



SPICA



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## 01. Overview

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# Letter from CEO

It's commendable to see the commitment and progress that Spica has made in embedding sustainability throughout the company despite the economic-political challenges faced in 2023. The proactive steps taken in managing controllable factors, such as safety performance, are noteworthy achievements. The recognition of the interconnectedness of economic success, social responsibility, and environmental stewardship reflects a comprehensive approach to corporate responsibility.

The acknowledgment of challenging macro-economic conditions, including disrupted supply chains and increased energy and raw material costs, highlights the complex operating environment. However, Spica's dedication to maintaining high safety and environmental standards while efficiently operating production facilities and conserving resources demonstrates a resilient commitment to sustainable practices.

The decision to prioritize sustainability as a core element of business activities, even in unstable times, reflects a forward-thinking approach. Placing sustainability at the forefront and aligning targets with Dubag's ownership and other portfolio companies exemplifies a holistic commitment to environmental, social, and governance (ESG) principles.

The investment in ESG chapters, including starting up procedures to attain ISO 14001 and 50001 certificates, and the initiation of the 3 Gen plant indicate a comprehensive sustainability strategy. The emphasis on decarbonization as a key priority aligns with broader global efforts to address climate change and underscores Spica's commitment to a secure and viable future.

It's encouraging to note that Spica intends to provide more information on its decarbonization efforts, demonstrating transparency and accountability. The set of ambitious targets covering decarbonization, safety, inclusiveness, and gender equality reflects a well-rounded and holistic sustainability agenda.

By holding the company accountable for performance and measuring results against targets, Spica is positioning itself to make tangible progress toward a more sustainable business. The clear strategy and focus on sustainability not only contribute to long-term business viability but also reflect a responsible and ethical approach to corporate operations.

In December 2023, Spica celebrated 70 years of activity in the production of the calendered film. An important milestone but mainly a starting point to look at the future of the company and its impact in today's world.

Spica is the brightest object in the constellation of Virgo and one of the 20 brightest stars in the night sky.

Like our stellar role model, we strive to be the brightest which, in our case, means offering excellent service and thereby maintaining our market leadership.

# About us

Spica is believed to be the star that gave Hipparchus the data that led him to discover the precession of the equinoxes and Nicolaus Copernicus made many observations of Spica with his home-made triquetrum for his research on precession. This spirit of **inventiveness drives** our innovative efforts.

Being as large as it is, Spica is considered to have a particularly long life – even by astronomic standards. This inspires our long-term dedication and ensures our customers absolute reliability.

With a **history dating back to 1953**, Spica is the world's leading manufacturer of films for card production.

Spica works to provide our customers with the best products and the most extensive experience available on the market. The integration of recycle products means **constant innovation** between different industries and materials, enabling us to offer **advanced solutions** to our customers.







Our path to sustainability **began 30 years ago** and since then we have relied on tools that measure and verify our actions and progress. We got our first certification in 1994 and since then we have operated in accordance with existing international standards.

We aim to ensure the **maximum satisfaction** of our customers, with the aim of fully meet their expectations.

Managers and employees are expected to act in a manner that meets or exceeds the customer expectations and continuously improve the quality of products and services of the Company, anticipating its requests and expectations when possible, always remaining within the scope of Social Responsibility and in compliance with the laws and regulations. The constantly changing requirements of our customers are met from our continuous innovations.

**We are constantly improving** the quality of our products and increasing attention to environmental, ethical, and societal aspects.



# Dubag group

The DUBAG Group is a specialized Munich based investment advisory team with a proven track record.

DUBAG manage Private Equity Funds, which aim at the acquisition and active development of companies in special situations.

With the implementation of financial and professional resources, applying its pragmatism, expertise, strategy and **long-term vision**, DUBAG supports the portfolio companies in their day-to-day business, keeping a close eye on continuous improvement and sustainable growth.

The DUBAG Recreating Value strategy consists in actively supporting newly acquired companies from day one. Setting the preconditions for a sustainable development in the course of the acquisition and establishing strong and experienced leadership across all functions are crucial to the acquired company's success.

Sustainable growth and recreating value are the main goals in all its activities and also play an important role in the ESG approach. DUBAG track record speaks for itself.



This ESG report helps us demonstrate how we create value for the company, our suppliers, and customers; how we work to help solve global challenges; and how we care for people and the environment

# Reporting methodology

Spica's choice to present the sustainability report for the year 2023, shared by the management and by the company organization, has been done in the belief that the integration of sustainability into company management practices is no longer an option.

It is indispensable and necessary, especially considering the current socio-economic context. Spica believes that sustainability should not be considered only and exclusively in environmental terms, but also from a social, cultural and economic point of view.

In this sense Spica decided to begin a complex, integrated and conscious work, which requires maximum internal involvement to obtain reporting for the benefit of all stakeholders, including investors, customers, employees, and regulators.

In this sense this document is structured to report the performance of Spica in three key areas that verify and qualify our activity as sustainable: Environmental, Social, and Governance.

## Environmental

This category focuses on the organization's impact on the environment.

## Social

Social factors encompass how a company interacts with its employees, suppliers, customers, and the communities in which it operates.

## Governance

Governance refers to the systems and processes in place to ensure accountability, transparency, and ethical behavior within an organization.

For each area of the social sustainability report, working groups were set up involving area coordinators relating to the specific topic who collected the data and developed the texts.

The final exposure of the traditional economic and financial data gives a more complete perspective of future company performance which allows business choices necessary to achieve the Sustainable Development Goals through investments in the name of environmental, social and governance.

# Company business and strategy

### Mission

Spica is dedicated to revolutionizing the circular economy of plastic cards by utilizing **innovative technologies** to transform into high-value premium products for the financial and governmental industries, and not only.

Our mission is to drive the advancement of these industries by employing environmentally-friendly methods that reduce the usage of virgin plastic raw materials.

We recognize the significant economic potential in processing non-virgin and/or wasted plastics into premium finished products.

### Solution

Spica transforms non-virgin raw materials into valuable premium performing films for industries like financial and governmental cards and also usable for pharmaceutical and packaging industries.

Our multi-step approach involves reusing our cycle scraps and wastes, **collecting waste and “skeletons”** from our customers, reclaiming discarded byproducts, analyzing and categorizing

the waste, and deriving secondary raw materials to be reprocessed. Our end products meet strict purity, quality, and regulatory standards and are certified. This sustainable cradle-to-cradle model addresses waste while meeting the needs of growing industries. In order to process this **fast growing** volumes we are negotiating the acquisition of a majority stake in a Plastic recycle company, likely closing to happen in Q1 2024.

### Market

The market for Spica's circular economy business model is a substantial global niche market. Our competitive advantage as an early mover, if not the really first one, in the circular economy space, positions us well to capture market share. By creating premium, **eco-friendly goods** and accessing niche segments, we can penetrate deeply and broadly into global markets, eyeing mainly a substantial expansion into the huge and growing Asian economies.

With limited direct competition and strong partnerships with major multinationals customers, scaling our

operations will enable us to have a meaningful environmental impact and build a profitable business.

These unique ingredients have been proven to deliver exceptional benefits to the whole industry nowadays oriented and necessarily driven to reach sustainability goals, in this world Spica wants to be as a leader in sustainability and the bioeconomy. By transforming plastics waste and inputs into consumer products, we not only reduce waste but also pave the way for a more sustainable future.

### Why Us?

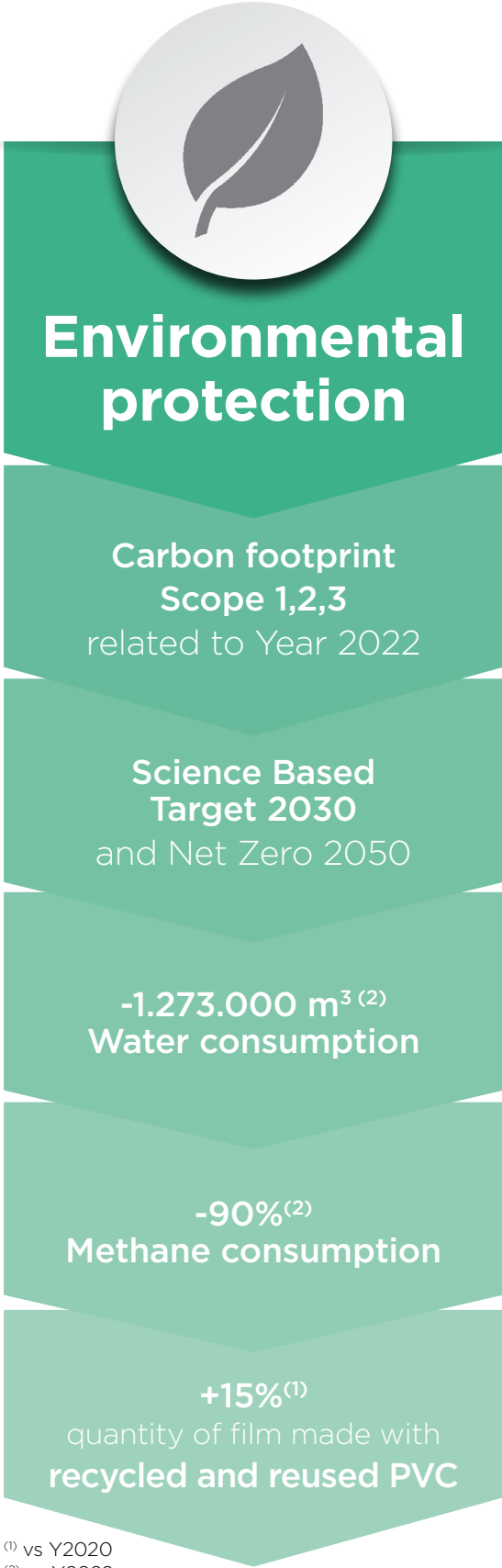
Spica has revolutionized the PVC waste into valuable products. Our certified process is cost-effective and environmentally friendly, distinguishing us from the competitors.

Unlike companies in Asia or even in Europe, we use a unique formulation and process delivers high-quality outputs at a lower cost. By repurposing those wastes, we contribute to a sustainable circular economy while reducing environmental pollution. Spica offers a competitive edge through our certified waste transformation process, generating revenue and benefiting both the environment and the bottom line.

A substantial investments programs have been run in the past 2 years and counting. The Q1 2024 will see the start-up of the €10M investment into a **coextruder line** and moreover in Q2 2024 the acquisition of the 3Gen plant already in operation by the ESCO of Axpo.

We are likely closing in Q1 2024 the acquisition of a majority stake of a plastic recycling company and we are in advanced talks for setting up a JV in Asia that will eventually let become Spica a **global operator** in the industry not limited to the Financial Cards.

# ESG 2023 highlights





01. Overview

Spica sustainability topics & targets

Area	Driver	2024	2025	2030
Climate protection	Science Based Target reduction Scope 1+2 emission	-30% <sup>(1)</sup>	-30% <sup>(1)</sup>	-42% <sup>(1)</sup>
	Reduction Scope 3 cat.1 emissions			-15% <sup>(1)</sup>
Responsible use of resources	Responsible use of resources	Policy ESG	80% Suppliers commitment to Spica' ESG target	100% Suppliers commitment to Spica' ESG target
	Methane consumption thermal oxidizer	-93% <sup>(1)</sup>		
	Circularity: sales volume from recycled and/or reused plastic	35%	40%	50%
Contribute to a better society	Diversity and inclusion	35% Of new recruitments are less than 43 years old	40%	
	Safety of workers Severity index Absence from work (LTI)	0,40	0,35	
	Protection of human rights	Policy ESG	80% Suppliers commitment to Spica' ESG target	100% Suppliers commitment to Spica' ESG target
Sustainability Governance	Ecovadis assessment	Gold level	Platinum level	

<sup>(1)</sup> vs Y2022





# Our commitment to environmental protection



Constant attention to the **reduction of emissions into the atmosphere**



Constant attention to the **reduction of use of resources**



Application of a **monitoring and control plan** aimed at energy and water resources needed to production processes



Implementation, maintenance, and continuous improvement of **Management Systems ISO 50001 and ISO 14001** to evaluate and improve environmental performances of the company



02. Environment

Climate protection

We take our responsibility to reduce greenhouse gas (GHG) emissions from our manufacturing operations.

In 2023 we calculate our global greenhouse gas emissions based on Y2022 and the corresponding intensity ratio annually in line with the GHG Protocol Corporate Accounting and Reporting Standard.

The current and future mitigation efforts are to ensure that Spica’ strategy and business model are compatible with the transition to a sustainable economy, and with the limiting of global warming to 1.5 °C in line with the Paris Agreement and with the objective of achieving climate neutrality by 2050.

Since July 2023, Spica has joined the Science Based Target Initiative with the aim of setting decarbonisation targets, scientifically calculated and in line with

the ratification of the Agreement in order to combat climate change and the consequent rise in the earth’s temperature.

In order to define quantitative parameters, times and actions necessary to achieve of the decarbonisation target communicated to SBTi, during FY 2022 was launched a Carbon Footprint analysis according to the parameters of the Greenhouse Gas Protocol (GHG Protocol) to better quantify the total emission impacts generated by Spica.

Science Based Target initiative (SBTi) has endorsed our CO<sub>2</sub> reduction target: the 42% reduction in absolute carbon dioxide emissions (Scope 1+2) is therefore in line with the level of decarbonisation needed to keep the global temperature rise below 1.5°C.

Scope 1	Scope 2	Scope 3
1,6% Tot emissions	14,3% Tot emissions	84,1% Tot emissions
1,2% ktCO <sub>2</sub>	10,8% ktCO <sub>2</sub>	63,2% ktCO <sub>2</sub>

SCOPE 1

The large majority of our Scope 1 GHG emissions are a result of the company facilities.

SCOPE 2

For our manufacturing processes, the majority of impact is given by electricity and use of purchased steam.

SCOPE 3

It covers 84,1% of our emissions mainly due to purchased goods and services.

We’ve started work with our supply chain partners to identify opportunities to influence and reduce Scope 3 emissions in the future.

Transition plan for climate change mitigation

**Reduce Scope 1 & 2 emissions -42%** in order to help limit the global warming by +1.5°C compared to pre-industrial era.

**Reduce Scope 3 emissions -15%** in the target to contain the rise of the temperature well below 2°C.







## 02. Environment

### Energy consumption



#### Electricity

used in production facilities and for lighting of the offices



#### Methane

used for the Regenerative Thermal Oxidizer and for the cogeneration plant

### Improvements

Spica **constantly monitor the energy consumption** of our processes to enhance indicators useful for projects and improvement actions in terms of energy efficiency and carry out energy audits in order to define the priorities and energy targets.

We are committed to improving, within the limits of technical and economic

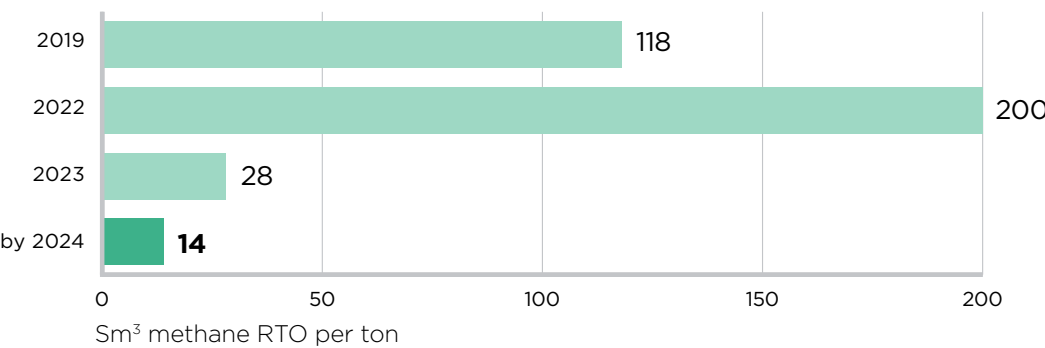
feasibility, the energy performance of existing buildings and to apply the best technologies and the most suitable materials, in terms of **reducing consumption**, for new or for extraordinary maintenance of existing buildings, giving priority to, whenever technically and economically possible, the use of energy sources alternative and renewable.

### Methane

After the replacement of Regenerative Thermal Oxidizer in Y2022, a significant reduction -90% in methane

consumption has been obtained and kept also in Y2023.

### Decrease methane consumption





## 02. Environment

### Renewable energy

A photovoltaic solution as alternative source of energy, has been installed and will be used starting from 2024.

The installed power is 535 kWp and the

energy produced is going to integrate the energy produced by the trigeneration plant and fulfill the energy demand of the plant.

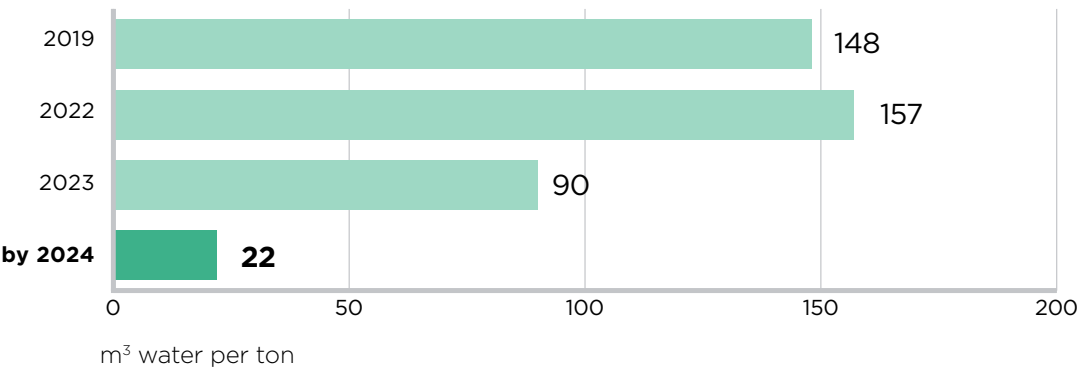
### Water resources

Spica aims to grow its business in the long term by reducing its environmental footprint and improving its energy efficiency.

In April 2023, we took steps to improve our ability to optimize energy and water consumption in the site.

A new, high efficiency trigeneration system with a more efficient energy performance that consumes less water, with a closed circuit, has been installed. The water consumption has been reduced -57% which corresponds to a saving of -1.273.000 m3 of water per year.

#### Decrease water consumption



### Waste

In 2023 we have increased the number of different waste codes and improved the internal waste differentiation.

Spica is ready to comply with the new rules set by the external company

collecting solid urban waste, as soon as these new rules will be active.

No other substantial change has been done in waste management.





## 02. Environment

### Plastic circular economy

The capacity to optimize and repeatedly recirculate resources, upholding quality standards, and maximizing value while minimizing waste and environmental impact, constitutes a pivotal stride towards establishing a truly circular ecosystem. Within our operational framework, we identify offcuts generated at various production stages as valuable resources. Our ongoing efforts are concentrated on crafting reverse supply chains to **reintegrate used products** and production waste into circulation, either by incorporating them into other products or diverting them for repurposing, recycling, thereby reintroducing valuable feedstock into the production system.

Our waste management and resource recirculation strategy serve as guiding principles, shaping our approach to managing resource flows across our activities, supply chains, and products. A key aspect of our commitment involves strict adherence to laws and regulations, coupled with the provision of well-defined policies, guidelines, and responsibilities throughout our value chain.

This comprehensive approach enables us to **minimize waste** and negative impact while maximizing the value derived from different waste streams through

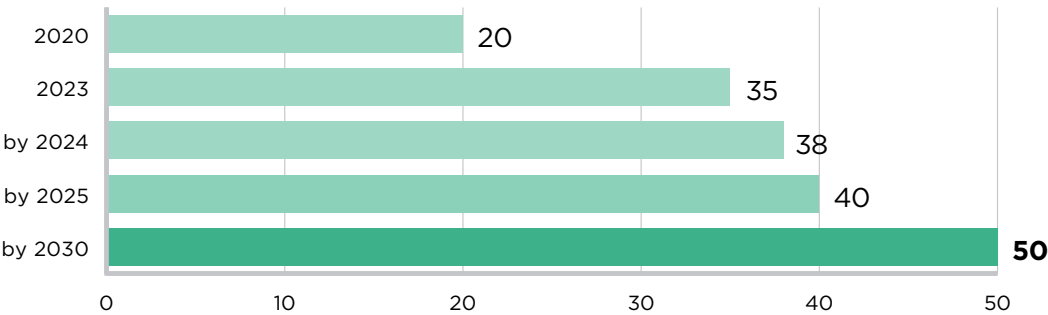
reduction, repair, reuse as a product, reuse as material, and recycling.

Continuing to prioritize the maximization of product use and value, we ensure that no products with the potential for a renewed life are wasted. To expedite the collection, sorting, and recirculation of post-consumer polymers and products, we have established a dedicated reverse supply chain team. This team focuses on developing scalable systems beyond the traditional supply chain, emphasizing product reuse, repurposing, and recycling.

Our ongoing efforts to secure **reverse supply chains** for resource recirculation have prompted a closer engagement with emerging EU legislation, ensuring that policies align with effective processes and infrastructure. Recognizing the complexity surrounding waste regulations and infrastructure, there is a pressing need for more harmonized EU waste regulations. Scaling services that facilitate product reuse before reaching collection bins and sorting facilities is imperative. Despite progress, there remains a gap in scalable systems and technologies for sorting and recycling, particularly for composite products like contactless cards and blended products, contributing to a slower-than-desired industry advancement.

### Increase recycled and reused material

The percentage of films from recycled and reused has been increased by +15% versus Y2020



Percentage products from recycle+reuse vs sold products.







## 02. Environment

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The practical implementation of guidelines for production waste underscores the necessity for more localized recycling infrastructure. To address this, increased investment and innovation in **waste separation and recycling** technology are essential, alongside the widespread acknowledgment of the value inherent in resources left over

from production. Recognizing an escalating need to expedite global products-to-products circulation and explore alternatives to existing polymer options, we commit to ongoing investments in recycling technology, with a focus on scaling up pre- and post-consumer recycled materials and advancing our reverse supply chains.

### Responsible procurement

The commitment to environmental responsibility commences with the careful selection of suppliers closely aligned with Spica's standards of quality, efficiency, and impact minimization. These suppliers should be oriented towards innovation, capable of optimizing raw material usage, reducing production waste, simplifying processing, and refining packaging strategies.

Spica recognizes the significant influence of product design on its environmental footprint, considering both the materials used and end-of-life management. As a result, heightened attention is given to the materials employed in the production of our films.

The primary raw materials utilized by Spica include PVC, with polymers accounting for 85,1% of the total raw materials procured to date. In 2023, 24,2% of the polymer weightage at Spica comprised **low-impact materials**. These figures, intrinsic to the nature of Spica's products, undergo constant scrutiny. In response to customer demands, the company is actively steering its efforts towards incorporating recycled materials with lower environmental impact,

sourced from traceable chains adhering to the highest ethical standards.

Addressing the environmental impact associated with packaging is a key facet of Spica's commitment. The focus extends to the number of units used and the material type, particularly emphasizing plastic, especially if it is virgin plastic.

Spica is progressively moving towards **reducing superfluous packaging** to minimize disposable materials. Where elimination is not feasible, the company aims to replace plastic packaging with alternatives. 39,7% of total packaging materials used is made in plastic, which is composed of 56,9% of recycled plastic.

Whenever possible, Spica **prioritizes reusable components** over disposable ones, mainly locally sourced to support local economies. Furthermore, with 10 clients, a significant portion of logistics utilizes high-quality plastic pallets, enduring multiple cycles in a closed loop. A reconditioning procedure has been implemented for these materials, ensuring the recovery and recycling of packaging materials.





# Ongoing plans and lines of development



### Reduce

With regard to planning aimed at reducing Scope 1 emissions, the strategy defined by the **Action Plan**, focuses on the reduction of consumption through the optimisation of electricity and thermal self-production.

A number of activities aimed at efficiency and energy efficiency have been completed such as the installation of LED lights in the production department and the modernization of some

engines and compressors with more innovative and efficient technologies.

In relation to Scope 3 emissions, which account for 84,1 % of total emissions, the given the most attention in view of their carbon impacts are those of the raw materials and logistics. Given the systemic nature of this type of emissions, increasingly close collaboration with suppliers will be a necessary condition for achieving decarbonisation targets.

### Recycle

The aim is to design and manufacture sustainable products, with a lower impact meet the ever-changing needs of our customers. This comprehensive approach enables us to minimize waste

and negative impact while maximizing the value derived from **different waste streams** through reduction, repair, reuse as a product, reuse as material, and recycling.

### Replace

The replacement with new materials with a **lower environmental impact**.



Environment Next steps & targets

Area	Driver	2024	2025	2030	2050
Climate protection	Science Based Target - reduction Scope 1+2 emission	-30% <sup>(1)</sup>	-30% <sup>(1)</sup>	-42% <sup>(1)</sup>	Net zero
	Reduction Scope 3 cat.1 emissions			-15% <sup>(1)</sup>	
Responsible use of resources	Responsible use of resources	Policy ESG	80% Suppliers commitment to Spica' ESG target	100% Suppliers commitment to Spica' ESG target	
	Methane consumption thermal oxidizer	-93% <sup>(1)</sup>			
	Circularity: sales volume from recycled and/or reused plastic	38%	40%	50%	

<sup>(1)</sup> vs Y2022





# People development

People Development is the means by which a company guides the growth process of people in a constantly changing society and market

### Number of employees

As of December 31, 2023, the number of employees stood at 161, recording a further increase and recovering the contraction recorded in 2021.

The two-year period 2022-2023 sees the entry of both managerial figures who are part of a long-term development vision of the company, and young figures under 30.

Thanks to the favorable performance of the business, the percentage of **permanent contracts** stands at 88.2% of the total workforce.

There are 4 generations in the company, an aspect that underlines above all the need to encourage dialogue and confrontation.

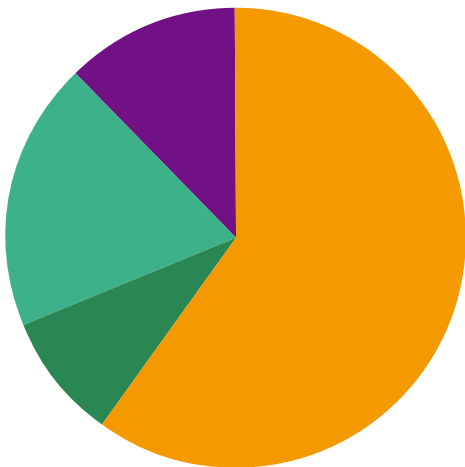
A first look at the general data shows the presence of as many as **30 young people** under the age of 26 who have raised the level of education, because now the employees added to the qualifications exceed half of the population.

Numerous **new entries**: 38 people in the last 5 years, of which 32 have been hired for 1 or 2 years.

	31/12/2021	31/12/2022	31/12/2023
Number of employees	144	159	161

### Distribution at 31 12 2023

Boomers (over 59 y)	15
Gen X (44-58 y)	96
Millennials (27-43 y)	20
Gen Z (under 26 y)	30



### Diversity and inclusion

Respect for human rights, employees and people in general, as well as the promotion of diversity, equity and inclusion, are elements that characterize Spica and its way of operating in a global

and constantly evolving context. We commit to treat employees equally, fostering awareness on diversity and inclusion, and we do not tolerate any form of discrimination.

### Human resource management

People are our most important resource: we systematically train them with the aim of making everyone competent, responsible and aware of the consequences that the performance of one's work may have on the product and the customer's process.

The joint effort will enable us to achieve a sustainable performance and to strengthen our reputation, improving our performance.

We periodically define the objectives and improvement programs, communicating them comprehensively to everyone.

To show our appreciation for our people and make working at Spica an opportunity for growth and enrichment, we have delineated guidelines to manage resource selection and training, while also being attentive to local needs and regulations.

### Human resource development

The professional and personal growth of Spica's people is very close to our hearts.

To guarantee an effective and consistent training offer, our programs are divided into three areas:

- Transversal training (soft skills)
- Managerial training (continuous training)

- Technical training (training for the development of technical role skills).

In 2023 we implemented for all staff a **soft skills assessment** with an external Company in order develop roles and support professional growth and career advancement.

	31/12/2021	31/12/2022	31/12/2023
Number of hours of training per employee (per capita)	5,4	16,9	18



Respect for human rights

The appreciation of work and respect for human rights are an essential value on which they are based the culture and corporate strategy of Spica.

We implement the principles listed into international conventions such as the **International Charter of Human Rights**, including the “United Nations (UN) Universal Declaration of Human Rights” and the “Conventions of the International Labor Organization (ILO)”.

Occupational health and safety are our priority: systematically we identify and manage the risks related to these aspects by analyzing our activities and those in the supply chain. We periodically update our assessments, in the

light of new evidence or new elements of attention.

We are committed to conducting our business in full compliance with safety laws and health of staff (employee and all persons in any way interested parties).

With a view **to continuous improvement** of safety performance, in order to ensure that the objectives are achieved, we are constantly analyzing some of the indicators defined and comprehensively communicated to all.

In Y2023 we had no reported cases of labor violations.

Remuneration policies

Spica has a fixed pay element and a variable pay element, linked to individual performance in a given role, linked to business performance and other goals.

The actual reward structure is competitive with appropriate market and in line with national contract and law.

Initiatives for social inclusion

Spica is supporting “**Il Villaggio del fanciullo**” a host community for minors and mothers with children that operates in the territory of Varese and its province and deals with childhood, reception, prevention, support for families in difficulty. The Village is an educational community where we live together and face challenges together, daily struggles and joys. Spica is supporting a social enterprise

that since 2005 has been providing economic support to projects and social inclusion paths managed by local partners for the benefit of families with autism and other disabilities. This initiative is named “**I Bambini delle Fate**”.





Employee health and welfare

We believe that a healthy workforce is a safer and more productive workforce. We provide a variety of benefits to our employee that includes insurance for accidents, medical coverage and we have also set up a well-structured

welfare system that provides economic and social benefits. Spica offers all employees a series of **benefits and initiatives** to join to improve their work-life balance.



**Model 730 assistance** to employees with tax and family declarations.

**Premio di partecipazione:** Company collective bargaining for participation bonuses.

**Rete Giunca:** We are member of Giunca a network of 13 companies in Varese area, dedicated to corporate welfare: work life balance, health and well-being, training and agreements at discounted prices.

Safety of our workers

For a company like ours, a sustainability policy also means making the workplace pleasant and safe.

Our way of working guides us in promoting a culture of safety based on management and organizational choices aimed at ensuring the safety of our workers and safe equipment.

Our approach is based on identifying risks in advance and involving the people and companies that work with us for everyone to take an active role in monitoring and reporting potential risks.

We encourage the registration of “near miss” forms to analyze the root causes of risks and remove them before they can evolve and produce incidents or accidents.

Our HSE specialists constantly collaborate in a team with several functions involved to work out work instructions for safer operations.

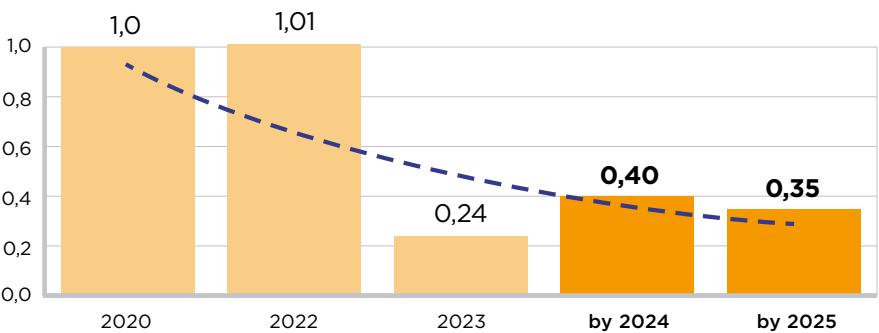
HSE team organize specific training, mandatory and complementary, in classrooms and on the job, aiming to safe operations for every worker.

Severity Index	31/12/2020	31/12/2022	31/12/2023
Lost time injury (LT I) severity rate for direct workforce	1,00	1,01	0,24

(number of days lost due to injuries) x 1,000 / total hours worked

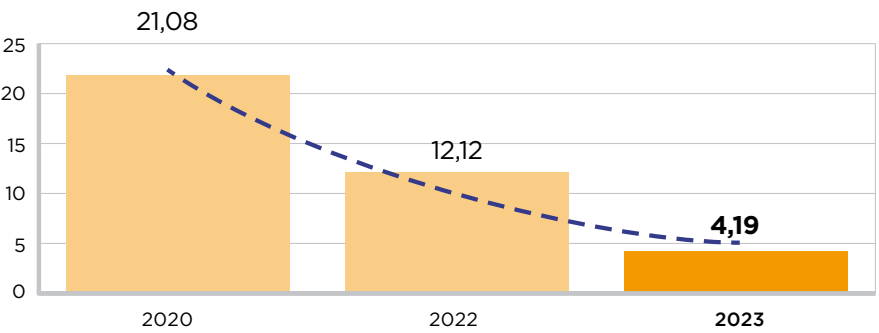
Frequency index	31/12/2020	31/12/2022	31/12/2023
Lost time injury (LT I) frequency rate for direct workforce	21,08	12,12	4,19

(total number of lost time injury events) x 1,000,000 / total hours worked



Severity Index

Lost time injury (LT I) severity rate for direct workforce



Frequency index

Lost time injury (LT I) frequency rate for direct workforce





# Relationship with the local community

Spica's perspective is to consolidate dialogue with local communities and institutions

Our goal is to be a good sought-after employer and neighbor. To do this, we collaborate with our community and invest in projects that address their needs.

Spica maintain good relationship with the local Municipal Authorities and collaborate with them in several initiatives.

We support the Council in the organization of the annual local historical folk "Palio".

The Palio is a local event created to tell and disseminate the unique and centuries-old history of Castiglione Olona,

through the re-enactment in costume and the historical games of the village, which the patronage of Cardinal Branda Castiglioni transformed into the Island of Tuscany in Lombardy, the first fruits of Humanism and the Renaissance in Lombardy.

It can happen that, in conjunction with road works, we allow the use of our parking to neighbors who cannot reach their houses by car.

We also have joined the Municipal initiative for the constitution of a CER (Renewable Energy Community) to supply local public institution with energy produced by our photovoltaic plant.



# Responsible supply chain

We seek to work with suppliers, customers, and distributors who support our efforts to provide safe, healthy, environmentally friendly, and ethical business practices.

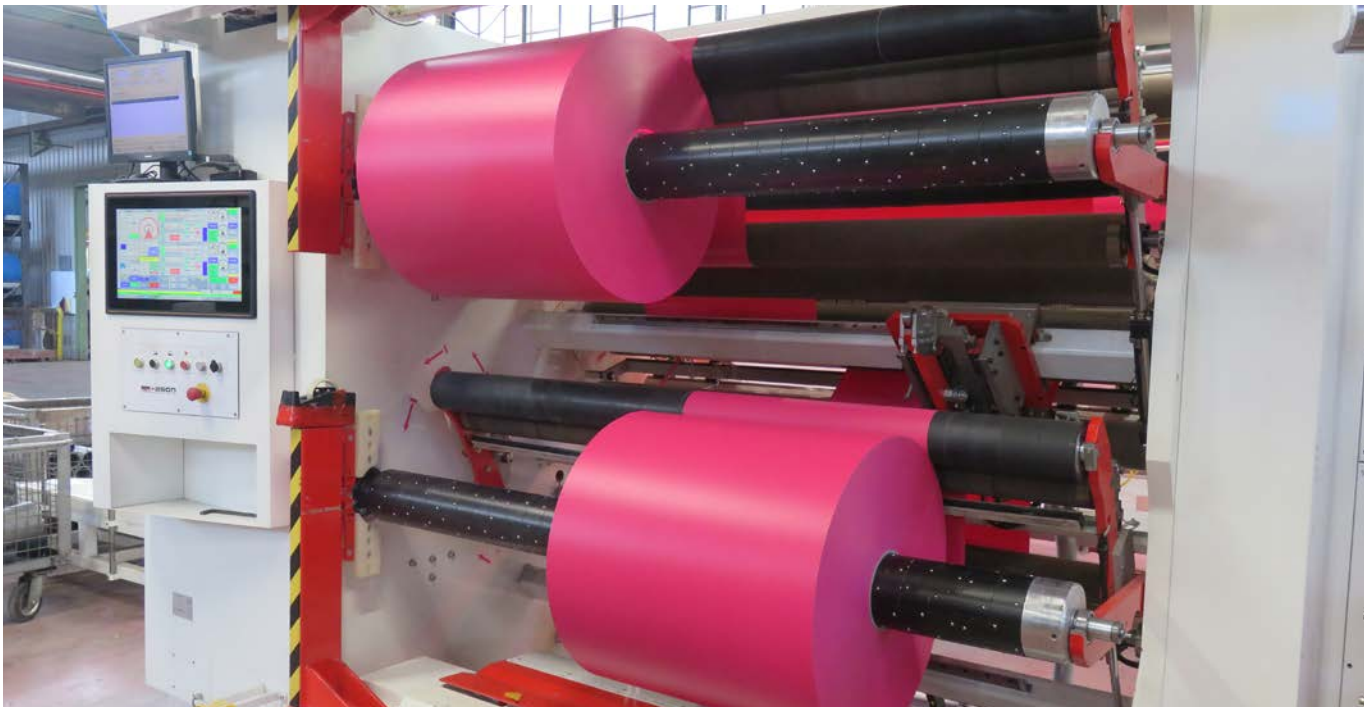
Our industry operates within a complex framework, primarily driven by major global petrochemical companies. Additionally, there is a myriad of medium-sized and local enterprises that play a significant role in supplying products and services to Spica.

In the midst of this intricate landscape, characterized by its managerial intricacies, Spica is dedicated to enhancing its supply chain in alignment with fundamental principles. These principles encompass the promotion and protection of **human rights, environmental conservation, and adherence to ethical business practices** – principles that have consistently guided Spica's procurement policy.

On a global scale, Spica shapes its business around a responsible supply and

procurement chain. This approach is propelled by suppliers' active engagement in matters of social and environmental sustainability. Furthermore, it relies on a multistakeholder collaboration model involving partnerships of excellence at both international and local levels. The ongoing efforts to fortify Spica's set of procedures, which includes the **Code of Ethics, the Supplier Code of Conduct**, and commitments to human and children's rights, underscore the focus on establishing an increasingly responsible supply chain.

Consistent with Spica's standards, the accreditation of new suppliers necessitates their acceptance of the Code of Ethics and Code of Conduct. Since 2018, a sustainability-focused questionnaire has also become a prerequisite. Notably, recent years have witnessed a noteworthy shift in procurement policies and procedures, with sustainability criteria assuming a more prominent role in the evaluation of suppliers.



## Customers and products

We manage the health, safety, and regulatory impacts of our products at every stage of the product lifecycle — from design and manufacturing, through sales and use, to reuse, recycling, recovery,

and disposal. We consistently work to understand product risk, engage our suppliers, communicate with customers, and ensure regulatory compliance.

## Social Next steps & targets

Area	Driver	2024	2025	2030
Contribute to a better society	Diversity and inclusion	35% Of new recruitments are less than 43 years old	40%	
	Safety of workers Severity index	0,40	0,35	
	Protection of human rights	Policy ESG	80% Suppliers commitment to Spica' ESG target	100% Suppliers commitment to Spica' ESG target



# Independence and features

**Financial Independence:** The administrator does not have significant financial interests or ties to the company that could compromise his objectivity. This may include restrictions on ownership stakes, business relationships, or financial transactions with the company.

**Autonomy from Major Shareholders:** The administrator operates independently from any major shareholder or group of shareholders to prevent undue influence.

**Conflict of Interest Avoidance:** There are mechanisms in place to identify and manage conflicts of interest, ensuring that the administrator's personal or professional relationships do not interfere with their ability to make impartial decisions for the company.

**Ethical Conduct:** The administrator adheres to a high standard of ethical conduct, promoting transparency, integrity, and accountability in all business dealings.

The code of conduct for the sole administrator typically covers areas such as:

**Compliance with Laws and Regulations:** Adhering to all applicable laws and regulations governing the business operations.

**Confidentiality:** Maintaining the confidentiality of sensitive information and trade secrets.

**Fair Dealing:** Conducting business in a fair and transparent manner, avoiding unfair competition practices.

**Integrity:** Acting with honesty and integrity in all professional relationships and transactions.

**Stakeholder Engagement:** Ensuring open communication and engagement with various stakeholders, including shareholders, employees, customers, and the community.

**Ethical Decision-Making:** Making decisions based on ethical considerations and the best interests of the company.

Regarding shareholder involvement, there are mechanisms in place to engage with shareholders, ensuring their voices are heard. This can include:

**Annual General Meetings (AGMs):** Providing a platform for shareholders to ask questions, vote on important matters, and receive updates on the company's performance.

**Proxy Voting:** Allowing shareholders who cannot attend meetings to vote by proxy, giving them a say in important decisions.

**Investor Relations Programs:** Establishing channels for ongoing communication between the company and its shareholders, providing updates on financial performance, strategic initiatives, and other relevant information.

**Shareholder Activism:** Recognizing the rights of shareholders to express concerns and engage in shareholder activism, if applicable.

## Business ethics

We are committed to responsibly conducting our business with honesty and integrity. We have policies relating to employee conduct, responsible behavior, anti-bribery, anti-corruption, and conflicts of interest.

Spica has adopted an Organisation Model, Management and Control pursuant to Legislative Decree No. 231/2001 ("**Model 231**").

Model 231 represents a coherent whole principles, rules and provisions that:

- affect the internal workings of the company and the ways in which it relates to the outside world;
- regulate the diligent management of a system control of sensitive activities, aimed at preventing the commission, or the attempted commission of the offences referred to D.Lgs. 231/2001;
- ensure the conditions of **transparency and fairness** in the conduct of activities reputation enhancement and image, shareholder interests, and the work of its employees;

## Transparency

We ensure transparency to stakeholders by communicating measurable targets and results. There is a weekly meeting and monthly financial and industrial full reporting.

Spica demonstrates a commitment to transparency and accountability, fostering trust with shareholders and other stakeholders through:

**Clear Communication:** The report should use clear and understandable language to communicate the company's sustainability initiatives, goals, and performance. Avoiding jargon and technical language ensures that shareholders, regardless of their level of expertise, can comprehend the information.

**Performance Metrics:** Provide specific and measurable data related to environmental, social, and governance metrics. This may include carbon emissions, water usage, employee diversity, community

- prevent offences that could be carried out both by and by their subordinates.

Spica has adopted a Code of Ethics.

Since 2013, the **Code of ethics** sets out the principles and requirements for conduct at Spica. In addition to rules on integrity, fairness and transparency, it reiterates respect for Human Rights throughout the value chain.

Issues such as child labour, forced labour, workplace harassment and discrimination of various kinds are social justice issues, and are deeply ingrained in our people-centred vision.

The Code aims to prescribe, promote or prohibit certain conduct in accordance with the provisions of the law, on the assumption that ethics within Spica is a reality consolidated over time and not a novelty occasional.

To ensure effective and correct operation of Model 231, an external supervisor (OdV = Organo di Vigilanza) has been appointed, which reports to management on its activities every six months.

engagement, and governance practices. Spica uses key performance indicators (KPIs) to quantify progress.

**Comparative Data:** Shareholders benefit from context. Include historical data or benchmarks against industry standards to help shareholders assess the company's performance over time and against peers.

**Risk Management:** Disclose how the company identifies, assesses, and manages sustainability-related risks. Shareholders are interested in understanding how these risks may impact the company's long-term viability.

**Stakeholder Engagement:** This demonstrates a commitment to inclusivity and responsiveness.

**Third-Party Verification:** To enhance credibility, We have engaged third-party auditors and verification services to validate the accuracy and completeness of the sustainability data reported.



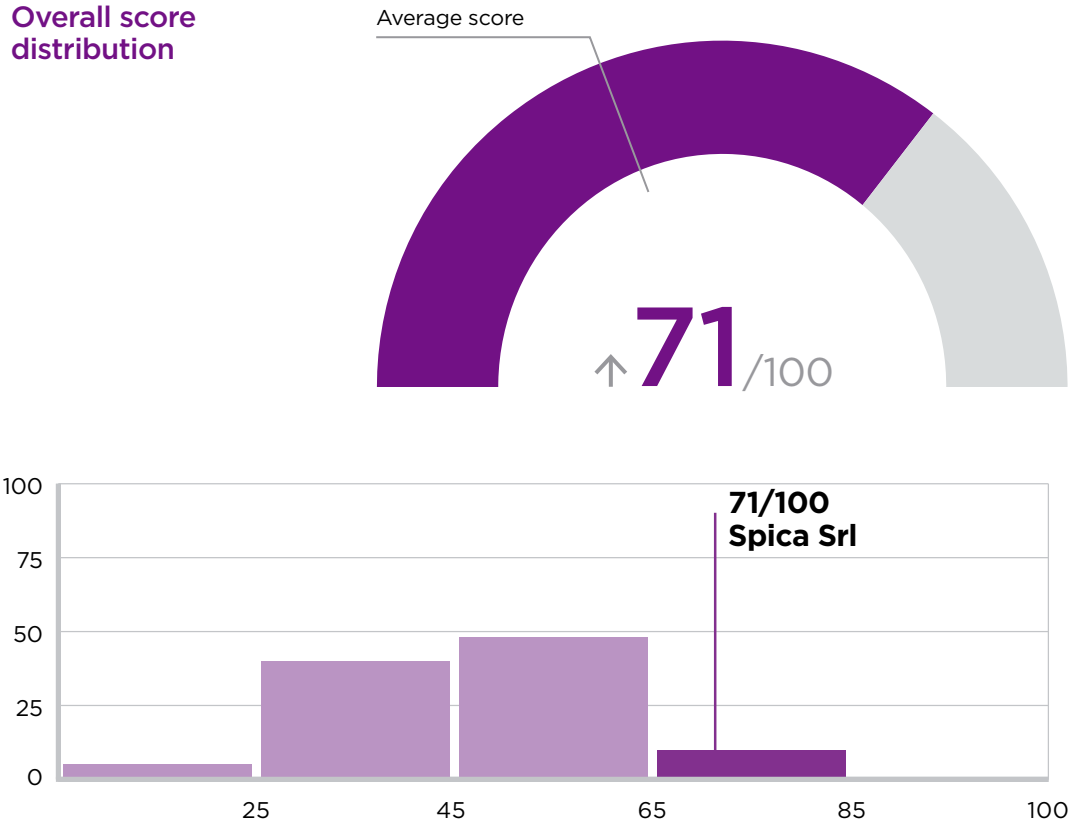


# Ecovadis Gold Medal

Spica's commitments and increasing attention to environmental, ethical, and societal considerations have been recognized by Ecovadis, an independent body at the origin of a global CSR rating standard.

With a score of 71/100 obtained in 2023 (+7 points compared to 2022), Spica's performance rating has improved. Spica is **in the top 3% of best performing companies** rated by EcoVadis in the Manufacture of plastic.

Overall score distribution



## Improve the performances

The protection of the environment is a priority for us: our commitment is oriented towards the prevention, reduction, or elimination, where possible, of pollution environmental.

We are committed to finding, at affordable costs, the best technologies with a lower environmental impact to contribute to the improvement of Interactions with the environment.

Spica has been **ISO 14001 certified** for

environmental management system in July 2023, after having identified the most significant environmental impacts of the processes, from aqueous discharges and atmospheric or noise emissions, to waste and the consumption of natural resources and of energy.

**In Q1-2024 the certification ISO 50001** energy management system has been also completed.



## Customer privacy

Our organizational commitment to customer privacy is ingrained in our core values, reflecting our dedication to upholding the highest standards of data protection, transparency, and accountability. Our goal extends beyond mere compliance with regulations; we strive to cultivate enduring trust with our customers. This steadfast commitment to ethical data practices is an indispensable component of our sustainable business model, contributing significantly to the establishment of a more secure and responsible digital ecosystem.

The foundation of our commitment to customer privacy lies in robust data protection policies aligned with global standards and regulations. Regular reviews and updates to these policies ensure adaptability to the evolving landscape of data protection laws. Operating within a comprehensive compliance framework that encompasses international regulations, including GDPR, guarantees that our data practices meet or exceed legal requirements. Within our organization, well-defined roles and responsibilities for data ownership and stewardship are established, with designated data protection officers overseeing compliance and ensuring the ethical use of customer data.

Transparent and easily understandable privacy notices are central to our commitment.

These notices comprehensively outline the types of data collected, the purposes of collection, and the rights customers possess regarding their data.

We have implemented clear mechanisms enabling customers to provide informed consent for data collection, coupled with robust opt-out options that empower customers with control over their data. Our data retention policies are meticulously structured to ensure that customer data is not stored beyond the necessary duration for intended purposes, with periodic reviews and audits conducted to assess compliance.

Security is paramount in handling customer data, both in transit and at rest. Industry-standard encryption protocols safeguard sensitive information, preventing unauthorized access and ensuring data integrity during transmission. Access to customer data is strictly controlled on a need-to-know basis, with enforced role-based access controls to limit access to sensitive information. Regular audits are conducted to monitor and manage access privileges. In the unfortunate event of a data breach or security incident, we have a well-defined incident response plan in place, involving prompt notification to affected parties, collaboration with regulatory authorities, and corrective actions to prevent future occurrences.



Cybersecurity

Cybersecurity is an element of risk that businesses across all industries face. Our focus on protecting our data, systems, and information has intensified in recent years, in part in response to the increasing complexity and frequency with which cyberattacks are conducted on domestic and international companies.

In Italy in the last year there was a growth of 40% compared to the previous year, almost 4 times higher than the growth figure recorded globally.

To cope with the ever-increasing cyber risks, the actions of our cybersecurity strengthening include a program with objectives reviewed and adapted annually, which focus on main areas of action:

- **Culture:** raising awareness and training all employees on cybersecurity to increase the skills required.
- **Expertise:** use of a user training platform with periodic tests.
- **Processes:** definition and structuring of activities, processes and procedures in the IT field.

In 2023, we established a cybersecurity strategy and updated the identification of key cybersecurity risks.

The level of maturity of the IT security and control system was assessed.

The areas of intervention and mitigation of actions aimed at reducing the risks of cyber attacks have been identified and a multi-year plan has been defined.

In 2024, one of the activities on which particular attention will be creation of company-wide awareness through communication campaigns on the main channels.



Financial risk management

Risks Related to the Economic Situation

The company's business is influenced by the general economic conditions in the various markets in which it operates. A downturn in consumption may have a negative effect on the company's sales performance. To mitigate the possible negative impact that a downturn in demand may have on the company's profitability, the company has adopted a flexible structure, spreading its sales over a customer base diversified in terms of volumes and markets.

Risk of Changes in Prices and Cash Flows

The company is normally limited to the risk of changes in the prices of raw materials and production auxiliaries.

When a couple of year ago raw materials, energy and service costs increased considerably and suddenly, this atypical situation was managed with major customers through periodic meetings aimed at adjusting sales prices in the event of significant changes in raw material prices.

Exchange rate risk

The company also operates in markets that do not adhere to the Euro and is therefore potentially subject to fluctuations in exchange rates. In order to limit this risk, the company has gradually extended the application of its Euro listings also to markets that adopt different currencies.

Credit risks

The company adopts procedures to check the creditworthiness of its customers who request deferred payments. Exposure is monitored and appropriate actions are put in place to counter delays, minimise exposure and reduce the risk of losses.

The credit risk on the company's other financial assets, which include cash and cash equivalents, has a maximum level equal to the carrying amount of these assets in the event of counterparty default.

Liquidity risk

The company manages liquidity risk by maintaining an adequate level of available financial resources and credit lines granted by major credit institutions, in order to meet the funding needs of its operations.

Governance Next steps & targets

Area	Driver	2024	2025
Sustainability Governance	Ecovadis assessment	Gold level	Platinum level



# Economic performances

In 2023, against an economic backdrop of some complexity due to the general global macroeconomic and political environment, Spica achieved **positive operating results** that were up on the previous year.

Despite a general slowdown in the economy, geopolitical tensions at the international level, and rising interest

rates, Spica increased its profitability by more than 10% thanks to significant volumes in the first half of the year and careful management of sales prices in view of raw material and energy prices.

Spica confirmed itself as a company capable of managing complexity thanks to its resources and people.

Financial results over the two-year period (euro/000)

	2022	2023
Turnover	70.201	61.996
EBIT	5.664	6.366
EBITDA	7.250	8.279
Net Profit	4.288	3.981
CAPEX	6.138	9.546
Net Financial Position	-11.278	-8.041
Equity	16.671	20.577

**Revenues decreased by 12%** compared to 2022 as a result of a less dynamic market, particularly in the second half of 2023.

Geographically, the reduction mainly occurred in North America and some Far Eastern nations.

Spica's **EBITDA** increased significantly **from Euro 7.2 million in 2022 to Euro 8.3 million (+14%)**, with the EBITDA Margin rising from 10% in 2022 to 13% in 2023, an increase of 3%.

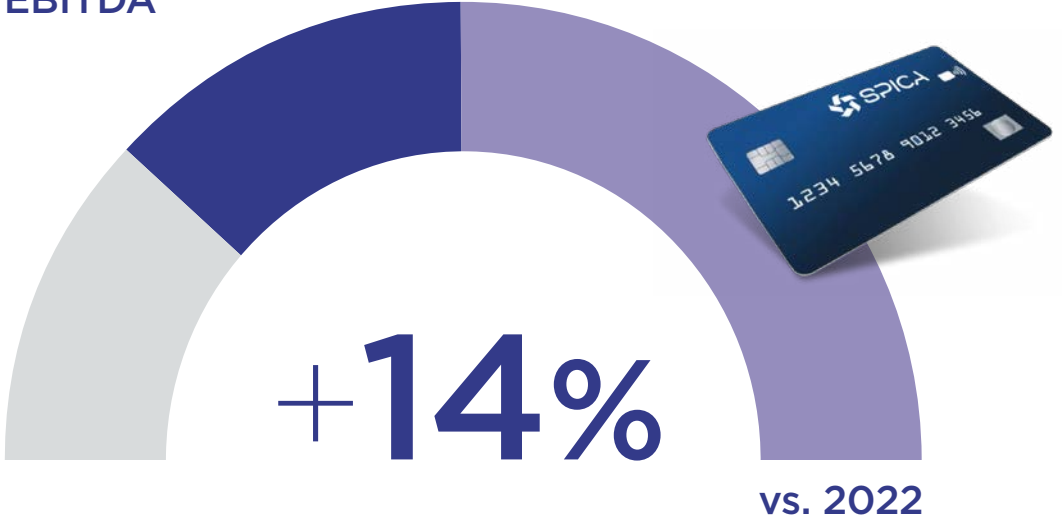
**EBIT** also increased significantly **from Euro 5.7 million in 2022 to Euro 6.4**

**million in 2023 (+12%)**, with the EBIT Margin rising from 8% to 10%.

**Net profit stood at Euro 4 million**, in line with the previous year.

**Spica's investments** were particularly high, rising **from Euro 6.1 million in 2022 to Euro 9.5 million in 2023**. The high level of investment, in particular the investment in the new co-extrusion plant already mentioned in this document, attests to Spica's vision of growth, innovation and sustainability.

EBITDA





## 05. Financial report

The Net Financial Position also improved from Euro -11.3 million in 2022 to Euro -8 million in 2023, thanks to the positive cash flow for the year generated by the excellent management result and careful management of working capital.

Spica in the two-year period 2022 2023 was able to generate value and redistribute it thanks to a vision open to the future; the investments being made lay the foundations for further growth and a focus on process and product sustainability.

In the financial year 2023, the economic value generated and the economic value distributed decreased in absolute

value due to the general slowdown in demand after the overstocking in 2022. The increase in interest expenses was mainly generated by higher interest rates.

The retained economic value is positive and represents the difference between the economic value generated and the economic value distributed, adjusted by the typically non-monetary components of depreciation, amortisation and write-downs as well as allocations to provisions.

In 2022 and 2023, Spica made donations totalling EUR 20,000 to recognised associations and organisations to support social projects.

### Economic value generated, distributed and retained in the two-year period (euro/000)

	2022	2023
<b>A) ECONOMIC VALUE GENERATED (a+b)</b>	<b>70.594</b>	<b>62.401</b>
a) Net revenue	70.201	61.996
b) Interest income	393	406
<b>B) DISTRIBUTED ECONOMIC VALUE (c+d+e)</b>	<b>64.605</b>	<b>56.487</b>
<b>c) Operating Costs</b>	<b>62.783</b>	<b>53.888</b>
Production, general and administrative expenses net of contributions received	62.783	53.888
<b>d) Payments to capital providers</b>	<b>532</b>	<b>1.145</b>
d1) Interest paid	532	1.145
<b>e) Income Taxes Paid</b>	<b>1.290</b>	<b>1.454</b>
<b>ECONOMIC VALUE RETAINED (A-B+f+g)</b>	<b>7.690</b>	<b>7.847</b>
f) Depreciation and Amortisation	1.701	1.933
g) Provisioning and utilisation of funds	-	-

### Included in operating costs

	2022	2023
Remuneration and benefits	9.495	9.242
Donations and gifts	10	10











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