



# sustainability report

**PANARIA**group®





2023

sustainability  
report

**P. 4**  
**P. 6**  
**P. 8**

## **LETTER TO STAKEHOLDERS**

### **SUSTAINABILITY FOR PANARIAGROUP: A CONCRETE COMMITMENT HIGHLIGHTS**

# 1

**P. 11**

## **SUSTAINABILITY FOR PANARIAGROUP**

- 1.1 PANARIAGROUP'S APPROACH TO SUSTAINABILITY
- 1.2 SUSTAINABLE DEVELOPMENT GOALS (SDGs): PANARIAGROUP'S CONTRIBUTION
- 1.3 ADHERENCE TO THE UNITED NATIONS GLOBAL COMPACT
- 1.4 THE GROUP'S STAKEHOLDERS AND RELATIONSHIP CHANNELS
- 1.5 MATERIALITY ANALYSIS
- 1.6 UPDATE ON SHORT-TERM SUSTAINABILITY GOALS REPORTED IN THE LAST SUSTAINABILITY REPORT

# 2

**P. 37**

## **THE GROUP**

- 2.1 GROUP PROFILE
- 2.2 HISTORY
- 2.3 PANARIAGROUP WORLDWIDE
- 2.4 THE GROUP'S VALUES AND PRINCIPLES
- 2.5 ORGANISATIONAL STRUCTURE AND GOVERNANCE
- 2.6 SUSTAINABILITY RISK MANAGEMENT
- 2.7 INTEGRITY AND COMPLIANCE
- 2.8 TAX STRATEGY AND TRANSPARENCY

# 3

**P. 71**

## **PANARIAGROUP FOR PROSPERITY**

- 3.1 THE GROUP'S ECONOMIC RESPONSIBILITY
- 3.2 EXTRAORDINARY TRANSACTIONS IN 2023
- 3.3 GENERATED AND DISTRIBUTED ECONOMIC VALUE
- 3.4 2023 FINANCIAL RESULTS
- 3.5 INVESTMENTS
- 3.6 PRODUCT QUALITY, DESIGN AND SUSTAINABILITY
- 3.7 INNOVATION AND TECHNOLOGY
- 3.8 CUSTOMER SATISFACTION
- 3.9 RESPONSIBLE SUPPLY CHAIN MANAGEMENT

# 4

**P. 115**

## **PANARIAGROUP FOR PLANET**

- 4.1 ENVIRONMENTAL POLICIES AND MANAGEMENT SYSTEMS
- 4.2 THE PRODUCTION PROCESS
- 4.3 RAW MATERIALS
- 4.4 ENERGY AND EMISSIONS
- 4.5 WATER
- 4.6 WASTE MANAGEMENT
- 4.7 PACKAGING

# index

5  
P. 141

## PANARIAGROUP FOR PEOPLE

- 5.1 EMPLOYEES
- 5.2 TRAINING AND DEVELOPMENT
- 5.3 OCCUPATIONAL HEALTH AND SAFETY
- 5.4 RELATIONS WITH LOCAL COMMUNITIES

6  
P. 161

## APPENDICES

- 6.1 NOTE ON METHODOLOGY
- 6.2 CORRELATION WITH GRI STANDARDS AND INVOLVEMENT IN IMPACTS
- 6.3 ENVIRONMENTAL DATA
- 6.4 HUMAN RESOURCES DATA
- 6.5 DATA ON THE SUPPLY CHAIN

7  
P. 189

## GRI CONTENT INDEX

8  
P. 197

## INDEPENDENT AUDITORS' REPORT



# letter to stakeholders

I am delighted to introduce the **eighth edition** of our Sustainability Report.

In 2023, Panariagroup continued to pursue its mission as a sustainable company with **dedication and foresight**, supported by the commendable application of all internal divisions. This was in spite of a complex economic phase due to international political crises and adverse macroeconomic factors.

Although, for the reasons just mentioned, the financial results did not live up to expectations, **2023 was once again characterised by a strong commitment to strengthening our corporate social responsibility**. Today, this is the most ethical approach for a company, as well as a competitive lever to distinguish us and gain favour with all our sales targets.

This Report confirms our commitment to reporting on our goals, activities and achievements in terms of sustainability, continuing **a corporate mission that includes corporate social responsibility as one of its core assets**. The following stand out in this area:

- the launch and implementation of an ambitious **Sustainability Plan** based on three pillars (Planet, People and Prosperity);
- continued investment in thin slabs, a product with high sustainability performance that we have pioneered. Back in 2022 we were the first ceramic company to implement a total CO<sub>2</sub> offsetting project to make **thin slabs 100% carbon neutral**;
- a renewed commitment to providing products with our exclusive PROTECT® **antimicrobial technology** for healthier and safer living spaces;
- continuous expansion of our portfolio of **environmental certifications**, both for our products and our production processes.

Even against a very uncertain global backdrop, while protecting our business **we retain a sincere and overriding concern for people**. Protecting our **employees** and nurturing relationships with the **communities** and **areas** in which we operate continue to be one of the cornerstones of our business commitment.

Social and economic responsibility is therefore accompanied by **an innate vocation for environmental protection**. In this area, Panariagroup has always managed to act with speed and resolve, drawing on the experience that comes from 50 years of history faced with enormous resilience and an ability to cope with change, **always evolving towards sustainability**.



**The Group is continuing to invest in its industrial facilities** with a view to renewal and to better equip itself for future challenges. It also invests in its **international vocation**, directly overseeing target markets through investments and organisational choices that view the world as our natural playground. This is confirmed by important transactions in 2023, such as:

- the acquisition of a new company located in Portugal, **Gresart**;
- the reorganisation of the **US business unit**, with a new strategy and new management, to cover an increasingly effective market of primary interest;
- the purchase of the most important assets of **Steuler Fliesengruppe**, a major player in the German market.

This is our way of dealing with such a complex historical period, **together with all our employees**, whom we thank for the passion, commitment, reliability and dedication to the company that, even at the most difficult times, they have always demonstrated. A framework characterised by **stable employee relations**, which has always been our hallmark, is once again complemented by a **very high level of environmental performance**.

Finally, this edition of the Sustainability Report gives an even more incisive account of:

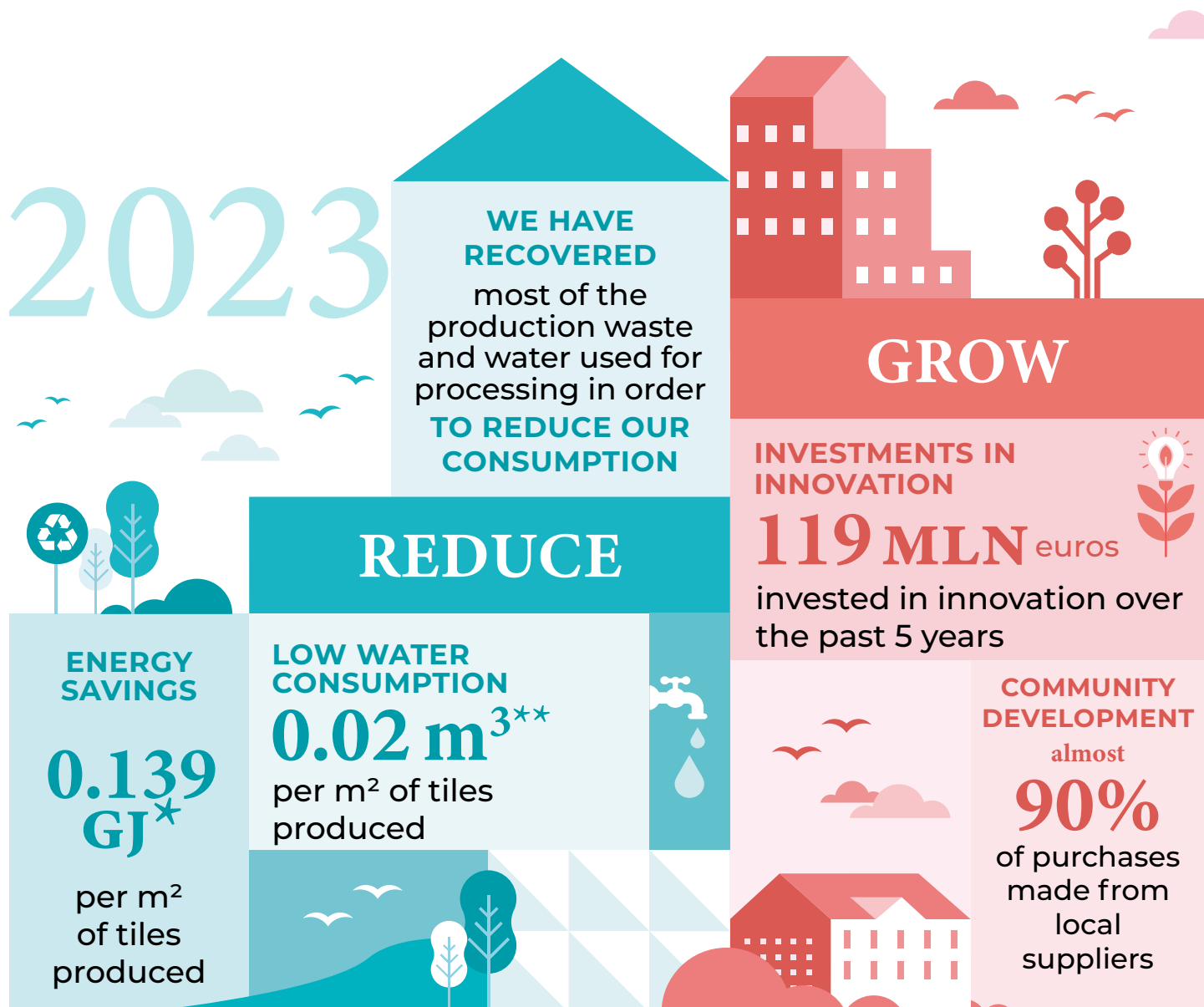
- our commitment to the Global Compact and Sustainable Development Goals established by the UN to strengthen our mission as a leading company in not only the economic, but also in the social and environmental context;
- information and data that describe our daily actions in ever greater detail.

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

**Emilio Mussini**  
Chairman of Panariagroup

A handwritten signature in black ink, which appears to read "Emilio Mussini".

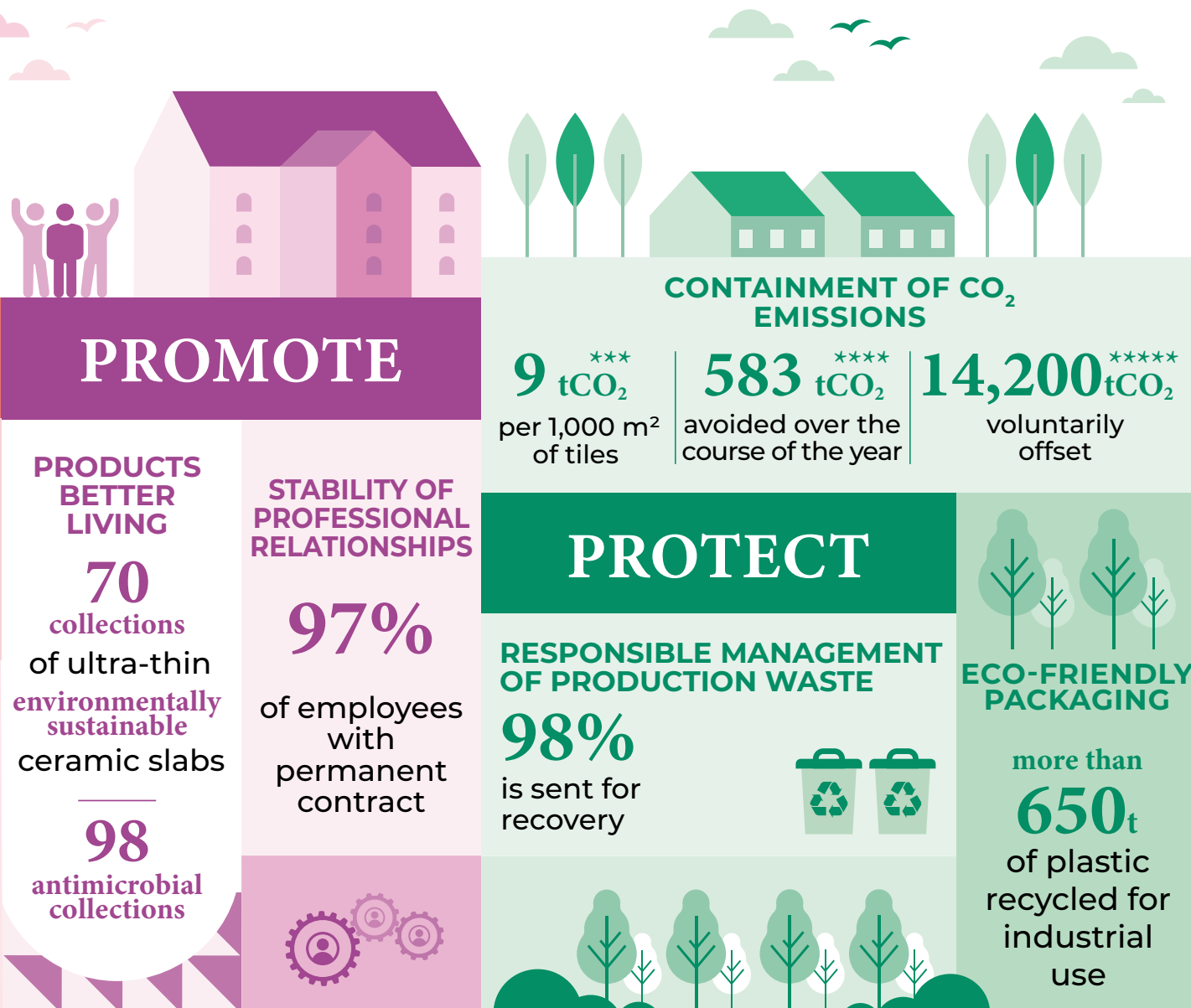
# We are committed



NOTES: (\*) Our energy consumption index; (\*\*) Our water intake intensity index; (\*\*\*) The figure considers Scope 1 direct emissions location-based method (Source emission factor: Terna, International Comparisons, 2019 with emission factor gCO<sub>2</sub>/kWh of laminated porcelain stoneware slabs excluding the emissions generated during the production phase, offset via ETS)



# to sustainability



and Scope 2 indirect emissions (Location-based); (\*\*\*\*) The amount of CO<sub>2</sub> avoided was calculated using the specific to Italy; (\*\*\*\*\* Reporting period 01/09/2022 – 31/08/2023. Emissions generated throughout the entire life cycle (Emission Trading System).

# 2023 Highlights



NOTE: (1) The intensity values are calculated based on m<sup>2</sup> of tiles produced during the year, totalling 19,119,149 m<sup>2</sup> for 2023 and 22,058,727 m<sup>2</sup> for 2022.



## TOTAL ASSETS

2022 2023

623.3 655.4

M OF EURO



## REVENUES

2022 2023

452.1 401.1

M OF EURO



## INVESTMENTS

2022 2023

31.5 35.3

M OF EURO



## EMISSION INTENSITY<sup>1</sup>

scope 1 + scope 2 (MARKET-BASED)

2022 2023

0.009 0.010

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



## WASTE SENT FOR RECYCLING

2022 2023

98% 98%



## RAW WASTE

recovered in the production process

2022 2023

100% 100%



## EMPLOYEES with permanent contracts

2022 2023

97% 97%



## TRAINING HOURS

2022 2023

13,139 9,948



## RECORDABLE OCCUPATIONAL ACCIDENT RATE employees

2022 2023

23.4 27.4





# sustainability for Panariagroup

**Sustainability is a living, changing principle like the actions it inspires, which evolve and transform reality, changing it for the better.**

**With this conviction, Panariagroup passionately works to generate value for its shareholders, to contribute to people's comfort with high-quality and environmentally friendly products, and to offer its employees safe workplaces that respect their psycho-physical well-being.**

**Acting responsibly means concretely integrating sustainability among the aspects to consider in everyday choices. Aided in this by a Sustainability Plan guided by the Sustainable Development Goals (SDGs) of the UN 2030 Agenda, but also inspired by the principles of the UN Global Compact. And thereby contributing to promoting a healthy and sustainable world economy.**

# / at first glance

## Commitment to people and the planet



Aligning with the UN 2030 Agenda, Panariagroup has identified the most significant Sustainable Development Goals (SDGs) in relation to the impacts it generates in the local area.

---

## Together for a sustainable global economy



**United Nations**  
Global Compact

Panariagroup is the only company in the Italian ceramic industry to have voluntarily joined, since 2018, the UN Global Compact and to have promoted its 10 fundamental principles.

---

## Transparency towards stakeholders



The Group annually reports its sustainability performance in accordance with the GRI Standards. In doing so, it provides all stakeholders with transparent information, voluntarily submitted to limited assurance by a third party.

---

# Panariagroup's approach to sustainability

Panariagroup's mission is to **develop and create well-being in harmony with people and the environment**, with commitment and passion for its work. To achieve these goals, the Group:

- aims to **generate value** for shareholders, employees and business partners while respecting the environment and society;
- places a strong focus on **research and innovation**;
- works to **meet** private and professional clients' **high expectations in terms of taste and well-being**, both in architecture and in the construction industry.

Always at the forefront in skilfully combining beauty, quality and sustainability, Panariagroup strives daily to **reduce the environmental impact of its factories**. The Group is driven by a desire to safeguard the ecosystem and to aim for the highest level of living comfort, fundamental commitments for those who make products that contribute to the daily lives of millions of people around the world, both in private homes and public spaces.

Acting responsibly means **concretely integrating sustainability among the aspects to consider in everyday business decisions**, from the purchase of raw materials to the production and marketing of the product. This therefore means paying attention to the entire production chain and all those who are affected by it: employees, suppliers, customers, local communities, associations and other entities whose interests intersect with those of the company.

In this context, the Group remains committed to developing **management systems, procedures and policies that pay close attention to respecting the surrounding environment and the society** of which it is a part.

This is confirmed by the progressive and constant implementation of actions related to the Sustainability Plan recently developed by the company starting with the Italian business unit (see section 1.2). Thanks to this Plan, many concrete initiatives have also been implemented in 2023, including the continuation of the THINK ZERO operation (see p. 107 and section 3.7), which involves offsetting all CO<sub>2</sub> emissions related to the production of laminated porcelain stoneware.

Also in 2023, Panariagroup started a certification process according to UNI EN ISO 14067 to calculate the carbon footprint of its products throughout their life cycle. The Carbon Footprint Systematic Approach is a strategic tool for achieving the goals the company has set itself in the Sustainability Plan regarding decarbonisation and improving the environmental performance of products.

From a social standpoint, the Group contributes with perseverance and dedication to **increasing the prosperity of the areas in which it operates and of the people with whom it interacts**. In this regard, it continued to actively promote employment within each facility: production plants, sales offices, logistics hubs and service divisions.



Over the years, the Group has been directly or indirectly involved in highly critical situations: the global economic crisis of 2009 that followed the US subprime crisis, the earthquake that hit the Po Valley in Emilia in May 2012, the COVID-19 pandemic (2020-2023) and the energy crisis caused by the Russian-Ukrainian conflict that broke out in February 2022. In these adverse circumstances, Panariagroup has shown **great resilience, positivity and adaptability**. In this regard, it has always prioritised its employees, communicating in an effective and timely manner, maintaining stable employment levels, offering safe and healthy workplaces and paying the utmost **attention to people's psycho-physical well-being**.

Panariagroup has pursued its path on sustainability issues on different fronts and with different categories of stakeholders, primarily employees. Significant communication and reporting activities for employees continued in all business units.

Also with a view to balancing work and personal needs, the company has regulated smart working since the end of 2022, making it structural following the emergency phase of the pandemic. Additionally, in 2023 a new working hours structure was launched, which was made more flexible to allow each employee to adapt their attendance at work to their personal needs, while respecting certain basic principles that guarantee continuity of service.

For Panariagroup, this new edition of the Sustainability Report is a further opportunity to communicate to its stakeholders its numerous activities and its commitment to the community and to reducing environmental impacts. It also confirms the Group's deep-rooted desire to **integrate sustainability into strategic business decisions with increasing awareness** in order to create ever greater value for people and the territories in which it operates. Responsible decision-making therefore requires detailed knowledge of both the positive and negative impacts of one's actions. In this sense, this Report is a fundamental step towards this goal.










# Sustainable development goals (SDGs): Panariagroup's contribution

The Sustainable Development Goals (or SDGs) are 17 goals defined by the United Nations to guide countries and organisations around the world on the path to **reducing inequality, promoting economic prosperity, social development** and environmental protection. They constitute the core elements of the 2030 Agenda for Sustainable Development and each of them comprises 169 specific targets.

In order to confirm its commitment to promoting a business model that integrates economic, social and environmental responsibility into every aspect of the company's various activities, **Panariagroup has formalised its Sustainability Plan** since 2021, starting with the Italian business unit. In it, the Group has identified a set of **goals to achieve in the medium to long term**, defined by taking into account the sustainable development guidelines promoted internationally by the 2030 Agenda. **These targets represent an important and ambitious commitment** that the Group makes to strengthen its **sustainability profile** on a daily basis. To emphasise the importance of this project, Panariagroup updated the structure of its Sustainability Report some time ago, aligning it with that of the Sustainability Plan and grouping the topics into **three pillars: People, Planet and Prosperity**.

In view of its own scope of action, **Panariagroup identified the most significant SDGs** in relation to its impacts on the local area so as to make the existing link between sustainable development and business action more explicit. These goals guide the Sustainability Plan, which necessarily takes the UN framework into account.

SDGs	SDGs target
 <b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>	<b>4.4:</b> By 2030, substantially increase the number of young people and adults who have relevant skills, including technical and vocational ones, for employment, decent jobs and entrepreneurship.
 <b>Ensure availability and sustainable management of water and sanitation for everyone</b>	<b>6.3:</b> By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing the release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally. <b>6.4:</b> By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.
 <b>Ensure access to affordable, reliable, sustainable and modern energy systems for everyone</b>	<b>7.2:</b> By 2030, increase substantially the share of renewable energy in the global energy mix. <b>7.3:</b> By 2030, double the global rate of improvement in energy efficiency.
 <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for everyone</b>	<b>8.5:</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal remuneration for work of equal value.

SDGs	SDGs target
 <b>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</b>	<p><b>9.1:</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for everyone.</p> <p><b>9.4:</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, all countries taking action in accordance with their respective abilities.</p>
 <b>Make cities and human settlements inclusive, safe, resilient and sustainable</b>	<p><b>11.6:</b> By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p>
 <b>Ensure sustainable consumption and production patterns</b>	<p><b>12.2:</b> By 2030, achieve sustainable management and efficient use of natural resources.</p> <p><b>12.5:</b> By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.</p>
 <b>Take urgent action to combat climate change and its impacts</b>	<p><b>13.1:</b> Strengthen resilience and adaptive ability to climate related hazards and natural disasters in all countries.</p>

This activity has also been conducted **by taking into consideration the “Linking the SDGs and the GRI Standards” document**, a guide (prepared by the Global Reporting Initiative and updated in September 2020) that supports organisations in **correlating the targets of each of the 17 SDGs with the disclosures in the GRI Standards** (see section 7 of this Report).

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

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

**Panariagroup identified the most significant SDGs in relation to its impacts on the local area so as to make the existing link between sustainable development and business action more explicit.**

## sustainability plan

sustainability is part of Panariagroup's dna,  
driving the company to go beyond the ordinary



# The inception of the Sustainability Plan

In 2021, Panariagroup formalised its first Sustainability Plan, starting with the Italian business unit. Strongly endorsed by the Board of Directors, it was the result of the excellent work of all the people involved in this ambitious project.

The Plan is consistent with the sustainability path that has led Panariagroup to develop, over the years, **strong sensitivity and awareness of corporate responsibility models**. The project is a work in progress, and the Group's ambition is to make it increasingly comprehensive and widespread throughout the organisation, including internationally, taking into account the evolution of the context and the Group's ever-increasing aspirations to **drive change**. Internal discussions and planned actions in relation to the various goals of the Plan continued in 2023.

## People, Planet e Prosperity

The Sustainability Plan adopts the principles of the United Nations and the guidelines for sustainable development defined in the 2030 Agenda, and is organised around **three pillars**: People, Planet and Prosperity. Each of them expresses the Group's ambitions and the model it intends to adopt to achieve **goals beyond the ordinary**.



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



**Planet** focuses on the production component: Panariagroup is committed to reducing its environmental impact and safeguarding the Planet's resources.



**Prosperity** is the pillar devoted to Panariagroup's idea of sustainable development, involving customers, suppliers and internal sustainable innovation processes.

# PANARIAGROUP'S COMMITMENT TO PEOPLE, THE PLANET AND PROSPERITY



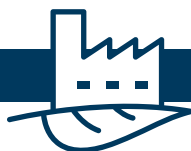
## Ambitions in the People area

- Value employees' talent and special characteristics.
- Achieve the highest levels of employee satisfaction, promoting their physical and mental well-being.
- Invest in young talents, increasing their presence within the company.



## Ambitions in the Planet area

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



## Ambitions in the Prosperity area

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

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

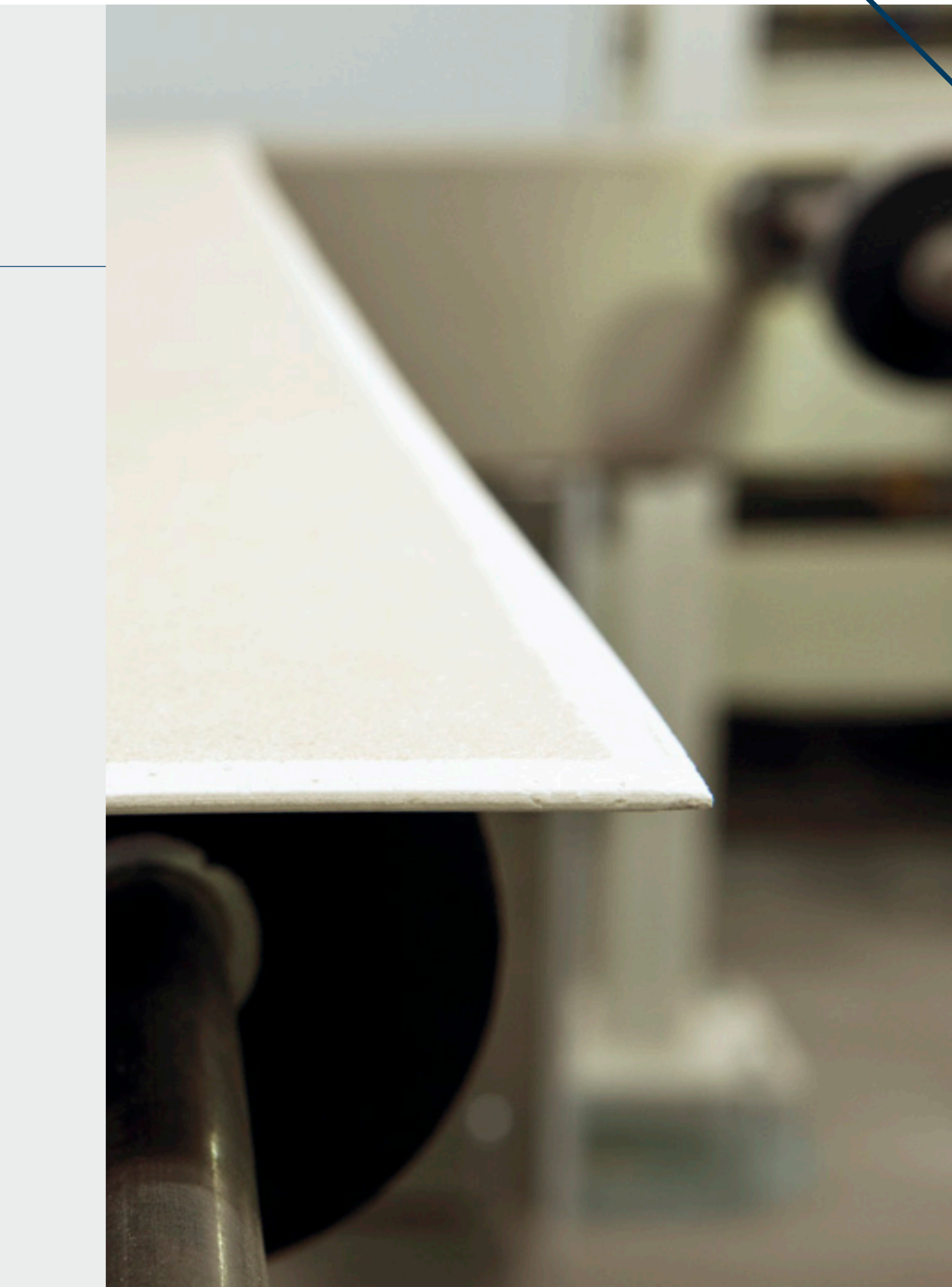
## sustainability facts

---

# innovation

Panariagroup is the **first ceramic group** to have introduced the innovation of **ultra-thin ceramic slabs** to the market.

By reducing tile thickness to **1/3** of standard thickness, ultra-thin tiles generate less emissions and consume less raw materials, energy and water. In addition, thanks to the **THINK ZERO project**, they offset 100% of residual CO<sub>2</sub> emissions.



## Adherence to the *United Nations Global Compact*

To date, of the more than 24,000 members of the UN Global Compact, **Panariagroup is the only company in the Italian ceramic sector to have joined**. Since the 2018 Sustainability Report, the Group has been reporting annually on the activities it has carried out to promote its 10 Principles (Communication on Progress), in line with its commitments.

The UN Global Compact encourages companies from all countries to create an economic, social and environmental framework to **promote a healthy and sustainable world economy** that ensures everyone shares in the benefits. To this end, the UN Global Compact requires member companies and organisations to share, support and apply a set of core principles to their sphere of influence. These principles cover human rights, labour standards, environmental protection and the fight against corruption. By adhering to them, **Panariagroup endorses them and opens itself up to international debate on decisive issues**, confirming their central importance in its own development policies.



**United Nations**  
Global Compact

Scope	Global Compact Principles	Global Compact Requirements	Panariagroup Reference
		Statement of continued support by the Chief Executive Officer (CEO)	Letter to stakeholders (p. 4-5)
Human Rights	1. Promotion and respect of universally recognised human rights in their respective spheres of influence	Assessments, policies, goals and initiatives implemented	Risk of human rights violations (p. 58) Introduction of a Code of Ethics and of a Code of Business Conduct for the Group (p. 64-65)
	2. Guarantee of not being, directly or indirectly, complicit in violations of human rights	Performance indicators	GRI 2-23 (p. 52-54; 58; 64-65) GRI 414-1



Scope	Global Compact Principles	Global Compact Requirements	Panariagroup Reference
Work	3. Support for worker freedom of association and recognition of the right to collective bargaining agreements	Assessments, policies, goals and initiatives implemented	Introduction of a Code of Ethics and of a Code of Business Conduct for the Group (p. 64-65)  Initiatives described in the "Panariagroup for People" chapter
	4. Elimination of all forms of forced and compulsory labour  5. Effective abolition of child labour  6. Elimination of all forms of discrimination in employment and professional occupation	Performance indicators	GRI 2-7 (p. 177) GRI 2-8 (p. 176) GRI 2-30 (p. 149; 185) GRI 202-1 (p. 185) GRI 202-2 (p. 184) GRI 401-1 (p. 180-181) GRI 404-1 (p. 150; 182) GRI 405-1 (p. 53; 178-179) GRI 406-1 (p. 147)
Environment	7. Support for the preventive approach to environmental challenges	Assessments, policies, goals and initiatives implemented	Environmental risk (p. 56-58)  Adoption of an integrated quality, environment and health and safety system and UNI EN ISO 14001 and EMAS certified management systems (p. 120)  Initiatives described in the "Panariagroup for Planet" chapter
	8. Development of initiatives that promote greater environmental responsibility  9. Incentivisation of the development and dissemination of technologies that respect the environment	Performance indicators	GRI 2-27 (p. 65) GRI 301-1 (p. 186) GRI 302-1 (p. 128-129; 168) GRI 302-3 (p. 128) GRI 303-3 (p. 171) GRI 303-4 (p. 172) GRI 305-1 (p. 128-131; 169) GRI 305-2 (p. 128-131; 169) GRI 305-4 (p. 128) GRI 305-7 (p. 169) GRI 306-3 (p. 173-174) GRI 308-1 (p. 110) GRI 414-1 (p. 110)
Fight against corruption	10. Commitment to fighting corruption in all its forms, including extortion and bribery	Assessments, policies, goals and initiatives implemented	Risk of active and passive corruption (p. 59-60)  Adoption of the Organisation, Management and Control Model 231/01 and its extensions in foreign companies (p. 64)  Introduction of a Code of Ethics and of a Code of Business Conduct for the Group (p. 64-65)
		Performance indicators	GRI 2-23 (p. 52-54; 58; 64 -65) GRI 205-3 (p. 65)

# The group's stakeholders and relationship channels

**Stakeholders play a fundamental role** in Panariagroup's sustainable growth. Through their involvement and consideration of their needs, the Group constantly considers the contexts in which it operates, striving to consider their expectations, perceptions and priorities within the decision-making processes and in the definition of economic, environmental and social goals.

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

The result of this careful analysis of all the actors who gravitate around the Group led to the identification of the stakeholders listed below. Panariagroup maintains **a constant relationship** with its stakeholders **to discuss and consider** their **mutual needs**. In this regard, the Group strives daily to foster active and continuing relations through various methods involving the different corporate departments.

In recent years, for example, the Group has decided to **strengthen its listening activities** by involving its **employees** in filling out a questionnaire and participating in specific focus group sessions. The goal of these initiatives was to identify opportunities for improvement related to working life within the company and certain aspects of sustainability.

Moreover, the Group periodically involves the **financial institutions** with which it deals on a daily basis, surveying their needs and expectations in relation to sustainability issues and deepening the relationship between credit processes and ESG (Environmental, Social and Governance) aspects. In 2023, this Group listening activity was also carried out for suppliers.

**The Group constantly considers the contexts in which it operates, striving to consider their expectations, perceptions and priorities within the decision-making processes and in the definition of economic, environmental and social goals.**



# /stakeholders

- shareholders, lenders and investors
- consumers
- public institutions
- customers (distributors)
- employees and trade unions
- suppliers
- local communities
- representative/trade associations
- planners, architects, and interior designers

Finally, also in 2023, a **specific path** was started **to introduce, integrate and train the** Group's **sales network** on sustainability issues. The aim of this path is to create greater awareness and sensitivity on key issues of the company's actions in order to convey them more effectively to customers, architects and designers. With regard to the latter two targets, an awareness-raising activity has been launched in partnership with another important player in the construction sector, Mapei; together, an ambitious cycle of conferences has been planned throughout Italy dedicated to knowledge of the most up-to-date sustainable solutions for the construction world. Through these initiatives, Panariagroup is constantly renewing its commitment to its stakeholders, in the belief that, by listening to them, we can build a better working environment together and, at the same time, help the Group to make the best strategic decisions.

The following table shows the ways in which stakeholders are related, divided into categories.

**Panariagroup maintains a constant relationship with its stakeholders to discuss and consider their mutual needs.**



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

# Materiality analysis

The definition of relevant (so-called “material”) issues, which are covered in this Report, is based on the approach set out in the 2021 edition of the GRI Standards: a topic is considered material if it can represent the organisation’s impacts on the economy, the environment and people, including human rights.

In this regard, the update of the materiality analysis for the 2023 financial year included a context analysis that took into account the nature of Panariagroup’s business and its business relations. This analysis led to the identification of **31 potentially relevant impacts**, both positive and negative, actual or potential.

In order to define their significance, these impacts were assessed by the Group’s top management and a category of stakeholders, specifically the category of suppliers, through a questionnaire.

The total response rate recorded was 55%, with 83 responses against 150 contacts from top management and suppliers, registering a good response level.

In the process of compiling the results from the surveys, the introduction of a **materiality threshold** made it possible to determine the **28 most relevant impacts** for Panariagroup, which were then grouped into 10 material topics.

The assessments carried out revealed the primary relevance of impacts related to “Reduction in the use of raw materials through the reuse of processing waste”, and “Employee psycho-physical well-being”, highlighting the key principles that inspire not only company management, but also all Panariagroup activities.

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





Material topics	Main impacts	Type of impact	Description of main impacts	Main controls and activities
<b>Direct environmental impacts</b>	Reduction in the use of raw materials through the reuse of processing waste	Current positive	Re-use and re-introduction into the production process of processing waste following recovery and recycling operations, also with a view to the circular economy	<ul style="list-style-type: none"> <li>• Integrated Environmental Authorisation, for the Italian BU plants</li> </ul>
	Consumption of resources and raw materials for the production process and Group activities	Current negative	Use of natural resources and raw materials in the production process resulting in negative impacts related to increased waste and reduced natural stocks	<ul style="list-style-type: none"> <li>• Integrated Quality, Environment, Health and Safety System, certified according to UNI EN ISO 9001, UNI EN ISO 14001 and EMAS standards, for the Italian and Portuguese BUs</li> </ul>
	Management of hazardous and non-hazardous waste	Current negative	Negative environmental impacts resulting from the generation of hazardous and non-hazardous waste and its improper disposal	<ul style="list-style-type: none"> <li>• Group-wide product certifications</li> <li>• Water balances and mapping of water-stressed areas using the "Aqueduct Water Risk Atlas" tool</li> </ul>
	Water use and contamination	Current negative	Use of water to feed production processes with repercussions on the availability of water resources in the area and wastewater with repercussions on the quality of the water resources in the area	<ul style="list-style-type: none"> <li>• A set of goals was defined within the Sustainability Plan. For details, please refer to the introductory part of the "Panariagroup for Planet" chapter</li> </ul>
<b>Combating climate change</b>	Generation of direct and indirect energy GHG emissions (Scope 1 and Scope 2)	Current negative	Contribution to climate change through the generation of direct and indirect energy emissions related to the activities carried out in the Group offices and sites	<ul style="list-style-type: none"> <li>• Integrated Environmental Authorisation, for the Italian BU plants</li> </ul>
	Energy consumption	Current negative	Use of electricity and fuels with consequent negative impacts on the environment and on the reduction of energy stocks	<ul style="list-style-type: none"> <li>• Integrated Quality, Environment, Health and Safety System, certified according to UNI EN ISO 9001, UNI EN ISO 14001 and EMAS standards, for the Italian and Portuguese BUs</li> </ul>
	Generation of other indirect GHG emissions (Scope 3)	Current negative	Contribution to climate change through GHG emissions related to activities on the value chain (e.g. production and transport activities)	<ul style="list-style-type: none"> <li>• Group-wide product certifications</li> <li>• "THINK ZERO" project</li> </ul>
	Generation of other polluting emissions (nitrogen oxides, sulphur oxides and other emissions)	Current negative	Generation of other polluting emissions from high-temperature combustion, such as nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOCs), hazardous air pollutants (HAPs) and particulate matter (PM)	<ul style="list-style-type: none"> <li>• A set of goals was defined within the Sustainability Plan. For details, please refer to the introductory part of the "Panariagroup for Planet" chapter</li> </ul>

Material topics	Main impacts	Type of impact	Description of main impacts	Main controls and activities
<b>Well-being, health and safety</b>	Employee psycho-physical well-being	Current positive	Employee well-being through the adoption of devices and tools that promote employee well-being, policies and practices aimed at maintaining a healthy and wholesome work environment, and the adoption of benefits to improve psycho and physical well-being	<ul style="list-style-type: none"> <li>• Prevention, welfare and local initiatives for employee well-being</li> <li>• Adoption of smart working and flexible working hours</li> <li>• Internal system for reporting violations (whistleblowing)</li> <li>• Code of Ethics</li> <li>• Integrated Quality, Environment, Health and Safety system, in line with the requirements of the UNI EN ISO 45001 standard, for the BUs Italy and Portugal</li> <li>• Guidelines based on OSHA, NIOSH and ANSI standards, for the US BU</li> <li>• Prevention and Protection Service Manager (RSPP) at Group level</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the "Panariagroup for People" chapter</li> </ul>
	Accidents in the workplace	Current negative	Accidents and/or other incidents related to the performance of working duties, with negative consequences for the health of internal and external employees	
	Occupational diseases in the workplace	Potential negative	Disease outbreaks due to unhealthy or risky production processes	
<b>Diversity and inclusiveness of employees</b>	Violation of human rights	Potential negative	Ineffective management of working conditions, including along the company's own value chain, which does not guarantee the human right to freedom from forced labour and child labour. Violation of human rights related to freedom of association and collective bargaining in the Group's value chain	<ul style="list-style-type: none"> <li>• Collective bargaining agreements for the Italy, Portugal and Germany BUs</li> <li>• Supplementary corporate contracts, for the Italian BU</li> <li>• Internal system for reporting violations (whistleblowing)</li> <li>• Code of Ethics</li> <li>• "Non-discrimination policy", for the US BU</li> <li>• "Anti-harassment policy" for the US BU</li> </ul>
	Fair remuneration of staff	Current positive	Adoption of competitive staff remuneration policies that fairly redistribute the value generated by workers without forms of discrimination (e.g. related to gender, age, ethnicity, etc.)	
	Discrimination and non-inclusive occupational practices that do not consider diversity and minority groups	Potential negative	Negative impacts on employee well-being, satisfaction and motivation due to discriminatory behaviours (e.g. related to gender, age, ethnicity, etc.) or other non-inclusive practices	



Material topics	Main impacts	Type of impact	Description of main impacts	Main controls and activities
<b>Attractiveness, training and development</b>	Talent attraction and development	Current positive	Active talent attraction policies (e.g. partnerships with schools and universities, employment branding policies) and retention of skilled resources through a stimulating and inclusive work environment	<ul style="list-style-type: none"> <li>• Cooperation with Confindustria Ceramica for the implementation of training and induction courses, for the Italian BU</li> <li>• “Management Meeting” and periodic sharing of corporate results and strategies</li> <li>• Management and skills development plan, for the Portuguese BU</li> <li>• Learning Management System, for the US BU</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for People” chapter</li> </ul>
	Training, development of workers’ skills and growth pathways	Current positive	Improving worker skills through training and professional development activities, including those linked to personalised growth and assessment goals	
	Value creation for local suppliers	Current positive	Support for local development through procurement practices that favour business partners located in the areas in which the Group operates	
	Recruitment of workers from the local community	Current positive	Recruitment of workers from the local communities where the company operates, with positive impacts on local economies	
	Support for the development of the communities in which the Group operates	Current positive	Support for local development through the organisation of activities directly involving the local community (e.g. stakeholder engagement, development programme)	
<b>Customer satisfaction and brand reputation</b>	Customer satisfaction in terms of needs and expectations, including through a multi-brand approach	Current positive	Positive impacts of conducting business in a way that ensures full satisfaction of customer needs and expectations in terms of breadth of offer, relationship management and complaints	<ul style="list-style-type: none"> <li>• Customer Care Service</li> <li>• “VIS” – Verbale Interno di Sopralluogo (Internal Inspection Report) Service, for the Italy and US BUs</li> <li>• Contract &amp; Key-Account Division for specific customer segments</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Prosperity” chapter</li> </ul>
<b>Sustainable innovation</b>	Product and process innovation with positive effects on people and the environment	Current positive	Positive impacts on people and the environment from activities, policies and technological innovations aimed at continuous process improvement and at the development of products with innovative and sustainable features	<ul style="list-style-type: none"> <li>• Research Centre and R&amp;D activities in product and process technology innovations</li> <li>• PROTECT® antimicrobial technology for most of the products offered in brand catalogues</li> <li>• A set of goals was defined within the Sustainability Plan. For details, please refer to the introductory part of the “Panariagroup for Prosperity” chapter</li> </ul>

Material topics	Main impacts	Type of impact	Description of main impacts	Main controls and activities
<b>Product quality and design</b>	Impacts on customer health and safety	Potential negative	Negative impacts on customer health related to inadequate product quality features (e.g. deviation from declared quality standards) with consequent health and safety risks	<ul style="list-style-type: none"> <li>• Group-wide product certifications</li> <li>• PROTECT® antimicrobial technology for most of the products offered in brand catalogues</li> </ul>
	Partial and/or non-transparent information and communication about the products offered by the Group	Potential negative	Negative impacts on customers and end consumers caused by misleading, incomplete and non-transparent communication and mislabelling of products	
<b>Responsible procurement</b>	Negative social and environmental impacts of supply chain management	Current negative	Negative impacts related to the procurement of goods and services from suppliers, in particular to the impacts that they generate on environmental and social aspects	<ul style="list-style-type: none"> <li>• Code of Business Conduct</li> <li>• Assessment of suppliers and gradual inclusion of ESG criteria</li> <li>• Inspections on a periodic basis</li> <li>• A goal was defined within the Sustainability Plan. For details, please refer to the introductory part of the "Panariagroup for Prosperity" chapter</li> </ul>
<b>Integrity and compliance</b>	Unethical business conduct and potential corruption cases	Potential negative	Negative impacts on people and on economic systems generated by unethical business conduct	<ul style="list-style-type: none"> <li>• Organisation, Management and Control Model (MOG 231), for the Italian BU</li> <li>• Supervisory Body (SB) at Group level</li> <li>• Internal system for reporting violations (whistleblowing)</li> <li>• Procedures aligned with MOG 231 and compliance programme, for foreign BUs</li> <li>• Code of Ethics</li> <li>• Code of Business Conduct</li> <li>• Trade Compliance Procedure</li> <li>• Country-by-Country Report</li> <li>• CFO area to control the Group financial activities</li> <li>• Structured planning processes</li> <li>• Regular stakeholder dialogue and involvement initiatives</li> </ul>
	Generation and distribution of economic value to the Group stakeholders	Current positive	Generation of economic value and balanced distribution to stakeholders with the aim of creating value in the short, medium and long term for all those with whom the Group deals	
	Non-compliance with laws, regulations and standards	Potential negative	Non-compliance with applicable laws, regulations, internal and external standards with indirect impacts on employees, customers and suppliers	
	Anti-competitive behaviour and monopoly practices	Potential negative	Anti-competitive behaviour and monopoly practices with negative impacts on the economy and on the markets	

An in-depth discussion of the correlation of impacts to GRI indicators can be found in the "Appendices" section of this document.

In the course of updating the potentially relevant impacts for Panariagroup, changes were made to the impacts proposed in the 2022 Sustainability Report.

Newly included impacts considered relevant include the following: "Generation of other indirect GHG emissions (Scope 3)", "Reduction in the use of raw materials through the reuse of processing waste", "Occupational diseases in the workplace", "Talent attraction and development", "Violation of human rights" and "Support for the development of the communities in which the Group operates".









In the process of updating the materiality analysis, the CSR Committee (see section 2.5) – whose members are representatives of various corporate departments (Group Administration, Finance and Control Department, Marketing Department, Engineering Department, and Quality and Environment Department) – was tasked with collecting the Board of Directors' considerations and feedback, sharing and approving with it the final list of material topics to report on and their impacts.

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






# Update on short-term sustainability goals reported in the last Sustainability Report


Below are the main actions related to the short-term goals set out in the last Sustainability Report, with their progress status. In the list, activities that are part of the goals formalised in the Sustainability Plan have been marked with a specific symbol (see section 1.2).

ECONOMIC TOPICS	
actions	progress
Industry 4.0: installation of a system of plant supervision and interconnection with the production lines in the plants of Finale Emilia and Toano (Italy), Aveiro and Ílhavo (Portugal).	Partially completed. The system is active in the Toano plant, while it is nearing completion for the other plants. 
 Reorganisation of the layout of the sanding and grinding department at the Ílhavo plant in order to optimise internal logistics and installation of soundproofing systems to improve noise levels.	The goal will be completed in 2024. 
Installation of a new transformer and of a distribution board at the Lawrenceburg plant in order to optimise the efficiency of the entire plant's electricity consumption.	The goal will be completed in 2024. 
GOVERNANCE	
actions	progress
Improvement of the access control system at the Italian business unit sites through installation of dedicated IT supports.	Temporarily suspended for internal assessments. 
CUSTOMERS	
actions	progress
Development of stakeholder engagement for customers in the Italian business unit.	The goal will be completed in 2024. 
 Identification of customer categories against which to measure satisfaction (target).	The goal will be completed in 2024. 


## QUALITY AND ENVIRONMENT

actions	progress
Industry 4.0: achievement of CE line certifications in the plants in Finale Emilia and Toano (Italy).	Almost complete. Certifications were obtained for the two lines in the Finale Emilia plant. <div><div></div></div>
Replacement of 50% of the Portuguese business unit car fleet with hybrid cars.	Temporarily suspended for internal assessments. <div><div></div></div>
 Implementation of dedicated internal logistics software (VMS) aimed at optimising the management of material handling, resulting in lower fuel consumption and less pollution.	The software was tested and installed in Finale Emilia and Toano. <div><div></div></div>
Launch of a process to map the use of recycled plastic material in foreign BUs and subsequent assessment of dedicated activities and goals.	Start-up is scheduled for 2024.
 Study for the creation of new photovoltaic infrastructure and restoration of the efficiency of existing photovoltaic systems at Italian business unit sites.	Restoration completed at the Fiorano Modenese site. An agreement was signed for the construction of a photovoltaic power generation plant at the Finale Emilia site, to be built during 2024. <div><div></div></div>
 Further increase of plug-in hybrids in the car fleet and installation of charging stations.	The increase of hybrid cars is completed; the first charging stations were installed in 2023. <div><div></div></div>

## HUMAN RESOURCES

actions	progress
Creation of Scholarships dedicated to the children of employees in the Italian business unit.	Temporarily suspended for internal assessments.
Planned investments of Euro 0.5 million for interventions to reduce the risk of manual handling of loads (manipulators, automatic loaders) in the Italian business unit.	Completed. <div><div></div></div>
 Assessment of a platform for monitoring skills and training.	Supplier screening process started. <div><div></div></div>

## SUPPLY CHAIN

actions	progress
 Study for the selection of an integrated supplier assessment platform, which also takes ESG criteria into consideration and which enables the development of a "vendor rating" (Italian business unit).	The assessment was carried out and the most suitable software was identified. The project will be resumed in early 2025. <div><div></div></div>



2/

the Group

**Panariagroup is following a path of continuous evolution, starting from Italy and opening up to the world, guided by the constant pursuit of excellence in terms of both quality and cutting-edge technology.**



# at first glance

## Customers

**around 10,000**

**54% EU**

**34% USA**

**12% REST OF THE WORLD**

---

## Reliability and trust

**68%**

Percentage of customer relationships that have lasted at least 3 years.

---

# 2 1 Group Profile

Panariagroup has more than 1,800 employees, a network of about 10,000 customers<sup>2</sup>, 8 production plants (3 in Italy, 3 in Portugal, 1 in the United States and 1 in Germany) and a turnover of Euro 401 million in 2023 (-11.3% compared to 2022). It is therefore **one of the leading manufacturers of ceramics** for floor and wall coverings, and is positioned at the **premium end of the market**.

8 production plants

35.3 millions of euro invested

401 2023 turnover in millions of euro

1,805 employees

Over 19 millions of m<sup>2</sup> produced

14 brands

Sales in more than 130 countries

**Panariagroup's brands** have increased over the years to the current 14, all of which are internationally renowned for their **technical and aesthetic excellence**. Each brand has a unique and distinctive character, and they are all designed and developed to respond to the needs of a clientele which, though diverse, demonstrates a particular **attention to the products' quality and aesthetic appeal**.

2. Customers with a sales level over Euro 1,000 were considered.

        	<p><b>PANARIA CERAMICA</b> embodies the Group's great ceramic tradition. It has always represented the main contemporary styles, combining quality and the ability to interpret customers' needs. It preserves a deep-rooted <b>"ceramic-making" culture</b> and offers valuable solutions designed primarily for residential use: a catalogue of rich, structured <b>collections with wide and varied ranges of formats and decorative elements</b>.</p> <p><b>LEA CERAMICHE</b> is the perfect synthesis of <b>visionary design and technological performance</b>. It is therefore a brand committed to supporting creativity anywhere in the world, for any kind of architectural project that seeks to stand out through a unique and recognisable style. Continuous innovation, absolute performance reliability and a daring approach have made it an undisputed star of global architecture, enabling it to forge significant and prestigious <b>partnerships with internationally acclaimed designers and project design professionals</b>.</p> <p><b>COTTO D'ESTE</b> is a highly prestigious brand in the field of ceramic surfaces. Its creations aim to achieve a beauty that is the result of excellent craftsmanship and <b>passionate, persevering attention to detail</b>. A deep commitment to the pursuit of aesthetics and the development of unique and innovative techniques and sustainable production processes has led the brand to undertake important projects all over the world. Unique products are created at Cotto d'Este, such as the <b>14 mm-thick surfaces</b> and the revolutionary <b>large Kerlite thin slabs</b>.</p> <p><b>BLUSTYLE</b> is the Cotto d'Este brand that has inherited all the <b>quality and sophistication</b> of its solutions, translating them into <b>simple and accessible collections</b> made of porcelain stoneware with a traditional thickness.</p> <p><b>MAXA CERAMIC SLABS</b> is Panariagroup's range of <b>large, thick ceramic slabs</b>. Reinforced with fibreglass for extra strength, Maxa slabs are designed <b>for all indoor and outdoor furnishing requirements</b>.</p>
    	<p><b>MARGRES</b>, a brand specialising in the <b>high-quality technical porcelain stoneware</b> tile segment, is a major player in the international market. It offers high-quality products for all types of construction, both in private and public contexts, meeting the needs of <b>contemporary architecture</b> thanks to state-of-the-art production technologies, high-quality raw materials and <b>refined aesthetics</b>.</p> <p><b>LOVE TILES</b> is a leading brand in the production of large-format <b>monoporosa tiles</b> and <b>glazed porcelain stoneware floor tiles</b>. The brand's products are the first choice of those who passionately enjoy the connection between people and living spaces, choosing to create <b>unique and elegant environments</b> for themselves and for others.</p> <p><b>GRESART</b> is a Portuguese brand that has been producing glazed porcelain stoneware since 1981. The brand has a <b>young, stimulating and simple language</b> and its collections aspire to a <b>trendy aesthetic</b> and a sustainable footprint.</p>
      	<p><b>STEULER   design</b> approaches spaces with the aim of creating a fresh and modern ensemble. A passion for surfaces and characterful design enable the production of extraordinary tiles with meticulous attention to both details and the overall combination. <b>Creativity and innovation</b> know no bounds for this brand, which likes to forge new paths of <b>colour, shape and design</b> resulting in exclusive, contemporary surfaces of the highest quality.</p> <p><b>GROHN</b> has been successfully pursuing the principle of research and development of outstanding, exceptionally durable ceramic surfaces for <b>more than 150 years</b>, drawing on its <b>consolidated technical expertise</b>. Since elegance is not only timeless, but can respond to different tastes, Grohn offers a wide variety of product lines to suit different interior design requirements.</p> <p><b>NORDCERAM</b> combines durable technical features with <b>timeless design</b>. For years, it has been passionately developing elegant, high-quality porcelain stoneware floors for a range suitable for any application and any project.</p> <p><b>KERATEAM</b> is more than just a quality brand: it also stands for <b>responsibility towards people and the environment</b>. Kerateam produces high-quality wall coverings in the 20x50 cm, 30x60 cm, 30x50 cm and 35x75 cm formats from <b>local raw materials</b> using <b>high-tech</b>, state-of-the-art <b>skills</b> in one of the most modern factories in Germany. Thanks to decades of experience, it transforms current trends into surfaces suitable for every interior design and lifestyle.</p>
	<p><b>FLORIDA TILE</b> is a benchmark company for the American market, with an important and solid history that began in 1954. It produces its ceramics by combining technological innovation with attention to <b>both American and international style trends</b>, creating <b>modern, design-conscious products</b> to satisfy different customer segments in both residential and commercial settings. Among its strengths is its network of 22 showrooms spread across the U.S.</p>
	<p><b>BELLISSIMO</b> is a brand dedicated to the Indian market. It produces <b>luxury ceramic materials</b>, building on a combination of Italian style, technology and expertise to meet the architectural and industrial needs of local construction.</p>

# 2/2 History

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

# 1974

In 1974, a group of entrepreneurs founded **Panaria Ceramica**. This included **Giuliano Mussini**, head of the Mussini family, the current majority owner of Panariagroup Industrie Ceramiche S.p.A.

## 2010

The expansion continued with the creation of a new sales division, **Panariagroup Trade**. The goal was to gain market share in the Middle East, the Far East and Oceania. In these geographical areas, Panariagroup Trade distributed the Group's brands through more targeted sales policies, fully respecting the identity and special characteristics of each brand. In the same year, Panariagroup signed its **first agreement with Microban®**, a world leader in antimicrobial technologies, to contribute with its products to healthier, safer and more protected spaces.

## 2009

After years of success in marketing **laminated porcelain stoneware**, Panariagroup installed its first technologically advanced **production line** for this revolutionary, high-performance material at its Fiorano Modenese factory.

## 2008

**Blustyle Ceramics** was launched, offering itself to the market with a streamlined and innovative model, both in terms of product logic and its approach to distribution. The brand gradually established itself, today becoming a brand in the Cotto d'Este family, whose quality characteristics are transferred to products with a traditional thickness.

## 2012

The internationalisation process continued thanks to a joint venture with Asian Granito, a leading company in the Indian market. This resulted in the launch of the **Bellissimo** brand, which manufactures and markets luxury ceramic products with high value in terms of style and technology. The Group became even more committed to the Indian business unit in 2019 with the acquisition of 100% of the company's shares.

## 2016

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

## 2017-2020

The Group's industrial development continued with major investments in all business units. The commitment to **laminated porcelain stoneware** was also strengthened with the creation of the **third production line** in Fiorano Modenese. New commercial channels were developed: the **Contract & Key Account Division** was set up. The company's quality assurance was progressively strengthened, particularly with the introduction of new sustainability-related product certifications (e.g. EPD and Green Guard). **Maxa** was established, a new brand offering high thickness large ceramic slabs for the furnishing and interior design segment.

# 1992

In the 1990s, Panaria implemented a strategy of expansion and enlargement of its brands and products that led to the acquisition, in 1992, of **Ceramiche Artistiche Lea**, specialised in the production of single-fired floor tiles. In the same year, it founded **Cotto d'Este**, designed to conceive and market exclusive and prestigious product lines destined to conquer the luxury end of the market.

# 1995

The Group's production capacity increased with the **construction of the technologically advanced production plant in Toano**, specialised in the production of porcelain stoneware. At the same time, the **Fiordo Industrie Ceramiche** product line was created to cover the market more comprehensively, which has been an important reference point for the Group's customers for more than 20 years.

# 2002

The process of expansion into international markets was formalised with the acquisition of the Portuguese company **Maronâgrès** (today **Margres**), specialised in the production of porcelain stoneware ceramic material.

# 2006

The internationalisation process continued, in 2006, with the acquisition of the brand and main assets of **Florida Tile Industries**, a historical U.S. benchmark for the production and distribution of ceramic materials. In December 2006, the two Portuguese companies (Novagrès and Maronâgrès, which has since become Margres) merged into **Gres Panaria Portugal**, retaining both brands. **Panariagroup USA Inc.** was also established, which controls Florida Tile Inc. and Lea North America LLC.

# 2005

Panariagroup acquired a second company in Portugal: **Novagrès** (now **Love Tiles**), a leading brand in the production of large-format monoporosa coverings and floors in glazed porcelain stoneware.

# 2004

This was the year of **Panariagroup's foundation**, following the merger by incorporation of all the Italian companies in Panaria. Panariagroup decided to enter the stock market. On 19 November 2004, **the Group was listed in the STAR segment of Borsa Italiana (the Italian Stock Exchange)**. Internationalisation continued with the establishment, in the same year, of **Lea North America LLC**, set up to oversee the distribution of Lea Ceramiche products in the increasingly strategic U.S. market. **Cotto d'Este launched Kerlite**, the revolutionary line of ultra-thin slabs: Panariagroup was the first ceramic Group to introduce this innovation to the market, which was destined to change the concept of tiles.

# 2021

The company embarked on the implementation of **an ambitious long-term Sustainability Plan**, which focuses initiatives and goals around three fundamental pillars: People, Planet and Prosperity. Expansion and **upgrading work** was completed **at the Fiorano Modenese production site**; at the same time, major investments were made in **technological improvements at the Finale Emilia plant**. July saw the conclusion of the formal procedures leading to the company's voluntary exit (so-called "delisting") from Borsa Italiana.

# 2022

Panariagroup was the first manufacturer in the ceramic sector to introduce a **100% carbon neutral product line**. This resulted in the **THINK ZERO project**, which combines the high level of sustainability of laminated porcelain stoneware with participation in verified and certified environmental protection projects. To offset the remaining small amount of CO<sub>2</sub>, calculated over the material's entire life cycle, the Group buys and retires **carbon credits** from the implementation of sustainable transport systems in India.

# 2023

Panariagroup further strengthened its international presence. In April, it announced the acquisition of **Gresart**, a company located in Portugal, where Panariagroup already operates two other production sites. In September, the Group signed an agreement to purchase the most important assets of **Steuler Fliesengruppe**, one of the leading players in the German market, taking over the Leisnig plant and the historical brands Steuler Design, Grohn, Nordceram and Kerateam. The acquisition was officially finalised at the end of December 2023. **Panariagroup USA** was reorganised and strengthened: the distribution portfolio was expanded to include all Group brands, further enhancing the production and sales presence of the entire Panariagroup on U.S. soil. The Group celebrated 30 years of **Cotto d'Este**, 20 years of **Margres** and 15 years of **Love Tiles**.

## ENTREPRENEURIAL TALENT AND PASSION IN MEMORY OF GIULIANO MUSSINI, PANARIAGROUP'S FOUNDER

In 2023, Panariagroup lost its founder.

**Giuliano Mussini**, who passed away on 1 December at the age of 93, was a capable and far-sighted entrepreneur, a man of faith and a loving support for his large family and all his employees.

As an entrepreneur, he always knew how to combine his unquestionable entrepreneurial skills with great passion and unique dedication, which never ceased to be hallmarks of the years he spent at the helm of the Group and which he was always able to pass on to everyone. It was he who founded the first company, Panaria Ceramica, in 1974. Under his leadership, Panariagroup was a key player over the last fifty years of ceramic history, earning a place among the world's industry leaders.

After handing over the baton to his children in 2010, Giuliano Mussini continued to closely follow the company's development, seeing it grow into a multinational company that is now present in Italy, Portugal, Germany, the United States and India, and distributed in over 130 countries.

Following the path traced by Giuliano Mussini, Panariagroup continues to aim for excellence based on solid craftsmanship, technological innovation and, above all, passion and determination, the same qualities that underpin the entrepreneurial project conceived and developed by the founder. Indeed, this is the best way to honour his memory.



**Giuliano Mussini**  
1930-2023

## 2/3 Panariagroup worldwide

Panariagroup actively operates both in Italy and abroad through its **14 brands** (see section 2.1), which together cater to a **diverse clientele focused on the technical and aesthetic quality of its products**.

The Group is composed of:

- the Parent Company, **Panariagroup Industrie Ceramiche S.p.A.**, with registered office in Finale Emilia (province of Modena), Italy;
- **Gres Panaria Portugal S.A.**, with registered office in Ílhavo, Portugal;
- **Panariagroup USA Inc.**, with registered office in Delaware (USA), which owns the companies Florida Tile Inc. and Lea North America LLC., also with registered office in Delaware;
- **Panariagroup India Industrie Ceramiche Pvt Ltd**, with registered office in Ahmedabad, India, which markets “Bellissimo” brand products in India;
- **Gres Panaria Central Europe GmbH**, with registered office in Hamburg, Germany;
- **Panariagroup Deutschland GmbH**, with registered office in Hamburg;
- **Montanari Ceramiche S.r.l.**, the Group’s retail outlet for ceramic materials with headquarters in Finale Emilia (MO), Italy.

All companies are directly or indirectly wholly-owned subsidiaries of **Finpanaria S.p.A.**, which holds 100% of the share capital as at 31 December 2023.

The heart of the Group is its **8 production plants**, located:

- in **Italy**: in Finale Emilia (MO), Fiorano Modenese (MO) and Toano (RE)
- in **Portugal**: in Ílhavo, Aveiro and Oliveira do Bairro
- in **Germany**: in Leisnig
- in the **USA**: in Lawrenceburg, Kentucky

The Group also has **two storage and shipping centres** in Italy, in Casalgrande (RE) and Sassuolo (MO).

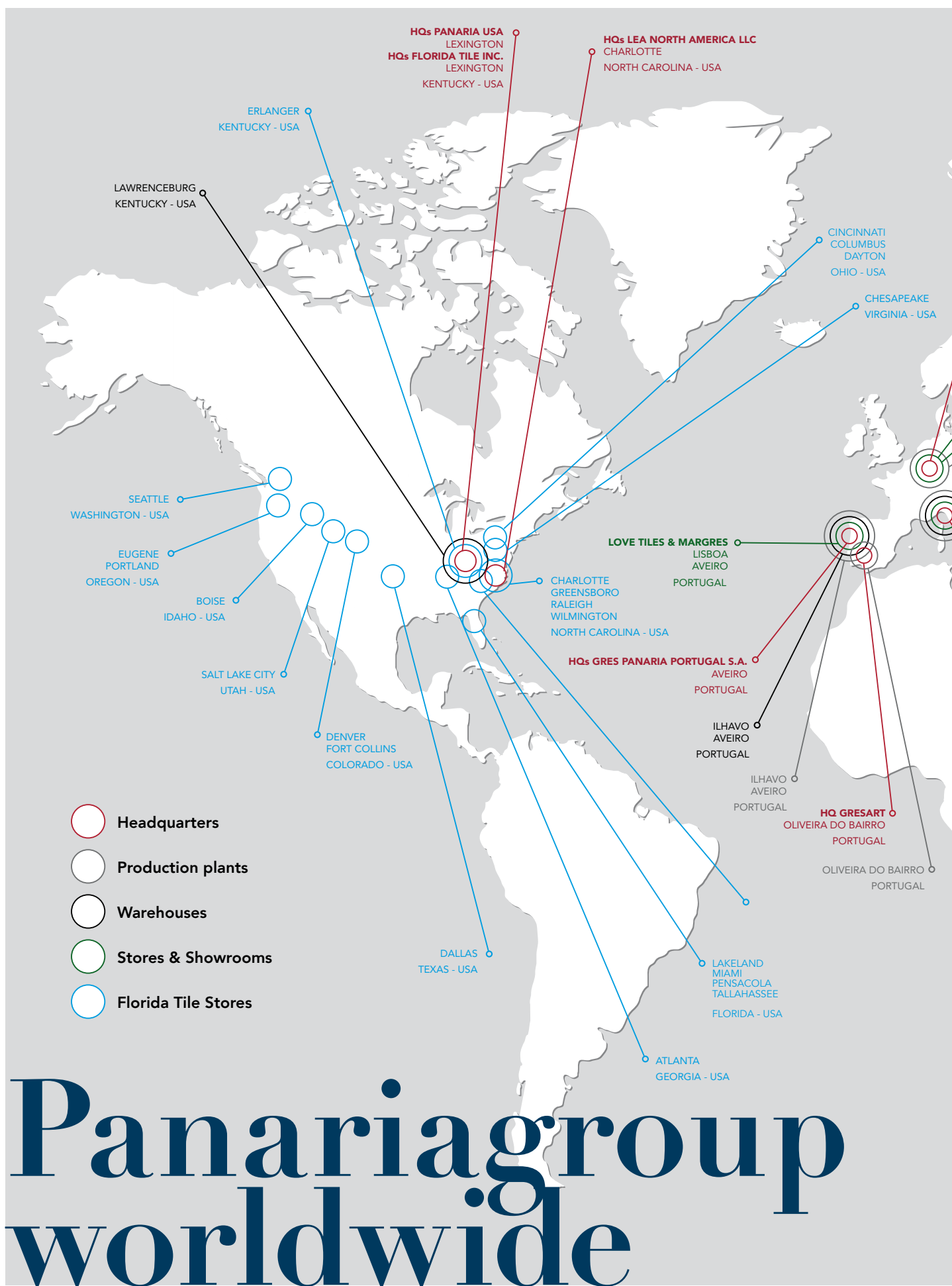
Panariagroup has a large and widespread sales network that extends to Italy, Portugal, the USA, India and at least 130 other countries. The Group serves around **10,000 customers** in total: these are mostly **retailers**, but also **distributors, construction companies and contractors of major works**.

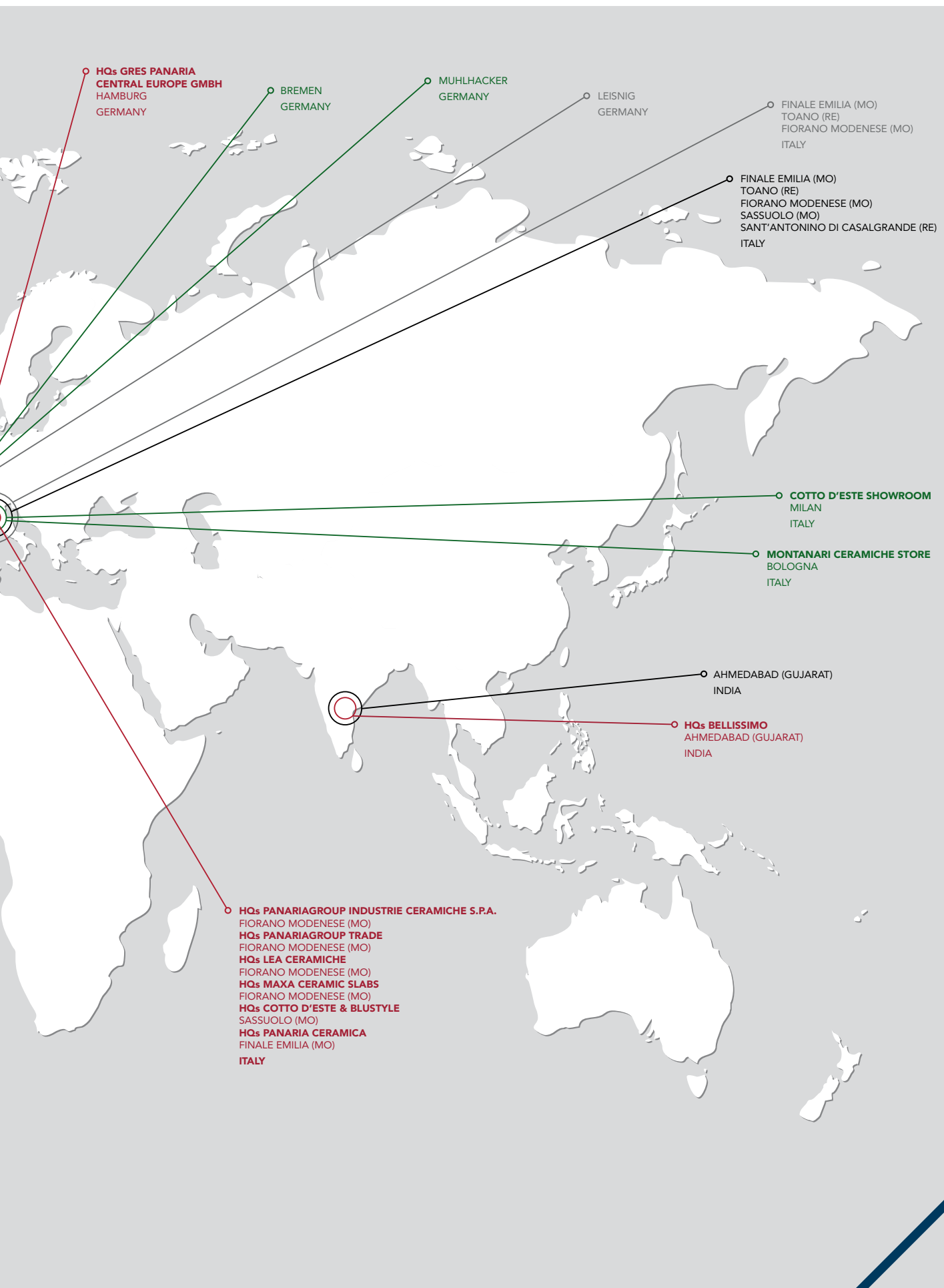
Distribution and sales in Italy and around the world of Panariagroup products are coordinated by a **sales department consisting of about 1,000 people** including area managers, sales correspondents, sales agents and promoters. Moreover, in the United States, the Group directly operates **22 Florida Tile shops** throughout the country.





**Panariagroup has a large and widespread sales network that extends to Italy, Portugal, the USA, India and at least 130 other countries.**





## The Group's values and principles

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

The Group's **research and innovation**, devoted to **product beauty** and **quality**, enable it to satisfy all the main market segments with a dedicated and structured supply system.

### VALUES

---

The values in which Panariagroup believes, and which it pursues in its sustainable value creation activities, can be expressed as follows:

#### **technological leadership**

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

#### **aesthetic quality and excellence**

The Group tenaciously strives for industrial excellence, from raw material quality to process efficiency, in order to obtain products that combine the highest aesthetic value with the highest technical performance.

#### **responsibility**

Panariagroup always prioritises people and quality of life, offering safe and environmentally sustainable products, while operating with the utmost respect for those who work for the Group.

#### **reliability**

Established with strong family roots in the fertile soil of Sassuolo's ceramic district, the Group has grown to become a solid international player, operating all over the world while maintaining an Italian spirit.



## PRINCIPLES

---

The following principles, which are fundamental to the pursuit of the corporate mission, guide the Group's daily activities:

### **responsible communication and transparency**

Panariagroup is committed to ensuring the utmost transparency in corporate communication and information management.

### **responsibility and regulatory compliance**

In carrying out its activities, the Group acts in accordance with applicable laws and regulations as well as internal regulations and procedures. Compliance with national and international regulations is a binding and indispensable prerequisite for Panariagroup's actions. This respect requires all partners who have a permanent or temporary, direct or indirect relationship with the Group to endeavour to follow the principles of equally responsible conduct in their relations with it.

### **ethics in commercial relations**

The Group complies with all national and international rules and regulations on anti-money laundering and combating passive corruption.

## Organisational structure and governance

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

**The Shareholders' Meeting represents all shareholders**; as of 31 December 2023, 100% of Panariagroup's share capital is held by Finpanaria S.p.A.

The Shareholders' Meeting is the body responsible for resolving – in ordinary and extraordinary meetings - on matters reserved to it by law or by the Articles of Association, and appoints the Board of Directors, chaired by members with high managerial skills and extensive knowledge of the ceramic sector, capable of fully guaranteeing the company's economic success, as well as the proper implementation of the sustainable development strategy.

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

The Board of Directors manages any critical issues with **an approach aimed at dialogue with stakeholders** and minimising the potential impacts generated, establishing a relationship of mutual cooperation with the Supervisory Body, the Board of Statutory Auditors and the Independent Auditing Firm. In 2023, no major critical issues were reported for which the existing complaint procedures and channels were used.

**The Board of Directors manages Panariagroup and pursues the primary goal of creating value for the shareholders, actively working to define industrial strategies and directly intervening in all the decisions relating to the most important management matters, which fall within the Board's exclusive remit.**

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

The **Board of Statutory Auditors is in charge of monitoring** matters such as **respect of the law and of the Articles of Association**, correct administration standards, the adequacy of the company's organisational structure, internal control mechanisms and the instructions given to the various subsidiaries relating to information that must be provided in order to comply with reporting obligations. It also monitors compliance with the provisions set out in Legislative Decree 254/2016 and reports on this in its annual report to the Shareholders' Meeting.

Despite Panariagroup's voluntary decision to exit the Italian Stock Exchange (Borsa Italiana), the good governance practices acquired from almost 17 years' experience as a listed company remain a legacy the Group has treasured and will continue to treasure, since they are already integrated into its corporate model.

To effectively monitor sustainability topics, Panariagroup has set up a **CSR (Corporate Social Responsibility) Operational Committee**.

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

The Committee facilitates the coordination of corporate departments and supports the Board of Directors on an ongoing basis in the management of ESG topics; **it also monitors the Group's position with respect to sustainability**, the effective implementation of the actions defined in the Sustainability Plan and the management of the impacts of the Group's actions. Finally, it encourages increased awareness of sustainable development in the Board through regular updates and the involvement of its members in tailored activities.

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

## COMPOSITION OF THE BOARD OF DIRECTORS AS AT 31/12/2023

name and surname	office
<b>Emilio Mussini</b>	Chairman of the BoD and Chief Executive Officer
<b>Paolo Mussini</b>	Deputy Chairman
<b>Giuliano Pini</b>	Chief Executive Officer
<b>Andrea Mussini</b>	Director
<b>Marco Mussini</b>	Director
<b>Daniele Prodi</b>	Director



## sustainability facts

---

# research

Panariagroup has invented the certified **Easy** dry laying system to install thin ceramic slabs quickly and easily, without the use of adhesives, and to remove them just as easily.

Easy also enables **sustainable renovations** because the new floor can be laid on top of the existing floor, without demolition and without producing waste.

The Group's leadership in surface finishes has also enabled it to develop **Safetouch**, a unique combination of soft touch and high anti-slip performance.

Finally, with regard to ultra-thin slabs, Panariagroup's record of 3 mm has been enhanced with new **exclusive sanding techniques** for even more vivid and brilliant surfaces.





# 2/6 Sustainability risk management

Panariagroup has an internal control and management system that aims to **identify, prevent and manage**, as far as possible, **risks related to the company's business**. This system consists of the set of policies, procedures and measures adopted and implemented by the Board of Directors, executives and others in the corporate structure, with the aim of providing a reasonable degree of certainty on the fulfilment of goals that fall under these categories:

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

**The Group is aware of the importance of non-financial risks**; it has therefore identified the main risk factors to monitor in day-to-day business conduct.

## **Risk related to climate change and environmental risks**

Climate change risks recognised by Panariagroup

- are related to **improper management of energy and emission sources**;
- are also linked to **regulatory and legislative changes** associated with the fight against climate change;
- arise from the progressive **change in climate conditions** linked to long-term variations and **extreme weather events**. These events may expose the Group to damage or destruction of tangible capital (industrial buildings, systems and infrastructure), interruption of essential supplies and potential contraction of production capacity.

The Group's production infrastructure located in Italy, Portugal, Germany and the USA has sufficient capacity **to cope, should the need arise, with the production loads of locations that may be damaged** by extreme weather phenomena or natural disasters; they thereby limit the risks associated with foreseeable climate change, along with the related overall financial implications. Panariagroup also conducts **regular maintenance work**, using the best **prevention and protection strategies** to reduce possible impacts on production facilities. The capital risk associated with these events is managed centrally and comprehensively through the stipulation of appropriate insurance contracts.

Other environmental risks for the Group are related to **suppliers' management of water, waste and natural resources**; or the loss of biodiversity in local areas, particularly those that suppliers have subjected to potentially impactful mining activities (see section 3.9).

The Group has adopted **an integrated Quality, Environment, Hygiene and Safety management system** and a system has been developed for the European sites in compliance with ISO 9001, ISO 14001 and the EMAS Regulation. As required by Legislative Decree 152/06 ("Environmental regulations"), the production activities of the Finale Emilia, Toano and Fiorano Modenese plants are carried out in compliance with the

Integrated Environmental Authorisation (IPPC Directive - Integrated Pollution Prevention and Control). Generally, environmental risks are monitored on a daily basis during the performance of production and storage activities, which are considered the most significant for the Group, by means of **monitoring tools for the main indicators related to potential direct impacts** (including, for example, incorrect disposal of hazardous waste, water leaks from production circuits and spills in the local area).

As regards **indirect environmental impacts**, back in 2018 Panariagroup prepared its **Code of Business Conduct** to promote, along the entire supply chain of goods and services (including suppliers and sub-suppliers), the adoption of behaviour aimed at protecting the environment. Promotion of the **reduction of environmental impact** and **protection of environmental resources** is conducted in accordance with national and international laws and regulations in the countries of production and delivery, as well as in line with the Group's environmental protection principles and goals.

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

- the **precautionary principle**, set out in Principle 15 of the Rio Declaration;
- an approach that takes into account **the product's entire life cycle**, including packaging;
- **emission reduction** measures;
- **energy saving** strategies and, where possible, the use of renewable energy sources;
- provisions for an **environmentally friendly logistics chain**;
- **water saving** programmes.





It should be noted that, starting in 2019, Panariagroup initiated a process of **analysis of its supply chain on the basis of ESG** (Environmental, Social and Governance) **criteria** that took into account two main variables: the supplier's risk profile and its relevance. On the basis of these variables, the parties that most expose the Group to direct risks were identified.

For these suppliers, Panariagroup implements a process of monitoring and evaluation of their adopted ESG and quality measures. An even more robust structuring of the process is planned in the project development plan, with the adoption of integrated software.

#### **Risks of human rights violations**

These are risks related to the violation of human rights and workers' rights (abolition of child and forced labour, protection of freedom of association and collective bargaining) and the possibility of discrimination. The Group is particularly committed to mitigating its impact in this area, including indirect impacts linked to its supply chain.

In all its companies, **Panariagroup pays particular attention to the management and prevention of such risks**, primarily through compliance with national, international and internal rules and regulations.

Furthermore, **the Group has a Code of Ethics**, which defines the principles, values and standards of social and environmental responsibility that guide its daily business actions. It also underlines Panariagroup's commitment to implementing policies aimed at developing **a culture based on strong ethical values, justice and respect for human rights**, inspired by the Conventions of the International Labour Organisation (ILO), the OECD guidelines for multinationals and the UN Global Compact, to which it adheres (see section 1.3).

With regard to **indirect social impacts**, the aforementioned Code of Business Conduct (see above) also promotes the adoption of conduct aimed at protecting human rights, in compliance with national and international laws and regulations of the countries of production and delivery, and in line with ILO principles, OECD guidelines and the UN Global Compact.

This Code requires the following principles to be respected:

- **abolition of all forms of exploitation** of child and forced labour;
- **respect for the diversity** and religious, political and sexual orientation of individuals;
- respect for the **right of association**, the **right of workers' representation** and the **right to collective bargaining**.

Finally, it should be noted, as already mentioned, that the Group implements a process of **supply chain analysis based on ESG criteria**; this has made it possible to identify the suppliers that most expose the Group to indirect risks in terms of respect for human rights.

**In 2019, Panariagroup initiated a process of analysis of its supply chain on the basis of ESG criteria.**

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

This type of risk refers to Panariagroup activities which, due to non-compliance with internal rules and regulations, can lead to the occurrence of accidents involving employees or external workers operating at sites belonging to the Group or under its control.

Inside Panariagroup factories, offices and sales outlets, **the highest health and safety standards** are guaranteed for all workers. This is ensured both through the full application of the requirements of the national regulations of all the countries in which the Group operates, and through an integrated internal management system, which includes **procedures and tools aimed at preventing potential risks**, protecting all workers from them and constantly monitoring the actual situation in the workplace.

As mentioned above, Panariagroup has adopted an **integrated Quality, Environment, Hygiene and Safety management system** aimed at ensuring occupational protection and safety. In particular, for the European sites this was carried out in **accordance with UNI EN ISO 9001 and UNI EN ISO 14001 standards**; for the Italian sites only, these were supplemented by **adherence to the UNI INAIL guidelines**, with the aim of developing and implementing internal procedures to prevent, monitor and manage accidents and injuries at work.

The aforementioned Code of Business Conduct, addressing the entire supply chain of goods and services, also extends to it the Group's commitment to health and safety in the workplace.

#### **Risks of active and passive corruption**

This category of risks relates to conduct or negligence that could lead to the occurrence of corruption throughout the value chain. Since 2009, Panariagroup has adopted its own **Organisation, Management and Control Model pursuant to Legislative Decree 231/01**; at the same time (as mentioned above), it has adopted a Code of Ethics to guarantee the principles and values of ethics and integrity, with particular attention to the issues of active and passive corruption along the value chain. Together with Model 231/01, Panariagroup has a **Supervisory Body**, which is responsible for supervising the application, observance and effectiveness of the Model and, with a view to prevention, of its associated internal procedures; the Body is also in charge of assessing whether the Model should be updated.

**Back in 2018 Panariagroup prepared its Code of Business Conduct to promote, along the entire supply chain of goods and services, the adoption of behaviour aimed at protecting the environment.**

The foreign business units are also required to guarantee the flow of information to the Supervisory Body, ensuring full oversight and control in corporate, IT (cyber risk), environmental and health and safety matters (for details, see section 2.7, “Integrity and compliance”).

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

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

### **IT and cyber security risks**

The performance of the Group’s activities and operational processes significantly depend on the IT systems developed and present at corporate and individual company level. The companies’ and the Group’s IT infrastructure and architecture, both hardware and software, may be subject to **IT failures, network outages and external breaches**, with potential exposure to malfunctions or inefficiencies that may impact business processes, leading to negative financial and reputational consequences.

Panariagroup and the individual companies are constantly developing initiatives to **ensure that their information systems remain efficient and reliable**. They have also set up IT compliance and security processes, making use of **up-to-date IT security technologies** and using **tested protocols** to mitigate the growing exposure to cyber security threats.



#### Russia-Ukraine conflict risks

Almost two years later, the conflict that began in early 2022 is still ongoing and continues to have significant consequences for the European economic system. The ceramic sector is not immune to these consequences. In particular, the main risk factors relate to reduced sales in war-torn areas and the volatility of gas and electricity costs.

In terms of **sales**, it should be noted that turnover in the affected and immediately neighbouring areas (Russia, Ukraine and Belarus) accounts for about 1% of the total. **It is therefore not large enough to have a significant impact** on the Group's economic results.

The **volatility of energy costs**, on the other hand, can have extremely significant effects, in view of the high gas and energy use by the sector. This risk is mitigated by the **price fixing and financial hedging operations** implemented by the Group, which have reduced the variability of these costs and safeguarded the profitability of the sales lists applied to customers.

For additional risks related to the Russia-Ukraine conflict identified by the Group, please refer to the "Risk management" section of the Management Report included in the Consolidated Financial Statements as at 31 December 2023.

#### Risk of Israeli-Palestinian conflict

In the last months of 2023, a Hamas terrorist attack on Israeli soil triggered a military reaction which, in addition to a heavy toll in terms of human lives, rekindled the never dormant tensions in the Middle East.

The main risk factor for our Group is a potential reduction in **sales** in the affected areas, which, however, accounts for **less than 1% of total turnover**. The volume of business in the surrounding areas is also not significant.

**The Group has a Code of Ethics, which defines the principles, values and standards of social and environmental responsibility that guide implementing policies aimed at developing a culture based on strong ethical values, justice and respect for human rights.**

## sustainability facts

---

# health

Panariagroup strives to create beautiful, comfortable spaces that are both healthy and safe. This is why it introduced **PROTECT<sup>®</sup>**, a unique antimicrobial technology, almost 15 years ago, in collaboration with Microban<sup>®</sup>, a world leader in the field.

**PROTECT<sup>®</sup> eliminates up to 99.9% of bacteria** from ceramic surfaces and is always active.

Because Panariagroup always cares about the health of those who choose its products.





# 2

## 7 Integrity and compliance

Ethics and compliance is one of the most important topics for both the Group and its stakeholders. **Panariagroup has always been particularly sensitive to integrity, correctness and transparency** in the conduct of all company activities, partly to protect its image and reputation with the market and stakeholders.

### The role of Model 231/01

The Group endeavours to ensure **maximum compliance with national and international regulations**. As mentioned (see section 2.6), Model 231/01 (together with the Supervisory Body, appointed by the Parent Company, which monitors compliance) is a valid tool for raising the awareness of all those who work in the name and on behalf of Panariagroup, guaranteeing the principles and values of **correctness and ethical integrity along the entire value chain**.

### Supervision and monitoring of risks in business units

Mapping and analysis of risk areas are a cornerstone of Panariagroup's modus operandi. With a view to **preventing and protecting human rights, workers' rights and the company's reputation**, the Group has adopted specific internal procedures and tools aimed at overseeing, monitoring and preventing cases of violation of regulatory compliance.

As mentioned (see section 2.6), since 2019, the foreign business units (Portugal and the USA) have extended their information flows to the Supervisory Body, with the aim of expanding oversight and control in corporate, IT (cyber risk), environmental and health and safety matters. In the subsidiaries, therefore, **procedures inspired by Model 231/01** and compliance programmes have been adopted to which they must adhere, ensuring a constant flow of information that promptly reports risk situations to Panariagroup. The **Supervisory Body** has thus also extended its supervisory and control role to the internal policies and procedures of the subsidiaries with respect to the aforementioned matters. It can also directly carry out **specific control actions on individual departments, divisions, geographical areas and Group companies**. In the coming months, a programme will be drawn up to also extend these activities to the new business unit Germany.

The Supervisory Body is also in charge of monitoring the existence of any situations that may generate conflicts of interest, supporting the Board of Directors in preventing and correctly managing these scenarios.

### The whistleblowing channel

It should be noted that, in 2022, the Board of Directors adopted a whistleblowing procedure, which has also been extended to the foreign business units. In March 2023, it approved the **new Trade Compliance Procedure**, which sets out principles and guidelines aimed at ensuring that all Group activities are conducted in a manner that complies with applicable legislation regarding international economic sanctions.

### The role of the Code of Ethics

Furthermore, as mentioned (see section 2.6), Panariagroup formalised a Code of Ethics identifying the set of **values, behavioural regulations** and **principles of corporate ethics** that the Group embraces, orienting its decision-making processes around these values. With regard to ethics and integrity in business conduct, the Group:

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

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

### Corrupt behaviour

With regard to these behaviours, it should be noted that, in both 2022 and 2023, there were no proven incidents leading to the dismissal of employees or the termination or non-renewal of existing contracts with partners due to corruption-related violations. Furthermore, during the reporting period, there were no public corruption lawsuits brought against the Group or its employees.

### Free competition and antitrust

In the last two years, there have been no legal actions - pending or concluded - concerning anti-competitive behaviour, antitrust violations and related monopolistic practices in which the Group has been identified as a participant.

In relation to non-compliance with laws and regulations, it should be noted that in 2019 Panariagroup received 4 notices of assessment (referring to 2014, 2015, 2016 and 2017) relating to alleged irregularities in the calculation of the TARI waste tax, for a total value, including penalties and interest, of Euro 0.6 million. To contest the documents received, the Group opened a legal dispute, which is still ongoing.

Finally, for both 2022 and 2023, there were no significant fines and non-monetary sanctions<sup>3</sup> for non-compliance with laws and regulations, nor was there any non-compliance with regulations and/or self-regulatory codes regarding product information and labelling and/or regarding the impact on the health and safety of products that resulted in a sanction, fine or warning from supervisory bodies.

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

# 2

## 8 Tax strategy and transparency

### Approach to tax

Panariagroup has not formalised a tax strategy in writing: it operates in this area in accordance with **its values** and with **the principle of legality**.

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

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

The main goals guiding tax management activities are:

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

At the centralised tax management level, the Group does not engage in behaviour and (domestic or cross-border) operations

- that result in purely artificial arrangements;
- that do not reflect economic reality;
- from which it is reasonable to expect undue tax advantages, insofar as they are contrary to the purpose or spirit of the relevant tax provisions or system; or, insofar as they give rise to double deduction, deduction/non-inclusion or double non-taxation, including as a result of asymmetries between the tax systems of the respective jurisdictions.

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

The Group **considers taxes to be a cost of doing business**; as such, they must be managed in compliance with the principle of legality, with the aim of safeguarding the company’s assets and pursuing the primary interest of creating value for shareholders in the medium-long term. At the same time, the Group is aware that tax revenues are one of the main sources of contribution to the economic and social development of the countries in which it operates.

### **Tax governance, control and risk management**

Responsibility for tax topics lies with the Board of Directors, whereas at executive level it falls within the remit of the Chief Executive Officer. The Group's CFO (Chief Financial Officer) reports to him and has the role of directing and coordinating activities related to tax issues for all the companies that are part of the Panariagroup. The latter have employees with appropriate training in taxation, who manage deadlines and recurring tasks. In addition, the Group employs qualified external consultants, who constantly support the local teams and who also have a direct relationship with the Group's CFO.

Panariagroup has a **set of rules, procedures and principles** that form part of its broader organisation and control system. This set constitutes a fundamental point of reference **that all parties are required to respect**, each in relation to the type of relationship they have with the Group.

With specific reference to tax issues, a **Group Tax Control Framework** has been defined, which provides for a structured tax risk assessment process aimed at identifying forms of control, monitoring risks and evaluating controls and related information flows. Currently, **eight tax risk areas** have been identified; the risk is the result of a self-assessment, carried out by Group Internal Audit and the Group CFO, which takes into account the characteristics of the process and the type of risk that could be incurred.

### **Intercompany transactions**

Intra-group relations are regulated, for tax purposes, according to the Arm's Length Principle (ALP), as set out in the OECD (Model Tax Convention and Transfer Pricing Guidelines). The purpose of this is to align the transfer conditions and prices as closely as possible with the places where value is created within the Group. In 2023, Panariagroup prepared supporting documentation for Transfer Pricing policies for the 2022 financial year, in compliance with relevant Italian regulations.





### Low-tax jurisdictions

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

### Tax incentives

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

### Stakeholder involvement

In its dealings with the various tax authorities, in the event of audits concerning both its own companies and third parties, the Group guarantees **transparency and fairness**. Furthermore, it constantly acts according to a collaborative approach towards all institutions and trade associations to support the development of effective tax systems in the countries where it operates.

### Country-by-Country Reporting

Information relating to Country-by-Country Reporting for the 2023 tax year, for each tax jurisdiction in which the Group operates through its business units, is provided below.



	Italy	Portugal	Germany	USA	India
<b>Names of resident entities</b>	Panariagroup Industrie Ceramiche S.p.A.; Montanari Ceramiche S.r.l.	Gres Panaria Portugal S.A.	Gres Panaria Central Europe GmbH	Panariagroup USA Inc.; Florida Tile Inc.; Lea North America LLC.	Panariagroup India Industrie Ceramiche Pvt Ltd.
<b>Main activities of the organisation</b>	Production and sale of ceramic material	Production and sale of ceramic material	Promotion of ceramic material	Production and sale of ceramic and building materials	Sale of ceramic material
<b>Number of employees</b>	745	562	6	457	35
<b>Revenues from sales to third parties (thousands of euro)</b>	174,023	84,288	890	137,514	2,714
<b>Revenues from intercompany sales (thousands of euro)</b>	15,052	8,190	1,710	-	621
<b>Pre-tax profit (loss) (thousands of euro)</b>	(20,185)	17,165	11,240	(9,873)	(69)
<b>Tangible assets other than cash and cash equivalents (thousands of euro)</b>	484,217	117,073	55,656	140,280	2,179
<b>Corporate income taxes paid on a cash basis (thousands of euro)</b>	-	1,761	-	-	-
<b>Corporate income taxes accrued on profits/losses (thousands of euro)</b>	-	(439)	-	-	-

**Compliance with national and international regulations is a binding and essential condition for the Group's actions.**





3/

Panariagroup  
for Prosperity

A global ambassador for Made in Italy, the Group has strong roots in the areas in which it operates. With regard to communities, shareholders and financial institutions, it acts according to criteria of economic responsibility.

It does so by interpreting an ancient ceramic art in line with the most advanced technological standard in order to offer outstanding-quality solutions and to guarantee, through a wide and diversified product range, customer satisfaction. It also supports the areas where it is present through local sourcing practices, which actively contribute to the growth of communities.

# at first glance

## Product quality

# 0.52% of complaints

Complaints about sold products represent 0.52% of total turnover.

---

## Belief in innovation

# 119 million euros

Over the past 5 years, more than Euro 119 million has been invested in innovation and technology upgrades.

---

## For a healthy, safe and protected home

# 6 million m<sup>2</sup>

More than 6 million m<sup>2</sup> of PROTECT® antimicrobial surfaces were sold in 2023.

---

## Putting customers first

# 56% reduction in time





Thanks to the unique VIS application, the internal handling time of product-related reports was reduced by 56%, also optimising customer response procedures.

---



# Panariagroup for Prosperity

Ambitions for sustainable  
and responsible  
development

Ambition	Goal	Target 2025	As-is 2023
<b>Be a benchmark in ceramic innovation, developing new solutions with sustainable features and promoting responsible production models</b> 	Presentation of at least one product/technical solution that is not yet on the market and that has innovative/sustainable features	At least one product/technical solution	In 2022, Panariagroup launched the THINK ZERO programme, becoming the first company in the ceramic industry to produce a 100% carbon-neutral product line (laminated porcelain stoneware), voluntarily offsetting, as of September 2022, CO <sub>2</sub> emissions generated throughout the material's life cycle
	Increased number of Panariagroup products subjected to Life Cycle Assessments (LCAs) and periodic renewal of EPDs (Environmental Product Declarations) of Panariagroup sites	100% of products subjected to LCA	Ongoing activities
<b>Promote sustainability values and principles along the supply chain</b> 	Assessment of the ESG performance of the Group's strategic suppliers and subsequent development of improvement plans	100% of strategic suppliers subjected to ESG screening	Ongoing activities
<b>Ensure full customer satisfaction</b> 	Maintenance of customer satisfaction above a certain threshold	The target is being assessed and defined	
<b>Promote sustainable urban development</b> 	Increase of building standards to which Panariagroup products comply, and obtainment of any necessary certifications	The target is being assessed and defined	
	Gradual expansion of the range of products/application solutions included in BIM (Building Information Modelling)	Inclusion in BIM of suitable product ranges*	Ongoing activities

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

## The Group's economic responsibility

Panariagroup's history is rooted in **an industrial district that is famous worldwide** for the production of floor and wall ceramics. Indeed, the Modena and Reggio Emilia areas, and specifically the Sassuolo district, are home to numerous companies, whose core business is the production of ceramic surfaces. It is the perfect environment to develop **an entrepreneurial project that aspires to the highest quality and manufacturing excellence**.

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

Panariagroup has always kept its roots firmly planted in this context, and it is proud to be an **ambassador of "Made in Italy" around the world**. The key factor behind its economic success lies in its products designed and developed in Italy. The Group considers it equally fundamental to **support the prosperity of the areas in which it operates** by preserving employment levels, promoting relations with local communities and creating shared value.

Even when operating outside Italy, Panariagroup has also maintained, over the years, a strong local identity, supporting the economic and social development of the areas in which it operates. The Group is therefore **connected to the local context** but also **attentive to national and international dynamics**; moreover, it is always aware of its economic responsibility towards current and potential shareholders and financial institutions, backed by seventeen years of experience as a listed company.

Panariagroup is committed to achieving the development goals identified in order to **increase its value**; it does so in line with economic results, reinvesting profits achieved and implementing a fair dividend policy as direct remuneration for shareholders.

**Panariagroup has always kept its roots firmly planted in this context, and it is proud to be an ambassador of "Made in Italy" around the world.**



# 3 2

## Extraordinary transactions in 2023

In the area of Prosperity, 2023 was characterised by the important extraordinary operations that Panariagroup carried out with a view to further **internationalisation**, according to a medium-long term strategic vision aimed at **positioning the Group ever more firmly among the most important** global **players** in the industry.

### Acquisition of Gresart

The first transaction, in April 2023, was the acquisition of Gresart through Gres Panaria Portugal, which now holds 100% of the capital. The Group's experience in Portugal is extremely positive; it is possible to produce at **competitive costs** in this country while maintaining a **high level of quality**. This is due to its excellent ceramic culture and well-organised business district.

The most interesting aspect of the acquisition of Gresart relates to real estate. The site covers **an area of more than 160,000 m²**, 55,000 of which are covered by buildings, making it an ideal base on which to build the industrial development plan of the Portuguese business unit, especially considering the saturation of space at the Aveiro and Ílhavo plants.

The transaction is also valuable from a commercial standpoint, as it enriches the Group's portfolio with **a new brand** (Gresart) with over forty years of history and a loyal customer base. Moreover, Gresart's product range is in a different market segment than the other Portuguese catalogues (of the Margres and Love Tiles brands); it is therefore **very complementary to the existing structure**.





#### **Acquisition of the core assets of the German Steuler Fliesengruppe company**

The second transaction was completed at the end of December 2023 with the purchase of the core assets of **one of Germany's most important ceramic operators**, Steuler Fliesengruppe. The transaction took place, in a combined manner, through the Group's two German subsidiaries: the newly established **Panariagroup Deutschland GmbH** and the pre-existing Gres Panaria Central Europe GmbH. In particular, the Steuler, Kerateam, Grohn and Nordceram brands, the entire sales network, a production plant and warehouses for finished ceramic products were taken over; the necessary workforce was also hired.

The **sales network** covers all the main German distribution channels for ceramic products in an extensive manner; it also has many years of business relations which, together with the new German brands, now constitute a very valuable asset for Panariagroup. To get an idea of the magnitude of sales that are expected to be added to the Group in the coming years, **the sales volume in 2022** (the year before the exceptional crisis that hit the German market in 2023) was **over Euro 130 million**. With this acquisition, Panariagroup assumes a leading role in the main consumer market for ceramics in Europe.

The **acquired production plant** is also an important strategic asset: with an annual production capacity of over 6 million m<sup>2</sup> it will allow significant industrial synergies. Close to the markets of central and northern Europe, it is located near quarries of raw materials for ceramic mixtures, has very efficient plant equipment and a very streamlined production organisation. Essentially, it is an excellent base for producing good quality covering products at competitive costs.

Having a commercial platform that is so well established in the market is also a great opportunity for major **penetration of the high-end** (and higher value-added) **products of the Made in Italy brands**. It is estimated that the commercial needs of the new German company will be covered for about 50% by local production and the remainder by the Group's other European plants; thanks to the higher volumes produced, the latter will be able to more effectively absorb fixed and semi-variable costs.

**2023 was characterised by the important extraordinary operations that Panariagroup carried out with a view to further internationalisation, according to a medium-long term strategic vision aimed at positioning the Group ever more firmly among the most important players in the industry.**

# 3

## Generated and distributed economic value

The economic value generated expresses **the wealth produced by the Group**, most of which is **distributed to the stakeholders** with whom it deals in its daily operations.

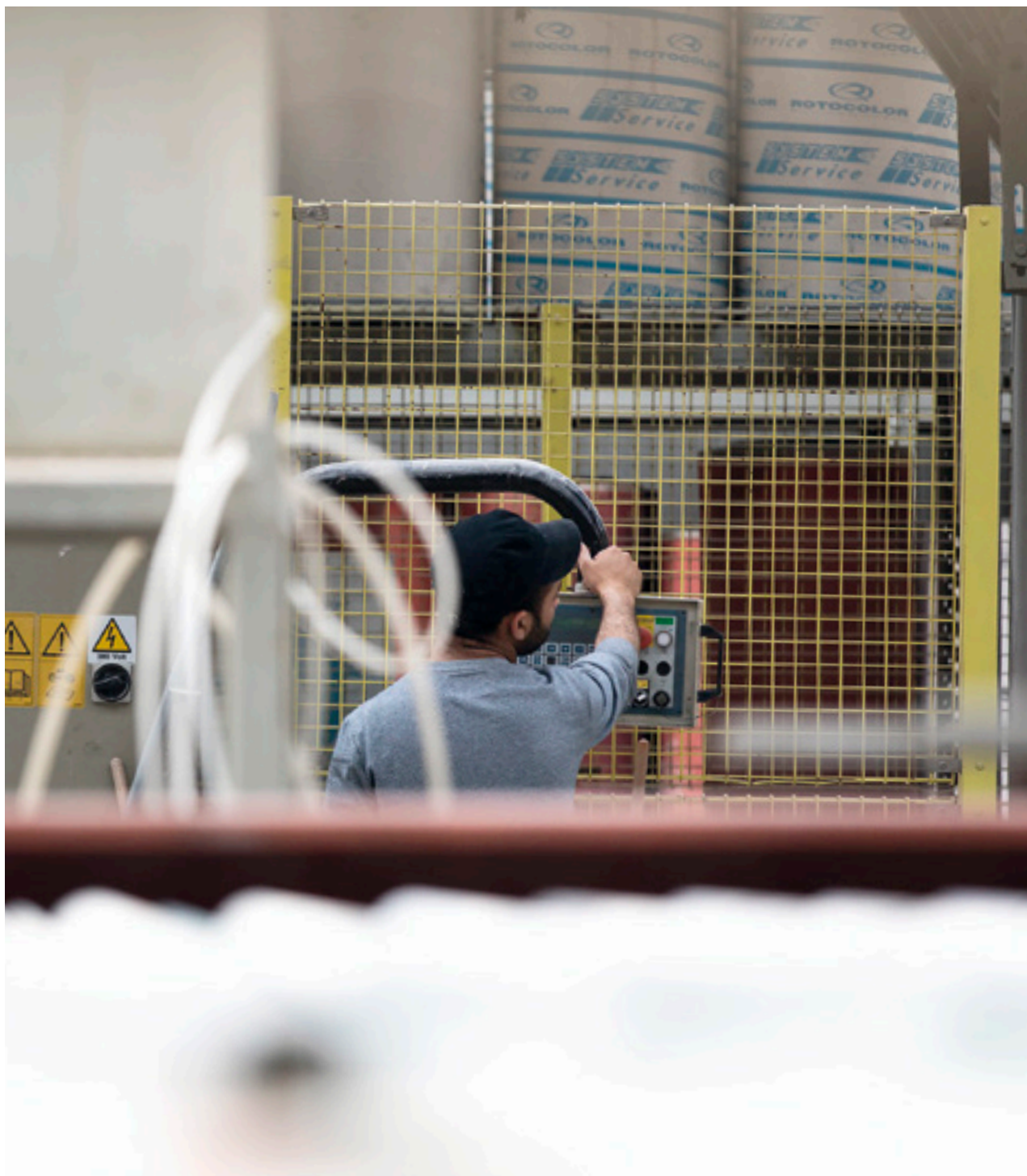
The table below shows the economic value generated and the value distributed to the various stakeholder categories.

	2023 thousands of euro	2022 thousands of euro	difference thousands of euro	change %
<b>Generated economic value</b>	<b>450,581</b>	<b>496,688</b>	<b>-46,107</b>	<b>-9.3%</b>
Value distributed to Suppliers	307,791	343,985	-36,122	-10.5%
Value distributed to Staff	100,982	100,020	962	1.0%
Value distributed to Lenders	12,605	5,156	7,449	144.5%
Value distributed to Shareholders	-	5,391	-5,391	-100.0%
Value distributed to the Public Administration	227	(1,639)	1,866	-113.8%
Value distributed to the Community	302	333	-31	-9.3%
<b>Distributed economic value</b>	<b>421,907</b>	<b>447,855</b>	<b>-25,948</b>	<b>-5.8%</b>
<b>Retained economic value</b>	<b>28,674</b>	<b>48,833</b>	<b>-20,159</b>	<b>-41.3%</b>

The comparison with the previous year shows **a decrease in the economic value generated** of Euro 46.1 million (-9.3%), resulting from the drop in sales; the economic value distributed dropped slightly less (-5.8%).

The decrease in the economic value generated was mainly at the expense of the **economic value retained** by the Group (Euro -20.2 million, or -41.3%) and the value **distributed to suppliers** (Euro -36.1 million, or -11%); the value distributed to **staff**, on the other hand, was broadly in line with the previous year.

The value distributed to **lenders** increased, mainly as a result of the significant increase in interest rates, while the loss made **will not allow dividends to be distributed to shareholders**.



**The economic value generated expresses the wealth produced by the Group, most of which is distributed to the stakeholders with whom it deals in its daily operations.**

## 2023 financial results

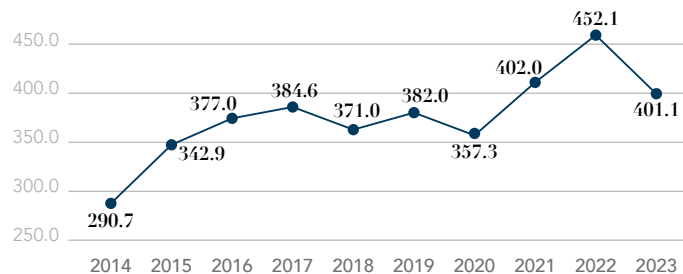
During 2023, **the Italian ceramics sector experienced a sharp decline in production and sales volumes**. Demand for ceramics markedly declined on all continents, particularly in Western Europe and North America. For the Italian ceramic tile industry, the final balance shows a significant setback, with sales volumes of around 362 million m<sup>2</sup> (-20% compared to 2022). Of these, 277 came from exports (-22.1%) and 85 from domestic sales (-8.7%).

**Production was reduced by 90 million m<sup>2</sup>** and many companies resorted to lay-offs. In order not to overburden the warehouses there were extraordinary plant shutdowns, both during the course of the year and at the end, with **a fairly generalised production stoppage** until after mid-January 2024. In this situation, in addition to the usual plant maintenance, some companies invested in upgrading their production lines.

In such a difficult context, Panariagroup also experienced **a significant decrease in sales**, from Euro 452.1 million in revenues in 2022 to Euro 401.1 million in 2023 (Euro -51 million or -11.3%).

### Revenue trends over the last 10 years

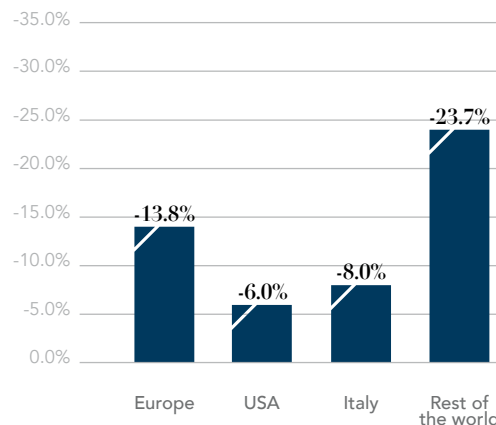
Figures in millions of euro



The decrease compared to 2022 affected **all geographical macro-areas**, as is evident from the graph below:

### % change in turnover for area 2023 vs 2022

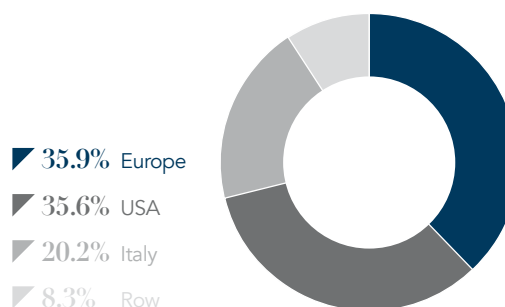
Percentage data



## Geographical distribution of sales

2023

Percentage data



The geographic distribution of sales, evenly spread over the different geographical areas, is supported by **a production and logistical presence close to the main target markets**. This is a key factor in risk diversification. The importance of this is even more evident in recent years, during which major economic, political and health disruptions have affected different geographical areas in very different ways.

After two positive years for margins, the sharp drop in sales also led to **a deterioration in financial results**.

## Financial results for the four-year period

2020 - 2023

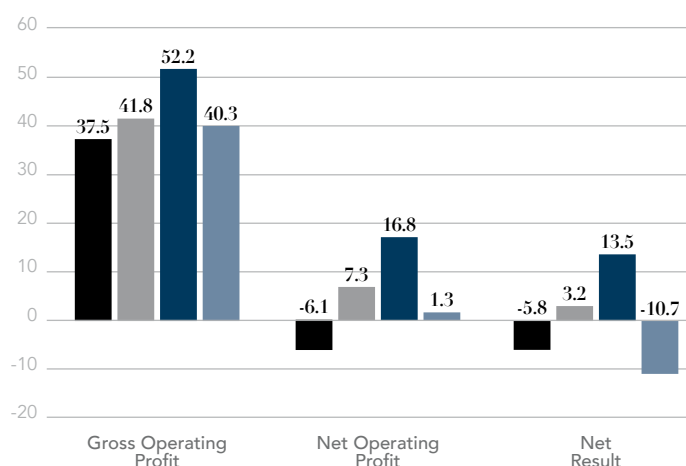
Figures in millions of euro

2020

2021

2022

2023



Such a significant drop in consumption as that experienced by the ceramics sector in the past year has not occurred for almost 30 years. Although there were signs of a slowdown as early as the second half of 2022, **such a sharp and prolonged downturn was not at all foreseeable** and took many operators by surprise.

Panariagroup was also significantly affected by the market trend and, as a result, suffered a negative impact on key economic and financial indicators. First of all, the drop in sales resulted in **a lower direct margin contribution** from turnover. This was compounded by other effects, primarily the consequent drop in production: -19%, on a like-for-like basis. Put in place to avoid an increase in inventories, it has inevitably led to a sharp increase in the impact of fixed and semi-variable costs.

In addition, the **supply costs** of raw materials and services remained remarkably high; the **inflation** that occurred in 2022 made no signs of abating during 2023, despite the fact that the consumption scenario had changed dramatically.

In terms of **energy tariffs** (gas and electricity), market values fell considerably (to a much greater extent than expected) compared to the previous year, which had experienced extreme volatility and unimaginable cost levels. However, Panariagroup was unable to benefit from this trend: during the previous year, the need to safeguard production continuity had forced medium-term tariff fixing operations. In 2022, this effectively allowed the business to continue and ensured a good margin on sales; however, in 2023, it led to an increase in costs, which were largely incurred at fixing values rather than the best market values.

This already difficult situation was compounded by the trend in **interest rates**, which rose by several percentage points and further burdened the Group's Income Statement.

### **Business outlook**

As of the closing date of this document, the Group's turnover is **slightly up compared to 2023**; this is due to a good increase in sales volumes, partially offset by a decrease in average prices. There are therefore some signs of recovery, but these do not appear particularly significant nor do they anticipate a rebound in sales, which is not yet on the horizon.

However, **some positive macroeconomic dynamics** are beginning to appear, such as the cooling of inflation and the – for now moderate – drop in interest rates, which could bring favourable developments for the ceramic sector. Energy tariffs stabilised at values which, although significantly higher than pre-2022 levels, are fully compatible with the applicable market sales prices.

There are therefore some grounds for moderate optimism, although these alone are not yet sufficient to reverse the negative economic and financial results recorded in 2023. It is consequently necessary to implement an incisive plan which, regardless of the trend of external variables, will enable the Group to **recover in terms of margins and financial resources**.

With regard to the **Italian business unit**, which reported a largely unsatisfactory result, it is essential to adopt a more aggressive policy on the commercial front, aimed at **gaining market share**, particularly in sales channels where Panariagroup has not been particularly effective. Moreover, even more intensive work will be done on **reducing production costs**, which will already benefit from a number of positive effects: production synergies with the newly established Panariagroup Deutschland, reduced energy costs and other important production factors.

The acquisition of the sales network of Steuler Fliesengruppe (now integrated into Panariagroup Deutschland) also has a strong industrial significance. As mentioned, only about 50% of the production needs of this network will be covered by the German plant included in the purchased assets; the remaining share will be covered by the Italian and Portuguese factories. This will make it possible, as early as 2024, to **intensify the use of the Group's European plants**, even in a hypothetical scenario of stable volumes sold directly by the Italian and Portuguese business units.

With regard to **energy costs**, in 2024 the impact from the fixings made in 2022 will be minor; a strong economic recovery from this cost component is therefore considered very probable, if not certain. A drop in costs has also already started to occur with regard to raw materials: so far, the trend is particularly marked for packaging, but it can be

expected to spread to other factors such as slurries, glazes and consumables. In addition, there will certainly also be substantial positive effects from the internalisation of almost all grinding and cutting operations.

For the **Portuguese business unit**, we are starting from a solid base with good margins; the programme is therefore less invasive, but equally oriented towards the development of sales channels and an improvement in business efficiency, with a focus on completing the synergies between the newly acquired Gresart and the “historical” component of the business unit.

The **US business unit** has already undergone a profound change in 2023, which has led to a renewal of its top management, with the inclusion of figures with proven experience in both the sector and the relevant geographical area. The first step taken by the new management was the operational unification of the three US companies (previously independent of each other) under the common umbrella of Panariagroup USA; started in November 2023, the operation was successfully completed in March 2024. The organisational change was accompanied by a change in distribution strategy and customer approach, which is already yielding several interesting results. The Group expects tangible improvements in the business unit’s commercial results as early as the second half of 2024.

The newly established **German business unit** will be followed with particular attention in this phase of integration with the rest of the Group. The negative domestic market conditions will certainly still weigh heavily, at levels still far from those which, on a structural level, Germany manages to deliver in normal years.

In this context, Panariagroup will pursue a plan for the progressive renewal of the product range, with a view to moving towards collections with greater added value; it will also work at an industrial level to accompany the expansion of the range with greater versatility in the Leisnig factory. Various logistical efficiency measures are also planned, with a greater concentration of shipments than in the previous, highly fragmented arrangement.

Beyond these admittedly important aspects, from which improvements are expected, Panariagroup has already started to implement an “Action Plan” aimed at **incisively targeting the areas with the greatest potential for recovery**. The Plan is very wide-ranging and covers several areas, including the significant reduction of inventories, product range and customer portfolio, and staff optimisation, with a view to structural rather than just short-term improvement. Moreover, the Group will continue to pursue other important projects: by the end of 2024, the adoption of the **SAP system** is also planned in Italy, after which the entire Group will use a **single IT platform**, with obvious management advantages; the sustainability process started several years ago will also continue, with the advancement of the activities envisaged in the Sustainability Plan (see section 1.2).

In terms of sales and financial performance, 2023 was an “**annus horribilis**”. Undoubtedly affected by unpredictable and, in some respects, uncontrollable external variables, this year must serve as an opportunity to also be self-critical on aspects in which Panariagroup can improve; essentially, it must represent an **important turning point** to make the Group stronger and more resilient, in a context that will bring **ever new challenges** in the coming years.



# 3/5 Investments

Panariagroup's identity has always been closely linked to the manufacture, in its own factories, of its brands' collections, with a policy of constant **innovation, technological updating** and **efficiency improvement**.

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

Over the last five years, **the Group has invested heavily**, as is evident from the table below:

Investment per year	Total (M of euro)	% of revenue
2019	14.6	3.8
2020	19.4	5.4
2021	21.8	5.4
2022	30.3	6.7
2023	33.6	8.4
<b>Total 2019-2023</b>	<b>119.7</b>	<b>6.0</b>

In 2023, the ratio of investments to revenue reached its peak of the last five years at 8.4%; the average for the period was 6%.

The **investment programme has always involved all of the Group's business units**, as can be seen in the table below, where the figures are expressed in millions of euro.

Investments per Business Unit (M of euro)	Italy	Portugal	USA	Group
2019	6.2	5.9	2.5	14.6
2020	13.5	2.2	3.7	19.4
2021	14.2	4.2	3.4	21.8
2022	19.0	6.6	4.7	30.3
<b>2023</b>	<b>20.8</b>	<b>7.4</b>	<b>5.4</b>	<b>33.6</b>
<b>Total</b>	<b>73.7</b>	<b>26.3</b>	<b>19.7</b>	<b>119.7</b>
% of Total	62%	22%	16%	100%
<b>% of Revenue</b>	<b>7.1%</b>	<b>6.4%</b>	<b>3.0%</b>	<b>6.0%</b>



With reference to 2023, about 60% of the Italian business unit's investments were concentrated in the **Finale Emilia** site, where a profound review of the production cycle has been underway for some years now; this plant is the Group's flagship factory, and the introduction of **new technologies** will lead to an evolution of the product range, while ensuring **very high productivity rates**. In particular, the implementation of the second Continuous line was advanced in 2023, which also involved an upgrade of the upstream and downstream departments.

The **Toano plant** absorbed about 20% of the investments made in Italy. Here, the Group focused on strengthening the post-firing machining department, such as grinding and cutting. The internalisation of these activities results in significant cost savings per square metre compared to management by external suppliers.

The **Fiorano Modenese site**, which is entirely dedicated to laminated stoneware (very large thin slabs), has seen a lower level of investment than in previous years (11% of new CAPEX); however, it has undergone major developments, especially the glazing department. Laminated stoneware remains a distinctive factor for the Group: it represents ceramic excellence not only in terms of quality, aesthetics and versatility of use in architecture and interior design, but also in terms of sustainability. This is due to its intrinsic characteristics (less thickness means less use of raw materials, water, gas and electricity), as well as to Panariagroup's decision to fully offset its CO<sub>2</sub> emissions with the THINK ZERO project (see p. 93 and section 3.7).

Technological upgrading activities also continued in the **Portuguese plants**. Here, there were two main investments in machinery: a new sorting line and a new grinding line, both installed in the Aveiro factory. In addition, a number of important measures to improve the plants' energy efficiency are worth mentioning: the installation of a photovoltaic solar power plant for internal consumption (with an estimated annual production of 27 million KWh); the implementation (in Aveiro) of a heat recovery system for furnace fumes similar to the one in Ílhavo; and the construction of a high-voltage connection system, which can significantly reduce energy losses during transport, with benefits also from an environmental standpoint. In addition, the buildings and IT infrastructure of the newly acquired Gresart company were modernised.

**The Portuguese production site is a key strategic asset** for the Group to cover the main European markets. Competitive production costs, combined with a strong ceramic tradition, make it possible to offer an attractive product portfolio **with excellent value for money**.

Investments in the **US business unit** involved both the production plant, the logistics centre and the Florida Tile branded stores. A particular highlight is the start of the installation of a lapping and polishing line in Lawrenceburg, which will be completed by the first half of 2024; this is a type of plant that the American factory was not yet equipped with, which will allow the introduction of a new product line with high added value. The presence of a Group plant in the USA is a key competitive factor, both because of its proximity to the market (which allows for widespread customer service), and because it eliminates the risks that characterise exports to the USA (related, for example, to exchange rates, changes in ocean freight rates and customs barriers).

## sustainability facts

---

# solutions for a fast and sustainable renovation

The restrictions brought about by the recent pandemic have required us to rethink our living spaces, starting with our homes, which have increasingly become a refuge, an office, and a space of comfort and well-being. There has been **increasing investment in the home** aimed at transforming it into a place that is more suitable to new, more sustainable living models.

On the other hand, contemporary architecture and growing consumer awareness require **solutions that minimise the impact of renovation**. As part of a circular economy approach, it is becoming increasingly important to focus on a type of innovation that **minimises**



waste and scrap, while at the same time allowing the use of products with a proven sustainability profile. **Ultra-thin laminated porcelain stoneware slabs** are the ideal answer to these new requirements. **Panariagroup was the first ceramic Group** to introduce this innovation. In addition to being a revolutionary product due to their technical features and versatile application, ultra-thin slabs are a perfect response to the demand for easy, fast, sustainable renovations without the impact of demolition work. The slabs can be applied on top of the existing floor, without any masonry work. There is therefore **no dust, debris or waste**, and the surfaces of a space can be **very quickly and cost-effectively** renewed.

In terms of sustainability, this is an extraordinary advantage, especially when one considers the high impact that construction waste has on overall waste production, as has been shown by numerous studies, including those conducted by the European Commission.

In this sense, another Group innovation related to sustainable paving is particularly significant: the **Easy system**. This is a new **dry installation** method that offers the option to install ceramic tiles on top of pre-existing floors but without using adhesives. Easy therefore not only preserves the substrate intact but also makes it very easy to **recover thin slabs and reuse them** in line with





the fundamental criteria of the **circular economy**. Easy is available with both **Kerlite** slabs by Cotto d'Este and **Slimtech** products by Lea Ceramiche, guaranteeing extraordinary performance, partly thanks to the exclusive fibreglass reinforcement applied to the materials.

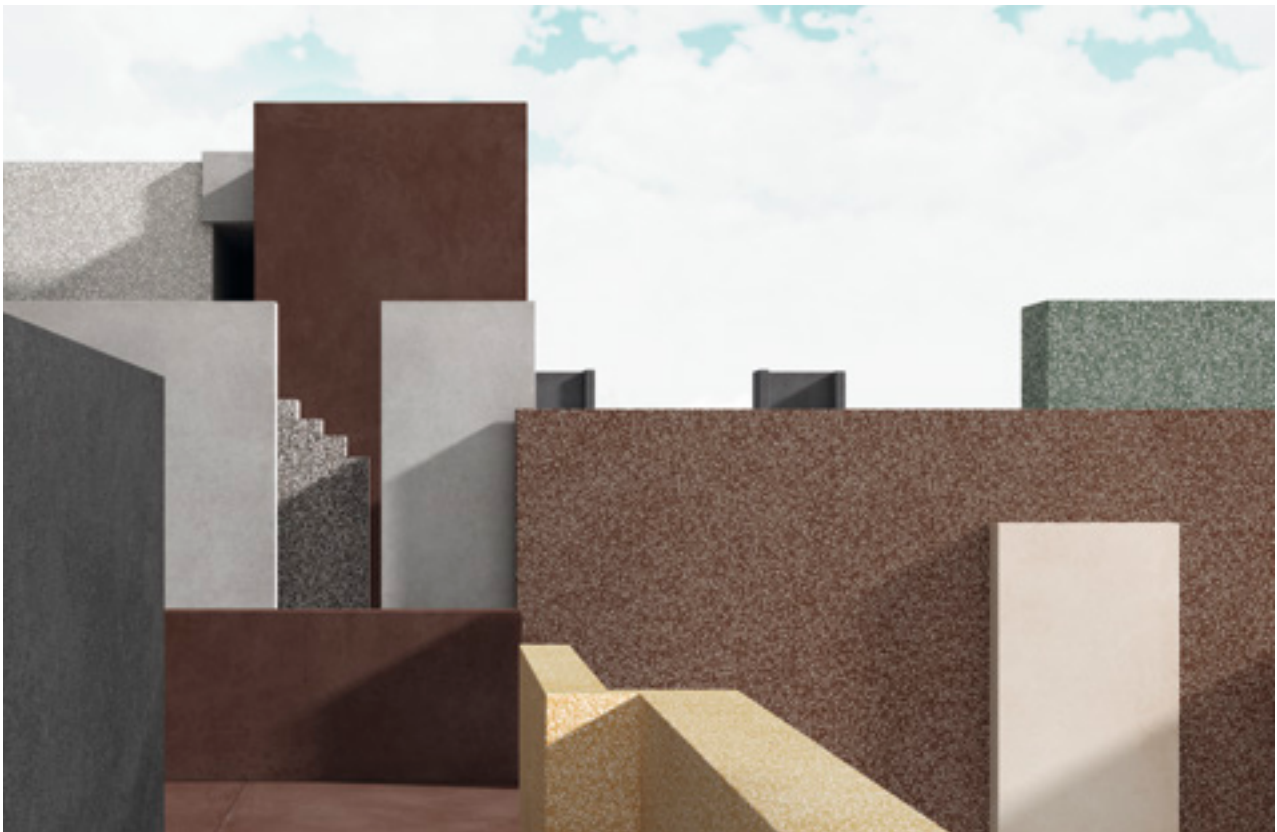
This is not to mention the outstanding sustainability characteristics of laminated porcelain stoneware, whose production cycle permits **significant reductions** in consumption (energy, water and raw materials), emissions and transport impact. It is a product that reduces the thickness of the tile by up to 1/3 of the standard tile and therefore has **sustainability written in its DNA**. The thin slabs, available with a **minimum thickness of 3 mm**, which are particularly suitable for wall and interior design applications, clearly distinguish the Group's range. Finally, the significant share of recycled material from other production processes present in Panariagroup ceramics must also be considered.

## Product quality, design and sustainability

For Panariagroup, technological innovation is key to reaching new heights in ceramic production and respecting the environment. **The Group's products combine the ancient art of ceramics with the most advanced manufacturing standards**, while offering specific solutions for every type of application, from large commercial surfaces to floor and wall coverings in residential contexts.

### High-quality porcelain stoneware

At its plants, Panariagroup produces **tiles made of high-quality porcelain or monoporosa**, an ideal material for wall tiles. The porcelain stoneware denomination refers to an extremely, compact, dry-pressed ceramic product characterised by very low porosity and excellent technical features, such as high mechanical, wear, chemical and stain resistance. The almost zero porosity is due to the fact that **the product achieves complete greification** during firing (performed at high temperatures above 1,200 °C). It is thanks to this process that porcelain stoneware is characterised by minimal water absorption, which makes it frost-resistant and therefore also suitable for outdoor installation. The Group manufactures this outstanding material with **advanced technology** and **the highest-quality raw materials**.





### The laminated porcelain stoneware revolution

Panariagroup is also a **leader in the production of laminated porcelain stoneware**, a revolutionary product manufactured with an extremely innovative system, the result of a very advanced and high-performance technology. Panariagroup's laminated porcelain stoneware is characterised by a reduced thickness (down to a minimum of 3 mm); it is also distinguished by the exceptional dimensions of the native slabs (100x300 cm and 120x278 cm), which are produced without the use of moulds. Completely automated cutting lines subsequently enable the creation of various commercial formats. **Extraordinary attention to quality at all stages of the production cycle** is another of the elements which - from carefully selected raw materials to state-of-the-art industrial plants, from certification to after-sales service - distinguish Panariagroup products. This all goes hand in hand with our sustainability choices, which represent a continuous stimulus for innovation and process improvement.

Concrete evidence of this is the investment in laminated porcelain stoneware technology, which drastically reduces the environmental impact of its products; as well as the decision to build, starting in 2010, **an ever-growing line of antimicrobial products** thanks to the exclusive PROTECT® technology (see below, and also p. 104-106 and section 3.7).

### PROTECT®, high-performance antimicrobial technology

Antimicrobial products contribute to significantly improving everyday life and the decision to invest in them confirms **Panariagroup's pioneering vocation**. Far ahead of its competitors, the Group has anticipated trends in health and healthy living that have become established over the years. All this through an exclusive **partnership with Microban®**, a world leader in antimicrobial technologies, and through **intensive and continuous in-house technical fine-tuning**, capable of producing extremely high-performance materials. In these more than ten years of experience, Panariagroup has sold around **30 million m² of PROTECT® products worldwide**, also contributing to major works and projects.

### Development of high-quality and trendy products

Product development involves an outstanding process coordinated by the Group's Product Development division. Its aim is to select the best **market trends** and to translate them into qualified research that meets the highest standards when coming up with concepts for new collections. Through this process, time-to-market efficiency and effectiveness is structured to bring **products** to the market **that better meet evolving customer expectations**.

Panariagroup's products are created in **an environment devoted to design and maximum aesthetic performance**: the beauty of the materials draws on both strong in-house research skills and maximum use of the expertise of external partners, as well as collaborations with leading international designers.

Particular **dedication** is paid to **aesthetic details** and to fine-tuning the products' surface finishes, which thus achieve outstanding visual and tactile properties. Over the years, the quality of Panariagroup's products has also been confirmed by **numerous prestigious awards**. In 2023, Lea Ceramiche's Pigmenti collection won the **iF Design Award**, one of the world's most renowned design prizes; it also won two awards at the **Archiproducts Design Awards**, which celebrate design excellence at an international level. At the same event, the Cotto d'Este Pura collection received the **Sustainability Award** for its highly virtuous and environmentally conscious production cycle. The same collection was included in the "Design dell'Abitare" category of the **ADI Design Index 2023**, which every year selects the best products and services from all sectors of Italian design for the Compasso d'Oro, the most prestigious national award in the field of technological and industrial design.

The Group's **management** has consolidated, over the past 50 years, **exceptional skills and a solid ceramic culture**, a key strength for the development of ideas and products, as well as a fundamental asset for the creation of high-value collections.

#### **Partner in prestigious projects worldwide**

This is evidenced by the numerous references that the Panariagroup boasts throughout the world, with products chosen for their aesthetic and technical value to create prestigious architectural works. These are **collaborations with leading names in contemporary architecture and design**, partnerships that have resulted in projects (residential, commercial and large public works), installations and products by top international designers. The Group thus also confirms its **ability to support complex projects**, thanks to its structure as a large manufacturing company, the expertise of its team and its ability to control and modulate its output to serve even the most complex orders.

In 2023, the Group also contributed, with its materials and technical expertise, to the implementation of several important projects at international level. Among the most recent achievements, two projects in China deserve a mention: the new headquarters of **Litex Surface**, near the city of Foshan, and the **Yangtze River Delta Hi-Tech Park**, a huge space of over 1 million m<sup>2</sup> in Shanghai's Qingpu District.

In Italy, the **Unipol Assicurazioni Multifunctional Complex**, in Bologna, and the **Kartell flagship store**, designed by Ferruccio Laviani in an elegant area of the historic centre of Genoa. Also the Ospedale del Cuore "G. Pasquinucci" in Massa Carrara, a specialised centre of absolute excellence in the Italian public health sector; the **Radisson Collection Hotel Palazzo Nani**, with its five-star suites in the historic 16th-century palazzo, overlooking the Cannaregio Canal in Venice; the **ProfMedica clinic**, in Poznan, Poland, strongly characterised by certain distinctive features well emphasised by the design studio: "Our goal for the interior design of this building was to create a sense of comfort, including visual comfort, far removed from the sterile environment typical of hospital facilities".

**Panariagroup is a leader in the production of laminated porcelain stoneware, a revolutionary product manufactured with an extremely innovative system, the result of a very advanced and high-performance technology.**



Finally, three important Hungarian projects should be mentioned: the renovation of **Budapest's Ferenc Liszt Airport** (known as Ferihegy Airport), the largest of the country's four commercial airports; the headquarters of the Hungarian construction and civil engineering company Uni-Invest in Budapest; and the cladding of the façade of **Kútvölgyi Hospital**, also in Budapest, which is at the centre of a major renovation to modernise the hospital complex in the northern area of Buda.

#### **Collaborations with renowned names in architecture and design**

Panariagroup also continued **major collaborations with architects and designers** in 2023, which resulted in special projects. The partnership with Ferruccio Laviani was confirmed. Laviani designed the Segni capsule collection for Lea Ceramiche, linked to the Pigmenti collection, which he previously created, and also conceived the Tools and Space installation at Milan Design Week.






#### **Contract manufacturing**

The value of Panariagroup's skills and technology is also recognised by the important production work on behalf of other ceramic players, who have for years turned to the Group for the development of the products in their catalogue.



## SYSTEM CERTIFICATIONS

Panariagroup has adopted a **quality management system certified according to UNI EN ISO 9001**, which extends to all commercial divisions and services. It also has an **environmental management system certified according to UNI EN ISO 14001 and the EMAS Regulation**, further evidence of the Group's commitment to ethical, environmental, safety and quality issues.

certification	description	field of application	Panariagroup Italy	Gres Panaria Portugal
 <small>SISTEMA DI GESTIONE QUALITÀ CERTIFICATO</small> <small>UNI EN ISO 9001:2015</small> 	In accordance with ISO 9001 certification, all the stages of the production process, starting with the arrival of raw materials through to the selection and packaging of the finished product, are duly verified by experienced staff through thorough quality controls. The quality system for Panariagroup production sites is annually audited by an External Certifying Body through thorough inspections.	Worldwide	Finale Emilia Toano Fiorano Modenese	Aveiro Ílhavo
 <small>SISTEMA DI GESTIONE AMBIENTALE CERTIFICATO</small> <small>UNI EN ISO 14001:2015</small> 	For the purposes of the ISO 14001 certification, all environmental aspects relating to tile manufacturing activities are constantly monitored, ensuring that the best technologies on the market are used to minimise generated environmental impacts. The environmental system for Panariagroup production sites is annually audited by an External Certifying Body through thorough inspections.	Worldwide	Finale Emilia Toano Fiorano Modenese	Aveiro Ílhavo
 <small>GESTIONE AMBIENTALE VERIFICATA</small>	The EU Eco-Management and Audit Scheme (EMAS) for organisations requires them to establish a true Environmental Management System based on the continuous improvement of their performance. The System hinges on the creation of a relationship of cooperation and trust with employees, local institutions and the public. The Environmental Statement is the final document in this process.	EU	Finale Emilia Toano Fiorano Modenese	Aveiro Ílhavo

**Extraordinary attention to quality at all stages of the production cycle is another of the elements which - from carefully selected raw materials to state-of-the-art industrial plants, from certification to after-sales service - distinguish Panariagroup products.**

# Panariagroup Italy

---



Company



Finale Emilia



Toano



Fiorano Modenese

# Gres Panaria Portugal

---



Company



Aveiro















Oliveira do Bairro

# PRODUCT CERTIFICATIONS

Below are the certifications obtained by Panariagroup for products marketed by its companies operating in Italy, Portugal and the USA. They also attest to **the Group's attention and sensitivity to ethical, environmental, safety and quality issues.**

With regard to the newly established German company Panariagroup Deutschland, the necessary activities will be carried out in 2024 to start a progressive alignment to the Group's certification standards.

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

# Panariagroup USA

---



# Panariagroup Italy

---



# Gres Panaria Portugal

---



## Innovation and technology

Over the years, the Group has **constantly evolved** and it is now one of the most advanced players in its industry. One of the main factors behind Panariagroup's success is its **ceaseless research and development**, which aims to identify new production methods and innovative product lines that are attentive to the needs of an increasingly discerning and diverse customer base.

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

### Laminated porcelain stoneware

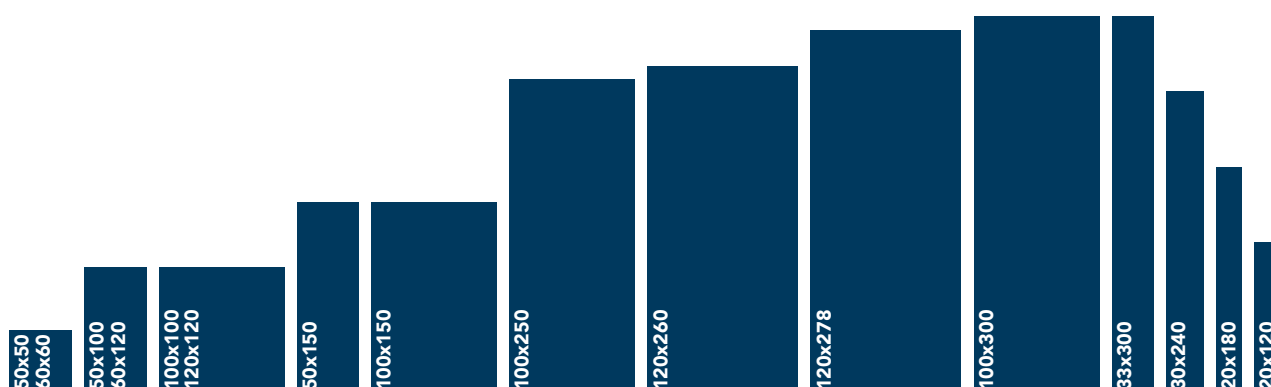
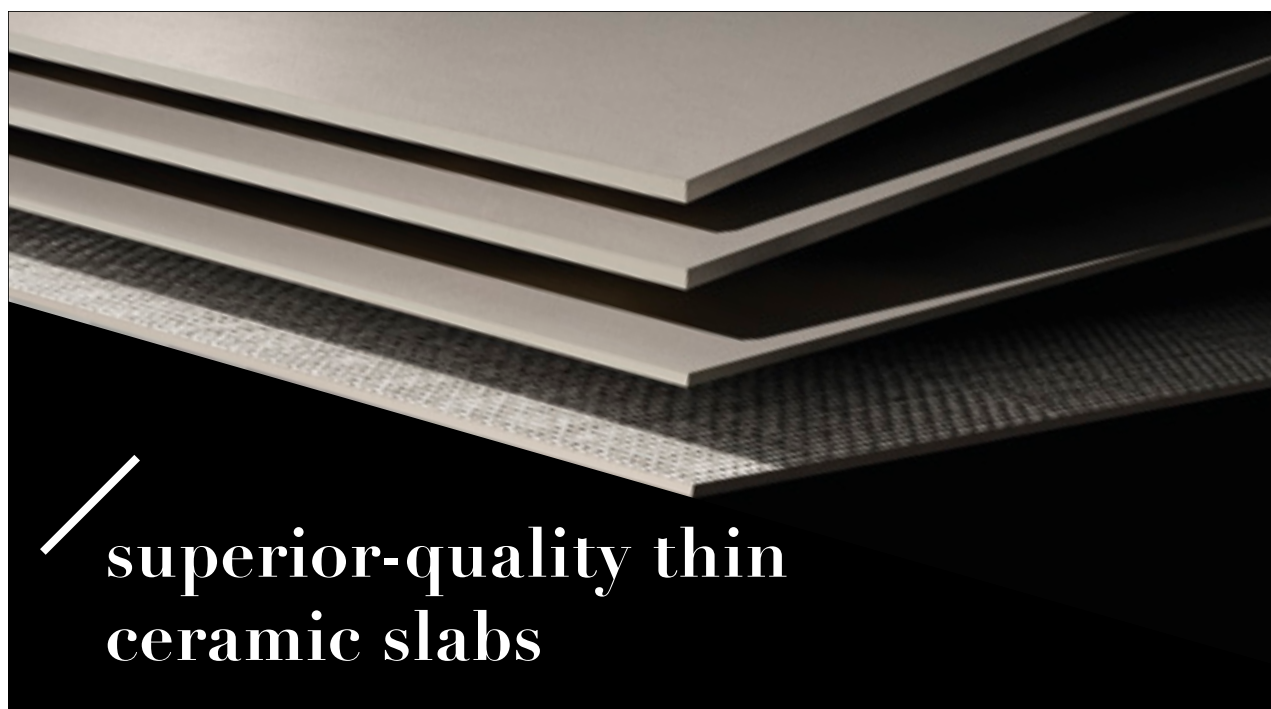
Panariagroup constantly strives for process and product innovation, which has a positive impact on all production units (Italy, Portugal and USA). **Development and evolution of production lines, continuous research, outstanding selection of raw materials and variety and richness in surface applications** are daily challenges. So is maintaining a clear entrepreneurial vision and sustaining the ability to invest in cutting-edge technologies, such as laminated porcelain stoneware.

**The Group has been the first in the ceramic industry to focus on this revolutionary product for the past 20 years**, with continuous innovations that have evolved this technology and enabled it to be used for increasingly ambitious applications. It has also allowed Panariagroup to complete its range of thin materials with a rich and significant set of formats.

Compared to standard thickness laminated porcelain stoneware, Panariagroup's laminated porcelain stoneware also stands out for its **high environmental performance**. This also confirms the Group's commitment to the constant pursuit of environmentally sustainable products.

This material is also suitable for **innovative applications of particular note**: due to its reduced thickness and strength, it can be installed over existing surfaces, allowing living spaces to be renovated without the cost and inconvenience of demolition.

**One of the main factors behind Panariagroup's success is its ceaseless research and development, which aims to identify new production methods and innovative product lines.**



THIN AND  
RESISTANT



ULTRA-THIN AND ULTRA-RESISTANT  
WITH FIBREGLASS REINFORCEMENT



## Panariagroup ceramic slabs are also:

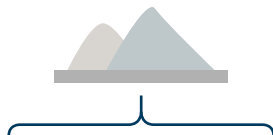
- ✔ **thin, light**, and suitable for renovations
- ✔ **easy** to work, handle and lay
- ✔ **flexible** (minimum bending radius of up to 5 metres)
- ✔ perfectly **flat**
- ✔ **reliable**, thanks to the experience of supplying the product worldwide for more than 10 years
- ✔ available in a **wide range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



# why Panariagroup slabs are of superior quality

1

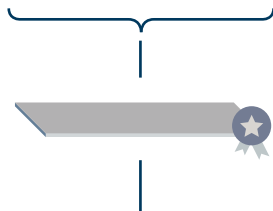
High-quality  
raw materials



MIXTURE **3  
TIMES FINER**  
THAN  
TRADITIONAL  
ONES



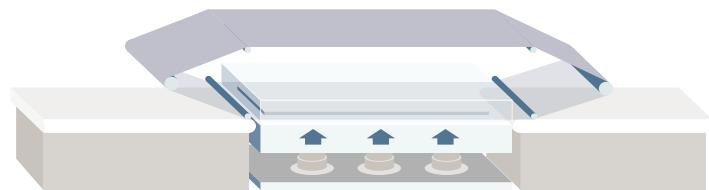
ONLY **QUALITY  
INGREDIENT**, NO  
USE OF WASTE



Highest quality and  
performance standard

2

Unique belt  
pressing process



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



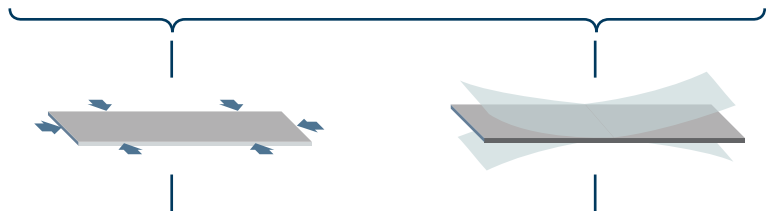
PRESSING FORCE  
UP TO  
**27,000 tonnes**



**EVEN PRESSURE**  
OVER THE ENTIRE  
SURFACE



**COMPLETE  
VACUUM  
DEAERATION**



More compact slabs

More elastic slabs

Minimum bending radius of up to 5 metres



3

### Exclusive surface machining techniques



**HIGH DEFINITION**  
OF STRUCTURES



**VERY DEEP**  
GRAPHIC EFFECT



**HIGH STANDARD IN**  
COLOUR RENDERING AND  
WHITENESS



**MAXIMUM GLOSS**  
AND **CLEANABILITY**

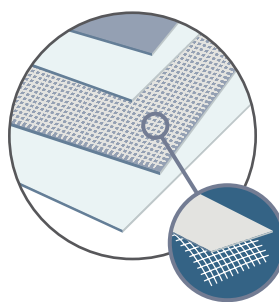


**Excellence in**  
**material aesthetics**

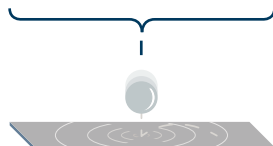
4

### Application of fibreglass reinforcement

*Available on a wide selection of products*



**MATERIAL BACKING**



**Extraordinary**  
**extra-resistance**

5

### Environmental sustainability



**ARE REDUCED WITH**  
**OUR PROCESS**



**-65%**  
OF RAW MATERIAL  
CONSUMPTION



**-80%**  
OF WATER  
REQUIREMENTS



**-30%**  
OF ENERGY  
REQUIREMENTS



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



**-66%**  
OF POLLUTION  
GENERATED BY  
TRANSPORT

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



#### The Easy installation system

In this regard, it is worth mentioning an important and exclusive innovation that the Group developed and fully launched in 2021: the Easy system, for now offered by Cotto d'Este (with the Kerlite Easy brand) and by Lea Ceramiche (with the Slimtech Easy brand).

This is a **dry installation system** that allows the ceramic slab to be applied without the use of adhesives by adhering the ceramic material to a sound-absorbing mat termed "Silent" and completing the installation with the special Filler sealant.

In early 2022, the Group also obtained a **patent** for this unique solution. This revolutionary application is therefore guaranteed by slabs reinforced with fibreglass. Kerlite and Slimtech give the floor maximum stability and strength, together with the possibility to easily install and replace the ceramic material, even recovering and reusing it, with a view to a circular economy.

#### PROTECT® antimicrobial technology

Another concrete example of the Group's innovative ability is the development of PROTECT® (also see p. 93). Thanks to the constant work of its Research Centre, since 2010 Panariagroup has gained a position of **technological and commercial leadership in the segment of antimicrobial ceramic products**. In partnership with Microban®, a world leader in antimicrobial technology applied to the products of hundreds of brands in multiple sectors, it has developed a line of extremely high-performance ceramic surfaces. Evidencing the growing demand for products with these technical specifications, in 2023 the Group sold around 6.3 million m<sup>2</sup> of PROTECT® products worldwide.

The Group's antimicrobial materials are designed with a **silver ion antimicrobial shield** incorporated into the product, **which eliminates up to 99.9% of bacteria from the surface** and provides continuous protection, day and night. Unlike other technologies, PROTECT® is not a treatment (such as waxes or resins) applied to the finished product: **the antimicrobial protection is permanently integrated into the ceramic** during the firing process.



# PROTECT®

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



## Powerful action

Eliminates bacteria  
and prevents their  
proliferation



## Continuous protection

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



## Permanent effectiveness

Thanks to the technology  
permanently integrated in  
the product



## Guaranteed quality

From the partnership with  
**MICROBAN®**

It therefore neither wears out nor can be removed by washing; on the contrary, it actively protects the entire surface throughout the product's life cycle.

Each new PROTECT® collection is tested to officially certify its antimicrobial properties at internationally recognised external laboratories.

Silver ion technology **blocks the metabolism of bacteria**, eliminating them and preventing their proliferation. PROTECT® therefore guarantees a permanently protected surface, unaffected by wear and tear and climate conditions, offering high hygienic performance. It therefore makes it possible to **improve people's lifestyle and living style**, in particular by:

- **offering greater hygiene and facilitating cleaning operations:** antimicrobial technology does not replace normal cleaning procedures but facilitates and complements them, making them less time-consuming and enabling a better level of protection between one clean and the next;
- **also eliminating what you cannot see:** antimicrobial technology significantly limits the growth of bacteria on floors, walls, worktops, kitchen tops, etc.;
- **reducing unpleasant odours:** these can be caused by the presence of bacteria on ceramic surfaces.

With PROTECT® Panariagroup confirms its role as a responsible company because the use of this product brings the benefits of antimicrobial technology to a variety of domestic and public environments, such as healthcare facilities, restaurants, airports and schools where it is essential to prevent bacterial contamination.

Offering the highest quality antimicrobial materials is also key to **responding to increasingly selective specifications** and thus winning building sites and contracts; moreover, it is also important to meet end consumers' growing demand for health-conscious products.

#### **Maxa: thick ceramic slabs**

Panariagroup has launched a further product line, Maxa Ceramic Slabs, a range of **large slabs with a high thickness** (12 mm) in the 160x320 cm format **intended for the furnishing accessories segment**. This was an important addition to the range, designed to meet the needs of specific targets and channels, partly thanks to the achievement of **GreenGuard Gold and NSF certifications** (see p. 98). These certifications further testify to Panariagroup's ongoing commitment to producing and supplying products that are safe, healthy and suitable for use in direct contact with food.

**Thanks to the constant work of its Research Centre, since 2010 Panariagroup has gained a position of technological and commercial leadership in the segment of antimicrobial ceramic products.**



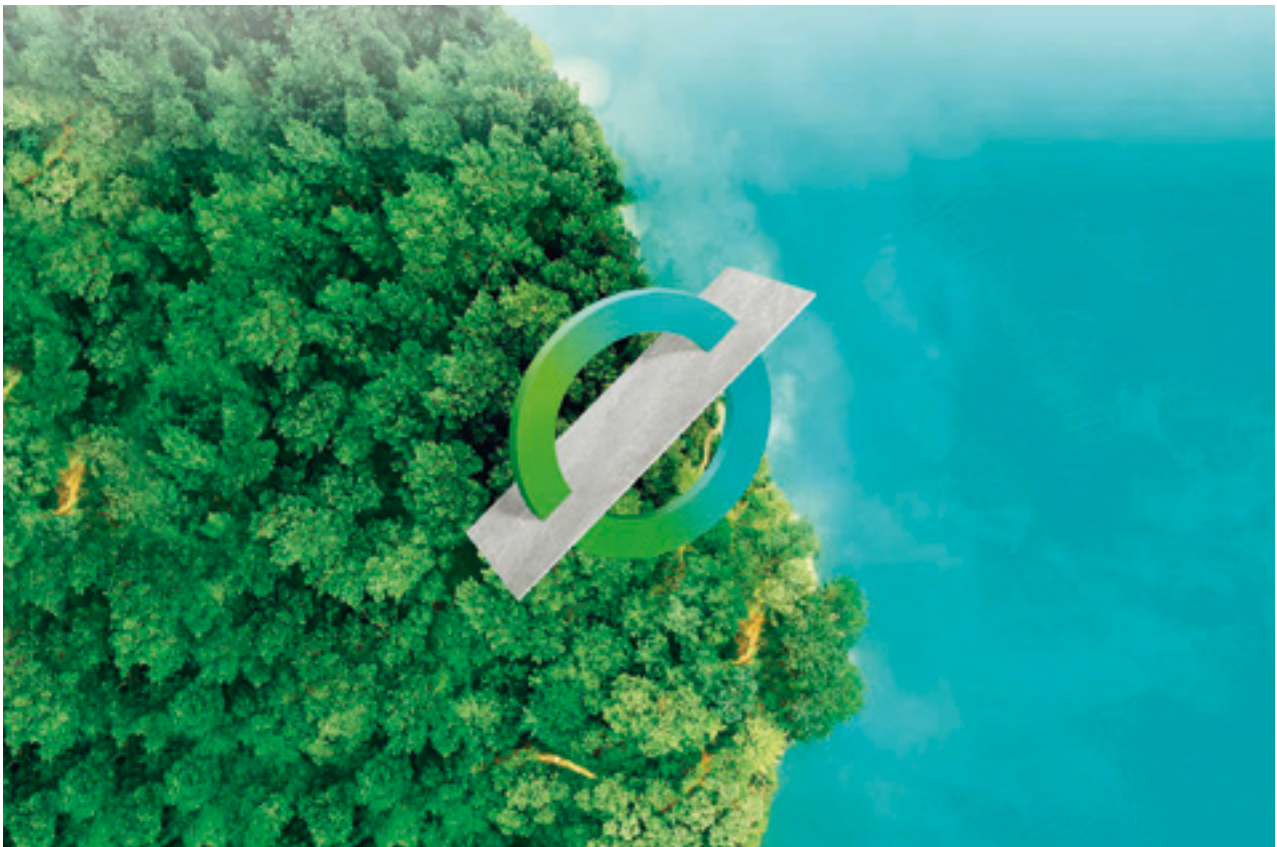
### Other recent innovations

In recent times, Panariagroup has also achieved other important milestones, made possible by its strong focus on innovation. Indeed, the company has introduced an exclusive innovation for laminated porcelain stoneware surfaces. Unique on the market, the Cotto d'Este Kerlite Starlight collection offers a **mirror-polished finish on ceramic materials that are only 3.5 mm thick**: a goal achieved partly thanks to the company's long-standing belief in the link between technical superiority and aesthetic distinctiveness.

2022 also saw the launch of **Safetouch**, a ceramic finish that combines the safety of maximum anti-slip performance and zero roughness for extremely soft-touch and versatile surfaces. This is a universal finish suitable for residential and public spaces, both indoors and outdoors.

Back in 2022, Panariagroup also launched its **THINK ZERO** programme (see also p. 93), an initiative dedicated to offsetting CO<sub>2</sub> emissions generated throughout the life cycle of laminated porcelain stoneware. It thus became the first company in the ceramic industry to produce a 100% carbon-neutral product line.

The company also committed itself to **optimising the thickness of its porcelain stoneware materials** in standard formats. Re-engineering of production processes has made it possible to work on several product categories, slightly reducing their thickness while maintaining their technical and aesthetic performance and full compliance with quality requirements. This has reduced the consumption of raw materials and the impact of other factors related to the production cycle, with clear benefits in terms of sustainability.



## Customer satisfaction

Customer satisfaction goes hand in hand with our drive towards innovation and sustainability. **The Group's ability to innovate is based on continuous experimentation:** thanks to the development of state-of-the-art production systems and technologies, it can offer its customers a wide range of high-quality products that are at the top end of the market in terms of their **excellent technical and aesthetic performance**. The synergy between products, research and design therefore offers a wide range of items that satisfy the most varied project requirements, with a view to **sustainability** and the **enhancement of architectural design**. With regard to customer care, Cotto d'Este received the highest award for Italy in the "Floors and Tiles" category of Italy's Best Customer Service 2023/2024.

### VIS Service

Panariagroup operates in accordance with very high quality criteria, which demand **outstanding supply standards**: indeed, complaints on sales account for just 0.61% of the total turnover in 2023<sup>4</sup>. Additionally, the Group handles any product issues through **an attentive and scrupulous after-sales service**, which is being upgraded with increasingly advanced monitoring and response tools. To this end, Panariagroup was the first in the ceramics sector to develop, starting with the Italian business unit, the VIS (**Verbale Interno di Sopralluogo - Internal Inspection Report**) Service, an innovative proprietary Sales Force Automation system that allows the sales force to monitor the quality of supplies in real time and provide customers with fast and comprehensive feedback. A rapid response is guaranteed by the use of advanced digital tools, such as a specific app linked to the web system for data and process management.

**The service has been very successful:** in 2023, about 1,400 requests were handled (738 of which - about 56% of the total - came from the Italian market), with an average response time to the end customer of 19 calendar days (17 days for the Italian market and 22 for the foreign market). The application has eliminated the need for in-depth technical analysis by qualified Panariagroup staff for 82% of the requests received, ensuring that the dedicated department operates with optimal efficiency. It was estimated with reasonable accuracy that, for a single report, **the response time to the customer** (including information gathering, data entry and any stock control) **was reduced by 50%** compared to the previous procedure for handling reports from the market.

The uniqueness of the VIS Service lies in the ability to quickly develop a written response certifying the qualities of the products sold. In 2021, this service was also started for the US business unit, while its implementation for the Portuguese business unit is currently being considered.

### Qualified technical expertise

With regard to the use and application of its materials, Panariagroup offers its business partners solid technical expertise. This is provided through information tools (such as technical manuals), **carefully trained staff** and specific **training sessions**, either on-site or at customers' premises. Over the years, thousands of people have visited the laminated porcelain stoneware factory in Fiorano Modenese and benefited from **in-depth technical lectures on ceramic tiles**, both on and off site, in Italy and abroad.



### Contract & Key Account division

One of Panariagroup's hallmarks is its ability to meet commercial challenges with a **variety of brands** geared to different market segments and with **Group divisions dedicated to individual sales channels and specific geographical areas**. The latter make it possible for Panariagroup to pursue one of its fundamental principles: the **utmost attention to customer care**, achieved through solid and reliable organisation that is also flexible and timely. Vertical organisations that broadly cover markets and the retail channel are supported by horizontal structures dedicated to certain geographical areas or to particularly strategic targets, such as large international projects, corporate buyers and contracts.

Regarding the latter market segment, the Contract & Key Account division specialises in the **relationship with designers, professional studios and architects**. This division includes a sales team and a design and service unit that can respond efficiently and individually, on a global scale, to all the needs of these specific customers. As at 1 January 2021, this division was further strengthened by also entrusting it with the promotion of all Group brands on the Italian market. Furthermore, in 2022 the Contract & Key Account division **consolidated its organisation in the Italian market** and completed the placement of **resident promoters in some of the main European capitals** where the world's leading design firms are based.

4. The figure only refers to the Italian business unit. At the date of publication of this document, figures for 2023 are currently being processed.

## Responsible supply chain management

Panariagroup aims to strengthen relations with its suppliers with the goal of jointly building **a sustainability-oriented system along the entire value chain.**

Indeed, the Group is also aware of the importance of social and environmental responsibility along the supply chain. It has therefore formalised its **Code of Business Conduct** (see section 2.6), and has embarked on the implementation of a set of policies and procedures aimed at:

- **selecting suppliers** also on the basis of sustainability criteria;
- **monitoring the entire supply chain** with regard to ethical, social, environmental and human and labour rights issues.

### ESG profiling of strategic suppliers

The Group has identified the suppliers that most expose the company to indirect risks. A uniform system for assessing and monitoring measures adopted in relation to environmental, social, governance and quality aspects has been put in place for these suppliers. The results of this initiative showed that the suppliers have **a rather developed sensitivity to ESG** (Environmental, Social, Governance) **issues**; they also made it possible to conclude that the **evaluated business partners achieve, on average, a good overall rating**. In the US business unit, specific sustainability clauses linked to local environmental and social aspects have also been included in supply contracts.

The Group started this project for the most significant suppliers, with whom it already had a business relationship; any new suppliers belonging to the identified product categories are added to the initial list on an annual basis, while the extension of the analysis to new relevant product classes is currently being assessed. Being a path - still under development - restricted to strategic suppliers, a number of additional business partners were evaluated in 2023 compared to those evaluated in 2022, but the product categories on which the identification of new suppliers to be evaluated with regard to ESG issues is based were not expanded.

**Panariagroup aims to strengthen relations with its suppliers with the goal of jointly building a sustainability-oriented system along the entire value chain.**



### Primary suppliers

The Group's suppliers<sup>5</sup> are:

- mainly "**Primary Suppliers**", from whom Panariagroup purchases raw materials, finished products and services for its main production activities;
- "**Other Suppliers**" who provide energy, maintenance services, transport services and other functional activities and goods for operations.

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

- quality of the product offered;
- level of attention to ESG policies;
- occupational health and safety criteria;
- price;
- service provided;
- results of any visit to the supplier;
- number of registered non-conformities;
- after-sales assistance, especially with regard to responses to complaints.

Attention to the following aspects is equally important:

- certification of the **quality management system** according to UNI EN ISO 9001;
- **environmental management system** certification in accordance with UNI EN ISO 14001;
- possible participation in the **EMAS Regulation**.

Furthermore, with regard to monitoring of the supply chain, Panariagroup requires all contracted suppliers in the Italian scope **to accept**, through a contractual clause, **the behavioural values defined by the Group's Organisation, Management and Control Model 231/01** (see section 2.6).

Specifically, particular importance is given to suppliers of raw materials, both because they are the Group's main suppliers and because of the type of activity, since mining has a significant environmental impact.

In this respect, **the Group monitors suppliers' management of the quarries from which raw materials are sourced** through inspections (audits) carried out by Purchasing Department staff or qualified technicians. During the audits, the methods for extracting materials, for managing and monitoring the environmental impact generated and for performing subsequent laboratory analyses are checked.

### The importance of local suppliers

**Panariagroup recognises the importance of supporting and enhancing the local economy.** In this regard, the tables in the "Appendices" section of this document show the expenditure on local suppliers<sup>6</sup>, which for 2023 accounted for 89% of total expenditure (92% in 2022).

5. The percentage of suppliers in the respective categories is calculated on the basis of the expenditure by type of purchase. Commission expenses were excluded from the calculation.

6. "Local suppliers" were considered to be those suppliers with a registered office in the country in which each business unit operates.

### Managing environmental risks along the supply chain

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

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

The composition of the mixture and its transport methods are deliberately based on a number of different channels (quarries in different geographical areas, several supply channels, use of different transport methods) so that different solutions can be chosen according to the problems that arise. In this regard, mention must be made of the forced cessation of supplies from Ukrainian suppliers due to the outbreak of the conflict between Russia and Ukraine. Although the special quality of Ukrainian raw materials (which accounted for 20% of the total) made the task particularly demanding, Panariagroup's technicians managed to promptly identify alternative sources of supply, while managing to maintain the products' technical and aesthetic properties. To date, **the Group is continuing to search for and test raw materials from various sources** to improve the mixture both technically and commercially, as well as in terms of long-term sustainability.

The procurement of raw materials also emerges as a relevant topic, especially with regard to extraction by suppliers. This is why Panariagroup requires all suppliers of raw materials that carry out mining activities to present their **quarry exploitation licences**, which include the obligation to **redevelop the land when the mines are no longer in use**. In addition to the Environmental Impact Assessment, Panariagroup also requires mining authorisation and documentation with the geographical coordinates of the sites. The production of this documentation accounts for 75% of the assessment within the "Environmental" section. From a social standpoint, moreover, it should be noted that **none of the raw materials purchased by the Group are linked to so-called "conflict minerals"**.







# Panariagroup for Planet

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

# / at first glance

## A new life for waste

# 98%

In 2023, the Group sent 98% of its waste for recovery.

---

## Consistent performance

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

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

---







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



# Panariagroup for Planet

Ambitions for sustainable  
and responsible  
development



Ambition	Goal	Target 2025	As-is 2023
Promote a culture focused on preserving water by increasing efficiency and reducing its use in production processes  	Decrease in water withdrawal intensity index (m <sup>3</sup> /m <sup>2</sup> of tiles produced) [base year 2019: 0.017 m <sup>3</sup> /m <sup>2</sup> ]	0.015 m <sup>3</sup> /m <sup>2</sup>	<b>0.019 m<sup>3</sup>/m<sup>2</sup></b> Ongoing activities. The implementation of activities, including the replacement of wet grinding and cutting machines with dry machines, led to a decrease in the intensity index
	100% reuse of process water	100% process water reused	<b>100%</b> The Italian business unit is currently on target
Optimise energy consumption and increase clean energy production   	Reduction in energy intensity index (GJ/m <sup>2</sup> of tiles produced) [base year 2019: 0.142 GJ/m <sup>2</sup> ]	0.135 GJ/m <sup>2</sup>	<b>0.151 GJ/m<sup>2</sup></b> Ongoing activities. The implementation of activities, including energy recovery from the kilns and sprayers, led to a decrease in the index
	Increase in the share of electricity from renewable sources [base year 2019: 0.7%]	10% electricity from renewable sources	<b>0.43%</b> Ongoing activities. Important interventions are being carried out on photovoltaic infrastructures
Reduce direct and indirect emission impacts and develop a culture concerning climate change impacts  	Reduction of the emission intensity index (tCO <sub>2</sub> Scope 1/m <sup>2</sup> of tiles produced) [base year 2019: 0.0068 tCO <sub>2</sub> /m <sup>2</sup> ]	Reduction of the emission intensity index to at least 0.0085 tCO <sub>2</sub> /m <sup>2</sup>	<b>0.0071 tCO<sub>2</sub>/m<sup>2</sup></b> The Italian business unit is currently on target
	Implementation of a carbon neutrality plan, including offsetting of certain types of products	Creation of a Carbon Neutrality Plan	The Italian business unit is currently on target. Through the THINK ZERO programme, from September 2022 Panariagroup offset CO <sub>2</sub> emissions generated throughout the life cycle of laminated porcelain stoneware, creating the first 100% carbon-neutral product line
Reduce the environmental impact of plastic packaging  	Increase in the use of recycled plastic material in packaging [base year 2019: 79%]	85% recycled plastic packaging purchased out of the total	<b>89.8%</b> The Italian business unit is currently on target thanks to important interventions, including the replacement of white strapping with green strapping for packaging
Enhance production waste and monitor the risk from the disposal of hazardous substances  	Maintenance of the quantity of hazardous waste within a certain threshold [base year 2019: 0.45%]	5% hazardous waste out of total waste	<b>0.46%</b> The Italian business unit is currently on target
	Maintenance of waste generated sent for recovery above a certain threshold [base year 2019: 97.9%]	95% of generated waste sent for recovery	<b>99.57%</b> The Italian business unit is currently on target

## Environmental policies and management systems

Always at the forefront in masterfully combining **beauty, quality and sustainability**, Panariagroup strives every day to minimise the environmental impact of its factories, demonstrating excellence - not only in the pursuit of the highest living comfort - but also in **safeguarding the ecosystem** and guaranteeing safety and hygiene in the workplace. This is a fundamental and unavoidable commitment, especially for those who make products that become part of the daily lives of millions of people around the world, in homes and public spaces.

### The Group's environmental policy

Panariagroup's environmental policy is based on clear and firm principles:

- safeguard the **integrity of the areas** surrounding the plants, the workplaces and the environment as a whole;
- ensure constant **respect of the existing legal regulations** regarding safety and the environment through continuous and rigorous inspections;
- manage, preserve and - where possible - **contain the use of natural resources** through research and development activities aimed at using recycled material and through energy efficiency policies;
- **continuously improve environmental performance** to minimise the production of pollutants and further reduce resource consumption;
- constantly **inform and cooperate** with the public and public bodies on environmental protection policies and actions taken to ensure respect for the environment, including through the publication of the EMAS Environmental Statement and (since 2016) the Sustainability Report.

As mentioned, these principles are crucially important because they guide the Panariagroup's operations both at the strategic and decision-making level and in the operational management of the plants. The ultimate goal is the **constant improvement of environmental performance** at all levels.

### Environmental management system

Panariagroup is aware that in the ceramic floor and wall tile sector, environmental awareness is increasingly becoming a key factor for success; this is why over the years it has developed and implemented **a true green philosophy** at all levels. Consistent with this, every choice and every activity is conceived and carried out with the utmost respect for the environment, from the architecture of the factories, in harmony with the local area, to the rigorous control procedures for each stage of product processing.

Demonstrating the central role that environmental sustainability plays for the Group, the European production sites - all highly automated and integrated - have achieved **UNI EN ISO 14001 and EMAS certifications for their environmental management system**. For the Italian and Portuguese production sites, the EMAS Statement contains the environmental performance and improvement targets set and is annually published on the company websites. Furthermore, for the Italian production plants, every year Panariagroup prepares - as required by the Integrated Environmental Authorisation - the **AIA report**, which contains environmental performance data and specific performance indices.

The **raw materials** used in the production processes are constantly monitored, in full compliance with the environmental standards required by law.

Similarly, **production waste is reused to a large extent**, with a significant reduction in the use of new natural raw materials.

Moreover, all products of the various brands undergo **rigorous and thorough quality controls** and each collection is classified according to specific standards for ceramic tiles. Most of the collections have the requirements for obtaining credits from the main building certification systems, such as **LEED**. Through its technicians, the Group is very attentive to regulatory updates affecting ceramic tiles; this is done through participation in association technical committees and - at international level - in ISO committees.

### **Supporting the planet, land, communities and people**

**Panariagroup has chosen to take a stand in defence of the planet.** It has done so and continues to do so every day with concrete management actions, investing in the most advanced technologies and production choices focused on eco-sustainability. Because after all, despite being the result of a complex and advanced industrial process, **ceramic is a natural product**.

A simple recipe, made of earth, fire and water produces a tough, versatile, practical and hygienic product with a high value in terms of beauty and design. It is even more natural when the production chain has a responsible dialogue with the environment by reducing the need for raw materials, recycling water and processing waste and using **high-efficiency plants**.

Essentially, this reduces industrial production's ecological footprint on the planet's surface. During 2023, the Group's production plants avoided the extraction of large quantities of natural raw materials thanks to the **reuse of a large part of production waste**; they also avoided the withdrawal of new water thanks to the recycling of almost all the water used in the various processes.

In concrete terms, each production cycle is managed sustainably from the highest levels, according to a quality concept whose distinguishing features include continuous research and the utmost respect for the environment. For years, the Group has been attentive to **regulations on respect for the environment and sustainable development**. It therefore believes in the ability to combine improvements in the production process with ever-increasing product quality and an improvement in quality of life and environmental impact.

In implementing its environmental policy, the Group regularly sets a series of goals and improvement actions to undertake in order to achieve them. The aim, as mentioned, is to **increasingly optimise environmental performance** and promote safety and hygiene issues in the workplace. For the Italian and Portuguese plants, the specific details of these goals are set out in the EMAS Environmental Statement. The Group's performance and goals are set out annually in the Sustainability Report.

## sustainability facts

---

# environment

Panariagroup's ongoing pursuit of excellent performance, including with regard to the environment, has led to constant work on several fronts.

Firstly, with the ability to reuse **100% of raw waste** from the production cycle, which is fed back into the ceramic body preparation stage; this significantly contributes to the protection of natural resources because it reduces the extraction of raw materials from quarries.

The Group also reintroduces **100% of fired waste** back into the production process. It has also successfully concluded an ambitious project under the Sustainability Plan to recover - and reintroduce into the raw material grinding process - the fired waste of laminated porcelain stoneware reinforced



with **fibreglass mesh**, which was previously recovered at authorised external companies.

Finally, the **packaging materials** (boxes, cardboard, plastic, wooden pallets...) used by Panariagroup are completely **recyclable**.

It should be remembered that, at the end of their useful life, Panariagroup **tiles** can be **recycled as aggregates** for road and building foundations, reducing the use of gravel and other natural aggregates commonly used in construction.

# 4 2

## The production process

The first stage of the production process is the delivery and **storage of raw materials**, such as clays and feldspars mixed with sands, kaolins and silicates. These raw materials are extracted from quarries, which are generally worked in open pits. Ceramic production begins with the **milling** of raw materials that arrive at the factory and are stored in boxes in appropriately identified covered areas.

The **mixture**, which is the basis of the porcelain stoneware production process, is made from a special blend of these raw materials. It contains **a clay fraction**, with a plasticising function; **an inert fraction** (sand), with a demulsifying and structural function, capable of limiting shrinkage and expansion during firing of the ceramic piece; and **a feldspathic fraction**, with a melting function, which allows, again during firing, the formation of the vitreous phase and consequently its compaction (so-called “greification”).

Prior to acceptance, **all incoming raw materials are subjected to a series of checks** to ensure their compliance with the specifications agreed with suppliers.

An interesting aspect from an environmental standpoint is the **recycling of raw and fired waste** during production. The former can come from the spray-drying, pressing and glazing stages, or from the industrial waste water treatment plant; the latter can be produced by the sorting and grinding/lapping stages.

At all Group plants, **100% of raw waste is recovered and fed back into the production process**.

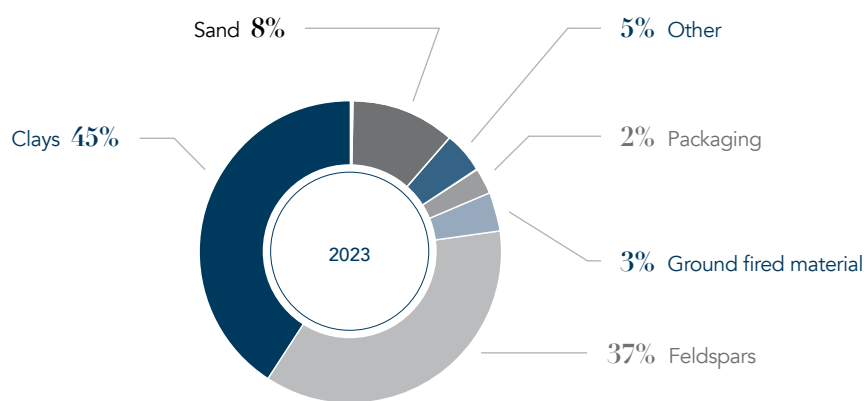
In factories located in Italy and the USA, 100% of **fired waste** is also reintroduced into the ceramic mixture. In Portugal, only the Aveiro factory continued to recover fired waste, confirming a reuse of about 60%; however, this was considered to increase the percentage in all Portuguese units (Ílhavo and GresArt).

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



## Raw materials

The graph shows the main raw materials used by Panariagroup's Italian business unit in 2023. The percentages show that a large part of the purchases are clays and feldspars. It should also be noted that **since 2019, the Group has reduced the purchase of spray-dried powders to almost zero.**



Raw materials  
used  
2023

**Panariagroup shows its respect for the environment by making every effort to purchase renewable raw materials and it is committed to using domestically sourced raw materials.**



Panariagroup has always shown its respect for the environment by making every effort to purchase **renewable raw materials**, of course wherever this is possible and compatible with its business. It is also committed to using **domestically** sourced raw materials: this is why it introduced new locally sourced raw materials in 2023.

In the Italian business unit, for ceramic packaging:

- most **wood** is purchased from PEFC- or FSC-certified suppliers;
- almost 100% of purchased **paper** and **cardboard** comes from recycling;
- **plastic** used contains 70% recycled material.

Both the glazes and the raw materials used for the mixture, such as clays, feldspars and sands, are considered non-renewable materials, even though they are natural.

With regard to the foreign scope, in 2023, the **US business unit** used more than 575 tonnes of PEFC- or FSC-certified corrugated cartons for its PEFC- or FSC-certified packaging, representing 34.5% of total packaging. In the **Portuguese business unit**, however, all corrugated cartons (95% of total packaging) are FSC-certified; the plastic used (PEBD) contains 35% recycled material; and most of the wood is purchased from PEFC- or FSC-certified suppliers.



# 4

## Energy and emissions

Panariagroup plants mainly use **electricity, natural gas and diesel**. In 2023, the Group consumed a total of **2,660,82014 GJ of energy, a decrease of 12% compared to 2022**. Of all this energy, 7,489 GJ came from renewable sources (from self-generation) and 2,653,331 GJ from non-renewable sources. Compared to 2022, there are decreases in electricity purchase, fuel consumption for industrial vehicles, natural gas consumption, LPG consumption and the amount of fuel used for the car fleet.

These figures can be explained by lower production in 2023 and the **efficiency measures** carried out by Panariagroup over the years. These actions have consolidated operational efficiency to **maintain a constant energy performance**. The Group thus confirms its focus on monitoring and minimising environmental impacts, especially those related to energy consumption and emissions.

Panariagroup continues to make considerable investments in energy efficiency measures on the systems in its production plants. Every year, energy saving projects carried out by companies which, like Panariagroup, have decided to significantly reduce the environmental impact of their activities, enable them to obtain **Energy Efficiency Certificates** (TEE or "white certificates") from the GSE (Gestore Servizi Energetici); this is thanks to the consumption performance recorded and the comparison with sector benchmarks, as required by the Ministerial Decree of 20 July 2004. During 2023, TEE could not be obtained for technical reasons related to the type of plant investments made.

In March 2023, Gres Panaria Portugal signed a contract for the purchase of Guarantees of Origin/PPA that will start in 2025 and run for 10 years.

### The European Union's Emission Trading System

Starting in 2013, **Panariagroup's Italian and Portuguese production plants became part of Emission Trading**, the European system that regulates the exchange of CO<sub>2</sub> quotas emitted in the conduct of production activities (as required by Directive 2009/29/EC).

energy intensity <sup>7</sup>		
year	u.m.	index
2022	GJ/m <sup>2</sup>	0.137
2023	GJ/m <sup>2</sup>	0.139

emission intensity <sup>7</sup>			
year	u.m.	index Scope 1 + Scope 2 (Location-based)	index Scope 1 + Scope 2 (Market-based)
2022	tCO <sub>2</sub> /m <sup>2</sup>	0.009	0.009
2023	tCO <sub>2</sub> /m <sup>2</sup>	0.009	0.010

7. The intensity values are calculated based on the m<sup>2</sup> of tiles produced during the year, which amounted to 19.119.149 m<sup>2</sup> in 2023 and to 22.058.727 m<sup>2</sup> in 2022.

Consequently, direct emissions related to the production activities of the Group's European plants are fully offset through the return of representative CO<sub>2</sub> emission allowances to the European Union.

#### The Group's photovoltaic plants

On the roofs of the **Italian plants** in Finale Emilia, Fiorano Modenese and Sassuolo, **three photovoltaic systems** are installed - respectively - of 450 kWp with a surface area of 4,200 m<sup>2</sup>, 85 kWp with a surface area of 1,000 m<sup>2</sup>, and 19.5 kWp with a surface area of 220 m<sup>2</sup>. These plants have made it possible to produce electricity for domestic consumption and reduce CO<sub>2</sub> emissions. Thanks to these systems, **in 2023 Panariagroup avoided the emission of 83 tons of CO<sub>2</sub><sup>8</sup>**, a figure that has risen sharply since 2022, linked to the introduction of photovoltaic systems in the Portuguese factories.

Photovoltaic systems of - respectively - 1,000 kWp and 9,200 m<sup>2</sup> and 1,900 kWp and 17,100 m<sup>2</sup> have been installed on the roofs of the **Portuguese factories** in Aveiro and Oliveira do Bairro, which are also intended to produce electricity for self-consumption. Thanks to these installations, **Gres Panaria Portugal avoided the emission of 500 tonnes of CO<sub>2</sub>**.

At the end of 2023, Panariagroup signed an agreement for the construction of a powerful photovoltaic plant that will be built during 2024 on the existing roofs of the **Finale Emilia** industrial site. **A new 1.63 MW photovoltaic park** is scheduled to be installed here. In order to build this plant, the existing 450 kWp park, which currently has low productivity because it was damaged by a powerful weather event in July 2023, will be decommissioned and replaced at the same time. The new photovoltaic park is expected to generate around **2 million kWh/year** of electricity, which, assuming a self-consumption rate of 95%, will cover 6.3% of the site's total needs. This self-production will avoid the emission of around 1,000 tonnes of CO<sub>2</sub> each year.

Other solutions to **progressively increase the supply of energy from renewable sources** are being studied. These include:

- the use of land adjacent to the Finale Emilia site for the construction of a **ground-mounted photovoltaic park**;
- the conclusion of a contract for the supply of electricity from the grid for the two-year period 2025-2026 that provides for the **supply from renewable sources** of a share of requirements, with the issuance of the relevant GOs (Guarantees of Origin);
- the inclusion in the above-mentioned contract of an **off-site Power Purchase Agreement** energy supply with certified GOs.

583 tCO<sub>2</sub>

Emissions avoided in 2023 thanks to the Panariagroup photovoltaic systems at: Fiorano Modenese, Finale Emilia and Sassuolo (Italy), Aveiro and Oliveira Do Bairro (Portugal).

2,660,820 GJ

Total energy used  
by the Group in 2023

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

### Recovery of furnace fumes

Finally, an outstanding feature of the production plants in Toano, Finale Emilia and, from 2022, the Portuguese plants in Aveiro and Ílhavo is **the system for recovering furnace fumes**, which are channelled into the spray-drying plants, with the consequent lower use of thermal energy. With regard to the heat recovery systems installed at the Italian plants, it is important to note that the fumes from the furnaces are **sent as such to the spray-drying plants**, without passing through heat exchangers. This makes it possible to achieve two goals: maximising heat recovery on the spray-drying plants (and thus reducing natural gas consumption) and **drastically reducing the odour components** of the air/fume mixture even before it reaches the purification filters downstream of the spray-drying plants. This reduction is due to the transit of fumes through the spray-drying plant's burner, which significantly reduces these components. In this plant configuration, the filters downstream of the spray-drying plants work as flue gas purification filters, with the associated injection of hydrated lime, and not as simple dust filters.

With regard to energy consumption, it is important to note that, compared to most other wall covering materials (such as parquet, natural stone, cork, etc.), **porcelain stoneware production consumes less energy**; this is also due to modern equipment and this material's very high durability.

### Energy audit of plants

In 2023, Panariagroup carried out an energy audit of its **Italian plants**, with the aim of fulfilling its **obligations under Legislative Decree 102/2014**. The audits performed will all be uploaded to the ENEA portal by 5 December 2024, as required by the regulations. The next energy audit is scheduled for 2027, as per the four-year cycle. This systematic procedure is designed to provide an adequate knowledge of the energy consumption profile of an industrial plant to **identify and quantify** cost-effective **energy saving opportunities** and to report on the results. The audit, besides being compulsory for the parties involved, is useful for customers in determining recommendations for the reduction of energy consumption. It also aims to assess the opportunity and the technical and economic feasibility of interventions to reduce this consumption.

### Greenhouse gas emissions

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

As regards greenhouse gas emissions, the changes in energy consumption described above corresponded - in 2023, compared to 2022 - to **a decrease in both direct and indirect greenhouse gas emissions**, the latter being associated with the purchase of electricity. Scope 2 emissions were calculated using two different approaches: location-based and market-based. The first involves the use of average emission factors relating to the specific national energy mix for electricity production; the second involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual agreements between the Group companies and the electricity supplier (e.g. purchase of Guarantees of Origin), the emission factor relating to the national "residual mix" is used for this approach. For the emission coefficients used, please refer to the relevant tables in section 6 of this Report ("Appendices").

Compared to 2022, the Group's direct and indirect emission data showed a decrease on the year's production, which was also caused by a temporary plant shutdown.

125,579 tCO<sub>2</sub>e  
Direct emissions - Scope 1 in 2023

41,747 tCO<sub>2</sub>  
Indirect emissions - Scope 2  
location-based in 2023

58,456 tCO<sub>2</sub>  
Indirect emissions - Scope 2  
market-based in 2023

With regard to emissions, it should be noted that **production of laminated porcelain stoneware** (a product on which the Group has strongly focused in recent years) **requires less energy and has a lower environmental impact**. Indeed, in terms of emissions, comparing the impact of laminated porcelain stoneware with porcelain stoneware, a significant reduction of CO<sub>2</sub> emitted into the atmosphere<sup>9</sup> can be noted.

#### Amazon project

From the second part of 2022 and throughout 2023, Panariagroup has been conducting research activities linked to **an important project financed by the Ministry of Business and Made in Italy**, within the framework of the programme Fund for Sustainable Growth – Innovation Agreements (Ministerial Decree of 31 December 2021 and Decree of 18 March 2022). The project was **entitled “Industria pulita a basse emissioni di carbonio – Progetto Amazonia” (Low-carbon clean industry - Amazon project)** and provides for research and development activities to last for three years (from 1 July 2022 to 30 June 2025); it involves other major companies that are part of the ceramic product production and installation chain and was approved by Decree 1.019 of 30 March 2023, with which subsidies were granted from the resources made available.

The proposing companies intend to carry out various measures to **create a process with a very low environmental impact**, optimised from the point of view of energy use in the broadest sense; they also intend to identify the technological cycle, renewable and alternative energy resources, equipment, plants and optimal raw materials; finally, they intend to carry out in-depth studies on energy and material balances, testing exclusive processing techniques.

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

## sustainability facts

---

# guarantees for the environment and health

For Panariagroup, environmental protection is a priority and is guaranteed by production and management systems that achieve first-rate standards, confirmed by **international certifications** such as EPD (Environmental Product Declaration) and GreenGuard Gold.

In addition, through the LCA creator tool, Panariagroup has further updated its product-specific EPDs for the entire range of production technologies, from ultra-thin stoneware to 20 mm stoneware, in line with the latest regulations. These certified tools also make it possible to **measure environmental impacts** linked to product life cycles and to design products in a more sustainable way, studying corrective measures to reduce their environmental impact.





The Group has also adopted **Declare**, which informs designers, technicians and end users about all the details of a building material, helping them to direct their purchasing choices towards products that are less harmful to the environment and health.

Panariagroup is constantly working to improve its products' **ecological design** capacity: it is among the first ceramic groups to have developed and adopted the Carbon Footprint Systematic Approach. This is an innovative, independently verified tool for quantifying the climate impact (the so-called “Global Warming Potential”) of an individual product. In addition, the Carbon Footprint Systematic Approach allows for **credible and transparent communication** of a fact that is increasingly necessary in the design and construction of buildings.

Water is an essential component in the ceramic production cycle. In Panariagroup's plants, its use is mainly concentrated in the **wet grinding of raw materials, preparation of semi-finished products** for glazing operations, **washing of equipment** (especially mills and glazing lines) and, finally, **lapping, cutting and grinding** of fired tiles.

In production plants, water is supplied by drawing it from **underground wells**. Drinking water, on the other hand, comes from the **aqueduct network** and is mainly used for civil services, both in logistics centres and production plants.

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

Also in relation to water management, Panariagroup is always careful to minimise the environmental impact of its production activities. Indeed, it maintained **relatively stable water withdrawal compared to the previous year**: in 2023, the total water withdrawal of the production sites amounted to almost 364 megalitres, a figure that decreased by 12% compared to 2022 (see section 6 "Appendices" of this Report), due to the plant shutdown that occurred during the reporting period.

#### Water-stressed areas

Starting from 2019, Panariagroup monitors the location of its production plants in relation to **water-stressed areas**, i.e. areas of land that cannot meet water demand, both human and ecological. Water stress can refer to the **availability, quality or accessibility of this resource**. To identify areas potentially exposed to this risk, the Group used the "Aqueduct Water Risk Atlas" tool, developed by the World Resources Institute, in line with the GRI reporting standards. Following the analyses conducted, it should be noted that **none of the Group's 7 production plants are located in water-stressed areas**.

Panariagroup has also identified and assessed environmental aspects and **risk factors**, including those related to water resources, using a special index referred to as the "significance index", according to a methodology developed by the company and reported in the EMAS Environmental Statements annually prepared by the Group for its European production sites. With a view to continuous improvement, a commitment is made to constantly monitor environmental performance related, among other things, to the significance index.

#### Total recovery of processing water

As mentioned, the Panariagroup production plants located in Italy, in the USA, and in Aveiro and Oliveira do Bairro in Portugal **reuse 100% of their process water**. This makes it possible to reduce the consumption of natural water resources by up to 80%. In general, water consumption is much lower than the total amount of water needed for production processes. Most of the water is reused within the processes themselves thanks to **specific recovery technologies**.

Specifically, the Group uses purification plants to subject wastewater to a **chemical-physical purification treatment**. At the end of this cycle, part of the water is reused in the milling of the mixtures and glazes used in the production cycle, while the remainder is used for washing the glazing lines or mills in the glaze milling department.



Recovered in this way, **the water follows a kind of closed loop** since it is reused in the production process itself. The only type of water that is discharged outside the production site is water from the toilets, albeit in very small quantities. This water is considered an industrial discharge comparable to civil sewage and can therefore flow into the public sewerage system.

It is important to note that **laminated porcelain stoneware** tiles produced by the Group (see section 3.6) require **about 80% less water** than porcelain stoneware tiles.

**Panariagroup is always careful to minimise the environmental impact of its production activities. Indeed, it maintained relatively stable water withdrawal compared to the previous year.**



# 4/6

## Waste management

Waste produced by the Panariagroup plants is delivered, in accordance with the relevant laws, to authorised external disposers by means of recovery operations or (to a lesser extent) **landfilling**. During the temporary storage phase within the plant, waste is managed in special storage areas, in accordance with internal procedures and current regulations.

In 2023, the Group produced 59,221 tonnes of waste, 249 of which (0.42% of the total) was hazardous waste.

2023				
waste <sup>10</sup>	Italy	Portugal	US	total
Recovery (t)	43,657	14,349	22	58,028
Disposal (t)	188	13	992	1,193
Total (t)	<b>43,845</b>	<b>14,362</b>	<b>1,014</b>	<b>59,221</b>
of which hazardous	201	48	-	249
% hazardous waste	0.5%	0.34%	0.0%	0.42%

During 2023, as in previous years, Panariagroup continued to pay **attention to waste recovery**. For the year reported here, 58,028 tonnes of waste were recovered, a figure (down 18% from 2022) that represents **more than 98% of the total waste** produced. With regard to production waste (which accounts for more than 85% of total waste), the percentage of recovered waste remains almost constant at close to 100%.

In fact, in all the Group's factories, **all raw waste is recovered** and reintroduced into the production process; in the factories in Italy and the USA, **100% of fired waste** is reused within the ceramic mixture. At the Portuguese plant in Aveiro, work is underway to gradually achieve the same recovery rate for fired waste.

All figures on waste management can be found in section 6 ("Appendices") of this Report. Compared to 2022, 2023 recorded **an 18% decrease in waste production**; this decrease is also attributable to the plant shutdown period that affected the Italian and Portuguese business units.

At present, the Finale Emilia plant is undergoing a major plant restructuring phase; therefore, also due to the type of mixtures produced, it was not possible to extend the recovery of sewage sludge to this production site, as was done for the Toano plant.

10. Details on disposal by type of waste are not currently available. In the coming years, the Group will further develop its process of collecting this data, so that this information will be available in future editions of the Sustainability Report.

Here, also in 2023, **recovery of wastewater from production** meant that there was no external disposal of ceramic sludge. Consequently, wastewater from mixture preparation, glaze grinding and glazing was sent to a chemical and physical purification plant that produces purified water (later recovered in production) and ceramic sludge. Once filter-pressed, this was sent to external companies authorised to recover it.

0.42 %

Percentage of hazardous waste compared to the total waste produced by the Group in 2023

59,221 tonnes

Waste produced by the Group in 2023

98 %

Percentage of waste sent for recovery compared to the total waste produced by the Group in 2023



# 4/7 Packaging

For some time, Panariagroup has paid great attention to **reducing the environmental impact of its packaging system**, in terms of both care in purchasing recycled material and resource efficiency in the packaging process.

## Boxing machines

With regard to packaging, the Group's continuous investments in both Italian and foreign production sites have driven the use of **automatic boxing machines** at the end of the sorting line.

These machines make it possible to **optimise the use of cardboard** during the packaging process, use thinner materials and reduce waste. The machine wraps the product in perfectly optimised packaging. Compared to previously used systems, this technology allows **a reduction of up to 50% of the cardboard used**. At the Toano plant, where they were introduced in mid-2023, only this type of boxing machine is used.

## Newly designed pallets

At the beginning of 2023, a new type of **pallet with reduced weight** was introduced in the logistics warehouses of the Italian business unit, replacing the traditional non-standard supports normally used for picking. This substitution was intended to **significantly reduce the use of wood** where it was not strictly necessary. Indeed, it was estimated that, in 2023, the pallet efficiency work carried out in the logistics warehouses contributed to the avoidance of approximately 236 m<sup>3</sup> of wood, or almost 123 tonnes. In the last quarter of 2023, a project started to apply the same logic of replacing non-standard wooden pallets in Italian production plants.



For standard-size pallets (EURO 80x120 cm), the Group collaborated with a potential new supplier, to whom it passed on useful information to carry out physical tests with the aim of creating **a new prototype of EPAL-size pallets**. The prototype, on which a feasibility study is still underway, involves the use of wood solely from ecological islands; it does not use iron nails and is resistant to mould and fungus; it is thus exempt from the ISPM15 FAO standard and, therefore, from the drying process, which by its very nature produces CO<sub>2</sub>. This new pallet is designed to **comply with End of Waste legislation**, in particular the criteria set out in Article 6 of Directive 2008/98/EC.

#### Sustainable sourcing of packaging materials

Despite significant difficulties in sourcing packaging materials at a time of uncertainty, the Group managed to maintain **good sustainable procurement practices** and during 2023 the Italian business unit purchased:

- 90% of **recycled plastic** for industrial use, an increase over 2022 that confirms the improving trend compared to previous years (86% in 2022, 80% in 2021, 79% in 2020 and 2019, 72% in 2018, 57% in 2017 and 40% in 2016);
- 70% of **recycled paper and cardboard** for product packaging;
- most **wood** for storage and material handling from PEFC or FSC-certified suppliers.

#### Recovery of waste materials

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

The Group started monitoring certain KPIs related to the use of packaging. Considering (as of 2019) packaging and sold product data, in 2023 **Panariagroup used 5% less paper and 10.45% less plastic** in equal quantities of kilograms of tiles sold.

2023 TREND VS. WEIGHTED AVERAGE OF PAST YEARS: **-5.02% / 3.69% / -10.45%**

kg purchased of packaging	paper	wood	plastic	kg shipped of ceramic product	kg paper/ kg cer. sold	kg wood/ kg cer. sold	kg plastic/ kg cer. sold
2019	2,791,910	9,012,889	922,490	291,672,295	0.00957	0.03090	0.00316
2020	1,875,403	7,235,582	901,770	270,779,915	0.00693	0.02672	0.00333
2021	2,252,459	9,924,615	1,102,120	324,405,801	0.00694	0.03059	0.00340
2022	2,172,945	8,353,421	790,300	292,712,682	0.00742	0.02854	0.00270
2023	1,570,091	6,501,150	610,260	213,914,307	0.00734	0.03039	0.00285
Tot (no 2023)	<b>9,092,716</b>	<b>34,526,507</b>	<b>3,716,680</b>	<b>1,179,570,693</b>	<b>0.00771</b>	<b>0.02927</b>	<b>0.00315</b>
Tot (whit 2023)	<b>10,662,807</b>	<b>41,027,657</b>	<b>4,326,940</b>	<b>1,393,484,999</b>	<b>0.00765</b>	<b>0.02944</b>	<b>0.00311</b>



5/

Panariagroup  
for People



Staff, their well-being, their growth and their professional development continue to be an absolute priority for Panariagroup and the key to its success.

Similarly, the Group supports the local areas in which it operates by making extensive use of local suppliers and developing activities that actively contribute to the growth of the community.

# / at first glance

## Employee health: a priority

# 3,000

In 2023, Panariagroup offered its employees over 3,000 medical examinations.

---

## Work flexibility at Panariagroup

# Smart Working and Hours

Since 2022, the Group has made smart working structural in Italy and Portugal, integrating it into company dynamics. In Italy, a variable time schedule was introduced in 2023.

---

## Safety first

# < 30

The Group pays great attention to the safety of its staff: the number of accidents remained below 30 per million hours worked.

---



# Panariagroup for People

Ambitions for sustainable  
and responsible  
development

Ambition	Goal	Target 2025	As-is 2023
<p>Increasing employee satisfaction by promoting their physical and mental well-being</p> 	<p>Maintain employee satisfaction above a certain threshold</p>	<p>The target is being assessed and defined</p>	
<p>Enhance employee talents and special features by developing paths for growth that can increase training hours per capita</p> 	<p>Increased training hours per capita through the development of a training plan based on corporate level and department [base year 2019: 3.83 hours per capita]</p>	<p>15 hours of annual training per employee</p>	<p><b>7 hours per capita</b> Ongoing activities</p>
<p>Invest in young talents, developing a dynamic and challenging working environment</p> 	<p>Increased presence of young staff (under 35) within the company [base year 2020: 9%]</p>	<p>12% employees under 35 out of total staff</p>	<p><b>12%</b> Ongoing activities. Through the definition of a major induction plan and cooperation with Confindustria Ceramica for the creation and implementation of training courses, the aim is to steadily increase the number of under-35s within the company</p>

## Employees

Always prioritising people and quality of life and operating with the utmost respect for those who work for and with the Group: this is the basis of one of Panariagroup's founding values. People – their well-being, growth and professional development – are at the heart of the success of Panariagroup, which promotes a people strategy aimed at attracting the best talents, enhancing their skills and ability to work in a team, and recognising and rewarding their performance. The goal of this strategy is ultimately to contribute to **employees' job satisfaction** and **personal well-being**.

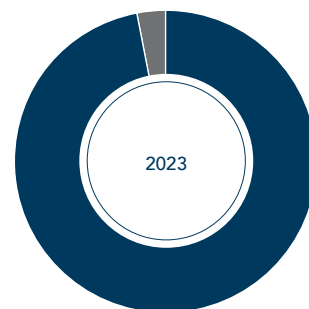
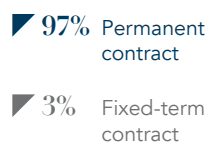
In order to guarantee the application of these principles, **the Group almost exclusively employs permanent staff**. This type of contract guarantees employees more stability and greater opportunities for professional growth. At the same time, Panariagroup takes into consideration requests from employees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

In such a complex economic context, Panariagroup maintains a **broadly stable employment level**; the relationship with the local communities in which it continues to operate is also solid, avoiding the outsourcing of production processes. Indeed, stability in employee relations is a key element in responsibly sustaining the Group's economic growth.

As at 31 December 2023, Panariagroup employed **1,805 people, 85 more** than the previous year due to the recent acquisition of Gresart (see sections 2.1 and 2.2).

In light of the increase in the workforce, **the turnover for 2023 is lower** than in 2022.

### Group employees by contract type as at 31.12.23



### Inclusion, respect, and enhancement of resources

**Inclusion and non-discrimination are equally fundamental values** for the Group's people management. They underpin the different measures taken:

- to develop each individual's talent;
- to facilitate work-life balance;
- to protect cultural, ethnic, age, gender and ability diversity.

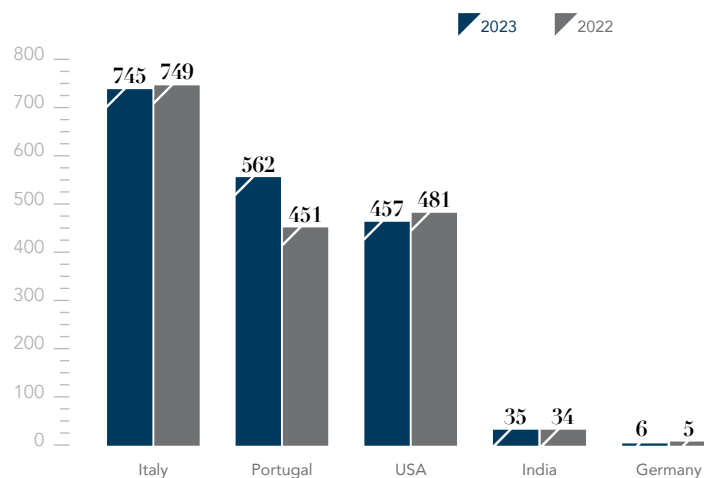
Panariagroup is committed to ensuring equal opportunities for employees and for those applying to become part of the organisation. Respect for individuals and their religious and sexual orientations is promoted in the plants, preventing any kind of discrimination and **promoting diversity, tolerance and acceptance**.

With regard to **the diversity management strategy**, there is strong integration of people with disabilities, protected by legislation. In the induction phase, careful assessment of the position and tasks and the assignment of a mentor enable these workers to make a real contribution to company life; they also enable a tangible improvement in their skills, relationships and self-image. A **careful approach to their integration**, their **protection** and above all their **enhancement** have important repercussions on the workers themselves, on their families and, more generally, on the social fabric.

In the **US business unit**, the non-discrimination policy and the anti-harassment policy have been adopted; a reporting channel has also been implemented for cases or issues possibly related to human resources or management, which provides for disciplinary measures for employees who violate internal policies and regulations.

In this regard, it should be noted that in 2023, as in 2022, Panariagroup did not detect any cases of discrimination based on race, colour, sex, religion, political views, national descent or social origin.

## Group employees as at 31.12.2023



## Work-life balance

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

Labour flexibility has, of course, accelerated in the wake of the COVID-19 pandemic. This unexpectedly positive development has made it possible to become more familiar with organisational methods that are still little used; it has also made it possible to **meet employees' needs**, fostering a different and enriching perspective on work performance evaluation.

In this context of positive evaluation of the **smart working** experience, in 2022 the Italian business unit chose to experiment with the smart working approach in its work organisation. The aim of this arrangement was to contribute to workers' well-being and **work-life balance**. In order to define the terms of adherence to post-pandemic smart working, a company regulation was adopted; in accordance with current regulations, employees interested in continuing with this working method signed an individual agreement. The regulation, in force until 2023, provided for one day of smart working per week (two for workers with disabilities, caregivers, parents of small children and those who reside far from the workplace). For 2024, it is assumed that the smart working regulation will be extended in the same way as in 2023.

With regard to the **Portuguese business unit**, from February 2022 smart working can be adopted by written agreement between the employee and the employer, as governed by local regulations. The Portuguese division, however, further promotes the smart working model by offering complete time flexibility whenever an employee needs to work from home to help and support minor children.

In April 2023, the new timetable system was adopted in the **Italian business unit**, implementing the suggestions received during an employee listening initiative. The **new timetable** allows for flexibility when entering the company site and in the location and duration of the lunch break.

### Corporate welfare

Great attention is always paid to corporate welfare initiatives: packages of **benefits and services that the Group makes available to employees** and periodically updates. In this regard, the Portuguese business unit was particularly active, making the seasonal flu vaccine available to employees and introducing a nutritionist and psychologist in the company; it also improved health insurance coverage and obtained favourable conditions for communication services (telephony and TV).

The welfare and personal care model implemented by Panariagroup has been cited, together with other illustrious companies, by the authoritative guide "Welfare aziendale. Secondo welfare, novità, gestione e buone pratiche", edited by Professor Tiziano Treu. This is **further confirmation of the Group's commitment to social responsibility**, recognised as one of the fundamental values of its business model.

### Career path

Another important reflection of employment stability relates to flexibility in career planning. It is developed within the Group **in harmony with the life stages of the employees** and their needs. In agreement with the employee, the transition from part-time to full-time work, and vice versa, is therefore also facilitated. As at 31 December 2023, 50 people were working on **part-time contracts**, a figure roughly in line with 2022.

### Remuneration

With regard to remuneration, Panariagroup strongly promotes a fair wage for its employees, in line with local legislation.

It is important to note that **the Group respects employee rights to collective bargaining**, in compliance with the International Labour Organization (ILO) Conventions and naturally always in compliance with local legislation.



#### **Collective bargaining agreements**

In 2023, the Group recorded a **collective bargaining coverage rate of 73%**. In Italy, where this percentage rises to 100%, supplementary company contracts have been developed over time that provide better working conditions than those guaranteed by national agreements. With regard to the US and the Indian business units, it should be noted that there are no collective bargaining agreements. Finally, it should be noted that in the event of major organisational changes, the Group complies with the provisions of collective agreements on fair notice.



**Panariagroup maintains a broadly stable employment level; the relationship with the local communities in which it continues to operate is also solid, avoiding the outsourcing of production processes.**

## Training and development

Training and professional development of employees are important issues for both the Group and its stakeholders. In this respect, Panariagroup aims to **enhance skills, promote employability** and **guarantee high safety standards** in the workplace, in compliance with national legislation.

### Training and skills upgrading

Health and safety training is provided throughout the Group, as required by local legislation. In addition, Panariagroup offered its employees **a wide range of training activities** defined by the managers and heads of the various areas, who are most familiar with their employees' needs and the skills required for their activities. Given the concrete needs of employees with environmental responsibilities, training and educational events are planned to improve their management skills.

In 2023, the Group provided a total of **9,948 training hours** (24% less than in 2022); of these, 6,263 were for men and 3,685 for women, with a per capita Group average of 6.

The decrease in training hours appears to be related to a physiological decline, with the exception of the Italian business unit where there was a better tracking of the training hours provided and, consequently, a corresponding increase.

In addition, specific training initiatives for managers and designers continued, aimed at **updating skills in areas characterised by rapid innovation**: use of information tools for new product design, study of product design, specific language skills to improve the acquisition of new customers and/or new market segments in European countries, sustainable innovation and social innovation. In particular, **key relational skills strengthening** courses were designed and implemented for all workers in the customer service area; **experimental team building courses** were also designed and will be implemented during 2024.

Information initiatives on the subject of sustainability for employees continued in 2022; they included **opportunities to share and update the Sustainability Plan**, and participation in the Landscape Festival, with the presentation of the THINK ZERO project (see p. 107 and section 3.6). In 2023, a training course was implemented for the entire company workforce in the sales and business development areas; the aim was to promote greater awareness of sustainability issues and the **product and process certifications** that guarantee sustainability.

### US business unit

With regard to the US business unit, the use of the Learning Management System continued in 2023, to enhance the **training system with thousands of courses (also by in-house staff) available free of charge to employees**. Topics included employee health and well-being, leadership and customer service. This system proved crucial, especially in the first year of the COVID-19 pandemic, as many of the courses were taught online to meet the need for social distancing. The courses for new hires were delivered through Paycor's online platform, an innovation that made their use by staff more flexible; the courses offered new hires important information on the company, benefits, health, safety and the environment.

## sustainability facts

# people

Panariagroup believes in **stable relations** with its employees: **97%** of employment contracts are **permanent**. To facilitate a better balance between the employee's work and personal needs, the Group regulated **smart working**, making it structural following the emergency phase of the pandemic.

Moreover, a **flexible timetable** is in place to allow each worker to adapt their attendance at work to their personal needs, always respecting certain basic principles that guarantee continued service.



To ensure that all employees are properly and adequately trained, the training requirements of the US business unit are annually reviewed.

In Florida Tile's plants and shops, training is also offered to **reduce the accident rate** and accident severity; **specific training in the use of** processing **machinery** to reduce the number of accidents and to reduce damage due to incorrect use of the machinery; and **ergonomic training** for employees working at their desks.

#### **Portuguese business unit**

With regard to the Portuguese business unit, Gres Panaria Portugal has always viewed employee qualification as an important strategic asset. Every year, based on a **careful analysis of the training needs of its staff**, a training plan is drawn up and approved by the corporate Management. In Portugal, a major **competency management and development plan** was completed in 2020, then applied in 2021-2022; this dynamic process outlines the combination of knowledge, skills and attitudes required to achieve high job performance. Skill identification enables employees to achieve greater autonomy in everyday life; it creates a common language and fosters involvement in the company's strategy and business; it simplifies the processes of change and adaptation of staff to new practices, new values and new technologies.

The model implemented by Gres Panaria Portugal identifies the specific skills required for each department, defined as a set of standard procedures that the operator must be able to independently carry out in order to correctly perform their various activities. Each employee is therefore assigned a skill level ranging from 1 (training period) to 5 (leadership skills). The skill level assessment is carried out on an annual basis and involves the supervision of the department manager with the support of a figure from the Human Resources and Quality, Environment and Safety areas. The skills management and development system also makes it possible to:

- implement more targeted **recruiting** and selection **processes**;
- more accurately identify employees' **training needs**;
- integrate **performance evaluation** processes;
- facilitate comparison between the different **skill profiles**;
- identify employees with **leadership** skills.

**Panariagroup aims to enhance skills, promote employability and guarantee high safety standards in the workplace, in compliance with national legislation.**

Portugal also saw the launch of the **"Welcome to GPP" project**, a format designed to welcome new employees, featuring a presentation of the company and all the information and references needed to start developing knowledge and a sense of belonging.

In 2023, programmes continued to improve the education, training, qualification levels and employment status of the company workforce. Gres Panaria Portugal wants to offer employees the opportunity to increase and develop skills through **qualified training that goes beyond the confines of the company**; for example, with financial education courses aimed at giving employees the opportunity to learn how to properly manage and invest their economic resources.

In cooperation with specialised training centres, the Portuguese business unit develops initiatives to **strengthen competitiveness** and establish partnerships with international and national counterparts on topics of common interest; to **promote the internationalisation of companies in the Aveiro Region** and to encourage entrepreneurship; and to promote vocational training, helping to **increase employment and social inclusion**.

#### **Italian business unit**

Since 2022, the Italian business unit has been running a programme to **acquire and develop new talent**, including through strengthening collaboration with educational and training institutions in the area, **with a focus on young people**.

Young specialists were recruited to fill key roles in the areas of QHSE (Quality, Health, Safety, and Environment), purchasing, plant efficiency, digital and social marketing. **2023 saw further entries of highly qualified young people** in the technical area, production planning, laboratory, maintenance and service, social media communication and administration and finance.

Strengthening of relationship and cooperation networks with **High Schools, ITS** (Higher Technical Education Institutions) and **Universities** in the local areas of the Group's various locations continued. Numerous **curricular internship experiences** were undertaken in cooperation with High Schools.

Young people attending ITS and university degree courses were given the opportunity to complete their in-company training by working on thesis projects. The collaboration with UNIMORE (University of Modena and Reggio Emilia) in 2023 for the Master's Degree courses in **Materials Engineering** and **International Management** is particularly notable. Finally, with the participation in the **2nd Level Master's Degree Course in Ceramic Business and Technology** (first in the project phase, then with the support of a student worker), the collaboration with Confindustria Ceramica, UNIMORE and UNIBO (University of Bologna) was strengthened.

## Occupational health and safety

Panariagroup pays great attention to health and safety issues in the workplace; to ensure its workers' protection and safety, it has implemented an **integrated Quality, Environment, Hygiene and Safety management system**.

The Group's commitment also resulted in the creation, at the beginning of 2022, of a Group **Prevention and Protection Service Manager (RSPP)**, responsible for standardising and improving health and safety during Panariagroup activities.

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

- an **accident management and mitigation protocol**. Each accident is recorded and analysed on the basis of a data sheet in order to identify the causes and proceed with preventive measures;
- worker **training** and **awareness-raising**;
- a **list of best practices** aimed at avoiding exposure to situations considered dangerous for certain work processes;
- **regular meetings between key health and safety figures**: RSPP (Prevention and Protection Service Manager), Workers' Safety, Health and Environment Representative (RLSSA) and competent doctor. These figures are responsible for assessing the negative impacts of certain work on workers' health and safety;
- **periodic meetings for prevention** and protection from health and safety risks, as well as periodic meetings between RSPP and RLSSA aimed at keeping the main managers in the plants constantly informed;
- an **Occupational Risk Evaluation Document**, prepared in accordance with the requirements of Legislative Decree 81/08 in order to identify, eliminate or reduce potential sources of risk in the workplace.

Panariagroup is also committed to making all staff aware of the importance of applying all safety procedures.

In 2023, the Italian business unit recorded an **increasing rate of recordable occupational accidents** for its employees of 29.9 (in 2022 the rate was 17.4).

**Health and safety are factors that the Group also carefully considers when designing and developing its products.**





With regard to Portugal, the **Margres** and **Love Tiles** plants have implemented an integrated Quality, Environment, Health and Safety system, certified according to UNI EN ISO 9001, UNI EN ISO 14001 and EMAS standards. The **Gresart** plant is certified according to UNI EN ISO 9001 and UPEC standards; however, an extension to UNI EN ISO 14001 certification is also planned for 2024. The safety management system follows the principles of the relevant management standard (currently UNI EN ISO 45001). The main management tools are:

- worker representatives for occupational health and safety (Law 3/2014);
- an internal procedure for analysing occupational risks;
- a programme to improve occupational health and safety conditions;
- programmes to promote employee health;
- internal training on occupational health and safety;
- technical advice on occupational health and safety;
- monitoring of occupational risk factors for noise and inhalation of crystalline silica;
- internal verification of the minimum safety requirements for working equipment (Directive 2001/45/EC);
- work analysis meetings, which include health and safety aspects;
- gymnastics at work to prevent musculoskeletal injuries;
- occupational medical and nursing services (Law 3/2014);
- procedure for the control of external service suppliers with regard to social aspects and occupational health and safety.

In 2023, the **Portuguese business unit** saw the **recordable occupational accident rate** for its employees decrease to 24.2 (in 2022 the rate was 38.4). In 2024, a study will be carried out to assess the occupational safety culture among employees, with the aim of increasingly limiting occupational incidents.

The theme of social responsibility sets the standards for ethical management, i.e. focusing on the **well-being of employees and the community**, and on actions aimed at reducing impacts on the environment. In this respect, Grès Panaria Portugal has started working on the areas of its employees' health and well-being through services such as physiotherapy, nutrition, gymnastics and, from 2023, a free psychological support service.

Conscious that fitter and healthier employees are also more satisfied and can maintain a higher attention threshold, the Occupational Safety and Health Department pays daily attention to the working environment, work tasks and any health and safety implications.

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

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

In addition to this, to improve the mental and physical well-being of its employees, the US business unit offers them **a free care programme**; it has also provided **a doctor** to give advice not only on work-specific illnesses but also on any other employee needs. The focus on occupational health and safety was particularly important in the year of the pandemic, when the company offered (and continues to offer) its employees **psychological support to address work-life balance issues**.

27.4

**2023 recordable  
occupational accident  
rate - employees**

23,4 in 2022

72

**2023 recordable  
occupational accident  
rate - contractors**

47.9 in 2022



Lastly, with regard to the US scope, it should be noted that the "Safety Team" continued its activities in 2023 with the aim of facilitating worker participation and consultation in the development, implementation and evaluation of the occupational health and safety management system. The purpose of the Team meetings (about one per month) is to provide access to and **communicate relevant occupational health and safety information**. The Group constantly monitors accident rates and acts decisively to raise **staff awareness** through **training and internal communications** on occupational safety and through appropriate **training for new hires** (specific mentoring with expert staff, correct use of personal protective equipment and provision of appropriate documentation on the subject).

In this respect, the US business unit achieved **a recordable occupational accident rate of 31.1** for its employees in 2023, an increase from the previous year (19.7).

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

**Health and safety** are factors that the Group also carefully considers when designing and **developing its products**, activities carried out by qualified laboratory technicians in accordance with the methods specified in a specific internal procedure; this requires that, whenever a new raw material is used, the supplier be asked for the relevant safety protocol, which contains the toxicological properties of the material in question. All safety protocols are controlled and verified before receipt of the material, and are stored in the same laboratory for future reference.

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

**The Group constantly monitors accident rates and acts decisively to raise staff awareness through training and internal communications on occupational safety.**

## Relations with local communities

For Panariagroup, **sustainability also encompasses relations with local communities**. Management strategies consider policies and practices that affect and regulate the impacts of the company's operations both from an economic and social standpoint. In relation to the entities with which Panariagroup deals, **the goal is to adopt sustainable behaviour at all levels**.

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

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

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

The Group has also always been involved in sports sponsorship. **Its long-standing commitment to cycling** has included a number of years of partnerships with international professional teams; over the years, more local operations have also been added. In this regard, the activities performed by the Portuguese business unit are very significant: every year, it organises the **"Douro Gran Fondo"**, a top-level competition that attracts non-professional cyclists from all over the world and brings together cycling enthusiasts in the Love Tiles Cycling Team.

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

For the third consecutive year and for the next two championship seasons, the partnership with **the most prestigious Italian basketball club, Olimpia Milano**, of which Panariagroup is Official Partner, has been confirmed.



On the cultural front, the Italian business unit has joined the relaunch project of an important institution of the Sassuolo district: together with other well-known companies in the area, Panariagroup is one of the promoters of the recovery and return to the local community of the **Teatro Carani** (theatre that reopened in early 2024 after years of inactivity), a historical institution with a rich tradition, a very valuable part of the local cultural heritage.

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

**302,000** **euros**  
value of money and products  
donated to local communities  
by the Group in 2023





# appendices

# Note on methodology

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

The Sustainability Report is prepared annually and contains information to the extent necessary to ensure knowledge of the corporate activity, of its performance, of its results and of the impact of its activity, with regard to the topics considered relevant by the Group, with reference to the 2023 financial year (from 1 January to 31 December).

The Panariagroup Group 2023 Sustainability Report has been **prepared in accordance with the “Global Reporting Initiative Sustainability Reporting Standards”** set out by the GRI - Global Reporting Initiative, according to the “In accordance” option.

**The scope of reporting of figures and economic-financial information corresponds to that of the Panariagroup Industrie Ceramiche S.p.A. Consolidated Financial Statements as at 31 December 2023.** With regard to qualitative information and quantitative data relating to human resources, including health and safety in the workplace aspects, companies consolidated using the full consolidation method in the Consolidated Financial Statements are included in the reporting scope<sup>11</sup>, with the exception of Steuler Fliesengruppe as it was acquired by the Group at the end of December 2023. Qualitative information and quantitative data on environmental and other social aspects include Group companies operating production sites, and limited to other social aspects (expenditure on local suppliers) Panariagroup India Industrie Ceramiche Pvt Ltd, with the exception of Steuler Fliesengruppe as it was acquired by the Group at the end of December 2023. Companies with only commercial offices and Montanari Ceramiche S.r.l., a retail outlet for ceramic material, are excluded, since they are not considered relevant to an understanding of the Group’s business activities and of its impact.

In April 2023, the Group fully acquired **Gresart**, thereby expanding the Portuguese business unit (Gres Panaria Portugal). There were no changes in the Group’s ownership structure and supply chain.

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

Panariagroup 2023 Sustainability Report was approved by the Board of Directors of Panariagroup Industrie Ceramiche S.p.A. on 29 May 2024.

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

**For information** on the Sustainability Report, please contact:  
**sustainability@panariagroup.it**

11. In 2023, as in 2022, all Group companies are consolidated using the full method.





# 6/2

## Correlation with GRI standards and involvement in impacts

Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
Direct environmental impacts	Reduction in the use of raw materials through the reuse of processing waste	Current positive	Re-use and re-introduction into the production process of processing waste following recovery and recycling operations, also with a view to the circular economy	N/A	Caused by the Group
	Consumption of resources and raw materials for the production process and Group activities	Current negative	Use of natural resources and raw materials in the production process resulting in negative impacts related to increased waste and reduced natural stocks	GRI 301: Materials (2016)	Caused by the Group
	Management of hazardous and non-hazardous waste	Current negative	Negative environmental impacts resulting from the generation of hazardous and non-hazardous waste and its improper disposal	GRI 306: Waste (2020)	Caused by the Group
	Water use and contamination	Current negative	Use of water to feed production processes with repercussions on the availability of water resources in the area and wastewater with repercussions on the quality of the water resources in the area	GRI 303: Water and wastewater (2018)	Caused by the Group



Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Combating climate change</b>	Energy consumption	Current negative	Use of electricity and fuels with consequent negative impacts on the environment and on the reduction of energy stocks	GRI 302: Energy (2016)	Caused by the Group and connected to the Group through its business relations
	Generation of direct and indirect energy GHG emissions (Scope 1 and Scope 2)	Current negative	Contribution to climate change through the generation of direct and indirect energy emissions related to the activities carried out in the Group offices and sites		Caused by the Group and connected to the Group through its business relations
	Generation of other indirect GHG emissions (Scope 3)	Current negative	Contribution to climate change through GHG emissions related to activities on the value chain (e.g. production and transport activities)	GRI 305: Emissions (2016)	Caused by the Group and connected to the Group through its business relations
	Generation of other polluting emissions (nitrogen oxides, sulphur oxides and other emissions)	Current negative	Generation of other polluting emissions from high-temperature combustion, such as nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOCs), hazardous air pollutants (HAPs) and particulate matter (PM)		Caused by the Group
<b>Well-being, health and safety</b>	Employee psycho-physical well-being	Current positive	Employee well-being through the adoption of devices and tools that promote employee well-being, policies and practices aimed at maintaining a healthy and wholesome work environment, and the adoption of benefits to improve psycho-physical well-being	GRI 403: Occupational health and safety (2018)	Caused by the Group
	Accidents in the workplace	Current negative	Accidents and/or other incidents related to the performance of working duties, with negative consequences for the health of internal and external employees		Caused by the Group
	Occupational diseases in the workplace	Potential negative	Disease outbreaks due to unhealthy or risky production processes		Caused by the Group

Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Diversity and inclusiveness of employees</b>	Violation of human rights	Potential negative	Ineffective management of working conditions, including along the company's own value chain, which does not guarantee the human right to freedom from forced labour and child labour. Violation of human rights related to freedom of association and collective bargaining in the Group's value chain	GRI 407: Freedom of Association and Collective Bargaining (2016) GRI 408: Child Labour (2016) GRI 409: Forced or Compulsory Labour (2016)	Caused by the Group
	Fair remuneration of staff	Current positive	Adoption of competitive staff remuneration policies that fairly redistribute the value generated by workers without forms of discrimination (e.g. related to gender, age, ethnicity, etc.)	GRI 202: Market presence (2016) GRI 405: Diversity and equal opportunities (2016)	Caused by the Group
	Discrimination and non-inclusive occupational practices that do not consider diversity and minority groups	Potential negative	Negative impacts on employee well-being, satisfaction and motivation due to discriminatory behaviours (e.g. related to gender, age, ethnicity, etc.) or other non-inclusive practices	GRI 405: Diversity and equal opportunities (2016) GRI 406: Non-discrimination (2016)	Caused by the Group
<b>Attractiveness, training and development</b>	Talent attraction and development	Current positive	Active talent attraction policies (e.g. partnerships with schools and universities, employment branding policies) and retention of skilled resources through a stimulating and inclusive work environment	GRI 401: Employment (2016)	Caused by the Group
	Training, development of workers' skills and growth pathways	Current positive	Improving worker skills through training and professional development activities, including those linked to personalised growth and assessment goals	GRI 404: Training and education (2016)	Caused by the Group
	Value creation for local suppliers	Current positive	Support for local development through procurement practices that favour business partners located in the areas in which the Group operates	GRI 204: Procurement practices (2016)	Caused by the Group
	Recruitment of workers from the local community	Current positive	Recruitment of workers from the local communities where the company operates, with positive impacts on local economies	GRI 202: Market presence (2016)	Caused by the Group
	Support for the development of the communities in which the Group operates	Current positive	Support for local development through the organisation of activities directly involving the local community (e.g. stakeholder engagement, development programme)	GRI 413: Local communities (2016)	Caused by the Group

Material topics	Main impacts	Type of impact	Description of main impacts	Reconciliation with GRI Standards	Group involvement in impacts
<b>Customer satisfaction and Brand reputation</b>	Customer satisfaction in terms of needs and expectations, including through a multi-brand approach	Current positive	Positive impacts of conducting business in a way that ensures full satisfaction of customer needs and expectations in terms of breadth of offer, relationship management and complaints	N/A	Caused by the Group
<b>Sustainable innovation</b>	Product and process innovation with positive effects on people and the environment	Current positive	Positive impacts on people and the environment from activities, policies and technological innovations aimed at continuous process improvement and at the development of products with innovative and sustainable features	N/A	Caused by the Group
<b>Product quality and design</b>	Impacts on customer health and safety	Potential negative	Negative impacts on customer health related to inadequate product quality features (e.g. deviation from declared quality standards) with consequent health and safety risks	GRI 416: Consumer health and safety (2016)	Caused by the Group
	Partial and/or non-transparent information and communication about the products offered by the Group	Potential negative	Negative impacts on customers and end consumers caused by misleading, incomplete and non-transparent communication and mislabelling of products	GRI 417: Marketing and labelling (2016)	Caused by the Group
<b>Responsible procurement</b>	Negative social and environmental impacts of supply chain management	Current negative	Negative impacts related to the procurement of goods and services from suppliers, in particular to the impacts that they generate on environmental and social aspects	GRI 308: Environmental assessment of suppliers (2016); GRI 414: Social assessment of suppliers (2016)	Caused by the Group and which the Group contributes to
<b>Integrity and compliance</b>	Unethical business conduct and potential corruption cases	Potential negative	Negative impacts on people and on economic systems generated by unethical business conduct	GRI 2: General Disclosures 2021	Caused by the Group
	Generation and distribution of economic value to the Group stakeholders	Current positive	Generation of economic value and balanced distribution to stakeholders with the aim of creating value in the short, medium and long term for all those with whom the Group deals	GRI 201: Economic performance (2016)	Caused by the Group
	Non-compliance with laws, regulations and standards	Potential negative	Non-compliance with applicable laws, regulations, internal and external standards with indirect impacts on employees, customers and suppliers	GRI 205: Anti-corruption	Caused by the Group
	Anti-competitive behaviour and monopoly practices	Potential negative	Anti-competitive behaviour and monopoly practices with negative impacts on the economy and on the markets	GRI 206: Anti-competitive behaviour (2016)	Caused by the Group

The scope of the environmental figures refers to the Group companies that operate production sites, with the exception of Steuler Fliesengruppe as it was acquired by the Group at the end of December 2023. Companies with only commercial offices, Gres Panaria Central Europe GmbH and Montanari Ceramiche S.r.l., are excluded, since they are not considered relevant to an understanding of the Group corporate activities and of its impact.

## ENERGY CONSUMPTION

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

	2022				2023			
	IT	PT	US	TOTAL <sup>12</sup>	IT	PT	US	TOTAL
<b>Total energy consumption (GJ)</b>	1,652,407,22	786,692	587,681	<b>3,026,760</b>	1,217,405	955,430	487,986	<b>2,660,820</b>
of which:								
from renewable sources (GJ)	1,370	-	-	<b>1,370<sup>12</sup></b>	943	6,546	-	<b>7,489</b>
from non-renewable sources (GJ)	1,651,037	786,692	587,681	<b>3,025,390</b>	1,216,462	948,884	487,986	<b>2,653,331</b>

### Total energy consumption by type

	2022				2023			
	IT	PT	US	TOTAL <sup>12</sup>	IT	PT	US	TOTAL
<b>Total energy consumption (GJ)</b>	1,652,407,22	786,692	587,681	<b>3,026,760</b>	1,217,405	955,430	487,986	<b>2,660,820</b>
of which:								
Electricity purchased (GJ)	276,450	148,907	106,842	<b>532,199</b>	218,677	170,174	92,534	<b>481,386</b>
Electricity self-generated from renewable sources (GJ)	1,370	-	-	<b>1,370</b>	943	6,546	-	<b>7,489</b>
Natural gas (GJ)	1,350,642	630,855	478,197	<b>2,459,695</b>	975,677	770,870	392,826	<b>2,139,373</b>
LPG (GJ)	-	75	657	<b>732</b>	-	144	391	<b>535</b>
Diesel for industrial vehicles (GJ)	14,523	1,762	1,809	<b>18,094</b>	12,102	2,248	2,049	<b>16,400</b>
Petrol for industrial vehicles (GJ)	-	-	-	-	-	-	-	-
Diesel for car fleet (GJ)	8,650	4,263	-	<b>12,913</b>	8,819	4,561	-	<b>13,380</b>
Petrol for cat fleet (GJ)	772	831	155	<b>1,758</b>	1,185	886	185	<b>2,257</b>

12. Following a process to improve the reporting system, the figure for self-produced electricity in Sassuolo has been restated from that published in the previous Sustainability Report. For previously published figures, please refer to the 2022 Sustainability Report.

# EMISSIONS

## Total direct and indirect emissions

	2022				2023			
	IT	PT	US	TOTAL	IT	PT	US	TOTAL
Direct emissions - Scope 1 (tCO <sub>2</sub> e) Energy	77,570	35,926	26,940	140,436	56,508	43,966	22,296	122,771
Direct emissions - Scope 1 (tCO <sub>2</sub> e) Raw material processing <sup>13</sup>	607	2,828	196	3,630	456	2,246	107	2,808
Direct emissions - Scope 1 (tCO <sub>2</sub> e) Total	78,177	38,754	27,136	144,066	56,965	46,212	22,403	125,579
Indirect emissions - Scope 2 (tCO <sub>2</sub> e) - Location-based <sup>14</sup>	24,189	11,375	11,100	46,664	19,134	12,999	9,613	41,747
Indirect emissions - Scope 2 (tCO <sub>2</sub> e) - Market-based <sup>14</sup>	35,094	11,623	11,100	57,816	27,760	21,083	9,613	58,456

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

	2022	2023
	t/year	t/year
NO <sub>x</sub>	87.7	76
SO <sub>x</sub>	23.8	19.4
Persistent organic pollutants (POPs)	-	-
Volatile organic compounds (VOCs)	65.9	67.3
Hazardous air pollutants (HAPs)	3.1	2.8
Particulate matter (PM)	44.5	48.1
Other emission standard categories identified in the applicable legislation	35.7	31.7

## Conversion factors

	2022	2023
	LCV	LCV
LOWER CALORIFIC VALUE OF FUELS		
Natural gas (GJ/m <sup>3</sup> )	0.036	0.036
LPG (GJ/ton)	45.94	45.96
Diesel (GJ/ton)	42.60	42.73
Petrol (GJ/ton)	43.62	43.18
Source	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2023

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

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

## Emission factors

2023						
	Electricity (gCO <sub>2</sub> /kWh) Location-based <sup>14</sup>	Electricity (gCO <sub>2</sub> /kWh) Market-based <sup>14</sup>	Natural gas (tCO <sub>2</sub> e/m <sup>3</sup> )	LPG (tCO <sub>2</sub> e/ton)	Diesel (tCO <sub>2</sub> e/ton)	Petrol (tCO <sub>2</sub> e/ton)
Italy	315	457	0.002	2.94	3.016	2.807
Portugal	275	246				
US	374	374				
Source	Terna, International Comparisons, 2019	2022 European Residual Mix (source: AIB 2023) for Italy and Portugal, Terna, International Comparisons, 2019 for USA	UK Government GHG conversion factors for company reporting, 2023	UK Government GHG conversion factors for company reporting, 2023	UK Government GHG conversion factors for company reporting, 2023	UK Government GHG conversion factors for company reporting, 2023

2022						
	Electricity (gCO <sub>2</sub> /kWh) Location-based <sup>14</sup>	Electricity (gCO <sub>2</sub> /kWh) Market-based <sup>14</sup>	Natural gas (tCO <sub>2</sub> e/m <sup>3</sup> )	LPG (tCO <sub>2</sub> e/ton)	Diesel (tCO <sub>2</sub> e/ton)	Petrol (tCO <sub>2</sub> e/ton)
Italy	315	457	0.002	2.94	3.033	2.903
Portugal	275	281				
US	374	374				
Source	Terna, International Comparisons, 2019	2021 European Residual Mix (source: AIB 2022) for Italy and Portugal, Terna, International Comparisons, 2019 for USA	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2022	UK Government GHG conversion factors for company reporting, 2022

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

# WATER AND WASTEWATER

## Water withdrawal

WITHDRAWAL SOURCE (ML)	2022		2023	
	All areas	Water-stressed areas	All areas	Water-stressed areas
<b>ITALY</b>				
Surface water	-	-	-	-
Groundwater	171	-	121	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	171	-	121	-
Seawater	-	-	-	-
Water produced	30	-	23	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	30	-	23	-
Third-party water resources	15	-	14	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	15	-	14	-
Total water withdrawal	216	-	158	-
<b>PORTUGAL</b>				
Surface water	-	-	-	-
Groundwater	128	-	143	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	128	-	143	-
Seawater	-	-	-	-
Water produced	18	-	21	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	18	-	21	-
Third-party water resources	5	-	7	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	5	-	7	-
Total water withdrawal	151	-	170	-
<b>US</b>				
Surface water	-	-	-	-
Groundwater	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
Seawater	-	-	-	-
Water produced	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
Third-party water resources	45	-	36	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	45	-	36	-
Total water withdrawal	45	-	36	-
<b>GROUP TOTAL</b>				
Surface water	-	-	-	-
Groundwater	299	-	264	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	299	-	264	-
Seawater	-	-	-	-
Water produced	49	-	43	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	49	-	43	-
Third-party water resources	65	-	57	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	65	-	57	-
Total water withdrawal	412	-	364	-

## Wastewater

DISPOSAL SITE (ML)	2022		2023	
	All areas	Water-stressed areas	All areas	Water-stressed areas
<b>ITALY</b>				
<b>Surface water</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	15	-	14	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	15	-	14	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	0.04	-	0.04	-
<b>Total wastewater</b>	15	-	14	-
<b>PORTUGAL</b>				
<b>Surface water</b>	34	-	42	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	34	-	42	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	3	-	6	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	3	-	6	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Total wastewater</b>	37	-	48	-
<b>US</b>				
<b>Surface water</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	14	-	11	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	14	-	11	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Total wastewater</b>	14	-	11	-
<b>GROUP TOTAL</b>				
<b>Surface water</b>	34	-	42	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	34	-	42	-
<b>Groundwater</b>	-	-	-	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	-	-	-	-
<b>Seawater</b>	-	-	-	-
<b>Third-party water resources</b>	32	-	31	-
of which fresh water ( $\leq 1,000$ mg/l total dissolved solids)	32	-	31	-
of which other types of water ( $> 1,000$ mg/l total dissolved solids)	0.04	-	0.04	-
<b>Total wastewater</b>	67	-	72	-



# WASTE

## Waste by treatment method and composition<sup>10</sup>

WASTE COMPOSITION (t)		2023		
	IT	PT	US	TOTAL
<b>PLASTIC</b>	205	84	-	<b>289</b>
of which disposed	-	-	-	-
of which recovered	205	84	-	<b>289</b>
of which hazardous	-	-	-	-
<b>WOOD</b>	426	108	-	<b>533</b>
of which disposed	-	-	-	-
of which recovered	426	108	-	<b>533</b>
of which hazardous	-	-	-	-
<b>PAPER</b>	395	157	-	<b>552</b>
of which disposed	-	-	-	-
of which recovered	395	157	-	<b>552</b>
of which hazardous	-	-	-	-
<b>PRODUCTION WASTE</b>	41,747	5,907	-	<b>47,654</b>
of which disposed	118	-	-	<b>118</b>
of which recovered	41,629	5,907	-	<b>47,536</b>
of which hazardous	118	-	-	<b>118</b>
<b>ELECTRONICS AND BATTERIES</b>	9	0.52	1	<b>11</b>
of which disposed	0.1	-	-	-
of which recovered	9	0.52	1	<b>11</b>
of which hazardous	5	0.06	-	<b>5</b>
<b>TONERS AND VARNISHES</b>	0.41	-	-	<b>0.41</b>
of which disposed	-	-	-	-
of which recovered	0.41	-	-	<b>0.41</b>
of which hazardous	-	-	-	-
<b>OTHER WASTE</b>	1,063	8,105	1,013	<b>10,181</b>
of which disposed	70	13	992	<b>1,074</b>
of which recovered	993	8,093	21	<b>9,107</b>
of which hazardous	77	48	-	<b>125</b>
<b>TOTAL WASTE PRODUCED</b>	<b>43,845</b>	<b>14,362</b>	<b>1,014</b>	<b>59,221</b>
of which disposed	188	13	992	<b>1,193</b>
of which recovered	43,657	14,349	22	<b>58,028</b>
of which hazardous	201	48	-	<b>249</b>
<b>% waste recovered</b>	<b>99.6%</b>	<b>99.91%</b>	<b>2.1%</b>	<b>98%</b>
<b>% hazardous waste</b>	<b>0.5%</b>	<b>0.34%</b>	<b>0%</b>	<b>0.4%</b>

10. Details on disposal by type of waste are not currently available. In the coming years, the Group will further develop its process of collecting this data, so that this information will be available in future editions of the Sustainability Report.

## Waste by treatment method and composition<sup>10</sup>

WASTE COMPOSITION (t)		2022		
	IT	PT	US	TOTAL
<b>PLASTIC</b>	234	61	-	<b>295</b>
of which disposed	-	-	-	-
of which recovered	234	61	-	<b>295</b>
of which hazardous	-	-	-	-
<b>WOOD</b>	568	78	-	<b>646</b>
of which disposed	-	-	-	-
of which recovered	568	78	-	<b>646</b>
of which hazardous	-	-	-	-
<b>PAPER</b>	567	134	-	<b>701</b>
of which disposed	-	-	-	-
of which recovered	567	134	-	<b>701</b>
of which hazardous	-	-	-	-
<b>PRODUCTION WASTE</b>	56,755	4,969	-	<b>61,724</b>
of which disposed	152	-	-	<b>152</b>
of which recovered	56,602	4,969	-	<b>61,571</b>
of which hazardous	152	-	-	<b>152</b>
<b>ELECTRONICS AND BATTERIES</b>	11	2	-	<b>13</b>
of which disposed	-	-	-	-
of which recovered	11	2.3	-	<b>13</b>
of which hazardous	10	0.2	-	<b>10</b>
<b>TONERS AND VARNISHES</b>	0.24	-	-	<b>0.24</b>
of which disposed	-	-	-	-
of which recovered	0.24	-	-	<b>0.24</b>
of which hazardous	-	-	-	-
<b>OTHER WASTE</b>	1,023	6,445	992	<b>8,459</b>
of which disposed	119	5	968	<b>1,092</b>
of which recovered	903	6,439	24	<b>7,367</b>
of which hazardous	108	29	-	<b>137</b>
<b>TOTAL WASTE PRODUCED</b>	<b>59,157</b>	<b>11,689</b>	<b>992</b>	<b>71,838</b>
of which disposed	272	5	968	<b>1,245</b>
of which recovered	58,885	11,683	24	<b>70,593</b>
of which hazardous	271	29	-	<b>300</b>
<b>% waste recovered</b>	<b>99.5%</b>	<b>99.95%</b>	<b>2.5%</b>	<b>98.3%</b>
<b>% hazardous waste</b>	<b>0.5%</b>	<b>0.25%</b>	<b>0%</b>	<b>0.4%</b>

10. Details on disposal by type of waste are not currently available. In the coming years, the Group will further develop its process of collecting this data, so that this information will be available in future editions of the Sustainability Report.

# PRODUCTION

## Surface area and weight of tiles produced

	2022				2023			
	IT	PT	US	TOTAL	IT	PT	US	TOTAL
Surface area of tiles produced (m <sup>2</sup> )	11,435,658	6,234,330	4,388,739	<b>22,058,727</b>	8,045,876	7,445,245	3,628,028	<b>19,119,149</b>
Energy intensity (GJ/m <sup>2</sup> )	0.144	0.126	0.134	<b>0.137</b>	0.151	0.128	0.135	<b>0.139</b>
Location-based emission intensity (tCO <sub>2</sub> /m <sup>2</sup> )	0.009	0.008	0.009	<b>0.009</b>	0.009	0.008	0.009	<b>0.009</b>
Market-based emission intensity (tCO <sub>2</sub> /m <sup>2</sup> )	0.010	0.008	0.009	<b>0.009</b>	0.011	0.009	0.009	<b>0.010</b>

## Human resources data

The scope of figures on human resources, including health and safety aspects, refers to Group companies consolidated using the full consolidation method in the Consolidated Financial Statements, with the exception of Steuler Fliesengruppe as it was acquired by the Group at the end of December 2023. Figures are stated in headcounts.

### NUMBER OF EMPLOYEES

Number of workers by country, gender and type of contract as at 31 December

	2022			2023		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>608</b>	<b>295</b>	<b>903</b>	<b>570</b>	<b>277</b>	<b>847</b>
Employees	488	261	<b>749</b>	493	252	<b>745</b>
Staff leasing workers	120	34	<b>154</b>	77	25	<b>102</b>
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>PORTUGAL<sup>15</sup></b>	<b>394</b>	<b>130</b>	<b>524</b>	<b>487</b>	<b>156</b>	<b>643</b>
Employees	329	122	<b>451</b>	412	150	<b>562</b>
Staff leasing workers	66	6	<b>72</b>	75	4	<b>79</b>
Apprentices	-	-	-	-	-	-
Interns/trainees	-	1	<b>1</b>	-	2	<b>2</b>
<b>US</b>	<b>342</b>	<b>142</b>	<b>484</b>	<b>320</b>	<b>142</b>	<b>462</b>
Employees	339	142	<b>481</b>	315	142	<b>457</b>
Staff leasing workers	3	-	<b>3</b>	5	-	<b>5</b>
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>INDIA</b>	<b>30</b>	<b>7</b>	<b>37</b>	<b>31</b>	<b>7</b>	<b>38</b>
Employees	28	6	<b>34</b>	29	6	<b>35</b>
Staff leasing workers	2	1	<b>3</b>	2	1	<b>3</b>
Apprentices	-	-	-	-	-	-
Interns/trainees	-	-	-	-	-	-
<b>GERMANY</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>6</b>
Employees	5	-	<b>5</b>	5	1	<b>6</b>
Staff leasing workers	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-
Stagisti/tirocinanti	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,379</b>	<b>574</b>	<b>1,953</b>	<b>1,413</b>	<b>583</b>	<b>1,996</b>
Employees	1,188	532	<b>1,720</b>	1,254	551	<b>1,850</b>
Staff leasing workers	191	41	<b>232</b>	159	30	<b>189</b>
Apprentices	-	-	-	-	-	-
Interns/trainees	-	1	<b>1</b>	-	2	<b>2</b>

15. Following a process to improve the reporting system, the figures on the gender breakdown of Portuguese employees has been restated from those published in the previous Sustainability Report. For previously published figures, please refer to the 2022 Sustainability Report.

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

	2022			2023		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>488</b>	<b>261</b>	<b>749</b>	<b>493</b>	<b>252</b>	<b>745</b>
Permanent employees	487	257	744	491	251	742
Fixed-term contract employees	1	4	5	2	1	3
Non-guaranteed hours	-	-	-	-	-	-
<b>PORTUGAL<sup>15</sup></b>	<b>329</b>	<b>122</b>	<b>451</b>	<b>412</b>	<b>150</b>	<b>562</b>
Permanent employees	295	116	411	372	137	509
Fixed-term contract employees	34	6	40	40	13	53
Non-guaranteed hours	-	-	-	-	-	-
<b>US</b>	<b>339</b>	<b>142</b>	<b>481</b>	<b>315</b>	<b>142</b>	<b>457</b>
Permanent employees	339	142	481	315	142	457
Fixed-term contract employees	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>INDIA</b>	<b>28</b>	<b>6</b>	<b>34</b>	<b>29</b>	<b>6</b>	<b>35</b>
Permanent employees	28	6	34	29	6	35
Fixed-term contract employees	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>GERMANY</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>6</b>
Permanent employees	5	-	5	5	1	6
Fixed-term contract employees	-	-	-	-	-	-
Non-guaranteed hours	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>860</b>	<b>409</b>	<b>1,269</b>	<b>1,254</b>	<b>551</b>	<b>1,850</b>
Permanent employees	859	405	1,264	1,212	537	1,749
Fixed-term contract employees	35	10	5	42	14	45
Non-guaranteed hours	-	-	-	-	-	-

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

	2022			2023		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>488</b>	<b>261</b>	<b>749</b>	<b>493</b>	<b>252</b>	<b>745</b>
Full-time	483	219	219	489	210	699
Part-time	5	42	47	4	42	46
<b>PORTUGAL<sup>15</sup></b>	<b>329</b>	<b>122</b>	<b>451</b>	<b>412</b>	<b>150</b>	<b>562</b>
Full-time	329	122	451	412	150	562
Part-time	-	-	-	-	-	-
<b>US</b>	<b>339</b>	<b>142</b>	<b>481</b>	<b>315</b>	<b>142</b>	<b>457</b>
Full-time	336	140	476	312	141	453
Part-time	3	-	5	3	1	4
<b>INDIA</b>	<b>28</b>	<b>2</b>	<b>34</b>	<b>29</b>	<b>6</b>	<b>35</b>
Full-time	28	6	34	29	6	35
Part-time	-	6	-	-	-	-
<b>GERMANY</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>6</b>
Full-time	5	-	5	5	1	6
Part-time	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,189</b>	<b>531</b>	<b>1,254</b>	<b>1,254</b>	<b>551</b>	<b>1,805</b>
Full-time	1,181	487	1,247	1,247	508	1,755
Part-time	8	44	7	7	43	50

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

	2022			2023		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>488</b>	<b>261</b>	<b>749</b>	<b>493</b>	<b>252</b>	<b>745</b>
Senior managers	32	-	32	30	-	30
White-collar workers	160	115	275	160	112	272
Blue-collar workers	296	146	442	303	140	443
<b>PORTUGAL<sup>15</sup></b>	<b>329</b>	<b>122</b>	<b>451</b>	<b>412</b>	<b>1,502</b>	<b>562</b>
Senior managers	10	3	13	14	3	17
White-collar workers	41	61	102	54	66	120
Blue-collar workers	278	58	336	344	81	425
<b>US</b>	<b>339</b>	<b>142</b>	<b>481</b>	<b>315</b>	<b>142</b>	<b>457</b>
Senior managers	15	8	23	20	7	27
White-collar workers	88	101	189	90	102	192
Blue-collar workers	236	33	269	205	33	238
<b>INDIA</b>	<b>28</b>	<b>6</b>	<b>34</b>	<b>29</b>	<b>6</b>	<b>35</b>
Senior managers	2	1	3	2	1	3
White-collar workers	18	5	23	19	5	24
Blue-collar workers	8	-	8	8	-	8
<b>GERMANY</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>6</b>
Senior managers	1	-	1	1	-	1
White-collar workers	4	-	4	4	1	5
Blue-collar workers	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>1,189</b>	<b>531</b>	<b>1,720</b>	<b>1,254</b>	<b>551</b>	<b>1,805</b>
Senior managers	60	12	72	67	11	78
White-collar workers	311	282	593	327	286	613
Blue-collar workers	818	237	1,055	860	254	1,114

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

	2022				2023			
	<30	30-50	>50	Total	<30	30-50	>50	Total
<b>ITALY</b>	<b>33</b>	<b>371</b>	<b>345</b>	<b>749</b>	<b>40</b>	<b>349</b>	<b>356</b>	<b>745</b>
Senior managers	-	8	24	32	-	9	21	30
White-collar workers	13	154	108	275	11	149	112	272
Blue-collar workers	20	209	213	442	29	191	223	443
<b>PORTUGAL</b>	<b>39</b>	<b>239</b>	<b>173</b>	<b>451</b>	<b>49</b>	<b>279</b>	<b>234</b>	<b>451</b>
Senior managers	-	7	6	13	-	8	9	17
White-collar workers	9	61	32	102	10	72	38	120
Blue-collar workers	30	171	135	336	39	199	187	425
<b>US</b>	<b>82</b>	<b>248</b>	<b>151</b>	<b>481</b>	<b>61</b>	<b>244</b>	<b>152</b>	<b>457</b>
Senior managers	-	14	9	23	-	15	12	27
White-collar workers	18	96	75	189	25	94	73	192
Blue-collar workers	64	138	67	269	36	135	67	238
<b>INDIA</b>	<b>4</b>	<b>27</b>	<b>3</b>	<b>34</b>	<b>4</b>	<b>27</b>	<b>4</b>	<b>35</b>
Senior managers	-	2	1	3	-	1	2	3
White-collar workers	4	17	2	23	2	21	1	24
Blue-collar workers	-	8	-	8	2	5	1	8
<b>GERMANY</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>6</b>
Senior managers	-	-	1	1	-	-	1	1
White-collar workers	1	2	1	4	1	3	1	5
Blue-collar workers	-	-	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>158</b>	<b>885</b>	<b>672</b>	<b>1,715</b>	<b>155</b>	<b>902</b>	<b>748</b>	<b>1,805</b>
Senior managers	-	31	41	71	-	33	45	78
White-collar workers	45	330	218	589	49	339	225	613
Blue-collar workers	114	526	415	1,055	106	530	478	1,114

## Number of protected class employees by category and gender as at 31 December<sup>16</sup>

	2022			2023		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>	<b>19</b>	<b>13</b>	<b>32</b>	<b>18</b>	<b>11</b>	<b>29</b>
Senior managers	-	-	-	-	-	-
White-collar workers	2	3	5	2	2	4
Blue-collar workers	17	10	27	16	9	25
<b>PORTUGAL</b>	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-
<b>US</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>6</b>
Senior managers	-	-	-	-	-	-
White-collar workers	1	2	3	1	2	3
Blue-collar workers	3	-	3	3	-	3
<b>INDIA</b>	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-
<b>GERMANY</b>	-	-	-	-	-	-
Senior managers	-	-	-	-	-	-
White-collar workers	-	-	-	-	-	-
Blue-collar workers	-	-	-	-	-	-
<b>GROUP TOTAL</b>	<b>23</b>	<b>15</b>	<b>38</b>	<b>22</b>	<b>13</b>	<b>35</b>
Senior managers	-	-	-	-	-	-
White-collar workers	3	5	8	3	4	7
Blue-collar workers	20	10	30	19	9	28

## Composition of the Board of Directors by gender and age as at 31 December 2023

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

15. Following a process to improve the reporting system, the figures on the gender breakdown of Portuguese employees has been restated from those published in the previous Sustainability Report. For previously published figures, please refer to the 2022 Sustainability Report.

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

## Employee new hires by gender and age<sup>17</sup>

	2022				2023			
	Men	Women	Total	New hires as % of total	Men	Women	Total	New hires as % of total
<b>ITALY</b>	<b>31</b>	<b>14</b>	<b>45</b>	<b>-</b>	<b>33</b>	<b>4</b>	<b>37</b>	<b>-</b>
Age <30 years	15	3	18	54.5%	13	-	13	32.5%
Age 30-50 years	15	9	24	6.5%	18	3	15	6%
Age >50 years	1	2	3	0.9%	2	1	3	0.89%
<b>New hires as % of total</b>	<b>6.4%</b>	<b>5.4%</b>	<b>6.0%</b>	<b>-</b>	<b>6.7%</b>	<b>1.6%</b>	<b>5.0%</b>	<b>-</b>
<b>PORTUGAL</b>	<b>35</b>	<b>6</b>	<b>41</b>	<b>-</b>	<b>36</b>	<b>11</b>	<b>47</b>	<b>-</b>
Age <30 years	17	3	20	51.3%	11	4	15	30.6%
Age 30-50 years	17	3	20	8.4%	24	7	31	11.1%
Age >50 years	1	-	1	0.6%	1	-	1	0.4%
<b>New hires as % of total</b>	<b>10.6%</b>	<b>4.9%</b>	<b>9.1%</b>	<b>-</b>	<b>8.7%</b>	<b>7.3%</b>	<b>8.4%</b>	<b>-</b>
<b>US</b>	<b>212</b>	<b>72</b>	<b>284</b>	<b>-</b>	<b>131</b>	<b>45</b>	<b>176</b>	<b>-</b>
Age <30 years	75	20	95	115.9%	55	14	69	113.1%
Age 30-50 years	118	44	162	65.3%	63	23	86	35.2%
Age >50 years	19	8	27	17.9%	13	8	21	13.8%
<b>New hires as % of total</b>	<b>62.5%</b>	<b>50.7%</b>	<b>59%</b>	<b>-</b>	<b>41.6%</b>	<b>31.7%</b>	<b>38.5%</b>	<b>-</b>
<b>INDIA</b>	<b>7</b>	<b>1</b>	<b>8</b>	<b>-</b>	<b>12</b>	<b>2</b>	<b>14</b>	<b>-</b>
Age <30 years	-	1	1	25%	1	1	2	50%
Age 30-50 years	7	-	7	26%	11	1	12	44.4%
Age >50 years	-	-	-	0.0%	-	-	-	0.0%
<b>New hires as % of total</b>	<b>25.0%</b>	<b>16.7%</b>	<b>23.5%</b>	<b>-</b>	<b>41.4%</b>	<b>33.3%</b>	<b>40%</b>	<b>-</b>
<b>GERMANY</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>-</b>
Age <30 years	-	-	-	0.0%	-	-	-	0.0%
Age 30-50 years	1	-	1	50%	-	1	1	33.3%
Age >50 years	-	-	-	0.0%	-	-	-	0.0%
<b>New hires as % of total</b>	<b>20%</b>	<b>0.0%</b>	<b>20%</b>	<b>-</b>	<b>0.0%</b>	<b>100%</b>	<b>16.7%</b>	<b>-</b>
<b>GROUP TOTAL</b>	<b>286</b>	<b>93</b>	<b>379</b>	<b>-</b>	<b>212</b>	<b>63</b>	<b>275</b>	<b>-</b>
Age <30 years	107	27	134	84.8%	80	19	99	63.9%
Age 30-50 years	158	56	214	24.2%	116	35	151	16.7%
Age >50 years	21	10	31	4.6%	16	9	25	3.3%
<b>New hires as % of total<sup>18</sup></b>	<b>33.3%</b>	<b>22.7%</b>	<b>22%</b>	<b>-</b>	<b>16.9%</b>	<b>11.4%</b>	<b>15.2%</b>	<b>-</b>

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

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



## Employee terminations by gender and age<sup>19</sup>

	2022				2023			
	Men	Women	Total	Employee terminations as % of total	Men	Women	Total	Employee terminations as % of total
<b>ITALY</b>	<b>32</b>	<b>17</b>	<b>44</b>	<b>-</b>	<b>28</b>	<b>13</b>	<b>41</b>	<b>-</b>
Age <30 years	2	1	3	9.1%	-	-	-	0.0%
Age 30-50 years	14	1	15	4%	9	4	13	3.7%
Age >50 years	16	10	26	7.5%	19	9	28	7.9%
Employee terminations as % of total	6.6%	4.6%	5.9%	-	5.7%	5.2%	5.5%	-
<b>PORTUGAL</b>	<b>33</b>	<b>6</b>	<b>39</b>	<b>-</b>	<b>37</b>	<b>8</b>	<b>45</b>	<b>-</b>
Age <30 years	13	1	14	35.9%	9	2	11	22.4%
Age 30-50 years	13	4	17	7.1%	17	6	23	8.2%
Age >50 years	7	1	8	4.6%	11	-	11	4.7%
Employee terminations as % of total	10.1%	4.9%	8.6%	-	9%	5.3%	8%	-
<b>US</b>	<b>198</b>	<b>60</b>	<b>258</b>	<b>-</b>	<b>152</b>	<b>48</b>	<b>200</b>	<b>-</b>
Age <30 years	66	16	82	100%	51	12	63	103.3%
Age 30-50 years	95	37	132	53.2%	80	23	103	42.2%
Age >50 years	37	7	44	29.1%	21	13	34	22.4%
Employee terminations as % of total	58.4%	42.3%	53.6%	-	48.3%	33.8%	43.8%	-
<b>INDIA</b>	<b>8</b>	<b>2</b>	<b>10</b>	<b>-</b>	<b>11</b>	<b>2</b>	<b>13</b>	<b>-</b>
Age <30 years	-	1	1	25%	-	1	1	25%
Age 30-50 years	8	1	9	33.3%	10	1	11	40.7%
Age >50 years	-	-	-	0.0%	1	-	-	25%
Employee terminations as % of total	28.6%	33.3%	29.4%	-	37.9%	33.3%	37.1%	-
<b>GERMANY</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Age <30 years	-	-	-	0.0%	-	-	-	0.0%
Age 30-50 years	-	-	-	0.0%	-	-	-	0.0%
Age >50 years	-	-	-	0.0%	-	-	-	0.0%
Employee terminations as % of total	0.0%	0.0%	0.0%	-	0.0%	0.0%	0.0%	-
<b>GROUP TOTAL</b>	<b>271</b>	<b>80</b>	<b>351</b>	<b>-</b>	<b>228</b>	<b>71</b>	<b>299</b>	<b>-</b>
Age <30 years	81	19	100	62.9%	60	15	75	48.4%
Age 30-50 years	130	43	173	19.5%	116	34	150	16.6%
Age >50 years	60	18	78	11.6%	52	22	74	9.9%
Employee terminations as % of total <sup>20</sup>	22.8%	15.0%	20.4%	-	18.2%	12.9%	16.6%	-

19. The data for employee terminations does not include seasonal staff and intra-group transfers.

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

# TRAINING

## Number of training hours by employee category and gender

2022							2023						
MEN			WOMEN		TOTAL		MEN		WOMEN		TOTAL		
	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	Hours	Hours per capita	
ITALY													
Senior managers	80	3	-	-	80	3	674	22	-	-	674	22	
White-collar workers	548	3	446	4	994	4	1,365	9	1,085	10	2,450	9	
Blue-collar workers	1,721	6	306	2	2,027	5	1,599	5	567	4	2,166	5	
Total	2,349	5	752	3	3,101	4	3,637	7	1,652	7	35,289	7	
PORTUGAL													
Senior managers	37	4	29	10	66	5	40	3	91	30	131	8	
White-collar workers	491	12	947	16	1,437	14	311	6	549	8	860	7	
Blue-collar workers	2,685	10	406	7	3,091	9	1,930	6	186	2	2,116	5	
Total	3,213	10	1,381	11	4,594	10	2,281	6	826	6	3,107	6	
US													
Senior managers	69	5	31	4	100	4	-	-	1	0	1	0	
White-collar workers	196	2	120	1	316	2	53	1	27	0	80	0	
Blue-collar workers	4,182	18	836	25	5,018	19	274	1	1,173	36	1,447	6	
Total	4,447	13	987	7	5,433	11	327	11	1,201	8	1,528	3	
INDIA													
Senior managers	-	-	-	-	-	-	-	-	-	-	-	-	
White-collar workers	9	0.5	2	0.4	11	0.48	18	0.9	6	1.2	24	1	
Blue-collar workers	-	-	-	-	-	-	-	-	-	-	-	-	
Total	9	0.3	2	0.3	11	0.32	18	0.6	6	1.0	24	0.69	
GERMANY													
Senior managers	-	-	-	-	-	-	-	-	-	-	-	-	
White-collar workers	-	-	-	-	-	-	-	-	-	-	-	-	
Blue-collar workers	-	-	-	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	-	-	-	-	-	
GROUP													
Senior managers	186	3	60	5	246	3	714	11	92	8	806	10	
White-collar workers	1,244	4	1,514	5	2,758	5	1,747	5	1,667	6	3,414	6	
Blue-collar workers	8,588	11	1,548	7	10,136	10	3,803	4	1,926	8	5,729	5	
Total	10,018	8	3,122	6	13,139	8	6,263	5	3,685	7	9,948	6	

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

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

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

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

# HEALTH AND SAFETY

## Occupational accidents and type - Employees

	2022						2023					
	IT	PT	US	IN	GER	GROUP	IT	PT	US	IN	GER	GROUP
Total number of deaths due to occupational accidents	-	-	-	-	-	-	-	-	-	-	-	-
Total number of serious occupational accidents <sup>21</sup> (excluding deaths)	-	-	-	-	-	-	1	1	-	-	-	2
Total number of recordable occupational accidents	20	31	18	-	-	69	33	25	25	-	-	83
Hours worked <sup>22</sup>	1,147,967	808,319	913,437	73,804	8,320	2,951,847	1,102,480	1,032,646	805,101	80,792	12,306	3,033,324
Death rate due to occupational accidents <sup>23</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Serious occupational accident rate <sup>24</sup> (excluding deaths)	-	-	-	-	-	-	0.9	1.0	-	-	-	0.66
Recordable occupational accident rate <sup>24</sup>	17.4	38.4	19.7	-	-	23.4	29.9	24.2	31.1	-	-	27.4
Superficial injuries, open wounds and burns	6	7	9	-	-	22	12	12	8	-	-	32
Sprains, dislocations and fractures	14	24	9	-	-	47	22	13	17	-	-	52
Amputations	-	-	-	-	-	-	-	1	-	-	-	1
<b>Total</b>	<b>20</b>	<b>31</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>34</b>	<b>26</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>85</b>

## Occupational accidents and type - Contractors<sup>25</sup>

	2022						2023					
	IT	PT	US	IN	GER	GROUP	IT	PT	US	IN	GER	GROUP
Total number of deaths due to occupational accidents	-	-	-	-	-	-	-	-	-	-	-	-
Total number of serious occupational accidents <sup>21</sup> (excluding deaths)	-	-	-	-	-	-	-	-	-	-	-	-
Total number of recordable occupational accidents	16	5	-	-	-	21	10	9	25	-	-	19
Hours worked <sup>22</sup>	279,225	128,892	30,050	-	-	438,167	140,585	116,946	6,466	-	-	263,996
Death rate due to occupational accidents <sup>23</sup>	-	-	-	-	-	-	-	-	-	-	-	-
Serious occupational accident rate <sup>24</sup> (excluding deaths)	-	-	-	-	-	-	-	-	-	-	-	-
Recordable occupational accident rate <sup>24</sup>	57.3	107.1	-	-	-	47.9	71.1	77	-	-	-	72
Superficial injuries, open wounds and burns	12	2	-	-	-	14	6	6	-	-	-	12
Sprains, dislocations and fractures	4	3	-	-	-	7	4	3	-	-	-	7
Amputations	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>10</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>

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

# LOCALLY HIRED MANAGEMENT

## Locally hired management<sup>26</sup>

	2022			2023		
	Men	Women	Total	Men	Women	Total
<b>ITALY</b>						
Senior managers	32	-	<b>32</b>	30	-	<b>30</b>
of whom hired locally	32	-	<b>32</b>	30	-	<b>30</b>
% of locally hired management	100%	-	<b>100%</b>	100%	-	<b>100%</b>
<b>PORTUGAL</b>						
Senior managers	10	3	<b>13</b>	14	3	<b>17</b>
of whom hired locally	10	3	<b>13</b>	14	3	<b>17</b>
% of locally hired management	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
<b>US</b>						
Senior managers	15	8	<b>23</b>	20	7	<b>27</b>
of whom hired locally	11	7	<b>18</b>	15	6	<b>21</b>
% of locally hired management	73%	88%	<b>78%</b>	75%	86%	<b>78%</b>
<b>INDIA</b>						
Senior managers	2	1	<b>3</b>	2	1	<b>3</b>
of whom hired locally	2	1	<b>3</b>	2	1	<b>3</b>
% of locally hired management	100%	100%	<b>100%</b>	100%	100%	<b>100%</b>
<b>GERMANY</b>						
Senior managers	1	-	<b>1</b>	1	-	<b>1</b>
of whom hired locally	-	-	<b>-</b>	1	-	<b>1</b>
% of locally hired management	0%	-	<b>0%</b>	100%	-	<b>100%</b>
<b>GROUP</b>						
Senior managers	60	12	<b>72</b>	67	11	<b>78</b>
of whom hired locally	55	11	<b>66</b>	62	10	<b>72</b>
% of locally hired management	92%	92%	<b>92%</b>	93%	91%	<b>92%</b>

26. In defining locally hired management, management with citizenship in the country where each business unit of the Group is located was considered local.

# COLLECTIVE BARGAINING AGREEMENTS

Employees covered by collective bargaining agreements as at of 31 December<sup>27</sup>

	2022	2023
<b>ITALY</b>		
Employees covered by collective bargaining agreements	749	745
%	100%	100%
<b>PORTUGAL</b>		
Employees covered by collective bargaining agreements	451	562
%	100%	100%
<b>US</b>		
Employees covered by collective bargaining agreements	-	-
%	0%	0%
<b>INDIA</b>		
Employees covered by collective bargaining agreements	-	-
%	0%	0%
<b>GERMANY</b>		
Employees covered by collective bargaining agreements	5	6
%	100%	100%
<b>GROUP</b>		
Employees covered by collective bargaining agreements	1,205	1,313
%	95%	73%

# STANDARD SALARY FOR NEW HIRES

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

2022										
	IT		PT		US		IN		GER	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Ratio between the standard new hire level and the local minimum salary, by gender	1.0	1.0	1.0	1.0	1.9	1.9	1.2	1.2	1.0	-

2023										
	IT		PT		US		IN		GER	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Ratio between the standard new hire level and the local minimum salary, by gender	1.0	1.0	1.0	1.0	2.3	2.3	1.2	1.2	1.0	-

27. No collective bargaining agreements are in force in the USA and India.

## Data on the supply chain

The scope of the supply chain figures refers to the Group companies that operate production sites (with the exception of Steuler Fliesengruppe as it was acquired by the Group at the end of December 2023) and, limited to information regarding expenditure on local suppliers, Panariagroup India Industrie Ceramiche Pvt Ltd. Companies with only commercial offices, Gres Panaria Central Europe GmbH and Montanari Ceramiche S.r.l., are excluded, since they are not considered relevant to an understanding of the Group corporate activities and of its impact.

### LOCAL SUPPLIERS

Expenditure on local suppliers (millions of euro)<sup>28</sup>

	2022					2023				
	IT	PT	US	IN	GROUP	IT	PT	US	IN	GROUP
Expenditure on local suppliers	200	59	64	2	<b>325</b>	145	65	62	2	<b>275</b>
Total purchases	213	67	71	2	<b>353</b>	159	81	65	2	<b>208</b>
% of expenditure on local suppliers out of total purchases	<b>94%</b>	<b>89%</b>	<b>89%</b>	<b>100%</b>	<b>92%</b>	<b>91%</b>	<b>80%</b>	<b>95%</b>	<b>100%</b>	<b>89%</b>

### MATERIALS USED

Materials used by weight (t)<sup>29</sup>

	2022				2023			
	IT	PT	US	GROUP	IT	PT	US	GROUP
Clays	135,542	89,135	47,698	<b>272,375</b>	106,092	94,745	44,235	<b>245,071.92</b>
Feldspars	122,223	68,336	56,203	<b>246,762</b>	84,020	74,350	43,869	<b>202,239.50</b>
Sands	47,335	7,972	8,440	<b>63,747</b>	28,805	5,287	7,737	<b>41,829.18</b>
Glazes and colouring agents	8,257	4,288	1,610	<b>14,155</b>	6,365	5,085	1,387	<b>12,836.55</b>
Spray-dried powders	1,457	-	-	<b>1,457</b>	592	1,101	-	<b>1,692.48</b>
Zirconium/whitening agents	1,504	188	157	<b>1,849</b>	384	506	151	<b>1,040.50</b>
Additives	2,444	982	438	<b>3,864</b>	1,836	1,436	339	<b>3,610.97</b>
Ground fired material	21,749	4,000	-	<b>25,749</b>	11,497	5,327	-	<b>16,824.04</b>
Packaging	11,318	910	4,086	<b>16,314</b>	8,839	1,173	3,190	<b>13,202.01</b>
Other	6,612	7,864	1,018	<b>15,494</b>	3,619	5,206	949	<b>9,773.70</b>
<b>Total</b>	<b>358,439</b>	<b>183,676</b>	<b>119,650</b>	<b>661,765</b>	<b>252,050</b>	<b>194,214</b>	<b>101,857</b>	<b>548,120.85</b>

28. In defining expenditure on local suppliers, "local suppliers" were considered to be those suppliers with a registered office in the country in which each business unit operates. Monetary values are reported net of intercompany transactions and VAT for all the reference countries.

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









# GRI content index



# GRI content index

<b>Declaration of use</b>	Panariagroup submitted a report in accordance with the GRI standards for the period from 1 January to 31 December 2023
<b>GRI 1 used</b>	GRI 1 - Foundation - 2021 version
<b>Relevant GRI sector standards</b>	N/A

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
GENERAL DISCLOSURES						
GRI 2 - General Disclosures - 2021 version						
2-1	Organisational details	46-51				
2-2	Entities included in the organisation's sustainability reporting	162; 168; 176; 186				
2-3	Reporting period, frequency and contact point	162; 197 The reporting period for the Sustainability Report corresponds to that of the Consolidated Financial Statements (from 1 January to 31 December)				
2-4	Restatement of information	168; 176 There are no restatements for the previous period (from 1 January to 31 December 2021)				
2-5	External assurance	168; 197				
2-6	Activities, value chain and other business relationships	40-41; 46-47; 110-112; 124; 154				
2-7	Employees	176-177				
2-8	Workers who are not employees	176				
2-9	Governance structure and composition	36-38				
2-10	Nomination and selection of the highest governance body	36-38				
2-11	Chair of the highest governance body	53 As of 31 December 2023, the Chairman of the Board of Directors is not part of the Group Top Management, since he is not formally employed by Panariagroup Industrie Ceramiche S.p.A. or by its subsidiaries				

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
2-12	Role of the highest governance body in overseeing the management of impacts	33; 52-53				
2-13	Delegation of responsibility for managing impacts	33; 52-53				
2-14	Role of the highest governance body in sustainability reporting	33; 52-53				
2-15	Conflicts of interest	52-53				
2-16	Communication of critical concerns	53				
2-17	Collective knowledge of the highest governance body	53				
2-18	Evaluation of the performance of the highest governance body	18-19; 28-35; 75; 116-120; 138; 147-148				
2-19	Remuneration policies	The members of the Board of Directors, as well as senior managers, receive a fixed gross annual fee. With regard to the Board, following the delisting from the Italian Stock Exchange (Borsa Italiana) in 2021, there is no longer a variable fee linked to the achievement of predetermined targets. There were no bonuses awarded at the beginning of tenure or incentives for appointment, compensation and retirement benefits. The payments at the end of the employment contract are regulated by law according to the existing contractual agreements. Currently, there is no reported remuneration, either for the Board of Directors or senior management, related to goals and achievements in relation to the organisation impacts on the economy, environment, and people				
2-20	Process to determine remuneration	Following the delisting from the Italian Stock Exchange (Borsa Italiana) in 2021, the Remuneration Committee is no longer in place. With regard to the Board of Directors, its compensation is determined by the Shareholders' Meeting of Panariagroup Industrie Ceramiche S.p.A. and allocated among the members at a subsequent Board meeting. The shareholder Finpanaria S.p.A., which holds 100% of the share capital of Panariagroup Industrie Ceramiche S.p.A. as at 31 December 2023, exercises its voting power. With regard to employees, Panariagroup complies with national collective bargaining agreements and has developed supplementary corporate contracts over time. Where they do not exist, individual agreements have been made in accordance with the law. It should also be noted that Panariagroup does not consult independent experts when determining remuneration				

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
2-21	Annual total compensation ratio	a) Ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of all employees (excluding the aforementioned individual): 11.2 b) Ratio of the percentage increase in the annual total remuneration of the highest-paid individual to the median percentage increase in the annual total remuneration of all employees (excluding the aforementioned individual): Not calculable since the numerator is negative For point a), the total remuneration corresponds to the fixed remuneration on an accrual basis (as stipulated by contractual agreements) and the variable remuneration on a cash basis consisting of what was actually paid in the reporting year. In 2023, the highest-paid individual was the CEO of Panariagroup USA Inc.				
2-22	Statement on sustainable development strategy	4-5				
2-23	Policy commitments	52-53; 58; 59; 64-65				
2-24	Embedding policy commitments	52-53; 58; 59; 64-65				
2-25	Processes to remediate negative impacts	28-33; 53; 108-109; 164-167				
2-26	Mechanisms for seeking advice and raising concerns	64; 164				
2-27	Compliance with laws and regulations	66				
2-28	Membership of associations	22; 27				
2-29	Approach to stakeholder engagement	24-27				
2-30	Collective bargaining agreements	147-149; 185				
MATERIAL TOPICS						
GRI 3 - Material topics - 2021 version						
3-1	Process to determine material topics	28-33				
3-2	List of material topics	28-33				
GENERATION AND DISTRIBUTION OF VALUE						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 66-69; 78-85; 164-167				
GRI 201: Economic Performance 2016						
201-1	Direct economic value generated and distributed	80-81				

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
WELL-BEING, HEALTH AND SAFETY						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 66-69; 78-85; 164-167				
GRI 403: Occupational health and safety 2018						
403-1	Occupational health and safety management system	154-155				
403-2	Hazard identification, risk evaluation, and incident investigation	154-157				
403-3	Occupational health services	157				
403-4	Worker participation, consultation, and communication on occupational health and safety	154-155				
403-5	Worker training on occupational health and safety	154-155				
403-6	Promotion of worker health	142; 154-157				
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	154-155				
403-9	Work-related injuries	6-7; 142; 157; 183				
403-10	Work-related ill health	For the 2023 Sustainability Report, it was decided to limit reporting to the Italian scope. No cases of work-related ill health were recorded during the reporting period				
SUSTAINABLE INNOVATION						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 66-69; 78-85; 164-167				
COMBATING CLIMATE CHANGE						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 128-131; 164-167				
GRI 302: Energy 2016						
302-1	Energy consumption within the organisation	128-131; 168				
302-3	Energy intensity	6-7; 128; 175				
GRI 305: Emissions 2016						
305-1	Direct GHG emissions (Scope 1)	128-131; 169-170				
305-2	Energy indirect (Scope 2) GHG emissions	128-131; 169-170				

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
305-3	Other indirect GHG emissions (Scope 3)			Information not available/incomplete	Panariagroup is currently unable to calculate the indirect GHG emissions (Scope 3) of its value chain. It is therefore committed to including this information in future Sustainability Reports	
305-4	GHG emissions intensity	6-7; 128; 175				
DIRECT ENVIRONMENTAL IMPACTS						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 116-139; 164-167				
GRI 301: Materials 2016						
301-1	Materials used by weight or volume	186				
GRI 303: Water and effluents 2018						
303-1	Interactions with water as a shared resource	134-135				
303-2	Management of water discharge-related impacts	134-135				
303-3	Water withdrawal	171				
303-4	Water discharges	172				
GRI 305: Emissions 2016						
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions	169				
GRI 306: Waste 2020						
306-1	Waste generation and significant waste-related impacts	134-137				
306-2	Management of significant waste-related impacts	134-137				
306-3	Waste generated	173-174				
CUSTOMER SATISFACTION AND BRAND REPUTATION						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 66-69; 78-85; 164-167				

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
PRODUCT QUALITY AND DESIGN						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 92-97; 164-167				
GRI 416: Consumer health and safety 2016						
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	64-65; 96				
GRI 417: Marketing and labelling 2016						
417-2	Incidents of non-compliance concerning product and service information and labelling	64-65				
ATTRACTIVENESS, TRAINING AND DEVELOPMENT						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 146-149; 150-153; 164-167				
GRI 401: Employment 2016						
401-1	New employee hires and employee turnover	180-181				
GRI 404: Training and education 2016						
404-1	Average hours of training per year per employee	8-9; 149; 181				
INTEGRITY AND COMPLIANCE						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 64-69; 104-107				
GRI 205: Anti-corruption 2016						
205-3	Confirmed incidents of corruption and actions taken	65				
GRI 206: Anti-competitive behaviour 2016						
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	65				
DIVERSITY AND INCLUSIVENESS OF EMPLOYEES						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 78-81; 142-145; 146-149; 164-167				
GRI 202: Market presence 2016						
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	185				
202-2	Proportion of senior management hired from the local community	184				

GRI Standards	Disclosure	Location	Omission			GRI sector standard ref. no.
			Omitted requirements	Reason	Explanation	
GRI 405: Diversity and equal opportunity 2016						
405-1	Diversity of governance bodies and employees	176-179				
GRI 406: Non-discrimination 2016						
406-1	Incidents of discrimination and corrective actions taken	147				
GRI 408: Child Labour 2016						
408-1	Operations and suppliers at significant risk for incidents of child labour	During the reporting period, no activities and suppliers were found to be at significant risk of child labour incidents				
GRI 409: Forced or Compulsory Labour 2016						
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	During the reporting period, no activities and suppliers were found to be at significant risk of child labour incidents				
RESPONSIBLE PROCUREMENT						
GRI 3 - Material topics - 2021 version						
3-3	Management of material topics	28-33; 110-112; 164-167				
GRI 204: Procurement practices 2016						
204-1	Proportion of spending on local suppliers	111; 186				
GRI 308: Supplier environmental assessment 2016						
308-1	New suppliers that were screened using environmental criteria	110				
GRI 414: Supplier social assessment 2016						
414-1	New suppliers that were screened using social criteria	110				





# Independent Auditors' Report

## INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

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

We have carried out a limited assurance engagement on the Sustainability Report of the Panariagroup Group (hereinafter also "Group") as of December 31, 2023.

### **Responsibility of the Directors for the Sustainability Report**

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

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

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

### **Auditor's Independence and quality management**

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

Our auditing firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's responsibility

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

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

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

Specifically, we carried out the following procedures:

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

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

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

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the Sustainability Report we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

- for the following companies and sites, Fiorano Modenese (MO, Italy) site and production plant for Panariagroup Industrie Ceramiche S.p.A., Aveiro (Portugal) site and Ilhavo and Oliveira do Bairro (Portugal) production plants for Gres Panaria Portugal S.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

#### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Panariagroup Group as of December 31, 2023 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph “Note on methodology” of the Sustainability Report.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Silvia Dallai**  
Partner

Bologna, Italy  
July 9<sup>th</sup>, 2024

*This report has been translated into the English language solely for the convenience of international readers.*

# PANARIAgroup®

## Panariagroup Industrie Ceramiche S.p.A.

Via Panaria Bassa, 22/A

41034 Finale Emilia (MO) - Italy

Tel.: +39 0535 95111 - [info@panariagroup.it](mailto:info@panariagroup.it)

[www.panariagroup.it](http://www.panariagroup.it)

## Panaria Ceramica

Via Panaria Bassa, 22/A

41034 Finale Emilia (MO) - Italy

Tel.: +39 0535 837 811 - [info@panaria.it](mailto:info@panaria.it)

[www.panaria.it](http://www.panaria.it)

## Lea Ceramiche

Via Cameazzo, 21

41042 Fiorano Modenese (MO) - Italy

Tel.: +39 0536 837 811 - [info@leaceramiche.it](mailto:info@leaceramiche.it)

[www.leaceramiche.it](http://www.leaceramiche.it)

## Cotto d'Este

Via Emilia Romagna, 31

41049 Sassuolo (MO) - Italy

Tel.: +39 0536 814 911 - [info@cottodeste.it](mailto:info@cottodeste.it)

[www.cottodeste.it](http://www.cottodeste.it)

## Blustyle

Via Emilia Romagna, 31

41049 Sassuolo (MO) - Italy

Tel.: +39 0536 814 911 - [info@blustyle.it](mailto:info@blustyle.it)

[www.blustyle.it](http://www.blustyle.it)

## Maxa Ceramic Slabs

Via Cameazzo, 21

41042 Fiorano Modenese (MO) - Italy

Tel.: +39 0536 915211 - [info@maxaslabs.it](mailto:info@maxaslabs.it)

[www.maxaslabs.com](http://www.maxaslabs.com)

## Margres

Chousa Nova,

3830-133 Ílhavo - Portugal

Tel.: +351 234 329 700 - [margres@margres.com](mailto:margres@margres.com)

[www.margres.com](http://www.margres.com)

## Love Tiles

Zona industrial de Aveiro, Apartado 3002

3801-101 Aveiro - Portugal

Tel.: +351 234 303 030 - [lovetiles@lovetiles.com](mailto:lovetiles@lovetiles.com)

[www.lovetiles.com](http://www.lovetiles.com)

## Gresart

Zona industrial de Vila Verde

Apartado 39

3771-954 Oliveira do Bairro, Portugal

[gresart@gresart.com](mailto:gresart@gresart.com)

[www.gresart.com](http://www.gresart.com)

## Steuler I design, Grohn, Nordceram, Kerateam

Kerastraße 1

04703 Leisnig

Tel. +49 34321 663-0

[www.panariagroup.de](http://www.panariagroup.de)

## Florida Tile Inc.

998 Governors Lane

Suite 300, Lexington, KY 40513 - U.S.A.

Tel.: 001 - 859 219 5200 - [marketing@floridatile.com](mailto:marketing@floridatile.com)

[www.floridatile.com](http://www.floridatile.com)

## Bellissimo

Panariagroup India Industrie Ceramiche Pvt Ltd.

B-702, Shapath - IV, Opp. Karnavati Club,

S.G. Highway, Ahmedabad (Gujarat), 380015 - India

Tel.: +91 79 6191 6501 - [info@bellissimo.asia](mailto:info@bellissimo.asia)

[www.bellissimo.asia](http://www.bellissimo.asia)

Follow us at:



PHOTOS CREDITS:  
Lorenzo Franzì, Luigi Ottani

BUILDINGS CREDITS:  
Foto: Moreno Maggi





**PANARIA**group®