

2022

# Impact report

**kerakoll**

## **Impact report 2022**

Sassuolo (Modena, Italy), May 30th 2023

**As a Benefit Company, we are required to draw up an impact report featuring information on the activities already carried out and those to be carried out in the future for the achievement of mutual benefit goals, as stipulated by Italian Law No. 208 of 28-12-2015, Paragraphs 376- 384.**



## We are a Benefit Company

First among the top players in the building construction sector to become a Benefit Company, Kerakoll has chosen to take a significant step and concrete actions for the well-being of the planet and people (employees, consumers, suppliers and partners who co-operate with the company on a day-to-day basis).

Being a Benefit Company means having corporate goals that create value for all stakeholders, as well as officialising its commitment to pursuing “mutual benefit” goals with a positive impact on society and the environment through its business activity.

With the change of governance, Kerakoll is committed to creating increasingly better places, where people can live in well-being and with respect for the environment, cooperating with those who have the same passion for excellence and a commitment to responsible, sustainable and transparent operation across four areas of interest:

- Product sustainability
- Strategic processes and partnerships
- People
- Civic engagement

Our benefit company aim includes 9 mutual benefit goals for the environment and people:

### **1. GreenBuilding**

Use of the best knowledge (technical, applicative, scientific, industrial, etc.) as a tool for society's growth, developing higher quality products for construction in terms of technical and environmental performance, with as little impact as possible on the safety and health of customers, installers and home users.

### **2. Product rating**

Apply methodologies for analysing and assessing our products' sustainability profile according to the best scientific knowledge available (science-based approach).



### **3. Innovative processes**

Development of the most innovative industrial standards to significantly reduce the environmental footprint of production, logistics and supply chain processes, including the extraction of resources, the use of energy sources, the use of toxic substances, waste and greenhouse gas emissions, with a decarbonisation target.

### **4. Strategic partnerships**

Implement strategic partnerships with the best supply chain or complementary products and services operators, in order to launch business initiatives oriented towards sustainability and the circular economy.

### **5. Scientific research**

Co-operate with scientific and cultural research bodies to promote initiatives aimed at protecting the environment and community well-being, focusing in particular on improving all aspects of the life cycle and performance of buildings, including installation, use and recycling.

### **6. Safety**

The design of operative models which always prioritise worker safety, formulating products and using materials that are increasingly less hazardous and environmentally impactful, aware of the company's social role and its responsibility as a part of the community.

### **7. Associates' well-being**

Pursuit of the well-being of our professionals, through the constant monitoring of work environment conditions, the promotion of inclusion and work-life balance.

### **8. Pathways to growth**

Create opportunities for growth in a working environment that favours innovation and allows people to express themselves at their best through a culture based on merit, equal opportunities and a sense of belonging.

### **9. Civic engagement**

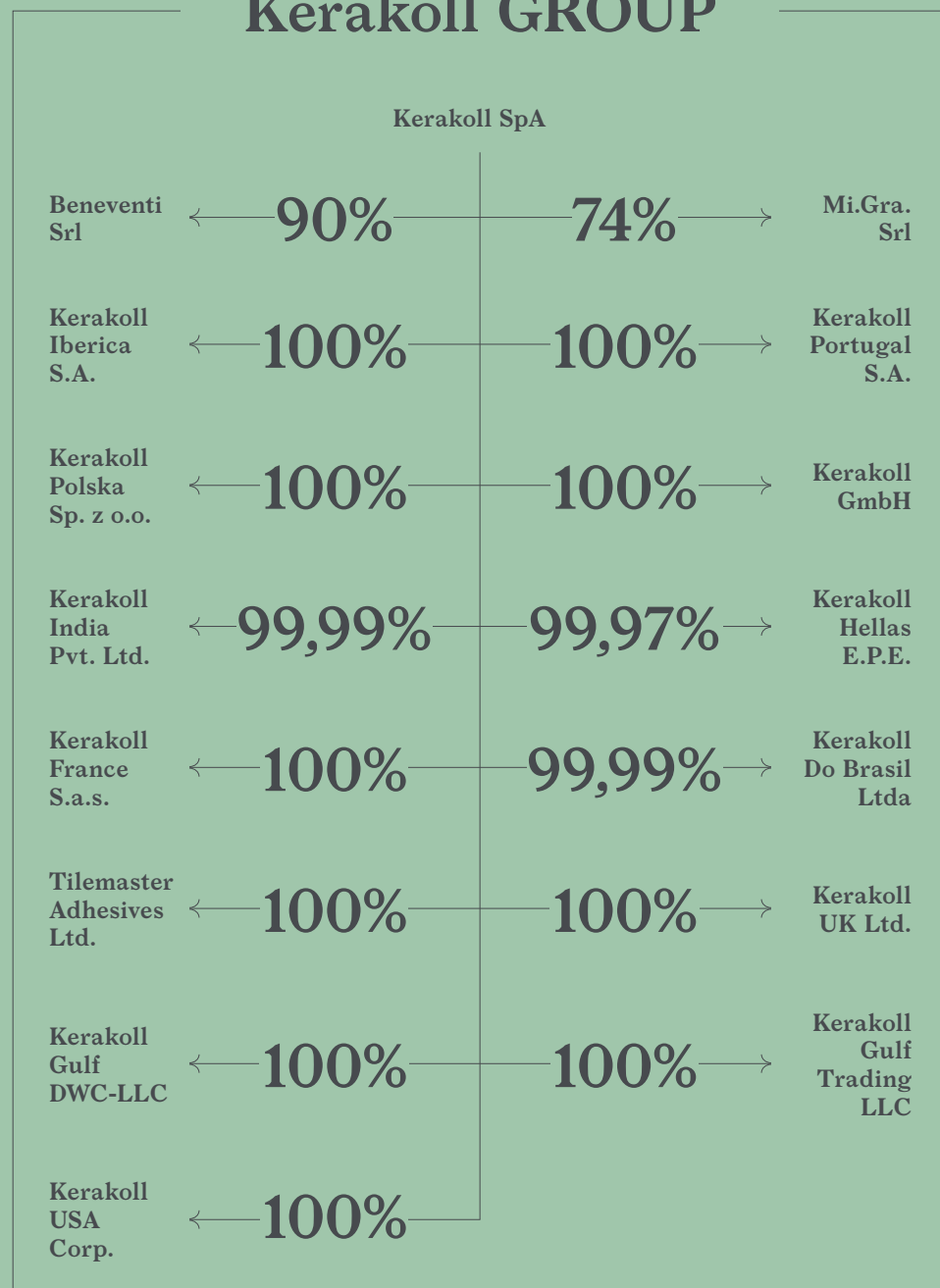
Support for non-profit organisations, foundations, third sector bodies, sports clubs, religious bodies and local communities, through projects that aim to generate a positive impact on the health and social life of people, those in need or experiencing various problems, positively impacting the environment and cultural heritage.





## Company overview

# Kerakoll GROUP



## Kerakoll SpA

### Board of Directors

Chairman	Romano Sghedoni
Vice-President	Fabio Sghedoni
Board Member	Emilia Sghedoni
Chief Executive Officer	Marco Pietro Zini
Independent director	Umberto Nicodano

### Board of Auditors

Chairman	Alfredo Malguzzi
Standing Auditor	Marcello Braglia
Standing Auditor	Luca Damiani

### Auditing Company

Auditor	Deloitte & Touche SpA
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Financial data	2022	2021
Sales revenue	517.343.893	405.076.309
Operating profit	83.924.744	66.437.378
Results for the year	52.185.495	40.944.418
ROI	17,4%	14,0%
ROE	17,9%	15,9%
ROS	16,2%	16,4%
Current Ratio	1,92	1,91
Acid Test	1,58	1,68
Coverage ratio	1,57	1,59
Consolidated financial data	2022	2021
Sales revenue	744.437.740	603.498.190
Operating profit	99.484.402	90.871.441
Results for the year	63.944.110	59.974.537
ROI	15,4%	14,5%
ROE	15,8%	16,7%
ROS	13,4%	15,1%
Current Ratio	2,33	2,22
Acid Test	1,90	1,94
Coverage ratio	2,04	2,02

## 2022 Impacts and 2023 Goals



# 1 Greenbuilding

Goals to be pursued according to the company's articles of association

Use of the best knowledge (technical, applicative, scientific, industrial, etc.) as a tool for society's growth, developing higher quality products for construction in terms of technical and environmental performance, with as little impact as possible on the safety and health of customers, installers and home users.

## 2022 Impacts

### Circular economy

Mi.Gra., a Kerakoll Group company, recovers mineral waste from marble mines in the heart of the Apuan Alps for industrial purposes, managing the entire recovery and transformation process in accordance with a precise environmental requalification and restoration plan prepared in partnership with the Apuan Alps Regional Park. This enables us to drastically cut the use of natural resources, saving over 70% of CO<sub>2</sub>eq emitted by the extraction and use of virgin minerals.

In 2022 we used around 256,000 tons of recycled and ISO 14021 certified calcium carbonate, around 73% originating from the recovery processes of Mi.Gra and amounting to around 30% of total inbound material weight. In the same year, Kerakoll increased its Mi.Gra shareholding from 49%, since 2010, to 74%. The remaining 26% shareholding is held by the Municipality of Minucciano.

Thus Kerakoll further consolidates its pathway, which has always been characterised by its commitment to concretely translating the challenge of economic transition.

### Eco Packaging

Following on from 2020, for the second time Kerakoll is one of the winners of the CONAI competition for packaging Ecodesign.

Color Collection packaging was selected from 250 submitted case studies and 390 contestants. Kerakoll's offering of colours and surfaces for interior design includes the paints Absolute, Decor and Microresina. They come in buckets made with 30% to 80% recycled post-consumer plastic. This packaging distinguished itself due to the use of recycled material, raw material savings and logistics optimisation.

These solutions offer an improvement of 10% to 45% in terms of CO<sub>2</sub>eq reduction, with 5% to 40% less energy consumption<sup>1</sup>.

Through researching new solutions and increasing the use of packaging containing recycled material, Kerakoll intends to further focus on the important role of packaging at a product level and its success in this competition is proof of this.

### Product sustainability certifications

Kerakoll's commitment to the social and environmental performance certification of its products by third parties continues. In 2022 we increased the coverage ratio of certified products to this effect, which now accounts for 83% of total Kerakoll sales volumes.

## 2023 Targets

- Increase the percentage of recycled raw materials used.
- Progress towards sustainable packaging, with an increasing preference for recycled or certified packaging materials.
- Increase the coverage ratio of product sustainability certification.

<sup>1</sup> GWP (Global Warming Potential) and GER (Gross Energy Requirement) indicators measured with simplified LCA – EcoTool CONAI.

## 2022 Impacts and 2023 Goals



## 2 Product rating

Goals to be pursued according to the company's articles of association

Apply methodologies for analysing and assessing our products' sustainability profile according to the best scientific knowledge available (science-based approach).

### 2022 Impacts

#### GreenBuilding Rating

Kerakoll's commitment to the comprehensive and transparent communication of product sustainability continues, including different impact factors along the life cycle of construction products. A product sustainability measurement tool is applied to this effect: the GreenBuilding Rating enables the monitoring and systematic improvement of impacts, while also boosting stakeholder awareness of Kerakoll product sustainability.

SGS (Société Générale de Surveillance), an important international certification body, has certified the GreenBuilding Rating as "a reliable, complete and essential measurement method that guarantees the environmental sustainability of products".

In 2022 we confirmed the average rating value of 3.6 out of 5, calculated across a range of products.

#### LCA studies according to EN 15804

In addition to the GreenBuilding Rating tool, which our stakeholders can read and understand immediately, Kerakoll has carried out an in-depth environmental impact study on a significant part of its product range according to standard EN 15804. This is made possible by the EPD (Environmental Product Declaration) Process certified by SGS, which enables the autonomous publication of product environmental declarations.

In 2022 Kerakoll published 12 product EPDs, increasing the number of involved products by 7 units, in line with set targets, which may further improve in 2023.

#### SLCA (Sustainability Life Cycle Assessment)

SLCA method piloting continues with the support of Nativa. This analysis method based on decades of research enables the comprehensive assessment of a product's sustainability profile based on two variables:

- the phases of the entire product life cycle (from the extraction of raw materials to use and product release);
- compliance with the most significant sustainability factors.

### 2023 Targets

- Continue along the pathway of LCA studies and Product Environmental Declarations, completing the study of at least 12 products in 2023.



## 2022 Impacts and 2023 Goals



# 3 Innovative processes

Goals to be pursued according to the company's articles of association

Development of the most innovative industrial standards to significantly reduce the environmental footprint of production, logistics and supply chain processes, including the extraction of resources, the use of energy sources, the use of toxic substances, waste and greenhouse gas emissions, with a decarbonisation target.

### 2022 Impacts

#### Sustainable logistics

The Kerakoll Group is also committed to sustainability through transport logistics initiatives. In 2011 we activated the intermodal transport project, which has since resulted in two active rail routes from Piacenza and Minucciano (LU) to Dinazzano (RE). In addition to clear results in terms of lower environmental impact (cutting CO<sub>2</sub> emissions by around 70%)<sup>2</sup> the project has also significantly improved the liveability and safety conditions of mountain towns, previously crossed by road vehicles. This has led to the running of over 660<sup>3</sup> trains, removing around 14,900 trucks from the road per year, with the transport of around 240,000 tons of material in total in 2022.

#### Energy from renewable sources

In 2022, the price of Guarantees of Origin (certified green energy) rose sharply due to price hikes of all energy commodities and the low availability of hydroelectric power. In spite of this, Kerakoll upheld its commitment to its energy policy in 2022, in line with previous years, purchasing 100% of renewable electricity used for company activities originating from low-impact technologies. In addition to self-produced energy (2% of the requirements of Kerakoll SpA, 20% of the Zimella site, in the Verona province), electricity purchased from the national grid is integrated with Guarantee of Origin certification of provenance. With this initiative in 2022 Kerakoll avoided the emission of over 6,500 tons of CO<sub>2</sub>eq<sup>4</sup>.

#### Company fleet

As part of a progressive renewal of the company fleet, 2022 saw the addition of more hybrid vehicles, compared to 2021, with a very low emission factor to our car list, resulting in an average reference parameter of 128 g/km. We expect to rapidly progress towards a company fleet that minimises emissions, however 2022 should still be considered a year of waiting, due to traditional limits linked to scarce autonomy, high purchasing costs and the lack of an adequate infrastructure network. This leads us to expect conditions congenial to the achievement of more significant results with reference to this process, which we intend to pursue in the next few years.

#### Recovered waste

In 2022 we reused around 37,350 m<sup>3</sup> of "end of waste" in the "K2X" work site area adjacent to our KK2 facility. This amounts to around 67,230 tons of inert non-hazardous special waste generated by the demolition of the former "Ricchetti" plant. Recovery by means of crushing followed by sorting has enabled the saving of around 307 tons of CO<sub>2</sub>eq emissions in the atmosphere<sup>5</sup>.

### 2023 Targets

- Increased intermodal transport for the handling of around 37,000 ton/year of material, the equivalent of 100 trains with 26 containers each, removing around 1,326 HGVs from the road per year.
- Confirm the purchase of 100% electricity from renewable sources and evaluate the implementation of energy efficiency solutions.
- Further improve the emission factor of the company fleet through the introduction of hybrid and electric vehicles.

<sup>2</sup> Source: EcoTransIT World Methodology.

<sup>3</sup> Assessment conducted considering 26 train containers and the return of empty containers.

<sup>4</sup> Calculation assumption: Ecoinvent v.3.8 database comparing national Italian electric mix and electric mix renewables with GO certification.

<sup>5</sup> Calculation assumption: by means of DEFRA 2021 emission factor (Cat. Aggregates – Primary material production and Open-loop source).

## 2022 Impacts and 2023 Goals



# 4 Strategic Partnerships

Goals to be pursued according to the company's articles of association

Implementation of strategic partnerships with the best supply chain or complementary products and services operators, in order to launch business initiatives oriented towards sustainability and the circular economy.

### 2022 Impacts

#### **The Supplier and Partner Code of Conduct**

In 2022 Kerakoll activated a code of conduct for suppliers to ensure the application of high environmental and occupational safety standards, fair and respectful treatment and other ethical practices. This implementation, welcomed by our partners, represents an additional step towards open and constructive dialogue, and a cultural fit oriented towards the generation of social and environmental value.

### 2023 Targets

→ Activate new partnerships with leading companies in their sectors to create value for the community.



## 2022 Impacts and 2023 Goals



# 5 Scientific research and education

Goals to be pursued according to the company's articles of association

Co-operate with scientific and cultural research bodies to promote initiatives aimed at protecting the environment and community well-being, focusing in particular on improving all aspects of the life cycle and performance of buildings, including installation, use and recycling.

### 2022 Impacts

Kerakoll systematically collaborates with scientific research bodies to address relevant issues related to sustainable innovation in the building sector and invest in specific innovative solutions to be made available on the market.

#### **CO2alizione**

With CO2alizione Italy, Kerakoll and more than 60 Italian companies have decided to join forces to raise awareness of climate neutrality and commit to progressively evolving their business model towards a zero climate-altering gas emissions economy, in line with European climate neutrality as well as national ecological transition targets.

#### **Eucentre**

Ensuring building safety is a challenge we have been committed to for a number of years now, with research into innovative anti-seismic technologies and solutions. In 2022 we designed an experimental test with Fondazione Eucentre, which proved the effectiveness of our systems. With this partnership we will come increasingly close to spearheading our target of building homes in which people can feel safe.

#### **CEN/TC 467 Technical Committee on Climate Change**

In 2022 the participation and sponsorship of the technical committee was confirmed in order to tackle the topic of climate change, by contributing towards the development of requirements and guidelines supporting EU policies. The TC will focus on standardisation in the climate change sector, including related social and economic aspects, in terms of organisation and product. The purpose of the Technical Committee is the development of frameworks, requirements and guidelines to support EU climate change policies, also with the aim of fully implementing the European Green Deal.

### 2023 Targets

→ Partnership with cultural and scientific research bodies testifies to a tireless commitment, which Kerakoll aims to intensify in 2023 with at least 3 new projects in this field.



## 2022 Impacts and 2023 Goals



# 6. Safety

Goals to be pursued according to the company's articles of association

The design of operative models which always prioritise worker safety, formulating products and using materials that are increasingly less hazardous and environmentally impactful, aware of the company's social role and its responsibility as a part of the community.

### 2022 Impacts

#### Healthy products for the environment and people

In 2006 we joined forces with the Joint Research Centre (JRC), the European Commission research centre, to define a method to measure indoor pollution generated by construction products, through the use of the environmental simulation room Indoortron.

Over the years this project and its scientific bases have led to the construction of VOC rooms that are constantly operative in order to assess the emissions of our products. Today Kerakoll GreenLab has its own IAQ Lab for emissions research and VOC testing, fitted with 12 software-managed test rooms.

In 2022 EC1 plus products certified in accordance with GEV methodology or A+ classified with the label "Emission dans l'Air Intérieur" account for 70% of total Kerakoll sales.

#### Safety Week

The Safety Week initiative was launched at the end of 2022; the Health and Safety event is one of the latest additions to the 2022-2024 complementary agreement. In 2023 a total of 5 days will be organised at various plants, packed with workshops, seminars and focus groups, with focus on well-being, health and safety. Some of these initiatives will also be remotely accessible, and others will include drills in presence; all will be characterised by interactive and engaging methods.

#### 2023 Targets

→ Continue to design products that are safer for workers and healthier for end users.

## 2022 Impacts and 2023 Goals



# 7 Professional well-being

Goals to be pursued according to the company's articles of association

Pursuit of the well-being of our professionals, through the constant monitoring of work environment conditions, the promotion of inclusion and work-life balance.

## 2022 Impacts

### Working environments

Works for the renovation of the Kerakoll headquarters have been completed; interiors have been redesigned to provide moments of well-being, relaxation and catering spaces in addition to those designated for work.

The new K Lounge (the winning name of the internal contest that attracted a very high number of entries) includes break, brainstorming, outdoor and reading areas, along with new meeting rooms, designed for relaxing and spending coffee and lunch breaks in the company of colleagues, encouraging interaction, cooperation and creativity in stimulating settings.

### Remote working

Following on from the successful pilot phase, in 2022 the Kerakoll smart working model was recognised as innovative by management and workers, with its addition to the supplementary agreement for Emilia-based sites. In the last year 405 people have signed a new individual smart working agreement, giving them the option of working remotely for around 28,000 days per worker/year. This has enabled significant savings in terms of CO<sub>2</sub>eq emissions linked to the mobility of Kerakoll professionals, amounting to around 200 tons of CO<sub>2</sub>eq<sup>6</sup>.

### K Program

2022 saw the inception of K Program, a series of workshops with the participation of 28 champions selected to ensure fair and homogeneous representation, with the purpose of defining behaviours and the fundamental elements that make Kerakoll culture unique and distinctive.

The spirit of cooperation, proactiveness and enthusiasm shown during K Program generated high-value resources for the entire company.

### Welfare

The welfare platform Edenred was created to manage the issuing of the fuel and aid "quater" bonuses.

A pilot welfare plan took off in May 2022 at the Brugine and Zimella sites: through the Edenred platform and following specific classroom training, people were able to use their credit on multiple activities, shopping vouchers or refunds.

### New supplementary contract

The new supplementary contract was signed in March 2022 for all Emilia-based sites and includes different initiatives inspired by a "people-first" approach:

- polyvalency in the Operations area to deliver a greater degree of organisational flexibility and invest in the professionalism and skills of individuals and work teams alike;
- Safety Week, an initiative focused on raising awareness and creating culture around the topics of safety, health, environment and well-being.

<sup>6</sup> Calculation assumption: estimated emission factor of 167 g/km (source: Ispra).

### **K Fest**

Arising from the initiative of the K Program champions, with the aim of placing people at the centre and offering an informal celebration of them, on 22nd June 2022 a Funfair was held in the garden opposite Kerakoll GreenLab, with a food&drink area and photobooths. The convivial evening was organised to forge a sense of team spirit among colleagues, sharing and post-pandemic closeness; all professionals from Italian sites were involved.

### **2023 Targets**

- Continuation of the pilot welfare scheme across Veneto sites and the added option of converting the performance bonus into welfare.
- Finalisation of a supplementary agreement for Veneto-based sites, including parent support initiatives, the leave bank, in line with Emilia-based sites, a series of contributions to enrich healthcare and social security coverage for the family unit and a commitment to reducing the gender gap, especially in Operations.
- Creation of a dashboard on diversity and inclusion, as impact measurement tools, raising awareness and driving continuous improvement.
- Definition of an action plan to boost the engagement of people downstream from results arising from the BSS (Brand Strength Score) Survey.
- After the pandemic-related period of isolation, we would like to offer our staff members psychological support covering every aspect of their professional or private life.





## 2022 Impacts and 2023 Goals



# 8 Pathways to growth

Goals to be pursued according to the company's articles of association

Create opportunities for growth in a working environment that favours innovation and allows people to express themselves at their best through a culture based on merit, equal opportunities and a sense of belonging.

### 2022 Impacts

#### **PMP (Performance Management Process)**

2022 saw the addition of innovations to our PMP process: in the Research, Development and Quality area we piloted upward feedback (worker assessment of managers). The aim is to encourage dialogue and improve relations between managers and workers, giving the latter the chance to share constructive feedback on their superior's conduct.

We also reviewed the time frames and forms of performance assessment, with the aim of simplifying and facilitating the exchange of feedback between managers and workers.

#### **Leadership Academy**

Through a type of strongly experiential training, rich in practical drills, Marketing and Sales area managers participated in the Leadership Academy pathway in order to align the team management style according to the model identified by servant leadership.

Numerous training meetings were held in 2022 for the learning of specific skills. Different topics were covered, such as proxy, empathy or engagement, with the definition of a common language and leadership style.

#### **Engagement**

Sharing the results of the BSS conducted in 2021 with the entire Kerakoll population; together from here we defined the action plan and best activities for improving said results.

#### 2023 Targets

- Extension of upward feedback pilot to the functional areas of Product Marketing and Marketing & Communication.
- Repetition of BSS survey and sharing of results in order to define a plan of initiatives at a Group level.
- Extension of the Leadership Academy training path, involving the front-line of management and leaders of the sales area.
- Launching of the first internal job posting project, to encourage and incentivise internal cross-functional mobility as a fly wheel of growth, investment and enhancement of people.

## 2022 Impacts and 2023 Goals



# 9 Civic engagement

Goals to be pursued according to the company's articles of association

Support for non-profit organisations, foundations, third sector bodies, sports clubs, religious bodies and local communities, through projects that aim to generate a positive impact on the health and social life of people, those in need or experiencing various problems, positively impacting the environment and cultural heritage.

## 2022 Impacts

### **Fondazione Ospedale di Sassuolo**

Together with 9 other local companies, Kerakoll funded the purchase of an innovative image diagnosis system at Sassuolo Hospital, which includes a new CT and a cutting edge work station, with a total value of € 1 Mln.

### **The Modena Local Health Authority**

In the initial period after the start of the conflict in Ukraine, we participated in the funding of the Modena Local Healthcare Authority project to provide Ukrainian refugees with psychological support. Support for the natural development of resilience among people and communities involved, to prevent the onset of psychological and psychiatric conditions of those who have experienced war.

### **illimity for Albergo Etico**

As a Benefit Company we are committed to initiatives that positively impact people and the local area. One example is Albergo Etico Cesenatico, a Fondazione illimity urban regeneration project that gives disabled youths the chance to undertake a professional growth pathway towards autonomy, by taking care of guests and the new gathering places open to the entire city. For Albergo Etico Cesenatico we contributed towards the building's renovation, providing our specialised technical consultancy and products: dehumidification systems for more salubrious environments, in addition to our paints for interiors and "inclusion" themed wall paintings by the local artist Virginia Verona.

### **Le Luci di Comete (Comet Lights)**

We durably support Le Luci di Comete, a local association that organises cultural and recreational events to gather funds for La Lega del Filo d'oro, which built a social rehabilitation centre for the deaf-blind and the multi-sensory impaired in Modena.

### **Kevin Casali**

We are proud to be by this athlete's side and have supported him for 11 years now, since his debut in FISDIR (Italian Paralympic Sports Federation of Relational Intellectuals). Kevin Casali, a paralympic athlete from Castellarano (RE) is European champion of the 800 metre freestyle and holds the Italian record. For him swimming is more than an immense source of competitive satisfaction, it is also a "therapeutic life journey", because Kevin is autistic. Like many children, he first started swimming for fun, but when in high school he succeeded in distinguishing himself; thanks to the support of excellent trainers and his family's encouragement, he dived right into the world of competitive swimming.

## Other

We support a large number of socially committed organisations operating at local or national level, including small ones, involved in fighting social frailty and close to the needs of the community. These include religious organisations, amateur sports associations, associations for social advancement or non-profit organisations. In 2022 we contributed by means of material and money donations as well as sponsorships, with the aim of reaching out to the maximum number of beneficiaries and to generate value for the company.

## 2023 Targets

- In 2023 Kerakoll will continue to support non-profit organisations in cultural heritage renovation and requalification projects for social purposes, as well as social-healthcare and welfare organisations.





## Impact assessment

Kerakoll has chosen to measure and progressively improve its environmental and social impact using the Benefit Impact Assessment (BIA), one of the most authoritative and internationally popular tools for measuring the sustainability performance of companies.

In a context of evident global macroeconomic instability, Kerakoll's strong commitment in 2022 resulted in a review of a few pre-set targets and resources allocated for the generation of social and environmental value, both at a corporate level and across its subsidiaries.

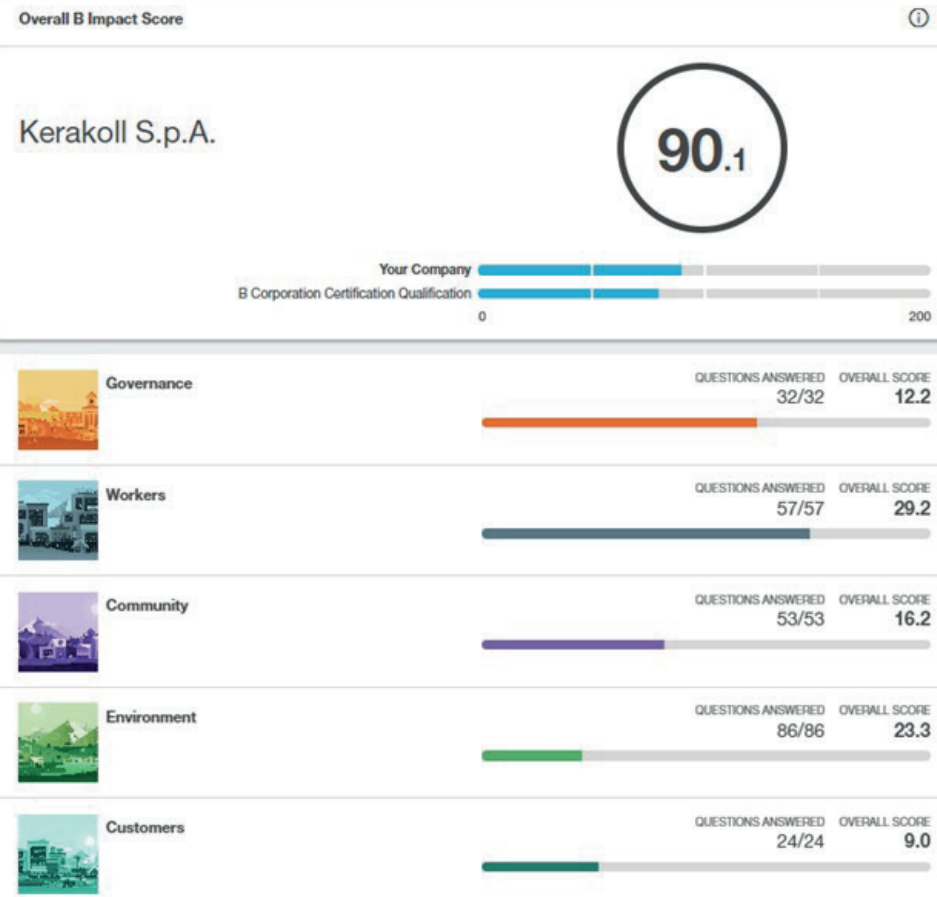
The analysis consists of answering around 200 questions on the practices adopted by the company in order to assess its impact and compare it with an international benchmark.

The BIA result is expressed as an overall company score, from 0 to 200, broken down into five considered impact areas:

- **Governance:** topics regarding ethics, transparency and company mission.
- **Employees:** topics regarding health and safety, well-being and the satisfaction of professionals.
- **Community:** topics regarding inclusion, supply chain management and the company's civic commitment.
- **Environment:** topics regarding climate change and the management of natural resources.
- **Customers:** issues related to interaction with consumers.

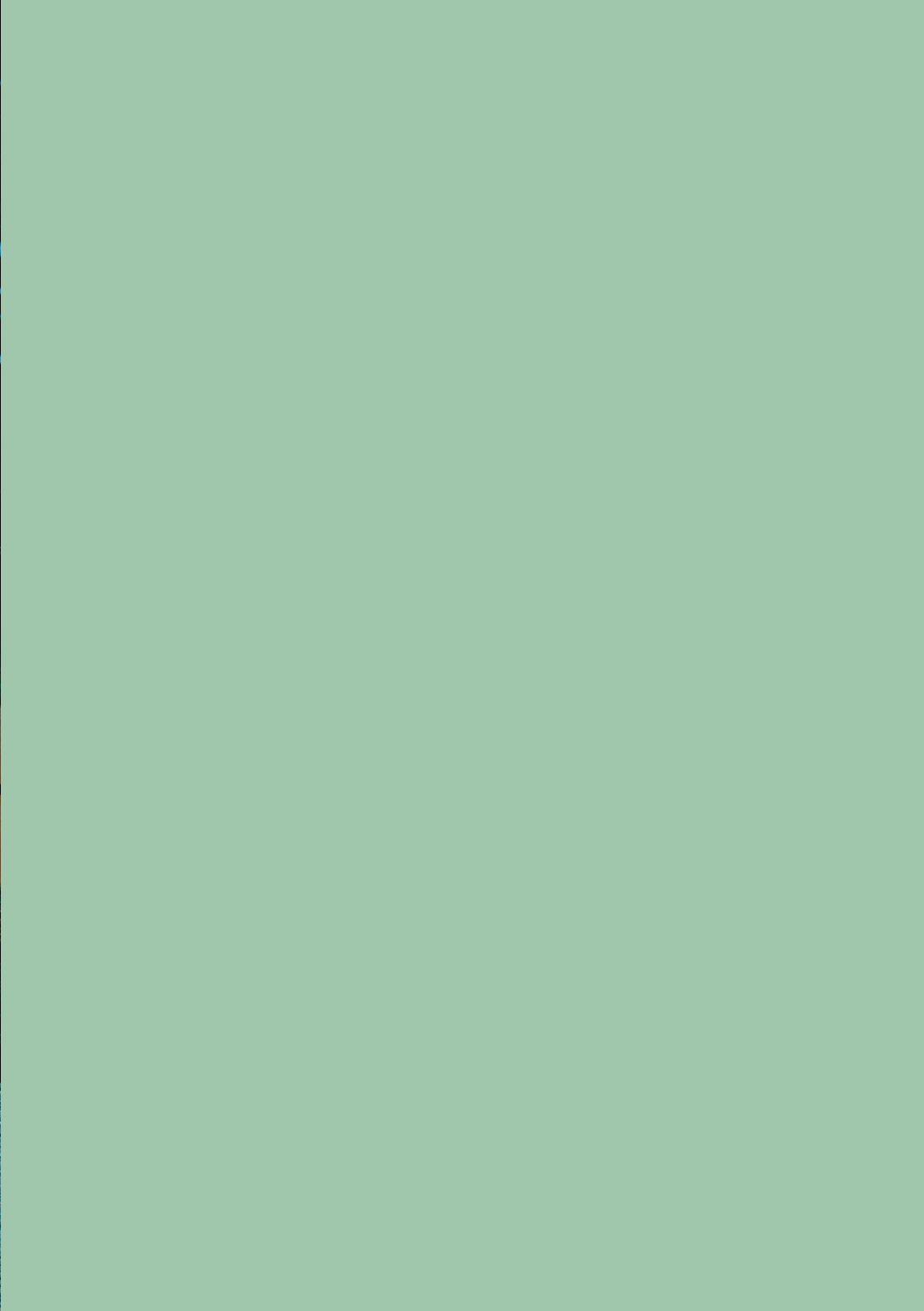
The use of this tool also provides indications on possible areas of improvement.

The figure on the side illustrates the results of the BIA<sup>7</sup> analysis in the integrated assessment with the subsidiary Beneventi Srl in 2022.



<sup>7</sup> Calculation assumption: score calculated by means of self-assessment, not certified by B Lab.





# kerakoll