

2022/2023 ESG Report

01 June 2022 - 01 June 2023
Prepared by ICSS Sustainability Team.

Industria Cartaria Santo Spirito SPA



Message from the Sustainability Manager

During the period between June 2022 and 2023, the world has witnessed a significant increase in the importance of **economic, social, and environmental sustainability**, and its close connection to **organizational efficiency**. In response to this, ICSS has undertaken various actions and **significant investments**.

One of our main objectives has been to improve efficiency within the group. To that end, we have completed the upgrade of our main cutting machine in the **cardboard production facility**, enabling us to increase our productive capacity and provide products that meet market's demands and expectations.

Furthermore, we have strengthened our collaboration with the University of Pavia, intensifying knowledge exchange and partnerships. This synergy has allowed us to access **new ideas and talents**, fostering innovation and the advancement of sustainable practices within the whole group of companies.

Another significant achievement was the development of **sustainable alternatives** using new materials for the EcoeFISHent

project. This reflects our ongoing commitment to innovation and the **preservation of marine ecosystems**.

Lastly, we are proud to announce the inauguration of our first **solar power plant**. Moving towards clean and renewable energy, reducing our carbon footprint, and contributing to the fight against climate change.

In conclusion, this period has been characterized by **significant progress** in economic, social, and environmental sustainability. As demonstrated by our actions and future plans, we are determined to collaborate with positive change in our industry.

Matheus Pereira Novello

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About Us

Packaging is the guarantee of an **intact product** and the business card of your products.

For this reason, ICSS Group is committed to **providing high-performance protective packaging** that isolates, protects, and preserves your everyday goods. Our goal is to ensure that your products arrive in optimal condition to consumers by offering **reliable, sustainable, and quality** packaging solutions.

Evolution is in our DNA. The ICSS Group was **founded in 1969** by Carlo and Adriano Garbagna as a manufacturer of corrugated cardboard packaging. Then, the 1970s came along, bringing the introduction and dominance of Expanded Polystyrene (EPS) in the packaging market.

As the years passed, ICSS continued to grow, and now it operates in **six locations**: five in Europe and one in Turkey. These sites are strategically positioned for better geographic coverage, customer satisfaction, and **reduction of CO2 emissions** through transport optimization.



Additionally, with **new projects and ideas**, ICSS is working hard to develop alternative raw materials to EPS in collaboration with our stakeholders.

Our main satisfaction and driveline lies in reconciling our **tradition** with our **openness to transitioning** towards new sustainable alternatives.

In the photo above, Paolo and Adriano Garbagna are portrayed, **the two generations of ICSS' CEOs** who have led the company since 1969. The ICSS offices are located at the bottom of the photo, symbolizing our constant commitment to growth and development of the company.

Group's 2022 numbers



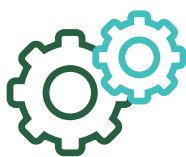
50

Trucks delivered daily



+170

Employees



67

Production lines



+8200

Tons of produced products



53

Years in the market



6

Operating sites

Results & Investments

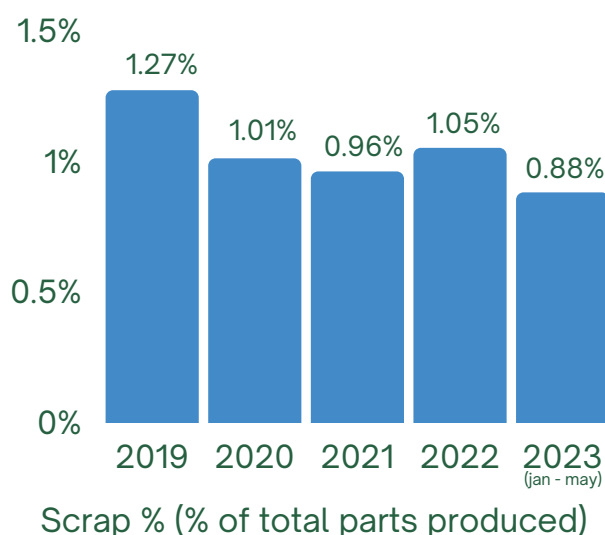
2022 was a year characterized by a series of challenges for our Group, during which we made significant efforts to improve our performance. We dedicated time and energy to introducing **new products, solutions, and materials**, as well as experimenting with innovative ideas.

In terms of volumes, 2022 followed a similar trend to the previous year for the Group as a whole. However, we are proud to announce that at in our headquarters, ICSS Spa, we achieved a **historic production milestone**. This was made possible by the implementation of new concepts/products requested by our many different customers.

The introduction of these new products resulted in increased initial production and constant change in the molds used, which led to a slight increase in the percentage of scrap generated. However, it is important to emphasize that **most of the scrap produced in our departments is reused in the production process**, demonstrating our commitment to the circular economy.

Furthermore, data for the first half of 2023 already indicates a trend towards the normalization, reduction, and optimization of this indicator.

As in the graphic pictured below, the values related to scrap percentage have been slightly adjusted compared to what was reported in the last Sustainability Report, as we have updated our monitoring system to **ensure greater accuracy**.



Looking ahead, we are excited to embrace the new challenges and opportunities that lie ahead, having in mind the goal of solidifying our leadership position in the packaging and construction goods industries, allowing us to **continue as a reference point for excellence and sustainable innovation**.



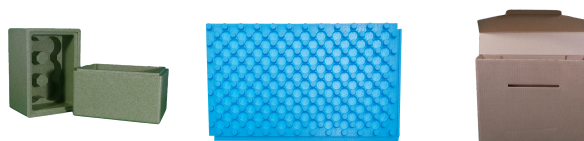
Results & Investments

As stated in our first Sustainability Report, available on our website, ICSS Spa has undergone a significant machinery overhaul for cardboard production. These investments have proven crucial as **many projects have already transitioned from the development phase to mass production** in the first half of 2023.

During this period, a particularly significant investment was the installation of our first **solar power plant**. This project focused on several key objectives: **reducing our carbon emissions, optimizing energy costs, and demonstrating our commitment to sustainability.**



During this period, we have made further significant progress in assessing our **supply chain**. After completing the initial evaluation phase that focused on the **ESG** aspects of our suppliers, we were pleased to receive their responses and collaboration. This process has allowed us to better understand and analyze their commitment and performance in terms of sustainability, providing us with valuable insights for continuous improvement.



Furthermore, we are extremely proud to announce that our dedication and devotion to sustainability has been recognized with a prestigious award.

We had the honor of being selected as one of the top 100 sustainability-oriented companies in Italy, winning the **"Sustainability Award"** for the second year in a row. This recognition highlights our ongoing objectives of pursuing **sustainable business practices** and our dedication on making a positive impact on people and the environment.

Governance

Our standards

We recognize the importance of governance as a fundamental aspect of our commitment to **responsible and sustainable management**.

At ICSS, we understand that strong governance is essential for creating long-term value for all our stakeholders, including customers, employees, suppliers, and the communities in which we operate. Building on principles of **transparency, accountability, integrity, and effective risk management**.

ICSS adheres to rigorous ethical and compliance standards through our **Code of Ethics**, which provides a clear definition of roles and responsibilities within the organization. We are committed to operating in compliance with applicable laws and regulations, **promoting a corporate culture** based on integrity and accountability.

Our governance also extends to risk management, including assessment and monitoring processes (**Key Performance Indicators, KPIs**) to ensure the sustainability, safety, and quality of our activities.



We will continue to strive for the integration and improvement of our ESG approaches, guided by the understanding that **effective governance is crucial** to the **success and reputation** of ICSS as a **sustainable leader** in the packaging and construction goods industries.



Mission

Create confidence and earn market trust daily.

We want to be an added value to our customer's business, not “the packaging supplier”.

Vision

To be the best environmental friendly protective packaging specialist.

"To create change, we must start with ourselves."



Values

Passion

We trust that there is value in all products we put out to the world, and we do all products with a lot of passion.

Commitment to the customer

We only promise what we can keep, we keep everything we promised at any cost.

Sustainability

We direct our choices in order to ensure the containment or reduction of the environmental impact in compliance with current legislation.

Integrity

Transparency and working ethics are our drivers, without it all the other aspects are lost.

Constant Improvement

Trying to be better than yesterday motivates us to push our limits daily. We believe that our best version is the one of tomorrow.

Social

People & relationships

Every single organization is made up of people and is created for the people.

Everyone who is directly or indirectly involved with us, such as customers, suppliers, and communities, plays a significant role in the decision-making process. However, it is **our employees who are the beating heart** of the company. Without their commitment and skills, we would not have reached the point where we are today.

Being ICSS a small multinational operating in three countries characterized by **great diversity**, we are indeed an organization that values **heterogeneity**, where inclusion and equality are central elements. We are proud to state that the majority of leadership roles within ICSS are occupied by women. **This demonstrates our commitment to providing equal opportunities to everyone within our group.**

We firmly believe that every individual should have the opportunity to fulfill their **potential** and contribute to the success of the company, regardless of their gender, background, or origin.

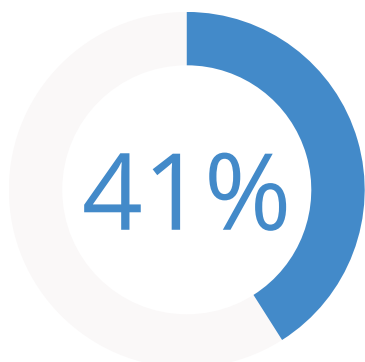


ICSS strongly values its partnership with the University of Pavia, which enables us to discover new talents and ideas, further **strengthening our contribution to the community.**

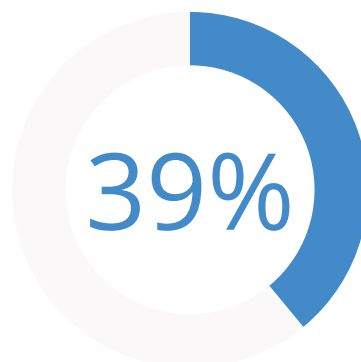
Thanks to this collaboration, we had the pleasure of hosting young leaders at our headquarters, with whom we shared our history and future aspirations. During their visit, we had the opportunity to listen to **various perspectives**, enriching our knowledge and understanding.

In the photo above, you can see the group of students after their visit to our production department.

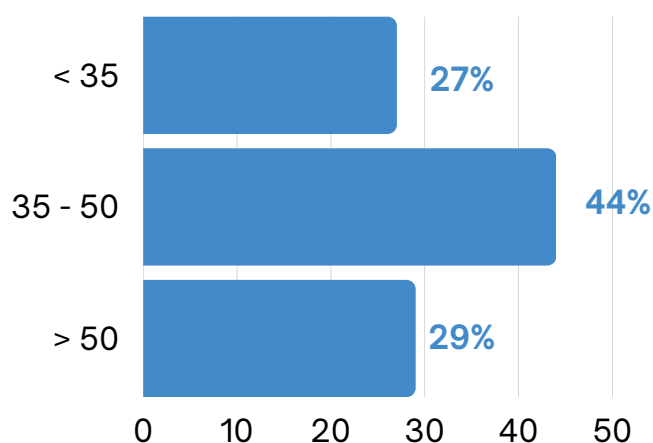
Our Team



Of women working in administrative roles



Of women working in the production line
(3% growth compared to the last report)

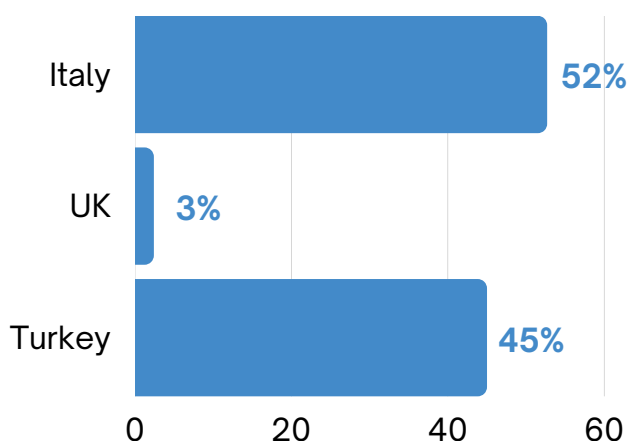


Workers by age group

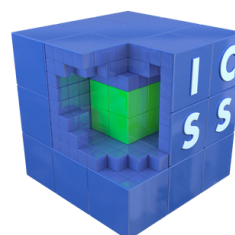
09



Different nationalities of workers
(Brazilian, British, Ecuadorian, Hungarian, Italian, Moroccan, Polish, Tunisian, Turkish)



Geographical distribution of workers



ICSS®

Supplier Form: the Supply Chain

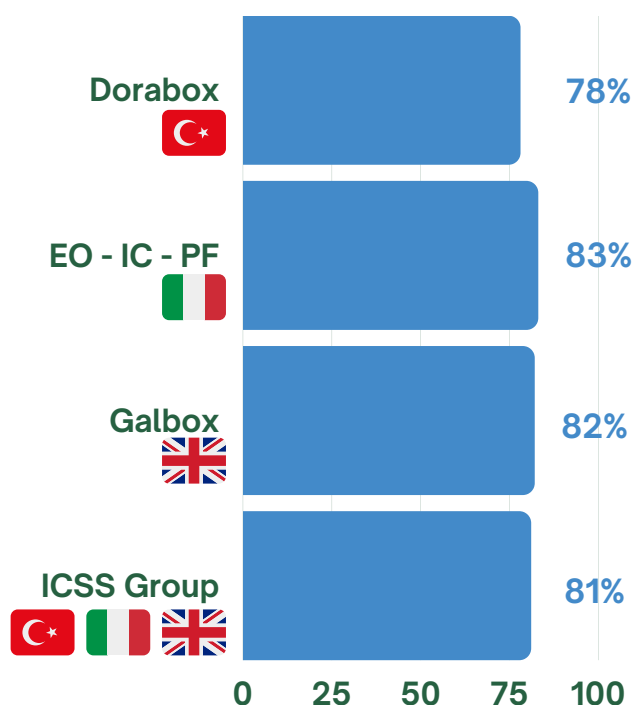
The supplier assessment form was created to evaluate our supply chain based on **five fundamental aspects**: corporate management, innovation, operational excellence, transparency and cost reduction, and sustainability. When combined, these aspects provide a comprehensive analysis of the overall performance of the suppliers **based on ESG principles**.

The results obtained have been divided into four categories:

- **Below 50%:** Indicates that the company does not meet the minimum standards required by ICSS.
- **Between 50% and 70%:** Indicates the need for an improvement plan in the identified areas to reach the desired standards.
- **Between 70% and 85%:** Indicates that the company meets the minimum standards required by ICSS.
- **Above 85%:** Indicates that the company exceeds the standards required by ICSS, demonstrating an additional commitment to sustainability and ESG practices.

This tool allows us to **collaborate more effectively** with our suppliers by identifying improvement points and recognizing companies that already excel in these areas in reason of their

good practices. Our intention is to **create a strong, sustainable, and responsible supply chain** by working closely with our partners.



The results have been divided based on the geographical location of the companies within the group, as shown in the graph above. Overall, they have been encouraging for an initial assessment of this kind. However, naturally, opportunities for improvement have been identified and shared with the stakeholders involved. We will continue to work on implementing the necessary corrective actions and to **further improve our performance** in terms of **sustainability and product quality**.

Environment

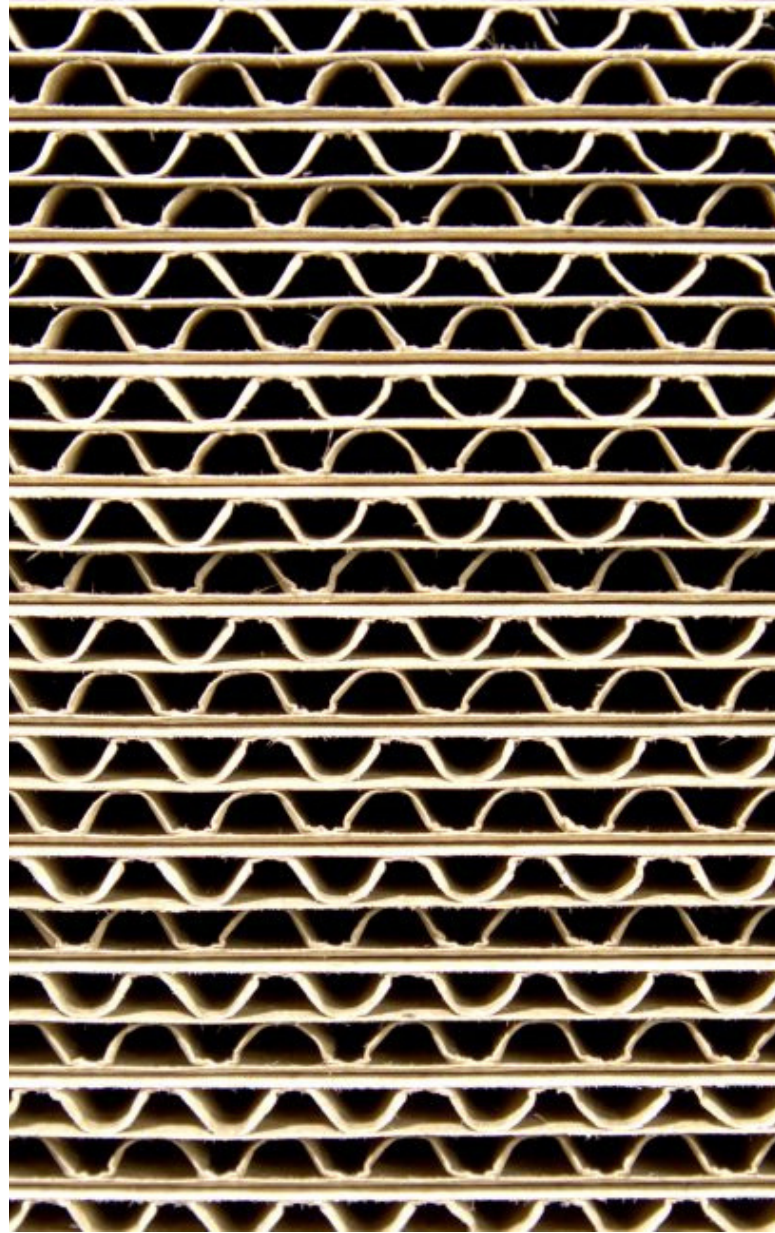
Conservation of the natural world

We are constantly engaged on meeting our customers' **expectations** and providing value to their products through the use of our packaging. In recent years, we have responded to the **growing demand for eco-friendly solutions** as part of our commitment to value our stakeholders.

Since 2021, the ICSS Group has met the CAM (Minimum Environmental Criteria, in Italian) requirements and is certified for Second Life Plastic (PSV, Italian).

The years 2022/2023 presented us with many challenges in the environmental field, but also many satisfactions. The EcoeFISHent project is in full development, and the first samples made with PLA (polylactic acid) have been produced at ICSS, making us the **first company in Italy to use this raw material**. Additionally, during this period, we inaugurated our first photovoltaic plant.

Furthermore, **cardboard projects** have made a comeback, bringing us back to our roots as a paper company, which is particularly significant and exciting given that ICSS stands for Industria Cartaria Santo Spirito.



Our efforts have been celebrated for the second consecutive year, as in October 2022, ICSS was once again recognized by Forbes Italy as one of the **top 100 Italian companies with a strong focus on ESG criteria**.

To commemorate this special moment, ICSS has decided to revamp its logo, highlighting our green heart as a symbol of our commitment to sustainability and the environment.



Sustainability Award Top 100

After the success of the first edition, the Sustainability Award, promoted by Kon Group and Credit Suisse, has returned. Just like in the previous edition, this initiative aims to highlight the efforts of companies that have successfully **integrated** environmental, social, and economic **sustainability within their strategies**, through the standardization of innovation principles and performance monitoring.

The selection criteria for companies are based on the three pillars of the ESG system: **environmental, social, and corporate governance**.



It has been a great honor to be recognized for **two years in a row**, which confirms that we are on the right track in reducing our environmental impact through the use of alternative energy sources, **eco-design** of packaging, and promoting our values among all of our stakeholders. Additionally, ICSS has also been awarded the prestigious recognition as one of the 50 companies that have made the **most significant progress in their performance**.

The full report can be found on Forbes Italia at the following link:
<https://sustainabilityaward.it/sustainability-award-2022-su-forbes/>

Solar Power Plant

The year 2023 marks the inauguration of the **first solar power plant** of the ICSS Group, developed in collaboration with Inveco Spa Group, at our headquarters in Gropello Cairoli (PV), Lombardy, Italy.



With a **capacity of 300 kWp**, this project allows us to further enhance our competitiveness in all aspects of ESG, strengthening our commitment to sustainable development that has inspired the creation of our Sustainability Reports.

The use of a photovoltaic system offers numerous advantages, particularly in a company that requires high electricity consumption in its production process. In short, the installation of solar panels allows for cost savings, contributes to environmental sustainability through the generation of clean energy, and improves the company's image.

In conclusion, it is a **strategic investment** that offers long-term economic, environmental, social, and reputational benefits.

In the picture below, you can see an aerial view of the ICSS' headquarters production facility and offices after the installation of the photovoltaic panels in May 2023.



Recotrace™

RecoTrace™ is the first **comprehensive data system to monitor** both plastic recycling volumes and the use of recycled plastic for all major polymers. The tool provides recycling operators and converters (such as the ICSS Group) with a free online platform to **track progress against individual commitments to produce or use recycled content**, helping to demonstrate a commitment to circularity.

PolyREC®, as the official data collector for the **Circular Plastics Alliance (CPA)**, will now provide a report on the progress of the entire European plastics value chain towards the CPA's goal of using **10 million tons of recycled plastic by 2025** using data obtained through RecoTrace™.

As an EPS converter, **ICSS has registered** its own recycled plastic data for 2022 in the system, **ensuring transparency in the circular movement** of European polymers.



Our commitment to initiatives like these drives us to increasingly **integrate sustainability into our company's Business Plan**, establishing clearly defined objectives that add value throughout our supply chain.

Sustainability is a long-term vision that permeates every aspect of our operations. We recognize our **role and responsibility** in contributing to a better future, and we are determined to **do our part**.

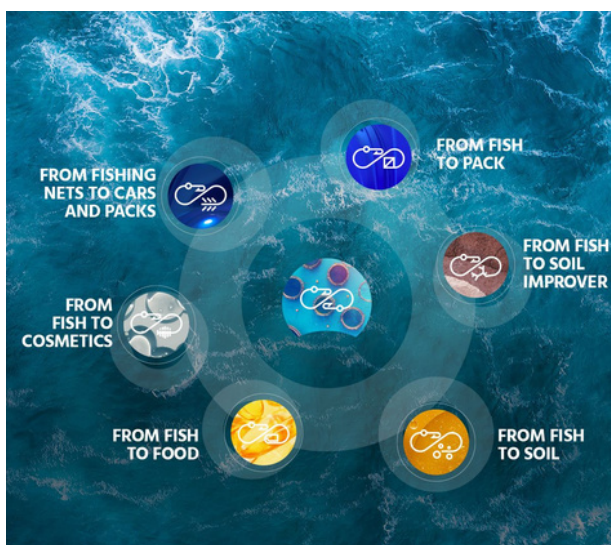
RecoTrace™

RECORDING & TRACING POLYMER CIRCULARITY

EcoeFISHent aims to achieve a **climate-neutral circular economy** in the fishing sector of Genova (Italy), enabling **sustainable and efficient** processing to obtain added value bioactive elements for the creation of dietary supplements and skincare products, as well as biodegradable and compostable **food packaging**.

ICSS's role within the EcoeFISHent project is to **produce and distribute the sustainable insulated packaging dedicated to the fish market, known as the "eco fish box."**

In line with our vision to always provide the industry's best sustainable protective packaging, we are committed in **ensuring the satisfaction of sustainability and quality criteria** expected for a project of this magnitude.



The project has a **total budget of €18.5 million**, of which €15.1 million is funded by the **European Union**. The project duration is expected to run from October 1, 2021, to September 30, 2026.

Furthermore, the consortium involved in the project consists of 34 entities from 7 countries.

Official communication channel (Twitter): @ecoefishent

Official website:

<https://ecoefishent.eu/>

European Commission project link: <https://cordis.europa.eu/project/id/101036428>

EcoeFISHent

During the first phase of the project, which covered the initial eighteen months, ICSS worked on producing samples using an alternative material made with **PLA** (polylactic acid), in order to understand the behavior of the raw material using the available equipment. These **samples were presented and discussed** during the third general assembly held in Herzliya, Israel, in November 2022.

The results obtained are promising, as well as the challenges faced. Furthermore, the design of new fish boxes, **patented** by a consortium partner, is currently underway, with the aim of optimizing the transportation and production of the product.

ICSS is excited to be ahead of schedule in the activities outlined in the project timeline, having initiated development **earlier than anticipated**.



The photo below was taken during the General Assembly in Sofia, Bulgaria, on 29/05/2023, during which representatives from the consortium members shared the progress of the activities developed in the first 18 months of the project.



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