the equipment were installed. Testing is nearing completion; the Go Live phase is scheduled for June 2023.



Launch of a process to map the use of recycled plastic material in foreign BUs and subsequent assessment of dedicated activities and goals.

Start-up is scheduled for 2023.



Study of new solutions, through a dedicated corporate department, for the optimisation of palletisation schemes at production plants and external suppliers, with the aim of reducing the use of wood (Italian BU).

Completed.



Study for the creation of new photovoltaic infrastructures and restoration of the efficiency of existing photovoltaic systems at Italian BU sites.

Restoration completed at the Fiorano Modenese site.

Supplier selection for Finale Emilia (existing revamp integrated with new "rooftop" plant being purchased) is nearing completion. Work will start in 2023. Assessment of "ground" installation is nearing completion.



Further increase of plug-in hybrids in the car fleet and installation of charging stations.

The increase of hybrid cars is completed; the first charging stations will be installed in 2023.



Further extension of PROTECT technology to most of the products offered in Brand catalogues.

Completed.



## quality and environment

### actions



Increased number of Panariagroup products subjected to Life Cycle Assessments (LCAs) and periodic renewal of EPDs (Environmental Product Declarations) of Panariagroup sites.

### progress

The action became a goal in the Sustainability Plan (target: 2025).



Gradual expansion of the range of products/application solutions included in BIM (Building Information Modelling).

The action became a goal in the Sustainability Plan (target: 2025).

## human resources

### actions

Creation of a reward system for employees who distinguish themselves in activities related to sustainability topics. "Sustainability award" at the Italian and Portuguese Business Units.

### progress

Completed. Not extended to the American Business Unit due to other priorities.



Improvement of activities to listen to staff in the Italian Business Unit (e.g. climate analysis, etc.).

Completed. Not extended to the American Business Unit due to other priorities.



Creation of Scholarships dedicated to the children of employees in the Italian Business Unit.

Temporarily suspended for internal assessments.

Free and optional offer of a specialist consultation service (example: posturologist, nutritionist, psychologist) in the Italian and Portuguese Business Units.

Completed in the Portuguese Business Unit. The action was not proposed in the Italian Business Unit.



Planned investments of 0.5 million euro for interventions to reduce the risk of manual handling of loads (manipulators, automatic loaders) in the Italian Business Unit.

Completed.



Planned investments of 0.7 million euro for interventions related to the safety and environmental comfort of employees (soundproofing systems and systems to reduce airborne dust) in the Italian Business Unit.

Completed.



Extension of the skills management and development system, already implemented for the Aveiro (Portugal) office, to the Ílhavo (Portugal) office.

Completed.



Assessment of a platform for monitoring skills and training.

Action postponed to 2023.



Implementation of flexible working tools (e.g. definition of a smart working policy/model).

Completed.



## human resources

### actions



Strengthening of the dialogue with local educational institutions (especially Technical Institutes) and implementation of training courses.

### progress

Completed.



Definition of a Group RSPP (Prevention and Protection Service Manager).

Completed.



## governance

### actions

Improvement of the access control system at the Italian Business Unit sites, through installation of dedicated IT supports.

### progress

Temporarily suspended for internal assessments.



## supply chain

### actions



Study for the selection of an integrated supplier assessment platform, which also takes ESG criteria into consideration and which enables the development of a "vendor rating" (Italian BU).

### progress

The assessment was carried out and the most suitable software was identified. Awaiting final approval by the Management.



## Customers

### actions

Development of stakeholder engagement for Customers in the Italian Business Unit.

### progress

The goal will be completed in 2023.



Implementation of the VIS service in the American Business Unit to monitor supply quality in real time and give customers fast and comprehensive feedback, improving the after-sales service.

Completed.



Identification of customer categories against which to measure satisfaction (target).

The goal will be completed in 2023.



Increased investment in raising customer and consumer awareness of Sustainability.

Completed.







2



the Group

**We are committed to constant evolution, starting in Italy and opening up to the world, driven by the continuous pursuit of excellence in terms of both quality and cutting-edge technology.**



# in evidence

## Our Customers

**Around 10,000**

**51% EU**

**34% USA**

**15% rest of the world**

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## Reliability and trust

**72%**

Percentage of our customer relationships that last at least 3 years.

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# 2 1

## Group Profile

With over 1,700 employees, a network of around 10,000 customers<sup>3</sup>, 6 production plants (3 in Italy, 2 in Portugal and 1 in the US) and a turnover of 452 million euro in 2022 (+12.5% compared to 2021), **Panariagroup is one of the leading producers of ceramic tiles for floor and wall coverings** and is positioned in the high-end and luxury segment.

**6** production plants

**31.5** million euro in investments

**452** million euro turnover in 2022

**1,720** employees

More than  
**22** million m<sup>2</sup> of products

**9** brands

Sales in more than  
**130** countries

3. Customers with a sales level over 1,000 euro were considered.

Panariagroup brands, which have increased over the years to the current nine, all boast an equally strong international reputation and excellence from both an aesthetic and technical standpoint. Each brand has a specific and distinctive feature, but they are all designed and developed to respond to the needs of a Customer base which, though diverse, demonstrates a particular attention to the quality and aesthetic style of the products. Below is a brief description of each Panariagroup brand: all the Brands operate in the ceramic industry for floors and walls and position themselves in the high-end and luxury segment of the market, but each of them has its own features and peculiarities.

**Panaria**  
ceramica

**PANARIA CERAMICA** embodies the Group great ceramic tradition. Always able to represent the main contemporary styles, combining quality and the ability to meet customer needs, Panaria Ceramica is a brand with a deep-rooted culture of “making ceramics”. It offers valuable solutions designed primarily for residential use, a catalogue of rich, structured collections with wide ranges of formats and decorative accessories.

**LEA**  
CERAMICHE

**LEA CERAMICHE** is the perfect synthesis of visionary design and technological performance. It is the partner of creativity all over the world, for every single type of architectonic project which seeks distinction through a unique and recognisable style. Continuous innovation, absolute performance reliability and a daring approach have made it an undisputed star of global architecture, enabling it to clench significant and prestigious partnerships with internationally acclaimed designers and project design professionals.



**COTTOD'ESTE**  
EXCLUSIVE SURFACES

**COTTO D'ESTE** is a highly prestigious brand in the field of ceramic surfaces. Its creations, the result of excellent craftsmanship and passionate, unwavering attention to detail, have always been synonymous with beauty. A deep commitment to the pursuit of aesthetics, unique and innovative techniques and sustainable production processes has led the brand to undertake important projects all over the world. Unique products are created at Cotto d'Este, such as the 14 mm-thick surfaces and the revolutionary large Kerlite thin slabs.

**BLUSTYLE**  
COTTOD'ESTE

**BLUSTYLE** is the Cotto d'Este Brand that has inherited all the quality and sophistication of its solutions, translating them into simpler and more accessible collections made of porcelain stoneware with a traditional thickness.

**MAXA**  
CERAMIC SLABS

**MAXA CERAMIC SLABS** is Panariagroup range of large, thick ceramic slabs. Coated with fibreglass for extra strength, Maxa slabs are designed for all indoor and outdoor furnishing requirements.

**MARGRES**  
CERAMIC TILES

**MAGRES**, a leading Brand in Portugal in high-quality technical porcelain stoneware and an important player in the international market, offers valuable products for all types of construction in private or public spaces, meeting the needs of contemporary architecture thanks to cutting-edge production technologies, high-quality raw materials and a sophisticated aesthetic approach.



**LOVE**  
CERAMIC TILES

**LOVE TILES** is the leading brand in Portugal in the production of large-format monoporosa tiles and glazed porcelain stoneware floor tiles. The Brand products aim to be the first choice of those who passionately enjoy the connection between people and living spaces, choosing to create unique and elegant environments for themselves.



floridatile

**FLORIDA TILE**, with a production office in Kentucky and 22 showrooms in the United States, creates and distributes innovative, carefully crafted floor and wall tile and natural stone products designed to optimally meet the needs of the American market. Part of the Group since 2006, but with over sixty years of history, the Brand competes on the domestic market with the biggest market leaders thanks to its renewed production capacity and the continuous technical and aesthetic innovation of its range.



**Bellissimo**  
STILE ITALIANO

**BELLISSIMO** is a Brand that specifically targets the Indian market. It produces luxury ceramic materials, building on a combination of Italian style, technology and expertise to meet the architectural and industrial needs of local construction.

# 2 1/2 History

A path of constant evolution, driven by the Group desire to confirm itself as a cutting-edge business group, not only from a technological standpoint.

## 2009

After years of successful commercialization of **laminated porcelain stoneware**, a revolutionary, high-performance material, the result of state-of-the-art technology, in 2009 Panariagroup installed its first production line for this product at the Fiorano Modenese plant.

## 2008

**Blustyle Ceramica** was created in 2008 to offer the market an agile and innovative model in terms of both its products and distribution approach. The brand gradually flourished and today it is an official Brand in the Cotto d'Este family, from which it draws all its high-quality features in products with a traditional thickness.

## 2005

In 2005, Panariagroup acquired a second company in Portugal: Novagres, now **Love Tiles**, a leading brand in the production of large format monoporosa coverings and floors in glazed porcelain stoneware. The process of internationalisation continued in 2006 with the acquisition of the brand and of the main assets of **Florida Tile Industries**, a historical brand in the United States in the production and distribution of ceramic material. In December 2006, the two Portuguese companies Novagres and Margres merged into **Gres Panaria Portugal**, maintaining the identity of the two Brands. Furthermore, a new company named **Panariagroup USA Inc.** was established to control the Florida Tile and the Lea North America companies.

## 2010

Panariagroup expansion continued and in 2010 a new sales organisation, **Panariagroup Trade**, was established, with the aim of gaining market shares in the Middle East, the Far East and Oceania. In particular, Panariagroup Trade responds to the need to distribute the Group Brands in these areas through more targeted commercial policies that respect the precise identity and peculiar features of each brand. In the same year Panariagroup signed **its first agreement with Microban®**, a world leading company in antibacterial technologies, for the creation of products for healthy, safe and protected spaces.

## 2012

The internationalisation process continued thanks to a joint venture with Asian Granito, a leading company in the Indian market. The **Bellissimo** brand was **launched** with the purpose of producing and selling luxury ceramic products with high value in terms of style and technology on the Asian market. The Group became even more committed to the Indian Business Unit in 2019 with the acquisition of 100% of the company shares.

## 2016

The certified Sustainability reporting process officially began with the publication of the **first Report** and with the development, in subsequent years, of initiatives aimed at certain stakeholder categories (starting with employees).

# 1974 — 1992

In 1974, **Panaria Ceramica** was **founded** by a group of entrepreneurs; among them was Giuliano Mussini, head of the Mussini family, the current major shareholder of Panariagroup Industrie Ceramiche S.p.A.

During the 1990s, Panaria implemented a strategy of expansion and extension of its brands and products through the **acquisition**, in 1992, of **Ceramiche Artistiche Lea**, a company specialised in the production of single-fired floor tiles, and by **founding**, in the same year, **Cotto d'Este**, a company created to design and market exclusive, high-end product lines destined to conquer the luxury segment of the market.

# 2004 — 2002 — 1995

2004 was **the year of Panariagroup foundation**, following the merger by incorporation of all the Italian companies in Panaria. In the same year, Panariagroup decided to become a public company and on 19 November 2004 **the Group was listed in the STAR segment of the Italian Stock Exchange**. The internationalization process continued with **the foundation**, in 2004, of **Lea North America LLC**, a company created to control the distribution of Lea products in the increasingly strategic US market. In the same year, **Cotto d'Este launched Kerlite**, the revolutionary line of ultra-thin slabs: Panariagroup was the first ceramic group to introduce an innovation on the market that changed the concept of tiles.

The process of expansion into international markets became a reality with the **acquisition**, in 2002, of **Maronâgres** (today Margres), an important company in the production of porcelain stoneware ceramic in Portugal.

In 1995, the Group production capacity was increased with the **construction of the technologically advanced production plant in Toano**, specialized in the production of porcelain stoneware. In that same year, the Fiordo Industrie Ceramiche brand was **founded in order to strengthen the Group leading position on the market**.

# 2017-2020 — 2021 — 2022

Significant progresses were made in terms of industrial development with major investments in all business units. Strengthening of the commitment to laminated porcelain stoneware: **the third production line was built in Fiorano Modenese** and the product range was expanded with **the introduction of new sizes and thicknesses**. **New commercial channels** were developed: the Contract & Key-Account Division was set up. The company quality assurance was progressively strengthened, in particular with the introduction of **new product sustainability certifications** (e.g. EPD and Green Guard). **Maxa Ceramic Slabs** was established, the new Panariagroup Brand that focuses on providing large-format, high-thickness ceramic maxi-slabs for the furnishing accessories and interior design segment.

The company started work on developing an **ambitious long-term Sustainability Plan** with initiatives and goals related to People, Planet and Prosperity. Expansion and upgrading works were completed at the **Fiorano Modenese production site**, while major technological upgrades were also carried out at the **Finale Emilia plant**. In July, the formal procedures leading to the company exit, on a voluntary basis, from Borsa Italiana (so-called delisting), are completed.

Panariagroup is the first company in the ceramic industry to develop a **100% carbon-neutral product line**. With the **THINK ZERO project** this operation is launched that combines the high degree of sustainability of laminated porcelain stoneware with the voluntary offsetting, starting in September, of all CO<sub>2</sub> emissions generated throughout the material production cycle.



## Panariagroup worldwide

Panariagroup actively operates both in Italy and abroad through **nine brands** that can satisfy a diverse Customer base focused on the technical and aesthetic quality of its products: Panaria Ceramica, Lea Ceramiche, Cotto d'Este, Blustyle, Florida Tile, Margres, Love Tiles, Bellissimo and Maxa Ceramic Slabs.

The Panariagroup Group consists of the Parent Company Panariagroup Industrie Ceramiche S.p.A. with registered office in Finale Emilia, Modena (Italy), Gres Panaria Portugal S.A. with registered office in Ílhavo (Portugal) and Panariagroup USA Inc., which owns the Florida Tile Inc. and the Lea North America LLC. companies, with registered office in Delaware (USA). The Group also includes Montanari Ceramiche S.r.l., a retail outlet for the Group ceramic material with registered office in Finale Emilia (Italy), Panariagroup India Industrie Ceramiche Pvt Ltd, a company with registered office in Ahmedabad (India) that markets "Bellissimo" brand products in India, and Gres Panaria Central Europe GmbH, a company with registered office in Hamburg (Germany) that promotes the Group products on the German, Austrian and Swiss markets.

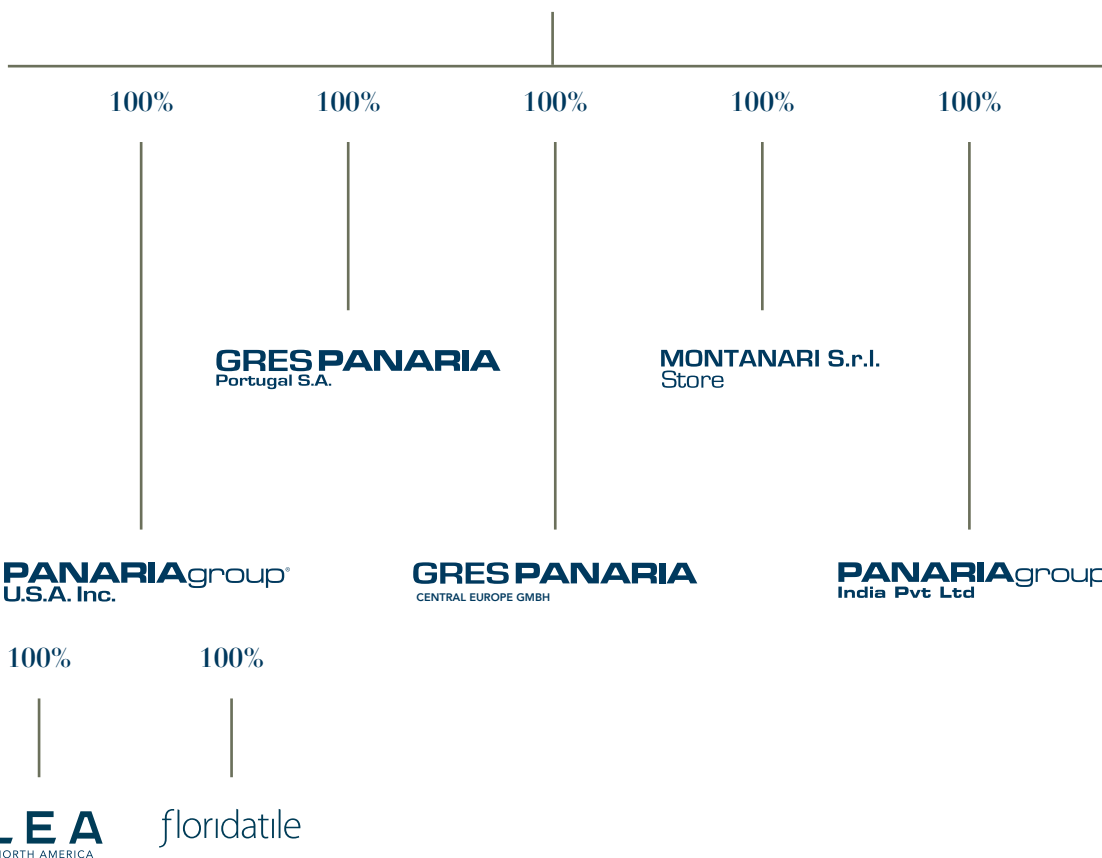
The companies are all wholly owned (directly or indirectly) subsidiaries of Panariagroup Industrie Ceramiche S.p.A., which in turn is controlled by Finpanaria S.p.A., holder of 98.1% of the share capital as of 31 December 2022.

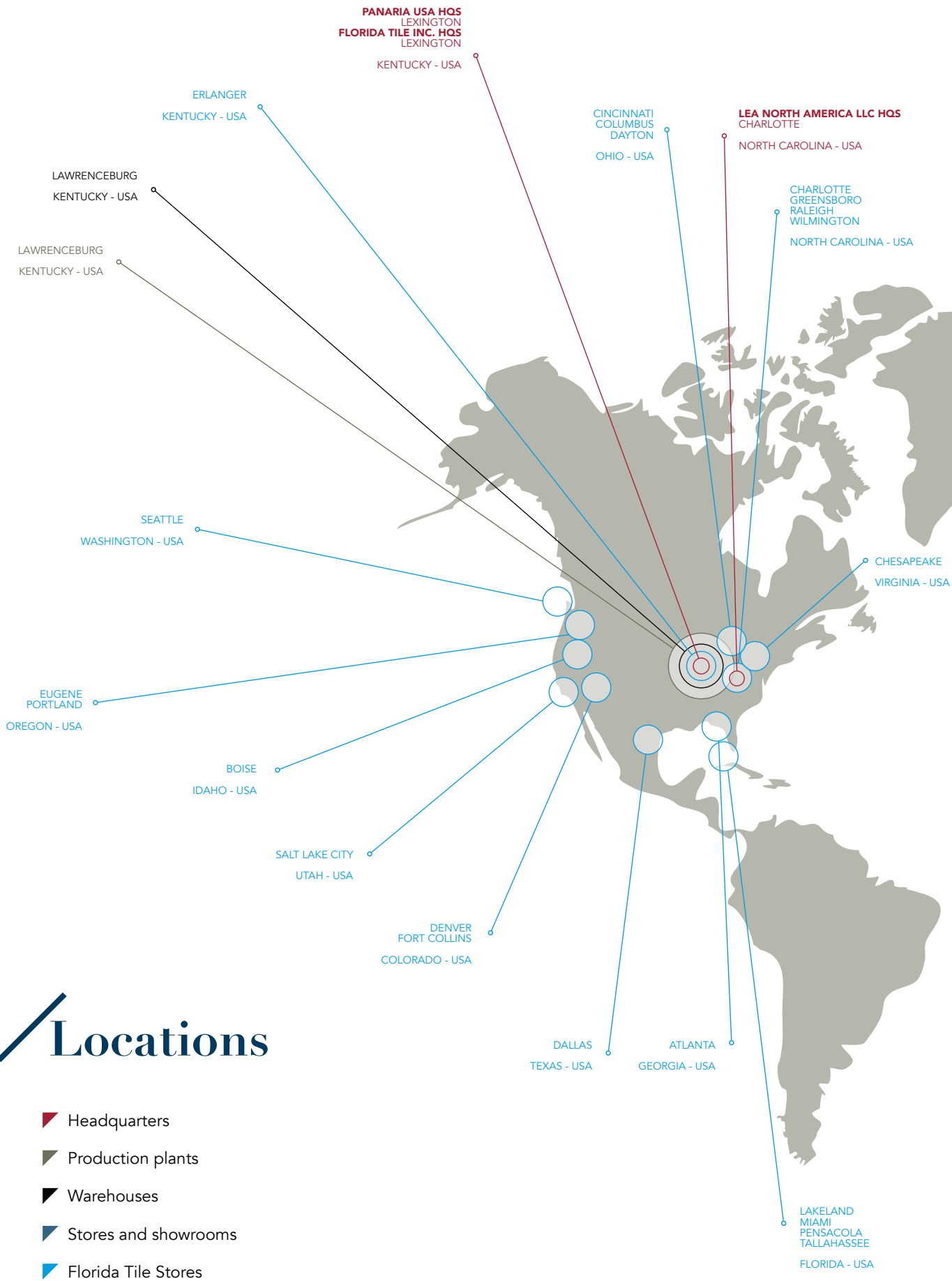
The Group driving force is its **6 production plants**, located in Finale Emilia, Fiorano Modenese and Toano, Italy, in Ílhavo and Aveiro, Portugal, and in Lawrenceburg, United States. The Group also has two storage and shipping centres in Italy, located in Casalgrande and Sassuolo. **Panariagroup has a large and widespread sales network** that covers Italy, Portugal, the United States, India and over 130 Countries worldwide. In fact, the Group sales network supplies around 10,000 Customers worldwide, mainly retailers, but also distributors, construction companies and customers involved in major projects. Marketing and distribution at national and international levels of all Panariagroup products are coordinated by an organisation of around 1,000 people, including area managers, commercial correspondents, sales agents and promoters. Moreover, **in the United States, the Group directly manages 22 stores** located throughout the territory.

**Panariagroup has a large and widespread sales network that covers Italy, Portugal, the United States, India and over 130 Countries worldwide.**

# the Group

**PANARIA**group®  
INDUSTRIE CERAMICHE S.P.A.





# Locations

- Headquarters
- Production plants
- Warehouses
- Stores and showrooms
- Florida Tile Stores



**GRES PANARIA CENTRAL EUROPE GMBH HQS**  
HAMBURG

GERMANY

FINALE EMILIA (MO)  
TOANO (RE)  
FIORANO MODENESE (MO)

ITALY

**PANARIAGROUP INDUSTRIE CERAMICHE S.P.A. HQS**

FIORANO MODENESE (MO)

**PANARIAGROUP TRADE HQS**

FIORANO MODENESE (MO)

**LEA CERAMICHE HQS**

FIORANO MODENESE (MO)

**MAXA CERAMIC SLABS HQS**

FIORANO MODENESE (MO)

**COTTO D'ESTE & BLUSTYLE HQS**

SASSUOLO (MO)

**PANARIA CERAMICA HQS**

FINALE EMILIA (MO)

ITALY

FINALE EMILIA (MO)  
TOANO (RE)  
FIORANO MODENESE (MO)  
SASSUOLO (MO)  
SANT'ANTONINO DI CASALGRANDE (RE)

ITALY

**COTTO D'ESTE SHOWROOM**

MILAN

ITALY

**MONTANARI CERAMICHE STORE**

BOLOGNA

ITALY

**AHMEDABAD (GUJARAT)**

INDIA

**BELLISSIMO HQS**

AHMEDABAD (GUJARAT)

INDIA

**LOVE TILES & MARGRES**

LISBON

AVEIRO

PORTUGAL

**GRES PANARIA PORTUGAL S.A. HQS**

AVEIRO

PORTUGAL

ÍLHAVO

AVEIRO

PORTUGAL

ÍLHAVO

AVEIRO

PORTUGAL

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## The Group principles and values

**Panariagroup mission is to develop and create well-being in harmony with people and the environment, with great willingness, passion and love for our work.**

**The Group research and innovation, devoted** to product beauty and quality, enable it to satisfy all the main market segments with a dedicated and high-quality product range.

### Values

**The following principles guide all the Group** daily activities and represent the fundamental values underlying its company mission:

#### technological leadership

We constantly invest in research, technologies and state-of-the-art plants to meet every architectural and interior design need with innovative solutions, capable of becoming the industry benchmark.

#### aesthetic quality and excellence

We strive for industrial excellence, from the quality of raw materials to process efficiency, in order to achieve products that combine the maximum aesthetic value with the highest technical performance.

#### responsibility

We always place people and quality of life at the centre of our attention, with safe, environmentally sustainable products, by operating with the utmost respect for those who work with us.

#### reliability

The guarantee of a Group that grew from strong family roots in the Sassuolo ceramic district to become a major international player, operating all over the world, while maintaining an Italian spirit.



## Principles

The following principles guide all the Group daily activities and represent the fundamental values underlying its corporate mission:

### Responsible communication and transparency

Panariagroup is committed to ensuring transparent corporate management, communication and information.

### Responsibility and regulatory compliance

The Group, in the course of its business activities, acts in compliance with applicable laws and regulations, as well as with internal regulations and procedures. Compliance with national and international regulations is a binding and essential condition for the Group and it requires all its partners, whether they have a permanent or temporary and direct or indirect relationship with the Group, to ensure that they follow the principles of conduct in the same responsible way in the relations with the Group.

### Ethics in commercial relations

The Group requires compliance with all the rules and provisions, both national and international, concerning the fight against money laundering and against active and passive corruption.

## Organisational structure and governance

**Panariagroup organisational model is based on the traditional model**, formed of 3 corporate bodies: the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors.

**The Shareholders' Meeting** represents all the shareholders. It is the body in charge of making decisions, in ordinary and extraordinary sessions, relating to matters reserved to its competence by law or by the Articles of Association. Finpanaria S.p.A., which as at 31 December 2022 holds 98.1% of the share capital of Panariagroup Industrie Ceramiche S.p.A., appoints the Board of Directors, chaired by members with strong managerial skills and in-depth knowledge of the ceramic industry, capable of fully guaranteeing the company economic success, as well as the correct implementation of the sustainable development strategy.

**The Board of Directors** manages Panariagroup and pursues the primary goal of creating value for the shareholders, actively working to define industrial strategies and directly intervening in all the decisions relating to the most important management matters, which fall within the Board exclusive remit. With regard to sustainability, the Board of Directors ensures that non-financial reporting is prepared and published in a timely manner and in accordance with the reporting standards, and approves the Group materiality analysis and the Sustainability Report. The Board is also responsible for approving all the policies formalised over time to meet regulatory requirements, to control specific intervention areas and, in general, to manage the Group impact on the economy, the environment and people.

The Board of Directors manages any critical issues with an approach aimed at dialogue with Stakeholders and minimising the potential impacts generated, establishing a relationship of mutual cooperation with the Supervisory Board, the Board of Statutory Auditors and the independent auditing firm. In 2022, no major critical issues were reported for which the existing complaint procedures and channels were used.

The Board consists of 6 members and has been led by the Mussini family since the company foundation. Emilio Mussini serves as Chairman, while the operational management is entrusted to Giuliano Pini, the Group Managing Director and CEO.

**Panariagroup Board of Directors pursues the primary goal of creating value for shareholders by directly intervening in all the decisions concerning the most important management matters, which fall within its exclusive remit.**

## COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31/12/2022

name and surname	office
Emilio Mussini	Chairman of the BoD and Managing Director
Paolo Mussini	Deputy Chairman
Giuliano Pini	Managing Director
Andrea Mussini	Director
Marco Mussini	Director
Daniele Prodi	Director

**The Board of Statutory Auditors** is in charge of monitoring matters such as respect of the law and of the Articles of Association, correct administration standards, the adequacy of the company organisational structure, internal control mechanisms and the adequacy of the instructions given to the various subsidiaries relating to information that must be provided in order to comply with the reporting obligations. Following the Company voluntary decision to leave Borsa Italiana, it should be noted that the committees previously formed within the Board of Directors are no longer in place: Control and Risk Prevention Committee, Remuneration Committee and Related Parties Committee. The good governance practices gained from the company's almost 17-year experience at Borsa Italiana remain, however, a legacy the Group has treasured and will continue to treasure, since they are already integrated into its corporate model.

In order to effectively control Sustainability topics, Panariagroup has established a "CSR Operational Committee". **The CSR Operational Committee**, which is managerial in nature, is responsible for all **sustainability choices** and for coordinating the reporting process of figures relating to this Sustainability Report in terms of definition and management of the operational process of non-financial reporting, management of collection and consolidation of figures and information on the Group entire scope (Italy, Portugal, USA, India and Germany) and drafting of the document. The members of this committee are representatives of different corporate departments: the Group Administration, Finance and Control Department, the Marketing Department and the Engineering, Quality and Environment Department.

The Committee facilitates the coordination of corporate departments and supports the Board of Directors on a continuous basis in the management of ESG topics, monitoring the Group position with respect to sustainability, the effective implementation of the actions defined in the Sustainability Plan and the management of the impacts of the Group actions. Moreover, the Committee role in relation to the Council is to raise awareness of sustainable development through regular updates and the involvement of its members in tailored activities.

With regard to foreign Business Units, local managers have been identified to manage and control sustainability topics and the non-financial reporting process in order to guarantee direct and active involvement.

Sustainability  
facts

# Health

We work to create healthy and safe environments.

This is why we have introduced an exclusive antibacterial technology for over 10 years.

Named **PROTECT<sup>®</sup>**,

it eliminates up to **99.9% of bacteria**

from surfaces and is always active:

because we care about the health

of those who choose our products.





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## Sustainability risk management

Panariagroup has an internal control and risk management system in order to **identify, prevent and manage** corporate performance **risks as much as possible**.

The Group has defined a risk management and internal control system, which, together with the policies, procedures and measures adopted and put in place by the Board of Directors, executives and other parties in the company, aims to deliver a reasonable degree of certainty concerning the fulfilment of goals in the following categories:

- effectiveness and efficiency of operational activities;
- reliability of financial and non-financial information, for both third parties and internal purposes;
- compliance with current laws and regulations and with internal rules and policies.

The Group, aware of the importance of non-financial risks, has identified the main risk factors that are internally monitored on a daily basis, as reported below.

### Risk related to climate change and environmental risk

The risks stemming from climate change identified by Panariagroup are related to an incorrect management of energy sources and emissions, risks related to legislative/regulatory changes associated with the fight against climate change and physical risks, i.e. risks deriving from the progressive change in climate conditions linked to long-term changes and extreme weather events that expose the Group to damage or destruction of "material capital", such as industrial buildings, plants and infrastructure, as well as potential interruptions to essential supplies and potential contraction of production capacity.

The Group production plants, located in Italy, Portugal and the USA, have a sufficient capacity, if necessary, to take on the production loads of any offices damaged by extreme weather events or natural disasters, mitigating the risks associated with predictable climate change and its overall financial implications. **The Group also carries out ordinary maintenance interventions using the best prevention and protection strategies**, including with the aim of reducing potential impact on production plants.

**Panariagroup has set up an internal risk control and management system to protect its goals.**



Other environmental risks for the Group are related to the management of water resources and waste, or connected to the failure by suppliers to properly manage natural resources and to the loss of biodiversity, in particular, in relation to the activities of suppliers of raw materials, whose extraction processes could significantly impact the environment.

**The Group has adopted an integrated Quality, Environment, Hygiene and Safety management** system and a system has been developed for the European offices in compliance with ISO 9001, ISO 14001 and the EMAS Regulation. As required by Legislative Decree no. 152/06 on "Environmental regulations", the Finale Emilia, Toano and Fiorano Modenese plants carry out production activities in compliance with the Integrated Environmental Authorisation (IPPC Directive - Integrated Pollution Prevention and Control).

General environmental risks are controlled on a daily basis during production and storage activities, which are considered the most significant ones for the Group, through **monitoring tools of the main indicators linked to potential direct impact** (including, for example, incorrect disposal of hazardous waste, water leaks from production circuits and spills in the local area).

With regard to indirect environmental impact, in 2018 Panariagroup drafted its own Code of Business Conduct in order to promote, along the entire supply chain of goods and services, including suppliers and sub-suppliers (and their employees), the adoption of behaviours aimed at protecting the environment, in compliance with standards and regulations in Italy and in the Countries of production and delivery, and in line with the Group environmental protection principles and goals, encouraging its suppliers to reduce the environmental impact of their activities and to safeguard natural resources.



In particular, the Code of Business Conduct calls for adoption and respect, as much as possible, of:

- the precautionary principle, made explicit by principle 15 of the Rio Declaration, which requires the implementation of a precautionary approach in order to protect the environment;
- the product life cycle analysis, including packaging;
- emission reduction measures;
- energy saving strategies and, where possible, the use of renewable energy sources;
- provisions for an environmentally friendly logistics chain;
- water saving programmes.

It should be noted that, in 2019, the Group began a supply chain analysis process – based on Environmental, Social and Governance (hereafter also “ESG”) criteria – that has considered two variables: supplier risk profile and importance, on the basis of which the parties that most expose the Group to indirect risks have been identified. With regard to these suppliers, the Group has committed to launching a process to monitor and assess the controls adopted in the ESG and quality areas, which produced its first results in 2020 and 2021, limited to the Italian and Portuguese scope. The process continued in 2022 and will be further enhanced in 2023 through the adoption of an integrated software.

### Risk of human rights violations

Risks related to violations of human and worker rights (abolition of child labour, forced labour and protection of freedom of association and collective bargaining) and to potential cases of discrimination. The Group is particularly committed to mitigating its impact in this area, including any indirect impact linked to its supply chain.

Panariagroup is particularly attentive to the management and prevention of such risks, through **compliance with national and international laws and regulations, as well as through Panariagroup internal rules within all the Group companies.**

Furthermore, **in 2018 Panariagroup prepared a Group Code of Ethics that defines the principles, values and standards of social and environmental responsibility** that guide daily business actions. This code demonstrates the company commitment to implementing policies aimed at developing a culture of strong values in terms of ethics, justice and respect for human rights, inspired by the conventions of the International Labour Organization (ILO) and the OECD Guidelines for multinational companies, as well as by its participation in the UN Global Compact.

With regard to indirect social impact, **Panariagroup Code of Business Conduct promotes the adoption of behaviours aimed at protecting human rights**, in compliance with national and international laws and regulations in production and delivery Countries, as well as in line with the principles inspired by the ILO Conventions, the OECD Guidelines and the UN Global Compact. This Code requires the following principles to be respected:

- abolition of all forms of exploitation of child and forced labour;
- respect for the diversity and religious, political and sexual orientation of individuals;
- respect for rights of association, worker representation and collective bargaining agreements.



Finally, as previously explained, it should be noted that **the Group began a supply chain analysis process - based on Environmental, Social and Governance** (hereafter also “ESG”) criteria - that enabled it to identify the suppliers that most expose the Group to indirect risks in terms of respect for human rights. With regard to these suppliers, the Group is conducting a process to monitor and assess the controls adopted in the areas of quality and ESG.

#### **Risk of failure to protect occupational health and safety**

Risks related to the Group activities which, as a result of failure to comply with laws and internal regulations, may lead to incidents involving staff and external employees who work at the Group sites and/or under the Group control.

At Panariagroup plants, offices and points of sale, **maximum protection of the health and safety of all workers is guaranteed** both through the full application of the national regulatory requirements of all the Countries in which it operates and through an internal management system that includes procedures and tools to avert potential risks, to protect all workers from these risks and to constantly monitor the real occupational situation.

**Panariagroup has adopted an integrated Quality, Environment, Hygiene and Safety management system** aimed at ensuring occupational protection and safety. In particular, for the European offices, a system compliant with ISO 9001 and ISO 14001 standards has been developed, which is also compliant with the UNI-INAIL Guidelines for the Italian offices, with the aim of developing and implementing internal procedures to prevent, monitor and manage occupational accidents and incidents.

The Code of Business Conduct, aimed at the entire supply chain of goods and services, extends the Group commitment to occupational health and safety throughout the value chain.

### **Risk of active and passive corruption**

Risk related to behaviours or negligences that may lead to the occurrence of cases of corruption along the entire value chain.

Since 2009, the Parent Company Panariagroup Industrie Ceramiche S.p.A. has adopted its own **Organisational, Management and Control Model 231/01**, together with a **Code of Ethics**, as a guarantee of the principles and values of ethics and integrity, with particular attention to the topics of active and passive corruption along the entire value chain. In 2019, the information flows to the Italian Parent Company Supervisory Body were extended to include the Portuguese and the American Business Units, in order to extend their supervision and control of corporate, IT (cyber risk), environmental and health and safety matters (for further details, please refer to the following “Integrity and Compliance” section).

Furthermore, the Panariagroup Code of Business Conduct requires its commercial partners to:

- avoid any possible conflict of interest in commercial relations;
- fight corruption in all its forms;
- adopt responsible and transparent communication.

### **COVID-19 risk**

At present, in the main markets in which the Company operates, there are no significant economic effects connected to COVID-19, but the possibility of new variants of the virus causing consequences in the future cannot be entirely ruled out.

Moreover, Panariagroup believes that having successfully dealt with this situation in the past, despite the fact that it was a completely new situation at the time, provides reassurance as to the Company ability to implement effective countermeasures in the event of a new wave of the virus.

In this respect, it should also be noted that the Group Management has taken prompt action to ensure that the Company and its subsidiaries have access to the support measures introduced by the governments of the Countries in which they operate.

**The Group Management  
has taken prompt action to ensure  
that the Company and its subsidiaries  
have access to the support measures  
put in place by the governments  
of the Countries in which they operate.**

### Russia-Ukraine conflict risk

The Russia-Ukraine conflict, which began in early 2022, has had and continues to have significant consequences on the European economy, including the ceramics industry.

In particular, the main risk factors concern: (i) reduced turnover in war-affected areas; (ii) volatile gas and electricity costs.

As far as the impact on sales is concerned, it should be noted that sales in the affected areas (Russia, Ukraine, Belarus) account for approximately 1% of the Group total and, therefore, they are not so large as to have a significant impact on the economic results.

The volatility of energy factor costs, conversely, has extremely significant effects in view of the high energy and gas use for the industry.

This risk is mitigated by the price fixing and financial hedging operations carried out by the Group, which reduced the variability of these costs for the current financial year.

For further related risks identified by the Group, please refer, for details, to the "Risk Management" section of the Management Report within the Consolidated Financial Statements as at 31 December 2022.



## Integrity and compliance

Ethics and compliance have always been one of the most important topics for both the Group and its stakeholders. Panariagroup has always been particularly sensitive to the need to **ensure integrity, fairness and transparency in all its corporate activities**, thus guaranteeing the protection of its reputation and image in the market and among all stakeholders.

Panariagroup endeavours to ensure maximum compliance with national and international regulations. **In 2009, Panariagroup Industrie Ceramiche S.p.A adopted the Organizational, Management and Control Model** pursuant to Legislative Decree no. 231 of 8 June 2001. The adoption of the Model is a valid tool for raising awareness among all those working in the name and on behalf of Panariagroup and for guaranteeing the principles and values of fairness, integrity and ethics throughout the value chain.

The Parent Company, alongside the adoption of the Model, has appointed a Supervisory Body ("SB"), responsible for performing control tasks regarding the observance, efficiency and effective application of the Model and of its related internal procedures with a view to prevention and to updating the Model.

**Mapping and analysis of risk areas are a cornerstone of the *modus operandi* of Panariagroup**, which, focusing on prevention, has adopted specific internal procedures and tools with the aim of monitoring, as well as preventing, cases of violation of regulatory compliance with a view to protecting human rights, workers and the corporate reputation.

In 2019, the information flows of the foreign companies (Portugal and USA) were extended to the Italian Parent Company SB, in order to extend its supervision and control of corporate, IT (cyber risk), environmental and health and safety matters. Procedures inspired by the Parent Company 231 Model have therefore been adopted in the subsidiaries, as well as a compliance programme to which subsidiaries must adhere, **ensuring a constant flow of information that promptly reports risk situation details to the Parent Company**. The Parent Company Supervisory Body has therefore extended its internal monitoring and verification role to the subsidiaries with respect to the matters mentioned above, with the possibility of directly carrying out specific control actions on the individual Departments, Local Areas and Group companies.

The Supervisory Board is also responsible for monitoring and verifying the occurrence of any situations that may generate conflicts of interest, supporting the Board of Directors so that these scenarios are properly prevented and mitigated.

It should be noted that in April 2022, the Board of Directors adopted a “whistleblowing” procedure, which has also been rolled out for the foreign business units and, in March 2023, it approved the new Trade Compliance procedure, which sets out the principles and guidelines aimed at ensuring that all Group activities are conducted in accordance with the applicable legislation concerning international economic sanctions.

Furthermore, **Panariagroup formalised a Code of Ethics identifying the set of values, behavioural regulations and principles of corporate ethics that Panariagroup embraces, orienting its decision-making processes around these values.** With regard to ethics and integrity in business conduct, the Group:

- requires compliance with both national and international anti-money laundering rules and regulations;
- is committed to combating all forms of active and passive corruption by promoting a culture of legality in all corporate contexts;
- is committed to maintaining ethical behaviour in business relationships with third parties.

The rules of conduct stated in the Code of Ethics, which the work of all the Group companies is based on, contribute to reinforcing **its commitment towards an ever greater responsibility to doing business with attention to social, environmental and ethical matters, as well as to the fight against active and passive corruption.**

In relation to the latter, it should be noted that, for both 2021 and 2022, there were no cases of corruption within the Panariagroup Group that led to the dismissal of employees or measures whereby contracts with business partners were terminated or not renewed due to corruption-related violations. Furthermore, during the reporting period, there were no cases of corruption-related public lawsuits brought against the Group or its employees.

It should also be noted that, for both 2021 and 2022, there were no pending or concluded legal actions concerning anti-competitive behaviour, violation of antitrust regulations and related monopoly practices in which the Group was identified as a participant.

In relation to non-compliance with laws and regulations, it should be noted that in 2019 Panariagroup received 4 notices of assessment (referring to 2014, 2015, 2016 and 2017) relating to alleged irregularities in the calculation of the TARI waste tax, for a total value, including sanctions and interest, of 0.6 million euro; the Company opened a legal dispute to contest the documents received. The situation remained unchanged in 2022.

Finally, for both 2021 and 2022, there were no significant fines and non-monetary sanctions<sup>4</sup> for non-compliance with laws and regulations, nor was there any non-compliance with regulations and/or self-regulatory codes regarding product information and labelling and/or regarding the impact on the health and safety of products that resulted in a sanction, fine or warning from supervisory bodies.

4. Only monetary sanctions of a significant amount, i.e. of a value greater than 10,000 euro, are taken into consideration.

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## Strategy and tax transparency

### APPROACH TO TAX

The Group has not formalised a tax strategy in writing, but it operates in this area **in accordance with its values and with the principle of legality**.

As stated in the Code of Ethics, “the Group, in the course of its activities, acts in compliance with applicable laws and regulations, as well as with the Code and internal procedures. Compliance with national and international regulations is a binding and essential condition for the Group actions.”

**The Group therefore also operates in an ethical and transparent way in the management of its tax activities**, through a behaviour geared towards compliance with the applicable tax regulations, undertaking to interpret them in a way that respects their substance as well as their form, and maintaining a collaborative and transparent relationship with the tax authorities. The choice of the Countries in which the Group operates is guided by business assessments, rather than tax reasons.

The main goals guiding tax management activities are:

- correct and timely assessment and settlement of taxes due by law and performance of the related duties;
- correct management of tax risk, understood as the risk of violating tax rules or abusing the principles and purposes of the tax system.

**Panariagroup acts in full respect of legality and of the values of its Code of Ethics, maintaining a transparent and collaborative relationship with the tax authorities of the Countries in which it operates.**



In terms of central tax management, the Group does not engage in behaviours and operations, whether domestic or cross-border, which result in purely artificial arrangements, which do not reflect economic reality and from which it is reasonable to expect undue tax advantages, insofar as they are contrary to the purpose or spirit of the provisions or of the relevant tax system and lead to double deduction, deduction/non-inclusion or double non-taxation, including as a result of disparities between the tax systems of the various jurisdictions.

**At local level, Group entities must comply with the principle of legality**, applying the tax laws of the Countries in which the Group is present in a timely manner, in order to ensure that the provisions, spirit and purpose that the rule or law provides for the topic in question are observed.

The Group considers taxes as a cost of doing business, which as such must be managed in compliance with the principle of legality, with the aim of safeguarding the company assets and pursuing the primary interest of creating value for Shareholders over the medium to long term, in the knowledge that tax revenues are one of the main contributors to the economic and social development of the Countries in which it operates.

## TAX GOVERNANCE, CONTROL AND RISK MANAGEMENT

Responsibility for tax topics lies with the Board of Directors, whereas at executive level it falls within the remit of the Managing Director. The Group CFO, who reports to the Chief Executive Officer, is responsible for directing and coordinating tax-related activities for all Group companies.

The various Group companies employ staff with appropriate training in taxation, who manage deadlines and recurring obligations; moreover, qualified external consultants constantly support the local teams and have a direct relationship with the Group CFO.

**The Group has adopted a set of rules, procedures and principles that are part of its wider organizational and control system**, which should be considered fundamental points of reference that all parties, depending on the type of relationship they have with the Group, are required to respect.

With specific reference to the tax topic, a Tax Control Framework was defined for Panariagroup, which provides for a structured process of assessment of Tax Risks through the phases of Risk Assessment for the identification of controls and risk monitoring, assessment of these controls and related information flows. Eight areas of Tax Risk (Processes) have currently been identified; the risk is the result of a self-assessment by Group Internal Audit and Group CFO that takes into consideration the Features of the Process and the Type of Risk involved.

The goal is to implement this model for all of the Group significant Business Units within the next 2 years.

### **Intercompany transactions**

Intercompany transactions are governed, for tax purposes, on the basis of the arm's length principle (ALP), as outlined by the OECD (Model Tax Convention and Transfer Pricing Guidelines), with the aim of aligning transfer conditions and prices as accurately as possible with the places where value is created within the Group.

In 2022, Panariagroup Industrie Ceramiche S.p.A. prepared supporting documentation for the "Transfer Pricing" policies implemented during the financial year, in compliance with the relevant Italian regulations.

### **Low-tax jurisdictions**

The Group does not make investments in or through Countries considered to have favourable taxation for the sole purpose of reducing the tax burden. Such investments may only be suggested if they are supported by valid economic/strategic reasons and if they are aimed at developing activities included in the corporate purpose.

### **Tax incentives**

Tax incentives are an important development-oriented economic policy mechanism that Countries promote to stimulate growth and attract investment, in order to support the implementation of the national policy. The use of tax incentives generally leads to a reduction in long-term tax liabilities. Some Countries in which the Group operates offer various types of incentives. The Group makes use of tax incentives generally applicable to all operators, complying with all specific regulations only where they are aligned with its industrial and operational goals and consistent with the economic rationale of its investments.

## **STAKEHOLDER INVOLVEMENT**

The Group guarantees transparency and fairness in its relations with the tax authorities, in the event of audits relating to both Group companies and third parties.

Panariagroup also constantly takes a collaborative approach with all institutions and trade associations to support the development of effective tax systems in the various Countries in which it operates.

## **COUNTRY-BY-COUNTRY REPORTING**

Information relating to Country-by-Country reporting for the 2022 tax year, for each tax jurisdiction in which the Group operates through its Business Units, is provided below:

	Italy	Portugal	Germany	USA	India
<b>Names of resident entities</b>	Panariagroup Industrie Ceramiche S.p.A.; Montanari Ceramiche S.r.l.	Gres Panaria Portugal S.A.	Gres Panaria Central Europe GmbH	Panariagroup USA Inc.; Florida Tile Inc.; Lea North America LLC.	Panariagroup India Industrie Ceramiche Pvt Ltd.
<b>Main activities of the organization</b>	Production and sale of ceramic material	Production and sale of ceramic material	Promotion of ceramic material	Production and sale of ceramic and building materials	Sale of ceramic material
<b>Number of employees</b>	743	451	5	481	34
<b>Revenues from sales to third parties (thousands of euro)</b>	233,927	85,397	-	153,164	3,288
<b>Revenues from intercompany sales (thousands of euro)</b>	19,972	11,091	1,574	-	297
<b>Pre-tax profit (Loss) (thousands of euro)</b>	16,058	5,055	118	-3,138	-58
<b>Tangible assets other than cash and cash equivalents (thousands of euro)</b>	455,607	84,658	540	162,146	1,605
<b>Corporate income taxes paid on a cash basis (thousands of euro)</b>	-	1,478	-	-	-
<b>Corporate income taxes accrued on profits/losses (thousands of euro)</b>	-2,047	1,040	-	-	-



3



Panariagroup  
for Prosperity

Strongly rooted in the areas in which it operates and a representative of the “Made in Italy” throughout the world, our Group acts according to criteria focused on economic responsibility towards the community, Shareholders and financial institutions.

We combine the ancient art of ceramics with the most advanced technological standards to offer solutions of outstanding quality and to ensure our customer satisfaction through a diverse product range.

Similarly, we support the areas in which we operate through local sourcing practices that actively contribute to community growth.

# in evidence

Net operating margin

**9.5 million euro**

We improved our operating margin by 9.5 million euro compared to 2021.

---

The quality of our products

**0.52% complaints**

Complaints about sold products represent just 0.52% of total turnover.

---

We believe in innovation

**105 million euro**

Over the last 5 years, we have spent around 105 million euro on innovation and technological upgrading.

---

For a healthy, safe and protected home

**7 million m<sup>2</sup>**

In 2022, we sold around 7 million m<sup>2</sup> of PROTECT antibacterial surfaces.

---

Putting the customer first

**50% time reduction**





We cut our internal handling time for product-related reports by 50%, optimizing customer response procedures thanks to the exclusive VIS application.

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# ✓ Panariagroup for Prosperity

Our ambitions for a  
sustainable and responsible  
development



Ambition	Goal	Target 2025	As-is 2022
Be a benchmark in the industry for innovation, developing new solutions with sustainable features and promoting responsible production models	Presentation of at least one product/technical solution that is not yet on the market and that has innovative/sustainable features	At least one product/technical solution	In 2022, Panariagroup launched the THINK ZERO programme, becoming the first company in the ceramic industry to produce a 100% carbon-neutral product line (laminated porcelain stoneware), voluntarily offsetting, as of September 2022, CO <sub>2</sub> emissions generated throughout the material production cycle
	Increased number of Panariagroup products subjected to Life Cycle Assessments (LCAs) and periodic renewal of EPDs (Environmental Product Declarations) of Panariagroup sites	100% of products subjected to LCA	Ongoing activities
Promote sustainability values and principles along the supply chain	Assessment of the ESG performance of the Group strategic suppliers and subsequent development of improvement plans	100% of strategic suppliers subjected to ESG screening	Ongoing activities
			
Ensure full customer satisfaction	Maintenance of customer satisfaction above a certain threshold	The target is being assessed and defined	
			
Promote sustainable urban development	Increase of building standards to which Panariagroup products comply, and obtainment of any necessary certifications	The target is being assessed and defined	
	Gradual expansion of the range of products/application solutions included in BIM (Building Information Modelling)	Inclusion in BIM of suitable product ranges*.	Ongoing activities

\* The product ranges suitable for inclusion in the BIM path refer to the following figures: planners and A&D targets.

# 3 /1

## The Group economic responsibility

Panariagroup history is rooted in an **area that is internationally** renowned for porcelain stoneware production. The Modena and Reggio Emilia territory, and specifically the Sassuolo area, are home to numerous companies, whose core business is the production of ceramic surfaces. It is the **perfect context in which to grow an entrepreneurial project** that aspires to the highest quality and manufacturing excellence.

Over the years, parallel to the economic development of the area, the technical skills of ceramic workers, who have begun to settle here, have also increased exponentially.

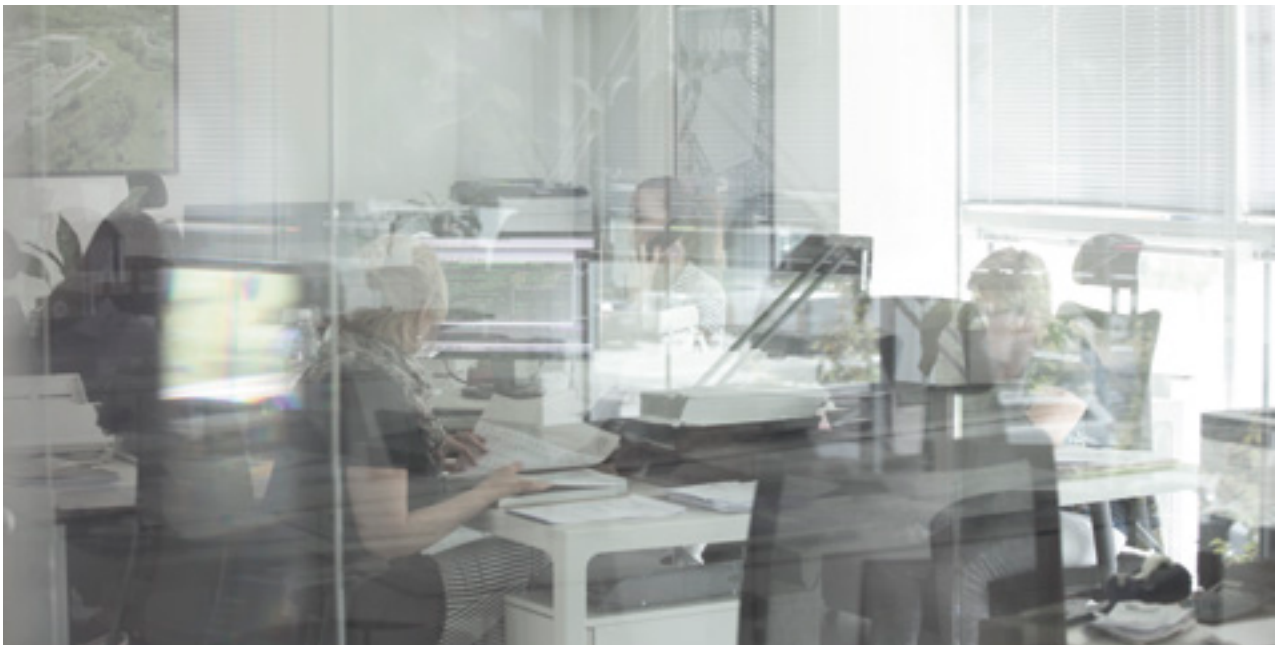
Panariagroup has **always remained firmly rooted in its native land** and proudly **represents "Made in Italy"**. Indeed, products developed in Italy are key to its financial success. The Group considers it fundamental also to **support the prosperity of the areas in which it operates, maintaining employment levels**, promoting relations with local communities and creating shared value.

**The Group considers it fundamental to support the prosperity of the areas in which it operates, maintaining employment levels, promoting relations with local communities and creating shared value.**

Even when operating outside Italy, Panariagroup has also maintained, over the years, a strong local identity, supporting the economic and social development of the areas in which it operates (not only in Italy, but also abroad, in the Aveiro area in Portugal and in Lawrenceburg, Kentucky, USA).

Connected to the local community, but also focused on national and international dynamics, the Group - partly due to its 17-year presence on the Stock Market - is always aware of its responsibility towards its current and potential Shareholders and towards financial institutions.

Through an appropriate reinvestment of profits and, in line with the economic results, an appropriate dividend policy in which Shareholders are directly remunerated, the Group is committed to achieving development goals aimed at guaranteeing an increase in the company value.



# 3 /2

## Generated and distributed economic value

The generated economic value represents **the wealth produced by the Group, the majority of which is distributed to the stakeholders** with whom the Group interacts in its daily operations.

The classification of generated economic value shown below reveals how the value created by the Group is distributed to the various stakeholders.

	2022 thousands of euro	2021 thousands of euro	Difference thousands of euro	Change %
<b>Generated economic value</b>	<b>496,688</b>	<b>429,628</b>	<b>67,060</b>	<b>15.6%</b>
Value distributed to Suppliers	343,985	293,543	50,442	17.2%
Value distributed to the Staff	100,020	92,852	7,168	7.7%
Value distributed to Lenders	5,156	4,512	644	14.3%
Value distributed to Shareholders	5,391	-	5,391	-
Value distributed to the Public Administration	(1,639)	821	(2,460)	(299.6%)
Value distributed to the Community	333	176	157	89.2%
<b>Distributed economic value</b>	<b>453,246</b>	<b>391,904</b>	<b>61,342</b>	<b>15.7%</b>
<b>Retained economic value</b>	<b>43,442</b>	<b>37,724</b>	<b>5,718</b>	<b>15.2%</b>

The comparison with the previous year shows a very significant increase in the generated economic value of 67.1 million euro (+16%), which is matched by a similar increase in percentage, of the distributed economic value (+16%) and of the retained economic value (+15%) as an effect of the margin improvement achieved in the financial year. Suppliers (+50.4 million euro, +17%), Employees (+7.2 million euro, +8%), and Lenders (+0.6 million euro, +14%) benefited from the higher distributed economic value, and distribution to the Community almost doubled. The value distributed to shareholders corresponds to the allocation of the net profit for the financial year as a dividend that the Board of Directors of 27 March 2023 resolved upon as a proposal to the Shareholders' Meeting of 28 April 2023, for the 2022 financial year.

**The comparison with the previous year shows a very significant increase in generated economic value.**



## 2022 financial results

The past year has been extraordinarily complex; it began with the war in Ukraine, and continued with further delicate situations, such as rising inflation, the global economic slowdown, and rising interest rates. Following the pandemic crisis of 2020, a path of strong economic recovery seemed underway; however, the geopolitical crisis completely changed the scenario, leading Western Countries to focus their policies on energy independence and diversification of supply lines for raw materials and intermediate products.

Against this difficult backdrop, there was a real surge in inflation, which, already rising in the second half of 2021, reached its highest level since the 1980s, surpassing the forecasts of many analysts, who considered the rise to be temporary, reflecting the difficulties faced by production and logistics in responding to an acceleration in orders and purchases due to post-Covid reopenings.

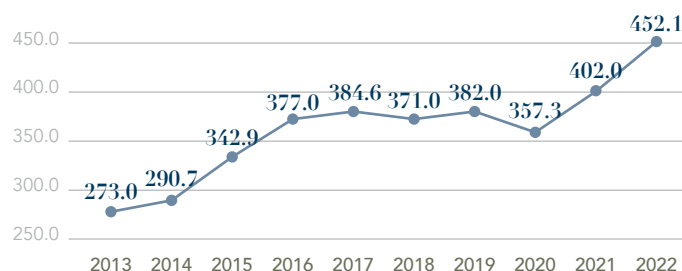
The ECB reaction to this phenomenon led to several interest rate hikes, in an attempt to slow demand and thus price increases, with repercussions that are and will continue to be severe at several levels: companies, already burdened by the extraordinary pressure of energy and raw material costs, will be confronted with rising credit costs, with potential reductions in demand for investment and slowdowns in the real estate and construction industries, the very sectors that have sustained the post-Covid recovery.

**In spite of this extremely uncertain and difficult economic environment, the Group achieved largely positive economic results** that showed a marked improvement over the previous year, testifying once again to Panariagroup ability to effectively and promptly respond to changing market conditions, even in difficult and complex circumstances. The revenue trend was positive, with a growth of 50.1 million euro (+12.5%). **After recording the highest result in the Group history in 2021, 2022 shows a further significant jump.**

Turnover over the last 10 years has increased from 273.0 to 452.1 million euro, with an average annual growth rate close to 5.8% (achieved exclusively internally), showing a considerable capacity for commercial development.

### Revenue trend over the past 10 years

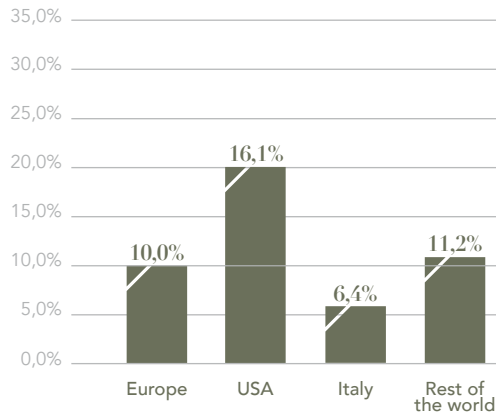
Figures in millions of euro



Growth over 2021 affected all geographical macro-areas, as shown in the chart below:

### % change in turnover by area 2022 VS 2021

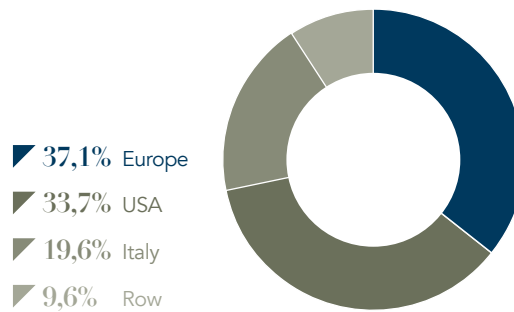
Percentage data



The geographical distribution of sales, evenly spread across different geographical areas, supported by a production and logistical presence close to the main target markets, is a key factor in risk diversification. The importance of this aspect is even more evident in the current situation, in which Europe is being affected by high-impact geo-political phenomena with a high level of uncertainty.

### Geographical distribution of sales 2022

Percentage data



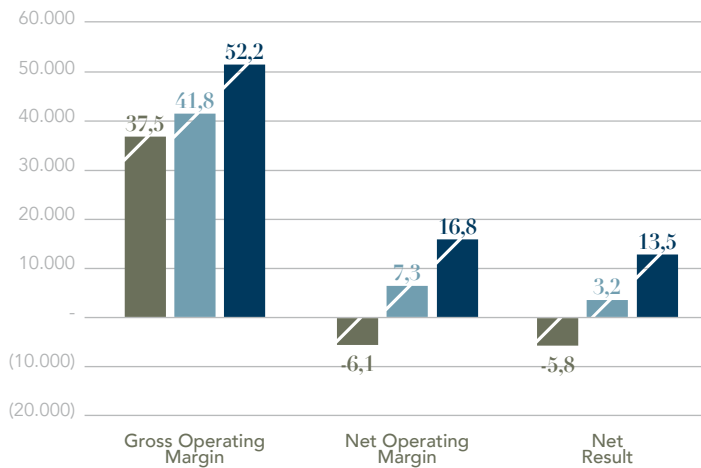
The 2022 financial year was also positive in terms of margins. EBITDA performance in recent years is particularly indicative of the Group solid trend of profitability improvement.

### Economic results

2020 - 2022 three-year period

Million of euro

- 2020
- 2021
- 2022



When we consider that this course of action took place in a period characterised by unprecedented external challenges, with the 2020 pandemic, rising inflation, the Russian-Ukrainian conflict and soaring energy costs, **these results are evidently all the more impressive and significant.** The beginning of the conflict in Ukraine in February had immediate repercussions on the ceramic industry, causing, on the one hand, the suspension of supplies of Ukrainian clays, which were one of the main sources of ceramic mixture material in the Sassuolo area, and, on the other hand, the soaring cost of gas and electricity (which were already at record-high prices at the end of 2021).

With regard to the availability of raw materials, which were in stock for about two months at the time of the supply interruption, Panariagroup successfully carried out, in due time, the necessary actions to obtain alternative supplies (Germany, Turkey and Portugal) and to modify the formulations of the mixtures thanks to intensive research activities by its laboratory technicians. Sudden tensions over energy tariffs, resulting from the outbreak of the conflict, therefore added to a generalised and significant increase in the cost of raw materials, which had already become apparent in the second half of the previous financial year.

The overall magnitude of the increase in procurement costs was such that it required a corrective action on list prices, which had already been increased in early 2022 and which were further adjusted in the course of the year to take into account the extremely volatile development in energy factor costs. The market absorbed price increases well, especially in the first half of the year, with minimal impact on sales volumes. At this stage, it became clear to all operators that price changes were necessary to cover extraordinary circumstances and that the alternative - a production shutdown, with a reduction in supplies - would have been a worst-case scenario.

In addition to acting on prices, the Group chose to direct the production programme towards customer/product segments with higher profitability, sacrificing a part of the business volume (especially "third-party") that was not compatible with the new market conditions. Moreover, in view of the uncertainties over energy costs that emerged in the last quarter of 2021, the Group took some important countermeasures to mitigate the risk of cost fluctuation in early 2022, which proved to be crucial in safeguarding budget margins, coupled with the necessary government support to companies in the form of tax credits.

The largest contribution to margin growth came from the Italian Business Unit, complemented by improved performance for the American Business Unit and substantial maintenance of the Portuguese Business Unit good financial results.

In terms of Assets, the following trends were noted in Net Invested Capital and in the breakdown of Sources.

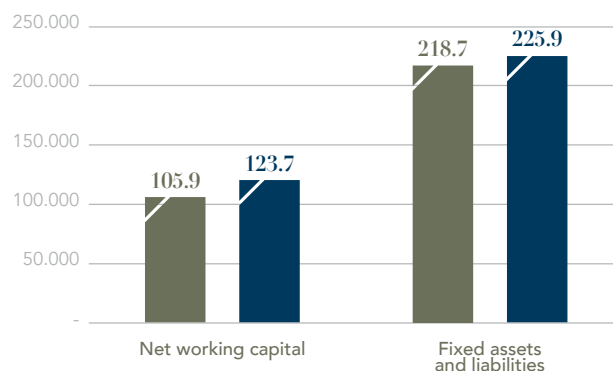
## Breakdown of net invested capital

2021 - 2022

Million of euro

■ 2021

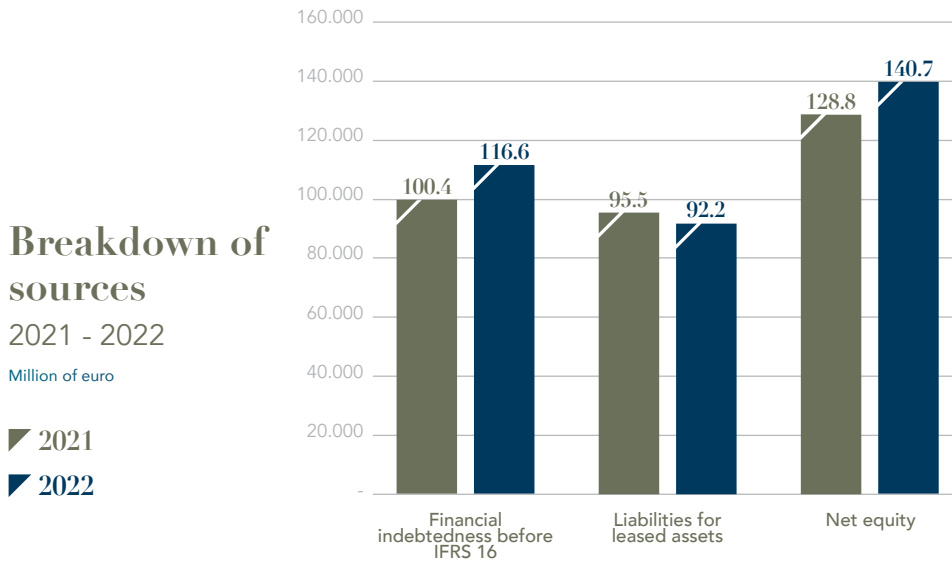
■ 2022





Net Working Capital increased by 17.8 million euro compared to 31 December 2021, due to an increase in Current Assets (+46.4 million euro), only partially offset by the change in Current Liabilities (+28.6 million euro).

The total value of “Fixed Assets and Liabilities” increased mainly due to the significant investments made during the financial year.



Net financial indebtedness increased by 10.2 million euro; the improvement in operating cash flow was not sufficient to compensate for the growth in Net Working Capital and the higher volume of investments; however, the ratio of Net Financial Position to EBITDA improved significantly.

With a view to further reducing the liquidity risk, in view of the particularly uncertain economic context, the process of consolidating financial liabilities from short to medium-long term continued; in this context, we consider it important to highlight the signing of a long-term loan agreement for 50 million euro with the European Investment Bank (of which 15 million euro has already been disbursed in 2022). This contract, named **“Panaria Sustainable Ceramics”**, in addition to the obvious benefit in terms of further improving the Group financial standing, is a source of pride because it is **related to the development of an ambitious industrial plan at Panariagroup European sites, with significant positive implications in terms of production efficiency and sustainability.**

Equity increased by 12.0 million euro, mainly due to the positive net result for the financial year.

# 3/4

## Investing in innovation

Panariagroup identity has always been strongly connected to manufacturing of the Group Brand products in its plants, with a constant policy of innovation, technological updating and efficiency improvement.

Even in years of increased economic uncertainty, the Group continued to invest in its industrial sites, in order to maintain its position in the small group of pioneers in the industry.

**In the last five years, the Group has always invested consistently**, as shown in the following table:

Investments per year	Total (M of euro)	% of revenue
2018	19.2	5.2
2019	14.6	3.8
2020	19.4	5.4
2021	21.8	5.4
2022	30.3	6.7
<b>Total 2018-2022</b>	<b>105.3</b>	<b>5.5</b>

The investments in this period concerned all three of the Group Business Units, as can be seen in the following table (figures in millions of euro).

Investments per Business Unit (M of euro)	Italy	Portugal	USA	Group
2018	10.3	6.5	2.4	19.2
2019	6.2	5.9	2.5	14.6
2020	13.5	2.2	3.7	19.4
2021	14.2	4.2	3.4	21.8
<b>2022</b>	<b>19.0</b>	<b>6.6</b>	<b>4.7</b>	<b>30.3</b>
<b>Total</b>	<b>63.2</b>	<b>25.4</b>	<b>16.7</b>	<b>105.3</b>
% of total	60%	24%	16%	100%
<b>% of Revenue</b>	<b>6.1%</b>	<b>6.4%</b>	<b>2.6%</b>	<b>5.5%</b>

At the Finale Emilia (Italy) site, a new kiln was installed which, when fully operational, will be able to guarantee significantly higher productivity than the current lines, as well as lower energy consumption per product unit. In addition to this main investment, new machines were installed in the sorting and grinding departments, and interventions were carried out to improve internal plant logistics, partly in view of the new, larger product ranges.

The purchase of a large area of land adjacent to the site, which was finalised at the end of 2021 for a total surface area of approximately 230,000 m<sup>2</sup>, made it possible to initiate major logistical reorganisation work at the end of 2022 through the construction of a new forecourt with a surface area of approximately 30,000 m<sup>2</sup>. Thanks to this intervention, it was possible to plan a major expansion of the industrial facility, which will take place during 2023 and early 2024 for a total area of approximately 16,000 m<sup>2</sup>, with a view to continuing the industrial development plan for the entire site.

Industrial upgrading activities also continued at the Fiorano Modenese (Italy) site, with a particular focus on the press and glazing departments. For the renovation of the plants, which required innovative solutions that could guarantee the best performance in terms of production and corporate management, Panariagroup turned to System Ceramics technologies; the heart of the new production line is the Superfast mouldless ceramic press, which, thanks to its single-belt system, permits an extremely flexible production. Advantages in terms of time, space and, consequently, in terms of costs, make this technology a concrete support for ceramic slab production focused on sustainable development. In fact, it is possible to make production changes in zero time and completely recover surplus raw materials during raw cutting. The line is also equipped with a new multi-level dryer that will increase the technological solutions in terms of production of large-format and thin slabs. The new line became operational in the first half of 2022.

**The Fiorano plant is strategic for the Group; its production, entirely dedicated to laminated stoneware (very large thin slabs), is a distinctive factor for the Group and represents excellence**, not only in terms of quality, aesthetics and versatility of use in architecture and furnishing, **but also the symbol of maximum sustainability** due to its intrinsic features (less thickness also means less use of raw materials, water, gas, electricity) and thanks to Panariagroup decision to entirely offset its CO<sub>2</sub> emissions as part of the THINK ZERO project. The Toano (Italy) plant was upgraded at the end of the year with three new dry grinding lines, which will complete the internalization of finishing processes, with expected significant savings compared to outsourced processing; installation was completed in early 2023.

Efforts were also made at the Portuguese plants to improve production efficiency, particularly at the Aveiro plant, in conjunction with an expansion of the ranges towards products with higher added value. Energy efficiency interventions were also carried out, with the introduction of a system to recover fumes from the kilns for the spray-drying stage, similar to what was done in previous years in Italian plants. The Portuguese production site is a key strategic asset for the Group to cover the main European markets; competitive production costs, combined with a strong ceramic tradition, allow it to offer an attractive product portfolio with excellent value for money.

The investments in the American Business Unit involved both the production plant, the logistics centre and the Florida Tile branded stores. The presence of a Group plant in the USA is a key competitive factor, both because of its proximity to the market, which allows for a widespread customer service, and because it eliminates the risks that characterize exports to the USA (foreign exchange risk, changes in ocean transportation cost tariffs, customs barriers).

Sustainability  
facts

# Innovation

We are the **first ceramic Group** to have introduced the innovation of **ultra-thin ceramic slabs**, which reduce the thickness of traditional tiles by **2/3**, generating fewer emissions and consuming less raw materials, energy and water.

Offsetting 100% residual CO<sub>2</sub> emissions with the **THINK ZERO project.**





3  
/5

## Product quality, design and sustainability

Technological innovation is key to Panariagroup for achieving new goals in the production of porcelain stoneware tiles and with regard to the environment. The Group product range **combines the ancient art of ceramic with the most advanced standards** for floor and wall coverings, offering specific solutions for any kind of application, from large commercial surfaces to residential use.

At its plants, Panariagroup produces fine porcelain stoneware or monoporosa ceramic tiles, an ideal material for use as wall tiles. The porcelain stoneware denomination refers to an extremely, compact, dry-pressed ceramic product characterised by excellent technical specifications (high mechanical strength and resistance to wear, chemicals and stains) and very low porosity. Due to these features, the product, during the firing stage (at a temperature of over 1,200° C), **reaches complete vitrification**, acquiring extremely low water absorption properties and consequently frost resistance, making it suitable for outdoor laying. The company produces this material with advanced technology and the highest-quality raw materials, generating outstanding porcelain stoneware.

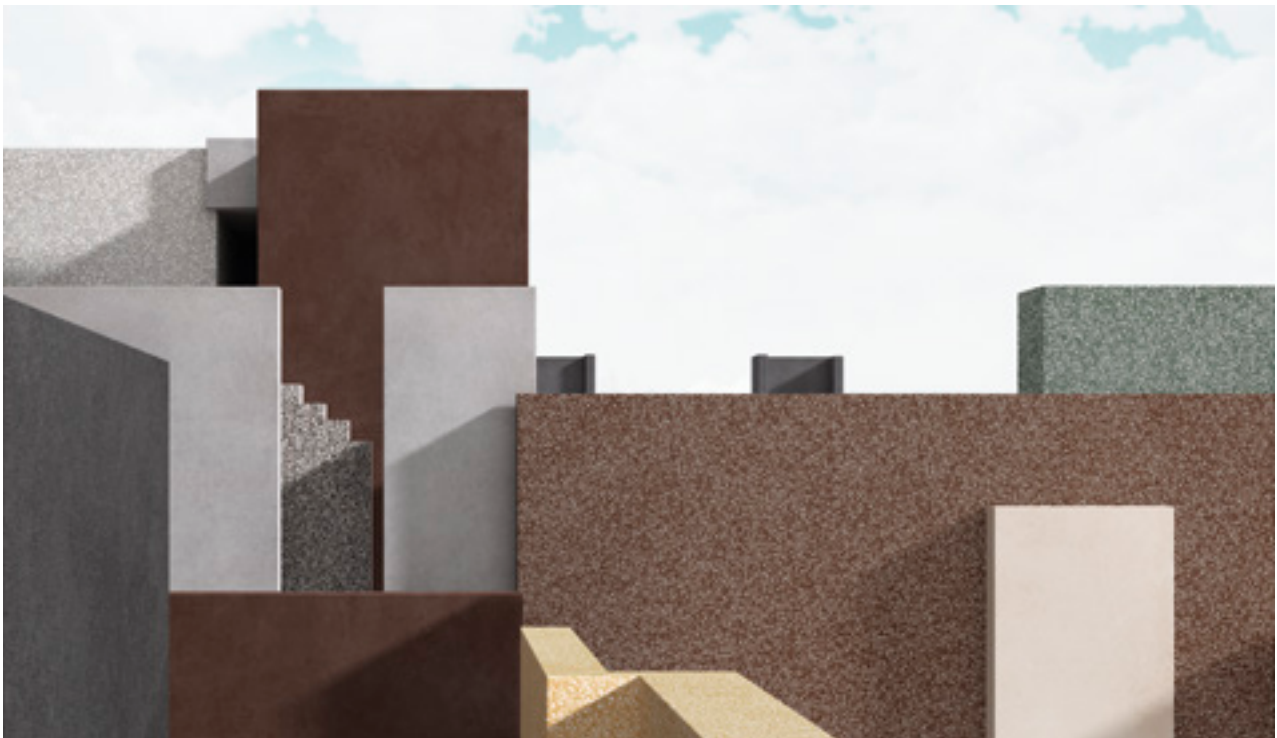
Panariagroup is also a leader in the production of **laminated porcelain stoneware**, a revolutionary product manufactured with an extremely innovative system, the result of a very advanced and high-performance technology. Panariagroup laminated porcelain stoneware allows the creation of tiles characterised by reduced thickness (as little as 3 mm), produced in whole 100x300 cm and 120x278 slabs without the use of moulds. Completely automated cutting lines enable the creation of various commercial formats. Extraordinary attention to quality during every step of the production cycle is another defining feature of Panariagroup products: from the choice of raw materials to the next-generation industrial plants, certifications and after-sales service. This all goes hand in hand with our **sustainability choices**, which represent a **continuous stimulus for innovation and process improvement**.

**Panariagroup is a leading company in the production of laminated porcelain stoneware, a revolutionary product manufactured with an extremely innovative system.**

Concrete evidence of this are both the investment in a technology - laminated porcelain stoneware - that drastically reduces the environmental impact of the products and the choice to create, starting in 2010, a **growing line of antibacterial products, thanks to the exclusive PROTECT® technology**. The decision to invest in these products, which provide a solid guarantee for an improved lifestyle, confirms the pioneering vision of Panariagroup, which has acted well in advance of its competitors, intercepting health and healthy living trends that have become established over the years. All this is achieved through an exclusive partnership with Microban®, a world leading company in antibacterial technologies, and through intensive and continuous technical development work carried out within the company and capable of generating very high-performance materials: in over ten years of experience Panariagroup has sold around 30 million square meters of PROTECT® products worldwide, also contributing to very important and prestigious works and projects. Panariagroup develops products through an outstanding process coordinated by the **Group Product Development department**, which aims to select the best market trends and to further develop them through qualified research and to the highest standards in order to generate concepts for new collections.

This process leads to the market launch, very efficiently and effectively in terms of time to market, of products that are increasingly able to meet the most advanced Customer base expectations.

Panariagroup products are created in an environment that is also highly devoted to design and maximum aesthetic performance: **the beauty of the materials draws on both strong internal research skills and maximum enhancement of the expertise of external partners**, as well as on important collaborations with international designers.



**Particular care is taken over the aesthetic detail and surface finishes of the products,** which thus obtain outstanding visual and tactile properties. The extraordinary quality of Panariagroup products is also reflected in the numerous awards that the Group has won over the years.

In over 40 years of business, the Group management has consolidated **exceptional skills and ceramic culture, which are expressed in the development of new ideas and in the finished product,** constituting a major asset in the creation of high-quality collections.

This is demonstrated by Panariagroup countless references around the world, where its **products have been chosen for extremely prestigious architectural works,** confirming the aesthetic and technical value of the Group materials: **collaborations with leading names in architecture and design** and important partnerships that have resulted in projects (residential, commercial and large public works) and installations, as well as products designed by top international designers. The Group thus confirms its ability to support complex projects, thanks to its structure as a large manufacturing company and to the expertise of its team, with the ability to control and modulate its output to satisfy even the most complex orders.

**In 2022, the Group also contributed, with its products and technical expertise, to the implementation of several important projects at international level.** The most significant recent projects include the new **Line 4 of the Milan Metro, the Uptown residential complex** (650 flats in Italy's first zero-impact district) in Milan and the renovation of the prestigious **Spiga 26, the Prishtina Mall** in Kosovo, the **Starbucks** in Brookfield Place in the USA (NY) and the **American Dream** in New Jersey, a 3.2 million square metre facility combining shopping, entertainment and family attractions, and the **Korea Exchange (KRX)**, located in the business district on Yeouido Island on the Han River in Seoul, which is the stock exchange operator in South Korea. It has also proudly contributed to the **Grand Paris Express Project**, the largest infrastructure project in Europe to date: it consists of 4 new railway lines and it also includes the extension of the existing metro lines, as well as a general improvement of the public transport system in the Île-de-France region.

Panariagroup also continued important **collaborations with architects and designers** for special projects in 2022: it renewed the partnership with Ferruccio Laviani, who designed the Pigmenti collection of Lea Ceramiche and the ambitious project for the Cersaie stand of Panariagroup and its Italian and Portuguese Brands.

The value of Panariagroup skills and technology is also demonstrated by the major production work for other ceramic operators which have been turning to the company for several years to develop products for their catalogue.










Uptown residential complex,  
Milan (Italy)

# System certifications

Panariagroup has adopted a **quality management system certified according to ISO 9001**, which extends to all commercial divisions and services, as well as an environmental management system certified according to ISO 14001 and EMAS Regulation. This is further evidence of the Group commitment towards ethical, environmental, safety and quality topics.

Certification	Description	Field of application	Panariagroup Italia	Gres Panaria Portugal
 	<p>In accordance with ISO 9001 certification, all the stages of the production process, starting with the arrival of raw materials through to the selection and packaging of the finished product, are duly verified by experienced staff through thorough quality controls. The quality system for Panariagroup production sites is annually audited by an External Certifying Body through thorough inspections.</p>	Worldwide	<p>Finale Emilia</p> <p>Toano</p> <p>Fiorano Modenese</p>	<p>Aveiro</p> <p>Ílhavo</p>
 	<p>For the purposes of the ISO 14001 certification, all environmental aspects relating to tile manufacturing activities are constantly monitored, ensuring that the best technologies on the market are used to minimise generated environmental impacts. The environmental system for Panariagroup production sites is annually audited by an External Certifying Body through thorough inspections.</p>	Worldwide	<p>Finale Emilia</p> <p>Toano</p> <p>Fiorano Modenese</p>	<p>Aveiro</p> <p>Ílhavo</p>
	<p>The EU Eco-Management and Audit Scheme (EMAS) for organisations requires them to establish a true Environmental Management System based on the continuous improvement of their performance. The System hinges on the creation of a relationship of cooperation and trust with employees, local institutions and the public. The Environmental Declaration is the final document in this process.</p>	EU	<p>Finale Emilia</p> <p>Toano</p> <p>Fiorano Modenese</p>	<p>Aveiro</p> <p>Ílhavo</p>

# Panariagroup Italia

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Company



Finale Emilia



Toano



Fiorano Modenese

# Gres Panaria Portugal

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Company



Aveiro














Ílhavo

## Product certifications

Below are the certifications obtained by Panariagroup for the products sold by the Group companies operating in Italy, Portugal and the United States, reflecting the Group **considerable attention and sensitivity towards ethical, environmental, safety and quality topics.**

In early 2023, Panariagroup further expanded its product certification portfolio with Declare, a voluntary tool that demonstrates a manufacturer commitment to increasingly responsible building. The label communicates to planners, technicians and end users all the details of a construction product and guides possible purchasing choices towards products that are less harmful to the environment and human health.

Certification	Description	Field of application	IT	PT	US
	UPEC is a product certification issued by the French CSTB Institute, which verifies product technical suitability in relation to their intended use.	France	●	●	
	The CE marking is the product safety certification required by the European Union and is intended to safeguard people's health.	EU	●	●	
	The KEY-MARK and Certiquality-UNI marks attest that certified products comply with the European standards for ceramic tiles.	EU	●		
	The Certif mark attests that certified products comply with the European standards for ceramic tiles.	EU		●	
	Since August 2005, only ceramic tiles with the CCC mark can be exported to the People's Republic of China. Since March 2006, Panariagroup has obtained the CCC mark on several products.	China	●	●	
	The EPD is a voluntary declaration applicable to all products. It is an important tool for reporting and documenting product environmental quality.	Worldwide	●	●	●
	All of the Panariagroup collections have obtained the GREENGUARD GOLD certification, i.e. the UL standard with the strictest VOC emission limits, guaranteeing that they are as healthy as possible for the people who use and live in these environments. They can therefore be used in locations such as schools and health facilities, attended by sensitive individuals such as children and the elderly. GREENGUARD GOLD is a widely recognised certification required by sustainable building programmes and design and construction regulations around the world, such as LEED (international) and BREEAM (UK).	Worldwide	●	●	●
	Panariagroup has adopted the HPD (Health Product Declaration) open standard, recognized by USGBC LEED, created to encourage attention to people and consumers through reporting of product features and information on health risks of all those involved in the project.	Worldwide	●		●
	MAXA has obtained the prestigious "Solid Surfacing for Food Zone" certification issued by NSF (National Sanitation Foundation - American National Standard for Food Equipment Materials), which certifies the product suitability for food contact and compliance with strict chemical analysis criteria, guaranteeing the food safety requirements of the substances used in its manufacture.	Worldwide	●		
	It is a TCNA initiative to recognise and certify sustainable products according to ANSI 138.1. The certification covers product environmental features, product manufacturing, raw material extraction, product end-of-life management and innovation.	US			●
	For most of its products, Panariagroup has obtained a certification on the content of pre-consumer recycled material. This eco-sustainability feature contributes to obtaining credits under various international building standards.	Worldwide	●		●

# Panariagroup USA

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# Panariagroup Italia

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# Gres Panaria Portugal

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# 3 /6

## Innovation and technology

Over the years, the Group has constantly evolved and it is now one of the most advanced players in its industry. One of the main factors behind Panariagroup success is its **continuous Research and Development** activity, which aims to identify new manufacturing techniques and innovative product lines that can meet the needs of an increasingly discerning and diverse Customer base.

Panariagroup has **an important Research Centre that employs highly qualified** technicians, engineers, architects and researchers, all driven by the desire to constantly study new solutions in order to enable the Group to successfully compete in the ceramic floor and wall coverings industry, maintaining its position as a market leader.

**Process and product innovation is a constant target for Panariagroup** and this is reflected in all its plants in Italy, Portugal and the United States. Development and evolution of the production lines, continuous research and excellence in the selection of raw materials variety and richness in surface applications are a constant process and a daily challenge. The Group had the foresight **to invest in innovative technologies, such as laminated porcelain stoneware**, a revolutionary product that Panariagroup has been focusing on for around 20 years now, leading to record sales all over the world and to a constant innovation capable of reinterpreting and evolving this technology for increasingly ambitious projects. This has allowed Panariagroup to complete its range of thin materials with **an extensive and important set of formats and thicknesses**, produced using a winning and distinctive technology.

Panariagroup laminated porcelain stoneware also stands out for its **high environmental performance** when compared to 10 mm thick standard porcelain stoneware. This is a further concrete demonstration of the Group commitment to constant research into eco-friendly products.

Panariagroup laminated porcelain stoneware is a material that is also suitable for significant innovative applications: due to its reduced thickness and resistance, it can be applied over existing surfaces, thereby allowing renovation without demolition.

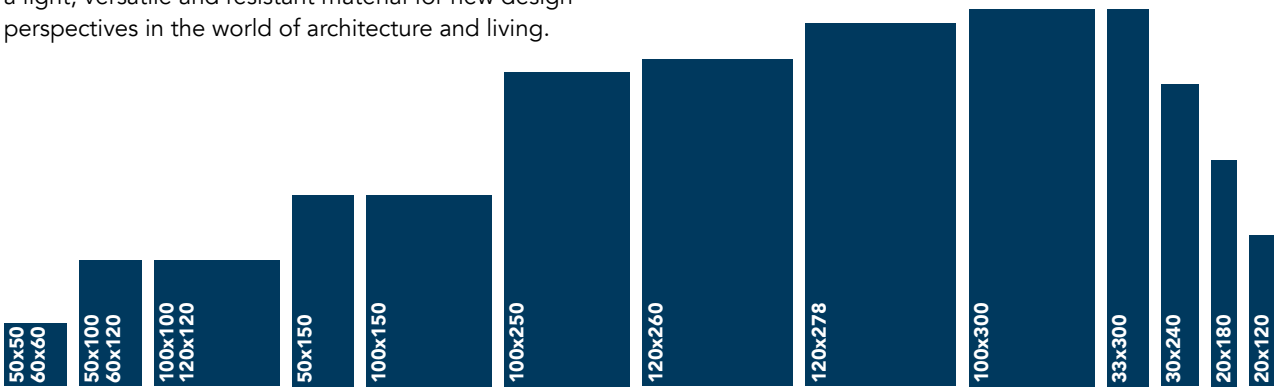
In this regard, as of 2021 the company developed and fully launched an important and exclusive innovation: the Easy system (currently launched by Cotto d'Este and Lea Ceramiche under the Kerlite Easy and Slimtech Easy brands), a dry laying system that allows the application of the ceramic slab on the surface without the need for gluing, using an exclusive combination of the material and a mat (Silent), completed by simple sealing of the joints. In early 2022, the company also obtained a patent for this unique solution.

This revolutionary application is guaranteed by the Kerlite and Slimtech slabs reinforced with fibreglass, which provide the floor with maximum stability and resistance, as well as the ability to easily lay and replace the material and possibly even recover and reuse it, embracing a circular economy approach.



## superior-quality slim ceramic slabs

Large-size laminated porcelain stoneware: a light, versatile and resistant material for new design perspectives in the world of architecture and living.



**6**  
mm  
THIN  
AND RESISTANT

**3**  
PLUS

**5**  
PLUS

**6**  
PLUS

ULTRA-THIN AND ULTRA-RESISTANT  
WITH FIBREGLASS REINFORCEMENT



## Our ceramic slabs are also:

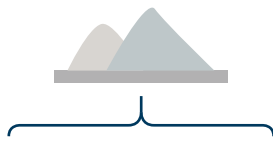
- ▣ **thin, light**, and suitable for renovations
- ▣ **easy** to work, handle and lay
- ▣ **flexible** (minimum bending radius of up to 5 metres)
- ▣ perfectly **flat**
- ▣ **reliable**, thanks to the experience of supplying the product worldwide for more than 10 years
- ▣ available in a **wide range of large formats**
- ▣ with the exclusive **PROTECT® antibacterial protection**

Moreover, all fibreglass mesh application, sanding and grinding processes are carried out and controlled in-house.

# why our slabs are superior-quality

1

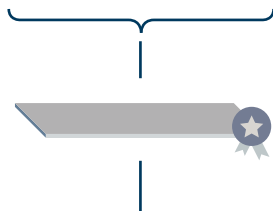
High-quality raw materials



MIXTURES **3 TIMES FINER** THAN TRADITIONAL ONES



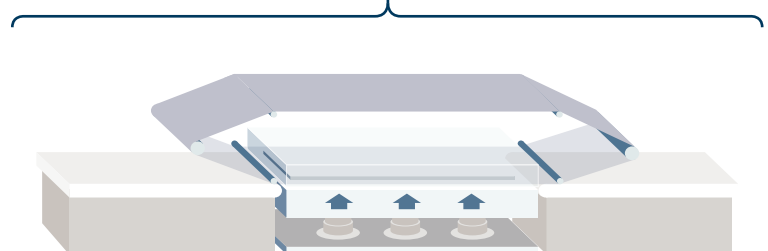
ONLY **HIGH-QUALITY INGREDIENTS**, WITHOUT USING WASTE



Maximum quality and performance standards

2

Unique pressing process on belt



MATERIAL PRESSED FOR OVER **1 MINUTE** ON STATIONARY PLATE



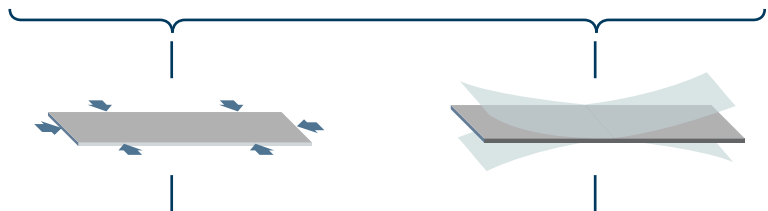
PRESSING FORCE UP TO **27,000 t**



**EVEN PRESSING** ON ALL THE SURFACE



**COMPLETE DEAERATION** VACUUM EFFECT



More compact slabs

More elastic slabs

Minimum bending radius of up to 5 metres

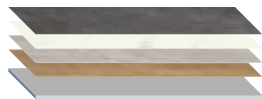


# 3

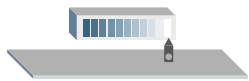
## Exclusive surface processing techniques



**HIGH-DEFINITION STRUCTURES**



**VERY DEEP GRAPHIC EFFECTS**



**HIGH STANDARD IN COLOUR RENDERING AND WHITENESS**



**MAXIMUM CLARITY AND CLEANABILITY**

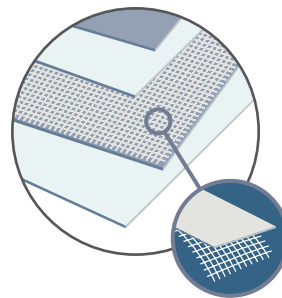


## Excellence in material aesthetics

# 4

## Application of fibreglass reinforcement

Available on a wide selection of products



**BACKING OF THE MATERIAL**



## Extraordinary extra-strength

# 5

## Environmental sustainability



**WITH OUR PROCESS RAW MATERIAL**

**CONSUMPTION IS REDUCED BY 65%**



**-80% WATER NEED**



**-30% ENERGY NEED**



**-30% OF CO<sub>2</sub> EMISSIONS INTO THE ATMOSPHERE**



**-66% POLLUTION GENERATED BY TRANSPORTATION**

*The figures refer to a 3.5 mm-thick product compared to 10 mm-thick porcelain stoneware.*



sustainability  
facts

# research

We invented the certified **Easy** system for dry laying of ceramic tiles. It can be laid without adhesive and, thanks to the exclusive use of our ultra-thin slabs, the material can be quickly and easily installed and removed, permitting **sustainable renovations** (without demolition and waste production) on top of the existing floor.

Our leadership in surfaces has also produced **SafeTouch**, a unique combination of softness and high anti-slip performance.

Finally, on the ultra-thin slabs, our record 3 mm thickness has been enriched with exclusive sanding techniques to achieve even more vivid and brilliant surfaces, along with double-loading techniques to achieve unprecedented colour and material effects.

Another concrete example of the Group **innovative ability is the development of PROTECT®**.

Since 2010, Panariagroup, thanks to the constant work of its Research Centre, has established technological and commercial leadership in the antibacterial products segment, developing a line of very high performance ceramic surfaces with Microban®, a world leader in antibacterial technology applied to multiple sectors and products. Evidencing the growing demand for products with these technical specifications, in 2022 the Group sold around 6.9 million m<sup>2</sup> of PROTECT® products worldwide.

The PROTECT® antibacterial surfaces have been designed by Panariagroup with a real silver ion antibacterial shield incorporated in the ceramic product, which eliminates up to 99.9% of bacteria from the surface and guarantees continuous protection, night and day. Unlike other technologies, it is not an organic treatment applied to the finished product (such as waxes or resins): **PROTECT® antibacterial protection is permanently integrated into the products during the industrial firing process**. It cannot be removed by washing, it does not wear out and it actively protects the entire surface throughout the product life cycle.

PROTECT® is guaranteed by the partnership with Microban®, a world leading company in antibacterial technology that boasts partnerships with hundreds of Brands, and each new collection is tested to officially certify its antibacterial properties in recognized international laboratories.

Thanks to a constantly protected surface, high hygienic performance and resistance to wear and weather conditions, **PROTECT® makes it possible to improve people's lifestyles and living conditions**. The technology based on silver ions, which is permanently integrated in the tile at the time of firing, blocks the metabolism of bacteria, eliminating them and preventing their proliferation.

Consequently:

- **the tiles are more hygienic and easier to clean:** the degree of product cleanliness can be visibly improved with antibacterial technology, which does not replace normal cleaning procedures, but facilitates and completes them, making them less expensive and achieving a better level of protection between one cleaning and the next.
- **the technology also eliminates what you cannot see:** thanks to antibacterial technology, the growth of bacteria can be significantly limited on floors, walls, kitchen tops, etc.
- **less bacteria, less odours:** the presence of bacteria can cause unpleasant odours and reducing bacteria reduces these odours.

**With PROTECT® Panariagroup confirms its role as a responsible company**, since the use of this product brings the benefits of antibacterial technologies to various domestic and non-domestic environments, including, in particular, public places such as healthcare facilities, restaurants, airports and schools, where preventing contamination is essential. Being able to offer very high-quality antibacterial materials is **increasingly important when responding to ever more selective specifications and therefore receiving orders, as well as for meeting end consumer growing demand for health-oriented products**.

# PROTECT®

The exclusive line of high-performance antibacterial floor and wall coverings.  
For a healthy, safe and protected home.



## Powerful action

Eliminates bacteria  
and prevents  
their proliferation



## Continuous protection

Always active,  
24 hours a day,  
with and without sunlight



## Permanent effectiveness

Thanks to the technology  
permanently integrated  
in the product



## Guaranteed quality

From the partnership with  
**MICROBAN®**



Panariagroup also **launched a further product line**: geared towards the furnishing accessories segment, **Maxa Ceramic Slabs** is a range of large slabs with a high thickness (12 mm) and a 160x320 cm format. This is an important addition to the range of products offered by the company to meet the needs of specific targets and channels, partly due to the fact that the company has obtained GreenGuard Gold and NSF certifications, testifying to Panariagroup continuous commitment to producing and supplying products that are safe, healthy and suitable for use in direct contact with food.

The company also committed itself to optimising the thickness of its porcelain stoneware materials in standard formats. By re-engineering the production processes, it was possible to work on several categories of materials, slightly reducing their thickness, while maintaining their technical and aesthetic performance and full compliance with quality requirements. This obviously allowed us to lower the impacts related to the consumption of raw materials and other factors necessary for the production cycle, with clear benefits in terms of sustainability.

In 2022, Panariagroup achieved major new milestones made possible by the Group extraordinary dedication to innovation.

Panariagroup launched the Cotto d'Este Kerlite Starlight collection, introducing an important and exclusive innovation in laminated porcelain stoneware surfaces. Unique on the market, the mirror-polished finish is offered on ceramic surfaces with a thickness of just 3.5 mm: a goal achieved thanks to the constant drive for innovation of a company that has always believed in the link between technical superiority and aesthetic distinction.

Also in 2022, Panariagroup launched Safetouch, the ceramic surface that combines the safety of maximum slip-resistance with zero surface roughness, making it extremely soft. It is a universal surface suitable for both residential and public spaces, indoors and outdoors.

In 2022, Panariagroup also launched its THINK ZERO programme, an initiative aimed at offsetting CO<sub>2</sub> emissions generated over the entire life cycle of laminated porcelain stoneware, becoming the first company in the ceramic industry to create a 100% carbon-neutral product line.

## Customer satisfaction

Customer satisfaction goes hand in hand with our drive towards innovation and sustainability. The company innovation is based on constant experimentation which, thanks to the development of cutting-edge production systems and technologies, allows Panariagroup to offer its Customers a wide range of top-quality products that are positioned at the top of the market thanks to their **excellent technical and aesthetic performance**. Thus, the synergy between products, research and design allows us to offer a wide range of products that can meet and satisfy the most varied design requirements, with a focus on **sustainability and enhancement of architectural design**.

**Panariagroup operates with very high quality standards, which are reflected in its outstanding supply standards:** complaints about sold products represent just 0.52% of total turnover (2021 figure<sup>5</sup>). Additionally, the Group is committed to handling any product issues by offering **an attentive and scrupulous after-sales service**, which is constantly updated with increasingly advanced monitoring and response tools. In this regard, Panariagroup, starting from the Italian Business Unit, is the first company in the ceramic industry to have developed the **"VIS Service - Internal Inspection Report"**, an innovative proprietary (Sales Force Automation) system that **allows the sales force to monitor the quality of supplies in real time and to give its customers a fast and comprehensive feedback**. A rapid response is guaranteed thanks to the use of advanced digital tools, such as a specific app for smartphones and tablets connected to the web system for figures and process management. The service has been very successful: in 2022, around 1,100 requests were handled (635 of which came from the Italian market - around 57%) with an average response time to the end customer of 16 days (11 days for the Italian market and 22 days for the non-Italian market). The application has eliminated the need for in-depth technical analysis by qualified Panariagroup staff for 80% of the requests received, ensuring that the dedicated department operates with optimal efficiency. It could be estimated with reasonable accuracy that the time for data entry per report, collection of information, stock control if necessary, and preparation of a response to the customer was reduced by 50% compared to the previous procedure for handling reports from the market.

The uniqueness of the VIS service lies in the ability to quickly develop a written response certifying the qualities of the products sold. During 2021, this service was also developed and launched for the American Business Unit; its implementation in the Portuguese Business Unit is currently being assessed.

In addition, Panariagroup provides its commercial partners with in-depth technical expertise on the use and application of materials, through information tools (technical manuals), with thorough staff training and specific training sessions, both at the company offices and in customer premises. Over the years, thousands of people have visited the Fiorano laminated porcelain stoneware plant and attended in-depth technical sessions on ceramic slabs at the corporate office and off-site, both in Italy and abroad.

5. The figure only refers to the Italian Business Unit. At the date of publication of this document, figures for 2022 are currently being processed.

One of Panariagroup distinctive elements is its ability to face commercial challenges not only with a multitude of Brands geared towards different market segments, but also with Group divisions dedicated to specific sales channels and/or geographical areas. This enables Panariagroup to pursue one of its fundamental principles, **namely maximum attention to Customer care** through an organisation that is solid, reliable, flexible and able to provide a timely response. Vertical organisations that aim to broadly cover markets and retail distribution are supported by horizontal structures dedicated to certain geographical areas or to particularly strategic targets, such as large international projects, corporate buyers and contracts.

With reference to this last market segment, Panariagroup has **a department (the Contract and Key Account Dept.) specialized in the relationship with particular Customer base segments**, such as planners, professional offices, architects, etc., with a sales team and a design and service unit that can efficiently and specifically respond to all the needs of these specific targets on a global scale. As at 1 January 2021, the division was further strengthened, encompassing promotion activities for all the Group brands, including on the Italian market.

Furthermore, in 2022 the Contract & Key Account division consolidated its organisation in the Italian market and completed the placement of resident promoters in some of the main European capitals where the world leading design firms are based.





## Responsible supply chain management

**The Panariagroup Group aims to strengthen the relations with its suppliers, in order to jointly create a system committed to sustainability throughout the whole value chain.**

To this end, the Group, which is also aware of the importance of social and environmental responsibility along the supply chain, **has formalized its Code of Business Conduct with the commitment to start a process of implementation of policies and procedures aimed at selecting suppliers on the basis of sustainability criteria and monitoring the entire supply chain from an ethical, social and environmental perspective, respecting human and worker rights.**

In 2019, the Group developed a process to analyse its supply chain based on environmental, social and governance criteria, dividing its suppliers into clusters on the basis of a number of variables that identify their potential risk profile and their strategic importance for Panariagroup. This process was initially developed for the Italian scope, but it was extended to the Portuguese Business Unit in 2020. The Group has therefore identified the suppliers that most expose the company to risks of an indirect nature, and for these suppliers it has committed to setting up a uniform system for assessing and monitoring the controls adopted in relation to environmental, social, governance and quality aspects. The initial results of this initiative have made it clear that the suppliers have a relatively high sensitivity to ESG topics, leading to the conclusion that the business partners assessed so far have, on average, a good overall rating. In the American Business Unit, specific sustainability clauses, linked to environmental and social aspects, were also included in supply contracts.

The Group started this project focusing on the most significant suppliers with which it had a commercial relationship: any new suppliers belonging to the identified product categories are added to the initial list on an annual basis, while the extension of the analysis to new relevant product classes is currently being assessed. Since this is a process that is limited to strategic suppliers and that is still under development, no assessments of new suppliers based on sustainability criteria (social and environmental) were carried out in 2022.

The Group suppliers<sup>6</sup> are mainly “Primary Suppliers”, from which the Panariagroup Group purchases raw materials, finished products and services for its main production activities, and “Other Suppliers”, which provide energy, maintenance and transport services, as well as other activities and assets for operations.

6. The percentage of suppliers in the respective categories is calculated on the basis of the expenditure by type of purchase. Costs for commissions for the entire operating area have been excluded from the calculation.



The assessment of the “Primary Suppliers”, which are then inserted in the List of Qualified Suppliers, considers the following factors:

- quality of the product provided;
- level of attention to Environmental, Social and Governance Policies;
- occupational health and safety criteria;
- price;
- service provided;
- results of any inspection to the Supplier;
- number of registered non-conformities;
- after-sales assistance, focusing in particular on responses to complaints.

Attention to the following aspects is equally important:

- Quality Management System certification in accordance with UNI EN ISO 9001;
- Environmental Management System certification in accordance with UNI EN ISO 14001;
- Possible participation in the EMAS Regulation.



Moreover, as regards supply chain monitoring, through a contractual clause Panariagroup requires all its Italian suppliers and contractors to accept the standards of conduct defined by the Group 231/01 Organizational and Management Model and whose compliance by the supplier is verified by on-site inspections carried out by the Group Purchasing department. Specifically, **particular importance is given to suppliers of raw materials**, both because they are considered to be the Group main suppliers and because of the type of processing, since mining is an activity with a significant environmental impact.

In this regard, the Group monitors the supplier management of the quarries from which the raw materials are extracted with inspections (audits) carried out on-site at the supplier locations by the Purchasing Department staff or by qualified technicians. During these audits, the methods for extracting materials, for managing and monitoring the environmental impact generated and for performing subsequent laboratory analyses are checked.

**Panariagroup recognizes the importance of supporting and enhancing the local economy.** In this regard, the tables in the “Annexes” section of this document show the expenditure on local suppliers<sup>7</sup>, which for 2022 accounted for 92% of total expenditure (89% in 2021).



7. “Local suppliers” were considered to be those suppliers with a registered office in the Country in which each Business Unit operates.

**The environmental, social and economic risks that may affect the supply chain deserve particular attention.** From an environmental standpoint, the risks are related to the failure by suppliers to properly manage natural resources and to the loss of biodiversity, in particular, in relation to the activities of suppliers of raw materials, whose extraction processes could significantly impact the environment.

The production of ceramic starts from the milling of raw materials. This stage is subject to fluctuations in quantity and/or price due to issues with the extracting process or to international tensions (conflicts, change in the cost of transportation due to changes in the value of oil, exchange rates and so on). This is one of the reasons **why the Group laboratories and technicians constantly research alternative raw materials.**

The composition of the mixture, as well as the transport methods are therefore based on a number of different channels (quarries in different geographical areas, several supply channels, use of different transport methods), so that different solutions can be used depending on the different issues that may arise. In this regard, it should be noted that the escalation of the crisis in Ukraine with the ensuing outbreak of conflict with Russia has led to the cessation of supplies from the Ukrainian partners. To date, the Group is continuing to search for and test raw materials from various sources in order to find the best solution for the mixture, both from a technical and commercial standpoint and in terms of long-term sustainability.

The procurement of raw materials also emerges as a relevant topic, especially with regard to the extraction of the material in the quarries by the suppliers. Panariagroup, in this regard, requires all the suppliers of raw materials obtained by mining to have licenses for the mines that include the obligation to redevelop the land when the mines are no longer in use. In addition to the Environmental Impact Assessment, Panariagroup also requires mining authorisation and documentation with the geographical coordinates of the sites. The production of this documentation accounts for 75% of the assessment within the "Environmental" section. From a social standpoint, moreover, it should be noted that none of the raw materials purchased by the Group are linked to "conflict minerals".



4



Panariagroup  
for Planet

**We integrate environmental sustainability into the entire value chain, striving to reduce the impact of our plants and to safeguard ecosystems, in the belief that a responsible Group must necessarily create value for People and the Planet.**

# in evidence

## Ceramic slabs with a sustainable profile

**-34,000 t**

We were the first ceramic group to introduce ultra-thin laminated porcelain stoneware ceramic slabs into the market, which allowed us to avoid the extraction of more than 34,000 tons of natural raw materials\* and to halve our emission intensity in relation to the product unit (tCO<sub>2</sub> per m<sup>2</sup>)\*.

---

## Consistent performance

**0.009 tCO<sub>2</sub>/m<sup>2</sup>**

Our emission intensity has remained extremely low and consistent over the past 3 years\*\*.

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## A new life for our waste

**98%**

In 2022 we sent 98% of our waste for recovery.

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\* The figures are based on estimates and refer to the comparison with the production of traditional-thickness porcelain stoneware in the year in question.

\*\* Emission intensity Scope 1 + Scope 2 (Location-based).

# Panariagroup for Planet

**Our ambitions for a  
sustainable and responsible  
development**



Ambition	Goal	Target 2025	As-is 2022
Promote a culture focused on protecting water resources by increasing efficiency and reducing water use in production processes  	Decrease in water withdrawal intensity index (m <sup>3</sup> /m <sup>2</sup> tiles produced) [base year 2019: 0.017 m <sup>3</sup> /m <sup>2</sup> ]	0.015 m <sup>3</sup> /m <sup>2</sup>	<b>0.016 m<sup>3</sup>/m<sup>2</sup></b> Ongoing activities. The implementation of activities, including the replacement of wet grinding and cutting machines with dry machines, led to a decrease in the intensity index
	100% reuse of process water	100% process water reused	<b>100%</b> The Italian Business Unit is currently on target
Optimise energy consumption and increase clean energy production   	Reduction in energy intensity index (GJ/m <sup>2</sup> of tiles produced) [base year 2019: 0.142 GJ/m <sup>2</sup> ]	0.135 GJ/m <sup>2</sup>	<b>0.144 GJ/m<sup>2</sup></b> Ongoing activities. The implementation of activities, including energy recovery from the kilns and sprayers, led to a decrease in the index
	Increase in the share of electricity from renewable sources [base year 2019: 0.7%]	10% electricity from renewable sources	<b>0.5%</b> Ongoing activities. Important interventions are being carried out on photovoltaic infrastructures
Reduce direct and indirect emission impacts and develop a culture concerning the impacts of climate change  	Reduction of the emission intensity index (tCO <sub>2</sub> Scope 1/m <sup>2</sup> of tiles produced) [base year 2019: 0.0068 tCO <sub>2</sub> /m <sup>2</sup> ]	Reduction of the emission intensity index to at least 0.085 tCO <sub>2</sub> /m <sup>2</sup>	<b>0.0068 tCO<sub>2</sub>/m<sup>2</sup></b> The Italian Business Unit is currently on target
	Implementation of a carbon neutrality plan, including offsetting of certain types of products	Creation of a Carbon Neutrality Plan	The Italian Business Unit is currently on target. Through the THINK ZERO programme, from September 2022 Panariagroup will offset CO <sub>2</sub> emissions generated throughout the production cycle of laminated porcelain stoneware, creating the first 100% carbon-neutral product line
Reduce the environmental impact of plastic packaging  	Increase in the use of recycled plastic material in packaging [base year 2019: 79%]	85% recycled plastic packaging purchased out of the total	<b>85.6%</b> The Italian Business Unit is currently on target thanks to important interventions, including the replacement of white strapping with green strapping for packaging
Enhance production waste and monitor the risk from the disposal of hazardous substances  	Maintenance of the quantity of hazardous waste within a certain threshold [base year 2019: 0.45%]	5% hazardous waste out of total waste	<b>0.46%</b> The Italian Business Unit is currently on target
	Maintenance of waste generated sent for recovery above a certain threshold [base year 2019: 97.9%]	95% of generated waste sent for recovery	<b>99.5%</b> The Italian Business Unit is currently on target

# 4 / 1

## Environmental policies and management systems

Always at the vanguard in skilfully combining beauty, quality and sustainability, Panariagroup works every day to reduce the environmental impact of its plants to a minimum, demonstrating its commitment to ecosystem conservation and to researching the best housing comforts. **This is a vital and essential commitment, especially for those who create products that millions of people all around the world encounter in their daily life, at home and in public places.** The Group considers the aspects related to environmental impact and to occupational safety and hygiene to be of fundamental importance. Consequently, the policy adopted to manage the Group activities is based on strong and precise principles:

- safeguarding the integrity of the environment that surrounds the production plants, as well as the environment within, thus protecting the environment as a whole;
- ensuring constant respect of the existing legal regulations regarding safety and the environment through continuous and rigorous inspections;
- managing, preserving and, where possible, reducing the use of natural resources, through research and development activities focused on the use of recycled material and on energy efficiency policies;
- constantly improving its environmental approach to keep the production of pollutants and the consumption of resources to a minimum;
- providing constant information and maintaining an ongoing collaboration with the population and with public organizations regarding the environmental policies adopted, including the release of the EMAS Environmental Declaration and, since 2016, the Group Sustainability Report.

Such principles are of paramount importance, because they drive Panariagroup both at a management and at a strategic level and in terms of operational management of the individual plants, with the ultimate aim of **constant improvement of environmental performance at all management levels.**

**Panariagroup works every day to reduce the environmental impact of its plants to a minimum, demonstrating its commitment to ecosystem conservation and to researching the best housing comforts.**

sustainability  
facts

# Environment

We prioritise and guarantee environmental protection: we have adopted production and management systems that allow us to achieve **first-class standards**, as evidenced by the achievement of major international certifications, such as **EPD** and **GreenGuard Gold**.

We adopted **Declare**, which communicates to planners, technicians and end users all the details of a building material and guides possible purchasing choices on products that are less harmful to the environment and health.



Conscious that in the ceramic tiles for floor and wall coverings production industry environmental awareness is increasingly a critical factor for success, **the Group has demonstrated, year after year, a true green philosophy that manifests itself at every level.** Everything is designed and created with the highest respect for the environment, from the architectural design of the production plants, which are in perfect harmony with the local area, to the careful control procedures at every stage of product processing.

As a testament to the central role that environmental sustainability plays for the Group, all the production plants in Europe, all highly automated and integrated, have achieved the ISO 14001 and EMAS Environmental Management System Certifications. The EMAS Declaration reports on environmental performance and on the pre-established improvement goals. It is published annually on the corporate websites for the Italian and Portuguese production plants. Additionally, Panariagroup compiles the annual AIA Report, as required by the Integrated Environmental Authorisation, for the Italian production sites, containing environmental performance figures and specific performance indicators.

The raw materials used in the production processes in the Panariagroup plants are constantly monitored, **in full compliance with the environmental standards required by law. Similarly, production waste is largely reutilised, with a significant decrease in the use of new natural raw materials.**

**Every Brand product then undergoes strict and accurate quality controls** and every collection is classified according to specific regulations established by the law relating to ceramic tiles. Most of the collections have the requirements for obtaining credits from the main building certification systems, such as LEED. The Group, in fact, is very attentive to regulatory changes regarding ceramic tiles and its technicians monitor regulatory updates by participating in technical commissions in associations or internationally through participation in ISO committees.

**Panariagroup has chosen to take a stand in defence of the planet.** It has done so and continues to do so every day with concrete actions, investing in the most advanced technologies and production choices focused on eco-sustainability. Because after all, despite being the result of a complex and advanced industrial process, **ceramic is a natural product.** A simple recipe, made of earth, fire and water produces a tough, versatile, practical and hygienic product with a high value in terms of beauty and design. **It is even more natural when the production chain has a responsible dialogue** with the environment by reducing the need for raw materials, recycling water and processing waste and using high-efficiency plants. This reduces the ecological footprint that industrial production leaves on the planet. In 2022, the Group production plants managed to avoid the extraction of large quantities of natural raw materials through the reuse of most production waste and to avoid the withdrawal of water from natural water resources through the recycling of almost all processing water.

According to Panariagroup, **a sustainable management is expressed at its highest level in every production cycle,** starting from a concept of quality that considers constant research and respect for the environment to be among its distinctive features. Compliant for years with environmental protection and eco-sustainable development regulations, **the Group has always believed in the possibility of combining improvement of the production process with ever-increasing product quality** and a focus on improving quality of life and environmental impact.

Applying its environmental policies, the Group regularly sets a series of goals to achieve in order to optimize its environmental performance even further and to promote the topics related to occupational safety and hygiene.

For the Italian and Portuguese plants, the specific details of these goals are set out in the EMAS Environmental Declaration. The Group performance and goals are set out annually in the Sustainability Report.

sustainability  
facts

# Solutions for a fast and sustainable renovation

Due to its restrictions, the recent pandemic has led us to naturally rethink our spaces, starting with our homes, which have gradually become our refuge, our office, our space of well-being and comfort. There has been **an increasingly important investment in the home** aimed at transforming it into a place that is ever closer to new, more sustainable living models. On the other hand, modern architecture and growing consumer awareness require **solutions that minimise the impact** of renovation. As part of a circular economy approach, it is becoming increasingly important to focus on a kind of innovation that **minimises waste and scrap**, while at the same time allowing the use of products with a proven sustainability matrix.

The ideal answer to these new requirements are **ultra-thin laminated porcelain stoneware slabs**: **Panariagroup** was the first ceramic group to introduce this innovation, which, in addition to being a revolutionary product in terms of technical features and versatility of application, offers an exceptional response to the demand for easy, fast, sustainable and impact-free renovation works.

The slabs can be applied on top of existing floors, making it possible to install them without any masonry work.

**So there is no dust, waste and debris**, making it possible to very quickly change the surfaces in a space, significantly cutting costs. In terms of sustainability, this is an extraordinary advantage, considering, among other things, the high impact that building waste generally has on the overall production of waste, as demonstrated by numerous studies, including those produced by the European Commission.

Particularly significant in this respect is another Group innovation related to sustainable repaving, namely the **Easy** system, a new **dry laying system** without adhesive that makes it possible not only to lay ceramic slabs on top of existing floors, but also to do so without gluing the new materials, meaning that the material can be replaced and recovered (and the existing floor can be preserved), **fully in keeping with a circular economy approach**.

Easy is available with both Kerlite slabs by Cotto d'Este and Slimtech products by Lea Ceramiche, guaranteeing an extraordinary performance thanks to the material exclusive fibreglass reinforcement.

Not to mention the impressive sustainability features of laminated porcelain stoneware: its production cycle allows **significant reductions** in energy, water and raw material consumption, in emissions and in transport impact; it is a product that by its very nature (it reduces thickness by up to 2/3 compared to traditional tiles) places a **strong emphasis on sustainable innovation**.

The significant share of recycled material from other production processes present in Panariagroup ceramics must also be considered. Panariagroup slabs are available starting from a **minimum thickness of 3 mm** (a genuine record for thin tiles): a solution that differentiates the company product range and that is particularly suitable for covering and interior design applications.



# 4 /2

## The production process

The first stage of the production process is the delivery and storage of raw materials, such as clays and feldspars mixed with sands, kaolins and silicates. These raw materials are extracted from quarries, through a process that generally takes place outside. The production of tiles begins, therefore, from the milling of the raw materials that are delivered to the plant and stored in separate and easily identifiable boxes located in covered areas.

The mixture at the basis of the production of porcelain stoneware is obtained by mixing these raw materials, and it mostly contains a clay part, which has a plasticising role, an inert part (sand) with a structural and thinning role to limit shrinking and expansion during the firing stage and a feldspar part with a melting role, allowing, during the firing stage, the creation of a vitreous stage, thus helping to make it more compact (vitrification).

**Before being stocked, all raw materials undergo a series of controls** in order to verify the compliance of the analysed features with the specifications agreed with suppliers.

An interesting aspect from an environmental standpoint is the recycling of raw and fired waste during production. Raw waste may come from the spray-drying, pressing or glazing stages, while fired waste may come from the selection and grinding/lapping stages. In all of the Group plants, **100% of raw waste is recovered in the production process**. In the plants located in Italy and the USA, 100% of fired waste is reintroduced into the ceramic mixture. In Portugal, the Aveiro plant continued to recover fired waste, maintaining a usage rate of around 60%; in the Ílhavo plant, due to the type of product manufactured (technical porcelain stoneware), the goal of a feasibility study on the utilisation of this type of waste has been suspended for the time being.

Finally, in terms of circular economy, **at the end of their life cycle ceramic tiles can be fully recycled as a foundation for buildings or roads, or easily disposed of like any other inert material**. However, it should be noted that Panariagroup products are characterised by their durability, so they may last as long as the building in which they are installed and for much longer periods than any other coverings.

**In all of the Group plants,  
100% of raw waste is recovered  
in the production process.**

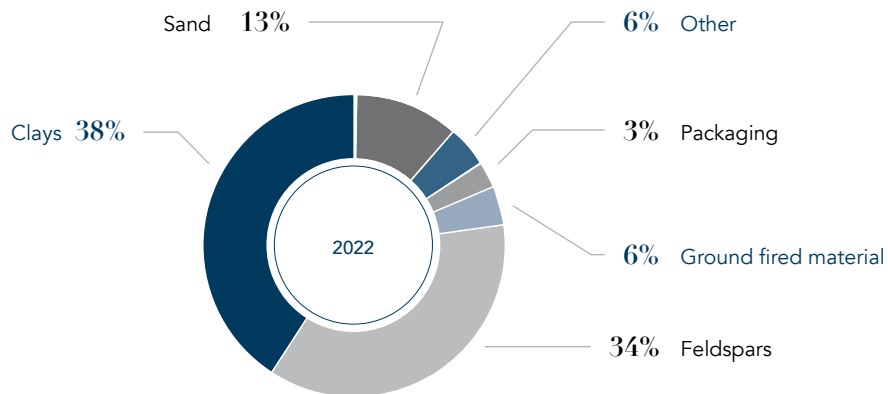




# 4 3

## Raw materials

The chart below shows the main raw materials used by the Group in 2022. The chart reveals that most purchases are of clays and feldspars. Since 2019, the Group has reduced the purchase of spray-dried powders to zero.



Raw materials  
used  
2022

---

Panariagroup has always shown great respect for the environment, purchasing, where possible and in line with the preliminary material for its business, renewable raw materials.

In the Italian Business Unit, **in terms of ceramic packaging, most wood is purchased from PEFC or FSC certified suppliers, about 70% of purchased paper and cardboard is recycled and the plastic used contains 70% recycled material.** Both the glaze class and the class relating to raw materials for the mixture - which nonetheless contain natural materials, such as clays, feldspars and sands - were considered as non-renewable materials.

With regard to the foreign sites, the American Business Unit used more than 750 tonnes of PEFC or FSC-certified corrugated cartons in 2022, which accounts for 25% of total packaging. In the Portuguese Business Unit, all corrugated cartons, accounting for 95% of total packaging, are covered by the FSC certification.



# 4 /4

## Energy and emissions

Panariagroup plants mainly use electricity, natural gas and diesel. In 2022, the Group consumed a total of 3,025,468 GJ of energy, down 12% from the previous year, of which 1,377 GJ came from renewable sources and 3,024,090 GJ from non-renewable sources. Compared to 2021, there were decreases in relation to the purchase of electricity, fuel consumption for industrial vehicles, and natural gas consumption, while the amount of fuel used for the car fleet and LPG consumption remained almost unchanged.

The figures directly reflect the efficiency improvement actions carried out by Panariagroup over the years, which have made it possible to consolidate an operational efficiency that enables the Group to maintain constant energy performance, **confirming its focus on monitoring and minimizing environmental impacts, particularly those related to energy consumption and emissions.**

Panariagroup constantly **invests in improving energy efficiency in its production plants.** Every year, energy saving projects carried out by companies which, like Panariagroup, have decided to significantly reduce the environmental impact of their activities, allow GSE (Energy Service Management) to award TEE (Titles of Energy Efficiency, also called White Certificates) in accordance with Legislative Decree of 20 July 2004, based on energy consumption compared to the industry benchmarks.

### energy intensity<sup>8</sup>

reference year	U.M.	index
2021	GJ/m <sup>2</sup>	0.141
2022	GJ/m <sup>2</sup>	0.137

### emission intensity<sup>8</sup>

reference year	U.M.	index Scope 1 + Scope 2 (Location-based)	index Scope 1 + Scope 2 (Market-based)
2021	tCO <sub>2</sub> /m <sup>2</sup>	0.009	0.010
2022	tCO <sub>2</sub> /m <sup>2</sup>	0.009	0.009

8. The intensity values are calculated based on the m<sup>2</sup> of tiles produced during the year, which amounted to 22,058,727 m<sup>2</sup> in 2022 and to 24,365,161 m<sup>2</sup> in 2021.

Furthermore, in 2013, Panariagroup plants in Italy and Portugal joined the **“Emission Trading” system, regulating the exchange of shares of CO<sub>2</sub> emitted during production activities**, as per Directive 2009/29/EC. Consequently, direct emissions related to the production activities of the Group European plants are fully offset through the return of representative CO<sub>2</sub> emission allowances to the European Union.

Three photovoltaic systems were installed at the Italian plants of Finale Emilia, Fiorano Modenese and Sassuolo, respectively 450 kWp with a surface of 4,200 m<sup>2</sup>, 85 kWp with a surface of 1,000 m<sup>2</sup>, 19.5 kWp with a surface of 220 m<sup>2</sup>, enabling them to produce electricity for internal consumption and to reduce CO<sub>2</sub> emissions. Thanks to these plants, **the Group avoided the emission of 121 tonnes of CO<sub>2</sub><sup>9</sup> in 2022**, a figure 26% lower than in 2021 due to maintenance interventions carried out on the plants, which led to partial operation during certain periods, as well as to the loss of their “structural” efficiency, for which the Group is taking action with targeted investments.

# 121

tCO<sub>2</sub>

Emissions avoided<sup>9</sup> in 2022 thanks to the photovoltaic systems at Fiorano Modenese, Finale Emilia and Sassuolo

# 3,025,468

GJ

Total energy used by the Group in 2022

9. On how CO<sub>2</sub> emissions are calculated, please see note on page 7

With a view to increasing clean energy production, major interventions on photovoltaic infrastructures are planned during 2023.

Finally, one of the outstanding elements in the production plants located in Italy (in Toano and in Finale Emilia) and, from 2022, in the Portuguese plants in Aveiro and Ílhavo, is the system for recovering smoke from the kilns inside the spray-drying plants, leading to a reduction in the use of thermal energy.

With regard to energy consumption, it is important to note that, in relation to most other covering materials (parquet, natural stone and cork), it takes less energy to produce porcelain stoneware, partly thanks to modern plants and to its very high durability.

**In 2019, Panariagroup carried out an energy audit of its Italian plants** in order to comply with the obligations of Legislative Decree no. 102/2014. The next energy audit is scheduled for 2023.

This systematic procedure is designed to provide an adequate knowledge of the energy consumption profile of an industrial plant, to identify and quantify cost-effective energy saving opportunities and to report on the results.

The audit, besides being a compulsory service for the parties involved, is useful for customers in determining recommendations for the reduction of energy consumption. It aims to assess the presence and the technical and economic feasibility of interventions to reduce this consumption.

**Atmospheric emissions are a significant environmental aspect for Panariagroup business.** In fact, the production process and the related activities result in the emission of substances into the atmosphere that require a purification treatment, in particular during the tile firing stage.

With regard to greenhouse gas emissions, the changes in energy consumption described above corresponded to a decrease in direct greenhouse gas emissions in 2022, compared to 2021, as well as in indirect greenhouse gas emissions associated with the purchase of electricity. Scope 2 emissions were calculated using two different approaches: "Location-based" and "Market-based". The "Location-based" approach involves the use of average emission factors relating to specific national electricity generation energy mixes. The "Market-based" approach involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between the Group Companies and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" is used for this approach (for the emission coefficients used, please refer to the relevant tables in the "Annexes" section).

# 144,066

tCO<sub>2</sub>e

Direct emissions - Scope 1 in 2022

# 46,664

tCO<sub>2</sub>

Indirect emissions - Scope 2  
Location-based in 2022

# 57,816

tCO<sub>2</sub>

Indirect emissions - Scope 2  
Market-based in 2022

Compared to 2021, the Group direct and indirect emission figures showed a decrease, partly caused by a temporary plant shutdown, on the year's production.

Furthermore, with regard to emissions, it should be noted that the production of laminated porcelain stoneware, one of the products on which the Group has strongly focused in recent years, requires a reduced use of energy and has a lower environmental impact.

Comparing the emissions impact of laminated porcelain stoneware and porcelain stoneware, **a significant reduction in the CO<sub>2</sub> emitted into the atmosphere can be observed<sup>10</sup>.**

10. Values obtained from the processing of Panariagroup EMAS figures and the ICE and ECO-BAU database for porcelain stoneware, which include the energy consumption values for the extraction of raw materials (source: EPDs of products of the same thickness).



## Water

Water is an essential component of the ceramic production cycle and in Panariagroup plants water use is mostly concentrated in the stages of wet milling of raw materials, preparation of the semi-finished products for glazing, washing of plants - in particular of mills and glazing lines - and finally during the operations of lapping, cutting and grinding the fired tiles. The production plants are supplied with groundwater from the wells. Drinking water, which comes from the water supply networks, is mainly used for civil services in both logistics centres and production plants.

The water used in the production stages is entirely reused, which means that the Group has no wastewater from production.

In terms of water resource management, **the Group has always focused on minimizing the environmental impact of its production activities and its water withdrawal has remained fairly stable compared to the previous year.** In 2022, the total water withdrawal from production sites was just over 412 megalitres, a decrease of 15% compared to 2021, as highlighted in the figures shown in the “Annexes” section of this document, a decrease caused by the plant shutdown during the reporting period.

Starting from 2019, **Panariagroup monitors the location of its production plants in relation to water-stressed areas**, i.e. areas of land that cannot meet water demand, both human and ecological. Water stress may refer to water availability, quality or accessibility. In order to identify areas potentially exposed to water risk, in line with the GRI reporting standards, **the Group used the “Aqueduct Water Risk Atlas” tool**, developed by the World Resources Institute. The analysis showed that **none of Panariagroup 6 production plants are located in water-stressed areas.**

Panariagroup has also identified and assessed environmental aspects and risk factors, including those related to water resources, **using a special index - Significance Index - according to a methodology developed by the company** and reported in the EMAS Environmental Declarations annually prepared by the Group for its European production sites. The company is committed to constantly monitoring environmental performance linked, among other things, to the Significance Index, with a view to continuous improvement.





Finally, it is important to highlight how **the Panariagroup production plants in Italy and the USA reuse 100% of the process water**. This allows to reduce the consumption of natural water resources by up to 80%. The Group water consumption is generally much lower than the volume of total water required in the production processes. Most of the water is reused during processes, thanks to specific technologies. Specifically, the company uses purification plants to subject wastewater to a chemical-physical purification treatment. Once the purification cycle is completed, part of the water is normally reused in the process of milling the mixtures and glazes used in the production cycle, while the remaining part is used as washing water for glazing lines or mills in the Glaze Milling department.

The water recovered this way creates a sort of “closed cycle”, since it is reused in the same production processes. The only water drained outside the production site is water from the toilet facilities (in very low quantities), which is considered as industrial waste comparable to civil waste and which, therefore, is discharged into public sewers.

**It is important to note that the laminated porcelain stoneware tiles produced by the Group - the result of the Group commitment to research and innovation - require approximately 80% less water than porcelain stoneware tiles.**

# 4 /6

## Waste management

The waste produced in Panariagroup plants is assigned, for recovery or - in a minimal percentage - for landfill disposal, to external agencies authorised according to the current laws. The management of the waste, during its temporary storage inside the plants, takes place in special storage areas in compliance with internal procedures and current regulations.

In 2022, the Group produced 71,838 tons of waste, of which 300 tons were hazardous waste (0.42% of the total).

2022				
waste <sup>11</sup>	Italy	Portugal	US	total
Recovery (t)	58,885	11,683	24	70,593
Disposal (t)	272	5	968	1,245
<b>Total (t)</b>	<b>59,157</b>	<b>11,689</b>	<b>992</b>	<b>71,838</b>
of which hazardous	271	29	-	300
% hazardous waste	0.46%	0.25%	0.0%	0.42%

During 2022, as in previous years, the Group continued to focus on waste recovery, a commitment that in 2022 led Panariagroup **to recover a total of 70,593 tonnes of waste, accounting for 98% of total waste produced, a 10% decrease in recovered waste compared to 2021**. In terms of production waste, which accounts for over 85% of total waste, the percentage of waste recovered was almost 100%; all the Group plants recover 100% of the raw waste, amounting to about 44,000 tonnes, which is then reintroduced into the production process. In the Italian and USA plants, 100% of the fired waste, amounting to about 21,000 tonnes, is reintroduced into the ceramic mixture. The figure also takes into consideration the Portuguese plant in Aveiro, where work is being done to gradually reach the recovery percentage of the aforementioned plants.

All figures on waste management are shown in the "Annexes" section of this document.

11. Details on the type of disposal are currently unavailable. In the coming years, the Group will further develop its data collection process, in order to provide this information in the future editions of the Sustainability Report.

In 2022, there was a 10% decrease in waste production compared to 2021, which was also due to the closure of plants for a period in both the Italian and Portuguese Business Units.

The Finale Emilia plant is undergoing extensive plant renovation and at this stage it has not been possible to extend the recovery of sewage sludge as was done at the Toano plant. At the latter plant, again in 2021 the as-is recovery of production wastewater resulted in no ceramic sludge being disposed of externally. In the absence of this intervention, wastewater from departments for the preparation of mixtures, milling and glazing are sent to a physical-chemical purifier that produces purified water, subsequently used in production, and ceramic sludge which, once filter-pressed, are sent away for recovery. Plant modification requires wastewater to be collected in a tank positioned in the mixture preparation department and is recovered as it is in wet milling inside the continuous drum mills, bypassing the purification stage. This intervention has led to a significant decrease in the production of waste (filter-pressed sludge) sent to external companies authorized for material recovery.

Panariagroup is assessing the possible extension of this intervention to the Group other production plants.

0.42

%

Percentage of hazardous waste compared to the total waste produced by the Group in 2022

71,838

tons

Waste produced by the Group in 2022

98.3

%

Percentage of waste sent for recovery compared to the total waste produced by the Group in 2022

# 4 /7

## Packaging

For some time, the Group has paid **close attention to reducing the environmental impact in the packaging** system through a careful approach to purchasing recycled material and an efficient use of resources in the packaging process, thanks to the company continuous investments across all production sites in Italy and abroad in **the use of automatic boxing machines** in the sorting lines within the production process.

These machines enable optimisation of the use of cardboard during the packaging process thanks to the use of thinner paper and cardboard and to waste reduction: the machine creates the shape of the packaging by wrapping the product, adjusting the size of the packaging accordingly. This technology allows a reduction of up to 50% of used cardboard compared to the traditional systems used previously.

Despite significant difficulties in sourcing packaging materials at a time of great uncertainty, the Group managed to maintain good sustainable procurement practices and during 2022 the Italian Business Unit purchased:

- 86% of recycled plastic for industrial use, an increase over 2021 that confirms the improving trend compared to previous years (80% in 2021, 79% in 2020 and 2019, 72% in 2018, 57% in 2017 and 40% in 2016);
- 70% of recycled paper and cardboard used for product packaging;
- most wood for storage and material handling from PEFC or FSC-certified suppliers.

Panariagroup is also committed to the **recovery of waste materials that are reused by the market**. To this end, the plastic used to package the tile pallets is duly recovered through specialised suppliers and returned to the production cycle with the "GREEN Packaging" logo, ensuring that waste is fully traceable for the company and the customer.





5



Panariagroup  
for People

Staff, their well-being, their growth and their professional development continue to be our absolute priority and the key to our success.

Similarly, we support the local areas in which we operate by making an extensive use of local suppliers and developing activities that actively contribute to the growth of the community.



# in evidence

One priority: our employee health

## 2,700

In 2022, we offered our employees over 2,700 medical examinations.

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Our flexible working model

## Smart Working

In 2022, we regulated smart working in Italy and Portugal, making it structural and integrated into corporate dynamics.

---

Safety first

## <30

We pay great attention to the safety of our staff.  
The number of accidents among our employees remained below 30 per million hours worked.

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# ✓ Panariagroup for People

Our ambitions for a  
sustainable and responsible  
development

Ambition	Goal	Target 2025	As-is 2022
----------	------	-------------	------------

Increase our employee satisfaction by promoting their physical and mental well-being



Maintain employee satisfaction above a certain threshold

The target is being assessed and defined

Enhance our employee talents and special features by developing paths for growth that can increase training hours per capita



Increased training hours per capita through the development of a training plan based on corporate level and department [base year 2019: 3.83 hours per capita]

15 hours of annual training per employee

**4.14 hours per capita**

Ongoing activities

Invest in young talents, developing a dynamic and challenging working environment



Increased presence of young staff (under 35) within the company [base year 2020: 9%]

12% employees under 35 out of total staff

**10%**

Ongoing activities. Through the definition of a major induction plan and cooperation with Confindustria Ceramica for the creation and implementation of training courses, the aim is to steadily increase the number of under-35s within the company.

# 5 1

## Our employees

One of Panariagroup core values is to always attach central importance to **people and quality of life**, operating with the utmost respect for those who work with the Group.

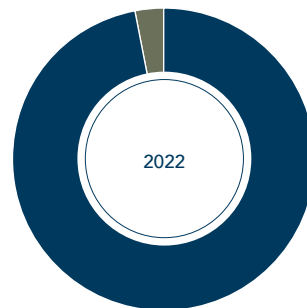
Its employees, their well-being, their growth and their professional development are key to Panariagroup success.

In managing its employees, **Panariagroup endorses a corporate culture that attracts the best talents**, improves employee skills and their ability to work in groups, and recognises and rewards their performance, with the ultimate goal of contributing to their professional and personal satisfaction.

In order to guarantee the application of these principles, **the Group almost exclusively employs permanent staff. This type of contract guarantees employees more stability and greater opportunities for professional growth.** At the same time, the Group takes into consideration requests from employees for part-time work, where possible offering job opportunities that fit their personal and professional needs.

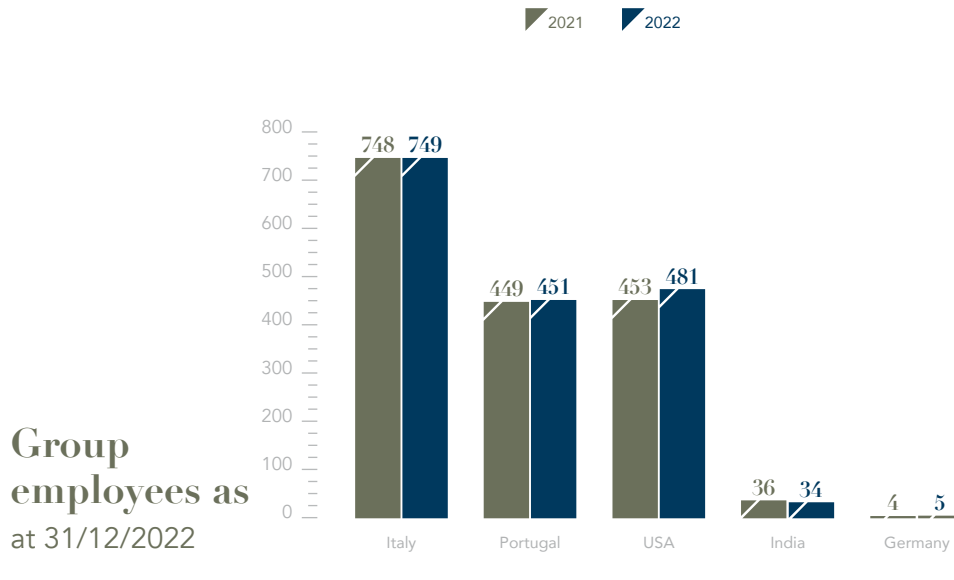
**Group employees by contract type as at 31/12/2022**

97% permanent contract  
3% fixed-term contract



Operating in a complex economic environment, up to this point Panariagroup has decided to maintain stable employment levels and solid relations with the local communities in which it operates, avoiding outsourcing of production processes. Indeed, stability in relations with employees is a fundamental element in responsibly maintaining the Group economic growth.

As at 31 December 2022, the Group employed 1,720 employees, with 30 more new hires compared to the previous year.



In light of an increase in the Group workforce, **turnover slightly rose between 2021 and 2022.**

**Inclusion and non-discrimination** are two values that are considered fundamental to the Group staff management. These are the basis of the various tools used to enhance each individual talent, to facilitate a work-life balance and to safeguard diversity of culture, ethnicity, age, gender and skills.

**The Panariagroup Group is committed to ensuring equal opportunities for employees and for those applying to become part of the organization.** At all of the Group plants, respect for individuals and their religious, political and sexual orientation is encouraged and every kind of discrimination is prevented by promoting diversity, tolerance and acceptance.

With regard to the diversity management strategy, **people who are legally recognised as disabled are strongly integrated.** The careful assessment, during the induction stage, of the position and tasks most suited to the person and their skills and the identification of a suitable tutor, allow these workers to make a real contribution to corporate life and to effectively improve their skills, relationships and self-image. A careful approach to their integration, their protection and above all their enhancement has important repercussions on the workers themselves, on their families and, more generally, on the community.

In the American Business Unit, the “non-discrimination policy” and the “anti-harassment policy” have been adopted. In addition to the implementation of a reporting channel for any cases or topics concerning human resources or management, there are disciplinary measures for employees who violate internal policies and regulations.

In this regard, it should be noted that in 2022, as in 2021, the Group did not detect any cases of discrimination based on race, colour, sex, religion, political views, national descent or social origin.

Panariagroup has a work-life balance policy and offers access to flexible working systems in the event of maternity or paternity. In addition, **the Group strongly supports its employees, especially at key moments in their lives, such as the birth of a child.**

Working flexibility has obviously experienced a marked acceleration in the wake of COVID-19; in this sense, the pandemic situation has had the unexpected positive implication of permitting greater familiarity with lesser-used organisational methods, meeting employee needs and fostering a different, enriching perspective on working performance assessment. In this context, in 2022, following a positive assessment of the smart working experience and in order to contribute to worker well-being and work-life balance, the Italian Business Unit chose to trial smart working as part of its working organisation. A Corporate Regulation was adopted to define post-pandemic smart working terms and, in accordance with current regulations, workers interested in continuing the experience signed an Individual Agreement. The new regulation, effective from January 2023 and ending on 31/12/2023, stipulates one day of smart working per week; the days increase to two for workers with disabilities, caregivers, parents of young children and those who reside far from their place of work.

With regard to the Portuguese Business Unit, from February 2022 smart working can be adopted by written agreement between the employee and the employer, as governed by local regulations. The Portuguese company, however, further promotes the smart working model by giving complete schedule flexibility for those employees who can work at home whenever they need to help and support their minor children. Moreover, in the Italian Business Unit, a new timetable system was designed in 2022, providing for flexible entry, location and lunch break duration, which will be adopted in early 2023.

Great attention and emphasis is always placed on employee welfare initiatives: packages of benefits and services that the company updates and offers to the employees. Specifically, the Portuguese Business Unit remained particularly active, implementing improved health insurance coverage for employees, as well as favourable financial conditions for communication services (telephone and TV). The **welfare** and personal care model implemented by Panariagroup has been cited, together with other illustrious companies, by the authoritative guide “Welfare aziendale. Secondo welfare, novità, gestione e buone pratiche” edited by Prof. Tiziano Treu, further confirming the Group commitment to social responsibility, recognised as one of the fundamental values of its business model.

Another important reflection of employment stability relates to **flexibility in career planning**. Career development within Panariagroup is conducted in harmony with the life stages of the employees and their related needs; in agreement with the employee, therefore, transitions from part-time to full-time work and vice versa are also facilitated. As at 31 December 2022, 52 people were working on part-time contracts, a figure roughly in line with 2021.

With regard to remuneration, the Group strongly endorses fair salaries for its employees, in line with local legislation.

It is important to note that **the Group respects employee rights to collective bargaining**, in compliance with the International Labour Organization Conventions and always in compliance with local legislation. In 2022, the Group recorded a collective bargaining coverage rate of 70%, roughly in line with previous years. In particular in Italy, where this percentage stands at 100%, over the years supplementary corporate-level contracts have been developed that stipulate better employment terms than those guaranteed by national ones. With regard to the American and the Indian Business Units, it should be noted that there are no collective bargaining agreements.

Finally, it should be noted that, in the event of any major organizational changes, the Group will comply with the provisions of collective contracts regarding proper notice.



sustainability  
facts

# People

We believe in **stable relations**  
with our employees: **97%** of our employment  
contracts are permanent.





# 5 /2

## Training and development

Employee training and development is a topic that both the Group and its stakeholders consider relevant. Education and professional development are fundamental aspects for Panariagroup, with the aim of enhancing the skills and increasing the knowledge of its staff, as well as of ensuring compliance with national legislation and occupational safety.

Training activities on health and safety topics are provided throughout the Group, as required by local legislation. In addition, the Group has also offered its employees a wide range of training activities identified by the managers of the various areas, since they are the most knowledgeable about the specific needs of both the employees themselves and of the skills required in their jobs. **In consideration of the concrete needs of employees with environmental responsibilities, training events are planned and implemented, in order to improve management skills.**

**The total hours of training provided by the Group in 2022 amounted to 13,139**, up 64% from 2021, of which 10,018 were provided to men and 3,122 to women, with a per capita Group average of 8. The 2022 figures reflect a major recovery after the two-year COVID-19 health emergency that affected all the Group Business Units, in which the transition to smart working, new organisational requirements and internal priorities meant that it was not possible to guarantee training in line with that of the previous year. During 2022, specific training initiatives continued for managers and planners to upgrade skills in areas characterized by strong innovation: use of IT tools for new product design, study of product design, specific language skills to improve acquisition of new customers/market segments in European Countries, sustainable and social innovation. In 2022, information initiatives on the topic of sustainability continued to be provided to employees through sharing and updating of the Sustainability Plan and participation in the Landscape Festival with the presentation of the THINK ZERO project.

**With regard to the American Business Unit, the Learning Management System continued to be used in 2022 to enhance the training system with thousands of free courses available to employees**, including those created by the internal staff; these include topics related to employee health and well-being. The introduction of this system was critical, especially in the year of the pandemic, since many of the courses were taught online to address the need for social distancing.

Courses for new hires, covering topics such as health, safety and the environment, were offered online through the Paycor platform, an innovation that added an important degree of flexibility in how staff could access them. Training requirements are annually reviewed by the American Business Unit, in order to ensure that all employees are properly and adequately trained. "Ergonomic training" is also offered in the plants and at Florida Tile stores to reduce the accidents rate and lost day rate, as well as specific training for the use of processing machinery with the goal of reducing incidents and possible damage caused by incorrect use.

## Education and professional development are fundamental aspects for the Group, with the aim of enhancing the skills and increasing the knowledge of its staff.

**With regard to the Portuguese Business Unit, Gres Panaria Portugal has always viewed employee qualification as an important strategic asset.** Based on a careful analysis of the training needs of its staff, every year a training plan is drawn up and approved by the corporate Management. In Portugal, a major skills management and development plan was completed in 2020 and applied in 2021 and 2022: this dynamic process outlines the combination of knowledge, skills and attitudes required to achieve high job performance.

Identifying skills enables employees to achieve greater autonomy in their day-to-day lives, creates a common language and commitment to strategy and business, and simplifies the process of changing and adapting staff to new practices, values and technologies.

The model implemented by Gres Panaria Portugal identifies the specific skills required for each department, defined as a set of standard procedures that the operator must be able to independently carry out in order to correctly perform their work. Every employee is therefore assigned a level that ranges from 0 (training period) to 5 (leadership skills). The skill level assessment is carried out on an annual basis and involves the supervision of the department manager with the support of a figure from Human Resources and Quality, Environment and Safety.

The skills management and development system makes it possible to implement more targeted recruitment and selection processes, to more accurately identify the training needs of employees, to integrate performance assessment processes, to facilitate comparison between different skill profiles and to identify employees with leadership skills. Portugal also saw the launch of the “Welcome to GPP” project: a format designed to welcome new employees featuring a presentation of the company and all the information and references needed to start developing knowledge and a sense of belonging.

In 2022, programs continued with the goal of qualifying the population, aimed at improving their education and training, contributing to the improvement of their qualification levels and employment status. Gres Panaria Portugal wants to offer the opportunity to increase and develop skills through qualified training that goes beyond corporate boundaries, such as, for example, financial education courses aimed at giving employees the opportunity to learn how to correctly control, organise and invest their economic resources.

In collaboration with specialised training centres, the Portuguese Business Unit is developing initiatives to strengthen competitiveness and to establish collaborations with international and national counterparts on topics of common interest, to promote the internationalisation of companies in the Aveiro Region, to encourage entrepreneurship and to promote vocational training, contributing to increasing employment and social inclusion.

In 2022, a programme for acquiring and developing new talents was implemented in the Italian Business Unit, including through strengthening collaboration with educational and training institutions in the area, with a focus on young people. Specifically, qualified young people were hired to fill key roles in the areas of QHSE, purchasing, plant efficiency, and digital and social marketing. Networks of relations and collaboration were strengthened with secondary schools, technical higher education institutions and universities in the local areas of the various offices. Numerous curricular internship experiences were carried out in collaboration with secondary schools in the areas of laboratory work, electromechanical maintenance, and marketing.

Young people attending technical higher education and university degree courses were given the opportunity to complete their in-company training by working on thesis projects. There were particularly notable collaborations with ITS Maker Impianti Ceramici, IAAD, Istituto di Arte Applicata e Design of Bologna and the University of Modena and Reggio Emilia. Collaboration with educational and training agencies also took the form of student meetings at study offices and guided tours of Group plants.



## Occupational health and safety

Panariagroup, paying great attention to health and occupational safety topics, has implemented an **integrated Quality, Environment, Hygiene and Safety management system** in order to guarantee the protection and safety of its workers. This is one of the topics considered fundamental by both the Group and its stakeholders.

The Group commitment also resulted in the creation of a Group RSPP in early 2022, tasked with standardising and improving health and safety during Panariagroup activities.

In Italy, an environmental and safety management system has been developed in compliance with the ISO 9001 and ISO 14001 standards, the EMAS Regulation and the UNI INAIL Guidelines, with the aim of developing and implementing internal procedures aimed at preventing, monitoring and managing occupational accidents and incidents. The main mechanisms adopted are:

- a protocol on the reduction of accidents;
- a list of best practices aimed at avoiding exposure to situations considered hazardous for certain working processes;
- the arrangement of meetings between the main health and safety representatives (RSPP, RLSSA and competent doctor), in order to assess the negative impacts of certain processes on the health and safety of workers;
- periodic meetings for prevention and protection from health and safety risks, as well as periodic meetings between RSPP and RLSSA aimed at keeping the main managers in the plants constantly informed;
- an occupational Risk Assessment Document, prepared in accordance with the requirements of Legislative Decree no. 81/08.

**Panariagroup is also committed to informing all the staff about the importance of applying all safety procedures.** The Italian Business Unit reported a recordable occupational accident rate of 17.4 for its employees in 2022 (in 2021 the rate was 35.2).

With regard to Portugal, the Margres and Love Tiles plants have implemented an integrated Quality, Environment, Health and Safety system, certified according to ISO 9001, ISO 14001 and EMAS. The safety management system follows the principles of the relevant management standard (currently ISO 45001). The main management tools are:

- worker representatives for occupational health and safety (Law 3/2014);
- an internal procedure for analysing occupational risks;
- a programme to improve occupational health and safety conditions;
- programmes to promote employee health;
- internal training on occupational health and safety;
- technical advice on occupational health and safety;
- monitoring of occupational risk factors for noise and inhalation of crystalline silica;
- internal verification of the minimum safety requirements for working equipment (Directive no. 2001/45/EC);
- work analysis meetings, which include health and safety aspects;

- gymnastics at work to prevent musculoskeletal injuries;
- occupational medical and nursing services (Law 3/2014);
- a procedure for the control of external service suppliers with regard to social aspects and occupational health and safety.

In 2022, the Portuguese company saw its recordable occupational accident rate for its employees rise to 38.4 (in 2021 the rate was 23). In 2023, a study will be carried out to assess the occupational safety culture among employees, with the aim of increasingly limiting occupational incidents. With respect to the topic of social responsibility, which sets standards for an ethical management focused on the well-being of employees and of the community, contributing with actions that must be aimed at reducing environmental impacts, Gres Panaria has started working on its employee health and well-being through services such as physiotherapy, nutrition and gymnastics. Conscious that fit and healthy employees can maintain a higher threshold of concentration and satisfaction, the Occupational Safety and Health Department pays daily attention to the working environment, tasks and any health and safety implications.

With regard to the American company, at Florida Tile internal procedures are used to keep employees focused on good working practices and on behaviours necessary to avoid potentially hazardous situations or risks connected to processes in the various departments.



According to guidelines based on, among others, OSHA, NIOSH and ANSI standards, the main management tools include internal procedures for analysing occupational risks, programmes for improving occupational health and safety conditions, promoting employee health and safety, including through the provision of occupational medical and nursing services and specific training on these topics. **Regular meetings are also held with the aim of sharing correct procedures and behaviours** among all employees and collecting reports in order to improve the working environment and occupational safety.

The American Business Unit also offers its employees a free care programme, which can help them cope with mental and physical well-being, and it has provided a doctor who gives advice not only on work-specific illnesses, but also regarding any need that each employee may have. The focus on occupational health and safety was even more important in the year of the pandemic, when the company offered and continues to offer its employees psychological support, as well as addressing work-life balance topics.

Finally, with regard to the American scope, the work of the “Safety Team” continued in 2022 with the aim of facilitating workers participation and consultation in the development, implementation and assessment of the occupational health and safety management system, and in order to provide access to and communicate relevant information on occupational health and safety; the team meets about once a month. **The Group constantly monitors accident rates and acts decisively to raise staff awareness** through training and internal communications on aspects of occupational safety and through appropriate training for new hires (specific mentoring with expert staff, correct use of personal protective equipment and provision of appropriate documentation on the subject).



In this respect, the American Business Unit achieved a recordable occupational accident rate of 19.7 for its employees in 2022, down from the previous year (22).

In the Italian plants, following the update of the Health and Safety Risk Assessment Document, no urgent and immediate occupational risk situations were detected. The risk analysis of the plants is constantly updated, in order to promptly manage occupational safety and hygiene issues.

**The Group also carefully considers health and safety when designing its products.**

The design and development of any Panariagroup product is conducted by qualified lab technicians, according to the guidelines established by a specific internal procedure that includes, whenever a new raw material is used, **a request to the suppliers for a safety protocol indicating all the material toxicological features**. All safety protocols are controlled and verified before receipt of the material, and are stored in the same laboratory for future reference.

The process for the creation of a new product is carefully assessed, in order **to ensure that the activities related to the various stages of the production cycle do not negatively impact the environment or pose particular risks to worker health and safety**. In order to demonstrate the Group attention to employee health and safety, each plant has a list of operational safety instructions, describing the correct procedures for performing the most hazardous operations in the vicinity of the plants.

23.4

**Recordable occupational  
accident rate - employees**

26.9 in 2021

47.9

**Recordable occupational  
accident rate - external  
employees**

47.8 in 2021

# 5 /4

## Relations with local communities

For Panariagroup, Sustainability also encompasses relations with local communities. In our management strategies, we consider policies concerning the economic and social impact of our presence. **The goal is to adopt sustainable behaviours at each level in relation to the organizations with which Panariagroup interacts.**

The processes implemented for the purpose of the EMAS certification procedure are an excellent opportunity to dialogue with the public and with the stakeholders regarding environmental and social topics and the potential impact of the Group activities.

The Group actively contributes to the growth of local communities through **participation, donations and sponsorships relating to the development and improvement of local conditions.** A relevant example is the donation of tiles to local associations. Despite its positioning in the upper tier of the market and its high-end differentiation strategy, Panariagroup is committed to selling discontinued or slightly imperfect products at reduced prices to encourage the distribution of its products in markets and communities with lower purchasing power.

In the USA, Florida Tile has demonstrated active commitment through donations and solidarity activities to support hospitals, associations for the protection of disadvantaged categories and sports associations. On some occasions, employees have also been directly involved: for example, several days were dedicated to helping cancer patients, during which Florida Tile employees cooked for the patients and for their caregivers.

**The Group has also always been involved in sports sponsorship.** Its long-term contribution to cycling, involving a multi-year partnership with international professional teams, has been supplemented by more local operations. In this regard, the activities performed by the Portuguese Business Unit are very significant. Every year, the Unit organises the “Douro Gran Fondo”, a top-level competition that attracts non-professional cyclists from all over the world, as well as the organisation of the Love Tiles Cycling Team, which brings together cycling enthusiasts.

The Group is also a partner of the Maratona “Dles Dolomites-ENEL”, an international amateur cycling race that attracts almost 10,000 participants to every edition.

The Group also recently signed an important sponsorship deal with the Italian most prestigious basketball club, Olimpia Milano, of which Panariagroup is Official Partner.

On the cultural front, the Italian Business Unit joined a project to relaunch an important institution in the district of Sassuolo: together with other important companies in the area, Panariagroup is one of the promoters of the recovery of the Carani Theatre, a historical institution with a long tradition, with the aim of returning a very important cultural asset to the local community by 2023.



Moreover, in the context of Bergamo and Brescia Capitals of Culture for 2023, Panariagroup participated as a main partner in the 2022 (12th edition) edition of the Landscape Festival, a major international event that promotes landscape culture, based on a shared focus on outdoor design and a growing awareness towards the environment. This absolutely innovative and green context was the perfect setting for the presentation of the THINK ZERO project, which perfectly embodied the values of this event. Through moments dedicated to the sharing of good practices and an installation located in the heart of the city of Bergamo, the Group managed to spread the message in which it firmly believes: choosing with the right awareness the materials with which to create living spaces or architectures, since these have a significant impact on the environment and, more generally, on the appearance of cities.

Finally, it should be noted that **a pool of ceramic companies in the Sassuolo area, including Panariagroup, donated the sum of 1 million euro to the Sassuolo Hospital**, enabling it to finance the purchase of a state-of-the-art diagnostic imaging system. The initiative was promoted by Fondazione Ospedale di Sassuolo Onlus and by the Ospedale di Sassuolo S.p.A. company and subsequently agreed upon with the group of entrepreneurs.

333,000

euro

value of money and products  
donated to local communities  
by the Group in 2022



6



Annexes



# Note on methodology

This document is the seventh edition of the Sustainability Report of the Panariagroup Group (hereinafter also “Panariagroup” or “Group”).

The Sustainability Report is prepared annually and contains information to the extent necessary to ensure knowledge of the corporate activity, of its performance, of its results and of the impact of its activity, with regard to the topics considered relevant by the Group, with reference to the 2022 financial year (from 1 January to 31 December).

The Panariagroup Group 2022 Sustainability Report has been **prepared in accordance with the “Global Reporting Initiative Sustainability Reporting Standards”** set out by the GRI - Global Reporting Initiative, according to the “In accordance” option.

**The scope of reporting of figures and economic-financial information corresponds to that of Panariagroup Industrie Ceramiche S.p.A. consolidated financial statement** as at 31 December 2022. With regard to qualitative information and quantitative figures relating to human resources, including health and safety in the occupational aspects, companies using the full consolidation method in the consolidated financial statement are included in the reporting scope<sup>12</sup>. With regard to qualitative information and quantitative figures relating to environmental aspects and other social ones, the Group companies that manage production sites are included and, limited to the other social aspects (expenditure on local suppliers), Panariagroup India Industrie Ceramiche Pvt Ltd, while the companies with only commercial offices and Montanari Ceramiche S.r.l., a ceramic retail outlet, are excluded, as they are not considered relevant to ensuring understanding of the Group corporate activity and its impact.

In 2022, there were no significant changes in the Group size, organizational structure, ownership structure or supply chain.

Information relating to the reference period is compared with that of the previous financial year, where available. In order to ensure the reliability of the figures, the use of estimates has been limited as much as possible. When estimates are used, they are accordingly indicated and are based on the best available methods.

Panariagroup 2022 Sustainability Report was approved by the Board of Directors of Panariagroup Industrie Ceramiche S.p.A. on 27 March 2023.

Deloitte & Touche SpA undertook a voluntary limited examination (“limited assurance engagement” according to the criteria of the ISAE 3000 Revised principle) of the document, according to the procedures indicated in the Independent Auditor Report included in this document.

For information on the Sustainability Report, please contact:  
[sustainability@panariagroup.it](mailto:sustainability@panariagroup.it).

12. In 2022, as in 2021, all Group companies are consolidated using the full method.



## Correlation with GRI Standards and involvement in impacts

Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Generation and distribution of value</b>	Generation and distribution of economic value to the Group stakeholders	Current positive	Generation of economic value and balanced distribution to stakeholders with the aim of creating value in the short, medium and long term for all those with whom the Group deals	GRI 201: Economic performance (2016)	Caused by the Group
	Employee satisfaction and psychophysical well-being	Current positive	Employee satisfaction through the implementation of activities to enhance employee well-being and the provision of dedicated benefits	N/A	Caused by the Group
<b>Well-being, health and safety</b>	Occupational incidents	Potential negative	Accidents and/or other incidents related to the performance of working duties, with negative consequences for the health of internal and external employees	GRI 403: Occupational health and safety (2018)	Caused by the Group
	Product and process innovation with positive effects on people and economic systems	Current positive	Positive impacts on people and on economic systems resulting from activities, policies and technological innovations aimed at continuous process improvement and at the development of products with innovative and sustainable features	N/A	Caused by the Group
<b>Fighting climate change</b>	Energy consumption	Current negative	Use of electricity and fuels with consequent negative impacts on the environment and on the reduction of energy stocks	GRI 302: Energy (2016)	Caused by the Group and connected to the Group through its business relations
	Generation of direct and indirect energy GHG emissions (Scope 1 and Scope 2)	Current negative	Contribution to climate change through the generation of direct and indirect energy emissions related to the activities carried out in the Group offices and sites	GRI 305: Emissions (2016)	Caused by the Group and connected to the Group through its business relations

Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Direct environmental impacts</b>	Consumption of resources and raw materials for the production process and Group activities	Current negative	Use of natural resources and raw materials in the production process resulting in negative impacts related to increased waste and reduced natural stocks	GRI 301: Materials (2016)	Caused by the Group
	Use of water resources for the Group activities	Current negative	Use of water to feed production processes with repercussions on the availability of water resources in the area	GRI 303: Water and wastewater (2018)	Caused by the Group
	Discharged water quality	Current negative	Wastewater with repercussions on the quality of the water resource in the area		Caused by the Group
	Generation of other pollutant emissions (nitrogen oxides, sulphur oxides and other emissions)	Current negative	Generation of other polluting emissions from high-temperature combustion, such as nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOCs) hazardous air pollutants (HAPs) and particulate matter (PM)	GRI 305: Emissions (2016)	Caused by the Group
	Generation of hazardous and non-hazardous waste	Current negative	Generation of hazardous and non-hazardous waste for production activities and throughout the value chain	GRI 306: Waste (2020)	Caused by the Group
<b>Customer satisfaction and Brand reputation</b>	Customer satisfaction in terms of needs and expectations, including through a multi-brand approach	Current positive	Positive impacts of conducting business in a way that ensures full satisfaction of customer needs and expectations in terms of breadth of offer, relationship management and complaints	N/A	Caused by the Group
<b>Product quality and design</b>	Impacts on customer health and safety	Potential negative	Negative impacts on customer health related to inadequate product quality features (e.g. deviation from declared quality standards) with consequent health and safety risks	GRI 416: Customer health and safety (2016)	Caused by the Group
	Partial and/or non-transparent information and communication about the products offered by the Group	Potential negative	Negative impacts on customers and end consumers caused by misleading, incomplete and non-transparent communication and mislabelling of products	GRI 417: Marketing and labelling (2016)	Caused by the Group

Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Attractiveness, training and development</b>	Creation of jobs and paths to employment	Current positive	Integration of young staff into the company and creation of growth and career paths that increase the attractiveness and retention of talents	GRI 401: Employment (2016)	Caused by the Group
	Worker training and skills development	Current positive	Improving worker skills through training and professional development activities, including those linked to personalised growth and assessment goals	GRI 404: Training and education (2016)	Caused by the Group
<b>Integrity and compliance</b>	Unethical business conduct and potential corruption cases	Potential negative	Negative impacts on people and on economic systems generated by unethical business conduct	GRI 205: Anti-corruption (2016)	Caused by the Group
	Non-compliance with laws, regulations and standards	Potential negative	Non-compliance with applicable laws, regulations, internal and external standards with indirect impacts on employees, customers and suppliers	N/A	Caused by the Group
	Anti-competitive behaviour and monopoly practices	Potential negative	Anti-competitive behaviour and monopoly practices with negative impacts on the economy and on the markets	GRI 206: Anti-competitive behaviour (2016)	Caused by the Group
	Non-payment of taxes and duties in the Countries in which the company operates	Potential negative	Negative impacts on the economies of the Countries in which the Group operates due to the non-payment of taxes and duties owed and/or to the adoption of aggressive tax policies giving preference to Countries with more favourable tax jurisdictions	GRI 207: Taxes (2019)	Caused by the Group



Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Diversity and inclusiveness of employees</b>	Staff remuneration	Current positive	Adoption of staff remuneration policies that ensure a decent standard of living and that enhance worker skills	GRI 202: Market presence (2016)	Caused by the Group
	Inclusion of local community members in the Group management	Current positive	Inclusion of local community members in the Group management, with positive consequences for the enrichment of human capital and the company ability to understand local needs	GRI 405: Diversity and equal opportunities (2016)	Caused by the Group
	Discrimination and non-inclusive occupational practices that do not consider diversity and minority groups	Potential negative	Negative impacts on employee well-being, satisfaction and motivation due to discriminatory behaviours (e.g. related to gender, age, ethnicity, etc.) or other non-inclusive practices	GRI 406: Non-discrimination (2016)	Caused by the Group
<b>Responsible procurement</b>	Procurement practices that support the development of the local area	Current positive	Support for local development through procurement practices that favour business partners located in the areas in which the Group operates	GRI 204: Procurement practices (2016)	Caused by the Group
	Impacts related to supply chain management	Current negative	Negative impacts related to the procurement of goods and services from suppliers, in particular the impacts that they generate on environmental and social aspects	GRI 308: Environmental assessment of suppliers (2016); GRI 414: Social assessment of suppliers (2016)	Caused by the Group and which the Group contributes to



## Environmental figures

The scope of the environmental figures refers to the Group companies that operate production sites. Companies with only commercial offices, Gres Panaria Central Europe GmbH and Montanari Ceramiche S.r.l., are excluded, since they are not considered relevant to an understanding of the Group corporate activities and of the impact of its products.

### ENERGY CONSUMPTION

#### Total energy consumption by source (renewable and non-renewable)

	2021				2022			
	IT	PT	US	TOTAL	IT	PT	US	TOTAL
<b>Total energy consumption (GJ)</b>	1,815,101	1,030,839	595,323	<b>3,441,263</b>	1,652,414	786,692	586,362	<b>3,025,468</b>
of which:								
from renewable sources (GJ)	1,480	-	-	<b>1,480</b>	1,377	-	-	<b>1,377</b>
from non-renewable sources (GJ)	1,813,621	1,030,839	595,323	<b>3,439,783</b>	1,651,037	786,692	586,362	<b>3,024,090</b>

#### Total energy consumption by type

	2021				2022			
	IT	PT	US	TOTAL	IT	PT	US	TOTAL
<b>Total energy consumption (GJ)</b>	1,815,101	1,030,839	595,323	<b>3,441,263</b>	1,652,414	786,692	586,362	<b>3,025,468</b>
of which:								
Electricity purchased (GJ)	295,694	183,421	108,743	<b>587,858</b>	276,450	148,907	106,842	<b>532,199</b>
Electricity self-generated from renewable sources (GJ)	1,480	-	-	<b>1,480</b>	1,377	-	-	<b>1,377</b>
Natural gas (GJ)	1,494,548	839,748	483,902	<b>2,818,197</b>	1,350,642	630,855	478,197	<b>2,459,695</b>
LPG (GJ)	-	75	662	<b>737</b>	-	75	657	<b>732</b>
Diesel for industrial vehicles (GJ)	14,832	2,676	1,809	<b>19,317</b>	14,523	1,762	510	<b>16,795</b>
Petrol for industrial vehicles (GJ)	-	-	-	<b>-</b>	-	-	-	<b>-</b>
Diesel for car fleet (GJ)	8,374	4,300	-	<b>12,674</b>	8,650	4,263	-	<b>12,913</b>
Petrol for cat fleet (GJ)	174	619	207	<b>1,000</b>	772	831	155	<b>1,758</b>

# EMISSIONS

## Total direct and indirect emissions

	2021				2022			
	IT	PT	US	TOTAL	IT	PT	US	TOTAL
Direct emissions - Scope 1 (tCO <sub>2</sub> e) Energy	85,926	47,895	27,461	161,282	77,570	35,926	26,940	140,436
Direct emissions - Scope 1 (tCO <sub>2</sub> e) Raw material processing <sup>13</sup>	674	4,435	424	5,533	607	2,828	196	3,630
Direct emissions - Scope 1 (tCO <sub>2</sub> e) Total	86,600	52,330	27,885	166,815	78,177	38,754	27,136	144,066
Indirect Emissions - Scope 2 (tCO <sub>2</sub> ) - Location-based <sup>14</sup>	25,873	14,011	11,297	51,181	24,189	11,375	11,100	46,664
Indirect Emissions - Scope 2 (tCO <sub>2</sub> ) - Market-based <sup>14</sup>	37,701	19,106	11,297	68,104	35,094	11,623	11,100	57,816

## NO<sub>x</sub>, SO<sub>x</sub> and other pollutant emissions

	2021	2022
	t/year	t/year
NO <sub>x</sub>	118	87.7
SO <sub>x</sub>	14	23.8
Persistent organic pollutants (POPs)	-	-
Volatile organic compounds (VOCs)	71	65.9
Hazardous air pollutants (HAPs)	3	3.1
Particulate matter (PM)	57	44.5
Other emission standard categories identified in the applicable legislation	38	35.7

## Conversion factors

	2021	2022
LOWER CALORIFIC VALUE OF FUELS	LCV	LCV
Natural gas (GJ/m <sup>3</sup> )	0.036	0.036
GPL (GJ/t)	45.94	45.94
Diesel (GJ/t)	42.47	42.60
Petrol (GJ/t)	43.80	43.62
Source	UK Government GHG conversion factors for company reporting, 2021	UK Government GHG conversion factors for company reporting, 2022

13. The figure for Scope 1 direct emissions from the raw material firing process takes into consideration the carbonates contained in the clay, feldspar, sand and zirconium/bleaching agents. The figure for the American Business Unit is estimated based on the European parameters already used for the Italian and Portuguese Business Units.

14. The emission factors reported by Terna, 2019 International Comparisons version, and by AIB, 2021 European Residual Mix version (source: AIB 2022) are expressed in tons of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas (CO<sub>2</sub>e) emissions, as can be inferred from the relevant technical literature.

## Emission factors

2022						
	Electricity (gCO <sub>2</sub> /kWh) - Location-based <sup>15</sup>	Electricity (gCO <sub>2</sub> /kWh) - Market-based <sup>15</sup>	Natural gas (tCO <sub>2</sub> e/m <sup>3</sup> )	LPG (tCO <sub>2</sub> e/t)	Diesel (tCO <sub>2</sub> e/t)	Petrol (tCO <sub>2</sub> e/t)
<b>Italy</b>	315	457				
<b>Portugal</b>	275	281	0.002	2.94	3.033	2.903
<b>US</b>	374	374				
<b>Source</b>	TERNA, Confronti Internazionali, 2019	2021 European Residual Mix (source: AIB 2022) for Italy and Portugal, Terna, International Comparisons, 2019 for USA	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2022

2021						
	Electricity (gCO <sub>2</sub> /kWh) - Location-based <sup>15</sup>	Electricity (gCO <sub>2</sub> /kWh) - Market-based <sup>15</sup>	Natural gas (tCO <sub>2</sub> e/m <sup>3</sup> )	LPG (tCO <sub>2</sub> e/t)	Diesel (tCO <sub>2</sub> e/t)	Petrol (tCO <sub>2</sub> e/t)
<b>Italy</b>	315	459				
<b>Portugal</b>	275	375	0.002	2.939	2.969	2.948
<b>US</b>	374	374				
<b>Source</b>	TERNA, Confronti Internazionali, 2019	AIB, 2020 European Residual Mix for Italy and Portugal, Terna International Comparisons, 2019 for USA	UK Government GHG conversion factors for company reporting, 2021	UK Government GHG conversion factors for company reporting, 2021	UK Government GHG conversion factors for company reporting, 2021	UK Government GHG conversion factors for company reporting, 2021

15. The emission factors reported by Terna, 2019 International Comparisons version, and by AIB, 2021 European Residual Mix version (source: AIB 2022) are expressed in tons of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas (CO<sub>2</sub>e) emissions, as can be inferred from the relevant technical literature.

# WATER AND WASTEWATER

## Water withdrawal

WITHDRAWAL SOURCE (ML)	2021		2022	
	All areas	of which water-stressed areas	All areas	of which water-stressed areas
<b>ITALY</b>				
Surface water	-	-	-	-
Groundwater	188	-	171	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	188	-	171	-
Seawater	-	-	-	-
Water produced	33	-	30	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	33	-	30	-
Third-party water resources	15	-	15	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	15	-	15	-
<b>Total water withdrawal</b>	<b>236</b>	<b>-</b>	<b>216</b>	<b>-</b>
<b>PORTUGAL</b>				
Surface water	-	-	-	-
Groundwater	179	-	128	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	179	-	128	-
Seawater	-	-	-	-
Water produced	23	-	18	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	23	-	18	-
Third-party water resources	5	-	5	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	5	-	5	-
<b>Total water withdrawal</b>	<b>207</b>	<b>-</b>	<b>151</b>	<b>-</b>
<b>US</b>				
Surface water	-	-	-	-
Groundwater	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
Seawater	-	-	-	-
Water produced	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
Third-party water resources	43	-	45	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	43	-	45	-
<b>Total water withdrawal</b>	<b>43</b>	<b>-</b>	<b>45</b>	<b>-</b>
<b>GROUP TOTAL</b>				
Surface water	-	-	-	-
Groundwater	367	-	299	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	367	-	299	-
Seawater	-	-	-	-
Water produced	56	-	49	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	56	-	49	-
Third-party water resources	62	-	65	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	62	-	65	-
<b>Total water withdrawal</b>	<b>485</b>	<b>-</b>	<b>412</b>	<b>-</b>

## Wastewater

DISPOSAL SITE (ML)	2021		2022	
	All areas	of which water-stressed areas	All areas	of which water-stressed areas
<b>ITALY</b>				
<b>Surface water</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	<b>15</b>	-	<b>15</b>	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	15	-	15	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	0.05	-	0.04	-
<b>Total wastewater</b>	<b>15</b>	-	<b>15</b>	-
<b>PORTUGAL<sup>20</sup></b>				
<b>Surface water</b>	<b>53</b>	-	<b>34</b>	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	53	-	34	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	<b>4</b>	-	<b>3</b>	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	4	-	3	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Total wastewater</b>	<b>57</b>	-	<b>37</b>	-
<b>US</b>				
<b>Surface water</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	<b>17</b>	-	<b>14</b>	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	17	-	14	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Total wastewater</b>	<b>17</b>	-	<b>14</b>	-
<b>GROUP TOTAL</b>				
<b>Surface water</b>	<b>53</b>	-	<b>34</b>	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	53	-	34	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	<b>36</b>	-	<b>32</b>	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	36	-	32	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	0.05	-	0.04	-
<b>Total wastewater</b>	<b>89</b>	-	<b>67</b>	-

# WASTE

## Waste by treatment method and composition<sup>16</sup>

WASTE COMPOSITION (t)	2022			
	IT	PT	US	TOTAL
<b>Plastic</b>	234	61	-	<b>295</b>
of which disposed	-	-	-	-
of which recovered	234	61	-	<b>295</b>
of which hazardous	-	-	-	-
<b>Wood</b>	568	78	-	<b>646</b>
of which disposed	-	-	-	-
of which recovered	568	78	-	<b>646</b>
of which hazardous	-	-	-	-
<b>Paper</b>	567	134	-	<b>701</b>
of which disposed	-	-	-	-
of which recovered	567	134	-	<b>701</b>
of which hazardous	-	-	-	-
<b>Production waste</b>	56,755	4,969	-	<b>61,724</b>
of which disposed	152	-	-	<b>152</b>
of which recovered	56,602	4,969	-	<b>61,571</b>
of which hazardous	152	-	-	<b>152</b>
<b>Electronics and batteries</b>	11	2	-	<b>13</b>
of which disposed	-	-	-	-
of which recovered	11	2.3	-	<b>13</b>
of which hazardous	10	0.2	-	<b>10</b>
<b>Toners and varnishes</b>	0.24	-	-	<b>0.24</b>
of which disposed	-	-	-	-
of which recovered	0.24	-	-	<b>0.24</b>
of which hazardous	-	-	-	-
<b>Other waste</b>	1,023	6,445	992	<b>8,459</b>
of which disposed	119	5	968	<b>1,092</b>
of which recovered	903	6,439	24	<b>7,367</b>
of which hazardous	108	29	-	<b>137</b>
<b>Total waste produced</b>	<b>59,157</b>	<b>11,689</b>	<b>992</b>	<b>71,838</b>
of which disposed	272	5	968	<b>1,245</b>
of which recovered	58,885	11,683	24	<b>70,593</b>
of which hazardous	271	29	-	<b>300</b>
% waste recovered	<b>99.5%</b>	<b>99.95%</b>	<b>2.5%</b>	<b>98.3%</b>
% hazardous waste	<b>0.5%</b>	<b>0.25%</b>	<b>0.0%</b>	<b>0.4%</b>

16. See note 11, p. 128, of this document.

## Waste by treatment method and composition<sup>17</sup>

WASTE COMPOSITION (t)	2021			
	IT	PT	US	TOTAL
<b>Plastic</b>	267	70	6	<b>343</b>
of which disposed	1	-	-	<b>1</b>
of which recovered	266	70	6	<b>342</b>
of which hazardous	-	-	-	<b>-</b>
<b>Wood</b>	514	141	13	<b>668</b>
of which disposed	-	-	-	<b>-</b>
of which recovered	514	141	13	<b>668</b>
of which hazardous	-	-	-	<b>-</b>
<b>Paper</b>	460	152	47	<b>659</b>
of which disposed	-	-	-	<b>-</b>
of which recovered	460	152	47	<b>659</b>
of which hazardous	-	-	-	<b>-</b>
<b>Production waste</b>	54,698	6,488		<b>61,186</b>
of which disposed	227	-	-	<b>227</b>
of which recovered	54,471	6,488	-	<b>60,959</b>
of which hazardous	227	-	-	<b>227</b>
<b>Electronics and batteries</b>	12	2	-	<b>14</b>
of which disposed	-	1	-	<b>1</b>
of which recovered	12	1	-	<b>13</b>
of which hazardous	10	1	-	<b>11</b>
<b>Toners and varnishes</b>	0.31	-	-	<b>0.31</b>
of which disposed	-	-	-	<b>-</b>
of which recovered	0.31	-	-	<b>0.31</b>
of which hazardous	-	-	-	<b>-</b>
<b>Other waste</b>	1,138	14,780	977	<b>16,895</b>
of which disposed	84	9	938	<b>1,031</b>
of which recovered	1,054	14,772	39	<b>15,865</b>
of which hazardous	69	18	-	<b>87</b>
<b>Total waste produced</b>	<b>57,089</b>	<b>21,633</b>	<b>1,044</b>	<b>79,765</b>
of which disposed	311	10	938	<b>1,259</b>
of which recovered	56,777	21,623	105	<b>78,506</b>
of which hazardous	306	19	-	<b>325</b>
% waste recovered	<b>99.5%</b>	<b>99.9%</b>	<b>10.1%</b>	<b>98.4%</b>
% hazardous waste	<b>0.5%</b>	<b>0.09%</b>	<b>0.0%</b>	<b>0.4%</b>

17. See note 11, p. 128, of this document.



# PRODUCTION

## Surface area and weight of tiles produced

	2021				2022			
	IT	PT	US	TOTAL	IT	PT	US	TOTAL
Surface area of tiles produced (m <sup>2</sup> )	12,007,348	7,810,619	4,547,194	<b>20,179,156</b>	11,435,658	6,234,330	4,388,739	<b>22,058,727</b>
Energy intensity (GJ/m <sup>2</sup> )	0.151	0.132	0.131	<b>0.141</b>	0.144	0.126	0.134	<b>0.137</b>
Location-based emission intensity (tCO <sub>2</sub> /m <sup>2</sup> )	0.009	0.008	0.009	<b>0.009</b>	0.009	0.008	0.009	<b>0.009</b>
Market-based emission intensity (tCO <sub>2</sub> /m <sup>2</sup> )	0.010	0.009	0.009	<b>0.010</b>	0.010	0.008	0.009	<b>0.09</b>



## Figures on human resources

The scope of figures on human resources, including health and safety aspects, refers to Group companies using the full consolidation method in the consolidated financial statement. Figures are stated in headcounts.

### NUMBER OF EMPLOYEES

Number of employees by Country, gender and type of contract as at 31 December

	2021			2022		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>600</b>	<b>296</b>	<b>896</b>	<b>608</b>	<b>295</b>	<b>903</b>
Employees	489	259	748	488	261	749
Staff leasing workers	111	37	148	120	34	154
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>PORTUGAL</b>	<b>399</b>	<b>136</b>	<b>535</b>	<b>394</b>	<b>130</b>	<b>524</b>
Employees	326	123	449	328	123	451
Staff leasing workers	73	13	86	66	6	72
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	1	1
<b>US</b>	<b>331</b>	<b>128</b>	<b>459</b>	<b>342</b>	<b>142</b>	<b>484</b>
Employees	326	127	453	339	142	481
Staff leasing workers	5	1	6	3	-	3
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>INDIA</b>	<b>31</b>	<b>8</b>	<b>39</b>	<b>30</b>	<b>7</b>	<b>37</b>
Employees	29	7	36	28	6	34
Staff leasing workers	2	1	3	2	1	3
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>GERMANY</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>5</b>
Employees	4	-	4	5	-	5
Staff leasing workers	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,365</b>	<b>568</b>	<b>1,933</b>	<b>1,379</b>	<b>574</b>	<b>1,953</b>
Employees	1,174	516	1,690	1,188	532	1,720
Staff leasing workers	191	52	243	191	41	232
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	1	1

## Number of employees by Country, gender and type of contract as at 31 December

	2021			2022		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>489</b>	<b>259</b>	<b>748</b>	<b>488</b>	<b>261</b>	<b>749</b>
Permanent employees	486	257	743	487	257	744
Fixed-term contract employees	3	2	5	1	4	5
Non-guaranteed hours	-	-	-	-	-	-
<b>PORTUGAL</b>	<b>326</b>	<b>123</b>	<b>449</b>	<b>328</b>	<b>123</b>	<b>451</b>
Permanent employees	291	119	410	294	117	411
Fixed-term contract employees	35	4	39	34	6	40
Non-guaranteed hours	-	-	-	-	-	-
<b>US</b>	<b>326</b>	<b>127</b>	<b>453</b>	<b>339</b>	<b>142</b>	<b>481</b>
Permanent employees	326	127	453	339	142	481
Fixed-term contract employees	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>INDIA</b>	<b>29</b>	<b>7</b>	<b>36</b>	<b>28</b>	<b>6</b>	<b>34</b>
Permanent employees	29	7	36	28	6	-
Fixed-term contract employees	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>GERMANY</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>5</b>
Permanent employees	4	-	4	5	-	5
Fixed-term contract employees	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,174</b>	<b>516</b>	<b>1,690</b>	<b>1,188</b>	<b>532</b>	<b>1,720</b>
Permanent employees	1,136	510	1,646	1,153	522	1,675
Fixed-term contract employees	38	6	44	35	10	45
Non-guaranteed hours	-	-	-	-	-	-

## Number of Part-Time and Full-Time employees by gender as at 31 December

	2021			2022		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>489</b>	<b>259</b>	<b>748</b>	<b>488</b>	<b>261</b>	<b>749</b>
Full-time	482	218	700	483	213	219
Part-time	7	41	48	5	42	47
<b>PORTUGAL</b>	<b>326</b>	<b>123</b>	<b>449</b>	<b>328</b>	<b>123</b>	<b>451</b>
Full-time	326	123	449	328	123	451
Part-time	-	-	-	-	-	-
<b>US</b>	<b>326</b>	<b>127</b>	<b>453</b>	<b>339</b>	<b>142</b>	<b>481</b>
Full-time	321	127	448	336	140	476
Part-time	5	-	5	3	2	5
<b>INDIA</b>	<b>29</b>	<b>7</b>	<b>36</b>	<b>28</b>	<b>6</b>	<b>34</b>
Full-time	29	7	36	28	6	34
Part-time	-	-	-	-	-	-
<b>GERMANY</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>5</b>
Full-time	4	-	4	5	-	5
Part-time	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,174</b>	<b>516</b>	<b>1,690</b>	<b>1,188</b>	<b>532</b>	<b>1,720</b>
Full-time	1,162	475	1,637	1,180	488	1,668
Part-time	12	41	53	8	44	52

## Number of employees by employee category and gender as at 31 December

	2021			2022		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>489</b>	<b>259</b>	<b>748</b>	<b>488</b>	<b>261</b>	<b>749</b>
Senior managers	33	-	33	32	-	32
White-collar workers	158	111	269	160	115	275
Blue-collar workers	298	148	446	296	146	442
<b>PORTUGAL</b>	<b>326</b>	<b>123</b>	<b>449</b>	<b>328</b>	<b>123</b>	<b>451</b>
Senior managers	11	3	14	10	3	13
White-collar workers	39	61	100	41	61	102
Blue-collar workers	276	59	335	277	59	336
<b>US</b>	<b>326</b>	<b>127</b>	<b>453</b>	<b>339</b>	<b>142</b>	<b>481</b>
Senior managers	17	7	24	15	8	23
White-collar workers	90	94	184	88	101	189
Blue-collar workers	219	26	245	236	33	269
<b>INDIA</b>	<b>29</b>	<b>7</b>	<b>36</b>	<b>28</b>	<b>6</b>	<b>34</b>
Senior managers	2	-	2	2	1	3
White-collar workers	20	7	27	18	5	23
Blue-collar workers	7	-	7	8	-	8
<b>GERMANY</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>5</b>	<b>-</b>	<b>5</b>
Senior managers	1	-	1	1	-	1
White-collar workers	3	-	3	4	-	4
Blue-collar workers	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,174</b>	<b>516</b>	<b>1,690</b>	<b>1,188</b>	<b>532</b>	<b>1,720</b>
Senior managers	64	10	74	60	12	72
White-collar workers	310	273	583	311	282	593
Blue-collar workers	800	233	1,033	817	238	1,055

## Number of employees by employee category and age as at 31 December

	2021				2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>ITALY</b>	<b>28</b>	<b>390</b>	<b>330</b>	<b>748</b>	<b>33</b>	<b>371</b>	<b>345</b>	<b>749</b>
Senior managers	-	13	20	33	-	8	24	32
White-collar workers	13	157	99	269	13	154	108	275
Blue-collar workers	15	230	211	446	20	209	213	442
<b>PORTUGAL</b>	<b>39</b>	<b>243</b>	<b>167</b>	<b>445</b>	<b>39</b>	<b>239</b>	<b>173</b>	<b>451</b>
Senior managers	-	9	5	14	-	7	6	13
White-collar workers	6	63	31	100	9	61	32	102
Blue-collar workers	33	171	131	335	30	171	135	336
<b>US</b>	<b>76</b>	<b>221</b>	<b>156</b>	<b>453</b>	<b>82</b>	<b>248</b>	<b>151</b>	<b>481</b>
Senior managers	-	14	10	24	-	14	9	23
White-collar workers	19	96	69	184	18	96	75	189
Blue-collar workers	57	111	77	245	64	138	67	269
<b>INDIA</b>	<b>7</b>	<b>26</b>	<b>3</b>	<b>36</b>	<b>4</b>	<b>27</b>	<b>3</b>	<b>34</b>
Senior managers	-	1	1	2	-	2	1	3
White-collar workers	4	21	2	27	4	17	2	23
Blue-collar workers	3	4	-	7	-	8	-	8
<b>INDIA</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>5</b>
Senior managers	-	-	1	1	-	-	1	1
White-collar workers	1	1	1	3	1	2	1	4
Blue-collar workers	-	-	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>151</b>	<b>881</b>	<b>658</b>	<b>1,690</b>	<b>159</b>	<b>887</b>	<b>674</b>	<b>1,720</b>
Senior managers	-	37	37	74	-	31	41	72
White-collar workers	43	338	202	583	45	330	218	593
Blue-collar workers	108	506	419	1,033	114	526	415	1,055

## Number of protected class employees by category and gender as at 31 December<sup>18</sup>

	2021			2022		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>19</b>	<b>13</b>	<b>32</b>	<b>19</b>	<b>13</b>	<b>32</b>
Senior managers	-	-	-	-	-	-
White-collar workers	2	2	4	2	3	5
Blue-collar workers	17	11	28	17	10	27
<b>PORTUGAL</b>	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-
<b>US</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>6</b>
Senior managers	-	-	-	-	-	-
White-collar workers	1	3	4	1	2	3
Blue-collar workers	4	-	4	3	-	3
<b>INDIA</b>	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-
<b>GERMANY</b>	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>24</b>	<b>16</b>	<b>40</b>	<b>23</b>	<b>15</b>	<b>38</b>
Senior managers	-	-	-	-	-	-
White-collar workers	3	5	8	3	5	8
Blue-collar workers	21	11	32	20	10	30

## Composition of the Board of Directors by gender and age as at 31 December 2022

NAME AND SURNAME	Gender	<30	30-50	>50
Emilio Mussini	M			•
Paolo Mussini	M			•
Giuliano Pini	M			•
Andrea Mussini	M			•
Marco Mussini	M			•
Daniele Prodi	M			•
<b>Men - 100%</b>				
<b>&gt; 50 years - 100%</b>				

18. The protected class category is defined according to the local laws of each individual Country. For the calculation of US protected classes, only employees with "disability" status were considered in order to further align the figure with the national legislation where the Group other Business Units are present.

## Employee new hires by gender and age<sup>19</sup>

	2021				2022			
	Men	Women	Total	New hires as % of total	Men	Women	Total	New hires as % of total
<b>ITALY</b>	<b>7</b>	<b>7</b>	<b>14</b>		<b>31</b>	<b>14</b>	<b>45</b>	
Age <30 years	1	3	4	14.3%	15	3	18	54.5%
Age 30-50 years	4	2	6	1.5%	15	9	24	6.5%
Age >50 years	2	2	4	1.2%	1	2	3	0.9%
<b>New hires as % of total</b>	<b>1.4%</b>	<b>2.7%</b>	<b>1.9%</b>		<b>6.4%</b>	<b>5.4%</b>	<b>6.0%</b>	
<b>PORTUGAL</b>	<b>35</b>	<b>5</b>	<b>40</b>		<b>35</b>	<b>6</b>	<b>41</b>	
Age <30 years	16	1	17	43.6%	17	3	20	51.3%
Age 30-50 years	15	4	19	7.8%	17	3	20	8.4%
Age >50 years	4	-	4	2.4%	1	-	1	0.6%
<b>New hires as % of total</b>	<b>10.7%</b>	<b>4.1%</b>	<b>8.9%</b>		<b>10.7%</b>	<b>4.9%</b>	<b>9.1%</b>	
<b>US</b>	<b>166</b>	<b>51</b>	<b>217</b>		<b>212</b>	<b>72</b>	<b>284</b>	
Age <30 years	64	16	80	105.3%	75	20	95	115.9%
Age 30-50 years	73	28	101	45.7%	118	44	162	65.3%
Age >50 years	29	7	36	23.1%	19	8	27	17.9%
<b>New hires as % of total</b>	<b>50.9%</b>	<b>40.2%</b>	<b>47.9%</b>		<b>62.5%</b>	<b>50.7%</b>	<b>59%</b>	
<b>INDIA</b>	<b>8</b>	<b>3</b>	<b>11</b>		<b>7</b>	<b>1</b>	<b>8</b>	
Age <30 years	3	1	4	57.1%	-	1	1	25.0%
Age 30-50 years	5	2	7	26.9%	7	-	7	25.9%
Age >50 years	-	-	-	0.0%	-	-	-	0.0%
<b>New hires as % of total</b>	<b>27.6%</b>	<b>42.9%</b>	<b>30.6%</b>		<b>25.0%</b>	<b>16.7%</b>	<b>23.5%</b>	
<b>GERMANY</b>	<b>4</b>	<b>-</b>	<b>4</b>		<b>1</b>	<b>-</b>	<b>1</b>	
Age <30 years	1	-	1	100%	-	-	-	0.0%
Age 30-50 years	1	-	1	100%	1	-	1	50.0%
Age >50 years	2	-	2	100%	-	-	-	0.0%
<b>New hires as % of total</b>	<b>100%</b>	<b>0.0%</b>	<b>100%</b>		<b>20.0%</b>	<b>0.0%</b>	<b>20.0%</b>	
<b>GROUP TOTAL</b>	<b>220</b>	<b>66</b>	<b>286</b>		<b>286</b>	<b>93</b>	<b>379</b>	
Age <30 years	85	21	106	70.2%	107	27	134	84.3%
Age 30-50 years	98	36	134	15.2%	158	56	214	24.1%
Age >50 years	37	9	46	7.0%	21	10	31	4.6%
<b>New hires as % of total<sup>20</sup></b>	<b>18.7%</b>	<b>12.8%</b>	<b>16.9%</b>		<b>24.1%</b>	<b>17.5%</b>	<b>22.0%</b>	

19. The figures on new hires do not include seasonal staff and intra-group transfers.

20. New hires as % of total are calculated as follows: number of new hires during the year/total employees at the end of the year\*100

## Employee terminations by gender and age<sup>21</sup>

	2021				2022			
	Men	Women	Total	Employee terminations as % of total	Men	Women	Total	Employee terminations as % of total
<b>ITALY</b>	<b>32</b>	<b>17</b>	<b>49</b>		<b>32</b>	<b>12</b>	<b>44</b>	
Age <30 years	2	-	2	7.1%	2	1	3	9.1%
Age 30-50 years	8	3	11	2.8%	14	1	15	4.0%
Age >50 years	22	14	36	10.9%	16	10	26	7.5%
<b>Employee terminations as % of total</b>	<b>6.5%</b>	<b>6.6%</b>	<b>6.6%</b>		<b>6.6%</b>	<b>4.6%</b>	<b>5.9%</b>	
<b>PORTUGAL</b>	<b>30</b>	<b>6</b>	<b>36</b>		<b>33</b>	<b>6</b>	<b>39</b>	
Age <30 years	8	-	8	20.5%	13	1	14	35.9%
Age 30-50 years	15	4	19	7.8%	13	4	17	7.1%
Age >50 years	7	2	9	5.4%	7	1	8	4.6%
<b>Employee terminations as % of total</b>	<b>9.2%</b>	<b>4.9%</b>	<b>8%</b>		<b>10.1%</b>	<b>4.9%</b>	<b>8.6%</b>	
<b>US</b>	<b>170</b>	<b>51</b>	<b>221</b>		<b>198</b>	<b>60</b>	<b>258</b>	
Age <30 years	58	14	72	94.7%	66	16	82	100.0%
Age 30-50 years	90	27	117	52.9%	95	37	132	53.2%
Age >50 years	22	10	32	20.5%	37	7	44	29.1%
<b>Employee terminations as % of total</b>	<b>52.1%</b>	<b>40.2%</b>	<b>48.8%</b>		<b>58.4%</b>	<b>42.3%</b>	<b>53.6%</b>	
<b>INDIA</b>	<b>14</b>	<b>-</b>	<b>14</b>		<b>8</b>	<b>2</b>	<b>10</b>	
Age <30 years	-	-	-	0.0%	-	1	1	25.0%
Age 30-50 years	14	-	14	53.8%	8	1	9	33.3%
Age >50 years	-	-	-	0.0%	-	-	-	0.0%
<b>Employee terminations as % of total</b>	<b>48.3%</b>	<b>0.0%</b>	<b>30.8%</b>		<b>28.6%</b>	<b>33.3%</b>	<b>29.4%</b>	
<b>GERMANY</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	
Age <30 years	-	-	-	0.0%	-	-	-	0.0%
Age 30-50 years	-	-	-	0.0%	-	-	-	0.0%
Age >50 years	-	-	-	0.0%	-	-	-	0.0%
<b>Employee terminations as % of total</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	
<b>GROUP TOTAL</b>	<b>246</b>	<b>74</b>	<b>320</b>		<b>271</b>	<b>80</b>	<b>351</b>	
Age <30 years	68	14	82	54.3%	81	19	100	62.9%
Age 30-50 years	127	34	161	18.3%	130	43	173	19.5%
Age >50 years	51	26	77	11.7%	60	18	78	11.6%
<b>Employee terminations as % of total<sup>22</sup></b>	<b>21.0%</b>	<b>14.3%</b>	<b>18.9%</b>		<b>22.8%</b>	<b>15.0%</b>	<b>20.4%</b>	

21. The figures for employee terminations do not include seasonal staff and intra-group transfers.

22. Employee terminations as % of total are calculated as follows: number of outgoing employees during the year/total employees at the end of the year\*100.

# TRAINING

## Number of training hours by job category and gender

	2021						2022					
	MEN		WOMEN		TOTAL		MEN		WOMEN		TOTAL	
	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita
<b>ITALY</b>												
Senior managers	214	6	-	-	214	6	80	3	-	-	80	3
White-collar workers	138	1	175	2	313	1	548	3	446	4	994	4
Blue-collar workers	1,011	3	211	1	1,222	3	1,721	6	306	2	2,027	5
<b>Total</b>	<b>1,363</b>	<b>3</b>	<b>386</b>	<b>1</b>	<b>1,749</b>	<b>2</b>	<b>2,349</b>	<b>5</b>	<b>752</b>	<b>3</b>	<b>3,101</b>	<b>4</b>
<b>PORTUGAL</b>												
Senior managers	71	6	65	22	135	10	37	4	29	10	66	5
White-collar workers	292	7	1,121	18	1,413	14	491	12	947	16	1,437	14
Blue-collar workers	630	2	4	0.1	633	2	2,685	10	406	7	3,091	9
<b>Total</b>	<b>992</b>	<b>3</b>	<b>1,189</b>	<b>11</b>	<b>2,181</b>	<b>5</b>	<b>3,213</b>	<b>10</b>	<b>1,381</b>	<b>11</b>	<b>4,594</b>	<b>10</b>
<b>US</b>												
Senior managers	11	1	9	1	20	1	69	5	31	4	100	4
White-collar workers	380	4	148	2	528	3	196	2	120	1	316	2
Blue-collar workers	2,852	13	660	25	3,512	14	4,182	18	836	25	5,018	19
<b>Total</b>	<b>3,243</b>	<b>10</b>	<b>816</b>	<b>6</b>	<b>4,059</b>	<b>9</b>	<b>4,447</b>	<b>13</b>	<b>987</b>	<b>7</b>	<b>5,433</b>	<b>11</b>
<b>INDIA</b>												
Senior managers	-	-	-	-	-	-	-	-	-	-	-	-
White-collar workers	-	-	3	0.4	3	0.11	9	0.5	2	0.4	11	0.48
Blue-collar workers	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>0.4</b>	<b>3</b>	<b>0.08</b>	<b>9</b>	<b>0.3</b>	<b>2</b>	<b>0.3</b>	<b>11</b>	<b>0.32</b>
<b>GERMANY</b>												
Senior managers	-	-	-	-	-	-	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GROUP</b>												
Senior managers	295	5	74	7	368	5	186	3	60	5	246	3
White-collar workers	810	3	1,446	5	2,256	4	1,244	4	1,514	5	2,758	5
Blue-collar workers	4,493	6	874	4	5,367	5	8,588	11	1,548	7	10,136	10
<b>Total</b>	<b>5,597</b>	<b>5</b>	<b>2,394</b>	<b>5</b>	<b>7,991</b>	<b>5</b>	<b>10,018</b>	<b>8</b>	<b>3,122</b>	<b>6</b>	<b>13,139</b>	<b>8</b>



# HEALTH AND SAFETY

## Occupational accidents and type - Employees

	2021						2022					
	IT	PT	US	IN	GER.	GROUP	IT	PT	US	IN	GER.	GROUP
Total number of deaths due to occupational accidents	-	-	-	-	-	-	-	-	-	-	-	-
Total number of serious occupational accidents <sup>23</sup> (excluding deaths)	-	-	-	-	-	-	-	-	-	-	-	-
Total number of recordable occupational accidents, of which:	43	19	20	-	-	<b>82</b>	20	31	18	-	-	<b>69</b>
superficial injuries, open wounds and burns	11	8	9	-	-	<b>28</b>	6	7	9	-	-	<b>22</b>
sprains, dislocations and fractures	32	11	11	-	-	<b>54</b>	14	24	9	-	-	<b>47</b>
amputations	-	-	-	-	-	-	-	-	-	-	-	-
Hours worked <sup>24</sup>	1,221,707	825,590	910,081	78,276	9,186	<b>3,044,840</b>	1,147,967	808,319	913,437	73,804	8,320	<b>2,951,847</b>
Death rate due to occupational accidents <sup>25</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Serious occupational accident rate <sup>23</sup> (excluding deaths)	-	-	-	-	-	-	-	-	-	-	-	-
Recordable occupational accident rate <sup>26</sup>	35.2	23.0	22.0	-	-	<b>26.9</b>	17.4	38.4	19.7	-	-	<b>23.4</b>

## Occupational accidents and type - External employees<sup>27</sup>

	2021						2022					
	IT	PT	US	IN		GROUP	IT	PT	US	IN	GER.	GROUP
Total number of deaths due to occupational accidents	-	-	-	-	-	-	-	-	-	-	-	-
Total number of serious occupational accidents <sup>23</sup> (excluding deaths)	-	-	-	-	-	-	-	-	-	-	-	-
Total number of recordable occupational accidents, of which:	8	12	-	-	-	<b>20</b>	16	5	-	-	-	<b>21</b>
superficial injuries, open wounds and burns	3	6	-	-	-	<b>9</b>	12	2	-	-	-	<b>14</b>
sprains, dislocations and fractures	5	6	-	-	-	<b>11</b>	4	3	-	-	-	<b>7</b>
amputations	-	-	-	-	-	-	-	-	-	-	-	-
Hours worked	212,134	194,785	11,059	-	-	<b>417,979</b>	279,225	128,892	30,050	-	-	<b>438,167</b>
Death rate due to occupational accidents <sup>25</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Serious occupational accident rate <sup>23</sup> (excluding deaths)	-	-	-	-	-	-	-	-	-	-	-	-
Recordable occupational accident rate <sup>26</sup>	37.7	61.6	-	-	-	<b>47.8</b>	57.3	38.3	-	-	-	<b>47.9</b>

23. A serious occupational accident refers to an occupational accident that leads to a death or to an injury from which the worker cannot recover, does not recover or for which it is unrealistic to expect him/her to fully recover and return to his/her state of health prior to the incident within 6 months.

24. Where not available, the figures on the hours worked by the American Business Unit were estimated by multiplying the annual standard contractual hours by the number of employees present during the year.

25. The rate is calculated as follows: number of deaths due to occupational accidents/hours worked \* 1,000,000

26. The rate is calculated as follows: number of recordable occupational accidents/hours worked \* 1,000,000

27. The figures relating to the Health and Safety of external employees only include the category of staff leasing workers and not other types of external staff who work at the Panariagroup Group sites and/or under the Panariagroup Group control, in view of their significance and of the availability of these figures over which the Panariagroup Group does not exercise direct control.

# LOCALLY HIRED MANAGEMENT

## Locally hired management<sup>28</sup>

	2021			2022		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>						
Senior managers	33	-	<b>33</b>	32	-	<b>32</b>
of whom hired locally	33	-	<b>33</b>	32	-	<b>32</b>
% of locally hired management	100%	-	<b>100%</b>	100%	-	<b>100%</b>
<b>PORTUGAL</b>						
Senior managers	11	3	<b>14</b>	10	3	<b>13</b>
of whom hired locally	11	3	<b>14</b>	10	3	<b>13</b>
% of locally hired management	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
<b>US</b>						
Senior managers	17	7	<b>24</b>	15	8	<b>23</b>
of whom hired locally	13	6	<b>19</b>	11	7	<b>18</b>
% of locally hired management	76%	86%	<b>79%</b>	73%	88%	<b>78%</b>
<b>INDIA</b>						
Senior managers	2	-	<b>2</b>	2	1	<b>3</b>
of whom hired locally	2	-	<b>2</b>	2	1	<b>3</b>
% of locally hired management	100%	-	<b>100%</b>	100%	100%	<b>100%</b>
<b>GERMANY</b>						
Senior managers	1	-	<b>1</b>	1	-	<b>1</b>
of whom hired locally	1	-	<b>1</b>	-	-	<b>-</b>
% of locally hired management	100%	-	<b>100%</b>	0%	-	<b>0%</b>
<b>GROUP</b>						
Senior managers	64	10	<b>74</b>	60	12	<b>72</b>
of whom hired locally	60	9	<b>69</b>	55	11	<b>66</b>
% of locally hired management	94%	90%	<b>93%</b>	92%	92%	<b>92%</b>

# COLLECTIVE BARGAINING AGREEMENTS

## Employees covered by collective bargaining agreements as at 31 December<sup>29</sup>

	2021						2022					
	IT	PT	US	IN	GER.	GROUP	IT	PT	US	IN	GER.	GROUP
Employees covered by collective bargaining agreements	748	449	-	-	4	<b>1,201</b>	749	451	-	-	5	<b>1,205</b>
<b>Percentage</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>	<b>71%</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>	<b>70%</b>

28. In defining locally hired management, the management with citizenship in the Country where each Group Business Unit is located was considered local.  
29. No collective bargaining agreements are in force in the USA and in India.

# STANDARD SALARY FOR NEW HIRES

## Ratio of standard new hire level salary by gender compared to local minimum salary

2021										
	IT		PT		US		IN		GER.	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Ratio between the standard new hire level and the local minimum salary, by gender	1.0	1.0	1.0	1.0	1.9	1.9	1.2	1.2	1.0	-

2022										
	IT		PT		US		IN		GER.	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Ratio between the standard new hire level and the local minimum salary, by gender	1.0	1.0	1.0	1.0	2.3	2.3	1.2	1.2	1.0	-



## Supply chain figures

The scope of the supply chain figures refers to the Group companies that operate production sites and, limited to information regarding expenditure on local suppliers, Panariagroup India Industrie Ceramiche Pvt Ltd. Companies with only commercial offices, Gres Panaria Central Europe GmbH and Montanari Ceramiche S.r.l., are excluded, since they are not considered relevant to an understanding of the Group corporate activities and of the impact of its products.

### LOCAL SUPPLIERS

#### Expenditure on local suppliers (millions of euro)<sup>30</sup>

	2021					2022				
	IT	PT	US	IN	GROUP	IT	PT	US	IN	GROUP
Expenditure on local suppliers	142	46	64	2	254	200	59	64	2	325
Total purchases	154	55	74	2	285	213	67	71	2	353
% of expenditure on local suppliers out of total purchases	92%	85%	86%	100%	89%	94%	89%	89%	100%	92%

### MATERIALS USED

#### Materials used by weight (t)<sup>31</sup>

	2021				2022			
	IT	PT	US	GROUP	IT	PT	US	GROUP
Clays	136,212	107,821	54,499	298,532	135,542	89,135	47,698	272,375
Feldspars	132,011	70,500	81,303	283,813	122,223	68,336	56,203	246,762
Sand	53,320	12,066	10,795	76,182	47,335	7,972	8,440	63,747
Glazes and colouring agents	8,537	5,516	1,827	15,880	8,257	4,288	1,610	14,155
Spray-dried powders	1,858	-	-	1,858	1,457	-	-	1,457
Zirconium/whitening agents	1,577	530	214	2,321	1,504	188	157	1,849
Additives	2,732	1,191	593	4,516	2,444	982	438	3,864
Ground fired material	21,488	6,057	-	27,545	21,749	4,000	-	25,749
Packaging	13,279	1,247	4,453	18,979	11,318	910	4,086	16,314
Other	5,042	8,433	1,738	15,213	6,612	7,864	1,018	15,494
<b>Total</b>	<b>376,056</b>	<b>213,361</b>	<b>155,422</b>	<b>744,839</b>	<b>358,439</b>	<b>183,676</b>	<b>119,650</b>	<b>661,765</b>

30. In defining expenditure on local suppliers, "local suppliers" were considered to be those suppliers with a registered office in the Country in which each Business Unit operates. Monetary values are reported net of intercompany transactions and VAT for all the reference Countries.

31. According to the GRI reporting standard, renewable material is defined as: material derived from abundant resources that are rapidly replenished through ecological cycles or agricultural processes, so that the services provided by these and by other related resources are not compromised and remain available for future generations. All of the Group materials that consist of abundant natural resources (e.g. clays, feldspars, sands, etc.) fall into this category.





7 /

GRI  
content index



# GRI content index

**Declaration of use** Panariagroup has reported in accordance with the GRI standards for the period from 1 January to 31 December 2022

**GRI 1 used** GRI 1 - Foundation - 2021 version

**Relevant GRI sector standards** N/A

GRI Standards	Disclosure	Page	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
<b>GENERAL DISCLOSURES</b>						
<b>GRI 2 - General Disclosures - 2021 version</b>						
2-1	Organizational details	44-49				
2-2	Entities included in the organization's sustainability reporting	154; 160; 168; 178				
2-3	Reporting period, frequency and contact point	154; 188 The reporting period for the Sustainability Report corresponds to that of the Consolidated Financial Statement (from 1 January to 31 December).				
2-4	Restatements of information	There are no restatements for the previous period (from 1 January to 31 December 2021).				
2-5	External assurance	154; 188-190				
2-6	Activities, value chain and other business relationships	40-41; 44-45; 102-105; 118; 146				
2-7	Employees	169				
2-8	Workers who are not employees	168				
2-9	Governance structure and composition	50-51				
2-10	Nomination and selection of the highest governance body	50-51				
2-11	Chair of the highest governance body	51 As of 31 December 2022, the Chairman of the Board of Directors is not part of the Group Top Management, since he is not formally employed by Panariagroup Industrie Ceramiche S.p.A. or by its subsidiaries.				



GRI Standards	Disclosure	Page	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
2-12	Role of the highest governance body in overseeing the management of impacts	29; 50-51				
2-13	Delegation of responsibility for managing impacts	29; 50-51				
2-14	Role of the highest governance body in sustainability reporting	29; 50-51				
2-15	Conflicts of interest	51				
2-16	Communication of critical concerns	50-51				
2-17	Collective knowledge of the highest governance body	51				
2-18	Assessment of the performance of the highest governance body	18-19; 26-34; 71; 111-114; 137; 146-148				
2-19	Remuneration policies	The members of the Board of Directors, as well as senior managers, receive a fixed gross annual fee. With regard to the Board, following the delisting from the Italian Stock Exchange in 2021, there is no longer a variable fee linked to the achievement of predetermined targets. There were no bonuses awarded at the beginning of tenure or incentives for appointment, compensation and retirement benefits. The payments at the end of the employment contract are regulated by law according to the existing contractual agreements. Currently, there is no reported remuneration, either for the Board of Directors or senior management, related to goals and achievements in relation to the organization impacts on the economy, environment, and people.				
2-20	Process to determine remuneration	Following the delisting from the Italian Stock Exchange in 2021, the Remuneration Committee is no longer in place. With regard to the Board of Directors, its compensation is determined by the Shareholders' Meeting of Panariagroup Industrie Ceramiche S.p.A. and allocated among the members at a subsequent Board meeting. The shareholder Finpanaria S.p.A., which holds 98.1% of the share capital of Panariagroup Industrie Ceramiche S.p.A as at 31 December 2022, exercises its voting power. With regard to employees, Panariagroup complies with national collective bargaining agreements and has developed supplementary corporate contracts over time. Where they do not exist, individual agreements have been made in accordance with the law. It should also be noted that Panariagroup does not consult independent experts when determining remuneration.				

GRI Standards	Disclosure	Page	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
2-21	Annual total compensation ratio	<p>a) Ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of all employees (excluding the aforementioned individual): 11,4</p> <p>b) Ratio of the percentage increase in the annual total remuneration of the highest-paid individual to the median percentage increase in the annual total remuneration of all employees (excluding the aforementioned individual): 0</p> <p>For point (a), the total remuneration corresponds to the fixed remuneration on an accrual basis (as stipulated by contractual agreements) and the variable remuneration on a cash basis consisting of what was actually paid in the reporting year. In 2022, the highest paid individual was the CEO of Panariagroup Industrie Ceramiche S.p.A., Giuliano Pini. For this individual, the remuneration linked to participation in the Board of Directors was also taken into account. For point (b), compared to 2021, as there was no change in the compensation of the highest-paid individual, the ratio is zero.</p>				
2-22	Statement on sustainable development strategy	2-3				
2-23	Policy commitments	50-51; 56-57; 60-61				
2-24	Embedding policy commitments	50-51; 56-57; 60-61				
2-25	Processes to remediate negative impacts	26-29; 51; 100-101; 156-159				
2-26	Mechanisms for seeking advice and raising concerns	61; 156				
2-27	Compliance with laws and regulations	61				
2-28	Membership associations	20; 25				
2-29	Approach to stakeholder engagement	22-25				
2-30	Collective bargaining agreements	141; 176				
<b>MATERIAL TOPICS</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-1	Process to determine material topics	26-29				
3-2	List of material topics	26-29				
<b>GENERATION AND DISTRIBUTION OF VALUE</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	62-65; 72-79; 156-159				
<b>GRI 201: Economic Performance 2016</b>						
201-1	Direct economic value generated and distributed	74-75				

GRI Standards	Disclosure	Page	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
<b>WELL-BEING, HEALTH AND SAFETY</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	135-137; 146-149; 156-159				
<b>GRI 403: Occupational health and safety 2018</b>						
403-1	Occupational health and safety management system	146-148				
403-2	Hazard identification, risk assessment, and incident investigation	146-149				
403-3	Occupational health services	149				
403-4	Worker participation, consultation, and communication on occupational health and safety	146-148				
403-5	Worker training on occupational health and safety	146-148				
403-6	Promotion of worker health	135; 146-148				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	146-148				
403-9	Occupational injuries	8-9; 135; 149; 175-176				
<b>SUSTAINABLE INNOVATION</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	67-71; 84-85; 92-98; 156-159				
<b>FIGHTING CLIMATE CHANGE</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	122-125; 156-159				
<b>GRI 302: Energy 2016</b>						
302-1	Energy consumption within the organisation	122-125; 160				
302-3	Energy intensity	8-9; 122; 167				
<b>GRI 305: Emissions 2016</b>						
305-1	Direct (Scope 1) GHG emissions	122-125; 161-162				
305-2	Energy indirect (Scope 2) GHG emissions	122-125; 161-162				
305-4	GHG emissions intensity	8-9; 122; 167				
<b>DIRECT ENVIRONMENTAL IMPACTS</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	111-130; 156-159				
<b>GRI 301: Materials 2016</b>						
301-1	Materials used by weight or volume	178				

GRI Standards	Disclosure	Page	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
<b>GRI 303: Water and effluents 2018</b>						
303-1	Interactions with water as a shared resource	126-127				
303-2	Management of water discharge-related impacts	126-127				
303-3	Water withdrawal	163				
303-4	Water discharge	164				
<b>GRI 305: Emissions 2016</b>						
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	161				
<b>GRI 306: Waste 2020</b>						
306-1	Waste generation and significant waste-related impacts	128-129				
306-2	Management of significant waste-related impacts	128-129				
306-3	Waste generated	165-166				
<b>CUSTOMER SATISFACTION AND BRAND REPUTATION</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	69-71; 100-101; 156-159				
<b>PRODUCT QUALITY AND DESIGN</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	84-91; 156-159				
<b>GRI 416: Consumer health and safety 2016</b>						
416-1	Incidents of non-compliance concerning the health and safety impacts of products and services	61; 88				
<b>GRI 417: Marketing and labelling 2016</b>						
417-2	Incidents of non-compliance concerning product and service information and labelling	61				
<b>ATTRACTIVENESS, TRAINING AND DEVELOPMENT</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	138-141; 143-145; 156-159				
<b>GRI 401: Employment 2016</b>						
401-1	New employee hires and employee turnover	172-173				
<b>GRI 404: Training and education 2016</b>						
404-1	Average hours of training per year per employee	143; 174				
<b>INTEGRITY AND COMPLIANCE</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	62-65; 156-159				

GRI Standards	Disclosure	Page	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
<b>GRI 205: Anti-corruption 2016</b>						
205-3	Confirmed incidents of corruption and actions taken	61				
<b>GRI 206: Anti-competitive behaviour 2016</b>						
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	61				
<b>GRI 207: Tax 2019</b>						
207-1	Approach to tax	63				
207-2	Tax governance, control, and risk management	63-64				
207-3	Stakeholder engagement and management of concerns related to tax	64				
207-4	Country-by-Country reporting	65				
<b>DIVERSITY AND INCLUSIVENESS OF EMPLOYEES</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	72-75; 135-138; 138-141; 156-159				
<b>GRI 202: Market presence 2016</b>						
202-1	Ratios of standard entry level salary by gender compared to local minimum salary	177				
202-2	Proportion of senior management hired from the local community	176				
<b>GRI 405: Diversity and equal opportunity 2016</b>						
405-1	Diversity of governance bodies and employees	168-170				
<b>GRI 406: Non-discrimination 2016</b>						
406-1	Incidents of discrimination and corrective actions taken	140				
<b>RESPONSIBLE PROCUREMENT</b>						
<b>GRI 3 - Material topics - 2021 version</b>						
3-3	Management of material topics	102-105; 156-159				
<b>GRI 204: Procurement practices 2016</b>						
204-1	Proportion of spending on local suppliers	103-104; 178				
<b>GRI 308: Supplier environmental assessment 2016</b>						
308-1	Percentage of new suppliers that were screened using environmental criteria	102				
<b>GRI 414: Supplier social assessment 2016</b>						
414-1	New suppliers that were assessed using social criteria	102				



# Independent auditors' report

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## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

To the Board of Directors of  
Panariagroup Industrie Ceramiche S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of the Panariagroup Group (hereinafter also "Group") as of December 31, 2022.

### Responsibility of the Directors for the Sustainability Report

The Directors of Panariagroup Industrie Ceramiche S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), as stated in the paragraph "Note on methodology" of the Sustainability Report.

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

The Directors are also responsible for the definition of the Panariagroup Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

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**Auditor's responsibility**

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("reasonable assurance engagement"), and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial data and information included in the paragraph "Panariagroup for Prosperity" of the Sustainability Report with those included in the Group's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Panariagroup Industrie Ceramiche S.p.A. and with the personnel of Florida Tile Inc. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Sustainability Report.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the Sustainability Report, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, Finale Emilia (MO, Italy) site and production plant for Panariagroup Industrie Ceramiche S.p.A., Lawrenceburg (USA) site and production plant for Florida Tile Inc., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits or remote meetings, during which we have met the management of the plant and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

#### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Panariagroup Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Note on methodology" of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Silvia Dallai**  
Partner

Bologna, Italy  
May 22, 2023

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*





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