

GRUPPO CERAMICHE

GRESMALT

MAY 2023

Environmental, Social &
Governance Responsibility

CORPORATE POLICY





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INTRODUCTION

Since 1969, Ceramiche Gresmalt S.p.A. Group (hereinafter referred to as “Gresmalt”) has been one of Italy and the world’s leading ceramic manufacturers in the field of porcelain stoneware floor and wall tiles.

Sustainability is a core value of the Gresmalt business culture, which the company puts into practice through the development, manufacture, and distribution of ceramic products for the building industry. That is why, in all its daily activities, the company strives to uphold principles such as eco-efficiency and eco-effectiveness and is committed to responsible use of natural and human resources, as well as technologies that reduce environmental and social impact.

The purpose of this policy is to formalise Gresmalt’s commitment to environmental, social, and corporate governance issues, establishing the set of individual responsibilities of each employee and those of the company. This policy was approved by the board of directors and its application is overseen by the Gresmalt Group’s ESG committee.

This integrated document gathers together the following individual policies:

-  Environmental Responsibility Policy
-  Social Responsibility Policy
-  Corporate Governance Policy



ENVIRONMENTAL RESPONSIBILITY POLICY

1. ENVIRONMENTAL POLICY STATEMENT

The Environmental Responsibility Policy is designed to contribute to achieving the Sustainable Development Goals (SDGs) by steering the company's product, process, and organisational innovation towards the construction of a better world.

From an operational viewpoint, this ambitious objective is pursued through the implementation of an environmental management system and the adoption of the life cycle perspective, which considers the processes and their impact on the environment at all stages, with a holistic approach, including then activities upstream and downstream of production, such as procurement, distribution, use, and end of life. From a methodological viewpoint, the life cycle perspective is implemented by using life cycle assessments (LCAs) as a tool to calculate the environmental footprint of ceramic products.

In addition to our ISO 14001:2015-compliant environmental management system, Gresmalt has also implemented an environmental assessment system for monitoring resource and energy consumption as well as the production of emissions and industrial waste, all in real time. This system enables us to generate monthly Life Cycle Assessment (LCA) reports which, together with other environmental sustainability and circularity indicators, provide stakeholders with clear, reliable information.

2. MAIN ENVIRONMENTAL AREAS OF ACTION

The environmental management system identifies certain key areas within which the company is particularly committed to monitoring environmental impacts and taking mitigating action, doing so in compliance with both applicable legislative requirements and corporate standards and objectives. The following section provides an overview of the main areas of environmental action and their relationship with the Sustainable Development Goals (SDGs) set by the UN 2030 Agenda.

2.1 ENERGY EFFICIENCY AND CLIMATE CHANGE



Gresmalt is committed to pursuing maximum energy efficiency by reducing the electricity and natural gas consumption per weight unit of manufactured product. To achieve this goal, the company adopts the most innovative production technologies and appropriate organisational models. These include a combined heat and power (CHP) system for the production of electricity and heat. The system maximises use of a single fuel so as to reduce pollutant and greenhouse gas emissions compared with the conventional approach of using electricity and heat generated separately. Additionally, when firing ceramic products, the company strives constantly to limit the use of raw materials or semi-finished products which contain substances that could release carbon dioxide (CO₂) or other volatile substances. Gresmalt has also pledged to start a carbon neutrality process that meets the objectives of the Paris Agreement (COP21) and the European Climate law.

2.2 WATER EFFICIENCY



Gresmalt is committed to developing methods and tools for measuring and accounting for water consumption, to optimise water usage in the production process. To this end, the company has set itself the objective of maintaining and, if possible, increasing the total recycling of industrial water by endeavouring to reuse, with appropriate collection plants, also industrial wastewater from other producers of ceramic materials, otherwise destined for disposal.

2.3 BIODIVERSITY PROTECTION



Gresmalt is committed to countering diminishing biodiversity and to conserving natural capital, which provides the resources not only for its manufacturing activities but also for life in the area where the company operates. Therefore, the inclusion of biodiversity in this environmental policy document is vitally important not only on an industrial level but also ethically, in terms of corporate social responsibility.

2.4 CORPORATE CITIZENSHIP



Gresmalt's production units are located in complex urban areas, which means we are committed to maintaining constructive dialogue with local communities, authorities, and stakeholders and focussing on their needs. Gresmalt takes all possible action to mitigate the direct and indirect environmental impacts of industrial activities on the local area. To this end, the company is particularly careful about monitoring substance and particulate emissions, reducing noise, streamlining traffic, and preventing water and soil contamination.

2.5 EFFICIENCY IN THE USE OF RESOURCES



Gresmalt is committed to managing all the resources required for the manufacture of the company's ceramics carefully and responsibly. To reduce the environmental impact of raw materials and chemical compounds, it prioritises resources that guarantee low climate impact without adversely impacting other aspects of sustainability, and it encourages environmental sustainability in the supply chain and promote innovation in materials and processes. Using qualified personnel and fully equipped laboratories, the company verifies that incoming raw materials and chemical compounds comply with technical specifications, safety data sheets, and applicable legislation. It also fosters a risk management culture through the provision of training and information activities for employees designed to ensure correct use and handling of resources as well as to minimise power and water usage and the production of waste, encouraging waste recovery where possible. Furthermore, Gresmalt takes all necessary organisational, operational, and technological measures to prevent, reduce, or remediate water, air, and soil pollution. The company constantly monitors air and water emissions, energy and water consumption, and waste production and is committed to improving its environmental performance.

2.6 SUSTAINABLE SOURCING



Gruppo Ceramiche Gresmalt is committed to promoting principles of ethics, integrity and sustainability along its supply chain, through the evaluation, selection of suppliers and the purchase of goods and services with sustainability features, in line with the international standard ISO 20400.

Specifically, Gresmalt is committed to analysing, preventing and possibly reducing the impact on the economy, the environment and people, generated through its procurement activities.

In particular, the Group aims to ensure that its suppliers comply with current legislation on environmental, health and safety and Human Rights, including international obligations on climate change and sustainable development.

In addition, the Group is committed to progressively including environmental, social and governance sustainability criteria as part of the evaluation process of its suppliers and contractors, in particular with respect to suppliers assessed as priority on the basis of strategic relevance and potential ESG impact.

The Group is committed to promoting sustainability awareness among supply chain partners and encouraging them to adopt sustainable practices. It also undertakes to implement qualification measures and monitoring of its supply chain, with the aim of establishing clear sustainability targets for relevant suppliers, on the basis of which their performance will be evaluated.

These principles are integrated into the Group's Sustainable Procurement Policy and Supplier Code of Conduct.

2.7 RESPONSIBLE PRODUCTION



Gresmalt's commitment is not only aimed at monitoring all the potential environmental impact factors (resources, energy, emissions, water, waste), but also the process as a whole. In the operational management of its activities, Gresmalt bases its methods on the most appropriate environmental protection and energy efficiency criteria; it assesses the environmental impacts of all the new products beforehand and establishes processes to set environmental objectives and targets to be integrated into the company's business development programmes and operational management in order to reduce the environmental impact thereof. Achieving these objectives requires a new development model, which is sustainable from an economic, environmental, and socially equitable point of view and is based on the responsible use of resources, operational efficiency, and technological innovation. This model is consistent with the circular economy model because it means the company's growth is no longer limited by issues relating to the consumption of resources, thereby significantly reducing the environmental impacts associated with the supply chain. Employees are expected to participate actively in risk prevention, environmental protection, and the protection of health and safety; more specifically, Gresmalt undertakes to ensure that anyone who may be involved in procedures that could have environmental repercussions conscientiously adopts all the prevention measures deemed appropriate in each specific case. Therefore, taking a holistic approach, the company monitors the environmental footprint of its manufacturing business, adopting advanced systems to assess the processes involved in its ceramics production in real time.

2.8 CONFORMITY AND ENVIRONMENTAL RELIABILITY OF PRODUCTS



Gresmalt works closely with ceramics distributors to establish effective, transparent communication strategies for end consumer information and to counter greenwashing. The company applies eco-design techniques to develop high-performance products in terms of both technology and environmental performance. Gresmalt is also committed to further disseminating the use of Life Cycle Assessment to provide consumers (through distributors) with environmental information relating to use and maintenance of the ceramic product, as well as end-of-life management.

2.9 CUSTOMER HEALTH AND SAFETY



End customers' health and safety is a priority for Gresmalt and an integral part of the company's product strategy from the design stage onwards; starting - therefore - with the use of extremely safe raw materials and substances, and ending in single-material packaging systems whose components are perfectly separable, recyclable, and reusable. The boxes, which are made of recycled cardboard, are placed on top of certified recovered EPAL pallets, and covered with recycled heat-shrink plastic wrap. What is more, the packaging does not contain either PVC (PolyVinyl Chloride), EPS (Expanded PolyStyrene) or biomaterials. Furthermore, the company is committed to working with distributors to identify and minimise all possible risks which could arise during installation and use of its ceramics, including those originating from harmful materials or from misuse of the product.

SOCIAL RESPONSIBILITY POLICY

3. SOCIAL POLICY STATEMENT

Gresmalt views sustainability as part and parcel of its corporate responsibility and is committed to acting as reliable and professional manufacturer, employer, and business partner. In line with this, Gresmalt works responsibly to safeguard the health of its employees, of the local communities around its production facilities, and the safety of operations along the value chain.

Gresmalt's Social Responsibility Policy reflects the company's commitment to understand, monitor, and manage its social impact and sets out guidelines to support the United Nations 2030 Agenda for Sustainable Development, to contribute to achieving its 17 Sustainable Development Goals (SDGs). This policy was approved by the board of directors and its application is overseen by the Gresmalt Group's Sustainability Management committee.

The reference framework used for social responsibility is the life cycle perspective, which considers processes and their impact on society at all stages from a holistic view, including the activities up- and downstream of production and therefore, where possible, procurement, distribution, use, and end of life. From a methodological viewpoint, the life cycle perspective is implemented by using social life cycle assessments (S-LCAs) based on the UNEP (United Nations Environment Programme) guidelines as a tool for calculating the environmental footprint of ceramic products. Gresmalt has also implemented a social management system, which involves real-time monitoring of the social aspects linked to ceramics manufacturing. This system enables the company to generate monthly social life cycle assessment (S-LCA) reports which, together with other environmental sustainability and circularity indicators, provide stakeholders with clear, reliable information.

4. MAIN AREAS OF SOCIAL ACTION

The social management system identifies certain key areas within which the company is particularly committed to monitoring social impacts and taking mitigating action, doing so in compliance with both applicable legislative requirements and corporate standards and objectives. In accordance with the social life cycle assessment (S-LCA) guidelines, impact categories and sub-categories have been identified for every category of stakeholders and assessment metrics processed to generate social indicators and indexes. For each impact sub-category, the system also associates one or more sustainable development goals (SDGs).

4.1 STAKEHOLDERS: WORKERS

4.1.1 IMPACT: HUMAN RIGHTS



In line with its Code of Ethics and the Group's Supplier Code of Conduct, Gresmalt regards respect for human rights as an integral part of its corporate culture.

In this regard, the Group adheres to the principles contained in the standards issued by the main international organizations in this field. In particular, the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Gresmalt rejects the use of child labour and is committed to ensuring the protection of minors from all forms of exploitation in its activities and along its value chain. In addition, it is committed to safeguarding its employees and all workers in the value chain from forced labour and any form of modern exploitation and slavery.

The undertaking shall condemn and oppose any form of discrimination, exclusion or preference which has the effect of nullifying or compromise equal opportunities or treatment in employment or occupation based on ethnic origin, nationality or gender, age, political and trade union opinions, language, religious beliefs, sexual orientation, and/or physical and mental disability. The promotion of equality and inclusion and the enhancement of diversity represent a daily and transversal commitment both to the outside and to its employees, as a foundation in all phases of recruitment, recruitment, training, remuneration, promotion and dismissal.

The Group also undertakes to prevent any action that may constitute physical, verbal or non-verbal harassment and create an intimidating, hostile or humiliating environment.

Gresmalt is committed to ensuring the respect of the working time legality of the persons employed, in line with the Convention on Working Time, Article 2, 1919 (No. 1) and to guarantee to all its collaborators, without any discrimination, the right to equal pay for equal work, without discrimination based on gender or other characteristics.

The company recognises and guarantees the freedom of labor union association and membership of workers' organisations, as well as the right to collective bargaining of its employees, safeguarding the effective exercise of labor union rights in the workplace and avoiding any interference against the organisation and functioning of labor unions.

The Group considers the health and safety of employees in the workplace a priority and is committed to promoting and ensuring them by implementing all available prevention measures, including employee training in this area.

Gresmalt pursues and disseminates the principles outlined above, committing itself to integrate them into its business strategies and to ensure that they are applied and respected within the Group's activities, by its suppliers and other business partners.

Finally, the Group undertakes to monitor the effectiveness of its commitment through instruments such as the reporting of qualitative and quantitative information in its sustainability reports, the identification and periodic assessment of risks, the breach reporting system, the constant dialogue with stakeholders.

4.1.2 IMPACT: HEALTH AND SAFETY



Ensuring employees' health and safety is one of the priorities of Gresmalt's social policy and is achieved by taking all the necessary care to ensure workers are safe. Fostering a culture of safety based on the prevention of injuries and accidents is a part and parcel of the company's organisational model, which involves systematic activities to identify risks and hazards in addition to devising emergency and contingency plans to prevent them. External workers are managed under an outsourcing system: responsibility for their health and safety lies with the contractor in accordance with the provisions of applicable legislation. Gresmalt provides external workers with information through the „Single Interference Risk Assessment Document” which describes the specific risks associated with the activities to be carried out in the plant and the measures which must be taken to protect workers.

4.1.3 IMPACT: WORKING CONDITIONS



Gresmalt is a business that builds its success on its people, i.e. the employees and workers who bring their experience and skills to their work every day. For this reason, focus on employees is a priority of Gresmalt's social policy and is pursued through the development of everyone's qualities and talents at work. People are fundamental in Gresmalt, which is committed to protecting their physical and mental wellbeing, as well as their integrity, to respecting their personality and promoting equal opportunities for growth for all its workers. In its dealings with its personnel, Gresmalt acts based on merit and professional competence, founding all its decisions on objective criteria and ensuring fair and equal treatment for all.

4.2 STAKEHOLDERS: LOCAL COMMUNITIES

4.2.1 IMPACT: LOCAL EXPECTATIONS



Gresmalt is sensitive to the environmental, social, and economic needs of the local communities within which it operates and is committed to creating and maintaining solid relationships based on trust, mutual respect, shared values, and acknowledgment of their needs. For this reason, the company contributes to the construction of a competitive business environment locally by hiring and training people from the area.

4.3 STAKEHOLDERS: SOCIETY

4.3.1 IMPACT: SUSTAINABLE DEVELOPMENT



Gresmalt intends to make a concrete commitment to achieving the Sustainable Development Goals by investing significant resources in research, development, and technological innovation, with the aim of creating a positive long-term social impact. What is more, to monitor this impact, the company implements a strategy to ensure engagement of the main stakeholders, i.e. all those parties who or which are in some way concerned by the company's ability to uphold its commitments relating to sustainability.

4.3.2 IMPACT: BUSINESS INTEGRITY AND REPUTATION



When engaging in its activities and pursuing its objectives, Gresmalt bases its actions on principles such as transparency, honesty, fairness, and good faith, in both internal relationships (whether with employees and other workers, or with directors, managers and members of other corporate bodies) and in its dealings with external third parties, such as suppliers, subcontractors, or customers.

In general, at Gresmalt corruption and bribery (i.e. employees or other workers, directors, and any other parties acting on behalf of Gresmalt giving or promising any third party money, gifts or other benefits which are not due and not part of normal business practices) is not acceptable; likewise, it is not acceptable for the aforesaid employees or other workers, directors, and any other parties acting on behalf of Gresmalt to accept gifts from or allow themselves to be influenced by third parties with a view to making certain decisions or taking certain actions as part of their work activities.

Furthermore, at Gresmalt, any conduct which is any way unlawful is not acceptable.

4.4 STAKEHOLDERS: CONSUMERS

4.4.1 IMPACT: CUSTOMERS' EXPECTATIONS



Gresmalt has always been a strongly customer-oriented company and is committed to always supplying high-quality products with a reliable customer service covering all technical and sales matters. The company aims to establish long-term, trust-based relationships with its customers while also building business partnerships which will ensure the development of sustainable, innovative ceramics products which meet consumers' everyday needs. Gresmalt applies the highest sales, ethical, and professional standards in order to grow its reputation as an honest, responsible and transparent organisation in all its dealings with customers.

4.5 STAKEHOLDERS: ACTORS IN THE VALUE CHAIN

4.5.1 IMPACT: ETHICAL CONDUCT WITH COMPETITORS



Gresmalt is committed to promoting fair trade and fair competition by leveraging its product quality/price ratio and customer service. In line with this approach, the company works in accordance with the principles established by national and international standards to protect free competition and by implementing sales strategies independently from market competitors.

4.5.2 IMPACT: ETHICAL CONDUCT WITH SUPPLIERS



Suppliers of goods and services are also a key element of Gresmalt's social responsibility policy. Given this, the company requires suppliers to be actively involved in ensuring effective compliance with sustainability commitments along the supply chain. For this reason, suppliers must undertake to uphold the organisation's values, especially those concerning health and safety, the environment, human rights and ethics, as well as technical, business, legal and reputational aspects. In this regard, the company's key suppliers are required to sign Gresmalt's Supplier Code of Conduct, which sets out their ethical and social responsibility commitments.



CORPORATE GOVERNANCE RESPONSIBILITY POLICY

5. CORPORATE GOVERNANCE POLICY STATEMENT

Gresmalt's corporate governance policy describes the main rules applicable to the management of the company and, as a tool, it is designed to guarantee both transparency in the way the company operates and correct behaviour by its directors and managers (hereinafter referred to as the „Corporate Governance Policy”); it includes the values and principles that must be upheld in order to ensure transparency and fairness in decision-making processes with a view to promoting corporate efficiency.

For Gresmalt, sustainability is also part and parcel of the company's strategy as regards the aspects linked to the Corporate Governance Policy; indeed, acting sustainably and responsibly in its relations with both employees and society means creating value and ensuring the company's long-term development.

This document also outlines the values, principles, and rules of conduct which must underlie the actions of any party who works for Gresmalt as they go about their daily work, regardless of their level within the organisation; Gresmalt takes steps to ensure that each one of these parties complies with the provisions of this document within the scope of their own roles and responsibilities.

The frame of reference of the Corporate Governance Policy includes all of Gresmalt's corporate values (such as transparency, quality, and environmental and social commitment) and the best practices in corporate governance, both nationally and internationally, as well as in compliance with current legislation. The Gresmalt board of directors is responsible for assessing, approving, and constantly reviewing both this document and the Corporate Governance Policy, which contains the guidelines that govern the company's operations and the actions of directors, senior managers, middle managers, and other employees.

This Corporate Governance Policy supports the following United Nations 2030 Sustainable Development Goals:



5.1 ANTI-CORRUPTION



Gresmalt is committed to combating all corruption, inspiring its activities to the principles contained in international conventions, including the United Nations Convention against Corruption of 2004. The Group also adopts the principles contained in the OECD Guidelines for Multinational Enterprises and the UN Global Compact. The Group has a zero-tolerance policy towards all forms of corruption, both public and private. In particular, Gresmalt strictly prohibits Facilitation Payments within the Group and does not favour a participant in a tender for reasons unrelated to the quality and/or price of the products or services offered.

Gifts and invitations received from Gresmalt staff must always be offered exclusively as a courtesy in the context of normal business relations. In order to prevent the risks of conflict of interest, such conflicts should be identified, reported and, where necessary, corrected as soon as they occur and before any action related thereto is taken.

People involved in lobbying, in the name or on behalf of Gresmalt, must act in accordance with local regulations and best practices with professionalism, diligence and integrity. In addition, beneficiaries of advocacy, donations and sponsorship activities must be subject to prior checks of appropriate.

All employees, regardless of their position and level of responsibility, must comply with and apply the commitments outlined above.



6. OUR VALUE PROPOSITION

Gresmalt's core values are reflected in its vision and mission statements, which describe exactly what the company offers its stakeholders and highlight the unique features that make it stand out in marketplaces around the world.

6.1 A FUTURE-ORIENTED VISION

Gresmalt's ambition is to create smarter and more ecological ceramic materials and make customers' homes a place they love and in which they can live well.

Competitiveness is a characteristic part of Gresmalt's modus operandi and its qualities and it originates from the effective relationship between use of resources and the results delivered. However, Gresmalt's pursuit and achievement of corporate objectives must never take priority over the core values and principles set out in this document and, in general, the health and safety of people, including workers, and the protection of the environment. The company's objectives must be, and indeed are, achieved without sacrificing the set of principles and values on which Gresmalt is based and in which it believes. To achieve its goals, Gresmalt always acts on the basis of and in compliance with the standards and rules governing free competition, actively working to promote competition within the market.

6.2 PRESENT-ORIENTED MISSION

Gresmalt is committed to being recognised as an innovation- and sustainability-oriented ceramics manufacturer with the ability to make Italian style accessible to all, which provides high quality products that meet reasonable customer expectations.

Gresmalt is constantly committed to ensuring its relations with customers are always transparent, by providing comprehensive truthful information, including in its sales and advertising materials, so that customers can make informed and carefully considered decisions. When selecting potential suppliers and subcontractors, we apply clear objective criteria to our appraisals, identifying companies that share our principles and values to ensure we meet customers' requests and needs, also in terms of quality, cost, and delivery times. Gresmalt structures all of its contracts with customers and suppliers fairly, fully, and prioritising transparency and acts to ensure they are completed in compliance with the terms and conditions mutually agreed by the parties.

7. THE PRINCIPLES OF CORPORATE GOVERNANCE POLICY

The following underlying principles of Gresmalt's Corporate Governance Policy form the basis for the content and the application of the internal rules on corporate governance. They also serve as a reference for the management of relations with stakeholders

- Encourage, develop, and consolidate relationships with Gresmalt's main stakeholders in order to strengthen their trust in the company.
- Promote awareness of the underlying principles and values of this policy both within the company and outside.
- Make the company, the board of directors, the employees, independent contractors, and all those who work in the name and on behalf of the company accountable for every one of their decisions and actions.
- Ensure transparent, high quality communication so that Gresmalt's public image is projected to the various stakeholders properly, clearly, completely, and intelligibly.
- Create shared value for all stakeholders, without prejudice to other legitimate public or private interests relating to Gresmalt's manufacturing and sales activities.
- Strengthen the company's commitment to technological innovation and sustainability as strategic elements that affect all of Gresmalt's activities across the board.
- Comply with national and international best practices on good corporate governance, upholding the principle of excellence in every action and activity undertaken by Gresmalt.
- Implement and maintain a suitable risk control and management system in accordance with applicable legislation.



8. CORPORATE BODIES

Gresmalt's organisational structure includes the following corporate bodies: the shareholders (acting as a whole at meetings), the board of directors, the board of auditors, and the auditing firm. More specifically, the board of directors, the board of auditors, and the auditing firm are made up of carefully selected members with extensive knowledge, proven experience, high moral standing, a flawless reputation, and technical skills compatible with the position. These parties must set an example for others, demonstrating first-hand conduct that is consistent with the values and principles of Gresmalt, as set out in this document.

8.1 SHAREHOLDERS' MEETING

Gresmalt shareholders, called together at ordinary and special meetings, form the company's main decision-making body which expresses the will of the company; more specifically, shareholders resolve and decide on the matters specifically designated therefor by the law and the company's Articles of Association. Shareholders' meetings are held in such a way as to allow the shareholders to freely form their beliefs and cast their vote respecting the rights of each one without being subject to discrimination.

8.2 BOARD OF DIRECTORS

The board of directors is the collective body vested with general powers for the company's ordinary and extraordinary management, with the power to carry out all the actions and activities deemed appropriate to achieve the corporate purpose, with the exception of the matters and decisions which, by law or in accordance with the Articles of Association, must be put to a shareholders' resolution. The board of directors performs its duties in the most efficient and effective way possible and at the same time with independence, diligence, and loyalty, guided by the company's best interests, i.e. endeavouring to create the maximum value for the company and for all its stakeholders in general. When going about their activities and setting the company's objectives, the members of the board are required to uphold the principles and values set out in this document, upon which Gresmalt's actions are founded. The delegation of authority system ensures a more streamlined implementation of administrative procedures but always in compliance with the principles and values of the Corporate Governance Policy.

8.3 BOARD OF AUDITORS

Pursuant to Article 2403 of the Italian Civil Code, the board of auditors oversees compliance with the law, the Articles of Association, and with proper management standards, checking in particular that the management and accounting structure adopted by the company is compliant and works as it should. It is not responsible for auditing the financial statements, as this task is assigned to an auditing firm.

8.4 EXTERNAL AUDITING

External audits are an important aspect of Gresmalt's corporate governance and they are carried out by an auditing firm which meets the specific requirements established by law, in compliance with the provisions of applicable legislation. The external auditor prepares a specific statement stating whether the financial statements provide a true and fair view of the company's situation and whether or not the financial statements have been drafted in compliance with applicable legislation; in compliance with international auditing standards, the auditing firm is also required to monitor the company's bookkeeping during the financial year and ensure all management events are correctly entered in the accounting records.

When choosing the company to carry out the auditing assignment, Gresmalt views professional independence and objectivity as fundamental requirements.

8.5 ORGANISATIONAL FRAMEWORK

An overview of Gresmalt's organisational chart and operating structure is provided in the annex to this document.

Through its governance system (shareholders, board of directors, general management) and its organisational structure, the Ceramiche Gresmalt Group is able to pursue its ESG objectives.

The ESG strategies are defined by the general management, which integrates them into corporate objectives in line with the company's business model. Therefore, the general management implements the strategies relating to the environmental, social, and corporate governance fields in partnership with the ESG Committee.

8.5.1 ESG COMMITTEE

The ESG committee is a working group with specific expertise in the area set up by the management team within the organisation, whose task is to analyse, monitor, and report on ESG indicators.

For all the activities concerned, the ESG committee liaises with the general management, meeting periodically and taking minutes of the matters discussed. Every six months, it reports to the general management on the objectives achieved and the progress of the activities underway, and also proposes new activities with a view to continuous improvement.

9. CORPORATE RESPONSIBILITY

Gresmalt is committed to conducting its business lawfully, legally, and ethically. Because the company's reputation originates from the reputations of its employees, senior management, and its directors, it is of vital importance that the legal and ethical conduct of these parties meets the highest standards. The values and principles set out in this document must serve to guide the conduct of employees, independent contractors, and any other parties representing Gresmalt in all their interactions with colleagues, customers, suppliers, business partners, and other stakeholders; these values and principles are intended to prevent, at any level within the organisation, unethical conduct that may undermine the company's reputation and/or damage third parties and/or harm the environment. This document is not intended to cover all contingencies, however, Gresmalt takes steps to ensure that every employee, manager, and director of Gresmalt acts in compliance with the principles and values contained herein.

10. CONFIDENTIALITY AND INDUSTRIAL / INTELLECTUAL PROPERTY

Gresmalt acknowledges the fundamental importance of trade secrets, intellectual property, and other confidential information which may come to its knowledge and is committed to protecting them.

Gresmalt undertakes to respect the contents of any form of intellectual and industrial property belonging to other parties, whether these are trademarks, patents, copyrights, or other kinds of property rights.

Gresmalt is committed to maintaining the utmost confidentiality in relation to confidential information and personal data relating to its customers, suppliers, and business partners and to preventing misuse thereof, in compliance with the provisions of personal data protection legislation.

At Gresmalt, all employees, independent contractors, directors, and senior managers are required to uphold the principles set out above.

11. RISK AND OPPORTUNITY MANAGEMENT

All businesses inevitably involve both risks and opportunities. Gresmalt believes that effective management of risks and opportunities is crucial to success in terms of growing corporate value in a sustainable manner.

At Gresmalt, because of the transparency in the exchange of information (at all levels of the organisation) and the constancy in the relationships between the parties involved in the various company processes, any matters or problems that may arise are managed smoothly and promptly by the managers concerned, resulting in fewer risks.

12. DOCUMENTAL EVIDENCE OF COMPLIANCE

Gresmalt undertakes to promote the principles set out in this document in its business and to require that the board of directors, senior managers, and all employees and independent contractors are aware of them and apply them over the course of their duties; these parties are likewise required to guarantee the truthfulness and authenticity of the documents and information provided when engaging in the activities within their scope of competence.

Every transaction or deal, in the broadest sense of the words, must be lawful, consistent, congruous, and verifiable, as well as duly recorded in the company accounting system according to legal provisions and the accounting standards applied.

Gresmalt condemns any action intended to influence the true and fair view of the data and information contained in the financial statements, reports, or other corporate disclosures required by law and addressed to the shareholders or the auditing firm.

13. SCOPE OF APPLICATION

The Gresmalt Corporate Governance Policy, as set out in this document, applies to all the company's operating units, the employees and independent contractors who work there, the company's middle and senior management, its directors, and any other members of Gresmalt's corporate bodies, it being understood that primary responsibility for implementing the contents of this document lies with the managers of each department and each business unit at Gresmalt.

Gresmalt promotes the dissemination and understanding of this Corporate Governance Policy at all levels of its organisation. Suppliers and customers are also urged to uphold the principles and values that Gresmalt has established in this document in order to work profitably, applying good practices to achieve sustainable development objectives.

METHODOLOGY NOTES

These policies have been prepared in association with the University of Modena and Reggio Emilia (Italy) and the Rey Juan Carlos University of Madrid (Spain), which are key partners for Gresmalt in the design of solutions for sustainable development.

MAY 2023

CORPORATE POLICY

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