

2021/2022 ESG Report

01 June 2021 - 01 June 2022

Prepared by the ICSS Sustainability Team

Industria Cartaria Santo Spirito SPA



Message from the CEO

In recent years, an increasing number of people and companies around the world are jostling to demonstrate their commitment to the circular economy, often - alas - by investing more money in communication than in concrete actions aimed at a change of course.

In fact, at ICSS, we think we should all use this moment of growing sensitivity to the environment in order to **aim higher with real facts, regardless of the size of the organizations in which we operate.**

So, even if the ICSS Group is only a medium-sized reality, thanks to this document we are proud to show that **propaganda and "green washing" do not take hold here.** That we leave room only for real projects and concrete activities; with important investments combined with changes that are sometimes apparently microscopic, but always constant and in the right direction: of sustainability.

All this would not be possible without the daily commitment of all our colleagues, without exception, whom I want to thank one by one through these lines. But above all, the **introduction of the circular**

economy in ICSS is strongly requested by the younger generation of our employees, for whom the theme of the environment and sustainable development is necessarily at the fore. It is from these boys and girls - often in their early twenties - that ICSS top management is increasing the dissemination of information on these issues to stakeholders.



Message from the CEO

A sort of "reverse tutoring" that is instructing the top management on how to use the channels most familiar to young people, make them an active part of the discussion on these issues, experiment with methods of engagement linked to material innovation laboratories, but also train and offer experiences concrete that help to understand how the circular economy works and the opportunities of the green economy.

Because it is not just about defending the planet: there is a new mental and development model to be built in our heads and to be disseminated in our companies, with a different focus on profit and greater attention to the best use of resources; in short, a change of focus that cannot take off without the positive leadership of the new generations.

Paolo Garbagna,



Message from the Sustainability Manager

The world is as dynamic as ever, with external factors constantly challenging corporate's ways of business, especially after the COVID-19 pandemic, where social discrepancies were continually in the spotlight. How to overcome these external factors, in other words, how to achieve adaptability without losing the sense of direction of the long-term goals is what differentiate organizations. But, how is ICSS succeeding on it? By the support and **gradual improvement of itself** in the usage of the three pillars of the ESG System: Environment, Social and Governance.

Our first Sustainability Report aims on shedding light on our initiatives towards ESG in the period from June/2021 to June/2022.

Thank you to all of those who contributed somehow for this Report.

Matheus Novello,



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Your Protective and Sustainable Packaging Experts since 1969

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PRODOTTI
RISPONDENTI AI
**CRITERI
AMBIENTALI
MINIMI**

About Us

Think about a life without packaging. Quite difficult to imagine, right?

Reason why ICSS Group's goal is to deliver top-performance protective packages, to insulate, protect and conserve your day-to-day goods, as food, home appliances and medicine. And now with the implementation of the new Environmental Management Program, our quality standards will go hand-to-hand with sustainability policies.

Change is in our DNA. The ICSS Group was **founded in 1969** by Carlo and Adriano Garbagna, as a cushioning company. Then, the 1970s came and with it the introduction and dominance of EPS in the packaging market.

Years passed and ICSS kept growing, having now six operational sites: five in Europe and one in Turkey, strategically positioned for better geographical coverage, client satisfaction and **reduction of CO2 emissions**, thanks to transportation optimization.



Now we are returning to our origins, as cardboard is rapidly returning as a protagonist to the home appliances market.

Moreover, with new **sustainable projects** and ideas flourishing daily, ICSS is working hard to develop together with our stakeholders alternative raw materials to EPS, in other words, non fossil-based.

Our main satisfaction is to conciliate our **tradition** with our openness to **transition** to new sustainable alternatives.

Our Group's 2021 numbers



50

Trucks of products daily delivered



181

Employees



67

Production lines



+8400

Tons of molded products



53

Years of presence on the market



6

Operational sites

Results & Investments

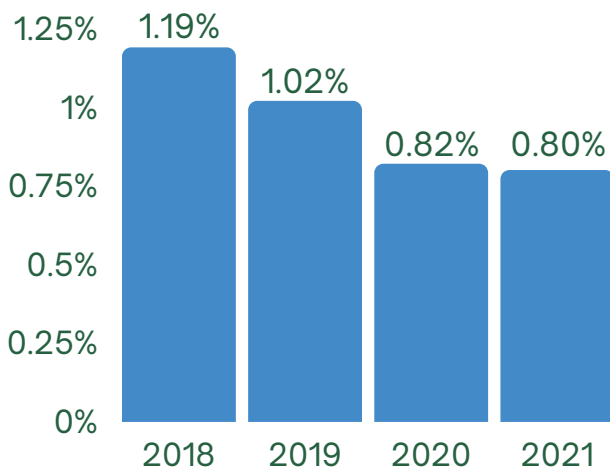
In 2021 the ICSS Group had its **best** registered **performance** in terms of moulded products **in its history**. Potentialized by new products and suppressed demand due the coronavirus pandemic.

In addition, to support the increasing market demands, regulations and standards, investments were made to potentialize our skills, quality and controls, always having clients' satisfaction in mind.

20.8%

Increase in kg of moulded products

And not only our **productivity** has increased, but our **efficiency**. The Group is presenting a **gradual and constant decrease in the percentage of scrap** by moulded product since 2018. Leveraging our production means less waste and better usage of raw materials and energy.



Scrap (%) by total produced parts

Since 1st of January 2022 ICSS and EspansiOne have migrated to a new managerial software, **Arca Evolution** (by Wolters Kluwer).



Arca allows a superior control of our production, which is translated in optimization of time-management, better understanding of critical products, and internal sharing of know-how and information.

Results & Investments

Being better than we were yesterday motivated the ICSS Group to acquire a new Ink Jet printing machine, assuring that our clients can use the package of their own products also as an efficient and modern way of communication and marketing.

Moreover, as the forecast for cardboard solutions indicates increasing demand by the end of 2022/beginning of 2023, ICSS Spa has invested in a **complete review of the cardboard production machinery**, hiring an specialized consultant to check its critical components. As the cardboard projects move from development to production phase, we will be ready to meet market's expectations and requirements.

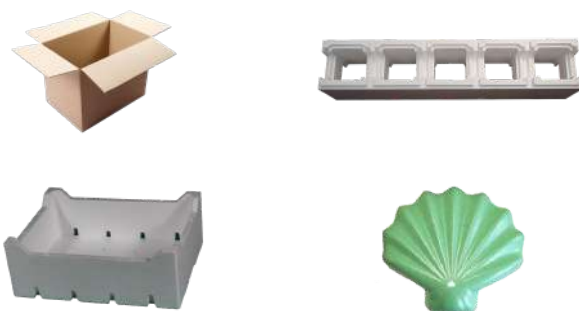


Also concerning the cardboard projects, the ICSS's headquarters acquired a Valiani's **Flatbed Plotter**, for better development of prototypes. This investment permits a smaller timing for samples production, increased precision and efficiency.

Past experiences combined with new best practices, investments, and refined controlling will push ICSS forward and consolidates even more in its acting markets.

The first quarter of 2022 already points to that direction as there was a reduction of **7.47%** of Electrical Power Incidence (kWh/kg) in our products, being that defined as the electric power necessary per hour (kWh) per kg moulded.

The prospects for 2022 are positive, as the first quarter results indicate, as well as the planned investments and R&D to be done during the year.



Governance

Our standards

Not only is transparency in business key for successful partnerships, but also sharing common values and objectives with our stakeholders.

As society changes faster and faster, organizations need to be adaptable to dynamic realities they are inserted in, reason why the ICSS Group has in 2022 updated its Ethical Code, embracing what we believe as values that represent ourselves.

The Ethical Code is sustained by the company's mission, vision and values, for determining the image of an ICSS representative, presenting to all interested parties our **beliefs, ethics, and way-of-doing**.



Moreover, during the first semester of 2022, ICSS representatives participated in two e-learning courses, **Sustainability** and **Supplier Workplace Standards**, as well as a general meeting concerning **Connect Suppliers Meeting**, both of them held by two of our main clients.

Actions as these increase the bonds of the packaging industry, by enhancing transparency among parts. In addition, being aware of what our clients value the most permits us to establish priorities to **support their general objectives and efficiency**.

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.

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.

Integrity

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

Sustainability

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

Ethical Code

Reputation and integrity are fundamental values for a Group with more than fifty years in the market. For our stakeholders to be updated of the principles that form the base of our daily activities, the ICSS Group has issued a new Ethical Code, **supporting the equality ideals and inclusion** of our society and conciliating it with the company's **Vision** and **Mission**, and United Nation's **Sustainable Development Goals**, for building a better future from now. ICSS fits in 13 of the proposed goals, as below.

The new Ethical Code is based in the Group's **Values** (passion, integrity, and constant improvement), and legal requirements of the countries we are inserted, being **aimed on explaining our drivers** to all of those who may be interested in their application, the relation of the Company's representatives with stakeholders, being them suppliers, clients, or the legal authorities.



ICSS commits itself to **promote the acknowledgment of the Code**, to make sure its **guidelines are being applied**, to **support the spread** of the Ethical Code among stakeholders, and to **keep an open mind to promote adaptations** in an economic and social reality always more dynamic.



Social

People & relationships

Organizations are made by and for people. Individuals are the ones that create, develop, and improve our products and processes.

All those directly or indirectly involved with us, as clients, suppliers and the community, are important for the decision-making process, with our **employees as the center** of it all. Without their combined strengths and singularities we would not be where we are.

The ICSS Group sustains that it is not our workers' physical characteristics, religion, language or political opinions that will make them prosper, but their commitment to efficient, serious and hard-working. This is in evidence as **most of our leadership roles are occupied by women** and by the high amount of cultures in our company. In other words, everyone has equal opportunities with us.

These opportunities were celebrated in 2022 with **06 promotions**, in recognition of the talents of those whom proved themselves worth of acknowledgment.

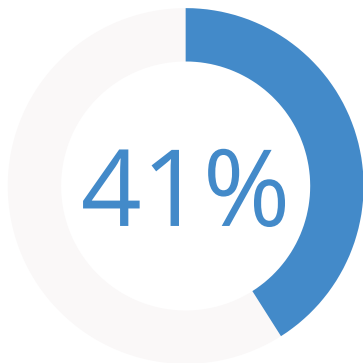


Moreover, **training and orientation** are systematically provided for workers' capacitation and improvement of day-to-day activities.

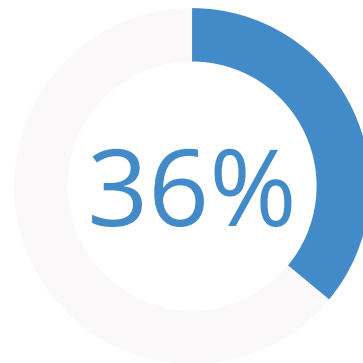
It is a tradition for us having employees until their retirement, once part of the family, you will always be with us.

Our commitment with the community is expressed in our CEO's, Paolo Garbagna, acceptance of being an invited professor for **Circular Economy** lectures in the University of Pavia, indicating to **future leaders** from different nations the path for a more sustainable planet.

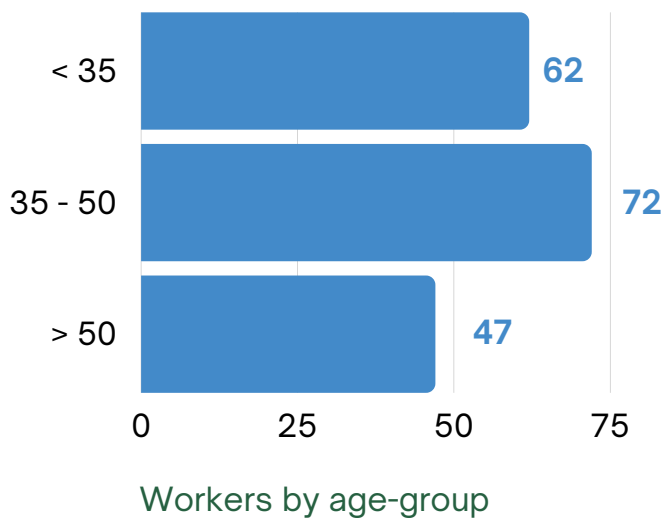
Our Team



Of women working in administrative roles



Of women working in the production line



Workers by age-group

08



Different nationalities of workers

254

Hours of technical training at the Dorabox (TR) facility

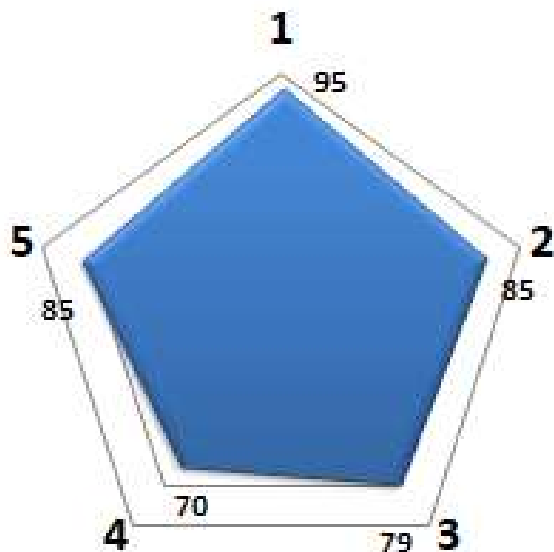
66

Employees with 10+ years in the company (36.46%)

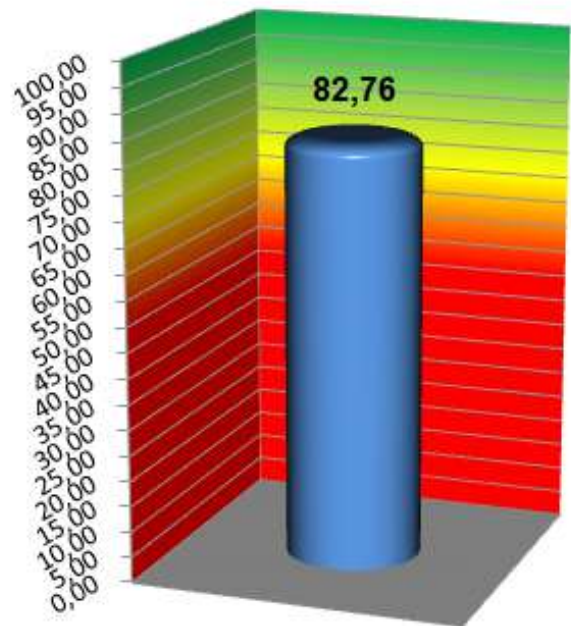
Supplier Form: the Supply Chain

The collaboration with our suppliers is a crucial factor for enhancing the ESG System's pillars in our organization, that's why in 2022 the ICSS Group has implemented its **new Supplier Form**, to help our providers to understand where our priorities are in terms of Environment, Social and Governance, and how they may help us to build a sustainable environment in the packaging industry.

The Form is based in five distinct areas, **covering all aspects of the ESG System**: *company management, product/process innovation and improvement, operational excellence, costs transparency and reduction, and sustainability*. The **score is based on the yes/no answers** provided in the interactive Supplier Form.



The **Supplier is classified, based on its score**, in four different levels: above 85% (in line with ICSS' standards), between 70 - 85% (in line with the minimum standards), 50 - 70% (not in line with minimum requirements, improvement plan necessary), and below 50% (not in line with ICSS' minimum requirements).



The global performance is obtained by and average of the five measured areas. The Supplier Form was sent by email to suppliers and is **available in three different languages: Italian, English and Turkish**, covering ICSS' geographical positions.

Environment

Conserving the natural world

To provide protective packaging solutions to our clients, earn their confidence, and to generate value for their products moves us daily. And what better path to add value than moving towards greener solutions?

The ICSS Group **since 2021** meets the CAM (from the Italian, Minimum Environmental Criteria) requirements and is certified by Second Life Plastic (Plastica Seconda Vita), central factors to our ride into sustainability.

The last two years were of great satisfaction in our company, as we started participating in an EU-financed project, EcoeFISHent, for the development of **circular economy** in the Genovese fish market, but also because of the testing of new sustainable raw materials in our Group's factories. In addition, **cardboard-based projects** are little by little being multiplied in the market, bringing us back to our origins as a cushioning company.

But also small changes may bring great outcomes, as the new ICSS' water bottles and drinking fountain, for saving plastic cups and reduce trash.



The challenges and efforts have been great, but with the awareness that through work and passion the results will be brilliant.

Or efforts, for example, were celebrated when in October/2021 ICSS was elected as one of the 100 most sustainable companies in Italy by Forbes.

2022 also inaugurates the **first ESG Report** issued by the ICSS Group and the appointment of the first Sustainability Manager, Ing, Matheus Novello.

Sustainability Award Top 100

The Sustainability Award is a recognition to the Italian companies that distinguish themselves in the implementation of **sustainable and inclusive development**, in order to create value to their stakeholders and the community.

The first edition aimed to share a light in the efforts of these companies that were **successful to combine environmental, social, and economical sustainability** within their Business Strategy, by the standardization of the innovation principles and by monitoring their own performance.



CONTRARIAN • SOCIAL RESPONSIBILITY

di Alessandro Dall'Onda

Eccellenze sostenibili

Attraverso rigorosi criteri di giudizio, Credit Suisse e Kon Group hanno stilato una classifica delle imprese che più di tutte stanno cercando di trovare soluzioni per i grandi problemi sociali e ambientali. Tutte dotate di rating Esg emesso da Altis Università Cattolica e da Reprisk.



Ci sono i nomi più belli dell'impresa italiana non solo famosi, ma anche imprese conosciute solo dagli addetti ai lavori di uno specifico settore, tra le 100 imprese eccellenti italiane che sono rientrate a pieno titolo nella classifica delle imprese sostenibili stilata da Credit Suisse e Kon Group. Tutte dotate di rating Esg emesso da Altis Università Cattolica e da Reprisk.

Kon Group, primario operatore italiano nella consulenza aziendale e finanziaria alle imprese, primo operatore indipendente nazionale nell'area dei soci istituzionali blasonati, e Credit Suisse, una delle principali banche mondiali che da anni promuove investimenti sostenibili e che gioca un ruolo chiave nel sostenere gli imprenditori a trovare nuove soluzioni per i grandi problemi sociali e ambientali, hanno voluto donare al sistema imprenditoriale italiano due asset: una maggiore consapevolezza della sostenibilità delle imprese attraverso la misurazione, con il rating Esg, dei risultati raggiunti e delle aree di miglioramento da implementare e una grande visibilità grazie alla partnership con Forbes Italia cui sarà data continuità attraverso gli investimenti degli organizzatori in una business community dedicata al Sustainability Award in cui si potrà accedere a contenuti esclusivi e incontri con gli altri partecipanti. Un club esclusivo, insomma, che serve per stimolare continuamente

Il miglioramento in materia di sostenibilità ed il raggiungimento rapido di livelli sempre superiori di rating Esg con conseguenti impatti positivi su tutta la comunità.

Non è stato facile individuare le 100 imprese eccellenti della Sostenibilità italiana: i rigorosi criteri con cui si è attribuito il rating da parte di Altis e il controllo incrociato dei risultati attraverso il rating

The company-selection criteria was based in the three pillars of the SGE system, **social, governance, and environment**.

This recognition was one of the catalysts for the publishing of this **first ESG Group Report**, and in different opportunities was used as a guideline to identify possible improvement aspects in our processes and products, inspiring innovative ideas.

The full report may be found in Forbes' link below:

<https://forbes.it/2021/10/05/quali-sono-le-100-eccellenze-italiane-sostenibilita/>

EcoeFISHent

When the European Union announced the **Horizon 2020** initiative, ninety-two projects were presented for obtaining European funds and contributions. ICSS is proud to be part of one of the four that have gained EU approval.

EcoeFISHent aims to achieve **climate-neutral circular economy** in the fishing industry, by enabling the **sustainable and efficient** exploitation of fishing processing in order to obtain bioactive elements to create value-added food supplements and skin care products, as well as biodegradable and compostable barrier layers for **food packaging**.



Environment



People



Products

Its budget corresponds to **€18.5 million**, from which €15.1 million financed by the European Union, and its duration goes from 1st October 2021 to 30th September 2026.

Moreover, its consortium is made of 34 entities from 7 countries.

Official communication channel (Twitter): @ecofishent

Official website:

<https://ecofishent.eu/>

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

EcoeFISHent

The role of ICSS within the EcoeFISHent project is the sustainable **production and distribution of sustainable isothermal packaging** dedicated to the fish market, bearing in mind our vision of providing the best sustainable protective packaging in the sector.

Some of the company's main targets are: the **reduction of CO2 emissions** by the upscale of an ICSS' dedicated molding line for greener alternatives, as well as **improving the end of life** of our products.

As for the distribution, the dedicated production line allows the optimization of the shape of the boxes, which leads to a **maximization of the load factor**, improving the transport efficiency of ecological fish boxes, with further reduction of CO2 emissions from part of the logistics.

The picture below was taken during the Kick-off meeting held in Genova, Italy, in the 25/11/2021, where representatives from the Consortium members' shared their contribution for the project and future steps.



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