

**SUSTAINABILITY  
REPORT  
2022**

**ELECTRICAL SYSTEMS**

**LIGHTING**

**Palazzoli**



***Palazzoli***  
SISTEMI ELETTRICI E LUCE D'AUTORE



*Let's be inspired*



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# Letter to stakeholders

The following notes describe and make available the results and progress achieved by Palazzoli Group during 2022.

The past year has been an important period for the realization of many goals and the start of many projects with the aim of electrifying and illuminating in a sustainable way the Industry, ATEX, Infrastructure and Marine sectors with new and increasingly affordable and respectful solutions.

In 2022, we further accelerated our path to sustainable development by implementing significant ESG initiatives. Among others, we have exceeded the 50% green energy threshold of the total energy consumed and we have invested in training our employees with over 4,000 hours of education.

Our drive towards a future of sustainable success was then expressed in the updated edition of the Group's Code of Ethics, approved by the Board of Directors of Palazzoli S.p.A.. This Code recalls fundamental values and principles as the responsibility towards the interested parties and environmental protection.

In over 120 years of operation, Palazzoli has de-

monstrated its expertise in constantly growing and evolving, interpreting the rapid transformation of the company and offering products of recognized quality and reliability, which are indispensable for the human evolution.

The longer life of our products prevents new consumption, saves resources, and reduces waste.

We currently use state-of-the-art technologies to perform our industrial processes and the services we offer to customers. For example, we are using collaborative robots, both for production and for control, optical storage warehouses, and other sophisticated AI tools for materials handling and storage and for more effective customer services.

As an international leader, we are an industrial group that integrates different skills, from electrical engineering to the world of lighting, from mechanical technologies to innovative promotion and training services.

We face, and we are ready to face in the near future, the daily challenges to preserve the safety of people who collaborate in our projects with experience, professionalism and a high sense of responsibility, supported by a solid financial base.



The lighting industry is going through a phase of important and rapid changes, from the LED revolution to the development of light control technologies, to the creation of “electro-light” street lighting to distribute energy to cars and light the streets. In this context, it is essential to modernise and upgrade the lighting of infrastructure, also taking into account the increase in the number of electric cars.

Digitalization has had, and will continue to have, a significant impact on all our activities, such as, for example, the remote management of orders to optimize processes and ensure rapid product delivery.

We have also transformed our customer contact channels, which have become more evolved and demanding.

For us, sustainable success means preserving the natural environment, reducing work-related tensions and concerns, and increasing the attractiveness of our products and services. Memory is a form of respect, as well as learning, and we remember that Palazzoli, from its origins, has been

committed to social inclusion, offering essential services for the family, for education and for subsidiarity towards its collaborators and the Brescia community that hosts it. Our commitment to continuing education has created and maintains the involvement of talent and new generations in our industrial complex. Based on these principles, we will guide the future development of Palazzoli Group.

I would like to thank all the Group’s employees who have also contributed to the achievement of the ambitious ESG objectives, which are set out in this Sustainability Report.

Have a good read.

**Luigi Moretti**  
**Chairman**

A handwritten signature in black ink, consisting of a large, stylized 'L' followed by a series of loops and a final vertical stroke.









1

About us



## About us

Palazzoli is a company specialized in the design and production of electrical and lighting solutions for the industrial, sports, road, railway, ATEX and marine world. Founded in 1904, it has built in over a century of success its leadership in the electrotechnical and lighting sector. Palazzoli has its headquarters and production facilities in Lombardy in Brescia and is present worldwide with a network of over 5,000 dealers. Its catalogue, including over 6,000 products, is among the most broad and comprehensive and responds, with specific solutions, to all the needs of professionals.

Palazzoli considers sustainability an integral part of all its actions, in which it is successfully engaged in balancing economic, environmental and social objectives.

The company is active in various sectors, including industry, ATEX environments, infrastructure and marine, providing high-quality electrical lighting solutions for extreme and critical environments. Its experience also includes tunnels, galleries, cruise ships, military vessels and offshore platforms.



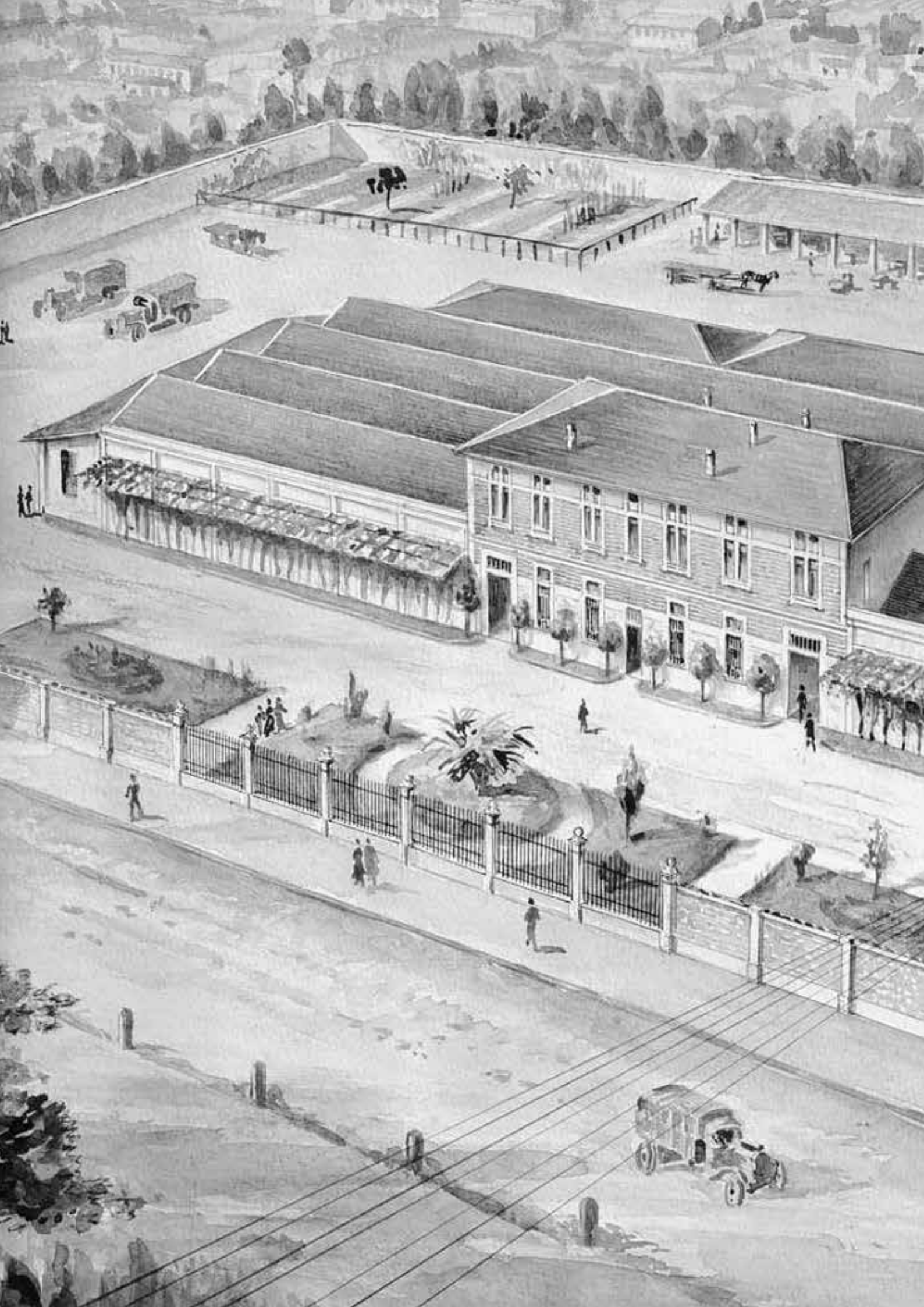


The products are made of high-quality materials, resistant to corrosion and flame, making them suitable for a variety of environments, including high-risk ones.

Currently, Palazzoli is a company with a solid knowledge of materials and a wide range of solutions for different environments, from thermoplastic to aluminium, stainless steel and brass.

For customer satisfaction, protection and respect of employees and the territory, Palazzoli applies a quality management system according to the international standard UNI EN ISO 9001 and an environmental management system, certified according to the international standard UNI EN ISO 14001. Palazzoli's focus is also on human capital. The occupational health and safety management system, certified ISO 45001, is dedicated to this.







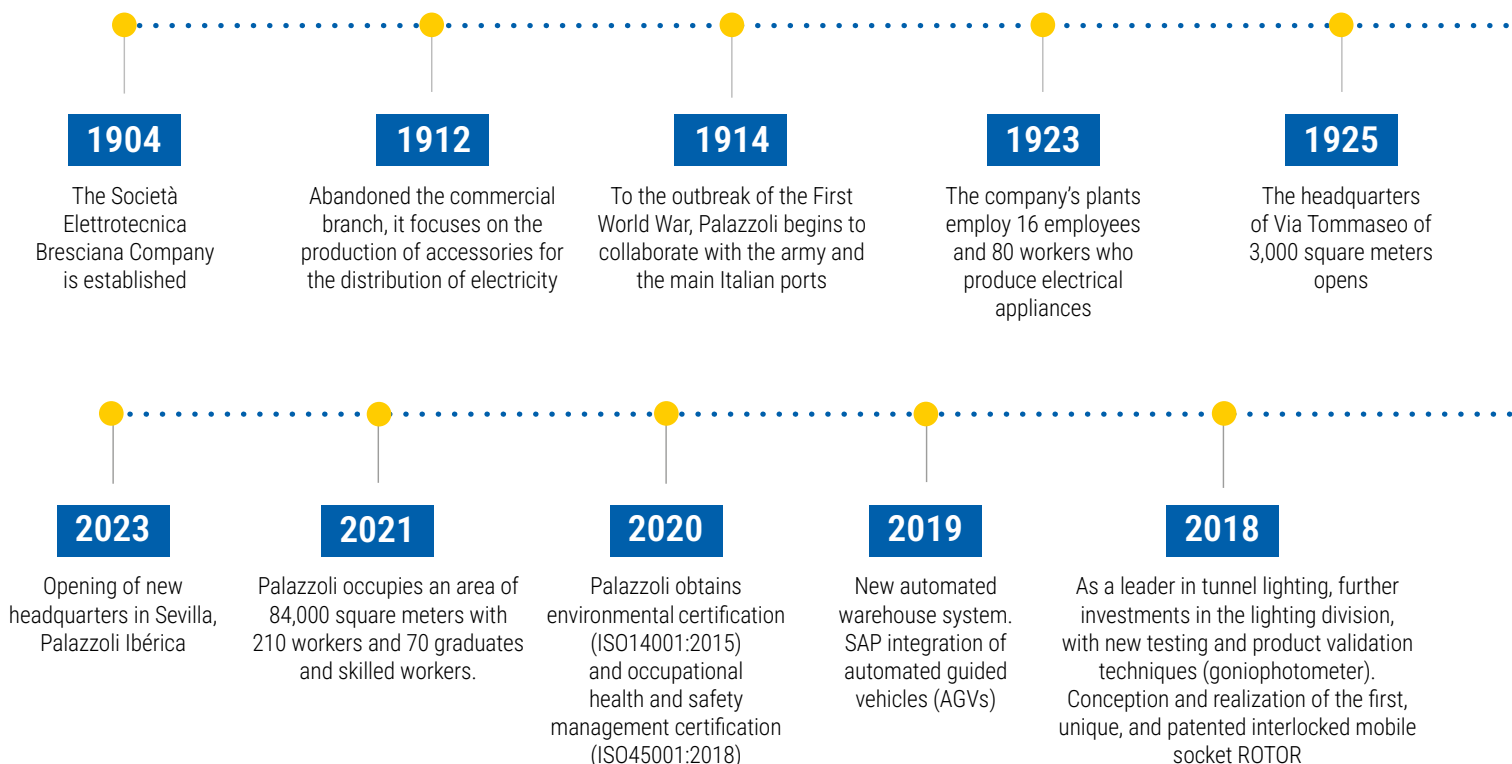
2

# Palazzoli from its origins to today



# Palazzoli from its origins

Founded in 1904 in a territory with a rich industrial history, Palazzoli has **contributed for over a century to the progress of entrepreneurship**. The company has faced changes in society and industry by investing in test and measurement laboratories to ensure the highest quality of its products. In particular, since the early 50s the company has anticipated the times by creating an internal test and measurement laboratory to ensure the full reliability of its products. Today, the company has a photometric laboratory to quickly test the performance of its luminaires.







## to today

Since the 1990s, Palazzoli has been developing products for various industries. It has expanded its facilities, adopting cutting-edge technologies such as automation and artificial intelligence.

**The company is currently one of the major international players in the production of electrical systems and lighting.**



« Discover the history of Palazzoli

**1939**

Expansion of headquarters and workforce with 45 employees and 300 workers

**1950**

Palazzoli donates to the Province an area of 21,500 square meters where the Benedetto Castelli Institute will rise

**1955**

Are made available to employees: canteen, sanitation and care and houses with reduced rent

**1966**

Launch of the TAIS line, the first socket with switch equipped with mechanical interlock

**1971**

Arrival of the prototypes of the CEE plugs and sockets, the modular insulating enclosures in GRP - glass reinforced polyester - produced for the first time in Italy

**2017**

Palazzoli Middle East FZE is established in Dubai

**2014**

The acquisition of Lewden LTD in UK is completed by Palazzoli

**2000**

Development of artificial intelligence, Palazzoli also enters the world of Industry 4.0

**1990**

TER Palazzoli products are chosen for the expansion of the Milan fair. The TAIS line is chosen for the equipment of the largest cruise ships in the world

**1980**

Palazzoli has 250 employees and exports to several countries around the world





A group of people, wearing plaid shirts, are gathered around a table, working together to assemble wooden puzzle pieces. The puzzle pieces are being placed onto a document that features several line graphs with multiple colored lines (blue, green, red, yellow). The scene is brightly lit, and the focus is on the hands and the puzzle pieces. A blue rectangular box with the number '3' is positioned in the upper right area of the image.

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# Report in numbers

# Report in numbers



## + 100

Years of experience in manufacturing electrical and lighting systems



## 98%

Permanent contracts



## 130

Number of employees (approx.)



## 50.000.000 €

Turnover



## 95%

Aluminium used from recycling





# 30%

Electricity self-consumed by the photovoltaic system



# 100%

Staff with access to welfare



# 23

Training hours/year per employee



# + 17.000

Hours dedicated to Research & Development and technological innovation



# 150.000 €

For donations



In the working process:



ZERO HALOGENS



ZERO CARCINOGENIC COMPONENTS



ZERO ASBESTOS



ZERO EMISSIONS OF POLLUTING LIQUIDS





Customer  
focused operations



Smart  
engineering





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# Values and principles



Top  
manufacture



Service  
excellence

## Values and principles

Palazzoli is constantly inspired by its own ethical Values and principles, which have been identified and collected in the company's Code of Ethics, an essential element of the Organization, Management and Control Model adopted by the Company.

The Code of Ethics aims to clarify the values and principles that guide the activity and relations with employees, collaborators, business partners, shareholders and in general with any other stakeholder. All recipients of the Code are required to observe certain principles of conduct.

The Company's mission is to continuously improve profitability by maximizing customer satisfaction, in order to maintain and increase corporate value.







The company Palazzoli S.p.A. and all those involved in any way in the operation of the company, are required to respect the following Values and operating principles:

- Legality
- Tradition and connection with the territory
- Economic efficiency
- Development of human resources
- Research and development
- Respect and protection of the environment
- Fairness and transparency
- Sense of responsibility
- Fairness and integrity of relations with the Public Administration
- Impartiality



The task of supervising compliance with the Code of Ethics, of disseminating its ethical principles and values and of clarifying any interpretative doubts, is entrusted to the Supervisory Body established by the Company pursuant to Legislative Decree 231/2001.









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# Corporate strategy of sustainability



## Corporate strategy of sustainability



In Palazzoli, sustainability - both social and environmental - is oriented towards the improvement of production processes and continuous investment in advanced technologies, making the workplace safe and respecting the environment to the highest internationally recognised standards.

To actively contribute to the achievement of the UN Sustainable Development Goals, in 2023, Palazzoli embarked on a sustainability path to monitor and improve its performance regarding social and environmental responsibility issues.

Also during 2023, the Company undertook the first analysis of Organization Carbon Footprint, in reference to the year 2022, together with the analysis of Product Carbon Footprint. These initiatives coincide with the will of the organization to carry out actions aimed at reducing emissions into the atmosphere. This project is part of a wider path which sees Palazzoli at the centre of initiatives linked to the world

of sustainability with the aim of aligning corporate activity with the objectives of the UN 2030 Agenda and the European climate goals, in order to promote the change needed to combat the climate emergency and ensure fairer and more sustainable social development.

The environmental sphere, in particular that relative to the carbon footprint, will not be the only one to be analysed by Palazzoli, since the organization is developing, with the support of specialized consultants and internal professionals, an action plan to improve performance in every aspect related to sustainability, implementing activities and defining short-, medium- and long-term objectives, including those relating to the social sphere, essential for Palazzoli, that has always placed its people at the centre, and that of governance, where the strategic direction of the company and its present and future vision are defined.





***“Improvement of  
production processes  
and continuous  
investment in advanced  
technologies.”***



# UN 2030 Agenda and Sustainable Development Goals

In addition to the standards of the Global Reporting Initiative (GRI), this Sustainability Report refers to the Sustainable Development Goals (SDGs), which are the core of the United Nations 2030 Agenda. These are 17 objectives in which the common plan for sustainable development signed by the governments of the 193 UN member countries in 2015 is set out. The achievement of these goals, set for 2030, implies the active involvement of institutions, organizations, companies, and individuals.

In this Sustainability Report, we have chosen to focus on each theme addressed by the reference SDGs, in order to identify Palazzoli's contribution to the global path towards sustainability.



# SUSTAINABLE DEVELOPMENT GOALS









A blurred background image of an industrial factory setting. In the foreground, there are several black trays filled with small, white, rectangular components, likely electronic parts, arranged on a conveyor system. In the background, a blue robotic arm with multiple joints and sensors is visible, along with various industrial structures, pipes, and equipment. The lighting is bright, typical of a factory environment.

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# Materiality analysis and the impacts generated

# Materiality analysis and the impacts generated

## Our priorities: Material issues

In 2023 Palazzoli conducted its first materiality analysis in order to identify the issues related to sustainability that are found to have the greatest influence at the company level, the so-called “material issues”. These are topics that reflect significant environmental, social, and economic impacts both internally and for external stakeholders.

To arrive at the definition of material issues, Palazzoli has adopted an approach in line with the new GRI standards and, once the material themes of the organization have been defined and identified, pinpointed the impacts related to each sustainability issue relevant to the business environment.

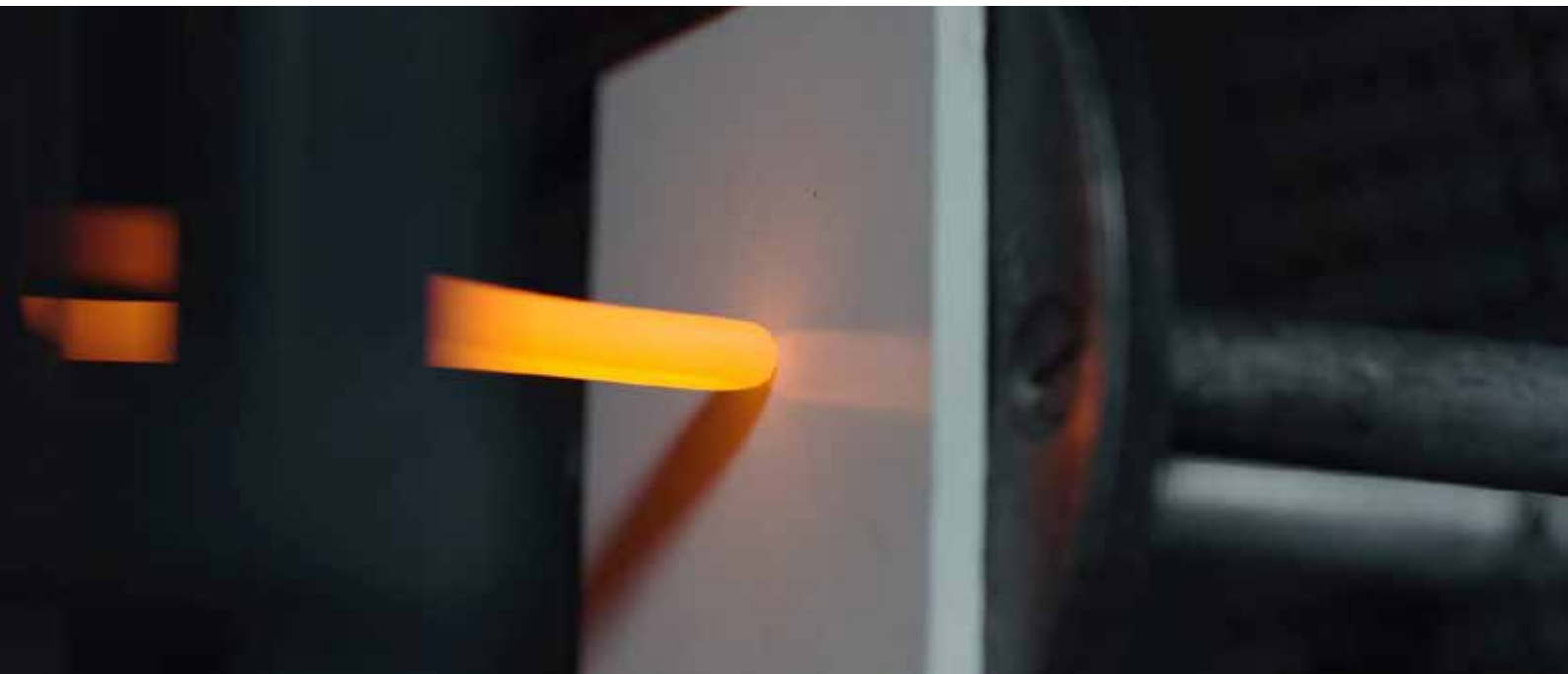
To arrive at the definition of a list of material themes and the identification of the impacts (positive and negative, actual and potential) several steps have been followed:

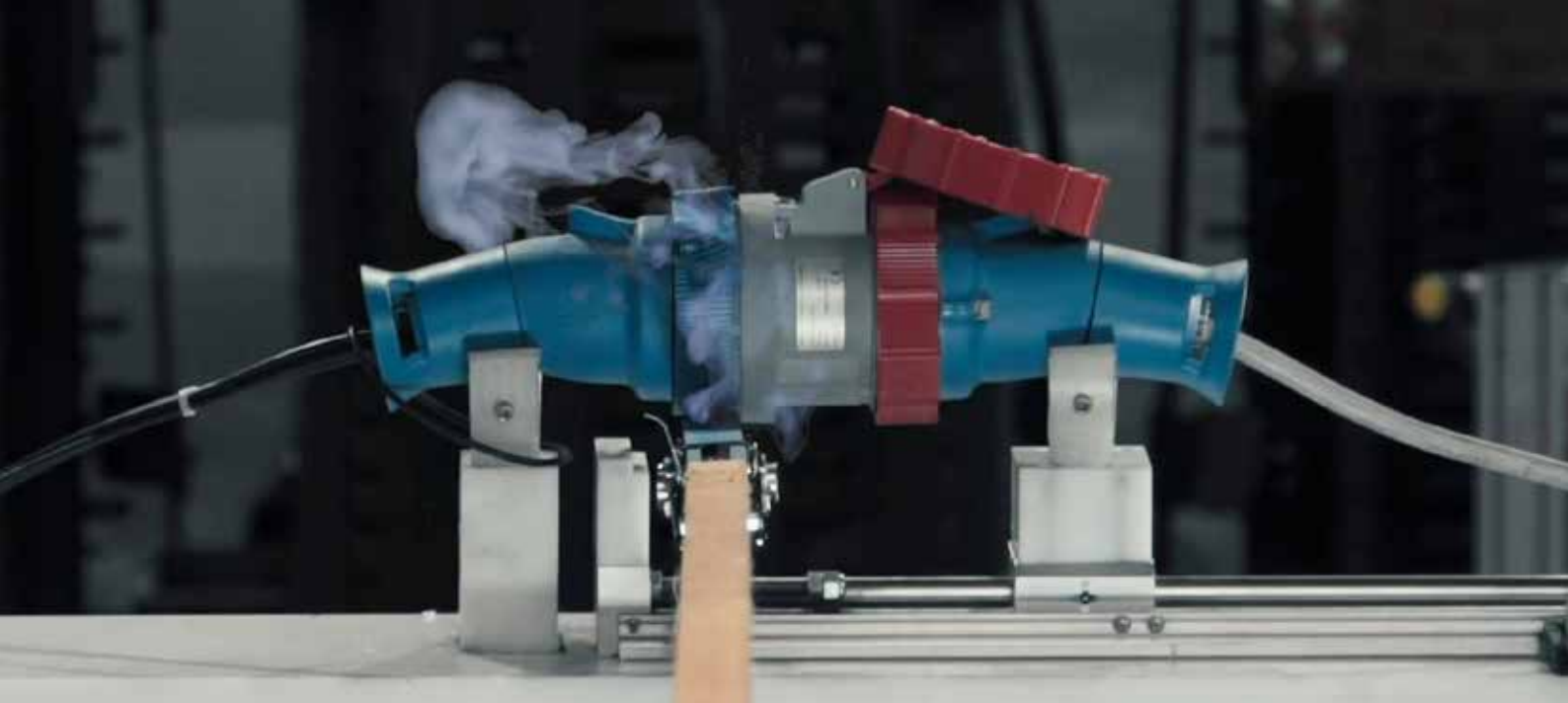
- A first phase of analysis of the context, where the

reference sector was studied and a list of potential issues relevant to ESG was identified

- The second phase included the contribution of managerial functions to select material issues (and therefore priority) in the field of sustainability for the organization
- Finally, we arrived at the definition of material themes and the assignment of an order of internal relevance with respect to the different themes.

It is specified that the material themes and content of this document have been presented and approved by the Board of Directors of the organization. To improve the selection process of the most relevant sustainability issues, the Company plans in the future to extend the analysis through the direct involvement of stakeholders through stakeholder engagement activities.





The material themes identified during this first materiality analysis are presented below, broken down by sphere:

### ENVIRONMENT AREA

- Energy and energy efficiency
- Environmental impact and reduction of emissions
- Responsible management of waste
- Materials and initiatives of circular economy
- Responsible management of water resources



### SOCIAL AREA

- Enhancement and well-being of employees
- Training and professional development of employees
- Health and safety protection of workers
- Diversity, inclusion, and promotion of equal opportunities
- Creating value in the community



### GOVERNANCE AREA

- Strategic direction
- Research & Development and technological innovation
- Creation of economic and financial value
- Responsible supply chain management
- Privacy and data protection
- Customer satisfaction



Once the material issues had been defined and in order to evaluate the so-called impact materiality, Palazzoli evaluated the positive and negative (actual and potential) impacts generated by the company for each of these issues.



# Impacts generated by Palazzoli

In order to identify the impacts generated in relation to the three spheres of sustainability (Environment, Social and Governance), interviews have been carried out with the reference corporate figures in order to assess their significance.

The impacts were classified according to their degree of magnitude and probability in the case of potential impacts, while only the magnitude (the extent of the damage or benefit provided) in the case of Actual impacts (positive or negative impacts from events that have already occurred) was taken into account.

To evaluate probability and severity/magnitude, we used a rating scale from 1 to 4. For gravity/magnitude, for positive impacts (actual or potential), the

maximum value (4) represents the optimal level, while for the negative impacts the value 4 indicates a significant threat to the organization, therefore assuming a negative connotation.

In addition, for potential impacts, a score was also awarded on the basis of the probability of occurrence; in these cases, an event is considered more likely the higher the associated score (maximum value 4).

Below is presented the study carried out, with an initial focus on the actual impacts generated by the organization, followed by the introduction of the matrices of risks and opportunities identified in the development of the project with regard to the potential impacts of the organization.



# Actual impact

The actual impacts generated by the organisation are presented in the table below, which incorporates the results of the analysis carried out to identify the main Actual impacts, positive and negative, generated directly and indirectly by the Company in the course of its activities

SPHERE	MATERIAL ISSUE	IMPACT GENERATED	TYPE OF IMPACT	MAGNITUDE
Environment	Energy and energy efficiency	Presence of PV systems covering a portion of the electricity requirement	+	4 green leaves
	Responsible management of waste	Development of projects for the external reuse of production waste	+	4 green leaves
	Environmental impact and reduction of emissions	Monitoring and certification of the organization's carbon footprint for the year 2022 according to the ISO 14064-1 standard	+	4 green leaves
		Failure to adhere to formal programmes for the achievement of climate objectives	✗	2 red leaves, 2 grey leaves
	Materials and initiatives of circular economy	Attention to the development of a production process inspired by the principles of circular economy, through the use of recycled materials and packaging	+	3 green leaves, 1 grey leaf
	Responsible management of water resources	Flow monitoring of water consumption (both civil and process uses)	+	4 green leaves
		Increase in water withdrawals, also considering the specific value compared to the hours of cycle time	✗	4 red leaves
	Diversity, inclusion, and promotion of equal opportunities	No reports within the whistleblowing channel	+	4 green leaves
	Training and professional development of employees	Training projects to create a corporate culture of continuous learning	+	4 green leaves
		Average training hours per employee are higher than the national average (74 vs 21)	+	4 green leaves













SPHERE	MATERIAL ISSUE	IMPACT GENERATED	TYPE OF IMPACT	MAGNITUDE
Social	Enhancement and well-being of employees	100% of employees have access to welfare		
		Presence of a suggestion system, which allows employees to propose ideas and cues for improvement for business		
	Health and safety protection of workers	Development of an ISO 45001 certified health management system		
		Worsening of accident frequency and severity indices compared to 2021		
	Creating value in the community	Presence of projects in collaboration with universities and research institutions		
Governance	Creation of economic and financial value	The company is in a condition of financial stability that allows it to plan investments for development and growth in the medium and long term.		
		Increase in the covered market share		
	Customer satisfaction	Communication to customers about product composition		
	Privacy and data protection	Training on computer security		
	Strategic direction	Presence of the Organisational Management Model 231/2016 and related channels of reporting irregularities and management systems		
		Presence of ISO 9001 and ISO 14001 certification		
	Research & Development and technological innovation	Collaboration with research bodies for technological innovation projects		
		Obtaining patents for new products and projects		

# Potential impacts generated

In addition to the actual impacts, the potential, positive and negative impacts generated by Palazzoli in the course of its activity were also analysed. To do this, the organization evaluated these impacts on the basis of magnitude and probability of occurrence, as explained in the introductory paragraph of this chapter.

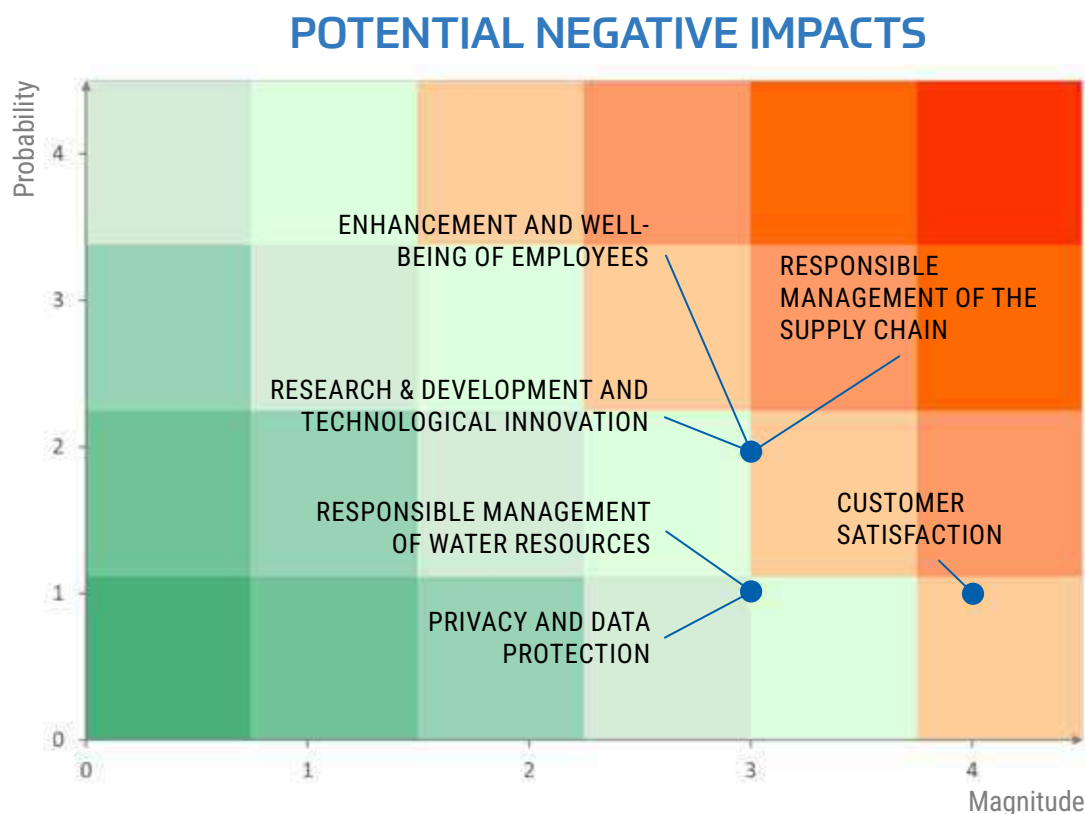
## Potential negative impacts

Below is a table listing the main potential negative impacts associated with the materials identified by the organisation, broken down by spheres E (Environment), S (Social), and G (Governance).

SPHERE	MATERIAL THEME	POTENTIAL NEGATIVE IMPACTS	MAGNITUDE	PROBABILITY
Environment	Responsible management of water resources	Failure to identify the causes that led to increased water consumption		
Social	Enhancement and well-being of employees	Potential increase of the turnover of the staff and consequent difficulty in finding strategic figures on the market		
Governance	Customer satisfaction	Potential increase of the complaints with consequent decrease of the index of satisfaction of the customers		
	Privacy and data protection	Cyber-attacks resulting in data loss or financial damage related to inadequate cybersecurity training or other deficiencies in systems computer		
	Research & Development and technological innovation	Delays in technological innovation and the transition to more sustainable materials		
	Responsible management of the supply chain	Lack of attention to the performances of sustainability of the own suppliers and difficulty in the tracking of own supply chain		



In the matrix below the main negative potential impacts are placed in relation to their significance, obtained by combining the magnitude and probability at each impact. The more the issue positions itself at the top right of the matrix, the more the impact (or impacts) associated with that issue will be significant for the organization.



As highlighted in the matrix, all potential negative impacts associated with different sustainability issues indicated as materials have a low probability of occurrence, between 1 and 2, testifying to the organization's commitment to implement a series of initiatives to mitigate and prevent the occurrence of these impacts.

Instead, focusing on the magnitude of potential impacts, the matrix shows a high value (4) for the issue of "Customer satisfaction", where a potential increase in complaints can lead to the loss of customers and, consequently, market share. The probability that this risk occurs, however, is very low,

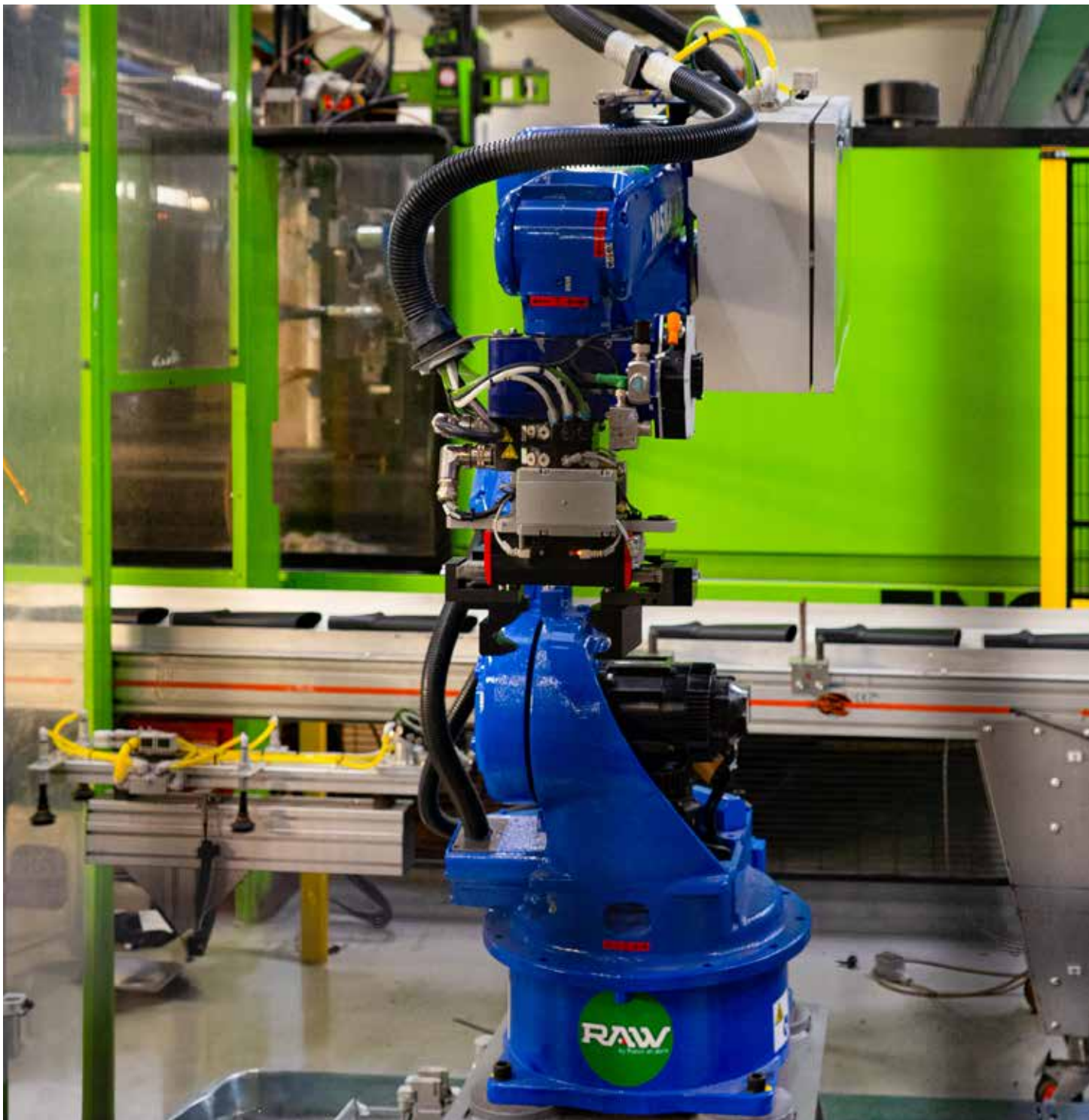
being Palazzoli very attentive to the topic of the quality of the products offered on the market.

Moreover, the risks associated with a lack of technological innovation ("Research & Development and technological innovation") and a failure to update the criteria for selecting suppliers ("Responsible management of the supply chain") can also be very significant. To prevent the occurrence of negative impacts associated with these two hypotheses, on the one hand Palazzoli identified professional figures dedicated to R&D, while on the other hand it began to collect qualitative information related to ESG issues within its supply chain.



Regarding the social sphere, instead, the same magnitude and probability value of the two preceding themes has been associated also to the issue “Enhancement and well-being of the employees”, that it is connected to the risk of a potential increase of the voluntary turnover.

Finally, they present a minimum probability of occurrence (1) the issues of “Privacy and data protection”, so there are ongoing updates to the Company information systems and training courses for employees, and “Responsible management of water resources”, where the consumption monitoring system is improving and interventions to increase efficiency in water resource management are being studied.



# Potential positive impacts

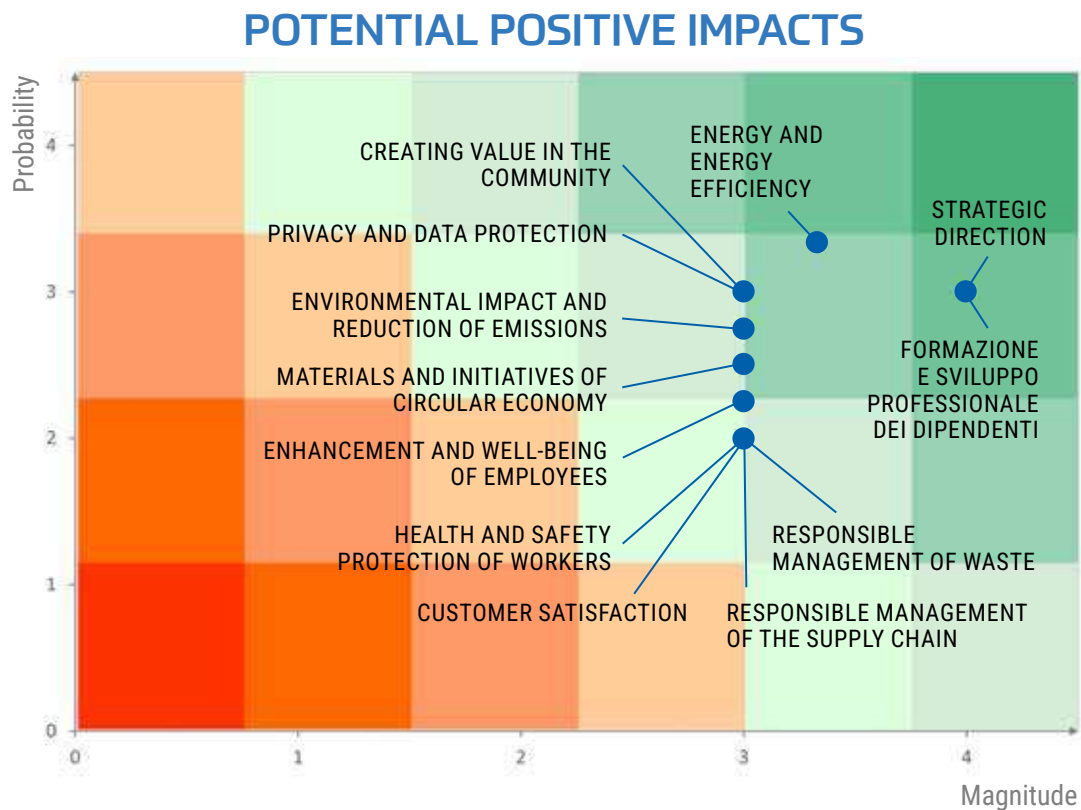
As mentioned above, the methodology and the analysis process also includes the activity of identifying and managing the potential positive impacts generated by Palazzoli, which have been reported in the table presented below.

SPHERE	MATERIAL ISSUE	POTENTIAL POSITIVE IMPACTS	MAGNITUDE	PROBABILITY
Environment	Energy and energy efficiency	Implementation of an energy diagnosis to investigate possible interventions to increase the energy efficiency of plants		
		Reduction in the use of natural gas		
		Installation of a new PV system to increase energy independence		
	Responsible management of waste	Reduction in the amount of waste generated in landfills and, consequently, increase in the percentage of waste sent for recovery		
	Environmental impact and reduction of emissions	Implementation of carbon footprint according to ISO 14067		
		Supply of electricity accompanied by a Guarantee of Origin and, therefore, from renewable sources.		
		Elimination of 3 natural gas burners, reducing direct emissions		
		Definition of GHG emission reduction targets		
	Materials and initiatives of circular economy	Introduction of a system of monitoring and timely tracking of the percentage of recycled material contained in raw material and packaging		
		Development of eco-design projects and obtaining eco-labels for their products		

SPHERE	MATERIAL THEME	POTENTIAL POSITIVE IMPACTS	MAGNITUDE	PROBABILITY
Social	Training and professional development of employees	Conducting specific courses on sustainability		
	Enhancement and well-being of employees	Conducting an analysis of the internal climate		
		Organization of team building events		
		Introduction of services to support parenting and/or caregiver employees		
		Hourly flexibility (for tasks that allow it) with benefits for the life-work balance of employees		
	Health and safety protection of workers	Membership in the Workplace Health Promotion (WHP) programme		
	Creating value in the community	Increase employee engagement for community activities (donations, corporate volunteering)		
Governance	Customer satisfaction	Development of a customer satisfaction assessment system through their involvement		
	Privacy and data protection	Obtaining the corporate legality rating		
	Strategic direction	Regular publication of the sustainability report according to the latest international standards		
	Responsible management of the supply chain	Adopt a responsible, written procurement policy that prioritizes local suppliers with good ESG performance		

Here again, each material issue potential positive impact has been associated with its, assessed in terms of probability of occurrence and magnitude. Below is the matrix of potential positive impacts with reference to Palazzoli's material issues.

The higher the right-hand position of the theme in the matrix, the more relevant will be the potential positive impact (opportunity) associated with the theme.





As highlighted in the matrix, the Company identifies as opportunities with high magnitude and probability different issues: "Training and professional development of employees", "Strategic direction" and "Energy and energy efficiency". With regard to energy, Palazzoli has foreseen in 2023 the reduction of natural gas consumption and the extension of the capacity of the photovoltaic system; in addition, having embarked on a path of sustainability, the Company has defined the need to increase the sensitivity and awareness of staff on these issues through training courses.

Relevant and with high magnitude (3 out of 4), but with different probabilities of occurrence, are also the opportunities associated with the other material issues of the organization. High probability is associated with the themes of "Creating value in the community", "Privacy and Data Protection" and "Environmental impact and reduction of emissions".

The Company will increase its commitment to the community with new projects and initiatives to create social value. In the field of data protection, however, is expected the performance of cybersecurity activities and obtaining the corporate legality rating. Finally, to reduce emissions, the organization has begun monitoring the carbon footprint of the organization and is studying the definition of targets for reducing greenhouse gas emissions.

To highlight are also the impacts related to "Enhancement and well-being of employees", in which it seems that the main opportunities may arise from the conduct of an analysis of the internal climate, and "Materials and initiatives of circular economy", where the impact associated with the development of eco-design projects and the obtaining of eco-labels for its products can be very relevant.

In conclusion, were evaluated with lower probability (2), but with still significant magnitude (3), the opportunities that can arise from the issues of occupational safety, responsible management of the supply chain, waste management and customer satisfaction.

The issue of employee health and safety is a priority for Palazzoli and a number of activities are already in place to prevent and reduce work accidents; the organization is considering ways to improve employee well-being and promote healthy lifestyles, such as the WHP program.

With regard to waste, instead, the Company is developing projects to try to reduce the waste sent to landfill and increase the percentage of waste sent to recovery.

Finally, Palazzoli is considering increasing customer engagement to improve its satisfaction assessment system and is reflecting on the opportunity to start collecting information about the ESG performance of its supply chain.



A blurred background image of a business meeting. In the foreground, a hand holds a black pen over a document with financial charts and graphs. Another hand in the background holds a tablet. A calculator and a laptop are also visible on the desk.

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# Business strategy

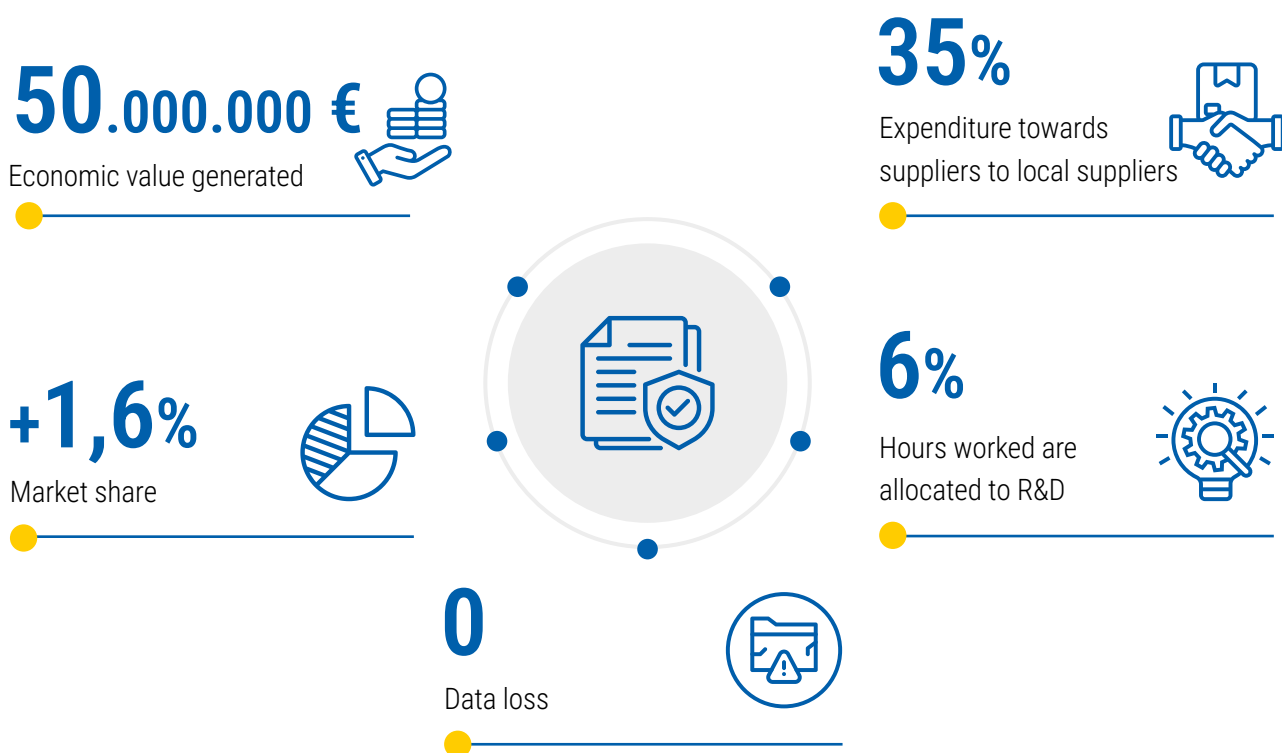


# Business strategy

Solid governance combined with a strong focus on innovation and a constant commitment to creating a working environment inspired by respect, fairness and collaboration are fundamental pillars of Palazzoli's business model.

The corporate Code of Ethics, the Management Systems in the field of quality, safety and environment, the model of organization, management, and control according to Legislative Decree 231/2001 and the hours dedicated to Research & Development represent the operational tools to translate into concrete actions this philosophy that has always characterized the Company.

## GOVERNANCE HIGHLIGHTS



# Business organisation and governance guidelines

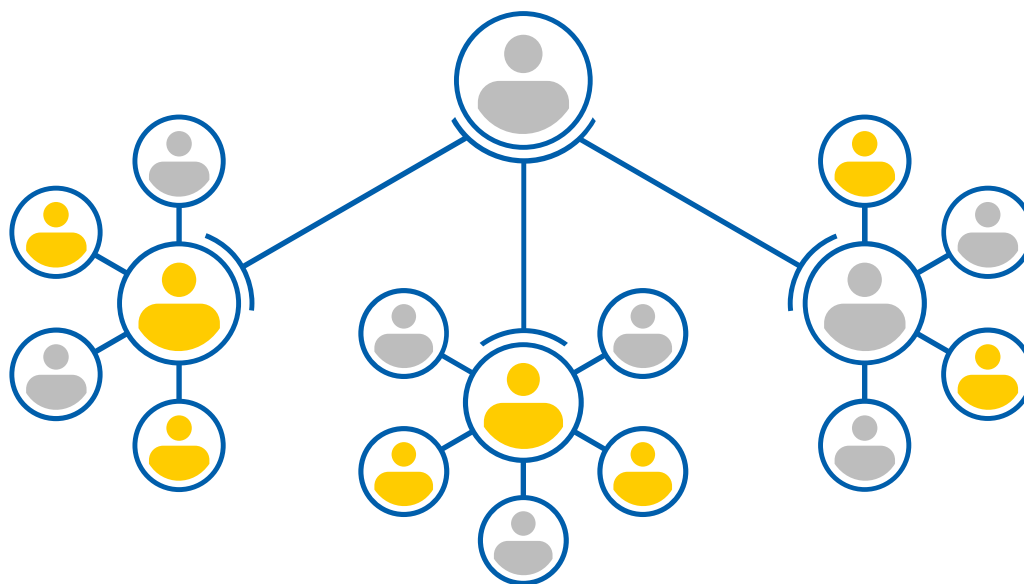
In order to ensure ethical and transparent governance of its activities, Palazzoli has a single governance structure and specific tools to support it.

Palazzoli is a joint stock company (S.p.A.) managed according to the one-tier management model. The Board of Directors, which is vested with the widest powers for ordinary and extraordinary management in order to ensure the achievement of the findings defined by the organization, is a collegial body composed of 7 members (6 over 50 and a member between 30 and 50 years - all men), including chairman, chief executive officer and directors, whose appointment is established on the basis of

possession of adequate professionalism and criteria of correctness in past personal and professional conduct.

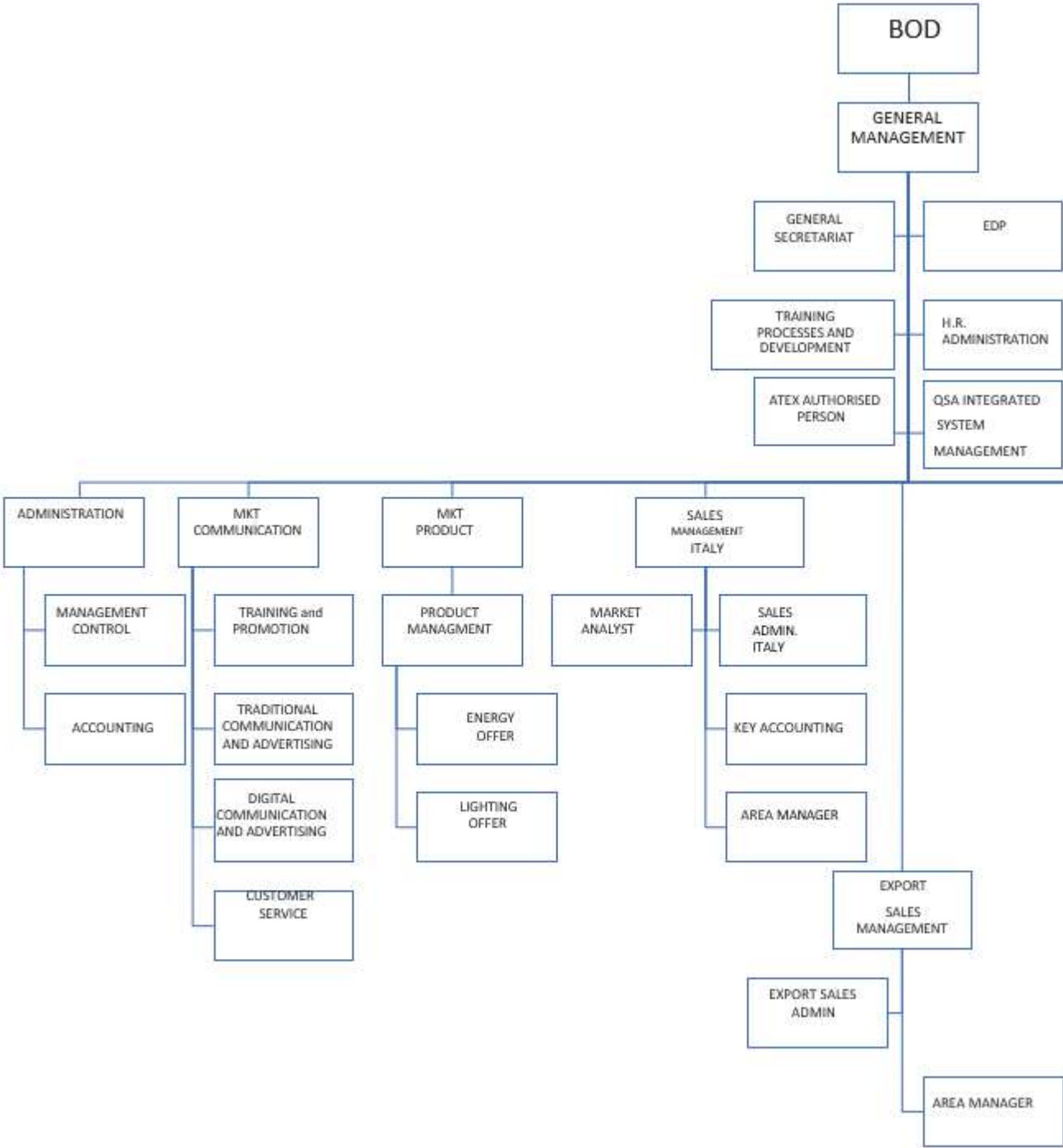
The management control function is the responsibility of a "management control committee", elected on the board of directors, which carries out 4 audits per year; the audit, however, is entrusted to an audit firm.

The function of ensuring that fraudulent conduct by the organization does not occur is the responsibility of the Supervisory Body (OdV), as required by the Organizational Model 231 (MOG 231), which is composed of an internal and an external member.



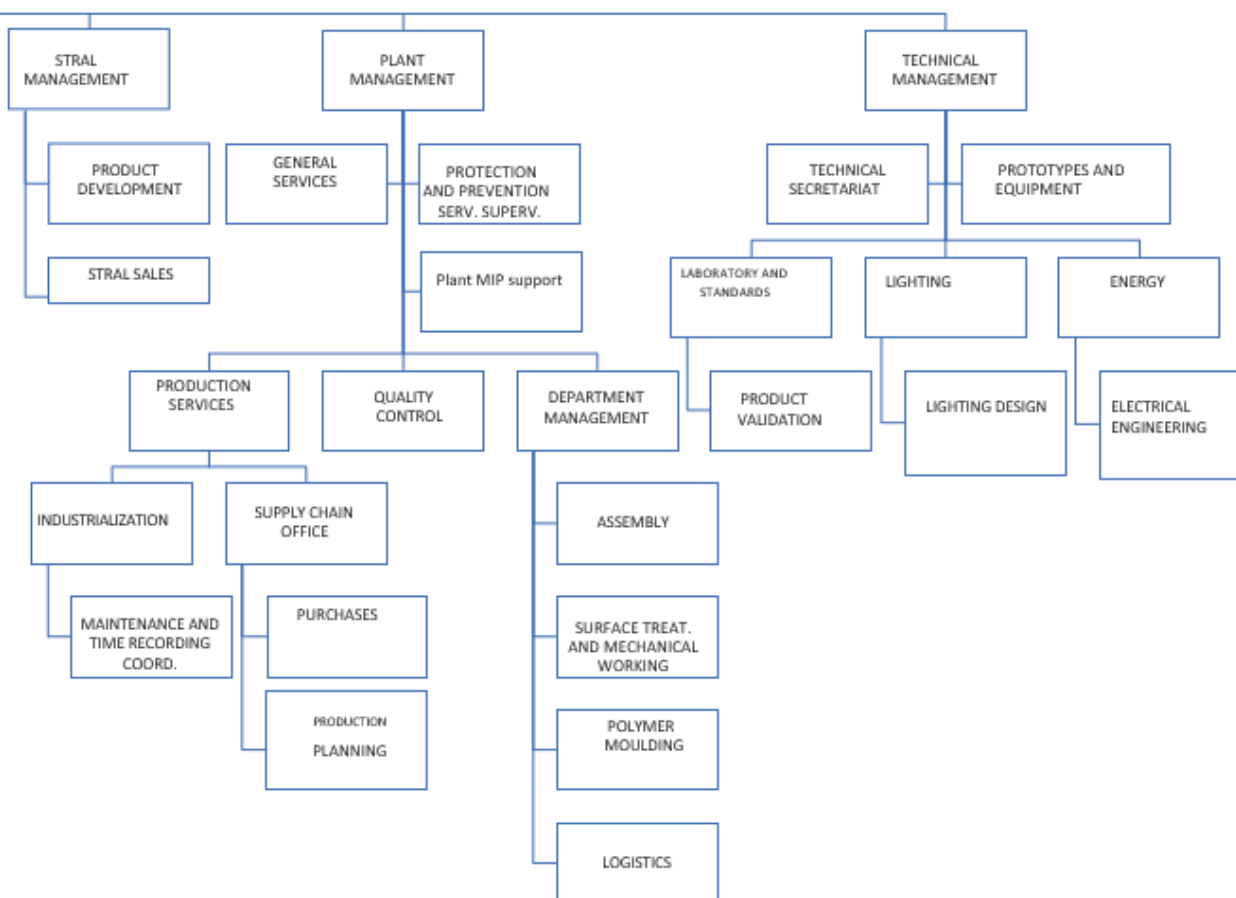
With the aim of putting the Company in a position to ensure a management based on the principles of transparency, efficiency, and effectiveness, Palazzoli has equipped itself with several tools, such as:

- Organization, Management and Control Model ex Legislative Decree 231/2001
- Code of Ethics
- Management Systems (Quality, Safety, and Environment).





# FUNCTIONAL CORPORATE CHART



# Strategic direction



## Organization, Management and Control Model

As already mentioned, Palazzoli has equipped itself with an Organization, Management and Control Model aimed at implementing a system of organization and internal control consistent with the provisions of Legislative Decree 231/2001. The main aim of this system is to promote sound business management criteria, with a view to honesty, legality, and transparency.

The task of supervising the respect and correct application of the model, with particular attention to the fulfilment of the requirements of independence, professionalism, and continuity of action to be ta-

ken, is assigned to the Supervisory Body.

The OdV performs audits, provides suggestions and indications and collects any reports from all the company staff, through a structured whistleblowing procedure.

Moreover, the OdV has the obligation to report in a timely manner to the Board of Directors the transgressions, infringements and non-conforming behaviour found, proposing the revisions, changes and/or additions necessary to prevent such phenomena.



# Code of Ethics

In 2021, Palazzoli updated its Code of Ethics, which is the document that identifies the principles and values that inspire the organization and the guidelines that must be followed by all those who interact with the company and that in various ways, maintain relations with it.

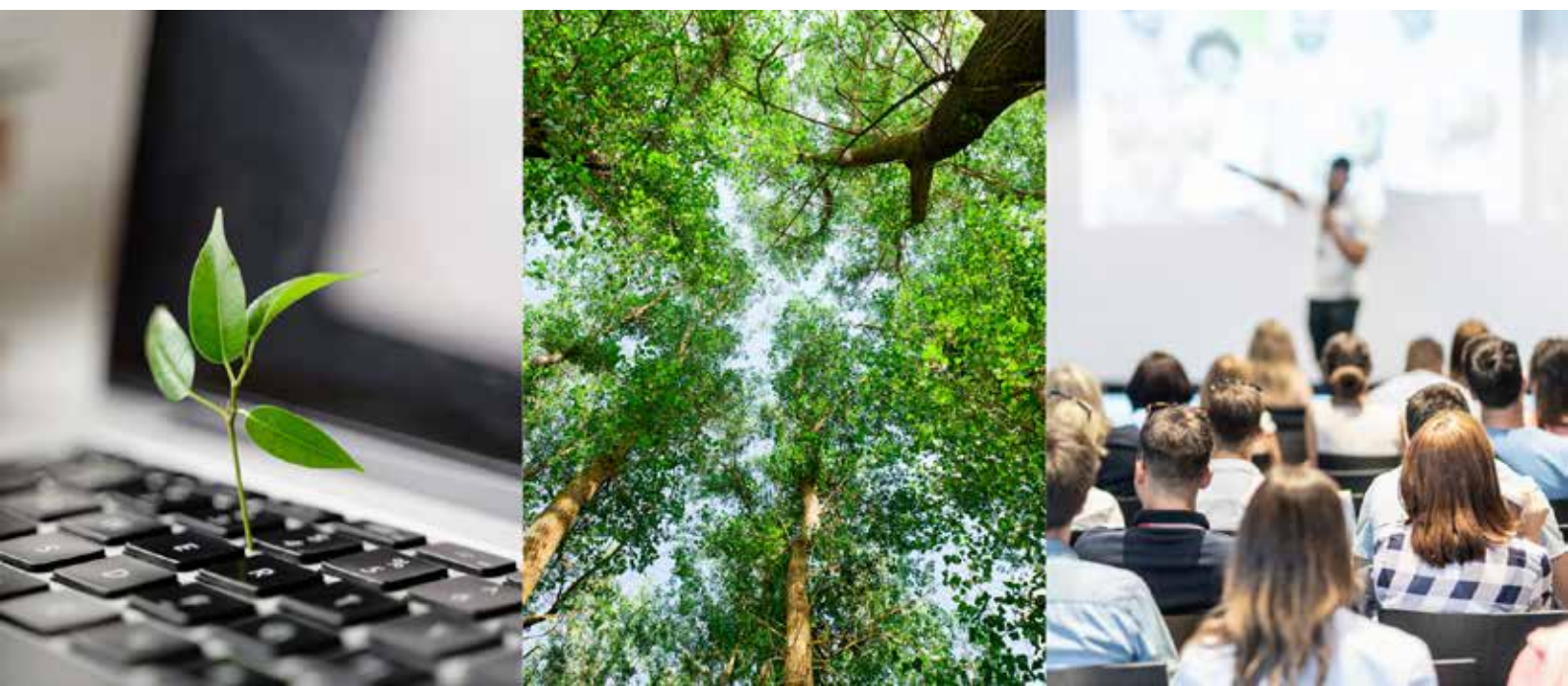
The Code of Ethics is closely linked to the Organization, Management and Control Model, integrating it with the explication of the values and rules of behaviour that Palazzoli wants to establish in relations with its stakeholders.

## THE VALUES

The main values indicated in the Code of Ethics aimed at inspiring, in particular, the conduct of business and business activities, as well as the management of people and information, are:

- Legality
- Tradition and connection with the territory
- Economic efficiency
- Development of human resources
- Research and development
- Respect and protection of the environment
- Fairness and transparency
- Sense of responsibility
- Fairness and integrity of relations with the Public Administration
- Impartiality

In the first place, it is the responsibility of the governing bodies to give substance to the values and principles contained in the Code of Ethics, taking responsibility both internally and externally and strengthening the trust, cohesion, and team spirit of the organisation.

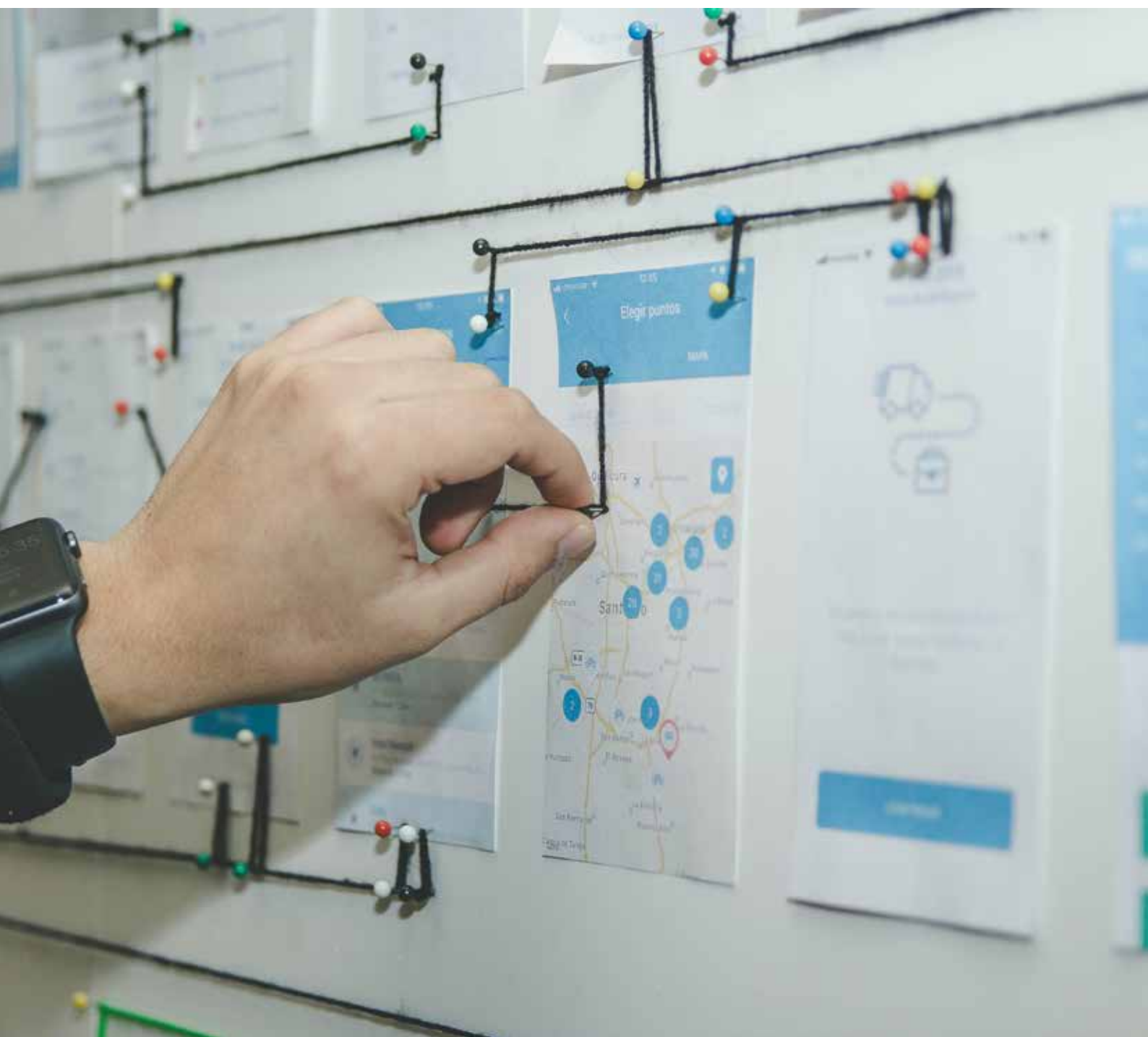


# Management system

Palazzoli is constantly engaged in the maintenance and expansion of management systems that oversee some specific priority issues for the purposes of business. At the heart of Palazzoli's priorities are Health and Safety at work, the Environment and the Quality of the products offered.

All these issues are covered, respectively, by ISO 45001, ISO 14001 and ISO 9001 certifications.

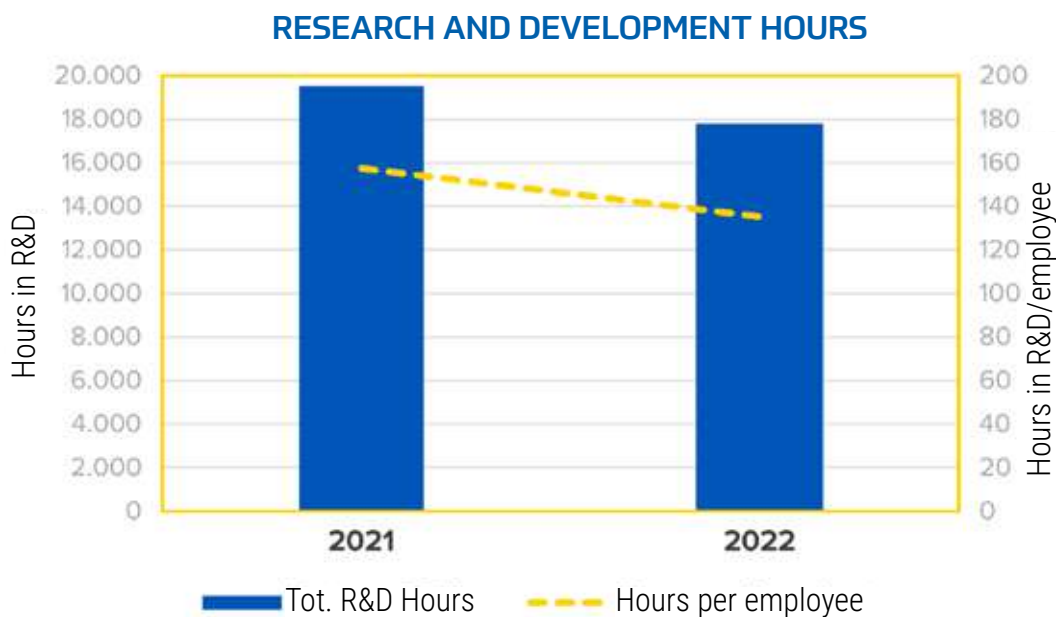
In accordance with these management models, the organization has implemented, with specific reference to the issues under consideration, a process of assessment and management of business risks in the short, medium, and long term, including an assessment of the negative impacts, potential and actual, caused by business activities, with a focus also on local communities.



# Research & Development and technological innovation



Given the importance of innovation for business, in 2022 Palazzoli devoted around 18,000 hours to Research & Development, with an average of 136 hours devoted to research and development per employee. The Company devotes more than 10 resources per year to R&D projects, in order to minimize the environmental impact of products and, at the same time, make them more and more compliant to the needs and demands of customers.



Thanks to the activities and projects carried out, the Company has also filed and obtained patents for industrial invention in various markets (Italy, USA, Russia, China, Japan, Korea, and India).



# Creation of economic and financial value

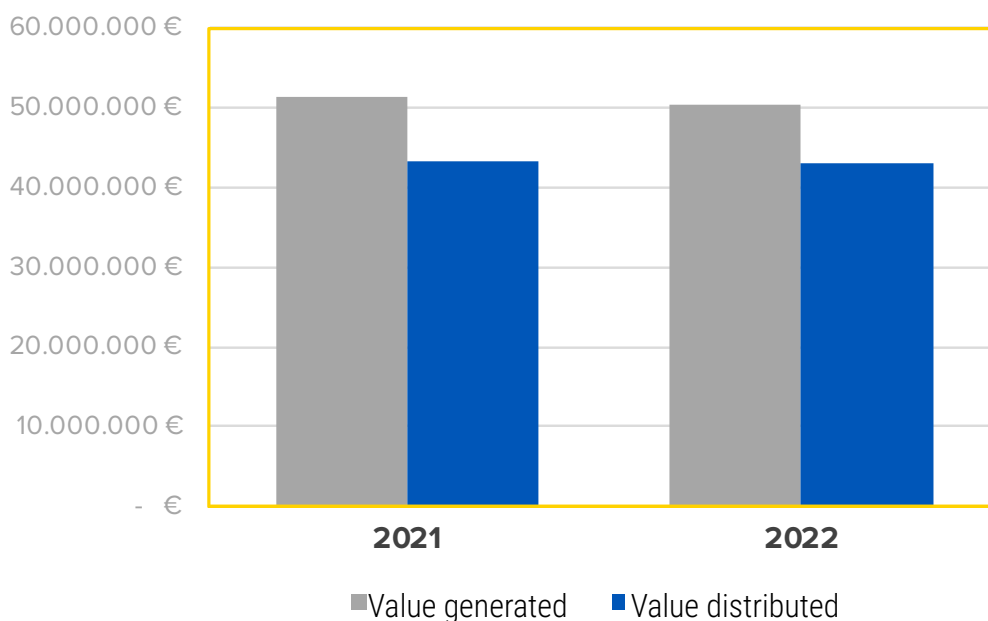


Palazzoli is aware that ethics and profit can not be at odds with each other, as there can be no economic development in the long term that does not take into account the environmental and social one. For this reason, within the sustainability report, the Company decided to map the wealth generated by the organization for itself and its stakeholders, measured in terms of directly generated and distributed economic value.

Its calculation is based on the main non-financial reporting standards (GRI Standards), which define the two concepts as follows:

- “Economic value directly generated” means revenue, such as net sales plus income from financial investments and sales of assets.
- “Distributed economic value”, on the other hand, includes the following components: operating costs, wages and employee benefits, payments to capital providers, interest on loans and other forms of debt, payments to the Public Administration and investments in the community.

## VALUE GENERATED AND DISTRIBUTED



In 2022, the economic value generated by Palazzoli was over 50 million euros (slightly down on 2021, -1.8%); of these, 85% was redistributed among suppliers (63% of the value generated), employees (20%), shareholders (1.5%), financial institutions (0.2%), public bodies (0.6%) and communities (0.3%).

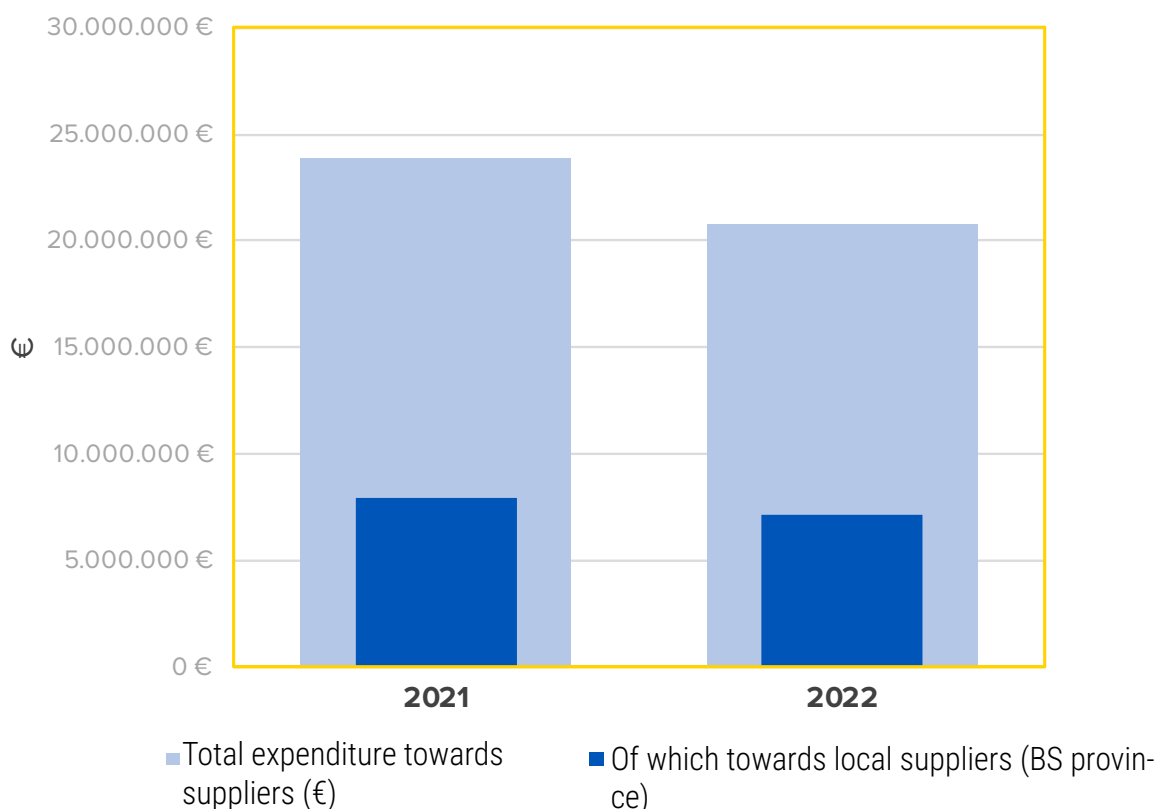
# Responsible management of the supply chain



The Company pays particular attention to assessing the quality and reliability of all actors involved in its supply chain.

With reference to 2022 it is observable a light increase of the expenses supported towards local suppliers: 35% of the total expense towards suppliers is destined to subjects that are localized in the province of Brescia.

## EXPENSES TOWARDS LOCAL SUPPLIERS



As a general rule, it should be pointed out that, where possible, with the same technical, product and economic requirements, the Company tends to favour suppliers resident in the areas surrounding its establishment, thus demonstrating its commitment to supporting employment and wealth creation for the local economy.

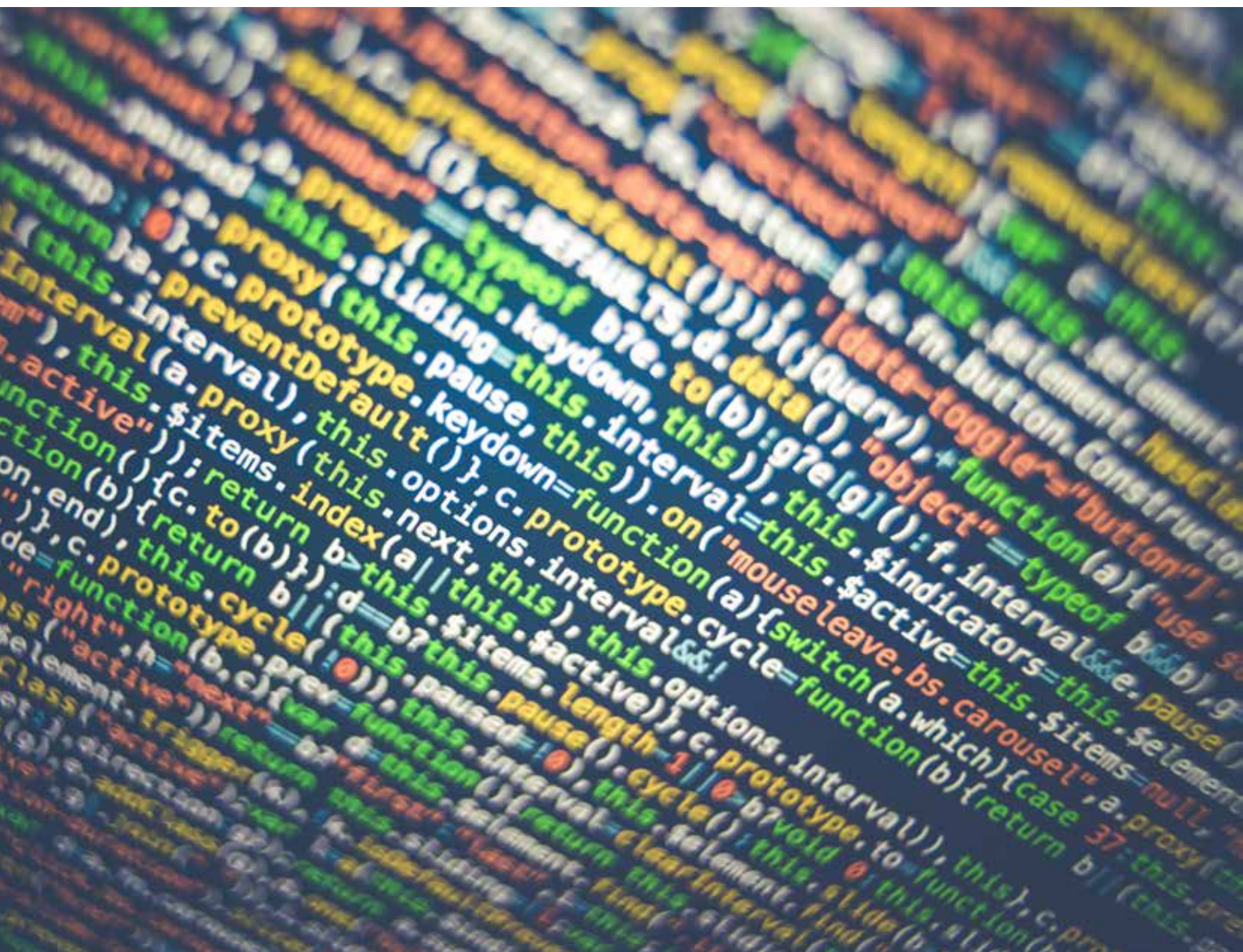
As regards, finally, the procedure for selecting suppliers, Palazzoli provides in 2023 for the sending of supplier evaluation questionnaires where social and environmental aspects are also considered (HSE, certifications, etc.) to start collecting sustainability information about its supply chain.

# Privacy and data protection



Palazzoli has a policy of access control and offers cybersecurity awareness courses to corporate staff, in order to prevent phishing and/or data loss. During 2021 and 2022, no anomalies related to data loss, cybersecurity or phishing were found. Within the Code of Ethics, Palazzoli appeals to all collaborators to contribute to the protection of the wealth of information and IT data, delegating the responsibility for the security of the systems used to each employee.

Finally, no complaints have been received from regulators or external parties for the violation of privacy, nor have operations been evaluated for corruption risks.



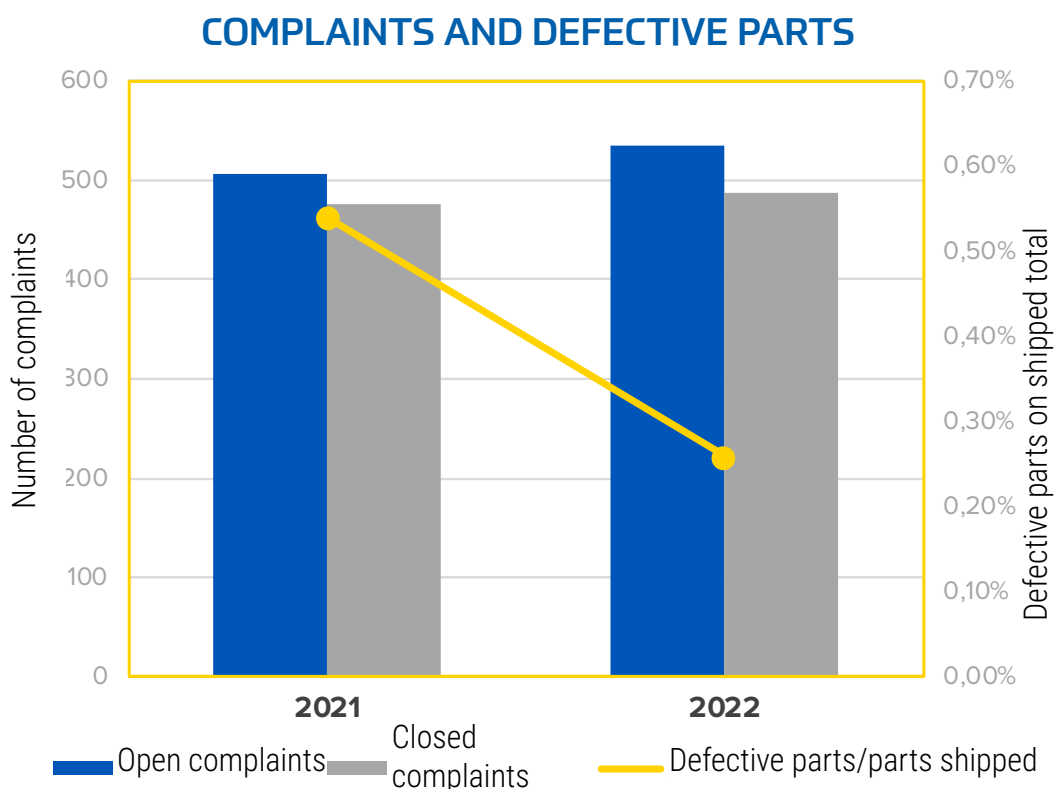


# Customer satisfaction

Customer satisfaction is an essential element for business success. For this reason, the organization is constantly committed to a continuous improvement both in the quality and efficiency of the products offered, and in the respect of delivery times. Customer satisfaction is a fundamental pillar for business success. Palazzoli has always paid attention to the monitoring and continuous improvement of customer satisfaction.

To monitor and collect information related to the quality of the service and products offered, the company uses, in addition to qualitative data, also specific indicators that give rise to quantitative analysis.

With reference to quantitative data, for Palazzoli it is important to monitor the defective parts compared to the total number of pieces shipped during the year. In this sense, between 2021 and 2022 it was an improving trend (0.26% in 2022 vs. 0.54% in 2021). Other data found by the company in quantitative terms is related to complaints by customers: in this sense, the data of open complaints is analysed and compared with the complaints resolved by the end of the reference year. In 2022, the proportion of open and resolved complaints was slightly lower than in the previous year (91% vs. 94%), as shown in the chart below.







An aerial photograph of a dense forest. The trees are mostly evergreens, but many have turned a vibrant yellow and orange, indicating autumn. The canopy is thick, and the colors are scattered throughout the landscape.

8

# Palazzoli for the environment

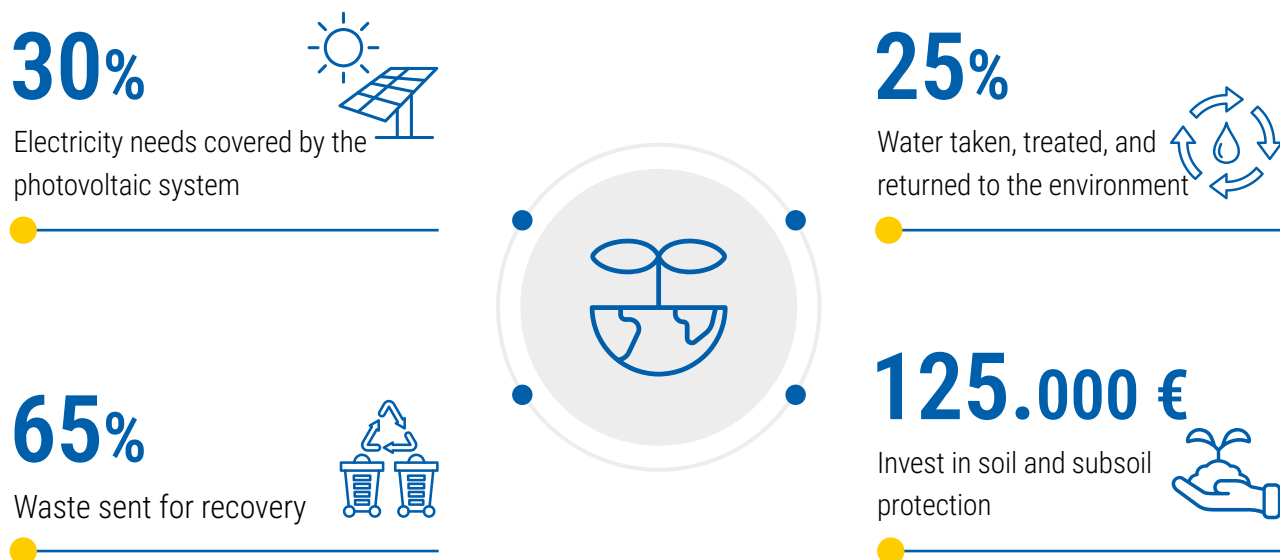


# Palazzoli for the environment

Palazzoli is committed to ensuring the respect and protection of the environment, in accordance with its environmental management system certified UNI EN ISO 14001, with which the company aims to ensure compliance with environmental laws and regulations and to take the most virtuous choices possible in every issue related to environmental management.

In 2022, Palazzoli started monitoring greenhouse gas (GHG) emissions for its business perimeter (direct and indirect emissions for imported energy), has introduced interventions for the efficient use of resources and has started to develop a sustainability project for the improvement of its environmental performance in the short, medium, and long term.

## ENVIRONMENTAL HIGHLIGHTS

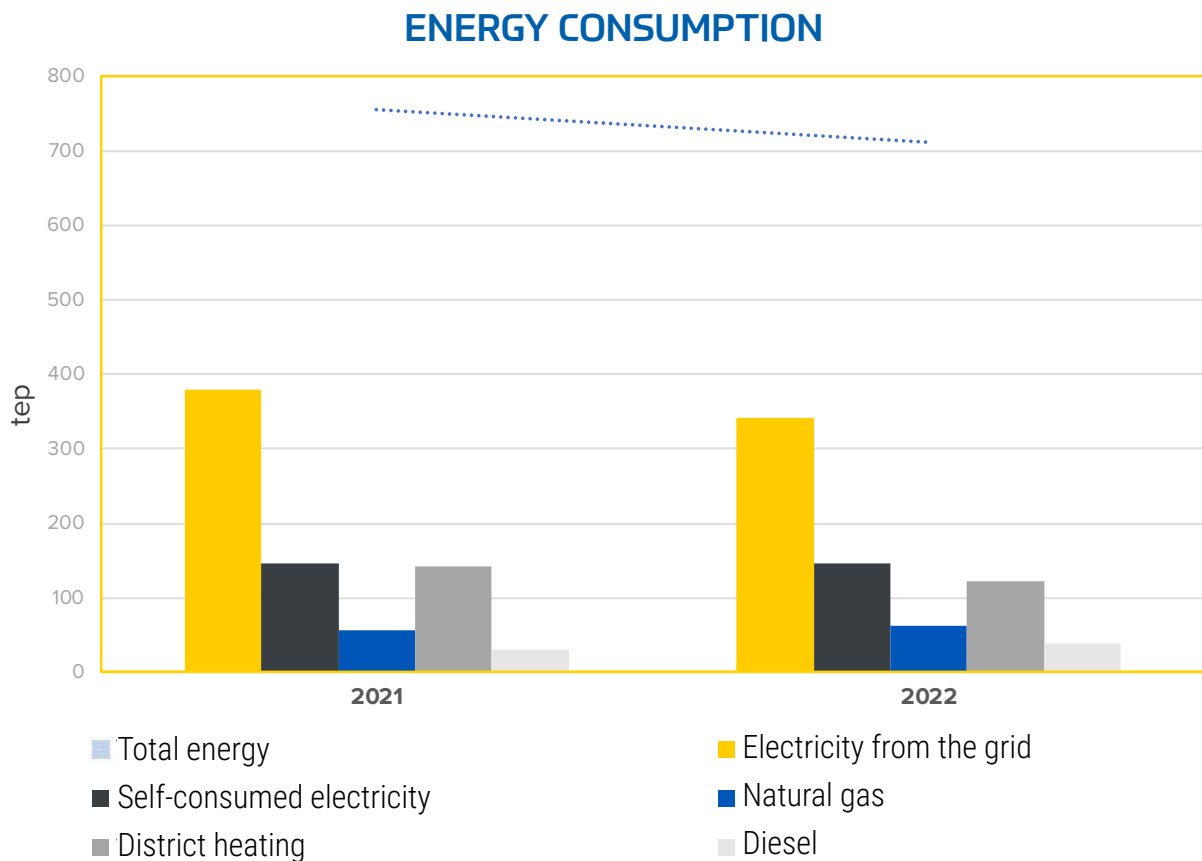


## Energy and energy efficiency



The energy needed for the activities of Palazzoli is provided by different energy carriers: firstly by electricity, whose needs are covered, for about 30%, by the photovoltaic system, followed by thermal energy for district heating, natural gas and, finally, diesel.

As shown in the graph below, the different quantities have been converted into tep (equivalent tonnes of oil) for comparison.



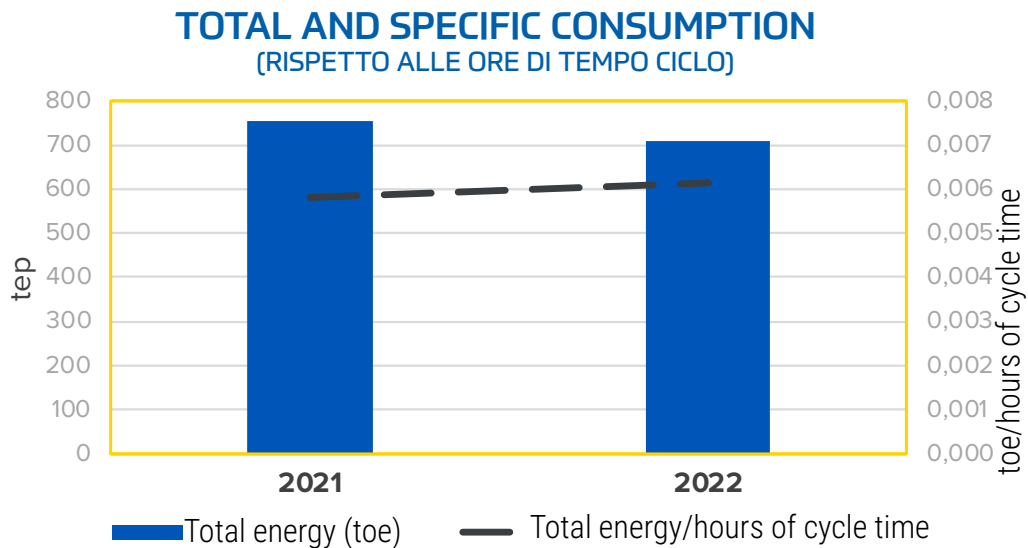
As can be seen from the above graph, the overall energy consumption decreased slightly, registering in 2022 a reduction of about 6% compared to 2021. In both years, electricity (from national grid and from self-consumption) constitutes the majority of total consumption (69%). Of this, it should be noted that about 30% comes from the photovoltaic system.

The thermal energy needed to heat the rooms (17% of the total) is supplied by the district heating system and is produced by a waste-to-energy plant. The other two energy carriers, natural gas and diesel, are the only increased consumption between

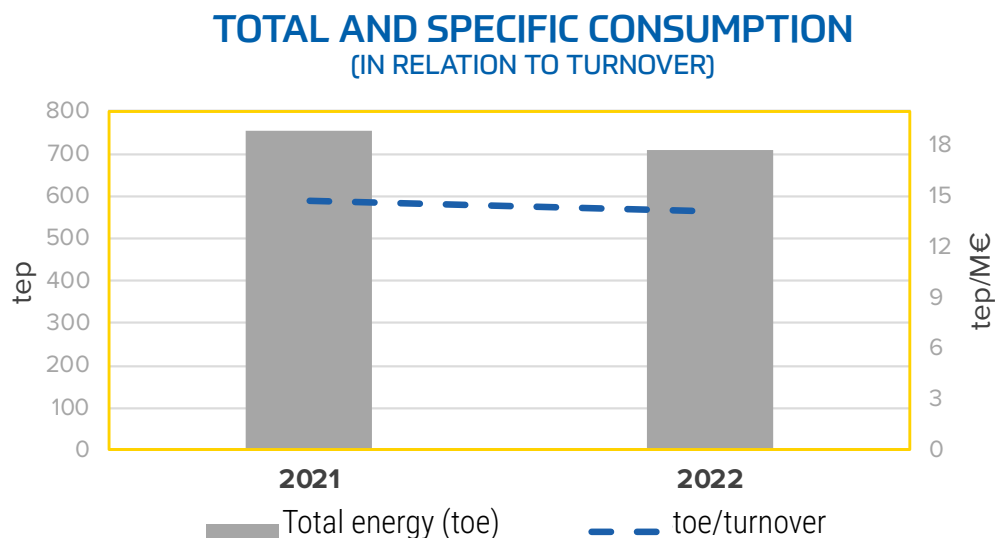
2021 and 2022; however, these two carriers cover a marginal portion of energy consumption, rising to 9% (natural gas) and 5% (diesel) respectively in 2022. The decrease in total energy consumption in 2022 compared to the previous year may be partly attributable to the decrease in hours produced in cycle time (-10%).

Although there has been a decrease in total energy consumption in absolute terms, the specific energy consumption, given by the ratio between the total energy consumed and the number of hours produced in cycle time in a year, has slightly increased (5%).





Comparing, however, energy consumption with turnover, the trend shows a slight decrease, with a reduction of 4% compared to 2021.



Among the energy efficiency interventions carried out in the past (2020), it is worth mentioning, finally, the replacement of traditional lights (both of the departments and external) with LED lights.

In 2023, the extension of the photovoltaic system is provided to increase the portion of renewable energy consumed; it will be a photovoltaic system with a nominal power of about 825 kwp. To this is added an initiative that concerns the transition from manual meters to digital meters to further improve the monitoring of energy consumption.

# Environmental impact and reduction of emissions



The priority that Palazzoli gives to the monitoring of corporate greenhouse gas emissions (GHG) is demonstrated by the initiatives presented within the corporate sustainability strategy: in 2023, in fact, the company will calculate and certify The Carbon Organization Footprint according to ISO 14064-1:2018 and will develop an analysis of Product Carbon Footprint with reference to a specific line of strategic products, which will be certified according to ISO 14067.

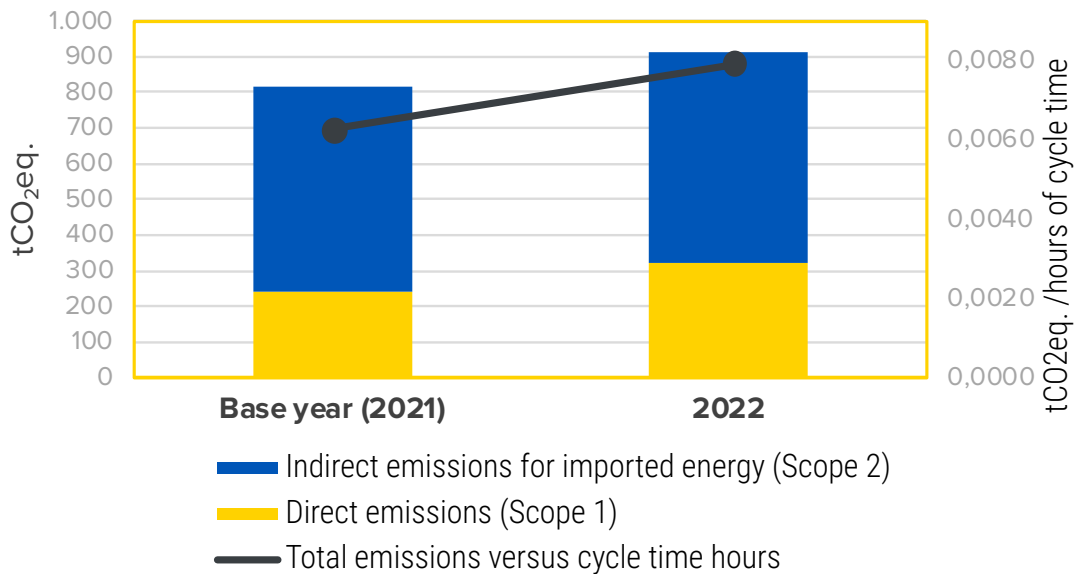
During 2023, Palazzoli carried out a study of Organization Carbon Footprint, the analysis of greenhouse gas emissions (GHG) generated by the organization's activities and related to it, according to the standard UNI EN ISO 14064-1:2018. The analysis was carried out with reference to the year 2022.

From the analysis it was possible to calculate the total GHG emissions of the organization, which amounted to 7,374.1 tCO<sub>2</sub>eq. GHG emissions were collected in a GHG inventory and separated, depending on the source, into six different categories.

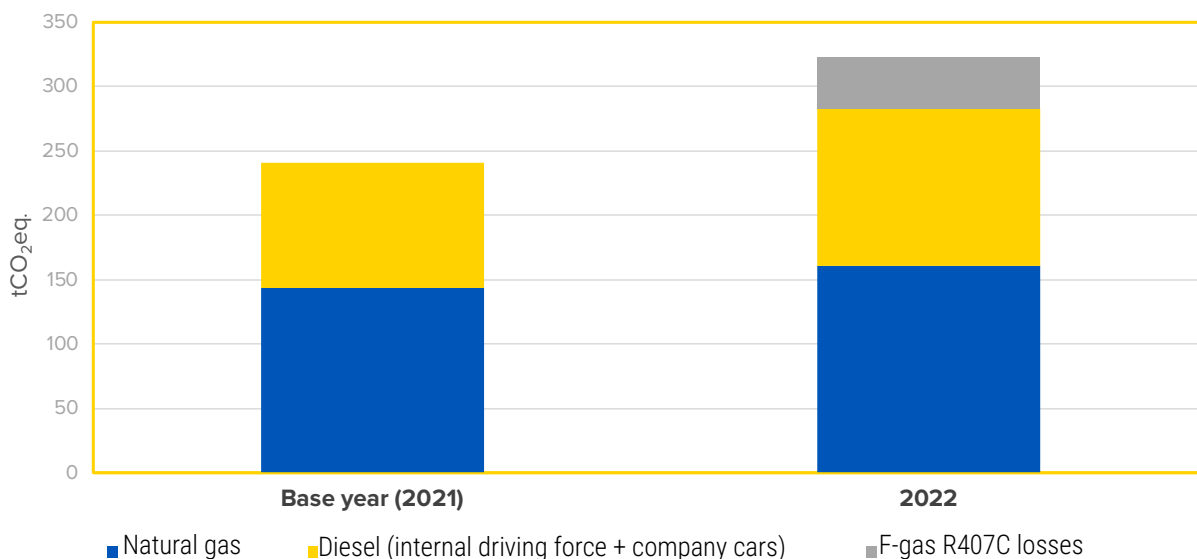
The first category concerns direct emissions that are mainly produced by the fuels of the company cars and the consumption of natural gas inside the plant; the weight of this category is minor compared to the total (4%). The second category (8%) consists of indirect emissions for imported energy, i.e. electricity taken from grid and district heating (for the location-based scenario). To category three, indirect emissions for transport, contribute the movement of goods in and out of the Palazzoli plant, the movement of employees and business trips (11%). Finally, in category four, indirect emissions are reported for the products used, and therefore those related to upstream production of the materials used for the production process, including third-party processing and the use of packaging, and downstream such as waste disposal. The impact of this category constitutes the largest part of the total, accounting for 77%.

As the 2021 scope 3 (ISO 14064-1 categories 3-6) data are not available for comparison, to make a comparison between the years considered (2021-2022), the Company focused on calculating GHG emissions of category 1 (direct emissions) and category 2 (indirect emissions for imported energy).

## GHG EMISSIONS



From the comparison presented in the graph above, we can see a slight increase in GHG emissions both in absolute terms (+1.35%) and in relative terms compared to the hours produced in cycle time (+13%). One of the main causes of this increase is due to the loss of F-gas R407C in the past year, which caused an increase of 34 tCO<sub>2</sub>eq. within category 1 emissions (direct emissions), as well as an increase in fuel consumption for the company fleet.

DIRECT EMISSIONS  
(SCOPE 1)

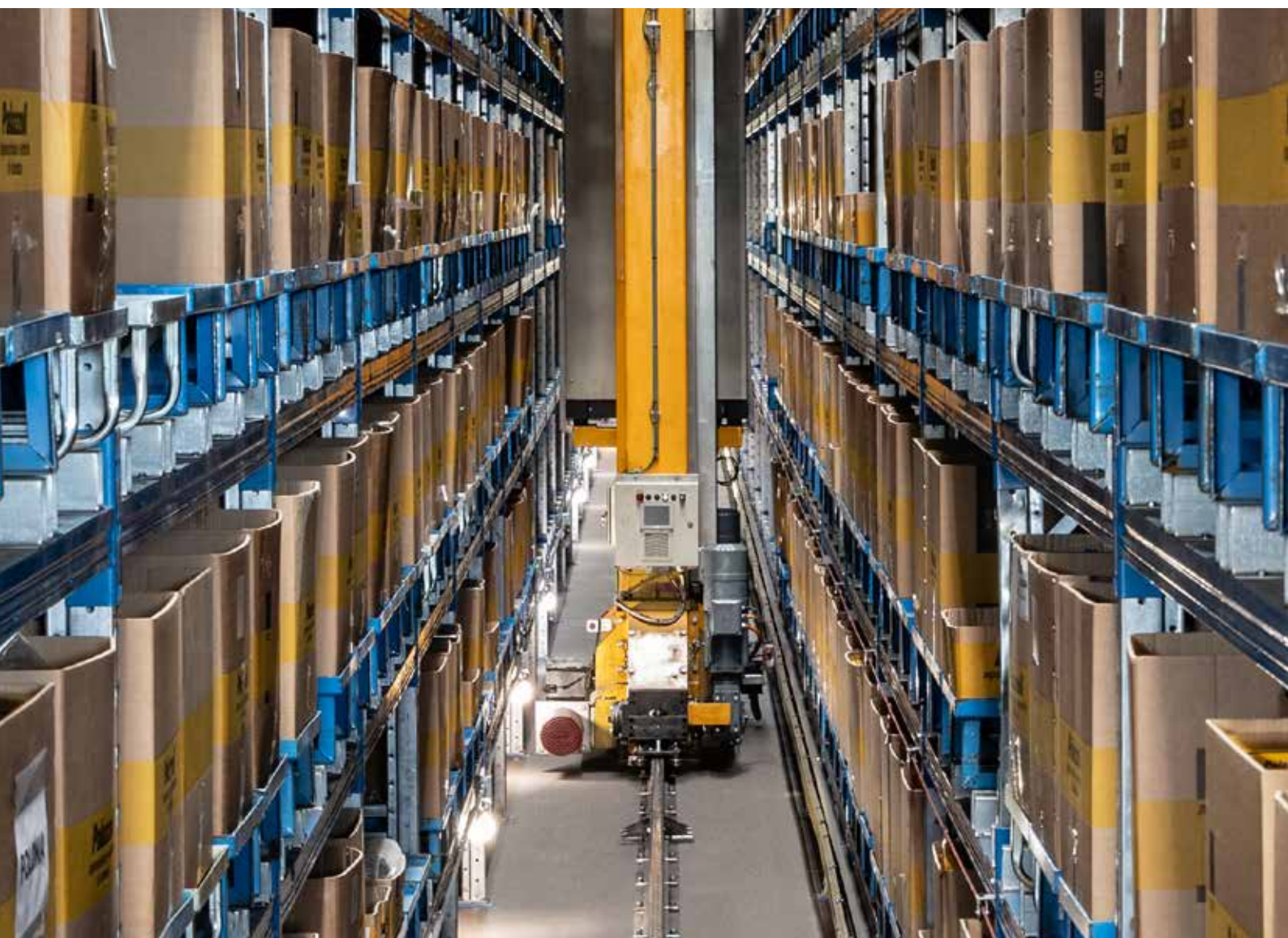
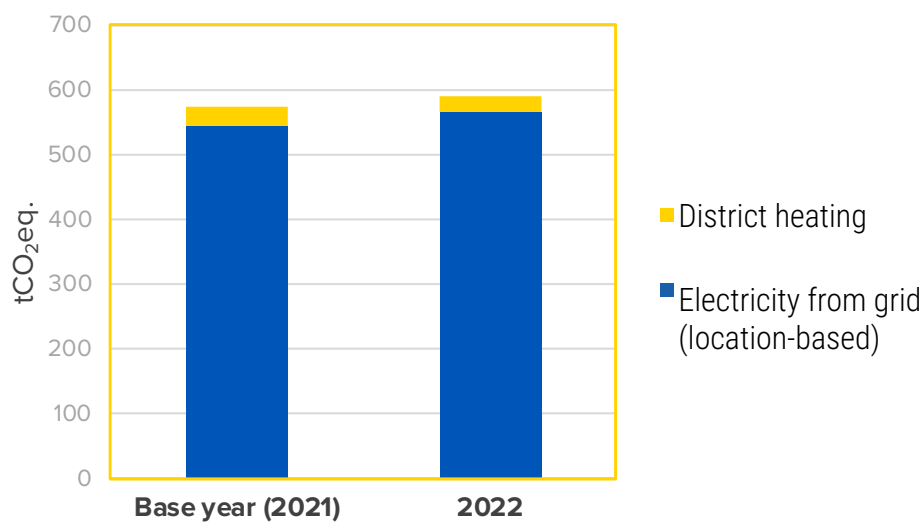
With reference to category 2, however, activity data relating to electricity taken from the grid and thermal energy for district heating were reported. For the calculation of indirect emissions related to electricity taken from the national grid, the analysis was carried out using the scenario "location-based", whose value



of the emission factor was taken from the report “Efficiency and Decarbonization indicators in Italy and in the Biggest European Countries. Edition 2023\* published by ISPRA.

The percentage weight of this category compared to the analysis carried out (scope 1 and 2) is about 63% of the total.

## INDIRECT EMISSIONS FOR IMPORTED ENERGY (SCOPE 2)

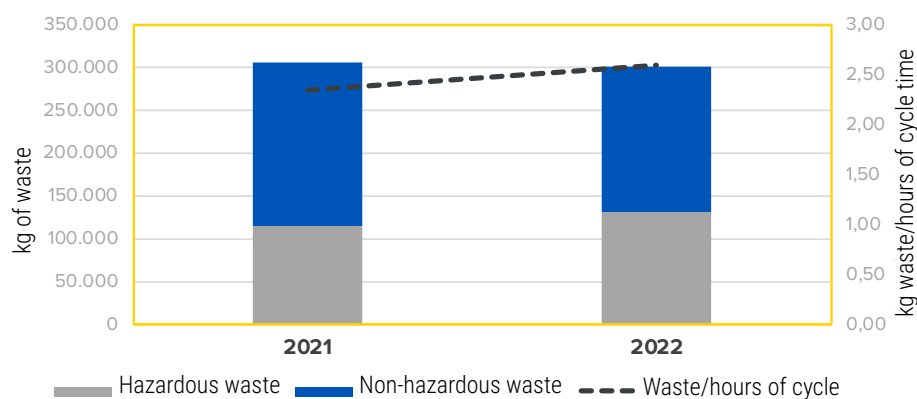


# Responsible management of waste



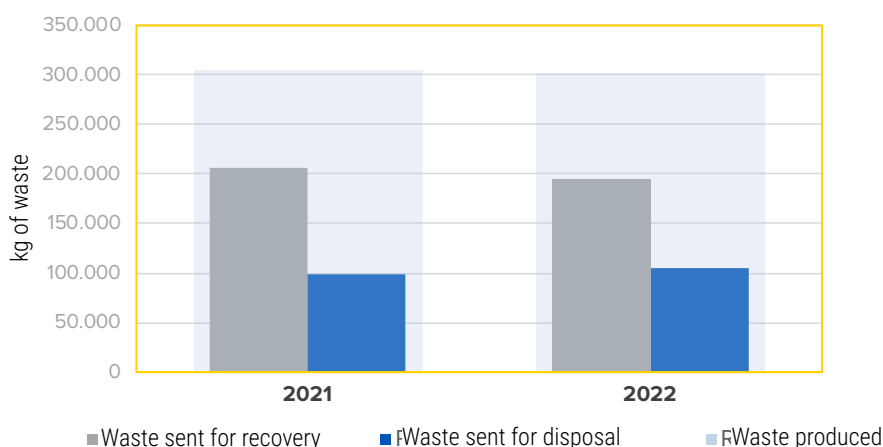
In 2022, 65% of the waste produced by Palazzoli was recovered. The total waste decreased slightly in absolute terms (300,794 kg in 2022 vs 305,030 kg in 2021), while in relative terms the ratio between the total waste and the hours produced in cycle time increased (+10%).

## TREND IN WASTE PRODUCTION



As shown in the above graph, hazardous waste has increased slightly (43% in 2022 vs. 37% in 2021), mainly due to changes in regulations that have included certain waste categories in waste considered hazardous. Finally, the relationship between waste sent for recovery (about 65%) and waste destined for disposal (about 35%) is stable.

## TOTAL PRODUCTION OF WASTE



It should be noted that projects for the reduction of waste products are being studied and, moreover, initiatives are being taken to internally exploit production waste.

# Materials and initiatives of circular economy



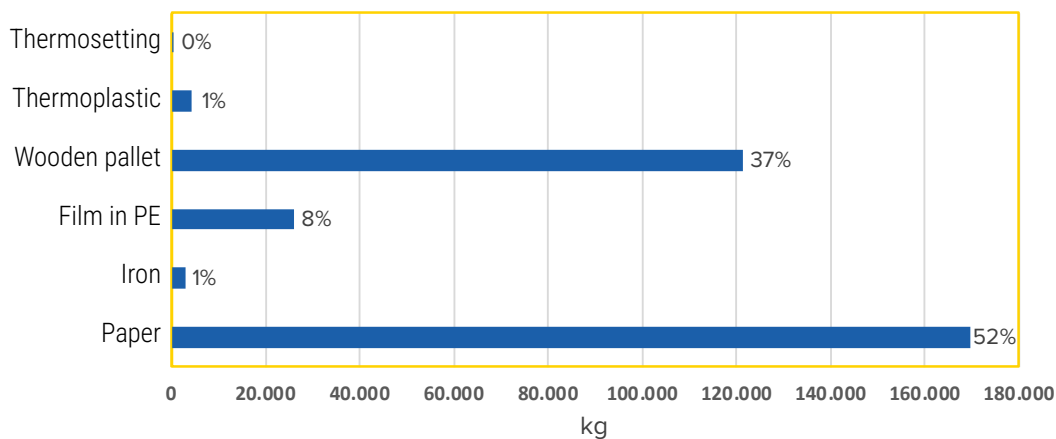
The machining processes operated by Palazzoli involve the use of different types of parts and materials. To facilitate the understanding of the complex process carried out, a subdivision of the main macro categories of materials used for the realization of the finished product is presented below:

- Thermoplastic materials, consisting of master and plastic raw materials
- Pans and metal raw materials, mainly aluminium
- Thermosetting raw materials
- Electrical cables in coils, the material of which is copper

- Seals and sealing rings, mainly rubber
- Drawn for lathes, mainly of iron or brass
- Plates, strips, and plates, mostly of iron, to which are added other materials in marginal quantities such as brass and copper

Among these, the main components in 2022 were the plastic raw materials (384,537 kg) and thermosetting ones (78,119 kg) and aluminium loaves (225,445 kg). In addition, Palazzoli estimates that 5% of the raw material comes from recovery or reuse.

## EXIT PACKAGING



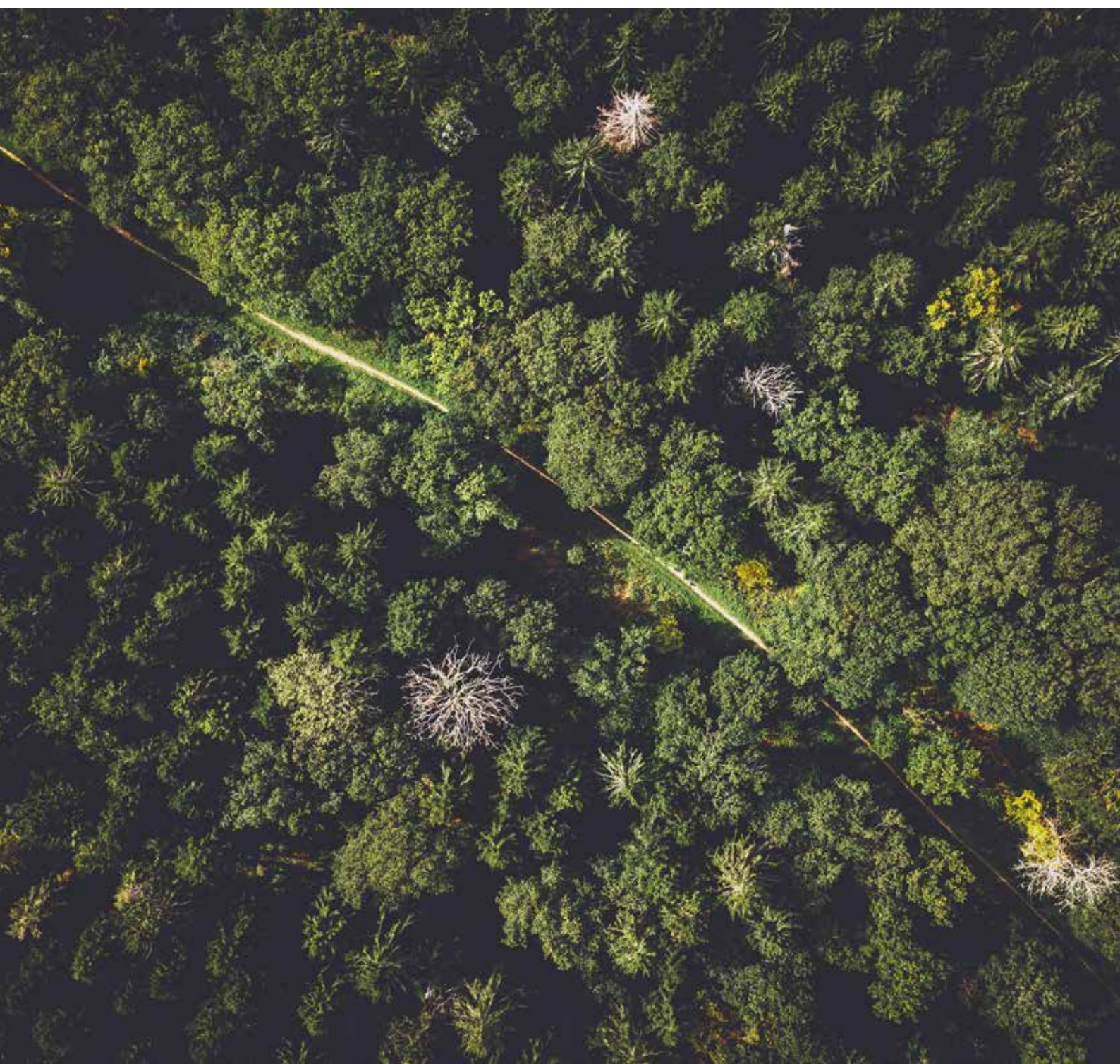


Palazzoli monitors the quantities of its outgoing packaging, as shown by the graph above. In 2022, more than 50% of the packaging used for its finished product consisted of paper and cardboard packaging. Also relevant are the quantities of wood pallets and polyethylene film.

Thanks to the data of the Carbon Footprint analysis carried out for the year 2022, it is possible to derive the amount of emissions attributable to packaging (equal to 3% of total emissions).

With regard to packaging, it should be noted that in 2023 Palazzoli launched a study with the aim of reducing the amount of plastic in packaging.

With regard to the principles of circular economy, finally, the Company has always been attentive to the quality of the products offered, which translates into extended life cycles for its entire range of products, with usage expectations that go beyond the market benchmark.



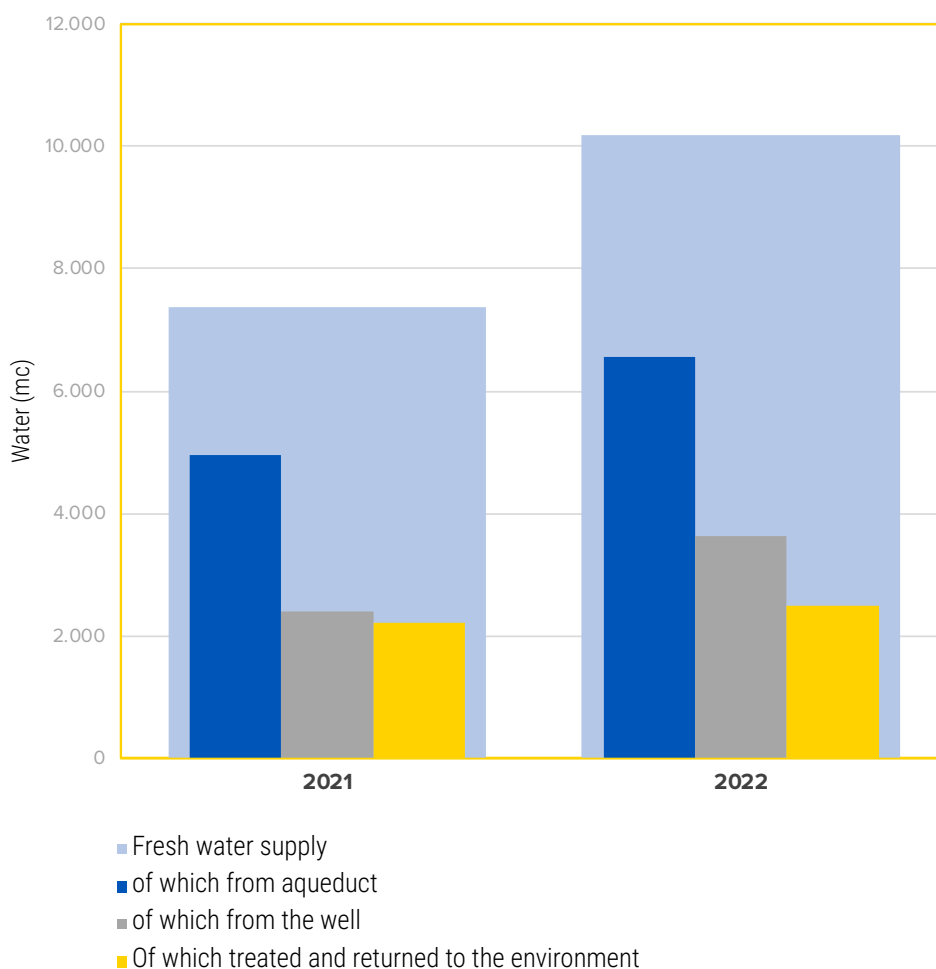
# Responsible management of water resources



The water consumed by Palazzoli, destined both for the production process and for civil use, comes mostly from the aqueduct (about 65%), while the remaining part is supplied by the well (industrial water).

Water consumption increased in 2022 (+38%) and the total recorded consumption was 10,184 mc. As shown by the graph, finally, about  $\frac{1}{4}$  of the freshwater used is then treated and returned to the environment, thanks to the presence of a water treatment plant.

## WATER COLLECTION AND TREATMENT









A close-up photograph of a worker in a blue Palazzoli uniform using a blue and black power tool on a grey plastic component. The worker's hands are visible, and the tool is being used to work on the component. In the background, another worker in a dark blue uniform is visible, also working on a similar component. The setting appears to be a factory or workshop.

9

Palazzoli for people

# Palazzoli for people

Palazzoli is aware that the sustainability of a company can not be exhausted in the environmental dimension alone, but must also consider human capital and the creation of value both inside and outside the organization, integrating social sustainability aspects into its strategy and making them a key element of business.

As also pointed out within the corporate Code of Ethics, people are the element at the heart of the organization. Palazzoli is committed to developing the skills of each employee, trying at all times to offer an optimal environment to develop and enhance creativity and skills of each collaborator.

Palazzoli also strongly believes in the concept of meritocracy and is committed to ensuring all staff the same opportunities for professional growth. The organization promotes the creation of an environment in which everyone can enjoy fair treatment, without any kind of discrimination. Not of secondary importance is the creation of value in the community and the promotion of initiatives with a high social impact. The Company identifies itself in the territory in which it is located and has always been committed to projects that can support the progress and development of the local territory.

## SOCIAL HIGHLIGHTS

98%

Employees permanent employed



100%

Staff (employees and temporary workers) with access to welfare



23

Training hours/year per employee



0

Serious accidents in 2022



0

Reports of discrimination



# Enhancement and well-being of employees

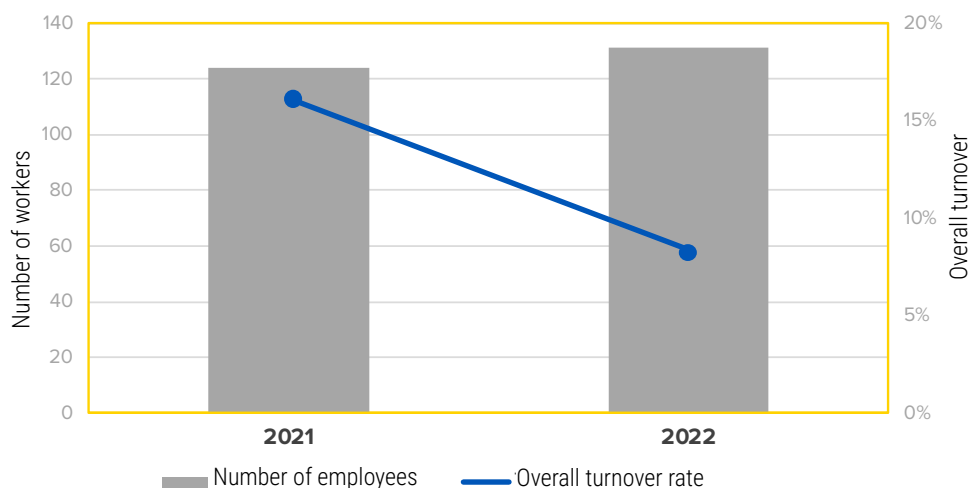


Human capital is an irreplaceable asset; for this reason, Palazzoli is constantly committed to valuing its people and to encouraging their continuous growth, both professionally and personally. At 31 December 2022 the total number of Palazzoli employees was 131, an increase compared to 2021 (124).

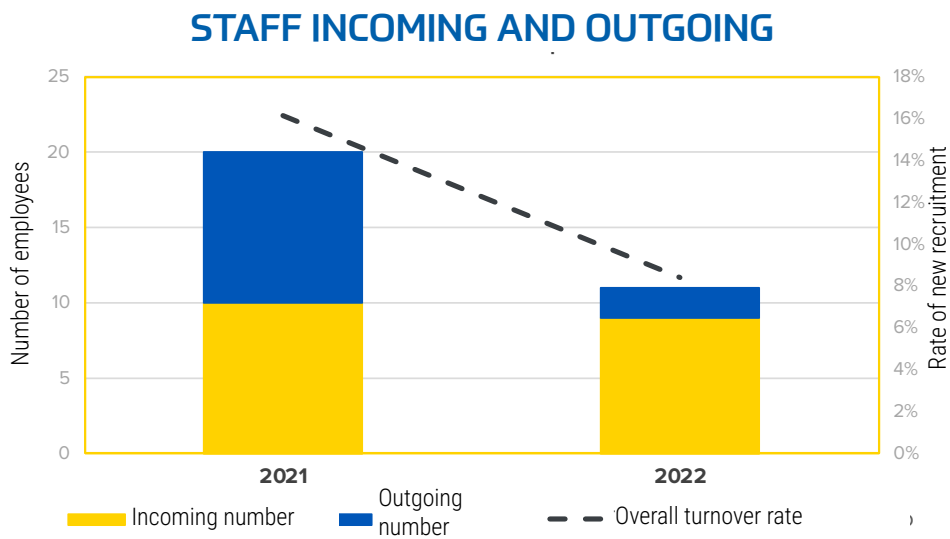
The total number of new entrants during 2022 was 9. The overall rate of staff turnover - calculated as the ratio between persons entering and leaving the reporting period and the total number of staff present at the end of the same period - was 8.4%, a sharp decrease compared to 16.1% in 2021.

Finally, it is important to point out that 98% of the staff are employed on a permanent contract (129 persons in 2022 vs. 123 persons in 2021).

## EMPLOYEES AND STAFF TURNOVER







Palazzoli is also attentive to the well-being of its people. In this perspective, the organization annually guarantees 8 hours of paid leave for personal medical examinations.

The Company, finally, recognizes to all the employees with permanent contract the access to the corporate welfare, for which in the course of 2022 138.000 €, value in increase of 78% compared to the previous year, are disbursed to which are added benefits worth about 40,000 €.

## FOCUS - system of suggestions

To further increase the level of involvement of resources, especially operational resources, a system of suggestions has been introduced within the company portal in which resources insert problems and propose solutions in every field, such as:

- production process/work areas
- health and safety
- protection and safeguard of the environment

Each suggestion is then evaluated by a committee of specialists. In case of success is implemented and given recognition to the resources/team promoter of improvement, otherwise it is up to the committee to provide feedback and motivation that led to the rejection of the suggestion.

# Training and professional development of employees



Palazzoli is committed to creating the conditions so that the skills and competences of each worker can gradually increase, with a view to a continuous improvement in the professionalism and quality of the work done.

Overall, more than 3,900 hours of training were provided in 2022, an increase of 50% over the previous year. Evidence of the centrality of the theme of training in Palazzoli highlights the increase in the average annual hours of training per employee, which increased from 18.4 to 23.6, a figure of about 2 hours higher than the national average.



As mentioned, the professional development of its employees is fundamental for Palazzoli, which in 2022 evaluated the performance and professional development through the MbO (Management by Objectives) approach of about 30% of the staff, in order to make the process of achieving business objectives more efficient and to provide the resources involved with a useful tool for their growth.

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## FOCUS – MIP (Manufacturing Improvement Plan)

MIP is a methodology created specifically for the Company aimed at increasing the performance of production system through:

- The quantification of the costs of wastage and losses and the definition of a structured plan for their reduction
- Process improvement
- Increased speed of customer response
- Resource engagement at every business level
- Increasing skills at all levels

The MIP program operates in all areas of business organization: production areas (capital intensive and labour intensive), logistics, quality, personnel management, product development, maintenance.

For each of these areas is defined a medium-long-term and short-term plan monitored and verified by periodic internal assessments and indicators KPI (Key Performance Indicator) and KAI (Key Activity Indicator) always available.

To achieve the objectives, dedicated standard tools have been created, used first on pilot areas, involving a limited number of resources transferring their skills.

The same resources involved in the model areas have successively extended the activities in other business areas transferring knowledge and competences to the business population.

There is also a specific pillar for Energy and the Environment that has the vision “to ensure sustainable business development by harmonizing production needs with respect for the environment”.

The team’s vision stems from the need to improve the environmental management system to minimize environmental impacts.

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# Health and safety protection of workers

The protection of the health and safety of all persons directly and indirectly involved in working activities is one of the pillars of Palazzoli's activity.

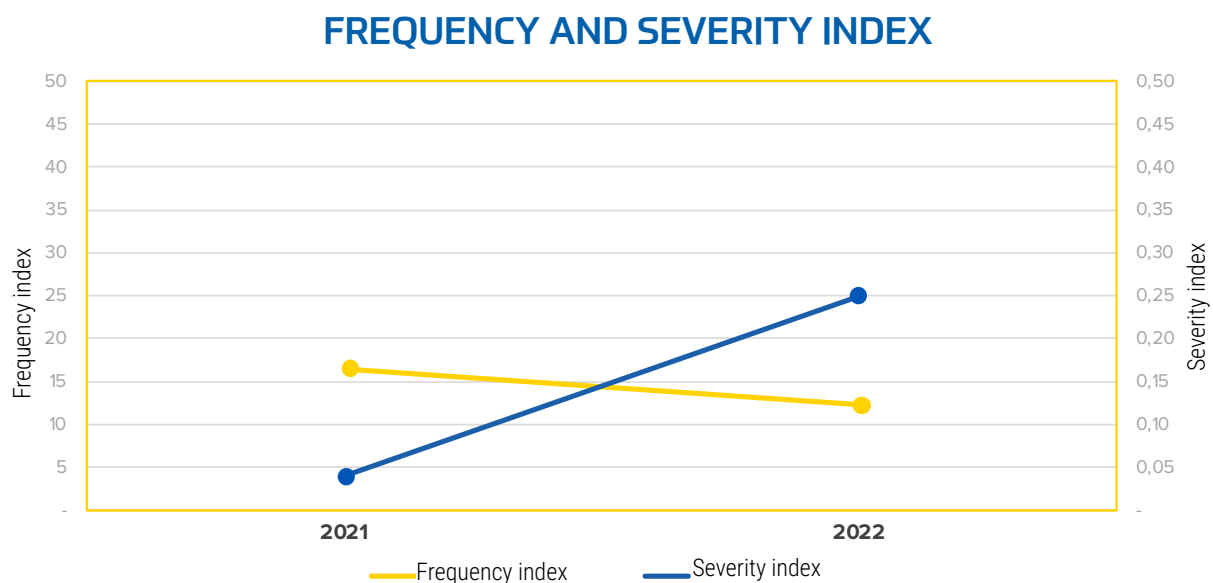
The priority attention that the Company reserves to the topic of health and safety is confirmed by the fact that all business activities are governed by management systems certified according to UNI ISO 45001 "Management systems for health and safety at work".

Compliance with the highest standards of compliance and correct application of current legislation and related technical legislation, as well as the frequent implementation of training activities in he-

alth and safety, even beyond legal obligations, are the main tools through which the organization guarantees and promotes a safe and healthy working environment.

As for accidents, in 2022 there were 3 registered accidents (vs. the 4 accidents of 2021), none of which with serious consequences. The total number of days injured increased from 2021 to 62 days.

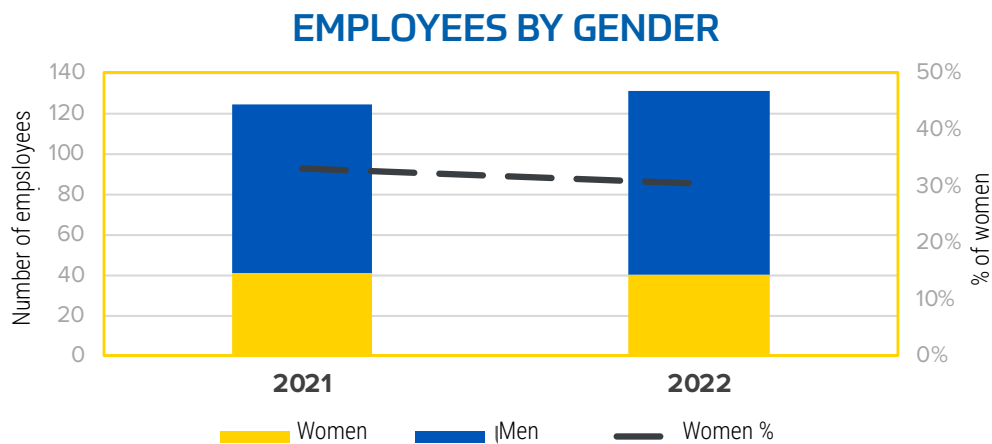
Compared to the same year, if calculated according to UNI 7249, the frequency index is equal to 12.32 (down from the previous year, equal to 16.46), while the severity index is 0.25 (compared to 0.04 in 2021).



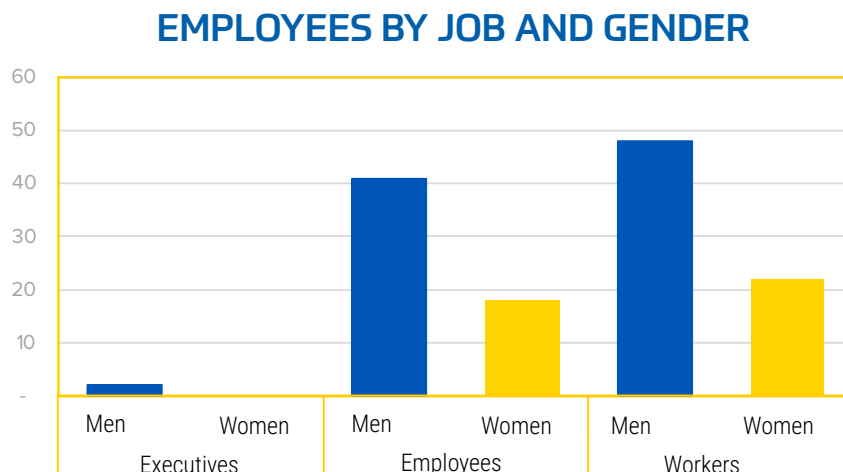
# Diversity, inclusion, and promotion of equal opportunities



The female population in the Company is lower than the male; women account for about 31% of staff, as shown by the chart below. In fact, the data presented (31% women) is a data that has a positive response, because it is higher than the benchmark of the category of engineering companies, of which Palazzoli is part, which according to a study FIM CISL published in August 2023 stands at around 21%.

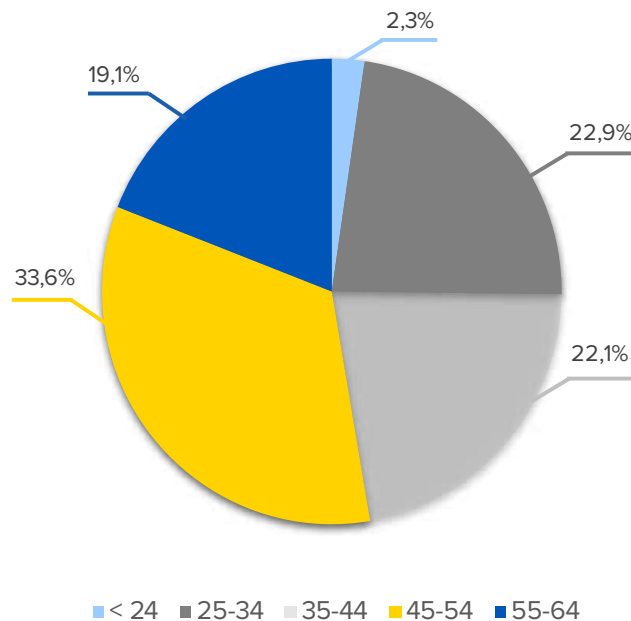


With regard to the division of labour according to job, in 2022 53% of employees (70 persons) were manual workers, 45% employed (59 persons) and 2% (2 persons) managers. These figures are broadly in line with those of the previous year.



Palazzoli supports the entry into the world of work of young people, as recorded by the number of people under 35 entered the Company during 2022 (6 people). As regards the distribution of workers by age group, at the end of 2022 the majority of the Company's population (55%) was between 35 and 55 years old; under 35 are equal to 25%, an increase of 2% compared to the previous year. Those over 55 years old, on the other hand, make up 19% of the staff.

### EMPLOYEES BY AGE GROUP



In 2022, the Company also hosted two students for a period of work-school alternation and an intern (then hired) as part of an extra-curricular internship. As required by the Code of Ethics, the Company is constantly committed to ensuring an inclusive work environment, which identifies in collaboration and mutual respect the values that cannot be renounced and does not admit any form of discriminatory behaviour.

In line with the Organization, Management and Control Model (MOG 231), which will be presented later, in Palazzoli there is an internal channel for reporting discriminatory behaviour; during the year 2022, as in the previous year, no reporting was recorded. Finally, Palazzoli is concerned, in the preparation of his job offers and in marketing campaigns, to use an inclusive language, both towards external and internal environments, in order to attract resources without any kind of distinction.



# Creating value in the community



Palazzoli identifies itself in the territory in which it operates and develops its activities. With the aim of developing the local community, in fact, Palazzoli provides annually in the form of hand-outs and donations of money for social initiatives.

In 2022, donations totalling €148,500 were made, an increase on those of the previous year (about 130,000 €), which were allocated to:

- Foundation of the Brescian Community, with particular reference to the Maria Rosa Moretti Fund
- AIRC - AIRC Foundation for Cancer Research
- Castelli Foundation
- Parish of San Bartolomeo (BS)
- UNICEF

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## MARIA ROSA MORETTI FUND

The Fund established by will of Eng. Luigi Moretti, in memory of his sister Maria Rosa Moretti, is aimed at supporting charitable, social, and cultural initiatives with particular attention to those actions aimed at young people in all their physical, intellectual, and moral needs.

The Fund demonstrates a particular support for the Clinical Pedagogical Laboratory and Biomedical Research, Ambra Onlus, operating at the Children's Hospital San Rocchino.



## CONFINDUSTRIA BRESCIA

The spirit of association has always marked Palazzoli company policy, being affiliated to Confindustria for over a century.

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## AIRC - AIRC Foundation for Cancer Research

Since 1965, the **AIRC Foundation** has been continuously supporting, through fundraising, the progress of cancer research and disseminating accurate information on the results obtained, prevention and therapeutic perspectives.

Since January 2020 the company has launched the project “**DIAMO LUCE ALLA RICERCA** [GIVE LIGHT TO RESEARCH]” in support of AIRC Foundation for Cancer Research. Thanks to this project, the products of the lighting line contribute to support the research project on breast cancer by Giampaolo Bianchini, Responsible for oncological pathology of the breast at the San Raffaele Hospital and AIRC researcher at the Centro San Raffaele Foundation in Milan.

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## CASTELLI FOUNDATION

The Foundation aims to:

- start projects for the efficiency and upgrading of technical equipment in technical schools
  - promote and manage initiatives aimed at involving teachers and students, and improving the effectiveness of teaching, by giving added value to learning
  - testify the importance of training, to stimulate commitment and enhance excellence among students
  - involve companies in an increasingly close and continuous collaboration with the school world
  - facilitate the integration of new graduates in the world of work, encouraging the activation of internships and training experiences
-





The background of the page is a photograph of a forest. In the foreground, there are green, needle-covered branches of evergreen trees. The background is a dense forest of taller trees, mostly evergreens, with some lighter-colored deciduous trees visible in the distance. A semi-transparent blue rectangular overlay covers the right side of the page, containing the page number and the title.

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# Global Reporting Index (GRI) Content Index

# Global Reporting Index (GRI) Content Index

For each material issue identified, the correlation with the main international reference standards for sustainability reporting, the Global Reporting Index (GRI), is presented below.

There are no GRI industry standards relevant to the activity of Palazzoli.

<b>Statement of use</b>	Palazzoli S.p.A. presented a "with reference to" report on the GRI Standards for the period 01/01/2022 - 31/12/2022.
<b>GRI 1 Used</b>	GRI 1 - Fundamental Principles - 2021 version

GRI 2 - GENERAL INFORMATION 2021		
GRI Standard	Disclosure	Reference paragraph
THE ORGANISATION AND ITS REPORTING PRACTICES		
	2-1 Organizational details	Methodological note
	2-2 Entities included in the organisation's sustainability reporting	Methodological note
	2-3 Reporting period, frequency, and contact person	Methodological note
ACTIVITIES AND WORKERS		
	2-7 Employees	Enhancement and well-being of employees
	2-8 Non employed persons	Enhancement and well-being of employees
GOVERNANCE		
	2-9 Structure of governance	Business organisation and governance guidelines
	2-10 Appointment and selection of the highest governing body	Business organisation and governance guidelines
	2-11 President of the highest governing body	Letter to stakeholders

	2-12 Role of the highest governing body in monitoring impact management	Business organisation and governance guidelines
	2-13 Delegation of responsibility for impact management	Business organisation and governance guidelines
	2-14 Role of the highest governing body in sustainability reporting	Business organisation and governance guidelines
	2-17 Collective knowledge of the highest level of government	Business organisation and governance guidelines
	2-18 Evaluation of the performance of the highest governing body	Business organisation and governance guidelines
<b>STRATEGIES, POLICIES AND PRACTICES</b>		
	2-25 Processes to remedy negative impacts	Potential negative impacts
	2-27 Compliance with laws and regulations	Strategic direction
<b>INVOLVEMENT OF STAKEHOLDERS</b>		
	2-29 Approach to stakeholder involvement	Our priorities: Material issues
GRI 3 - Material issues - 2021 version	3-1 Process of determining material issues	Our priorities: Material issues
	3-2 List of material issues	Our priorities: Material issues
	3-3 Management of material issues	Our priorities: Material issues



NOTICE	REFERENCE PARAGRAPH
Standard topic - economic field	
201-1 Economic value directly generated and distributed	Creation of economic and financial value
203-1 Infrastructure investments and services financed	Energy and energy efficiency
204-1 Proportion of expenditure on local suppliers	Responsible management of the supply chain
Standard topic - environmental field	
301-1 Materials by weight or volume	Materials and initiatives of circular economy
301-3 Recovered or regenerated products and their packaging materials	Materials and initiatives of circular economy
302-1 Energy consumed within the organization	Energy and energy efficiency
302-3 Energy intensity	Energy and energy efficiency
302-4 Reduction of energy consumption	Energy and energy efficiency
303-3 Withdrawals of water	Responsible management of water resources
303-4 Water discharges	Responsible management of water resources
303-5 Water consumption	Responsible management of water resources
305-1 Direct (Scope 1) GHG emissions	Environmental impact and reduction of emissions
305-2 Indirect (Scope 2) GHG emissions from energy consumption	Environmental impact and reduction of emissions
305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environmental impact and reduction of emissions
305-4 Intensity of GHG emissions	Environmental impact and reduction of emissions
305-5 Reduction of GHG emissions	Environmental impact and reduction of emissions
306-1 Waste production and significant impacts related to waste	Responsible management of waste

306-2 Management of significant impacts related to waste	Responsible management of waste
306-3 Waste produced	Responsible management of waste
306-4 Waste not for disposal	Responsible management of waste
306-5 Waste for disposal	Responsible management of waste
307-1 Non-compliance with environmental laws and regulations	Our priorities: Material issues
Standard topic - social field	
401-1 new employee hires and employee turnover	Enhancement and well-being of employees
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Enhancement and well-being of employees
403-1 Occupational health and safety management system	Health and safety protection of workers
403-2 Hazard identification, risk assessment, and incident investigation	Health and safety protection of workers
403-5 Worker training on occupational health and safety	Health and safety protection of workers
403-6 Promotion of Worker Health	Health and safety protection of workers
403-9 Work-related injuries	Health and safety protection of workers
404-1 Average hours of training per year per employee	Training and professional development of employees
405-1 Diversity of governance bodies and employees	Diversity, inclusion, and promotion of equal opportunities Business organisation and governance guidelines
406-1 Incidents of discrimination and corrective actions taken	Strategic direction
413-1 Operations with local community engagement, impact assessments, and development programs	Creating value in the community
413-2 Operations with significant actual and potential negative impacts on local communities	Creating value in the community





Sustainability report 2022





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***Palazzoli***  
SISTEMI ELETTRICI E LUCE D'AUTORE