

# Sustainability Report 2022











# CHAPTER 7

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## ENVIRONMENT

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## 7. ENVIRONMENT

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We are convinced that responsible resource management combined with the adoption of sustainable process and production models allows us to make a concrete contribution to the preservation of the environment and its biodiversity without compromising the business but increasing its value and longevity over time.

Our commitment to improve environmental performance comes through the promotion of awareness-raising actions among staff and co-workers in order to:

- comply with current environmental regulations;
- use energy resources correctly to avoid wastage;
- scrupulously observe the separation of waste to enable its proper disposal and recovery;
- eliminate environmental risks within business processes and in products if possible, taking advantage of technological advances;
- Adopt a specific plan for the prevention and management of environmental emergencies.

Our production activity takes place in the industrial area of the municipality of Parella (Turin), inside the Antica Cartiera and in three industrial warehouses located a short distance away.

Left:  
**NeoMark Twin production line**

The production cycle consists of the following operations:

- system design (mechanical, electrical, pneumatic, software), according to the requirements set by Customers, applicable technical and safety standards;
- assembly of mechanical and commercial parts;
- testing and functional verification of machines;
- packaging for shipping;
- installation, start-up and customer service.

We do not carry out production activities understood as the processing of raw materials, but rather the manual assembly of machines for the automation of industrial processes.

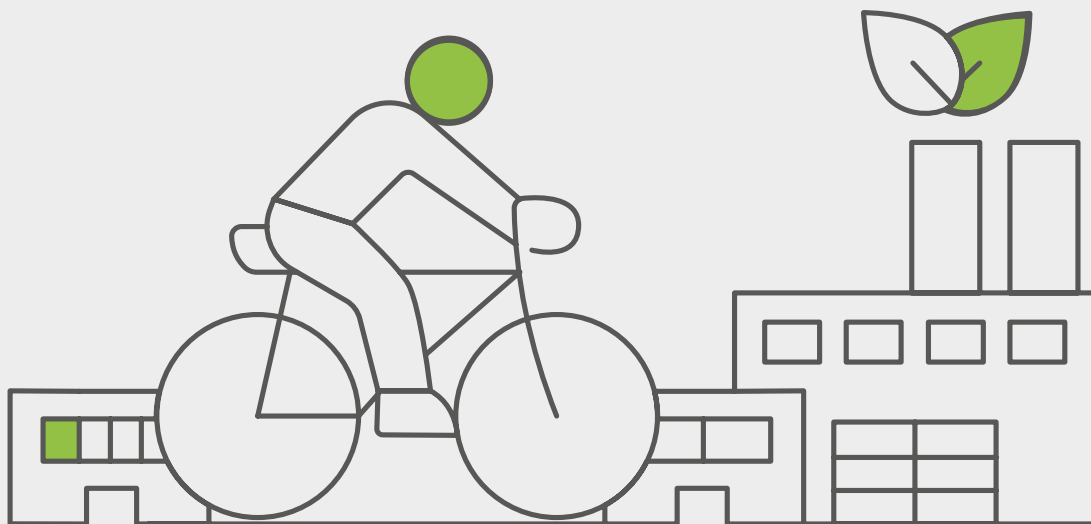
In this process that leads to the creation of an innovative product, the approach to environmental sustainability passes through three fundamental factors: **human labour**, whether intellectual or manual; the **materials used**, whether

custom-made or purchased on the market; and the **manufacturing** processes.

Analyses and assessments of these three factors and their many implications and interactions enable us to achieve increasingly sustainable processes and products over time.

With reference to the voluntary initiative on the **European Taxonomy**<sup>1</sup> announced in previous editions of the Sustainability Report, the Sustainability Working Group re-examined the project in light of the approval of Directive 2022/2464 on corporate sustainability reporting, published on 14 December 2022.

The Company continues to monitor the implementation of the above-mentioned Directive and will await further developments in the area of European Sustainability Reporting Standards for SMEs before proceeding further.



1. The European Taxonomy (EU Regulation 2020/852) is a classification system that specifies which economic activities can be classified as 'eco-sustainable', designed for two purposes: on the one hand to guide investors and on the other to combat the phenomenon of so-called greenwashing, while supporting companies in adopting sustainable environmental policies.

# 7.1 RESOURCE MANAGEMENT

## ENERGY

Our energy consumption consists of:

- electricity, necessary for the operation of IT equipment, the assembly of machines and automation lines, air conditioning systems and lighting;
- methane that fuels the Antica Cartiera's boiler fleet;
- fuels consumed by the company car fleet.

TOTAL ENERGY CONSUMPTION	UoM	2020	2021	2022
<b>Electricity</b>	<b>GJ</b>	<b>1.798</b>	<b>1.934</b>	<b>2.142</b>
of which from renewable sources	GJ	1.798	1.934	2.142
of which from non-renewable sources	GJ	0	0	0
<b>Fuels</b>	<b>GJ</b>	<b>4.328</b>	<b>4.519</b>	<b>4.530</b>
Methane for heat generation <sup>2</sup>	GJ	1.157	1.345	1.141
Automotive diesel fuel* <sup>3</sup>	GJ	2.302	3.143	2.775
Automotive petrol*/** <sup>4</sup>	GJ	869	850	614
<b>Total consumption</b>	<b>GJ</b>	<b>6.126</b>	<b>6.453</b>	<b>6.672</b>

\* Includes fuel and hybrid car power

\*\* Figures for 2020 and 2021 have been changed compared to the previous reporting period due to a change in methodology in view of continuous improvement

In absolute terms, total energy consumption in 2022 was 6,672 GJ, up 3.4% from the previous year. The main contributor to this increase was

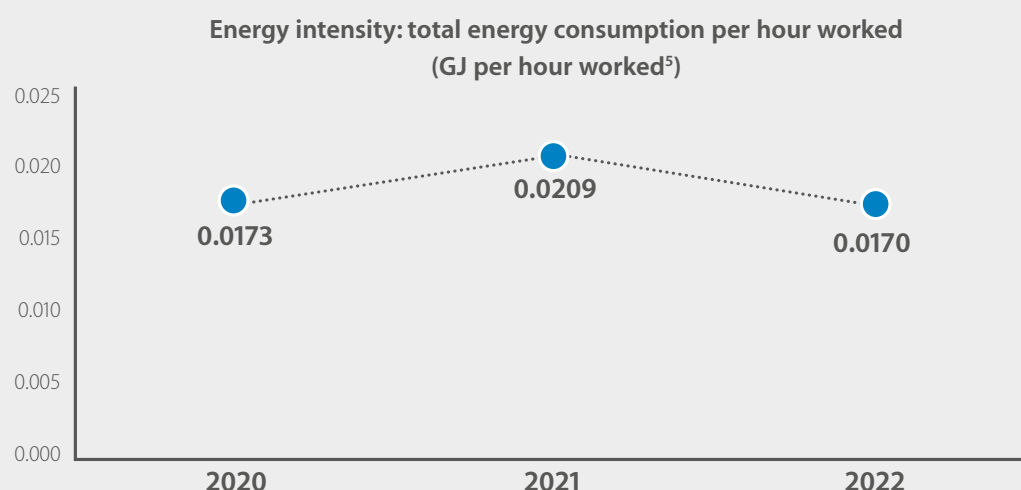
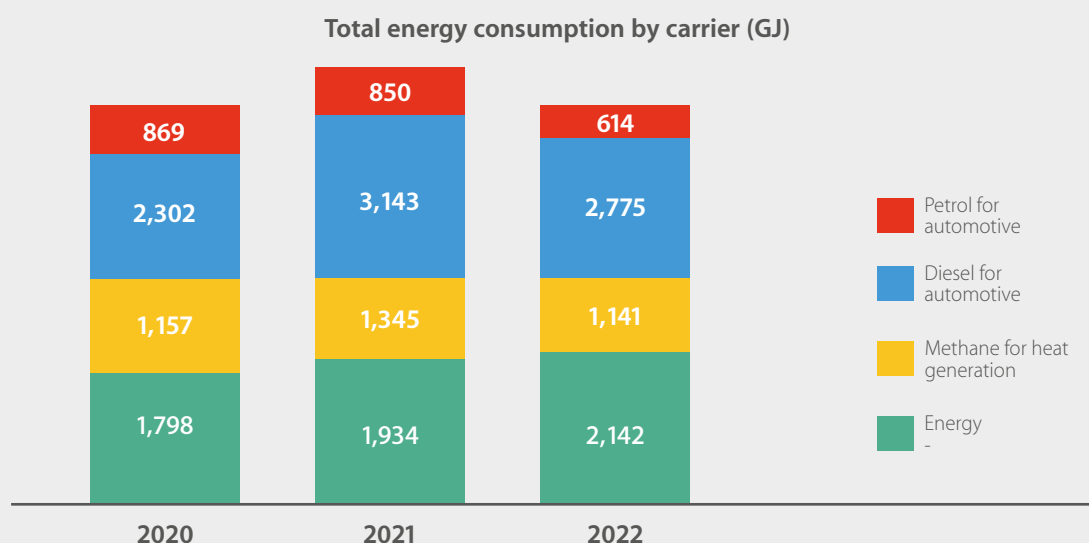
the increase in electricity consumed to charge the Plugin/Hybrid cars in the company fleet.

2. PCI: 0.0353 GJ/Sm<sup>3</sup> (source: ISPRA, 2023, Table of national standard parameters)

3. PCI: 42,873 GJ/t (source: ISPRA, 2023, Table of national standard parameters); Density: 0.835 kg/l

4. PCI: 42,128 GJ/t (source: ISPRA, 2023, Table of national standard parameters); Density: 0.720 kg/l





The indicator for **energy intensity** defined as total energy consumption (GJ) per hour worked shows an increase of 8.5 percent in 2022 compared to 2021.

In order to monitor the energy issue also from the point of view of building efficiency, we use the  $I_{EA}$  environmental indicator, which expresses energy consumption in relation to the total company area heated in the year.

$I_{EA} = \text{SMC}^6 \text{ [m}^3\text{] methane gas /Total heated area of the company in the year [m}^2\text{]*C}$

#### Environmental Goals Plan 2022:

$I_{EA} \leq 5.6 \text{ m}^3/\text{m}^2$



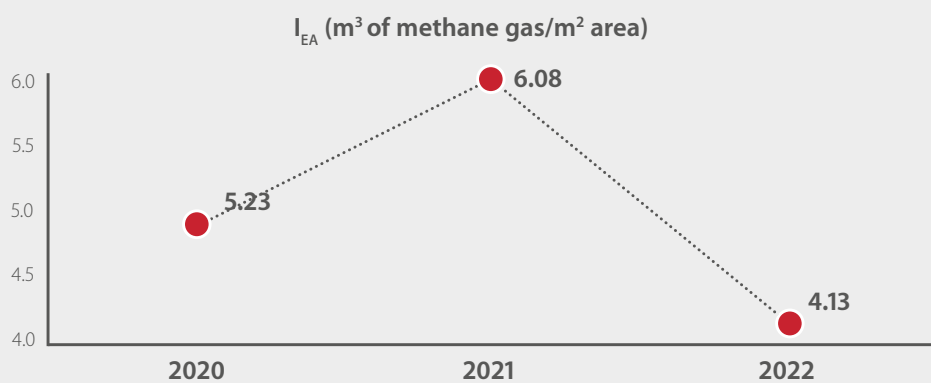
$I_{EA} = 4.13 \text{ m}^3/\text{m}^2$

In 2022 we fully met the target we had set for ourselves, and we therefore believe we can further improve our performance by setting a target for 2023 of no more than  $5 \text{ m}^3/\text{m}^2$ .

5. Only hours worked by employees are taken into account

6. SMC = Cubic meters of methane gas under standard conditions (temperature 15°C, pressure 1 bar).

C = Conversion coefficient given by the distributor and based on the location of the point of withdrawal (PDR).



We have equipped ourselves with a photovoltaic system with a total peak power of 263 kWp, divided between the roofs of the Antica Cartiera Old Paper Mill area (82.5 kWp), and the roofs of the adjacent M6 and M7 halls (180.5 kWp). Its electricity production is partly consumed on-site and partly fed into the national power grid.

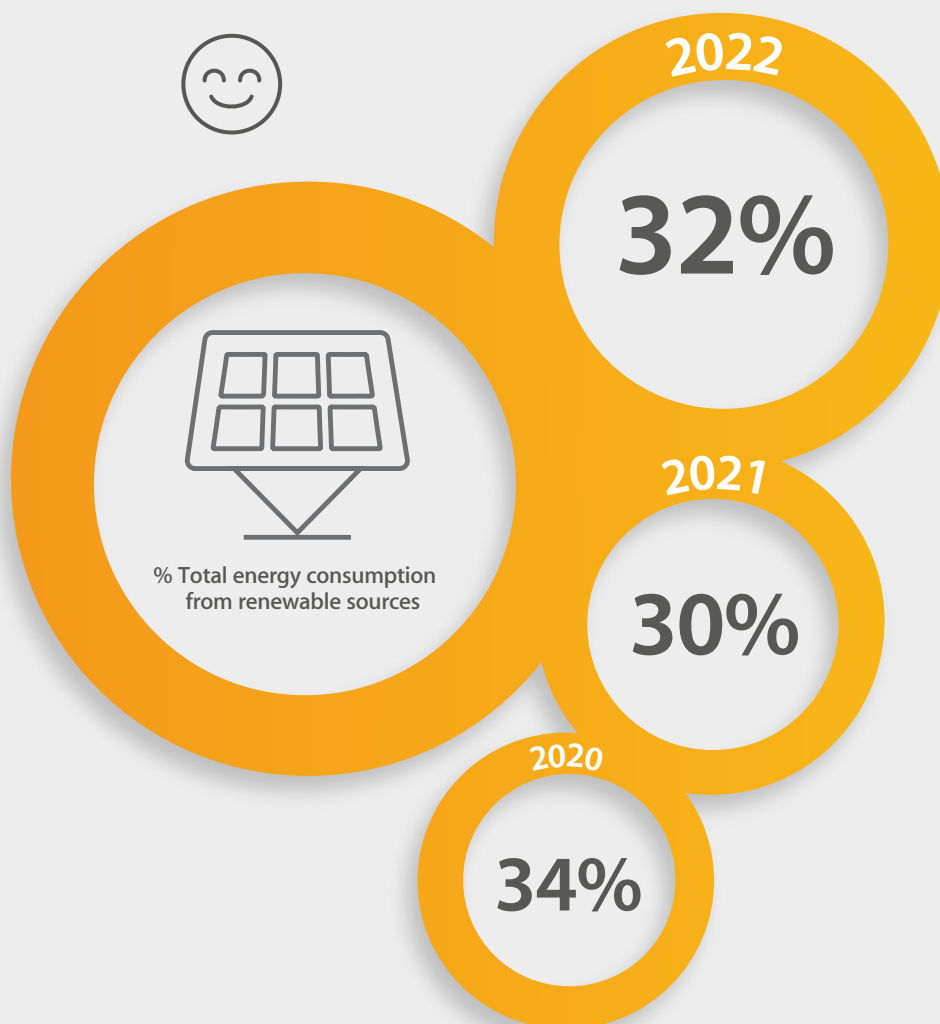
For the share of necessary electricity not covered by photovoltaics, from 2019 we have activated a 100 per cent supply contract from renewable sources with Guarantee of Origin. In this way, **the electricity we consume is 100% renewable.**

ELECTRICITY FROM RENEWABLE SOURCES	2020	2021	2022
Electricity produced by photovoltaic system [KWh]	275,718	284,695	285,154
Of which self-consumed electricity [KWh]	157,929	155,379	175,302
Of which electricity fed into the grid [KWh].	275,718	129,316	109,852
Certified 100% renewable electricity taken from the grid [KWh].	341,612	381,965	419,786
Total electricity consumption from renewable sources [KWh]	499,541	537,344	595,088
% Electricity consumption from renewable sources	100%	100%	100%





#### TOTAL ENERGY CONSUMPTION FROM RENEWABLE SOURCES



#### Environmental Goals Plan 2022:

ICA  $\geq 55\%$



ICA  $\geq 62\%$

In 2022, we reached and far exceeded our target for self-consumed energy (produced and consumed at the same time), increasing our energy independence.

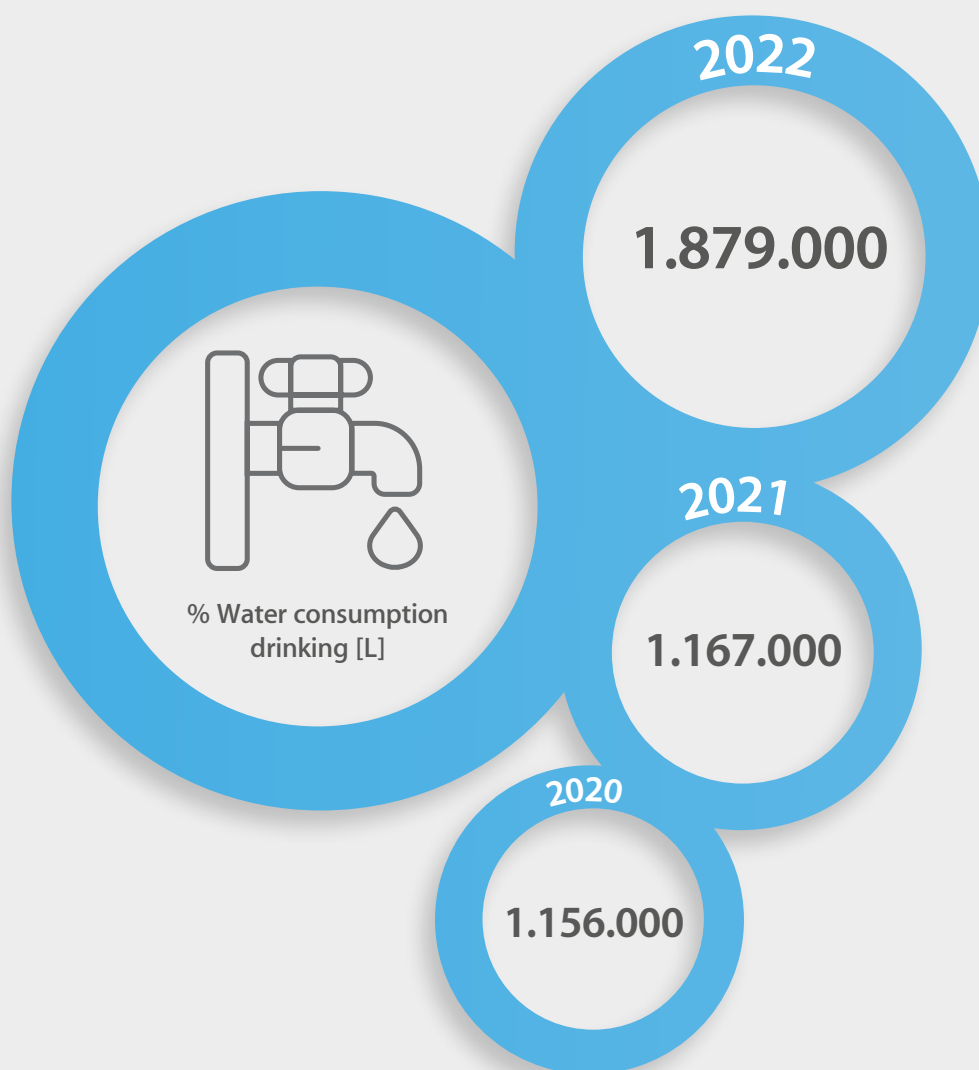
The target for 2023 is I<sub>CA</sub>  $\geq 65\%$

## WATER

Our production processes do not require the use of water: this is only for the sanitary needs of personnel, in perfect analogy with the domestic environment. We only use water from the municipal

waterworks and monitor consumption by means of meters installed at each of the three supply points.

### WATER WITHDRAWAL





WATER WITHDRAWAL <sup>7</sup>		2020		2021		2022	
Type		All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)
Third-party water resources <sup>8</sup>	Fresh water (<=1000 mg/L total dissolved solids)	1.156	0	1.167 <sup>9</sup>	0	1.879	0

WATER DISCHARGE <sup>7</sup>		2020		2021		2022	
Type		All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)	All areas (ML)	Water stress areas (ML)
Discharges of freshwater and other types of water <sup>8</sup>	Fresh water (<=1000 mg/L total dissolved solids) [ML]	1.156	0	1.167 <sup>9</sup>	0	1.159	0

The increase in water withdrawals, in absolute terms from 1,167,000 litres in 2021 to 1,879,000 litres in 2022 (+61%), is due to the addition of two new production areas, to the sharp increase in

the number of outside personnel with access to the company (+77% over 2021) and the increase in the average number of employees from 192 to 204 (U.L.A. +6.3%).

#### Environmental Goals Plan 2022

$I_{\text{CIGD}} \leq 35 \text{ L (Litres/workday/worker)}$



$I_{\text{CIGD}} = 40.5 \text{ L}$

The increase in water withdrawals has not allowed us to reach the target, so actions will be implemented during 2023 to curb water consumption. We therefore renew the target of  $I_{\text{CIGD}} \leq 35 \text{ L}$  for 2023 as well.

- The company does not withdraw surface water, groundwater, seawater or consume water of its own making. In addition, the water drawn from aqueduct is entirely fresh water.
- The Osai 2020 Sustainability Report included 1.506 ML for the year 2019 and 1.156 ML for the year 2020. In 2021, it was possible to accurately quantify the consumption of No. 1 domestic user located downstream of the general meter in the Paper Mill Area (0.122 ML), and therefore it was decided to subtract the same withdrawal on the years 2019 and 2020 to make the comparison more meaningful.
- Please note that the figure reported in the Sustainability Report 2021 of 1.159 ML of water withdrawn and discharged is incorrect. The adjusted figure is 1.167 ML, as reported in this balance sheet.



KEEP  
CALM  
AND  
HELP THE  
PLANET









## 7.2 WASTE AND EMISSIONS

### WASTE

As we do not carry out industrial activities of processing raw materials, we mainly produce municipal waste, which is sorted according to the prescriptions of the municipal collection service manager, and special waste almost entirely falling under the class of non-hazardous special waste and therefore subject to recycling.

Our primary intent is to avoid any environmental damage and reduce the undifferentiated waste fraction as much as possible. Office activities generate the following categories of waste, which are delivered to the municipal waste collection service:

- paper and paperboard packaging (paper sheets and cardboard boxes);
- plastic packaging (water bottles, document envelopes, labels);
- glass and cans (bottles, beverage cans);
- organic (food waste from the company's dining and canteen areas);
- undifferentiated (materials that do not fall into the previous classes and clearly identified by the municipal collection service operator).

Production areas, sheds and technical rooms, generate only "special waste" as defined by Leg. Decree no. 116/20 and are stored in special temporary warehouses waiting to be picked up by specific suppliers.

99.5 per cent of the waste produced in 2022 is classified as 'non-hazardous' and destined entirely for recycling. They consist mainly of wood packaging (34%), paper and cardboard packaging (33%), iron and steel (19%), electrical cables (4%), aluminium (4%), plastic packaging (3%) and end-of-life equipment - WEEE - (2%).



WASTE GENERATED BY TYPE OF DISPOSAL	2020	2021	2022
<b>TOTAL NON-HAZARDOUS WASTE [t]</b>	<b>10.0</b>	<b>26.8</b>	<b>22.8</b>
Recycled [t]	10.0	26.0	22.8
% recycled	99.9%	97.0%	100.0%
Disposed in landfills [t]	0.015	0.8	0.0
% landfilled	0.1%	3.0%	0.0%
<b>TOTAL HAZARDOUS WASTE [t]</b>	<b>0.015</b>	<b>0.24</b>	<b>0.110</b>
Recycled [t]	0.015	0.04	0.060
% recycled	100%	17%	54.5%
Disposed in landfills [t]	-	0.2	0.05
% landfilled	-	0.833	45.5%
<b>TOTAL WASTE [t]</b>	<b>10.0</b>	<b>27.1</b>	<b>23.0</b>
Recycled [t]	10.0	26.1	22.9
% recycled	99.9%	96.3%	99.8%
Disposed in landfills [t]	0.015	1.0	0.050
% landfilled	0.10%	3.70%	0.2%

In 2022, we reduced the total waste produced by 15 per cent compared to 2021, mainly due to the start of an experiment on contextual pallet interchange, which allowed us to significantly reduce wood packaging materials.

The cooperation with the Swiss supplier Quasys AG for the return of packaging is also continuing, thanks to which 16 packages with a total weight of about 833 kg were returned in 2022.

#### Environmental Goals Plan 2022

$I_R \leq 700 \text{ kg/M € production value}$



$I_R = 540 \text{ kg/M€ invoiced}$

In 2022 we achieved our target, also thanks to a few extraordinary disposals of obsolete machinery and equipment compared to 2021. As there is still room for further improvement in relation to the reduction of wood packaging sent for recovery, we considered it appropriate to recalibrate the 2023 target to  $I_R \leq 600 \text{ kg/M€ production value}$ .

# EMISSIONS

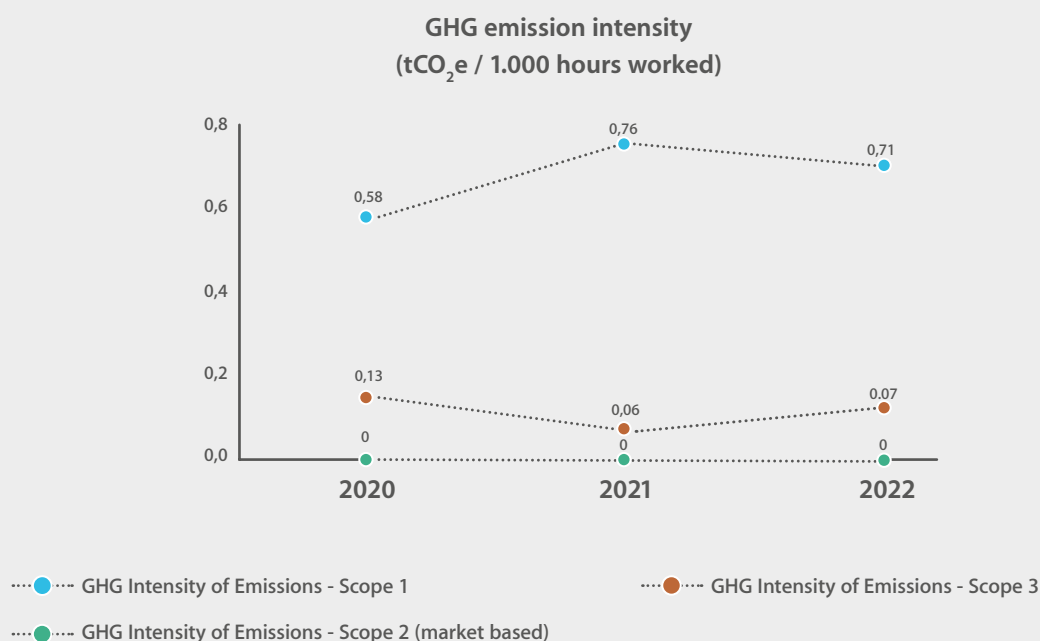
We monitor direct and indirect greenhouse gas emissions according to the Greenhouse Gas Protocol, distinguishing emissions into categories or Scopes:

- **Scope 1:** Direct emissions from sources owned and controlled by the Organization. In our case, this means those due to heat production and those from the fleet of company cars.
- **Scope 2:** Indirect emissions arising from the production of electricity taken from the grid and consumed by the Organization. For this category of emissions, we use the market-based approach, which takes into account the specific emission factors reported by the purchased electricity supplier<sup>10</sup>
- **Scope 3:** Other indirect emissions. This category includes emissions from corporate staff

travel, extraction and transportation of consumed fuels, production of materials used (packaging and paper), water consumption (wastewater withdrawal and treatment), and waste disposal.

Total market-based greenhouse gas emissions in 2022 amount to 303.5 tCO<sub>2</sub>e, an increase from 2021 of 17.6 tCO<sub>2</sub>e (+6.2%).

By generating electricity from photovoltaics and buying from the grid with a 100% renewable guarantee of origin, we have reduced our Scope 2 emissions to zero. The trend in direct and indirect emissions reflects the considerations made for energy consumption, as the two parameters are directly linked.



10. The other possible approach, called location based, involves applying national average emission factors relating to the countries where electricity is purchased.

GREENHOUSE GAS EMISSIONS*	UoM	2020	2021	2022
<b>SCOPE 1 - DIRECT EMISSIONS</b>				
Emissions for heat production (methane consumption) <sup>11</sup>	tCO <sub>2</sub> e	65.09	77.03	65.21
Refrigerant gas leaks	tCO <sub>2</sub> e	2.09	0.00	0.00
Petrol <sup>12</sup>	tCO <sub>2</sub> e	3.35	3.27	2.33
Petrol Hybrid <sup>13</sup>	tCO <sub>2</sub> e	-	-	32.62
Diesel <sup>14</sup>	tCO <sub>2</sub> e	120.77	161.51	170.57
Diesel hybrid <sup>13</sup>	tCO <sub>2</sub> e	-	-	6.49
Unspecified hybrid <sup>13</sup>	tCO <sub>2</sub> e	12.41	23.08	-
<b>TOTAL SCOPE 1</b>	<b>tCO<sub>2</sub>e</b>	<b>203.70</b>	<b>264.89</b>	<b>277.22</b>
<b>SCOPE 2 - INDIRECT EMISSIONS</b>				
Emissions from electricity consumption (location based) <sup>15</sup>	tCO <sub>2</sub> e	99.03	110.73	121.70
Emissions from electricity consumption (market based)	tCO <sub>2</sub> e	0.00	0.00	0.00
<b>TOTAL SCOPE 2 (market based)</b>	<b>tCO<sub>2</sub>e</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>SCOPE 3 - OTHER INDIRECT EMISSIONS</b>				
<b>Emissions related to staff travel<sup>16</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>34.15</b>	<b>9.08</b>	<b>19.44</b>
Car trips	tCO <sub>2</sub> e	0.00	0.00	0.00
Long-distance air flights	tCO <sub>2</sub> e	26.77	0.00	11.81
Short distance air flights	tCO <sub>2</sub> e	6.90	6.83	5.86
Domestic air flights	tCO <sub>2</sub> e	0.48	2.10	1.74
Travel by train	tCO <sub>2</sub> e	0.00	0.15	0.03

\* Data for 2020, 2021 are represented differently than in the previous reporting period due to a change in methodology in view of continuous improvement

11. Emission factor: 1.991 kg CO<sub>2</sub>e/Sm<sup>3</sup> (source: ISPRA, 2023, Table of national standard parameters)

12. Emission factors for medium-sized petrol cars: 0.85 kg CO<sub>2</sub>e/km (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting)

13. Emission factors for hybrid cars (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- medium-sized: 0.110 kg CO<sub>2</sub>e/km

- large size: 0.155 kg CO<sub>2</sub>e/km

14. Emission factors for diesel cars (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- medium-sized: 0.168 kg CO<sub>2</sub>e/km

- large size: 0.210 kg CO<sub>2</sub>e/km

15. Emission factor: 289.9 g CO<sub>2</sub>e/kWh (source: ISPRA, 2020, Atmospheric greenhouse gas emission factors in the national electricity sector and main European countries)

16. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Domestic flights: 0.246 kg CO<sub>2</sub>e/passenger.km

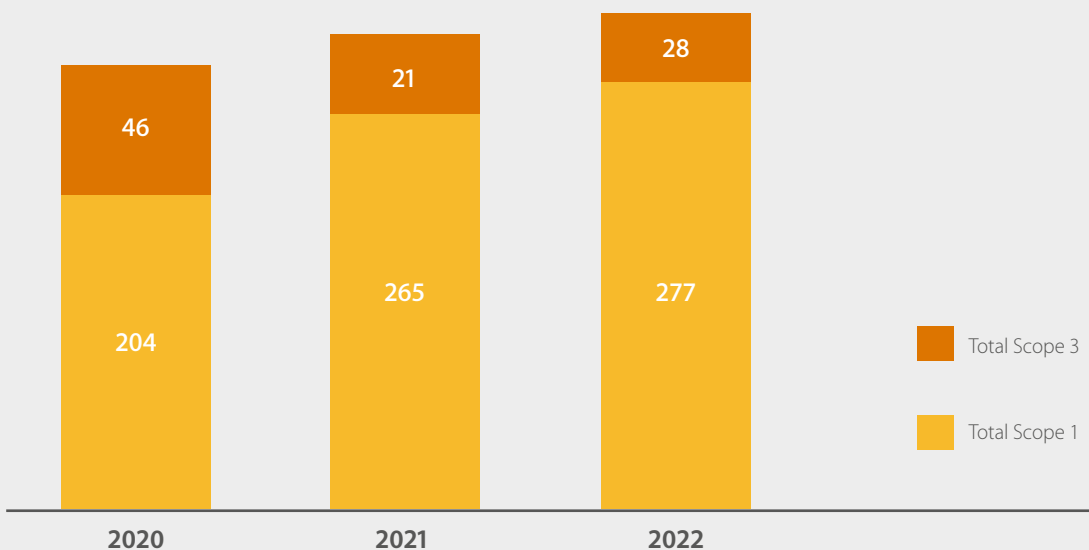
- Short-haul flights: 0.151 kg CO<sub>2</sub>e/passenger.km

- Short-haul flights: 0.148 kg CO<sub>2</sub>e/passenger.km

- Travel by train: 0.035 kg CO<sub>2</sub>e/passenger.km



GREENHOUSE GAS EMISSIONS*	UoM	2020	2021	2022
<b>Emissions from material consumption<sup>17</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>10.27</b>	<b>11.03</b>	<b>7.02</b>
Wood packaging	tCO <sub>2</sub> e	8.75	9.93	5.48
Cardboard packaging	tCO <sub>2</sub> e	0.87	0.76	0.40
Plastic packaging	tCO <sub>2</sub> e	0.09	0.14	0.08
Paper	tCO <sub>2</sub> e	0.56	0.20	1.06
<b>Emissions from water consumption<sup>18</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>1.22</b>	<b>0.32</b>	<b>0.79</b>
Water drawn from aqueduct	tCO <sub>2</sub> e	0.40	0.00	0.28
Wastewater treatment	tCO <sub>2</sub> e	0.82	0.32	0.51
<b>Emissions from waste generation<sup>19</sup></b>	<b>tCO<sub>2</sub>e</b>	<b>0.22</b>	<b>0.56</b>	<b>0.49</b>
Recycled waste	tCO <sub>2</sub> e	0.21	0.56	0.49
Landfill waste	tCO <sub>2</sub> e	0.01	0.00	0.00
<b>TOTAL SCOPE 3</b>	<b>tCO<sub>2</sub>e</b>	<b>45.86</b>	<b>20.98</b>	<b>27.74</b>
<b>TOTAL SCOPE 1, 2 (market based) and 3</b>	<b>tCO<sub>2</sub>e</b>	<b>249.56</b>	<b>285.87</b>	<b>304.96</b>

GREENHOUSE GAS EMISSIONS (tCO<sub>2</sub>e)

\* Data for 2020, 2021 are represented differently than in the previous reporting period due to a change in methodology in view of continuous improvement

17. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Wood packaging: 312 kg CO<sub>2</sub>e/t
- Cardboard packaging: 821 kg CO<sub>2</sub>e/t
- Plastic packaging: 2574 kg CO<sub>2</sub>e/t
- Paper: 919 kg CO<sub>2</sub>e/t

18. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Drinking water supply: 149 kg CO<sub>2</sub>e/Million of litres
- Water treatment: 272 kg CO<sub>2</sub>e/Million of litres

19. Emission factors (source: DEFRA, 2022, UK Government GHG Conversion Factors for Company Reporting):

- Waste treatment for recycling: 21.3 kg CO<sub>2</sub>e/t
- Landfill waste: 467 kg CO<sub>2</sub>e/t

## CAR POLICY SAFETY AND ENVIRONMENTAL COMPLIANCE

Our car policy allows fringe benefit recipients to opt for products that are up to date with the latest equipment in active and passive safety systems, as well as efficient engines with low environmental impact.

By 2022 we have achieved a share of **31.4% of cars equipped with hybrid propulsion** (mild/full/plug-in hybrid) and average fleet emissions of **128 g/CO<sub>2</sub><sup>20</sup>** per kilometre driven.

In addition to defining the list of selectable cars through two basic parameters (monthly lease payment amount and WLTPCO<sub>2</sub> emissions), through the car policy, we also define the criteria for fuel reimbursement, tolls and useful eco-driving tips.

## HOME-WORK COMMUTE PLAN

We consider it significant to provide our support to the local authorities in charge of monitoring and reducing the environmental impacts of employees' home-work commutes. For this reason, in addition to appointing a company mobility manager who annually drafts the Employee Commuting Plan (PSCL), in autumn 2022 we joined the ALCOTRA 4171 'GRAIES Lab-Mobilab' project promoted by the Metropolitan City of Turin.

This initiative allowed the launch of a car-sharing platform for employees' home-work commutes - JoJob Real Time Carpooling - which produced encouraging results, among which we mention the last quarter of 2022:

- **25% adherence** of the company staff to the platform;
- **704 shared trips**;

- **9,308 km saved**;
- **1.21 tonnes of CO<sub>2</sub>** avoided.

The promotion of car-pooling was only one of the actions we decided to initiate for the containment of polluting emissions from home-work journeys; the most significant was the definition of the **individual employee agreements** to continue to combine agile working with face-to-face working, which has made it possible to avoid in 2022 at least **31,750 home-work journeys**, corresponding to more than **114 tonnes of CO<sub>2</sub>** avoided.<sup>21</sup>

Of lesser impact, but strategic for supporting the transition to a company car fleet increasingly characterised by BEV-PHEV vehicles, was the commissioning of **four 22 kW charging stations** at our plants.

20. Source: Driver Portal, 'Vehicle Environmental Class Verification' section

21. Cautionary calculation considering an average journey of 15 km driven twice in the same day, with a car with an average emission of 120g CO<sub>2</sub> per kilometre driven.