

SUSTAINABILITY  
REPORT  
2025

ELECTRICAL SYSTEMS

LIGHTING

**Palalazzo**

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

*Always a step ahead*

*Let's be inspired*

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# Letter by the President

Dear partners and colleagues at the Palazzoli Group,

Never before has the word 'crisis' been so laden with the positive aspects that evolution brings with it when describing the times we are living in.

We are reshaping our energy landscape to use our planet's resources more efficiently and cleanly. We are rethinking buildings, transport and infrastructure because we all want to live, today and tomorrow, in a more comfortable, safe and, above all, sustainable way.

We are testing new technologies and unconventional ways of working together, alongside more efficient solutions for our customers and for all those who believe in life and progress.

In other words, we at the Palazzoli Group, even with our distinct brands, are embracing the ongoing change and the improvements on the horizon.

We have reviewed our investment priorities to improve the efficiency of our operations, eliminate waste and all types of risk. And we are doing so with all our energy.

I am talking about intellectual energy, the only kind that is truly useful for exploring all the new developments we need and for selecting and implementing new techniques that can satisfy the conflicting needs of increased consumption and greater savings.

It is a complex and necessary challenge, and for these two reasons, a worthy and rewarding one.

Some positive results have also been achieved over the past year, and in the report that follows we will give an account of them, with pride in what has been done and with determination for what we still intend to achieve.

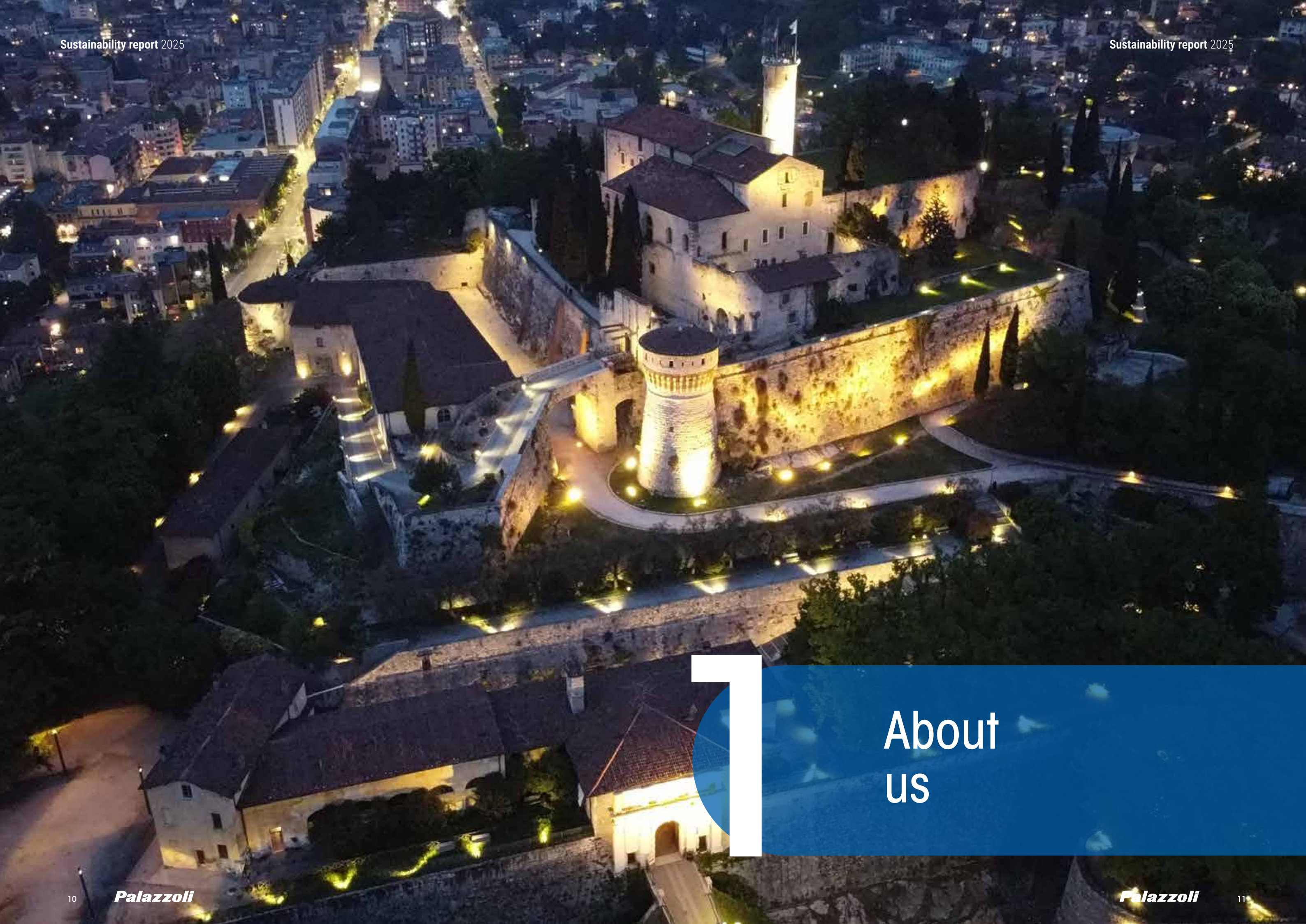
The future does not wait for us – it is there to be conceived, developed and conquered by us.

If we are asked when the right time is for this fundamental change, we have only one answer: now.

Best regards and happy reading,

Luigi Moretti  
Presidente





# About us

# About us

Palazzoli is a company specialized in the design and production of electrotechnical and lighting solutions for sectors such as industry, infrastructure, ATEX environments and the marine sector. Founded in 1904, it has consolidated its leading position in the electrical and lighting engineering field thanks to over a century of successes.

The headquarters and main production plant are located in Lombardy, in Brescia, and the company operates globally through a network of over 5,000 retailers.

With a catalogue of over 6,000 products, Palazzoli offers specific solutions that meet all the needs of professionals.

For Palazzoli, sustainability is a fundamental value and the company is committed to effectively balancing economic, environmental and social objectives. The company operates in various sectors, including industry, ATEX environments, infrastructure and marine, providing high quality electrical lighting solutions for extreme and critical environments. Its expertise extends to tunnels, galleries, cruise ships, military vessels and offshore platforms. The products are made of high quality materials, corrosion and fire resistant, making them ideal for high-risk environments.

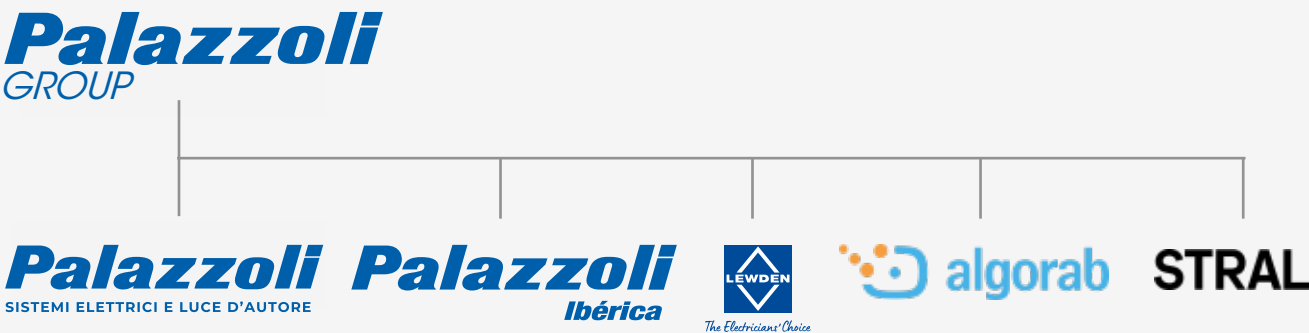


Today, Palazzoli stands out for its in-depth knowledge of materials and for offering a wide range of solutions suitable for various environments, using thermoplastic, thermosetting GRP, aluminium, stainless steel and brass. To ensure customer satisfaction, the protection and development of its employees, and respect for the local community, Palazzoli has implemented a Quality Management System compliant with the international standard UNI EN ISO 9001:2015 and an Environmental Management System certified to the standard UNI EN ISO 14001:2015. The company also focuses on the health, safety and well-being of people, aspects supported by an Occupational Health and Safety Management System certified in accordance with the ISO 45001:2018 standard. For photometric measurements, the Palazzoli Laboratory is also accredited in accordance with the UNI CEI EN ISO/IEC 17025:2017 standard, guaranteeing the reliability and technical competence of its testing and measurement activities.



# Locations

The Palazzoli group is present worldwide with more than 5,000 dealers.  
The network is constantly expanding.





# 2

Palazzoli from  
its origins  
to today

# Palazzoli from its origins to today

Founded in 1904 in a territory with a long industrial tradition, Palazzoli has played a significant role in the development of business for over a century. Facing the changes of society and industry, the company has constantly invested in test and measurement laboratories to ensure the highest quality of its products.

Since the 1950s, Palazzoli has been ahead of its time by establishing an internal laboratory dedicated to testing and measurement, thus ensuring the reliability of its products. Today, it has a photometric laboratory, certified by Oxytech, to also quickly evaluate the

performances of its luminaires. Since the 1990s, Palazzoli has expanded its product range to cover different sectors, upgrading facilities and adopting cutting-edge technologies such as automation and artificial intelligence.

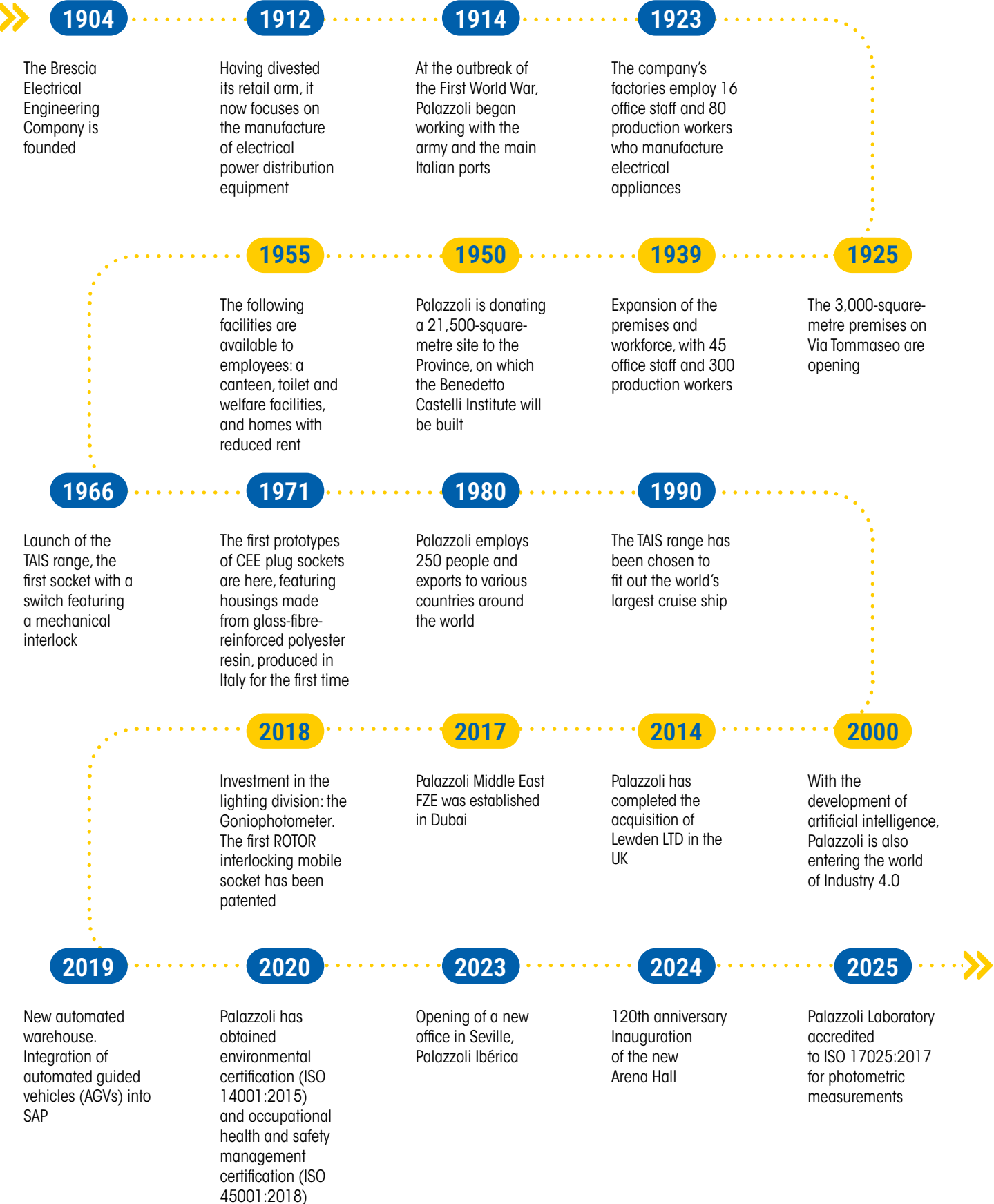
The company is today one of the major international players in the production of electrical systems and lighting.



Discover the history of Palazzoli



## Milestones



# 3

## Financial statements

# Financial statements



122

Years of experience in the manufacture of electrical systems and lighting



96%

Contracts of indefinite duration



165

Number of employees (+ 20% compared to 2024)



58.000.000 €

Turnover (+ 6% compared to 2024)



95%

Aluminium used from recycled sources



29

Hours of training per year per employee



19.000

Hours spent on Research & Development (+12% compared to 2024)



55%

Electricity demand met by the solar power system



100%

Staff with access to welfare benefits



+ 65.000 €

For donations and sponsorship



During the manufacturing process:

- ✓ HALOGEN-FREE
- ✓ NO CARCINOGENIC COMPONENTS
- ✓ ASBESTOS-FREE
- ✓ ZERO EMISSIONS OF POLLUTING LIQUIDS



 Customer  
focused operations

 Smart  
engineering

 Top  
Manufacture

 Service  
excellence



# 4 Values and principles

# Values and principles

Palazzoli is guided by the values and ethical principles set out in the Company's Code of Ethics, which forms a cornerstone of the Organisation, Management and Control Model adopted by the company. This Code of Ethics aims to clarify the values and principles that guide the company's activities and its relationships with its employees, business partners, shareholders and other stakeholders. All those to whom the Code applies are required to adhere to specific principles of conduct.

The company's mission is to constantly improve profitability, maximising customer satisfaction in order to preserve and enhance corporate value and the well-being of its internal and external employees.

Palazzoli S.p.A. and all those involved in any capacity in the company's operations are required to uphold the following values and operational principles:

- Legality
- Tradition and ties to the local community
- Economic efficiency
- Development of human resources
- Research and development
- Respect for and protection of the environment
- Fairness and transparency
- Sense of responsibility
- Fairness and integrity in dealings with the Public Administration
- Impartiality



The task of monitoring compliance with the Code of Ethics, promoting its ethical principles and values, and clarifying any doubts regarding its interpretation is entrusted to the Supervisory Body established by the Company in accordance with Legislative Decree 231/2001.

Since 2023, the whistleblowing mechanism provided for by the legislation has been adopted, using the platform made available by Confindustria Brescia.



# 5

## Corporate Sustainability Strategy

## Corporate Sustainability Strategy



Palazzoli places a strong emphasis on sustainability – both social and environmental – through the continuous improvement of production processes and the adoption of advanced technologies to ensure a safe working environment and compliance with the highest international environmental standards.

Since 2023, Palazzoli has launched a sustainability programme to monitor and improve its performance in relation to social and environmental responsibility, actively contributing to the achievement of the United Nations Sustainable Development Goals.

In the same year, the company conducted its first analysis of the Organisation's and Products' Carbon Footprint, covering the year 2022, with the aim of reducing emissions into the atmosphere.

These initiatives form part of Palazzoli's broader commitment to sustainability, aimed at aligning its operations with the objectives of the UN's 2030 Agenda and European climate targets. This commitment is essential for tackling the climate emergency and promoting equitable and sustainable social development.

Palazzoli does not limit itself to carbon footprint management, but is developing a comprehensive action plan, supported by specialist consultants and in-house professionals, to improve performance across all areas of sustainability. This plan includes short-, medium- and long-term objectives that are not only environmental but also social, reflecting the importance the company attaches to people's well-being, and governance-related, defining the company's strategic direction and future vision.

***“The combination of individual skills leads to superior and innovative results”***



# The UN 2030 Agenda and the Goals for Sustainable Development

In addition to the Global Reporting Initiative (GRI) standards, this sustainability report refers to the Sustainable Development Goals (SDGs), which form the core of the United Nations 2030 Agenda.

The SDGs represent 17 fundamental goals for sustainable progress, agreed upon by the governments of the 193 UN member states in 2015. Achieving these goals by 2030 requires the commitment of institutions, organisations, companies and individuals.

This sustainability report sets out the relevant SDGs for each area covered, highlighting Palazzoli’s contribution to the global journey towards sustainability.



*“A better future,  
today and tomorrow,  
built on our commitment to  
social and environmental  
sustainability”*

# 6

## Materiality analysis and the impacts generated

# Materiality analysis and the impacts generated

## Our priorities: key issues

Since 2023, Palazzoli has been conducting materiality analyses to identify key sustainability issues that have a significant impact on the company's operations, known as 'material issues'. These issues reflect the environmental, social and economic impacts that are relevant both internally and to the organisation's external stakeholders.

To define the material issues, Palazzoli followed the updated GRI standards, identifying the impacts associated with each sustainability issue relevant to the business context. The process involved several stages:

- A preliminary analysis of the context, involving an in-depth examination of the relevant sector

and the identification of potential material ESG issues.

- Involvement of management functions to select and prioritise material sustainability issues for the organisation.
- Final definition of material issues and ranking of their internal importance.

It is important to note that the material issues and the content of this document have been presented to and approved by the company's Board of Directors. To further improve the process of selecting the most relevant sustainability issues, Palazzoli plans to engage stakeholders directly through stakeholder engagement initiatives.



The material issues identified during this initial materiality analysis are set out below, broken down by area:

### PALAZZOLI FOR THE ENVIRONMENT

- Energy and energy efficiency
- Responsible waste management
- Environmental impact and emissions reduction
- Circular economy materials and initiatives
- Responsible water management



### PALAZZOLI FOR PEOPLE

- Diversity, inclusion and the promotion of equal opportunities
- Employee training and professional development
- Employee engagement and wellbeing
- Protection of workers' health and safety
- Creating value for the community



### CORPORATE STRATEGY

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



Once the material issues had been identified, and in order to assess their materiality, Palazzoli evaluated the positive and negative impacts (both actual and potential) generated by the company in relation to each of these issues.



# Impacts generated by Palazzoli

To assess the impacts arising from the three dimensions of sustainability (Environmental, Social and Governance), we conducted interviews with key company representatives in order to evaluate their significance. The impacts were classified by considering both their severity and probability: for potential impacts, we assessed the likelihood of occurrence and the severity of the expected harm or benefit, using a scale of 1 to 4.

In the case of actual impacts, we examined solely the magnitude of the event (whether positive or negative) that has already occurred.

For positive impacts, the maximum value (4) represents an optimal impact, whilst for negative impacts it indicates a significant threat to the organisation. Furthermore, for potential impacts, we assigned a score based on the probability of occurrence: the higher the score (up to 4), the greater the probability that the event will occur.

This study first examines the actual impacts generated by the organisation and then introduces the matrices of identified risks and opportunities, focusing on the potential impacts of the organisation that emerged during the project.



# Actual impacts

The actual impacts generated by the organisation are set out below in the table that follows. This table includes the results of the analysis carried out to identify the main actual impacts, both positive and negative, generated directly and indirectly by the company in the course of its activities.

| SPHERE      | MATERIAL TOPIC                                  | IMPACT GENERATED                                                                                                     | IMPACT TYPOLOGY | MAGNITUDE |
|-------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------|-----------|
| Environment | Energy and energy efficiency                    | Photovoltaic system to increase self-consumption of electricity from renewable sources                               | +               | 4         |
|             |                                                 | Installation of digital meters for accurate and comprehensive monitoring of energy consumption                       | +               | 4         |
|             |                                                 | Installation of equipment to control lighting wastage                                                                | +               | 4         |
|             |                                                 | Reduction in the use of natural gas                                                                                  | +               | 4         |
|             | Responsible management of waste                 | Implementation of projects for the external reuse of production waste (by-products)                                  | +               | 3         |
|             |                                                 | Implementation of projects for the internal reuse of production waste (by-products)                                  | +               | 4         |
|             |                                                 | Greater coverage of dedicated containers                                                                             | +               | 3         |
|             |                                                 | Improvement of waste management                                                                                      | +               | 3         |
|             | Environmental impact and reduction of emissions | Monitoring and certification of the organisation's carbon footprint for the year 2022 in accordance with ISO 14064-1 | +               | 4         |
|             |                                                 | Implementation of the product carbon footprint in accordance with the ISO 14067                                      | +               | 3         |
|             |                                                 | Standard Mass grinding of plastic waste to reduce road transport                                                     | +               | 3         |
|             |                                                 | Improving the efficiency of the company vehicle fleet with lower-consumption vehicles                                | +               | 3         |
|             |                                                 | Mobility, PSCL (Home-to-Work Travel Plan)                                                                            | +               | 3         |
|             |                                                 | Installation of charging points for electric bicycles and scooters                                                   | +               | 4         |
|             |                                                 | Removal of 3 natural gas burners, resulting in a reduction in direct emissions                                       | +               | 3         |

| SPHERE | MATERIAL TOPIC                                                | IMPACT GENERATED                                                                                                                                                 | IMPACT TYPOLOGY | MAGNITUDE |
|--------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------|
|        | Circular economy materials and initiatives                    | Implemented the recycling and recovery of both plastic and brass scrap                                                                                           | ⊕               |           |
|        |                                                               | Focus on developing a production process based on the principles of the circular economy                                                                         | ⊕               |           |
|        | Responsible water management                                  | Monitoring of water consumption (both domestic and process use)                                                                                                  | ⊕               |           |
|        |                                                               | Reduced water consumption through efficiency measures                                                                                                            | ⊕               |           |
|        |                                                               | Improved management of the treatment plant through technical modifications                                                                                       | ⊕               |           |
|        |                                                               | Switch from mains water to boreholes where possible                                                                                                              | ⊕               |           |
| Social | Diversity, inclusion and the promotion of equal opportunities | No reports received via the whistleblowing channel                                                                                                               | ⊕               |           |
|        |                                                               | Promotion of the day against violence and harassment in collaboration with Confindustria                                                                         | ⊕               |           |
|        | Training and professional development for employees           | Training projects aimed at creating a corporate culture of continuous learning                                                                                   | ⊕               |           |
|        |                                                               | Sharing of the plant's key performance indicators (KPIs) via screens and meetings                                                                                | ⊕               |           |
|        |                                                               | Regular training with the Supervisory Board regarding whistleblowing and LD 231                                                                                  | ⊕               |           |
|        |                                                               | The average number of training hours per employee is higher than the national average (24 vs 21)                                                                 | ⊕               |           |
|        | Empowerment and wellbeing of staff                            | Corporate Welfare System                                                                                                                                         | ⊕               |           |
|        |                                                               | 100% of employees have access to welfare benefits                                                                                                                | ⊕               |           |
|        |                                                               | Existence of a suggestion scheme, allowing employees to propose ideas and suggestions for improving business operations. Participation in line with expectations | ⊕               |           |
|        |                                                               | Free advice on managing private electricity and gas supplies                                                                                                     | ⊕               |           |
|        |                                                               | Introduction of 8 paid hours for medical appointments included in the second-level collective agreement                                                          | ⊕               |           |
|        |                                                               | Organisation of team-building events                                                                                                                             | ⊕               |           |
|        |                                                               | Flexible working hours (for roles where this is feasible) with benefits for employees work-life balance                                                          | ⊕               |           |
|        | Protection of workers health and safety                       | Development of a health management system certified to the ISO 45001 standard                                                                                    | ⊕               |           |
|        |                                                               | Regular awareness-raising sessions on occupational health and safety issues and supplementary safety training beyond the mandatory requirements                  | ⊕               |           |
|        | Creating value for the community                              | Donations to health research bodies and foundations                                                                                                              | ⊕               |           |
|        |                                                               | Collaborative projects with universities and research bodies                                                                                                     | ⊕               |           |

| SPHERE     | MATERIAL TOPIC                           | IMPACT GENERATED                                                                                                                                | IMPACT TYPOLOGY | MAGNITUDE |
|------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------|
| Governance | Strategic direction                      | Regular publication of the sustainability report in accordance with the latest international standards                                          | ⊕               |           |
|            |                                          | Implementation of the Organisational Management Model 231/2016 and the associated whistleblowing channels and systems for managing such reports | ⊕               |           |
|            |                                          | Holding of ISO 9001, ISO 14001 and ISO 45001 certification                                                                                      | ⊕               |           |
|            | Creation of economic and financial value | The company is in a position of financial stability that enables it to plan investments for development and growth in the medium and long term  | ⊕               |           |
|            |                                          | Increase in market share                                                                                                                        | ⊕               |           |
|            | Customer satisfaction                    | Communication to customers regarding product composition                                                                                        | ⊕               |           |
|            | Privacy and data protection              | Training on IT security                                                                                                                         | ⊕               |           |
|            | Research & Development and technological | Collaboration with research bodies on technological innovation projects                                                                         | ⊕               |           |
|            |                                          | Collaboration with schools and universities for specific training                                                                               | ⊕               |           |
|            |                                          | Obtaining patents for new products and projects                                                                                                 | ⊕               |           |

## Potential impacts generated

In addition to actual impacts, the potential impacts—both positive and negative—generated by Palazzoli in the course of its activities were also examined. To this end, the organisation assessed these impacts by considering their severity and likelihood of occurrence, as described in the introductory section of this chapter.

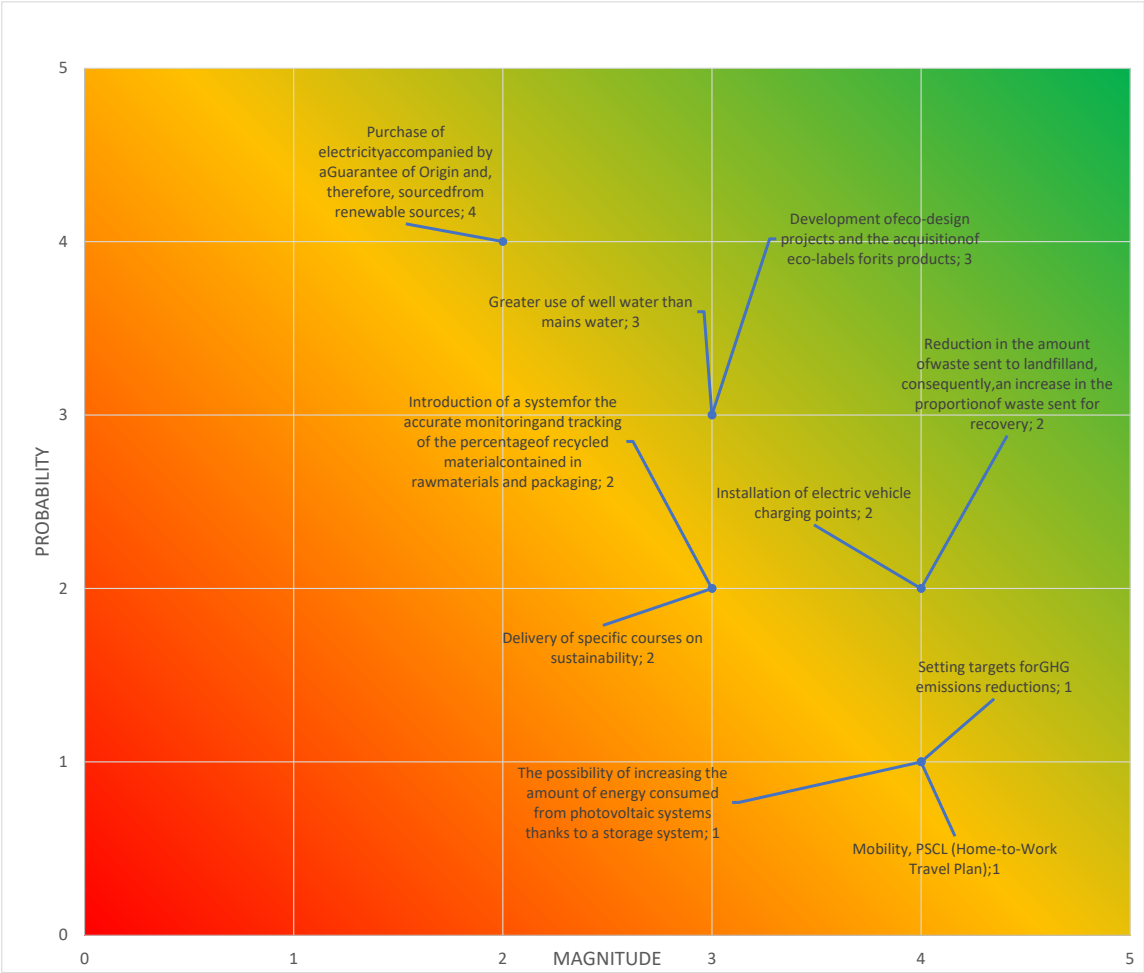
## Potential negative impacts

The table below lists the main potential negative impacts associated with the material issues identified by the organisation, broken down into the categories E (Environment), S (Social) and G (Governance).

| SPHERE      | MATERIAL TOPIC                                      | IMPACT GENERATED                                                                                                                                            | MAGNITUDE | PROBABILITY |
|-------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|
| Environment | Rules and Regulations                               | Potential non-compliance with regulations due to their rapid evolution and increasing complexity                                                            |           |             |
|             |                                                     | Economic and competitive disadvantage compared to non-EU countries due to the high costs of complying with increasingly stringent environmental regulations |           |             |
| Social      | Employee development and well-being                 | Potential rise in staff turnover and consequent difficulty in recruiting key personnel on the market                                                        |           |             |
| Governance  | Customer satisfaction                               | Increase in complaints both in absolute terms and as a proportion of turnover. The resolution rate of these complaints, currently low, should be monitored  |           |             |
|             |                                                     | Increase in delays in terms of turnover and time                                                                                                            |           |             |
|             | Privacy and data protection                         | Cyberattacks and consequent data loss or financial damage linked to inadequate cybersecurity training or other shortcomings in IT systems                   |           |             |
|             |                                                     | Rising costs for infrastructure and secure hardware and software systems, and for increasingly intensive staff training                                     |           |             |
|             | Research & Development and technological innovation | Delays in technological innovation and in the transition towards the use of more sustainable materials                                                      |           |             |
|             |                                                     | Loss of reputation and market share due to rapid changes in customer needs and expectations                                                                 |           |             |
|             | Responsible supply chain management                 | Lack of attention to the sustainability performance of suppliers and difficulties in supply chain traceability                                              |           |             |
|             |                                                     |                                                                                                                                                             |           |             |

The matrix below illustrates the main potential negative impacts identified in the table, assessed on the basis of their significance by combining magnitude and probability for each impact. The further an issue is located in the top-right corner of the matrix, the greater the significance of the impacts associated with that issue for the organisation.

POTENTIAL NEGATIVE IMPACTS



As shown in the matrix, all potential negative impacts associated with the various sustainability issues identified as material have a low probability of occurrence. This reflects the organisation's commitment to implementing a range of initiatives to mitigate and prevent such impacts.

With regard to the magnitude of potential impacts, the matrix highlights significant values for certain issues, namely: Environmental Rules and Regulations, Employee Wellbeing, Customer Satisfaction, and Privacy and Data Protection. However, the likelihood of any of these risks occurring is low, as Palazzoli pays close attention to the issues outlined above.

Furthermore, risks linked to a lack of technological innovation (such as 'Research & Development and Technological Innovation') and a failure to update supplier selection criteria (such as 'Responsible Supply Chain Management') may be significant.

To prevent potential negative impacts in these areas, Palazzoli has allocated specific resources to research and development and has begun gathering qualitative information on ESG aspects within its supply chain.

# Potential positive impacts

As already mentioned, the methodology and analysis process also include the identification and management of the potential positive impacts generated by Palazzoli, which are set out in the table below.

| SPHERE      | MATERIAL TOPIC                                      | IMPACT GENERATED                                                                                                                              | IMPACT TYPOLOGY | MAGNITUDE |
|-------------|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------|
| Environment | Energy and energy efficiency                        | Implementation of an energy audit to identify potential measures to improve the energy efficiency of the facilities                           |                 |           |
|             | Responsible waste management                        | Reduction in the amount of waste sent to landfill and, consequently, an increase in the proportion of waste sent for recovery                 |                 |           |
|             | Environmental impact and reduction of emissions     | Purchase of electricity accompanied by a Guarantee of Origin and, therefore, sourced from renewable sources.                                  |                 |           |
|             |                                                     | Setting targets for reducing GHG emissions                                                                                                    |                 |           |
|             |                                                     | Opportunity to increase the proportion of energy consumed from photovoltaic systems thanks to a storage system                                |                 |           |
|             |                                                     | Mobility, PSCL (Home-to-Work Travel Plan)                                                                                                     |                 |           |
|             | Circular economy materials and initiatives          | Introduction of a system for accurate monitoring and tracking of the percentage of recycled material contained in raw materials and packaging |                 |           |
|             |                                                     | Development of eco-design projects and obtaining eco-labels for its products                                                                  |                 |           |
|             | Training and professional development for employees | Delivery of specific courses on sustainability                                                                                                |                 |           |
| Social      | Empowerment and wellbeing of staff employees        | Conducting an indoor climate analysis                                                                                                         |                 |           |
|             |                                                     | Organisation of team-building events                                                                                                          |                 |           |
|             |                                                     | Introduction of support services for parents and/or employees who are carers                                                                  |                 |           |
|             |                                                     |                                                                                                                                               |                 |           |
|             |                                                     | Second-level collective bargaining                                                                                                            |                 |           |

| SPHERE     | MATERIAL TOPIC                                 | IMPACT GENERATED                                                                                               | IMPACT TYPOLOGY | MAGNITUDE |
|------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------|-----------|
| Governance | Protection of the health and safety of workers | Participation in the WHP programme (Workplace Health Promotion)                                                |                 |           |
|            | Creating value for the community               | Increased employee engagement in community-focused activities (donations, corporate volunteering)              |                 |           |
|            | Customer satisfaction                          | Development of a system to assess customer satisfaction through their involvement                              |                 |           |
|            | Privacy and data protection                    | Achievement of the corporate legality rating                                                                   |                 |           |
|            | Responsible management of the supply chain     | Adoption of a written responsible procurement policy, prioritising local suppliers with strong ESG performance |                 |           |



In this context too, each material issue has been linked to its corresponding potential positive impact, assessed in terms of likelihood of occurrence and magnitude.

The table below shows the potential positive impacts relating to Palazzoli's material issues.

The higher up and to the right an issue is in the table, the greater the significance of the potential positive impact (opportunity) associated with that issue.

In the matrix presented, the company identifies several issues as significant opportunities, characterised by high impact and likelihood. Particular attention is paid to "Second-level collective bargaining", "Employee training and professional development" and "Employee recognition and wellbeing".

With regard to waste management, the company is developing projects to reduce waste sent to landfill and further increase recycling. Finally, Palazzoli is considering involving customers more closely in improving its customer satisfaction assessment system and is expanding the collection of information on the ESG performance of its supply chain.

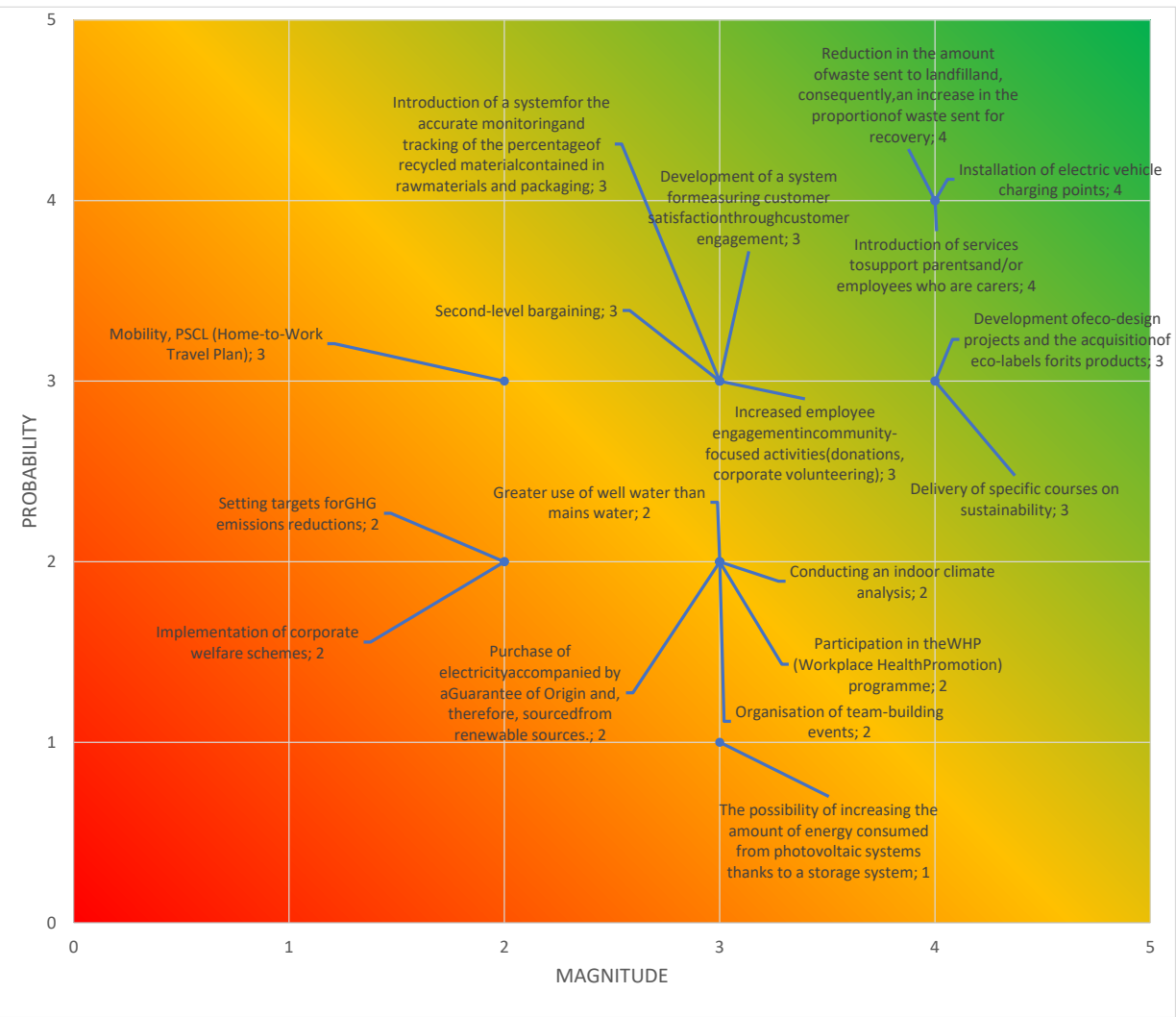
Equally relevant, with high magnitude but varying probabilities of realisation, are the opportunities linked to the organisation's other material issues. The probability is high for issues such as "Creating value for the community", "Privacy and data protection" and "Environmental impact and emissions reduction".

Palazzoli intends to step up its commitment to the community with new initiatives to create social value. In the field of data protection, cybersecurity activities are underway. As regards emissions reduction, the organisation has already begun monitoring its carbon footprint and is developing targets to further reduce greenhouse gas emissions. Furthermore, the installation of electric vehicle charging points for internal staff is planned. In the context of "Circular economy materials and initiatives", Palazzoli is continuing to develop eco-design projects and to obtain eco-certifications for its products.

Finally, opportunities relating to workplace safety, responsible supply chain management, waste management and customer satisfaction have been assessed as having a lower probability but significant magnitude.

Employee health and safety remains a priority for Palazzoli, which is implementing various initiatives to prevent workplace accidents and improve the well-being of its employees.

POTENTIAL POSITIVE IMPACTS





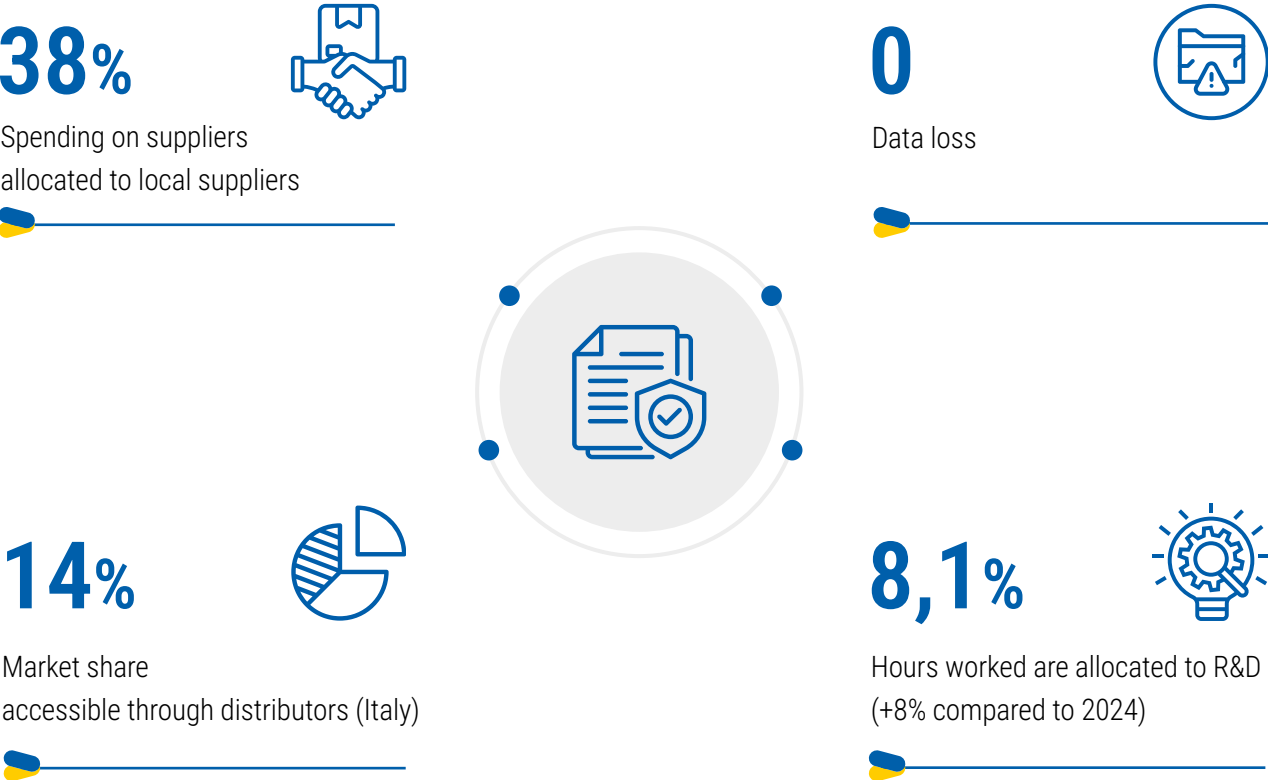
7

Corporate strategy

# Corporate strategy

Sound governance, a strong focus on innovation and an ongoing commitment to creating a working environment based on respect, fairness and collaboration are the cornerstones of Palazzoli’s business model. The company’s code of ethics, its quality, safety and environmental management systems, the Organisation, Management and Control model in accordance with Legislative Decree 231/2001, and the hours dedicated to Research & Development constitute the operational tools for translating this philosophy into concrete actions, a distinctive feature of the company.

## HIGHLIGHTS GOVERNANCE



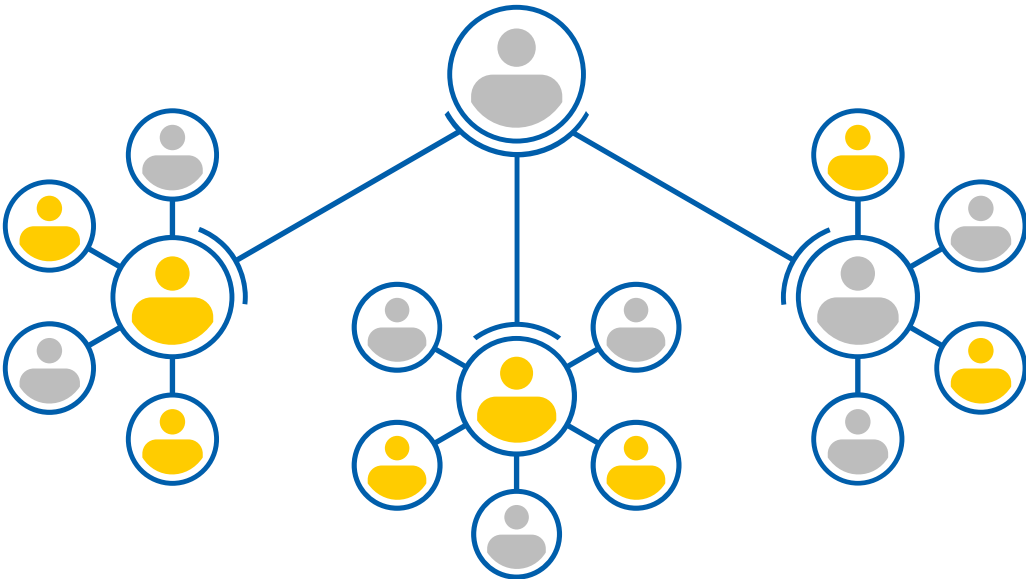
# Corporate organisation and governance guidelines

To ensure the ethical and transparent management of its activities, Palazzoli has a robust governance structure supported by specific tools. The company, a public limited company (S.p.A.), is managed according to a one-tier management model.

The Board of Directors, vested with the broadest powers for day-to-day and extraordinary management, comprises seven members (six aged over 50 and one aged between 30 and 50 – all men), including the chairman, chief executive and directors.

The appointment of members is based on appropriate professional competence and integrity in both personal and professional conduct.

The management oversight function is carried out by a management oversight committee, elected by the board of directors, which conducts four audits a year. The audit function is entrusted to an external audit firm. The Supervisory Body (OdV), provided for by the Organisational Model 231 (MOG 231) and composed of one internal and one external member, is responsible for preventing fraudulent conduct within the organisation.



With the aim of ensuring transparent, efficient and effective management, Palazzoli has adopted a number of tools, including:

- Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 and Whistleblowing platform
- Code of Ethics
- Management Systems (Quality, Health and Safety, and Environment).

# Strategic direction



## Organisational, Management and Control Model

As previously mentioned, Palazzoli has adopted an Organisation, Management and Control Model with the aim of implementing an internal organisation and control system in accordance with the provisions of Legislative Decree 231/2001. This system is primarily designed to promote sound corporate governance principles, focusing on honesty, legality and transparency. Responsibility for ensuring compliance with and the correct application of the model, with particular regard to the requirements of independence,

professionalism and continuity of action, lies with the Supervisory Body (SB). This body carries out checks, offers suggestions and guidance, and collects any reports from company staff through a structured whistleblowing procedure. The SB is also required to report promptly to the Board of Directors any violations, breaches and non-compliant conduct identified, proposing the necessary revisions, amendments and/or additions to prevent such occurrences.

# Code of Ethics

In 2021, Palazzoli updated its Code of Ethics, the document that sets out the organisation's guiding principles and values, as well as the guidelines to be followed by all those who interact with the company and have dealings with it in various capacities. This Code of Ethics is closely linked to the Organisation, Management and Control Model, complementing it with the definition of the values and rules of conduct that Palazzoli intends to adopt in its relations with its stakeholders.

### OUR VALUES

The core values set out in the Code of Ethics, which are intended to guide the conduct of business and corporate activities, as well as the management of people and information, are:

- Legality
- Tradition and ties to the local area
- Economic efficiency
- Development of human resources
- Research and development
- Respect for and protection of the environment
- Fairness and transparency
- Sense of responsibility
- Fairness and integrity in dealings with the public sector
- Impartiality

It is primarily the responsibility of the governing bodies to put the values and principles of the code of ethics into practice, by assuming responsibility both internally and externally and by strengthening trust, cohesion and team spirit within the organisation.



# Management systems

Palazzoli is constantly committed to maintaining and expanding its management systems in relation to certain priority areas of its business. Palazzoli's main priorities are health and safety at work, the environment, and the quality of the products it offers. These areas are managed respectively through ISO 45001, ISO 14001 and ISO 9001 certification.

In line with these management models, the organisation has implemented a process for assessing and managing short-, medium- and long-term business risks, with particular attention to the issues mentioned. This includes an assessment of the potential and actual negative impacts of the company's activities, with a focus on local communities.

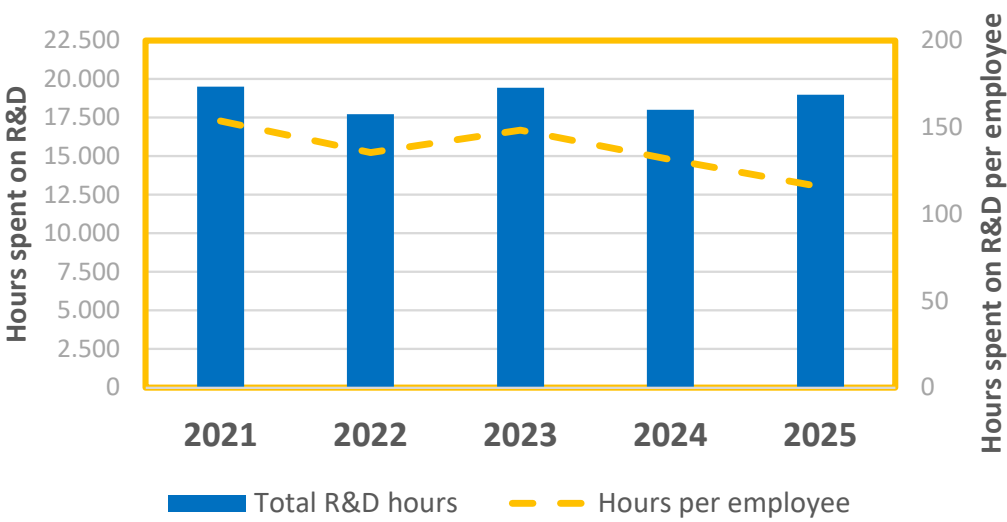


# Research & Development and technological innovation



Given the importance of innovation to the company's operations, in 2025 Palazzoli devoted around 19,000 hours to research and development, averaging 116 hours per employee. The company employs over 10 staff members a year on R&D projects, with the aim of minimising the environmental impact of its products and ensuring they increasingly meet the needs and requirements of its customers.

HOURS SPENT ON RESEARCH AND DEVELOPMENT



Thanks to the activities and projects it has undertaken, the company has filed and been granted eight patents for industrial inventions over the past two years in various markets (Italy, Brazil, Israel, Africa and India).

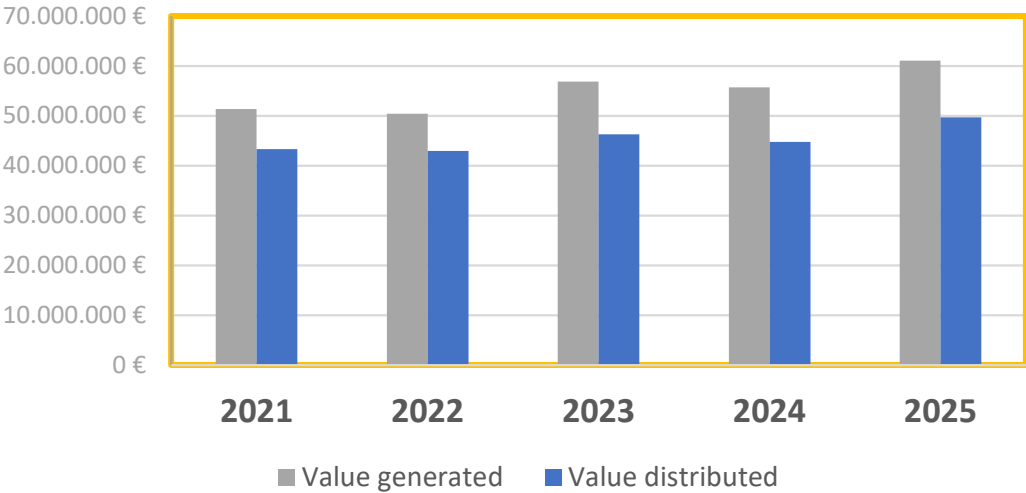
# Creation of economic and financial value



Palazzoli recognises that ethics and profit must go hand in hand, as long-term economic development cannot be separated from environmental and social development. For this reason, in its sustainability report, the company has decided to map the wealth generated for itself and its stakeholders, measured in terms of the economic value directly created and distributed. This calculation is based on the main non-financial reporting standards (GRI Standards), which define the two concepts as follows:

- “Directly generated economic value” by the company refers to revenues, such as net sales plus income from financial investments and the sale of assets.
- ‘Distributed economic value’, on the other hand, comprises the following components: operating costs, employee wages and benefits, payments to capital providers, interest expense on loans and other forms of debt, payments to the public sector, and community investments.

VALUE CREATED AND DISTRIBUTED



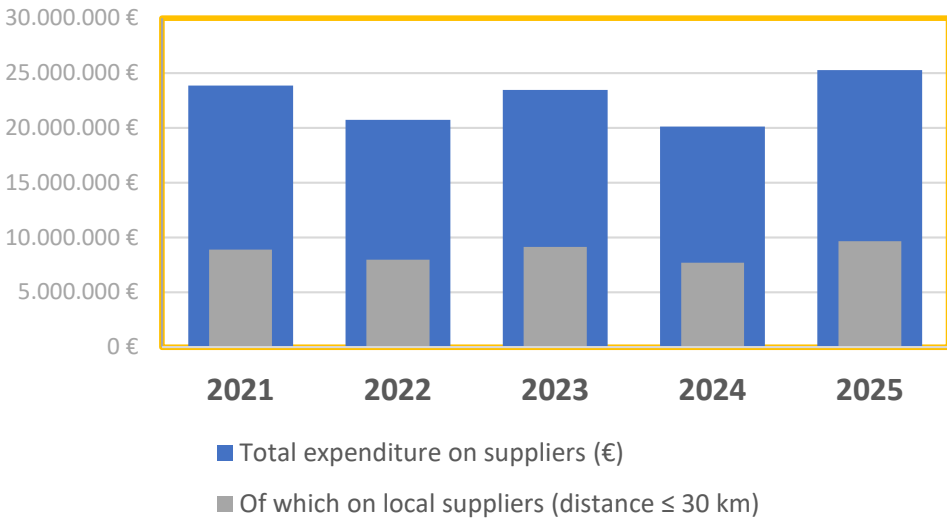
In 2025, the economic value generated by Palazzoli amounted to approximately €61 million; of this, 81.4% was redistributed amongst suppliers (57% of the value generated), employees (20.3%), public bodies (4%) and the community (0.1%).

# Responsible management of the supply chain



The company places particular emphasis on assessing the quality and reliability of all parties within its supply chain. 39% of total expenditure on suppliers was allocated to businesses located within a 30 km radius of the company’s headquarters.

SPENDING ON LOCAL SUPPLIERS



In general, it is important to emphasise that, where possible and provided that technical, product-related and economic requirements are met, the company tends to give preference to suppliers located in the areas surrounding its plant. This demonstrates its commitment to supporting employment and creating wealth for the local economy.

With regard to the supplier selection process, Palazzoli has sent evaluation questionnaires to its suppliers. These questionnaires also take into account social and environmental aspects (HSE, certifications, etc.), with the aim of gathering information on the sustainability of its supply chain. To date, the main suppliers have taken part in the questionnaire; to be precise, 91 completed questionnaires have been returned out of a total of 243 sent out.

# Privacy and data protection



Palazzoli has adopted a strict access control policy and regularly organises cybersecurity awareness training for all staff, with the aim of preventing phishing incidents and data loss. The IT security systems have been updated with the most advanced technological solutions available on the market. During 2025, no IT security incidents or data loss events were reported. The company's Code of Ethics emphasises the importance of protecting information assets and digital data, assigning each employee an active responsibility for system security. Finally, in 2025, no reports were received from regulatory bodies or external parties regarding privacy breaches, nor were any transactions identified as being at risk of corruption.

# Customer satisfaction

Customer satisfaction is a crucial factor in a company's success. Palazzoli is constantly committed to the continuous improvement of quality, product efficiency and adherence to delivery times. One example of a quantitative indicator monitored is the percentage of defective items relative to the total number of items shipped during the year. In 2025, a defect rate of 0.52% was recorded on the number of items shipped.

Monitoring and improving customer satisfaction is a fundamental pillar for Palazzoli. To gather information on the quality of the services and products offered, the company uses both qualitative data and specific indicators for quantitative analysis.



# 8

## Palazzoli for the environment

# Palazzoli for the environment

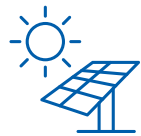
Palazzoli is committed to ensuring respect for and protection of the environment, in accordance with its UNI EN ISO 14001-certified environmental management system. The company aims to ensure compliance with environmental laws and regulations and to adopt the most sustainable choices possible on all matters relating to environmental management.

In 2022, Palazzoli began monitoring greenhouse gas emissions within its operational footprint, including direct and indirect emissions resulting from imported energy. Furthermore, targeted measures have been introduced to promote the efficient use of resources, and a sustainability project has been launched to improve environmental performance in the short, medium and long term.

## ENVIRONMENTAL HIGHLIGHTS

55%

Electricity demand met by the solar power system



50%

Treated water returned to the environment from water abstracted



72%

Waste sent for recovery



200.000 €

Invest in environmental protection (+54% compared to 2024)





## Energy and energy efficiency



AFFORDABLE AND CLEAN ENERGY



SUSTAINABLE CITIES AND COMMUNITIES

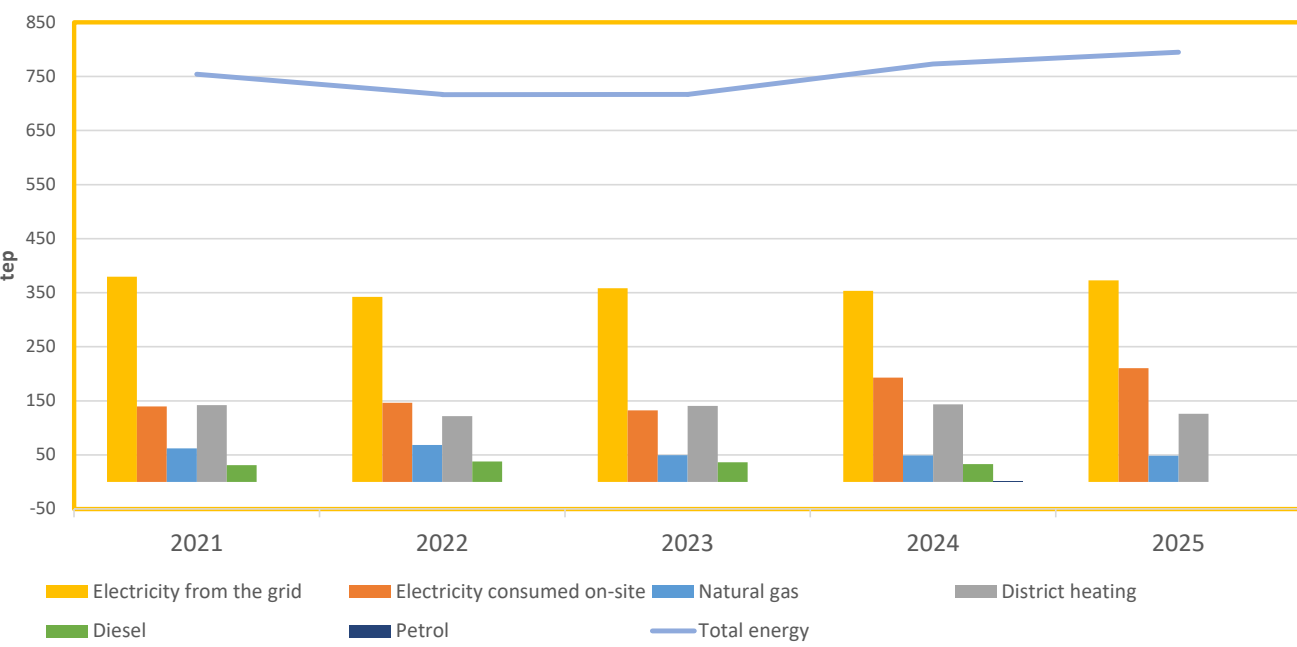


CLIMATE ACTION

The energy required for Palazzoli's operations is supplied by various energy sources: primarily electricity, around 55% of which is generated by the photovoltaic system, followed by thermal energy for district heating, natural gas and, finally, diesel.

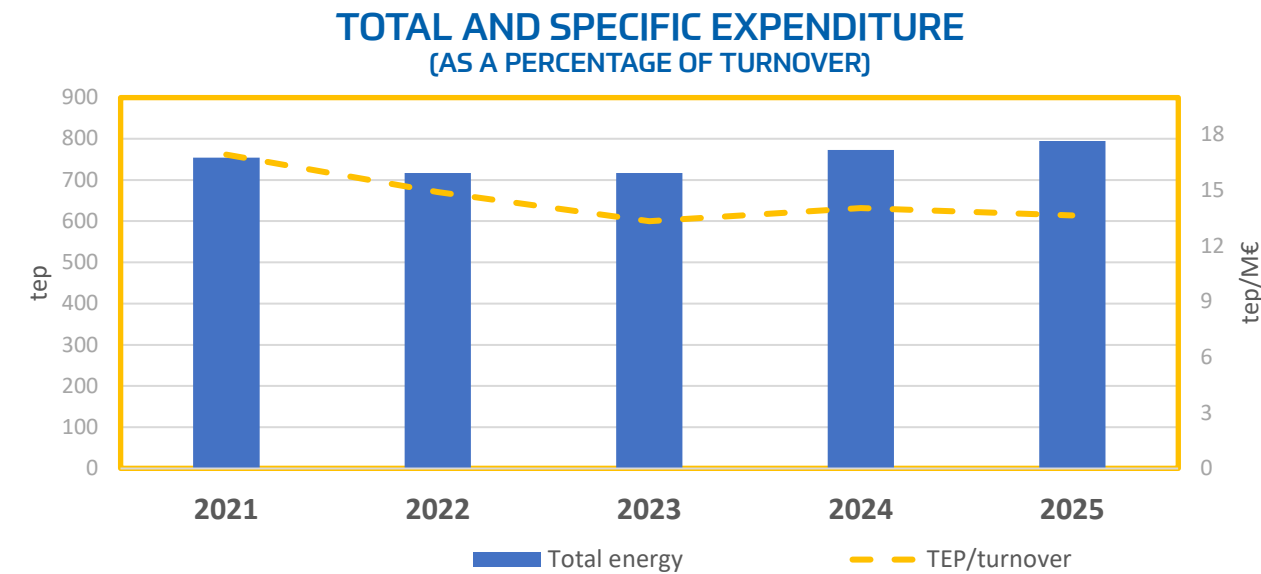
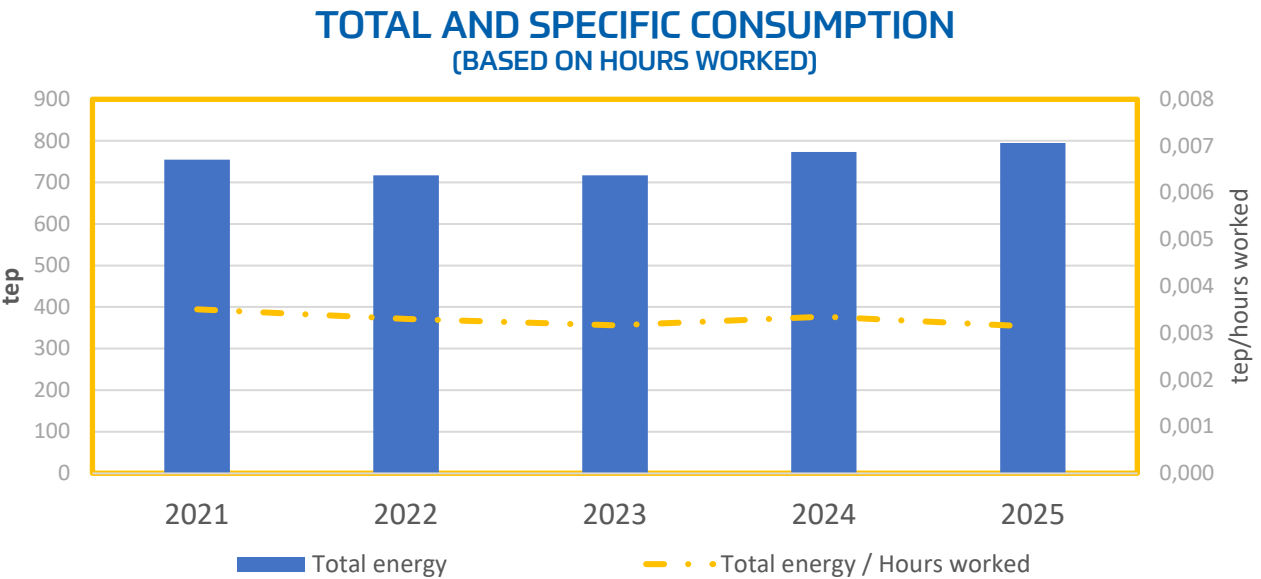
As shown in the chart below, the various figures have been converted into toe (tonnes of oil equivalent) so that they can be compared with one another.

## ENERGY CONSUMPTION



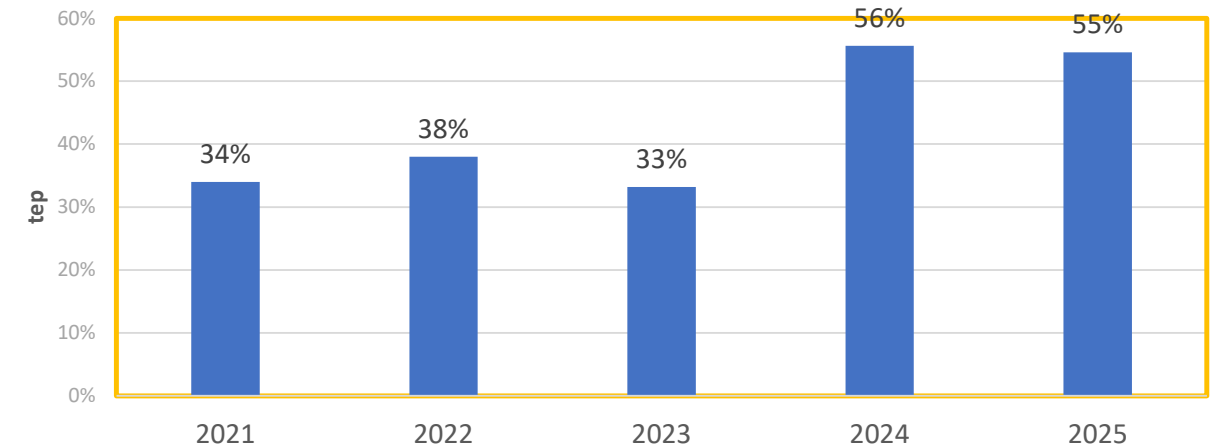
According to the graph above, total energy consumption in 2025 is in line with that of 2024, with a 3% increase recorded in 2025, driven by a rise in the use of green energy. Electricity, sourced from both the national grid and self-consumption, accounts for the lion's share of total consumption in both years (73%). Of this, approximately 55% is generated by the photovoltaic system, of which 36% is for self-consumption. The thermal energy required for space heating accounts for 16% of total consumption and is supplied by the district heating system, produced by a waste-to-energy plant.

Natural gas consumption stands at 6% of the total. This consumption is due to a process change specifically aimed at reducing energy consumption and related atmospheric emissions. Diesel consumption has also remained stable at 4.5% of total consumption in 2025.



Towards the end of 2023, with commissioning scheduled for the first quarter of 2024, efforts have been made to expand the photovoltaic system in order to increase the proportion of renewable energy consumed on-site; this is a photovoltaic system with a nominal capacity of approximately 825 kWp. In addition to this, an initiative is underway to switch from manual meters to digital meters to further improve the monitoring of energy consumption. The expansion of the photovoltaic system now covers 55% of the total energy requirement.

PHOTOVOLTAIC GENERATION VS. ENERGY CONSUMPTION IN PALAZZOLI



Environmental impact and emissions reduction



Palazzoli demonstrates its commitment to prioritising the monitoring of greenhouse gas (GHG) emissions through the initiatives included in its corporate sustainability strategy. In 2023,

Palazzoli completed an organisational carbon footprint study, analysing the greenhouse gas emissions generated by and attributable to its activities in accordance with the UNI EN ISO 14064-1:2018 standard, with reference to the year 2022. This analysis revealed that the organisation’s total GHG emissions amounted to 7,374.1 tonnes of CO2 equivalent (tCO2eq). The emissions have been catalogued in a GHG inventory divided into six categories.

The first category includes direct emissions, mainly from fuel used in company cars and from the consumption of natural gas at the plant, representing a small percentage of the total (4%).

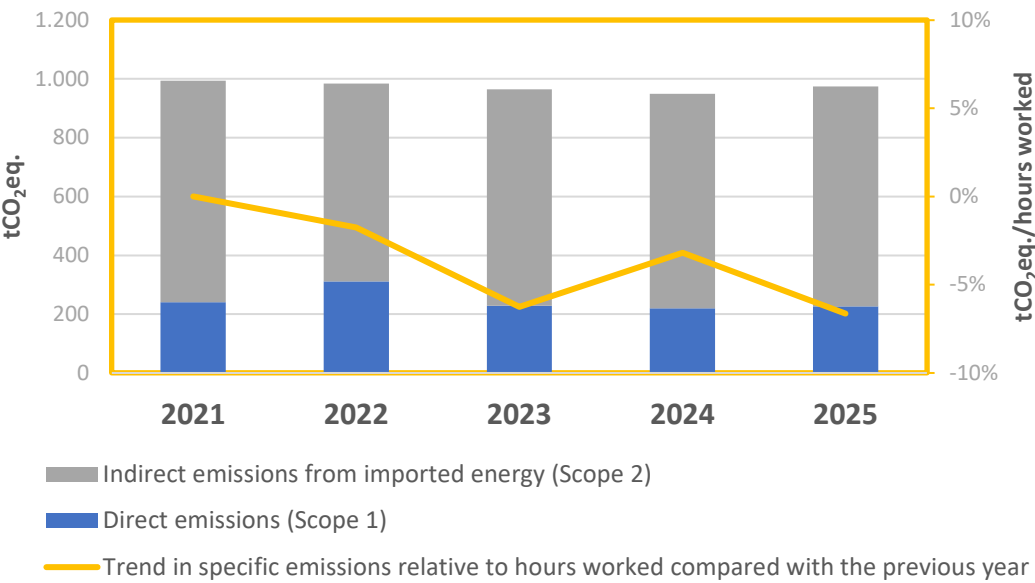
The second category (8%) comprises indirect emissions from imported energy, such as electricity from the grid and district heating (in the localisation-based scenario). Indirect emissions from transport constitute the third category (11%), influenced by the movement of incoming and outgoing goods, employee commuting and business travel.

Category four (77% of the total) includes indirect emissions from products used, such as the upstream production of materials for the manufacturing process and their downstream disposal, including waste.

To compare data from 2021 to the present, Palazzoli focuses on calculating GHG emissions in categories 1 (direct emissions) and 2 (indirect emissions from imported energy).

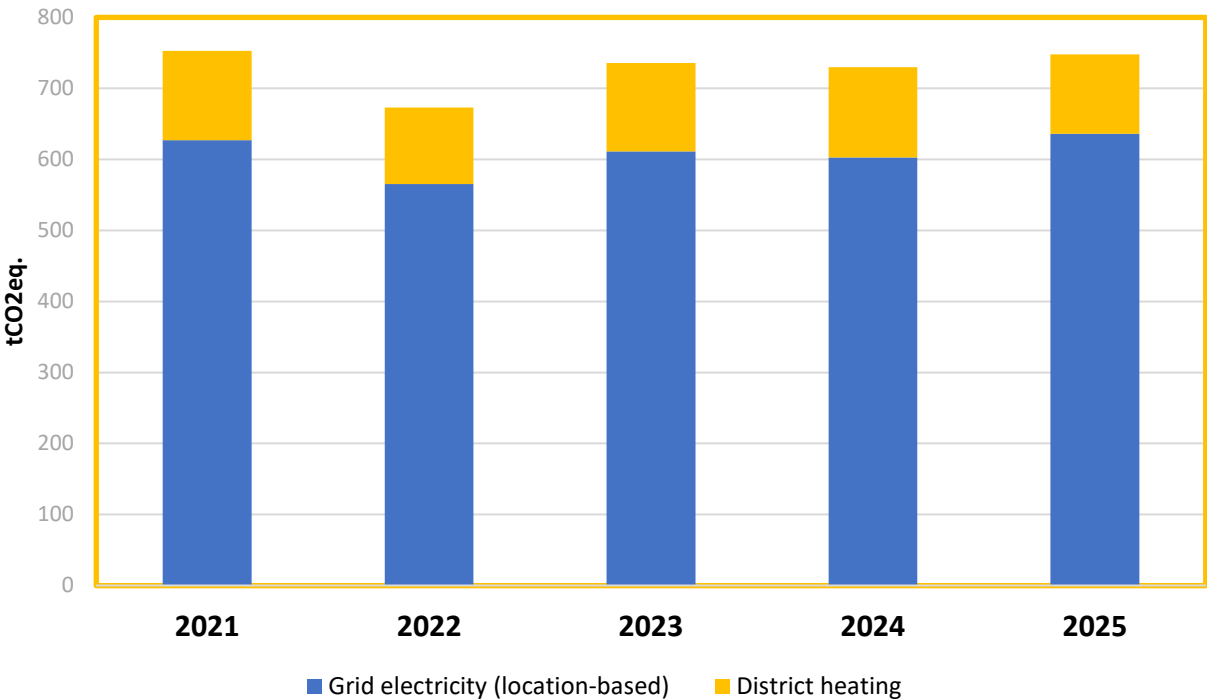


GHG EMISSIONS

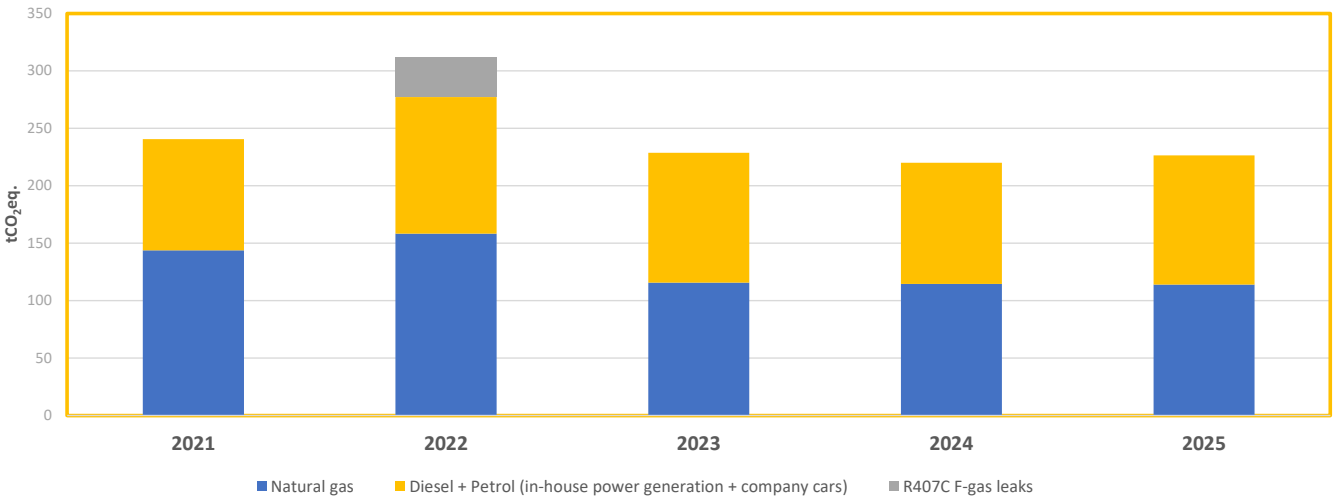


An analysis of the graph shows that, in 2025 too, there is a balance compared with 2024 and a substantial reduction in greenhouse gas (GHG) emissions relative to hours worked (-7%).

INDIRECT EMISSIONS FROM IMPORTED ENERGY  
[CATEGORY 2]



DIRECT EMISSIONS  
[CATEGORY 1]



With regard to Category 2, data relating to electricity drawn from the national grid and thermal energy for district heating were taken into account. To calculate the indirect emissions associated with electricity from the national grid, the 'location-based' scenario was adopted. The emission factor value was obtained

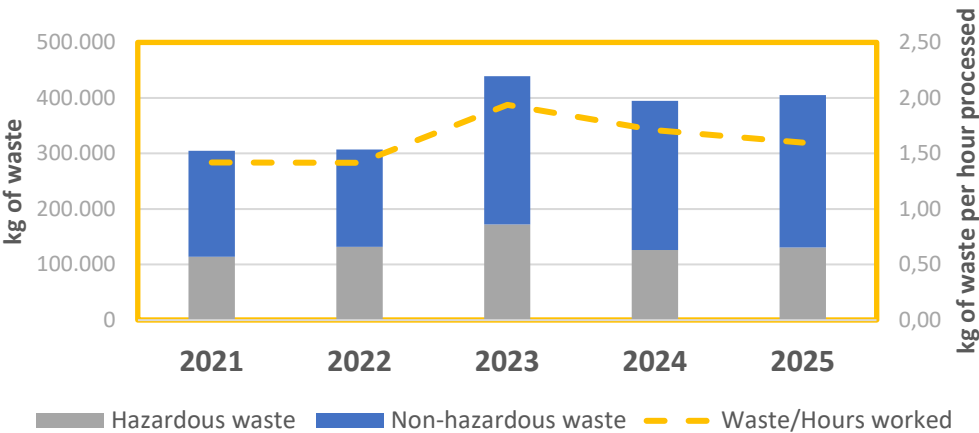


# Responsible waste management

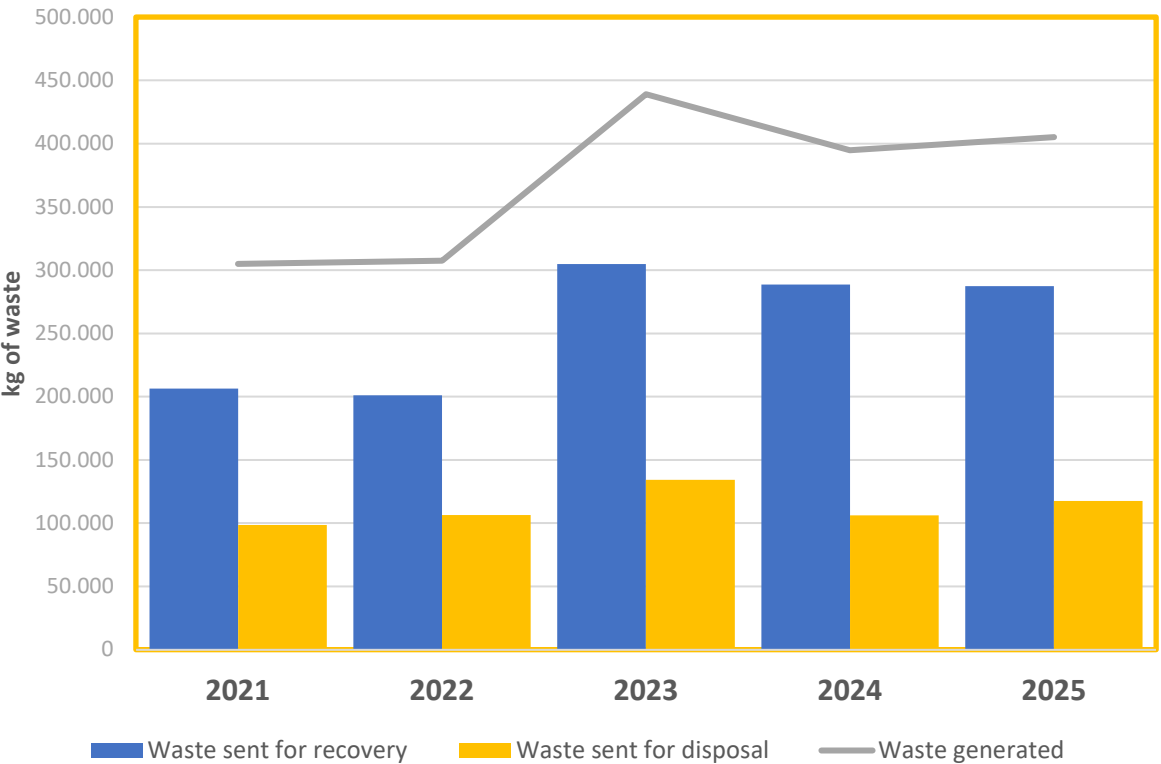


In 2025, 72% of the waste produced by Palazzoli was sent for recycling.  
The total amount of waste remained stable compared with the 2024 figure, at around 400,000 kg.

TRENDS IN WASTE GENERATION



TOTAL WASTE GENERATION



It should be noted that plans are currently being drawn up to reduce the amount of waste produced, and initiatives are also being launched to make internal use of production waste.

# Circular economy materials and initiatives



The manufacturing processes at Palazzoli involve the use of various types of components and materials.

To make the complex production process easier to understand, the main categories of materials used to produce the finished product are outlined below:

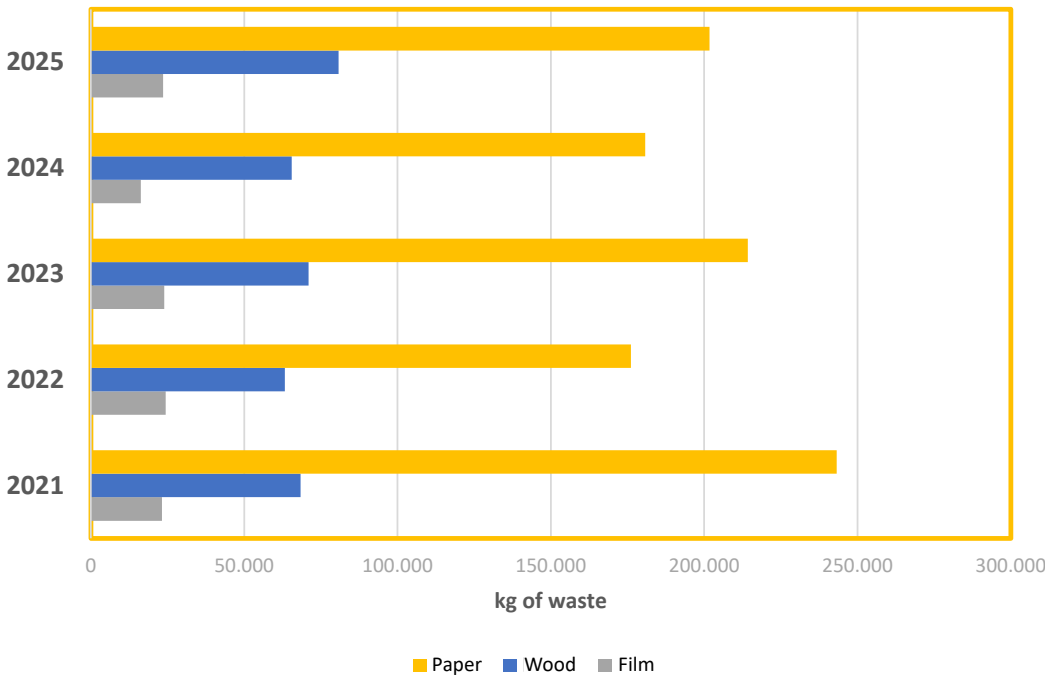
- Thermoplastic materials, made from masterbatches and plastic raw materials
- Metal ingots and raw materials, mainly aluminium
- Thermosetting raw materials
- Stranded electrical cables, made of copper
- Gaskets and sealing rings, mainly made of rubber

- Gaskets and sealing rings, mainly made of rubber
- Sheets, strips and plates, composed mainly of iron, with other materials present in marginal quantities, such as brass and copper

Among these materials, the main components in 2025 were plastic raw materials (447,613 kg), thermosetting raw materials (104,049 kg), aluminium ingots (233,531 kg) and rubber (222,355 kg).

Palazzoli estimates that 5% of the raw materials used come from recovered or reused materials.

OUTGOING PACKAGES



Palazzoli closely monitors the quantities of its outgoing packaging, as shown in the chart above. In 2025, over 66% of the packaging used for the finished product consisted of paper and cardboard packaging. The quantities of wooden pallets and polyethylene film were also significant. With regard to packaging, since 2023 Palazzoli has been conducting a study aimed at reducing the amount of plastic used in packaging.

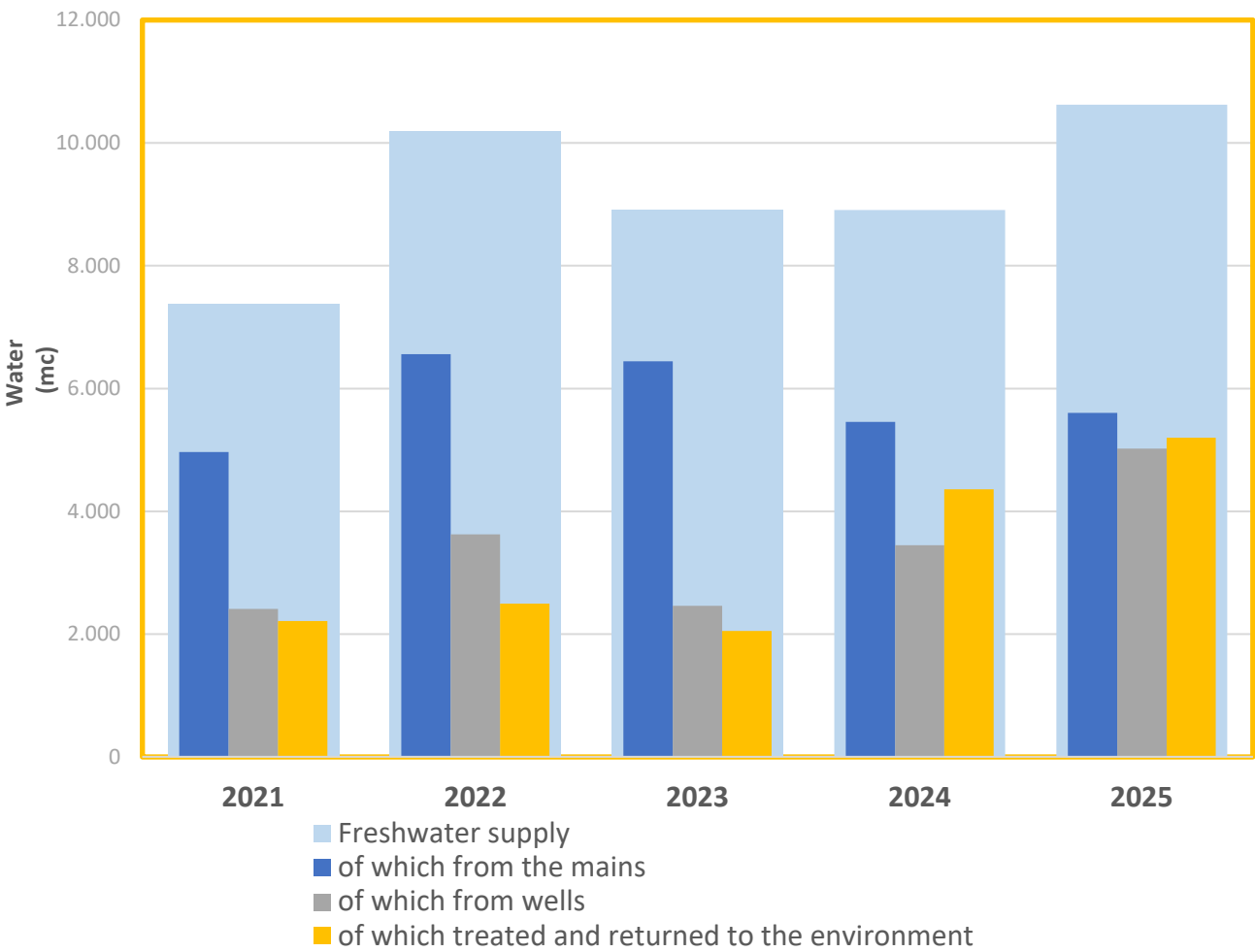
In line with the principles of the circular economy, the company has always been committed to ensuring the quality of its products, promoting extended life cycles for its entire product range, with expected usage exceeding the market benchmark.

# Responsible management of water resources



Palazzoli uses water for both production processes and domestic purposes, mainly from the mains supply (around 53% compared to 61% in 2024), whilst the remainder comes from a well for industrial use. As shown in the graph, around 50% of fresh water is treated and returned to the environment via a water treatment plant (twice the amount compared to 2023).

WATER ABSTRACTION AND TREATMENT





9

Palazzoli  
for people

# Palazzoli for people

Palazzoli recognises that corporate sustainability extends beyond environmental considerations to include human capital and the creation of value both within and outside the organisation. It also integrates aspects of social sustainability into its strategy, making them an essential part of the business.

As emphasised in the company's code of ethics, people are at the heart of the organisation. Palazzoli is committed to developing the skills of every employee, providing an environment that fosters the creativity and expertise of each team member.

Palazzoli upholds the principle of meritocracy and ensures equal opportunities for professional growth for all staff. It promotes an environment where everyone is treated fairly, free from discrimination.

Furthermore, Palazzoli attaches great importance to creating value within the community and promoting initiatives with a significant social impact. The company is deeply rooted in the local area and is constantly involved in projects that contribute to the progress and development of the local community.

## SOCIAL MEDIA HIGHLIGHTS



# Employee development and wellbeing



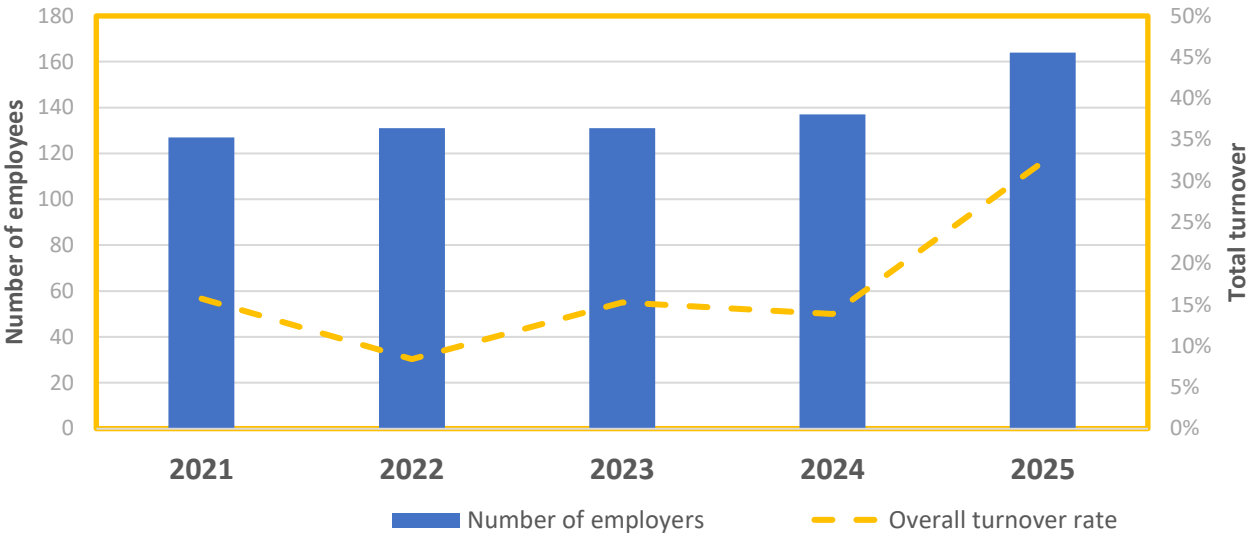
Human capital is of paramount importance to Palazzoli, which is constantly committed to valuing its people and fostering their ongoing development, both professionally and personally.

As at 31 December 2025, Palazzoli had a total of 164 employees.

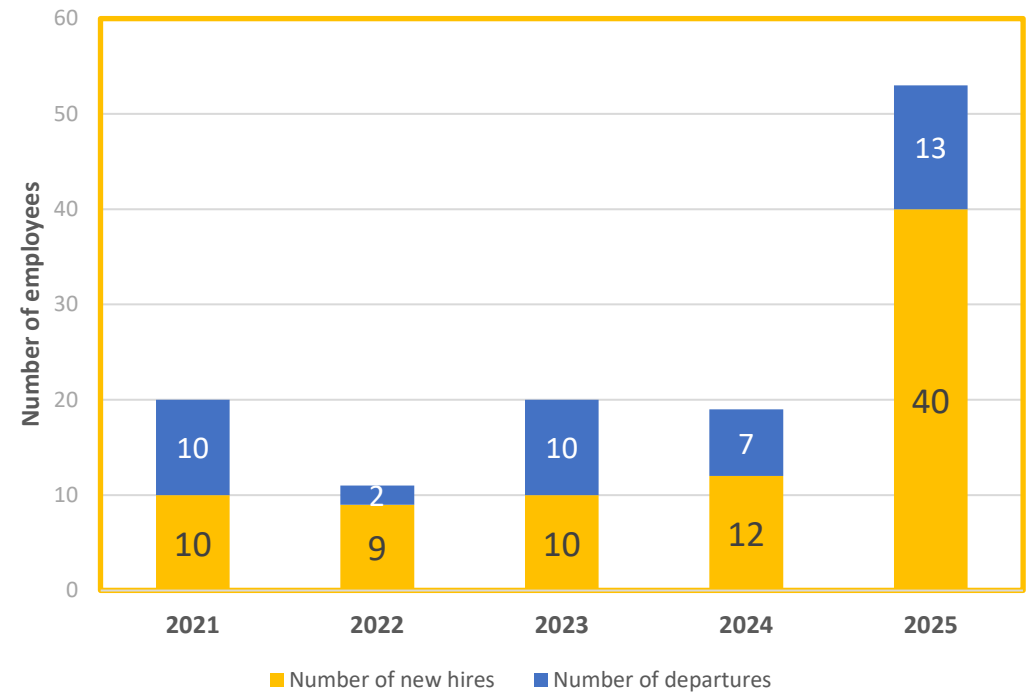
A total of 40 new staff members were recruited during 2025. The overall staff turnover rate, calculated as the ratio of new hires to departures during the reporting period relative to the total workforce at the end of the same period, was 32.3%, of which 24% was turnover from new hires.

It is worth noting that 96% of staff were employed on permanent contracts in 2025.

## DIPENDENTI E TURNOVER DEL PERSONALE



STAFF HIRING AND DEPARTURES



Palazzoli is committed to the well-being of its staff. To this end, the organisation provides 8 hours of paid leave each year for personal medical appointments. In addition, the company offers all employees access to corporate welfare schemes. In 2025, €148,000 was allocated to corporate welfare schemes. On top of this, benefits worth approximately €53,000 were provided.

FOCUS - recommendation system

To improve staff engagement, particularly among operational staff, a suggestion scheme has been introduced on the company portal. Staff can propose solutions and report issues in various areas, such as the production process, the workplace, health and safety, and environmental protection.

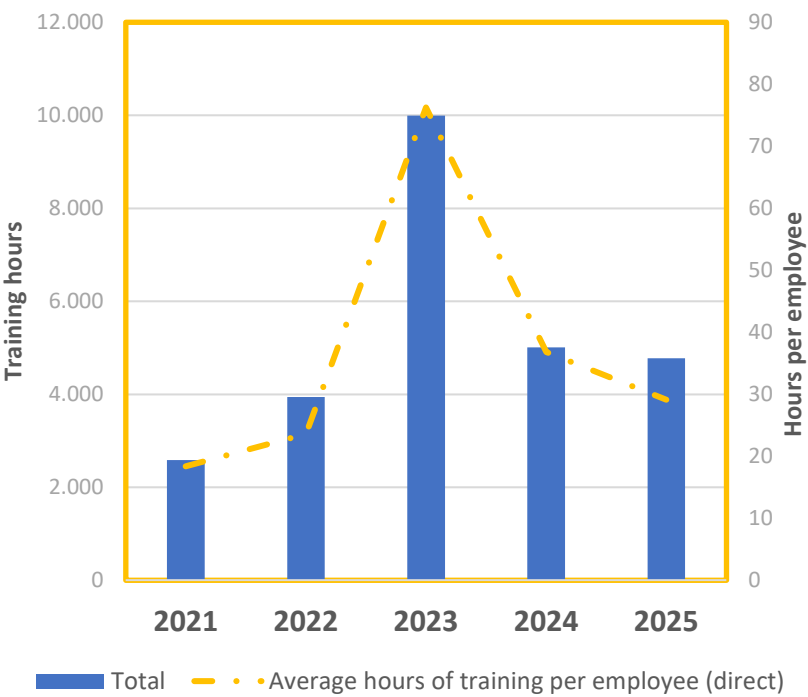
Each suggestion is assessed by a committee of specialists. If the suggestion receives a positive assessment, it is implemented and the team or employee who proposed the improvement receives recognition. If not, the committee provides detailed feedback and explains the reasons for the decision not to implement the suggestion. Since the Suggestion Scheme was introduced in 2023, 53 employees have been rewarded, with a total of approximately €28,300 awarded in various forms.

Training and professional development for employees



Palazzoli is committed to promoting the continuous development of every employee's skills and competencies, with the aim of constantly improving professionalism and the quality of the work carried out. During 2025, the company provided a total of more than 4,800 hours of training. This highlights the central importance attached to training within Palazzoli. In 2025, the average number of training hours per employee was 29. This figure is significantly higher than the national average.

TRAINING HOURS



Palazzoli places great importance on the professional development of its employees. In 2024, the company is once again using the MbO (Management by Objectives) approach to assess the performance and professional development of around a quarter of its staff. This methodology aims to improve efficiency in achieving the company's objectives and to provide the staff involved with an effective tool for their professional growth.



# FOCUS – MIP (Manufacturing Improvement Plan)

MIP is a methodology developed specifically for our company, launched in 2022 with the aim of systematically improving the performance of the production system through an integrated and inclusive approach.

- The main areas of focus were:
- Quantifying costs arising from waste and losses, with the definition of a structured plan to reduce them.
  - Improving operational processes.
  - Increasing the speed of response to customer needs.
  - Actively involving staff at all levels of the company.
  - Enhancing skills at every level.

The MIP covered all areas of the company, from production departments to logistics, from quality to maintenance, right through to human resources management and product development. For each area, short-, medium- and long-term action plans were defined, monitored constantly through internal assessments and key performance indicators (KPIs) and key activity indicators (KAIs), which were always accessible. To support the programme’s implementation, standard tools were designed and rolled out, initially trialled in pilot areas with a select group of staff. These staff then transferred the skills they had acquired to other departments, fostering widespread knowledge sharing and a shared cultural shift. A distinctive feature of the MIP is the introduction of a pillar dedicated to Energy and the Environment, with the aim of ensuring sustainable development, striking a balance between production needs and environmental responsibility. This team has worked on the continuous improvement of the environmental management system, helping to reduce the impact of our activities on the environment.

The MIP project officially concluded in 2024 with the achievement of its set objective: the award of the Bronze Medal, a significant recognition of the improvement journey undertaken by the entire company. In 2025, all MIP activities were simplified, streamlined and integrated into company procedures and operations.

# Protection of workers’ health and safety

The health and safety of everyone involved, directly or indirectly, in the company’s operations is a fundamental priority for Palazzoli.

alth and safety training programmes, going beyond legal requirements to ensure a safe and healthy working environment.

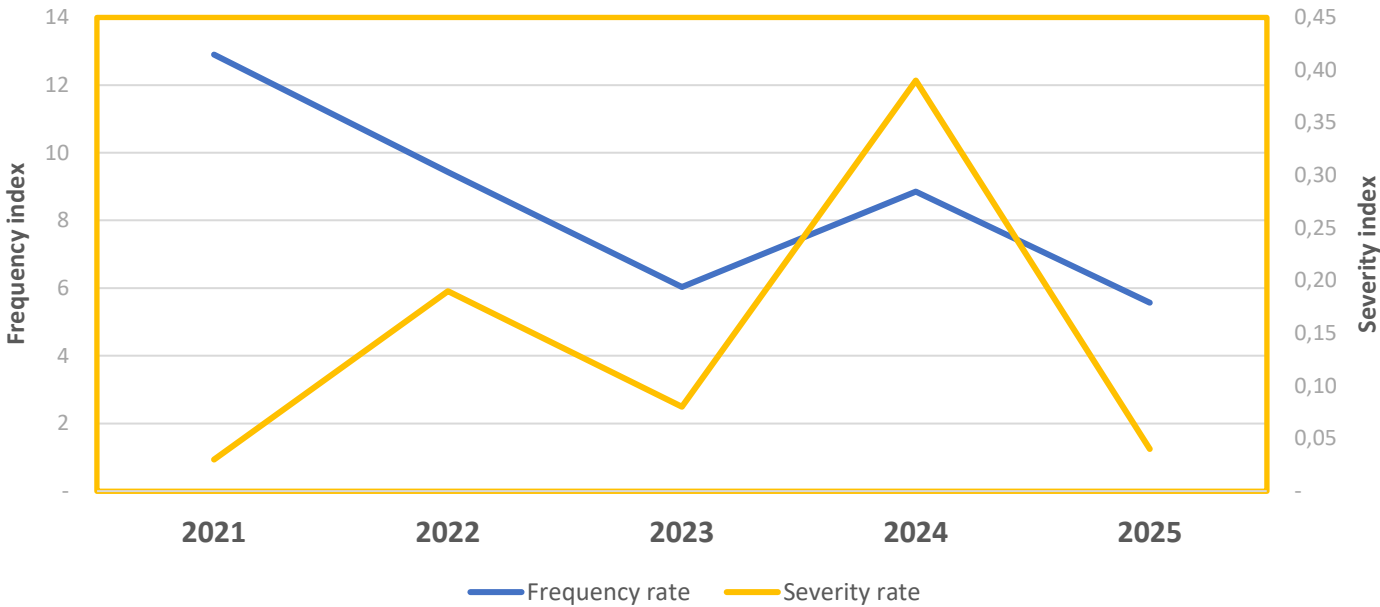
The company reaffirms that health and safety is its top priority, managing all its business activities through management systems certified to the UNI ISO 45001 standard, “Occupational health and safety management systems”.

In 2025, there were 2 accidents (compared to 3 in 2024).

Towards the end of 2024, a project was launched to re-inspect and re-check all the plant’s equipment.

This commitment translates into compliance with the highest standards, strict adherence to current legislation and the ongoing implementation of he-

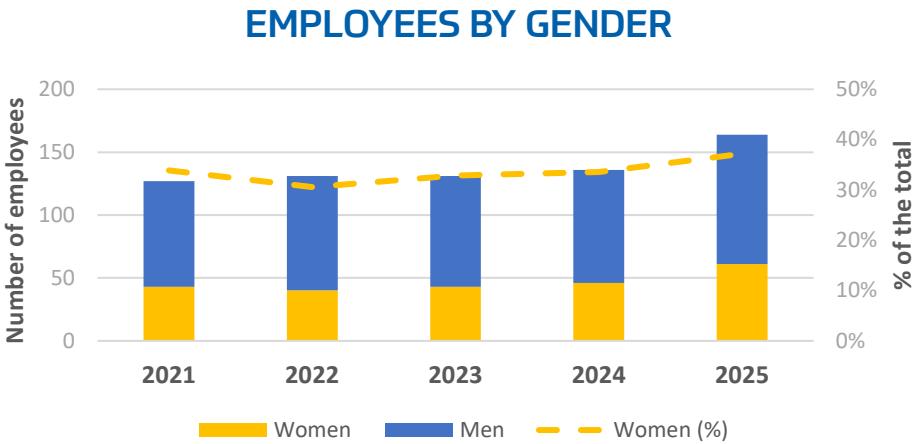
FREQUENCY AND SEVERITY INDEX



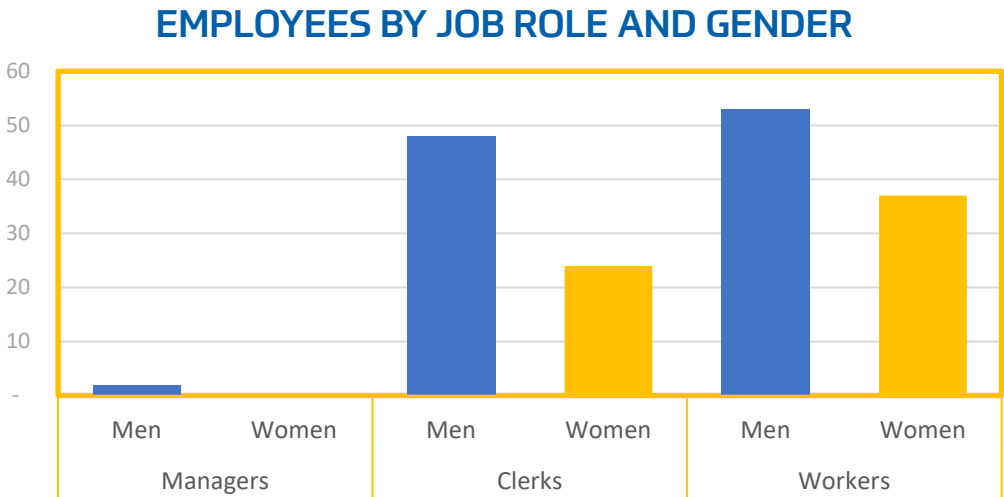
# Diversity, inclusion and the promotion of equal opportunities



The proportion of women in the company is lower than that of men, with women accounting for around 37% of the workforce (+9% compared to 2024), an increase on the previous year, as shown in the graph below. This figure is positive as it exceeds the benchmark for metalworking companies, a sector to which Palazzoli belongs. According to a FIM CISL study published in August 2023, the proportion of women in these companies stands at around 21%.

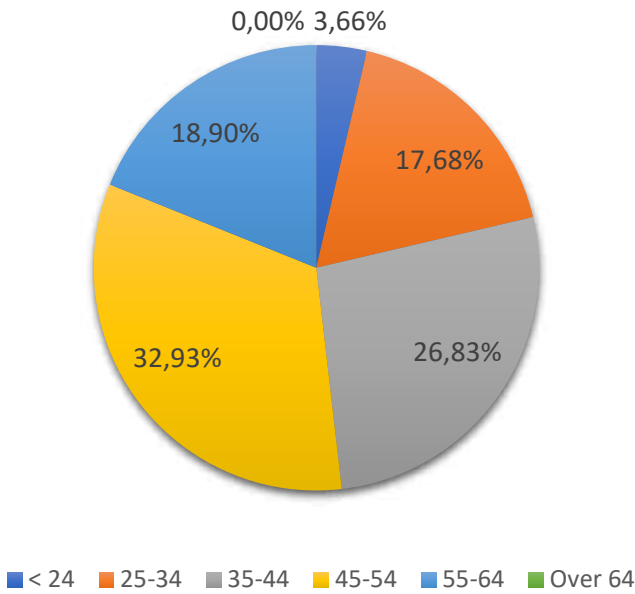


In 2025, the breakdown of staff by role showed that 55% of employees (90 people) were manual workers, 44% were office staff (72 people) and the remaining 1% (2 people) held managerial positions.



As regards the breakdown of the workforce by age group, by the end of 2025 the majority of the workforce (78%) will be aged between 35 and 55; those under 35 account for 21%. Those aged over 55, on the other hand, make up around 19% of the workforce.

EMPLOYEES BY AGE GROUP



In 2025, Palazzoli took on three students for work-study placements and offered three extracurricular internships, which are still ongoing. The company is firmly committed, as set out in its code of ethics, to promoting an inclusive working environment based on collaboration and mutual respect for fundamental values, without tolerating any form of discrimination. In accordance with the Organisation, Management and Control Model (MOG 231), which will be

described below, Palazzoli has an internal channel for reporting discriminatory behaviour. During 2025, as in previous years, no such reports were received. Furthermore, Palazzoli is committed to using inclusive language in the drafting of its job advertisements and in its marketing campaigns, both externally and within the company, in order to attract talent without distinction.

# Creating value for the community



Palazzoli is deeply rooted in the local area where it operates and carries out its activities. With the aim of supporting the local community, Palazzoli makes annual financial contributions in the form of grants and donations to social initiatives. In 2025, donations totalling €23,000 were made to the following organisations:

- Ambra Onlus
- Fondazione Spedali Civili di Brescia
- Castelli Foundation
- Parish of San Bartolomeo (BS)

Sponsorships to:

- Fondazione Brescia Musei for cultural initiatives.
- Associazione Amici Palazzo Martinengo.
- Vincenzo Foppa soc. cop. Onlus (Accademia Belle Arti).

## MARIA ROSA MORETTI FUND

The Fund, established at the behest of Mr Luigi Moretti in memory of his sister Maria Rosa Moretti, is dedicated to supporting charitable, social and cultural initiatives, with a particular focus on those aimed at young people and addressing their physical, intellectual and moral needs.



## CONFINDUSTRIA BRESCIA

The spirit of collaboration has always been a hallmark of our corporate policy, and indeed we have been members of Confindustria for over a century.



## AIRC – AIRC Foundation for Cancer Research

Since 1965, the AIRC Foundation has consistently supported advances in cancer research through fundraising, and has been working to provide accurate information on research findings, prevention and treatment options.

In January 2020, the company launched the “SHINING A LIGHT ON RESEARCH” initiative in support of the AIRC Foundation for cancer research. Thanks to this project, the lighting range helps to support the breast cancer research project led by Giampaolo Bianchini, Head of Breast Oncology at San Raffaele Hospital and an AIRC researcher at the San Raffaele Centre Foundation in Milan. In 2024, upon completion of the project, Palazzoli continued its support for AIRC’s research in a general capacity, with total contributions amounting to €17,500.



## CASTELLI FOUNDATION

The foundation aims to:

- launch projects designed to improve the efficiency and enhance the technical facilities of technical colleges.
- promote and manage initiatives aimed at engaging teachers and students, with the aim of improving the effectiveness of teaching and adding value to the learning experience.
- demonstrate the importance of education, to encourage commitment and recognise excellence among students.
- engage businesses in an increasingly close and ongoing collaboration with the world of education.
- facilitate the entry of recent graduates into the world of work, by promoting the provision of work placements and training opportunities.

# Palazzoli in Arte

The Palazzoli in Arte project was launched in 2023 as a cultural initiative aimed at fostering dialogue between contemporary art and industry, showcasing the creativity of the younger generation and strengthening ties with the local community. For the 2024–2025 academic year, Palazzoli renewed its partnership with the SantaGiulia Academy of Fine Arts in Brescia, involving students in an art competition dedicated to the theme ‘Electrical systems and designer lighting’.

The jury, comprising industry experts and company representatives, assessed the works according to criteria of originality, relevance to the theme and technical feasibility. The winning project was “Look at the stars and see yourself running with them”, created by Daniele Piemontese, a student on the Contemporary Visual Arts course.

The work draws inspiration from the digital panels used for road signage and reinterprets the theme of light as a tool for reflection and awareness. Designed to be viewed from the ring road, the installation captures the attention through a message initially presented in Morse code and subsequently translated into Italian, creating an alternation between text and light animation.

The structure, supported by two steel poles, holds a digital display with a minimalist, urban aesthetic, whilst the blue illuminated lettering recalls the sky and the imagery of stars evoked by the title.

The chosen message, attributed to Marcus Aurelius, invites us to look beyond the everyday and to recognise ourselves as part of a broader, more harmonious order. The light installation thus becomes a discreet yet significant presence, capable of interacting with the surrounding landscape and transforming a place of passage into an opportunity for contemplation and reflection.

On 12 December 2025, to mark the company’s 121st anniversary, the winning entry was awarded at Palazzoli’s headquarters in Brescia. During the event, Chief Executive Officer Andrea Moretti highlighted the value of initiatives such as this, which strengthen the bond between business, the local area and the community, whilst promoting culture and contemporary art.

The success of the first two editions of the competition has led Palazzoli to confirm its collaboration with the SantaGiulia Academy of Fine Arts for the 2025–2026 academic year as well.

The new theme, “Intelligences in Connection”, invites reflection on the role of artificial intelligence and new forms of dialogue between humans and machines. An emerging language that generates unprecedented synergies and models of collaboration capable of uniting expertise, creativity and technology in the service of the future.





# 10

Global  
Reporting Index

# Global Reporting Index (GRI) Content Index

For each individual material topic identified, the correlation with the main international sustainability reporting standards, the GRI (Global Reporting Initiative), is set out below. There are no GRI sector-specific standards relevant to Palazzoli’s activities.

|                    |                                                                                                                                 |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Declaration of use | Palazzoli S.p.A. has submitted a report “with reference to” regarding the GRI Standards for the period 01/01/2022 - 31/12/2022. |
| Used GRI 1         | GRI 1 - Fundamental Principles - 2021 version                                                                                   |

| GRI 2 GENERAL INFORMATION 2021               |                                                                   |                                                    |
|----------------------------------------------|-------------------------------------------------------------------|----------------------------------------------------|
| GRI STANDARD                                 | DISCLOSURE                                                        | REFERENCE PARAGRAPH                                |
| THE ORGANISATION AND ITS REPORTING PRACTICES |                                                                   |                                                    |
|                                              | 2-1 Organisational details                                        | Methodological note                                |
|                                              | 2-2 Entities included in the organisation’s sustainability report | Methodological note                                |
|                                              | 2-3 Reporting period, frequency and contact                       | Methodological note                                |
| ACTIVITIES AND WORKERS                       |                                                                   |                                                    |
|                                              | 2-7 Employees                                                     | Development and well-being of employees            |
|                                              | 2-8 Non-employee workers                                          | Development and well-being of employees            |
| GOVERNANCE                                   |                                                                   |                                                    |
|                                              | 2-9 Structure of governance                                       | Company organization and guidelines for governance |
|                                              | 2-10 Appointment and selection of the highest governing body      | Company organization and guidelines for governance |
|                                              | 2-11 President of the highest governing body                      | Letter to stakeholders                             |

|                                        |                                                                         |                                                    |
|----------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------|
|                                        | 2-12 Role of the highest governing body in monitoring impact management | Company organization and guidelines for governance |
|                                        | 2-13 Delegation of responsibility for managing impacts                  | Company organization and guidelines for governance |
|                                        | 2-14 Role of the highest governing body in sustainability reporting     | Company organization and guidelines for governance |
|                                        | 2-17 Collective knowledge of the highest level of government            | Company organization and guidelines for governance |
|                                        | 2-18 Assessment of the performance of the highest governing body        | Company organization and guidelines for governance |
| STRATEGIES, POLICIES AND PRACTICES     |                                                                         |                                                    |
|                                        | 2-25 Processes to remedy adverse impacts                                | Potential negative impacts                         |
|                                        | 2-27 Compliance with laws and regulations                               | Strategic direction                                |
| INVOLVEMENT OF STAKEHOLDERS            |                                                                         |                                                    |
|                                        | 2-29 Approach to stakeholders’ engagement                               | Our priority: the material topics                  |
| GRI 3 - Material topics - 2021 version | 3-1 Process for determining material topics                             | Our priority: the material topics                  |
|                                        | 3-2 List of material topics                                             | Our priority: the material topics                  |
|                                        | 3-3 Management of material topics                                       | Our priority: the material topics                  |

| INFORMATIVE                                                         | REFERENCE PARAGRAPH                           |
|---------------------------------------------------------------------|-----------------------------------------------|
| <b>STANDARD TOPIC - ECONOMIC SCOPE</b>                              |                                               |
| 201-1 Directly generated and distributed economic value             | Economic and financial value creation         |
| 203-1 Infrastructure investments and services financed              | Energy and energy efficiency                  |
| 204-1 Proportion of expenditure towards local suppliers             | Responsible management of the supply chain    |
| <b>STANDARD TOPIC - ENVIRONMENTAL SCOPE</b>                         |                                               |
| 301-1 Materials used by weight or volume                            | Materials and initiatives of circular economy |
| 301-3 Recycled or regenerated products and their packaging material | Materials and initiatives of circular economy |
| 302-1 Energy consumed within the organisation                       | Energy and energy efficiency                  |
| 302-3 Energy intensity                                              | Energy and energy efficiency                  |
| 302-4 Reduction of energy consumption                               | Energy and energy efficiency                  |
| 303-3 Water sampling                                                | 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 GHG emissions (Scope 1)                                | Environmental impact and emission reduction   |
| 305-2 Indirect GHG emissions from energy consumption (Scope 2)      | Environmental impact and emission reduction   |
| 305-3 Other indirect greenhouse gas (GHG) emissions (Scope 3)       | Environmental impact and emission reduction   |
| 305-4 Intensity of GHG emissions                                    | Environmental impact and emission reduction   |
| 305-5 Reduction of GHG emissions                                    | Environmental impact and emission reduction   |
| 306-1 Waste generation and significant waste-related impacts        | Responsible waste management                  |

|                                                                                                  |                                                                                                              |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| 306-2 Management of significant impacts related to waste                                         | Responsible waste management                                                                                 |
| 306-3 Waste produced                                                                             | Responsible waste management                                                                                 |
| 306-4 Waste not intended for disposal                                                            | Responsible waste management                                                                                 |
| 306-5 Waste destined for disposal                                                                | Responsible waste management                                                                                 |
| 307-1 Non-compliance with environmental laws and regulations                                     | Our priority: material topics                                                                                |
| <b>STANDARD TOPIC - SOCIAL SCOPE</b>                                                             |                                                                                                              |
| 401-1 New hires and turnover                                                                     | Development and well-being of employees                                                                      |
| 401-2 Benefits for full-time employees but not for part-time or fixed-term employees             | Development and well-being of employees                                                                      |
| 403-1 Occupational health and safety management system                                           | Health and safety protection for workers                                                                     |
| 403-2 Hazard identification, risk assessment and accident investigation                          | Health and safety protection for workers                                                                     |
| 403-5 Training of workers in occupational health and safety                                      | Health and safety protection for workers                                                                     |
| 403-6 Promotion of workers' health                                                               | Health and safety protection for workers                                                                     |
| 403-9 Occupational accidents                                                                     | Health and safety protection for workers                                                                     |
| 404-1 Average annual training hours per employee                                                 | Training and professional development of employees                                                           |
| 405-1 Diversity in governing bodies and among employees                                          | Diversity, inclusion and promotion of equal opportunities Company organization and guidelines for governance |
| 406-1 Discrimination incidents and corrective measures taken                                     | Strategic direction                                                                                          |
| 413-1 Operations with local community involvement, impact assessments and development programmes | Value creation in the community                                                                              |
| 413-2 Operations with significant actual and potential impacts on local communities              | Value creation in the community                                                                              |

Sustainability report 2025

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



Customer focused operations

Smart engineering

Top Manufacture

Service excellence



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