

SUSTAINABILITY
R E P O R T

20
23

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ITALIAN  GASKET
technical rubber items

Letter to Stakeholders

CEO Letter

In 2023, the Italian Gasket Group underwent the largest transformation in its almost forty-year history; in July, the acquisition of CGM Spa, a flagship of the Emilia plastic district, was completed. CGM Spa operates in several sectors, from biomedical to automotive. This operation fits perfectly into the company's strategic plan, significantly increasing the possible solutions we can offer our customers and expanding our scope of action through the production of technical plastic items, making us an even more complete and solid partner.

However, change is first and foremost a matter of awareness, as all the challenges we face stem from the understanding that growth as a company cannot occur without considering our environmental and social responsibilities. We are aware that sustainability is a long-term journey made possible through the involvement of everyone by creating a shared culture.

At the center of everything are always People. We want to continue investing in talent development, promoting an inclusive work environment that respects and supports the uniqueness of each individual and encourages positive change. Knowing that this transition is entrusted to all our highly valued people makes me confident and excited to lead Italian Gasket on this adventure. We are committed and continue to adapt our business processes and stimulate our work environment with the conscious goal of creating.

In 2023, we further strengthened this awareness and integrated important sustainability practices into our daily operations: investments in the photovoltaic system at the Paratico site, the new software for monitoring energy savings, and the process innovations we implemented are concrete actions towards reducing emissions.

After years of voluntary commitment to sustainability reporting, we are proud to present the second sustainability report of the Italian Gasket Group. We want to tell you about our journey, share our changes, and celebrate our achievements.

The document summarizes the objectives, activities, impacts, and results of our Group in relation to our stakeholders, embedding itself in an increasingly strategic sustainability path aimed at the progressive integration of ESG (Environmental, Social, and Governance) issues into every aspect of the Group's business.

Marco Marchesi
CEO





Letter from the President

Italian Gasket feels like home to me.

I spend so much time here that sometimes it's hard to tell if I'm in the office or my living room. Especially since my children joined this company, this feeling has grown even stronger.

I come from humble beginnings; my parents were sharecroppers, and from them, I inherited dedication to hard work and a spirit of sacrifice. After more than 40 years in business, I can say that looking back, I see a life devoted to work, with many sacrifices and many satisfactions, but with very little time to spend with my family.

Times have changed, and thanks to a series of events, I've learned to see things from a different perspective. Today, people's well-being and, above all, the value of their time are what matter most.

Italian Gasket is also home to over 200 people who spend most of their days here.

As President, I feel a great responsibility to create an environment where everyone can fully develop their potential, both as professionals and as individuals; the success of Italian Gasket lies in personal fulfillment and happiness.

This is a new path that we nurture daily with dedication and passion, and when I hear clients praising our people for their hard work and cheerful attitude, I am proud to say that we made the right choice.

Gian Marco Bergomi
President

Methodological Note

This document is the second Sustainability Report (hereinafter also referred to as "Report" or "Document") of Italian Gasket S.p.A. and the first Sustainability Report of the Group (hereinafter "Italian Gasket"¹, "Group"). It has been prepared following the "Global Reporting Initiative Sustainability Reporting Standards" (hereinafter also "GRI Standards") defined by the Global Reporting Initiative (GRI), as indicated in the "GRI Content Index" table at the end of the Report, which allows for the evidence of the coverage of the GRI indicators associated with each sustainability theme reported in this document.

The information contained in the Report, which is published annually, refers to the year 2023 (from January 1, 2023, to December 31, 2023). Italian Gasket has applied the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability, in accordance with the GRI Standards and considering the Group's impact in the broader context of sustainable development.

The definition of material issues was carried out in 2022 and confirmed in 2023 through the first materiality analysis of Italian Gasket, which involved the direct participation of the Group, as detailed in Chapter 3, "Sustainability Journey." This chapter also includes

a description of the Group's main stakeholders.

The scope of the data and information reported in this document, unlike the previous year, is not limited to Italian Gasket S.p.A. but includes the controlled companies Camuna Stampi S.r.l. (hereinafter also referred to as "Camuna Stampi") and IG Gasket International Kft (hereinafter also referred to as "Rajka") as of December 31, 2023. Any exceptions to the reporting scope are duly noted in this document. There were no changes in the Group's size, supply chain, or ownership structure during the year.

To ensure data reliability, the use of estimates has been limited as much as possible, and where present, they are based on the best available methodologies and duly noted in the text.

On July 24, 2024, the Board of Directors of Italian Gasket S.p.A. reviewed this Sustainability Report.

This Sustainability Report is also available to the public on the company's website at www.italiangasket.com.

For any information regarding this document, please contact sustainability@italiangasket.com.

¹ The generic name Italian Gasket refers to the entire Group. If you wish to create a specific focus on the individual Italian Gasket S.p.A. company, the company name will be appropriately included.



2023 HIG HIGHLIGHTS



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**The ITALIAN
GASKET Group**

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1.1 Our History

Italian Gasket S.p.A. is a company owned by the Bergomi family, which has been producing and marketing elastomer products since February 1, 1984. The company, headquartered in Paratico, in the province of Brescia, operates three strategically located production plants that serve a global market. The main countries where the Group operates include Germany, the Czech Republic, France, Italy, Hong Kong, Slovakia, Spain, Portugal, Romania, China, Mexico, and Singapore.

Camuna Stampi S.r.l. was founded in 2000 and specializes in the design and manufacture of molds for rubber, plastic materials, iron, and silicone, as well as the production of blanking dies, matrices, and copper and graphite electrodes. The company operates in multiple sectors, including electronics,

electrical appliances, food, automotive, medical, and mechanical components in general.

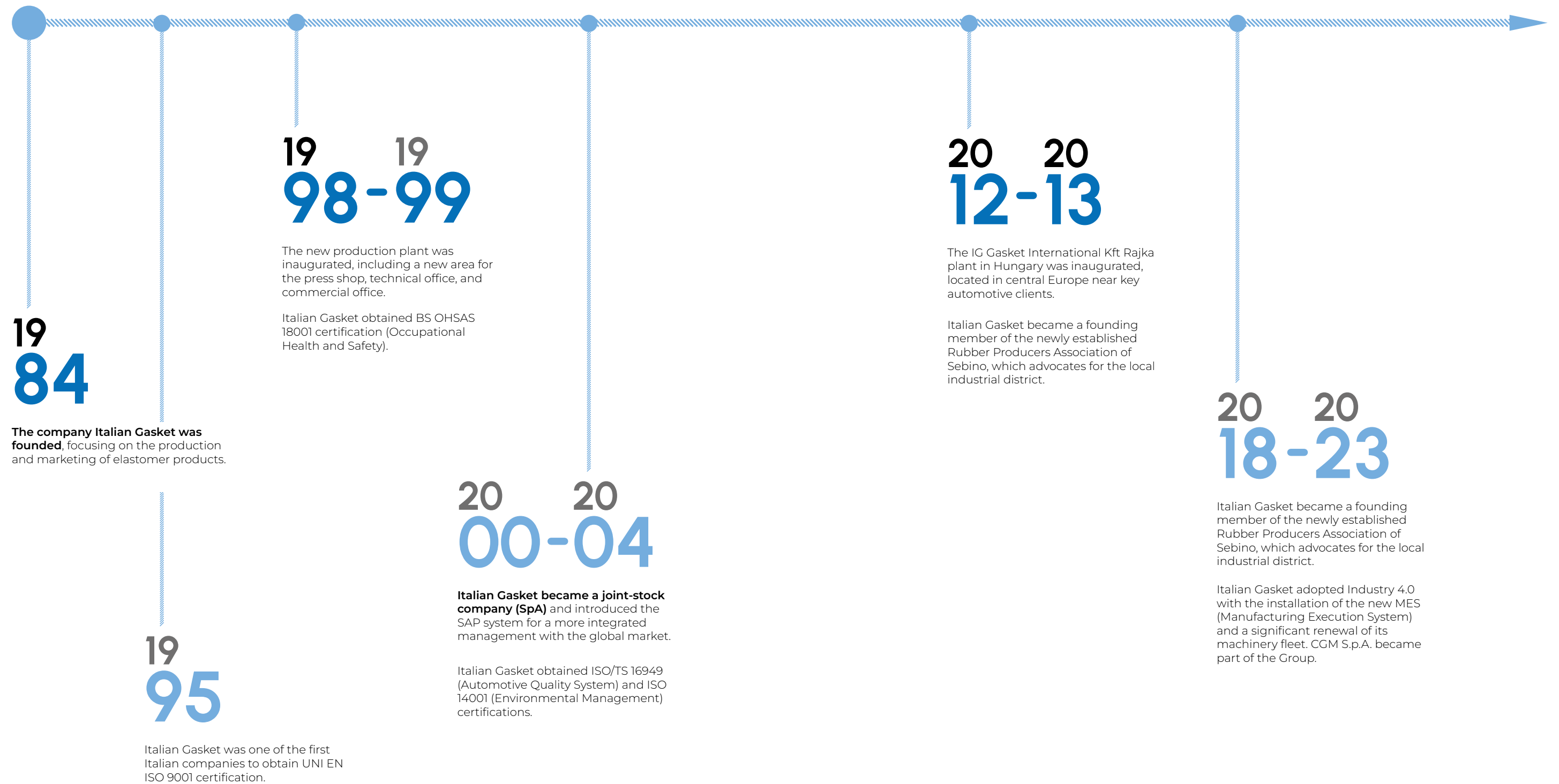
Camuna Stampi S.r.l. officially joined Italian Gasket S.p.A. in May 2022, while CGM S.p.A. became part of the Group in July 2023. Both companies have contributed to the growth of the Group by sharing their technical knowledge and expertise developed over the years.

In 2011, the Central European market headquarters of Italian Gasket S.p.A. were entrusted to I.G. Gasket International Kft Rajka, in Hungary. The company's strategic location allows the Group to be near its major automotive customers, ensuring optimal service in terms of quality and territorial presence.



"We ensure quality in absolute terms with respect for environment and our ethic values, focusing on training, research, development and technology, in order to be our customers' reference partner".

Italian Gasket vision

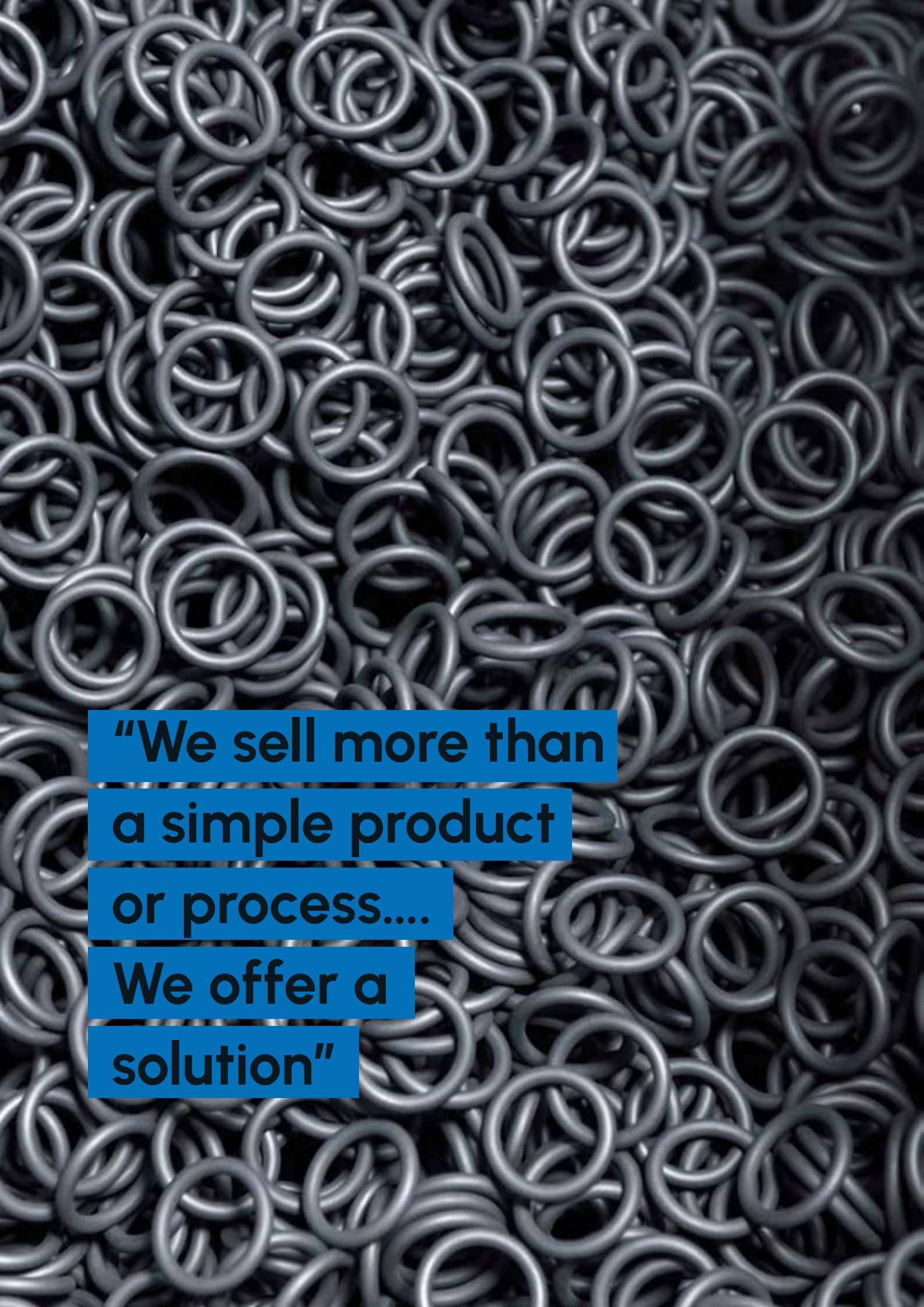


1.2 Process and Products

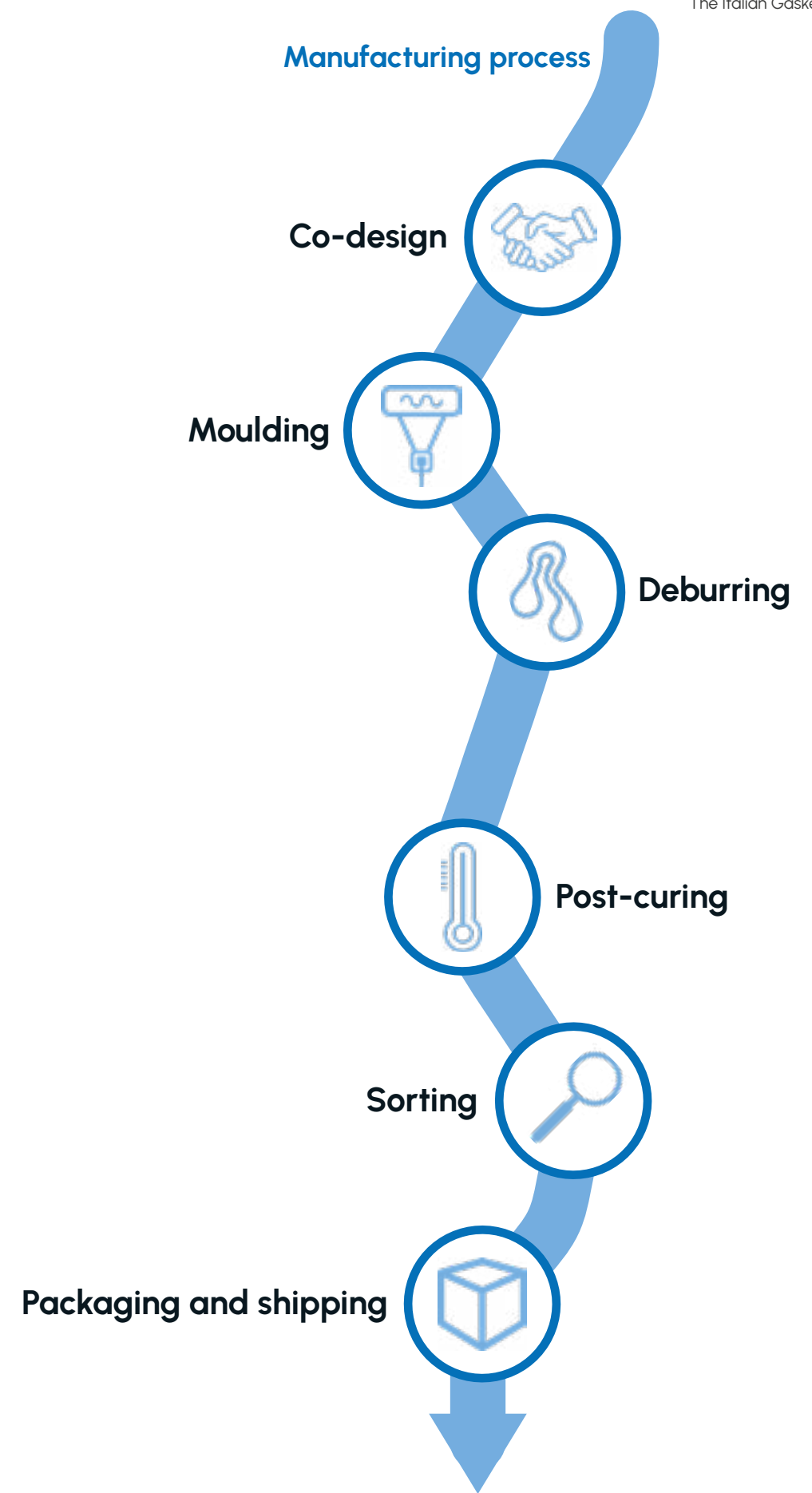
Italian Gasket is a major player in the rubber and elastomer manufacturing industry, operating both nationally and internationally. The company produces a variety of products, ranging from bellows and seals to connectors, interior car seals, synthetic resins, and derivatives.

Italian Gasket's focus is on the production process to ensure high-quality standards and the ability to customize products according to the specific needs of the end customer.





**“We sell more than
a simple product
or process....
We offer a
solution”**



The company's main market is the automotive sector, with applications in areas such as transmission, vehicle safety, air and cooling systems, automotive electronics, and car bodies.

Additionally, Italian Gasket manufactures products for sectors such as household appliances, electronics, automation, oil & gas, pneumatics, medical, mechanical tooling, lighting, and heating systems.



Manufacturing Areas

Automotive

75%

Company Profile

25%

- Oil & gas
- General industry
- Furnishing
- Aeronautical industry
- Medical industry
- Lighting
- Heating
- Fluid control

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**GOVERNANCE
MODEL and VALUES**

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2.1 Governance Model and Values

The management and control of the Group's accounting and administration are carried out through a traditional corporate governance system, which as of December 31, 2023, includes a Board of Directors and a Board of Auditors.

NAME	POSITION
Gian Marco Bergomi	Chairman of the Board of Directors
Germana Bergomi	Managing Director
Marco Marchesi	Managing Director
Gianluca Bergomi	Managing Director

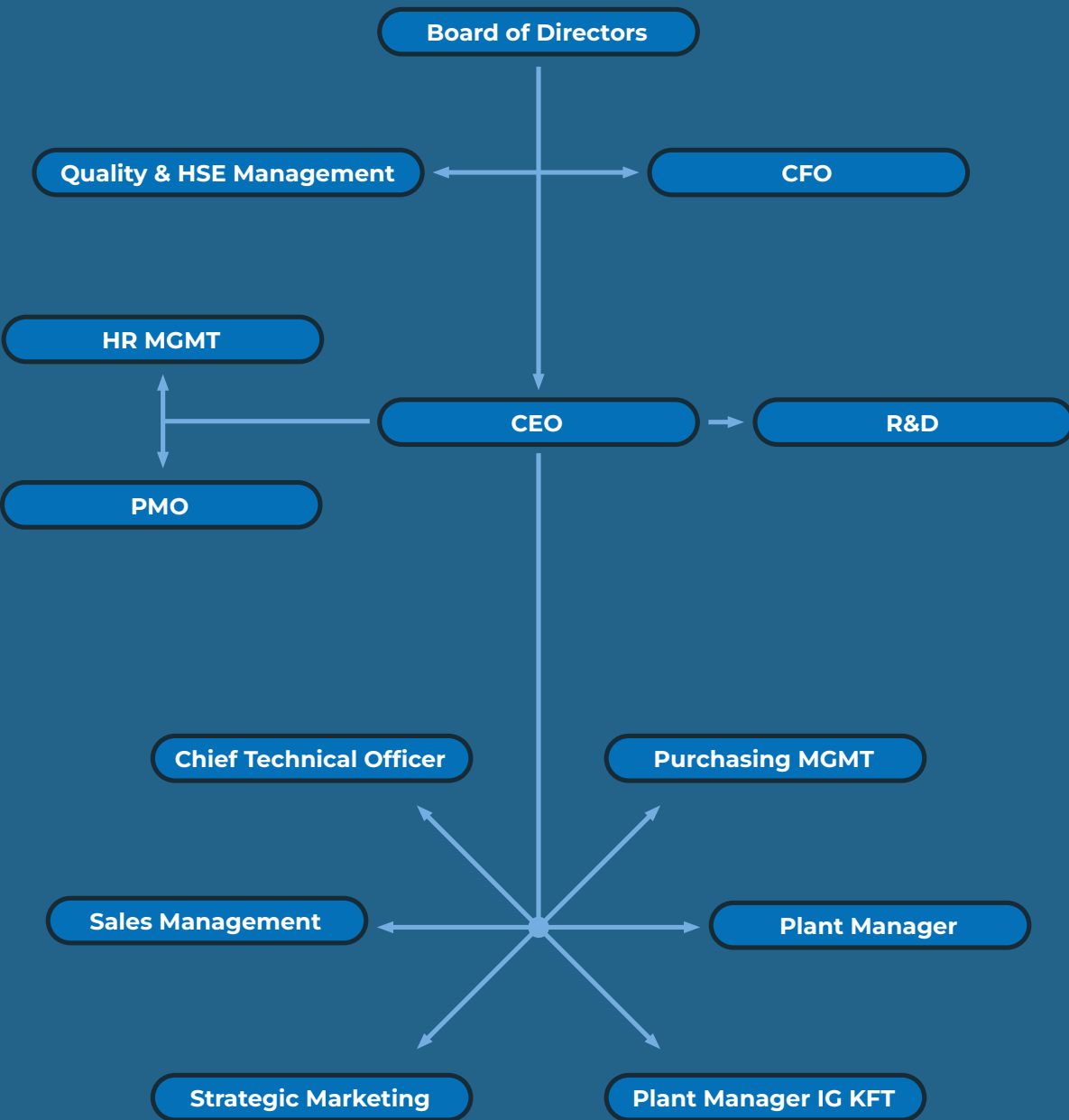
The Board of Directors is composed of three men and one woman, with 3 members aged between 30-50 years and one member over 50 years of age.

The Board of Auditors is composed of three men, all over 50 years of age:

NAME	POSITION
Ferruccio Bajo	Chairman of the Board of Auditors
Virgiglio Zonca	Statutory Auditor
Ferruccio Capra	Statutory Auditor



ORGANIZATION - CHART



2.2 Ethics, Integrity, and Compliance

Italian Gasket has adopted a structured and organized system of principles and organizational and control procedures to prevent the commission of crimes as per the laws in force. The Model 231 was approved by the Board of Directors on June 24, 2010. Italian Gasket S.p.A. and Camuna Stampi S.r.l. have formalized their own Code of Ethics, which defines the ethical principles and behavioral rules that represent the ethical profile of both organizations.

The Model consists of the following key and interdependent elements:

- Code of Ethics and Conduct.
- Risk Prevention Protocols.
- Supervisory Body (OdV), responsible for overseeing compliance and operation of the Model and ensuring its updates.
- Sanctions System, for violations of the Model.

To ensure the efficiency required by law, a thorough preliminary analysis of the company's context was conducted, based on which the Model was structured. This included analyzing the sensitive aspects regarding the internal operational structure and

relationships with external parties. The Model consists of both a general and a special part.

To guarantee the effective application of the Model, the Supervisory Body (OdV) performs periodic checks, issues annual reports on business activities, and informs the corporate bodies of any critical issues and corrective actions. Additionally, the OdV is the designated recipient of an anonymous whistleblowing system for reporting potential violations of the Model, which can be communicated via email to odv@italiangasket.com. In 2023, no reports were received.

During 2024, Italian Gasket S.p.A. plans to update its Code of Ethics, extending its application across the Group, and review Model 231. These updates aim to inform all stakeholders of the changes and innovations introduced compared to the previous version.

In the 2022-2023 biennium, the Group did not receive any sanctions for non-compliance with social, economic, or environmental laws and regulations. There were no corruption incidents, legal actions for anti-competitive behavior, antitrust, or monopolistic practices, and no complaints regarding customer privacy violations or data loss.

2.3 Core Values and Principles

The core values of Italian Gasket S.p.A. are summarized in its Code of Ethics. This document reflects legal developments, established international practices, and the experience gained in applying the Code.

The principles in the Code were built throughout the company's history and are the result of the passion and commitment invested in its employees, customers, suppliers, and everyone working on behalf of the Group. Italian Gasket places people—both employees and customers—at the center, believing that their satisfaction is key to success.

Italian Gasket is committed to operating in compliance with the law and ethical principles, convinced that adherence to these is also a condition for business success. The

Code of Ethics is communicated to internal and external stakeholders through specific communication and dissemination activities, including posting the document on the company's bulletin board and website.

Italian Gasket also promotes continuous improvement in health and safety conditions in the workplace and the external environment to protect its collaborators.

The Supervisory Body (OdV) is tasked with monitoring the operation and compliance with the Code of Ethics. Italian Gasket S.p.A. also maintains information channels through which any individual who becomes aware of illegal conduct within the company can report it confidentially to the Supervisory Body.

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**SUSTAINABILITY
PROGRAM**

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3.1 Stakeholders

In continuity with the previous year, Italian Gasket reaffirmed its commitment to sustainability for 2023 by reporting its non-financial activities within its second Sustainability Report. To define its relevant stakeholders and identify material issues significant to the company, the previous context analysis initiated in 2022 was reviewed. Specifically, the benchmark analysis was updated to best represent the relationships established with its stakeholders, confirming the findings of 2022. Additionally, the main international standards and sector best practices were

consulted, including the SASB, SDGs, Decree 254/2016, and the S&P Sustainability Yearbook.

Considering the centrality of stakeholder expectations and needs in shaping the Group's sustainability strategy, the initial activity involved a benchmark analysis of key sector peers and the context in which Italian Gasket operates, alongside international standards and best practices. This analysis resulted in identifying the relevant categories of Italian Gasket stakeholders, as shown below:

Stakeholder Italian Gasket



3.2 Materiality Analysis

The Materiality Analysis aims to identify the areas most relevant to the company's business development and stakeholders. This analysis was conducted in accordance with the sustainability reporting standards defined by the Global Reporting Initiative (GRI), updated in 2021. Based on this, Italian Gasket identified sustainability aspects where it has a significant economic, environmental, and social impact, and that could significantly influence stakeholder evaluations and decisions. During this process, all the main phases of the Group's value chain and the most significant impacts (current and potential), including those on human rights, were considered.

To identify the most relevant themes, a

benchmark analysis was conducted, considering a panel of organizations considered best practices in the sector, as well as international standards such as the SASB, SDGs, Decree 254/2016, and the S&P Sustainability Yearbook. Sustainability themes relevant to the company were identified through this benchmarking and a context analysis of the potential impacts generated by the Group in the ESG (Environmental, Social, and Governance) field.

The updating and evaluation process resulted in the identification of ten new relevant themes for Italian Gasket, approved by the top management and listed below in order of priority.



RESPONSIBILITY



- Waste and water-resource management
- Climate change, energy consumption and GHG emissions
- Management of materials



- Management, development and wellbeing of employees
- Community and human rights
- Employees, safety and health
- sustainable value chain
- equal rights, diversity and integration



- quality, safety and product innovation
- governance, business ethics and anticorruption

3.3 Material Topics and Related Impacts

The detail on the mapped impacts for each of these topics is referred to in paragraph “Environmental issues and related impacts”. During the workshop, all participants were asked to evaluate the importance of the subjects and the corresponding impacts created by the Company on environment, society and economy. Here below the list of the most significant impacts divided by area of responsibility:

Important topic	Description of the impacts created	Layout of general impacts	Category
Quality, safety and product innovation	industrial progress	contribution to the industrial progress and product innovation through research and development activities	+
	safe and high-quality product	manufacturing of high-quality and safety products thanks to the monitoring during the various stages of the manufacturing process	+
Management, development and wellbeing of employees	development of employees' skills	improvement of the employees' skills thanks to the provision of training courses	+
	improvement of employees' working performances	improvement of the working performances of the employees thanks to a bigger attention to their body and mind wellbeing (i.e. benefits parental leave, welfare, job flexibility)	+
	loss of know-how	loss of important know-how inside the Company due to a high staff turnover	-
Governance, business ethics and anticorruption and waste	Withholding of the company regulations and ethics	possible non-conformities, fines, violation of the workers fundamental rights, economic and reputational risk due to the withholding of the regulations and of the ethical conduct	-
	anti-competitive conduct, antitrust and monopoly practice	Misconduct aimed at increasing the performance in the company resulting from the absence of a regulation and of an ethical culture shared on all company levels.	-

Important topic	Description of the impacts created	Layout of general impacts	Category
Material management	use of recycled materials	reduction of the virgin raw materials resulting from the use of recycled materials	+
	creation of a circular economy	recycle and management of the waste from the production cycle resulting from the promotion of operations, initiatives and waste retrieval researches	+
	Use of non-renewable raw materials	High environmental impact deriving from a non-sustainable supply of raw materials (i.e. use of virgin raw materials coming from conflict areas).	-
Management of waste and water resources	encouragement of waste recycling	encouragement of waste recovery from the dispatch until the disposal, as the preparation for the reuse, recycling and other recovery actions.	+
	Ground contamination	ground contamination due to an improper management of waste and materials.	-
	Water contamination	the pollution of water resources due to a wrong disposal of waste water.	-
Climate change, energy consumption and GHG emissions	environmental impacts deriving from the product	environmental impact caused by the product due to an inefficient managing of the product lifecycle itself.	-
	Impacts on the quality of the air	the reduction of the air quality due to some company processes	-
	high rate of emissions	negative impact in terms of direct emissions cause by the company processes	-
Community and human rights	employment of workers of the local community	employment of workers of the local community through business engagement practice	+
	support to the local development	creation of positive economical impacts thanks to some charity donations and contributions to assist the local community.	+
	Creation of local economic value	Creation of positive economical impacts thanks to the selection of local trading partners.	+
Health and safety of employees	reductions of injuries and illnesses at workplace	improvement of health and safety of employees thanks to mitigation and prevention activities	+
responsible value chain	high environmental and social impact	damages toward the environment and the community due to the violation by the suppliers of the regulations on sustainability.	-
equal rights, diversity and integration	ethical and integrated workplace	creation of an integrated workplace through activities and measures against discrimination and spreading the company ethics.	+

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**ECONOMIC
RESPONSIBILITY**

4.1 Economic Stability

The years 2022 and 2023 were complex from a national and global economic perspective due to the geopolitical crisis caused by the Russia-Ukraine conflict, which again complicated the international scenario. Particularly in the automotive sector, 2022 recorded the lowest levels in recent years. Over the past three years, the market lost 1.6 million vehicles compared to 2019, the pre-pandemic year.

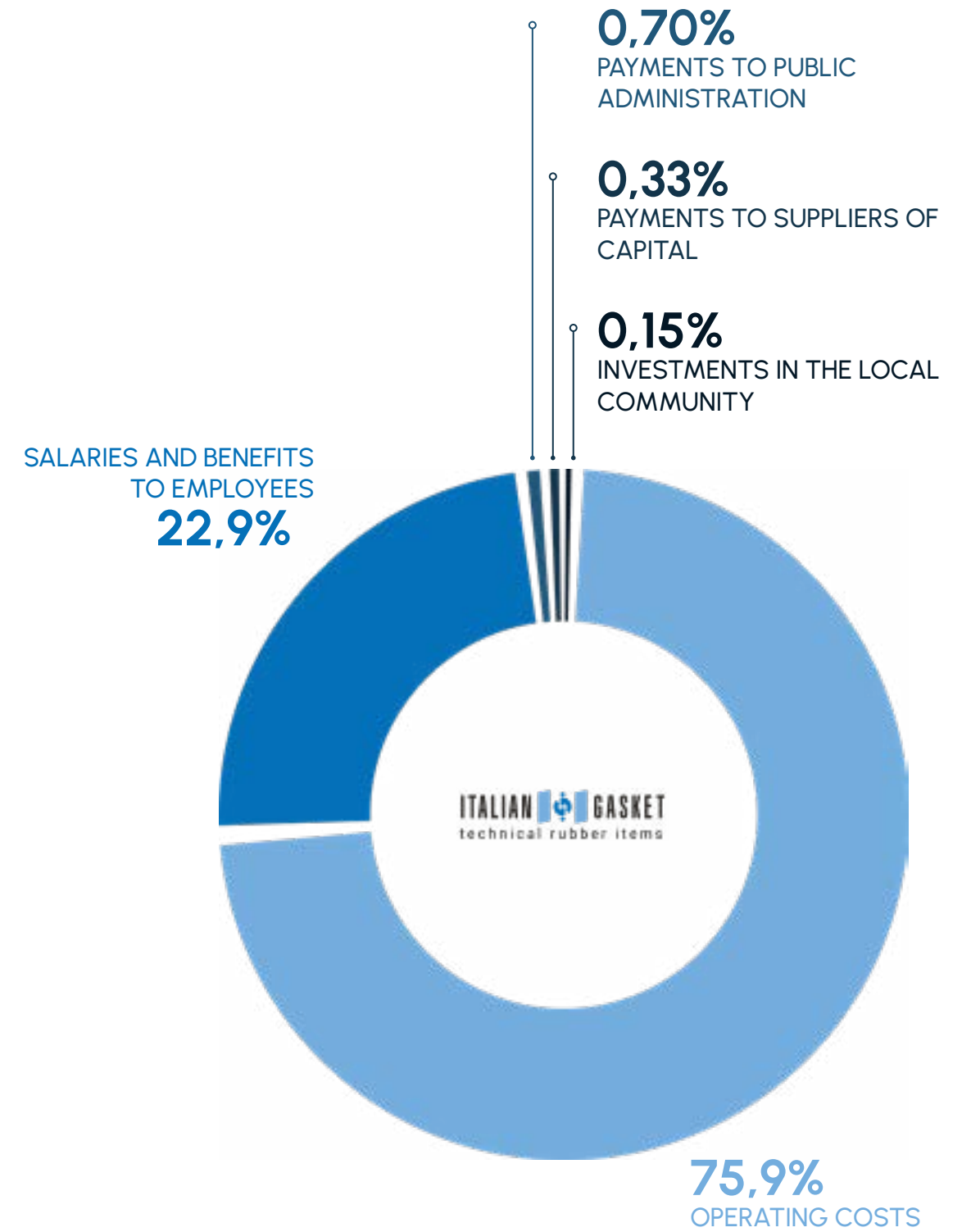
However, despite this uncertainty, Italian Gasket confirmed the excellent trend from the previous year, with 2023 revenues remaining in line with the previous year, which had been a record year in the company's

history, despite the increase in raw material and energy costs causing a decrease in profitability.

From a financial perspective, 2023 was a year of significant investments. The sectors in which the Group operates remained healthy, allowing the company to maintain good financial health and liquidity, which are mitigating factors for potential financial risks.

As of December 31, 2023, the economic value directly generated by Italian Gasket S.p.A. amounted to €30,369,000, with the majority (about 76%) allocated to operating costs.

Economic Value Generated and Distributed as of 12/31/2023



4.2 Business Strategy

The selection of raw materials, the design, and the production process are key elements at the center of the Group's business strategy, supporting customers in the development of final applications.

The Group's activity is mainly focused on a consolidated clientele for which Italian Gasket has, over the years, become a highly reliable industrial partner, both for its ability to meet production needs and its experience and expertise. The level of skills and technologies available today allows the Group to respond to increasingly complex production demands and to offer a complete service, from the design of a new product to its final production.

In line with its market positioning, the Group maintains constant contact with its clients, with whom it shares and designs business growth and development plans, both for established products and new production

types. For this reason, Italian Gasket focuses on providing services, not just products, engaging in co-designing with customers and offering the expertise of its researchers and developers.

The publication of this document aims to communicate the Group's focus on not only economic and financial performance but also environmental and social performance, with increasing attention to its stakeholders. This approach aligns with the idea of creating shared value and defining a new sustainable economic model for future generations.

In 2023, in line with the Group's growth plans, relationships with existing clients were strengthened, and new ones were acquired. The Management is working to ensure that production volumes are efficiently managed through production diversification and the introduction of new technologies.



4.3 Positive Partnership

To keep a positive partnership, interpret and apply the new regulations in a proper way and to share its own experiences, activities and projects, Italian Gasket is an active member of some associations of the field with the goal to encourage, together with the other members, a concrete and detailed action in their sectors and to promote the interests of the various stakeholders. Here below the main associations of active partnership of Italian Gasket:



Anfia (Associazione Nazionale Filiera Industria Automobilistica – National Association of the Automotive Sector) – Italian Gasket is associate member since 2019 of one of the most important Italian associations of its sector, with the purpose to represent the interests of the associates in front of both public and private institutions, as well as the national and international ones, and to provide the study and the resolution of technical, economic, fiscal, law, statistics and quality issues of the automotive.



Confindustria Brescia: Italia Gasket is member of one of the oldest industrial associations in Italy, representing and safeguarding the entrepreneurs and enterprises in the territory of Brescia, giving an external widespread representative and an integrated system of partnerships with the stakeholders of the area.



Confindustria Giovani Imprenditori: Since 2010 the Company is part of the Young entrepreneurs Move, which has around 13.000 associate members aged between 18 and 40. This move shares values and goals: the free market, the equity of opportunities, innovation and transparency.



Associazione Produttori Guarnizioni del Sebino: since 2013 Italian Gasket is the co-founder of this association of gaskets manufacturers of the Sebino area, which is a reference point for the rubber/PTFE production in the Sebino, counting on about 40 companies linked by a common vision aimed at the creation of a sustainable development for the economy of the territory.



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**SOCIAL
RESPONSIBILITY**

220
EMPLOYEES

OF WHICH

+

45%
WOMEN

5.1 Our Workforce

Italian Gasket places the value and respect for people at the center of its operations.

Italian Gasket S.p.A. has developed a human resource management procedure, which includes development plans for its employees. This procedure has also been extended to Camuna Stampi, as it directly manages its staff, while Rajka has an autonomous procedure.

In general, the human resource management procedure aims to define various processes, including the selection, qualification, and training of new or reassigned staff, as well as the training, education, and evaluation of internal personnel, along with their motivation and responsibility.

All the employees of Italian Gasket and Camuna Stampi are covered by collective bargaining agreements, specifically the **National Collective Labor Agreement for Rubber, Plastics, and Industry** (CCNL Gomma, Plastica e Industria), demonstrating the Group's emphasis on worker protection.

As of December 31, 2023, the Group has a workforce of 220 employees, with a percentage of women accounting for 45%. Most of the employees fall into the category of workers (over 60% of the total workforce). The workforce has slightly increased, growing from 212 employees in 2022 to 220 in 2023. The gender and age distribution of employees has remained constant over the 2022-2023 period.

At a Glance

55 New employees hired in 2023

1.764 Average training hours per employee

3 Non-serious injuries

95% Employees with permanent contracts

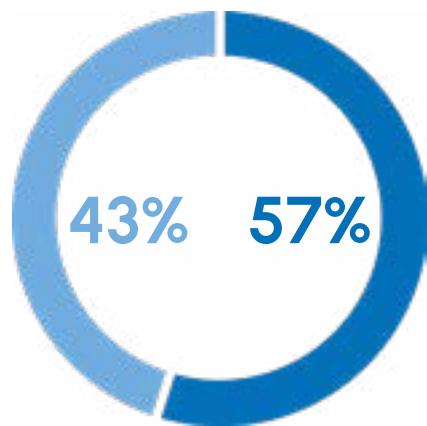
Employee Breakdown by Role and Gender

Role	2022			2023		
	Men	Women	Total	Men	Women	Total
Executives	9	1	10	8	1	9
Managers	14	1	15	14	1	15
Office staff	25	28	53	26	28	54
Workers	73	61	134	74	68	142
Total	121	91	212	122	98	220

Employee Breakdown by Role and Gender

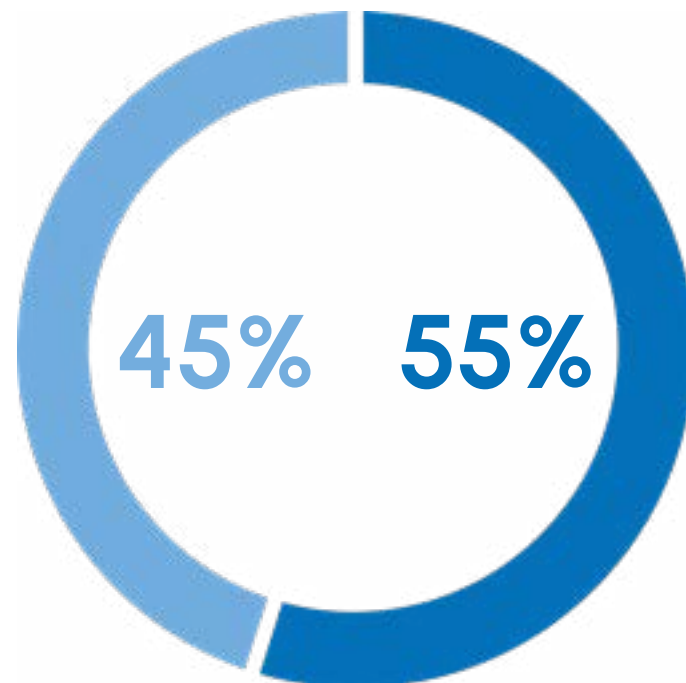
Role	2022				2023			
	<30	30-50	50>	total	<30	30-50	50>	total
Executives	2	4	4	10	1	3	5	9
Managers	0	15	0	15	0	14	1	15
Office staff	19	27	7	53	14	32	8	54
Workers	35	56	43	134	38	52	52	142
Total	35	56	43	134	38	52	52	142

Employees by gender as of 31/12/2022

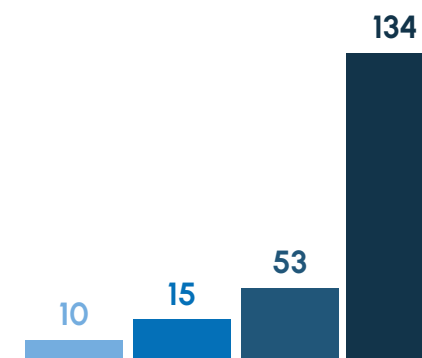


● Women
● Men

Employees by gender as of 31/12/2023

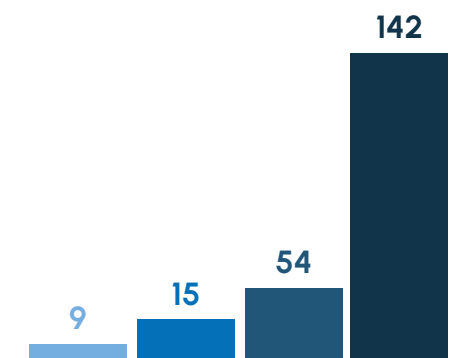


Employees by classification as of 31/12/2022



● Executives
● Managers
● Office staff
● Workers

Employees by classification as of 31/12/2023



talian Gasket also includes employees and workers belonging to protected categories in its workforce, which represent 4% of total employees. This figure remained constant in the two-year period 2022 and 2023.

As reported in the table below, in 2023 there was a positive change (equal to 63%) in income while expenditure remained constant.

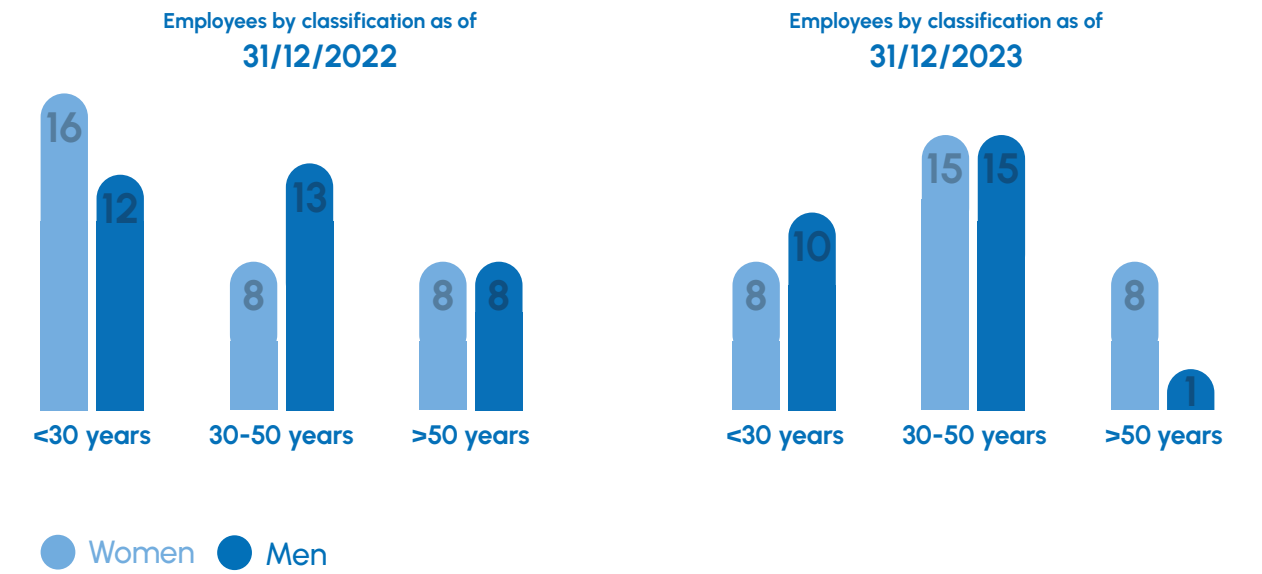
New Employees

n. people	2022					2023				
	<30	30-50	50>	totale	tasso	<30	30-50	50>	totale	tasso
Men	10	5	4	19	48%	16	8	8	32	49%
Women	8	10	3	21	53%	12	13	8	33	51%
Total	18	15	7	40	100%	28	21	16	65	100%
Badger	45%	38%	18%	100%		43%	32%	25%	100%	

Outgoing turnover

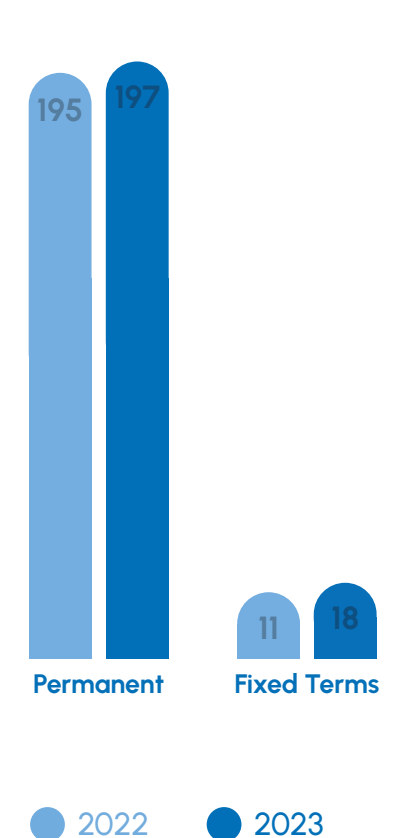
n. people	2022					2023				
	<30	30-50	50>	totale	tasso	<30	30-50	50>	totale	tasso
Men	8	15	4	27	47%	8	15	8	31	54%
Women	9	15	8	30	53%	10	15	1	26	46%
Total	17	28	12	57	100%	18	30	8	57	100%
Badger	30%	49%	21%	100%		32%	53%	16%	100%	

New Employees and turnover as of 12-31-2022

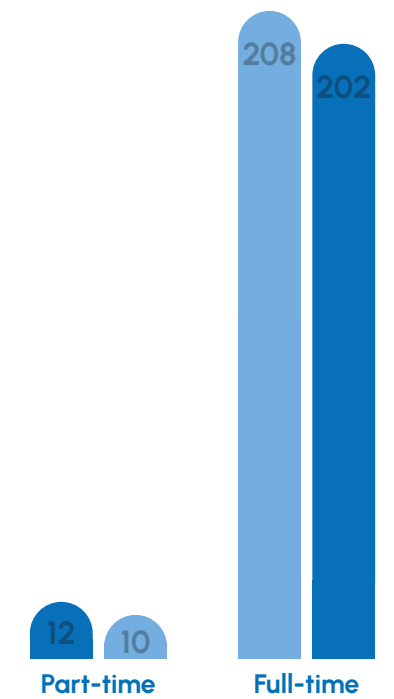


In terms of contract types, almost all employees are hired on permanent contracts (95% in 2023). Only about 9% of employees have fixed-term contracts, and 5% work part-time.

Total number of employees by type of contract



Total number of employees divided between full-time and part-time



Italian Gasket also employs external workers, most of whom are temporary workers, followed by freelancers and interns. Regarding internships, Italian Gasket S.p.A. offers students attending higher education institutions the opportunity to undertake both curricular and extra-curricular internships, with the goal of integrating junior profiles into the company.

Breakdown of staff by type of contract

External workers	2022			2023		
	Men	Women	total	Men	Women	total
Temporary workers	7	1	8	20	7	27
Self-employed workers	1	0	1	2	0	2
Stage	2	0	2	3	6	9
Total	10	1	11	25	13	38

In terms of social responsibility, Italian Gasket S.p.A. continuously supports its local community through donations and sponsorships. In 2023, the company sponsored sports teams, musical associations, and local events, while also supporting the community with charitable donations totaling nearly €43,000.

95%
PERMANENT
CONTRACTS

5.2 Attracting, Developing, and Retaining Talent



As previously mentioned, Italian Gasket has established a human resource management procedure, which includes defining specific growth and development plans for staff. These plans help provide clear guidance on roles and responsibilities and include the allocation of rewards linked to performance.

The management of personnel training encompasses the planning, implementation, registration, control, and verification of specific activities targeting all employees involved in tasks that directly or indirectly influence the quality of products and processes. In this approach, the HR Manager is responsible for defining and documenting a specific training plan for each employee. This is recorded in an **Individual Training Plan**, which outlines the training and educational activities to be undertaken.

Italian Gasket uses a system based on mapping training activities, known as the **Po-livalency Matrix**, to assess the skills of its personnel. This tool represents and analyzes the level of training and independence demonstrated by personnel at every level in carrying out their duties. The matrix categorizes employee competence into four levels: basic, fair, good, and excellent. Training is periodically evaluated through tests or evaluations by the trainer or department manager.

Beyond the training programs for employees, the company conducts **individual development** interviews for all staff members, with three main goals:

- Guide employees concerning their role and responsibilities.
- Evaluate the employee's performance.
- Assign goals and rewards based on achieving specific, predefined targets.

In this regard, all employees with permanent contracts are entitled to receive a **company bonus**, which can be converted into welfare benefits. Employees can access a reward system with clear retention objectives, offering a gross variable bonus linked to goals (MBO). Goals, both **KPI** and **MBO**, are monitored monthly. KPIs are communicated to all staff during department meetings, with constant monitoring of indicators and checks on the effectiveness of actions taken, allowing activities to be directed towards achieving the goals. These meetings also serve as an opportunity for employees to proactively propose improvement solutions and suggestions.

The MBOs have also been extended to the role of shift supervisor, in addition to department managers, with a gross variable bonus linked to goals representing 10% of their **Annual Gross Salary (RAL)**. Additionally, a second-level company bonus, regulated by a three-year union agreement, is tied to annual improvement targets, such as efficiency, revenue scrap, and quality

5.3 Training and Courses

In 2023, the Group provided a total of 1,764 hours of training, a decrease of 48% compared to the amount of training delivered in 2022. This reduction is primarily due to the large number of high-tech training hours provided in 2021 and 2022 during the introduction of new IT systems, such as training on the MES (Manufacturing Execution System), a system for real-time production control that collects process data throughout all the production phases (from molding to final testing). The decline in the total number of training hours is also reflected in the reduction of average training hours per employee, which dropped from 16 to 8 between 2022 and 2023. However, in 2022, there was an increase in training courses on sustainability topics, including Product Lifecycle Management (PLM) and the Exergy system, which monitors energy consumption (electricity, gas, and water).

Additionally, in 2022, Italian Gasket S.p.A.

launched an internal Academy project aimed at increasing specific skills within company processes. Some of the courses offered in the Academy include: understanding rubber, defects and solutions in rubber, stages of molding, molds and temperature controllers, and a course focused on the Commercial Area.

Furthermore, Italian Gasket S.p.A. started a Talent Garden Junior Manager Training course, attended by 5 people (3 men and 2 women). The goal of this course was to train new managers through a development journey, involving employees who had recently taken on a new leadership role. A key aspect of this activity was the active dialogue between participants and the instructor, as well as personalized coaching sessions that focused on company-specific dynamics and involved department heads for review activities.

Below is the data relating to the average training hours per employee divided by professional category and gender.

Average Training Hours by Job Category

	2022	2023
Executives	4,4	33,1
Managers	2,2	17,4
Office Staff	45,1	5,9
Workers	6,9	6,3
Total	16,0	8,02

Average Training Hours by Gender

	2022	2023
Men	21,2	11,2
Women	9,2	4,0
Total	16,0	8,0

Italian Gasket S.p.A. is committed to constantly preserving and ensuring the well-being of its employees. In 2023, the company launched a **lifestyle management program** in collaboration with the company **Lenovys**, which will continue in 2024. The final goal is to structure and implement a shared plan of good practices and initiatives to improve employee well-being. Additionally, at the Paratico site, an outdoor wellness area was created where employees can relax.

5.4 Equal Opportunities, Diversity, and Inclusion

Italian Gasket promotes inclusivity, professional growth, and the absence of any form of discrimination as core values. This commitment is expressed in the company's Code of Ethics, which outlines the principles and values that Italian Gasket requires all its stakeholders to uphold. The key principles include respect for individual dignity and values, and the avoidance of any form of discrimination based on gender, race, ethnicity, religion, political opinion, etc.

The recruitment and selection of personnel are conducted in accordance with these principles and internal procedures, ensuring equal opportunities and avoiding favoritism or any form of unjustified advantage. The resources recruited are chosen based on the actual needs of the company.

During the reporting period, Italian Gasket

did not register any incidents of discrimination.

Italian Gasket S.p.A. has also established that its remuneration system, both in monetary terms and benefits, is structured solely based on factors such as education, specific professionalism, acquired experience, demonstrated merit, and the achievement of assigned objectives.

To monitor the effectiveness of the actions taken regarding equal opportunities and non-discrimination, Italian Gasket S.p.A. shares a quarterly report with the Supervisory Body (OdV), which includes details of selected candidates and those involved in the recruitment process, along with their education, prior experience, and interview outcomes.





5.5 Health and Safety at Work

Italian Gasket commits to ensure its regular engagement for the achievement of the performances improvement concerning health and safety through a mission statement composed of different points:

- put suitable human, instrumental and economical resources at disposal of the employees;
- ensure training, information and continuous awareness of the management and all workers so to put them in the best conditions to do their tasks completely safe;
- ensure planning and implementation of organizational models and manufacturing processes able to avoid any accident, to safeguard the health and safety of stakeholders and workers, using to this end the best techniques available in the market in accordance with the regular assets operation;
- use organizational processes and models useful also for the traceability of everyone responsibilities;
- enact specific actions aimed at the promotion of health, to be extended outside the working place;
- establish targeted goals and that can be measured in order to decrease injuries and accidents to parity of given performances;
- promote the participation of all employees to the risk-prevention and health and safety process as regard their colleagues and any third party;
- activation of a discussion system based on the idea of cooperation with all interested parties (stakeholders) so to make the company programme clear in terms of health and safety of workers.

Italian Gasket is actively committed to complying with current regulations regarding worker health and safety, aiming to prevent workplace incidents and continuously improve company performance in this area.

Since 2000, Italian Gasket S.p.A. has voluntarily implemented a Health and Safety Management System in compliance with the ISO 45001 standard (formerly OHSAS 18001). This integrated management system covers all workers, including employees, subcontractors, temporary staff, and interns. Although Camuna Stampi and Rajka do not have this certification, they fully comply with current regulations and carefully adhere to legislative provisions on health and safety.

In compliance with Legislative Decree No. 81/2008, Italian Gasket S.p.A. has appointed key figures responsible for managing health and safety. A Health and Safety Officer (RSPP) has been appointed, and workers have elected a Workers' Safety Representative (RLS), responsible for collecting and discussing issues related to safety with the employer and the RSPP. A Competent Doctor has also been appointed, performing regular health assessments and analyses, especially in relation to specific job activities. Each company within the Group uses its own Risk Assessment Document (DVR) to develop and monitor compliance with health and safety management. This document is shared internally, confirmed annually, and fully revised every five years, with third-party certification. In 2023, the DVR was updated, with plans to share it in 2024.

Moreover, Italian Gasket S.p.A. uses a periodic health report and safety data sheets for substances. The Risk Assessment process outlined in the DVR is based on national and international regulations governing risk assessment and the identification and recognition of hazards present in the workplace. The DVR includes assessments of Environmental, Social, and Governance (ESG) risks, which are monitored by the Supervisory Body (OdV). The OdV oversees legal risks related to climate, analyzes waste management (focusing on hazardous waste disposal), and conducts periodic reviews alongside internal and external auditors.

Although there is no legally mandated method for calculating or determining risks, Italian Gasket has developed a system over the years to define risk levels based on a combination of two factors: "probability" and "severity of the damage" resulting from exposure to hazards.

All employees, collaborators, and third parties are required to strictly adhere to all measures specified in the company's internal safety procedures and regulations, which are updated in compliance with current legislation. Employees are also encouraged to report any observations or suggestions for improvements to their immediate supervisors. The Workers' Safety Representative (RLS) is always available for any reports and participates in periodic (quarterly) meetings to analyze accidents and near misses and discuss the health report.



Italian Gasket has implemented an emergency management procedure, internal emergency teams trained and reachable through unique numbers displayed in all departments, and periodic emergency scenario drills to ensure that workers are evacuated safely from situations that may cause injury or occupational illness. This procedure is formalized and subjected to annual simulations.

The evacuation drills involve the entire facility and include scenarios such as equipment malfunctions that could impact safety and health, like oil spills. Additionally, quarterly meetings are held to analyze both actual and potential accidents, assess their severity, and identify any violations of health and safety regulations. Corrective actions may include staff training, warning letters, and specific interventions on machinery.

During 2023, the organization implemented several projects aimed at improving safety and efficiency. Notably, a new tool trolley was installed for the equipment setup of molds. An analysis of high-risk points, such as mold assembly, led to ergonomic improvements in the packaging area. The introduction of new computer stations and tools helped reduce the movement of goods within the facility.

At the Paratico plant, significant improvements were made by replacing the mold-washing machine, even though it was not obsolete. The new system is a closed-circuit, fully automated process that improves local conditions and optimizes operations at the Hungarian plant, where the old system was transferred.

Identifying Hazards, Assessing Risks, and Investigating Incidents



To investigate potential workplace incidents, Italian Gasket utilizes incident and near-miss management procedures, analytical reports (e.g., emissions and water discharges), and periodic health assessments. Additional tools used to systematically and unsystematically identify workplace hazards and assess risks include the Emergency Plan, Environmental Analysis, Safety Data Sheets, and internal system audits, including compliance and certification audits conducted by third parties (DEKRA).

The company also offers Occupational Medicine services through a surveillance plan based on on-site inspections and risk assessments. The surveillance plan includes preventive examinations before starting work, periodic check-ups according to job-specific risks, and return-to-work exams following absences due to illness or upon request. An annual inspection and meeting are held to review aggregated health assessment results.

The Occupational Medicine service, led by the competent physician, also handles the archiving of medical records. All employees receive results of assessments and medical exams either via email or, for those without a personal email address, in a sealed paper envelope.

Each employee, whether subordinate, contracted, or trainee, receives mandatory training as required by Legislative Decree 81/08, covering general and specific safety, fire prevention, first aid, forklift operation, and PAV/PES (low/medium voltage electrical training). An annual training plan includes necessary periodic updates, such as training on new machinery. Employees are also informed and trained on Italian Gasket's integrated safety, quality, environment, and energy management system. Furthermore, all new hires receive a specific course detailing both their role-specific and general company risks.

5.6 Injuries

In 2022 and 2023, Italian Gasket recorded work-related injuries. In 2023, there were three employee injuries across the Group, compared to two in the previous year. None of these incidents led to severe consequences or fatalities. No injuries were recorded for external workers during the 2022-2023 biennium.

Injuries Statistics - Employees

	2022	2023
Total Reportable Work Injuries	2	3
Other Injuries	0	0
Frequency Index ²	1,1	6,4
Hours Worked	360.771	337.165

To monitor the effectiveness of its actions to mitigate workplace injury risks, Italian Gasket S.p.A. uses specific KPIs related to workplace injury levels within the KPI HSEE framework. For instance, the company has set a maximum limit of one non-compliance from inspections, and currently, no non-compliance issues have been recorded.

To prevent injuries, all machinery meets the latest safety standards, and before using new machines, a checklist is developed to reduce injury risk. Between June 2022 and June 2023, 19 machines out of a total of 30 were replaced, not only to improve productivity but also to ensure greater safety and energy efficiency.

Some unused machines were transferred to the Rajka facility, reflecting a careful resource management approach. The organization has significantly improved its production process, positively impacting operator safety and reducing overall energy consumption. Continuous improvement projects remain a priority, with the objective of ensuring a safer and more efficient work environment.

² The frequency index is calculated using the formula: Total reportable work injuries / hours worked * 200,000.

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**ENVIRONMENTAL
RESPONSIBILITY**

6.1 Environment

Italian Gasket commits to ensure a durable improvement in the managing of the important impacts on environment, basing on prevention, minimization and sustainability as follows:

- targets fixing for the environmental and stakeholders safeguard all over fixed periods of time;
- sustainable managing of the manufacturing processes, paying particular attention to the reduction of waste, the rational use of resources and by maintaining the quality of air, water and soil, and biodiversity;
- planning and conduction of the manufacturing processes and the activities with suitable criteria to prevent pollution, reducing environmental impacts, emissions (GHG emissions) and noise, preventing possible accidents, by using to this purpose the best techniques available in the market and by checking their reliability during the conduction and maintenance of implants;
- responsibly managing the chemicals used in the production processes;
- ensuring a responsible managing for the supply of raw materials;
- use of suitable control instruments and monitoring systems on the environmental aspects created by the ITALIAN GASKET activities and on the adopted improvement programmes, identifying appropriate performance indicators able to give effective trend signs;
- favouring, where possible, the re-use and recycle of used materials and managing waste in the respect of the law in force;

As integral part of the Environment and Energy Safety System of Italian Gasket, the Company provides every year an Environmental Analysis on its processes. The goal is to re-examine and assess the carried-out management all over the year regarding the direct environmental aspects linked to the activities carried out by the Company and to report the considerations and the activities of the organization to keep under control the indirect aspects of the activities by third parties on which it has an impact, starting from the ones identified in the previous written Environmental Analysis.

Regarding the achieved results, the effectiveness of the environmental managing integrated with the safety and energy managing and the pollution prevention, in the prevention of dangers and/or environmental emergencies and the change

of the importance of the company environmental aspects are assessed, on which the company itself defines improvement targets and programmes for the next year, in order to reduce, minimize and monitor its significant impacts on environment.

Italian Gaskets studies every year the law prescriptions and the regulations applicable to the identified environmental aspects and, basing on the taken **adjustment as to ISO 14001**, the assessment of the corresponding conformity of the company processes is started: the carrying out of company practice and procedures is checked, procedures defined for the managing of the company direct and indirect environmental aspects; finally, the preparation regarding the managing of environmental, safety and energy emergencies is also checked.

At a Glance

Total energy consumed **23.861,18 GJ**

of which renewable energy **163,46 GJ**

Waste generated **409 ton**

Scope 1 and Scope 2 emissions (Location based) **1823 tCO₂**

ENVIRONMENT

The environmental aspects considered annually are those identified in the initial environmental analysis conducted in 2016, as processes, facilities, and company infrastructure have remained unchanged. The aspects are integrated with upstream (supply chain) and downstream (customer chain) aspects, as well as outsourcing processes. Specifically, they include:



Atmosphere emissions;



Water discharge;



Recycling, reusing, waste transportation and disposal;



Soil use and contamination;



Use of natural resources and raw materials;



Local issues such as noise, vibrations, smells, visual impact, light pollution, traffic and so on;



Risk of environmental accidents and impacts on environment due or possibly due to emergency events;



Impacts of energy and consumption costs;

Based on the environmental analysis results, Italian Gasket prepares its improvement program for the following year, setting objectives, targets, and environmental programs where the target values confirm or improve on the previously established values.

In 2023, Italian Gasket S.p.A. underwent an internally scheduled audit conducted by an external auditor to evaluate compliance with applicable environmental regulations (Legislative Compliance Check), achieving a score of 98.5 out of 100, indicating no need for corrective actions or improvements. The audit highlighted overall compliance with applicable environmental laws and regulations.



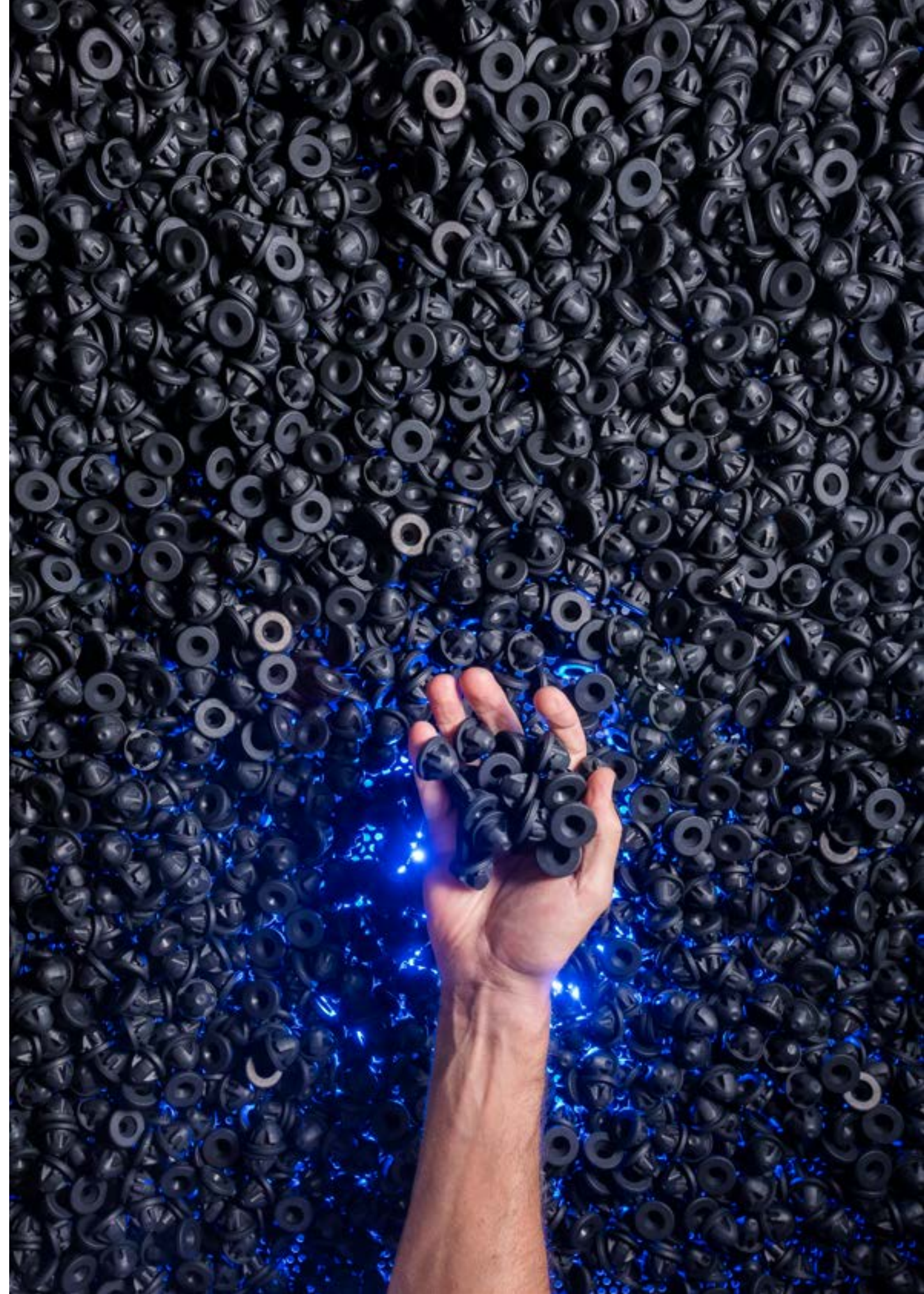
6.2 Material management

Materials Management

Material Type (tons)	2022		2023	
	Non-Renewable	Renewable	Non-Renewable	Renewable
Steel	0	37	0	31
Copper	0	0	0	0
Alluminum	0	0	0	1
Gast Iron	0	0	0	1
Oli	2.051	0	4.527	0
Paper	0	63	0	57
wood	0	47	0	30
Plastic	12	0	19	0
Rubber Raw Material	1.002	0	1.000	0
Total material	3.066	147	5.546	120

In 2023, a significant increase (81%) in the use of non-renewable materials was observed compared to 2022, particularly in oil use (up 121%). This increase is attributed to the revamping and extraordinary maintenance of presses in the second half of 2022, which included complete oil tank replacement and disposal of old oils.

Over the two-year reporting period, the Group did not recycle the materials used.



6.3 Natural Resources Management & Circular Economy

Italian Gasket monitors water consumption and discharges through periodic analyses, as outlined in the 2015 Unified Environmental Authorization. The company uses specific KPIs to track water consumption effectiveness.

Water is primarily used for production processes and part cleaning (with detergent). Discharged water is directed to the authorized point and cooling systems (closed circuit).

In 2023, the Group drew 1.88 megaliters of fresh municipal water, a 54% decrease from the 4.08 megaliters drawn the previous year. This reduction is due to repairing a previously detected water leak in the yard through extraordinary maintenance and a more conscious approach to water usage.

In 2023, the Group discharged 1.54 megaliters of water, marking a 59% reduction from 3.80 megaliters in 2022. This significant decrease resulted from repairing the water leak in 2022.

The Group is committed to periodic water discharge analyses as required by current au-

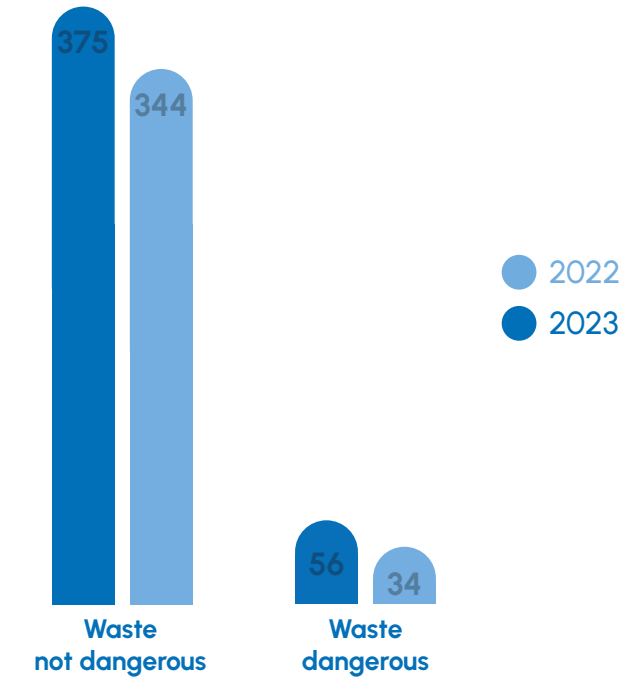
thorizations. No instances of non-compliance were detected in 2022 and 2023, following inspections by Acque Bresciane, which included water discharge sampling with no irregularities noted. Although the Hungarian facility currently lacks monitoring software, the possibility of sourcing verifiable water sources is being considered.

All waste produced at Italian Gasket's Paratico manufacturing site is identified and cataloged. For each identified waste, the following information is recorded: European Waste Code (EWC), waste description, type, production department, destination (disposal or recovery), annual production quantities, and storage. Additionally, the MSGA10.02 form details hazard codes and hazard characteristics, if applicable, associated with each identified waste type.

In compliance with the legislative decrees on waste management, the Group maintains: a "Load" section in the "Paper Load and Unload Register," a Waste Form prior to shipment, the annual Waste Management Declaration (MUD) for the previous calendar year, and all packaging management documents as required by CONAI membership.

In 2023, the Group initiated R&D studies, such as the devulcanization of certain raw materials, to assess potential reuse based on material characteristics. In 2023, Italian Gasket recorded a total of 409 tons of waste, a slight increase from the 399 tons produced in 2022 (2%).

Total hazardous and non-hazardous waste in 2022 and 2023



In 2022, the total waste disposed of was 341.6 tons, which increased to 391.3 tons in 2023. The non-disposed waste reached 58.6 tons in 2022 and 106.4 tons in 2023, showing a slight increase in both categories.

In both 2022 and 2023, all hazardous waste not sent for disposal was fully reused, while non-hazardous waste was mainly reused (59%) and also recycled. Hazardous waste sent for disposal in both years was directed to landfill, while non-hazardous waste was predominantly disposed of in landfills, except for a small amount that was incinerated in 2022.

In all cases, waste was managed at an external site.



6.4 Energy Consumption and Emissions

Italian Gasket commits to:

- manage in sustainable way the energy necessary to its purposes by increasing and favouring the activities if energy effectiveness and, where possible, the use of energy produced by renewable resources;
- define measurable goals for the reduction of consumption to parity of given performance;
- put the resources necessary to their achievement available, for the yearly test of the general energetic situation and the prompt test of the progression status of the adopted improvement programmes;
- plan and implement the manufacturing processes and any support activity in accordance with the criteria aimed at achieving the minimum energy consumption, as much as possible, by using to this end the best techniques available in the market;
- use suitable monitoring tools and systems on the main energy consequences created by Italian Gasket S.p.a. activities and on the adopted improvement programmes, risks and safeguard with regards to the colleagues and any third party;

Italian Gasket S.p.A., beyond its policy on quality, safety, environment, and energy, **is certified according to ISO 50001 and ISO 14001** management systems. Although Rajka does not hold ISO 50001 certification or a specific management policy, it measures consumption locally.

The Group's energy system primarily relies on electricity to power production machinery, such as presses and furnaces essential for the production process. Natural gas is used for heating, while a minimal amount of diesel is allocated for company vehicles, including two cars and two vans.

Periodic monitoring and reporting of energy consumption is essential for identifying potential areas for energy efficiency improvements. Energy consumption for 2022 and 2023 is as follows:

Energy consumed ³		
Energy (GJ)	2022	2023
Fuel Consumption	4.817,227	4.170,458
Natural Gas	4046,41	3.508,80
LGP	0,00	-
Diesel (for heating or production processes)	0,00	-
Diesel (for owned or leased vehicles)	725,75	642,425
Gasoline (for heating or production processes)	0,00	-
Gasoline (for owned or leased vehicles)	45,07	19,232
Electricity Consumption	21.733,254	19.690,726
Self-generated Electricity	77,843	240,865
Of which, from renewable sources	-	180,688
Electricity Sold	31,741	44,726
Of which, from renewable sources	-	17,226
Purchased Electricity ⁴	21.687,152	19.494,587
Of which, from renewable sources	-	-
Total	18.982	17.338

In 2023, total energy consumption decreased by 10%. Notably, natural gas consumption dropped by 21% from 2022, following the installation of windbreaks that reduced gas consumption.

In 2023, energy efficiency initiatives continued at the Paratico facilities. These initiatives included replacing neon lights with LED fixtures and implementing a procedure to reduce overall energy consumption across the facility. Additionally, installing the Exergy monitoring software allowed for continuous tracking of electricity, gas, and water usage, identifying activities that unnecessarily consumed energy and optimizing usage. Another initiative saw the installation of windproof doors, reducing gas consumption by 25% compared to previous levels.

³ To calculate energy consumption in GJ, the conversion factors were used:
 i) for electricity, the conversion factor used is 0.0036 GJ/kWh (Source: UK Government - GHG Conversion Factors for Company Reporting-DEFRA);
 ii) for all fuels, the conversion factors are those published by the UK Government - GHG Conversion Factors for Company Reporting - DEFRA.
⁴ The energy is considered purchased from Italy and/or Hungary

In terms of energy intensity, defined as the energy required by the organization per unit of activity or other specific metrics, Italian Gasket reported a reduction in 2023 of approximately 11% in energy used per m² of finished product compared to 2022, moving from 1.93 GJ/m² to 1.74 GJ/m².

Energy consumed

Emissions (tons CO ₂ eq)	2022	2023
Total Direct Emissions (Scope 1) ⁵	31,54	30,58
Total Indirect Emissions (Scope 2 - Location-Based) ⁶	2.150,64	1.792,42
Total Indirect Emissions (Scope 2 - Market-Based) ⁷	2.753,06	2.474,73
Total Scope 1 and 2 Emissions (Location-Based)	2.182,18	1.823,00
Total Scope 1 and 2 Emissions (Market-Based)	2.784,60	2.505,31

In 2022, the company calculated Scope 1 and 2 emissions without a formalized sustainability plan. In 2023, it initiated a carbon footprint project extending to Scope 3, expected to be completed in 2024. The Group aims to gradually reduce or offset emissions.

⁵ To calculate Scope 1 emissions for the 2022 and 2023 financial years, the emission factors published by the Association of Issuing Bodies (AIB) European Residual Mixes (2023) were used.

⁶ To calculate Scope 2 - Location-Based emissions, the emission factors published by the Association of Issuing Bodies (AIB) European Residual Mixes (2023) were used.

⁷ To calculate Scope 2 Market-Based emissions, the emission factors published by the Association of Issuing Bodies (AIB) European Residual Mixes (2023) were used.

Emissions GHG (tCO₂eq) 2022 -2023 Scope 1 e 2 (Location Based)

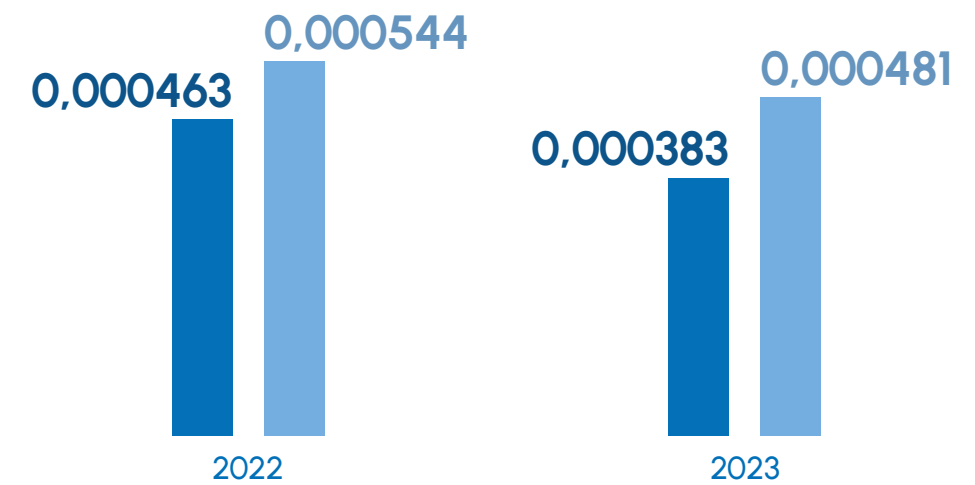


Total direct emissions (scope 1)

Total indirect emissions (scope 2) / Location Based

The same principle applied to energy intensity is used to calculate GHG emission intensity, defined as GHG emissions per unit of organizational activity or another specific metric. Intensity is calculated by dividing absolute emissions (numerator) by a specific metric, which for Italian Gasket is revenue. In 2023, compared to 2022, the Group's GHG emission intensity saw a reduction in both the **Location-Based (-17.33%)** and **Market-Based (-11.72%)** approaches.

Emission intensity (CO₂eq / k€)



Scope 1+2 Location Based

Scope 1+2 Market Based

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**PRODUCT
RESPONSIBILITY**

7.1 Responsible Value Chain

The selection of suppliers is a critical success factor for Italian Gasket. This centrality has led to the formalization of an operating procedure for supplier selection, development, and qualification⁸. This document aims to ensure that purchased products and/or services meet the company-defined requirements and standards, which include:

- Selecting suppliers capable of ensuring superior service levels;
- Contributing to a collaborative relationship with suppliers;
- Evaluating performance with a focus on continuous improvement;
- Fostering a shared approach to quality and safety, environmental protection, and energy efficiency.

While most relationships between Italian Gasket and its suppliers are long-term, the Group is committed to defining qualification criteria for new suppliers. In most cases, when developing new products, the Group collaborates with existing suppliers, making the introduction of new suppliers unnecessary. However, if the need arises, potential new suppliers identified by the Purchasing Manager (RAC) are subject to a preliminary qualification process. This assessment involves an on-site visit by the RAC, potentially with the Quality Assurance Manager's (RAQ) assistance. During the 2022-2023 reporting period, no new suppliers were evaluated based on environmental or social criteria.

Italian Gasket's supply chain is primarily composed of Italian companies (approximately 94% of suppliers for total purchases). The following details the proportion of spending on local and foreign suppliers:

Proportion spent on local suppliers⁹

	2022	2023
Local	94,8%	94,2%
Non-local	5,2%	5,8%

Regarding production, numerous new articles were developed in 2023 with new rubber compounds for various sectors, including the potable water market, and multiple samples were prepared for potential future projects.

For raw material procurement, specifically rubber, Italian Gasket uses both Italian and foreign suppliers, while semi-finished goods are primarily sourced from Italian suppliers. Germany is the primary foreign partner, driven by specific customer requirements.

The customer base consists of international groups operating in the markets described. A total of €19,679,272.51 was spent on supplies in 2023, reflecting a 3% decrease from 2022 spending. At the start of 2023, a collaboration between the logistics and purchasing departments improved the production cycle and, consequently, purchasing efficiency. This was achieved by organizing production and consolidating types of rubber compounds and/or colors, reducing molds and consequently decreasing order lots.

In the coming years, Italian Gasket aims to improve intra-group synergy, particularly in establishing criteria for supplier selection. The companies within the Group seek to define unified criteria that allow collaboration exclusively with highly qualified suppliers who respect environmental and social standards.

⁸ the qualification criteria for new suppliers will presumably be formalized and applied from mid-2024.
⁹ Local suppliers mean suppliers present within a radius of 35 km from the headquarters of Italian Gasket S.p.A. (about 99%). Non-local suppliers are mainly located in Germany, France and Slovakia.

7.2 Product Quality, Safety, and Innovation

Establishing improvement goals and targets that can be seen after specific fixed time periods:

- develop and enhance specific services addressed to customers, improving the ability of the company to meet efficiently their needs and expectations, by paying up most attention to the control and the analysis of given and received product quality;
- identify and adopt processes, technologies, survey and control systems and up-to-date manufacturing systems, able to reduce the risks for the product quality, for the operators, the customers and stakeholders; to manufacture products that meet the more and more growing customers' needs;
- achieve the development and the innovation of the product and the processes in order to widen the market prospects;
- consider the suppliers as partners, by working together to the achievement of goals that satisfy both and ensure a mutual growth;
- encourage the staff involvement, motivation, expertise and awareness in the achievement of the targets for the quality and in improving their performance through a suitable training programme;
- place the necessary resources at disposal in order to ensure the development and improvement of the quality managing system.

In 2023, the product quality policy was updated. The primary changes focused on the sections dedicated to environment, safety, and energy, with a more explicit emphasis on biodiversity conservation, renewable energy use, and emission reduction. Additionally, two new sections on Society and Governance were added.

Italian Gasket is committed to ensuring high product standards by guaranteeing quality and safety at every stage of production, with regular compliance checks and updates to reflect regulatory developments.

Quality is monitored throughout all stages of production and is guaranteed by the Integrated Quality Management System certified according to the international standard ISO 9001:2015, which ensures control over the entire production and service delivery process through both internal audits and periodic audits by the certifying body. Italian Gasket S.p.A. is also certified according to the automotive sector standard IATF 16949:2016, ensuring a quality management system across all processes with a focus on continuous improvement.

It is important to note that the requirements of the IATF 16949:2016 scheme and the UNI EN ISO 9001:2015 standard are fully applied, excluding product design, which remains the responsibility of clients.

This commitment to high quality and a process-based approach has led to increased customer satisfaction, ensuring compliance with customer requirements and legislative provisions.

Customer satisfaction is monitored monthly by collecting client ratings and categorizing them in an "A, B, C"¹⁰ classification system that combines complaints with client audits. Customer satisfaction remains high due to the low number of complaints in 2023, showing improvement from 2022. Additionally, audits conducted by clients consistently resulted in an "A" rating.

At the beginning of 2023, a strategic project (IGES) was launched to enhance customer satisfaction. This project includes a set of advanced engineering services offered to clients along with specific training on Italian Gasket's processes and materials. This initiative allows for client involvement from

the project's initial phase, specifically during the product requirements definition stage. The Group has implemented a feedback questionnaire to assess client satisfaction with the new service, which currently holds a high rating of 4.8 out of 5. All projects launched under this initiative have been successfully completed.

In 2023, no cases of non-compliance with health and safety regulations or codes of conduct were reported regarding product and service impacts. 100% of products and services were evaluated for potential health and safety impacts, consistent with evaluations conducted in 2022. Additionally, during the 2022-2023 period, Italian Gasket did not receive any notifications of non-compliance related to its products.

In the event of complaints, Italian Gasket follows an internal complaint management procedure. Non-compliance notifications are sent by clients via email or through the company website with automatic email alerts. No complaints regarding customer privacy violations were received in either 2022 or 2023.

The Group considers research and development to be fundamental for delivering high-quality, innovative products. The company has a dedicated team focused on exploring new methods to reduce waste and optimize materials where reduction is not feasible, as well as seeking environmentally sustainable raw materials and components with comparable performance.

The research phase is followed by a series of tests to verify if the desired outcomes are achieved. If successful, the products are then introduced to the market.

¹⁰ Where, A = full customer satisfaction (all scorecard indicators are positive); B = partial satisfaction (some indicators are partially negative); C= poor customer satisfaction (RED or C ratings).

Below are the most significant R&D projects Italian Gasket has undertaken from 2018 to 2023. The complexity of these activities, including research, testing, and result verification, means that projects rarely conclude within 12 months and instead require extended timelines.



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GRI CONTENT INDEX

GRI Content Index

Declaration of use Italian Gasket reported all mentioned information in this index of GRI contents for the period from January 1st, 2022 to December 31st, 2023, referring to the GRI standards.

Used GRI 1 GRI – essential principles – 2021 version

GRI Standards	Notice	Pages	Notes
GRI 2: General notice (2021)			
The organization and its reporting processes			
2-1	organizational details	12-13	
2-2	entities included in the reporting of sustainability	11	
2-3	reporting period, frequency and contact point	11	
Activities and workers			
2-6	activities, value chain and other business relation	16-21 / 84-87	
2-7	Employees	53-57	
2-8	self-employed workers	53-57	
Governance			
2-9	governance structure and composition	29-30	
strategy, policies and processes			
2-27	compliances with law and regulations	31	
2-28	membership of associations	48	
stakeholders involvement			
2-29	approach to the stakeholders involvement	36-37	
2-30	collective contracts	57	

Declaration of use Italian Gasket reported all mentioned information in this index of GRI contents for the period from January 1st, 2022 to December 31st, 2023, referring to the GRI standards.

Used GRI 1 GRI – essential principles – 2021 version

GRI Standards	Notice	Pages	Notes
GR3: MATERIAL TOPICS (2021)			
Disclosure on material topics			
3-1	establishing process of material topics	38-39	
3-2	List of material topics	40-41	
Waste and water resources managing			
GRI3: Material topic (2021)			
3-3	material topic managing	82-83	
GRI 303 Water and streams 2018			
303-3	water withdrawal	82	
303-4	water discharge	82	
303-5	water consumption	82	
GRI 306 waste 2020			
306-3	generated waste	82-83	
306-4	waste not given to the dumping ground	82-83	
306-5	waste given to the dumping ground	82-83	

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Used GRI 1 GRI1 – essential principles – 2021 version

GRI Standards	Notice	Pages	Notes
Climate change: energy consumption and GHG emissions			
GRI 3: material topics (2021)			
3-3	material topics managing	84-85	
GRI 302 Energy 2016			
302-1	consumed energy inside the organization	86-87	
302-3	energy intensity	86-87	
302-4	reduction of energy consumption	87	
GRI 305 Energy 2016			
305-1	direct emissions of GHG (scope 1)	86-87	
305-2	indirect emissions of GHG and energy consumption (scope 2)	86-87	
305-4	intensity of GHG emissions	87	
Material managing			
GRI 3 material topics (2021)			
3-3	material topics managing	78	
GRI 301 Materials 2016			
301-1	materials used depending on weight or volume	80	
301-2	entry used or recycled materials	81-82	

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Used GRI 1 GRI1 – essential principles – 2021 version

GRI Standards	Notice	Pages	Notes
Management, development and workers wellbeing			
GRI 3: material topics (2021)			
3-3	Managing of material topics	53-54; 61-63	
GRI 401 employment 2016			
401-1	new employments and turnover	56-57	
GRI 404 training and education 2016			
404-1	average of yearly training hours for each employee	62	
Community and human rights			
GRI 3 material topics (2021)			
3-3	managing of material topics	45; 59	
Health and safety of workers			
GRI 3 material topics (2021)			
3-3	managing of material topics	67-73	
GRI 403: Health and safety at workplace 2018			
403-1	managing system on health and safety at workplace	67-73	
403-2	danger identification, risk evaluation and investigation on injuries	68-73	
403-3	services for professional health	72	
403-4	participation and consulting of the workers regarding health and safety programmes and corresponding notice	68-72	
403-5	workers training on health and safety at workplace	68-72	
403-9	work injuries	73	

Declaration of use Italian Gasket reported all mentioned information in this index of GRI contents for the period from January 1st, 2022 to December 31st, 2023, referring to the GRI standards.

Used GRI 1 GRII – essential principles – 2021 version

GRI Standards	Notice	Pages	Notes
Responsible value retail			
GRI3: Material topics (2021)			
3-3	managing of material topics	90	
GRI204 supply process 2016			
204-1	1 proportion of the expense done toward local suppliers	90-91	
GRI 308: environmental evaluation of suppliers			
308-1	new suppliers that have been chosen by using environmental criteria	90	
414-1	new suppliers that have been chosen by using social criteria	90	
Equal rights, diversity and integration			
GRI 3 material topics (2021)			
3-3	Managing of material topics	61-64	
GRI 405: Diversity and equal rights 2016			
405-1	Diversities in the governance members and among employees	29-32; 53-56	
GRI 406: Non-discrimination 2016			
406-1	acts of discriminations and taken corrective measures	64	

Declaration of use Italian Gasket reported all mentioned information in this index of GRI contents for the period from January 1st, 2022 to December 31st, 2023, referring to the GRI standards.

Used GRI 1 GRII – essential principles – 2021 version

GRI Standards	Notice	Pages	Notes
Quality, safety and products innovation			
GRI3: Material topics (2021)			
3-3	managing of material topics	92-95	
GRI 416: customers health and safety 2016			
416-1	evaluation of the impacts on health and safety by category of product and service	92-95	
416-2	Non-conformity cases concerning the impacts on the health and safety of products and services	93	
GRI 418 Customers privacy 2016			
418-1	justified claims regarding privacy violation of customers and loss of their data	93	
Governance, business ethics and anti-corruption			
GRI3: material topics (2021)			
3-3	Managing of material topics	29-32	
GRI 201: Economical performance 2016			
201-1	direct economic value created and distributed	44-45	
GRI 205: anti-corruption 2016			
205-3	confirmed corruption acts and taken actions	31	
GRI 206: non-competitive conduct 2016			
206-1	legal actions regarding anti-competitive conduct, trust activities and monopoly praxis	31	

ITALIAN  GASKET
technical rubber items