

REPORT MY GARDEN 09/2022 - 08/2023

# ESSE-CI - S.R.L.

"Warrant Garden

The ideal place to seize the best opportunities of the ecological transition"





# Introduction

## The future is not what it used to be

The Green Deal proposed by the European Commission to **halve emissions by 2030 and zero emissions by 2050** significantly changes everyone's perspective view, as becoming the first **climate-neutral** continent is simultaneously the greatest challenge and opportunity of our time.

The path of sustainability is thus no longer an ethical alternative to growth, but rather a **compulsory path** of change such that the exploitation of resources, the direction of investment, institutional changes and the direction of technological development must be consistent with future needs as well as current ones.

**Those who can act first and fastest will also be able to seize the opportunities offered by this ecological transition.**

## Objective of the activity

My Garden is an analysis and positioning service that allows companies to monitor and implement their sustainable development program through an innovative ESG - GRI referenced scoring model developed by Warrant Hub in collaboration with Studio Fieschi & Soci. Information is gathered through the guided completion of a scoring questionnaire by a Warrant Hub specialist. The information collected is used to take a snapshot of corporate performance in the areas **of Environmental Sustainabilityv social and go<sup>ernance</sup> with Ifobietti<sup>o</sup> to e'idenziare Norzav points of weakness and possible areas for improvement. Ton an 'alutazionev thereforev as much as a strategic planning tool.**

All solutions are proposed according to a scheme also developed by Warrant Hub and called the "4A Model," thus orienting companies toward the four strategic directions that can be taken to achieve the identified sustainability goals: accentuate, acquire, architect and anticipate.

## Methodology

The following activities were conducted to assess the client company's sustainability positioning and to support it on its path to ecological transition:

- Analysis of the client's documentary history and Web site on sustainability issues;
- Interview with company management and top management of an approximate duration of 4 hours;
- Analysis of the documentation and information provided by the Company during the meeting;
- Identification of possible activities to improve the Company's positioning in terms of products, processes and projects;
- Detection of needs, applicability or uses for subsidized finance (tax credit, green financing, etc.) or other financial products;
- Verification of legal obligations towards sustainability issues to which the Company is subject in the present or future;
- Drafting of this report and its presentation to senior management and top management.

The interview was conducted with the help of a questionnaire on a computer platform jointly developed by Warrant Hub and Studio Fieschi & associates (An investee company of Warrant Hub).

The questionnaire is divided into three main areas: Environment, Social & Governance, to assess the company's performance in all areas of sustainability. The areas and associated themes are briefly depicted in the image below.

The themes are aligned with the disclosures of the GRI Standards<sup>1</sup>, the leading international methodological reference for sustainability reporting.

*<sup>1</sup>Global Reporting Initiative (GRI) is an international nonprofit organization that helps companies, governments and organizations understand and communicate the impacts of their actions on key sustainability issues. To communicate the sustainability of individual organizations clearly and transparently, a globally shared understanding of concepts, language and standards is needed. The mission of the Global Reporting Initiative (GRI) is to meet this need by providing a credible and reliable system for sustainability reporting that can be used by organizations of any size, sector or country.*

Scopes	Subject
<b>General Info</b>	<ul style="list-style-type: none"><li>• Name of the organization</li><li>• Legal nature of the company</li><li>• Main activities, brands, products and/or services provided</li><li>• Management faith and operational headquarters /s</li><li>• Type of customers and markets served</li><li>• Size of the organization (production, n° of employees, turnover)</li></ul>
<b>Enviroment</b>	<ul style="list-style-type: none"><li>• Compliance with standards and laws</li><li>• Caterals</li><li>• Energy</li><li>• Water</li><li>• Biodiversity</li><li>• Emissions</li><li>• Waste</li></ul>
<b>Social</b>	<ul style="list-style-type: none"><li>• Compliance with regulations and laws</li><li>• Health and safety of workers</li><li>• Worker well-being</li><li>• Diversity and equal opportunity</li><li>• Responsibility towards customers</li></ul>
<b>Governance</b>	<ul style="list-style-type: none"><li>• Corruption and anti-competitive behavior</li><li>• Strategies and principles</li><li>• Objectives</li><li>• Risk analysis</li><li>• Organizational model</li><li>• Reporting and communication</li></ul>

For each topic, one or more closed-ended questions (yes/no or multiple-choice) are prepared that are useful for assigning scores that contribute to the final scoring.

Each question is associated with a reference time boundary, i.e., the period to which the company must refer to answer the question (e.g., the last calendar year of operation). The thresholds that have been applied for scoring are based, where possible, on analyses conducted by international bodies (e.g., Water Risk Atlas developed by the World Resource Institute for the assessment of the theme "Water," Environment domain), or on the most recent statistical data available from public sources (e.g., ISTAT data on the types of employees in Italy for the assessment of the theme "Workers' Welfare," Social domain). Otherwise, thresholds were assigned based on the experience of Studio Fieschi & Associates<sup>2</sup>.

For all questions in the Environment and Social domains, it is possible to select the answer "not applicable" if the specific topic or question is not relevant to the company. However, this option is not provided for the Governance domain, as all governance issues addressed in the questionnaire can be applied by any type of organization, regardless of size or sector.


<sup>2</sup>The references used were:


- World Resource Institute, *Aqueduct Water Risk Atlas*
- IBAT Alliance, *Integrated Biodiversity assessment tool*
- Statistics published by ISTAT, INPS and Eurostat.





## The 4Model of the 4A/

In terms of solutions, Warrant Garden implements green strategies according to a scheme developed by Warrant called the "4A Model" by directing companies toward four strategic directions that can be taken to achieve the identified sustainability goals: accentuate, acquire, architect, and anticipate.

 **Accentuation:** an accentuation strategy is based on enhancing and expanding existing or latent ESG (Environment, Social, Governance) characteristics in the company. Of the four, it is the most straightforward and simple in terms of elaboration and implementation; it is also normally the one with the lowest costs, so it represents a good starting point.

 **Architect:** for companies that have a history of innovation behind them, have the necessary resources, and have a clear vision of leadership in their industry, design and implementing solutions from scratch can be a good choice. Although this is generally a slower and more expensive mode than accentuation or acquisition, architecting may be the best strategy for significantly increasing one's competitiveness and accruing valuable new skills.

 **Acquire:** if in a company's assets or product range one cannot find an ideal element to focus on for an accentuation operation, the alternative is to acquire them on the market. The same is true on the skills front in the event that a company does not have any in-house professionalism suitable for the sustainability transition process. This also includes training for the acquisition of knowledge and skills.

 **Anticipate:** sustainability can grant a competitive advantage to those companies that will be able to anticipate the technological, regulatory, social and financial trends shaping the ecological transition in the coming years. In this way, the previous three ways can be made more effective because they are done in advance of legal requirements or market needs. In summary, to "anticipate," companies can accentuate, acquire, or architect.

This assessment process is designed to carry out an internal analysis aimed at understanding the degree of openness toward sustainability and possible ways to implement a strategic sustainability plan integrated with the company's business. In the final stage of sharing with the company's management, these suggested strategic directions will be ranked using the criteria of importance, urgency, mandatory and voluntary.



# ESSE-CI - LIMITED LIABILITY COMPANY

## Company presentation

ESSE-CI - LIMITED LIABILITY COMPANY is a leader in the lighting industry, founded in 1984 with the aim of designing and implementing innovative lighting solutions. Its mission is to conceive light as a lever of growth for clients' business, offering a full range of architectural solutions for indoor and outdoor use, with a special vocation for continuous row solutions. The design philosophy focuses on performance, with an eye always on technological and stylistic research to provide innovative solutions in an ever-evolving market.

The company collaborates with top international design firms and operates in a wide range of sectors, including offices, businesses, educational institutions, museums, theaters, convention halls, retail, medical facilities and public infrastructure. The company's success, demonstrated by market confidence, has contributed to the realization of major architectural projects, extending its presence into the outdoor arena.

Product quality is a key element in differentiating oneself in the competitive lighting market. Production is done with craftsmanship, supported by the most innovative technologies and collaboration with research laboratories and universities. The company distributes its products worldwide, with a customer base mainly concentrated in Italy (60/65%) and the rest divided among Western Europe, the Middle East, the USA, Canada, South America and the Far East.

The company's customers are mainly distributors of electrical equipment, with a predominant focus on the B2B service sector.

## Name of organization

ESSE-CI - SOCIETA' A RESPONSABILITA' LIIMITATA (LIMITED LIABILITY COMPANY)

## Legal nature

S.R.L. (LTD.)

## **Executive headquarters and operational headquarters//i**

VIALE DEL LAVORO, 25, VIGONZA, PADUA, VENETO, 35010.

## **Indicate the production of the last calendar year of reference, in pieces produced**

By 2022, about 170,000 luminaires with accessories (such as cables, suspensions, etc.) useful for their installation were produced.

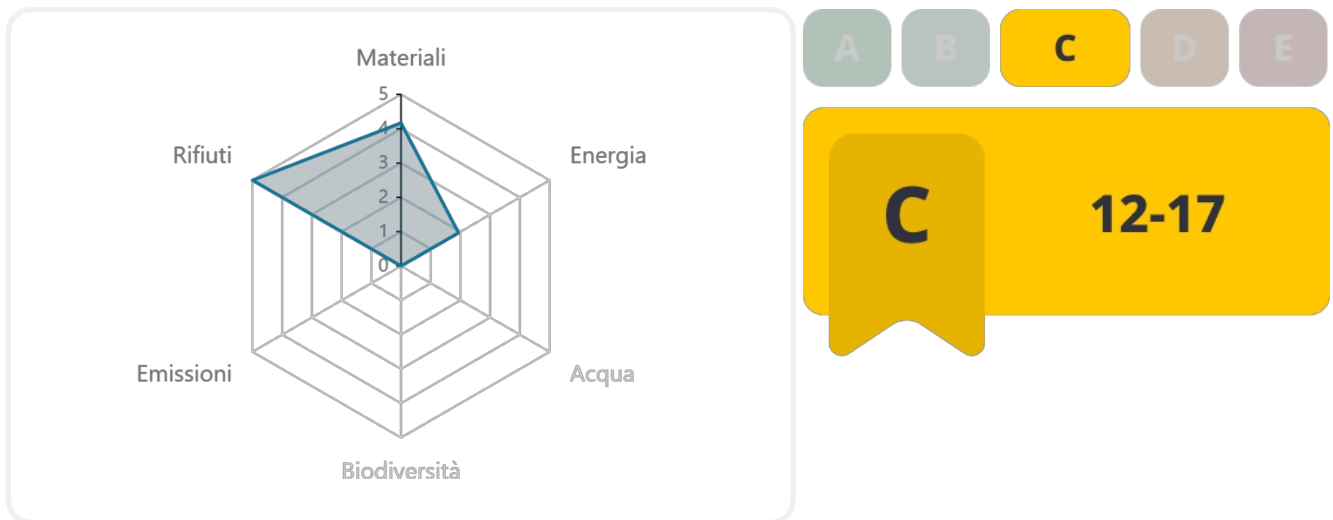
## **Indicate the total number of full-time or part-time employees**

In 2022, the total number of full-time or part-time employees was 35.

## **Indicate net revenues for the last published financial statements**

In 2022 it was 16.264 mln. (For 2023 it is expected to be about 19 mln)

# Environment Scoring



Theme tomes	Score
2.2 Materials	4.17
2.3 Energy	1.93
2.6 Emissions	0.00
2.7 Waste	5.00

## 2.1 Compliance with standards and laws

The organization reports having received no penalties for noncompliance with environmental regulations in the past three years. The Company, therefore, demonstrates awareness regarding the imperative need for legislative compliance for any path to sustainability.

## 2.2 Materials

The company has embarked on a virtuous path regarding the use of renewable or recycled raw materials within its articles and packaging, for the production of which a significant percentage is used. Overall, the percentage of renewable or recycled raw material turns out not to exceed the threshold of 50 percent of the total material used for the articles and their packaging.

The items produced by the company and their packaging turn out to be almost totally recyclable.

The company is considering increasing the use of renewable or recycled raw materials in the production of its items. This decision reflects a commitment to sustainability and environmental friendliness in production processes.

The main goal of this strategy is to reduce the use of virgin raw material and contribute to more sustainable production, responding to the growing environmental concerns of consumers and becoming more competitive in today's sustainability-oriented market.

## 2.3 Energy

To date, the company does not use guaranteed energy from renewable sources to power its production activities.

The company has implemented a monitoring system to measure the energy consumption of all its machinery and processes in order to identify areas of energy waste and inefficiencies to reduce costs and reduce environmental impact. Collecting data on energy consumption enables the company to plan targeted energy efficiency strategies and take corrective measures to optimize the energy management of its operations.

The company aims in the near future to install a photovoltaic system capable of completely covering its electricity needs.

## 2.4 Water

How water uses in high water stress areas are managed and controlled is not a pertinent aspect of the activities carried out by the organization.

The regular monitoring and recording of one's water uses in low water stress areas and the achievement of related specific reduction targets are not relevant issues with respect to the scope in which the organization operates.

The issue of exemptions from water discharge regulations is not pertinent to the activities carried out by the organization.

## 2.5 Biodiversity

The organization's sites do not fall in areas of high biodiversity value.

The implementation or provision of impact assessment is not a relevant aspect with respect to the activities carried out by the organization.

The implementation or provision of interventions to protect biodiversity are not relevant aspects with respect to the activities carried out by the organization.

## 2.6 Emissions

The organization does not measure its greenhouse gas emissions.

The organization does not measure its greenhouse gas emissions according to recognized standards. The organization has not set greenhouse gas emission reduction targets.

The organization does not measure greenhouse gas emissions from its products.

The organization has not set targets for reducing greenhouse gas emissions related to its products.

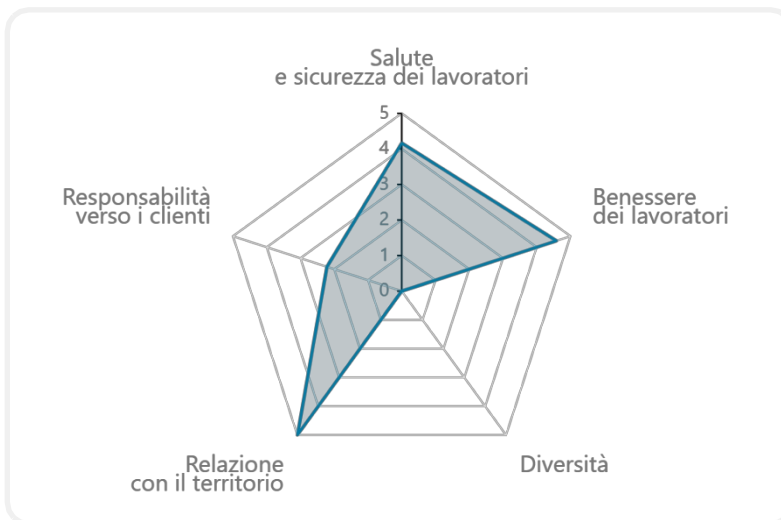
## 2.7 Waste

The company implements proper waste management and sets targets where possible to reduce waste production.

The company is committed to optimizing waste management related to the production process. It has set clear goals to reduce the amount during production and the increase destined for recycling out of the total waste produced.

The company directs a high percentage of the waste it produces to recycling. By adopting efficient processes and promoting recycling practices, the company demonstrates an awareness toward resource conservation and environmental preservation.

# Social Scoring



Theme tomes	Score
3.2 Health and safety of workers	4.17
3.3 Welfare of workers	4.58
3.4 Diversity	0.00
3.5 Relationship with the territory	5.00
3.6 Responsibility to customers	2.22

## 3.1 Compliance with standards and laws

The organization reports that it has received no sanctions for noncompliance with social regulations in the past three years. The Company, therefore, demonstrates awareness regarding the imperative need for legislative compliance for any path to sustainability.

## 3.2 Worker health and safety

The organization has not recorded any cases of occupational injury.

The organization has not recorded any recognized cases of occupational diseases

The company is distinguished by an excellent occupational safety standard highlighting the responsible and caring approach to the work environment taken by the company. Through sound safety management practices, appropriate training and implementation of preventive procedures, the company has created a safe and secure work environment for its employees.

## 3.3 Workers' welfare

The organization does not work in sectors with high seasonality.

The organization is distinguished by its strong organizational structure, as it has a significantly large number of employees with permanent contracts. During the reporting period under analysis, the percentage of employees with a permanent contract was 100 percent. This suggests a long-term stability and relationship with staff, highlighting the company's commitment to providing job security and opportunities for professional growth to its workers. The decision to employ a high number of permanent employees reflects its willingness to build strong relationships and invest in human resources for long-term, sustainable growth.

The issue of contracted employees is not a relevant issue with respect to the activities carried out by the organization.

Measuring the turnover rate is not a relevant aspect with respect to the activities carried out by the organization.

The company provides a program of benefits and rewards that improve on the requirements of the relevant collective bargaining agreements, such as:

- annual production,
- performance award per person.

The company is distinguished by its constant focus on the professional development of its employees. Through the practice of periodic training, the organization aims to strengthen and enhance workers' skills. During 2022, the company trained its employees by providing industry refresher courses for the various working figures within the company, such as, but not limited to, refresher courses on regulations regarding lighting engineering, research and development of new products and technologies, public speaking, and language courses that also included stays abroad.

### 3.4 Diversity

In the organization less than 25 percent of governing bodies or management positions are composed of women, standing below the national average.

In the organization, less than 10 percent of management positions are made up of people under 40 years old, standing below the national average.

The organization does not implement specific programs for the inclusion of employees belonging to protected or weak categories (e.g., ex-offenders; migrants; disabled), beyond what is already required by law.

### 3.5 Relationship with the territory

The company actively engages and evaluates local suppliers. This approach fosters collaboration with surrounding communities, contributing to the local economy and sustainable growth.

The organization has already initiated several collaborations with the local community during the reporting period, such as:

- Sponsorships to sporting events, sports clubs and the City of Vigonza;
- Miscellaneous donations;
- Free equipment supply and maintenance;
- Collaboration and internship activities with the University of Venice.

The company, thanks to its careful management and relative remoteness from population centers, has never caused negative impacts on the community due to its activities.

### 3.6 Responsibility to customers

The organization has not detected any leaks, thefts or losses of customer data.

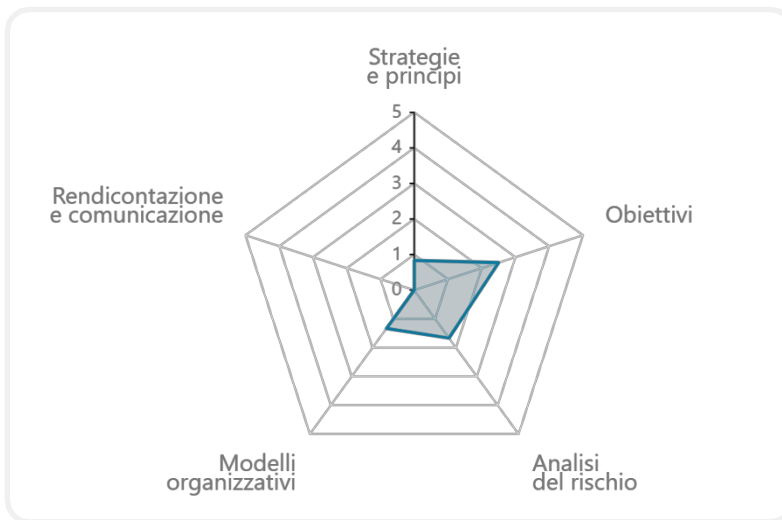
The organization does not communicate the sustainability levels of its products/services to its customers

The company is oriented toward listening to customers and collaboration. It offers a dedicated communication channel through which customers can send reports, feedback and suggestions directly to the company. This approach demonstrates its willingness to continuously improve products and services according to the needs of its customers.

In 2021, the company commissioned an analysis related to "voice of the customer" customer satisfaction that looked at the satisfaction level of 6 customers. With the feedback received from the analysis, the company implemented an improvement program to enhance the critical issues that emerged.



# Governance Scoring



Theme tomes	Score
4.2 Strategies and principles	0.83
4.3 Objectives	2.50
4.4 Risk Analysis	1.67
4.5 Organizational models	1.33
4.6 Reporting and communication	0.00

## 4.1 Compliance with standards and laws

The organization reports that it has received no sanctions for noncompliance in the economic/financial sphere and on business ethics in the past three years. The Company, therefore, demonstrates awareness regarding the imperative need for legislative compliance for any path to sustainability.

## 4.2 Strategies and principles

The organization's highest governing body and related committees include individuals who are stakeholder representatives.

The organization has not yet structured itself to manage sustainability issues through specific functions or delegations. Currently, no economic resources have yet been allocated to invest in this regard.

The organization does not have a formalized strategy for managing sustainability issues.

There is no code of conduct/code of ethics and/or organizational model 231 at the organizational level.

The organization evaluates its suppliers for environmental aspects.

## 4.3 Goals

The organization has set goals in terms of sustainability especially with regard to the expansion of the photovoltaic system and subsequent increase in self-generated renewable energy to power its operations. The goal is to cover its entire electricity needs with energy from renewable sources.

The organization's goals are not made public and are not disseminated outside the organization.

The organization periodically monitors and updates its goals.

The organization did not achieve any of its goals during the reporting period.

## 4.4 Risk analysis

The organization does not periodically conduct a risk analysis related to climate change and/or other environmental emergencies.

The organization does not periodically conduct a risk analysis of the social impacts determined by its activities.

The organization periodically conducts a risk analysis of the economic impacts determined by its activities.

## 4.5 Organizational models

The organization has not identified the main categories of subjects involved directly or indirectly by its activities.

The organization has not conducted a materiality analysis to identify ESG aspects relevant to itself and its stakeholders.

To date, the company has not implemented certified environmental management systems (ISO:14001:2015 or EMAS) and worker health and safety management systems (ISO 45001 or equivalent standards)

The company adopts ecodesign criteria in order to implement products predisposed to proper and efficient maintenance. In fact, the items in question are designed to be easily repaired in case of breakage and/or malfunction thanks to the replacement of their components with the appropriate spare parts in order to significantly extend their life cycle.

Economic evaluation of the organization's activities also covers indirect impacts and redistribution of the value generated.

## 4.6 Reporting and communication

The organization does not adopt non-financial information reporting tools. The main messages communicated by the organization do not include sustainability issues.

The organization does not use communication tools related to product or supply chain environmental and social sustainability.

# Conclusion

ESSE-CI S.R.L. has activated numerous initiatives in the field of sustainability, distributed in different areas, which are fully traceable to the direction outlined by the UN 2030 Agenda and GRI standards. In addition, a positive corporate climate was found and the strong motivation of the management to sustainability issues emerged, which has already proposed and internally applied the pivotal concepts of environmental and social protection applied to the company's business model.

From a strategic point of view, the company already has a good positioning both from an environmental, social and governance point of view, with several deliberate strategies in the individual areas, which, however, could be consistently gathered and enhanced, both in methodology and data, within the company's first voluntary Sustainability Report. This could be the company's main sustainability goal, which would bring great reputational benefits as a voluntary activity in advance of the obligations set by the EU for 2026 for large companies.

From an operational point of view, one could proceed in two different ways:

- Materiality Analysis and followed by reporting activities of the most significant GRI indicators for the company until the Sustainability Report is prepared;
- Drafting of the Sustainability Report, including stakeholder engagement and materiality analysis.

The two modes differ only in the timing and consequentiality of the activities, which in the former case would be disjointed and thus allow a softer approach to a reporting activity that to date is still voluntary, but not mandatory.

As a result of the analysis related to corporate ESG performance, ESSE-CI S.R.L.'s sustainability rating shows an appreciable degree of awareness with respect to the scoring issues. However, we would like to propose some additional actions for increasing corporate ESG scoring. Therefore, we recommend that ESSE-CI S.R.L. conduct a CARBON FOOTPRINT, which would consist of a sum of greenhouse gas emissions and removals in a system, expressed as CO<sub>2</sub>. The need to measure and report greenhouse gas emissions becomes essential in order to be able to implement concrete policies and actions to stem the damage from climate change, and will also allow for anticipation of regulatory obligations that will require the implementation of these measurements.

Regarding training, it is recommended to increase the knowledge inherent in ESG issues of corporate staff through specific training. We particularly suggest the course "Corporate Sustainability" (sponsored by WaLK, the Warrant Hub Business Unit dedicated to training) which touches on all aspects related to sustainability management in the company starting with its definition and its evolutionary history over the years, moving on to its management, measurement, reporting and communication, and ending with an in-depth look at benefit companies.

Finally, we recommend, the Company the execution of some non-priority, but nonetheless important, activities to anticipate the possible demands of the sector. Specifically, ESSE-CI S.R.L. should:

1. Increase the share, where possible, of sustainable/renewable materials within their items.
2. Increase the use of energy from renewable sources, for example, by incorporating within the contract with the energy supplier, a share of electricity and/or gas from certified renewable sources.
3. Carry out "Near Miss" analysis in the field of occupational safety;
4. Conduct surveys to identify the level of customer satisfaction;
5. Begin a journey to structure the company to address issues concerning sustainability by introducing an element with ESG expertise, identifying specific functions and/or delegations, and having a formalized strategy to manage sustainability issues.
6. Drafting a Code of Business Ethics;
7. Introduce risk analysis inherent in environmental and social issues.
8. Implement communication regarding sustainability also through the contents of this document possibly starting with the creation of a dedicated section within the website.
9. Carrying out a Legality Rating, which consists of an indicator of the company's compliance with high standards of legality and which guarantees competitive advantages (in terms of business opportunities, greater transparency and visibility in the market and better image in the territory to which it belongs) and of an economic nature since the rating is recognized in accordance with the law by Public Administrations, Credit Institutions and the new Procurement Code.

For its part, Warrant Hub makes itself available to identify any concessional finance instruments, if available, to help finance the above activities.