

2023

Impact report

kerakoll

Impact report 2023

Sassuolo (Modena, Italy), May 29th 2024

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 B Corp certified Benefit Company



Kerakoll is a company with roots in the past and a vision for the future. Kerakoll SpA's 2023 Impact Report illustrates the level of our commitment to a long-term mission that is becoming increasingly important to our Group: to bring together passionate thinkers and creators and build better places to live.

2023 was characterised by unprecedented challenges at the environmental, social and economic levels: extreme weather events, economic uncertainty and geopolitical conflicts underscored the importance of sharing responsibility for a safer and more sustainable future for our planet and the people who live on it.

In this context, sustainability is not just a trend or a legal obligation, but an absolute necessity to ensure the prosperity and resilience of companies. At the same time, it also represents a continuous stimulus to innovate and build systems capable of creating shared value.

Inspired by our vision of the future and driven by a spirit of interdependence, in 2023 we achieved an important objective: we became a B Corp, i.e. we were recognised as an organisation that integrates its environmental and social impacts in its business strategy. We took this important step in order to confirm our constant commitment to generating a positive impact on society and on the environment through our activities.

As a B Corp, we undertake to respect the highest standards of social and environmental performance, transparency and responsibility and to take decisions aimed at systematically and measurably improving our already

positive impact on our people, the community at large and the environment. For us, being a B Corp means cultivating greater awareness and determination to direct our practices and processes towards sustainability and the promotion of a culture of inclusion and regeneration. Only 283 Italian companies are currently B Corp certified. Over 8,580 have completed the process worldwide. We are proud to be one of the largest B Corp certified companies in Italy and one of the first in the building sector to join a global movement of market leaders moving in the same direction.

On becoming a B Corp, we were called on to sign the Declaration of Interdependence, which recognises the importance of shared and coordinated action, in the understanding that there is a clear correlation between our sense of responsibility today and the lives of future generations.

B Corp certification demonstrates our determination to promote a company culture based on ESG (Environmental, Social and Governance) guidelines, as well as our desire to serve as a catalyst for change in the building industry. We want to show that it really is possible to build a better future, in which we can grow our company in harmony with our surroundings and promote the wellbeing of the people and communities with whom we work.

Fabio Sghedoni

Vice President, Kerakoll Group

Making sustainability central to strategy is an essential challenge for all companies today. This challenge is even greater in complex sectors like the construction industry. We congratulate Kerakoll on the genuine commitment that shareholders, managers and employees of all 11 nations where the Group operates have shown over the years in introducing strategic innovation and achieving tangible results in the field of sustainability. We are confident that Kerakoll will continue down this path in coming years and will inspire many other companies to move in the same direction.

Eric Ezechieli

Co-founder of NATIVA, the Regenerative Design Company that helps businesses achieve radical transformation towards regenerative economic models and that has supported Kerakoll on its journey towards sustainability.



Declaration of Interdependence

Our Vision is one of a global economy that uses business as a force for good.

An economy of this type requires a new kind of company, the **B Corporation**, which has a higher purpose and creates benefit for all stakeholders and not just shareholders.

As a B Corporation and a leader in this emerging economy, we believe that:

- we must drive the change we want to see in the world
- all companies should be run to create wellbeing for people and the planet
- companies should aim not to cause damage through their products, services, practices and profits, but to create benefit for everybody

To do so we must be aware that we are dependent on one another and are therefore responsible to one another and to future generations.

Director/Officer

6/13/2023
Date

Kerakoll
Company

Eleanor Allen
Director/Officer, B Lab Standards Trust

6/12/2023
Date of Current Certification

6/12/2026
Certification Expires

6/1/2023
Date of Original Certification





Our aims as a Benefit Company

As a B Corp certified company, Kerakoll undertakes to create better places for people to live, where they can enjoy wellbeing and respect the environment. Kerakoll collaborates with all those who share the same passion for excellence and the same commitment to working responsibly, sustainably and transparently in the following 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

To use the best knowledge (technical, applicative, scientific, industrial, etc.) as a tool for growth, in order to develop building products of the highest quality in terms of technical and environmental performance, and with as little impact as possible on the health and safety 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

To develop highly innovative industrial standards aimed at significantly reducing the environmental footprint of production, logistics and supply chain processes, including the extraction of resources, the use of energy, the use of toxic substances, and the control of waste and greenhouse gas emissions, with a view to decarbonisation.

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 non-profit organisations, foundations, third sector bodies, sports associations, religious organisations and local communities in projects that aim to have a positive impact on peoples' health and their social life, involving disadvantaged people or people experiencing different sorts of problems, with positive impacts on the environment in which we live and on the 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
---------	-----------------------

Financial data	2023	2022
Sales revenue	513.383.671	517.343.893
Operating profit	85.781.370	83.924.744
Results for the year	98.336.579	52.185.495
ROI	15,1%	17,4%
ROE	25,3%	17,9%
ROS	16,7%	16,2%
Current Ratio	2,28	1,92
Acid Test	2,02	1,58
Coverage ratio	1,70	1,57
Consolidated financial data	2023	2022
Sales revenue	774.140.590	744.437.740
Operating profit	111.753.394	99.484.402
Results for the year	86.010.680	63.944.110
ROI	15,3%	15,4%
ROE	17,5%	15,8%
ROS	14,4%	13,4%
Current Ratio	2,46	2,33
Acid Test	2,13	1,90
Coverage ratio	2,07	2,04

2023 impacts and targets for 2024



1 Greenbuilding

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

To use the best knowledge (technical, applicative, scientific, industrial, etc.) as a tool for growth, in order to develop building products of the highest quality in terms of technical and environmental performance, and with as little impact as possible on the health and safety of customers, installers and home users.

2023 impacts

Circular economy

Mi.Gra., a company in the Kerakoll¹ group, exploits for industrial purposes the mineral waste resulting from the processing of marble quarries in the heart of the Apuan Alps; it manages the entire recovery and transformation process within a precise environmental redevelopment and restoration plan, drawn up in collaboration with the Parco Naturale Regionale delle Alpi Apuane. This enables us to drastically cut the use of natural resources, saving over 70% of CO₂eq emitted by the extraction and use of virgin minerals. In line with what Kerakoll has already achieved, Mi.Gra. has also begun the process of acquiring Benefit Company status. This means establishing the commitment to combine business with principles of social and environmental sustainability as an aim of the company. Mi.Gra. has identified four areas of impact: Environment, Sustainable Partnerships, People and Communities. For each of these, the company has established specific shared benefit targets that will be adopted in the company's statute in 2024.

In 2023 we used around 250,000 tons of ISO 14021 certified recycled calcium carbonate, almost 70% of which came from the recovery activities of Mi.Gra. This corresponds to about 30% of incoming materials by weight.

Packaging

In 2023 we decided not to participate in the CONAI Packaging Ecodesign Competition – as we had done in 2022 – since we would only have been able to consider the year of 2022, when no additional recycled materials were introduced. Despite this we remain committed to increasing the sustainability of our packaging and introduced new packaging made from recycled materials during the course of 2023.

Product sustainability certifications

We also remain committed to getting a third of our products certified for their social and environmental performance.²

Review of 2023 targets

Objective	Condition	Notes
Increase the percentage of recycled raw materials used.	Partially achieved	The raw materials mix changed and prevented us from further increasing the contribution of recycled materials. The percentages remain stable.
Progress towards sustainable packaging, with an increasing preference for recycled or certified packaging materials.	Achieved	
Increase the coverage ratio of product sustainability certification.	Partially achieved	Activities in 2023 led to a substantial improvement in this indicator, which is recalculated every three years.

Targets for 2024

- To formalise the certification of Mi.Gra. as a Benefit Company
- To enter the 2024 CONAI Packaging Ecodesign Competition on the basis of packaging introduced in 2023-2022.
- To increase the percentage of sales with third-party certification.

¹ Kerakoll has a 74% shareholding in Mi.Gra. The remaining 26% shareholding is held by the Municipality of Minucciano.
² The percentage of products covered by certification with respect to total Kerakoll sales is measured every three years.

2023 impacts and targets for 2024



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).

2023 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. This is being done through the use of a product sustainability measuring tool – the GreenBuilding Rating – for all our products. This instrument allows us to monitor and systematically improve impacts and, at the same time, increase stakeholders’ awareness of the sustainability of Kerakoll products. SGS, the leading international certification body, recognises the GreenBuilding Rating as “a reliable, complete and essential measurement method that guarantees the environmental sustainability of products”. In 2023, the average value of this rating, calculated on the basis of our entire product range, reached 3.2 out of 5.

LCA studies according to EN 15804

In parallel with the GreenBuilding Rating, which is easily understandable to all stakeholders, Kerakoll has carried out an environmental impact study according to EN 15804 covering a significant part of its product range. Our Environmental Product Declaration process is certified by SGS and allows us to publish EPDs autonomously. Over the course of 2023, Kerakoll published 12 EPDs, in line with the targets we had set ourselves. We also reorganised and improved support in terms of partnerships aimed at responding more effectively to the growing number of products subject to EPD.

SLCA (Sustainability Life Cycle Assessment)

With the support of NATIVA, we are continuing our trial of SLCA (Sustainability Life Cycle Assessment), an analytic methodology based on decades of scientific research which provides an all-round evaluation of a product’s sustainability profile based on two variables:

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

Review of 2023 targets

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

Targets for 2024

- To design a new GreenBuilding Rating instrument in line with SLCA (Sustainability Life Cycle Assessment) methodology and with the Green Claim Directive.
- To continue with LCA studies and Environmental Product Declarations and to complete the analysis of at least 20 products in 2024.

2023 impacts and targets for 2024



3 Innovative processes

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

To develop highly innovative industrial standards aimed at significantly reducing 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, and the control of waste and greenhouse gas emissions, with a view to decarbonisation.

2023 impacts

Sustainable logistics

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). Since then, every year we have confirmed the Kerakoll Group's commitment to sustainability, including through transport logistics initiatives. In 2023, this led to scheduling over 660³ trains, effectively removing over 17,000 trucks from the road and transporting over 272,000 tons of material, achieving a significant improvement of around 12% over the previous year (when over 240,000 tons were transported). At the same time, the project also delivered notable improvements to liveability and safety in mountain villages that had previously been afflicted by heavy truck traffic.

Energy from renewable sources

In 2023 as in previous years, Kerakoll remained committed to its energy policy, purchasing 100% renewable electrical energy sourced from low-impact technologies for use in company activities. In addition to self-produced energy (2% of the needs of Kerakoll SpA, 21% for the site in Zimella - Verona), electrical energy purchased from the national grid comes with certificates of Guaranteed Origin. Thanks to this initiative, in 2023 Kerakoll avoided the emission of 4,500 tons of CO₂eq⁴. Our company has also set up a central Energy Management team tasked with developing an Energy Management System that defines energy policy, sets and reaches energy and sustainability targets, and undertakes the actions necessary for continuous improvement in energy performance through a systemic approach, reducing energy costs and consumption and increasing competitiveness.

Company fleet

In 2023 we again updated our car list, adding three full hybrid models. Despite the introduction of additional hybrid vehicles with low emission factors, the mean reference parameter for 2023 came to 131 g/km. This slight increase compared to the previous year was principally due to the need to introduce special purpose vehicles with higher consumptions. This situation induces us to directly monitor the consumption of our fleet and to establish conditions conducive to achieving better results in coming years. We shall therefore be working on changes to company culture and on the adoption of virtuous behaviour without imposing actual rules.

³ Assessment considering all intermodal routes and including the return of empty containers.

⁴ Calculations took into account the emissions avoided through the use of low-impact sources and self-produced and consumed renewable energy.

Review of 2023 targets

Objective	Condition	Notes
To increase the use of intermodal transport to move around 37,000 tons/year of material, equivalent to 100 trains of 26 containers, removing around 1,326 trucks/year from the roads.	Partially achieved	We have achieved an increase of 32,000 tons/year instead of 37,000.
Confirm the purchase of 100% electricity from renewable sources and evaluate the implementation of energy efficiency solutions.	Achieved	
Further improve the emission factor of the company fleet through the introduction of hybrid and electric vehicles.	Partially achieved	We have introduced additional hybrid vehicles and have plans to introduce all-electric vehicles, but the emissions factor has increased slightly because of the need to add more powerful, special-purpose vehicles with higher emissions.

Targets for 2024

- To implement an energy management system and to create an organisation for monitoring energy usage, with the installation of around 40 measurement points and a platform for collecting and analysing energy data.
- To begin the process of obtaining ISO 50001 certification for the energy management system.
- To implement a long-term plan for improving the sustainability of mobility, and to provide a charging station and an e-pool car for each production plant in 2024.
- To identify driving style and fuel consumption monitoring software to encourage virtuous driving habits.
- To install photovoltaic systems producing over 600kW of power in 3 plants.
- In the context of ISO 14001, to define KPIs designed to improve packaging and production waste management processes and to reduce the amount of waste produced.
- To consolidate our use of multimodal transport by increasing quotas on the Massa Industrial Area – Dinazzano route and, in addition, promoting an international intermodality project.





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.

2023 impacts

The Supplier and Partner Code of Conduct

Through our code of conduct for suppliers we ensure application of the highest standards of environmental protection, worker safety, equality and respect along with ethical practices throughout the supply chain. In 2023 we further disseminated the use of this tool in contractual relations, launching collaborations increasingly based on the generation of shared social and environmental value.

Strategic partnerships

With suppliers and key actors we establish medium-long term strategic partnerships of up to 30 years in order to collaborate more closely and set shared targets.

Relationships are built on a shared strategic fit, based mainly on commitment to sustainability, innovation and a focus on people.

The aim is to develop production and logistic solutions capable of driving a positive transformation in the sector by introducing innovative practices with low environmental impact.

We seek partnerships with companies – from innovative start-ups to large multinationals – who offer products and services complementary to those of Kerakoll in order to extend our vision through an ecosystem of innovative players who support sustainability.

In conjunction with Garc – a B Corp certified leader in industrial construction that has always been supportive of sustainability – we launched a project to build a new plant in Sassuolo. This ambitious programme has consolidated the partnership between Garc SpA SB and Kerakoll, and has already led to the demolition of old buildings, the recovery of materials and the reclamation of the area concerned. Kerakoll's new industrial complex will be built on the reclaimed site. The area will cover over 26,000 square metres and will require an investment of over 100 million euros. Garc SpA SB is scheduled to complete the complex by 2025.

The new industrial complex will have a significant impact on the local community, generating jobs for over 100 people, especially in production, research and development. The neighbourhood will also benefit from the redevelopment of a previously disused area on the way into the Sassuolo ceramic district.

The new complex has been designed using innovative technologies and with a special focus on environmental sustainability, the use of photovoltaic panels and the integration of green spaces within the urban environment. The new site will house a total of 7,670 square metres of photovoltaic panels generating 1.6 MW and saving around 840 tons of CO₂ a year. Also in the plan are 27,000 square metres of green space and the planting of around 140 trees.

Interdependence

Embracing the Benefit Company model, we joined a community of companies determined to promote a new, regenerative business model.

With B Corp certification, we joined an elite group of companies with whom we share values and vision for the future. We have therefore embraced the principle of Interdependence as declared at the beginning of this document.

In May 2023 we took part in the B for Good Leaders Summit in Amsterdam along with many other industry leaders and global companies whose activities are based on sustainability. Participation in this event allowed us to meet other companies who see sustainability as a key factor in success and to reflect on how a change in paradigm is indeed possible but needs practical actions, investments and courage in order to have a real effect on consumers, citizens and communities.

Also, in October 2023, we sponsored and played a key role in the B Corp Summit in Milan. Along with 230 other Italian B Corps, we attended the 2023 #TimetoB Summit. This provided a great opportunity to consolidate links and reflect on how to accelerate progress towards a new economic paradigm.

Claudio Motta, Chief Operative Officer of Kerakoll Group, took part in a panel discussing Benefit Companies. The panel included Monica De Paoli, Vice President of Assobenefit and was moderated by Paolo di Cesare, co-founder of NATIVA. Discussions focused on the importance of Benefit Company status, which Kerakoll achieved in 2021, and its implications for multinational companies in terms of governance and commitment to society and future generations.

Review of 2023 targets

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

Targets for 2024

- To consolidate the ESG evaluation of existing and potential suppliers and strategic partners, leading to the definition of a strategic direction and shared improvement plans.
- To create a tool for defining specific ESG targets for each strategic partnership.
- To establish and develop new partnerships with sector leaders in order to create value for the community.

2023 impacts and targets for 2024



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.

2023 impacts

Kerakoll participates in collective actions and collaborates systematically with universities and scientific research institutes with the aim of developing technologies key to sustainable innovation in the building sector and investing in specific innovative solutions destined for the market.

CO2alizione

Through CO2alizione Italia, Kerakoll and over eighty other Italian companies have joined forces to raise awareness of the need for climate neutrality, undertaking to progressively adapt their business models to meet the needs of an economy with zero greenhouse gas emissions, in line with European climate neutrality targets and Italian green transition targets.

2023 was the first year for us to participate in this initiative. It introduced us to other excellent companies with whom we can develop solutions to the common challenges that affect everybody, even outside business. Activities in 2023 were characterised by participation in workshops discussing the development of strategies for decarbonisation, reporting, offsetting, green logistics, procurement and packaging. These activities allowed us to take stock of the situation and to lay firm foundations for work in 2024, when we aim to our consolidate progress so far through an effective governance model.

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 2023 we analysed the results of tests performed by Eucentre, with whom we developed experimental procedures in 2022. These results provide us with useful data for safer and more efficient system design with a view to building homes in which people can feel increasingly safe.

Research with universities

We regularly collaborate on postgraduate projects with the universities of Modena and Reggio Emilia, Bologna, Parma and Trento. We suggest topics for research based on ongoing projects, generally targeting innovation and sustainability: we strive to encourage projects likely to make a real contribution in this direction, rather than purely technical studies the advantage of which is solely not having negative impact.

Every year we welcome students from these universities for periods of two to six months, helping them to perform the tests required for research aimed at the development of increasingly sustainable formulae and products, such as low-clinker binding agents and organic materials from renewable sources. In particular, in 2023 we collaborated on the following projects:

- with Trento University we began a research project aimed at studying the corrosion resistance of new Kerakoll formulae – the so-called alternative cements which contain less clinker than conventional products;
- with Bologna University we worked on two theses - one already completed and one due for completion in 2024 - investigating hybrid prepolymers made from sustainable materials and examining binding agents made from alternative cements containing less clinker (cement powder); with the University of Modena and Reggio Emilia we worked on a three-year experimental thesis investigating cements made from circular economy materials;
- with Parma University we helped finish important research begun in 2022, leading to the student being employed in our Laying division.

Guru della Posa – Laying Guru

In 2023 we presented H40 Guru della Posa (Laying Guru), our first web-based series dedicated to telling the stories of the tiling professionals with whom Kerakoll works every day. The series adopted a docu-reality style that realistically and engagingly illustrated on-site work and also presented personal experiences and daily challenges. The name of the series comes from the iconic H40 line of gel-adhesives that helped write the story of Kerakoll and that revolutionised the world of tile laying. Each episode is dedicated to a particular type of tiling: from high-rise installations to high-tech applications, with a clear focus on sustainable laying techniques. Speaking to specialists in sustainable building, we discuss the impact of construction materials and the importance of working with partners who have a responsible approach to the environment and people. The recovery of historically valuable floors is equally important: the series also looks at the historic and cultural heritage of Italy and other countries and examines the recovery of sites of historic and cultural importance using Kerakoll products. The restructuring of a historic palazzo in the centre of Bari serves as an excellent example.

Review of 2023 targets

Objective	Condition
To increase Kerakoll's 2022 level of collaboration with cultural entities and scientific research institutes and to begin at least 3 new projects.	Achieved

Targets for 2024

- To draft and implement a decarbonisation plan measuring our Group's carbon footprint and establishing targets for its reduction.
- To finalise our research project with Trento University evaluating the corrosion resistance of alternative cements with a view to decarbonising the cement supply chain, and to complete the doctorate thesis in industrial chemistry with Bologna university investigating the sustainability of laying adhesives, the writer of which is due to speak at the Rilem 2024 convention.
- To continue raising awareness among stakeholders through campaigns focused on physical and environmental wellbeing on work sites, in collaboration with the Benefit Company ICS Maugeri SpA.

2023 impacts and targets for 2024



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.

2023 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 2023, our products certified EC1 plus according to GEV methodology or classified A+ by "Emission dans l'Air Intérieur" labelling come to over 600. We have also planned to acquire two new VOC chambers, taking the total number in service to 14.

With this expansion we hope to carry out a larger number of emission tests, a fundamental step in the formulation and development of new products. Since indoor air quality is such an important aspect of the healthiness and sustainability of our products, extending our capabilities in this direction will allow us to respond more rapidly to the demand for highly sustainable products.

Safety Week

In February 2023 we held Safety Week, an event dedicated to Health and Safety and one of the new additions to the supplementary labour agreement for 2022-2024. The event introduced various practical workshops and training courses, including some in collaboration with local bodies and associations. The initiative lasted for 14 non-consecutive days and involved webinars and activities in presence at our Sassuolo, Rubiera, Brugine and Zimella sites. Prizes were given to participants in at least three of the initiatives. The positive feedback we received has convinced us to continue working with people to organise opportunities for continuous training, discussion and mutual learning.

Review of 2023 targets

Objective	Condition
Continue to design products that are safer for workers and healthier for end users.	Achieved

Targets for 2024

- To continue developing innovative, high-performance and increasingly sustainable products with the ultimate aim of offering solutions more and more in line with our vision of sustainable living.
- To repeat Safety Week.
- To further integrate environmental and safety aspects into the operations of all departments with a view to developing a common culture in line with company principles.

2023 impacts and targets for 2024



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.

2023 impacts

Remote working

We are continuing the practice of smart working according to the innovative Kerakoll model. A large number of people joined the scheme last year. 50% of new employees have signed an individual smart working agreement and in total 425 people have worked remotely for around 29,000 employee-days/year. This has permitted a saving in CO₂eq emissions of around 279 tons of CO₂eq⁵ for the mobility of Kerakoll personnel.

K Program

The K Program came to an end. This project saw the active participation of 28 champions representing the entire Kerakoll population in a variety of workshops, leading to the definition of new behaviour for Kerakoll people. The workshops that began in 2023 involved all function managers in an initial stage and then the entire Kerakoll population, and led to the inclusion of behaviour in management performance evaluation documents.

Welfare

The trial of the welfare plan at our Brugine and Zimella sites continued through 2023: employees received a welfare credit for use on a range of activities, expense vouchers or reimbursements. Various training days were organised on the portal along with corners dedicated to special one-to-one meetings designed to help people make use of the service provided. In addition, agreement was reached with the unions to enable people to choose whether to convert result premiums into welfare credit (partly or completely).

Supplementary agreement at our Veneto sites

A new supplementary agreement covering our Veneto sites was undersigned, introducing various initiatives in a "people first" approach. Here are the main innovations.

- Result premium: based on company performance.
- Solidarity time bank: to encourage a sense of community, workers can voluntarily and freely cede days of holiday or unpaid leave to colleagues who need them to assist ill or disabled family members.
- Safety at work: "Safety Week" was organised, with five days of seminars and meetings with experts on health, safety, the environment and wellbeing.
- Parental leave: to offer real and effective support for parenting, additional days of paternity leave were introduced as well as days of leave for children's integration into primary and secondary schools.
- Promotion of equal opportunity: all search and selection projects for new positions must now include at least one woman in the final short list for candidates.

⁵ Hypothetical calculation: emission factor estimated at 167 g/km (source: Ispra).

K Cultural Days

2023 saw the introduction of K Cultural Days, a series of guided visits reserved for Kerakoll people, designed to stimulate a culture of beauty and craftsmanship and to strengthen our sense of community. The first visit was to Modena Cathedral. Later came visits to Villa Vigarani Guastalla in Fiorano Modenese, the Duke's Palace in Sassuolo and many other locations. The initiative proved extremely successful and was seen as a great occasion for getting together and enjoying a new 'Kerakoll style' experience.

BSS and work climate surveys

The second Brand Strength Score Survey was carried out in March 2023, aimed at assessing workers' level of engagement with Kerakoll. Among the various KPIs (Key Performance Indicators) used, Net Promoter Score for 2023 reached a value of 49 (out of a range of +100 to -100). In parallel with this initiative, work climate analysis was undertaken through structured interviews to assess the level of wellbeing felt by people in the functional areas involved. The results obtained provide a solid basis for defining action plans and dealing with identified criticalities.

Top Job

In 2023 for the second year running we were included in "Top Job – Italy's Best Employers", the report issued by ITQF, the German Quality Institute, in the "Chemical Products" category.

This recognition confirms the progress we have made in building workplaces that promote relationships based on flexibility, trust and autonomy.

We have run various initiatives in favour of our people over this last year: the new supplementary agreement, Safety Week, the K Lunch canteen in Brugine and start of construction of our new industrial complex in Sassuolo, where we plan to employ an additional 100 people.

Review of 2023 targets

Objective	Condition	Notes
Continuation of the pilot welfare scheme across Veneto sites and the added option of converting the performance bonus into welfare.	Achieved	
To finalise a supplementary agreement for our Veneto sites introducing initiatives in favour of parenthood, a solidarity time bank like that of our Emilian sites, a series of contributions aimed at improving healthcare and pension coverage for the immediate family and a commitment to reduce the gender gap, especially in Operations.	Achieved	
To create a diversity and inclusion dashboard for measuring impact, raising awareness and driving continuous improvement.	Not achieved	Diversity&Inclusion is monitored, but not by means of a dashboard as the project has been integrated into a larger project covering HR communications and management.
Definition of an action plan to boost the engagement of people downstream from results arising from the BSS (Brand Strength Score) Survey.	Partially achieved	The action plan is still being implemented.
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.	Not achieved	We are still evaluating how best to provide this kind of support.

Targets for 2024

- To renew Smart working contracts and transform them into permanent employment.
- To extend flexible working times.
- To roll out the welfare plan to all Kerakoll sites.
- To replicate the Brand Strength Score Survey and repeat it annually.
- To continue work climate surveys, using structured interviews to assess the wellbeing of employees in other areas of the company.

2023 impacts and targets for 2024



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.

2023 impacts

PMP (Performance Management Process)

In 2023 we introduced various developments in our PMP process: we extended upward feedback (assessment of the manager by employees) to Research, Development and Quality. 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. This assessment method was also extended to and trialled in Product Marketing. We also reviewed the timing and forms used for Performance Assessment, introducing common performance factors and using Kerakoll's new Leadership Framework to encourage virtuous behaviour and personal development.

Leadership Academy

We also concluded the first edition of our Leadership Academy, a highly experimental training path. This programme saw the active participation of managers from Marketing and Sales. Its main objective was to harmonise the way in which teams are managed according to the Kerakoll leadership model, through various training sessions designed to acquire specific competences. The second edition of the Leadership Academy began, involving the first line of management and leaders from Sales.

Kerakoll Succession Planning

2023 saw the start of the strategic Succession Planning project which is intended to validate our International Business organisational model, develop a shared definition of "key role", and verify the robustness of succession planning by mapping leadership capacity and identifying transversal talents within our organisation.

Last year we concluded the International BU Organizational Design phase and finished the first Development Center cycle aimed at 113 people in Italy and abroad (top management), complete with the return of individual feedback. We also defined our new Leadership Framework.

Internal Job Posting

Last year saw the first Internal Job Postings: newsletters for all Kerakoll personnel published and described positions open within the company and people were given the chance to apply and seize these opportunities for personal development.

This initiative led to three positions being filled by internally selected candidates over the year.

Employer Branding

Many initiatives targeting young people were organised with state schools, universities and business schools: these included career days, school presentations and courses delivered through visits to company sites. These Employer Branding initiatives were aimed primarily at contacting and attracting top talents. 2023 also saw the organisation at our headquarters of various group assessment sessions that proved a great success with the young graduates involved. 4 young graduates were employed in Brand Marketing & Communication under a training contract destined for transformation into permanent employment and a career in the company.

Review of 2023 targets

Objective	Condition	Notes
To extend the upward feedback trial to Product Marketing and Brand Marketing & Communication.	Partially achieved	The trial has been extended to Product Marketing.
Repetition of BSS survey and sharing of results in order to define a plan of initiatives at a Group level.	Partially achieved	The Survey was carried out at Group level and results obtained, while the initiatives plan is still being defined.
To extend the Leadership Academy training scheme to the first line of management and leaders in Sales.	Achieved	
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.	Achieved	

Targets for 2024

- To extend the “Leadership Academy” training scheme, involving leaders from Operations, excluding shift/line managers.
- To define succession tables and associated hiring plans covering identified risks. To define the Group Development Initiative Plan involving over 50 people from Italy and other countries.
- To implement the Learning Management System for the entire Group, defining a structured and standardised onboarding process.
- To insert a sustainability target into all MBOs.
- To roll out the Performance Management Process to the entire Group.
- To define and adopt a Group Job Model.
- International Business Unit Organisation: to implement the organisation model by promoting in-house talents and identifying outside talents using a structured hiring plan.



2023 impacts and targets for 2024



9 Civic engagement

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

Support non-profit organisations, foundations, third sector bodies, sports associations, religious organisations and local communities in projects that aim to have a positive impact on peoples' health and their social life, involving disadvantaged people or people experiencing different sorts of problems, with positive impacts on the environment in which we live and on the cultural heritage.

2023 impacts

FAI

Improvement of the places in which we live is an integral aspect of our DNA. With this in mind, as well as acting as Corporate Golden Donor, in 2023 we supported FAI (the Italian Environment Fund) in organising "Environment for the Environment", an initiative aimed at enhancing the experience of visits to Villa dei Vescovi, Padua. The project covers the creation of a new multimedia space to convey the value of the landscape, past, present and future. The initiative, which has already been adopted at other FAI assets, explains the importance of man to the landscape and aims at reviving awareness of the environment in tomorrow's citizens – concepts that are near to our heart and that we are committed to supporting as a natural evolution of our work as a Benefit Company.

Rock No War

For the last 5 years we have been supporting the Rock no War charity which works to promote international solidarity and to provide practical assistance in war zones and under-developed regions. In 2023 we contributed to the "Water is Life" project which aims to construct wells and irrigation systems in 12 countries around the world where the lack of clean drinking water endangers health and livelihoods. Through the fundraising activities of Rock No War, in 2023 we and other Modenese businesses also helped to donate a new, latest-generation VIO 3 electrosurgical unit to Baggiovara hospital near Modena. These activities represent a continuation of our civic engagement as a Benefit Company and B Corp in support of local projects that improve people's lives.

Albergo Etico (Ethical Hotel)

As a Benefit Company we are committed to initiatives that positively impact people and the local area. One of the initiatives that we have continued to support this year too is Albergo Etico, a project launched in 2006 to offer training and employment opportunities to youngsters – boys and girls – affected by Down syndrome. In 2023 we launched Passports to Independence, a three-year project that provides professional mentoring under the "Independence Academy" initiative. Kerakoll supports this initiative and has committed to continuing support for at least 3 years.

Carani Theatre Foundation

We are honoured to have supported the re-opening of the Carani Theatre, the cultural heart of Sassuolo, by donating materials needed for a refurbishment project that has restored the building to the local community after a closure of 10 years.

Le Luci di Comete (Comet Lights)

We provide stable support for Le Luci di Comete OdV, a local association that organises and promotes cultural and recreational events with the aim of raising funds for disabled persons and their families. Over the years the association has supported various projects, including the "League of the Golden Thread", which constructed a social and rehabilitative centre in Modena for the deaf and blind and for persons affected by psychosensory disorders. Le Luci di Comete currently provides a range of activities at the "I Portici" - Vignola social and rehabilitative day centre for the disabled, and also supports the ambitious "AFTER US" project linked to the Care Residence, which aims to create dedicated housing where people with serious disabilities can experience independent adult life.

Kevin Casali

We are proud to be associated with this athlete, whom we have supported now for 12 years since he began competing in the FISDIR (Italian Intellectual-Relational Paralympic Sport Federation) National Paralympics team. Kevin Casali is a Paralympic athlete from Castellarano, Reggio Emilia. He is European Champion in the 800 metres freestyle and holds the Italian record in the 1500 metres short course freestyle.

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, Kevin began swimming for fun, but excelled at it in school. Thanks to excellent trainers and with the encouragement of his family, he began entering competitions.

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. Our contribution in 2023 involved the donation of materials, sponsorship and funding with the aim of reaching the largest possible number of beneficiaries and creating maximum value for society.

Review of 2023 targets

Objective	Condition
To continue supporting non-profit organisations throughout 2023 in cultural heritage refurbishment and renovation projects destined for social purposes and to continue supporting social, healthcare and assistance associations.	Achieved

Targets for 2024

- To continue supporting non-profit organisations in cultural heritage refurbishment and renovation projects destined for social purposes and to continue supporting social, healthcare and assistance associations.
- To help Albergo Etico open new and maintain existing reception centres by donating materials.



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.

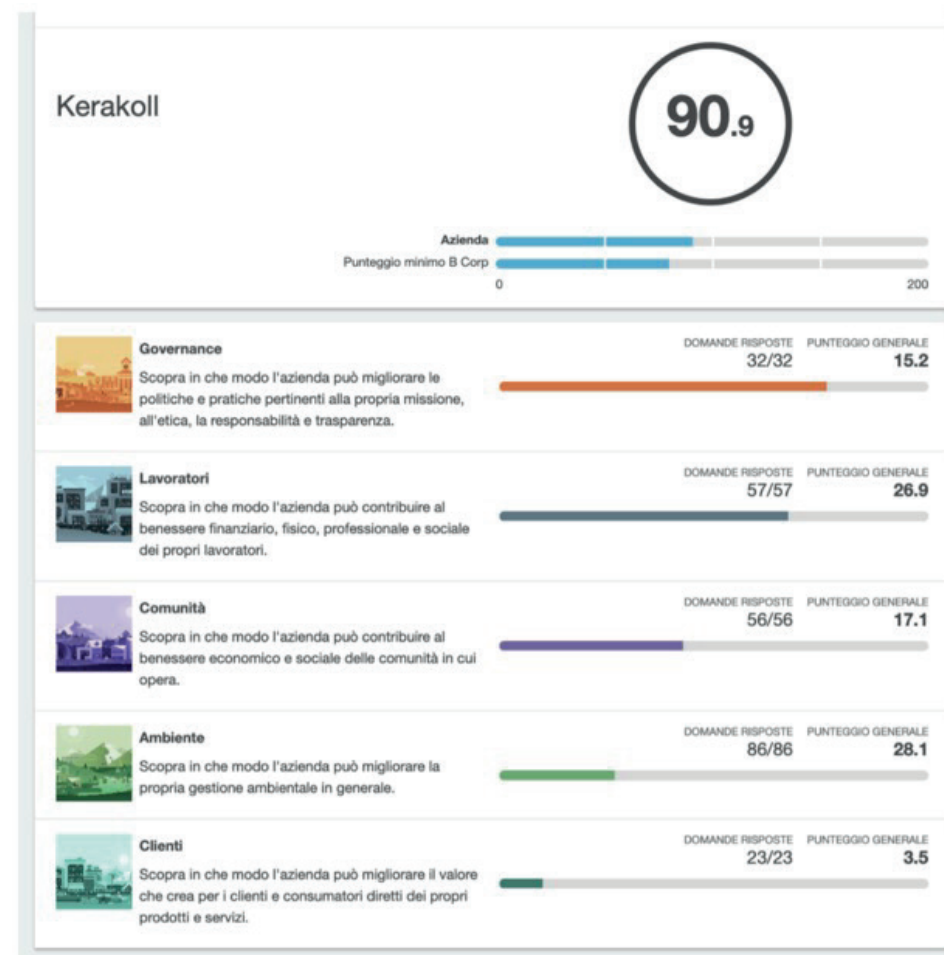
The analysis consists of answering around 200 questions on the practices adopted by the company in order to assess its impact and compare it with an international benchmark. BIA results are expressed as overall company ratings, ranging from 0 to 200, for the five main areas of impact taken into consideration.

- **Governance:** topics regarding ethics, transparency and company mission.
- **Workers:** themes related to health and safety, wellbeing and employee satisfaction.
- **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 alongside shows the results of the BIA from the assessment integrated with Beneventi Srl in 2023.

This document declares our 2023 sustainability performance as validated by B Lab in a perfectly transparent way.



kerakoll

Certified



Corporation

kerakoll.com