

Changing the point of view

Sustainability Report 2022



TERRATINTA
group



Changing the point of view

Sustainability Report 2023

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Traveling into the future

Following our established practice, we present the Sustainability Report 2022, the summary of our corporate situation that accompanies the statutory financial statements and reports on the performance of the past year.

Terratinta Group's journey is one of growth and consolidation: the most natural outcome was the decision to take up the challenge to achieve B Corp certification. We are proud to emphasise that the first step along this path, the amendment of our Articles of Association to become a Benefit Corporation, was not simply a formality but a clear declaration of our commitment to our employees, who are the fundamental part and lifeblood of the company, to our customers and suppliers with whom we share trust and respect for an ethic that goes beyond profit, and finally to the community and the territory in which we operate.

Becoming a Benefit Company has introduced us to a circle of companies that have chosen to distinguish themselves through a virtuous and innovative legal form, giving a new direction to the Company's activities for the present but above all for the future.

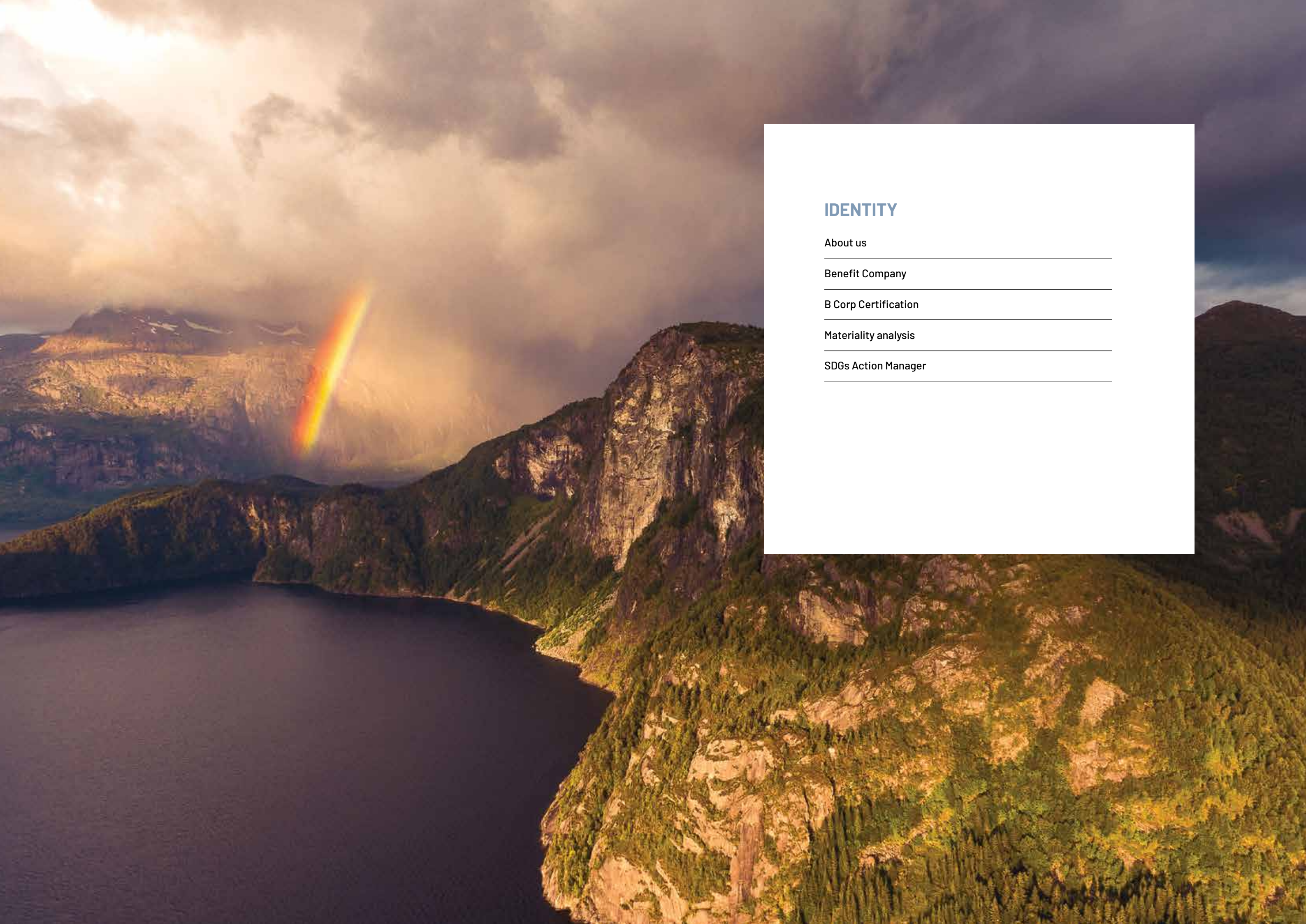
From subtle changes in the company to the creation of green areas, to the proposal of a headquarters that is also welcoming to the families of employees and the focus on the welfare of our team, to volunteering in the community, supporting sports and the youngest members of society, the focus on creating a positive impact at every stage of our work on people, the environment and the community has allowed us, after a long verification process, to obtain B Corp certification in August 2022, well aware that the journey does not end here but continues. Within the company we are all committed to these processes, striving at every stage of our daily operations to pursue change towards a more sustainable future: being a B Corp company means being part of a global movement, looking beyond the narrow perspective of one's world and opening up to a huge community. It means committing together to the creation of a community of businesses that believe in pursuing a different economy, one that is inclusive and fair, transforming the meaning of profit and making the purpose of business a higher goal.

We try to face future challenges by planning for them in our day-to-day life: our commitment started from afar already with the vision to maintain it. The change in which we want to participate sees companies playing a leading role in the transformation of the global economy. Are we alone in this process? No, there are many virtuous companies, and we also try to be standard-bearers for initiatives that can be replicated. Ours are daily activities close to us and our community, as well as business investments that look towards a better future, and we strive to achieve the goals we set ourselves.

We don't pretend we can save the world, but we strive every day to do the best we can with the small actions we and our team can take, paying attention to all those processes where we can do better, redesigning them with a new vision. So every year we have multiplied our initiatives to improve the working wellbeing of our team, to give more and more support to the local community and to create an environment where sustainability is at the centre. Of course, sharing our sustainability goals with suppliers and customers is an essential part of our daily work.

Thank you for your cooperation: it makes us better every day!

Luca Migliorini
CEO Terratinta Group



IDENTITY

About us

Benefit Company

B Corp Certification

Materiality analysis

SDGs Action Manager

Identity

Company profile

Terratinta Group was born in 2017 from the merger of Terratinta Ceramiche, the group's first brand that debuted in 2010, and Ceramica Magica, a historic Italian ceramics brand acquired in 2014. The Group was created to coordinate the brands that were already thriving within it. Terratinta Ceramiche and Ceramica Magica are present in over 50 countries around the world with their harmonised identities, providing a high-end design product in porcelain stoneware Made in Italy. In 2018, Sartoria, the Group's third brand, was established, and a year later the Micro brand was acquired.

The company represents one of the few new realities in the ceramic district of Modena and Reggio Emilia to have been founded in the last decade.

Thanks to a logistics hub and a dedicated sales network, with a 95% turnover percentage on customers and gate generated by exports, the company now boasts a positioning that places it among the most important market players in Northern European countries. From July 2021, the company has a new headquarters in Fiorano Modenese (Mo), housing the warehouse, offices and showroom.

Terratinta Group is committed to incorporating sustainability into its business activities through concrete actions of environmental, social and governance improvement.

The company developed a strategic approach to the topic starting in 2019 with the CHANGE project and then structured a path of growth that led it to adopt the legal form of a Benefit Company (SB) and to define a concrete and detailed set of improvement objectives that are set out in this Report. The following year, it began the journey towards B Corp certification, which was obtained in August 2022.

The company also reached the goal of Carbon Neutrality, offsetting direct and indirect greenhouse gas emissions from 2020.



Terratinta Group's brands

The company was established in 2017 from the merger of Terratinta Ceramiche, founded in 2010, and Ceramica Magica, a historic brand of Italian ceramics since 1983. They are joined by Sartoria in 2018 and Micro. in 2019. Four brands representing four different projects that are complementary to each other, capable of creating a single strong and complete group message:

Terratinta Ceramiche: a brand of ceramic porcelain tiles for floor and wall coverings, specialising and leading in Northern European design.

Ceramica Magica: a company active since 1983, focusing on the latest ceramic trends alongside products with an eternal look. A complete range for modern architecture and for all passionate about Italian-made excellence.

Sartoria: a tailor-made project for all those who love interior design, small size, colours and decoration.

Micro.: a brand with a strong identity that reinterprets the materials belonging to the Italian finishes tradition of the 1960s and 1970s through new technologies and new attention to design, using a palette of 13 colours as a common thread.





Our Values

Six polar stars

The growth of a company, not only in terms of turnover, lies in its evolution. At Terratinta Group, there has always been a commitment to making the working environment welcoming, considering the time that everyone dedicates and spends there. This is why the values that the company seeks to transmit to those embarking on a working path are aimed at positivity:

- Passion
- Ethics
- Professionalism
- Simplicity
- Continuous improvement
- Excellence

A set of values that characterise Terratinta Group, a commitment to the long term in a constant search for quality and excellence. Work, done with passion, commitment and proactivity, is the basis of lasting and true success. The company's history clearly shows the passion for the ceramic sector, and the continuous research to reinterpret ceramic surfaces with innovative concepts. Ideas that today are also an inspiration for other realities, but which in the years between 2008 and 2010 were strongly new in Italy. From the very beginning, Terratinta Group's approach has always favoured transparency and correctness in actions that can give positive results in the medium to long term, also because of the need to build a reputation from the ground up in an already very competitive market.

Economic and financial performance

The market environment in which Terratinta Group operates remains extremely competitive. The year 2022 confirmed the trend, which started during the pandemic, of increasing demand for materials for the home sector, including ceramic finishes.

The company has continued to grow and strengthen within the numerous markets it already presides over, through the offer of 4 brands covering multiple product, price and technology segments. The brilliant results for the year show an overall growth of +18% compared to 2021 and a sharp increase in EBITDA, which more than doubled compared to the previous year, reaching over €4 million.

KEY ECONOMIC AND FINANCIAL INDICATORS

	Unit of measurement	2021	2022
Net sales revenue	€	25.199.812	29.914.049
Gross operating margin (EBITDA)	€	2.174.230	4.426.423
Net operating margin (EBIT)	€	1.760.938	3.873.853
Net financial expenses	€	228.531	-479.888
Result before taxes	€	1.517.113	3.003.861
Net result	€	1.177.790	2.079.181
Net financial debt	€	3.282.918	-3.208.702
Net worth	€	5.926.699	8.020.935

Creation and distribution of Added Value

Added value is the ability of a company to produce wealth. It is therefore the main link between the Sustainability Report and the Annual Report, which allows it to highlight the economic effect that the company's activities have produced on the stakeholders who contribute directly and indirectly to the production of wealth and its distribution.

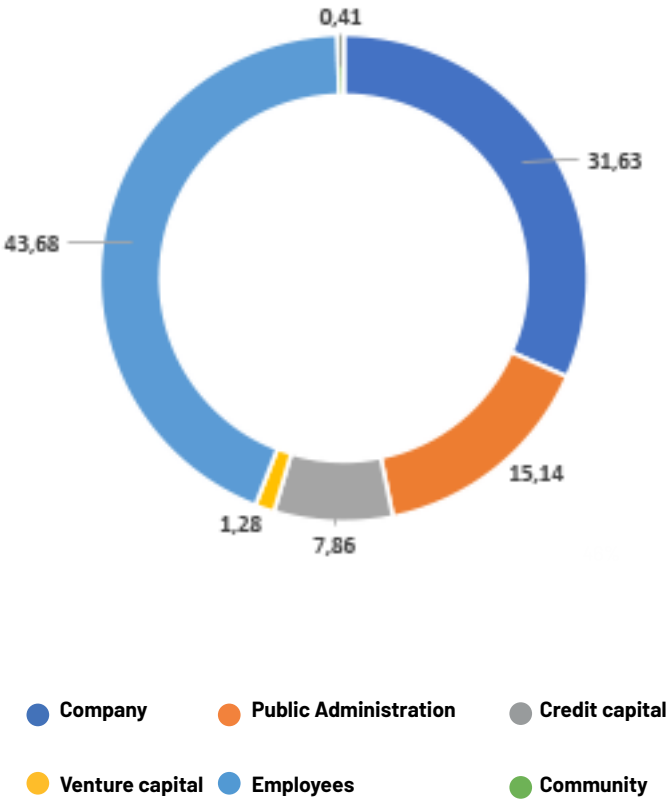
The added value generated by the Terratinta Group has been calculated following the indications of the GBS (Gruppo Bilancio Sociale), through the difference between the overall value of production, the intermediate costs sustained for the purchase of production factors externally and the financial income net of bank expenses.

In 2022, the Terratinta Group's global net value is expected to rise sharply to EUR 3,357,965 (+119% over the previous year), continuing the positive trend recorded in 2021. The gross global added value, which does not include depreciation, amortisation and provisions, is also growing strongly in 2022.

	2021	2022
A. Production value	25.199.812	29.914.049
Revenues from sales and services	24.823.864	29.846.376
Other income and revenues	375.948	67.673
B. Intermediate costs of production	-23.025.581	-25.487.626
Costs for raw materials, consumables and goods	-16.920.134	-20.879.915
Variation in inventories	1.424.274	3.106.803
Costs for services	-5.336.575	-5.670.065
Provisions for liabilities	0	0
Other operating costs	-2.193.146	-2.044.449
C. Income net of bank charges	2.174.230	4.426.423
Financial expenses and income	-228.531	-479.888
Gross Global Added Value	1.945.699	3.946.535
Depreciation and Provisions	-413.292	588.569
Net Global Added Value	1.532.407	3.357.965

Distribution of Added Value to Stakeholders

The calculation of the distribution of added value to stakeholders shows how the wealth produced by Terratinta Group's activities has been distributed among the categories of stakeholders most relevant to the company.



In 2022, the largest share of the added value generated is allocated to the remuneration of the company, whereas in previous years, the largest share of added value was always allocated to the remuneration of personnel. The remuneration of the company consists of the profit for the year allocated to reserves and depreciation. This share increases from 38% in 2021 to 43.6% in 2022.

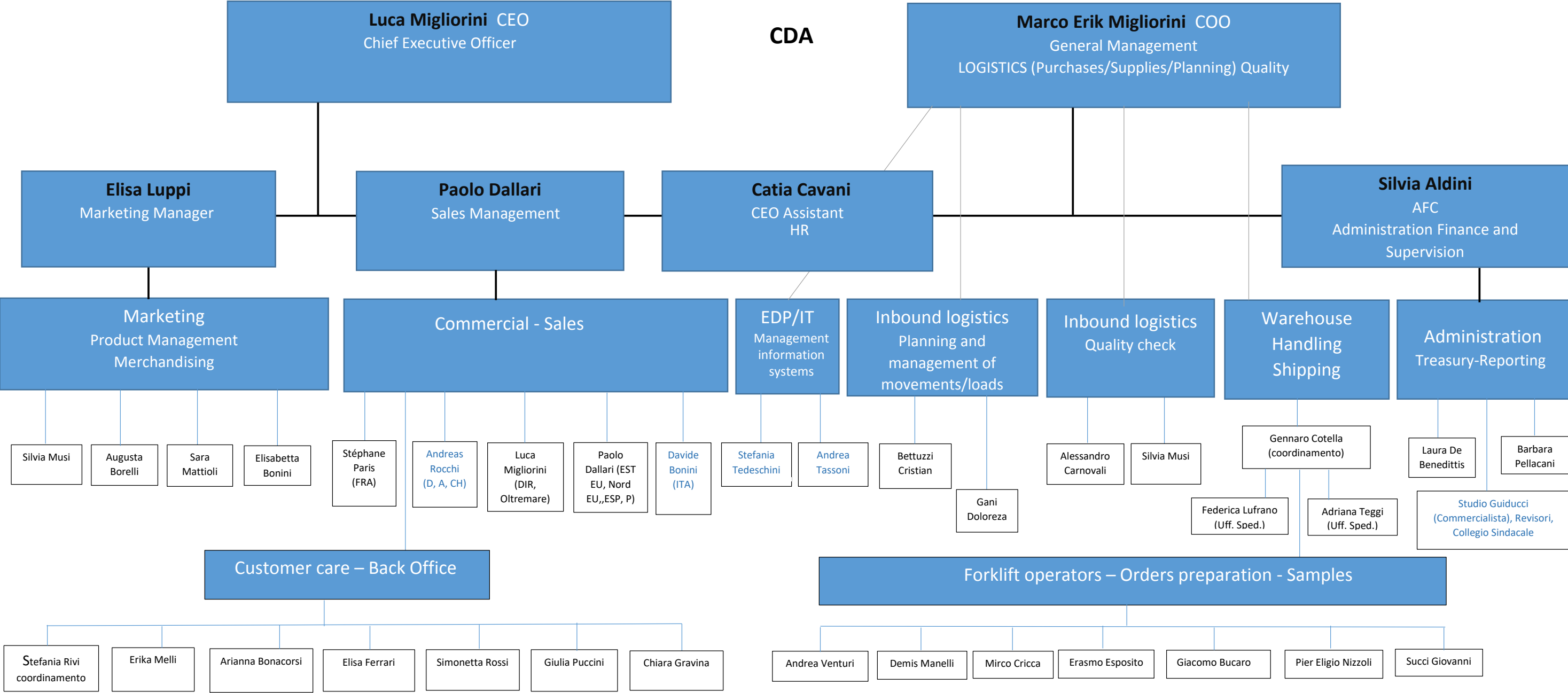
The second largest entry is the share allocated to personnel remuneration, i.e. employee and non-employee personnel costs, which stands at 31.6% of the total, down from 46% in 2021. The share allocated to the remuneration of the public administration (taxes and levies) continues to grow, reaching 15% in 2022 compared to 8% in the previous year.

The remuneration of debt capital also continued to grow, at 7.8%, compared to 5% in 2021. Short- and long-term capital charges are included in this figure. Profit distribution during the year, which represents the remuneration of risk capital, is 1.3% of the value distributed, down in percentage terms from the previous year, stable in monetary terms.

Finally, the portion distributed to the community through membership fees, donations, gifts and contributions to research centres is 0.4%, down in percentage terms, slightly up in monetary terms.

Governance

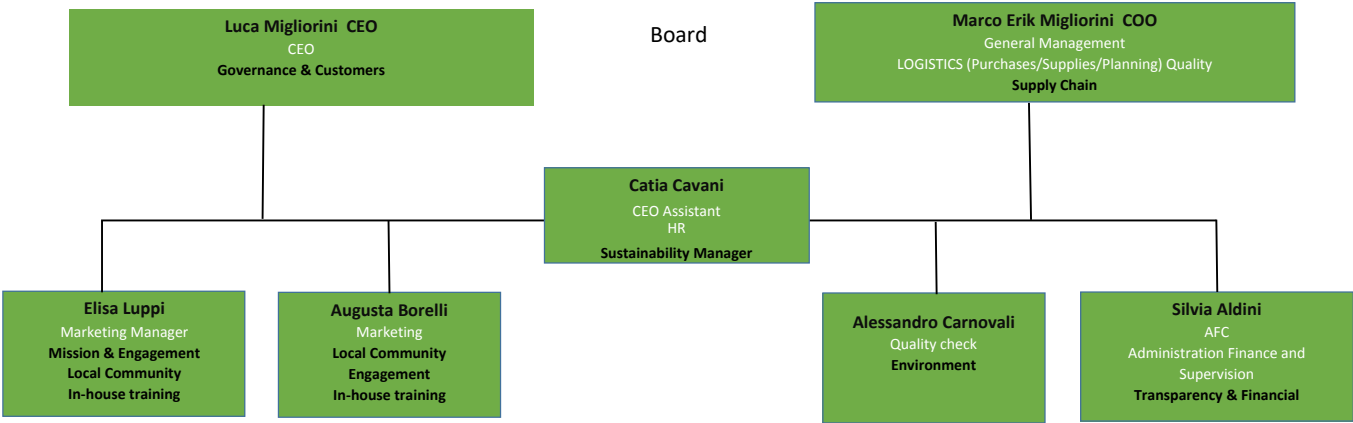
The company has a Board of Directors consisting of two directors (Chairman of the Board and Managing Director). In the last two years, the company has begun to structure itself, while remaining characterised by a few top managers, with the inclusion of managers in charge of coordinating and directing the relevant areas.



Sustainabilityteam

Since June 2023, the company has also set up a multi-disciplinary internal team, coordinated by the Sustainability manager, which will be responsible for strategy development and implementation of all corporate ESG activities, while at the same time collecting data, analysing and verifying the actions and targets set through KPIs. This is further proof of our commitment to these issues.

Sustainability Team



Choosing to become a Benefit Company

The status of **Benefit Company**, introduced in Italy in 2016, represents an additional legal form compared to traditional categories.

Being a **Benefit Company** requires the introduction of statutory clauses that contemplate the principle of achieving a common benefit in a responsible, sustainable and transparent way, aimed at "balancing the interest of the shareholders with that of the other Stakeholders". To demonstrate the effective implementation of its commitment, Terratinta Group has prepared an annual report on the impact generated by the pursuit of this common benefit.

For Terratinta Group, the transformation into a Benefit Company represented a concrete way of defining in the most significant company document, the Articles of Association, the commitment to sustainability. Thus, it was at the Extraordinary Shareholders' Meeting of 20 October 2020 that the company was transformed into **Terratinta Group Srl SB**, specifying (in accordance with the provisions of Law no. 208 of 28 December 2015) the purposes it sets out to benefit the community:

- pursue a Corporate Welfare that gives satisfaction to the people working within the professional family through physical and intangible elements that improve the relationship between private life and work;
- nurture relationships with suppliers and customers that are always permeated by strong ethics, professionalism, and respect for the parties;
- pursuing environmentally sustainable activities by the company both internally and in its conduct towards the outside world;
- help the external community in local areas, with organisational and economic support, particularly in the field of sport and towards children.

Based on the principles of accountability, transparency and sustainability, we publish the Impact Report for the year 2022. This document is the proof of our commitment as a stakeholder company in the pursuit of common benefit towards people, communities, territories and environment, cultural and social goods and activities, bodies and associations and other stakeholders.



B Corp Certification

International **B Corp Certification** is one of the world's most important and dynamic certification processes in the field of sustainability for business. The term is an abbreviation for **Benefit Corporation**, and is a label promoted by B Lab, a body that certifies the ability of a company to unite business, social and environmental sustainability principles, operating in such a way as to create positive impacts (Benefits) towards its stakeholders, at the same time as it generates economic value.

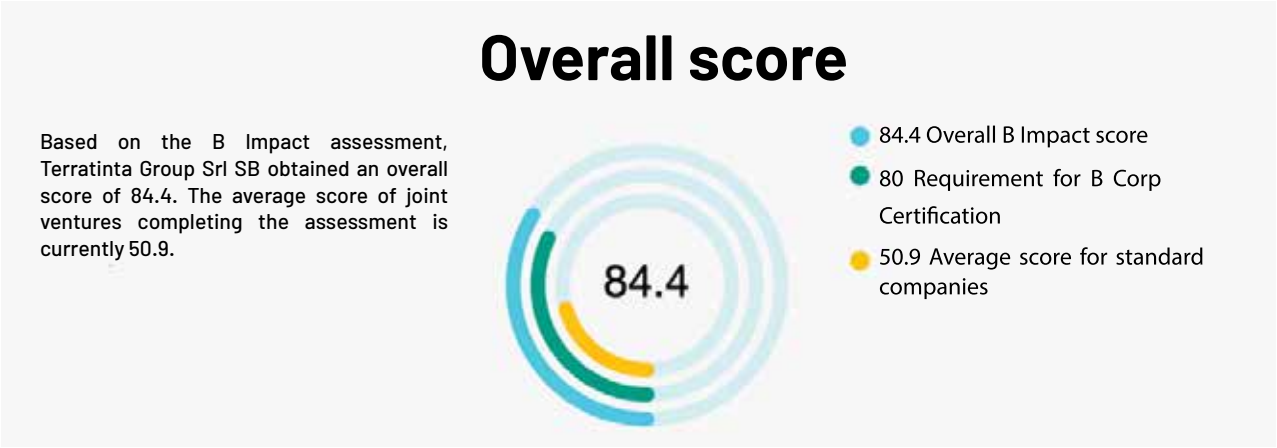
Obtaining certification involves the quantitative and qualitative measurement of company performance on five dimensions of sustainability:

- Governance
- Employees
- Environment
- Community
- Customers

The assessment is carried out through a questionnaire called B Impact Assessment (BIA), today the most widely used tool in the world for measuring integrated sustainability performance. For certification purposes, a company must achieve a score of at least 80 out of a maximum of 200. Performance is measured and validated with evidence by an external party, B Lab Europe, which manages and issues the certification. To date, more than 7000 companies in 160 industrial sectors in 90 countries worldwide have obtained the certification, including more than 200 in Italy. After the first company certified in 2013, the movement in Italy is constantly growing. Today, hundreds of Italian companies are discovering effective tools to accelerate the evolution of their businesses towards sustainable and regenerative models. B Corp certified companies are leaders in a global movement and are imeagnating, through their business model, towards a regenerative, fair and inclusive economy.

Terratinta Group achieved B Corp Certification in August 2022, with a total score of 84.4.

Below are the scores broken down by area:



Governance 16.7

Governance evaluated a company's overall mission, engagement around its social and environmental impact, ethics, and transparency. This section also evaluates the ability to protect their mission and formally consider stakeholders in decision making through their corporate structure (e.g. benefit corporation) or corporate governing documents.

Mission & Engagement3.3

Ethics & Transparency3.4

+ Mission Locked10

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Employees 19.3

Workers evaluate a company's contributions to its employees' financial security, health & safety, wellness, career development, and engagement & satisfaction. In addition, this section recognises business models designed to benefit workers, such as companies that are at least 40% owned by non-executive employees and those that have workforce development programs to support individuals with barriers to employment.

Financial Security2.9

Health, Wellness & Safety7.6

Career Development1.6

Engagement & Satisfaction3.6

Community 23.4

Community evaluates a company's engagement with and impact on the communities in which it operates, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognises business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution via microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving.

Diversity, Equity & Inclusion4.1

Economic Impact4.6

Civic Engagement & Giving3.1

Supply Chain Management3.6

+ Local Economic Development7.8

What is this? A Company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholdres - such as workers, community, environment, or customers.

Environment 22.4

Environment evaluates a company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes the direct impact of a company's operations and, when applicable its supply chain and distribution channels. This section also recognises companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Some examples might include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental problems.

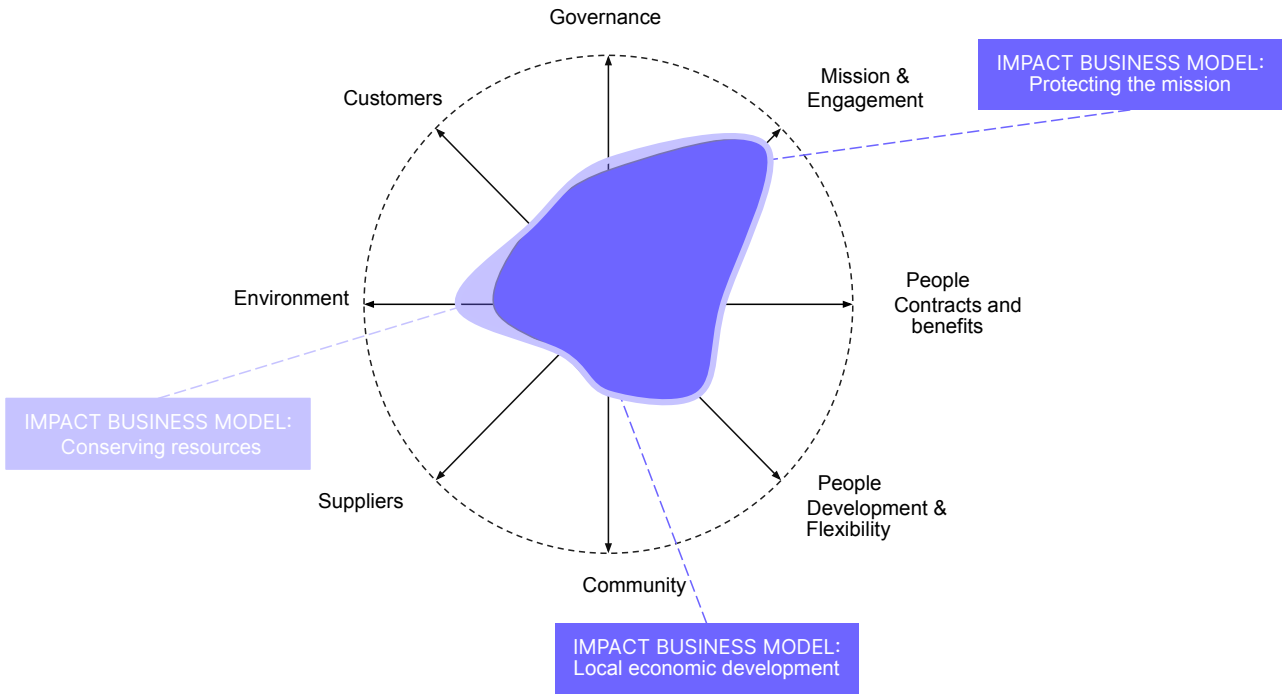
Environmental Management	4.8
Air & Climate	7.9
Water	2.3
Land & Life	7.2

Customers 2.3

Customers evaluates a company's stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. In addition, this section recognises products or services designed to address a particular social problem for or through its customers, such as health or educational products, arts & media products, serving disadvantaged customers/clients, and services that improve the social impact of other companies or organisations.

Customer Stewardship	2.3
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Sustainability Profile



The image shows in light blue the current sustainability profile of Terratinta Group, the areas on which it is most active at the present time.

In light purple is traced the sustainability profile that the company intends to pursue in the coming years after having identified the strategic directions for improvement: all areas will see growth, including, significantly, the environmental area.

Materiality analysis

For the year 2022, the materiality analysis carried out in June 2022 is confirmed. The topics and relevant stakeholders have remained the same, so we report on the materiality matrix on the next page.

The most advanced corporate sustainability approaches, as well as the reference frameworks for Sustainability Reporting, envisage the realisation of a Materiality Analysis to detect which sustainability aspects are most important for the company and its stakeholders.

To this end, Terratinta Group updated its Materiality Analysis in 2020, the process of internal and external assessment aimed at selecting the most significant impact areas from a broader set of potential economic, social and environmental sustainability issues.

The process included the following phases:

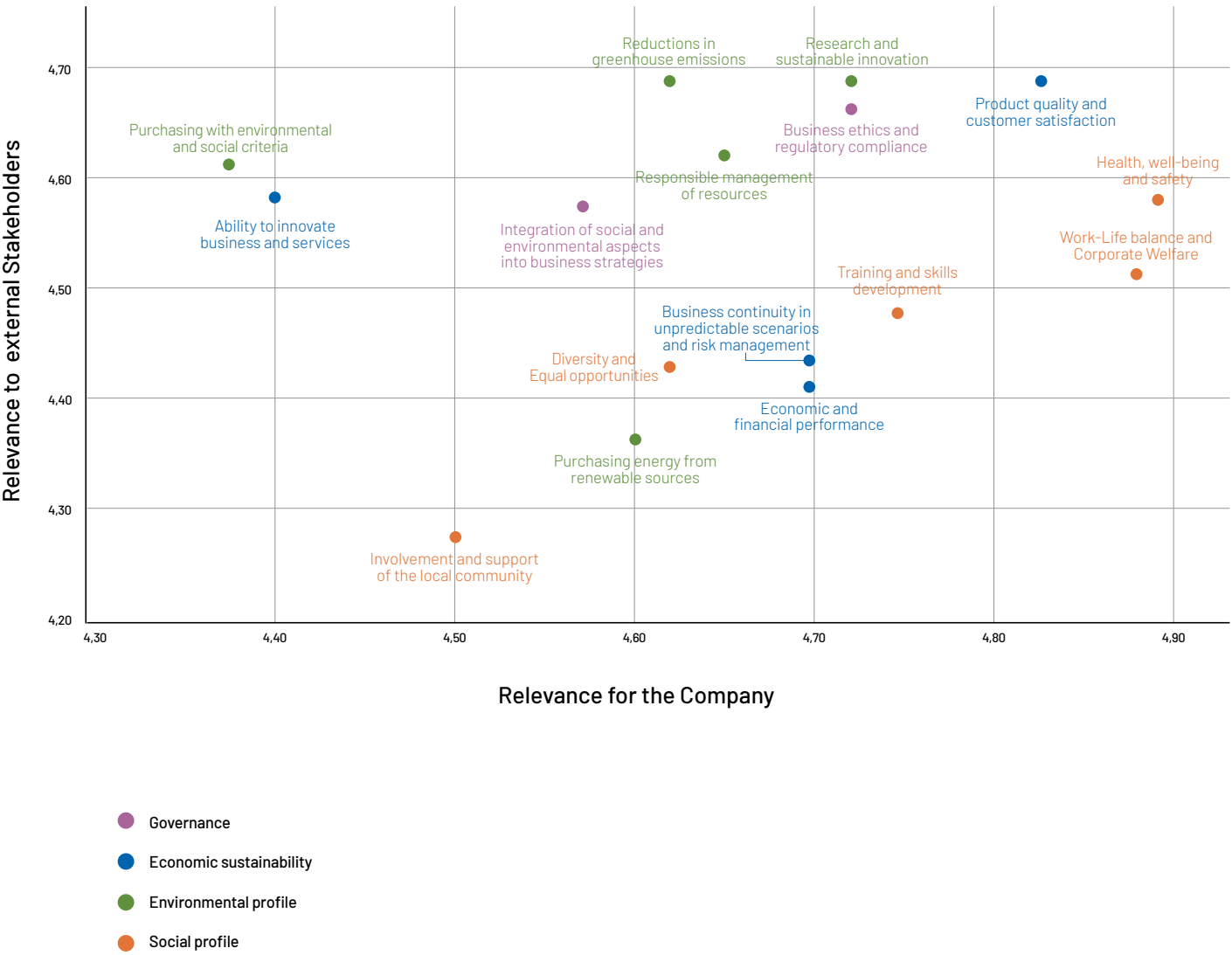
- 1. **Identification of the universe of potentially relevant issues**, through an evaluation activity of various documents and reference materials on sustainability issues in the ceramic sector and the national and international context.
- 2. **Selection of the themes to be subjected to Materiality Analysis** through the sharing of an initial set of themes identified from the initial analysis activity.
- 3. **Internal Materiality Assessment**, through the creation of a questionnaire to assess the relevance of potential material issues submitted to all internal Stakeholders (management and employees).
- 4. **External Materiality Assessment**, through the creation of a questionnaire assessing the relevance of potential material issues submitted to a sample of external Stakeholders (customers and suppliers).
- 5. **Creation of the Materiality Matrix** by combining the weighted relevance values for all material issues attributed by internal and external stakeholders.

Terratinta Group's activities are based on continuous interaction with various stakeholders in a direct and indirect way, in commercial or non-commercial contexts.

The new challenge, consistent with new international approaches to corporate sustainability, is to strengthen relations with all organisations and stakeholders that are affected or can affect our organisation. This is why we want to dialogue, involve and collaborate with our Stakeholders to detect expectations, and needs, and share improvement goals and projects in partnership to create shared value together. Over time, we have consolidated various methods and channels for dialogue and stakeholder involvement, reinforced by new tools introduced in recent months, also to support the drafting of the Sustainability Report and the definition of strategic improvement objectives.

Our Stakeholders

- Employees and external collaborators
- Customers
- Architects, designers
- Suppliers of semi-finished ceramic products
- Suppliers of other products and services
- Distributors
- Trade associations
- Public institutions
- Local community



SDGs Action Manager

The **SDG Action Manager** combines B Lab's B Impact Assessment and the ten principles of the UN Global Compact to facilitate meaningful corporate actions through dynamic self-assessment, benchmarking and improvement in sustainability.

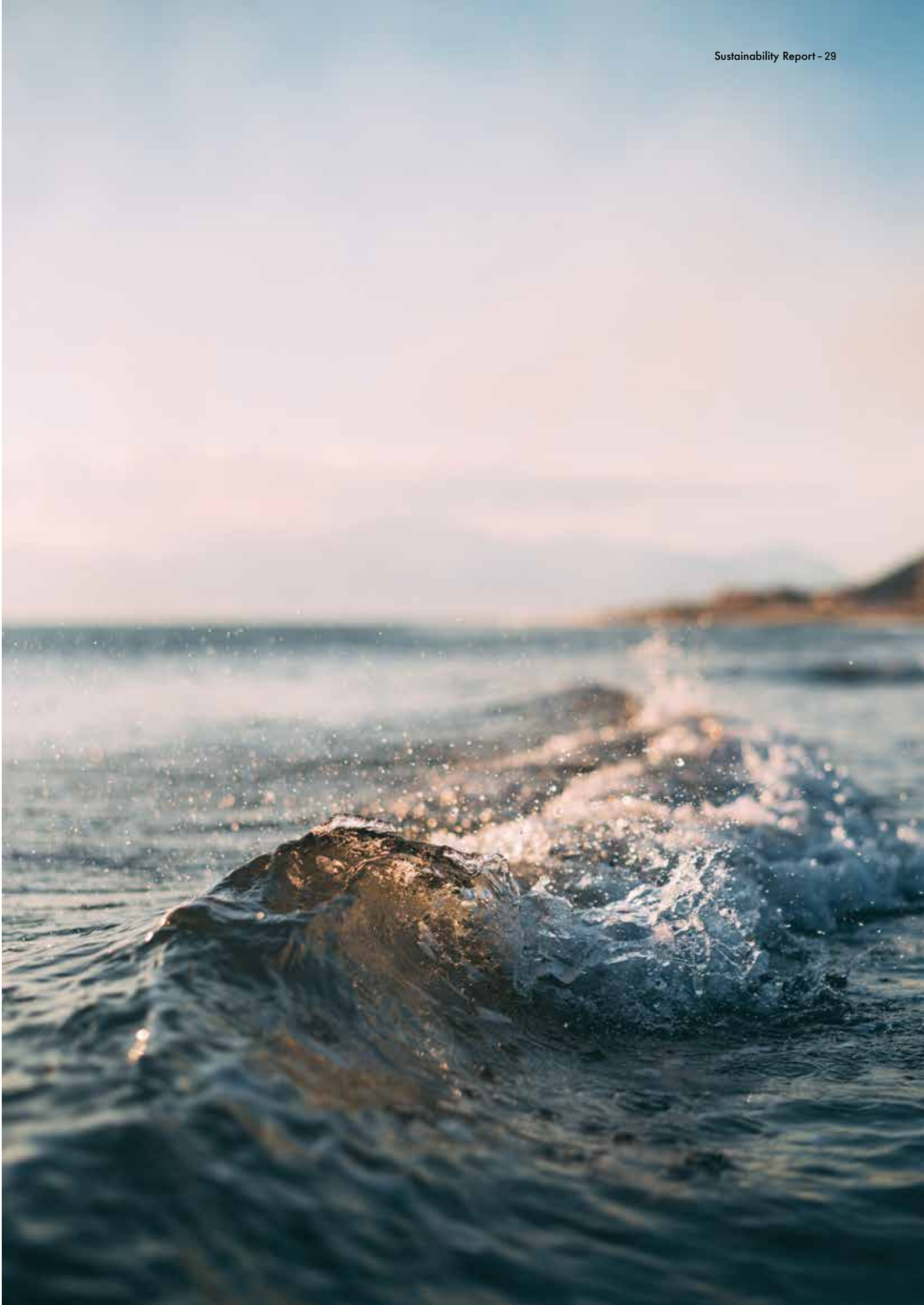
Thanks to this tool, Terratinta Group, through an assessment involving the corporate sustainability board, further explored the areas in which the company, due to its nature and business structure, has the greatest potential to contribute to the 17 UN Goals.

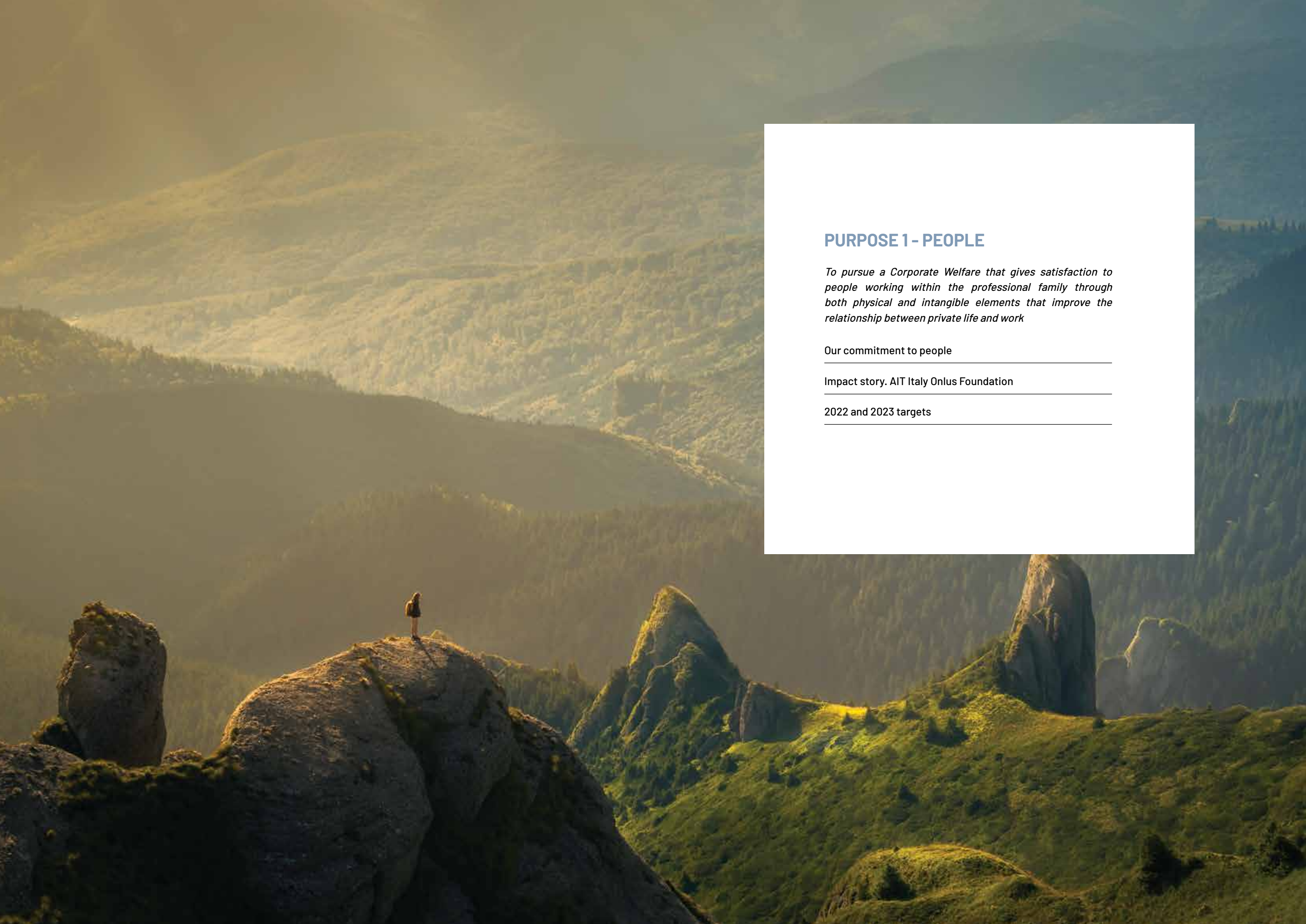


Below are the most significant SDGs for Terratinta Group:

- SDG 2: Zero hunger;
- SDG 3: Good health and Well-being;
- SDG 6: Clean water and sanitation;
- SDG 7: Affordable and clean energy;
- SDG 8: Decent work amd economic growth;
- SDG 11: Sustainable cities and communities;
- SDG 12: Responsible consumption and production;
- SDG 13: Climate action;
- SDG 14: Life below water;
- SDG 15: Life on land;
- SDG 16: Peace, justice and stong institutions.

In the following chapters, for each activity described, we shall include a reference to the SDG to which the action contributes.





PURPOSE 1 - PEOPLE

To pursue a Corporate Welfare that gives satisfaction to people working within the professional family through both physical and intangible elements that improve the relationship between private life and work

Our commitment to people

Impact story. AIT Italy Onlus Foundation

2022 and 2023 targets

Purpose 1 – People

To pursue a Corporate Welfare that gives satisfaction to people working within the professional family through both physical and intangible elements that improve the relationship between private life and work.

Diversity and inclusion within the professional family

Within the company, people are the real wealth, the main resource. The topic of diversity and equal opportunities is rated by our stakeholders and the company as very important. It is placed in the Materiality Matrix in the upper right quadrant, with an average score of 4.52 points out of 5.

EMPLOYEES BY AGE

	2021			2022		
	Men	Women	Total	Men	Women	Total
Under 30	1	1	2	1	2	3
From 30 to 39	7	7	14	2	5	7
From 40 to 49	7	7	14	7	6	13
50 and Over 50	8	5	13	9	8	17
Total*	23	20	43	19	21	40

*The number of employees as at 31/12/2022 is 40, which includes all employees and non-employees (consultants and outsourcers).

There is therefore a slight decrease from the previous year. There is a change in the percentage of female staff from 46% in 2021 to 52% in 2022, with a consequent reduction to 48% of male staff. The age distribution sees a prevalence in the over-50s bracket, followed by the 40-49 age bracket

Our commitment to people



EMPLOYEES BY PROFESSIONAL CLASSIFICATION

	2021			2022		
	Men	Women	Total	Men	Women	Total
CEO	1	0	1	1	0	1
Management	3	0	3	2	0	2
Employees	8	19	27	5	20	25
Factory Workers	11	1	12	11	1	12
Total	23	20	43	19	21	40

*The number of employees as at 31/12/2022 is 40, which includes all employees and non-employees (consultants and outsourcers).

In terms of job classification, white-collar workers continue to prevail, accounting for 62.5 per cent of the total, essentially stable compared to the previous year, followed by factory workers (30 per cent), management (5 per cent) and executive (2.5 per cent).

With regard to the type of contractual status, as proof of the management's desire to structure stable relations with its employees, permanent workers account for 80% of the total, followed by external collaborators, the administrator and a new apprenticeship contract activated during the year 2022.

EMPLOYEES BY TYPE OF CONTRACT

	2021			2022		
	Men	Women	Total	Men	Women	Total
Permanent contract	20	16	36	13	19	32
Fixed term contract	2	4	6	0	0	0
Apprenticeship	0	0	0	0	1	1
Non-standard contract (supply contract, project, stage)	0	0	0	0	0	0
CEO	1	0	1	1	0	1
External collaborators	3	1	4	5	1	6
Total*	26	21	47	19	21	40

* including the external collaborators

	2021			2022		
	Men	Women	Total	Men	Women	Total
Full-Time	26	19	45	19	20	39
Part-Time	0	2	2	0	1	1
Total*	26	21	47	19	21	40

* including the external collaborators

The company is constantly trying to support employees, mothers and fathers, in managing their children. For this reason, a dedicated childcare room has been set up in the company and the end of work hours have been changed to 5.30 p.m. to allow for a better work-life balance.

PARENTAL LEAVE

	2021			2022		
	Men	Women	Total	Men	Women	Total
Parental leave granted	0	4	4	0	2	2
Leave ended during the period	0	2	2	0	2	2
Employees returning to work at the end of parental leave	0	2	2	0	0	0

It is worth noting that in 2022, the absence of returns from parental leave is attributable to the choice of employees and reasons related to contractual forms that ended during the year.

EMPLOYMENT AND TURNOVER

	2021			2022		
	Men	Women	Total	Men	Women	Total
Number of new hires	4	3	7	4	3	7
Outgoing employees	9	1	10	5	2	7
Total number of employees*	23	20	43	19	21	40
Hiring rate of new employees	17,4%	15,0%	16,3%	21,1%	14,3%	17,5%
Employee turnover rate	39,1%	5,0%	23,3%	26,3%	9,5%	17,5%

In the year 2022, the employee fluctuation rate decreased compared to the previous year. These were voluntary departures from the company staff: a retirement, a non-return following maternity leave and maternity leave.

* Employees as at 31/12/2022, including the CEO

The development and enhancement of skills



The company continues to train its employees and collaborators, putting in place structured policies for the constant improvement of the knowledge and skills of its employees. The company also offers courses and activities to help employees learn technical and operational skills. The "Study in Action" platform, which was created by Confindustria Emilia in the Centro area for member companies, is available to all employees. Numerous courses in the E-learning formula are available, free of charge and flexible for employees, ranging from language training to sectoral training, from administration and finance to innovation, IT skills, the development of Soft Skills and in many other areas.

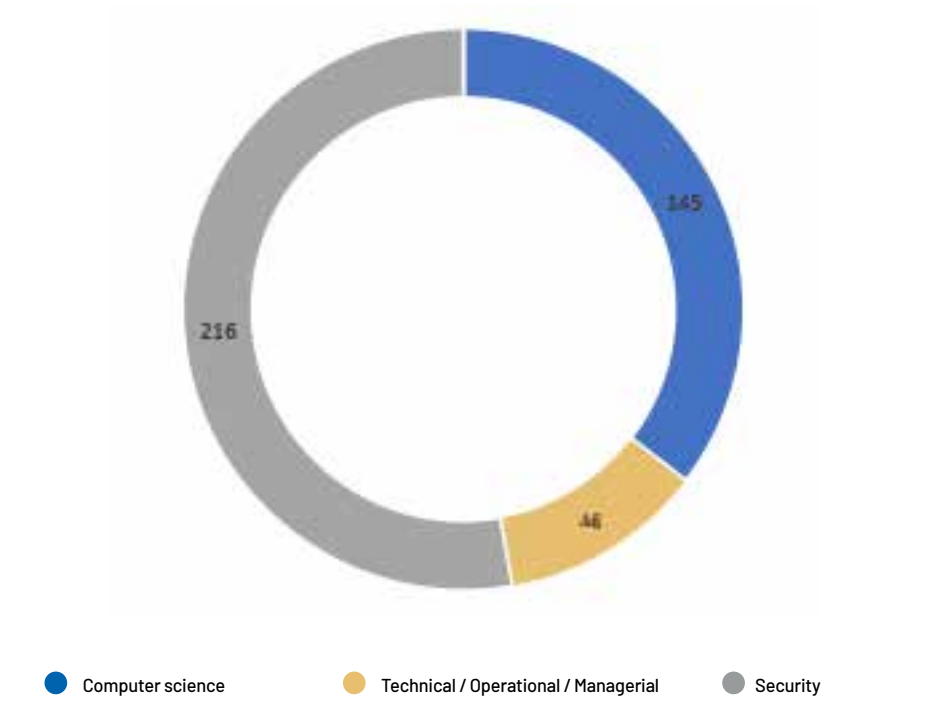
EMPLOYEES BY LEVEL OF EDUCATION

	2021			2022		
	Men	Wo-men	Total	Men	Wo-men	Total
Degree	8	8	16	5	7	12
High School Diploma	11	12	23	5	13	18
Middle School Diploma	7	1	8	9	1	10
Total*	26	21	47	19	21	40

* including the external collaborators

In quantitative terms, a total of 409 hours of training were carried out in 2022. Training, in line with the areas of the previous year, mainly focused on IT skills, technical/operational and managerial training and safety. Compared to the past, more than 53% of the hours were devoted to security training (216 hours), followed by IT training (145 hours) to conclude with technical/operational/managerial training (48 hours). The economic value of the total investment in training was €5,431.

TRAINING HOURS BY SUBJECT AREA



TRAINING HOURS FOR PROFESSIONAL PLACEMENT

	2021			2022		
	Men	Women	Total	Men	Women	Total
CEO	0	0	0	0	0	0
Management	20	0	20	24	0	24
Employees	40	429	469	86	227	313
Factory Workers	52	0	52	72	0	72
Total*	112	429	541	182	227	409

*It has been calculated the hours of training for employees on the payroll.

NUMBER OF EMPLOYEES INVOLVED IN TRAINING ACTIVITIES BY PROFESSIONAL CLASSIFICATION

	2021			2022		
	Men	Women	Total	Men	Women	Total
Executive	0	0	0	0	0	0
Management	2	0	2	1	0	1
Employees	4	18	22	3	16	19
Factory Workers	4	0	4	3	0	3
Total	10	18	28	7	16	23

HOURS OF TRAINING PROVIDED BY SUBJECT AREA

	2021	2022
Computer science	158	145
Economic and financial	0	0
Technical / Operational / Managerial	247	48
Managerial	0	0
Foreign languages	0	0
Commercial	0	0
Safety	136	216
Quality / Environment	0	0
Total	541	409
Total training costs	€12.387,00	€5.431

*It has been calculated the hours of training for employees on the payroll.

Commitment to employee well-being and engagement



Because of the importance that people have within the company, the issue of employee life-work balance and corporate welfare is confirmed as a deeply felt topic for all stakeholders, both internal and external.

For Terratinta Group, it is a key element of the stability and growth of company activities over time, as well as a fundamental element of the approach to business activity, which is not seen as an end in itself but also as personal growth and satisfaction.

To improve the relationship with collaborators, over time the company has developed actions consistent with the Corporate Welfare and Employee Engagement approaches, also thanks to the possibility of maintaining a personal relationship with each of the employees to strengthen continuous team dialogue. To further strengthen the bond with its employees, Terratinta Group has implemented a series of solutions to respond to the various needs, taking into consideration the average age of the employees, the type of work and the context in which we live.

The services offered are as follows:

- Company gym with changing rooms and showers
- Children's play area for employees' children
- Equipped kitchen with relaxation area
- Convention for an annual dental visit and dental hygiene session
- Welfare Bonus Program (€258 that can be spent on vouchers or services) as flexible benefits on a dedicated platform
- Closing time at 5.30 pm, to improve the work-life balance of employees
- Flexibility in managing holidays throughout the year
- Continuation of smart working in a structured way

New services offered in 2022

In addition to the above, additional opportunities were made available to employees in 2022:

- Increase of the Welfare Bonus ceiling to €600 for each employee
- Provision of petrol vouchers for the value of €200 in line with the "Ukraine" government decree
- Dermatological check-up to prevent skin melanoma
- Subscription to an annual health policy for the prevention of 7 serious diseases, with access to an annual specialist visit

For constant employee involvement, Terratinta Group meets its team during the year with appointments in which news, salient points and trends of the period are shared.

To further strengthen the concept of "people at the centre", the 2022 Christmas celebrations were an opportunity to open the doors of the new company headquarters also to the families of employees and collaborators: an evening of celebration, joy and light-heartedness in which young and old alike been able to visit the structure where one's family member spends the day, visit the showroom and meet colleagues.

Health and safety in the workplace



We are committed every day to the prevention and management of all aspects related to safety and health in the workplace, trying to eliminate accidents by preventing the causes of possible risks and dangers.

The activity of Terratinta Group focuses on the design of ceramic materials made by third parties and on the logistical distribution of these products. The overall risk associated with safety and health in the workplace is therefore lower than in a ceramic manufacturing company.

Thanks to the efforts made for constant improvement, no injuries were recorded in 2022, with the consequent elimination of lost working days.

NUMBER OF INJURIES BY YEAR AND GENDER

	2021			2022		
	Men	Women	Total	Men	Women	Total
Total injuries in the year	1	0	1	0	0	0
Lost days of work	6	0	6	0	0	0
Injuries / total employees	4,35%	0,00%	2,33%	0,00%	0,00%	0,00%
Work injuries	1	0	1	0	0	0
Injuries while commuting	0	0	0	0	0	0

	2021			2022		
	Men	Women	Total	Men	Women	Total
Number of days lost (due to illness, injury, public duties, permits for blood donations and others, handicap, assemblies/strikes)	101	166	267	101	166	267
Theoretical working days	10.965			10.965		
Absentee rate	0,9%	1,5%	2,4%	0,9%	1,5%	2,4%
Injury rate	11,40%	0,0%	11,40%	11,40%	0,0%	11,40%
Lost days rate (severity index)	1,15%	1,89%	3,04%	1,15%	1,89%	3,04%
Work injury rate	11,40%	0,0%	11,40%	0,0%	0,0%	0,0%
Commuting injury rate	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

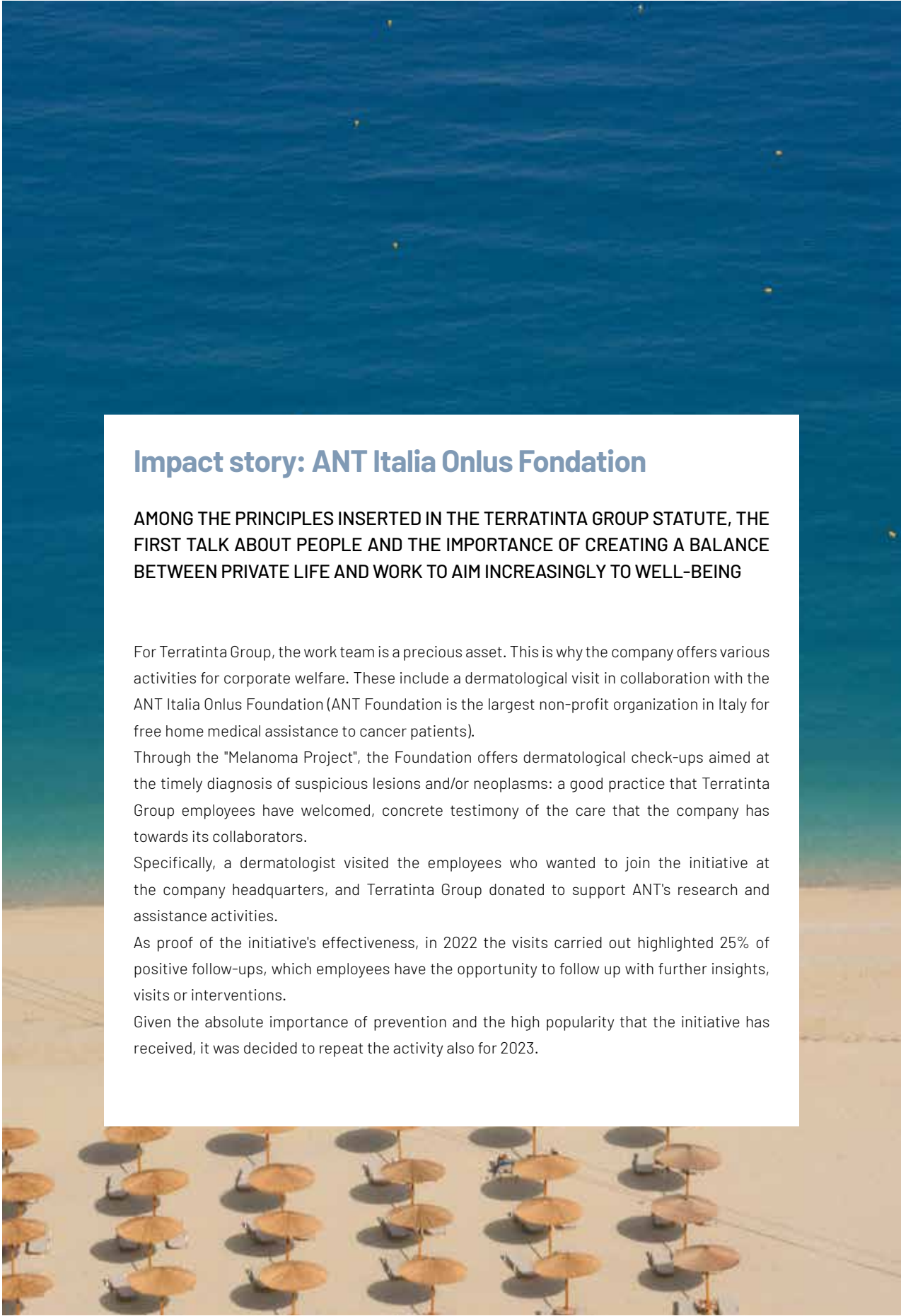
* The absenteeism rate is the percentage ratio between the number of days lost due to illness, injury (including first aid injuries), public duties, leave for blood and other donations, handicaps, assemblies/strikes and theoretical working days.

* Injury rate = (Total number of injuries in the year / Total hours worked) x 1,000,000

* Rate of lost days of work (or severity index) = (number of days lost / Total number of working hours) x 1,000.

* Work injury rate = (Total number of work injuries in the year / Total hours worked) x 1,000,000.

* Commuting accident rate = (Total number of commuting accidents in the year / Total hours worked) x 1,000,000.



Impact story: ANT Italia Onlus Foundation

AMONG THE PRINCIPLES INSERTED IN THE TERRATINTA GROUP STATUTE, THE FIRST TALK ABOUT PEOPLE AND THE IMPORTANCE OF CREATING A BALANCE BETWEEN PRIVATE LIFE AND WORK TO AIM INCREASINGLY TO WELL-BEING

For Terratinta Group, the work team is a precious asset. This is why the company offers various activities for corporate welfare. These include a dermatological visit in collaboration with the ANT Italia Onlus Foundation (ANT Foundation is the largest non-profit organization in Italy for free home medical assistance to cancer patients).

Through the "Melanoma Project", the Foundation offers dermatological check-ups aimed at the timely diagnosis of suspicious lesions and/or neoplasms: a good practice that Terratinta Group employees have welcomed, concrete testimony of the care that the company has towards its collaborators.

Specifically, a dermatologist visited the employees who wanted to join the initiative at the company headquarters, and Terratinta Group donated to support ANT's research and assistance activities.

As proof of the initiative's effectiveness, in 2022 the visits carried out highlighted 25% of positive follow-ups, which employees have the opportunity to follow up with further insights, visits or interventions.

Given the absolute importance of prevention and the high popularity that the initiative has received, it was decided to repeat the activity also for 2023.

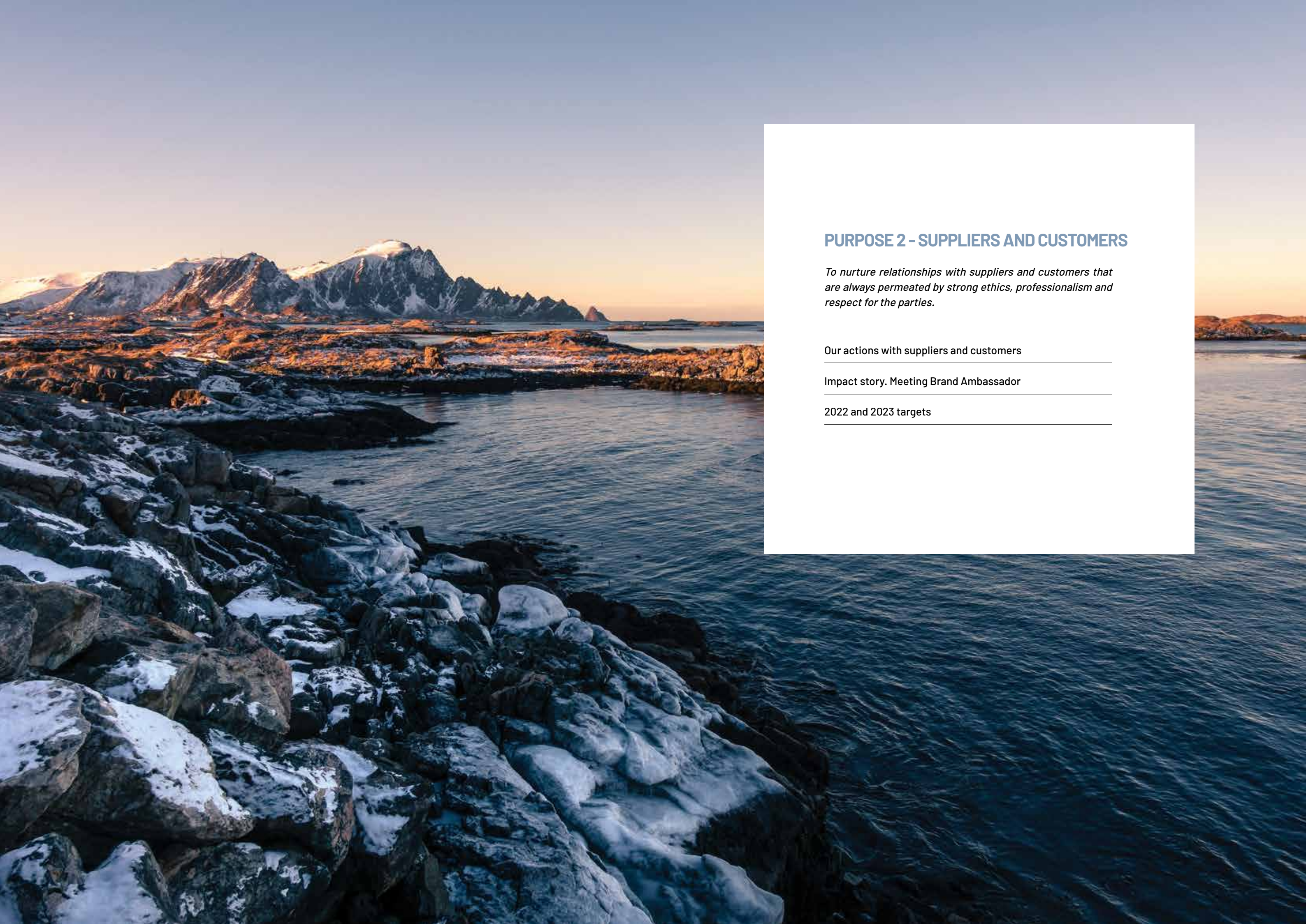
2022 targets for Purpose 1



2022 targets	Actions	Status	Details
Promotion of actions aimed at supporting the work-life balance of employees	Formalize a new contract for smart working that allows working in agile mode up to a maximum of 2 days a week (starting from a minimum of 4h/day), where possible.	Not realized by legislative extension agile working mode until 31/12/2022. Action completed in January 2023.	See details on p. 91 of the Impact Report.
Increase welfare services	Issue of €200 petrol vouchers for the "Ukraine Decree" and raising the fringe benefit threshold available to each employee to €600.	Completed.	See details on p. 92 of the Impact Report.
	Subscription for employees of the Serious Illness Policy, which covers 7 serious events (myocardial infarction, cancer, stroke, kidney failure, terminal liver failure, organ transplant and coma) and the possibility of booking a trip.	Completed.	See details on p. 92 of the Impact Report.
	Activation of the dermatological visit service for melanoma prevention and screening carried out in collaboration with the ANT Italia Onlus Foundation	Completed.	See details on p. 92 of the Impact Report.

2023 targets for Purpose 1

2023 targets	Actions
Promotion of actions aimed at supporting the work-life balance of employees	Formalization of a new smart working contract that allows working in agile mode up to a maximum of 2 days a week (starting from a minimum of 4h/day), where possible
Increase welfare services	Confirmation of all services provided in 2022 and integration of training and awareness services in the hygiene and health sector with specific trainers.



PURPOSE 2 - SUPPLIERS AND CUSTOMERS

To nurture relationships with suppliers and customers that are always permeated by strong ethics, professionalism and respect for the parties.

Our actions with suppliers and customers

Impact story. Meeting Brand Ambassador

2022 and 2023 targets

Purpose 2 – Suppliers and customers

To nurture relationships with suppliers and customers that are always permeated by strong ethics, professionalism and respect for the parties.

Terratinta Group's supply chain

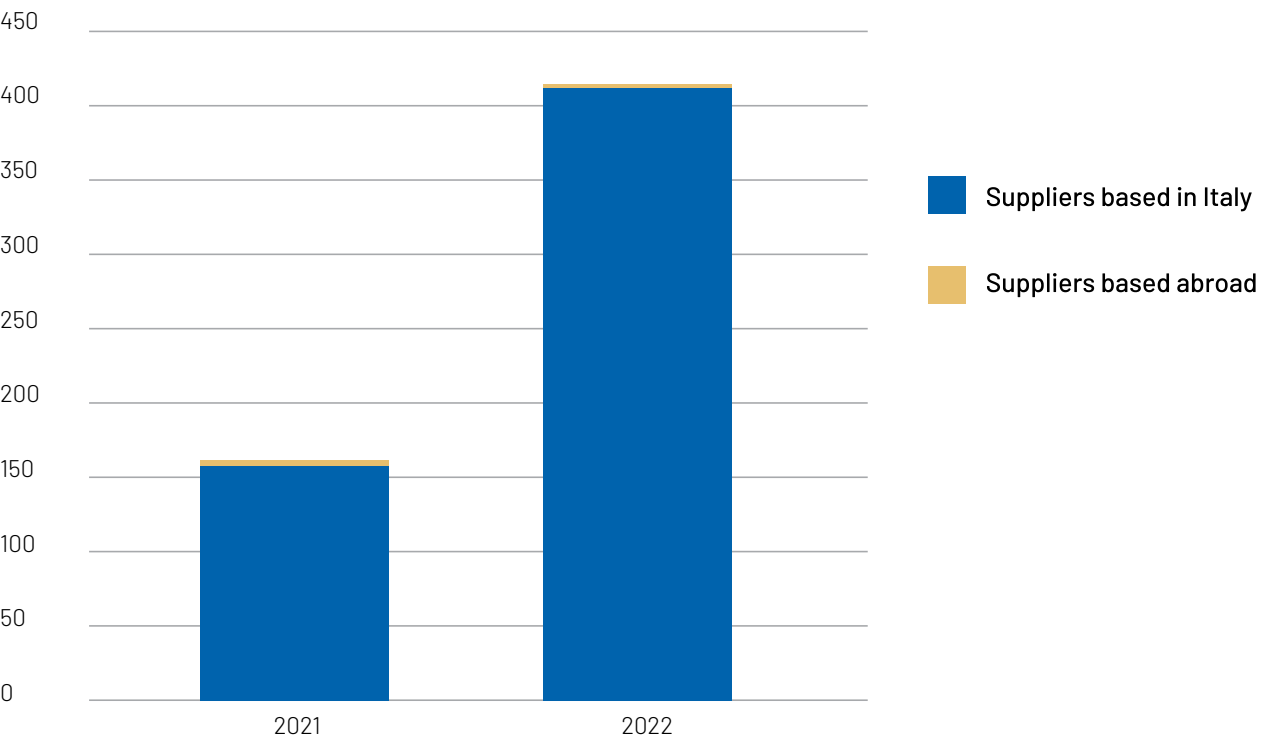


The Terratinta Group Supply Chain is mainly made up of Italian producers of ceramic materials created following the company's design indications.

From a quantitative point of view, in 2022 the company's suppliers were 423, for a value of orders exceeding 25 million euros. Suppliers are growing compared to the previous year, with an increase in the total ordered value of 39%, a very significant and concrete testimony of the year of massive activity and vivacity of the company, despite critical issues related to the increases in the costs of raw materials that occurred starting as early as the second half of 2021 and from the problems related to the war in Ukraine: scarcity and difficulty in procuring raw materials encountered by suppliers, increase in energy costs.

99.5% of suppliers are in Italy and this guarantees optimal control over the supply chain.

In commercial terms, the purchase of finished ceramic products represents 82% of the total. Merchandising suppliers follow (+6% in 2022), consultancies, and various operators in the distribution phase, such as packaging manufacturers, transport operators and rentals.



ANSWER	Unit of measurement	2021	2022
Suppliers	nr	164	423
Suppliers based in Italy	nr	157	421
Local supplier quota	%	95,70%	99,5%
Value of the ordered	€	18.169.186	25.363.592

Involvement of suppliers takes place on an ongoing basis, through regular meetings, careful analysis of company investments, continuous updates and dialogues based on deep and long-term partnership ideas. In most cases, we work as if we were part of the same company, going beyond the customer-supplier relationship.

The strength of our company within the ceramic district has not only grown thanks to numbers but above all to actions characterised by ethics and fairness, which have distinguished us from day one. Even in a complex period like Covid-19, the company has been able to meet its commitments to all suppliers and credit institutions, without any speculation.

Furthermore, as detailed below, the company has adopted a series of principles shared with our supply chain to increasingly integrate social and environmental criteria into purchasing decisions.

AREA	Unit of measurement	2021	2022
Finished products	€	16.554.948	20.861.808
Capital goods	€	0	279.580
Promotional items	€	765.923	811.552
Maintenance	€	79.753	160.317
Packaging	€	231.355	157.670
Transport	€	147.893	333.469
Materials for factory / office use and consumption	€	33.025	1.354
Rentals	€	95.599	61.676
Consulting	€	241.603	654.297
Disposals	€	19.087	14.562
Other	€	0	2.027.308
Total	€	18.169.186	25.363.592

A virtuous supply chain

The principles included in the Terratinta group Statute also apply to the Supply Chain, sharing with suppliers the commitment to work for a sustainable future.

The pursuit of sustainability in every step of the supply chain is a responsibility that binds us to our suppliers. In 2022, Terratinta Group decided to adopt the following virtuous principles included in the Statute which commit the company to:

- give priority to suppliers who have adopted ethical and sustainable practices within their organization;
- include sustainability criteria as part of the supplier evaluation process;
- purchase goods and services that reflect appropriate and recognized environmental specifications or standards to pursue continuous improvement of internal procurement practices;
- promote a level of collaboration and sustainability awareness among supply chain partners and encourage them to adopt sustainable practices;
- favour the procurement of materials, products and services from local markets;
- reduce waste and the use of non-renewable resources by identifying and eliminating, where possible, wasteful practices in internal and external operations, giving priority to goods that bring greater benefits in the circular economy.

	Unit of measurement	2021	2022
Suppliers assessed with environmental and social criteria	nr		15
	%	0	4

This important step is a turning point which allows the company to carry out purchasing policies that take into consideration the environmental and social criteria described above, integrating the perspective of the future also in the commercial strategies.

Our customers and their engagement



Terratinta Group operates mainly in Europe, in particular in Benelux, Scandinavia, UK and Ireland. Outside the European Union, its main activity takes place in the United States and the Far East. It is present in over 50 markets, which guarantee commercial coverage on all continents. Since 2019, the challenge has also opened up on the domestic market, with over 300 active customers in Italy to which new ones are added every month. 2022 represented a year of stabilization in terms of growth in the number of customers, substantially stable compared to the previous year thanks to the consolidation of relationships with retailers who, with a percentage of 96%, represent almost all of our customers.

As far as customer localization is concerned, Terratinta Group has long-established its presence in foreign markets, where over 70% of customers are located and where almost all the turnover derives (93.5%). In addition to this, in 2019 the company decided to strengthen its presence in the domestic market, which is still growing in 2022, confirming the commitment made to strengthen its presence in the Italian market (domestic turnover +21%, trend still growth since 2019).

Customers by industry	2021 n° customers	2022 n° customers
Private	9	28
Retailers	1.093	995
Construction companies	5	5
Designers, professional studios, architects	10	10
Total	1.117	1.038

Customers and turnover by geographical area				
	n° customers	2021 Turnover	n° customers	2022 Turnover
Italy	343	1.639.207	332	1.989.689
Abroad	774	23.560.605	706	28.106.997
Total	1.117	25.199.812	1.038	30.096.687

Customers engagement

The material issue relating to product quality and customer satisfaction was indicated as one of the most important by both internal and external stakeholders. As a company, we are aware of the importance of constant dialogue with our customers, a dialogue that must not end with the commercial issue, but which we want to extend to collaborative innovation approaches and open to different suggestions and experiences. Two Customer Satisfaction surveys were already carried out in 2020 to ascertain satisfaction with our company's service.

During 2022 we resumed direct, essential contact with people through face-to-face meetings, travel and international events. These meetings have allowed us to receive constant feedback on the quality of our products, our customer service and sustainability issues. In an integrative way concerning the perception of customers on the commercial aspects, the company has carried out actions of direct involvement on the issues of Sustainability. For this purpose, following the achievement of the B Corp certification, two meetings were held in 2022 with important international customers dedicated exclusively to the Sustainability path carried out by the company. An Australian customer took part in these meetings, together with its main distributors present throughout the Australian territory, and a Swiss customer with its respective sales network, involving about 20 people.



Product and process innovation approach



To promote fair, responsible and sustainable industrialization, the company focuses daily on product research and innovation, and the ability to innovate services and business.

The characteristics of innovation for the Terratinta Group are mainly linked to the product. We have always tried, even through external designers, to create completely different structures, graphics and looks, trying to anticipate market trends and demands. In addition to this, in recent years particular attention has been paid to the raw materials that make up our products, to exploit recycled resources as much as possible and to follow an environmental policy of conservation of the planet's resources.

Alongside this care, we support a digital predisposition, an innovative character that distinguishes the Group and is implemented in the ability to renew services and the business.

Among the activated tools:

- a gate available to customers to consult product availability in real-time or, in its absence, the suggestion of alternative products;
- ongoing management of corporate social channels
- websites always updated
- an e-learning platform with the possibility of visiting our showroom with a 3D virtual tour
- monthly newsletters
- a new e-shop dedicated to the Italian market
- the new WMS (Warehouse Management System) to improve warehouse efficiency and competitiveness.

The WMS warehouse management system

WAREHOUSE EFFICIENCY THAT IMPROVES COMPETITIVENESS AND SUSTAINABILITY

On the process innovation front, the company has set up a WMS (Warehouse Management System), which was further implemented in 2022.

This further development allows for more sustainable logistics through:

- optimization of forklift movements thanks to a more organized storage policy and a more efficient picking activity
- significant reduction in shipping errors
- the reduction of the use of paper to tend towards zeroing the paper used to process vouchers and warehouse orders

The WMS is based on a system of radio-guided devices. Each product in stock is assigned an identification code, which allows the operators to locate it immediately through the devices themselves, as well as real-time updating of its availability thanks to the connection with the company management system.

The implementation of the system also makes it possible to obtain immediate information on the shortest route to take to pick up the products in the warehouse, allowing for a significant increase in warehouse management efficiency and a reduction in the environmental impacts associated with internal logistical movements.

Impact story: Meeting Brand Ambassador

A FUNDAMENTAL MOMENT OF KNOWLEDGE AND PREPARATION TO SHARE THE PATH OF CORPORATE SUSTAINABILITY

An important meeting was held on 22 December 2022 in the presence of 8 Brand Ambassadors, alongside with CEO, General Manager, Commercial Director, Sustainability Manager and Marketing Manager of Terratinta Group.

The object of this meeting was to share the corporate sustainability process with professionals, spokespersons and promoters of corporate brands around the world.

Starting from 2019 with the first Change campaign up to obtaining the B Corp certification, the objectives and actions implemented by the company in the field of ESG were illustrated, including the 17 SDGs of the 2030 UN Agenda.

The training then focused on business impact measurement tools such as the BIA, SDGs Action Manager and sustainability report.

This appointment was an opportunity for a rich discussion on the theme of sustainability, on the perception in the different markets presided over by the Brand Ambassadors and possible future actions for improvement and involvement with the customers themselves.

In conclusion, each participant was asked to complete a survey to assess the degree of awareness and involvement regarding these issues to develop a future dialogue.

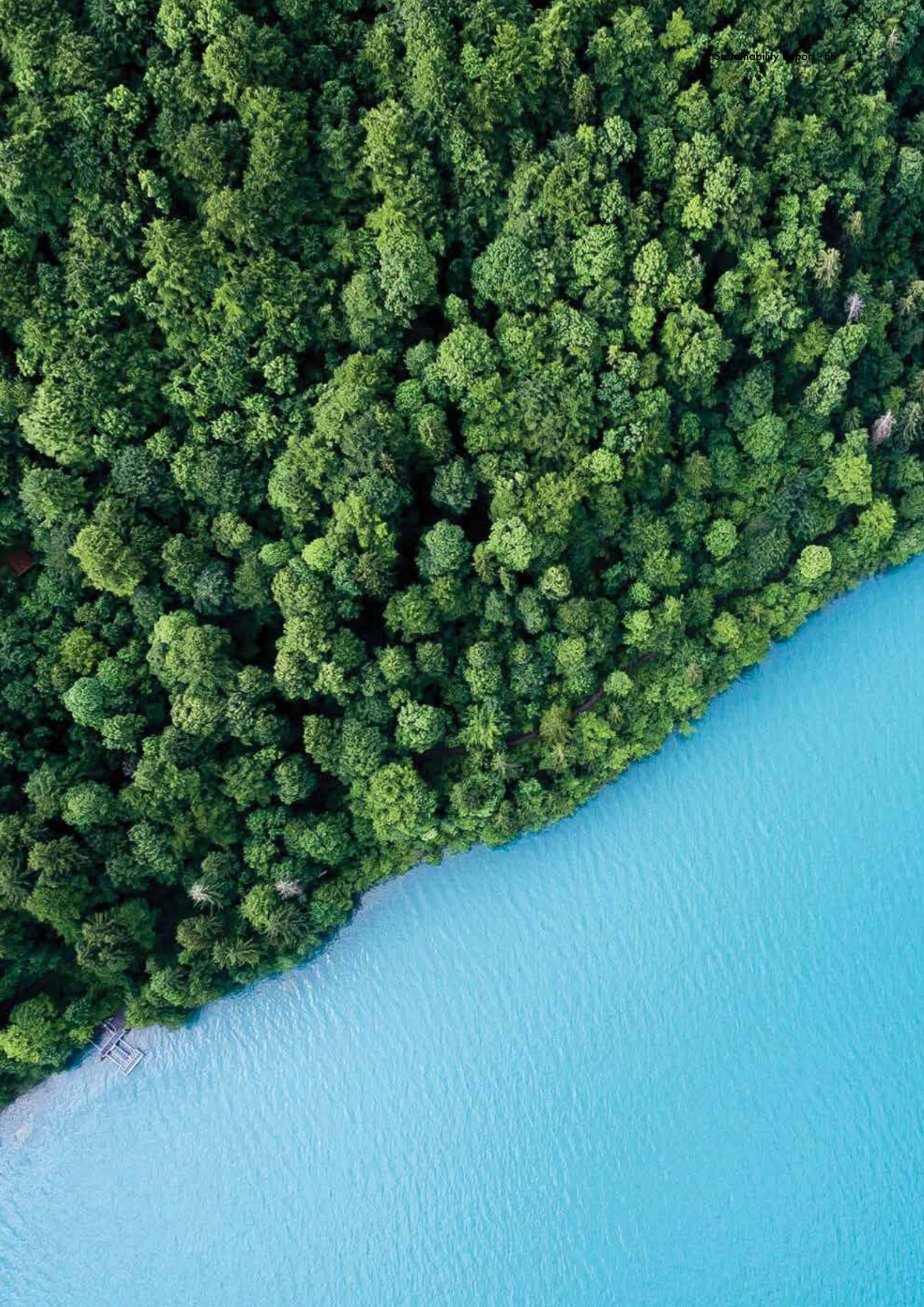
2022 targets for Purpose 2

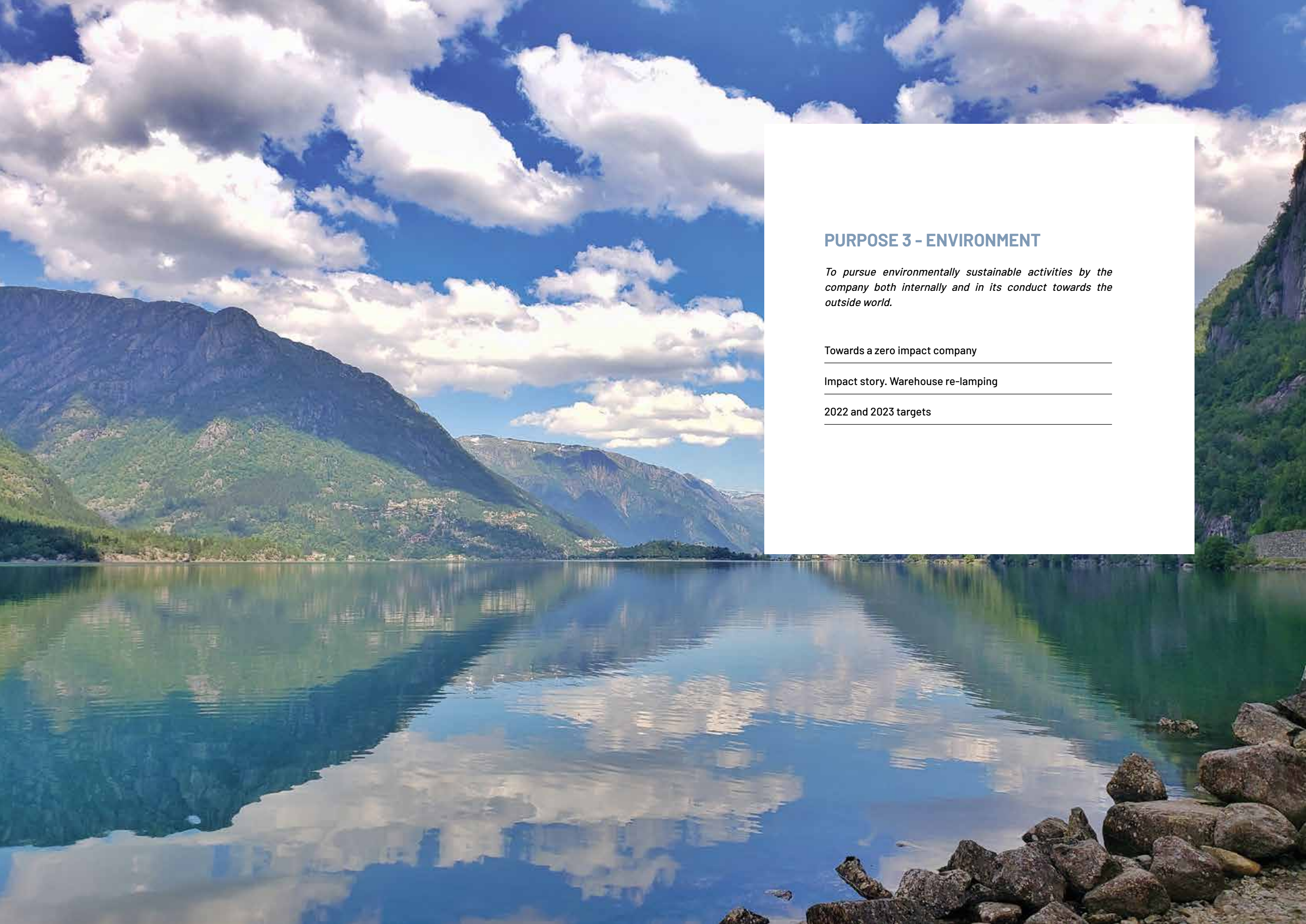


2022 targets	Actions	Status	Details
Increase communication on the Terratinta Group's sustainability path towards its customers	TOP customer meeting to illustrate the corporate sustainability process.	Completed.	See details on p. 93 of the Impact Report.
	Brand Ambassador meeting with agents to present the sustainability path (Change Campaign, Benefit Company, B Corp certification).	Completed.	See details on p. 93 of the Impact Report.
	Sending newsletters to customers following the achievement of B Corp certification.	Completed.	See details on p. 93 of the Impact Report.
	Communication on company social networks of the actions developed in the field of sustainability	Completed.	See details on p. 93 of the Impact Report.
Increase communication with suppliers on Terratinta Group's sustainability path	Sending newsletters to suppliers following the achievement of B Corp certification.	Completed	See details on p. 94 of the Impact Report.

2023 targets for Purpose 2

2023 targets	Actions
Communicate sustainability issues to Terratinta Group customers	Formalization of a new contract for smart working that allows you to work in agile mode up to a maximum of 2 days a week (starting from a minimum of 4h/day)
Survey addressed to customers to monitor their degree of awareness and involvement in sustainability issues	Sending a questionnaire to customers
Formalization of principles of ethical behavior aimed at employees	Creation of a Code of Ethics addressed to the employees





PURPOSE 3 - ENVIRONMENT

To pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world.

Towards a zero impact company

Impact story. Warehouse re-lamping

2022 and 2023 targets

Purpose 3 – Environment

To pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world.

Towards a zero environmental impact company

The sustainability of our products

Terratinta Group is a company in the ceramics sector focused mainly on the design and marketing of products manufactured by third parties. In this sense, the environmental impacts directly related to the company's activities are on the whole minimal compared to the overall life cycle impacts.

Within the ceramic process, most of the environmental impact loads are located in the material production phase. Although this is taken into account in the selection of suppliers of finished products, it is not under the direct control of Terratinta Group but is managed by third-party companies that deal with the production and decoration phase.

In this sense, the majority of the impact linked to Terratinta Group products is to be found along the supply chain, where the company's possibility of intervention is smaller but where collaboration with suppliers and their upstream selection using sustainability criteria is fundamental.

The ceramic product has several advantages that make it a material with excellent performance in terms of sustainability. Italian ceramic materials, in particular, are in first place worldwide for their sustainability performance productions, as evidenced by the certifications and attestations obtained from the main national producers.

Compared to other materials for floors and walls, ceramic guarantees:

- durability over time which reduces the overall impact on the life cycle. A ceramic product has an estimated average life cycle between 50 and 80 years old, unlike other materials which are replaced with much higher frequencies;
- non-toxic and absence of VOC (Volatile Organic Compounds) and Radon emissions. Ceramic is an inert material thanks to a thermal production process at over 1200 degrees, which ensures high mechanical and chemical resistance unalterable over time;
- recyclability of materials, both in the production phase (raw and fired process waste that can be reintroduced into production), and post-consumption, through the recovery of demolition waste. These aspects are in line with the principles of the Circular Economy;
- thermal insulation: a ceramic floor is thermodynamically more efficient than a wooden or carpeted floor and is more efficient in heat distribution in the case of underfloor heating;
- hygiene and little need for maintenance, because it is chemically inert and characterized by high cleanability. These aspects reduce the need to use detergents and other chemicals during use.

Over the years, the Italian ceramic industry sector has enhanced these basic characteristics by introducing continuous innovations that have made the Italian ceramic product an international reference in terms of environmental performance.

Among the main innovations:

- use of pre-and post-consumer waste materials beyond regulatory obligations
- study and development of thin gauges that reduce the materials used and the impact of transport per unit area
- functionalisation of surfaces with a view to eco-innovation and healthiness (e.g. anti-bacterial functions)
- use as functional building elements for energy efficiency (e.g. ventilated walls)
- improvement of technical performance according to the energy efficiency of the building
- analysis of the impacts on the life cycle with the creation of an EPD (Environmental Product Declaration – Environmental Declaration of product) of the sector.

Green product certifications

The environmental performance of the Italian ceramic material is guaranteed by the Green product certifications obtained thanks to the quality tests carried out by companies in the sector.

Terratinta Group makes use of virtuous suppliers-producers who stand out for production processes and finished products that are in line with the best international standards in terms of Green product certifications, including:

- **Ecolabel UE**
European Union eco-label for products and services with improved environmental performance throughout their life cycle.
- **Environmental Product Declaration (EPD)**
Voluntary Environmental Product Declaration, which provides for the communication of the environmental aspects of a product, is obtained through a life cycle analysis (LCA) and verified by an independent party.
- **LEED (Leadership in Energy and Environmental Design)**
A rating system for the sustainability performance of a building. Many ceramic products are "LEED Compliant", i.e. they possess characteristics that allow designers to obtain key award credits towards LEED certification.



Choosing the greenest production processes

Terratinta Group aims to reduce the overall environmental impact along its value chain by selecting companies that can also guarantee the best performance in terms of their production process.

We try to work with manufacturers who meet certain environmental performance parameters, which can be demonstrated by obtaining environmental process certifications.

These include, in particular:

- **ISO 14001** - International Environmental Management System Certification
- **Regolamento UE EMAS** - European guidelines for the compliance of the Environmental Management System
- **ISO 50001** - International Energy Management System Certificationa

Responsible resources' management

Terratinta Group uses materials mainly indirectly, purchasing finished ceramic products made based on design indications studied internally.

There are more than 33,000 tons of semi-finished products purchased from third parties that Terratinta Group receives, stores and distributes on the market mainly to resellers and distributors.

The company also uses plastic packaging materials (approximately 35 tons in 2022) applied within the plants, which are purchased from a local supplier specialized in the collection and recycling of end-of-life plastics. This ensures responsible management of resources during all storage phases performed by Terratinta Group.

The increase in consumption of plastic material is largely due to the growth in volumes and to the new logistics structure which requires the outdoor storage of much more material than in 2020. Added to these are a relatively limited amount of tools necessary for office activities (mainly plastic, paper, toner and other stationery materials). We also point out a further significant reduction in the use of paper for printing in offices and warehouses and the desire to increase the percentage of recycled plastic material within the plastic used for packaging. Currently, the percentage of recycled plastic stands at 33%.

USE OF MATERIALS

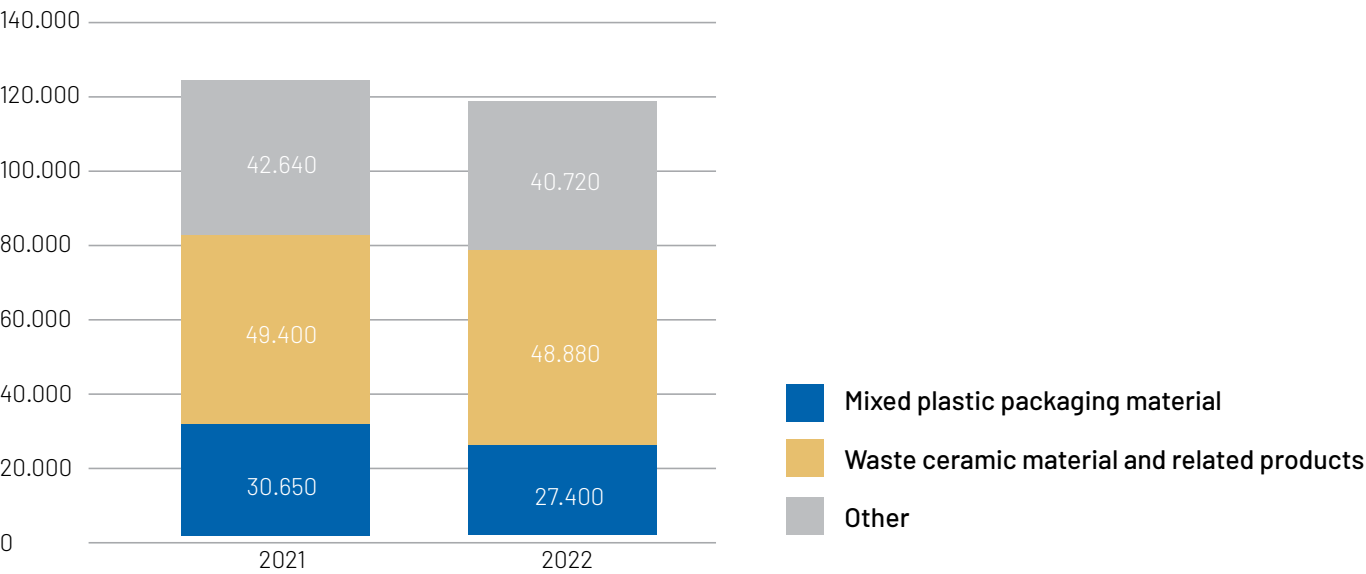
		2021	2022
Semi-finished ceramic products purchased from third parties*	kg	34.669.480	33.453.061
Mixed plastic packaging material	kg	32.039	35.734
Office printing paper	kg	961	573

*An average product weight of 18.7 kg/m2 was used for the conversion.

The production of waste is directly linked to the use of materials. In particular, during 2022 Terratinta Group produced a total of 117 tons of waste, with a reduction of 4.5% compared to the previous year, of which 49 tons of ceramic and similar waste material, stable compared to the previous year.

This is followed by 27 tonnes of mixed plastic packaging material, 26 tonnes of mixed material packaging and 14 tonnes of wooden packaging (which together form the 40 tonnes indicated in the "Other" category of the graph).

Every year the company undertakes an improvement process aimed at an approach that allows the circular use of the plastic materials used, expanding the collaboration with the supplier of recycled packaging also in terms of collection of the group's waste. These are then recycled in a traceable way and put back on the market, without the production or disposal of waste.



AMOUNT OF WASTE PRODUCED BY TYPOLOGY

		2021	2022
Mixed plastic packaging material	kg	30.560	27.400
Waste ceramic material and related products	kg	49.400	48.880
Other*	kg	42.640	40.720
Total	kg	122.600	117.000

*The "Other" figure consists of 26,500 kg of mixed material packaging and 14,220 kg of wooden packaging.

Use of water resources

Terratinta Group makes limited use of water resources in terms of direct consumption. In 2022, 2,382 cubic meters of water were used, mainly for civil users in the offices.

The exponential growth in water consumption is largely due to a failure in the pipes which has generated a huge spill requiring restoration work.

		2021	2022
Water from local water supply network	m³	434	2.382
Total uses	m³	434	2.382



Energy consumption

The **Change** project was born in 2019 to promote responsible management of raw materials, water and waste in the company to minimize demand and promote the reuse and recovery of resources, in a circular perspective that goes beyond company boundaries. In the context of sustainability linked to the environment, the company has chosen and confirmed the **supply of energy from certified renewable sources**. Today the Group uses 100% Green electricity, the first produced entirely from renewable sources (wind, photovoltaic, hydroelectric) and certified by the National Energy Services Manager (GSE).

The management of energy consumption is a central element in the process of reducing the Group's environmental impacts, as it represents a parameter directly related to the emissions of climate-altering gases, responsible for climate change.

The direct consumption of energy by Terratinta Group occurs mainly through:

- the use of electricity for the functioning of the systems inside the factories;
- the use of electricity for lighting, cooling the rooms and the use of appliances in the offices and warehouses of the group's headquarters;
- the use of electricity for heating the offices;
- the consumption of fuels (diesel and petrol) to feed the fleet of vehicles owned by the company.

During 2022, overall energy consumption amounted to a total of 1,342.70 Gigajoules, compared to 1,725.86 in the previous year. Of these, almost 78% is represented by the use of electricity, consumption of which amounts to 290,680 kWh, a decrease of 16% compared to 2021. A reduction motivated by the energy efficiency of the new headquarters in which the company is established from July 2021.

Another relevant item of energy consumption is diesel for fueling the fleet, which covers 17% of the total in 2022, the incidence of which decreases from 22.5% in 2021. The decrease in diesel consumption for the cars in the company fleet is due to the progressive replacement of diesel cars with full-electric and hybrid petrol vehicles: the increase in the use of fuel has consequently undergone a clear increase.

ENERGY CONSUMPTION BY SOURCE

		2021	2022
Natural gas for heating	m³	2.064	-
Diesel fuel per fleet	litres	10.944	6.378
Petrol per fleet	litres	332	2.131
Electricity from grid	kWh	348.000	290.680

ENERGY CONSUMPTION BY SOURCE, EXPRESSED IN GJ

		2021	2022
Natural gas for heating	Gj	72,86	-
Diesel fuel per fleet	Gj	389,61	227,69
Petrol per fleet	Gj	10,59	68,56
Electricity from grid	Gj	1.252,80	1.046,45
Total	Gj	1.725,86	1.342,70



Mobility and transport

For Terratinta Group, the mobility of its people is an essential aspect, whether it is the daily home-work journeys of employees or business trips for commercial or representative missions.

The end of the emergency linked to the Covid-19 pandemic on the movement of people and things has also significantly affected corporate mobility. In fact, after years of significant decline, all the indicators linked to travel (+50% km travelled) are clearly growing.

DISTANCES COVERED FOR CORPORATE TRAVEL

		2021	2022
Air travel	Km	83.530	116.308
Train travel	Km	3.696	862
Transfers with a personal car (multipurpose use)	Km	58.648	102.108
Total	Km	145.874	219.278

The transport of products and other materials necessary for business activities is also a significant entry into the impacts created by Terratinta Group. However, the possibility of influencing this aspect is limited, as distribution is mainly the responsibility of the end customer, who organises transport using third-party logistics operators.

However, the company wanted to make the logistics directly under its control more efficient and sustainable. The new location of the company offered the possibility of expanding the warehouse area in the Fiorano Modenese headquarters: this choice led to the closure of the remote warehouses used until 2020, consequently reducing the impacts associated with the transport of goods to and from these places.

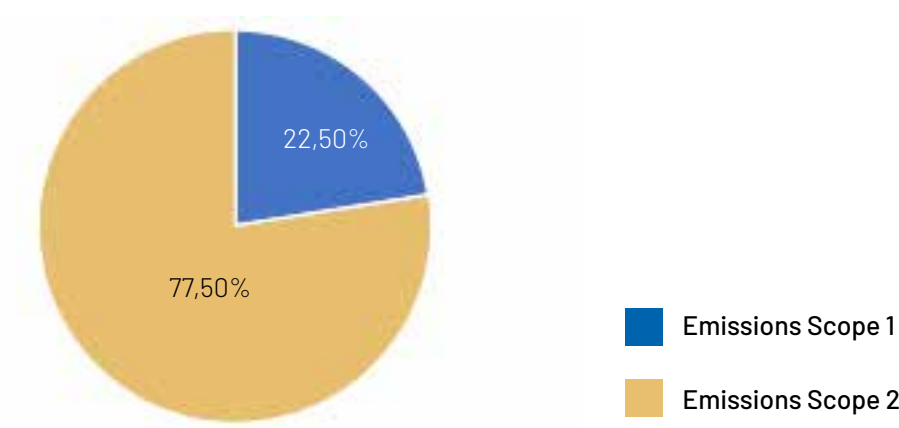
Greenhouse emissions

As part of Terratinta Group's activities, emissions of carbon dioxide and other gases responsible for climate change are generated by the use of various energy sources.

Thanks to the use of appropriate official emission factors, reported in the reference scientific publications, we were able to carry out an analysis of direct emissions (Scope 1) and indirect energy emissions (Scope 2) for the years of reference.

The analysis carried out shows that the total emissions generated by the group's activities are equivalent in 2022 to approximately 96.85 tonnes of CO² equivalent. Of these, 21.77 tons (22.5%) are produced directly by the company as energy combustion inside warehouses and offices, while 75.08 (77.5%) are generated by the production of energy electricity used, data substantially in line with those of the previous year.

GREENHOUSE GAS EMISSIONS BY TYPE



Reduction of greenhouse gas emissions

Direct emissions generated by the use of natural gas, diesel and petrol per fleet decreased compared to 2021 (-35%) confirming the downward trend already identified in 2021 (-26%). In particular, the substantial elimination of the use of natural gas is due to the change of location: in the new Terratinta Group headquarters, the heating system is no longer powered by gas boilers but by electric condensing boilers.

An important reduction in emissions is recorded for the vehicles in the company fleet, thanks to the constant and progressive use of 100% full-electric and hybrid petrol cars, with a consequent increase in electricity consumption.

The emissions generated by the consumption of electricity, on the other hand, are growing, for the reasons illustrated above and for the increase in the square meters covered by the new building.

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) AND INDIRECT ENERGY EMISSIONS (SCOPE 2)

		2021	2022
Natural gas for heating	t CO ₂ Eq.	4,09	0
Diesel fuel per fleet	t CO ₂ Eq.	28,80	16,92
Petrol per fleet	t CO ₂ Eq.	0,77	4,85
Total SCOPE 1 (gross)	t CO₂ Eq.	33,67	21,77
Compensation by gas supplier	t CO ₂ Eq.	4,09	-
Total SCOPE 1 (net)	t CO₂ Eq.	29,58	21,77
Electricity from the grid	t CO ₂ Eq.	109,62	75,08
Total SCOPE 2 (gross)	t CO₂ Eq.	109,62	75,08
Compensation by the electricity supplier	t CO ₂ Eq.	109,62	75,08
Total SCOPE 2 (net)	t CO₂ Eq.	0	0
Total SCOPE 1+ SCOPE 2 (gross)	t CO₂ Eq.	143,29	96,85
Carbon credits purchased from Terratinta Group	t CO ₂ Eq.	29,60	21,80
Total SCOPE 1+ SCOPE 2 (net)	t CO₂ Eq.	0	0

Carbon Neutral: a commitment to compensate for the CO₂ emissions generated

Once we calculated the amount of emissions generated by the activities most directly under the control of the company (Scope 1 and 2), we decided to proceed with their complete compensation, i.e. with the purchase of an equivalent quantity of certified carbon credits.

As part of a compensation project, each credit purchased certifies the removal of a ton of CO2 equivalent from the atmosphere, for example through a reforestation project or the production of renewable energy. For the credits to have an effective value, the emission reductions of these projects must be verified by independent third parties based on internationally recognized methodologies.

Terratinta Group, with the support of an external company, proceeded with the purchase of 127 carbon credits in 2020 and 27.9 in 2021, generated by an agroforestry project in Brazil called "Fazenda Nascente do Luar". The credits have been issued by the most authoritative international standard, VERRA (www.verra.org). The compensation process is also externally verified by an independent auditor.

Following up on the first project in Brazil, to offset the emissions generated in 2021, equal to 29.6 carbon credits, we proceeded to purchase the aforementioned credits by participating in the Rimba Raya project in Indonesia, the first REDD+ (Reducing Emission from Deforestation and Forest Degradation, i.e. a mechanism aimed at encouraging actions to reduce deforestation and forest degradation in developing countries), a project audited for compliance with the SDGs according to the SD Vista Standard, which obtained the highest rating possible contribution to all 17 UN SDGs.

Again for 2022, the company has decided to offset emissions with the purchase of 21.8 certified credits for the Rimba Raya project in Indonesia, continuing what started in 2021.

Thanks to this action, the Company obtained the Carbon Neutrality certificate for the Scope 1 and Scope 2 part for the fourth consecutive year, from 2019 to 2022.



Impact story: Warehouse re-lamping
AN IMPORTANT INTERVENTION WITH A VIEW TO OPTIMIZING ENERGY

After the inauguration of the new corporate headquarters in 2021, the work of updating the workplaces has not stopped.

Even the warehouse has undergone redevelopment in the name of energy optimization. All the now obsolete optics in the area (58,000 m2 of warehouse, 50,000 of which outdoors) have been replaced with over 200 new-generation LED ceiling lights and 35 outdoor projectors, which will allow for savings in energy consumption of at least 30% per year. The new ceiling lights are equipped with a built-in microwave presence sensor that allows switching on only when people and/or trolleys pass by, thus avoiding unnecessary waste of energy.

LEDs use 90% less energy than traditional incandescent lamps. In addition to the high energy savings, they have a longer life span and need to be replaced less frequently.

2022 targets for Purpose 3

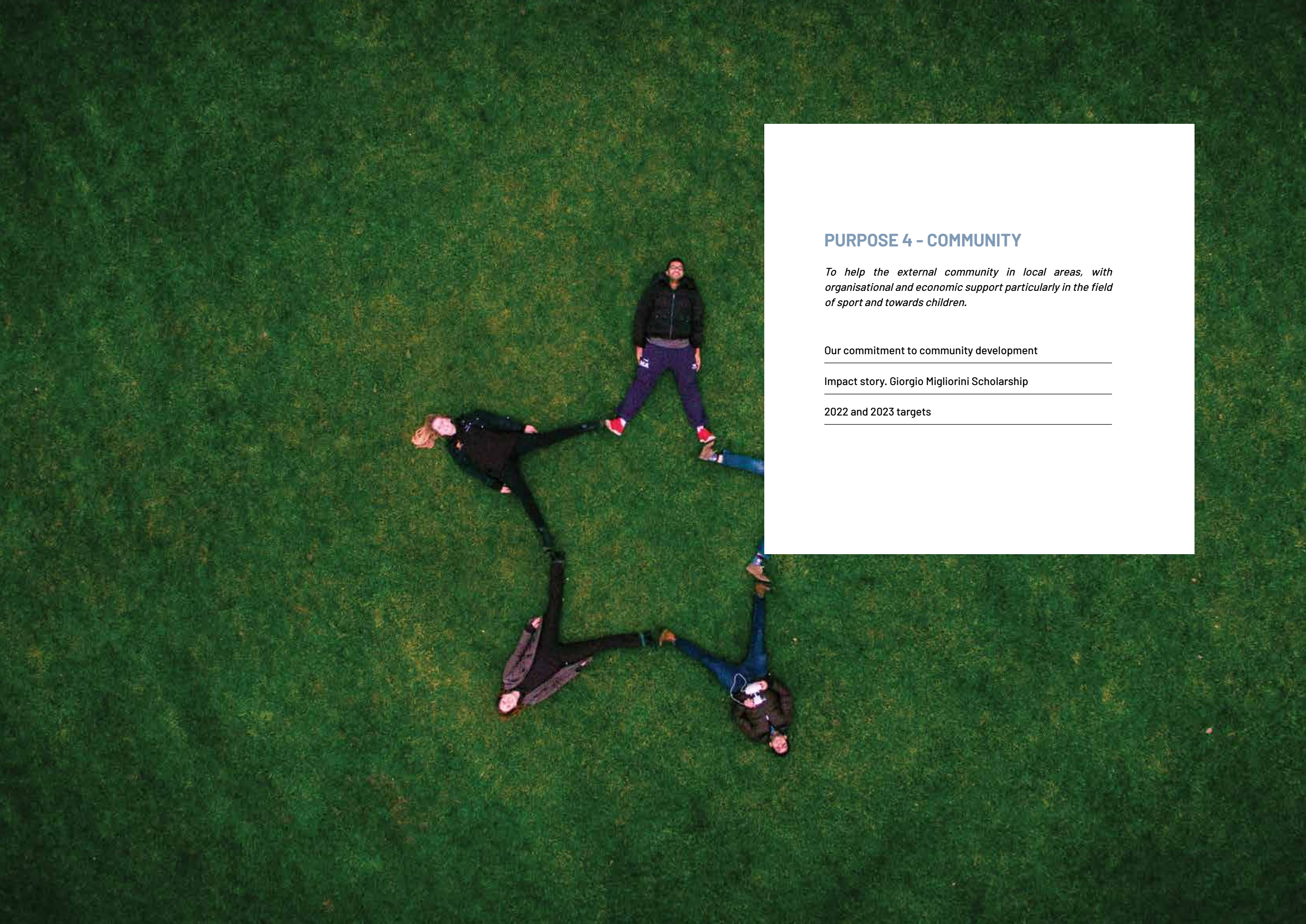


2022 targets	Actions	Status	Details
Reducing emissions or reducing energy consumption	Quotas for heating and cooling systems	Not completed due to rescheduling installation date planned for May 2023	See details on p. 95 of the Impact Report.
Achieve climate neutrality	Progressive replacement of cars in the company fleet with hybrid or electric vehicles	Completed.	See details on p. 96 of the Impact Report.
	Purchases of new electric forklifts for the logistics hub	Not completed due to late delivery of new vehicles. Scheduled for early 2023	See details on p. 96 of the Impact Report.
	Warehouse re-lamping activity	Completed.	See details on p. 96 of the Impact Report.
Increased diffusion of sustainable practices	Participation of employees in the European Mobility Week - September 2022 with carpooling, bike to work, transport by public transport	Completed.	See details on p. 96 of the Impact Report.
Adoption of eco-friendly packaging solutions	Aumento della percentuale dell'acquisto di plastica riciclata per gli imballi	Completed.	See details on p. 97 of the Impact Report.

2023 targets for Purpose 3



2023 targets	Actions
Achievement of 100% electricity supply from renewable sources	Photovoltaic system installation
Increased awareness of commercial agents and distributors on environmental issues	Provision of specific training to all agents regarding the green characteristics of the product
Spreading sustainable mobility practices	Awareness campaing for truck drivers on virtuous behaviors to be pursued to improve their environmental impact and respect for the environment
	Participation of employees in the European Mobility Week 2023
	Provide the company with a bicycle rack to encourage the use of bicycles by employees
Improvement of impacts in Scope 1 and Scope 2	Carbon neutral scope 1 and 2 with offsetting action with certified credits
	Further progressive replacement of company fleet cars with low-impact vehicles



PURPOSE 4 - COMMUNITY

To help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

Our commitment to community development

Impact story. Giorgio Migliorini Scholarship

2022 and 2023 targets

Purpose 4 – Community

To help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

Our commitment to community development

The roots of Terratinta Group lie in the local entrepreneurial tradition, without which the company's business could not exist and prosper. The virtuous ecosystem of the ceramic sector is in turn nourished by formal and informal relationships with the local community, in a continuous exchange of tangible and intangible resources which represent the necessary condition for the competitiveness of the production system.

As can be seen from the materiality matrix, a very important issue is the Involvement and support of the local community, so much so that it has created a specific purpose in the company by-laws.

The goal of Terratinta Group has always been one: to be an example and an inspiration for the local community with small, concrete and easily repeatable actions.

Awarding of Scholarships

The initiative to support university study for deserving young students was also confirmed in 2022, in collaboration with the I.I.S.F. Selmi Technical Institute of Modena.
For 2022, 2 scholarships were awarded, for a total value of €2,000.

SCHOLARSHIPS

	2021	2022
No. of scholarships awarded	2	2
Value €	€2.000	€2.000
Female fellows	2	1
Men fellows	0	1
Total	2	2

Compared to the previous year, it was also possible to respect the criterion of gender equality whereby, in the face of all the other requisites required (grades of merit, low ISEE, university enrollment), a female and a male student were awarded.

Corporate volunteering

Once again in 2022, the company offered its employees to actively participate in volunteer projects during working hours. Over the years, projects and associations located in the municipal area and neighbouring areas have been selected. The growing numbers for extra-work projects demonstrate the propensity of all company staff members towards practices that go beyond the working dimension, role and duties, to bring an effective and tangible contribution in line with the double-purpose mindset vision of the B Corp certification.

Annual Community Day

On 6 December 2022, 7 volunteer employees coordinated by the technicians of the Municipality of Fiorano, cleaned the city park located in via Deledda, in Spezzano di Fiorano Modenese (Mo).
This activity continues for the third consecutive year which sees us engaged in collecting leaves, cleaning the park and sanitizing the games installed.

CORPORATE VOLUNTEERING - COMMUNITY DAY

	2022
N° of days completed	1
Employees involved	7
Total hours of volunteer work	26

Active participation in events and meetings on the topics of sustainability and common benefit

The company is often called upon to intervene as an active witness or as a stakeholder on issues of sustainability and common benefit. They are events organized by private companies or public bodies in which we participate with great enthusiasm to carry on and spread the culture of doing business with an ulterior purpose that goes beyond business. In 2022, also thanks to obtaining the B Corp certification in August, the events we attended increased compared to the previous year. These opportunities have favoured an enrichment for the company thanks to valuable exchanges and sharing of ideas with other speakers.

EVENTS AND MEETINGS ON THE TOPICS OF SUSTAINABILITY AND COMMON BENEFIT

	2022
N° of events	3
Involved employees	3

Corporate volunteering for the Onlus Amici per la Vita

In 2021 Terratinta Group enthusiastically joined the call of Amici per la Vita Onlus of Formigine. Also, throughout 2022, the employees and collaborators of Terratinta Group made their contribution by dedicating hours of volunteer work during working hours to support the activities of the Association, which for years has been committed to offering medical, psychological and physiotherapy assistance to terminally ill and to their relatives, as well as to people affected by particularly critical pathologies such as muscular dystrophy, amyotrophic lateral sclerosis and neuromuscular diseases. 2022 also coincided with an important project carried out by the Association: the confirmation of the construction of the new hospice that will be built in Fiorano Modenese, with the signing of the documents and the laying of the first stone. This important milestone has required and will require in the future an ever greater commitment on the part of volunteers for activities in support of fundraising for this project.

CORPORATE VOLUNTEERING - AMICI PER LA VITA

	2022
N° of events / days	4
Involved employees	21
Total hours of volunteer work	58,5

There are four moments in 2022 in which employees have given their support:

- 1) Fundraising with the sale of "Le Delizie" products with supervision at the booth in front of the Sassuolo hospital (Mo);
- 2) Fundraising booths in the centre of the city of Sassuolo (Mo);
- 3) Packaging of place cards for the association's 25th-anniversary dinner;
- 4) Volunteer service at the buffet on the occasion of the inauguration, in the presence of the Mayor of Formigine, of the new ERP (Edilizia Residenziale Pubblica, i.e. Public Residential Housing) building in via Aurora Fornaciari in Formigine (Mo).



Donations to support local events

A new initiative compared to previous years, the support for two events held in the local area which, by synergy or continuity of themes, are in line with the values of Terratinta Group.

- 1) On the occasion of the public show "La mia favola" by Giorgio Panariello held in Formigine on 6 September 2022, a show promoted to raise funds for the construction of the new Fiorano Modenese Hospice created by the AUSL in collaboration with the Amici per la vita association non-profit organization Terratinta Group has contributed with a donation of 500€.
- 2) On May 5, 2022, Ventisette Digital SB organized a screening of the docu-film "We the Power" made by Patagonia on energy dependence issues. Also in this event, Terratinta Group contributed with a donation of 500€.

	2022
N° of events	2
Donated value	€1.000

Support for Sport

Sport is a model of values and offers great possibilities for connecting people. For this reason, Terratinta Group has chosen various areas in which to provide support, in the form of sponsorship to sports clubs in the local area, with particular attention paid to young sportsmen and women. A commitment that looks to the future.

	2022
N° of sponsorships	5
Donated value	€23.500

2022 saw a 20% increase in funded projects, which addressed:

- Sporting Club Sassuolo with the Wheelchair tennis project, aimed at promoting and developing wheelchair tennis;
- PGS Smile Formigine with support for the youth volleyball team;
- ADS RGB Padel Tennis Montale with sponsorships aimed at spreading the new discipline;
- Club Meridiana of Casinalbo di Formigine (Mo) with the sponsorship of the tennis school for children and young people;
- AC Fiorano Football Club to support the “Generation S” affiliation project of the Sassuolo Calcio Football Club to transmit the sports ethics values of Sassuolo Calcio to the youngest.



Impact story: Giorgio Migliorini Scholarship

IN ADDITION TO SUPPORTING YOUTH SPORT IN THE AREA, TERRATINTA GROUP ALSO MAKES A NEW COMMITMENT TO SUPPORT FOR STUDY

Acting concretely is the mantra that guides Terratinta Group's relationship with the community. Since 2021, the company has combined its voluntary work and support for young people in the area through sports with a commitment to support study.

Created in collaboration with the I.I.S. F. Selmi of Modena, the scholarship in memory of Giorgio Migliorini foresees a contribution to be allocated to a maximum of two male or female students, relying on merit and economic criteria, to favour and encourage the in-depth study of themes that Terratinta Group considers decisive.

The decision to name the award after Giorgio Migliorini, father of CEO Luca Migliorini and DG Marco Migliorini, was not accidental. A life spent working with commitment and passion in the ceramic sector, Giorgio Migliorini has never lost sight of one goal: attention to people, both in the company and in everyday life. A legacy that the Migliorini family has made its own, transforming it into a successful entrepreneurial philosophy where ethics and capital go hand in hand.

In the words of Luca Migliorini: “Ours is a family of humble origins, our father's parents were farmers and we brothers had to learn from an early age that professional success could only come from studying and the desire to work hard. We dedicate this scholarship to our father so that his incomparable hunger for knowledge and attention to the weakest and those with the least possibilities will never be forgotten.”

2022 targets for Purpose 4

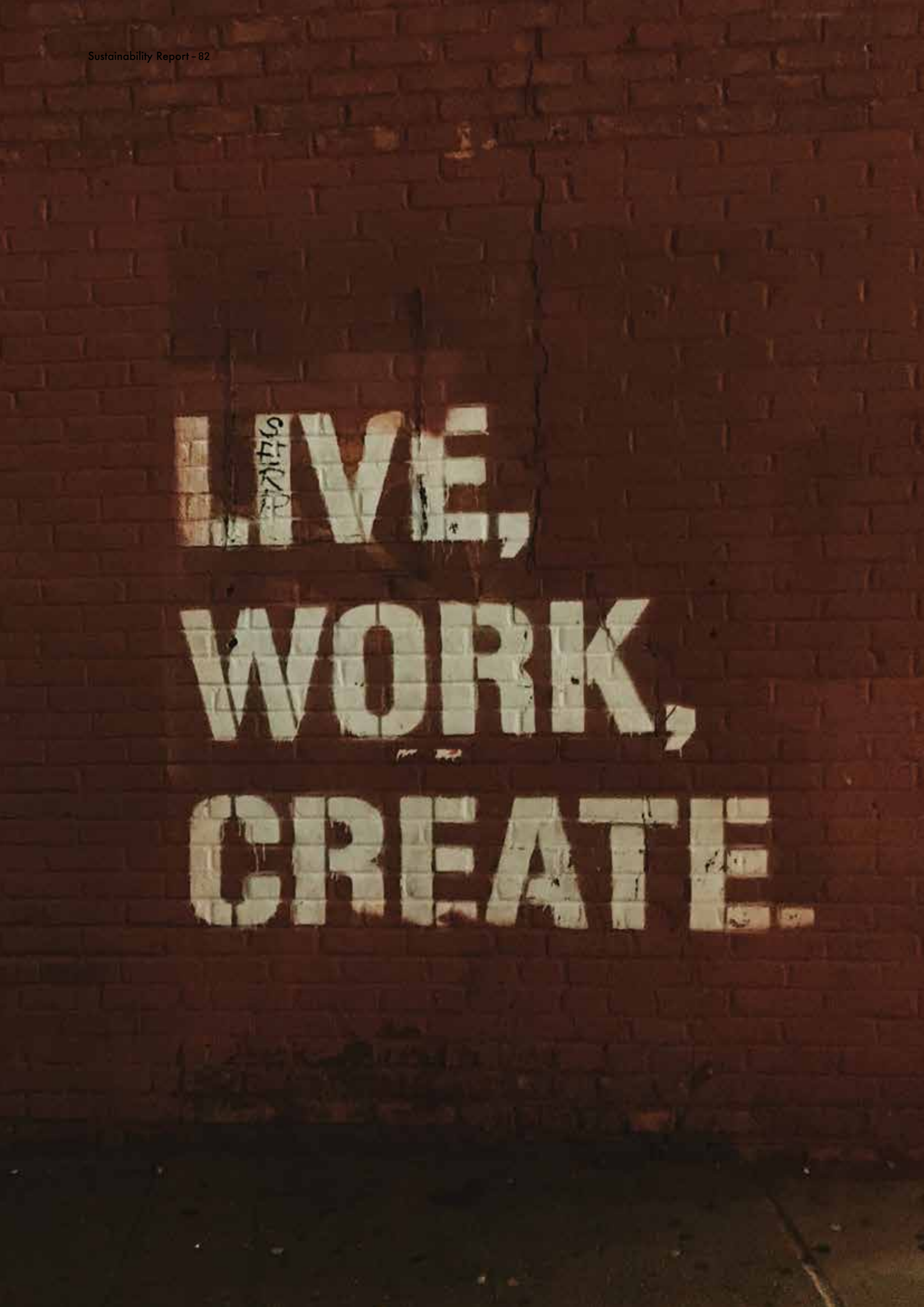


2022 targets	Actions	Status	Details
To be an example and inspiration for the local community with concrete actions	Assignment of no. 2 Scholarships to support study continuity	Completed.	See details on p. 99 of the Impact Report.
	Realisation of a community day	Completed.	See details on p. 99 of the Impact Report.
	Participation in events and meetings organized by local stakeholders with a view to mutual interdependence and collaboration	Completed.	See details on p. 99 of the Impact Report.
	Corporate volunteering in favor of the Amici per la Vita Onlus Association of Formigine (Mo)	Completed.	See details on p. 99 of the Impact Report.
	Donations to support local events	Completed..	See details on p. 99 of the Impact Report.
	Sponsorships related to sports and children	Completed.	See details on p. 99 of the Impact Report.

2023 targets for Purpose 4



2023 targets	Actions
Increased support to the local community through donations, sponsorships and corporate volunteering	Free supply of hand-made tiles with a special design intended for fundraising for the project of the new hospice that will be built in Fiorano Modenese (Mo). A tile will be delivered to the donor who will make an economic offer and at the same time a tile will make up the covering of a dedicated area within the structure as evidence of the donation made.
	Provision of 2 scholarships in favor of 2 students of the 5th year of the I.I.S. F. Selmi.
	Sports sponsorships to support children and young people.
	Increase in volunteer hours at the service of the community by Terratinta Group employees.



Methodological note

The 2022 Sustainability Report of Terratinta Group Srl SB aims to report to its Stakeholders a qualitative and quantitative representation of the company's environmental, social, economic and governance Sustainability profile.
The document is based on information relating to the year 2022, where possible integrated with descriptions and performances for the year 2021 to offer information on performance trends over time.

For the preparation of the Report, reference was made to data and information collected directly by the company, based on indicators and reporting methods concerning the main international Sustainability Reporting standards, in particular the GRI Reporting Standards. For the calculation of the Added Value, the reference adopted is that indicated by the GBS (Social Report Group).
The process of preparing the Report involved the main functions of the company to collect the information reported.

The relationships between the company's commitments and the 17 Sustainability Objectives (SDGs) Agenda 2030 UN were highlighted. This Sustainability Report is completed with the 2022 Annual Impact Report of Terratinta Group, attached, according to Law no. 208 (paragraphs 376-383 and attachments 4-5), which defines the reporting obligations for Benefit Companies.

For information on the contents of the Report: info@terratintagroup.com

GRI contents index

Terratinta Group has reported the information mentioned in this GRI content index for the period 01/01/2022-31/12/2022 with reference to GRI standards.

GRI STANDARD	
GRI 2 general information 2021	
Notice	Position
2-1 Organization details	Terratinta Group Srl SB - Via Viazza Il Tronco 45, Fiorano Modenese (MO), Italy. The group operates in Italy and exports to more than 50 countries.
2-2 Entities included in the organization's sustainability reporting	Terratinta Group Srl SB
2-3 Reporting period, frequency and contact point	Methodological note
2-4 Information review	No revisions have been made
2-5 External assurance	The document has not been subjected to external assurance.
2-6 Activities, value chain and other business relationships	Identity - Compant profile
2-7 Employees	Purpose 1 - Our commitment to people
2-8 Non-employee workers	Purpose 1 - Our commitment to people
2-9 Governance structure and compositio	Identity - Governance
2-10 Designation and selection of the highest governing body	Identity - Governance
2-11 Chairman of the highest governing body	Identity - Governance
2-12 Role of the highest governing body in controlling the management of the plants	Identity - Governance
2-14 Role of the highest governance body in sustainability reporting	Identity - Governance
2-22 Sustainable development strategy statement	Travelling into the future
2-28 Membership in associations	To date, the company does not participate in any association with a relevant role
2-29 Approach to stakeholder engagement	Identity - Materiality analysis

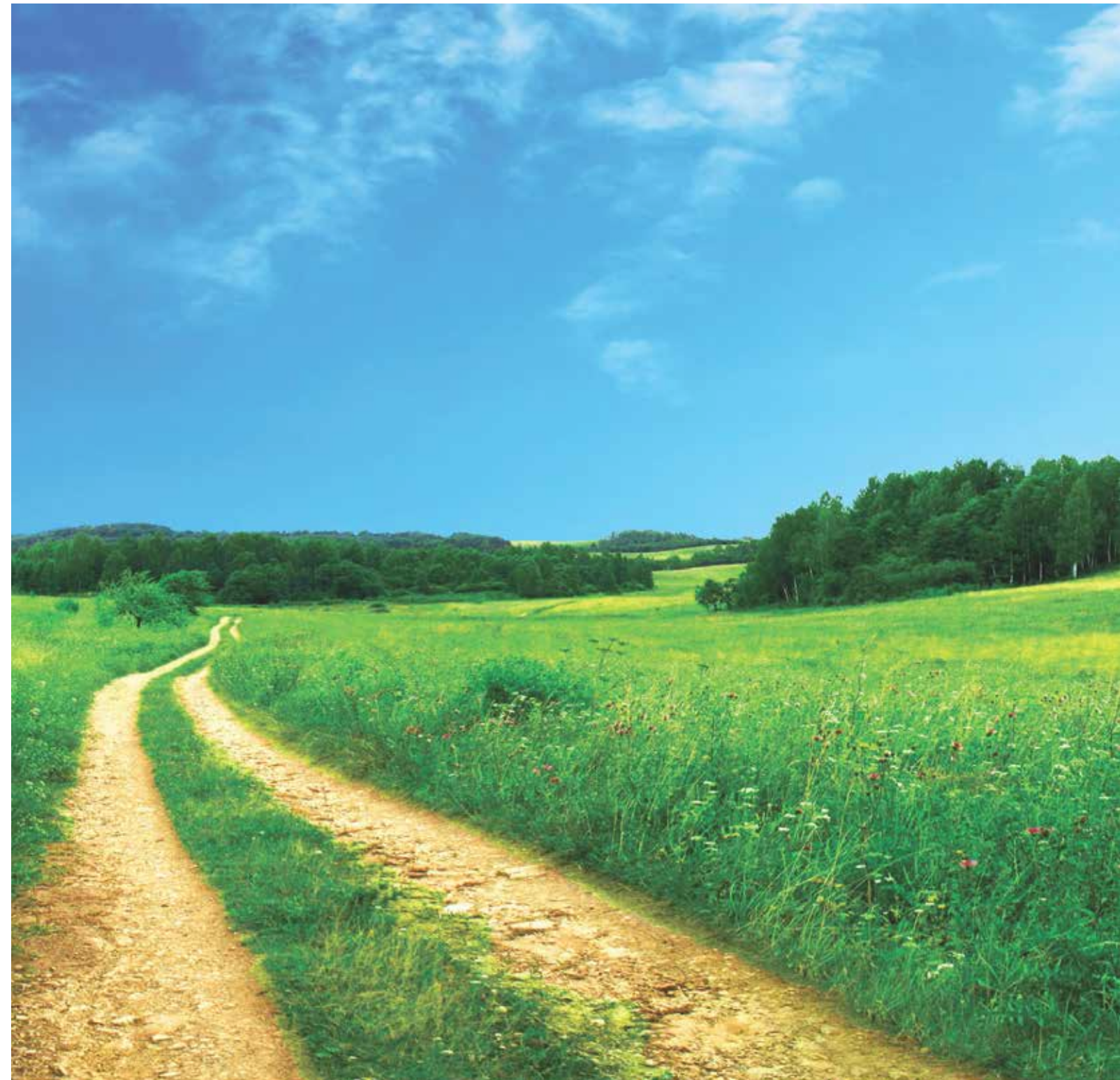
Notice	Position
2-30 Collective agreement	100% of employees are covered by collective agreements (CCNL) in the Commerce and Tertiary sector
GRI 3: Material topics 2021	
3-1 Procedure for determining material topics	Identity - Materiality analysis
3-2 List of material themes	Identity - Materiality analysis
3-3 Management of material issues	Identity - Materiality analysis
GRI 201: Economic performance 2016	
201-1 Economic value directly generated and distributed	Identity - Creation and distribution of added value
GRI 203: Indirect economic impacts 2016	
203-1 Infrastructural investments and financed services	Purpose 4 - Our commitment for Community development
GRI 204: Procurement practices 2016	
204-1 Proportion of expenditure to local suppliers	Purpose 2 - Terratinta Group's supply chain
GRI 301: Materials 2016	
301-1 Materials used by weight or volume	Purpose 3 - Responsible resources management
301-2 Materials used that come from recycling	Purpose 3 - Responsible resources management
301-3 Recovered or remanufactured products related to packaging materialo	Purpose 3 - Responsible resources management
GRI 302: Energy 2016	
302-1 Energy consumed within the organization	Purpose 3 - Energy consumption
302-2 Energy consumed outside the organization	Purpose 3 - Energy consumption
302-4 Reduction of energy consumption	Purpose 3 - Energy consumption

GRI contents index

Notice	Position
GRI 303: Water and sewerage 2018	
303-5 Consumo di acqua	Purpose 3 - Use of water resources
GRI 305: Greenhouse emissions 2016	
305-1 GHG Direct Emissions (Scope 1)	Purpose 3 - Greenhouse gas emissions
305-2 GHG Indirect Emissions (Scope 2)	Purpose 3 - Greenhouse gas emissions
GRI 306: Waste 2020	
306-3 Produced waste	Purpose 3 - Responsible resources' management
GRI 308: Supplier environmental assessment 2016	
308-1 New suppliers that have been evaluated using environmental criteria	Purpose 2 - A virtuous supply chain
GRI 401: Employment 2016	
401-1 New hires and turnover	Purpose 1 - Our commitment to people
401-2 Benefits provided for full-time employees but not for part-time or temporary contract employees	Purpose 1 - Our commitment to people
401-3 Parental leave	Purpose 1 - Our commitment to people
GRI 403: Health and safety in the workplace 2018	
403-9 Work injuries	Purpose 1 - Health and safety in the workplace
GRI 404: Training and education 2016	
404-1 Average annual training hours per employee	Purpose 1 - The development and enhancement of skills
404-2 Employee skills updating programs and transition assistance programs	Purpose 1 - The development and enhancement of skills

Notice	Position
GRI 405: Diversity and equal opportunities 2016	
405-1 Diversity in governance bodies and employees	Purpose 1 - Diversity and inclusion within the professional family
GRI 413: Local communities 2016	
413-1 Activities including the involvement of local communities, impact assessments and development programmes	Purpose 4 - Our commitment for Community development

Impact Report 2022





In 2019, we began a journey that led us to amend our Corporate Statute to become a Benefit Company, raising awareness about environmental sustainability among all those who work with us. Terratinta Group's commitment goes back a long way: in small steps, day after day, we have shared daily actions to be carried out within the company and activated projects for our community aimed at the common good.

We are proud to emphasise that amending our Corporate Statute is not simply a formality but a clear declaration of our commitment to our employees, who are the fundamental part and lifeblood of the company, to our customers and suppliers with whom we share trust and respect for an ethic that goes beyond profit, and finally to the community and the territory in which we operate. Becoming a Benefit Company introduces us to a circle of companies that have chosen to distinguish themselves through a virtuous and innovative legal form, giving a new direction to the Company's activities for the present and also for the future.

Luca Migliorini, CEO Terratinta Group



Introduction and aims of the document

Terratinta Group started in 2019 to give practical shape to its sustainability values with the Change campaign, taking concrete actions to improve its environmental, social and governance performance.
On 20 October 2020, the company's incorporation as a **Benefit Company** was formalised.

The status of Benefit Company, introduced in Italy in 2016, under and for Law no. 208 of 28 December 2015, single article, paragraphs 376 to 384 (2016 Stability Law), represents a new legal form of company compared to traditional types. Being a Benefit Company provides for the introduction of statutory clauses that contemplate the principle of achieving a common benefit in a responsible, sustainable and transparent way, aimed at balancing the interest of the shareholders with that of the other Stakeholders'. For Terratinta Group, the transformation into a Benefit Company represented a paradigm shift, a concrete way of fixing the most significant company document, the Articles of Association, and the commitment to Sustainability.
It was therefore at the Extraordinary Shareholders' Meeting of 20 October 2020 that the company was transformed into **Terratinta Group Srl SB**, specifying (under the provisions of Law no. 208), in addition to the profit objectives, what the company's aims are for the benefit of the community:
PURPOSE 1. to pursue a Corporate Welfare that gives satisfaction to people working within the professional family through both physical and intangible elements that improve the relationship between private life and work;
PURPOSE 2. to nurture relationships with suppliers and customers that are always permeated by strong ethics, professionalism and respect for the parties;
PURPOSE 3. to pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world;
PURPOSE 4. to help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

Based on the principles of accountability, transparency and sustainability, we have drawn up this document as proof of our commitment as a stakeholder company to testify to our daily attention in the pursuit of common benefit towards people, communities, territories and the environment, cultural and social assets and activities, bodies and associations and other stakeholders.
The actions undertaken and the results achieved for each purpose are detailed and reported below.



PURPOSE 1
To pursue a Corporate Welfare that gives satisfaction to people working within the professional family through both physical and intangible elements that improve the relationship between private life and work.

TARGET 1
Promotion of actions aimed at fostering a work-life balance for employees

Over the years, Terratinta Group has been committed to improving the relationship with its employees, developing actions over time that are consistent with the approaches of Corporate Welfare and the involvement of its employees also thanks to the possibility of maintaining a personal relationship with each of its employees in order to strengthen an ongoing team dialogue.
Today, the proposal offered to employees is a mix of solutions that aims to meet a variety of needs and takes into account the low average age of the company, the type of work performed and the social context in which we live.

- Below are some of the services offered to Terratinta Group employees:
- company gym with locker rooms and showers
 - children's play area for employees' sons and daughters
 - fully equipped kitchen with relax area
 - a free dental check-up with oral hygiene
 - programme with Welfare Bonus that can be used as flexible benefits, spendable in goods or services, on a dedicated platform
 - hourly flexibility:
 - end time at 5.30 p.m., aimed at giving more free time after work
 - flexibility in holiday management

IMPROVEMENT ACTION PLANNED FOR 2022:
• organisational flexibility: formalisation of a smart working contract allowing agile working up to a maximum of 2 days per week (starting from a minimum of 4h/day).

Target: 11 company employees
Result: **not achieved** due to legislative extension of the agile working mode until 31/12/2022. The action will be implemented in 2023.



PURPOSE 1

To pursue a Corporate Welfare that gives satisfaction to people working within the professional family through both physical and intangible elements that improve the relationship between private life and work.

TARGET 2

Increase Welfare services

IMPROVEMENT ACTIONS PLANNED IN 2022:

Action 1.

Granting of €200 in petrol vouchers for the 'Ukraine Decree' and raising the fringe benefit threshold available to each employee to €600. The 29 employees covered by the action were able to take advantage of petrol vouchers and the increase in fringe benefits for a total amount of €23,458.

Target: 29 company employees

Result: **action completed.**

Action 2.

Signing up employees for the Serious Illness Insurance, which provides an indemnity upon the occurrence of 7 serious events (myocardial infarction, cancer, brain stroke, renal failure, terminal liver failure, organ transplant and coma), the possibility of booking an annual specialist examination at affiliated centres and using, in the event of serious findings, the second opinion service, a second medical opinion that the insured person can request from a pool of specialist doctors who review the diagnoses made during other consultations. In July 2022, the policy was activated for 37 collaborators (Managing Director, employees and VAT-registered collaborators) for a total policy value of €26,085.

Target: 37 collaborators

Result: **action completed.**

Action 3.

Action: activation of the dermatological examination service for the prevention and screening of melanoma carried out in collaboration with Associazione ANT Italia Onlus (National Tumour Association). The 32 employees covered by the action took part in the initiative, which was held at the company's headquarters.

Target: 32 company employees

Result: **action completed.**

2023 targets

Target 1

Improve the work-life balance

Action: formalisation of a smart working contract.

Target 2

Upgrade of the welfare offer available to Terratinta Group employees.

Action: confirmation of all services provided in 2022 and integration of training and awareness-raising services in the area of hygiene and health with specific trainers.

PURPOSE 2

Nurture relationships with suppliers and customers that are always permeated by strong ethics, professionalism and respect for the parties.

TARGET 1

Increase communication on Terratinta Group's sustainability journey with its customers.

For Terratinta Group, dialogue with its customers is fundamental and constant. A communication that is not only based on commercial issues but is carried on a value level with collaborative exchanges and partnerships. To achieve this objective, four actions were carried out during the year, which we detail below.

IMPROVEMENT ACTIONS PLANNED IN 2022:

Action 1.

The company's social media channels are used to communicate about the efforts in the area of environmental responsibility. With posts on Instagram, Facebook and Linkedin, as well as with the publication of News on our sites, interlocutors are kept up to date on the company's activities by combining images with a textual description of the activities carried out. No. 31 social posts made throughout 2022.

Target: customers and prospect

Result: **action completed.**

Action 2.

The achievement of B Corp certification was communicated through a newsletter in four languages to 832 customers.

Target: customers

Risultato: **action completed.**

Action 3.

Brand Ambassador Meeting. The Meeting was held on December 22, 2022 in the presence of 8 Brand Ambassadors, CEO, General Manager, Commercial Director, Sustainability Manager and Marketing Director. The purpose of the meeting was to share with the professionals, spokespersons and promoters of the Terratinta Group brands in the world, the corporate sustainability journey that began in 2019 with the first Change campaign, and then continued with the B Corp certification, up to analysing the corporate impact measurement tools such as the BIA, the SDGs Action Manager and the corporate sustainability report.

Target: agents

Result: **action completed.**

Action 4.

TOP client meetings, selected partners with whom the company has been working for several years, to illustrate the corporate sustainability path. During 2022, 2 meetings were held dedicated exclusively to the company's sustainability path and to in-depth analysis of the daily actions that Terratinta Group implements in its operations. These 2 meetings were attended by an Australian customer, together with its main distributors throughout Australia (September 2022) and a Swiss customer (October 2022) with their respective sales networks, involving 20 people.

Target: an important selection of partner customers working with the company since its beginning, paramount both in terms of budget and collaboration

Result: **action completed.**

PURPOSE 2
Nurture relationships with suppliers and customers that are always permeated by strong ethics, professionalism and respect for the parties.

TARGET 2
Increase communication with suppliers regarding Terratinta Group's sustainability journey

The pursuit of sustainability in every step of the supply chain is a commitment that binds us firmly with our suppliers. The supply chain is an indispensable element for the company that, over the years, has built solid partnerships with mainly Italian manufacturers in the ceramic district where Terratinta Group's roots lie. It has become essential for us to be able to develop a virtuous supply chain that shares our values and principles.

IMPROVEMENT ACTION PLANNED IN 2022:
Action 1.
The achievement of B Corp certification was communicated through a newsletter to 292 suppliers and agents.

Target: suppliers and agents
Result: **action completed.**

2023 targets

Target 1
Inform Terratinta Group customers on sustainability issues.
Action: raise customer awareness on sustainability issues through dialogue with Terratinta Group area managers and agents.

Target 2
A survey aimed at customers to monitor their degree of awareness and involvement in sustainability issues.
Action: a questionnaire will be submitted to customers.

Target 3
Formalisation of principles of ethical behaviour by customers, suppliers and employees.
Action: writing and publication of a Code of Ethics for customers, suppliers and employees.

PURPOSE 3
To pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world.

TARGET 1
Achieving climate neutrality

Starting in 2020, the company has committed itself annually to offsetting the CO2 emissions generated (Scope 1 and Scope 2) by purchasing certified carbon credits with the support of an external specialised company. Despite having achieved this goal consecutively over the years, climate neutrality remains a very important focus for reviewing actions and processes to further reduce the carbon dioxide emissions that our activities generate daily. In this context, three activities are planned for 2022.

IMPROVEMENT ACTIONS PLANNED IN 2022:
Action 1.
Progressive replacement of cars in the company fleet with hybrid or electric vehicles, with the first purchase of 2 hybrid cars to replace 2 diesel-powered cars.

Target: cars
Result: **action completed.**

Action 2.
Purchase of electric forklifts for the logistics centre. The 4 new electric forklifts were ordered but have not yet been delivered due to delays in the availability of the vehicles.

Target: new electric forklifts for goods handling.
Result: **currently underway.**

Action 3.
Re-lamping of the warehouse: the entire warehouse(58,000 square metres of covered warehouse and 50,000 square metres outdoors) was subject to the replacement of 200 neon lamps with an equal number of energy-saving LED light fixtures and 35 outdoor lighting fixtures. In addition, in the areas with reduced traffic, the latest-generation ceiling lights allow lighting only when operators and trolleys pass by, thanks to an integrated sensor. Expected savings of 30% in electricity consumption.

Target: redevelopment of the warehouse's entire lighting fixtures.
Risultato: **action completed.**

PURPOSE 3
To pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world.

TARGET 2
Reducing emissions and energy consumption

The management of energy consumption is a central element in the Group's drive to reduce its environmental impact, as it is a parameter directly related to climate-changing gas emissions.
This objective aims to pursue environmentally sustainable activities and poses many challenges and ambitious goals for the future.

IMPROVEMENT ACTION PLANNED IN 2022:
Action
Contracting of heating and cooling systems in company facilities. The installation of the new system is planned for spring 2023 to optimise the investment and gain access to state-of-the-art equipment.

Target: realisation of new photovoltaic system
Result: **not achieved.**

TARGET 3
Promoting sustainable mobility practices among employees

For Terratinta Group, the mobility of its employees is an essential aspect, which takes the form of their daily commute to work. As in the previous two years, in 2022 the company has set itself the goal of raising awareness and supporting its employees towards sustainable and less impactful forms of mobility.

IMPROVEMENT ACTION PLANNED IN 2022:
Action
Participation in the European Mobility Week through car-pooling, bike-to-work and public transport. 15 employees joined the initiative, avoiding the production of 53 kg of CO2 in a single week. For each employee who joined the initiative, the company provided an amount of 20€, for a total of 300€ which was donated to charity to ASEOP - Associazione Sostegno Ematologia Pediatrica di Modena (Modena Paediatric Haematology Support Association).

Target: company employees and collaborators.
Result: **action completed.**

PURPOSE 3
To pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world.

TARGET 4
Adoption of environmentally sustainable packaging solutions

Terratinta Group's innovative features are mainly product-related. By concentrating its activity on the conception and marketing of designer ceramic materials produced exclusively for the company by the main players in the sector, the environmental impacts directly related to the Group's activity are reduced for the overall life cycle of the tile.
As far as Terratinta Group's direct impacts are concerned, these are mostly due to our warehouse, office and transport activities.
The aim is to review processes and materials to find solutions with reduced impact. It is a path that started years ago and has led us to the introduction of environmentally sustainable packaging solutions.

IMPROVEMENT ACTIONS PLANNED IN 2022:
Action
Increase the percentage of recycled plastic for product packaging. By 2022, 100% of the plastic used to package goods on pallets is recycled.

Target: purchase of shrink caps and reels made of recycled shrink plastic.
Result: **action completed.**



PURPOSE 3

To pursue environmentally sustainable activities by the company both internally and in its conduct towards the outside world.

2023 targets

Target 1

Achieving 100% supply of electricity from renewable sources. .

Action: installation of a 100 kW photovoltaic system.

Target 2

Raise awareness among sales agents and distributors on environmental issues.

Action: provision of specific training to agents on the green characteristics of products.

Target 3

Spread sustainable mobility practices.

Action 1: raise truck drivers' awareness of virtuous behaviour to improve their environmental impact and respect for the environment.

Action 2: participation of employees in European Mobility Week 2023.

Action 3: equip the company car park with a bicycle rack.

Target 4

Improvement of impacts in Scope 1 and Scope 2.

Action 1: Carbon neutral Scope 1 and Scope 2 with offsetting action with certified credits.

Action 2: Further gradual replacement of the car fleet with environmentally friendly vehicles.



PURPOSE 4

To help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

TARGET 1

To be an example and inspiration for the local community with small, concrete and easily replicable actions

The principle that guides Terratinta Group's actions has always been linked to the possibility of developing actions with an immediate impact on the community, easily replicable by other companies, entities or individuals.

Over the years, this philosophy has led us to consolidate activities that have met with great participation and enthusiasm on the part of company employees and collaborators who, choosing according to their inclinations, have invested time and energy in the various activities proposed by the company.

IMPROVEMENT ACTIONS PLANNED IN 2022:

Action 1

Leave a positive legacy through the awarding of two scholarships.

Continuation of the path begun in 2021 to support university study for deserving young students, in memory of Giorgio Migliorini, father of the CEO and General Manager, in collaboration with the F. Selmi Technical Institute of Modena, the school director Prof. Elisa Prampolini and the teaching staff.

Granting of no. 2 scholarships for a total value of € 2,000 in favour of no. 2 students in the 5th year of the F. Selmi Technical Institute of Modena who have met the requirements of low ISEE, merit grades, university enrolment, respecting gender parity where possible (1 girl and 1 boy).

On Monday, 28 November 2022, in the presence of the Mayor of Fiorano Modenese (Mo) Dr Francesco Tosi, the Councillor for Education and School Policies Dr Luca Busani, Professor Elisa Prampolini School Headmaster, Luca and Marco Migliorini, respectively Managing Director and General Manager of Terratinta Group, the Migliorini family, the award ceremony for the 2 young students was held at the company headquarters. The ceremony was attended, with emotion and satisfaction, by family members of the scholarship holders and company employees.

Target: 2 students from the F. Selmi Technical Institute of Modena meeting the requirements.

Result: **action completed.**

Action 2

Social volunteer activities: annual community day.

For three years the company has been committed, with the support of the municipal authorities, to the cleaning of a public city park located in Via Deledda a Spezzano in the municipality of Fiorano Modenese (Mo).

On 6 December 2022, 7 Terratinta Group employees, coordinated by the Municipality's technicians, carried out leaf collection, dirt collection and sanitation activities on the games in the park, for a total of 26 hours of voluntary work carried out during normal working hours.

Target: 7 company employees

Result: **action completed.**

PURPOSE 4
To help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

Action 3

Active participation in events and meetings organised by local stakeholders on issues of sustainability and common benefit.

There are numerous events, moments of sharing and appointments on the subject of sustainability and common benefit at which the company is called upon to bring its experience.
There were 3 appointments with 2 employees involved during the year at which the company brought its testimony as a certified B Corp Benefit Company.
On 24 January 2022 participation in the presentation of the results of the "Sharing Territory Strategies Project for the Agricultural Park of the Ceramic District", at Casa Corsini in Fiorano Modenese.
On 12 October 2022 at Teatro Tempio di Modena presence as a speaker at the talk "Partita doppia - la responsabilità sociale d'impresa" in which the experience of Terratinta Group as a B Corp certified Benefit Company was brought together with the companies Socfeder Spa Benefit Company and Garc Spa Benefit Company certified B Corp.
On 9 November 2022, attendance at the Ecomondo trade fair in Rimini to celebrate the milestone of 200 B Corp certified Italian companies.

Target: company employees
Result: **action completed.**

Action 4

Community volunteer work in favour of the Amici per la Vita Onlus Association in Formigine (Mo).

1. During regular working hours, 9 employees, for a total of 26 hours, took turns in setting up, manning, selling 'Le Delizie' products and subsequently dismantling stalls set up at the entrance of the hospital in Sassuolo (Mo) with the aim of raising funds for the construction project of the new Hospice in Fiorano Modenese (Mo). The same activity was then replicated in the city centre of Sassuolo (Mo).
- Target: company employees
Result: **action completed.**
2. 10 employees volunteered to make table place cards for the 25th-anniversary dinner of the non-profit association Amici per la Vita Onlus. During normal working hours for a total of 28.5 hours, 120 delicious place cards were made for the Association's celebration dinner.
- Target: company employees
Result: **action completed.**
3. Volunteering at the inauguration by the Municipal Administration in the presence of the Mayor of Formigine (Mo) Dr Elisabetta Costi, of the new ERP building located in Via Aurora Fornaciari in Formigine (Mo). Two employees (for a total of 4 hours) volunteered at the buffet corner offered by the Amici per la Vita Onlus Association during the building's inauguration ceremony, an occasion during which the Association's activities were promoted.
- Target: company employees
Result: **action completed.**

PURPOSE 4
To help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

Action 5

Donations supporting local events

- Two financial donations were made:
- 1) On the occasion of the public performance "La mia favola" by Giorgio Panariello held in Formigine (Mo) on 6 September 2022, Terratinta Group contributed with a donation of €500 to support the costs of the event whose objective was to raise funds for the new Hospice to be built in Fiorano Modenese (Mo) by the AUSL in collaboration with the Amici per la Vita Onlus Association.
- 2) On 5 May 2022, Ventisette Digital SB organised an evening screening of the docu-film 'We the Power' made by Patagonia (a US company specialising in sports and outdoor clothing) on the subject of energy dependency. Terratinta Group contributed € 500 in financial support for the organisation of the event.

Target: local events
Resultat: **action completed.**

Action 6

Sponsorships to support the world of sport for young people and children: given the specific purpose incorporated into its Statute, Terratinta Group has sponsored and contributed to an important number of projects involving children and young people on sports fields for an ever-increasing spread of sport

- During the year, five associations were supported with as many sponsorships, for a total value of EUR 23,500. The associations that benefited from the sponsorships are:
- Sporting Club Sassuolo with the Wheel Chair Tennis project;
 - PGS Smile Formigine supporting the youth volleyball team;
 - ADS RGB Padel Tennis Montale with sponsorships to promote the new discipline;
 - Club la Meridiana Casinalbo in Formigine (Mo) with sponsorship of the tennis school for children and young people;
 - AC Fiorano Football Club for supporting the 'Generazione S' project of Sassuolo Calcio Football Club's affiliation with the transmission of Sassuolo Calcio's sporting ethics values to children.

Target: children and youth in the local community
Result: **action completed.**



PURPOSE 4
To help the external community in local areas, with organisational and economic support particularly in the field of sport and towards children.

2023 targets

Target 1
Increased support to the local community through donations, sponsorships and corporate volunteering

Action 1: Free supply of handmade tiles of special design to raise funds for the construction of the Hospice to be built in Fiorano Modenese (Mo). A tile will be presented to the donor who makes a financial offer, and at the same time, a tile will be used to tile a dedicated area inside the facility, as proof of the donation made.

Action 2: awarding of two scholarships to two 5th year students of IIS Tecnico F. Selmi.

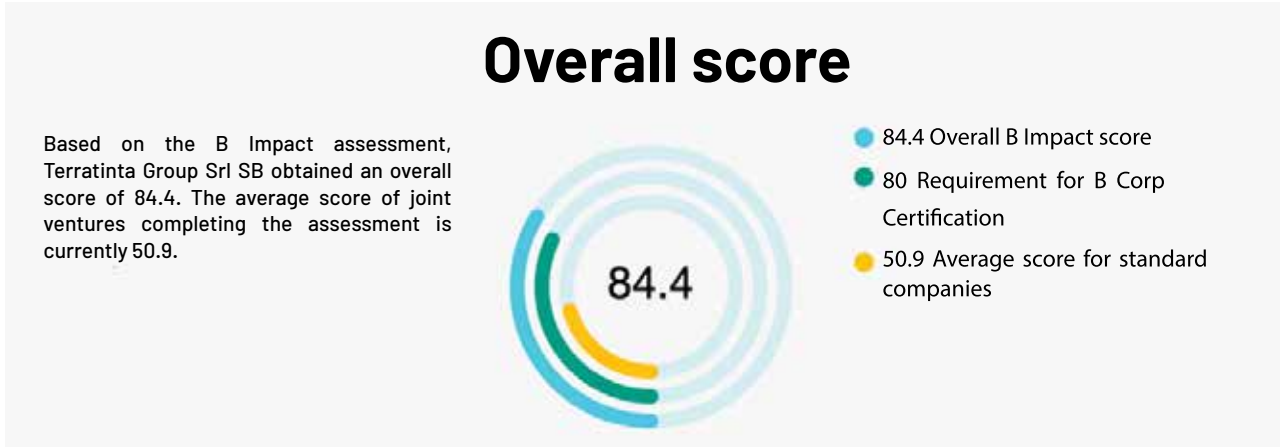
Action 3: sports sponsorships in support of children and youth.

Action 4: increase in volunteer hours in community service by Terratinta Group employees.

Evaluation of generated impact and conclusions

In addition to its Benefit Company Statute, the company has measured its impact against the highest social and environmental performance standards and obtained B Corp Certification. The American organisation B Lab verified the company's B Impact Assessment (BIA - assessment questionnaire), ratifying a score of 84.4. Below is the detail by area of the scores obtained concerning the profile of Terratinta Group Srl SB published on www.bcorporation.net.

This measurement allows Terratinta Group to implement constant improvement actions, review processes and decisions made to evolve the business thanks to the double purpose mindset: to create economic value and at the same time be a company with a positive impact on the social and environmental community.



Evaluation of generated impact and conclusions

Governance 16.7

Governance evaluated a company's overall mission, engagement around its social and environmental impact, ethics, and transparency. This section also evaluates the ability to protect their mission and formally consider stakeholders in decision making through their corporate structure (e.g. benefit corporation) or corporate governing documents.

Mission & Engagement3.3

Ethics & Transparency3.4

+ Mission Locked10

What is this? A company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholders - such as workers, community, environment, or customers.

Employees 19.3

Workers evaluate a company's contributions to its employees' financial security, health & safety, wellness, career development, and engagement & satisfaction. In addition, this section recognises business models designed to benefit workers, such as companies that are at least 40% owned by non-executive employees and those that have workforce development programs to support individuals with barriers to employment.

Financial Security2.9

Health, Wellness & Safety7.6

Career Development1.6

Engagement & Satisfaction3.6

Community 23.4

Community evaluates a company's engagement with and impact on the communities in which it operates, hires from, and sources from. Topics include diversity, equity & inclusion, economic impact, civic engagement, charitable giving, and supply chain management. In addition, this section recognises business models that are designed to address specific community-oriented problems, such as poverty alleviation through fair trade sourcing or distribution via microenterprises, producer cooperative models, locally focused economic development, and formal charitable giving.

Diversity, Equity & Inclusion4.1

Economic Impact4.6

Civic Engagement & Giving3.1

Supply Chain Management3.6

+ Local Economic Development7.8

What is this? A Company with an Impact Business Model is intentionally designed to create a specific positive outcome for one of its stakeholdres - such as workers, community, environment, or customers.

Environment 22.4

Environment evaluates a company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes the direct impact of a company's operations and, when applicable its supply chain and distribution channels. This section also recognises companies with environmentally innovative production processes and those that sell products or services that have a positive environmental impact. Some examples might include products and services that create renewable energy, reduce consumption or waste, conserve land or wildlife, provide less toxic alternatives to the market, or educate people about environmental problems.

Environmental Management4.8

Air & Climate7.9

Water2.3

Land & Life7.2

Customers 2.3

Customers evaluates a company's stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. In addition, this section recognises products or services designed to address a particular social problem for or through its customers, such as health or educational products, arts & media products, serving disadvantaged customers/clients, and services that improve the social impact of other companies or organisations.

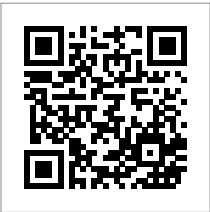
Customer Stewardship2.3

"Stay hungry, stay foolish."

S. Jobs 1955-2011



CHANGE TOGETHER



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