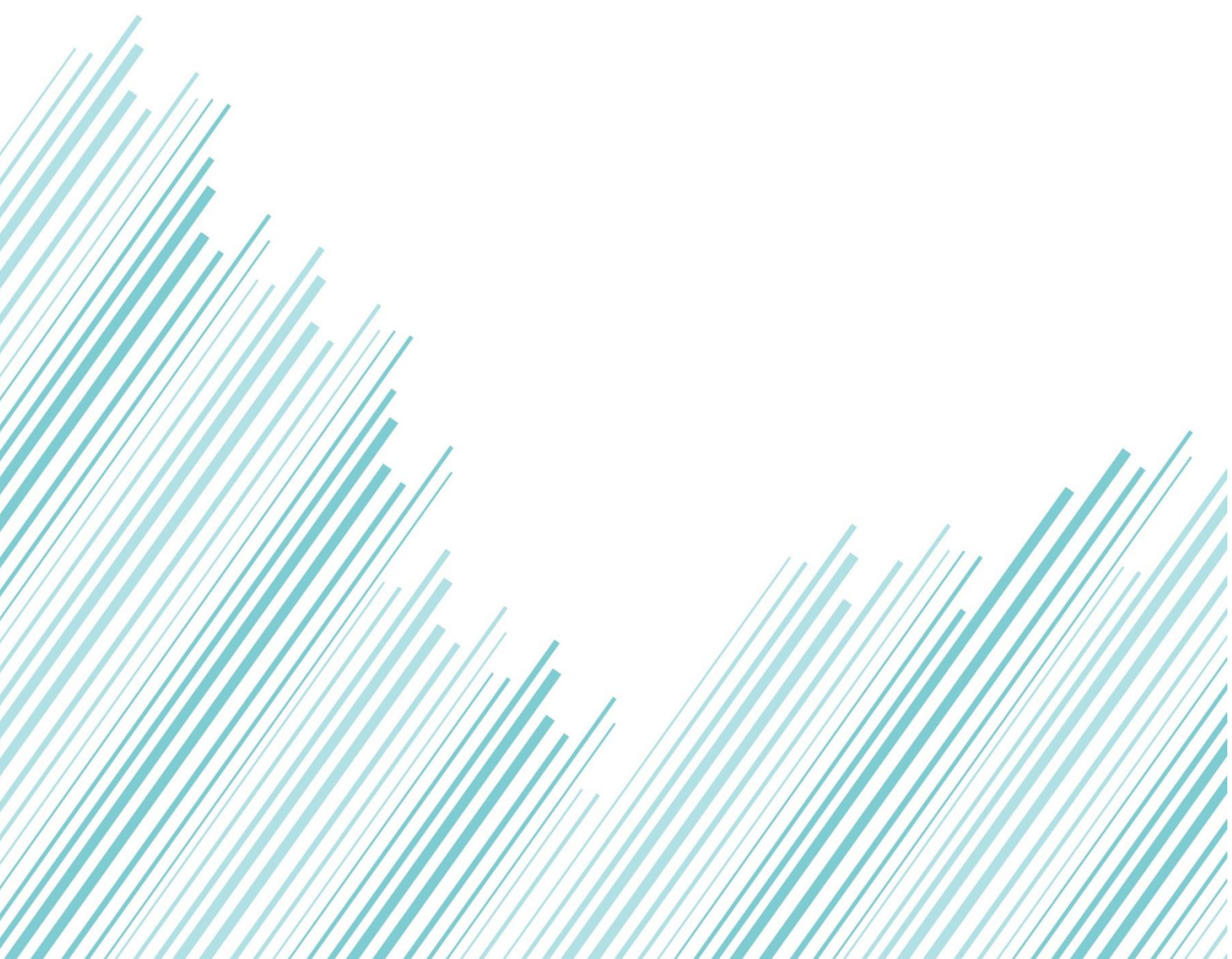




# **Penn Italia**

## ESG REPORT Corporate Sustainability Reporting 2024



## INDEX

<b>INTRODUCTION</b> .....	<b>3</b>
<b>THE COMPANY</b> .....	<b>5</b>
<b>ENVIRONMENTAL REPORTING</b> .....	<b>7</b>
LAND USE.....	7
ENERGY.....	8
EMISSIONS INTO THE ATMOSPHERE AND REFRIGERANT GASES .....	9
WATER.....	10
WASTE.....	10
PRODUCT PACKAGING.....	10
CHEMICALS .....	11
ENVIRONMENTAL SURVEILLANCE .....	11
<b>SOCIAL REPORTING</b> .....	<b>12</b>
FORMATION.....	14
WORKING at Penn Italia .....	14
HEALTH & SAFETY.....	16
SOCIAL SURVEILLANCE.....	17
<b>GOVERNANCE</b> .....	<b>18</b>
ECONOMIC VALUE GENERATED AND DISTRIBUTED .....	18
BUSINESS CONTINUITY .....	20
SURVEILLANCE GOVERNANCE.....	21

## INTRODUCTION

This report has been prepared to illustrate Penn Italia's commitment to environmental, social and governance issues.

ESG (Environmental, Social, Governance) criteria are indicators, consistent with GRI standards, that allow you to assess how a company behaves towards the following issues:



**Environmental**, respecting the environment in which it operates and actively working to reduce the environmental impact of its activities;



**Social** in terms of relations with local communities, employees, suppliers, customers and in general all stakeholders connected with the company's activities;



**Business management** inspired by ethical principles of business continuity, management control (Governance), ensuring maximum transparency of company decisions and choices.

**The birth of ESG logics** was taken up by the publication of the UN's 2030 Agenda for Sustainable Development, which through the 17 Sustainable Development Goals has inspired the strategies and ways in which sustainability is taking shape in States and Organizations and by the European Regulations for the double materiality of Financial Statements (NFS)



SUSTAINABLE DEVELOPMENT GOALS



**ESG indicators** are important because they allow, also through essential verifications, to make objective, measurable and comparable the environmental, social and governance activities that have guided Penn Italia's business operations for some time.



**The content of this report** is aimed at all interested parties and is the culmination of a "path of awareness" that has led the company to better understand the role it plays towards the environment and society.



**The structure of the report** is composed and includes an introductory section presenting the company's activities, followed by sections dedicated to each of the 3 macro-areas of interest of an ESG report.

The reporting period is for the year 2023.



## THE COMPANY

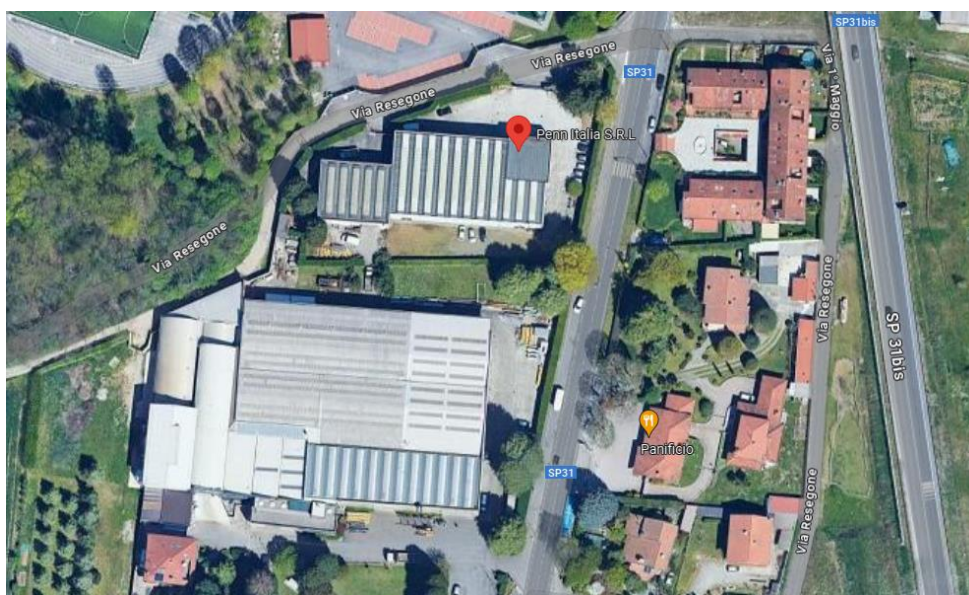
Penn Italia has several employees.

The number of employees in the year under review is:

Employees	n	2023
		12

Penn Italia (PI) was founded in 1987 and is a corporate partner of Penn Textile Solutions GmbH (PTS). Penn Italia guarantees the creativity, development and marketing aspects of the group, adopting the philosophy "Designed in Italy and Engineered in Germany", also dealing with external processes, such as dyeing for color cards service, various prints and flocking.

The image below shows the area where the Organization is located.



At the Italian site, the incoming semi-finished product is the fabric processed by Penn Textile Solutions (Germany) and a single other supplier in Slovenia.

Semi-finished product	Ton	2023	
		Germany	Slovenia
		188	26

The revenues recorded in the year 2023 are:

Economic value generated (Turnover or Total Revenue)	€	2023
		9,926,847



## ENVIRONMENTAL REPORTING

Penn Italia is strongly committed to environmental protection, both for the impacts that its activities can cause on the surrounding area, and on a broader spectrum in the protection of the environment at a global level, in the fight against climate change and in the prevention of impacts.

The company considers the impacts of its activity at 360° by adopting the "Life Cycle Perspective" logic, which means that it does not limit itself to evaluating only the impacts related to its production activity, but goes further by taking into account the entire supply chain and the environmental impact of its products including the end of life.

As a demonstration of its commitment to environmental issues throughout the supply chain, the company has defined criteria for the qualification of its suppliers. The organization has a total of 4 suppliers, of which 75% have been qualified with environmental criteria, while 25% guarantee full traceability along the supply chain.

To ensure careful management of the aspects and continuously improve in the reduction of impacts, Penn Italia has identified appropriate indicators and introduced monitoring and control actions of its performance.

The environmental aspects considered and the related indicators are illustrated below in dedicated paragraphs.



### LAND USE

The company-owned areas cover a total area of 2260 square meters.

Compared to the total area occupied, 300 square meters are intended for green areas or in any case not waterproofed, while 1260 square meters are intended for covered area and 700 square meters is the waterproofed outdoor area. The ratio between the waterproofed areas and the total areas pertaining to the company is 87%.

**ENERGY**

Energy is fundamental for the activities carried out by Penn Italia, the consumption of fuels and fuels is periodically monitored through appropriate indicators. The main energy sources and their consumption are summarized in the table below.

Energy	u.m.	2023
<b>Electricity consumed from the grid</b>	Kwh	43,297
<b>% of energy consumed from renewable sources</b>	%	45.82
<b>Natural gas consumption</b>	Smc	12,317

Fuel consumption related to transport or company vehicles is also monitored, under the details of consumption:

Fuel	u.m.	2023
<b>Diesel consumption for autotraction</b>	Smc	1.3

For all the fuels and fuels listed above and for electricity consumption, atmospheric emissions in tons of CO2 equivalent have been calculated, for details see the following paragraph.





## EMISSIONS INTO THE ATMOSPHERE AND REFRIGERANT GASES

Penn Italia is committed to reducing greenhouse gas emissions, i.e. the gases that cause global warming. In line with the provisions of the Paris Agreement of 2015, which envisages keeping the increase in the global average temperature well below 2°C in the long term, the company has calculated the quantities of CO<sub>2</sub> equivalent emitted by production processes in terms of energy consumption, transport and the emission of refrigerant gases into the atmosphere and implemented actions to reduce them.

In the table below the details of the company's emissions into the atmosphere:

Emission Source	u.m.	2023
<b>Transport of semi-finished products</b>	tonn CO <sub>2</sub> e	36.18
<b>Power Consumption</b>	tonn CO <sub>2</sub> e	19.79
<b>Natural gas consumption</b>	tonn CO <sub>2</sub> e	24.52
<b>Combustion</b>	tonn CO <sub>2</sub> e	3.58
<b>Transportation for product delivery</b>	tonn CO <sub>2</sub> e	6.63
<b>Total emissions</b>	tonn CO <sub>2</sub> e	90.07

Overall, the company emitted in 2023: 90.07 tons of CO<sub>2</sub>e from the use of electricity, fuels and fuels. Penn Italia has introduced the best technical and plant solutions for the abatement of pollutants released into the atmosphere and is equipped with the appropriate environmental authorizations.



## WATER

Penn Italia knows that water is a precious resource, which is why it is committed to reducing water consumption and preventing pollution. The company uses water only for domestic use.

For this reason, detailed data have not been reported, water consumption is a negligible amount.



## WASTE

Penn Italia is aware that waste is a resource to be enhanced, which is why, with a view to the circular economy, it prefers the recovery and reuse of waste as much as possible.

Since Penn Italia is not a production site, the only waste produced is household waste generated by office activities and disposed of through municipal collection.



## PRODUCT PACKAGING

On the Italian site, the fabrics are only cut, at a later time the products are shipped to the customer packaged with plastic film.

The quantity used is shown below:

Packaging	u.m.	2023
<b>PE Transparent Film 100MY H. 2500mm (kg)</b>	Kg	2,046



## CHEMICALS

The activities carried out by the company require the use of auxiliary chemicals, for the Penn Italia site, which already receives the semi-finished product, there has been no use of chemicals on the site.



## ENVIRONMENTAL SURVEILLANCE

During 2023, environmental protection audits were carried out, the details are available below:

		2023
<b>Annual Environmental Audit</b>	n	1



## SOCIAL REPORTING

For Penn Italia, people are the most important value. For this reason, the company is committed to the protection of its employees, to the constant guarantee of respect for the rights and well-being of workers and adequate working conditions throughout the production chain.

The company's operations are based on a Code of Ethics, i.e. a document that lists the principles of conduct and the ethical and social rules to which all company representatives must comply. The document also defines the ethical and social responsibilities of the company and the values it promotes.

The last revision of the Code of Ethics was carried out in the year 2023.

As a demonstration of its commitment to social issues throughout the supply chain, the company has defined criteria for the qualification of its suppliers. The organization has a total of 4 suppliers, of which 100% have been qualified with social criteria.

Penn Italia has an Independent Supervisory Body and an Organizational Model for the prevention of crimes.

The Supervisory Body has the task of constantly verifying compliance with the Organizational Model by all recipients, its effectiveness in preventing any crimes and its updating in the event of changes.

Penn Italia's attention to social issues is not limited to company boundaries alone, but promoted throughout the entire production chain. The company carries out a qualification of its suppliers that also takes into account social management criteria.

Supplier Qualification		2023
<b>Qualified suppliers with social/total management criteria</b>	100%	4

The table below shows some data that allow you to better frame the composition of the company population and in the reporting year.

Company Population		2023
Employees	n	12
Hours worked by company staff	h	20,560
Managers (managers, middle managers, supervisors)	n	1
Total number of employees	n	7
Total number of workers	n	5
Recruitment	n	1

The percentage of women is as follows:

Women / total	%	2023
		66.7

The youngest worker in the company is 23 years old. In general, the average age of the company's workforce is 46 years. In 2023, apprenticeship contracts were activated and there were 2 interns in the company.

The table below shows the composition of the company by age group:

Employees by age group		2023
Employees by age group: 16-18	n	0
Employees by age group: 19-35	n	2
Employees by age group: 36-55	n	8
Employees by age group: >55	n	2

Penn Italia is very attentive to the issue of equal opportunities in order to offer all employees the same opportunities at work, removing any form of obstacle that may limit the development of everyone's personality. The company is aware that differences can be an important asset and help achieve goals.



## FORMATION

Penn Italia knows that training means investing in people to increase the skills of each employee, but also of the work group.

In recent years, numerous training sessions have been organized on different topics and at different levels. In 2023, 68 hours of training were carried out for an average of 5.67 hours for each employee. Below is a breakdown of the training activities organized by the company during the reporting period:

Training hours		2023
Mandatory training hours	h	68
Mandatory training hours	%	100
Health-safety training hours	h	68
Mandatory training hours	h	68
Hours of training for specific health and safety risks	h	34

The hours of training carried out for each employee are:

Training hours / employee		2023
	h	5.67



## WORKING at Penn Italia

At Penn Italia , we know that a positive work climate is essential to achieve the set goals, but also to increase people's involvement and motivation. Positive and long-lasting relationships also promote the maintenance of the company's know-how in the long term.

All company employees are guaranteed freedom of association and the exercise of the right to collective bargaining.

For Penn Italia , diversity is a resource, which is why it is committed to creating an inclusive work environment that encourages the expression of everyone's potential. Diversity and inclusion aspects are also presented with the following indicators:

Diversity & Inclusion		2023
<b>Employees with foreign origins or citizenship</b>	n	1

Penn Italia is constantly striving to improve the well-being and quality of life of its employees.

One of the key goals the company has set itself is the introduction of an early closing policy on Fridays, allowing employees to finish the workweek at 1:30 p.m. This initiative aims to promote a better work-life balance by giving employees more free time to pursue their personal and family activities.

In 2024, Penn Italia has successfully implemented early Friday closing. This measure has had a significant positive impact on employees' well-being, improving their work-life balance.



## HEALTH & SAFETY

For Penn Italia, ensuring adequate health and safety protections in the workplace is an essential aspect for the performance of the company's activities. To this end, all prevention and protection measures have been adopted to minimise the risks associated with work activities.

A Head of the Prevention and Protection Service has been appointed in the company (last appointment made on 2016-03-11) whose task is to identify, assess and manage health and safety risks in the workplace and coordinate the Prevention and Protection Service.

The culture of safety at work is shared at all levels of the company through dedicated training sessions and through the appointment of Workers' Safety Representatives, who have the task of representing workers with regard to aspects of health and safety at work. Firefighting and First Aid Teams have been appointed and are subject to periodic updates to verify the necessary skills (last update First Aid Team made on 2022-07-08, last update Fire Prevention Team made on: 2018-12-05).

The proof of the effectiveness of the actions introduced for the protection of health and safety at work is given by the number of accidents recorded. Also in this case, monitoring is essential to allow the company to assess the situation and implement improvement actions.

	u.m.	2023
<b>Injuries</b>	n	0
<b>Injuries with more than 40 days prognosis</b>	n	0
<b>Days of absence from work due to injury</b>	Gg	0

In order to protect the health of its employees, Penn Italia carries out specific health surveillance based on the tasks performed by each employee. In the year 2023, 100% of workers were subjected to health surveillance.



The results of the monitoring are reported below:

		2023
<b>Recognised occupational diseases</b>	n	0
<b>Health surveillance</b>	n	12
<b>Employees subject to health surveillance</b>	%	100



## SOCIAL SURVEILLANCE

During 2023, ethical and social safeguards audits were carried out, details are available below:

<b>Annual Ethical/Social/Safety Audit</b>	n	2023
		1



## GOVERNANCE

When we talk about Governance, we refer to the structure through which business decisions are developed and the methods and tools for achieving objectives are identified.

For Penn Italia, Governance means defining the company's objectives, the structure of the management of processes and methodologies for achieving them, and the creation of a set of rules and tools through which to monitor their progress.

The fundamental principles that the Organization wants to promote through governance processes are:

- generation of shared value;
- long-lasting and resilient development;
- fight against corruption;
- responsible use of natural resources and the fight against climate change.

By strengthening its leadership in CSR (Corporate Social Responsibility) issues, Penn Italia is confident that it can achieve its goals and become a reference model in terms of sustainability and social and cultural responsibility.

Penn Italia has updated the Dynamic Organizational Chart , in which the roles and responsibilities of company personnel are defined, making the team more effective and mutually supportive.



## ECONOMIC VALUE GENERATED AND DISTRIBUTED

The generation of value is a fundamental aspect that characterizes the existence of every company.

For Penn Italia, generating value does not only mean making a profit from the activities carried out, but combining corporate profitability with social and environmental dimensions. During the company's operations, the environmental and social dimensions must therefore be protected in the long term without compromising economic and financial performance.

The company monitors economic performance in terms of economic value generated and distributed.

Net annual revenues are shown below:

Economic value generated (Revenue or Total Revenue)	€	2023
		9,926,847

The company has 515 active customers, who made purchases in the year 2023.

In order to assess the risk of turnover concentration, it has been calculated that 1 customer generates 50% of the turnover; therefore, the customers relevant to the company's business are the 0,2 %.

Penn Italia has a fund for risk management, i.e. a reserved portion of the balance sheet to deal with potential risks (non-payments, litigation, etc.) which is equal to 1,11% of the company's balance sheet and a supplementary customer indemnity fund which is equal to 2,08% of the company's balance sheet.

With regard to the economic value distributed, the table below shows the details calculated for the reporting year.

	u.m.	2023
<b>Current Asset</b>	€	6,007,671
<b>Current Passive</b>	€	2,087,970
<b>Equity</b>	€	4,099,484
<b>Payables to banks</b>	€	2,579
<b>Employee Wages &amp; Benefits</b>	€	473,302

A financial sustainability index based on the percentage ratio of financial expenses to net revenues has been defined, in 2023 reporting year was 0,02%.



## BUSINESS CONTINUITY

To ensure business continuity, the company must be able to assess and manage in advance the risks that could cause the interruption of activities or even undermine the existence of the Organization. By adopting risk management models at all levels, the company becomes resilient to change.

As far as the supply chain is concerned, Penn Italia has identified 2 significant suppliers, i.e. those that in the event of absence could cause problems for the continuity of business activities. Service providers such as waste disposal providers are also considered.

Regardless of whether or not they are significant for the business, 100% of the suppliers have been qualified taking into account criteria of correct governance such as the presence of specific certifications, code of ethics, Model 231, etc., i.e. essential requirements to be able to work with Penn Italia.

The company has equipped itself with a suitable and protected area for data management.

In addition to the supply chain, fundamental aspects for business activities were taken into consideration, such as risks related to climate change (already addressed in the "Environment" chapter), IT security and full legislative compliance.

The company did not receive any cyber attacks, but carried out simulations of attempts to capture confidential information or to allow "bridges" to the IT system through professional "trap" requests to the Organization's staff, in order to test the level of sensitivity in the company to the issue and the security of its systems.

The company was able to verify its resilience to change during the year 2019 due to the Covid-19 pandemic.



## SURVEILLANCE GOVERNANCE

During 2023, governance safeguards were carried out, details are available below.

<b>Annual Governance Audit</b>	n	<b>2023</b>
		1