

# Sustainability Report **2022**

Reporting period 2021



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# Letter to the Stakeholders

(Ref. GRI 102-14/15)

For the Palladio Group, 2021 was a year of transition in many respects, mainly due to the effects caused by Covid-19 and in relation to the first warnings in the supply of raw materials. While, on the one hand, the organizational methods have continued to be characterized by measures related to the containment of the virus, on the other hand, the market has undergone numerous changes in terms of predictability and availability of raw materials. In this context characterized by uncertainty and change, we have witnessed a particularly important historical phase from the point of view of sustainability: in fact, never more than in this period, this issue has become particularly felt both at

the business level and in the private sphere. In particular, we recorded the first concrete market initiatives aimed at defining the sustainability strategies of our customers and involving the supply chain. Guided by the principle according to which the result of the individual company is really possible only through the contribution of all the players in the supply chain, our customers in the pharmaceutical world have given life to tangible initiatives aimed essentially at improving the awareness of suppliers, at evaluating themselves according to new principles (ESG ones) and to the development of individual initiatives. In line with the same goal, also thanks to the boost of the programs issued by

the European Community, the various Organizations with which the Palladio Group is in contact for sustainability and business reasons, have begun, even in this case, to make available numerous tools and resources aimed mainly at increasing the knowledge of the Companies, to quantify their processes from an environmental point of view and to propose support dedicated to the development of ESG thematic areas. Confirming a trend that is now mature in other areas, the theme of contamination from positive experiences as an element of value in order to generate an overall result became immediately clear: a theme that will certainly continue to be important in the coming years and in which our

Group particularly believes. Also for this reason, prompted from various directions, we have decided to give life to a new evaluation process of our suppliers by integrating the ESG principles and developing a system of evaluation of the same from the point of view of sustainability. Furthermore, in terms of involvement, while continuing with the initiatives aimed at the local community and employees in the welfare field, we have launched a project dedicated to communication on the principles of sustainability, with the aim of increasing knowledge and awareness within the Palladio Group on specific thematic areas, in line with the evolution of personal sensitivity about these concepts. In addition, thanks to some initiatives in which we participated with training institutes, we can confirm that ESG issues are now part of the sensitivity of the new generations and also among the perspectives assessed

by the new workforce at the time of professional choice. Finally, in order to equip ourselves with a focus dedicated to sustainability, both from the point of view of results and governance, we have developed dedicated moments in which working groups have given life to initiatives, follow-ups and insights in the ESG field, always with a greater link with our business and related processes. Reminding us that the issue of empowerment must always be at the center of our business activities, since the individual economic, strategic and sustainable results of our Group depend on it, we want to continue to be the reference point in the healthcare world, providing products and services in order to anticipate the needs of our partners with innovative solutions of value and contribute to the sustainable development of the company and the Stakeholders. In order to increase the involvement of our

stakeholders and to make their experience with this moment of reporting even better, we have tried to give a new form to this year's Sustainability Report, convinced of the fact that greater communication clarity brings with it also a greater value to what we are doing in the ESG field. Enjoy the reading!



**Mauro Marchi**

Chief Executive Officer

*Mauro M. N.*

# Report profile, a choice of transparency

(Ref. GRI 102-50/51/52/53/54/55)

Now in its ninth annual edition, the **Sustainability Report** is part of our broader sustainability strategy and testifies of our willingness to **transparently share** our commitment of **continuous improvement** with all stakeholders. The data reported in this edition refer to the **last three years** (2019, 2020, 2021) and, unless otherwise specified, relate to Palladio Group as a whole, understood as the whole of the parent company Palladio Group S.p.A. and its subsidiaries in Italy and abroad (see par. 2.1.2 "Identified material aspects and the boundaries").

The Report is made available to all our stakeholders thanks to its publication on the United Nations **Global Compact website**, on the **GRI** website, on the **Palladio Group** website and on the **corporate intranet**.

For more information, you can contact us at the e-mail address: **sustainability@palladiogroup.com**

The purpose of the Report is to disclose information relating to the **economic, environmental and social performance** deriving from the production activities of the Palladio Group on an annual basis, in order to constantly report on the actions we undertake. We believe that production companies play a key role in building a more sustainable future, a collaborative process between companies, institutions and people that

becomes all the more effective the more it can have comparable and shareable information.

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

The Report was drawn up in compliance with the **GRI Standards: Core option** and subjected to external verification by SGS Italia, as per the certification reported in the specific section.

To this date, we have published **10 Sustainability Reports** (including Communication On Progress), **4 Communication On Progress**, **6 CDP Supply Chain Climate Change Reports** and **5 CDP Supply Chain Water questionnaires** and **12 Ecovadis sustainability assessments (with rating)**.

The data relating to economic performance, reported in a specific section, derive from the **Consolidated Financial Statements** subjected to verification by the auditors of the company **Reconta Ernst & Young**.

The most recent publication, available on the Palladio Group website, on the GRI website and on the UN Global Compact website, dates back to **July 2021**.



## Why the 10 principles of the UN GC

In May 2012, we formalized our adhesion to the **UN Global Compact**, which inspires our sustainability model: the pact that unites companies committed to aligning their activities and strategies with the 10 universally accepted principles on human rights, work and the environment and fight against corruption.

This Report highlights our commitment to respect and promote them thanks to a report that reflects the **GRI Standard performance indicators** applicable to Palladio Group, in relation to each of the ten principles. To facilitate the search for information, we have prepared the **table in attachment 3**. The table

shows which GRI STD performance indicators applicable to Palladio Group are to be related to each of the 10 Principles of the UN Global Compact.

For the search of the pages in which the GRI indicators are treated, please refer to the explanatory table of contents of the report.

# Prosperity



**PALLADIO GROUP**  
Packaging clinic

## ► 1.1 Company overview

### 1.1.1 2021 Results

Despite the difficulties due to the pandemic event, 2021 saw the Palladio Group achieve many **important results in economic, social and environmental sustainability**. Obviously, the effects of closures and slowdowns due to

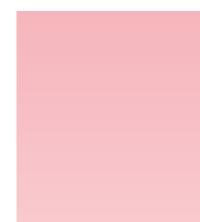
Covid-19 have also impacted the management of activities related to sustainability; however, this emergency situation has given us the opportunity, in addition to the commitments undertaken previously, to refocus our resources

and intervene, where possible, to help some key stakeholders (all employees, local communities and local suppliers) through **contributions and targeted supports**.



**Activity:** We will formalize in a specific procedure the ways in which the salaries of the employees of the group exceed the minimum wage established by law.

**Perimeter of activity:** Group; **KPI:** Gross annual salary above minimum established by law; **Results:** In progress 94%.



**Activity:** With regard to Palladio Group SpA, we will continue to provide the possibility of advancing the severance pay and company loans, as well as participation in the Aiutiamoci Fund; We will also include the Performance Bonus within the corporate welfare package.

**Perimeter of activity:** Group; **KPI:** Number of severance advances paid, number of corporate loans paid, number of hours allocated to the Aiutiamoci Fund, number of employees adhering to the PDR welfare; **Results:** Euro 107.331 paid in severance, Euro 60.050 paid in loans, 1056h allocated to the Aiutiamoci Fund, not applicable in 2021 (PdR 2020).



**Activity:** We will set up a benefit dedicated to couples of future spouses who join in marriage or through a civil union; **Perimeter of activity:** Group; **Results:** Goal achieved 5.000 euro.



**Activity:** We will institute a monthly bonus for the children of employees born or adopted in 2021 until they reach the first year of age or the first year of entry into the family following adoption. For the children of employees born or adopted in 2020, the bonus is recognized starting from January 1, 2021 until reaching the first year of age or the first year of adoption. **Perimeter of activity:** Group; **Results:** Goal achieved 10.900 Euro paid.



**Activity:** We will draw up a specific policy for donations to communities and continue to support pro bono activities to non-profit associations and foundations.

**Perimeter of activity:** Group; **KPI:** donations / net profit; **Target:** Donations equal to 1% of the net profit; **Results:** Goal achieved 26% of the net profit.



**Activity:** We will launch a project for the general assessment of the causes of accidents and we will adopt related improvement initiatives.

**Perimeter of activity:** Group; **Results:** Goal achieved in Italy.

**Activity:** With regard to Palladio Group SpA, we will offer and promote the flu vaccination service and we will continue to grant employees paid leave for medical examinations.

**Perimeter of activity:** Group; **KPI:** Number of employees participating; **Results:** Goal achieved 35 employees participating.

**Activity:** We will activate an innovative program that allows all employees to compete with their colleagues and see a healthy lifestyle rewarded, based on activities such as walking, sports, night rest, meditation and much more.

**Perimeter of activity:** Group; **Results:** Goal achieved - Partnership with Virtuoso (agency - promoter of healthy lifestyles)

**Activity:** We will provide our employees with a psychologist who will teach some techniques to manage anxiety and stress situations, with the aim of acquiring a useful tool to reduce individual stress, increase the ability to manage psycho-physical stress, increase awareness of self and one's feelings, increase the sense of well-being and self-worth.

**Perimeter of activity:** Group; **Results:** Suspended, scheduled for 2022

**Activity:** We will join the "Community Factories" campaign, promoted by the Government and Confindustria, giving maximum availability to put our company spaces at the service of the country to support the national anti Covid-19 vaccination campaign.

**Perimeter of activity:** Group; **Results:** Not achievable - we decided not to join as local vaccinations started at the same time

**Activity:** We will continue the implementation of initiatives in favor of our Retired Group.

**Perimeter of activity:** Group; **Results:** Suspended - postponed for 2022

**Activity:** Promotion of an awareness campaign against smoking and the introduction of awareness courses for the prevention of alcohol and drug use, also in relation to the workplace.

**Perimeter of activity:** Group; **Results:** Suspended - postponed for 2022

**Activity:** The company will continue to sign insurance coverage for the benefit of all employees, regardless of the existence of health insurance plans, to provide real support in the event of hospitalization and convalescence due to the infection from Covid-19.

**Perimeter of activity:** Group; **Results:** Goal achieved



**Activity:** We will continue to carry out training and communication courses for our employees through:

- A. Internal professional training courses
- B. General training / communication
- C. An internal communication project on sustainability issues
- D. Training on "GRI" (Global Reporting Initiative) reporting methodology
- E. Training / communication on the Code of Ethics in Russia
- F. Specific training on topics of analysis of sustainability issues.

**Perimeter of activity:** Group; **KPI:** A. Number of courses; B. Number of hours provided / employee; **Target:** A. activate 2 courses; B. 2 hours provided per employee; **Results:** A. 1 Course activated; B. Goal achieved: 5,2 hours provided per employee; C. In progress; D. Goal not achieved; E. In progress; F. Goal achieved

**Activity:** We will continue to offer study grants to the family members of our Palladio Group SpA employees.

**Perimeter of activity:** Group; **Results:** Goal achieved 5.000 euro

**Activity:** We will promote targeted initiatives in support of distance education.

**Perimeter of activity:** Group; **Results:** In progress - We are sending books to schools in Ethiopia

**Activity:** We will continue to support the "Abilmente" project (a bridge between school and work for children with disabilities and neurodevelopmental disorders).

**Perimeter of activity:** Group; **Results:** Goal achieved – sponsorship in progress

**Activity:** We will continue to support the activities of Palladio Academy.

**Perimeter of activity:** Group; **KPI:** Number of meetings per year; **Target:** 6 meetings; **Results:** Goal achieved, 6 meetings

**Activity:** We will start supporting actions for Dynamo Camp initiatives with the "Hip Hop" project.

**Perimeter of activity:** Group; **Results:** Goal achieved – sponsorship provided

**Activity:** We will ensure compliance with the corporate policy goals in which the right to equal opportunities is contemplated and discrimination of a social, racial and religious nature is condemned in favour of integration between individuals and cultural exchange; We will ensure that all employees are treated with social equality by guaranteeing them equal opportunities, especially in the matter of gender.

**Perimeter of activity:** Group; **Results:** Goal achieved – Gender diversity webinar and leadership webinar for young women performed



**Activity:** We will ensure universal access to sexual health for all Group employees by guaranteeing compulsory maternity leave in accordance with the legislation in force in each country. The company will continue to support any ancillary requirements to support maternity and parenthood that benefit men and women equally.

**Perimeter of activity:** Group; **Results:** Goal achieved

**Activity:** We have provided concessions on working hours and established an agreement for smartworking aimed at mothers with children up to 10 years with the aim of defining this practice as a standard once the Covid emergency period has ended.

**Perimeter of activity:** Group; **Results:** Goal achieved

**Activity:** With regard to Palladio Group SpA, we will launch the "Red Telephone by Libellula Foundation" project for employees (support for violence).

**Perimeter of activity:** Group; **Results:** Suspended - postponed for consistency with the course offered by Libellula Project

**Activity:** With regard to Palladio Group Spa, Palladio Ireland and Palladio East we will purchase energy produced from renewable sources.

**Perimeter of activity:** Palladio Group Spa, Palladio Ireland, Palladio East.

**Target:** Energy consumed from renewable sources / total = 100% (Palladio Group Spa, Palladio Ireland, Palladio East). **Results:** Goal achieved for Palladio Group Spa: 100%. Goal not achieved for Palladio Ireland: 76% and Palladio East LLC: 0%

**Activity:** We will install a photovoltaic system in the Dueville plant on a new warehouse and one in the Palladio East plant. **Perimeter of activity:** Palladio Dueville, Palladio East; **Results:** In progress



**Activity:** Through the 2018-2022 Strategic Plan, we will continue to promote economic development and innovation in order to achieve higher standards of economic productivity through diversification, technological progress and innovation. We will continue to encourage lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all, through the commitments expressed in the Company's Code of Ethics and related policies.

**Target:** Revenue >120M€ (2022); **Results:** Revenue: in progress



**Activity:** Within the questionnaire for suppliers, we will provide a point where the supplier undertakes to sign the Palladio Group's Anti-Corruption Policy or provide its own.

**Perimeter of activity:** Group; **Results:** Goal achieved – revision in progress

**Activity:** We will check the opportunity to develop a training program for the purchasing function to ensure compliance with sustainable procurement.

**Perimeter of activity:** Group; **Results:** In progress

**Activity:** We will organize ad hoc events in webinar mode aimed at suppliers after selecting which suppliers to involve based on a CSR risk analysis.

**Perimeter of activity:** Group; **Results:** Scheduled for 2022

**Activity:** We will set up a supplier evaluation and incentive system from an ESG point of view.

**Perimeter of activity:** Group; **Results:** Scheduled for 2023

**Activity:** We will define the need to carry out actions with a view to preventing corruption, through the use of risk analysis.

**Perimeter of activity:** Group; **Results:** In progress

**Activity:** We will continue to develop strategies for meeting payment deadlines for all of our suppliers.

**Perimeter of activity:** Group; **KPI:** Average number of days overdue with respect to payment terms; **Target:** <10 days; **Results:** Goal achieved 3,3 days

**Activity:** We will analyze the available data for assessment and definition of quantitative goals.

**Results:** Suspended



**Activity:** We will develop targeted communication for the initiatives developed within the corporate welfare.

**Perimeter of activity:** Group; **Results:** Goal achieved

**Activity:** We will continue to improve infrastructure by increasing resource efficiency and adopting cleaner and healthier industrial processes and technologies. In implementation of the 2018-2022 Strategic Plan, we will invest in "Plant renovation projects": an adaptation study of the safety systems of the Palladio East, Palladio Ireland and the Pontedera site (Palladio Group SpA) (operational activity in 2021).

**Perimeter of activity:** Group; **KPI:** Installations replacement investment / total investment; **Target:** Installations replacement investment / total investment > 15%; **Results:** Goal achieved 32,84%



**Activity:** We will continue the analysis on salary values between men and women (with the same level, role, seniority, nation) and extend it to other Group companies.

**Perimeter of activity:** Group; **Results:** Suspended



**Activity:** We will continue to invest in ecological education and awareness of future generations by joining the Ekologija initiative with schools in Serbia (E-BI N project).

**Perimeter of activity:** Palladio East; **Results:** Goal achieved

- Installation of the prototype (end of March 2021)
  - Setting of all elements (end of May 2021)
  - conclusion (end of December 2021)
- € 5,440 commitment 2021



**Activity:** Targeted communication to raise awareness on the issues of separate waste collection.

**Perimeter of activity:** Group; **Results:** Goal achieved - sustainability etiquette provided in all Group companies

**Activity:** We will proceed to an assessment of the possibility of recycling the processing waste from the self-adhesive production cycle.

**Perimeter of activity:** Group; **Results:** In progress – Goal achieved for Palladio Group Spa

**Activity:** We will rationalize the supplier base on the basis of the presence or absence of certifications related to management systems (eg ISO9001, ISO14001 or ISO45001) rather than product (e.g. CoC FSC®, CoC PEFC).

**Perimeter of activity:** Group; **KPI:** Number of certified suppliers / total number of suppliers; **Target:** Number of certified suppliers / total number of suppliers >70%;

**Results:** Goal not achieved 37% - enlargement of the vendor list perimeter

**Activity:** We will activate the digital management of the initial assessment questionnaire (which includes sustainability requirements) that we submit to our suppliers.

**Perimeter of activity:** Group; **KPI:** Number of completed questionnaires returned / number of questionnaires sent (suppliers in vi); **Target:** >90% number of completed questionnaires returned / number of questionnaires sent; **Results:** In progress

**Activity:** We will start a project for a more sustainable use of printing plates.

**Perimeter of activity:** PALLADIO GROUP SPA; **Results:** Suspended

**Activity:** We will buy a machine for the internal creation of braille plates.

**Perimeter of activity:** Group; **Results:** In progress

**Activity:** We will start a project to identify alternative packaging methods to the use of plastic.

**Perimeter of activity:** PALLADIO GROUP SPA; **Results:** Suspended

**Activity:** We will start a project to divide paper and cardboard scraps according to their specific type.

**Perimeter of activity:** PALLADIO GROUP SPA - DU; **Results:** Goal achieved

**Activity:** We will continue to regularly assess the risks and opportunities associated with climate change as part of global strategic business planning and corporate risk management with a commitment to promoting a cleaner energy future. We will update the scenario analysis based on the indications of the Science Based Targets initiative methodology, consistent with the limitation of the global temperature increase to well below 2° C.

The reduction trajectories thus determined will form the basis for the definition of the reduction targets of carbon dioxide emissions from our production activities for scope 1 & scope 2 and for global CO2 emissions.

We also plan to conduct an analysis of CO2 emissions contributions to identify the activities with the greatest added value.



**Perimeter of activity:** Group; **Target:** Target for 2025:

- 10% reduction of the indicator calculated as scope 1 and scope 2 emissions on the finished product [tonCO2/ton]
- 7.4% reduction in absolute emissions scope 1 and scope 2 [tonCO2]
- 6,8% reduction in absolute emissions scope 1, scope 2 and scope 3 [tonCO2]

**Results:** In progress

**Activity:** We will install charging stations inside the Dueville plant to encourage electric mobility for employees.

**Perimeter of activity:** Group; **Results:** Goal not achieved – postponed for 2022

**Activity:** We will begin specific assessments relating to the electrification of the company car fleet.

**Perimeter of activity:** Group; **Results:** Suspended

**Activity:** We will carry out an analysis of CO2 emissions contributions in relation to the various company activities to identify specific environmental impact reduction activities and their measurement.

**Perimeter of activity:** Group; **KPI:** Emissions scopes 1, 2, 3; **Target:** -2,1%; **Results:** Goal achieved

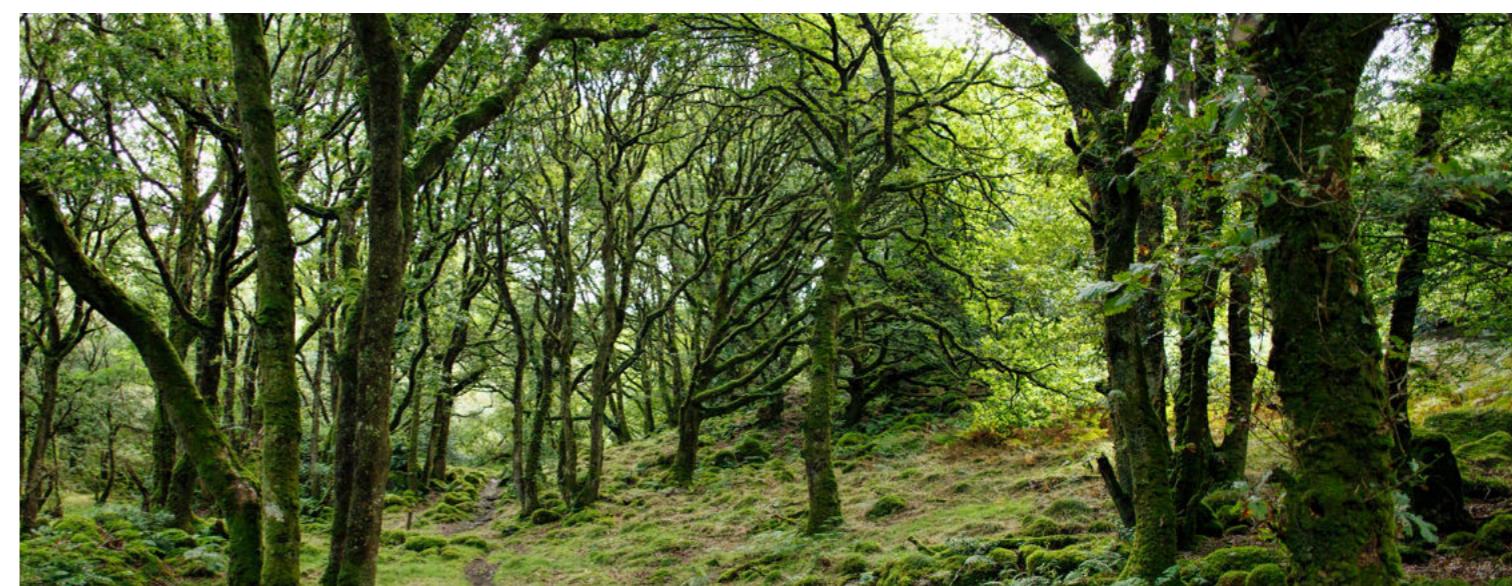
**Activity:** With regard to Palladio Group Spa and Palladio East, we will keep the FSC® and PEFC Forest Management / Chain of Custody Systems active, thus supporting the protection of the forests and fauna present in them.

**Perimeter of activity:** PALLADIO GROUP SPA - PALLADIO EAST; **Results:** Goal achieved - active maintenance throughout 2021 (expires in 2025)

**Activity:** We will continue to purchase only certified forest products and / or those from controlled sources.

**Perimeter of activity:** Group; **KPI:** certified forest products and / or those from controlled sources /total; **Target:** 100% purchase of certified forest products and / or from controlled sources;

**Results:** Goal achieved, 100%



## 1.1.2 Goals, Commitments and Targets

In 2021, we continued with the implementation of the **2018-2022 Strategic Plan**, as a result of the integration process started a few years ago in the Group. The goal of the Plan is to **create long-term sustainable value** for all categories of stakeholders through a large number of strategic implementation projects that will allow us to look at future challenges by putting in place adequate resources.

In line with the 2030 Global Agenda approved by the United Nations (Goals SDG 8 and SDG 9),

the Plan is divided into five pillars: **organic growth and cross-selling, efficiency and harmonization, focus on highly profitable products and services, diversification, managerialization.**

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

Each chapter, therefore, is associated with one or more goals in order to make the targets comparable with

the commitments that governments have made to safeguard the future of the planet. In doing so, we have identified the goals closest to our activities and projects and those for which policies and strategies can be developed that can directly or indirectly contribute to their achievement.

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

The 2030 Agenda for Sustainable Development is an action program for people and the planet signed in September 2015 by the governments of the 193 UN member countries. The

Agenda includes 17 Sustainable Development Goals (SDGs) and 169 related targets in a major action program that is leading the world on the way to go in the period of 15 years. Everyone,

both individual citizens and public, private and non-profit organizations, are called to contribute to the achievement of development goals for our part.

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



#### Goals and Commitments:

- ◆ We will continue our commitment to formalize in a specific procedure the ways in which the salaries of the employees of the group exceed the minimum wage established by law;
- ◆ With regard to Palladio Group SpA, we will continue to provide the possibility of advancing the severance pay, as well as participation in the Aiutiamoci Fund;
- ◆ We will also include the performance bonus within the corporate welfare package;
- ◆ We will continue to maintain the benefit dedicated to couples of future spouses who join in marriage or through a civil union (Marriage Bonus);
- ◆ We will continue to provide corporate loans on preferential terms;
- ◆ We will pay the Result Bonus in welfare measures (with an advantage to the employee of the tax exempt portion by law);
- ◆ We will provide a family diaper bonus for a period of 1 year.

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



**Goals and Commitments:** We will complete the formalization of a specific policy for donations to communities and we will continue to support pro bono activities of non-profit associations and foundations.

**Target 2022:** Donazioni pari a 1% dell'utile netto.

**GRI Reference:** 102-12, 201-1, 203-1/2.



**Goals and Commitments:** We will maintain the innovative program implemented through the partnership with Virtuoso which allows all employees to compete with their colleagues and see a healthy lifestyle rewarded, based on activities such as walking, sports, night rest, meditation and much more;

**Target 2022:** Organize 3 challenges.

- ◆ We will provide our employees with a psychologist who will teach some techniques to manage anxiety and stress situations, with the aim of acquiring a useful tool to reduce individual stress, increase the ability to manage psycho-physical stress, increase awareness of self and one's feelings, increase the sense of well-being and self-worth;
- ◆ We would keep the recognition of paid leave available for employees to carry out medical examinations;
- ◆ We will continue the implementation of initiatives in favor of our Retired Group;

**Target 2022:** 2 initiatives.

- ◆ The company will continue to sign insurance coverage for the benefit of all employees, regardless of the existence of health insurance plans, to provide real support in the event of hospitalization and convalescence due to the infection from Covid-19.

**GRI Reference:** 403-2/3/6.



#### Goals and Commitments:

- ◆ We will continue to carry out training and communication courses for our employees through:
  - A. Internal professional training courses
  - B. General training / communication
  - C. An internal communication project on sustainability issues
  - D. Training / communication on the Code of Ethics in Russia
  - E. Specific training on topics of analysis of sustainability issues;
- ◆ We will continue to offer study grants to the family members of our Palladio Group SpA employees;
- ◆ We will continue to promote targeted initiatives in support of distance education; for example, by sending books to schools in Ethiopia;
- ◆ We will continue to support the "Abilmente" project (a bridge between school and work for children with disabilities and neurodevelopmental disorders);
- ◆ We will continue to support the activities of Palladio Academy;

**Target 2022:** 6 meetings.

- ◆ We will carry out support actions for Dynamo Camp initiatives with the "Hip Hop" project.

**GRI Reference:** 102-12, 201-1, 404-1/2.



#### Goals and Commitments:

- ◆ We will continue our commitment in respecting the compliance of the corporate policy goals in which the right to equal opportunities is contemplated and discrimination of a social, racial and religious nature is condemned in favor of integration between individuals and cultural exchange;
  - ◆ We will ensure that all employees are treated with social equality by guaranteeing them equal opportunities, especially gender;
  - ◆ We will continue to guarantee universal access to sexual health for all Group employees through mandatory maternity leave in accordance with the regulations in force in the various countries.
- The company will continue to favor, through the granting of holidays and permits, any additional requests to support motherhood and parenthood which benefit men and women alike;
- ◆ We will maintain the smartworking agreement aimed at mothers with children up to 10 years of age with the aim of defining this practice as a standard once the Covid emergency period has ended;
  - ◆ With regard to Palladio Group SpA, we will complete the launch of the "Red Telephone by Libellula Foundation" project for employees (support for violence).

**GRI Reference:** 405-2, 406-1.



#### Goals and Commitments:

- ◆ We will install a new photovoltaic system for Palladio Group SpA;;
- ◆ For Palladio Group SpA Pontedera, we will evaluate the installation of a trigeneration plant;
- ◆ We will finish the installation of the photovoltaic systems in progress: one for the plant in Dueville on the new shed and the other for the Palladio East plant.

**GRI Reference:** 302-1.

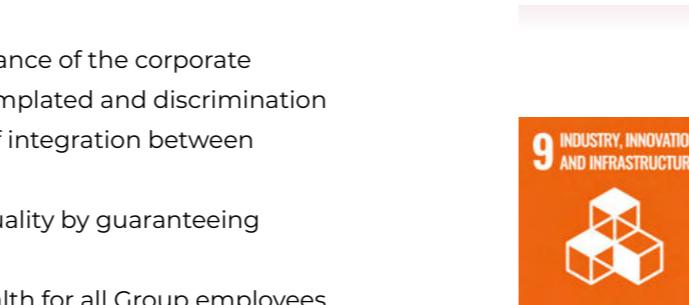


#### Goals and Commitments:

- ◆ Through the 2018-2022 Strategic Plan, we will continue to promote economic development and innovation in order to achieve higher standards of economic productivity through diversification, technological progress and innovation.
- We will continue to encourage lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all, through the commitments expressed in the Company's Code of Ethics and related policies;

**Target 2022:** Revenue >120M€ (2022).

- ◆ Within the questionnaire for suppliers, we will provide a point where the supplier undertakes to sign the Palladio Group's Anti-Corruption Policy or provide its own;
- ◆ We will check the opportunity to develop a training program for the purchasing function to ensure compliance with sustainable procurement;
- ◆ We will organize ad hoc events in webinar mode aimed at suppliers after selecting which suppliers to involve based on a CSR risk analysis;
- ◆ We will set up a supplier evaluation and incentive system from an ESG point of view;
- ◆ We will continue to work on the need to carry out actions with a view to preventing corruption, through the use of risk analysis;
- ◆ We will review the Human Rights policy in order to integrate quantitative goals;
- ◆ We will review the Group strategy in order to develop a focus on sustainability;
- ◆ We will continue to develop strategies for meeting payment deadlines for all of our suppliers.



**Target 2022:** Keeping it under 10 days.

#### Goals and Commitments:

- ◆ We will maintain targeted communication for the initiatives developed within the corporate welfare;
- ◆ We will continue to improve infrastructure by increasing resource efficiency and adopting cleaner and healthier industrial processes and technologies. In implementation of the 2018-2022 Strategic Plan, we will invest in:
  - plant renovation projects
  - an adaptation study of the safety systems of the Palladio East, Palladio Ireland and the Pontedera site (Palladio Group SpA) (operational activity in 2021).

**Target 2022:** Installations replacement investment / total investment > 20%.

**GRI Reference:** 201-1, 203-1.



**Goals and Commitments:** We will continue the analysis on salary values between men and women (with the same level, role, seniority, nation) and extend it to other Group companies.

**GRI Reference:** 405-2.



#### Goals and Commitments:

- ◆ We will carry out the evaluation of the possibility of recycling the processing waste from the production cycle of the self-adhesive labels;;
- ◆ We will identify and implement a questionnaire and tools to collect CSR information to be used for supplier risk assessment;

**Target 2022:** number of completed questionnaires returned / number of questionnaires sent >70%

- ◆ We will complete the purchase of a machine for the internal creation of Braille plates.

**GRI Reference:** 301-1/2/3, 306-2, 308-1, 414-1.



#### Goals and Commitments:

- ◆ We will carry out the installation of charging stations inside the Dueville plant to encourage electric mobility for employees;

**Target 2022:** 4 charging stations.

- ◆ We will introduce the company car pooling system for Palladio Group SpA;
- ◆ We will formalize a policy for corporate travel abroad;
- ◆ We will complete the analysis of the contributions of CO2 emissions in relation to the various company activities to identify specific activities to reduce the environmental impact and their measurement.

**Target 2022:** Scope 1 + 2 + 3 emissions (baseline 2019) reduction of 3.3%.

**GRI Reference:** 305-1/2/3/4/5.



**Goals and Commitments:** With regard to Palladio Group SpA and Palladio East, we will keep the FSC® and PEFCTM Forestry Management / Chain of Custody Systems active, thus supporting the protection of the forests and fauna present in them.

**GRI Reference:** 304-2.

## ► 1.2 Our identity

### 1.2.1 Who we are: a point of reference for packaging

(Ref. GRI 102-1/2/5/16, 103-2)

An international point of reference for pharmaceutical packaging



A company with solid roots in Italy and with a strong presence abroad, able to offer its customers **packaging solutions** built on their needs, both in terms of product and service. This is the Palladio Group today. The result of a long history of enthusiasm and determination, which led us to become the

**leading company in Italy and among the first in Europe in the pharmaceutical packaging sector.**

Palladio Group S.p.A, the parent company of the Group, is a joint stock company under Italian law. The four foreign subsidiaries and the Italian subsidiary (see par. 1.2.4 "Palladio Group and business lines: we shape the concept of packaging") are limited liability

companies. One of the reasons for the constant growth of the Group is our choice to specialize in coherent and substantially homogeneous activities between the various companies, focused on the design and production of packaging and services for the pharmaceutical and cosmetic industry.

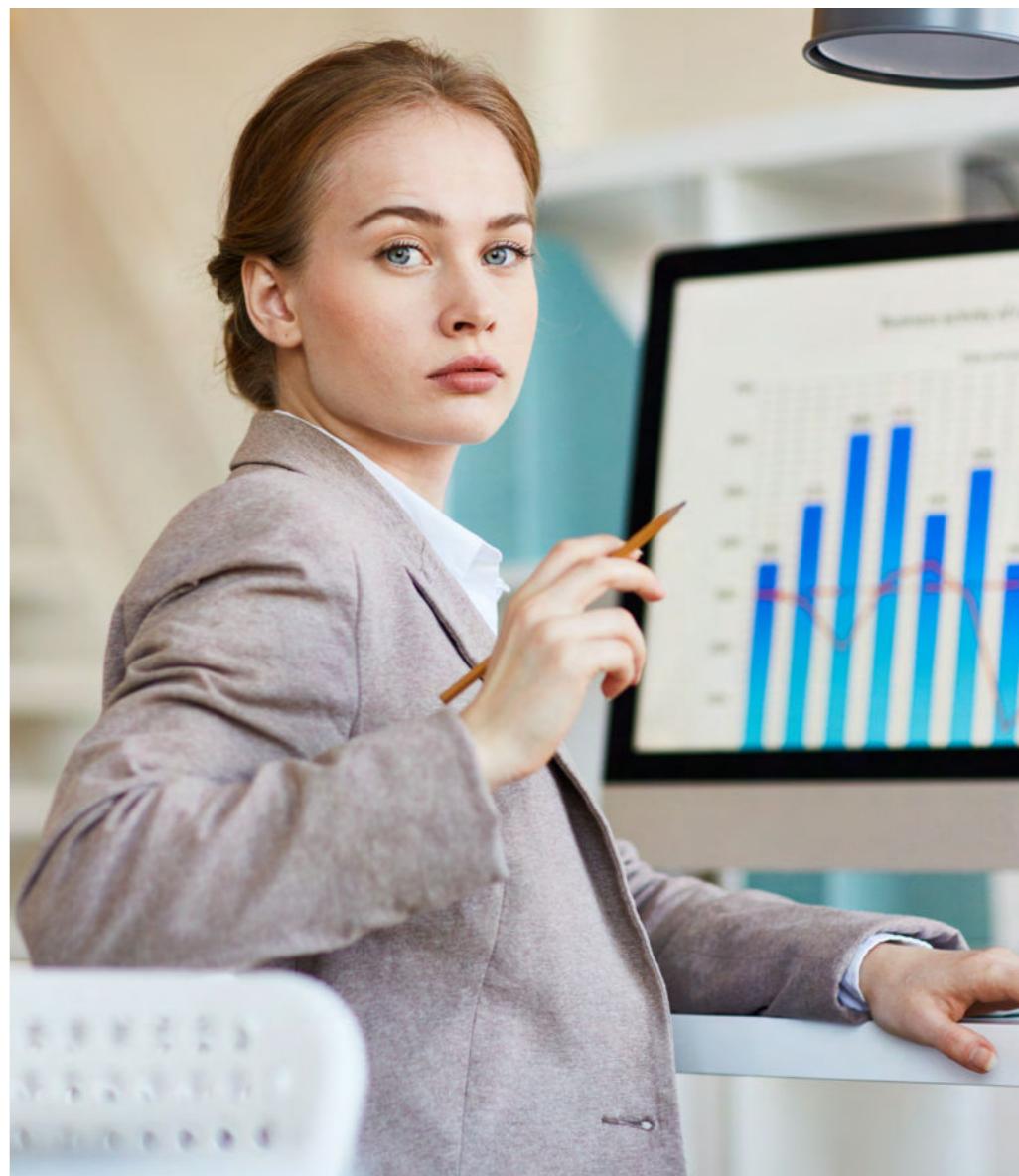
With over **800 collaborators** employed in 6 companies, 2 Italian and 4 foreign (in Ireland, Serbia and Russia), we collaborate with companies and multinationals in the pharmaceutical sector to develop innovative services and to provide cartons, leaflets, booklets, adhesive labels and printed aluminum for blisters. We offer not only products, but solutions: by

proposing ourselves as partners to leading multinational industries, we establish relationships not only of supply but also of collaboration, which are fundamental in terms of **innovation and continuous improvement**.

Our target market is the pharmaceutical sector and the core business is the production of packaging material. The goal of our Group is to offer products, services and skills in compliance with the established requirements while aiming at the same time to anticipate and satisfy the needs of our stakeholders. Production takes place on a project basis, according to the indications and technical specifications provided

by customers, in compliance with certified standards and in compliance with the requirements and applicable laws. Production activities are carried out using technologically advanced machinery and systems from the point of view of safety, containment of energy consumption and environmental protection. A story that continues to evolve day after day, based on solid foundations: research, quality, precision.

In October 2021 **we were awarded for being among the 100 Italian excellences that have distinguished themselves for sustainable development**, social responsibility and respect for the environment. The ranking was drawn up by Credit Suisse and Kon Group on the basis of the ESG rating (i.e. the judgment that indicates the solidity of a company from an environmental, social and governance point of view) issued by ALTIS Catholic University and RepRisk.



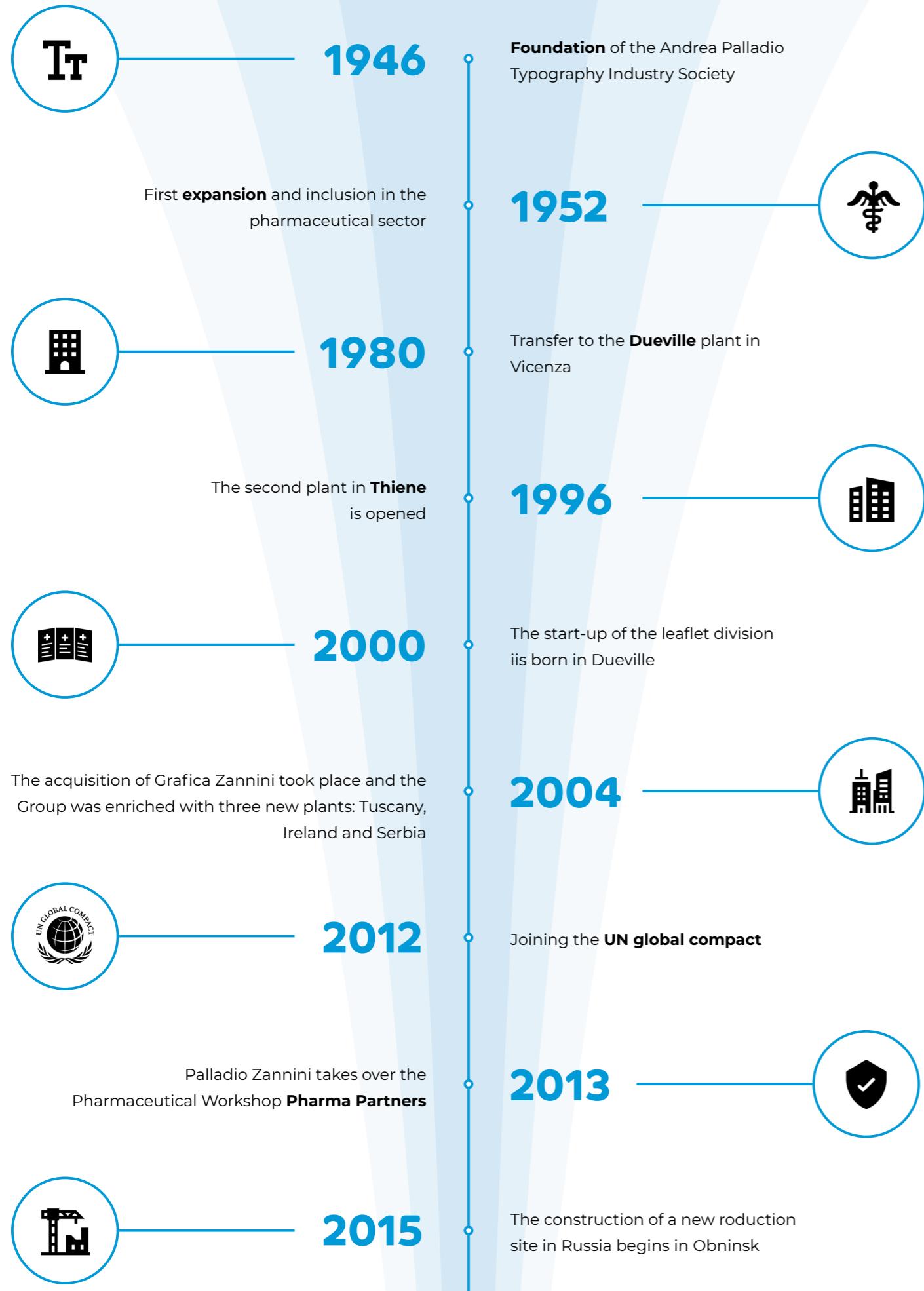
### 1.2.2 Our history: we anticipate the future of the packaging since 1946

(Ref. GRI 102-12/13)

Ours is the story of a company that was **born in Italy and became international**, remaining firmly founded on its origins. Born at a time when our country was once again looking to the future with confidence - in the immediate post-war period - over the years we have been able to maintain this original

gaze always looking to the future. It is thanks to this vision that, in over seventy years of experience, we have built a progressive growth focused on the commitment to meet the needs and expectations of customers and all other interested parties, in compliance with **sustainable and socially responsible development**.

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



## 1.2.3 The Structure

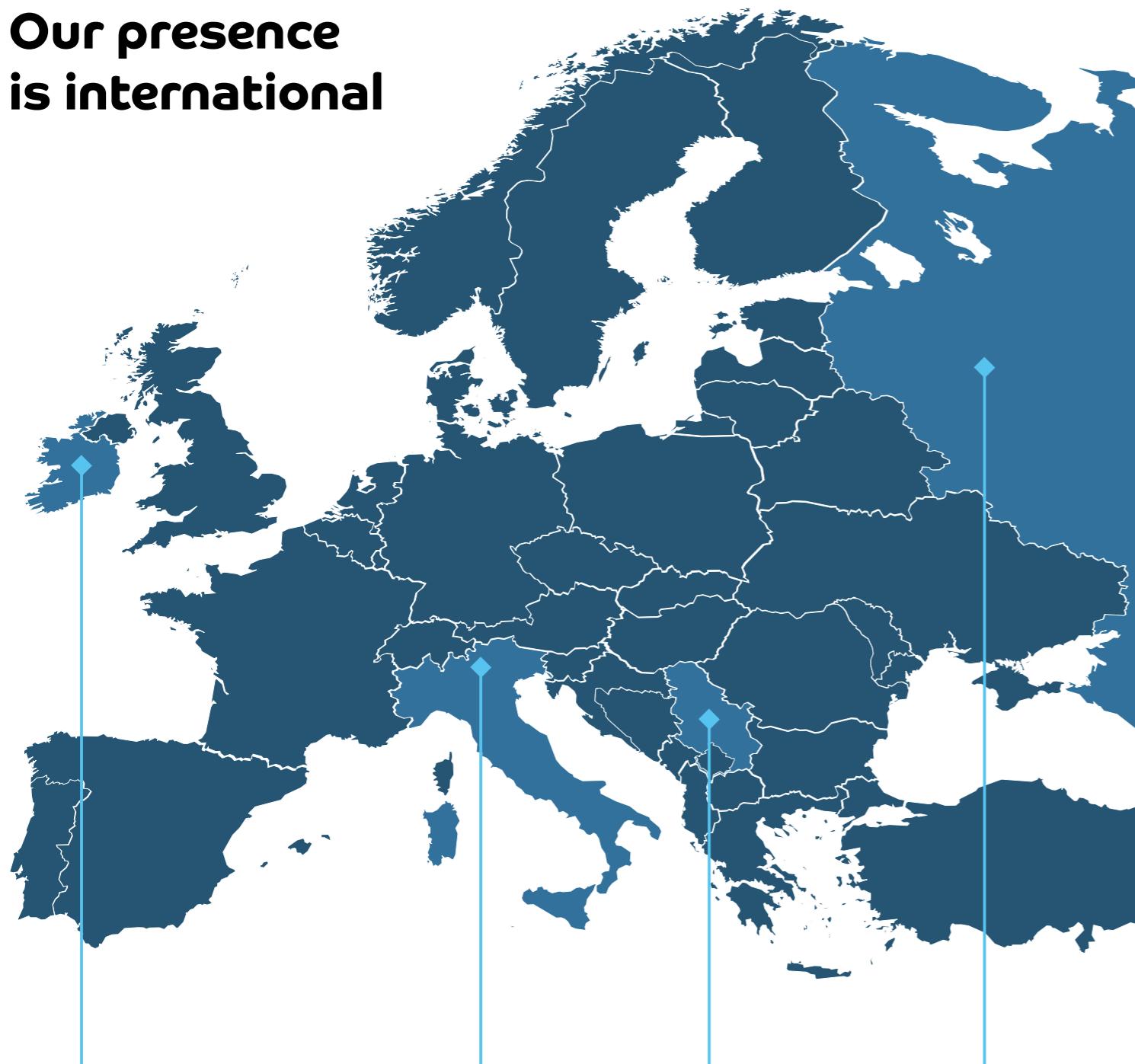
(Ref. GRI 102-45/46)

Palladio Group is a part of the Holding Gruppo Marchi together with Burgo Group. Consistency in design and production choices is the basis of our sustainable growth path and is

reflected in the reporting perimeter identified for this report. In detail, the subject of the report includes the business lines that mainly produce products and services for the primary

and secondary pharmaceutical packaging market (cartons, labels, leaflets, printed aluminum)

## Our presence is international



PALLADIO | IRELAND

PALLADIO GROUP

PHARMA PARTNERS\*

PALLADIO | EAST

THE PHACTORY

PALLADIO | BNM

# 2021

PALLADIO  
GROUP SPA

77,563,658 €

PALLADIO  
IRELAND LTD

2,800,171 €

PALLADIO  
EAST DOO

16,026,869 €

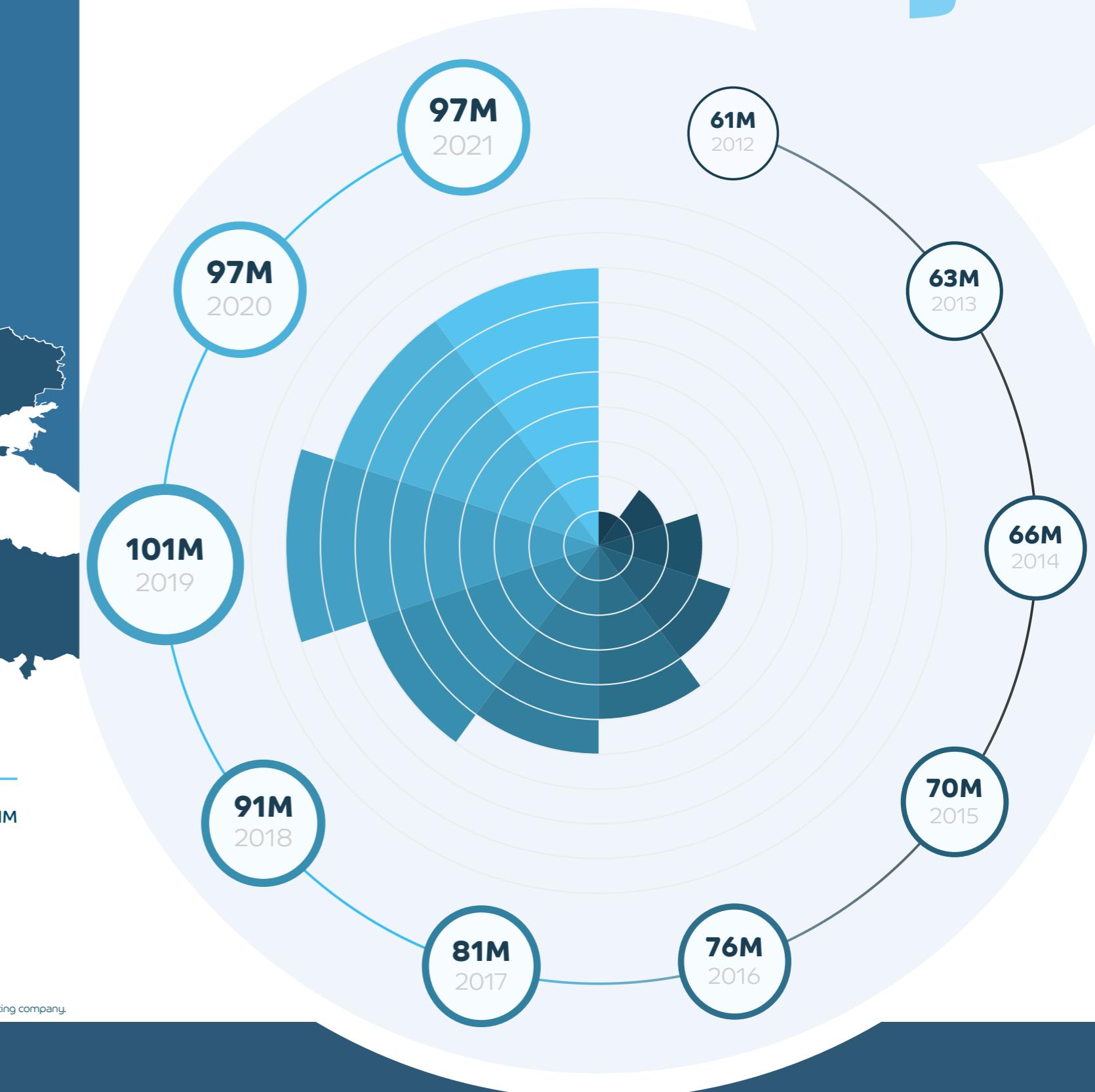
PALLADIO  
BNM LLC

1,123,785 €

STUDIO THE  
PHACTORY DOO

134,191 €

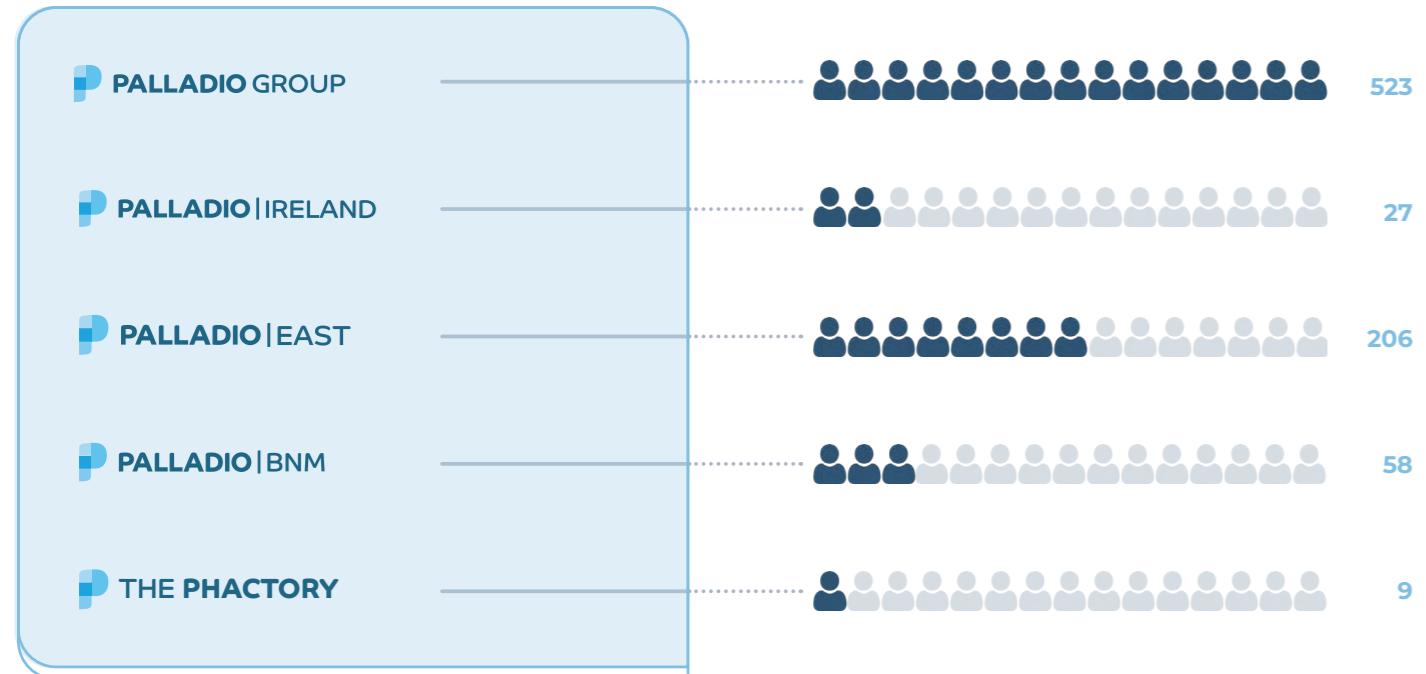
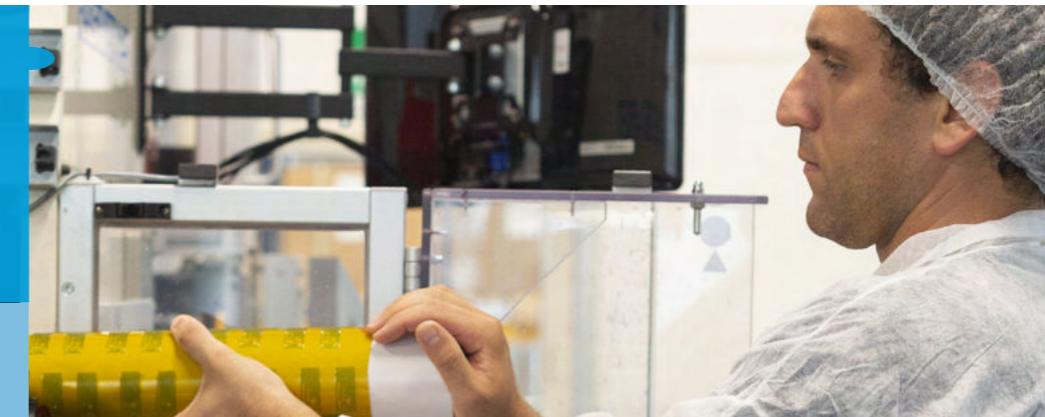
## Group Revenues 2012 / 2021



## Total employees



A path of growth that has allowed the company to transform itself from a small local business to an international industrial reality



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

(Ref. GRI 102-3/4/5/6/7)

Palladio Group has its headquarters in Dueville (Vicenza) and by 2021 it has 6 companies in Italy and abroad,

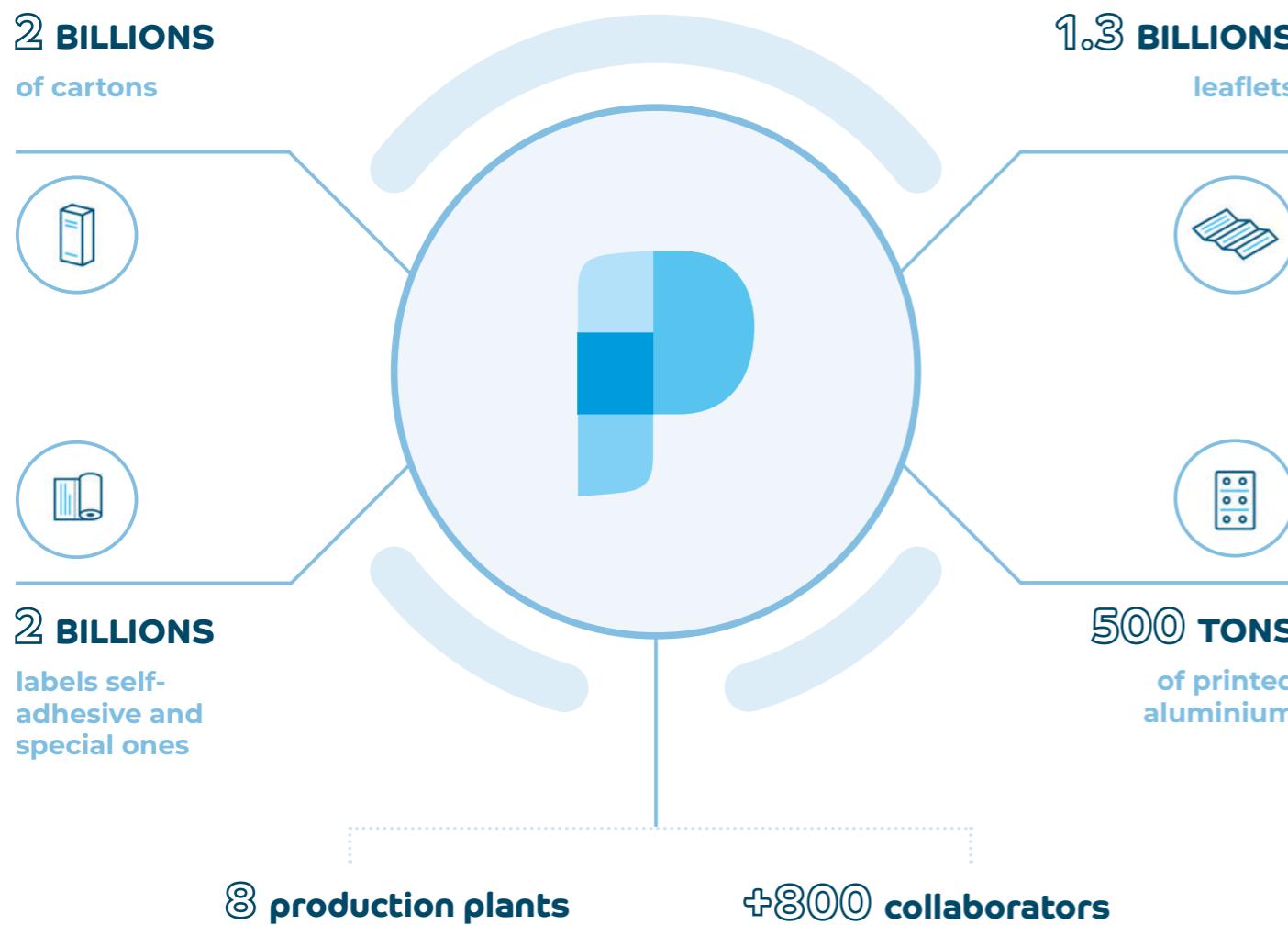
in line with the corporate strategy of producing in key countries with respect to the markets in

which greater growth in market opportunities is expected.

PALLADIO GROUP SPA			
Dueville (VI), Italy Headquarter Cartons, leaflets	Thiene (VI), Italy Special cartons, leaflets, assembled	Pontedera (PI), Italy Cartons, leaflets, booklets, assembled, labels, printed aluminum, labelling	Gossolengo (PC), Italy Special labels
PHARMA PARTNERS SRL*	PALLADIO IRELAND PACKAGING SOLUTIONS LTD	PALLADIO BNM LLC	
Prato (PO), Italy Pharmaceutical Workshop	Tullamore, Ireland Cartons, leaflets, labelling, serialization	Obninsk, Russia Cartons, leaflets	
PALLADIO EAST DOO	STUDIO THE PHACTORY DOO		
Vršac, Serbia Cartons, leaflets, labels, labelling	Vršac, Serbia Artwork development		

\*Non-reporting company

# The total production capacity of the Group



## Our products



### Cartons

Cartons, blisters and display box, solutions in flat, corrugated and recycled cardboard, made in different shapes, colors and sizes, fully customizable and made using printing solutions in offset technology (with UV and water-based varnish), flexo and digital.



### Leaflets

Sheets in single, double and triple reels, flat, folded and pre-folded, sheets with perforation, outsheets with closing labels and outsheets closed with cold glue.



### Adhesive Labels

Self-adhesive labels autoadesive in reels on different surfaces: paper, transparent or compostable material. The production also includes multipage labels, with Braille text, peel-off, tamper evident labels (also enriched with anti-counterfeiting systems) and other special labels.



### Printed aluminium

We produce printed aluminum for blisters in flexo printing lines. This process takes place in a clean room, as required for primary pharmaceutical packaging, and allows printing in four colors in thicknesses of 20/25/30 microns.



## Booklet

When it is necessary to transmit a significant amount of information and indications, we offer the booklet solution, information booklets of various sizes and configurations that guarantee excellent readability and handling, also available as multilingual.



## Patient card alert

The Alert Card is a special card which contains all the information relating to the patient that the treating physician must know (data and conditions, therapeutic indications, doses and times for taking the drug, etc.). We produce Alert Cards by printing important multilingual instructions that the patient must follow before, during and after the drug treatment.



## PluggyMed - Smart Packaging

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



# Our services

In addition to the product lines, we also offer a wide range of support

services covering the supply chain, logistics and on-demand

production, up to the development of the artwork.

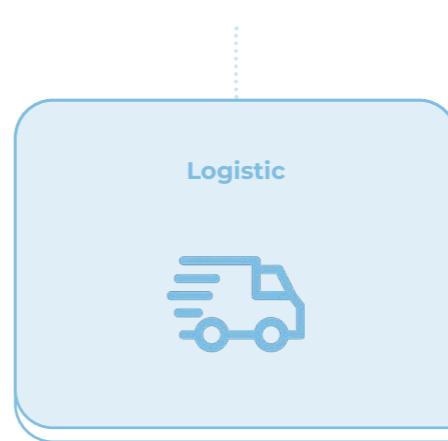
## Vendor Managed Inventory

Stock management with B2B system



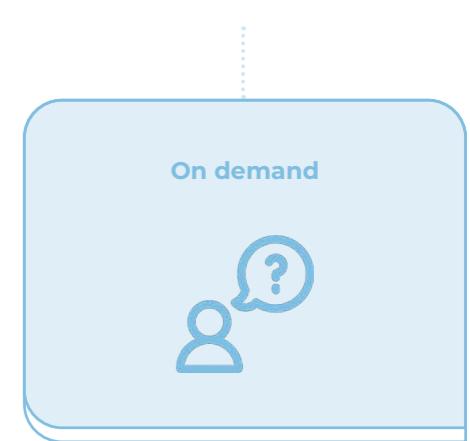
## Infact

Real-time tracking of deliveries with RFID technology



## P24

Production in 24 hours and "Just in Time" delivery



## 1.2.5 The principles and values of reference

(Ref. GRI 102-16/17, 103-2/3)

### Anticipate

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



### Responsability

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



### Why not?

True innovation is finding an opportunity in every obstacle to overcome, facing every challenge that arises with passion and competence, not choosing the easiest way but the one that reaches the solution with the most value.



### Continuity

Every day we are committed to nurturing the talent of our employees, staying true to our goals and respecting the values that represent us. It's an essential continuity approach to project the Group towards the future.

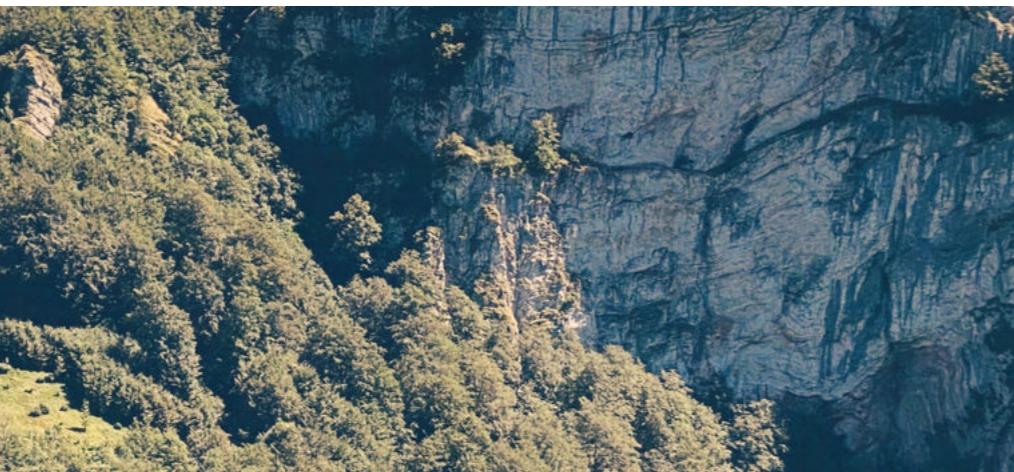


In Palladio Group we do not want to limit ourselves to regulatory compliance. We pursue business goals by giving **priority to social factors, health and safety and**

**environmental protection.** We are aware that entrepreneurial action must be in line with the interests of the community and we believe in the importance of

putting into practice a corporate good governance based on a set of principles and values expressed in rules and procedures.

- ▶ We have developed our Code of Ethics, which expresses the commitments and responsibilities we assume in the management of each company activity.
- ▶ The Code sets out the values and principles that inspire our actions in relations with all stakeholders.
- ▶ The latest version, which considers regulatory changes, was approved by the Management Committee of the Group in 2017.
- ▶ The Committee acts as a control body on compliance with the Code by all employees and collaborators.
- ▶ The Code of Ethics was delivered and signed by all employees and is made available on the company intranet site.
- ▶ All new employees are given specific training at the time of hiring aimed at explaining our values to newcomers.
- ▶ Suppliers are required to formally sign a Supplier Code of Conduct, which contains the same ethical principles on which our Code of Ethics is based.
- ▶ We have implemented a whistleblowing procedure, which can be activated both internally and externally through the exchange and communication platforms, which allows us to report any illegal unethical behavior safely and without repercussions. During 2021, no reports were made to the Ethics Committee.



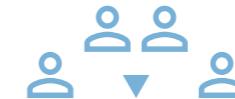
## ► 1.3 The Group

### 1.3.1 La Governance

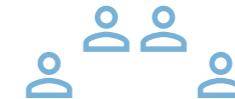
(Ref. GRI 102-18)



#### Members' Meeting



#### Board of Administration



#### Board of Auditors



#### Auditing Company

We have adopted the **traditional administration and accounting control system**, characterized by the separation between the management body (Board of Directors) and the control body (Board of Statutory Auditors). To guarantee further correctness, the auditing of the accounts is entrusted to an external and independent auditing firm.

◆ The members of the **Board of Directors** are appointed by the Shareholders' Meeting in consideration of the integrity, professionalism and competence criteria defined by our Articles of Association. They remain in duty for a period not exceeding three financial years and expire on the date of the meeting called to approve the financial statements for the last financial year relating to

their duty.

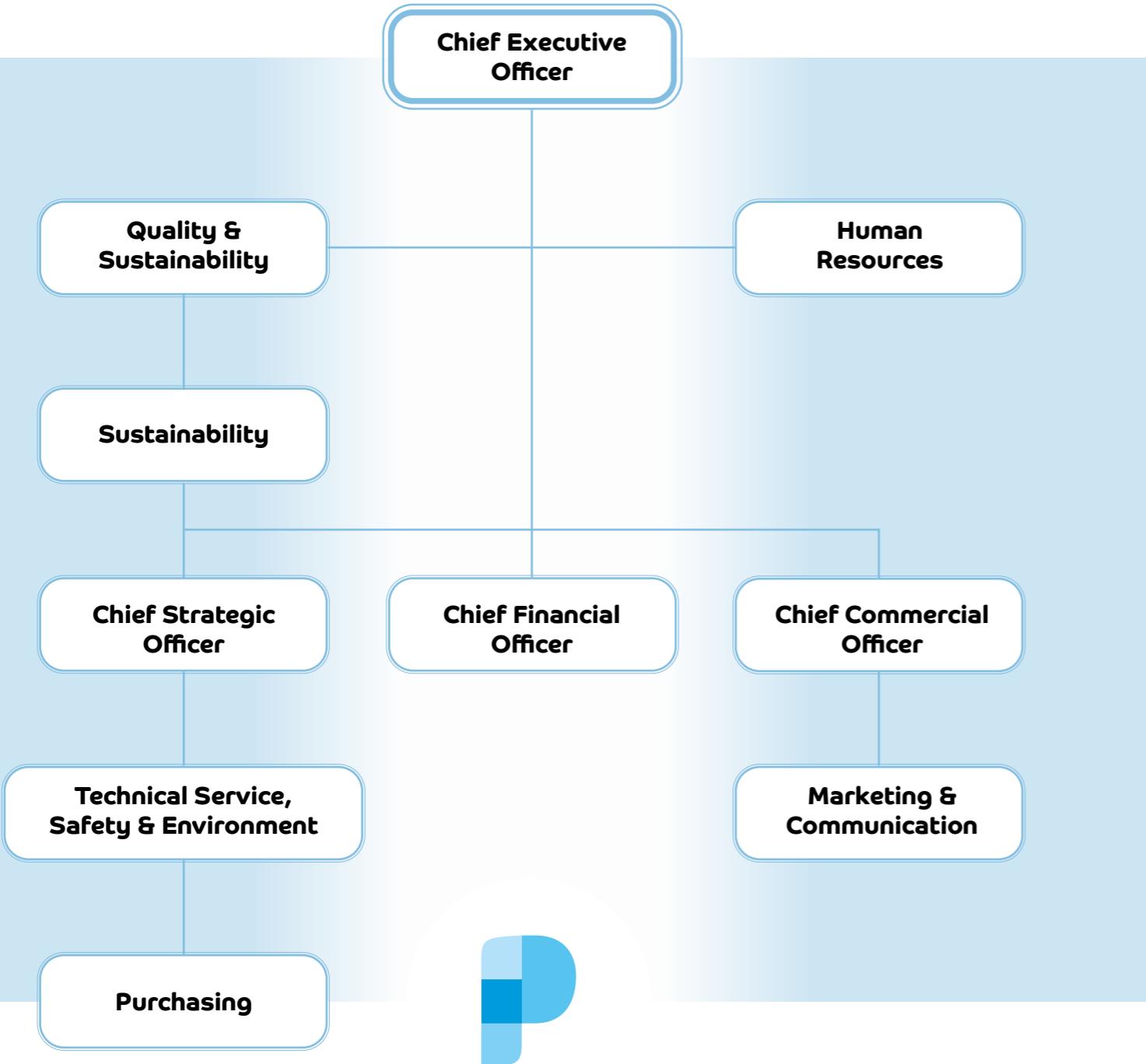
◆ **The members of the Board of Directors are eligible for re-election**, as provided for by art. 2383 of the Civil Code.

◆ The current Board of Directors was appointed by the shareholders' meeting with a resolution of 9 May 2019, and it will remain in duty until the approval of the 2022 financial statements.



## 1.3.2 Sustainability Committee

(Ref. GRI 102-18)



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

- ◆ In 2018 we created the Sustainability Committee, made up of some of the Group's Corporate Managers.
- ◆ The Committee's goal is to promote a process of continuous

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

- ◆ The Committee meets at least every six months to define and

monitor the corporate goals in line with the Sustainable Development Goals (SDGs) and discuss the economic, social and environmental aspects that are most relevant to the SDGs.

- ◆ The Committee is responsible for the process of managing current and future economic, environmental and social risks and opportunities.
- ◆ Formal meetings are held at Group level and are also dealing

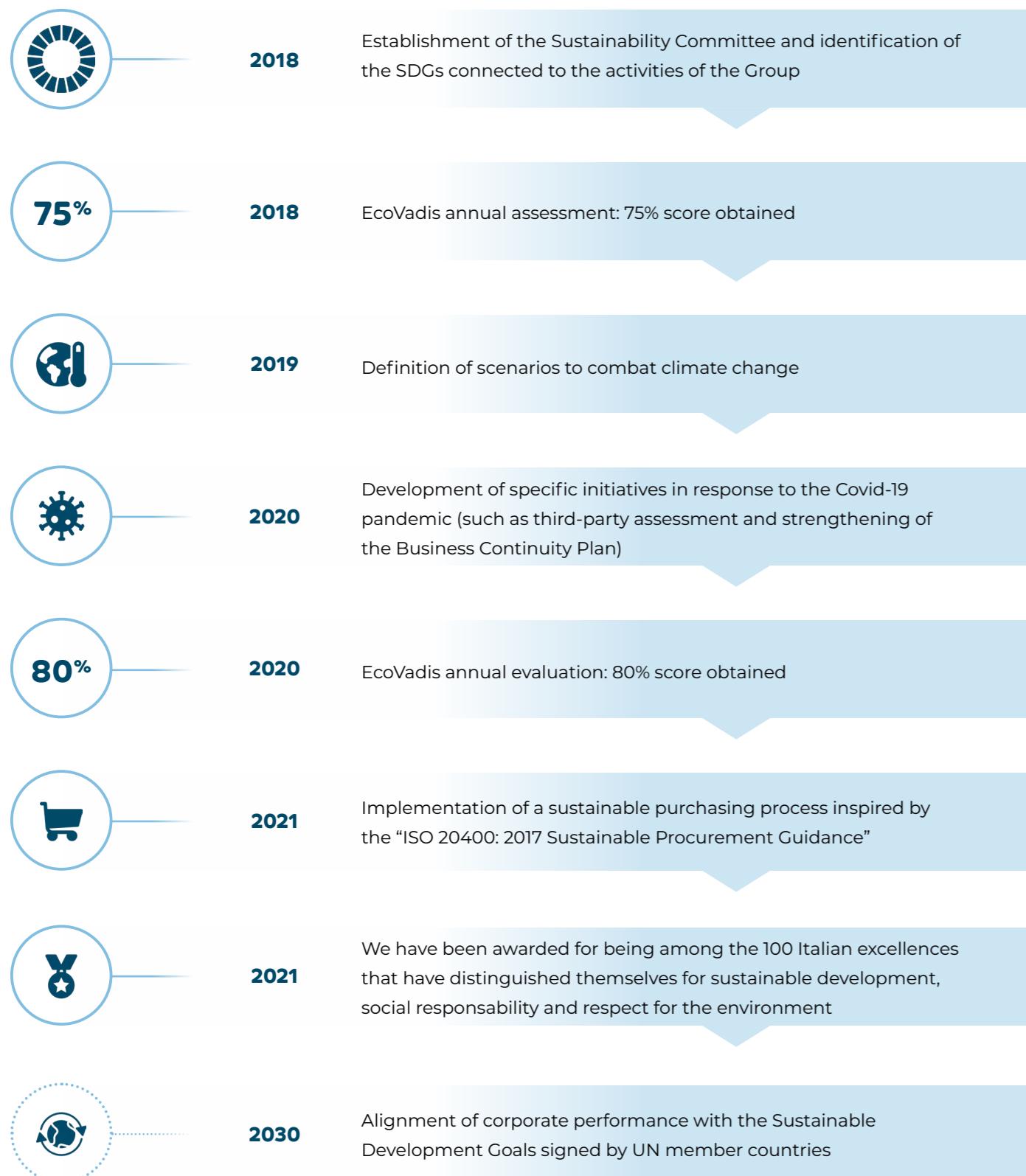
with reviewing the risk framework, environmental strategy, goals and key indicators of sustainability and related activities.

### Our history of sustainability

We have always been oriented towards sustainable development. Sustainability represents for us not only a market requirement, **but a real opportunity for growth and continuous improvement**. Over

the years we have promoted important initiatives with which corporate commitments have been defined with respect to social, economic and environmental issues. **Corporate Code of Ethics, Charter of Values**

	<b>2001</b>	Environmental Certification ISO 14001
	<b>2010</b>	First Environmental Report
	<b>2011</b>	First EcoVadis evaluation and reorganization of the Sustainability Management System
	<b>2012</b>	First join to the United Nations Global Compact
	<b>2015</b>	Alignment of the Sustainability Report to the drafting standards established by the Global Reporting Initiative
	<b>2016</b>	First participation in the Carbon Disclosure Project (CDP)



## ► 1.4 Economic growth

(Ref. GRI 103-1/2/3)

### 1.4.1 Economic responsibility and sustainable development

(Ref. GRI 103-2/3)



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

- ◆ In 2017 we opened the Russian plant Palladio BNM
- ◆ In 2018 we expanded our offer in labeling with the acquisition of Poliweb Graphics (see par. 1.2.2 "Our history: we anticipate the future of packaging").
- ◆ In 2019 Studio The Phactory, the spin-off of Palladio East dedicated to the development of artwork and graphic services, became operational in Vršac, Serbia, further consolidating our strategy focused

on presiding over the fastest growing markets.

- ◆ During 2021, we inaugurated the Innovation Hub, which, through an anticipatory approach to market needs, will help the Group identify new opportunities in which to expand our business.

With particular reference to the Italian reality, in addition to generating value for our company, this dynamism indirectly contributes to **improving the socio-economic conditions** of the local communities in which we operate.

To ensure the maximum effectiveness of our interventions - donations, financial contributions and pro bono activities - and to ensure that they turn into concrete projects, we conduct a preventive analysis of the needs of local communities or of general public interest and of the projects available.

- ◆ In 2021 we invested over **70,000 euros** in initiatives in support of communities.

◆ We guarantee our employees a pension plan in accordance with the regulations in force in the countries in which we operate.

- ◆ We also assist our employees in the transition from active working life to that of retiree, also thanks to support initiatives.

## 1.4.2 Sustainable Growth

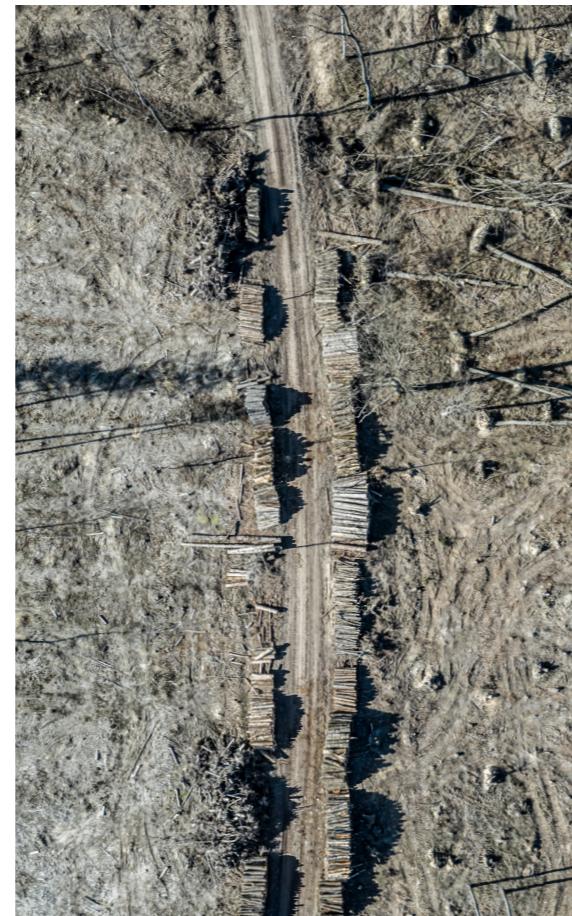
Also in consideration of the sectors in which we operate, as well as in line with the values that inspire us, we are strongly aware of the importance of guaranteeing **sustainable development** of activities and a more efficient use of energy and materials over time.

- ◆ We pursue the continuous improvement of our environmental and energy performance by applying best practices that allow us to strengthen environmental management in a cost-effective way.

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



We are aware also of the risks due to physical changes in relation to climate change. For this purpose, we have entered into insurance contracts to protect ourselves in the event of unforeseen weather events and we have strengthened our **Business Continuity and Disaster Recovery Plan** to ensure the continuity of our activities.



## 1.4.3 Sustainable innovation, a strategic goal

(Ref. GRI 103-2/3)

With a view to **continuous improvement** and constant **pursuit of excellence**, also in 2021 the Group has pursued a strategic orientation increasingly focused on the **integration of sustainability in innovation** - both product and process - in line with the Sustainable Development Goals 2030 (SDG) defined by the United Nations.

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

It is significant that in 2021 alone **27 people** were dedicated to research

and development, for **a total of 1,653 hours spread over 7 projects**. In detail, in 2021 a project was launched which will make it possible to identify specific areas of innovation on which to concentrate resources, based on stringent sustainability criteria in 2022. It is also planned to expand the team dedicated to innovation in 2022.

### The Palladio Innovation Hub

In 2021, the Palladio Group launched the **Innovation Hub**, which envisages the adoption of a structured and complete innovation process: for this purpose, a **dedicated manager** has been integrated into the company, who will manage a team destined to grow over time. The point of strength of the project is the ability to put into practice the **anticipatory approach to innovation** that characterizes Palladio: the hub will therefore be

aimed at anticipating innovative solutions for the market, based on development with the customers. A particular focus will be dedicated to identifying new markets to access: both Adjacent and Transformational. In view of this goal, the hub applies an innovation model that embraces the whole company according to 4 priority vertical areas: **sustainability, supply chain, technology, customers**.

The **Palladio Observatory** initiative will also be part of the project: to encourage the development of new solutions, a specific team will collect as many inputs as possible, such as ideas, knowledge, skills and much more, through continuous interactions with the internal and the external parties. In parallel, we plan creation of a network with universities, research centers, customers or suppliers who will support us in the search for innovative solutions.



## Digitalization

In the three-year period 2021-2023, attention will be paid in particular to the **implementation of digital tools** to promote collaboration. The goal is to overcome the traditional approach to work by compartments, implementing a strong sharing of data platforms to enhance the synergies that emerge from the intersection of different information.

An approach that represents the strategic development of responses to specific needs, creating digital workflows for greater process standardization, dematerializing paper from a data analytics perspective, sharing more data throughout the company and, in particular, between the different plants, to make **collaboration between departments faster and more intuitive**.

In 2021, an intense culture and training activity was carried out, conducting research on the most useful tools available externally and

training the Digital transformation team on the topics of the agile company, in addition to training provided to other employees, also to the abroad, on the green belt theme (training course on Lean Thinking strategies).

The development of the following specific projects is of particular importance:

- ◆ **Advanced Workforce**

**Management System (AWMS)** is a Software-as-a-Service (SaaS) platform for the efficient and secure management of the workforce in manufacturing plants.

◆ We have adopted this solution that supports department heads in allocating the workforce based on orders, considering the specific skills of each, and respecting the physical abilities and risks of the tasks and workstations. This management tool also manages the continuous training of people: if a worker has not worked on a certain machine for too long, the software suggests

the match in order to prevent the resource from losing the skills previously acquired.

- ◆ In 2021 we also implemented the **Decision Agility** project which aims to understand which data to collect based on the future strategy, and therefore to evolve the architecture of the data platform, while the **CRM Project** (Customer Relationship Management) plans to digitize information related to specific customers, in collaboration between different functions (such as marketing or administration) without resorting to the purchase of software.
- ◆ As part of the evolution of Industry 4.0, we have also envisaged the acquisition of new machines that interact with a centralized system, further automating processes.

our workers even more, as well as to reduce emissions and the production of hazardous waste.

- ◆ Our proactive approach is confirmed in the adoption of internationally recognized and voluntary certifications (see box) and

in the provision of reports of the Risk Fund, Credit Bad Debt Fund and Product Liability.

- ◆ From the point of view of continuous improvement, and to ensure the quality and safety of products for all customers and

consumers, we have been adopting business management systems that comply with the requirements of the strictest regulations for some time.

## Lean Manufacturing

Lean Manufacturing or Lean Production is a management methodology that aims to focus the use of resources on creating value for the customer and for other stakeholders,

identifying and eliminating any other use that, apparently aimed at production, is revealed unnecessary, and therefore wasteful.

Lean Manufacturing is often

described briefly as creating value with the least amount of work possible.

**Our proactive approach is confirmed in internationally recognized certifications**



## 1.4.4 Operativeness and Management Systems

(Ref. GRI 102-11/12/13, 103-2, 403-1)

- ◆ We have always invested in **state of the art technologies and equipment**, often developed in advance thanks to the close relationship established with customers and suppliers. An investment that contributes to offering measurable added value in terms of logistics, productivity and lead time.

- ◆ Through meetings for continuous improvement, we develop specific **programs to update the skills of employees** and help them achieve

strategic objectives in an ever-changing work environment. A schedule of periodic inter-functional meetings involves members of the commercial, production and quality sectors in order to ensure alignment between different functions and efficiency in processes.

- ◆ We have adopted specific procedures to manage changes, the analysis of associated risks, the use of cutting-edge technologies.
- ◆ We have achieved reductions and, in some cases, the elimination

of the concentrations of some potentially polluting substances for the workplace and our finished products. In particular, thanks to the selection and monitoring of raw materials, we have reduced the presence of:

1. PVC in plastic film in some production lines;
  2. benzophenone from overprint varnishes;
  3. SVHC and heavy metals from ink;
  4. Mineral oils.
- This has allowed us to protect

### Our certifications and best practices

◆ ISO 9001:2015 - Quality Management Systems

◆ ISO 14001:2015 - Environmental Management Systems

◆ ISO 45001:2018 - Occupational health and safety management systems

◆ CoC FSC® - Forest Stewardship Council® Chain of Custody

◆ CoC PEFC - Chain of Custody of Forest Base Products

◆ GMP - Good Manufacturing Practice, applicable to Pharmaceutical Packaging

Company Name	Plant	Active certifications					Others
		ISO 9001	ISO 14001	ISO 45001	CoC FSC	CoC PEFC	G.M.P
Palladio Group SpA	Dueville (IT)	✓	✓	✓	✓	✓	✓
	Thiene (IT)	✓	✓	✓	✓	✓	✓
	Pontedera (IT)	✓	✓	✓	✓	✓	✓
	Gossolengo (IT)	✓	✓	✓			✓
Palladio Ireland Ltd.	Tullamore (IRL)	✓					✓
Palladio East D.o.o.	Vršac (SRB)	✓	✓	✓	✓	✓	✓
Palladio BNM LLC	Obninsk (RU)	✓					✓
Studio The Phactory D.o.o.	Vršac (SRB)	✓					✓

## 1.4.5 Compliance

(Ref. GRI 103-2/3, 206-1, 307-1, 416-2, 417-2, 418-1, 419-1)

With a view to even greater transparency, we analytically summarize the findings for the reporting year in relation to each GRI. In particular, during 2021:

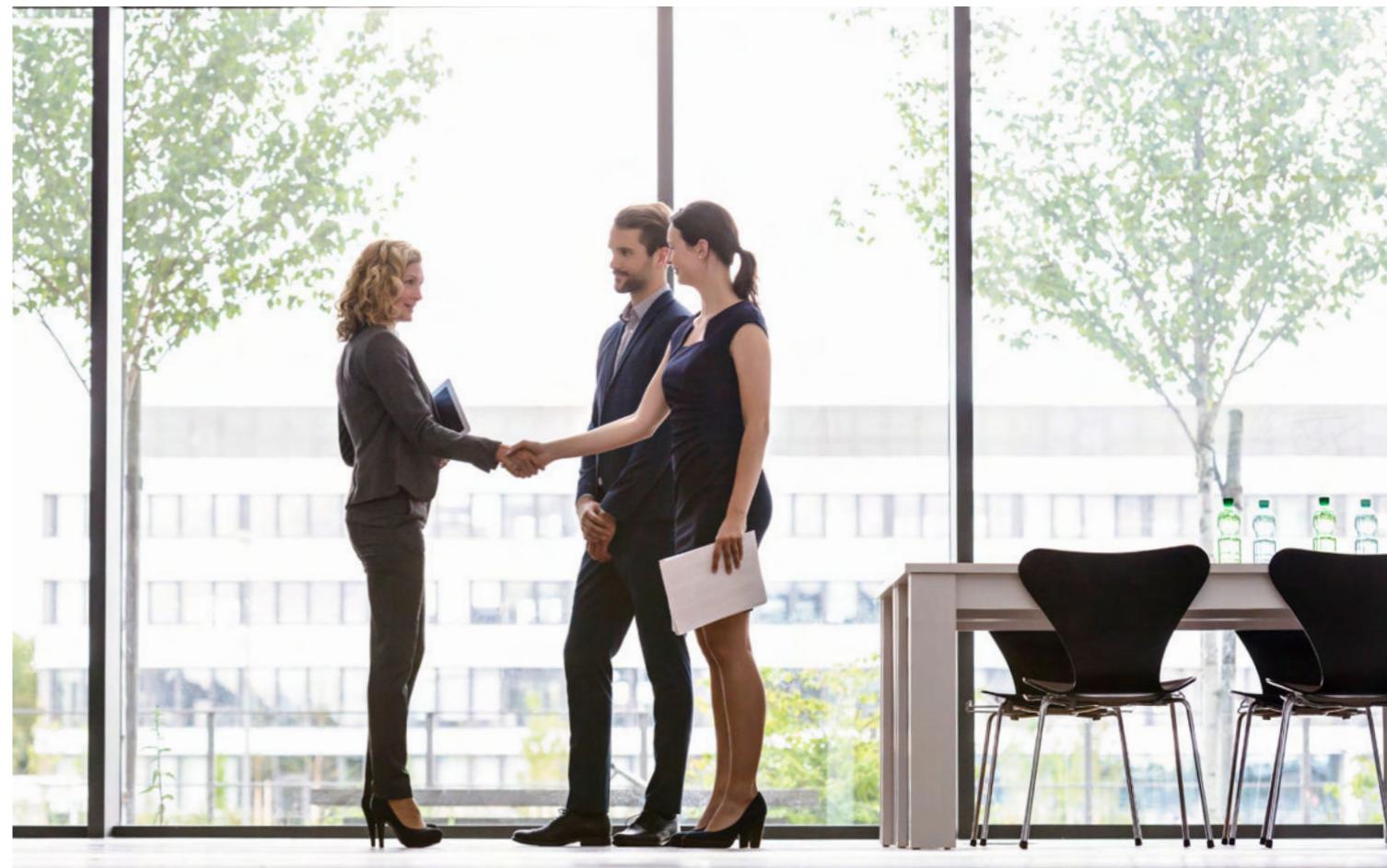
- ◆ We have not received any reports or complaints relating to the work practices implemented by the suppliers;
- ◆ We have not recorded significant environmental impacts or complaints relating to environmental impacts, administrative or criminal, pecuniary and non-pecuniary sanctions that have become legally binding for non-compliance or failure to comply with laws and regulations that the Group's plants must comply with in their work;
- ◆ We have not registered any cases of non-compliance with regulations and voluntary codes regarding

regulations;

- ◆ We have not registered any lawsuits related to unfair competition, anti-trust and monopoly practices;
- ◆ We have not received reports or complaints relating to impacts on the company and recorded administrative or criminal sanctions, pecuniary and non-pecuniary sanctions, which have become final for non-compliance or failure to comply with laws and regulations that the Group's plants must comply with in their work;
- ◆ We have not registered any cases of non-compliance with regulations and voluntary codes regarding

the impact on health and safety of products or services paid by the Group's plants;

- ◆ We have not registered any cases of non-compliance with regulations or voluntary codes regarding information and labeling of products or services;
- ◆ We have not registered any complaints regarding the violation of privacy or the loss of Customer data;
- ◆ We have not registered any cases of non-compliance with the principles of confidentiality and information protection.

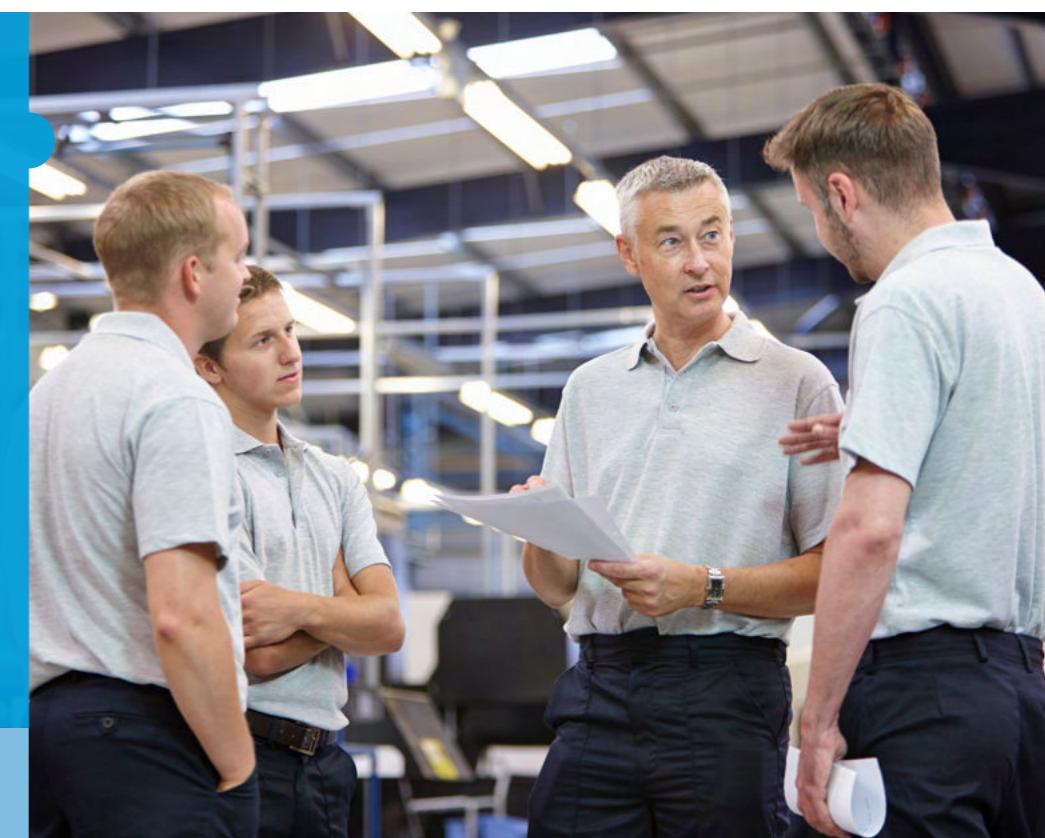


# Partnership



## Who are our stakeholders?

Stakeholders are individuals, groups or entities who have, or expect, ownership, rights or interests in a company and its activities, present and future, and whose contribution is essential for the achievement of a specific objective of the organization. The analysis activity carried out by the Palladio Group in 2021, conducted through dedicated interviews and workshops with the main company functions, made it possible to identify the following main stakeholders



## ► 2.1 Our partnerships

### 2.1.1 A key player for sustainability: our suppliers

(Ref. GRI 102-9/10, 308-1, 403-7, 414-1)



The Palladio Group is committed to implementing sustainability in its processes at 360 °, also in order to satisfy the requests and expectations of all its stakeholders. During 2021, we focused on **integrating the principles of social and environmental responsibility into our purchasing process even more thoroughly, following the approach outlined in the "ISO 20400: 2017 Sustainable Procurement Guidance"**. This international standard provides guidance to organizations, regardless of their activity or size, guiding them in choosing the most appropriate organizational and operational methods for adopting a sustainable purchasing model.

◆ During July 2021 we organized a training activity for the entire purchasing function of Palladio,

with the aim of creating a common knowledge base regarding the concepts of **sustainability and sustainable procurement**.

- ◆ We have developed a management tool that allows to assess the sustainability risk associated with each of our 200 and more suppliers.
- ◆ The tool allows a structured analysis activity on several levels: initially through the use of a series of specific indices on ESG (environmental, social and governance) risks linked to the country where the supplier is based, the tool allows to carry out a initial risk assessment of our business partners.
- ◆ In addition, to assess how the individual supplier manages the identified risk, we evaluate its ESG performance by submitting a self-

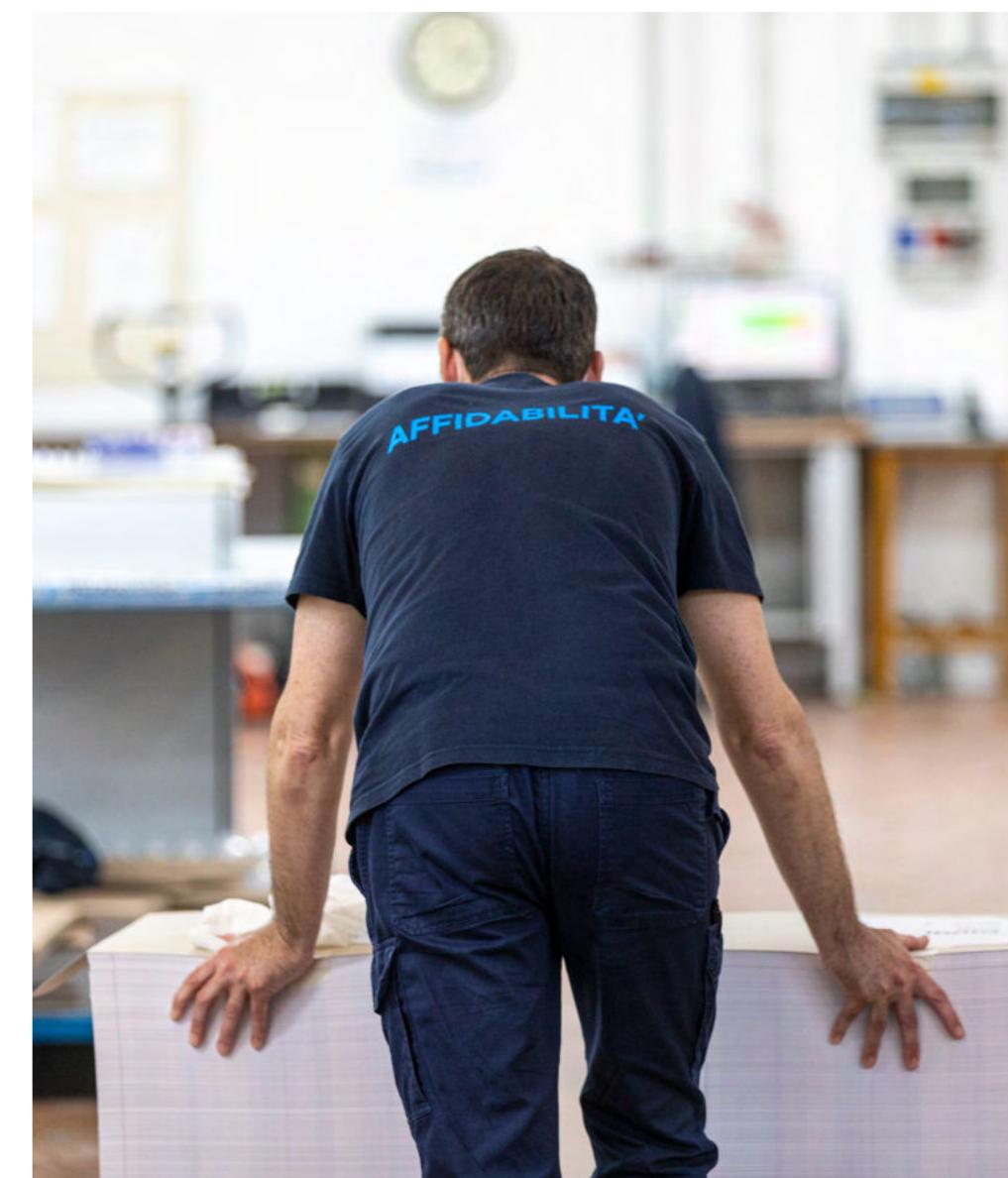
assessment questionnaire, which covers aspects such as legislative compliance, management of environmental impacts, human rights and labor law.

◆ By integrating the results of these two assessment levels (initial risk and ESG performance), we are able to make a **general sustainability assessment of each individual supplier, assign a final risk rating and then evaluate the most appropriate actions to allow them to improve their performance, where there are gaps**. This new approach will be made fully operational in the course of 2022. As regards the new qualified suppliers in 2021, 100% of them were qualified using the questionnaire already in use by the purchasing team, which includes social, environmental and impact on

society criteria. Furthermore, in 2021 the monitoring activities of previously qualified suppliers resumed, which provide for a verification of occupational safety requirements and legislative compliance.

The control activities, which will continue over the next few years to extend the assessment to all suppliers, were also implemented with the aim of **making our partners more aware** of these issues: encouraging them to **understand and respect the Code of Conduct**, we support them in setting up and continuing supply relationships according to clear and transparent criteria.

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



responsible practices:

- ◆ Since 2016, our selection and qualification procedure requires suppliers to be aware of and share the **principles and values set out in the Code of Ethics and the Supplier Code of Conduct** (see par. 1.2.5 "The principles and values of reference").
- ◆ In particular, suppliers undertake to comply with our standards in terms of health and safety at work, working conditions, freedom of association and non-retaliation, forced and compulsory labour, child labour, non-discrimination, compliance with environmental

legislation, abuse of office and corruption.

◆ In line with this approach, we value suppliers who have certified Management Systems (in accordance with ISO9001, ISO14001, ISO45001 or other schemes) rather than products (eg CoC-FSC®, CoC-PEFC).

In terms of **health and safety at work**, we require the supplier or contractor to know and comply with all local regulations in force on the subject as well as to follow the provisions of the documentation delivered, which must be signed for

acceptance (for example, for Italy, Interference Risk Assessment Single Document, DUVRI). In the case of suppliers or contractors selected for work to be carried out in our plants, as required by the procedures, we require all documentation certifying compliance with legislative and contractual obligations towards their employees, corporate social responsibility and compliance with the rules of good conduct set out in our **Health, Safety and Environmental Management System.**

With reference to environmental issues, the effectiveness of the initiative of our primary cardboard raw material supplier should be

noted as regards the transportation mode: according to the data shared by the supplier during the last year, **the intermodal transportation mode was used for 17% of the tons of raw material transported at the entrance, which was correlated with a 9% reduction in CO2 emissions compared to the use of traditional modes of transportation.**

This result is obtained with the same quality level of the material, an adequate level of service (punctuality in deliveries) and with a more accurate planning of purchase orders. This initiative led us to evaluate the possible extension to all suppliers of raw materials of the

analysis of transportation modes and the calculation of the associated CO2 emissions.

Any negative environmental impacts or complaints relating to the impacts are dealt with through the **non-conformity management process.** During the reporting period, there were no events that led to the termination of contracts with suppliers, contractors and other business partners, as a result of inadequate performance conditions or violations of human rights and working practices.

## 2.1.2 Identified material aspects and the boundaries

(Ref. GRI 103-1, 102-45)

**We adhere to the reporting principles of Global Reporting Initiative Sustainability Reporting Standards**



Quality and **transparency** of data are a key point of our **sustainability strategy.** For this reason, we adopt a reporting model of material environmental, economic and



social aspects adhering to the **GRI Sustainability Reporting Standards** and we apply the principles both in terms of definition of the contents and of the quality of the data

and information reported. These international standards envisage the use of **specific indicators** for reporting, in accordance with the option chosen (Core Option).

**PALLADIO GROUP**  
(Plants in Dueville (VI), Italy; Thiene (VI), Italy; Pontedera (PI), Italy; Gossolengo (PC), Italy)

**PALLADIO | IRELAND**  
(Plant in Tullamore, Ireland)

**PALLADIO | BNM**  
(Plant in Obninsk, Russia)

**PALLADIO | EAST**  
(Plant in Vršac, Serbia)

**THE PHACTORY**  
(Plant in Vršac, Serbia)



The reporting data refer to the **last three years (2019, 2020, 2021).** The emission coefficients used for the environmental calculations and the related details are shown in Attachment 2.

In 2021 we proceeded with an **update of the Materiality Analysis.** In this sense, between February and March 2021 we implemented a stakeholder engagement process guided by the methodology suggested by the AA1000 Stakeholder Engagement

Standard - Accountability, a reference framework for the design, implementation, quality verification and communication of stakeholder inclusion paths.

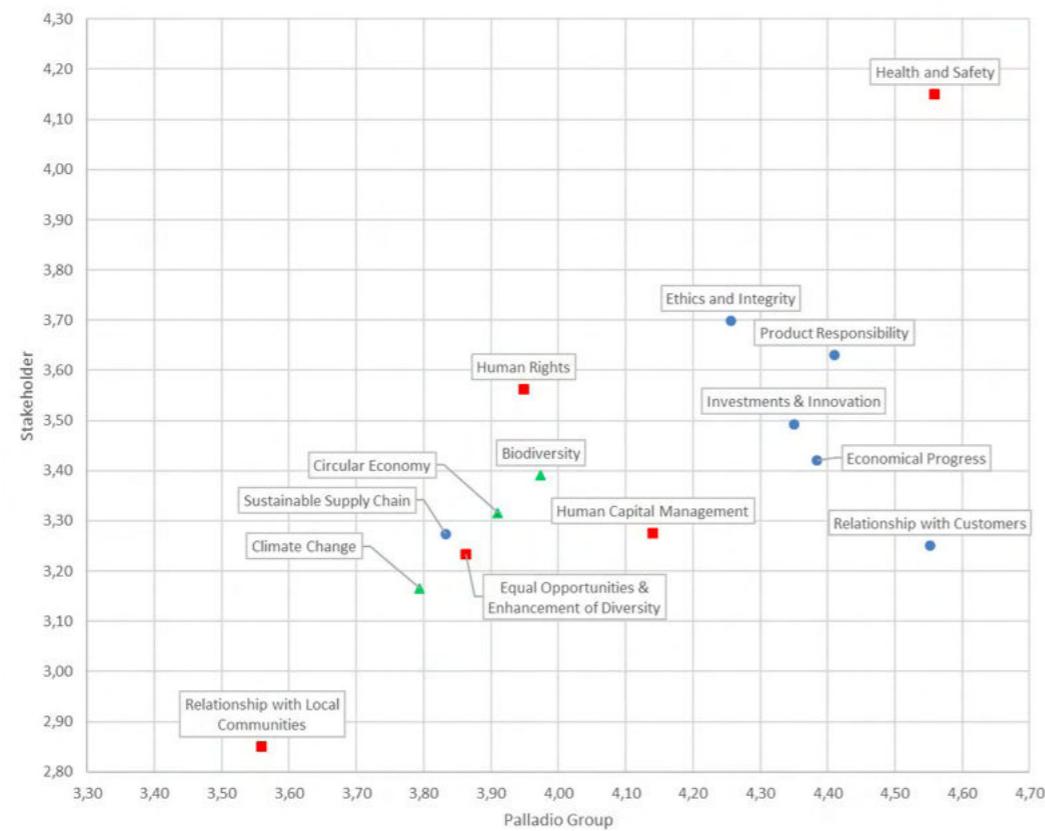
During the engagement phase, the involved stakeholders analyzed the list of relevant issues and assigned a score to each of them by completing an evaluation questionnaire.

This allowed to assess their importance for internal and external stakeholders. The data processing and collected assessments led to

the definition of the materiality matrix and the identification of the material issues to be reported in the 2021 sustainability report, validated and approved by the CEO of Palladio Group.

This important activity will allow us to review and **realign our sustainability strategy based on the results emerged**, allowing us to develop a sustainability plan that is more in line with the interests of all our stakeholders.

## Materiality Assessment



## 2.1.3 Our commitment for the stakeholders

(Ref. GRI 102-9, 103-2/3, 308-1, 403-7, 414-1)

Always keep in mind that our activities are primarily aimed at **stakeholders**. This is the guiding principle to which we lean on in order to constantly strengthen our leadership on the national and international market: our growth is built day by day on the priority of **satisfying the needs of all stakeholders**, starting from the rights defined by national laws and by applicable international standards.

The decision to prepare and publish the **Sustainability Report**, as well

as other reports that transparently report our sustainability performance (for example Ecovadis and CDP), was only the first step. Our path of sharing and disclosure leads us even more to focus on important aspects on which to direct our commitment, also in response to the needs and expectations of the interested parties. The principles, values and strategies of sustainable development of our Group are the result of both material issues, which emerged from the involvement of the various functions, and the results of the various forms of **dialogue**

**and discussion with stakeholders.** In 2021, with the aim of renewing the materiality matrix, we updated the mapping and prioritization of our stakeholders. Following this, we involved some of them in identifying which were, according to their expectations and needs, the most important sustainability issues on which our Group should focus its sustainability strategies.

## Our principles in relationship with the stakeholders

### In Palladio Group:

- ◆ It is allowed to promote the development of roles and reward company collaborators only on the basis of the merits demonstrated in terms of participation, professional growth, achievement of assigned objectives and sense of belonging to the company;
- ◆ It is not allowed to promise or offer objects, services, lending or favors of value (to executives, officers or employees of the Public Administration or their relatives) to achieve an interest or advantage for the Group. The offer of gifts or other benefits of modest value is allowed only if it falls within the legitimate uses or customs;
- ◆ Parties, their representatives or candidates are not funded and any pressure (direct or indirect) against politicians is refrained;
- ◆ It is allowed to adhere to requests for contributions from non-profit organizations and associations with regular statutes and deeds of incorporation or donations for charity purposes onl. The activities subject to sponsorship can include the themes of society, environment, sport, art and culture in general.

## ▶ 2.2 How we manage relationships

### 2.2.1 The dialogue with the stakeholders

(Ref. GRI 102-43)

**Inclusiveness and materiality** are the principles of our approach to sustainability. Principles that guide us to **enhance innovation** to achieve our objectives in terms of **information quality** and adequacy of the presentation methods towards our stakeholders. Since 2019, the role of online

communication and social networks in particular has been growing. Among the latter, LinkedIn stands out, which in 2021 saw an increase in followers compared to the previous year, exceeding 2,300 at the end of the year. Social networks prove to be an effective tool for us to communicate issues such as events,

corporate initiatives and above all information relating to sustainability directly to interested parties or transversal engagement initiatives for different stakeholders. The various interlocutors can use our external and **internal integrated communication platforms** without particular constraints:



**Website:** [www.palladiogroup.com](http://www.palladiogroup.com)



**E-mail address:** [info@palladiogroup.com](mailto:info@palladiogroup.com)



**LinkedIn:** [www.linkedin.com/company/palladio-group/](https://www.linkedin.com/company/palladio-group/)



**YouTube:** [www.youtube.com/channel/UCtUWVE\\_n2lvjYwabiiM06Q](https://www.youtube.com/channel/UCtUWVE_n2lvjYwabiiM06Q)



**Vimeo:** [www.vimeo.com/user44390006](https://www.vimeo.com/user44390006)



**Facebook:** [www.facebook.com/amicidipalladiogroup](https://www.facebook.com/amicidipalladiogroup)

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

In 2021, relations with stakeholders also included specific **engagement activities** for groups of internal stakeholders relevant for the preparation of the Sustainability Report.

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

Furthermore, in consideration of the fact that the types of products and services we create **are not provided directly to the end user** - potential subject of any sponsorship activities - we do not need to adhere to programs or self-regulatory codes of marketing activities of external

origin.

- ◆ We generally contact our customers through normal business practices or through participation in **events open to the public**.

- ◆ **Exhibitions** are a particularly important moment for us to establish or maintain a **more personal and direct contact with our stakeholders**.

- ◆ In 2021 we were among the exhibitors at Pharmapack Europe in Paris, at CPhI worldwide in Milan and at Pharmtech & Ingredients in Moscow.

As regards relations with our collaborators, one of the most important tools is the "**Palladio**

**People**", a biannual magazine in which not only everything that happens in the Palladio Group world is told, but also the stories of the people who contribute to the success of the Group every day.

- ◆ Numerous topics are dealt with in the "People" pages, from internal organization to product news, passing through the main events.

- ◆ The structure of the publication includes an **editorial** signed by the

Chief Executive Officer, the focus on a topic relevant to the company, various columns that tell the news from all the operating offices, pages dedicated to events, company life and employees.

- ◆ With this tool we want to **promote the participation and involvement**

of employees, keeping them updated on activities in progress and promoting the circulation of information between the various departments.

- ◆ Another very important objective is to foster and increase the sense of belonging, the spirit of collaboration and teamwork, improving the climate in the company.

With this in mind, and also **looking at work-life balance issues**, in the 2021 winter edition the **Welcome Little Friends section of Palladio Group was published for the third consecutive year**, dedicated to the children of our collaborators born or adopted in the last year.



## 2.2.2 Transparency and sharing

(Ref. GRI 102-12/43)

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

### Climate Change: CDP rating

Also in 2021 we responded to the Climate and Water questionnaires of CDP (Carbon Disclosure Project), the international non-profit organization that measures the global commitment of companies, investors and territories in the **fight against climate change**.



#### What is CDP

The Carbon Disclosure Project (CDP) is a UK-based organization that supports companies, investors and territories in their efforts to publicize the environmental impact of larger companies. Its goal is that environmental reporting and

risk management become market standards, in order to facilitate sharing, in-depth analysis and the adoption of the actions necessary to achieve a sustainable economy. Since 2002, more than 9,600 companies, 810 cities and 120 states and regions around the world have

The **CDP Score - Climate Change obtained by the Palladio Group in 2021 is equal to B and is in line both with the average of the "paper product and packaging" sector (B), and with the European average (B), and with the Global one (B-)**.

### Social Responsibility: SMETA audit

In 2021, despite the difficulties related to the pandemic, we participated in the evaluation of our production plant in Serbia according to the SMETA modality.

SMETA is an audit methodology that includes all aspects of responsible business practices, covering the four pillars outlined by Sedex in the fields of work, health and

safety, environment and corporate ethics (see box). The independent assessment, conducted by SGS on our behalf or on behalf of our Clients, is based on a risk assessment that takes into consideration various aspects, including geographic. In addition to being a commitment signed with our customers, it represents one of the many supply chain alignment activities from the point of view of CSR and an

opportunity to check the policies in place in the companies of the Group. The result of the audit was positive: from the verification activities, including plant tour, documentary analysis and interviews with workers, no non-conformities with the sustainability requirements set by SMETA were found.

Sedex is a non-profit organization committed to increasing the dissemination of ethical principles along global supply chains and it is the largest platform in Europe that collects and processes data on the ethical behavior of supply chains.

**SMETA (Sedex Members Ethical Trade Audit) IV Pillar** is internationally the most widely

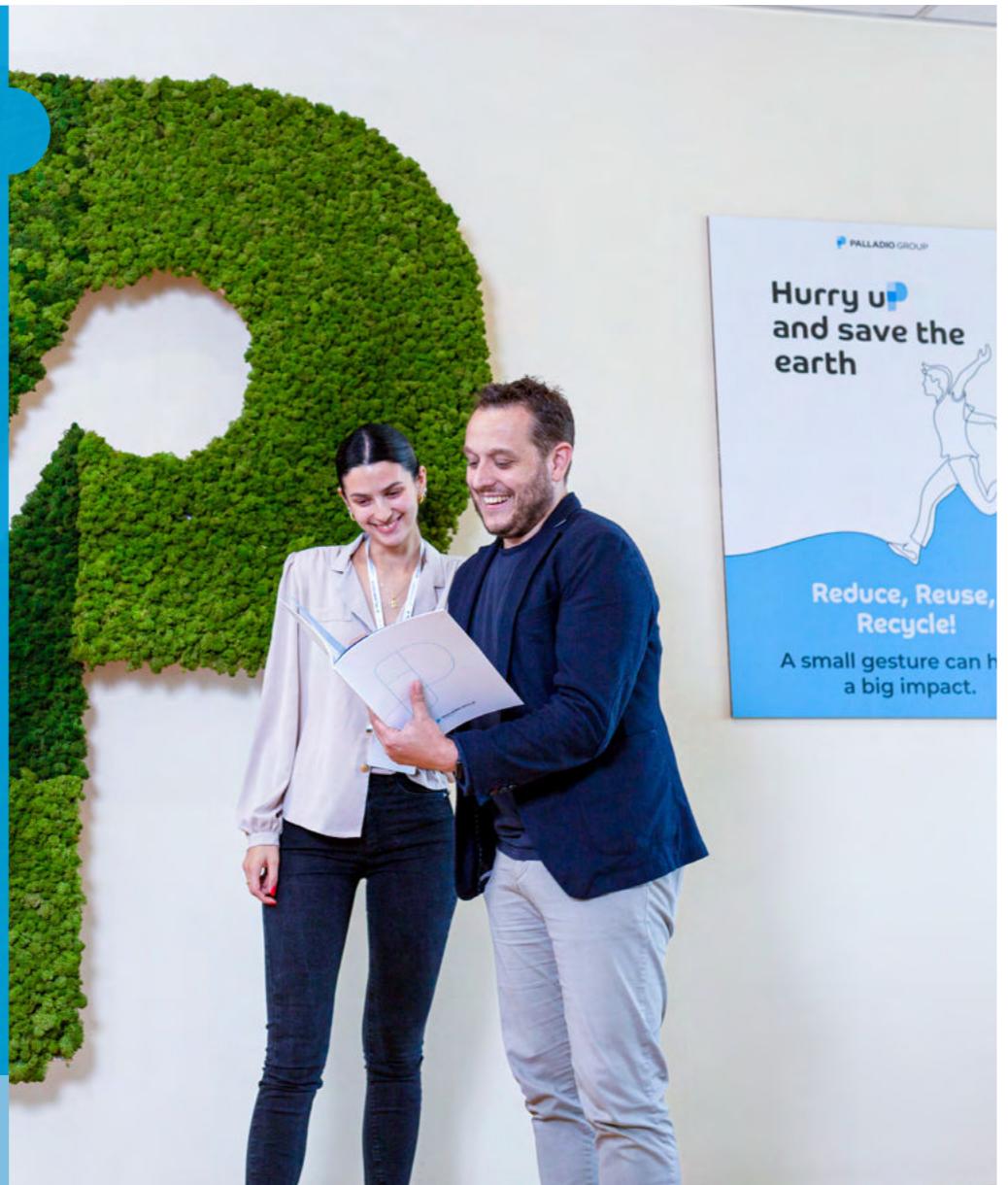
#### Sedex and SMETA audit

used social audit methodology to measure the social commitment of companies. It covers four macro-themes relating to human and workers' rights, health and safety, management of environmental impacts and business ethics, in particular anti-corruption practices. The methodology is based on a collection of good practices and proven techniques, designed

to support high quality audits that embrace all aspects of responsible business practice. Sharing is facilitated by a common reporting format and corrective action plan.

To find out more visit [Sedexglobal.com](http://Sedexglobal.com)

We rank in the 1% of companies with the highest CSR rating



#### CSR Evaluation: EcoVadis

In 2021, we repeated the EcoVadis assessment for the tenth consecutive year. EcoVadis is one of the leading evaluators of global supply chains, using a proprietary online platform for evaluating the sustainability performance of organizations. The assessment is based on a series of requirements, divided into four macro-areas (Environment, Human and Workers' Rights, Responsible Procurement and Business Ethics) and developed with reference to the main sustainable development standards such as the Global Reporting Initiative, the United Nations Global Compact and ISO 26000.

**With an overall score of 80/100 and the attribution of the "Platinum" rating (the highest among the achievable ratings), for the second consecutive year we were confirmed to be in 1% of the companies with the highest rating among the thousands of**



#### companies evaluated according to the EcoVadis platform.

Much of this result is related to the recursive application of the principle of continuous improvement over these many years.

In addition to representing a recognition for our vision and the efforts implemented for CSR, this

certification is also a support for our customers who aim to reach their sustainability objectives with us in order to align the supply chain also from the point of view of sustainability.

## 2.2.3 Customers

(Ref. GRI 103-2/3, 102-43)

The centrality of the customer is of strategic importance for our Group: it is on the **ability to anticipate and interpret their needs and expectations that we have built**

#### The Customer Satisfaction and Customer Brand Protection

The **Customer Satisfaction** acquires a broader and more strategic role, which guides the development of our products and services according to a customer oriented business approach.

**our constant growth.** A widespread awareness at all levels of the organization, to ensure that each of us pays the utmost attention to the Customer's requests, whose

- ◆ The ability to constantly be able to respond to their actual needs and expectations is the prerequisite for creating and maintaining the trust necessary for lasting relationships over time.
- ◆ Achieving high quality standards means for us to meet the needs of

satisfaction we verify through periodic meetings and continuous contacts.

customers in terms of **functionality, reliability and safety.** The Quality Management System, aligned with the applicable requirements of GMP (Good Manufacturing Practice) is the tool that allows us to ensure compliance with procedures, while promoting a

**culture of quality** throughout the company.

- ◆ Over the years the offer has been enriched and diversified, investing in new technologies, and in research and development **to offer ourselves more to our customers as a reliable partner.**

- ◆ We have thus obtained **results focused on their satisfaction**,

guaranteeing the protection and compatible and ethical use of natural and human resources.

The management of customer relations and the possibility of guaranteeing specific services plays a key role in the realization of our business strategies.

- ◆ We prepare specific training courses and weekly meetings for the sales force and provide adequate support and behavioral guidelines.

- ◆ The contractual relationships and communications to customers are based on principles of **correctness and honesty, professionalism, transparency and cooperation in the search for the most suitable solutions for their needs.**

- ◆ We manage relationships with

customers through a team of accounts divided by geographical area, which operate as real specialized consultants. The team is also supported by a **Marketing & Communication function**

which makes it possible to offer a specialized consultancy service to understand the customer's needs and develop targeted solutions according to the different needs of the market, with an increasing role also with respect to sustainability topics.

- ◆ We have also enhanced the **customer service** function to continue to offer accurate, reliable and timely service.

Another aspect that guides our Group in customer satisfaction strategies concerns the **protection of their brand**. In this context,

the **anti-counterfeiting issue** is constantly monitored through the application of specific requirements, contained in specific agreements, requested by our partners. We apply the same approach to the issue of information confidentiality.

In addition to adopting it for all customer requests, in order to consolidate the awareness of our employees and therefore strengthen the IT security systems of our Group, in 2021 we provided targeted courses on the risks associated with cyber security.

Looking to the future, **our commitment is to strengthen daily collaboration with customers even more, with the aim of continuously improving the performance related to the quality and timeliness parameters of our products and services.** With this in mind, we plan to involve our business partners in a survey aimed at assessing the performance of Palladio Group in the period marked by the pandemic, in order to identify possible areas for improvement.

### The collaboration with the Customers

Throughout its history, the Palladio Group has developed increasingly solid and structured commercial partnerships, assuming an important role in the co-creation of new products and services with the customer. Recently, the market's attention to increasingly numerous and detailed technical specifications has grown, as has the desire to design products with increasingly

advanced sustainability features together with Palladio.

These activities have assumed a particularly important status in the pandemic context we are experiencing. During 2020 and 2021, **our Group worked closely with our vaccine manufacturing customers to develop ad-hoc packaging solutions:** this was possible by implementing targeted solutions, such as the development of specific machinery, as well as guaranteeing

full visibility to customers regarding the continuity of the production activities of our plants.

During 2021, the development of new products and services continued and the **use of digital printing with RFID labels was expanded**, a technology that allows the unambiguous, automatic and remote detection of objects, such as the packaging we produce.



## 2.2.4 Health and Safety of our stakeholders

(Ref. GRI 103-2, 416-1)



The type of products manufactured in the plants of our Group companies does not involve significant risks for customers in terms of health and safety. However, operating at the service of a sensitive sector such as the pharmaceutical one, we devote the utmost attention to any aspect of our business that may have an impact on the **community in general**.

- ◆ Our product does not require specific labeling, but for each production batch we provide

adequate documentation issued by our Quality function, which certifies the conformity of the manufactured product to all applicable requirements.

- ◆ Although we do not have direct contact with the end user, we offer our customers **innovative solutions** for the **medicine of the future**, designed to **support patients** in monitoring and adhering to the therapy prescribed for them.

- ◆ During 2021, **no product was recalled by the Palladio Group for safety reasons**, nor were there

any problems that could endanger the health and safety of the final consumer.

- ◆ The commitment is to maintain the quality system at a level of excellence that does not incur any product recall activities.

- ◆ With this aim, we will continue our **approach to continuous improvement**, which is also possible thanks to the constant monitoring of performance KPIs.

## 2.2.5 Respect of privacy

(Ref. GRI 103-2/3, 418-1)

In Palladio Group we have developed a high awareness of the importance of **generating, using and storing information correctly**. We pursue and maintain over time a level of **confidentiality, integrity and availability** of information in compliance with the requirements established not only by current legislation (in particular the protection of privacy and intellectual property), but also by the contractual requirements of customers and other stakeholders, as well as any additional requirements established independently by our Group on the basis of efficiency and effectiveness criteria.

- ◆ Since 2018 we have aligned ourselves with Regulation (EU) 2016/679 (General Data Protection Regulation, GDPR) concerning the protection of individuals with regard to the processing of personal data and the free circulation of such data.
- ◆ In 2020, we started an activity aimed at developing the **Binding Corporate Rules** for our entire Group, as a basic tool for a Management System of the legislative requirement.
- ◆ This activity continued in 2021, with the aim of finalizing the body of rules and then providing for their formalization and subsequent communication and training to employees.



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

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



## People



## 3.1 Our people

(Ref. GRI 103-2/3)

### Economic support for employees

**Severance pay advance 2021**



**107,703 Euro**

**Loans 2021**



**60,050 Euro**

**Benefits 2021**



**165,463 Euro**

Since 2012 we have joined the **Global Compact** which also includes principles relating to the protection of individuals and workers. The adoption of a **Code of Ethics** and

a **Charter of Values**, together with the Social Responsibility Policies, also highlights how for some time we have adopted practices of **respect and gratification for our**

**employees**, enabling them to feel protected and to cooperate with inside the company ecosystem (see box).

### A clear regulatory framework to guarantee to everyone

We apply collective bargaining for the reference sectors, protecting employees and compliance with legislative provisions:

- ◆ We guarantee free membership in trade union groups
- ◆ We promote respect for health and safety at work
- ◆ We support the professional growth of collaborators, through targeted training programs
- ◆ We balance the distribution of employees based on gender, age, belonging to protected categories
- ◆ We guarantee equal remuneration opportunities between men and women, in compliance with the work categories they belong to

## 3.1.1 Value of work, of well-being, of relationships

(Ref. GRI 102-12, 102-16, 103-2/3, 201-1)

**Everyone's contribution** has been and continues to be at the center of the constant growth that has characterized our Group since its inception. At Palladio we give the utmost value to respecting adequate working practices and conditions, both in the workplace

and in all areas that interact with us. For us, adopting adequate work practices means not only improving the performance of the company, but also applying a corporate ethics spread throughout the organization, guaranteeing respect for human rights and denouncing any form

of abuse against our employees. For this aim, the Group decided many years ago to adopt a **Human Rights Policy based on a set of principles that combine ethics and effectiveness** (see box).

### Respect and protection across the board

The key factors of our Human Rights Policy:

- ◆ We protect human resources, which constitute the primary asset for company development
- ◆ We share company goals and policies
- ◆ We involve employees to increase their skills
- ◆ We promote activities aimed at staff integration
- ◆ We verify the requirements and compliance with the principles of work management ethics by suppliers

## 3.1.2 Opportunity for everyone to grow

(Ref. GRI 405-1)

A key point of our policies is the commitment to **treat all our people equally**, regardless of their social and personal conditions, ensuring **equal opportunities** for all. This is also thanks to a set of documents

which, by precisely defining **roles and responsibilities**, makes it easier and more effective to apply the principles of equality and parity in the operational reality.

◆ Particular attention is paid to the recognition of people's **qualifications, experience and skills**. This allows us to place each worker in the most appropriate position and pay him a fair salary for the same job, without any discrimination.

◆ During 2021, we conducted a salary parity survey for the companies of Palladio SPA and Palladio East, which confirmed the absence of unjustified situations of pay gap.

In all Italian plants and foreign subsidiaries we generally refer to local **communities** for the recruitment of managers and employees, enhancing the **territories and the community** in which we operate. To promote and encourage career development, we provide tools and paths for assessing individual or collective department performance. **Internal and external training** courses allow to increase the skills of employees.



With the aim of guaranteeing our high standards of efficiency in every

situation, in the event of production peaks we support our employees

with the **services of temporary employment agencies.**

## ► 3.2 Importance of work

### 3.2.1 The centrality of work

(Ref. GRI 102-8, 102-41, 103-2/3, 202-1, 401-1/2/3, 402-1)

- ◆ In Palladio Group, where applicable, we adopt collective bargaining for all employees, using in certain areas, second-level contracts that improve collective bargaining.
- ◆ We guarantee employees a super-minimum that increases the legal minimum wage with a wage revaluation system using indices, or specific benefits.
- ◆ To encourage active participation in company life and to gratify all those who contribute to achieving our results, we pay an annual result bonus (see par. 3.2.2 "Corporate welfare and work-life balance: well-being over work").
- ◆ The salaries of new hires are on average higher than the minimum wage required by law in all Group locations.
- ◆ We recognize the right of all employees to join trade unions according to their will and guarantee trade union organizations the freedom to carry out their business without influence or interference.
- ◆ Through a voting system that guarantees their anonymity, our employees of Palladio Group SpA elect their own Workers' Safety Representatives (RLS) and the Unitary Trade Union Representation (RSU).
- ◆ Even if Palladio Group does not have a specific global policy regarding the recruitment of personnel residing near the plants, the recruitment practices nevertheless provide for privileging people residing in the vicinity where the activity takes place.
- ◆ Both managers and employees are generally recruited from the local communities of reference (by manager we mean the first level functions while by local community we mean the country in which the plant is located). Always open to dialogue, our Human Resources function is available to listen to and deal with any problems of workers, seeking satisfactory solutions always in compliance with business ethics and confidentiality.
- ◆ As part of a broader focus on work / life balance (see par. 3.2.2 "Corporate welfare and work-life balance: well-being over work"), fixed-term employees benefit from the same benefits as regular employees. They can count on a supplementary health care fund paid entirely by the company and can join free prevention programs, such as vaccination campaigns for influenza, tetanus, meningococcal and other diseases.
- ◆ Mandatory maternity leave is the



right of all the staff of our Group, according to the regulations in force in the various countries. We do not limit ourselves to strictly adhering to the laws but, if necessary, we favor any additional requests by granting holidays and permits.

In industrial relations we apply with particular attention the regulations in force and, specifically, the European Regulation 2002/14 / EC. In the event of significant organizational changes, we undertake to inform workers' representatives and trade unions in advance. In the reporting period, in relation to organizational changes or significant changes in company operations, the merger of Poliweb Graphics should be noted which,

although started in 2020, was formalized on 01.01.2021.

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## 3.2.2 Company Welfare and work-life balance: well-being over work

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

Paying attention to people's needs means for us to see them **in their entirety**, beyond their professional function. We believe that the well-being of our employees is based on a balanced relationship between work and private life and for this

reason we have long ago adopted **corporate welfare and work / life balance** policies which include numerous initiatives.

In the headquarters and plants in Italy of the parent company Palladio Group S.p.A. we have made available

numerous corporate welfare initiatives, differently calibrated in the various situations according to local needs.

### Corporate steward



Our employees can manage various errands directly from the workplace, thus freeing up valuable time to spend with family or for other personal activities. The mail pick-up service (available in Dueville and Thiene) provides for the sending of mail, registered letters and personal parcels as well as the payment of bills or fines. Furthermore, in the Dueville and Pontedera plants there is a service that allows the delivery of personal packages directly to the company and an external laundry service at discounted prices.

### Economic Support



#### Scholarships for employees' children

Our company offers four types of scholarships that can be awarded to deserving students, children of our employees. The four types cover the state examination of the secondary school (maturity), university attendance, the three-year degree and the master's degree. The scholarship is paid directly to the employee's son / daughter and can vary from € 1,000 to € 2,000 based on the results obtained.

#### Wedding Bonus

It is a facilitation dedicated to couples of future spouses who join in marriage or through a civil union. € 1,000 gross per couple are recognized.

#### Diapers Bonus

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

#### Severance pay advance

Employees with a length of service of at least 8 years can request a TFR advance (Severance Indemnity) up to 70% of the accrued amount, only once during the employment relationship.

### Company loans

We offer permanent employees the opportunity to apply for corporate loans of up to € 5,000.

### Performance bonus in welfare services

We grant our employees a performance bonus related to the results achieved in the continuous improvement programs implemented in the company. The award can be claimed in cash, in the form of welfare services or as a mixed choice. The request method is intuitive and effective, through the dedicated WelfareMeet portal. In case of choice of welfare services, we provide an additional value in goods or services equal to 30% of the converted share.

### Health Support



#### Permissions for medical examinations

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

#### Influenza vaccination campaign

In compliance with the policies of safety, health and hygiene in the workplace, we prepare an annual program for the prevention, through free vaccination, of influenza diseases.

### Covid-19 insurance

Among the measures we have put in place in order to deal with the health emergency linked to Covid-19, to better protect the health and needs of the staff, it has taken out insurance coverage for the benefit of all employees, regardless of existence of their health insurance plans, to provide real support in case of need. The coverage provides for a hospitalization allowance of € 30 per day up to a maximum of 30 days and an allowance for post-hospitalization recovery in intensive care of € 1500 upon discharge.

### Palladio Health Challenge

Starting in 2021, we have activated an innovative program that allows all employees to compete with their colleagues and see a healthy lifestyle rewarded. The program includes six different Challenges lasting two months each, at the end of which the 10 people who will obtain the most credits will be awarded.



### Work-family Balance

#### Working hours flexibility

Employees with office duties can take advantage of an hourly flexibility on entry in the morning until 09:00. In this time slot, a postponed entry with respect to one's working hours is allowed, which can then be recovered during the day.

### Smart Working

Based on the role and job of the worker, it is possible to request the activation of Smart Working, which therefore entails the opportunity to carry out the work activity at one's home or other private place.

#### **Aiutiamoci Fund (Let's help each other Fund)**

We make the "Aiutiamoci Fund" available for employees to allow those who have exhausted the amount of holidays and leave to take advantage of additional hours of absence from work made available voluntarily by other colleagues.



#### **Libellula Foundation**

We give all employees the opportunity to attend training courses and request consultancy services on issues relating to violence against women and gender discrimination. These courses and services are paid following the company's membership in the Libellula Foundation, the first network of companies united in support of the fight against violence against women.

### **3.2.3 How we protect health and safety**

(Ref. GRI 103-2, 403-1/2/3/4/6/8/9/10)

A fundamental prerequisite for guaranteeing rights, opportunities and growth, creating a work environment in which everyone feels involved, is first of all to **safeguard everyone's health and safety** (see also par. 1.4.4 "Operations and management systems").

◆ All the workers (direct and indirect employees) of Palladio Group SpA and Palladio BNM are covered by a health and safety management system.

◆ At the sites of Palladio Group SpA (Dueville, Thiene, Pontedera, Gossolengo) and Palladio East Doo (Vrsac) the system is ISO 45001:2018 certified.

◆ In each plant of our Group we have identified and made operational **Health and Safety Committees** (see also par. 3.3.3 "Knowing to protect and constantly improve ourselves"). They are made up of management representatives

and workers: they have the task of verifying, controlling, monitoring and advising programs for safety in the workplace.

◆ At each plant, **at least one person is identified responsible** for calculating and updating the statistics relating to the trend of accidents, processing the data in accordance with the **UNI 7249/2007** standard.

◆ The "Safety Circles" have been set up in the Dueville, Thiene and Pontedera plants. They are periodic department meetings in the presence of the personnel in charge and whose assessments are summarized in a report shared with the managers of the Security Service (i.e. the Delegate of the Employer, the Head of the Prevention and Protection Service -RSPP- and the Employee of the Prevention and Protection Service -ASPP).

◆ The Safety Circles tool is used by workers to report dangerous



situations. On the basis of the reports, containment measures are adopted, if deemed necessary, in order to reduce any impacts on workers. All reports are in any case analyzed by the Security Service and an explanation is given to employees on their reliability.

◆ We periodically examine the trend of accidents both at the plant and at the Group level, **carefully assessing the risks and identifying the causes** that could determine more relevant situations, such as work-related stress, manual handling of loads, noise, or the use of video terminals.

◆ We provide **specific measures** for workers - such as training courses, opinion surveys, reduction of overtime, flexibility of working hours and interventions on installations, equipment and real estate assets - with the aim of keeping the workplaces adequate, making **operating conditions more comfortable** and increasing the safety and reliability of man-machine interactions.

◆ The most frequent types of injuries involve the upper limbs. We have undertaken actions to mitigate related risks, in line with our safety

management system.

◆ A technical assessment is in progress on all machinery that has moving parts where it is possible to intervene with the hands, to apply any corrective measures aimed at reducing the risk. The analysis activity requires that one type of machinery be evaluated at a time, in order to ensure a thorough and complete assessment of all potential risks. These investigations will therefore continue over the next few years, given the large number of types of machines present in the Palladio Group plants.

◆ As regards near misses, the Health and Prevention Service is activated, which treats the reports as an actual accident.

◆ All the near misses reported are then analyzed, verified and on the basis of the evidence gathered, corrective actions are identified to reduce the possibility of their subsequent occurrence. At foreign sites, this same approach is being implemented, also through the creation of guidelines valid for all Group companies.

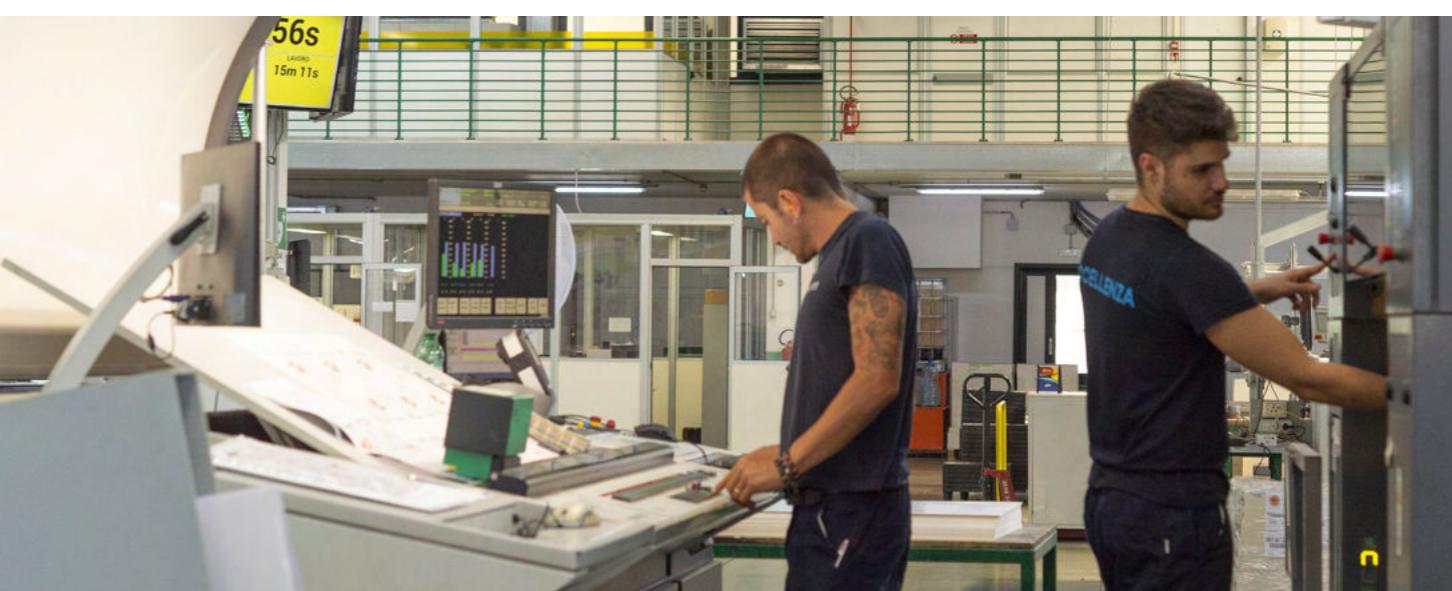
As regards occupational medicine, in the Italian plants this is carried out

as required by the Legislative Decree 81/2008 art. 29 and 41.

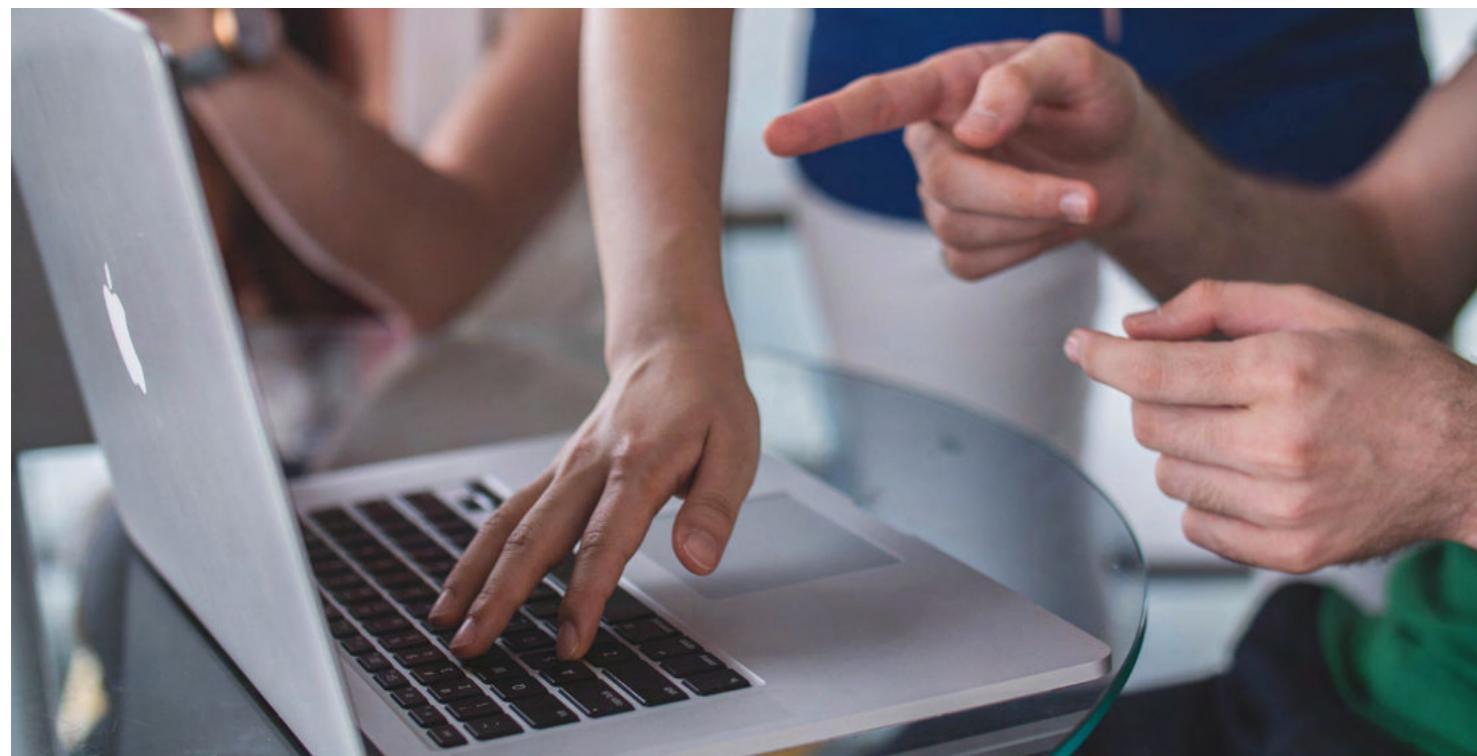
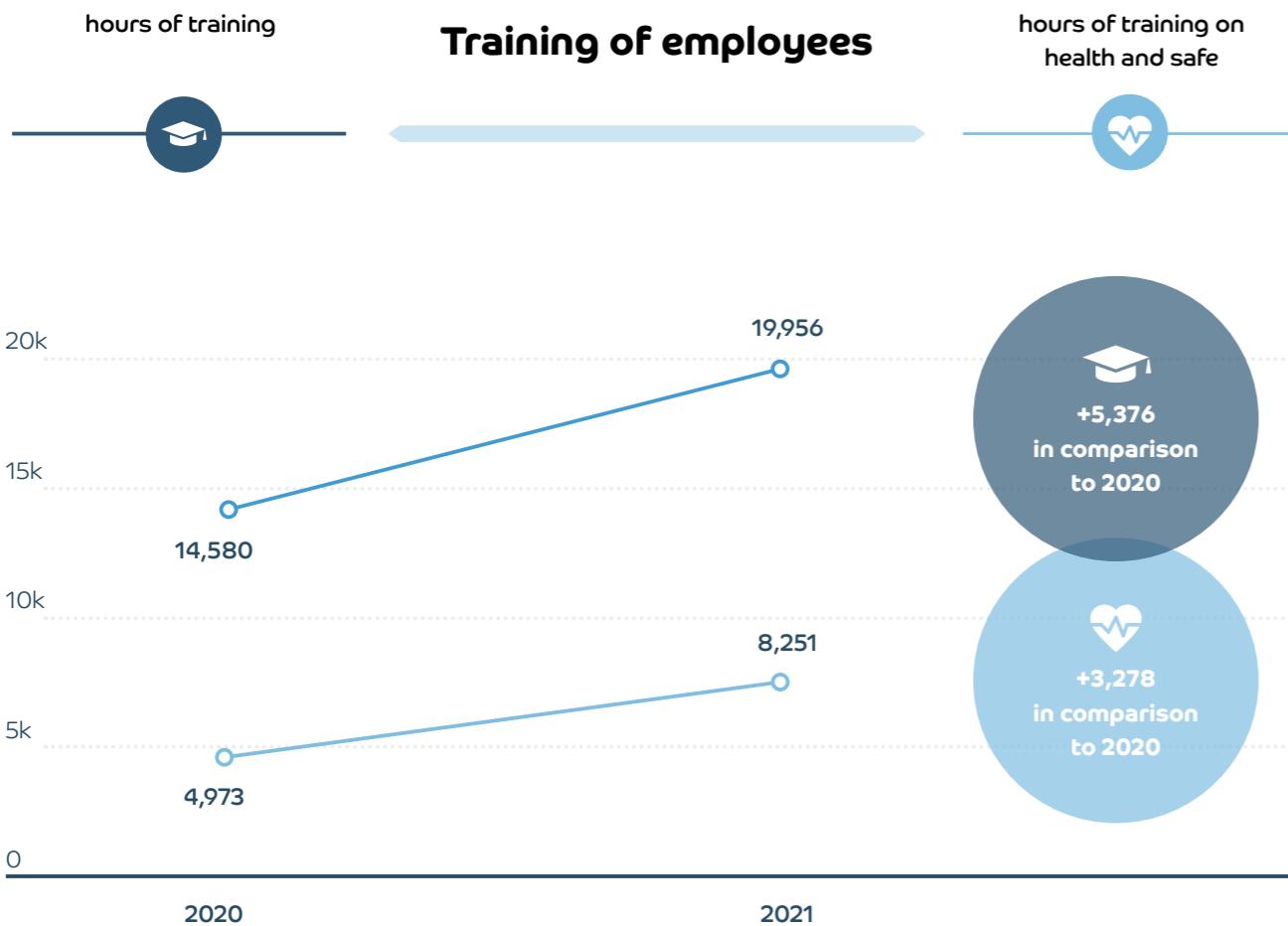
◆ The annual inspection of the workplace is conducted by the competent doctor with the presence of the Workers' Safety Officers (RLS).

◆ In the face of specific situations, intervention is required by the competent doctor himself and the RLS: following timely analyzes, and in the face of the identification of a danger, appropriate training is provided to the personnel involved and / or dedicated work instructions are drawn up. In foreign plants, the approaches are similar and guided by legislative requirements and specific guidelines.

◆ During 2020 we did not register any requests for occupational disease, while one submitted in 2019 is still under evaluation by the competent government bodies.



## 3.3 Knowledge



### 3.3.1 A legacy of knowledge to share

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



Training and opportunities for improvement are essential for the professional and personal growth of employees. This is why our Group constantly invests in these activities, as demonstrated by the 19,956 **hours of training** provided in 2021.

This figure shows **strong growth compared to previous years**, especially thanks to the large-scale use of the online training method, which has allowed the provision of a wide range of courses to the entire company population.

- ◆ The training courses, in addition to included topics of **health and safety** (8,250.55 hours), also examined aspects relating to **ethics and cybersecurity**.
- ◆ Particular focus was placed on aspects concerning **sustainability**: in addition to providing **specific training to the purchasing function on issues related to sustainable procurement**, we implemented a project dedicated to internal communication of sustainability, the aim of which was to increase the employees involvement as much as possible through information material.
- ◆ The communication activities related to this project included the

creation of panels in the common areas containing messages relating to respect for the environment, energy saving, water consumption and recycling.

- ◆ Employees were also provided with "sustainable rules of conduct" to raise awareness of a number of environmental issues.
- ◆ Finally, in our company magazine, Palladio People, we have included articles on specific aspects of sustainability.

For us, personal growth does not end with training: it is a goal that we pursue every day even in our daily activities. With the aim of making our people even more aware of the company's legacy of knowledge, by sharing and **transmitting our know-how** on an ongoing basis, in 2016 Palladio Academy was born, an original concept of corporate training conceived by our Group, and **Palladio Wiki**, a digital encyclopedia of Palladio Group's know-how (see par. 3.3.4 and box "Palladio Academy and Palladio Wiki: an advanced concept of training").

Finally, we are aware that the fight against corruption and support for human and workers' rights are

one of the main challenges for sustainable development. In 2017, with the update of our **Code of Ethics**, we provided all employees with information on **human rights**. All new hires during the reporting year received the relevant training.

## 3.3.2 How we value and make people grow

(Ref. GRI 404-3)

The training interventions, designed and organized by Human Resources and aimed at increasing and strengthening the skills of internal staff, are part of a broader strategy of consolidating careers and enhancing and developing people:

- ◆ We have implemented a **role mapping** system designed to effectively manage career courses: vertical and horizontal progressions, internal mobility, management of professional development trajectories. In particular, in 2021 the specific courses aimed at

developing skills, launched in the previous three years, continued.

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

- ◆ Another level of intervention concerned the **standardization of the Human Resources Policy starting from Palladio Group Spa**.

We defined common classification systems, position weighting schemes and incentive systems, while the compensation process was

made more transparent thanks to the standardization of levels and job titles within the company.

- ◆ With regard to the **assessment of skills and the development of human resources**, we continued the process which, through an assessment of the knowledge of all collaborators, involves enhancing or increasing the potential, identifying training gaps, developing specific and individual training plans by planning dedicated courses career.
- ◆ The process was divided and optimized according to two complementary objectives: first of all to evaluate the **individual skills and objectives of training and development** and, at the same time, to create tools specifically designed to **guide and enhance the professional performance of every individual**.

- ◆ With the aim of **raising awareness among employees** on career development, we have integrated standardized top-down assessment processes with tools such as self-assessment, to foster the awareness of those involved. The activity is in the running-in phase in the Italian plants, to then be shared with the foreign plants once it matures.

**Role mapping and carrier courses**



## Hours of training in 2021

**18,612 h**

PALLADIO GROUP

**1,240h**

PALLADIO|EAST

**254h**

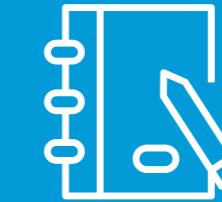
THE PHACTORY

**57h**

PALLADIO|BNM

**97h**

PALLADIO|IRELAND



### 3.3.3 Knowing to protect and improve ourselves constantly

(Ref. GRI 403-5, 404-2)

The health and safety of people are a vital priority for our Group.

**Training and communication on safety** therefore plays a central role in our corporate knowledge sharing strategy.

- ◆ We are particularly committed to promoting interactive communication, organized by the department managers, setting up the Health and Safety Committees with the involvement of the staff (see par. 3.2.3 "How we protect health and safety").

- ◆ The Committees analyze safety data and the results of any reports received from employees, and also evaluate and share **opportunities for improvement**.



### 3.3.4 Palladio Academy and Palladio Wiki: an advanced concept of training

(Ref. GRI 404-2)

We have always believed in the value of people and in the importance of investing daily in training activities that create growth opportunities for our collaborators.



**Palladio Academy** was born in July 2016: an excellent training program, which arises from an original training project developed within our Group in collaboration with leading training players in the area (see box).

During 2021, the Academy's activities continued, although in a reduced form due to the pandemic.

Palladio Academy is focused on developing skills of employees, through training courses **developed ad hoc** on the basis of professional level. An initiative that underlines the importance of the **culture of learning and sharing experience**: to lead the team to grow step by step and to achieve the Group's objectives, as well as their own personal satisfaction.

Palladio Academy is led by **ten founders** with the support of **over 25 trainers** who, with great commitment and perseverance, pursue the goal of always maintaining a high standard of training in any of the Group's plants.

To disseminate corporate know-how, Palladio Academy uses digital tools such as **Palladio Wiki**, a real encyclopedia of our Group's know-how.

**Each employee or collaborator can access** the Palladio Wiki and consult it to find information, updates or insights on everything related to the world of Palladio Group. It's another important step to ensure a high and uniform standard in all the offices of our Group.

#### How and why Palladio Academy was born

The ever-widening scope of our training activities and the continuous growth in the number of employees led us to create the Palladio Academy in July 2016. Launched in collaboration with Niuko - the training company of Unindustria Padova and Confindustria Vicenza - Palladio Academy is not a company "school", but a training method developed within the Group specifically

for our needs.

We have identified 30 trainers, present in all departments at each site of the Group, based on their ability to communicate, teach and collect information as well as their experience. We then created lists of key points to cover in the training of new resources, leaving each trainer with the choice of how to do it and with which teaching materials.

Adopting this method has allowed us to drastically reduce training times: we have therefore immediately extended it to the new site in Russia, where the trainers periodically take turns to hold courses based on materials specially translated into Russian.

# Planet



## ► 4.1 Resources Management

### 4.1.1 Our environmental responsibility

(Ref. GRI 103-2/3)

Our Group has identified the environmental aspects related to direct and indirect activities, products and services and the related impact factors considering the **life cycle perspective**. In order to prevent environmental risks, we have determined the **significant environmental aspects** in order to keep them under control:

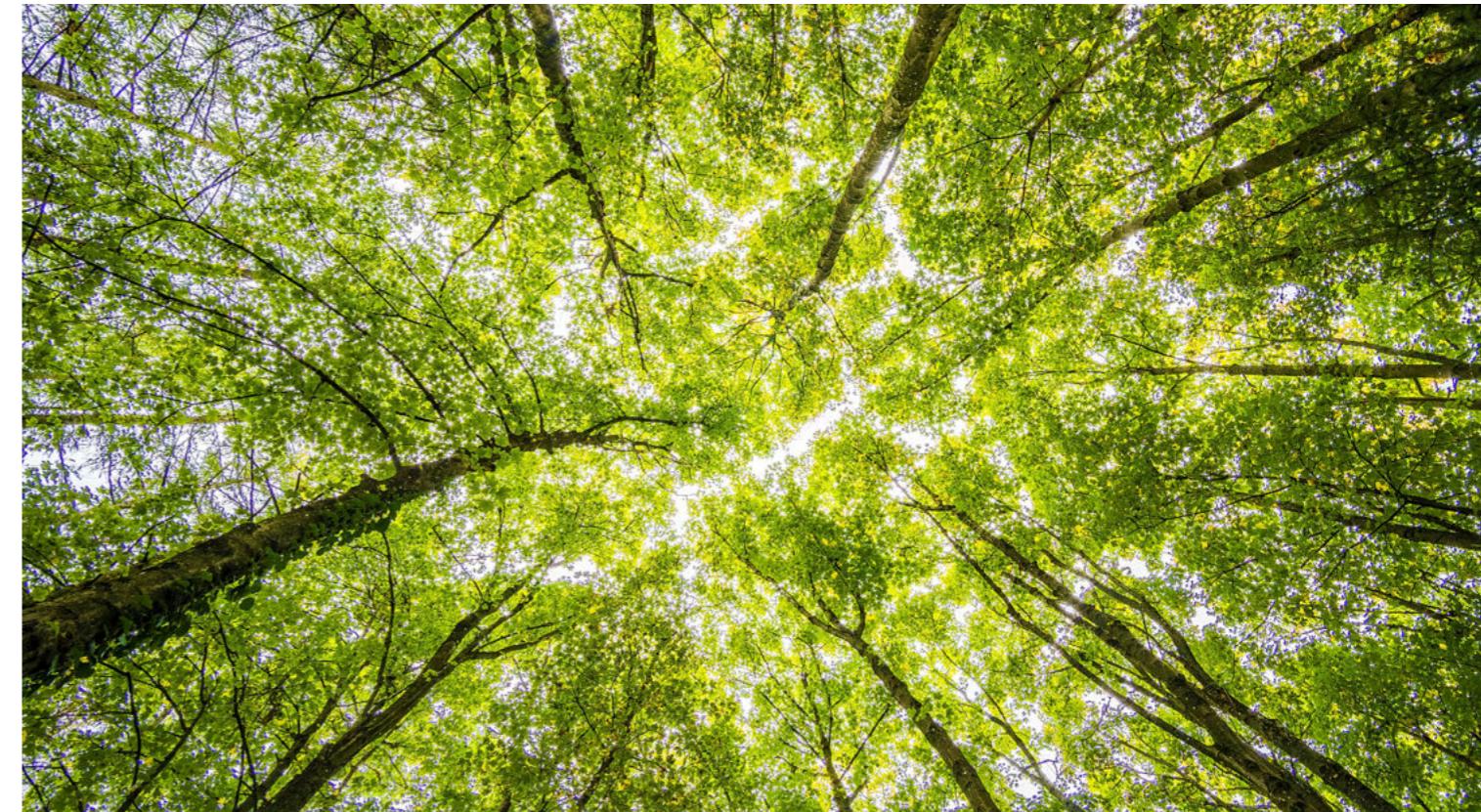
- ◆ In defining, implementing and maintaining the **Environmental Management System** we have taken into consideration the

applicable legal requirements and the other types of requirements that we have signed up to.

- ◆ Every year we define **specific improvement objectives**, in order to increase performance and reduce consumption. Several studies aimed at defining and modifying procedural methods and structural interventions have allowed us to **identify waste, reduce consumption and encourage the recovery and recycling of our waste**.

interventions, we have achieved considerable energy efficiency from the modernization of the systems, from the home automation management of air conditioning, lights and various utilities serving the production and use of LED lights.

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



## 4.1.2 Our approach to climate change

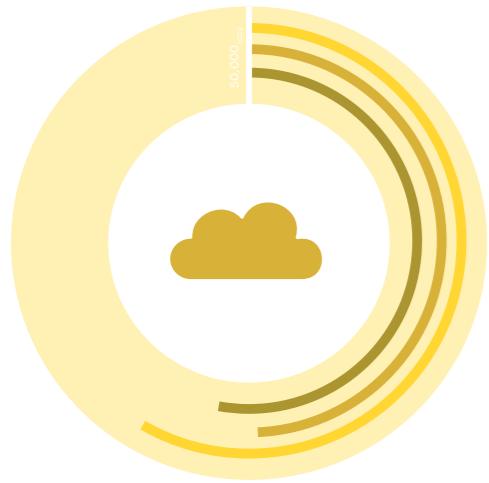
(Ref. GRI 103-2/3, 305-1/2/3/4)



### Emissions of GHG

**Total emissions of GHG**  
(Scope 1, Scope 2, Scope 3)  
**market-based**<sup>(1, 2, 3)</sup>

GRI 305-1/2/3



2019  
31,772  
tCO<sub>2</sub>

2020  
24,796  
tCO<sub>2</sub>

2021  
26,112  
tCO<sub>2</sub>

**Total emissions of GHG**  
(Scope 1, Scope 2, Scope 3)  
**location-based**<sup>(1, 2, 3)</sup>



2019  
34,237  
tCO<sub>2</sub>

2020  
27,452  
tCO<sub>2</sub>

2021  
28,429  
tCO<sub>2</sub>

Note:

(1) Emission factors for natural gas in Palladio Group S.p.A. and for kerosene in Palladio Ireland Ltd. have been updated for 2019 and 2020.  
(2) The emission factors relating to electricity consumption have been updated in Palladio Group Spa for 2019 and 2020 and in Palladio Ireland Ltd for 2020.  
(3) The emission factors have been updated for 2019 and 2020.

It is now universally recognized that the **fight against climate change** is an essential condition for ensuring that the other sustainable development goals can be successfully pursued. Our Group is strongly aware of the need to **systematically deal with these issues**: as part of our **global strategic business planning** and corporate risk management, we regularly assess the risks and opportunities associated with climate change and are committed to promoting a cleaner energy

future. Due to the type of our activities, our Group has no installations or activities that produce significant atmospheric emissions (emissions for which the competent authorities have prescribed monitoring). There are also no appliances that contain substances harmful to the **ozone layer**. In line with a proactive sustainability philosophy, which is not limited to legal requirements, we have identified and taken into consideration the **relevant**

**environmental aspects**, reporting direct and indirect GHG emissions and identifying, where possible, interventions for their reduction.

Direct GHG emissions (**Scope 1**) are due to the combustion of natural gas and kerosene to heat the premises in our production plants. For each plant, we used the consumption of natural gas and kerosene, based on invoices, for the last three years.

◆ In 2021, direct absolute emissions (Scope 1) related to the consumption of natural gas and heating oil increased due to colder weather conditions in all countries except Ireland.

Indirect GHG emissions from energy consumption (**Scope 2**) are due to the **consumption of electricity** in the plants. Also in this case we used the data on the energy consumption of the plants, obtained from the invoices of the last three years. Since 2016 we have calculated Scope 2 emissions in line with the requirements of the Greenhouse Gas Protocol, reporting according to two different methods called location-based method and market-based method.

◆ Since 2017 we have signed agreements to purchase, for some plants of the group, energy produced exclusively from renewable sources, which allowed us to avoid increasing the absolute indirect emissions from energy consumption (Scope 2).



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

- ◆ We have constantly monitored the indirect impacts (Scope 3) deriving from factors such as the



consumption of raw materials, the transport of raw materials and the transport of finished products.

◆ To mitigate the environmental impacts associated with the transport of products, we optimize outbound and inbound journeys by resorting to procurement, and subsequent production of the finished product, in the plants closest to the customer to which the material is delivered.

We account for the different types of emissions (Scope 1, Scope 2, Scope 3) transforming them into an economic value using the last available carbon price value. Based on this information, considering the value in the different countries in which we operate, we have identified a specific carbon indicator as the ratio between the calculated value of the carbon price (NOTE 1) and

the turnover. This indicator has been included among our key indicators, in order to ensure its monitoring.

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



## GHG inventory of the organization

Specific direct emissions (Scope 1) and indirect (Scope 2)

### LOCATION-BASED

[tCO<sub>2</sub>/t]

**0.341**

2019  
BASELINE

**0.340**

2020

**0.366**  
2021

Specific direct emissions (Scope 1) and indirect (Scope 2)

### MARKET-BASED

[tCO<sub>2</sub>/t]

**0.217**

2019  
BASELINE

**0.207**

2020

**0.243**  
2021

### Our commitment to act

Below are our 2025 targets developed in line with CDP requirements:

- 10% reduction of the indicator calculated as scope 1 and scope 2 emissions on the finished product expressed in tonCO<sub>2</sub> / ton

- Reduction of 7.4% of the absolute emissions of scope 1 and scope 2 expressed in tonCO<sub>2</sub>
- Reduction of 6.8% of the absolute emissions of scope 1, scope 2 and scope 3 expressed in tonCO<sub>2</sub>

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

### Note 1

The carbon price is a value that the organization voluntarily sets itself to internalize the economic cost of its greenhouse gas emissions. It can be used as:

- a tool to support a corporate decarbonisation strategy;
- a risk management tool, aimed at enabling the company's overall strategy to become more resilient to regulatory climate policies and conducive to emission reductions.

This voluntary carbon pricing tool inherently complements the governments' greenhouse gas emission reduction policies to which organizations are subject.



## 4.1.3 A conscious use of energy

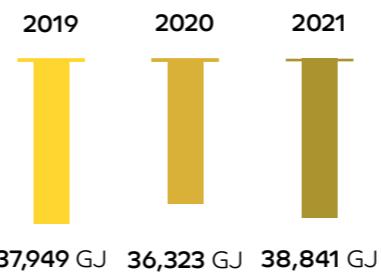
(Ref. GRI 103-2/3, 302-1/3)



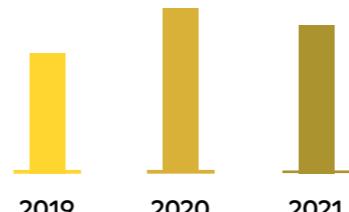
### Energy consumed within the organization

Ref. GRI 302-1

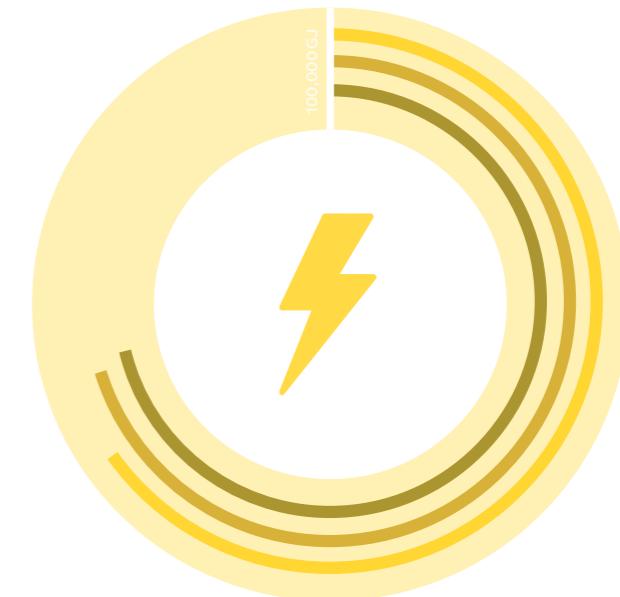
Consumption from sources  
non-renewable energy  
sources



31,951 GJ 37,378 GJ 35,844 GJ



Consumption from sources  
renewable energy



Total energy consumed

2019  
**69,900 GJ**

2020  
**73,701 GJ**

2021  
**74,684 GJ**



The energy consumption for the winter air conditioning of production environments and offices is attributable exclusively to the use of **natural gas** (Italian plants and Serbian plant) or **kerosene** (Irish plant).

The consumption of **electricity** is destined both for production activities and for air conditioning, mainly in the summer, of the offices and production areas.

- ◆ Specific interventions have allowed us to **contain consumption despite the increase in production**, including **raising awareness** of employees in addition to plant changes.

- ◆ The structural interventions were aimed at modernizing the production equipment, with the purchase of **new equipment** that

**allowed us to optimize processes**, obtaining greater energy efficiency as well.

- ◆ Other interventions were aimed at replacing neon bulbs with **high energy efficiency lamps (LED)**, using **home automation** equipment for the management of production services, air conditioning of the rooms and the replacement of heating systems with high-efficiency boilers.

- ◆ A further **improvement activity** concerns the installation of a **voltage stabilizer** in the Pontedera plant, an initiative already adopted respectively in 2018 at the Dueville plant and in 2019 in the Thiene plant, allowing for an overall saving of 159,039 kWh.
- ◆ In 2021 we also implemented a new **air conditioning system** in

Dueville, which meets the criteria of greater energy efficiency.

- ◆ Two additional **plug-in hybrid vehicles** were purchased in 2021, further confirming our commitment to the progressive electrification of our corporate fleet.

Since 2017 we have signed agreements relating to the purchase of energy produced exclusively through **renewable sources**:

- ◆ 100% of the energy purchased for the Italian plants comes from renewable sources with a certified Guarantee of Origin.
- ◆ 76% of the electricity purchased for the Irish plant comes from renewable sources guaranteed by a specific contractual agreement with the supplier.

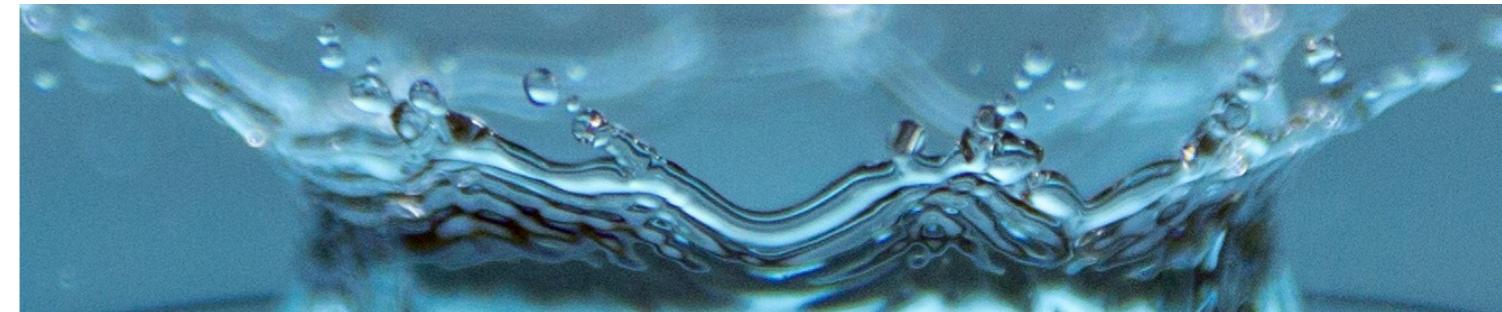
- ◆ To date, 71% of the electricity consumed by the group comes from renewable sources. This choice is positively reflected in the significant reduction in emissions associated with the consumption of electricity, calculated according to the market-based methodology described in the Scope 2 Guideline of the GHG protocol.

- ◆ Of particular interest is the production of 118,753 kWh of electricity from renewable sources in the Pontedera plant where, since 2020, 362 photovoltaic solar panels have been in operation.



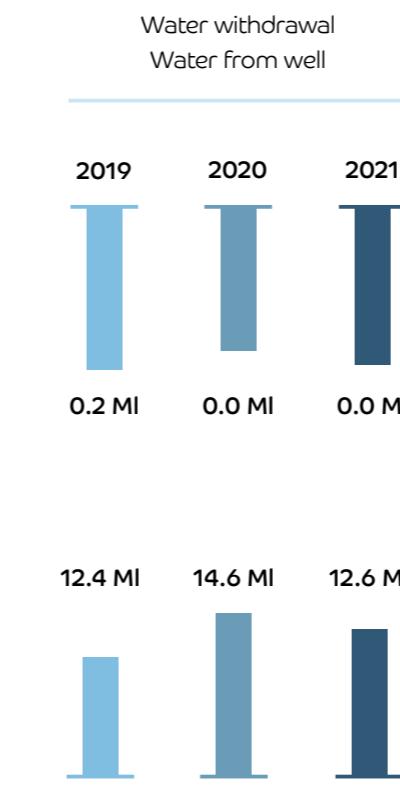
## 4.1.4 Water: a vital resource

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

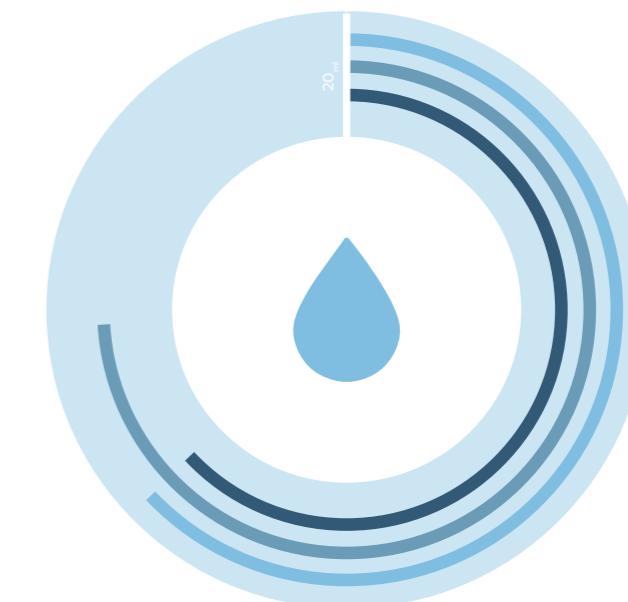


### Water withdrawal

GRI 303-3



Water withdrawal  
Water from aqueduct  
Updated 2020 data from the Gossolengo site.



Total water withdrawal  
from all areas

2019  
12.6 MI

2020  
14.6 MI

2021  
12.6 MI

All of the Group's offices use water as **efficiently as possible**, trying to counter the ever-increasing level of exploitation that characterizes this essential resource both locally and globally. We monitor monthly the quantities of water withdrawn from the water network, to verify that there are no leaks and that consumption is aligned with average consumption, as well as compared with working hours:

- ◆ The Group's plants withdraw quantities of water that do not significantly **damage the water sources**.
- ◆ The only discharges provided are those resulting from the use of toilets and therefore similar to civil waste water, which do not require recycling or reuse methods.
- ◆ In the production process, the

use of water is generally limited to offset printing activities for wetting the printing plates and is handled as liquid waste. Consumption is therefore strictly linked to the quantities of processed product.

In any case, to limit water consumption and minimize the waste of this resource, we have installed **flow reducers** on the taps located in the toilets of the various offices, simple devices that mix air to the water exiting the taps, as well as **double buttons** for draining the toilet water:

- ◆ The total water withdrawn by all the plants of the group, equal to 12552 m<sup>3</sup>, comes only from municipal or state aqueducts.
- ◆ The withdrawal of 3021 m<sup>3</sup> takes place in water stressed areas

(Source: WRI Water Risk Atlas). Despite the reduced water impacts of our activities, in the last four years we have nevertheless wanted to provide complete information on the management of water resources by filling in the **CDP Supply Chain**

**Water** questionnaire. With regard to Sustainable Development Goal number 6, we are committed to carrying out appropriate analyzes aimed at finding innovative solutions to contain water consumption and to significantly increase efficiency in the use of water.



## 4.1.5 How we manage waste

(Ref. GRI 103-2/3, 306-1/2/3)



### Destination of waste

Waste not intended for disposal

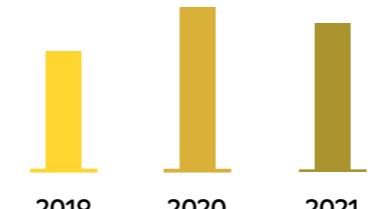
2019      2020      2021



Percentage of waste not destined for disposal out of the total



623 t      402 t      60 t



Waste destined for disposal

Total weight of waste produced

Percentage of waste for disposal out of total





Our Group follows a **clear strategy** for waste management. The goal is to prevent and reduce the amount of waste so that its global environmental impact remains minimal.

- ◆ All the waste we produce is sent to be treated, disposed of or recycled in order to prevent and significantly reduce all forms of pollution.

- ◆ Great attention is paid to the potential for recovery and recycling of waste resulting from the use of raw materials, in particular paper

and cardboard waste including polylaminate.

- ◆ We adopt separation and differentiation practices, avoiding potential contamination by non-paper materials and dangerous substances and deliver to authorized plants for the recovery of paper and cardboard waste, in order to facilitate their reuse in the paper industry or in other industries that use these waste as raw material.
- ◆ A project relating to processing waste from the production cycle is

being developed in Dueville. The scraps of the material used for the production are divided: the wood pulp cardboard of the cartons and the paper of the leaflets.

- ◆ We separate the various **packaging** materials (such as wooden, plastic or iron platforms) in order to make the use of materials and resources even more efficient. In line with the evolution of the legislative framework, in the course of 2021, the waste of paper and cardboard resulting from the use of

raw materials previously managed as by-products were managed as non-hazardous waste delivered to authorized plants for their recovery. This different management method has therefore determined a significant increase in the value of total waste produced.

- ◆ There have been no uncontrolled spills of waste in the past three years.
- ◆ In this period the ratio of hazardous waste to total waste was 1%.
- ◆ Compared to 2019, the amount of hazardous waste remained almost unchanged.
- ◆ The quantity of waste sent for recycling and recovery has

doubled compared to 2019, also in consideration of the different management methods of processing waste.

- ◆ The ratio between waste sent for recycling and recovery compared to total waste is 98%, 10% more than in 2019.

To limit the risks and reduce their use, Palladio monitors dangerous chemicals by asking suppliers to fill in a questionnaire dedicated to substances such as benzophenone contained within the inks for printing processes and solvents for cleaning equipment from inks and glue. Projects are being developed



to replace current substances with alternatives with a lower environmental impact.



### Focus on the new generations: the eBin project

For any long-term sustainability strategy to be successful, the new generations must be involved at the forefront. This is why we have always supported initiatives that involve young people, such as the eBin project in Serbia.

eBin is an Internet of Things (IoT) based project that aims to motivate Serbian high school students to recycle paper through a system that gives them constant feedback on

their actions. Thanks to a smart container, in fact, every kg of paper disposed of is weighed and recorded and the information is made public on a website, as well as on the container with an electronic ink display.

The goal is to overcome one of the main motivational obstacles to recycling: the fact that the user does not perceive an immediate change as a result of their commitment. After

the realization of a prototype, the project was started at the "Borislav Petrov Braca" Gymnasium in Vršac and it is expected that the initiative will be extended to other schools, optimizing the functions and possibly adding a registration that allows you to customize access of users.

## ► 4.2 Responsible procurement

We have implemented a sustainable procurement process inspired by the "ISO 20400: 2017 -Sustainable Procurement Guidance"



### 4.2.1 Products and services: a challenge on several fronts

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



As part of the program to strengthen the sustainable procurement model implemented in 2021, in May and June we developed a Life Cycle Costing (LCC) tool, capable of evaluating the costs associated with the purchase of assets (installations, equipment, etc.), products and services that originate in all phases of the life cycle. The tool offers a broad assessment that includes costs associated with the use phase (such

as energy consumption, fuel, water and other resources), and end-of-life costs (such as decommissioning, dismantling and disposal costs).

Through this innovative approach, we are able to make more sustainable choices from the point of view of the environmental impacts associated with the various purchasing alternatives.

For our Group, engaging in sustainable management

of products and services is a challenge that develops on several fronts: working on orders, it is our customer who defines the type of raw material and the supplier to use. Our ability to use raw materials from controlled supply chains depends on their requests. However, this dynamic is changing in light of the shortage problems of raw materials on the market: the Palladio Group is in fact increasingly required by its

customers to have a say in the choice of suppliers.

- ◆ We have set ourselves the goal of sustainable management which, by reducing cardboard waste, rationalizing the supplier's warehouse and introducing greater flexibility in orders, not only achieves a positive impact on the environment, but also brings economic benefits to all players of the supply chain.
- ◆ In the packaging boxes that we use for the packaging sold, moreover, where we are not bound by external requirements, we have opted for the preferential use of packaging boxes deriving from recycled materials.
- ◆ Most of the materials we use in production can be reused or recycled at the end of their life cycle and we separate and collect them in an appropriate way for their subsequent treatment.

#### Rules and sustainability

Regarding packaging, the pharmaceutical sector must comply with very strict regulations, based mainly on GMP (Good Manufacturing Practices) rules. Criteria which, among other things, do not allow the delivery of packaging boxes for subsequent reuse.

The use is allowed only once, to avoid any contamination or risk of counterfeiting. However, the characteristics of the material used allow for potential recycling in other production chains.



### Europe for the forests

In October 2010, the European Union approved a regulation to prevent illegal timber trade in Europe. From 3 March 2013, Regulation (EU) 995/2010, better known as EU Timber Regulation (EUTR), came into force, and it

applies to wood and all derived products, including paper. For companies introducing wood fiber-based products into Europe, the regulation prohibits the placing and trading of products of illegal origin and obliges the

adoption of an internal system of "due diligence", i.e. a system that implements all reasonably possible controls to prevent offenses.

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

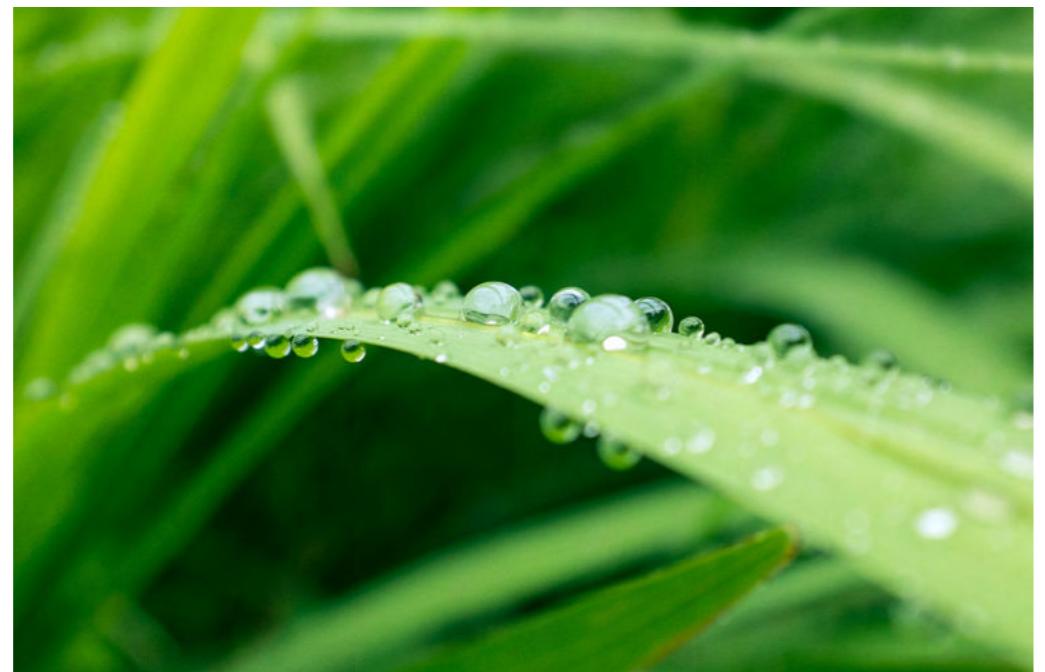
(Ref. GRI 102-9, 103-2/3, 304-1/2/3/4, 411-1)



In Palladio Group we wanted to give further solidity to our effort to safeguard forest resources through compliance with the requirements of the **CoC-PEFC** and **CoC-FSC®** certification schemes, as well as our Forest Sustainability Policy, committing ourselves to procure and use only certified raw materials or not from controversial sources.

#### 2021 was a turning point in the procurement of FSC® certified material:

- With 3,573 tons, we have tripled our supplies compared to 2020 (1,241 tons). Many of our most important



customers have in fact begun to request to use only this type of raw material for their products.

- In 2021 we have **expanded the portfolio of FSC® certified products that we can offer, also including the adhesive material.**

Our procurement policy provides for **guaranteeing the origin and legal provenance** of wood-derived products (paper and cardboard) in the chain of custody, paying particular attention to suppliers of **raw materials of forest origin and the material supplied**. We collect detailed information to **assess legality, traceability and third party certification status**, global political compliance and compliance with the **EUTR 995/2010 "Timber Regulation"** and the

**Due Diligence System** (see box). Also in 2021 all suppliers of forest-based raw materials used by our Group confirmed the origin of the material in accordance with these requirements and all are in possession of a valid forest chain of custody certification.

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

- Even though all of our factories are located in technological-industrial areas, we believe it is our duty to assume a broader responsibility towards environmental issues, especially by looking at the origin of our raw materials.
- The raw material we mainly use is in fact made up of paper and cardboard. We are aware of the

role that forests play globally in safeguarding the environment and, through adherence to forest management systems such as the FSC® and PEFC chains of custody (see par. 1.4.1 "Economic responsibility and sustainable development"), our Group favours the purchase of forest-based raw materials that come from forests managed in an environmentally, socially and economically sustainable manner.

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

# Peace



 **PALLADIO GROUP**  
Packaging clinic

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

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

These are our principles and objectives that we intend to pursue in the near future in order  
to create a workplace aimed at protecting individual freedom and capable of enhancing  
the individual within society.



## ► 5.1 Rights

(Ref. GRI 103-2/3)

### 5.1.1 Work as a place of rights

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



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

Thanks to clear and precise company policies, this commitment is expressed at all levels of the organization and in all the countries in which we are active.



Mechanisms are in place to report any discriminatory attitude based on race, color, sex, religion, political opinion, nationality or social background to the **Company Ethics Committee**.

There is no form of child labor, forced or compulsory, and any work request that goes beyond normal working hours **is regulated by national and supplementary contracts** in agreement with the workers' representatives and trade unions, providing for a compensation based on the overtime hours performed.

In all the countries in which we operate, **we guarantee the economic conditions required by law.**

We have adhered to the **FSC® and PEFC** forest protection standards (see par. 4.2.1 "Products and services: a challenge on several fronts"), with which we also indirectly guarantee **respect for indigenous peoples and their territorial assets.**

Being aware that the commitment to respect human rights must be sustained over time, we **periodically check and verify the human rights aspects of all our activities.**

The operation takes place through a **formal assessment process** based on information provided by the Ethics Committees and by the various Managers for all the activities of the Group's plants.

This activity helps us to **direct decisions** in a more correct way and to avoid that our company could be associated or considered complicit in activities undertaken by other subjects with whom it has or could have relationships.

In 2021, **no reports were made** in the Group's plants relating to violations of human rights or relating to the work of Group employees or from internal or external stakeholders.



#### A complete ethical "toolbox"

Our commitment to ethics and social responsibility, and our respect for the ten principles of the UN Global Compact, are expressed in a set of documents that define the behavior of each member of the organization:

- Charter of Ethics

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

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

Our Group is a member of the most important national and international trade associations and adheres to the main sector funds:

- AFI - Pharmaceutical Industry Association
- ASSIDAI - Integrative Healthcare Fund
- ASSOGRAFICI - Italian National Association of Graphics, Paper Converting and Transforming Industries
- ATIF - Italian Technical Association for the development of Flexography

- CIAL - Aluminum Packaging Consortium
- COMIECO - National Consortium for the Recovery and Recycling of Cellulose-based Packaging
- CONAI - National Packaging Consortium
- ECMA - European Carton Makers Association
- ENIPC - National Institute for Professional Graphic Education
- FASI - Integrative Healthcare Fund
- CIFASP - Italian Group of Cartons and Folding Boxes Manufacturers
- CIPEA - Italian Group of Self-adhesive Labels Manufacturers
- Salute Sempre (health always)-Integrative Healthcare Fund
- PREVINDAI - Pension Fund for Industrial Executives
- Confindustria
- Fondirigenti
- Fondimpresa
- Various supplementary pension funds (Byblos, Veneto Solidarity, ARca SGR, Alleanza, etc.)
- Enasarco
- Various territorial reclamation consortia

## 5.1.2 No discrimination

(Ref. GRI 406-1)



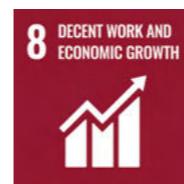
The right to equal opportunities and the condemnation of social, racial and religious discrimination, in favor of integration between individuals and cultural exchange, are a key objective of our company policies:  
**◆ We proactively encourage the integration of people with special**

needs within the company, ensuring the assignment of dignified and adequate tasks with respect to them;  
**◆ The conditions and workplaces are designed and maintained in such a way as to facilitate mobility for people with disabilities;**

- ◆ In 2021, **no reports of discriminatory human rights practices were filed.**

## 5.1.3 Freedom of association and collective bargaining

(Ref. GRI 102-41, 407-1)



All employees are free, according to their will, to join trade unions or similar organizations without this entailing any attitude of advantage or disadvantage towards them:

- ◆ Trade unions have the freedom to carry out their business away from any influence or interference from the company.
- ◆ In the plants of our Group companies, paid trade union meetings are held periodically and are open to all employees to

support workers' right to freedom of association.

- ◆ The percentage of Italian employees registered with trade unions is 10%. In foreign situations, the data is not available as it is protected by privacy on the basis of local legislation in force.
- ◆ In the course of 2021, 168 hours of strikes by employees were recorded in the Italian territory, due to adhesion to national events linked to the renewal of the National Collective Labor Agreement (CCNL).

- ◆ The time spent on paid union meetings was 238 hours.
- ◆ **Suppliers** are monitored through appropriate control activities (codes of conduct and questionnaires), in which specific reference is made to freedom of association and collective bargaining.

### Labor unions, 2021 in numbers



## 5.1.4 Child labour and Forced labour

(Ref. GRI 103-2/3, 408-1, 409-1)



We do not allow the use of **child labour** in any of the plants of our Group companies.

- ◆ In 2021, the minimum age of our employees was 17, while the **average age was 41**.

- ◆ In line with the provisions of our Policies, our partners are required to adhere to **codes of conduct**.

- ◆ The main suppliers of raw materials are also monitored through specific questionnaires, while all service providers (contractors) are checked through specific declarations that certify that the company has fulfilled its legislative and contractual obligations, including child labour.

- ◆ In Palladio Group there have never been cases of **forced or compulsory labour**.

- ◆ Employees are guaranteed suitable working hours as provided for by the national contract: overtime work is **regularly paid** and workers voluntarily participate in any overtime work initiative.

- ◆ The working hours in Palladio Group are determined in such a way as not to prejudice the right of each worker to be able to take advantage of **daily rest periods** suitable for restoring psychophysical and

intellectual energies.

- ◆ Each worker enjoys, without any abuse of power, the right to vacation and sick leave that he is entitled to.

Also in this case the **suppliers are monitored and controlled** through specific activities.



### The commitment on the subject of Conflict Minerals

Since 2015 we have launched an investigation of some suppliers to investigate the conflict minerals topic and receive confirmation that in the respective production processes no use is made of materials extracted in conflict areas. This investigation is repeated every 2 years, to ensure that there is no presence of conflict minerals within our supply chain.

In July 2010, the United States Congress traced the mining and trading of tin, tungsten, tantalum

and gold ("conflict minerals") to potential human rights violations in the Democratic Republic of Congo and in neighboring countries (collectively referred to as DRC). The president of the United States of America has approved a new regulation, called the Dodd-Frank Act, which requires companies, American and non-American, to make public the possible use of the so-called Conflict Minerals extracted in the mines of the DRC area.

The new EU legislation on

Conflict minerals, which follows the discipline established by US legislation, obliges all European importers of minerals and metals containing tin, tungsten, tantalum and gold, excluding the smallest ones, to carry out checks to ensure that the obligations of due diligence are respected by their suppliers.

## ► 5.2 Inclusive society

### 5.2.1 We for the community

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

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

To make our intervention more effective, we identify **priority themes** in each territory for which we develop numerous initiatives in the field of solidarity, **environmental education** (see chapter 4 "Planet") and sustainability (see par. 5.2.2 "Participate in local communities").

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

- ◆ We have developed and implemented prevention programs to ensure compliance with laws and safeguard the physical, economic and natural resource well-being of the territories in which we operate.
- ◆ **Ethics and meritocracy** are the values that guide us in our choices

regarding employees, suppliers, customers and any organization with which we have relationships. In particular, we do not tolerate corruption in any way (see par. 5.2.4 "The fight against corruption and relations with institutions").

- ◆ **Business relationships with customers** are based on relationships of trust and our goal is to always make them choose us for the intrinsic qualities of the products and services we provide.
- ◆ For this reason, with a view to **responsible marketing**, we send customers and suppliers an

information notice that expresses our commitment to social responsibility, making them aware to operate in line with the same principles.

- ◆ We select and qualify our suppliers according to **precise rules and formalized procedures**

and none of them reserve any favoritism or agreements in which possible conflicts of interest can be discerned.

- ◆ Those who collaborate with our Group must be able to find a **valid business partner** in us, but also be aware that our business model is

based on principles and values of **social ethics**, far from monopolistic practices that may lead to unfair competition or in any way contrary to the principles of the free market.

## 5.2.2 Participate in local communities

(Ref. GRI 103-2, 413-1/2)



Our proactive participation in the socio-economic development of the communities in which we are present translates into **support for numerous local, national and international associations**. In consideration of their **solidarity nature**, at the moment we have not foreseen a measurement system for the percentage of activities for which the local community has been involved.

Some initiatives that concerned the Italian territory:

- ◆ Last year **we made and donated** pharmaceutical cartons used by local pharmacies and family doctors for the administration of anti Covid-19 vaccines to ULSS 8 Berica in Vicenza.

- ◆ Also in 2021 we have supported the **Abamente Project of the "I Bambini delle Fate" association**, in collaboration with ENGIM Veneto, which aims to fill the "gap"

between school and job placement of children with autism and disabilities. This is achieved through a reality where they experiment with educational and recreational activities that enhance their skills, increasing the sense of self-efficacy to achieve personal and social autonomy. ([www.ibambinidellefate.it/progetto-abil-mente/](http://www.ibambinidellefate.it/progetto-abil-mente/)).

- ◆ In May 2021 we started supporting **Dynamo Camp Onlus**, the first **Recreational Therapy** camp in Italy, which hosts children from 6 to 17 years of age suffering from serious or chronic diseases free of charge. Here the guest children can develop their skills by experimenting with a large number of activities, both playful-sporting and expressive.

- ◆ In June we supported and sponsored **"VeloCittà"**, the bicycle and cycle mobility festival whose goal is to **improve social relations**

**and a sense of community**, promote the liveability and beauty of urban spaces, encourage a respectful relationship with the territory, **protect the quality of the air and the environment and promote the psycho-physical well-being of people**.

- ◆ In the Italian plants, an important opportunity to focus our thoughts on disadvantaged categories with even more attention is the Christmas lottery, the proceeds of which are generally **doubled by the company** and donated to various humanitarian and social associations indicated by employees. In 2021 the lottery was canceled due to the protracted health emergency, but we also donated the funds intended

to purchase a present for customers to **support non-profit organizations**.

The support for the Libellula Foundation, the first network of companies united to fight violence against women and gender discrimination, deserves a separate mention. We are convinced that Corporate Social Responsibility must translate into an active role that promotes a culture of equality, integration, equal opportunities, and mutual respect. Support represents a great opportunity for us to make a real and concrete contribution, raising awareness among our stakeholders on this delicate and sadly current issue. The aim of the project is to **trigger a cultural change** starting from the workplace:



◆ With this in mind, in May 2021 we organized the webinar **"Gender Issues"**, open to all employees and their families, the purpose of which was to raise awareness of the issue of **gender diversity**, sharing its meaning and showing its variations, more or less stereotyped, in everyday life, inside and outside organizations.

◆ Through concrete examples and reflections, we have activated a first reflection on the cultural mechanisms underlying the representation of the two genders, **promoting a conscious and realistic vision of diversity**, the first step towards building an **inclusive culture**.

## 5.2.3 Socialization Activity

We have always believed that there is a close connection between **personal well-being** and work performance, an indicator that in the past was measured only in terms of productivity.

Today productivity is confronted with **new ideas and the desire to continuously improve**, which can only arise if people are motivated and interested in the work they do.

- Over the years we have also organized cultural, artistic and sports activities for employees with the aim of increasing integration and strengthening the team spirit that distinguishes our Group.

The attention to our people is not

limited to those who currently have an active role in the company, but extends to all those who have helped our Group to grow even in previous years.

- Moving from working life to retirement is **one of the most delicate moments** in everyone's life and we are committed on several fronts to assist employees in this transition.

- In the social aspects, we are careful to preserve a community spirit. For some years now, the "**Palladio Pensioners Group**" has become a corporate institution that takes care of organizing trips, convivial meetings, visits to plants, theatrical performances and other initiatives

involving former colleagues, giving them the opportunity to meet and refresh their link of the long period of working life spent in the company.

- Our former colleagues are also always invited to participate in the exchange of **Christmas wishes, the Christmas lottery and the delivery of the Christmas gift package** together with all the staff on duty.
- In 2021, due to the pandemic, we were unable to organize the **classic annual event of the trip**, completely free and of a cultural nature, open to pensioners and their spouses.



### The exchange between the productive world and society

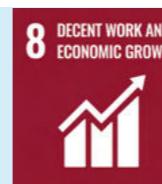
In 2021, the health emergency did not allow us to take part in the PMI Day-Industriamoci, an initiative promoted by Confindustria that offers young

people the opportunity to see production realities up close. In the pre-pandemic years we hosted dozens of middle and high school students in our

plants in Veneto and Tuscany, to show and explain to them the entire production cycle of cartons, leaflets and labels.

## 5.2.4 Fight against Corruption and relationships with institutions

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



We are strongly committed to preventing any possibility of corruption in our plants and, to make our initiatives even more effective, in 2018 we asked an external body to carry out a prevention assessment and audit, in accordance with the **37001 regulation**. The data that emerged showed that the areas in which our Group operates cannot be classified as having a high risk of corruption.

- During 2021 we decided to start an evaluation process of various solutions aimed at **making our approach to the anti-corruption issue systemic**, such as the development of a Group management system, pursuing the "ISO 37001 Anti-bribery management systems" certification or adopt surveillance activities through dedicated audits.

- During 2022, we have the goal of deciding on the path most suited to our reality and then begin the implementation of the chosen solution.

The financial statements are examined annually by the company **Reconta Ernst & Young** to determine and certify their compliance with the regulations governing the drafting criteria.



With this in mind, any accounting operation or transaction is based on the accuracy, **completeness and authorization** of the basic information for the related records.

- ◆ All corporate payments to be made are **commensurate with the performance and contractual rules** and cannot be made to a person other than the contractual

counterparty.

- ◆ Any type of omission or falsification of which employees become aware is immediately reported to the **Ethics Committee**.

- ◆ In the three-year period 2019 - 2021, no episodes of corruption involving employees or suppliers were reported and there were no legal actions regarding corruption practices against our Group.

companies.

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

## **6. Tables and indicators**

**Table 1**

Economic and financial results <sup>(1)</sup>	TOTAL			2021 DIVISION				
Ref. GRI 201-1	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Directly generated value: revenues	101,186,195	96,946,901	97,648,674	77,563,658	2,800,171	16,026,869	1,123,785	134,191
Distributed economic value	95,057,017	95,994,998	97,198,341	76,918,160	2,859,437	15,864,534	1,390,886	165,324
a) Operative costs	71,202,577	68,067,597	71,458,114	54,875,430	2,001,990	13,239,656	1,307,511	33,527
b) Salaries and benefits	22,398,020	23,602,230	24,461,799	20,551,002	871,995	2,480,068	432,804	125,930
c) Payments to capital suppliers	-351,651	3,002,180	140,377	406,970	-9,467	45,706	-308,699	5,867
d) Payments to the PA	1,746,116	1,187,512	1,066,945	1,013,652	-5,081	99,104	-40,730	0
e) Investments in the community <sup>(2)</sup>	61,955	135,479	71,106	71,106	0	0	0	0
Economic value retained	6,129,178	951,903	450,333	645,498	-59,266	162,335	-267,101	-31,133

<sup>(1)</sup> Data expressed in Euro and extended to the reporting perimeter only.

**(2) Donations and financial contributions**

**Table 1**

Production	M. U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Finished product <sup>(1)</sup>	t	19,885	19,953	18,528	12,448	971	4,430	679
Hours of operation	h	387,136	405,162	385,119	255,101	13,493	93,808	22,717

**Note:**  
(1) 2020 data for the Pontedera plant and the 2019 and 2020 data for the Palladio Ireland Ltd. Plant are updated.

**Table 3**

Materials used by weight	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Ref. GRI 301-1								
Renewable materials used	t	29,195	29,101	27,591	18,076	1,056	7,430	1,028
Cardboard	t	22,455	22,010	20,534	12,771	930	6,102	731
Paper	t	6,236	6,594	6,563	4,842	126	1,298	297
Supports for self-adhesive products	t	503	497	494	463	0	31	0
Non-renewable materials used	t	88	119	151	151	0	0	0
Aluminum for blisters	t	88	119	151	151	0	0	0
Total of materials used	t	29,283	29,221	27,742	18,227	1,056	7,430	1,028

**Table 4**

Energy consumed within the organization	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Ref. GRI 302-1								
<b>Consumption from non-renewable energy sources</b>	GJ	37,949	36,323	<b>38,841</b>	15,734	1,008	13,591	8,507
Natural gas	GJ	21,225	21,548	23,293	15,734	0	2,734	4,825
Kerosene	GJ	715	778	680	0	680	0	0
Purchased electricity	GJ	16,009	13,996	14,868	0	328	10,857	3,683
<b>Consumption from renewable energy sources</b>	GJ	31,951	37,378	<b>35,844</b>	34,805	1,039	0	0
Self-produced electricity from photovoltaics	GJ	0	401	428	428	0	0	0
Purchased electricity	GJ	31,951	36,978	35,416	34,377	1,039	0	0
<b>Total energy consumed</b>	GJ	69,900	73,701	<b>74,684</b>	50,539	2,047	13,591	8,507

**Table 5**

Energy intensity	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Total energy consumed on the finished product	GJ/t	3.515	3.694	4.031	4.060	2.109	3.068	12.525
Total energy consumed on hours of operation	GJ/h	0.181	0.182	0.194	0.198	0.152	0.145	0.374
Electricity consumed on the finished product	GJ/t	2.412	2.575	2.737	2.796	1.408	2.451	5.422
Electricity consumed on hours of operation	GJ/h	0.124	0.127	0.132	0.136	0.101	0.116	0.162

**Table 6**

Water consumption	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
<b>Total water withdrawal from all areas</b>	MI	12.6	14.6	<b>12.6</b>	9.3	0.1	1.2	1.9
Water from well	MI	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Water from aqueducts <sup>(1)</sup>	MI	12.4	14.6	12.6	9.3	0.1	1.2	1.9

**Table 7**

GHG Emissions	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Ref. GRI 305-1/2/3								
Total GHG emissions (Scope 1, Scope 2, Scope 3) market-based <sup>(1, 2, 3)</sup>	tCO <sub>2</sub>	29,199	23,433	25,309	16,063	557	6,972	1,716
Total GHG emissions (Scope 1, Scope 2, Scope 3) location-based <sup>(1, 2, 3)</sup>	tCO <sub>2</sub>	31,665	26,089	27,585	18,530	629	6,710	1,716
Direct GHG emissions (Scope 1) <sup>(1)</sup>	tCO <sub>2</sub>	1,262	1,286	1,379	907	49	153	271
Indirect GHG emissions from energy consumption (Scope 2) market-based <sup>(2)</sup>	tCO <sub>2</sub>	3,053	2,846	3,121	0	41	2,445	635
Indirect GHG emissions from energy consumption (Scope 2) location-based <sup>(2)</sup>	tCO <sub>2</sub>	5,518	5,502	5,398	2,467	112	2,183	635
Other indirect GHG emissions (Scope 3)	tCO <sub>2</sub>	24,884	19,301	20,808	15,157	468	4,374	810
Raw materials used <sup>(3)</sup>	tCO <sub>2</sub>	20,702	15,286	15,964	11,317	384	3,752	511
Upstream transportation and distribution	tCO <sub>2</sub>	2,082	2,223	2,106	1,574	13	309	211
Downstream transportation and distribution	tCO <sub>2</sub>	2,101	1,792	2,738	2,266	70	313	88
Direct (Scope 1) and indirect emissions from energy consumption (Scope 2) market-based <sup>(1, 2)</sup>	tCO <sub>2</sub>	4,315	4,132	4,500	907	89	2,599	906
Direct (Scope 1) and indirect emissions from energy consumption (Scope 2) location-based <sup>(1, 2)</sup>	tCO <sub>2</sub>	6,781	6,789	6,777	3,373	161	2,337	906
Note:								
(1) Emission factors for natural gas in Palladio Group S.p.A. and for kerosene in Palladio Ireland Ltd. have been updated for 2019 and 2020.								
(2) The emission factors relating to electricity consumption have been updated in Palladio Group Spa for 2019 and 2020 and in Palladio Ireland Ltd for 2020.								
(3) The emission factors have been updated for 2019 and 2020								

**Table 8**

Intensity of GHG emissions	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Ref. GRI 305-4								
Total specific GHG emissions (Scope 1, Scope 2, Scope 3) market-based	tCO <sub>2</sub> /t	1.468	1.174	1.366	1.290	0.574	1.574	2.527
Total GHG emissions (Scope 1, Scope 2, Scope 3) location-based	tCO <sub>2</sub> /t	1.592	1.308	1.489	1.489	0.648	1.515	2.527
Specific direct GHG emissions (Scope 1)	tCO <sub>2</sub> /t	0.063	0.064	0.074	0.073	0.050	0.035	0.398
Specific indirect GHG emissions from energy consumption (Scope 2) market-based	tCO <sub>2</sub> /t	0.154	0.143	0.168	0.000	0.042	0.552	0.935
Specific indirect GHG emissions from energy consumption (Scope 2) location-based	tCO <sub>2</sub> /t	0.278	0.276	0.291	0.198	0.116	0.493	0.935
Specific indirect GHG emissions (Scope 3)	tCO <sub>2</sub> /t	1.251	0.967	1.123	1.218	0.482	0.987	1.193
Specific direct (Scope 1) and indirect emissions (Scope 2) market-based	tCO <sub>2</sub> /t	0.217	0.207	0.243	0.073	0.092	0.587	1.334
Specific direct (Scope 1) and indirect emissions (Scope 2) location-based	tCO <sub>2</sub> /t	0.341	0.340	0.366	0.271	0.166	0.528	1.334

**Table 9**

Carbon price	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Carbon price total GHG emissions (Scope 1, Scope 2, Scope 3) market-based <sup>(1)</sup>	€	725,305.71	579,960.30	1,355,279.75	860,194.06	29,823.98	373,357.22	91,904.49
Carbon price direct GHG emissions (Scope 1) <sup>(1)</sup>	€	31,355.35	31,835.41	73,866.84	48,558.45	2,600.70	8,213.51	14,494.18
Carbon price indirect GHG emissions from energy consumption (Scope 2) market-based <sup>(1)</sup>	€	75,825.23	70,430.01	167,133.00	0.00	2,178.44	130,936.91	34,017.64
Carbon price other indirect GHG emissions (Scope 3) <sup>(1)</sup>	€	618,125.14	477,694.88	1,114,279.91	811,635.61	25,044.84	234,206.80	43,392.67
Raw materials used	€	514,229.92	378,331.68	854,871.46	606,003.57	20,566.08	200,926.10	27,375.71
Upstream transportation and distribution	€	51,710.20	55,014.68	112,789.95	84,261.89	705.17	16,524.98	11,297.91
Downstream transportation and distribution	€	52,185.02	44,348.52	146,618.50	121,370.15	3,773.59	16,755.72	4,719.04

Note:

(1) The source of the CO<sub>2</sub> price for 2019 and 2020 has been updated.**Table 10**

Carbon price indicators	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Total GHG emissions indicator (Scope 1, Scope 2, Scope 3) market-based	€/€	0.00722	0.00597	0.01390	0.01109	0.01065	0.02330	0.08178
Direct GHG emissions indicator (Scope 1)	€/€	0.00031	0.00033	0.00076	0.00063	0.00093	0.00051	0.01290
Indirect GHG emissions indicator from energy consumption (Scope 2) market-based	€/€	0.00075	0.00073	0.00171	0.00000	0.00078	0.00817	0.03027
Other indirect GHG emissions indicator (Scope 3)	€/€	0.00615	0.00492	0.01143	0.01046	0.00894	0.01461	0.03861

**Table 11**

Waste produced	M.U.	Total			2021 division			
		2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BMN
Ref. GRI 306-3								
Total weight of waste produced	t	5,731	5,853	11,097	7,299	295	3,129	374
Hazardous waste	t	114	126	113	88	4	17	5
Non-hazardous waste	t	5,617	5,726	10,984	7,212	291	3,111	369
Percentage of hazardous waste out of the total	t	2%	2%	1%	1%	1%	1%	1%
Percentage of non-hazardous waste out of the total	t	98%	98%	99%	99%	99%	99%	99%

**Table 12**

Destination of waste	M.U.	Total	
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Table 14

Percentages of supply acquired in the country's local markets for each division Ref. GRI 204-1		2019		2020		2021	
PALLADIO GROUP SPA		63.8%		65.2%		56.0%	
POLIWEB GRAPHICS SRL		98.8%		91.8%		INCORPORATED IN PALLADIO SPA 01.01.2021	
PALLADIO EAST DOO		46.6%		48.2%		50.4%	
PALLADIO IRELAND LTD		83.0%		83.3%		85.5%	
PALLADIO BNM LLC		81.6%		76.6%		73.0%	
Given the nature of Studio The Phactory's business, the reporting of this data is not significant							

Table 15

Accidents at work Ref. GRI 403-9	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY	COMMENTS
For all employees the total number of working hours	1,145,710	1,255,891	1,248,884	746,249	44,156	344,385	97,454	16,640	
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the total number of working hours	0	100,571	71,967	71,965	0	0	3	0	
For all employees, the number of deaths resulting from accidents at work	0	0	0	0	0	0	0	0	
For all employees, the rate of deaths as a result of accidents at work	0	0	0	0	0	0	0	0	
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the number of deaths as a result of accidents at work	0	0	0	0	0	0	0	0	
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the rate of deaths as a result of accidents at work	0	0	0	0	0	0	0	0	
For all employees, the number of accidents at work with serious consequences (excluding deaths)	0	0	1	0	0	1	0	0	Type: crushing by moving parts of the machine
For all employees, the rate of accidents at work with serious consequences (excluding deaths)	0	0	0.64	0	0	2.90	0	0	Note: calculated as follows: (No. of cases / hours worked) * 1,000,000
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the number of accidents at work with serious consequences (excluding deaths)	0	0	0	0	0	0	0	0	
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the rate of accidents at work with serious consequences (excluding deaths)	NA	0	0	0	0	0	0	0	Note: calculated as follows: (No. of cases / hours worked) * 1,000,000
For all employees, the number of recordable occupational injuries <sup>1</sup>	19	12	21	17	1	3	0	0	Type: crushing by moving parts of the machine
For all employees, the rate of recordable work-related injuries	16.6	9.6	16.82	22.78	22.65	8.71	0.00	0.00	Note: calculated as follows: (No. of cases / hours worked) * 1,000,000
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the number of recordable injuries at workplace	1	2	1	1	0	0	0	0	Type: sliding
For all workers who are not employees, but whose work and / or workplace is under the control of the organization, the rate of recordable injuries at workplace	NA	19.9	13.90	13.90	0	0	0	0	Note: calculated as follows: (No. of cases / hours worked) * 1,000,000

1-This indicator includes the value of accidents occurring at work with serious consequences (excluding deaths)

Table 16

Workers covered by an occupational health and safety management system Ref. GRI 403-8	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
The percentage of all employees and workers who are not employed, but whose work and / or workplace is controlled by the organization, covered by an occupational health and safety management system based on recognized requirements and / or standards / guidelines	100%	0%	0%	100%	0%

Table 17

Professional diseases Ref. GRI 403-10	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY	COMMENTS
For all employees the number of deaths resulting from occupational diseases	0	0	0	0	0	0	0	0	
For all workers who are not employees but whose work and / or workplace is under the control of the organization, the number of deaths resulting from occupational diseases	0	0	0	0	0	0	0	0	
For all employees the number of cases of recordable occupational diseases	2	0	1	1	0	0	0	0	
For all workers who are not employees but whose work and / or workplace is under the control of the organization, the number of cases of recordable occupational diseases	0	0	0	0	0	0	0	0	musculoskeletal pathologies

Table 18

Detailed analysis of employees Ref. GRI 102-8, 201-3, 202-1/2; 401-2, 405-1	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM	STUDIO THE PHACTORY
Total employees	817	789	823	523	27	206	58	9
Total male employees	629	609	635	413	19	158	39	6
Total female employees	188	180	188	110	8	48	19	3
Indefinite time - men	475	550	571	374	13	139	39	6
Full time	466	543	563	370	13	139	36	6
Part time	9	7	7	4	0	0	3	0
Indefinite time - women	145	167	168	97	2	48	18	3
Full time	134	156	160	89	2	48	17	3
Part time	11	11	9	8	0	0	1	0
Definite time - men	54	27	29	4	6	19	0	0
Full time	53	27	28	3	6	19	0	0
Part time	1	0	1	1	0	0	0	0
Definite time - women	24	6	11	4	6	0	1	0
Full time	23	6	11	4	6	0	1	0
Part time	1	0	0	0	0	0	0	0
Temporary workers - men	102	32	35	35	0	0	0	0
Full time	102	32	35	35	0	0	0	0
Part time	0	0	0	0	0	0	0	0
Temporary workers - women	17	7	0	0	0	0	0	0
Full time	17	7	0	0	0	0	0	0
Part time	0	0	0	0	0	0	0	0
Solidarity contract	0	0	0	0	N/A	N/A	N/A	N/A
Men	0	0	0	0	N/A	N/A	N/A	N/A
Women	0	0	0	0	N/A	N/A	N/A	N/A
Associated with trade unions	75	71	84	84	0	0	0	0
Disabled	25	24	27	25	0	1	0	1
Foreigners	35	33	38	18	17	0	3	0
Legal minimum	N/A	N/A	N/A	1,387,44€	10.2(€/h)	370.8€	146.70 €	370.8€
Ratio between new hired salary for men - legal minimum (%)	N/A	N/A	N/A	110%	100%	164%	164%	zero new hires
Ratio between new hired salary for women - legal minimum (%)	N/A	N/A	N/A	102%	100%	zero new hires	211%	zero new hires
Annual salary increases in %	38.56%	15%	8%	10%	48%	0%	2%	0%
Benefits / Economic rewards %	91.19%	95%	94%	92%	100%	100%	112%	0%
Working hours	1,208,476.62	1,255,892.47	1,250,487	746,251	45,757	344,385	97,454	16,640
Holiday hours	125,058.33	140,481.70	130,024	81,510	4,839	34,712	6,939	2,024
Overtime hours	62,709.91	37,762.60	45,786	19,241	1,153	24,504	840	48
Overtime % of hours worked	5,19%	3%	4%	3%	3%	7%	1%	0%
Holiday hours% of hours worked	10.35%	11%	10%	11%	11%	10%	7%	12%

Detailed analysis of employees Ref. GRI 102-8, 201-3, 202-1/2; 401-2, 405-1	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND LTD	PALLADIO EAST DOO	PALLADIO BNM	STUDIO THE PHACTORY
Disciplinary measures - % of employees	2%	1%	4%	4%	4%	3%	5%	0%
No. of ethical reports	0	0	1	0	0	0	1	0
% of ethical reports	0%	0%	0%	0%	0%	0%	0%	0%
Pension plan coverage (Euro)	5,228,876	5,514,168	5,866,413	4,725,259	88,308	89,1240	161,606	0
% of senior managers hired in the local community	100%	100%	100%	100%	100%	100%	100%	100%

[1] This category of employees is absorbed within part-time contracts, so it is not to be counted for the calculation of total employees

Table 19

Detailed analysis of employees by category Ref. GRI 102-8, 405-1	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Total employees	817	789	823	523	27	206	58	9
Employees < 30 years old								
Total Men	144	124	120	88	1	28	3	0
Total Women	27	20	20	15	0	2	3	0
White collar men	8	6	5	3	0	2	0	0
White collar women	12	9	8	6	0	0	2	0
Blue collar men	136	118	115	85	1	26	3	0
Blue collar women	15	11	12	9	0	2	1	0
Manager men	0	0	0	0	0	0	0	0
Manager women	0	0	0	0	0	0	0	0
<b>Total</b>	<b>171</b>	<b>144</b>	<b>140</b>	<b>103</b>	<b>1</b>	<b>30</b>	<b>6</b>	<b>0</b>
Employees 30 – 50 years old								
Total Men	355	352	359	193	11	121	28	6
Total Women	124	122	127	62	7	42	13	3
White collar men	33	41	38	18	0	10	5	5
White collar women	40	40	47	20	3	15	6	3
Blue collar men	309	297	305	166	10	111	18	0
Blue collar women	79	76	75	39	4	26	6	0
Manager men	13	14	16	9	1	0	5	1
Manager women	5	6	5	3	0	1	1	0
<b>Total</b>	<b>479</b>	<b>474</b>	<b>486</b>	<b>255</b>	<b>18</b>	<b>163</b>	<b>41</b>	<b>9</b>
Employees >50 years old								
Total Men	130	133	156	132	7	9	8	0
Total Women	37	38	41	33	1	4	3	0
White collar men	32	27	26	26	0	0	0	0
White collar women	12	12	11	9	0	1	1	0
Blue collar men	90	97	119	98	7	7	7	0
Blue collar women	24	25	28	23	1	3	1	0
Manager men	8	9	11	8	0	2	1	0
Manager women	1	1	2	1	0	0	1	0
<b>Total</b>	<b>167</b>	<b>171</b>	<b>197</b>	<b>165</b>	<b>8</b>	<b>13</b>	<b>11</b>	<b>0</b>
Employees' age								
Average age	40	41	41	44	45	39	40	39
Minimum age	18	18	17	19	20	18	17	31

Percentage from total employees								
White collar men	9%	9%	8%	9%	0%	6%	9%	56%
White collar women	8%	8%	8%	7%	11%	8%	16%	33%
Blue collar men	65%	65%	65%	67%	67%	70%	48%	0%
Blue collar women	14%	14%	14%	14%	19%	15%	14%	0%
Manager men	3%	3%	3%	3%	4%	1%	10%	11%
Manager women	1%	1%	1%	1%	0%	0%	3%	0%

Table 20

Diversity in governance bodies - Board of Directors Palladio Group Spa Ref. GRI 405-1	TOTAL		
	2019	2020	2021
<b>Total members of governing bodies</b>	<b>7</b>	<b>7</b>	<b>7</b>
Men under 30	0	0	0
Men between 30 and 50 years old	0	0	0
Men above 50	6	6	6
Women under 30	0	0	0
Women between 30 and 50 years old	1	1	1
Women above 50	0	0	0

Table 21

Recruitments and Terminations Ref. GRI 401-1	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
New hires men <30	36	54	25	14	0	6	5	0
New hires women <30	9	12	6	2	0	0	4	0
New hires men 30-50	39	42	37	6	3	10	17	1
New hires women 30-50	18	17	13	4	4	0	5	0
New hires men >50	6	5	7	1	0	0	6	0
New hires women >50	4	0	2	1	0	0	1	0
Total new hires	112	130	90	28	7	16	38	1
Total terminations	53	157	60	21	2	5	31	1
Hiring rate men <30	4.41%	6.84%	3.32%	2.97%	0.00%	3.11%	9.62%	0.00%
Hiring rate women <30	1.10%	1.52%	0.80%	0.42%	0.00%	0.00%	7.69%	0.00%
Hiring rate men 30-50	4.77%	5.32%	4.92%	1.27%	11.54%	5.18%	32.69%	11.11%
Hiring rate women 30-50	2.20%	2.15%	1.73%	0.85%	15.38%	0.00%	9.62%	0.00%
Hiring rate men >50	0.73%	0.63%	0.93%	0.21%	0.00%	0.00%	11.54%	0.00%
Hiring rate women >50	0.49%	0.00%	0.27%	0.21%	0.00%	0.00%	1.92%	0.00%
New hiring rate	13.71%	16.48%	11.97%	5.93%	26.92%	8.29%	73.08%	11.11%
Termination rate	6.49%	19.90%	7.98%	4.45%	7.69%	2.59%	59.62%	11.11%
Hiring rate men	9.91%	12.80%	9.18%	4.45%	11.54%	8.29%	53.85%	11.11%
Hiring rate women	3.79%	3.68%	2.79%	1.48%	15.38%	0.00%	19.23%	0.00%

**Table 22**

Training Ref. GRI 404-1, 412-2	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Total training hours	16,318.0	14,579.9	19,956.7	18,309	97	1,240	57	254
Average training index per employee	19.9	18.5	24.2	35.0	3.6	6.0	1.0	28.2
Number of training hours divided by category	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Employees	3,258	3,456	4,411	3,941	44	162	10	254
Workers	12,944	11,124	15,545.7	14,368	53	1,078	47	0
Average Training hours per employee category	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Employees	15	24	16.5	38	11	5	0	28
Workers	18	8	9.0	34	2	6	1	1
Number of training hours divided by gender	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Men	13,350	10,974	16,255	14,916	46	1,018	46	229
Women	2,968	3,606	3,701	3,392	51	222	11	25
Average training hours divided by gender	TOTAL			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
Men	21	10	16.8	36	2	6	1	38
Women	13	47	10.2	31	6	5	1	8

**Table 23**

Ref. GRI 404-3	2021					
	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY	
White collar men	100%	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	
White collar women	100%	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	
Blue collar men	6%	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	
Blue collar women	3%	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	DATA NOT PRESENT	

<sup>1</sup>The evaluation process has been implemented only for Palladio Spa

**Table 24**

Ethics and Anti-corruption Information <sup>1</sup> Ref. GRI 205-2/ 412-2	2019	2020	2021
Hours of training	245	165	107
Employees trained	739	583	536
% of employees trained in the reference year	90%	74%	65%
General % of employees trained from the start of the training program, without distinction by year	100%	100%	100%

<sup>1</sup>In 2021, only ethics-related training was provided

**Table 25**

Health and Safety <sup>1</sup> at work Training Ref. GRI 403-5	TOTAL TRAINING HOURS			2021 DIVISION				
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY
				4,688	4,973	8,250.55	7,757.55	17
<sup>1</sup> The training relates to the health, safety and environment management system, therefore, environmental issues are also included								

**Table 26**

Parental leave entitlement Ref. GRI 401-3	TOTAL			2021 DIVISION												
	2019	2020	2021	PALLADIO GROUP SPA	PALLADIO IRELAND	PALLADIO EAST	PALLADIO BNM	STUDIO THE PHACTORY	Men	Women	Men	Women	Men	Women	Men	Women
Number of entitled employees <sup>1</sup>	7	23	25	13	5	0	0	5	0	2	0	0	0	0	0	
Number of employees who have used it	7	23	23	13	5	0	0	5	0	0	0	0	0	0	0	
Number of employees returned to work at the end of parental leave	5	23	18	13	0	0	0	5	0	0	0	0	0	0	0	

## ► 7. Attachments

### Attachment 1 - Methodological note

(Ref. GRI 102-40/42/43/44/46/47/48/49, 103-1)



#### Dialogue with stakeholders and materiality analysis

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

In 2021, the Group renewed the mapping and prioritization of its stakeholders with particular interest both to internal subjects within the company and to external subjects, i.e. those who operate along the value creation chain, as well as those indirectly influenced by or interested in the corporate activities.

Below is the list of identified stakeholders:

- ◆ Trade associations
- ◆ Public administration, governing and steering bodies
- ◆ Shareholders/Ownership

- ◆ Management
- ◆ Banks and insurance companies
- ◆ Customers
- ◆ Collaborators (employees, collaborators, interns, temporary workers)
- ◆ Products and services suppliers and subcontractors
- ◆ Schools and Universities
- ◆ Labour unions
- ◆ Auditing and certification bodies
- ◆ Third sector (Foundations, associations and NGOs)
- ◆ Citizens living near the company headquarters
- ◆ Consumers
- ◆ Future generations
- ◆ Environment

activities:

#### 1. Identification of relevant sustainability issues.

The identification of relevant issues took place through the analysis of both internal company sources (such as Policies, Code of Ethics, etc.), and external sources such as reports, studies and research, in order to identify the main risks and opportunities, industry trends and market expectations regarding sustainability issues. Following the development of a first list of potentially relevant topics, the management of Palladio Group then proceeded to define the final list of significant topics, as shown below:

SCOPE	MACRO TOPIC	MATERIAL TOPIC
GOVERNANCE/ ECONOMICS/ PRODUCT	Investments & Innovation	Investments and Digitalization (economy 4.0) Innovation (product, process)
	Customer Relationship	Customer satisfaction Collaboration with the Customers Customers brand protection
	Sustainable Supply Chain	Sustainable Logistics Sustainable procurement
	Product Responsibility	Quality and Safety of the product Economic Performance
	Economic development	Strategy of growth Business Continuity
	Ethics and Integrity	Social-environmental-economic Compliance Anti-corruption Data and information (customers, employees, corporate etc.) Brand reputation
	Climate Change	Energy management GHG Emissions
	Circular economy	Responsible management of raw materials Development of recyclable, reusable products Management of the impacts related to the product life cycle Waste management
	Biodiversity	Protection of the biodiversity Use of toxic substances (lead, mercury, etc.)
	Human Capital management	Welfare/well-being Employee satisfaction Staff training and skills development Managerial Development
ENVIRONMENT	Human Rights	Fair working practices (e.g. child labor, forced labor, freedom of association, etc.) Industrial relations
	Relations with Local Community	Support of local communities
	Equal Opportunities & Enhancement of Diversity	Gender equality Youth Employment Development Aging of the company population
	Health & Safety	Health & Safety
SOCIAL		

During February, March and April 2021, Palladio Group updated its materiality analysis, through a process that included the following

## 2. Prioritization of relevant issues through stakeholder engagement.

With the aim of prioritizing the previously identified relevant issues, Palladio Group established a stakeholder engagement process, which took place between January and February 2021. The engagement activities were carried out inspired by the methodology outlined in the Stakeholder Engagement Standard AA1000 (AA1000-SES): stakeholders were asked to analyze the list of relevant sustainability issues, assigning a score to each issue by completing an evaluation questionnaire. In particular, the involved stakeholders include:

- ◆ Direct involvement: customers (2),

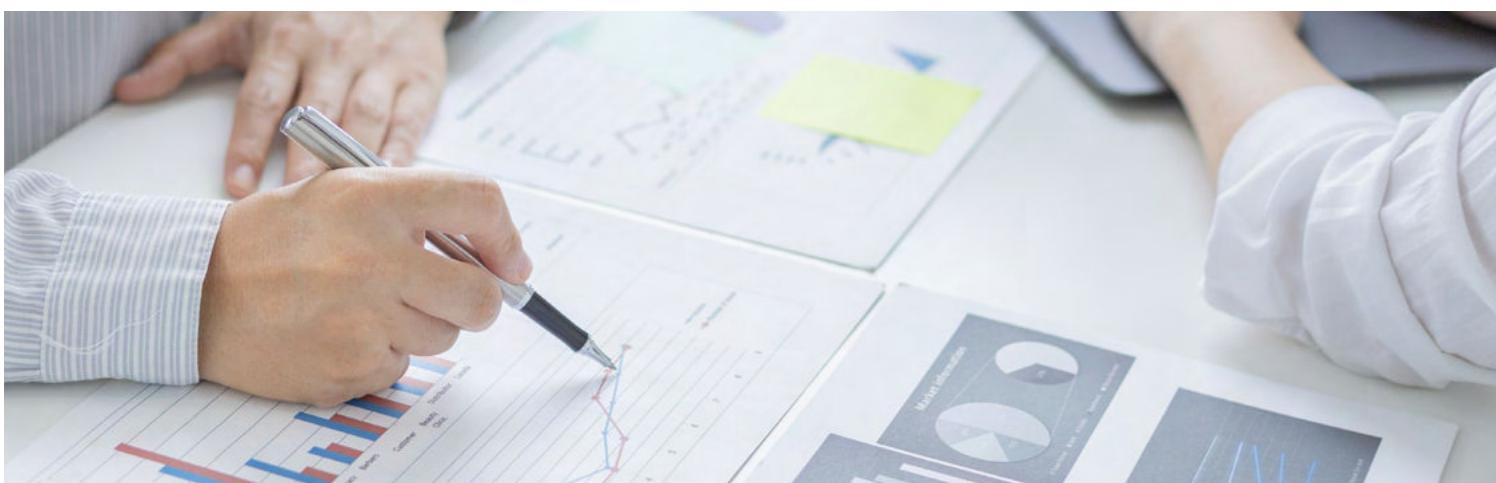
suppliers (6) and employees (27), owners, management;

- ◆ Indirect involvement: customers, collaborators, trade associations, banks and insurance companies, trade unions, auditing and certification bodies, consumers, future generations, the environment, schools and universities, third sector. The involvement of these stakeholders took place by asking the management of Palladio Group to evaluate through a proxy approach.

### 3. Analysis of the results and creation of the materiality matrix.

Following the stakeholder engagement phase, Palladio Group

then proceeded to analyze the results and create the Materiality Matrix, in which a graphic representation of the prioritization of material topics is offered according to the importance attributed by both Palladio Group and its stakeholders (see paragraph 4.1. "The identified material aspects and their boundaries"). With regard to the reporting of material issues within the 2021 Sustainability Report, the reporting perimeters of the various material topics identified and the respective level of priority are shown below:



SCOPE	MATERIAL TOPIC	PRIORITY	PERIMETER OF THE ASPECT	
			INTERNAL	EXTERNAL
GOVERNANCE/ ECONOMICS/ PRODUCT	Investments and Digitalization (economy 4.0)	High	Palladio Group	Suppliers
	Innovation (product, process)	High	Palladio Group	Suppliers
	Customer satisfaction	High		Customers
	Collaboration with the Customers	High		Customers
	Customers brand protection	High	Palladio Group	Customers
	Sustainable Logistics	Medium	Palladio Group	Suppliers

GOVERNANCE/ ECONOMICS/ PRODUCT	Sustainable procurement	Medium	Palladio Group	Suppliers
	Quality and Safety of the product	High	Palladio Group	Suppliers
	Economic Performance	High	Palladio Group	
	Strategy of growth	High	Palladio Group	
	Business Continuity	High	Palladio Group	
	Social-environmental-economic Compliance	High	Palladio Group	Suppliers
	Anti-corruption	High	Palladio Group	
	Data and information (customers, employees, corporate etc.)	High	Palladio Group	Customers
ENVIRONMENT	Brand reputation	High	Palladio Group	
	Energy management	Medium	Palladio Group	Suppliers
	GHG Emissions	Low		Community
	Responsible management of raw materials	Medium	Palladio Group	
	Development of recyclable, reusable products	Medium	Palladio Group	Suppliers
	Management of the impacts related to the product life cycle	Low	Palladio Group	Community
	Waste management	High	Palladio Group	
	Protection of the biodiversity	Low		Suppliers
SOCIAL	Use of toxic substances (lead, mercury, etc.)	High	Palladio Group	Suppliers
	Welfare/wellbeing	High	Palladio Group	
	Employee satisfaction	High	Palladio Group	
	Staff training and skills development	High	Palladio Group	
	Managerial Development	Medium	Palladio Group	
	Fair working practices (e.g. child labor, forced labor, freedom of association, etc.)	High	Palladio Group	Suppliers
	Industrial relations	Low	Palladio Group	Suppliers
	Support of local communities	Low	Palladio Group	Community

## **Attachment 2 - Coefficient table used for environmental calculations**

Conversion Factors 2021							
Criteria Adopted		Ref.	U.M	Conversion Factors		Sources	
Kerosene	<p>The following is applied in the determination of CO<sub>2</sub> emissions deriving from the combustion of kerosene in the reference period (calendar year).</p> <p>The amount of fuel used is expressed in terms of energy content (TJ) and therefore the calculation formula is as follows: tCO<sub>2</sub> = t of kerosene x PCI x emission factor x oxidation factor x 0.001.</p> <p>The amount of kerosene is taken from the purchase invoices.</p>	Density	t/l	0.000800		<a href="https://www.seai.ie/data-and-insights/seai-statistics/conversion-factors">https://www.seai.ie/data-and-insights/seai-statistics/conversion-factors</a>	
		Net calorific value (NCV)	GJ/t	44.196			
		Emission factor	tCO <sub>2</sub> /TJ	71.4			
		Oxidation factor		1			
Natural gas	<p>The following is applied in the determination of CO<sub>2</sub> emissions deriving from the combustion of methane in the reference period (calendar year).</p> <p>The amount of fuel used is expressed in terms of energy content (TJ) and therefore the calculation formula is as follows: tCO<sub>2</sub> = Sm<sup>3</sup> of gas x PCI x Emission factor x Oxidation factor x 0.000001.</p> <p>The quantity of gas used is taken from the invoice data.</p>	Net calorific value (NCV)	GJ/1000Stm <sup>3</sup>	ITALY	35.281	National standard parameters table 2021	
				SERBIA	33.338	<a href="http://www.aers.rs/Index.asp?l=2&amp;a=662">http://www.aers.rs/Index.asp?l=2&amp;a=662</a>	
				RUSSIA	37.696	European Gas Demand and Sources of Gas Supply, TYDNP 2018 Gas Supply Potential SJWS, 7th December 2017, Brussels.	
		Emission factor	tCO <sub>2</sub> /TJ	ITALY	57.632	<a href="http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report/view">http://www.sinanet.isprambiente.it/it/sia-ispra/serie-storiche-emissioni/national-inventory-report/view</a>	
				SERBIA	56.100	IPCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory)	
				RUSSIA	56.100	IPCC (2006 IPCC Guidelines for National Greenhouse Gas Inventory)	
		Oxidation factor		1			
Electricity	<p>The amount of CO<sub>2</sub> deriving from the consumed electricity is determined through the conversion factor.</p> <p>The formula used is the following: tCO<sub>2</sub> = kWh of electricity x conversion factor x 0.000001.</p> <p>The amount of electricity consumed is derived from the invoice data.</p>	Emission factor (market-based)	gCO <sub>2</sub> / kWh	ITALY	458.57	<a href="https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2020/AIB_2020_Residual_Mix_Results.pdf">https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2020/AIB_2020_Residual_Mix_Results.pdf</a>	
				IRELAND	446.47	<a href="https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2020/AIB_2020_Residual_Mix_Results.pdf">https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2020/AIB_2020_Residual_Mix_Results.pdf</a>	
				SERBIA	810.76	<a href="https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2020/AIB_2020_Residual_Mix_Results.pdf">https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2020/AIB_2020_Residual_Mix_Results.pdf</a>	
				RUSSIA	621.00	<a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a>	
		Emission factor (location-based)	gCO <sub>2</sub> / kWh	ITALY	258.30	<a href="https://www.isprambiente.gov.it/files/2021/pubblicazioni/rapporti/r343-2021.pdf">https://www.isprambiente.gov.it/files/2021/pubblicazioni/rapporti/r343-2021.pdf</a>	
				IRELAND	296.00	<a href="https://www.seai.ie/publications/Energy-in-Ireland-2021_Final.pdf">https://www.seai.ie/publications/Energy-in-Ireland-2021_Final.pdf</a>	
				SERBIA	724.00	<a href="http://www.iea.org (2010)https://www.aib-net.org/facts/european_residual_mix">http://www.iea.org (2010)https://www.aib-net.org/facts/european_residual_mix</a>	

CONVERSION FACTORS 2021						
CRITERIA ADOPTED		REF.	U.M	CONVERSION FACTORS		SOURCES
				RUSSIA	621.00	<a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a> <a href="https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020">https://www.researchgate.net/publication/319626357_Development_of_the_Russian_Electricity_Carbon_Emission_Factors_for_the_Period_2010-2020</a>
Transport	Transformation from km to gCO <sub>2</sub>	Conversion factor	gCO <sub>2</sub> /km	670.22		<a href="http://www.sinanet.isprambiente.it/it/sia-ispra/fetransp">http://www.sinanet.isprambiente.it/it/sia-ispra/fetransp</a>
Raw materials	Cardboard prod. Stora Enso	Conversion factor	tCO <sub>2</sub> /ton	0.259		<a href="https://www.storaenso.com-/media/Documents/Download-center/Documents/Annual-reports/2021/STORAENSO_Annual_Report_2021.pdf#page=22">https://www.storaenso.com-/media/Documents/Download-center/Documents/Annual-reports/2021/STORAENSO_Annual_Report_2021.pdf#page=22</a>
	Cardboard prod. RDM			0.440		<a href="https://rdmgroup.com/wp-content/uploads/2021/05/RDM-Group-Sustainability-Report-2020_ENG_LR.pdf">https://rdmgroup.com/wp-content/uploads/2021/05/RDM-Group-Sustainability-Report-2020_ENG_LR.pdf</a>
	Cardboard prod. MM Karton			0.45		<a href="https://www.mm.group/en/investors/reports/">https://www.mm.group/en/investors/reports/</a>
	Cardboard prod. various			0.326		<a href="https://www.mm-karton.com/en/news-unfolded/excellent-co2-balance-of-cartonboard-packaging-proven-by-latest-study/">https://www.mm-karton.com/en/news-unfolded/excellent-co2-balance-of-cartonboard-packaging-proven-by-latest-study/</a>
	Recycled cardboard			0.308		
	Paper prod. Bolloré			0.881		UK Government GHG Conversion Factors for Company Reporting 2021 (Paper and board: mixed)
	Paper prod. various			0.881		UK Government GHG Conversion Factors for Company Reporting 2021 (Paper and board: mixed)
	Supports for self-adhesive products prod. Avery Dennison			2.574		UK Government GHG Conversion Factors for Company Reporting 2021 (Plastics: average plastic film)
	Supports for self-adhesive products prod. various			2.574		UK Government GHG Conversion Factors for Company Reporting 2021 (Plastics: average plastic film)
	Aluminum			9.123		UK Government GHG Conversion Factors for Company Reporting 2021 (Aluminium cans and foil)
Carbon price	Average annual value of the CO <sub>2</sub> price	Conversion factor	€/tCO <sub>2</sub>	53.55		<a href="https://www.sendeco2.com/it/prezzi-co2">https://www.sendeco2.com/it/prezzi-co2</a> <a href="https://ember-climate.org/data/carbon-price-viewer/">https://ember-climate.org/data/carbon-price-viewer/</a>

# Attachment 3 – Report table of Correlation with the 10 UN Global Compact principles

AREA	GLOBAL COMPACT PRINCIPLE	GRI INDICATOR
HUMAN RIGHTS	<b>Principle 1</b> Companies are required to promote and respect universally recognized human rights within their respective spheres of influence.	403-1/10 412-1 412-2 412-3 413-1 413-2 414-1 414-2
	<b>Principle 2</b> Make sure not to be, even indirectly, complicit in human rights abuses.	
LABOUR	<b>Principle 3</b> Companies are required to support workers' freedom of association and recognize the right to collective bargaining.	102-8 102-41
	<b>Principle 4</b> Companies are required to eliminate all forms of forced and compulsory labor.	401-1 401-2 401-3 405-1 406-1 407-1 408-1 409-1 412-1 412-2
ENVIRONMENT	<b>Principle 5</b> Companies are required to effectively eliminate child labor.	
	<b>Principle 6</b> Companies are required to eliminate all forms of discrimination in terms of employment and profession.	201-2 301-1 302-1 302-3 303-1 303-2 303-3 305-1 305-2 305-3 305-4 306-1 306-2 306-3 307-1 308-1
ANTI-CORRUPTION	<b>Principle 7</b> Companies are required to support a preventive approach to environmental challenges.	
	<b>Principle 8</b> Companies are required to undertake initiatives that promote greater environmental responsibility.	
	<b>Principle 9</b> Companies are required to encourage the development and dissemination of technologies that respect the environment.	
	<b>Principle 10</b> Companies are committed to fighting corruption in all its forms, including extortion and bribery.	102-16 201-4 205-1 205-2 205-3 415-1

## 8. Declaration of assurance



### Assurance Statement

SGS Italia S.p.A. was commissioned by the Management of Palladio Group SpA to undertake an independent assurance of the Company's Annual Report reporting period 2021 (the 'Report') in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter the "GRI Standards").

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

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

#### RESPONSIBILITY OF THE DIRECTORS FOR THE REPORT

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

#### INDEPENDENCE OF THE AUDITORS AND QUALITY CONTROL

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

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

#### AUDITOR'S RESPONSABILITY

The responsibility of SGS Italia S.p.A. is to express an opinion concerning the reliability and accuracy of the information, data and statements contained in the 2021 Sustainability Report and to assess the compliance of Report with the reference requirements, within the below mentioned assurance scope, with the purpose to inform all Interested Parties.

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

- analysis, according to Limited Assurance Engagement, of the business and data on sustainability, for the period January 2021 to December 2021, as contained in the Report
- the evaluation of the Report against the Global Reporting Initiative's GRI Standards, core option

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the IAASB (International Auditing and Assurance Standards Board) for limited assurance engagements.

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

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## Assurance Methodology

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

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

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

Auditing activities were carried out in May 2022 involving the Company's central functions in Dueville (VI). The audit activities were conducted remotely.

### LIMITATIONS

Economic and financial data contained in the Financial Statements at 31 December 2021, included in the Sustainability Report, have not been audited by SGS.

### CONCLUSIONS

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report as of 31 December 2021 of Palladio has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in chapter 4 of the Sustainability Report.

Milan, 14th June 2022

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

Paola Santarelli  
Knowledge  
Business Manager

Marina Piloni  
Knowledge  
Project Leader

## 9. GRI content index

(Ref. GRI 102-55)

The 2021 Sustainability Report of Palladio Group was drawn up in accordance with the "GRI Standard" guidelines, "Core" option. The

following table shows the index of the contents reported, specifying which GRI Standards have been used and which information has

been included in the reporting scope.

GENERAL INFORMATION			
GRI	INDICATOR TITLE	PARAGRAPH	NOTES
102-1	Organization name	1.2.1	
102-2	Main brands, products and / or services	1.2.1	
102-3	Location of the headoffice	1.2.4	
102-4	Place of activities	1.2.4	
102-5	Ownership and legal form	1.2.1 / 1.2.4	
102-6	Markets served	1.2.4	
102-7	Size of the organization	1.2.4	
102-8	Information on employees and other workers	3.2.1	
102-9	Supply chain	2.1.1 / 4.2.1 / 4.2.2	
102-10	Significant changes to the organization and its supply chain	2.1.1 / 4.2 / 6	
102-11	Precautionary principle	1.4.4	
102-12	External initiatives	1.2.2 / 1.4.4 / 2.2.2 / 3.1.1	
102-13	Membership in associations	1.2.2 / 1.4.4	
102-14	Statement from a senior executive	INTRODUCTION	
102-15	Key impacts, risks and opportunities	INTRODUCTION	

102-16	Values, principles, standards and rules of conduct	1.2.1 / 1.2.5 / 3.1.1 / 5.2.1	
102-17	Mechanisms for seeking advice and reporting critical issues relating to ethical issues	1.2.5	
102-18	Governance structure	1.3.1 / 1.3.1	
102-40	List of stakeholder groups	2.1.3 / ATTACHMENT 1	
102-41	Collective bargaining agreements	3.2.1 / 5.1.3	
102-42	Identification and selection of stakeholders	2.1.3 / ATTACHMENT 1	
102-43	Methods of involving stakeholders	2.2.1 / 2.2.2 / 2.2.3 / ATTACHMENT 1	
102-44	Key topics and issues raised	2.1.3 / ATTACHMENT 1	
102-45	Subjects included in the consolidated balance sheet	1.2.3 / 2.1.2	
102-46	Definition of the report content and perimeters of the topics	1.2.3 / ATTACHMENT 1	
102-47	List of material topics	ATTACHMENT 1	
102-48	Review of information	ATTACHMENT 1	
102-49	Changes in reporting	ATTACHMENT 1	
102-50	Reporting period	INTRODUCTION	
102-51	Date of the most recent report	INTRODUCTION	
102-52	Reporting periodicity	INTRODUCTION	
102-53	Contacts for requesting information regarding the report	INTRODUCTION	
102-54	Declaration on reporting in accordance with the GRI Standards	INTRODUCTION	
102-55	GRI content index	INTRODUCTION / GRI CONTENT INDEX	
102-56	External Assurance	EXTERNAL ASSURANCE	

MATERIAL TOPICS REPORTED				
GOVERNANCE / ECONOMIC / PRODUCT RELATED TOPICS				
Economic performance				
GRI 103: Management mode	GRI 103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.4	
	103-3	Evaluation of management mode	1.4	
GRI 201: Economic performance	201-1	Economic value directly generated and distributed	3.1.1 / 3.2.2 / 6	
	201-3	Defined benefit pension plans and other retirement plans	6	
	201-4	Financial assistance received from the government	5.2.4	
Sustainable Procurement, Sustainable Logistics, Business Continuity				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	2.1.1 / 4.2	
	103-3	Evaluation of management mode	2.1.1 / 4.2	
GRI 204: Procurement practices	204-1	Proportion of expenditure on local suppliers	4.2.1 / 6	
GRI 308: Environmental assessment of suppliers	308-1	New suppliers that have been evaluated using environmental criteria	2.1.1	
GRI 411: Rights of indigenous peoples	411-1	Episodes of violation of the rights of indigenous peoples	4.2.2	
GRI 414: Social assessment of suppliers	414-1	New suppliers that have been evaluated through the use of social criteria	2.1.1 / 6	
Anti-corruption				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	5.2	
	103-3	Evaluation of management mode	5.2	
GRI 205: Anti-corruption	205-1	Operations assessed for the risks associated with corruption	5.2.4	
	205-2	Communication and training on anti-corruption policies and procedures	3.3.1 / 6	
	205-3	Confirmed episodes of corruption and actions taken	5.2.4	

Investments and Digitalization (economy 4.0)				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.4.1 / 14.3	
	103-3	Evaluation of management mode	1.4.1 / 14.3	
Innovation (product, process)				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.4.3	
	103-3	Evaluation of management mode	1.4.3	
Customer Satisfaction, Customer Collaboration, Customer Brand Protection				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	2.2.3	
	103-3	Evaluation of management mode	2.2.3	
Quality and Safety of the Product				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.2.1 / 1.4.4 / 2.2.4	
	103-3	Evaluation of management mode	1.2.1 / 1.4.4 / 2.2.4	
Growth strategy				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.4.2	
	103-3	Evaluation of management mode	1.4.2	

Socio-environmental-economic compliance				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.4.5	
	103-3	Evaluation of management mode	1.4.5	
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	1.4.5	
GRI 206: Anti-competitive behavior	206-1	Lawsuits for anti-competitive behavior, antitrust and monopoly practices	1.4.5	
GRI 419: Socio-economic compliance	419-1	Non-compliance with laws and regulations on social and economic matters	1.4.5	
GRI 416: Customer health and safety	416-2	Incidents of non-compliance concerning impacts on the health and safety of products and services	1.4.5	
GRI 417: Marketing and labeling	417-2	Incidents of non-compliance regarding information and labeling of products and services	1.4.5	
GRI 418: Customer privacy	418-1	Proven complaints regarding violations of customer privacy and loss of customer data	1.4.5	
Data and information security (customers, employees, corporate, etc.)				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	2.2.3 / 2.2.5	
	103-3	Evaluation of management mode	2.2.3 / 2.2.5	
Brand reputation				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	1.2.5 / 1.4 / 2.2.3	
	103-3	Evaluation of management mode	1.2.5 / 1.4 / 2.2.3	

ENVIRONMENTAL TOPICS				
Responsible management of raw materials, Development of recyclable, reusable products				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.2.1	
	103-3	Evaluation of management mode	4.1.1 / 4.2.1	
GRI 301: Materials	301-1	Materials used by weight or volume	4.2.1 / 6 ATTACHMENT 1 / 6	
	301-2	Materials used that come from recycling	4.2.1 / 6	
	301-3	Recovered or remanufactured products and related packaging materials	4.2.1 / 6	
Energy Management				
GRI103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.1.3	
	103-3	Evaluation of management mode	4.1.1 / 4.1.3	
GRI 302: Energy	302-1	Energy consumed within the organization	4.1.3 / 6	
	302-3	Energy intensity	4.1.3 / 6	
Protection of Biodiversity				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.2.2	
	103-3	Evaluation of management mode	4.1.1 / 4.2.2	
	304-1	Operational sites owned, located, managed in (or adjacent to) protected areas and areas of high biodiversity value outside the protected areas	4.2.2	
	304-2	Significant impacts of activities, products and services on biodiversity	4.2.2	

GRI 304: Biodiversity	304-3	Protected or restored habitats	4.2.2	
	304-4	Species listed in the IUCN "Red List" and in the national lists that find their habitat in the areas of activity of the organization	4.2.2	
GHG Emissions				
GRI103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.1.2	
	103-3	Evaluation of management mode	4.1.1 / 4.1.2	
GRI 305: Emissions	305-1	Direct GHG emissions (Scope 1)	4.1.2 / 6	
	305-2	Indirect GHG emissions from energy consumption (Scope 2)	4.1.2 / 6	
	305-3	Other indirect GHG emissions (Scope 3)	4.1.2 / 6	
	305-4	Intensity of GHG emissions	4.1.2 / 6	
Waste management				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.1.5	
	103-3	Evaluation of management mode	4.1.1 / 4.1.5	
GRI 306: Water discharges and waste	306-1	Production of waste and significant impacts related to waste	4.1.5	
	306-2	Management of the significant impacts associated with waste	4.1.5	
	306-3	Waste produced	4.1.5 / 6	

Management of impacts related to the product life cycle				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.2.1	
	103-3	Evaluation of management mode	4.1.1 / 4.2.1	
Use of dangerous substances				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	4.1.1 / 4.1.5	
	103-3	Evaluation of management mode	4.1.1 / 4.1.5	
<b>SOCIAL TOPICS</b>				
Health and Safety				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	3.2.3	
	103-3	Evaluation of management mode	3.2.3	

GRI 403: Health and Safety at Work	403-1	Occupational health and safety management system	1.4.4 / 3.2.3	
	403-2	Hazard identification, risk assessment and accident investigation	3.2.3	
	403-3	Occupational medicine services	3.2.3	
	403-4	Participation and consultation of workers and communication on health and safety at work	3.2.3	
	403-5	Training of workers in health and safety at work	3.3.1 / 3.3.3 / 6	
	403-6	Promotion of the health of workers	3.2.2 / 3.2.3	
	403-7	Prevention and mitigation of occupational health and safety impacts within commercial relationships	2.1.1	
	403-8	Workers covered by an occupational health and safety management system	3.2.3 / 6	
	403-9	Accidents at work	3.2.3 / 6	
	403-10	Professional diseases	3.2.3 / 6	

## Gender Equality

GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	3 / 5	
	103-3	Evaluation of management mode	3 / 5	
GRI 405: Diversity and equal opportunities	405-1	Diversity in governance bodies and among employees	3.1.2 / 6	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective measures taken	5.1.2	

Training and development of staff skills, Managerial Development, Youth Employment Development				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	3.3	
	103-3	Evaluation of management mode	3.3	
GRI 404: Training and education	404-1	Average hours of annual training per employee	3.3.1 / 6	
	404-2	Employee skills refresher programs and transition assistance programs	3.3.1 / 3.3.4	
	404-3	Percentage of employees receiving periodic evaluation of performance and professional development	3.3.2 / 6	
Fair Working Practices				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	5.1.4	
	103-3	Evaluation of management mode	5.1.4	
GRI 408: Child Labor	408-1	Activities and suppliers at significant risk of child labor incidents	5.1.4	
GRI 409: Forced or compulsory labor	409-1	Activities and suppliers at significant risk of forced or compulsory labor	5.1.4	
GRI 412: Assessment of respect for human rights	412-1	Activities that have been subject to checks on the respect of human rights or impact assessments	5.1.1	
	412-2	Employee training on human rights policies or procedures	6	

Training and development of staff skills, Managerial Development, Youth Employment Development				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	3.3	
	103-3	Evaluation of management mode	3.3	
GRI 404: Training and education	404-1	Average hours of annual training per employee	3.3.1 / 6	
	404-2	Employee skills refresher programs and transition assistance programs	3.3.1 / 3.3.4	
	404-3	Percentage of employees receiving periodic evaluation of performance and professional development	3.3.2 / 6	
Fair Working Practices				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	5.1.4	
	103-3	Evaluation of management mode	5.1.4	
GRI 408: Child Labor	408-1	Activities and suppliers at significant risk of child labor incidents	5.1.4	
GRI 409: Forced or compulsory labor	409-1	Activities and suppliers at significant risk of forced or compulsory labor	5.1.4	
GRI 412: Assessment of respect for human rights	412-1	Activities that have been subject to checks on the respect of human rights or impact assessments	5.1.1	
	412-2	Employee training on human rights policies or procedures	6	

	412-3	Significant investment agreements and contracts that include human rights clauses or that have undergone a human rights assessment	5.1.1	
Support for local communities				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	4.1	
	103-2	Management mode and its components	5.2.2	
	103-3	Evaluation of management mode	5.2.2	
GRI 413: Local communities	413-1	Activities with the involvement of local communities, impact assessments and development programs	5.2.2	
	413-2	Activities with significant actual and potential negative impacts on local communities	5.2.2	
Welfare and Well-being, Employee satisfaction				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	3.2.1 / 3.2.2	
	103-3	Evaluation of management mode	3.2.1 / 3.2.2	
Aging of the company population				
GRI 103: Management mode	103-1	Explanation of the material topic and its perimeter	2.1.2 / ATTACHMENT 1	
	103-2	Management mode and its components	3.2 / 3.3	
	103-3	Evaluation of management mode	3.2 / 3.3	

	103-3	Evaluation of management mode	3.2	
GRI 402: Relations between workers and management	402-1	Minimum notice period for operational changes	3.2.1	
<b>OTHER NON-MATERIAL TOPICS REPORTED</b>				
Public policy				
GRI 415: Public policy	415-1	Political contributions	5.2.4	
Occupation				
GRI 401: Occupation	401-1	New hires and turnover	3.2.1 / 6	
	401-2	Benefits provided for full-time employees, but not for part-time employees or employees with a fixed-term contract	3.2.1	
	401-3	Parental leave	3.2.1 / 6	
Use of water				
GRI 303: Water and water discharges	303-1	Interaction with water as a shared resource	4.1.4	
	303-2	Management of impacts related to water discharge	4.1.4	
Scarichi idrici	303-3	Water withdrawal	4.1.4 / 6	

## Credits

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