



elleci
TOGETHER, WITH STYLE

Sustainability
report

2023

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Methodological note available at www.elleci.com



01

Introduction

Letter to the stakeholders

Two thousand and twenty-three: This year will always be remembered by Elleci as one of the most important. In celebrating our 30th anniversary, we recognised the remarkable and intense journey of growth that has led us to where we are today. A joint story that has brought entrepreneurs, employees, suppliers and partners together, united by a powerful vision: to believe in the power of technological innovation in improving the quality of life.

This insight has inspired the development of important new projects, including the opening of our second production plant and the ESG initiatives you will read about in our first Sustainability Report.

We firmly believe that today, more than ever, innovation is about responsibility. So, as we are accustomed to doing, we have drawn up a list of ambitious goals and developed a Road Map to achieve them by 2030.

We have embarked on a journey to improve our environmental performance, starting with the installation of two photovoltaic systems to cover our energy needs. Our ecological transition will continue in line with our objectives, based on 4 essential pillars: reduction of emissions, reduction of water consumption for production, introduction of renewable raw materials into our materials recipe, and reduction of waste generated by the production cycle. We hope to achieve a 50% reduction for each of the points listed above with respect to the reference year 2021.

In the social sphere, new policies will further strengthen our compliance with the principles we consider strategic in protecting our employees: talent enhancement, work-life balance, health and safety, and a sense of belonging. It is no coincidence that "Together" is the first word ac-

companying the new logo, Elleci Together, with style. It reflects the company's core values, recognising human capital as its greatest asset, promising to create a work environment where everyone feels respected and inspired to perform at their best.

Sustainability has long been the hallmark of the corporate governance guiding Elleci's evolution, focusing on people to improve consumer satisfaction and employee well-being, as well as generate value and wealth, all with the utmost respect for the planet, which we strive to preserve for future generations.

All this is the result of a beautiful team effort. So, with no further ado, I express my heartfelt gratitude and wish you all an enjoyable reading experience.

*Giancarlo Traversa
Founder & CEO*



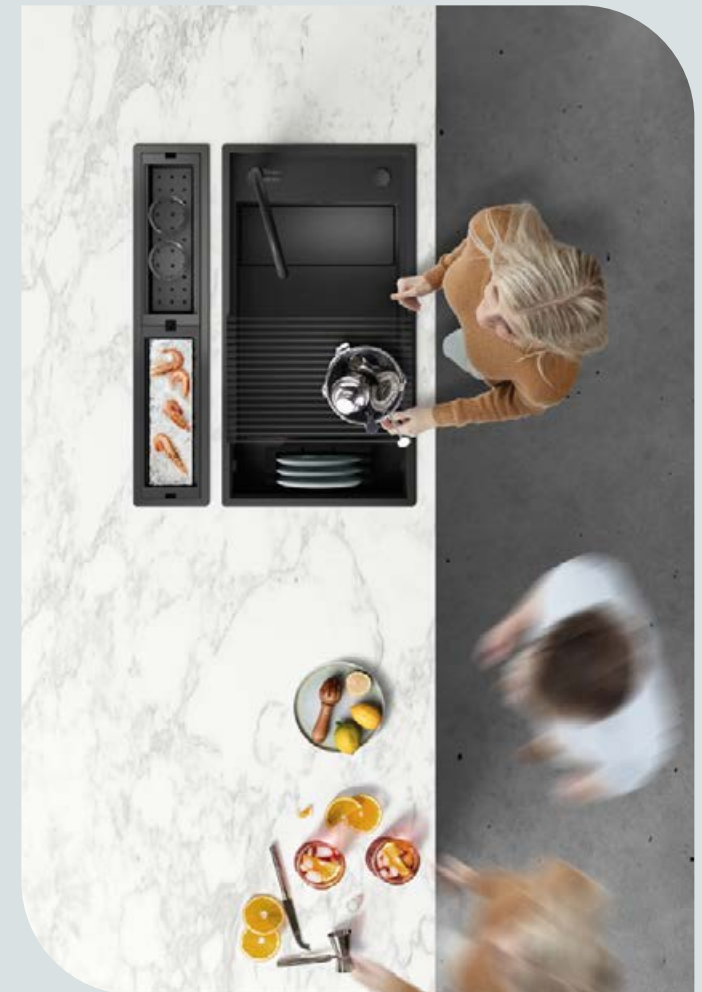
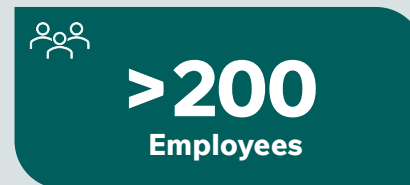
2023 Highlights

Overview

Italian leader in design, production and distribution of composite kitchen sinks

Founded in 1992 by the Traversa family, Elleci designs, manufactures and distributes sinks, composite sinks and design accessories for the kitchen and bath world.

With its headquarters in Pontinia (LT) and branches in China, Germany, Poland, the UK and soon the US, Elleci is a leading brand in Italy, which enjoys worldwide acclaim.



ESG Priorities

Process of determining material topics

In 2023, Elleci began mapping its material topics according to the reporting standards suggested in GRI 3. The first step was to analyse the organisational context, starting with a general overview of the company's operations and the relations subsequently generated with all stakeholders involved in the Elleci business model. Based on this analysis, the relevant material topics were identified, and the positive and negative impacts they generate were assessed. This was done considering double materiality, aligning the GRI standards with the new EFRAG standards, specifically ESRS, Annex I to EU Delegated Regulation 2023/2772. The material and financial impacts of each material topic were analysed both internally within the organisation and with key stakeholders. Lastly, the results of the prioritisation analysis were represented in the Double Materiality matrix.



Sustainability Goals

Road to 2030

Environmental

50% of the materials formulation matrix made from renewable raw materials

50% energy produced from renewable sources

50% reduction in water consumption for production

50% reduction in CO₂eq emissions

50% reduction in waste generated by the production cycle

Social

Definition of the rules governing the production bonus

Openness to discussion for the definition of a policy to activate an employee wellness program

Complete definition of the remuneration policy

Adoption of the D&I principles set out in the UNI/ PdR 125:2022 guidelines (Gender Equality)

Governance

Establishment of a Corporate Governance and Sustainability Committee

Updated Code of Ethics and internal ESG regulations

Adoption of stakeholder engagement policies on sustainability issues



02

Elleci
Company

Company

A story to tell, an experience to share

Individual talents and shared dreams pave the way for innovation. Thirty years ago, Giancarlo Traversa took the first step: With boundless creativity and unwavering perseverance, he established the bedrock of the family business, upon which now stands a global company, jointly led with his children.



Graziano Traversa, COO

Giancarlo Traversa, CEO

Veronica Traversa, CFO

Daniele Traversa, CIO

2000

G.P.S and Granitek

Elleci revolutionises the world of composite materials with G.P.S. technology: Granitek is born.

2012

The first Red Dot Design Award

The Dogma electrosink wins the prestigious international award.

2017

Keratek is born

The technological innovation of materials expresses its power in Keratek.

2021

100 examples of Italian Excellence

Elleci receives the award of honour for its contribution to Made in Italy around the world. Dialogo is the Best of the Best in style, ergonomics and rationality.

2022

Duratek is the bathroom project

From the most advanced nanotechnology comes Duratek.

2024

Sustainability report

The path travelled is documented in the first official report.

1992

Elleci is born

The first production plant is in Fondi. In 1999, Elleci inaugurates its new headquarters in Pontinia.

2009

Internationalisation

Shanghai opens the first Elleci branch, followed a few years later by others in the UK, Poland and Germany.

2014

Italian leadership

Elleci becomes the best-selling brand of composite sinks in Italy.

2019

Cross-selling

The Elleci product range is enriched with mixers, cutting-edge accessories and household appliances.

2022

Thirty years of success

Elleci celebrates its 30th anniversary with the grand "Futurability" event. Sintesi 510 wins the Red Dot Design Award and IF Design Award.

2023

The new plant

With the second ultra-technological and highly sustainable plant, Elleci doubles its production capacity. Spazio 900 wins the Red Dot Design Award and IF Design Award.

Company

Our values

We believe that excellence lies in achieving harmony between technological evolution and humanistic values.

Above trust

We aim to exceed expectations.

For thirty years, quality and reliability have been the cornerstones for our development of solid, lasting relationships that satisfy all partners involved.

Innovators at heart

We strive to achieve unique results.

Research and cutting-edge technologies are the tools we use to improve materials and create products that have a positive impact on people's lives.

Integration ahead

We offer state-of-the-art integrated solutions.

Modularity, versatility and integration are the principles according to which we design high-quality components, which can be either coordinated or used separately to develop customised solutions.

Beyond passion

Every day, we evolve with our hearts and our heads.

Combining intuition, passion and common sense has enabled us to achieve outstanding results; we encourage employees to apply logic, passion and creativity in every one of our projects.

Italian inventiveness

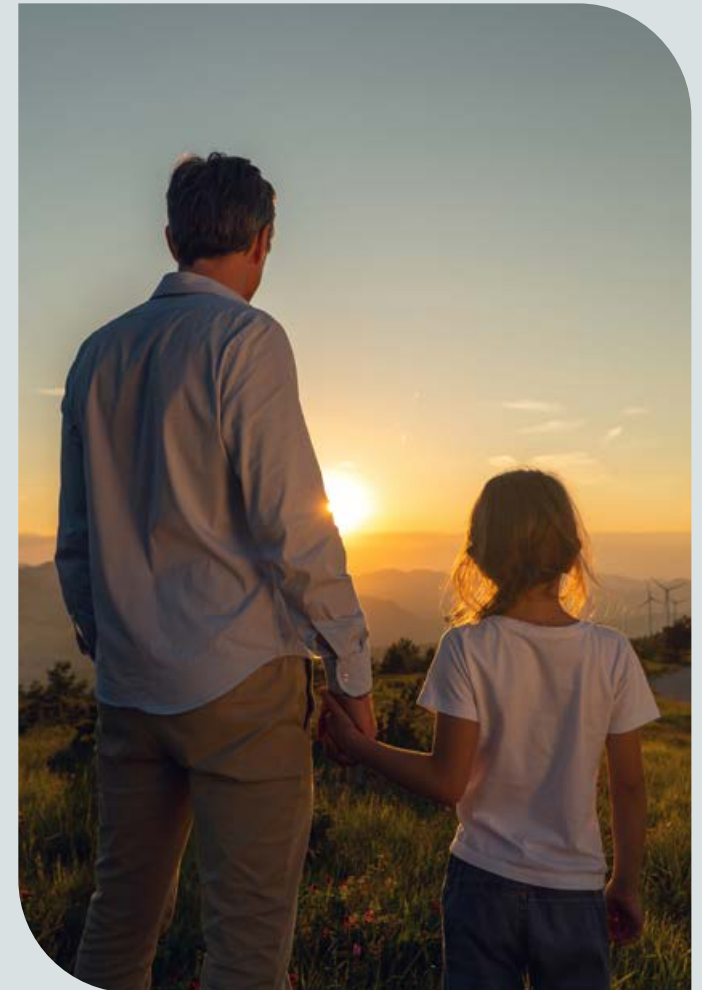
We combine ideas, design and practicality.

We are accustomed to addressing change with creativity and innovative thinking to find stylish solutions. Through our products, we promote a modern sensibility for all things beautiful, useful and pleasant.

Pioneering lifestyle

We anticipate trends and new habits.

We embrace progress and respond to new consumer needs. Our success is owing to our future-oriented approach, always one step ahead in providing people with inspiration and meaningful experiences in their daily lives.



Company

Elleci district

A space that grows to accommodate constantly evolving ideas

1 elleci plant 1

Historical production plant focused on flexible and customised production.

4 elleci care

Valuing and nurturing relationships: a space dedicated to enhancing trust with customers both before and after the sale.

2 elleci plant 2

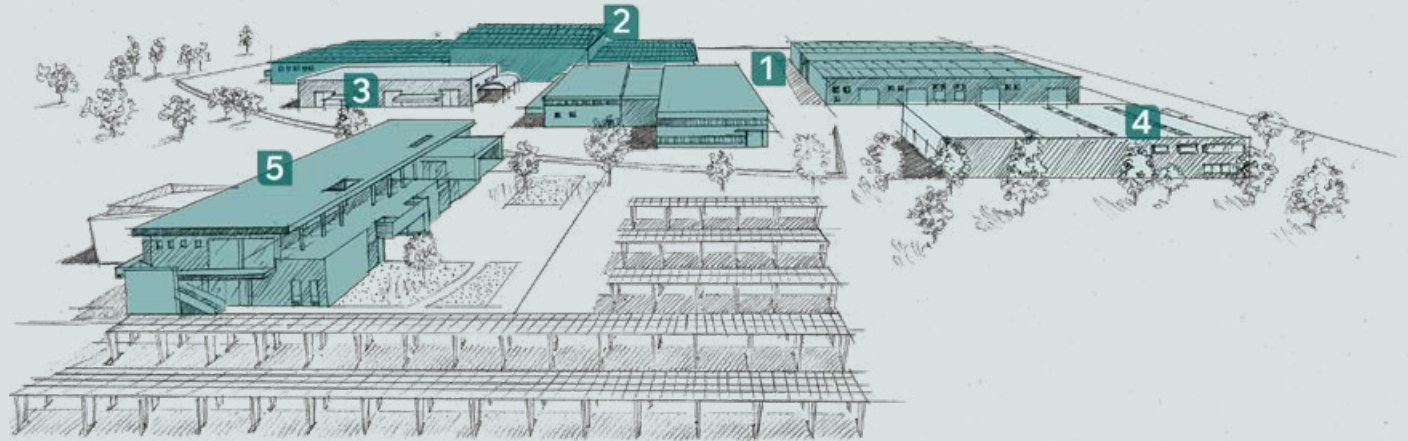
An independent, highly sustainable and technological production plant where tradition and know-how meet modern technology and automation.

5 elleci home (Incoming)

A reception and training area; a place where past and future visions coexist. A complete experience in the world of Elleci.

3 elleci innovation center

A permanent research and development laboratory where the most ambitious ideas take shape.



Company

Certifications

Company certifications serve as important recognition of our operating practices and standards.

ISO 9001:2015
Quality



Our ISO 9001:2015 Quality Management System demonstrates our commitment to customer satisfaction, quality products and services, and the continuous improvement of our processes.

ISO 14001:2015
Environment



Our ISO 14001:2015 Environmental Management System confirms our commitment to optimising natural resources and reducing the environmental impact of our business practices.

ISO 45001:2018
Health and safety

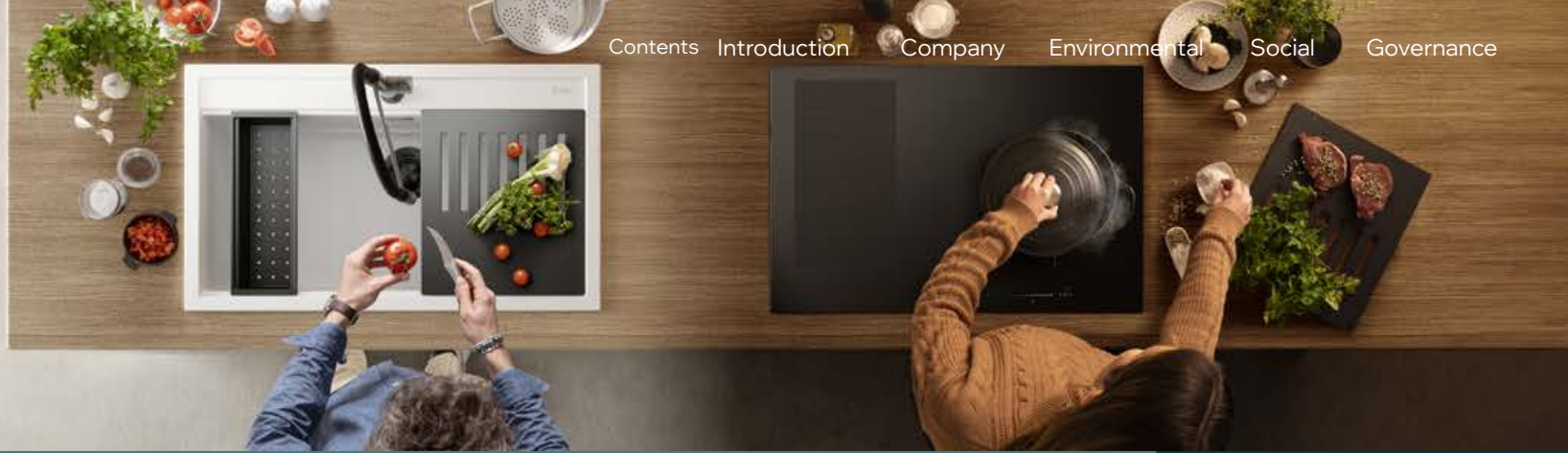


Our ISO 45001:2018 certification testifies to our commitment to the health and safety of our employees. We are committed to providing a safe and healthy working environment, adopting best practices to prevent accidents and protect the well-being of our employees.

These certifications not only confirm our dedication to quality, environment and safety, but also serve as a solid basis for continuous improvement and corporate growth. Our certifications are a source of pride, which we work to maintain and exceed, thus ensuring the trust of our customers, employees and the community at large.



The value chain



Resources Business model Value created

Environmental

We have commenced the ecological transition of our procurement by converting input resources into recyclable and renewable ones.

Social

Our success depends on our employees' knowledge and passion. We have the community at heart, representing the foundation of our values.

Governance

Transparency and financial stability are the values setting us apart. The company's identity is shaped by its human, sentimental and ethical relationships, contributing to Elleci's leading position in the market today.

- 8,342 t Raw materials
- 15,435 GJ Energy consumed
- 37,702 m³ Water resources
- 226 Elleci employees
- +6% Employees compared to 2022
- € 5 mln Investments in the digital transition
- € 29.7 mln Total net assets

82% completion of our second, fully independent plant



Human-centric and sustainable design are the guiding principles driving Elleci product development. We start by analysing people's needs, developing stand-out solutions in terms of aesthetic value, ergonomics and functionality, ensuring lasting durability.

We improve the working environment by promoting health, safety, inclusiveness and professional growth. We are aware that achieving our corporate goals depends on our ability to align financial growth with social well-being.

- 3,400 tCO₂e_q GHG emissions
- 1,884 t Waste generated
- 8,596 m³ Water consumption
- +32% New female hires compared to 2022
- 25,517 Total training hours
- 1.4 Accidents every 200,000 hours of work
- € 48.3 mln Revenue
- +20% Turnover growth rate in the last 5 years
- € 7.9 mln EBITDA
- +2 Prizes Spazio 900 wins Red Dot Award and IF Design Award

Company

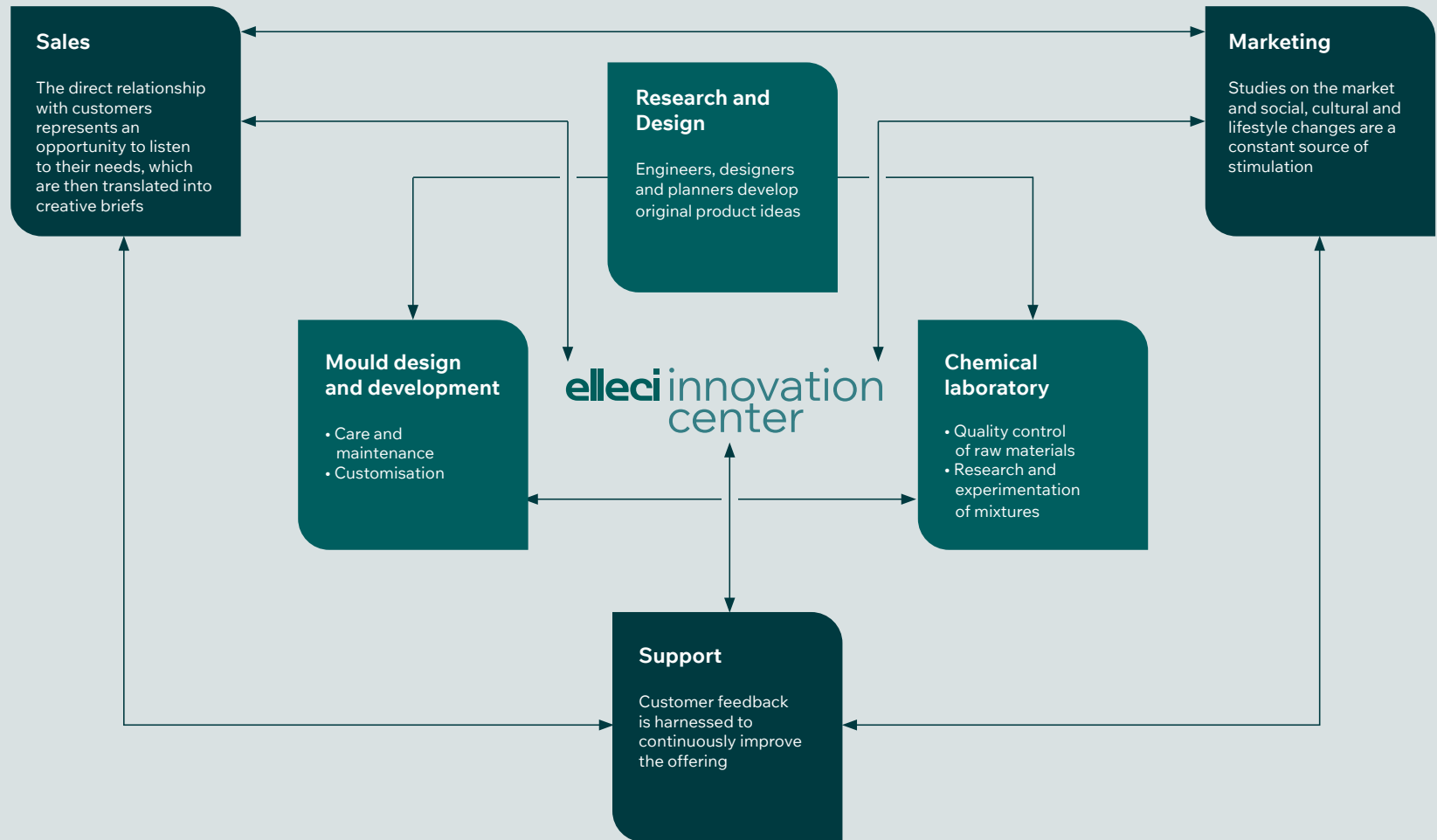
Know-how

Innovation

The Elleci Innovation Centre serves as a global hub for expert, dedicated professionals researchers, designers, engineers and technicians who collaborate daily to develop ever new solutions.

Specialisation and interconnection

Information sharing is one of the Elleci District's most important assets. A virtuous circle exists, whereby each department's specialised knowledge and skills are placed at the service of the others to achieve common goals.





Company

Materials

Elleci manufactures innovative composite materials and designs furniture components that embody and shape the most captivating trends in modern living.

 Engineered & designed in Italy

 Product certified with lower chemical emissions ul.com/gg-ul-2818

 NSF certified: Highly hygienic material

KERATEK



Every nanoparticle counts

Amazing depth of colour; an opaque and elegant colour in a class of its own. The compact, ultra-smooth surface revolutionises the standards of beauty and performance of composite material.



Silky smooth finish



Intense colour



Easy to clean



Impact resistant



Instant hot water resistant



Made to last

GRANITEK



The appeal of natural stone

The ultra-textured surface combines the look of natural stone with excellent performance: extraordinary strength and durability, in a rich range of classic, metal and matt finishes.



Natural quartz finish



Impact resistant



Instant hot water resistant



Made to last

DURATEK



Beauty meets technology

A perfect fusion of colour and material and an intensely captivating white. The surface is matt, ultra-smooth. The possibility for narrow edges and small radii satisfies the purest and most ambitious design.



Whiter than white



Colour stability



High resistance



Very light

Company

Kitchen Solution

Intelligent design, intuitive technology and modern, aesthetic sensibility redefine the kitchen.



Company

Bath Solution

Elleci brings expertise and style to the bathroom: Italian-made technological innovation and creativity in a range of washbasins designed to seamlessly blend with different furnishing styles.



Company

Design awards

A horizontal timeline with a central teal line and circular markers. Five award-winning kitchen sink models are displayed in a grid-like fashion, each with its name, year, and award details.

- 2021 Dialogo**: red dot winner 2021, best of the best. DESIGN AWARD 2021.
- 2022 Sintesi 510**: red dot winner 2022. DESIGN AWARD 2022.
- 2023 Spazio 900**: red dot winner 2023. DESIGN AWARD 2023.
- 2024 Sintesi 305**: red dot winner 2024. DESIGN AWARD 2024.
- 2024 Libero**: red dot winner 2024. DESIGN AWARD 2024.

Company

Growth in turnover


Elleci
+ 3% (2023 vs 2022)



Company

Elleci in the world



-  **Elleci SpA**
Headquarter, Pontinia (LT)
-  **Elleci Service Srl**
100% Elleci SpA
-  **Elleci UK Italian Origin Ltd**
100% Elleci SpA
-  **Elleci Deutschland GMBH**
100% Elleci SpA
-  **Elleci (Shanghai) Kitchen
Equipment Co., Ltd**
50% Elleci SpA
-  **Elleci Polska SP. Z.O.O.**
20% Elleci SpA
-  **Elleci US (Incoming)**
100% Elleci SpA



03

Environmental

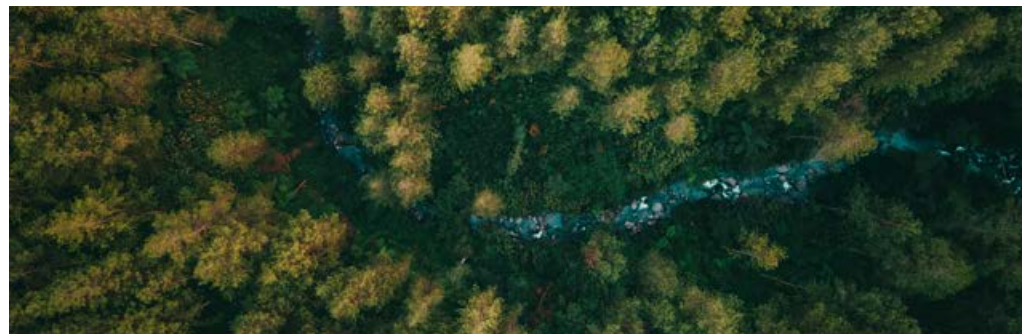
Environmental

We promote sustainable progress

Establishing a sustainable production environment has long been a core organisational and operational objective for us. One that can be traced back to the company's ongoing evolution towards balancing internal production needs with our environmental and social impact. Elleci aims for profitable and sustainable operations in the long-term, without compromising the health of the planet or well-being of communities.

To this end, we have analysed our current ecological footprint by measuring Elleci's use of natural resources, greenhouse gas emissions and other environmental impacts. This analysis serves as the basis for identifying areas where sustainability can be improved. Adopting sustainable materials marks an important step towards reducing the overall environmental impact of industrial operations. However, it is important to note that sustainability concerns not only the materials themselves, but also the responsible management of production processes, control of

emissions and compliance with environmental regulations. Analysing the company's ecological footprint allows us to measure our environmental impact. It also informs our stakeholders as to what kind of natural resources are used, as well as the quantity and quality of waste generated in the course of the company's production activities. Essentially, it provides a measure of the pressure exerted on planet Earth by our production activities.



Environmental

Objectives

Analysing the key aspects of our sustainability model led to the identification of the objectives for our Roadmap to 2030.



50%

of the material formulation matrix made from **renewable raw materials**



50%

energy produced from **renewable sources**



50%

reduction in **water consumption** for production



50%

reduction in **CO₂eq emissions**



50%

reduction in **waste** generated by the production cycle

**ROAD
MAP
2030**

Environmental



Materials

The use of sustainable materials is a key aspect of environmental sustainability in the manufacturing industry. We are currently investing in the integration of renewable and recyclable materials, while also reducing the use of natural resources. This commitment represents a key step in our mission towards achieving a more sustainable business model. Our strategy focuses not only on using sustainable materials but also on minimising the overall environmental impact of our activities, thereby actively contributing to a more sustainable and responsible production cycle.





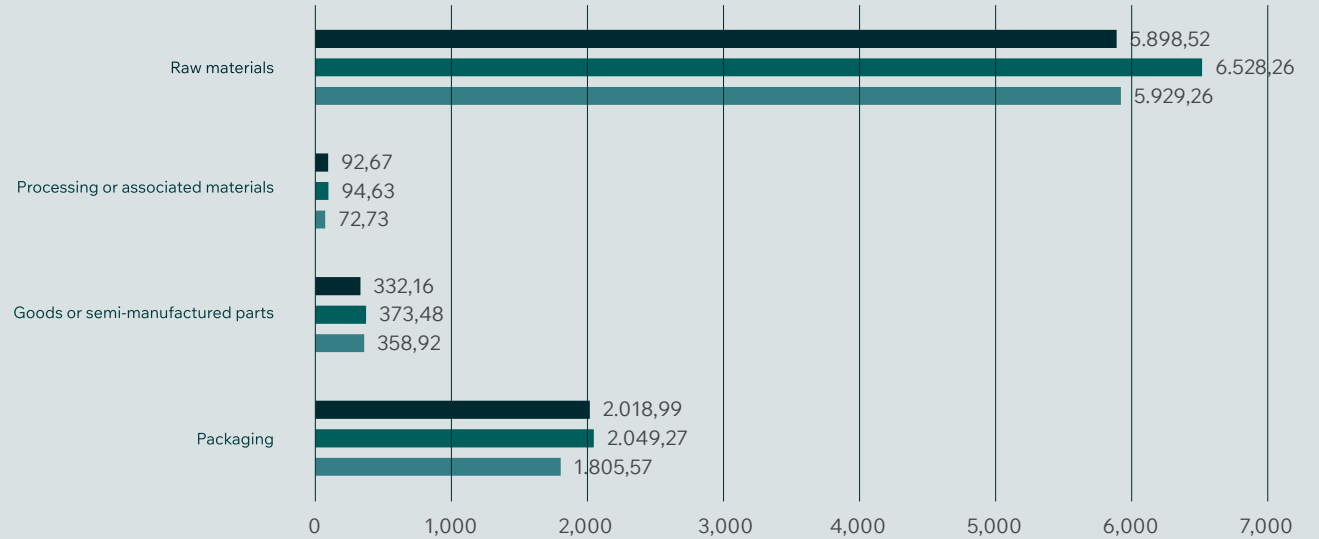
Environmental

Materials

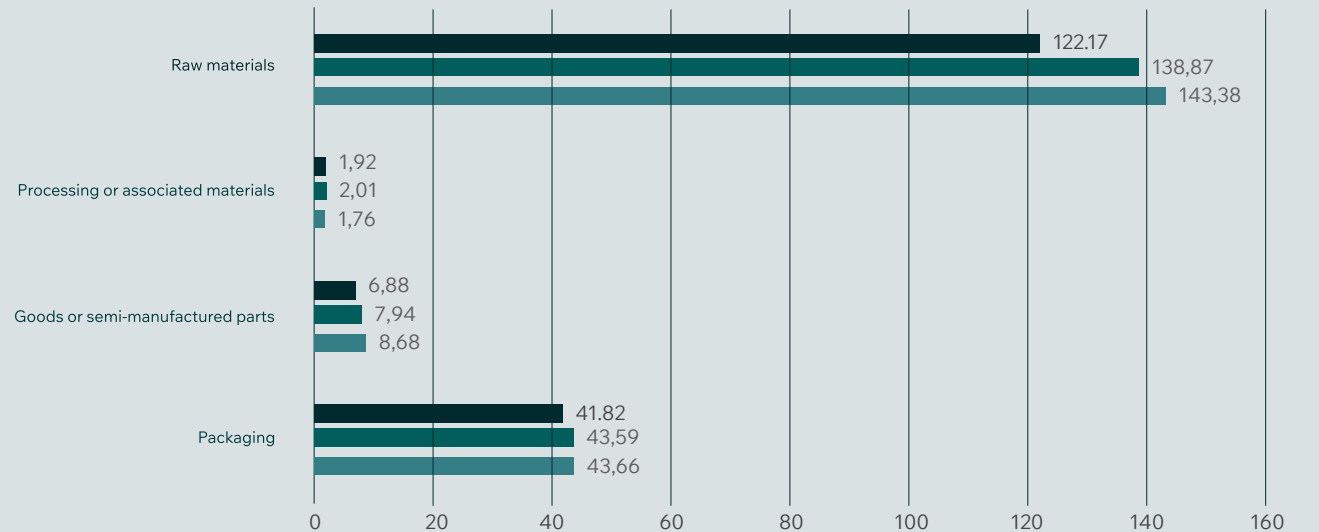
Procurement over the last three years has been more or less constant. In 2022, in response to increased market demand, the volume of input materials also increased. In 2023, the volumes of raw materials supplied remained steady, with demand remaining stable compared to the previous year.

The three-year trend of procurement indicators demonstrates Elleci's responsiveness to the geopolitical shocks of recent years. The indicator's steady decline is a clear testament to the company's outstanding economic performance.

Raw input materials [t]



Raw input materials in relation to turnover [t/M€]



■ 2021 ■ 2022 ■ 2023

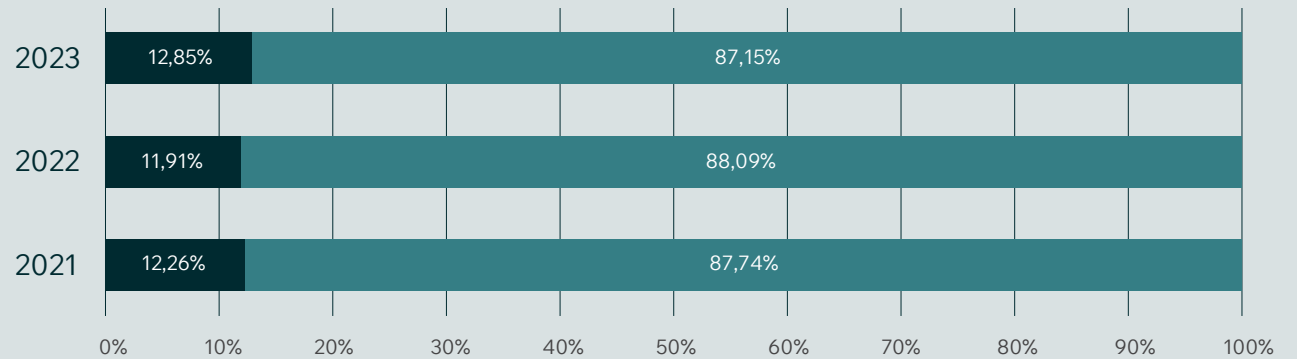


Environmental

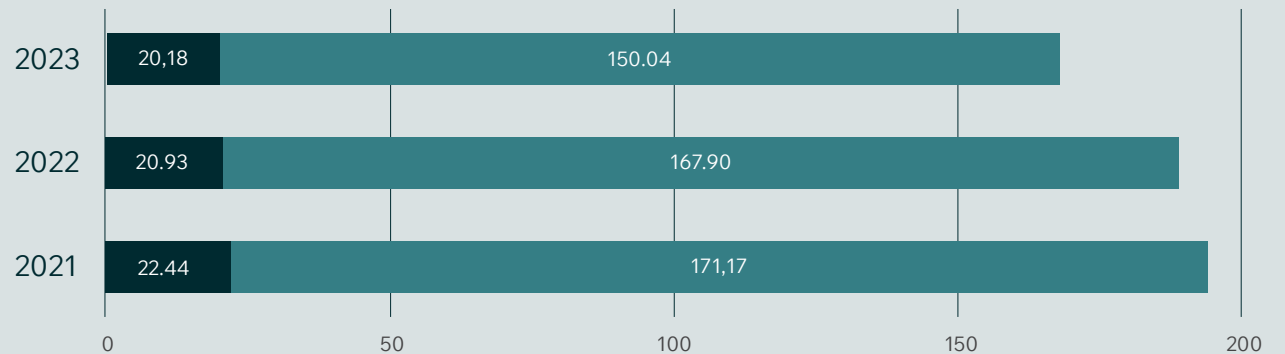
Materials

There has been no significant change in the percentages of recyclable and renewable input materials recorded over the last three years. To this end, Elleci has initiated a major conversion plan in the procurement of sustainable raw materials. The materials used to make and package our products are sourced entirely from external supplies. Only renewable materials were used for the “packaging materials” component in the reporting period. The data reported in the analyses are derived from the company's traceability systems.

Percentage of renewable input materials



Renewable input materials [t renewable materials/M€ turnover]



■ renewable
■ non-renewable

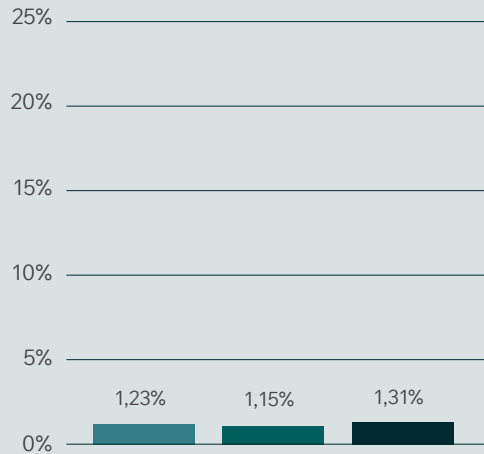


Environmental

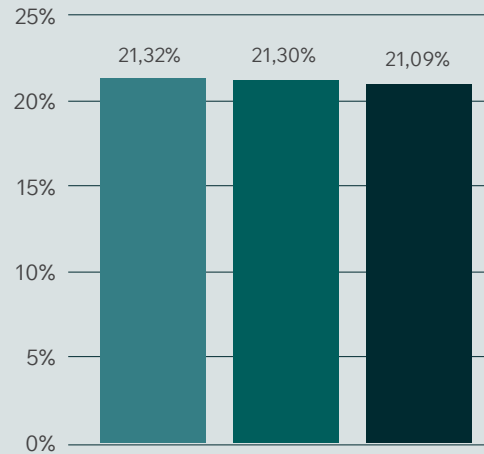
Materials

Recycled input materials [%]

Production of products



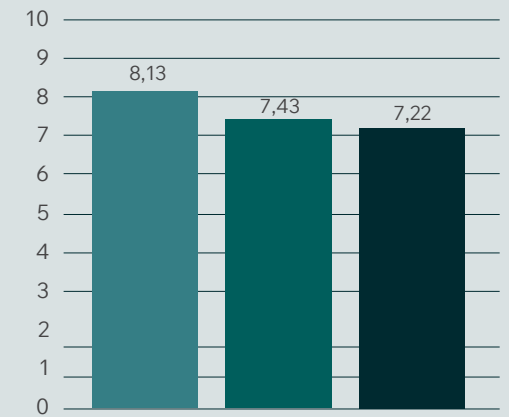
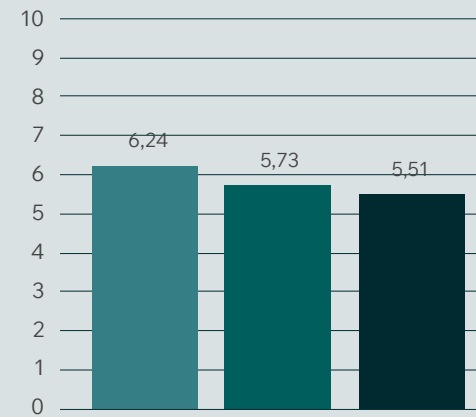
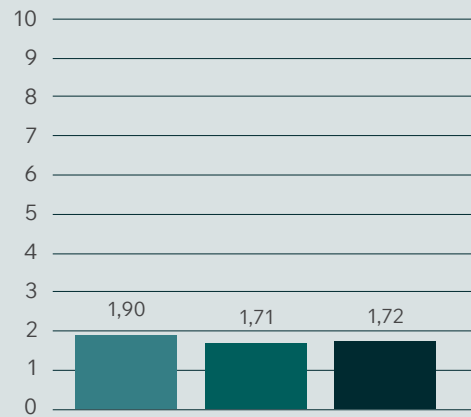
Packaging



Total recycled input materials



Indicator of recycled material in relation to turnover [t/M€]



■ 2021 ■ 2022 ■ 2023



Environmental

Materials

Road to 2030

Continuing this strategic approach, the Innovation Centre has taken on **two ambitious projects**, which, although pursuing separate lines of research, in the medium term will lead to the realisation of a “full-green” sink.

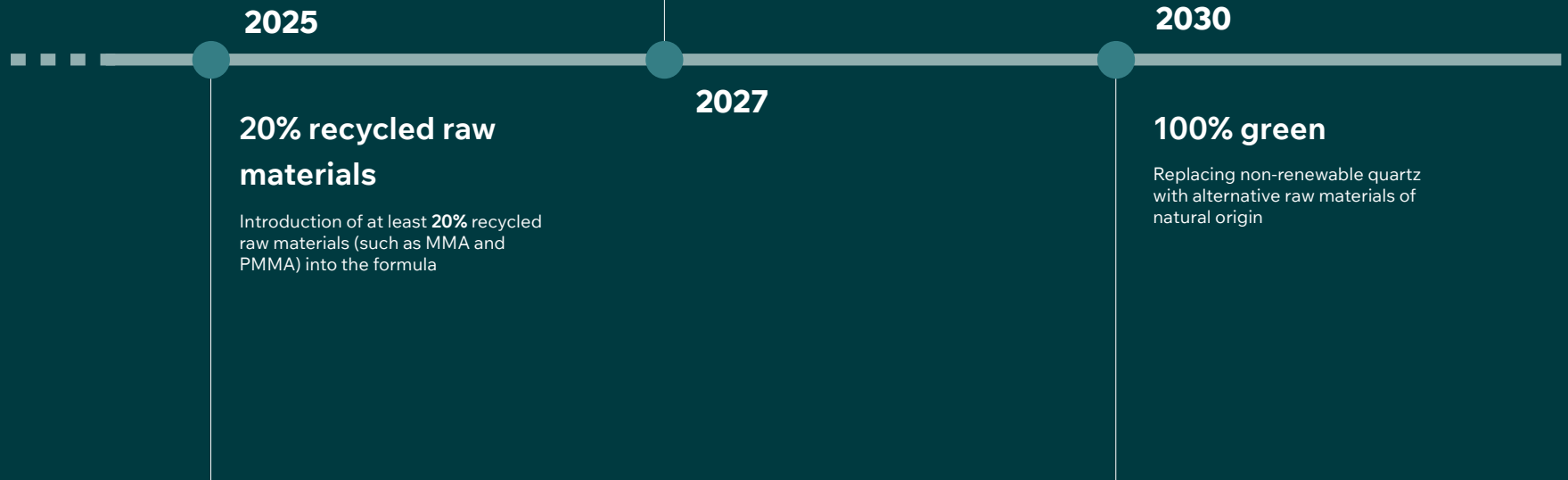
These projects are: the introduction of **recycled raw materials** in the formulas and the gradual replacement of virgin raw materials via **raw materials of natural origin**.

Recovery of quartz

Introduction of reclaimed quartz in the constitution of Keratek and Granitek. The aim is to achieve the following percentages:

80% of the quartz currently constituting Keratek will be replaced with reclaimed materials from the reuse of production waste

20% of the quartz currently constituting Granitek will be replaced with reclaimed material from the reuse of production waste



2025

20% recycled raw materials

Introduction of at least **20%** recycled raw materials (such as MMA and PMMA) into the formula

2027

Recovery of quartz

Introduction of reclaimed quartz in the constitution of Keratek and Granitek. The aim is to achieve the following percentages:

80% of the quartz currently constituting Keratek will be replaced with reclaimed materials from the reuse of production waste

20% of the quartz currently constituting Granitek will be replaced with reclaimed material from the reuse of production waste

2030

100% green

Replacing non-renewable quartz with alternative raw materials of natural origin



Environmental

Materials Road to 2030

The objectives, represented on a time scale, are achievable due to the gradual introduction of high-performance technological solutions into the production cycle, which help optimise various aspects concerning the types of raw materials used in formulating the materials.

1. Introduction of recycled raw materials into the formula PMMA and MMA

This project focuses on the possible use of recycled raw materials to reduce our environmental impact and promote sustainability. Our Innovation Centre is focusing on the identification, reclamation and transformation of recyclable materials into valuable resources for industrial production. Our goal is to reduce carbon emissions, safeguard natural resources and promote sustainable economic development through the responsible use of recycled raw materials. Ultimately, we aim to create a lasting positive impact on the environment and society by promoting a circular economy and greater environmental awareness.

2. Reuse of production waste in the production cycle to replace virgin quartz

Our research centre is embarking on a journey aimed at reclaiming a portion of waste materials produced during various stages of production, which are currently sent to collection centres for processing. The study is currently analysing the possibility of subjecting production waste to a reclamation cycle in order to obtain particles that can be reused in place of the virgin quartz currently employed in the production cycle. Numerous challenges must be addressed in order to achieve a high-performance product formula which is also made of reclaimed materials. We hope to achieve this goal by the year 2027.

3. Introduction of quartz of natural origin into the formula

We are involved in an ambitious research project with a third-party organisation aimed at investigating the possibility of replacing quarry-extracted quartz with additional, completely renewable materials of natural origin. The project is currently in its early stages, involving the analysis and selection of raw materials that can be used in the formulation process.



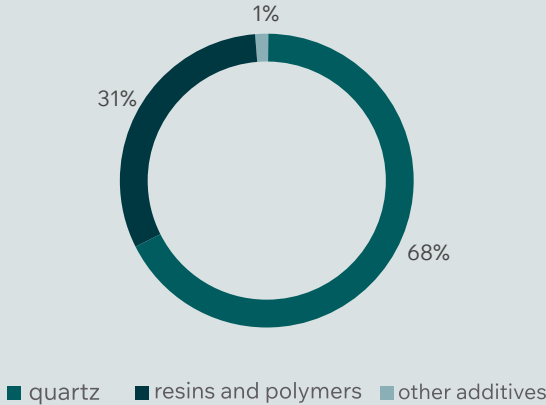
Environmental



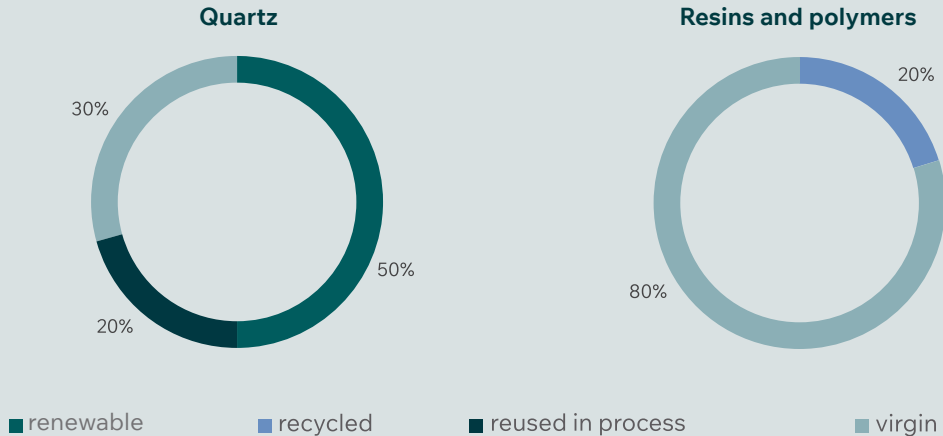
Materials Road to 2030

Achieving the targets set by the above projects means completely revolutionising the formulation of materials used to make sinks by 2030. Here, we list the targets we hope to achieve for each of the macro-components of our production recipe.

Current formula composition made from non-recycled, non-renewable and non-recyclable materials



Formula composition targets for 2030





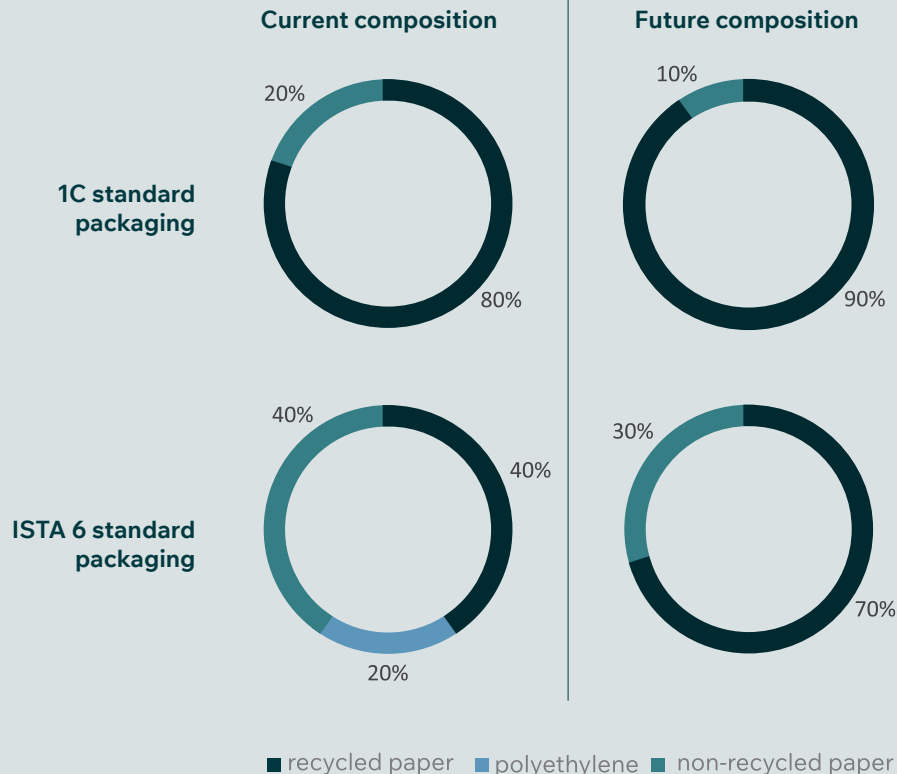
Environmental

Materials

Recycled Packaging

We are implementing an ambitious project to make our packaging more sustainable. Since 2017, we have been a member of ISTA (International Safe Transit Association), an association that

ensures the safety and quality of packaging through rigorous testing. We are currently focusing on two important fronts:



Transition to recycled materials for 1C standard

We are in the process of converting our type 1C cardboard to a fully recycled version made of cardboard only, without the addition of polyethylene. In 2024, we will continue to use recycled cardboard, striving for a target of 90%.

Use of recycled cardboard for ISTA 6 standards

Our ISTA 6 dropshipping packaging currently uses 40% recycled cardboard. However, we are working to increase this percentage, aiming to maximise the use of sustainable materials. The most challenging limitation is the fact that ISTA 6 standards are less versatile than the 1C standard. Regardless, we are working with our suppliers to find solutions allowing us to achieve greater sustainability without compromising the safety of our packaging.

The major obstacle in converting the ISTA 6 standard into packaging with a high recycled content lies in the fact that the product must undergo strict performance checks required by the ISTA. And in order to meet the ISTA 6 performance requirements, the packaging inevitably contains a certain percentage of polyethylene, which is difficult to eliminate. Nonetheless, we have embarked on a path with the intention of overcoming this obstacle by drastically reducing the plastic content in our packaging.



Environmental

Energy

Energy is the engine that drives the company's operations, and improving process efficiency and optimising consumption has always been one of our primary objectives. In this chapter, we report on our energy consumption over the last three years and analyse the strategies we plan to implement in order to significantly improve our results.

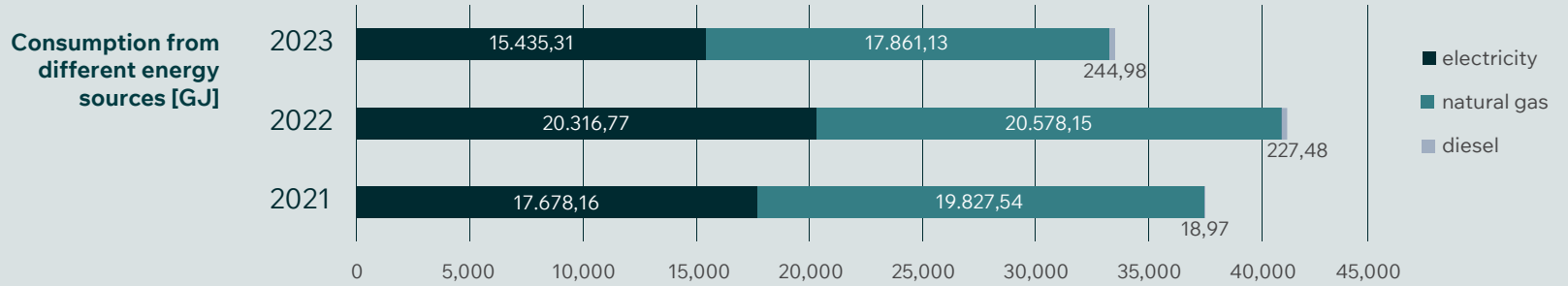




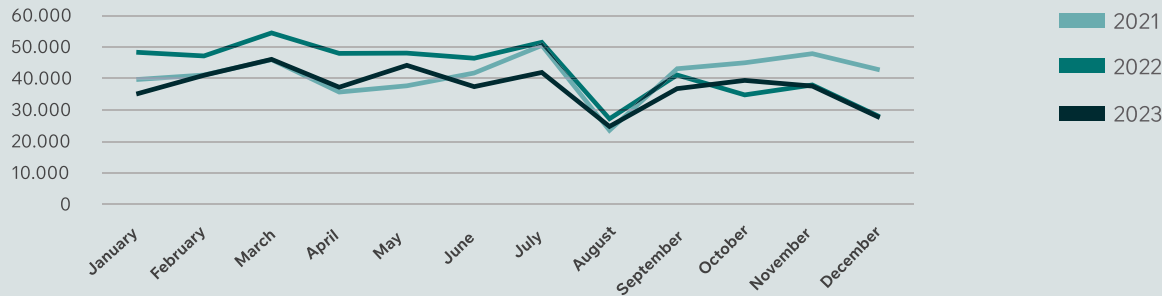
Environmental

Energy

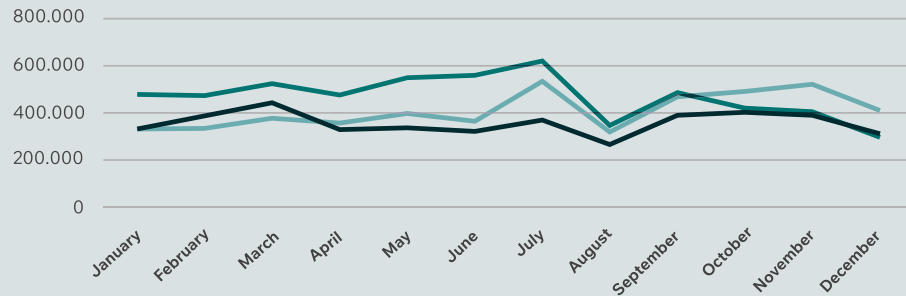
Elleci's energy mix consists of the following energy sources: electricity, natural gas and diesel. The breakdown of the various sources of energy directed into the production site over the last three years is shown here, and indicates the predominant use of electricity and natural gas. Overall energy consumption was higher in 2022, justified by the introduction of the continuous cycle.



Natural gas consumption [Sm³]



Electricity consumption [kWh]



Energy intensity [MJ / M€]



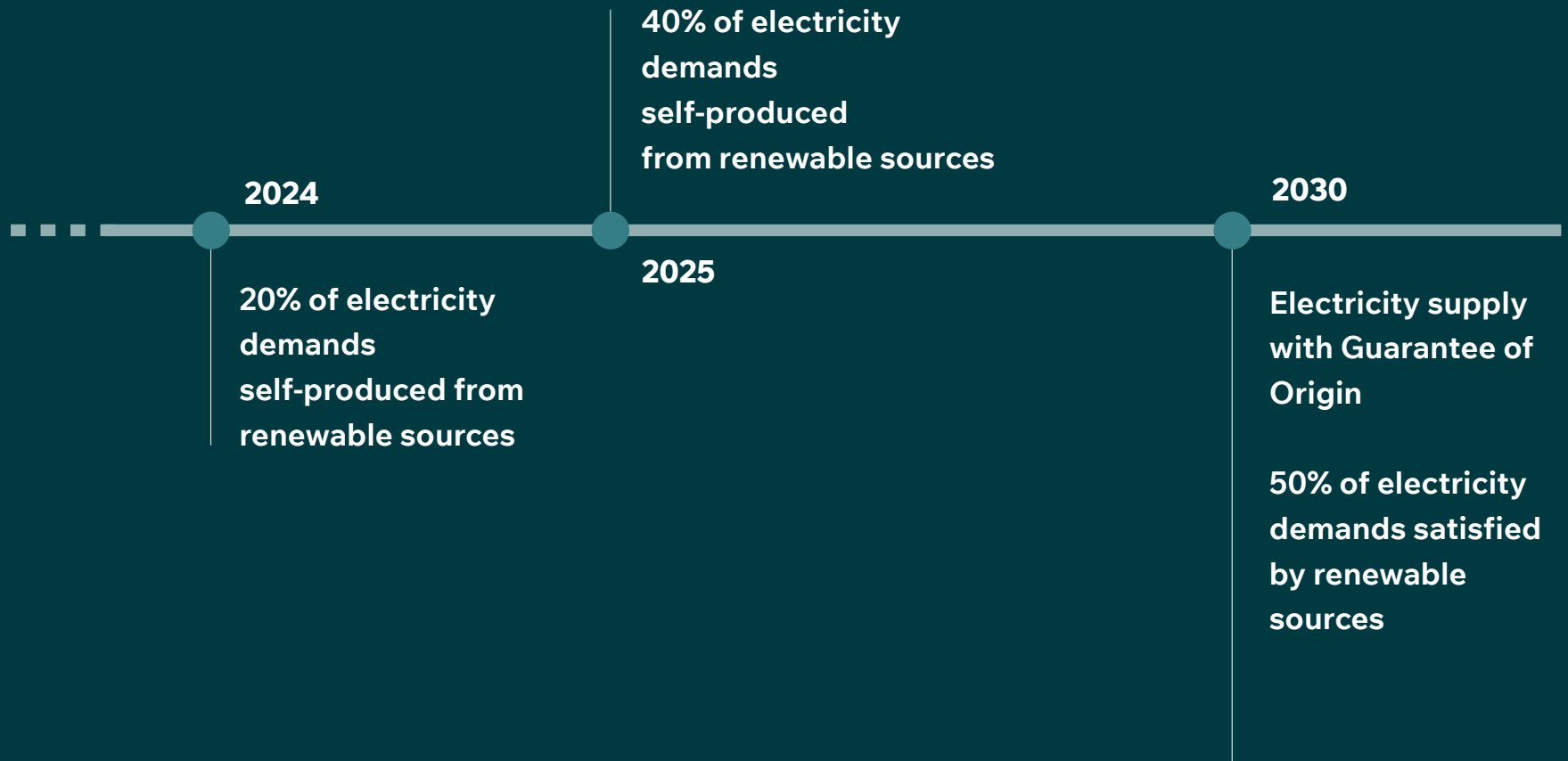


Environmental

Energy

Road to 2030

Our organisation has always been highly committed to reducing energy consumption by adopting more efficient technologies and optimising our processes, while also striving to increase the consumption of self-produced energy through the use of renewable sources. By analysing our current achievements and setting our sights on upcoming goals, we have established strategic objectives to pursue in the near future. This will not only reduce operating costs but also the environmental impact of our energy use.





Environmental

Energy

Road to 2030

The targets should be illustrated over time, thus reflecting the progressive integration of technological solutions geared towards renewable energy sources.

50% coverage of electricity demands from renewable sources

The self-produced electricity project ambitiously aims to meet 50% of our electricity demands by 2030 using renewable energy sources, primarily through the use of solar energy. It is a feasible target, since we are working on gradually expanding our existing photovoltaic systems.

Two projects to install these systems are already under way. They are expected to demonstrate their impact on reducing grid energy consumption by 2024, when they will be completed and connected to the national grid.

These systems have a combined capacity of 2.3 MWp, and additional investments are being planned in the near future to further exploit the full potential of solar

energy. This will allow us to reduce our dependence on non-renewable sources and subsequently the carbon emissions associated with energy production.





Environmental

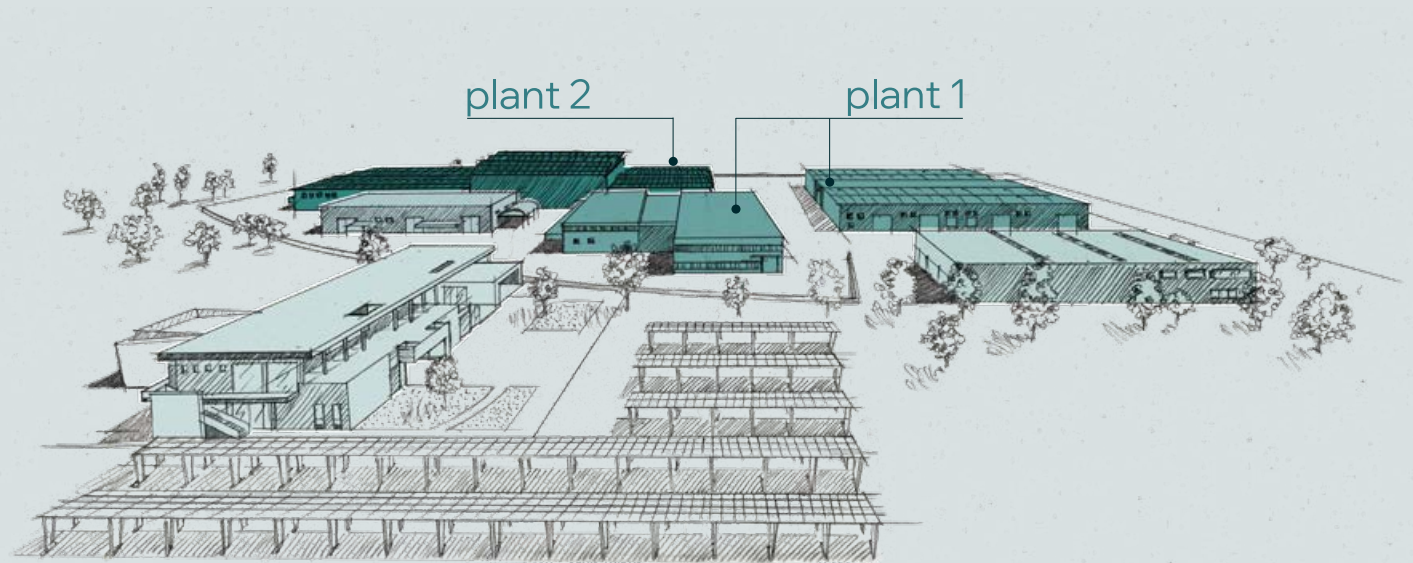
Energy

Technological focus

The placement into operation of the new plant embraces the innovative multi-plant concept, which involves combining different production facilities to maximise flexibility and efficiency in renewable energy production.

The key feature of the existing plant is its flexibility and subsequent ability to rapidly adapt to changes in demand and working conditions. The new plant is also designed to handle large production volumes, ensuring a stable and consistent supply.

Notably, this flexibility allows increased production efficiency while also optimising the use of resources and promptly responding to market needs.



Systems efficiency target

Important initiatives have been implemented to achieve the target of reducing the company's energy consumption by at least 5%. The action plan includes first and foremost the installation of a permanent energy consumption monitoring system on the energy-intensive utilities.

We will then gradually optimise the site utilities, going on to optimise consumption in our core sink production activities.



Environmental

Efficiency the production processes



Environmental



Water

Our sustainability model also focuses on minimising water consumption. Our production facilities exploit this resource in a circular manner, minimising consumption and minimising waste of this precious resource. Responsible water usage is a key component of our industrial sustainability model.





Environmental

Water

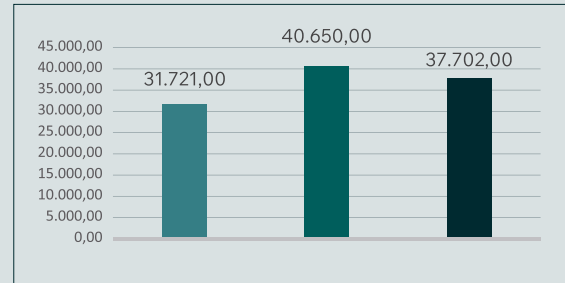
Current analysis

The analysis of water withdrawal data over the last three years reveals an almost constant trend. Consumption was down by roughly 8% in 2023 compared to 2022. This reflects the decrease in production that occurred during those same years. The water intensity indicator, on the other hand, shows a clear improvement of about -10%, indicative of our excellent economic performance during the reporting period. In view of the trends recorded over the last three years, the company has embarked on a path to reduce its water withdrawal, starting by optimising consumption within the company's processes, as detailed in the following paragraphs.

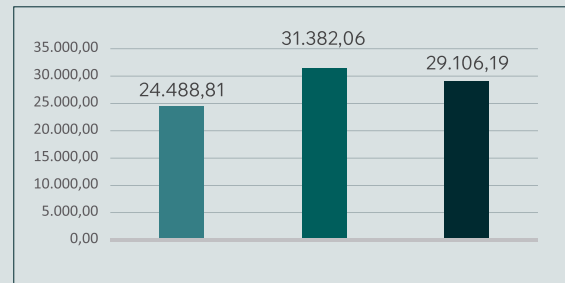
The increase in water consumption in 2022 is owing to the introduction of two washing stations in the pro-

duction cycle to improve product quality. In order to limit this consumption, we aim to reduce water withdrawal by introducing technological solutions in the production cycle allowing for the purification and recirculation of production water.

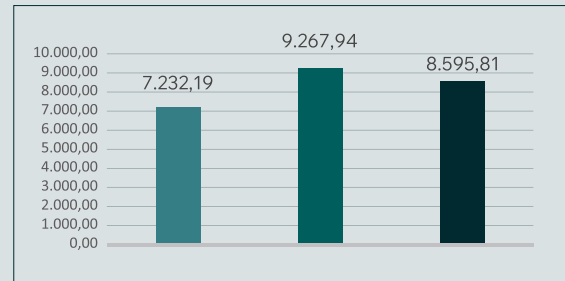
Withdrawal [m³]



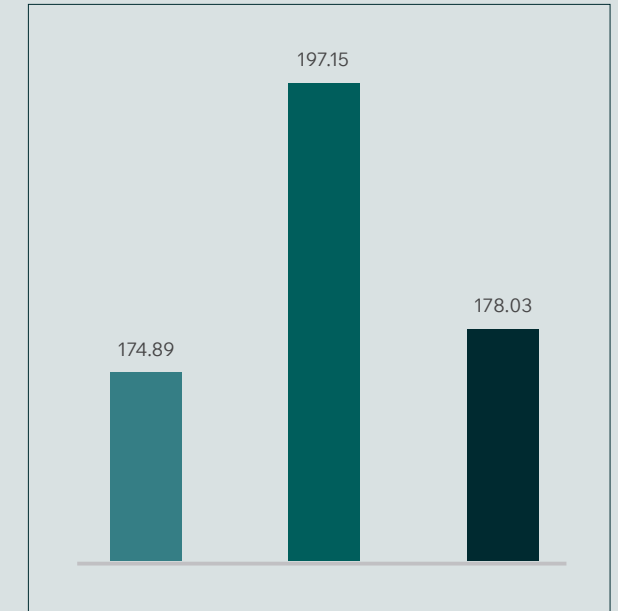
Water discharge [m³]



Water consumption [m³]



Water intensity [m³/M€]



■ 2021 ■ 2022 ■ 2023

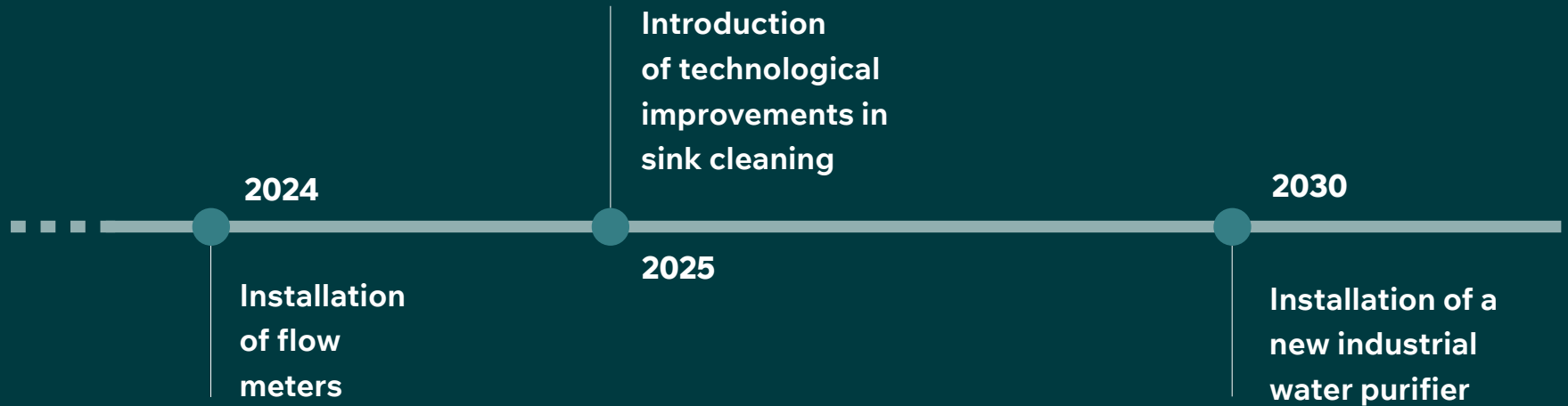


Environmental

Water

Road to 2030

In response to the need to reduce water consumption and promote sustainable management of water resources, we are working to implement actions aimed at monitoring consumption and technological solutions allowing a reduction in water withdrawal and the reuse of withdrawn water.





Environmental

Water Road to 2030

In order to achieve the set targets, the actions we intend to implement in the near future are:

Project 1

Installation of Flow Meters

In order to fully understand how water consumption is distributed across the different utilities, flow meters will be installed at strategic points. This will provide us with accurate data on actual water consumption, allowing us to identify inefficiencies and subsequently implement targeted corrective measures.

Project 2

Introduction of Technological Improvements in Sink Cleaning

In order to maximise the reuse of water in the sink cleaning process, technological improvements will be implemented. Our aim is to achieve 100% water reuse through advanced recycling and filtration systems, ensuring efficient use of water resources.

Project 3

Installation of a Waste Water Treatment System

A waste water purifier will be installed to treat the water coming from the utilities. This will ensure the complete purification of the water, making it suitable for irrigation. The purified water will then be used entirely for irrigation, reducing the need for withdrawal and promoting sustainable water management. By implementing this plan, we will significantly reduce our water consumption and at the same time promote more efficient and sustainable management of water resources. Specifically, we hope to **achieve a 50% reduction in water withdrawal for production by 2030.**



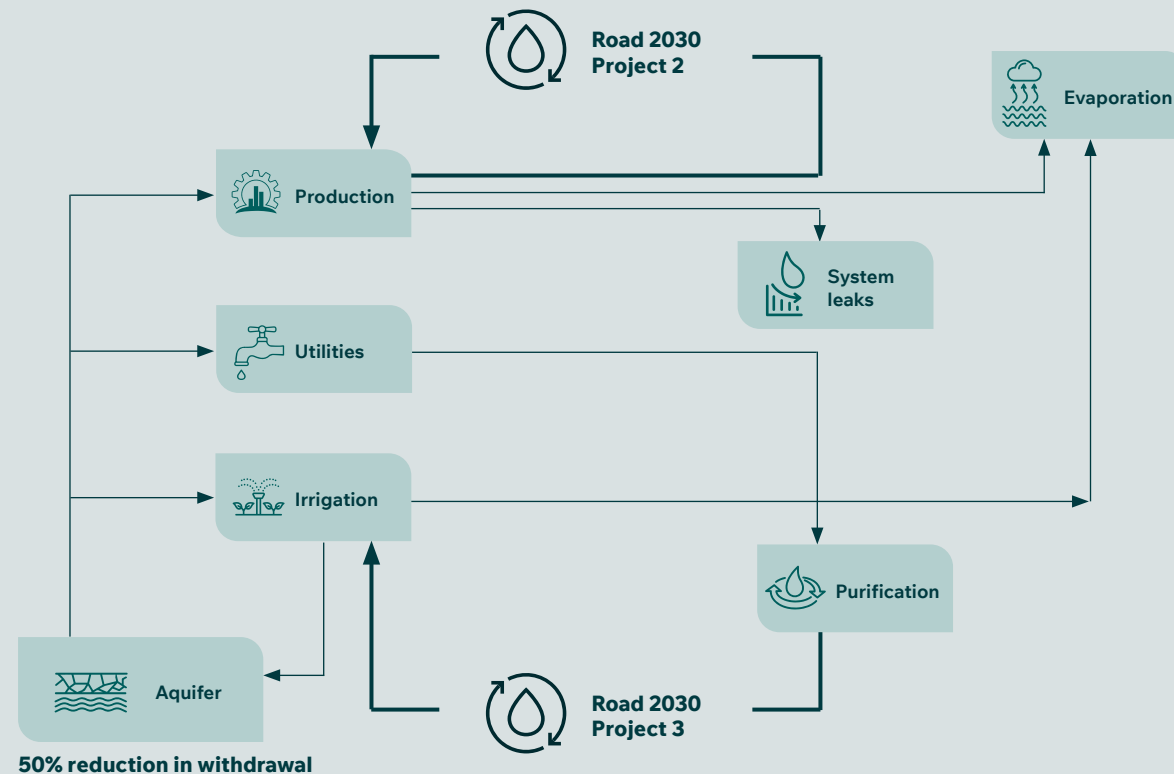


Environmental

Water Water cycle

We are focusing our efforts on optimising the water cycle with the aim of reducing total water consumption and minimising groundwater withdrawal. Our investments in this area are focused on the study of technologies that can be implemented in our production system, allowing water treatment and reuse in production processes.

By reducing water wastage and optimising its reuse, we not only improve the environmental sustainability of our operations but also reduce costs and contribute to water conservation. The current and prospective water cycle is shown here. Our goal is to fully implement the envisioned water cycle by 2030, aiming for a 50% reduction in consumption by that year.





Environmental

Emissions

We have embarked on an important path towards decarbonisation, aligning ourselves with the ambitious targets set by the European Union for 2030 and 2050. In this crucial mission, we have found ongoing investments in renewable energy to be strategic in our transition to more sustainable energy sources.

We have taken measurable steps towards reducing carbon emissions by installing two photovoltaic systems (total installed capacity 2,300 kWp) at our production unit. These installations, the effects of which will be evident from the 2024 reporting year onwards, play a key role in our strategy, generating clean energy and helping to reduce greenhouse gas emissions.





Environmental

Emissions

The adoption of solar energy is not only a current solution but also reflects our commitment to a path of continuous innovation. We invest in advanced technologies and practices to maximise the effectiveness of our initiatives, helping to develop an increasingly sustainable energy industry. It should be noted that during this first year of reporting, although we have monitored our scope 1 and 2 emissions, we have not yet fully examined or quantified the indirect emissions associated with our business practices, such as those attributable to the supply chain or the transport of finished products.

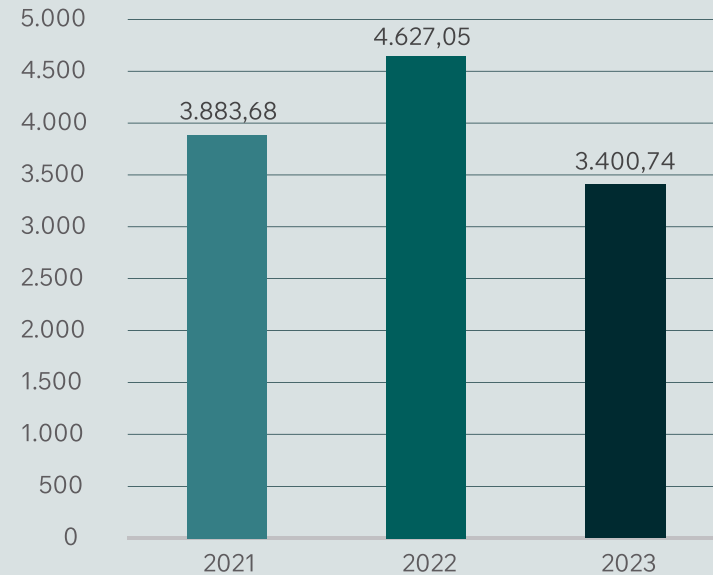
However, since we are now aware of the importance of scope 3 emissions and their significant impact on our overall carbon footprint, we will strive to integrate these assessments into our emissions reduction strategy. We will work with our suppliers and partners to better understand and address these indirect emissions in order to achieve our long-term sustainability goals.

Our emissions, expressed in tonnes of Carbon Dioxide Equivalent, were calculated considering the following contributions:

Scope 1: the direct GHG (Greenhouse Gas) emissions included in this analysis consider the emissions produced by the combustion of natural gas in the thermal power plant, for the purpose of producing heat; the emissions produced by the generator set for the production of electricity; and the emissions generated by the fossil fuels used for our company cars.

Scope 2: the indirect GHG emissions included in the calculation consider only the contribution of energy withdrawals from the national electricity grid.

Total GHG emissions [tCO₂eq]





Environmental

Emissions

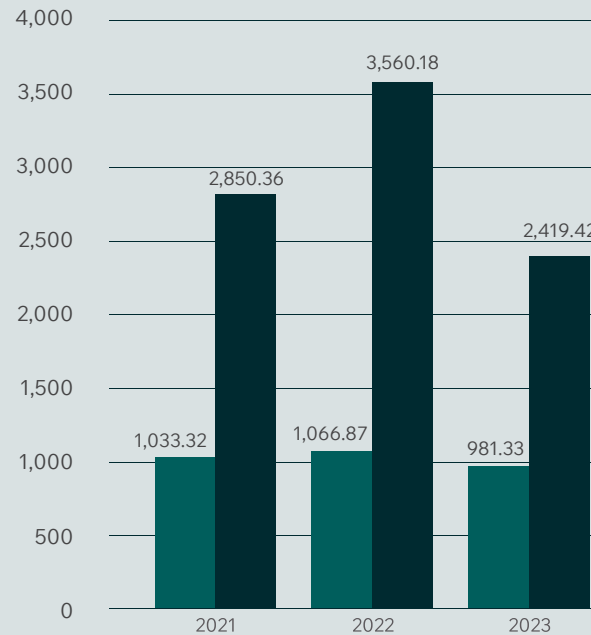
Scope 1

Within the SCOPE 1 emissions produced, the combustion of methane gas in the thermal power plant has a significant impact (91% in 2023) compared to the other contributions considered. To reach our 2030 target, we are prioritising the reduction of emissions generated by our domestic operations, where we have the greatest control. We are investing in energy-efficient technologies, improving energy efficiency and aiming to use efficient and sustainable generation systems.

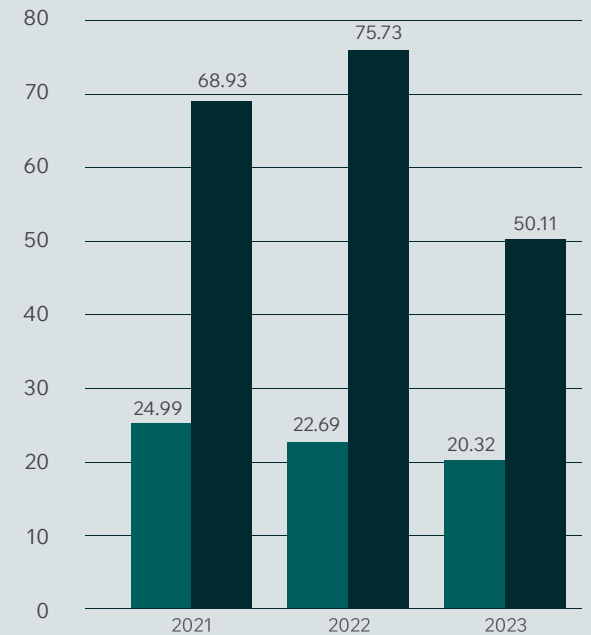
Scope 2

The greatest contribution to GHG emissions comes from scope 2, which accounts for about 73% of total emissions. To achieve the goals outlined in the Road to 2030-2050 plan, we intend to further increase the production and procurement of renewable electricity at our production site, also through the implementation of green certification mechanisms.

GHG emissions - tCO₂eq



Normalised GHG emissions divided by scope - tCO₂eq/M€



■ scope 1 - direct GHG emissions
 ■ scope 2 - indirect GHG emissions



Environmental

Emissions

Road to 2030 - 2050

Our company has adopted a gradual and sustainable approach towards decarbonisation. The adoption of solar energy not only reduces our carbon footprint but also marks the first of many steps bringing us ever closer to achieving the goals set by the EU for greater sustainability by 2030 and full decarbonisation by 2050.

SBT – Science-Based Targets

Our decarbonisation path will be submitted for recognition according to the SBTI (Science-Based Target Initiative) scheme. This highlights our commitment to significantly reducing greenhouse gas emissions in accordance with scientifically accepted standards. This approach underscores our commitment to making a substantial contribution to combating climate change and fulfilling global commitments to limit global warming to acceptable levels.

Ambitious targets

We have set ambitious emission reduction targets grounded in scientific methodologies that align with global efforts to mitigate global warming.

Verifiability and transparency

Our approach to efficiency is structured to ensure the verifiability and transparency of our actions, aligning with the rigorous SBT methodologies for reporting and measuring emission reductions.

Engagement of company departments

We involve all company departments to ensure an integrated approach to achieving efficiency targets. Cooperation between departments is crucial in maximising the impact of our initiatives.

Innovation and adoption of clean technologies

We invest in innovation and adopt clean technologies to improve the efficiency of our processes. Not only does this reduce emissions, it also strategically positions us to embrace a resilient and sustainable business model.

Adherence to the principles of Science-Based Targets highlights our commitment to actively contribute to solving global climate problems. Our strive for greater efficiency is a tangible demonstration of our commitment to sustainable and environmentally sound business growth.



Environmental

Emissions

Green area focus

Elleci has consistently invested in maintaining green spaces within and around our production site. We believe these to be important not only for their visual appeal, but also as a reflection of our tangible commitment to environmental sustainability.

Every tree and every plant we grow is part of our commitment to preserving and improving the environment. Therefore, we plan to enhance our environmental commitment by launching new planting projects aimed at offsetting emissions.

In particular, we have set ourselves two key short-term objectives:

- Request authorisation from the local authorities to manage a green island near the production area, where we intend to plant giant bamboos.
- Double the green spaces we currently manage. This is the ultimate goal we hope to achieve by 2030.





Environmental

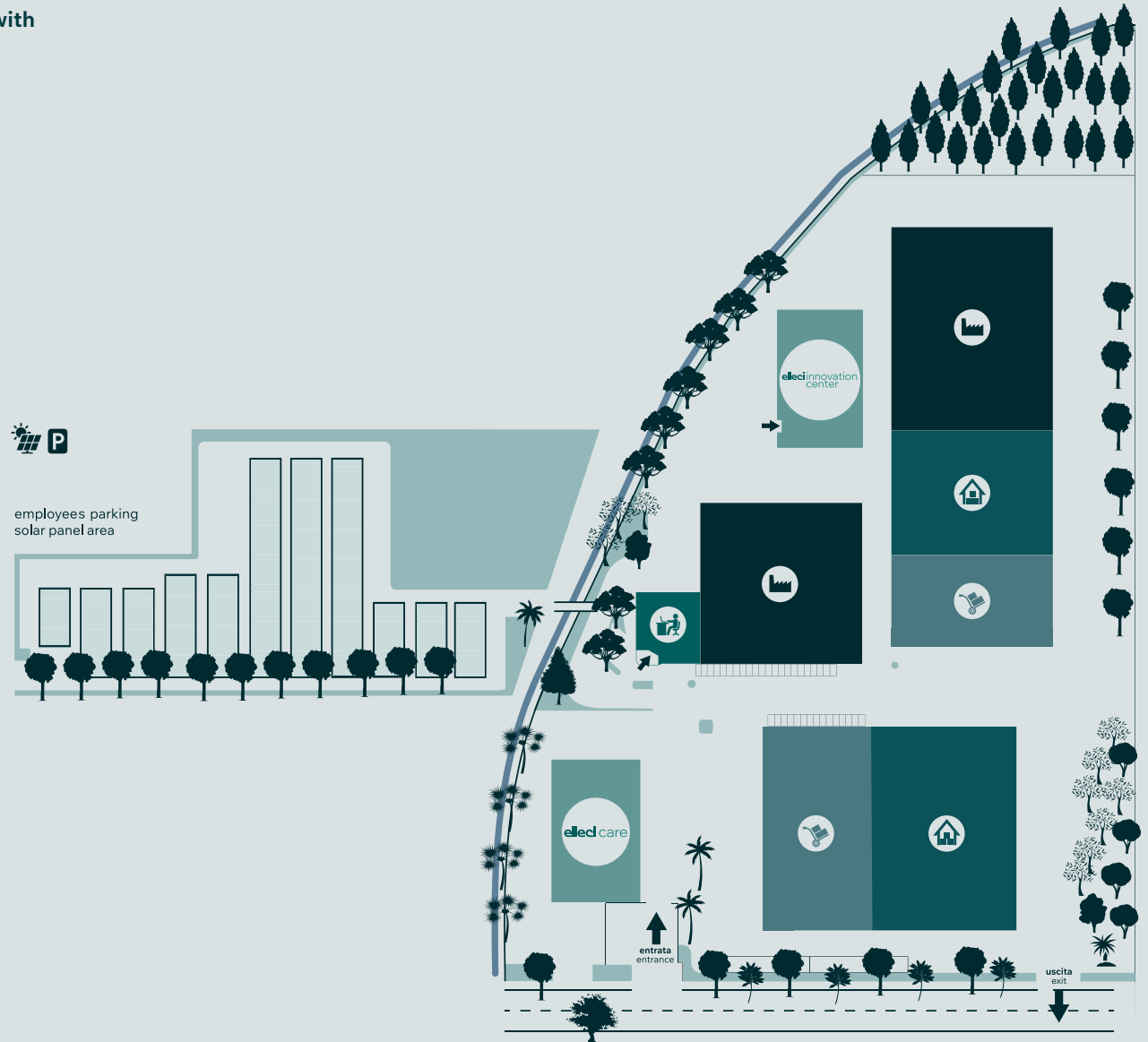
Emissions Green area focus

Elleci currently manages green spaces with trees as illustrated here:

Total CO₂ absorbed: 20,659 kgCO₂/year

 8 HOLM OAKS	 1 COCOS PLUMOSA
 17 OLIVE TREES	 10 CHAMAEROPS
 2 CUNONIA CAPENSIS	 2 COCOS NUCIFERA
 6 FICUS AUSTRALIS	 1 MAPLE TREE
 1 YUCCA	 6 BAY LAUREL
 1 EVERGREEN MAGNOLIA	 1 DRACAENA
 76 CAMPHOR TREES	 270 BLACK POPLARS

Total number of tall trees: 402





Environmental

Waste

The total waste generated in 2023, including waste from all operations at our plant, amounts to approximately 1,884 tonnes. Almost all of the waste, about 98%, is diverted for reclamation or reuse, and the remainder directed to disposal.

We continuously review and optimise our production processes to identify areas where waste can be reduced. This strategy centres around implementing cutting-edge practices and state-of-the-art technologies.

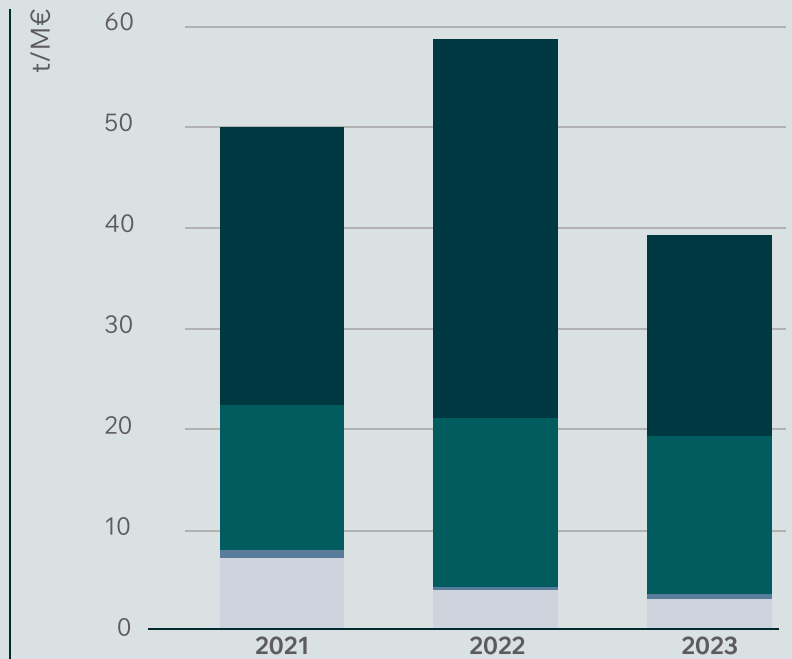
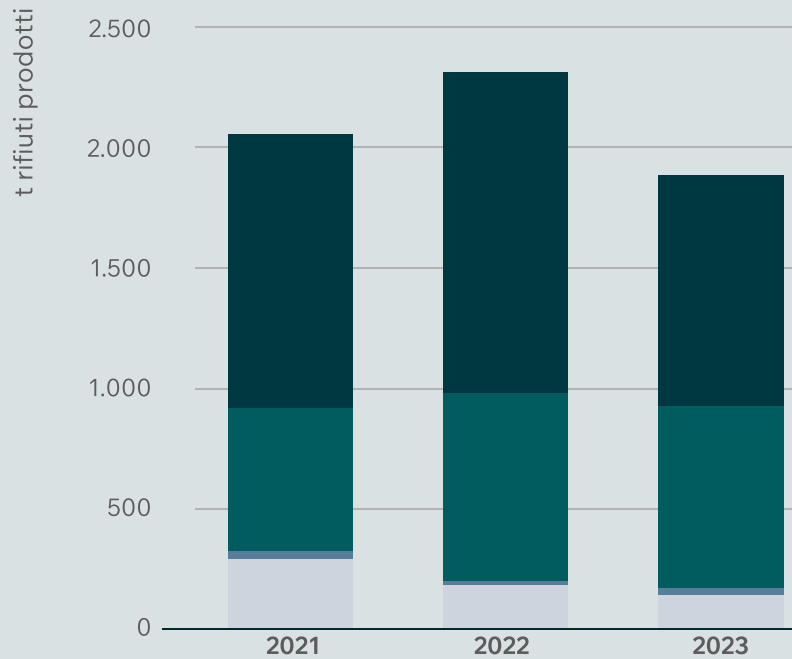
Our employees are actively involved in waste reduction initiatives through awareness-raising and training programs. In addition, we have implemented continuous process monitoring and product traceability logics within our overall process to identify possible areas for improvement and thus progressively increase our performance.





Environmental

Waste produced



	2021	2022	2023		2021	2022	2023
■ Production waste	1.136,72	1.330,22	957,48		27,49	28,30	19,83
■ Mixed material packaging	596,05	785,40	757,99		14,41	16,71	15,70
■ Paper and cardboard packaging	106,54	12,42	12,60		2,58	0,26	0,26
■ Other	291,47	180,23	141,92		7,05	3,83	2,94



Environmental

Waste

Road to 2030

To reduce the amount of waste diverted for reclamation or disposal, we are conducting internal studies to explore solutions for reusing specific types of waste.

To achieve this goal, our primary focus is on developing a waste reclamation and reuse system aimed at reducing process-generated waste by 50% by 2030. This involves integrating waste back into the production cycle as a substitute for natural raw materials.



Continuous improvement focus

Continuous improvement is a key element for the long-term sustainability of our organisation. It is an approach that consists of medium-term goals:

- **waste reduction** through the application of advanced chemical techniques and optimised processes;
- the **study of innovative systems for the partial reuse of waste**, with a particular focus on solutions that reduce our environmental impact and optimise the use of resources.



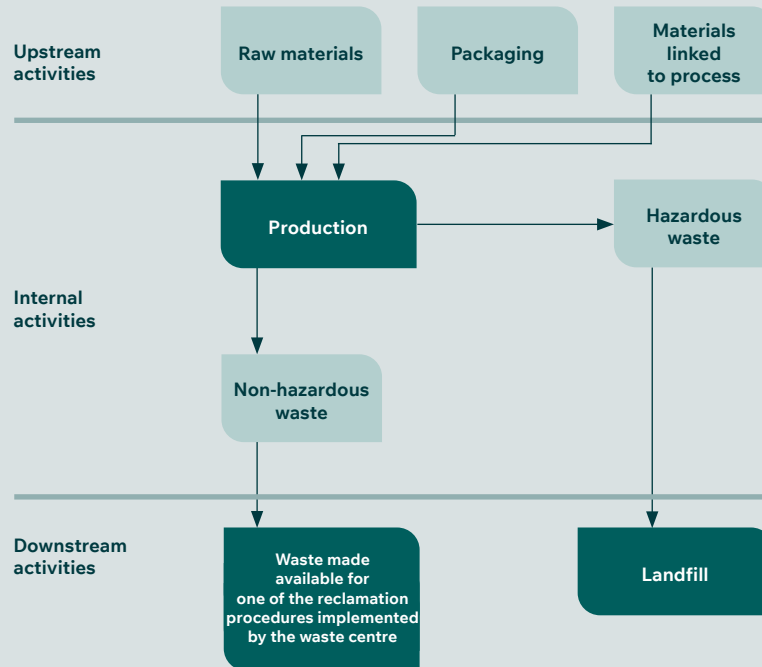
Environmental

Waste management

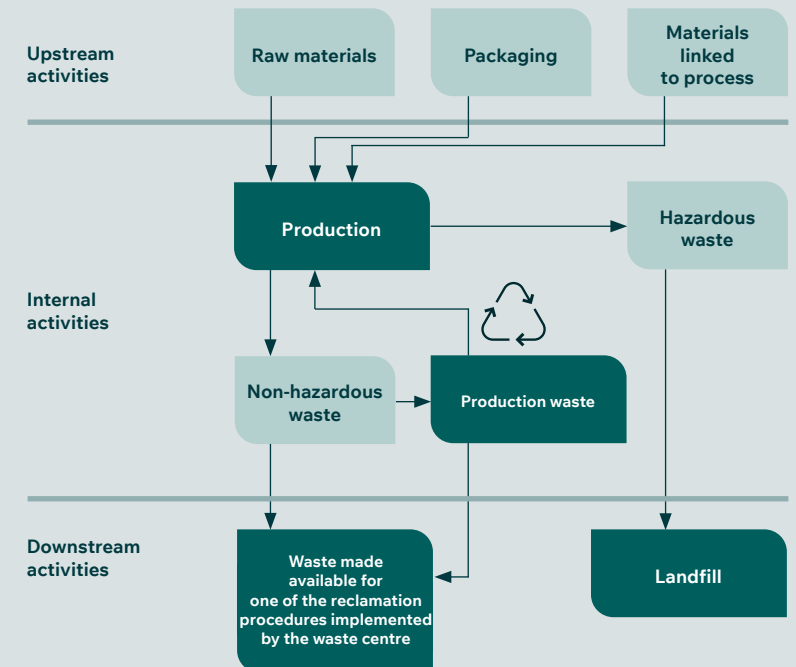
One of our ambitious upcoming projects is to implement a production waste reclamation system within our production cycle. Introducing this reclamation system will lead to the reduction of waste and its reuse in the production cycle as a substitute for the raw material quartz. Following the system's implementation, the waste cycle will undergo the changes illustrated in the following diagrams.



Pre-implementation



Post-implementation



04

Social



Social

We support professional growth and well-being

We are aware that human capital is the engine driving our growth and success. We recognise that each individual contributes a unique set of skills, creativity and passion. It is these attributes combined that sets us apart and makes us exceptional. Hence, we strive to create a stimulating and inclusive work environment, where every person feels valued, respected and inspired to give their best. We firmly believe that constructive feedback is key to success. With this in mind, we foster an open culture that prioritises dialogue and the exchange of ideas. Our managers provide regular feedback and support, acknowledge employees' accomplishments and offer

guidance for improvement. Professional growth is at the heart of everything we do. We offer in-house development opportunities, training and mentoring programs to help our employees advance in their careers. We also promote a culture of continuous learning, recognising and encouraging the acquisition of new skills.



Social

Principles

Elleci has always regarded its human capital as the lifeblood of its organisation, driving innovation, productivity and growth.



No discrimination

based on gender, age, religion, ideology and ethnicity



Professional development and training

continuous improvement of skills



Employment continuity

internal promotion and horizontal mobility within the company



Work-life balance

flexibility and favourable conditions for a work-life balance

Social

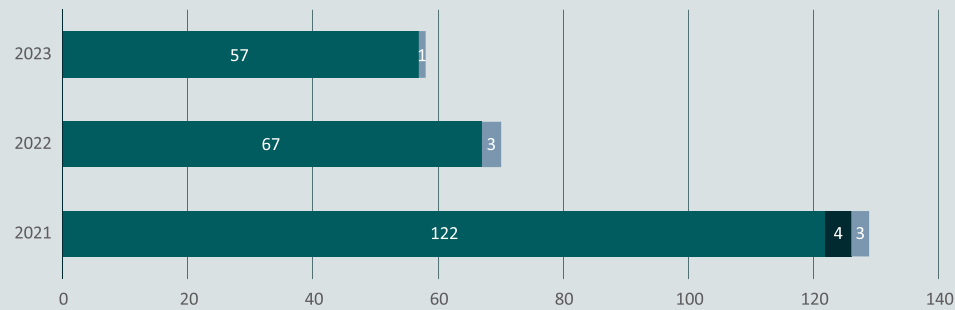
Employment trends and new hires

The new hires over the last three years are perfectly in line with the company's economic results and annual production.

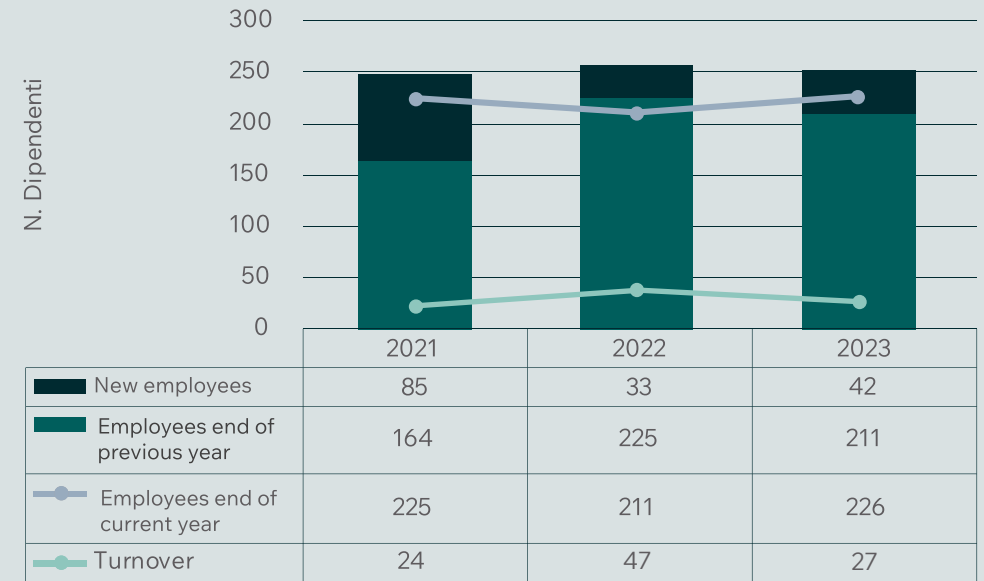
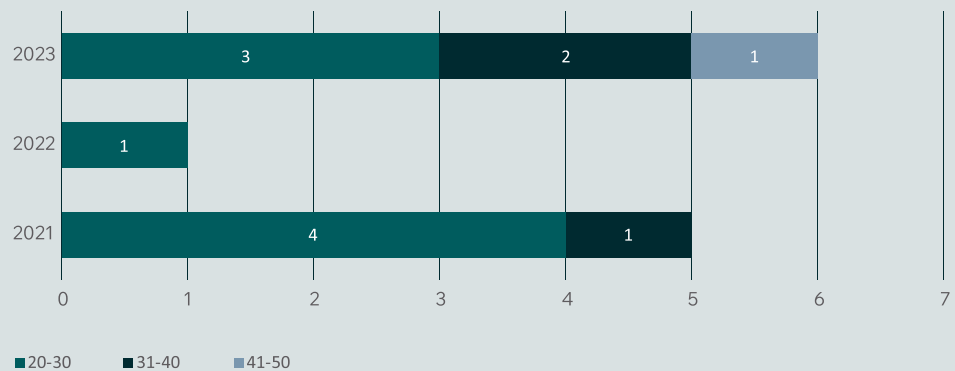
Quantitative data on employees 2023

Total number of employees: 226
 Total training hours: 25,517
 Female hires: +32% vs 2022

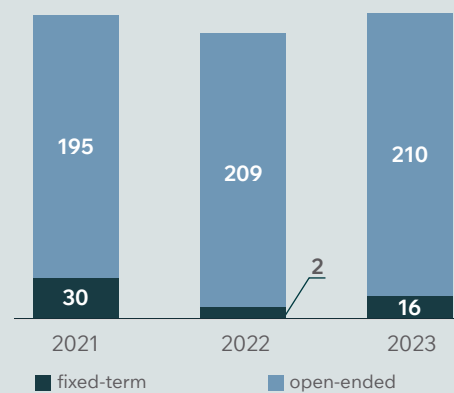
Employees and new hires by age group - men



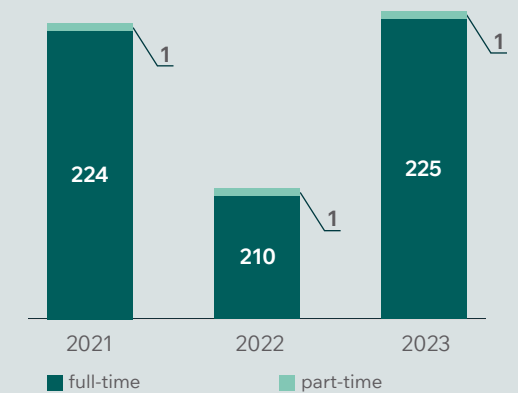
Employees and new hires by age group - female



Employees with fixed-term/open-ended contracts



Full-time/part-time employees



Social

Gender equality Elleci's commitment

Gender equality is a cornerstone of Elleci's corporate culture and its commitment to social responsibility. It means ensuring equal treatment of men and women in all aspects of the work environment and eliminating all forms of gender discrimination. In addition to upholding these values, however, it is also important to satisfy the requirements stemming from the analysis of risks in the production area. Manual load handling accounts for a significant part of daily activities in the Elleci production area. This is an area, however, where females are currently under-represented.

This is mainly due to the physically demanding nature of load handling activities, which require considerable physical effort and endurance. In accordance with occupational health and safety standards, Elleci takes measures to ensure that all activities are carried out safely and in compliance with applicable regulations. However, we acknowledge that certain roles within the production area may pose unique challenges for female workers, and are dedicated to assessing and implementing strategies that promote greater gender inclusion in these areas, prioritising the safety and well-being of all employees.

Elleci is committed to creating a fair, inclusive and safe working environment for all its employees, without gender discrimination. We are actively exploring opportunities to ensure women can participate in and have equal access to all aspects of company activities, with a particular focus on occupational health and safety.



Social

Gender equality Elleci's commitment

Given the current challenges in hiring female workers in certain production departments, presenting an overall percentage of female employment would have been misleading. We believed it would be more meaningful to highlight our commitment to encouraging the hiring of women in departments where occupational safety criteria are met.

Clearly, as we have already stated at length, our primary aim is to implement initiatives that effectively introduce safe, inclusive and accessible working conditions for all our employees, regardless of gender. We are dedicated to implementing the following initiatives, confident that they will effectively contribute to achieving our goal.

Assessment of working conditions:

we will conduct an in-depth assessment of working conditions in the production department, aiming to identify areas where work activities may pose a challenge for female employees.

Introduction of safety and support measures:

we will implement appropriate safety measures and provide the necessary equipment and technical support to minimise the risk of injury and make it easier to handle heavy loads.

Training and awareness-raising:

we will provide specific training on safe lifting and ergonomic practices for all employees, promoting a culture of safety and awareness in the workplace.

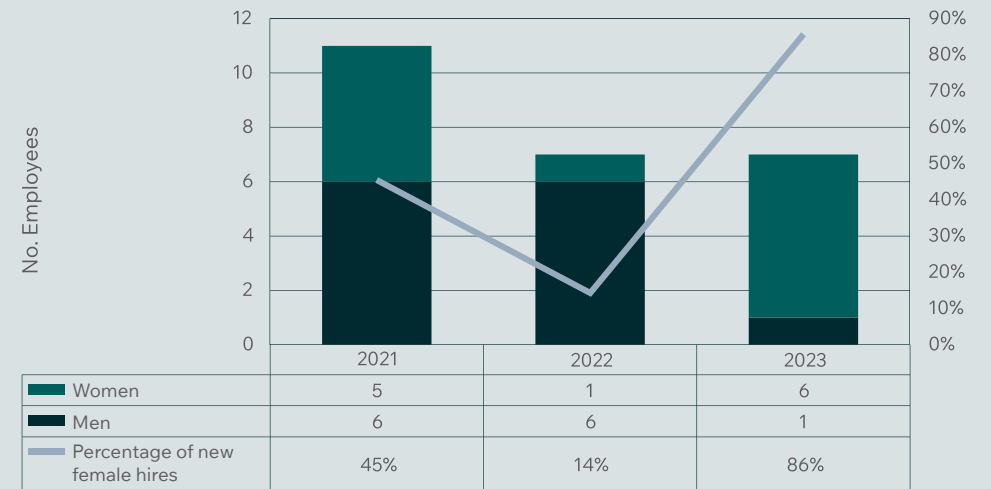
Flexible organisation of work:

we will explore options to reduce dependence on manual lifting of heavy loads, optimising our production processes and introducing innovative solutions wherever possible.

Continuous monitoring and evaluation:

we will constantly monitor the effectiveness of our initiatives and welcome feedback from employees in order to make any necessary improvements and adjustments.

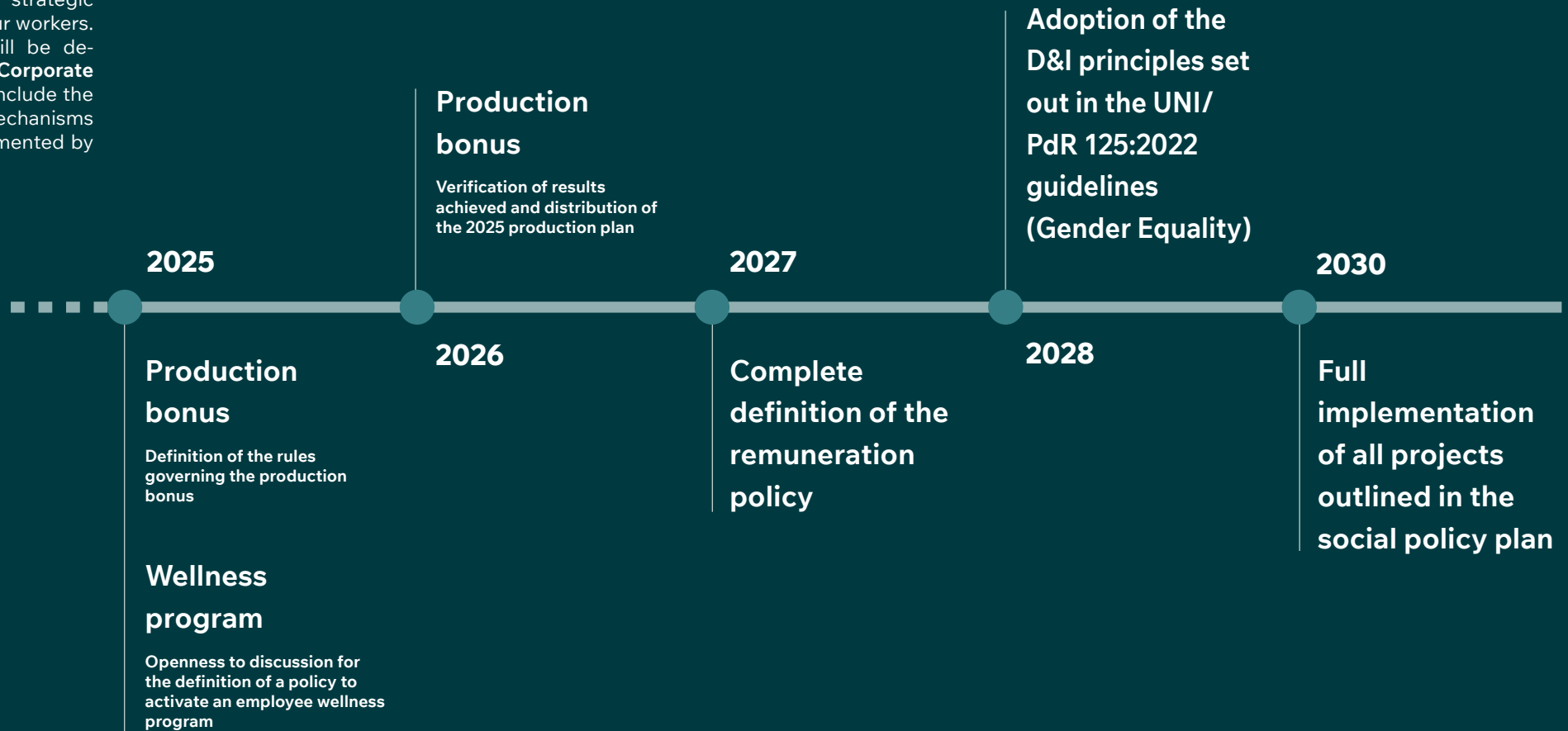
Comparison of new hires men - women office workers



Social

New social policies Road to 2030

We are working on defining supplementary policies with respect to the Collective Bargaining Agreements, aiming to ensure compliance with certain principles that we consider strategic in protecting all our workers. D&I objectives will be defined in the **new Corporate Rules**, which will include the social support mechanisms that will be implemented by 2030.



Social

Production bonus Road to 2030

Elleci will implement a performance bonus aimed at recognising workers' contributions and fostering greater operational efficiency.

The process of defining the production bonus is currently being discussed internally, exploring various solutions for determining how the parameters determining its allocation will be calculated. While it is still too early to

define the calculation methods, we expect them to depend on the assessment of operational outcomes, applying specific KPI criteria to gauge each department's performance.



Social

Wellness program Road to 2030

Elleci aims to enhance the existing protections in place for its employees to promote individual health. To achieve this, we plan to incorporate the following key aspects into our employee wellness program:

- Give each employee the opportunity to take no. 4 hours of paid leave per year to take the free blood test provided by the “Enfea Salute” health fund (the cost of membership being fully borne by the company).
- Extend coverage to employees’ immediate families through health packages determined by insurance policies. Each year, 24 hours of paid leave will be granted to provide assistance/care to family members with certification issued by the company physician, or 24 hour of paid leave for invasive diagnostic tests with the subsequent presentation of supporting documentation.
- The establishment of an additional company benefit offering greater protection for employees returning to work after a serious illness, who may have needed to take more than three months’ continuous sick leave. Upon the employee’s return to work, one hour of paid leave is granted per day for the first week back at work, to be utilised either at the start or end of the work shift.



Social

Remuneration policy Road to 2030

Elleci is committed to closing any unjustified pay gap between men and women occupying similar or equivalent roles, ensuring remuneration is based on merit and professional responsibilities, regardless of gender.

With regard to the Elleci Code of Ethics, and for the purpose of ensuring utmost transparency towards workers in our remuneration processes, we believe in the importance of drafting a remuneration and payment procedure. We intend to consolidate our growth in the social sphere, carefully monitoring our per-capita profitability in order to strengthen our business and accelerate our progression towards the full application of gender-inclusive principles.

Elleci values gender diversity and promotes an inclusive work environment where all individuals are respected and recognised for their uniqueness, thus contributing to a more creative, innovative and collaborative organisational context.



Elleci is committed to promoting gender equality by adopting key principles and striving to ensure equal opportunity for men and women in terms of career development and advancement, based on each individual's skills, performance and aspirations, without gender-based discrimination. In promoting equal career opportunities within a context of Diversity and Inclusion (D&I), we constantly seek to ensure that all individuals have the same opportunities for professional growth and advancement. Essentially, this means executive decisions are made based on skill and merit, without being influenced by prejudice or discrimination. To achieve this goal, we are in the process of adopting policies and procedures designed to ensure equal treatment for all employees. This includes employment policies that prioritise merit, objective performance reviews and transparent promotion processes. Moreover, providing regular training on diversity

and inclusion is key to educating all members of the team on subconscious biases and promoting a workplace that is respectful and welcoming for all. Every employee must feel valued and respected for their individual skills and contribution, regardless of personal characteristics such as gender, ethnicity or sexual orientation.

The company's managers are playing a key role in keeping the company on the right track towards inclusion and diversity. They continually adopt inclusive behavioural models and are actively committed to creating a fair and respectful work environment for all employees. These principles are implemented by adopting initiatives aimed at ensuring respect for D&I. Moreover, strongly inspired by UNI/PdR 125:2022 principles, we are working to implement gender equality criteria in terms of growth opportunities, equal pay and support for maternity. To support and implement this strategy, investigations began

Adoption of UNI/PdR 125:2022 principles Road to 2030

in 2023 for the introduction of a remuneration policy aimed at improving long-term competitiveness and ensuring the achievement of sustainable success. Based on evidence derived from specific market benchmarking analyses and by continuously engaging and listening to all stakeholders, Elleci will support the evolution of the remuneration strategy, which will be carefully reviewed year after year, aiming to align the remuneration framework with the company's goals and strategy, consistently pursuing long-term value creation.

Social

Adoption of UNI/PdR 125:2022 principles Road to 2030

Maternity Management

Elleci aims to build a reference framework that supports women before and after biological or adoptive motherhood, developing suitable support and development paths through the implementation of plans capable of fully appreciating and accompanying women in expressing their personal and professional skills. To this end, building a relationship of trust represents a lever through which to promote continuous dialogue between women and their managers. We prioritise active involvement in decision-making regarding employees' roles and work organisation. Our goal is to create a shared path from the moment we are informed of an employee's pregnancy, balancing professional prospects with the changes brought about by maternity and recognising the new skills acquired.

We intend to adopt the following measures in the business development plan to facilitate a work-life balance:

- ten hours of paid leave per year for child placement in nurseries/preschools;
- three days of paid leave per year to care for sick children, certified by the family physician;
- for employees who work up to their ninth month of pregnancy, four hours of paid leave for each month worked from the seventh month onwards;
- employees' right to take recuperative time off for medical services related to medically assisted procreation, for a maximum of sixteen hours per year, or if an entire day is taken off, for a maximum of two days per year.

The company policy defines and regulates, in line with current HR policies, methods for the development and management of female workers on maternity leave, aiming to ensure adequate personal and professional support, in line with the person's specific needs and technical/professional skills, within the relative area of the organisation (e.g. production, sales, staff, etc.), before and during their pregnancy and, in general, to reduce professional attrition among parents.



Social

Support for work-life balance

Elleci offers policies and programs that support work-life balance, including parental leave, flexible hours and support services for employees with family responsibilities, enabling men and women to balance their personal and professional needs. One of the company's strategic objectives is to enhance the presence of women across various departments, thereby improving and expanding career opportunities for women. This initiative aims to ensure greater gender balance, even in roles with increasing organisational complexity. Similarly, the company places great emphasis on involving women in mentoring and coaching programs, aiming to develop their leadership skills and empower them in their professional growth.

Shared parenting

The focus on increasing birth rates and supporting motherhood naturally evolves into the concept of shared parenting, reflecting the growing involvement and participation of fathers in family life. This trend calls for work-life balance mechanisms to be strengthened, both in terms of reconciling work and family responsibilities and sharing childcare duties. It requires policies and measures that foster environments culturally prepared to meet these evolving social needs.

Elleci aims to create similar development and caregiving opportunities in dedicated management pathways for male personnel, anticipating a twofold benefit:

1) Increase the number of male employees taking paternity leave;

2) Promoting a culture of collaboration on caregiving issues, since the inclusion and advancement of women's careers also depend on rebalancing caregiving responsibilities to ensure an equal distribution of family duties. With this in mind, the Human Resources department will be responsible for analysing shared parenting data trends, monitoring the take-up of paternity leave. The actions detailed in this Policy will be supported by extensive communication efforts, educational awareness campaigns and active support plans. This approach aims to ensure that inclusion becomes a pervasive cultural and management paradigm. The goal is to implement more personalised monitoring and attentive support for individuals through comprehensive, multi-channel actions. This approach aims to responsibly influence corporate culture, relationships, work processes and business environments.

Adoption of UNI/PdR 125:2022 principles Road to 2030



Social

Health & safety

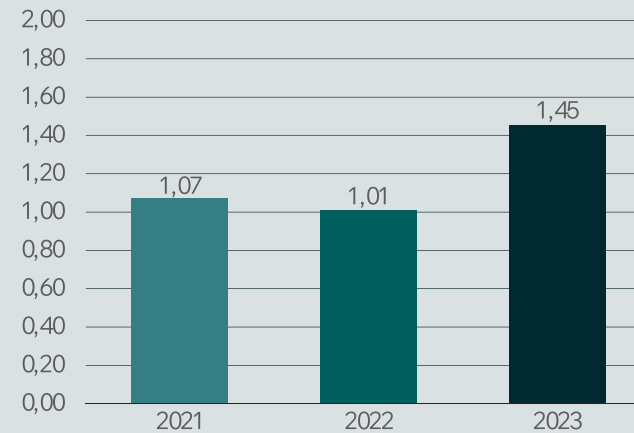
Elleci's commitment to health and safety is a key aspect of its corporate culture and social responsibility.

Elleci is committed to providing a safe and healthy working environment for all its employees. This includes implementing policies and procedures to reduce health risks and prevent accidents in the workplace.

This is illustrated by the number of work-related accidents recorded over the last three years. Elleci reported 2 accidents in the years 2021 and 2022 and 3 accidents in the year 2023,

with an accident rate of approximately 1 accident per 200,000 working hours in the first two-year reporting period and 1.4 accidents per 200,000 working hours in the year 2023. Moreover, given the low incidence of detected accidents, it can be concluded that the prevention and mitigation policies in place are effective.

Accidents per 200,000 working hours



Social

Health & safety

Elleci provides ongoing safety training and conducts awareness-raising campaigns for all employees. This includes training sessions on safety regulations, the correct use of tools and equipment, and emergency management. Elleci is committed to complying with all occupational health and safety laws and regulations, adhering to the applicable regulatory provisions and maintaining high standards in all its operations.

Thus, our dedication to health and safety underscores our responsibility towards employee wellness and our commitment to fostering a safe, healthy and sustainable work environment.



Social

Training

Elleci is committed to fostering the professional development of its employees through training programs designed to enhance their skills.

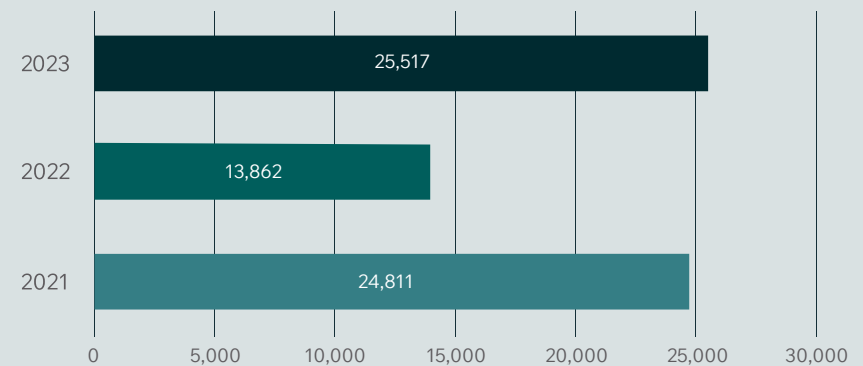
In the year 2023, Elleci delivered over 25,000 hours of training. This commitment demonstrates the company's dedication to enhancing the knowledge and skills of its employees and investing in their individual potential.

Through these training initiatives, Elleci provides employees with opportunities to develop and acquire new skills, thereby fostering their professional growth. This not only directly benefits employees but also contributes to the long-term success of the company, ensuring our staff is well-prepared to tackle future challenges and capitalise on emerging opportunities. Elleci's substantial investment in training underscores its commitment to developing human capital and maintaining a competitive edge through continual growth and adaptation.

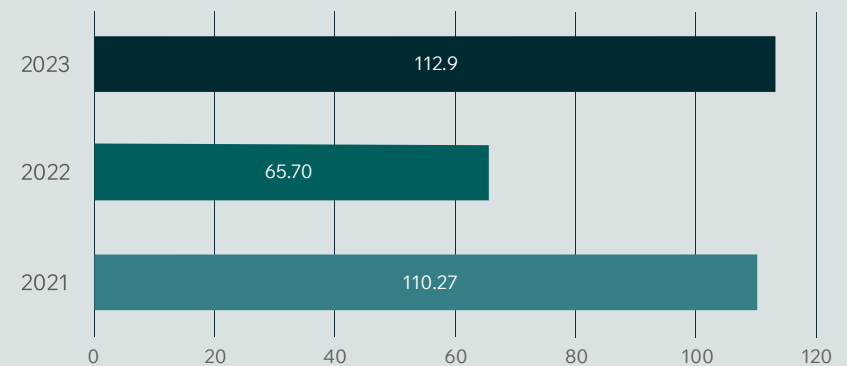
Moreover, it reflects our tangible dedication to corporate social responsibility, since training employees brings not only internal benefits but also fosters a more fulfilling and inclusive workplace.

The trend in hours of training delivered over the past three years is indicative of the company's consistent commitment in the years 2021 / 2023. However, in 2022, we recorded a decrease in this indicator due to our increased focus on production processes. Looking ahead, given the current transition period, there will be a heightened emphasis on training hours dedicated to digital and green issues.

Total number of training hours provided to employees



Average number of training hours per year per employee



Social

Community

Our commitment to the local community reflects our dedication to nurturing and developing the environments in which we operate. We firmly believe that a company’s success is intricately linked to social well-being. Therefore, we prioritise investments in initiatives that promote education, health, environmental stewardship and regional economic development.

Work-study programs with professional institutes

Elleci actively collaborates with local educational institutes to offer work-study opportunities to students. This program enables students to acquire practical experience in the field, develop professional skills and gain a clearer view of career opportunities in the industry. It also strengthens ties between the company and the local educational community, helping to train the future generations of workers.

Job placement internship

Elleci offers internship programs to encourage youth employment in the industrial sector. These internships offer students the opportunity to put into practice the knowledge acquired at school, gain experience in the field and develop specific professional skills. Moreover, they potentially represent a first step towards future employment with Elleci or other companies in the same field.

Terracina playground reconstruction

Elleci was involved in the reconstruction of the Terracina playground, damaged by natural disasters in 2021. This project demonstrates our commitment to supporting and helping to rehabilitate and improve the local community’s public infrastructure, offering residents a safe and welcoming place for recreation and entertainment.

Electronic charging stations at Elleci

Elleci plans to install electric charging stations within its premises, providing not only a valuable service to employees and visitors, but also helping to promote sustainable mobility and the reduction of greenhouse gas emissions. Furthermore, Elleci will provide charging incentives, thereby promoting the adoption of electric vehicles within the community.



Social

Community

Family Day and Elleci Home

Elleci organises an annual Family Day to involve and celebrate employees and their families, creating an opportunity to strengthen ties within the company community. Elleci is also planning to build Elleci Home, a multifunctional facility centred around inclusion and hospitality complete with a restaurant, gym and auditorium services for the local community. This project demonstrates our commitment to creating spaces and opportunities to foster the integration and well-being of the community as a whole.



Social

Community

Elleci for Amani

Elleci's collaboration with the Amani foundation aims to offer hope for a brighter future to hundreds of children and young people living on the streets of sub-Saharan African cities. These individuals face constant danger and separation from their families.

Since 2006, we have supported Amani in developing shelters, training projects, prevention programs and providing medical care.

Our aim is to make a tangible contribution to building a fairer world, where rights and opportunities for growth are guaranteed.





05

Governance

Governance

Our company's growth is founded on ethical principles

At Elleci, we recognise the fundamental importance of sound and responsible corporate governance. Governance extends beyond regulatory compliance; it forms the bedrock of our reputation and long-term success.

At Elleci, we adopt a comprehensive approach to governance, rooted in ethical principles and core values. Transparency, fairness and integrity are at the heart of our daily operations. We are dedicated to upholding the highest standards of legality, fairness and integrity in all our actions.

Our board of directors plays a pivotal role in shaping the company's strategic direction and overseeing its performance. Each board member brings a unique perspective that enhances the effectiveness of our governance.

Similarly, our employees are an integral part of our approach to governance. We prioritise individual respect and advocate for an inclusive and fair working environment. Our responsibility

to society extends beyond financial gain. We are dedicated to safeguarding the environment, promoting human health and enhancing the well-being of the communities in which we operate. Corporate governance remains an ongoing commitment at Elleci. We are steadfast in upholding rigorous standards to ensure our long-term sustainability and positive social impact.

Moreover, Elleci is strongly committed to upholding high standards in its operations, recognising that adherence to ethical principles is not only in the best interest of the company but also constitutes a fundamental moral duty. To this end, we have drawn up and published a Code of Ethics that underscores our commitment to conducting business ethically and legally.

Our Code of Ethics outlines the moral values guiding our actions, defines expected behaviour in our day-to-day operations, regulates how we conduct ourselves in business negotiations, and

addresses the management of conflicts of interest.

It is imperative that our Code of Ethics be binding on all employees, customers and suppliers alike. They are all expected to familiarise themselves with its contents and adhere to its provisions.

To ensure the widespread adoption of our Code of Ethics, we have taken several measures. In addition to distributing it to all employees, we also share it with our key customers and suppliers.

Furthermore, we have chosen to provide a summary version of our Code of Ethics on our official website, ensuring it is available to anyone who wishes to consult it. Another critical component of Elleci governance is the Management and Control Model 231 (Article 6, Legislative Decree no. 231 of 8 June 2001), designed to prevent and mitigate the risk of criminal activities within the context of our company operations. By adopting this model, we aim to demonstrate our commitment to

fulfilling our legal obligations and assure supervisory bodies, the competent authorities and the public that we have implemented all necessary measures to prevent and combat the commission of offences. Lastly, we aim to safeguard our corporate reputation by preventing any illegal behaviour that could tarnish our image, resulting in a loss of credibility and trust among customers, suppliers and other stakeholders.



Governance

Governance model

Elleci governance is structured as follows:

Shareholders' Meeting:

The Shareholders' Meeting, composed of shareholders, is responsible for crucial matters such as approving financial statements, appointing and dismissing directors, appointing and dismissing the Board of Auditors, determining directors' remuneration and other matters reserved by law and the Articles of Association.

Supervisory Board - SB

Elleci, in implementing the provisions of Legislative Decree no. 231 of 8 June 2001, has appointed a Supervisory Board tasked specifically with ensuring the effective implementation of, and compliance with Model 231, including regular updates. The Supervisory Board is appointed by the Board of

Board of Directors:

The Board of Directors consists of four members: Giancarlo Traversa (Chairman and Managing Director), Veronica Traversa (Managing Director), Graziano Traversa (Managing Director), Daniele Traversa (Managing Director) and Nicola Paglietti (Director).

Board of Auditors:

The Board of Auditors serves as a supervisory body, overseeing the actions of the directors to ensure compliance with legal requirements and the company's articles of association.

therefore a body endowed with autonomous powers of initiative and control, albeit subject to supervision by the Board of Directors.

Board of Directors



Board of Auditors

Presidente: Antonio Diso
Sindaco: Andrea Lauri
Sindaca: Elisabetta Capitini
Supplente: Marco Caroppo
Supplente: Francesco Balestrieri

Supervisory Board

Presidente: Avv. Stefano Iucci
Ing. Marco Tavani
Sig. Costantino Iaboni

Auditing Company

Attuale



(2017-2023)

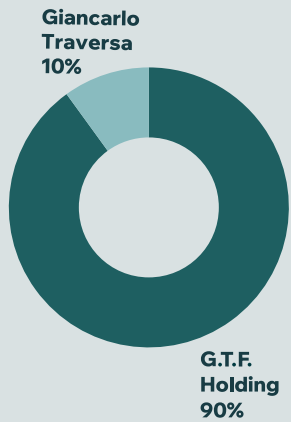


Governance

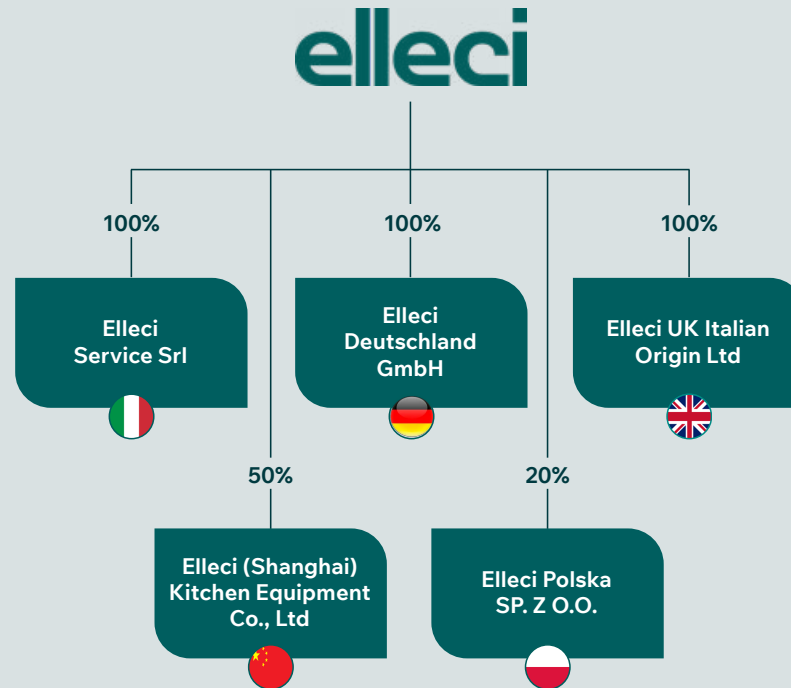
Dealings with other companies

On 27 July 2023, Giancarlo Traversa Family Holding S.r.l. was incorporated by transferring 90% of Elleci shares. The transfer of Elleci's shares into the newly established Holding was part of a restructuring project.

Shareholders

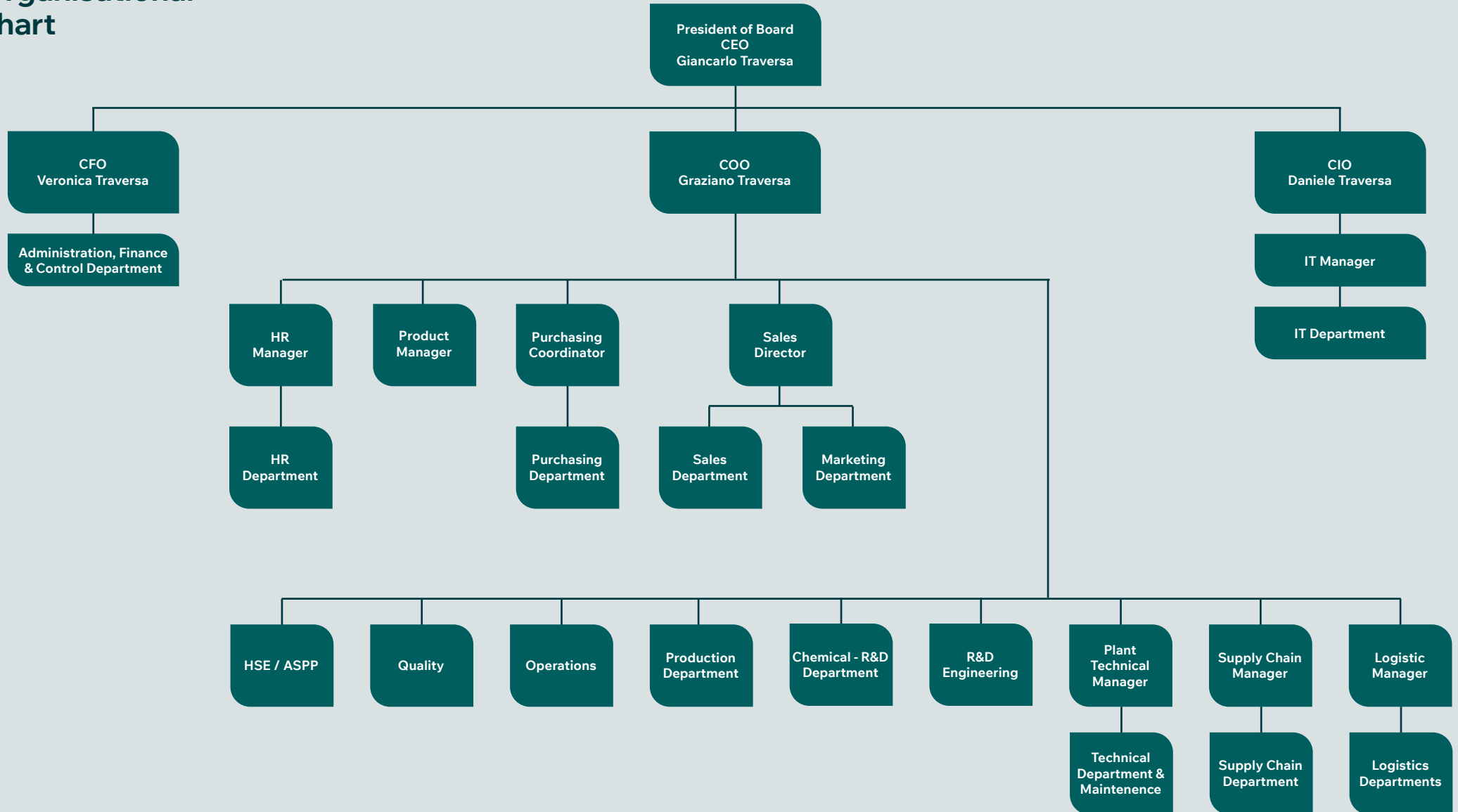


Elleci Structure



Governance

Organisational chart



Governance

Management of economic resources

Our financial management strategy recognises the crucial importance of diversifying our financial structure across different credit institutions. This practice allows us to spread the risk associated with financial management, ensuring our financial stability even in times of economic uncertainty. Moreover, by holding accounts with several financial institutions, we can access a wide range of banking services, thereby optimising financial transactions and maximising the value of our funds.

Elleci adopts a rigorous account management strategy, constantly assessing the terms offered by different financial institutions and ensuring efficient cash flow management. Diversification is a wise strategy that enhances our financial resilience and capacity to adjust to evolving market conditions.

Diversification is a wise strategy that enhances our financial resilience.



Governance

Prizes and awards



2021

Industria Felix

Alta onorificenza di bilancio (Financial achievement)

“Il Sole 24 Ore”



2021

Imprese Vincenti

Internazionalizzazione, motore di crescita dell'industria italiana (Industrial growth)

“Intesa Sanpaolo”



2021

Premio 100 Eccellenze Italiane

(top 100 Italian companies)

“RD Editore”



2022

Industria Felix

Alta onorificenza di bilancio (Financial achievement)

“Il Sole 24 Ore”

Governance

Focus Whistleblowing

We considered it crucial to implement whistleblowing procedures because we believe that proactive intervention and early detection of improper, fraudulent or unethical behaviour enables us to address issues before they escalate. Moreover, Elleci has consistently promoted ethics and transparency, cultivating a workplace culture where employees feel comfortable reporting misconduct without fear of retaliation.

Whistleblowing procedures also help companies comply with internal and external rules and regulations by identifying and addressing legal or regulatory violations. This reduces the risk of sanctions and protects the company's reputation. Providing employees with a channel through which to report concerns also helps to create a corporate climate based on trust and transparency, increasing engagement and job satisfaction.

At Elleci, the whistleblowing procedure is designed to handle reports confidentially and in accordance with both European and national laws. According to Legislative Decree 24/2023, the whistleblower's identity cannot be disclosed without his or her consent, except to persons authorised to receive or process the report.

The reports we receive are in relation to various aspects, such as:

- requests for clarification regarding behaviour that could be a breach of our Code of Ethics, the Model or laws, such as breaches of corporate rules or supplier controls;
- reports concerning breaches of the law, regulations or corporate rules, such as defamation, fraud or misuse of company resources;

- reports of risky behaviour that could determine a breach of our Model or laws, and potentially lead to offences;
- reports from third parties regarding irregular or censurable behaviour;
- reports on accounting or auditing matters.

We believe that the whistleblowing procedure is an important tool in maintaining an ethical and responsible business environment.

Providing employees with a channel through which to report concerns helps to create a corporate climate based on trust and transparency.



Governance

Focus Anti-corruption

Our Organisational Model 231 includes procedures to address incidents of corruption and incitement to corruption among individuals.

To prevent and monitor potential incidents of corruption, Model 231 provides clear guidelines on general conduct and behaviour, and for defining corporate rules that specifically govern the procurement of goods and services.

We considered it important to emphasise this aspect as the analysis conducted revealed that incidents of corruption and incitement are more likely to occur through illicit or collusive agreements with other companies or individuals involved in the procurement process. Therefore, Procurement is considered the stage of the process with the highest risk. The procedure mandates that all Company decisions and expenditure commitments strictly adhere to the corporate rules governing the procurement of goods

and services. Ensuring compliance with internal authorisation levels and maintaining traceability and proper filing of documentation throughout the procurement process, are crucial elements. Acts of favouritism that compromise efficiency, cost-effectiveness and transparency are strictly prohibited in the process of selecting suppliers. Service providers, collaborators, professionals and consultants must be selected following a careful assessment of their technical and professional qualifications to ensure the quality of the company's operations in respect of the budget.

Furthermore, transparent and fair behaviour is expected in all business dealings. The approval process for contracts must adhere to company procedures, with business opportunities presented to the relevant departments. In particular, when selecting suppliers, the purchasing department performs an initial check.

Once selected, the supplier must be technically and operationally validated by two managing directors, and the supplier contract submitted for financial authorisation and legal scrutiny.

The internal management system keeps track of the different authorisation levels.

The procedure mandates that all Company decisions and expenditure commitments strictly adhere to the corporate rules governing the procurement of goods and services.



Governance

Focus Stakeholder engagement

We aim for the principles and contents of the Model to be understood not only by employees, but also by all individuals who, although not formally employed, contribute to the company's objectives through contractual relationships. Our communication and training practices are designed to be comprehensive, clear, accessible and ongoing, tailored to the positions and roles of the participants. Our priority is to ensure that everyone comprehensively understands the corporate rules and ethical principles governing their conduct.

Communication of the model to employees and members of corporate bodies

Every employee has a duty to familiarise himself/herself with the corporate Model. He/she must know its contents and operating procedures in order to carry out his/her work accordingly. Each employee is encouraged to contribute to the implementation of the Model by reporting any discrepancies or issues they encounter.

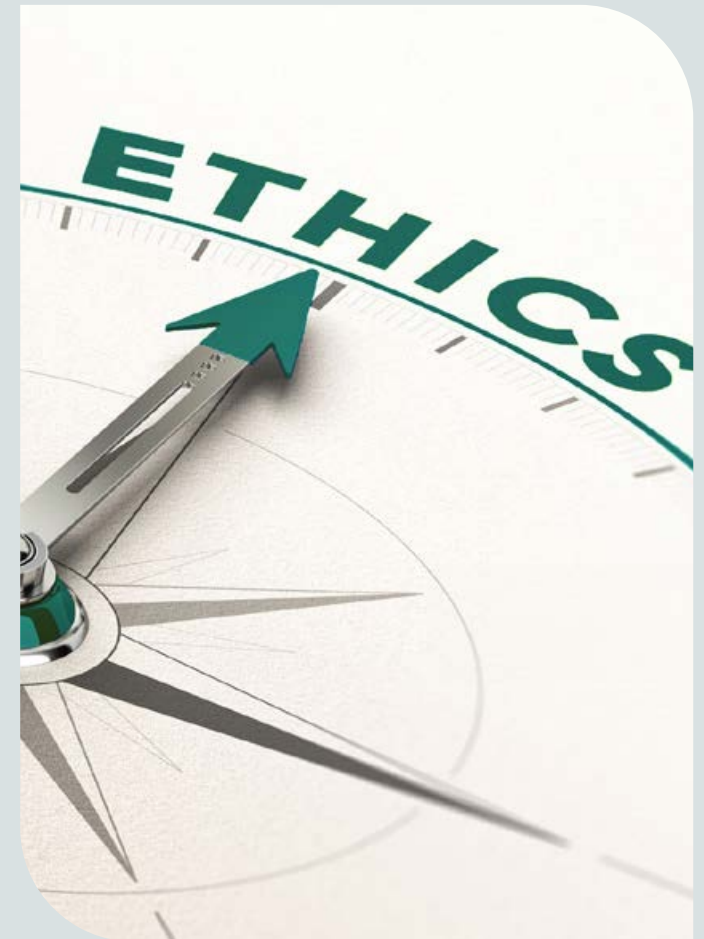
The Model is communicated through various channels, including email, fax, mail or in-person delivery. Employees receive the Model and confirm receipt by signing a form. The same procedure applies to members of the company's corporate bodies. This practice ensures that everyone understands the importance of the Model and commits to adhering to it in their daily duties.

Communication of the model to external collaborators and partners

We are committed to communicating the principles and rules of conduct outlined in our Code of Ethics and Model to all third parties who have contractual relationships with Elleci and represent the company, despite not being direct employees. These include business partners, consultants, distributors and other independent contractors. It is crucial that all individu-

als who collaborate with the company, in any capacity, understand and adhere to the established ethical values and rules of conduct. We actively promote the communication and comprehension of the Code of Ethics and Model among consultants, partners, collaborators, users and suppliers. This ensures that everyone contributes to maintaining a high standard of corporate behaviour.

We are committed to ensuring the Governance Model is widely shared both within and outside the organisation.



Governance

Focus Tax and legal strategy

Considering the increasingly complex and globalised economy, Elleci considers managing tax and legal issues to be of crucial importance. The core principle of the entire corporate strategy is Responsibility. This principle permeates every aspect of strategic tax management and specifically applies to various dimensions: Extraordinary Transactions; Tax Administration and Litigation; Tax Incentives; International Taxation; VAT.

Managing tax compliance poses one of the most complex challenges for any company, requiring a strategic approach and ongoing supervision to ensure adherence to the applicable tax laws. Elleci's internal AFC (Administration, Finance and Control) team plays a crucial role in this context, coordinating and supervising all tax-related matters. The AFC team, thanks to their expertise and experience in accounting and finance, diligently ensures that all business transactions comply with tax regulations

and that all tax requirements are met.

However, due to the intricate nature of tax and regulatory frameworks, external experts often provide support to address specific issues and ensure accurate and efficient tax management. This is where qualified external consultants such as EY S.p.A. and Fantozzi & Associati come in, offering a wide range of expertise and specialised knowledge in taxation. By collaborating with such advisors, the AFC Team is able to proactively and professionally address complex tax issues, ensuring tax management in compliance with applicable laws and regulations.

Transfer Pricing represents another critical aspect of tax management. To improve clarity and transparency in this area, Elleci has chosen to draft Transfer Pricing documentation in accordance with national tax regulations, consisting of:

- a Masterfile that will provide an overview of the mul-

tinational group's business, including the nature of our global business operations, general transfer pricing policies and the global allocation of income and assets;

- National Documentation providing more detailed information about the local entity and the intra-group transactions in which it is involved.

This will allow us to avoid potential tax disputes, streamline the handling of tax compliance matters and focus our energies on core business activities and the achievement of our corporate objectives.

Elleci's focus on leveraging the opportunities offered by regional and national tax incentives underscores our ongoing commitment to adopting responsible tax practices and maximising the advantages of government policies. Amid increasing digitalisation and innovation in production processes, the company seized the oppor-

tunities presented by the national Industry 4.0 plan as early as 2017.

Participating in the Industry 4.0 plan allowed Elleci to benefit from tax incentives and financial support aimed at promoting the adoption of cutting-edge digital technologies and innovative production methods. This has not only enhanced the company's efficiency and competitiveness but also stimulated our economic growth and employment in the region.

Looking ahead, the upcoming challenges in the next two years point towards a new digital and ecological transition. Elleci is ready to seize the opportunities presented by the new business investment incentive plan, called Transition 5.0 (through the PNRR - National Recovery and Resilience Plan). This incentive package aims to facilitate a digital, sustainable and resilient transformation of business models, while maintaining a strong commitment to social and environmental responsibility.

Our internal AFC team coordinates tax compliance activities and, supported by qualified consultants, proactively addresses complex challenges, such as the digital and ecological transition.

Governance

Developments in 2024 Sustainability Management

In 2024, a stronger focus on sustainability will be one of our key priorities. To this end, we have decided to integrate the most pressing issues into Elleci's core business strategy. Our intention is to incorporate specific sustainability-related actions and goals at every stage of our operations, processes and in the creation of our products. In doing so, sustainability will become a central, cross-cutting element in all our activities, along the entire corporate value chain. This process, while part of a long-term commitment, has already begun with our first important steps towards a more sustainable approach.

Our sustainability strategy is based on the following pillars

Environmental



We have established the following environmental goals to be achieved by 2030:

- **50% reduction in CO₂eq emissions** by improving the efficiency of production facilities and installing renewable energy production plants;
- **50% reduction in water consumption** used in production;
- **50% reduction in waste** generated by the production cycle;
- **introduction of 50% renewable raw materials** in the product formula.

Social



The timeline for achieving our social objectives, with all projects slated for completion by 2030, is outlined in the following steps:

- definition of **rules governing the production bonus** for 2025;
- openness to discussion for the definition of a policy aimed at implementing an **employee wellness program** (2025);
- verification of the results achieved and **distribution of the production bonus** for 2025 (2026);
- full definition of the **remuneration policy** (2027);
- **adoption of D&I principles** envisaged by UNI/PdR 125:2022 guidelines (2028).

Governance for sustainability



In 2024, we plan to update our **Code of Ethics and Organisation, Management and Control Model** by including a dedicated section on our objectives and the monitoring and management methods we plan to establish for overseeing sustainability issues.

The governance model we intend to adopt will be designed to ensure a clear understanding of the processes, controls and procedures that will be implemented to monitor, manage and address sustainability issues.

This model will reflect our organisation's commitment to responsible and sustainable business practices by providing an effective framework for their management.

The Board of Directors intends to delegate the oversight of sustainability issues to specific committees, leveraging their specialised experience and expertise to oversee the many technical aspects surrounding sustainability.

The **Corporate Governance and Sustainability Committee** will be tasked with overseeing the company's sustainability strategies and initiatives, including monitoring progress towards achieving the company's sustainability goals. The Committee will assess a wide range of issues affecting the company, shareholders, stakeholders and general public, including social, political and environmental trends.

Governance

Operations & Economics Highlights

For a comprehensive analysis of the economic data presented below, it is important to note that the two-year period 2022-2023 was marked by a raw material crisis, characterised by a significant rise in the cost of raw materials and natural resources. This crisis was affected by various factors. First and foremost, there was high global demand for raw materials by certain industries that were recovering from the economic downturn caused by the COVID-19 pandemic. This rise in demand put pressure on supply.

Moreover, there were problems in supply due to natural disasters and disruptions in the supply chain, which damaged infrastructure and production facilities, reducing the availability of raw materials. These factors combined to create a supply crisis, resulting in a substantial increase in raw material costs that affected multiple industrial and commercial industries worldwide, including the one in which Elleci operates.



Governance

Operations & Economics Highlights

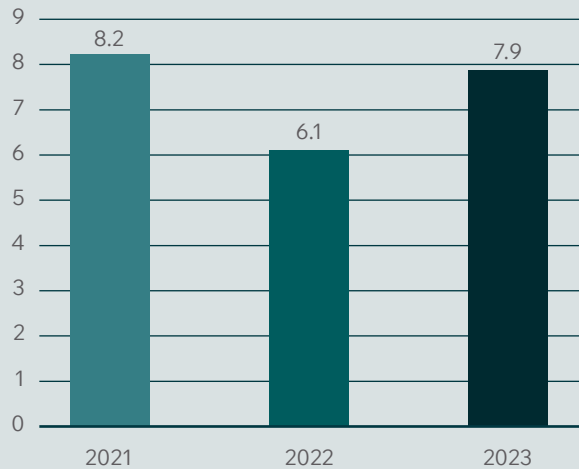
In 2021, the company recorded an EBITDA of €8,218,325 with a revenue of €41,353,676. This indicates that the company achieved a solid EBITDA with respect to its revenue, reflecting strong operating profitability. In 2022, despite an increase in revenue to €47,009,382, the EBITDA decreased to €6,116,920. This indicates that despite an increase in revenue, the company

encountered operational challenges that negatively affected its ability to generate earnings before interest, taxes and depreciation. These challenges primarily stem from socio-political changes in the international economy. In 2023, the EBITDA rose again to €7,873,990, and revenue further increased to €48,281,694. This suggests an improve-

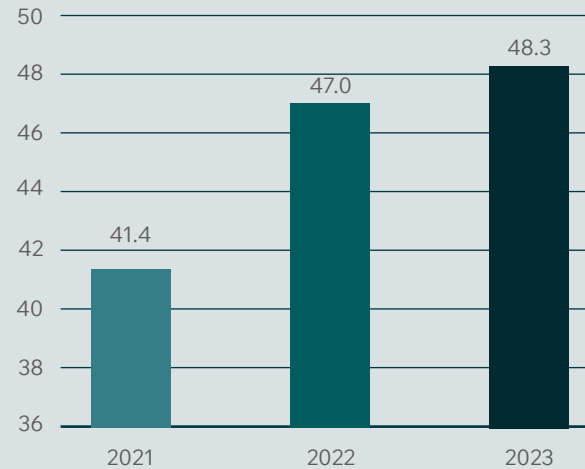
ment in the company's operating profitability compared to the previous year. Overall, while revenue increased steadily during this three-year period, the EBITDA trend indicated greater variability, suggesting that external factors, in addition to revenue, impacted the company's financial performance. The cost analysis in relation to revenue shows that the

company was able to effectively manage its resources to sustain growth and achieve solid financial performance during the three-year period.

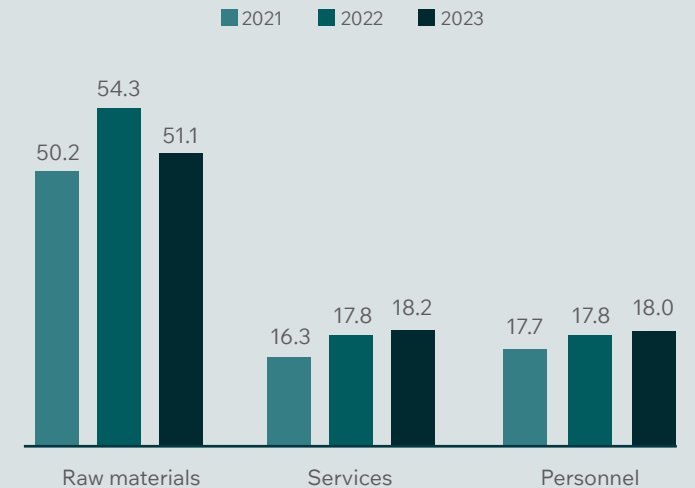
EBITDA [M€]



Revenue [M€]



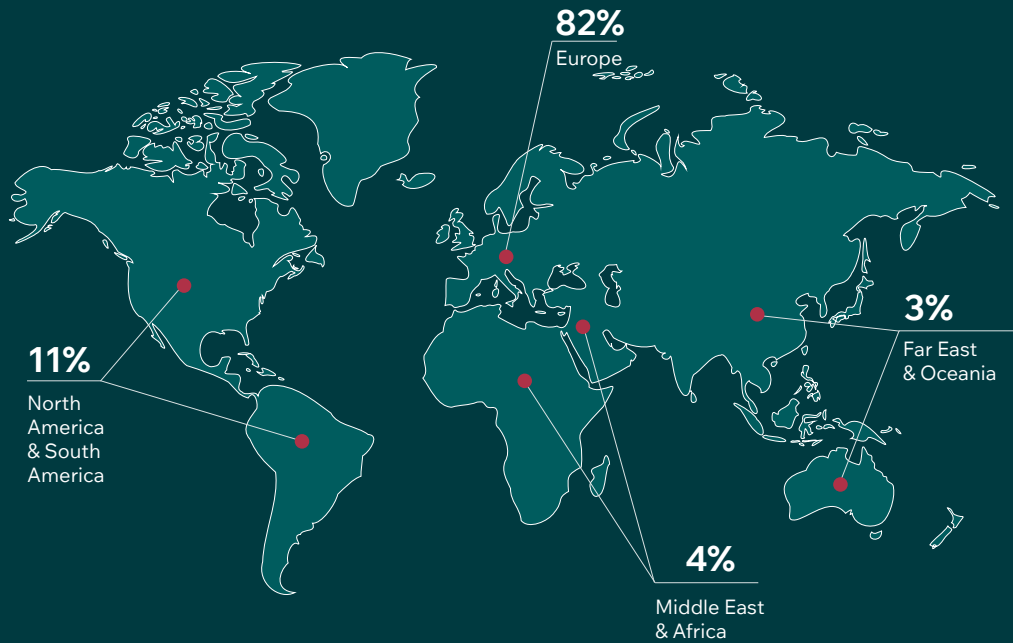
Incidence of costs/revenue [%]



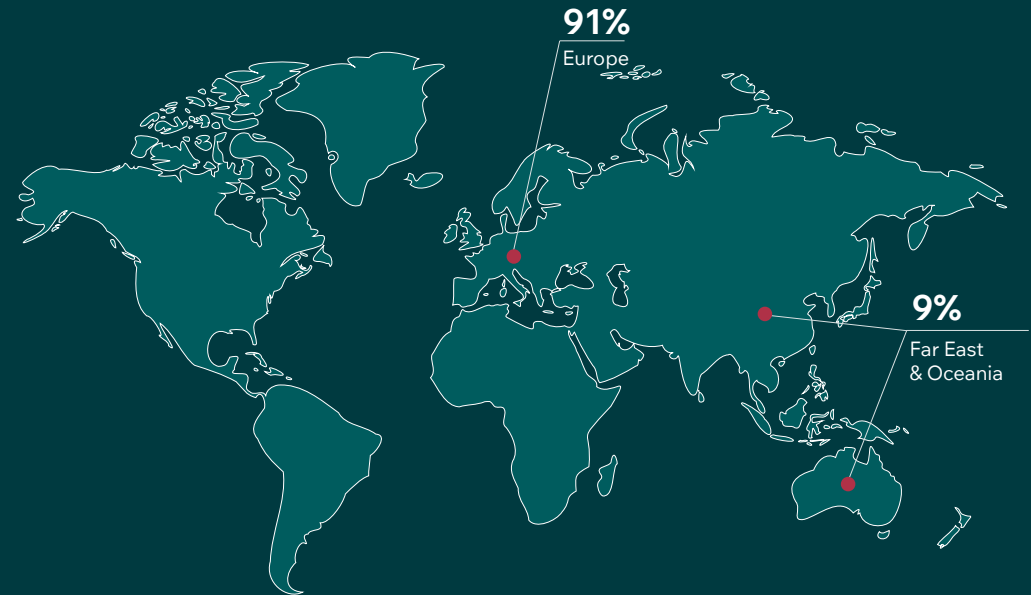
Governance

Operations & Economics Highlights

Revenue by geographic region 2023



Raw material costs by geographic region 2023



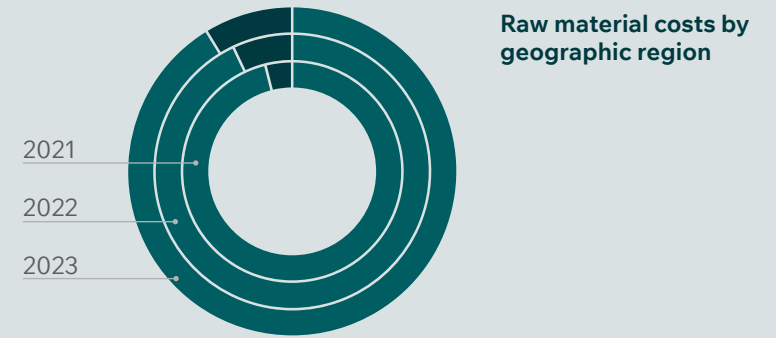
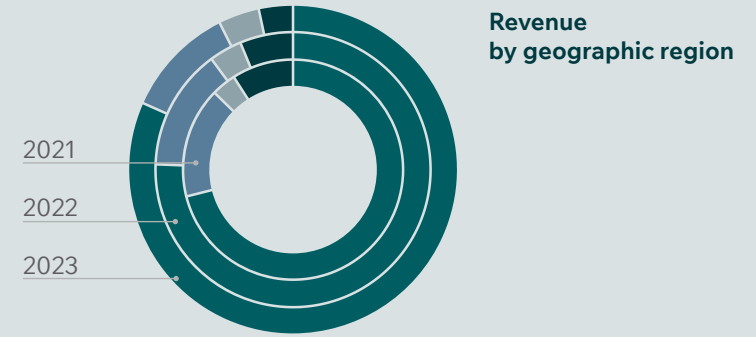
Governance

Operations & Economics Highlights

Revenue by geographic region is also indicated for the last three years. An analysis of the reported data reveals that over the past three years, Europe accounted for most of the company's revenue, at a growing rate. In the challenging international landscape, marked by a downturn in demand in the furnishing sector, Elleci maintained a good balance in revenue/cost by macro-geographic region, reflecting the company's stability and the strengthening of the Elleci brand globally. US market growth and improved European positioning is expected in the coming years, driven by the recovery of global demand, reduced

raw material and energy costs, and new partnerships with key stakeholders in the kitchen and bathroom furniture manufacturing sector.

- Europe
- Middle East & Africa
- North America & South America
- Far East & Oceania



	2021		2022		2023	
	Revenue by geographic region	Cost of raw materials by geographic region	Revenue by geographic region	Cost of raw materials by geographic region	Revenue by geographic region	Cost of raw materials by geographic region
Europe	71%	96%	76%	93%	82%	91%
North America & South America	16%	0%	14%	0%	11%	0%
Middle East & Africa	4%	0%	4%	0%	4%	0%
Far East & Oceania	9%	4%	6%	7%	3%	9%

*There must be a better way to make
the things we want,
a way that doesn't spoil the sky,
or the rain or the land.*

Paul McCartney



elleci
TOGETHER, WITH STYLE

elleci.com