



**Arca Etichette
SpA Benefit
Corporation**

Via Edison, 119
20010 Marcallo
(Milan) Italy

IMPACT REPORT 2023

Certified



Corporation

This company meets high
standards of positive
environmental and social impact.





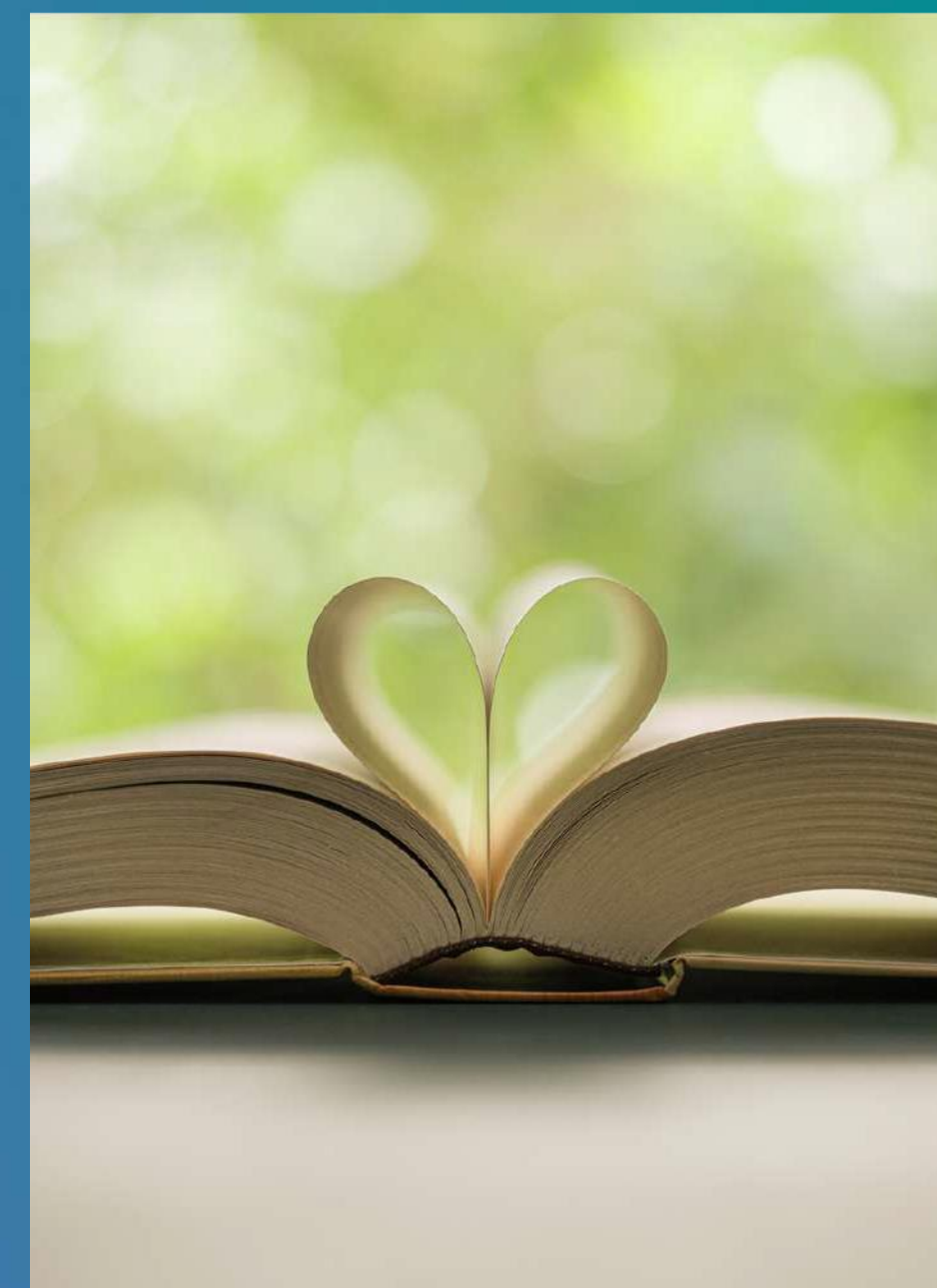
Edited by:

Roberto Sala - C.O.O. & Manager for Sustainability
 Labels Division - Arca Etichette SpA RINA
 certification of competence:



In cooperation with:

Serena Baroffio - Environmental & Quality System Mng.
 Labels Division - Arca Etichette SpA
 RINA certification of competence:



Graphic design and texts by:

Martina Stea - Marketing & Business Development
 Labels Division - Arca Etichette SpA

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Arca Etichette SpA Benefit Corporation

is proud to be part of the
Community

Certified



Corporation

Letter of thanks to all employees for the common commitment to continue the journey

ETICHETTE & SLEEVES
SISTEMI PER L'ETICHETTATURA E L'IDENTIFICAZIONE



LABELS & SLEEVES
LABELING AND IDENTIFICATION SYSTEMS

Arca Group is B Corp certified!

Dear co-workers,

I am back with a few words of gratitude for your commitment, thanks to which we are able to achieve set targets.

As contingent situations and dramatic scenarios unfold, our Group is reinforcing its position as leader in the reference market, continuing with necessary investments in human resources, management and production tools, while also evolving into an even more robust organisation.

As of 8th April, all three of the Group's companies became Benefit Companies, by Notary Deed.

In addition to the definition of products and services we provide, our new Bylaws also list Objectives of Common Benefit, for the Environment, Workers and local Community, made public as a testament to our commitment.

Objectives and activities for common benefits, which as of 25th August 2022 have also been confirmed by B Corp Certification (B-Corporation), marking the achievement of one of our most important goals, after two years of intense work.

B Corp Certification enables us to be a part of an increasingly vast global community of companies that strive to be proactive implementers of global change in the pursuit of business, generating a positive economic, social and environmental impact. B Corp Companies share high standards of responsibility and transparency, as well as missions oriented towards the resolution of Society's toughest problems.

Some of our most important Clients are already part of this community of B Corp companies, and will be joined by many others. Together with them and our suppliers, who wish to embark on this challenging journey, we can build a robust social and economic value chain, raising continuity and leadership standards for many years to come.


The Chairman of the Board of Directors of Arca Etichette SpA

Marcallo, 2nd November 2022

Impact Report

As a Benefit Corporation, our values are monitored, measured over time and made public, with full transparency, through the annual Impact Report. Indeed, we wish to share motivations, objectives, indicators and the first actions for this new corporate model.

The Impact Report is the main document with which a Benefit Corporation plans socio-environmental impact actions for the new year and reports on the value created for all stakeholders.

The transformation into a Benefit Corporation goes hand in hand with the decision to pursue B Corp certification, the high global standard that certifies the environmental, social and economic performance of all our activities, for the entire Arca Group.

About us

We have been producing labels since 1948.

In the 1960s, we were at the forefront of the self-adhesive revolution in Italy. Since then, there has been continuous growth.

In 1975, we also entered the market for labelling machines, which are now recognised as the cutting edge of technology worldwide. We therefore master both aspects of self-adhesive technology: materials and machines.

Over 75 years of experience. A long success story - the best start for a promising future!

We are constantly striving to perfect our products: materials selected by a well-equipped workshop, modern and innovative printing presses, and trained and motivated staff.

Our state-of-the-art labels and sleeves ensure adherence to specifications and all the efficiency essential to the manufacturing industry.



Arca Etichette SpA

Labels Div.

Systems Div.

Covered areas

Offices

Offices

5280 sq. m

586 sq. m

900 sq. m

Open areas

Production

Production

9179 sq. m

2194 sq. m

1600 sq. m

Exterior

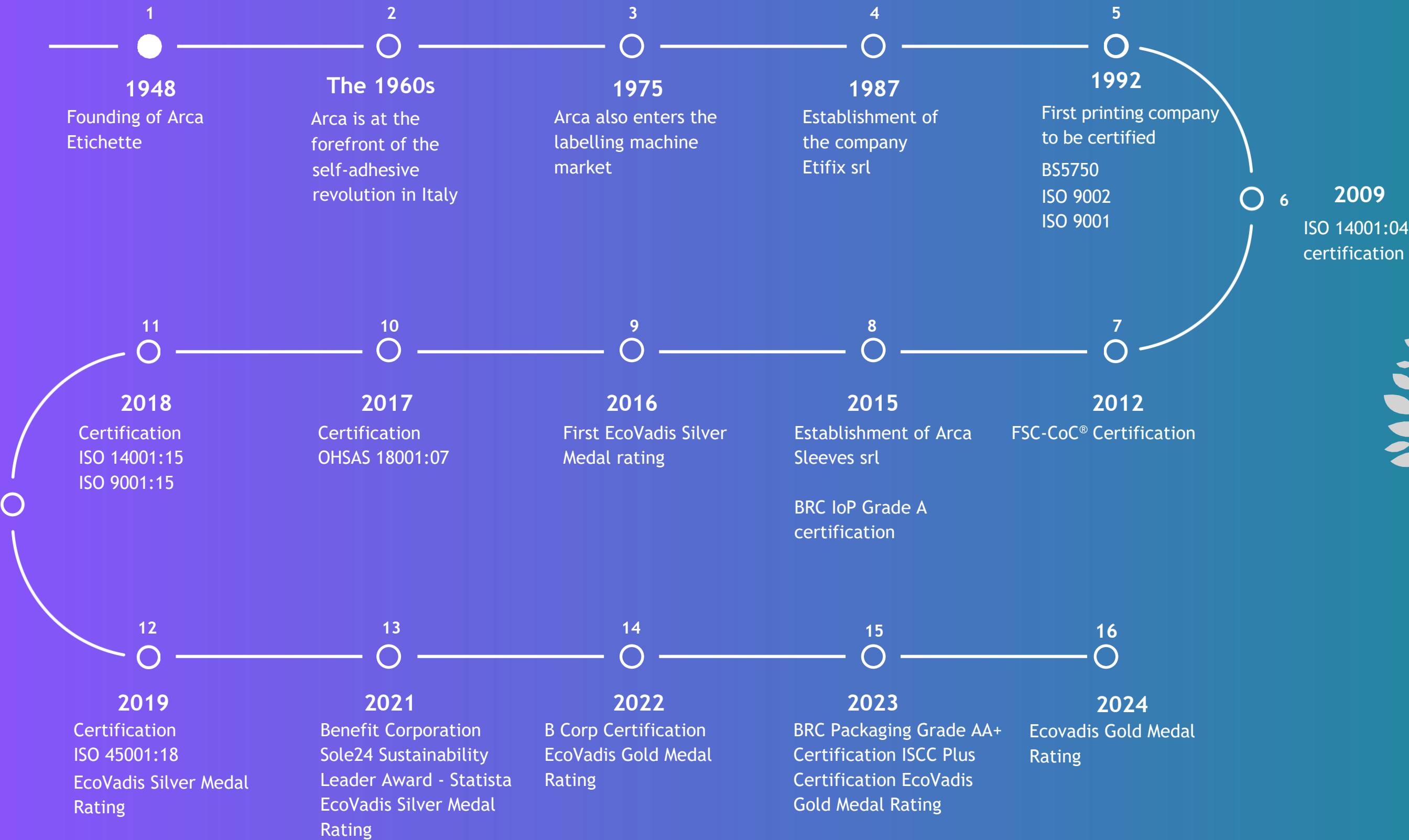
Exterior

3279 sq. m

5900 sq. m



History



75 years of experience

in the world of labelling

Infinite solutions



of self-adhesive labels & sleeves

30 printing presses

13.1 tonnes of recycled liner

= saving of 25 tonnes in CO2 emissions

142 employees and 190 in the Group

of which 8 recruited in 2023

over 20k EUR in donations

towards Italian associations



261 trees planted

= 31.5 tonnes of CO2 that will be absorbed by the planted trees



50% electric/hybrid vehicles in the company fleet

The Group: 2 divisions, 2 subsidiaries, 4 production sites.

Arca knows both aspects of the material:
machines and materials

190

EMPLOYEES

€45M

OF REVENUE in 2023



ARCA ETICHETTE SPA LABELS DIV.

With over 75 years of experience, it designs and manufactures self-adhesive labels, for decoration and identification, promotion, security and for a wide variety of special functions, state-of-the-art to meet all customer requirements.



ARCA ETICHETTE SPA SYSTEMS DIV.

Complete and innovative identification solutions for the manufacturing industry: self-adhesive labellers and laser markers synonymous with productivity, reliability, safety and durability.



ARCA SLEEVES SRL

A company specialising exclusively in the production of heat-shrink sleeve labels in any format and printing technology (digital, flexo, offset), neutrals (security seals, bi-packaging, promotional packaging), with the aim of 'dressing' any product.



ETIFIX SRL

Experts in the flexible and fast production of self-adhesive labels in reel and sheet form, since 1987.



International presence - Concordia Labels

As far back as 1994, Arca Etichette was one of the founders of Concordia Labels, a leading international network of label manufacturers, which includes a member in each of the major EU countries.

An association for conducting joint technical developments and exchanging experiences, technologies, resources and best practices. Membership of Concordia Labels ensures that Arca can benefit from a continuous flow of news, know-how and benchmarking.

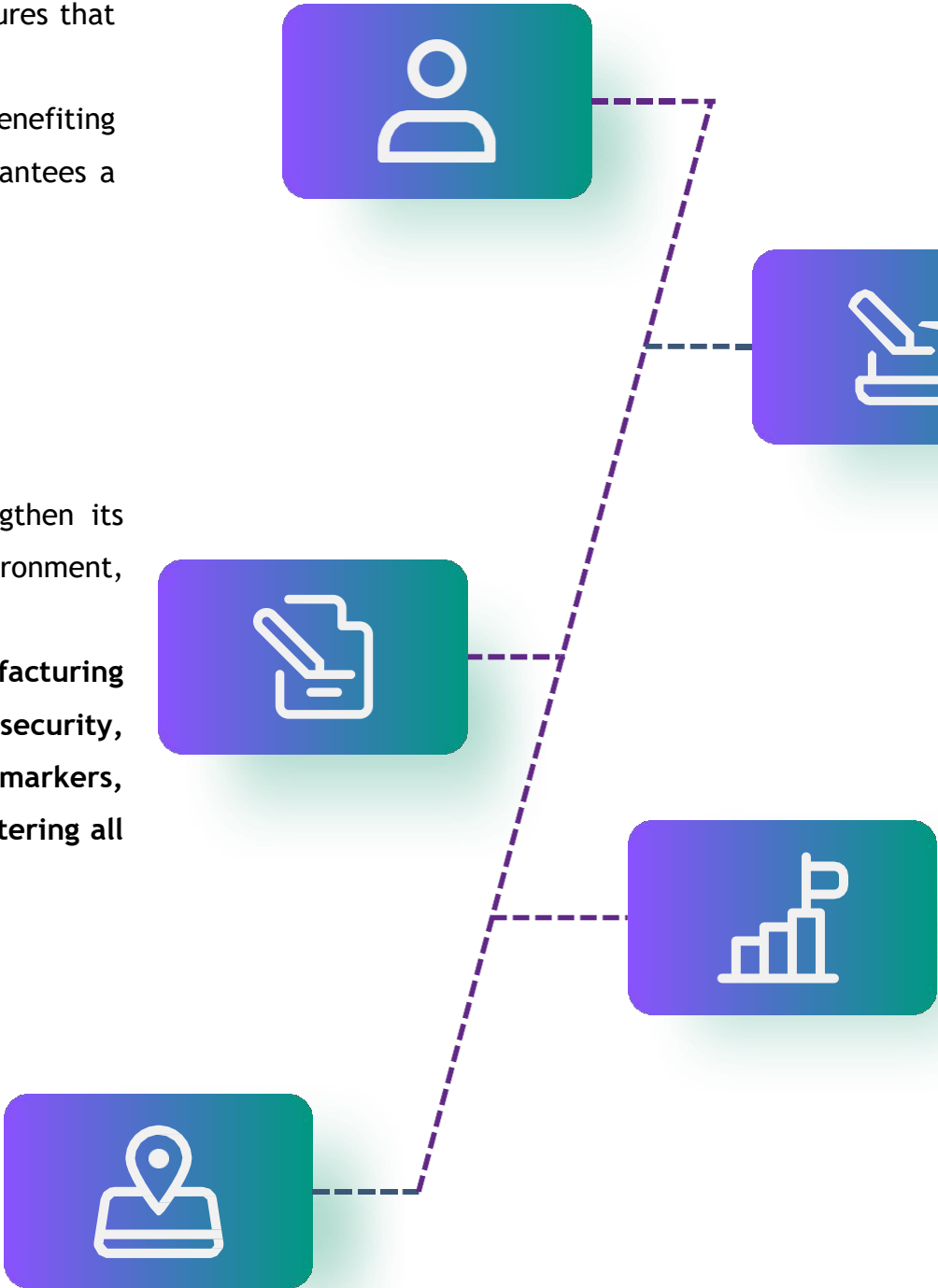
Concordia Labels also acts as a purchasing group for materials and equipment, benefiting the competitiveness of all members in their respective markets. Lastly, it guarantees a productive back-up in the event of an emergency.

Mission

The Arca Group’s **Mission** testifies to its commitment to continue and strengthen its leadership in products and services, supported by new commitments to the environment, workers, and the community.

We produce innovative labelling and identification products for the manufacturing industry: self-adhesive labels and sleeves for package decoration, promotion, security, logistics and the best automatic labelling machines, print-apply, laser markers, software for unattended printing, product validation and traceability. By mastering all aspects of the material, we can guarantee complete and safe solutions.

We are benefit corporations, committed to generating measurable economic and social value by preserving the environment, using processes that reduce energy consumption and resource waste, and involving suppliers and customers in joint actions on ecological issues. We promote projects for our community, spreading the culture of sustainability in the area. We encourage the cultural and professional growth of our employees and pursue their fulfilment, in an environment that fosters creativity and a satisfying well-being for all who contribute to our mission.



The Arca Group: Acting for positive business - Benefit Corporation

Arca Etichette S.p.A. has been a Benefit Corporation (BC) since 8 April 2021. The subsidiaries Etifix srl and Arca Sleeves srl (forming the Arca Group together with Arca Etichette) have also been Benefit Corporations since 8 April 2021. A radical transformation for the beginning of a new story.

In accordance with the international standard, applied by an increasing number of companies with a common purpose: being global change agents with their activities, creating a positive economic, social and environmental impact.

B Lab, the B Corp certifying body, measured our performance and accredited us, with a score of 90, to be part of this new Sustainable Economy model, in which economic goals go hand in hand with social and environmental responsibility objectives.



An achievement that makes us proud of our present values and sets us challenging goals towards the environment and all our stakeholders.

At the end of August 2022, the three companies of the Arca Etichette Group achieved BCorp certification.

"In the continuous evolution of contingent situations and even dramatic scenarios, our Group is strengthening its position as a leader in its target markets, continuing with the necessary investments in human resources and management and production tools, but also transforming itself into an even stronger corporate reality," says Riccardo Fadiga, the President of Arca Etichette. He continues, "B Corp certification allows us to be part of an increasingly large community of companies, worldwide, that want to be protagonists of a global change with their activities, creating a positive impact at an economic, social and environmental level. B Corp companies share high standards of accountability and transparency, as well as missions oriented towards solving challenging societal problems."

Specific aims of common benefit

Arca Etichette’s articles of association, as a BC, incorporate three areas of common-benefit purposes, carried out in the course of and in connection with the company’s economic activity, which aim to generate measurable economic, environmental and social value.

Environment

The Company recognises the Environment as having an essential function for the peaceful and liveable permanence of humanity on the Planet.

In order to contribute to creating conditions of prosperity for the biosphere, the Company undertakes to act so as not to cause damage to the environmental system, promoting production models that tend towards the closure of cycles, taking as little as possible from natural systems, reducing consumption and waste of resources, managing production processes with a low environmental impact, and promoting activities to publicise and involve customers and suppliers in order to stimulate common actions on strategically and mutually relevant environmental issues within the value chain.



People

The company recognises the individual as having a major strategic role in the social and corporate context.

The company promotes human and cultural development on an equal footing with professional and occupational development, and is committed to creating an environment conducive to productive, rewarding and satisfying well-being, stimulating and rewarding creative thinking, guaranteeing continuous training and the exchange of knowledge and skills, and sharing objectives and results.



Community

The Company recognises the company’s social function and its role as a positive force for the local area, and is aware that companies develop hand in hand with everything around them, and that this may involve redefining the way in which business activities generate wealth and well-being, while also considering social and environmental balances.

The Company wishes to increase its corporate citizenship and is committed to improving its social impact by supporting and promoting projects for the community, spreading the culture of sustainability in the area in which it operates, activating synergetic collaborations with local stakeholders guided by reciprocity of intent, transparency of aims and methods, as well as through the care and preservation of values, culture, processes and good practices.



Materiality Analysis and Materiality Matrix

In relation to the purposes expressed in our articles of association as a Benefit Corporation, we conducted a Materiality Analysis, the purpose of which is to identify the most relevant material issues for the company and its stakeholders, to understand the evolution of material issues over time, and to identify the objectives aimed at the creation of sustainable value, highlighting their interconnections with the 17 United Nations Sustainable Development Goals (2030 Agenda).

Relevant topics

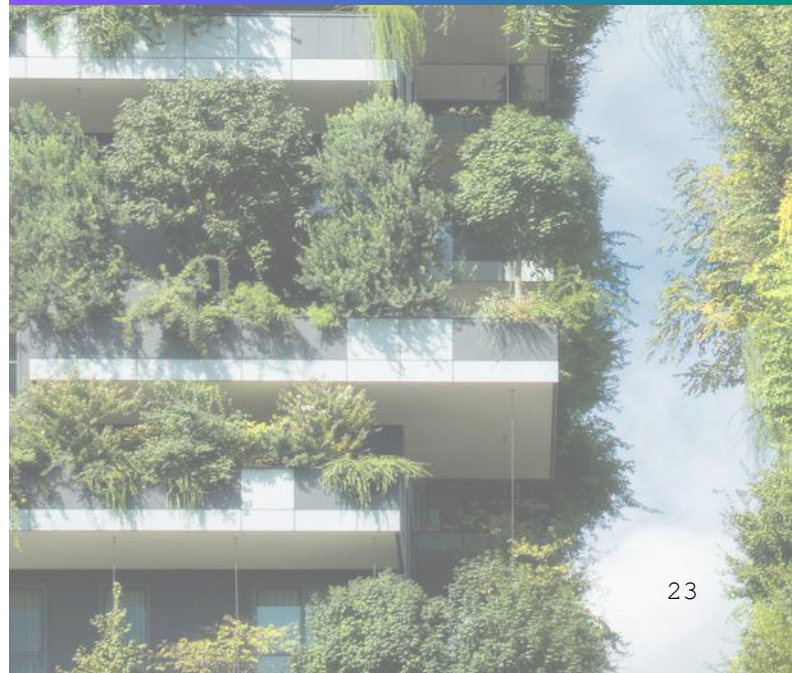
Governance	<ul style="list-style-type: none">- Sound governance, ethical and transparent conduct- Economic and financial results- Effective and transparent communication- Integrating sustainability into business strategy- Innovation and digitisation
Social	<ul style="list-style-type: none">- Health and safety, employee well-being- Human capital development and skills enhancement- Human rights, diversity and inclusion
Environment	<ul style="list-style-type: none">- Climate change: emissions, energy transition, renewable energy- Energy efficiency and technological innovation- Environment and Biodiversity: protection of environment and biodiversity, circular economy, end-of-life products, waste transformation
Customers	<ul style="list-style-type: none">- Customer satisfaction- Continuity of service
Community	<ul style="list-style-type: none">- Local communities
Supply chain	<ul style="list-style-type: none">- Sustainable supply chain, local suppliers



MATERIALITY ANALYSIS - Correlation between material issues and SDG															
		1 PEOPLE	3 HEALTH	4 QUALITY	5 GENDER	7 AFFORDABLE	8 DECENT WORK	9 INDUSTRY	10 REDUCED	11 AFFORDABLE	12 RESPONSIBLE	13 CLIMATE	14 LIFE	15 LIFE	16 PEACE
Governance	Sound governance, ethical and transparent conduct						✓								✓
	Economic and financial results						✓								
	Effective and transparent communication	✓							✓						✓
	Integrating sustainability into business strategy						✓				✓				
	Innovation and digitisation						✓	✓							
Social	Health and safety, employee well-being		✓				✓								
	Human capital development and skills enhancement		✓	✓	✓		✓		✓						✓
	Human rights, diversity and inclusion		✓	✓	✓		✓		✓						✓
Environment	Climate change: emissions, energy transition, renewable energy		✓			✓	✓	✓		✓	✓	✓	✓		
	Energy efficiency and technological innovation					✓	✓	✓			✓				
	Protection of environment and biodiversity, circular economy, end-of-life products, waste transformation	✓	✓	✓			✓	✓			✓	✓		✓	
Customers	Customer satisfaction		✓												
	Continuity of service						✓				✓				
Community	Local communities			✓	✓		✓					✓			✓
Supply chain	Sustainable supply chain, local suppliers						✓	✓			✓	✓			

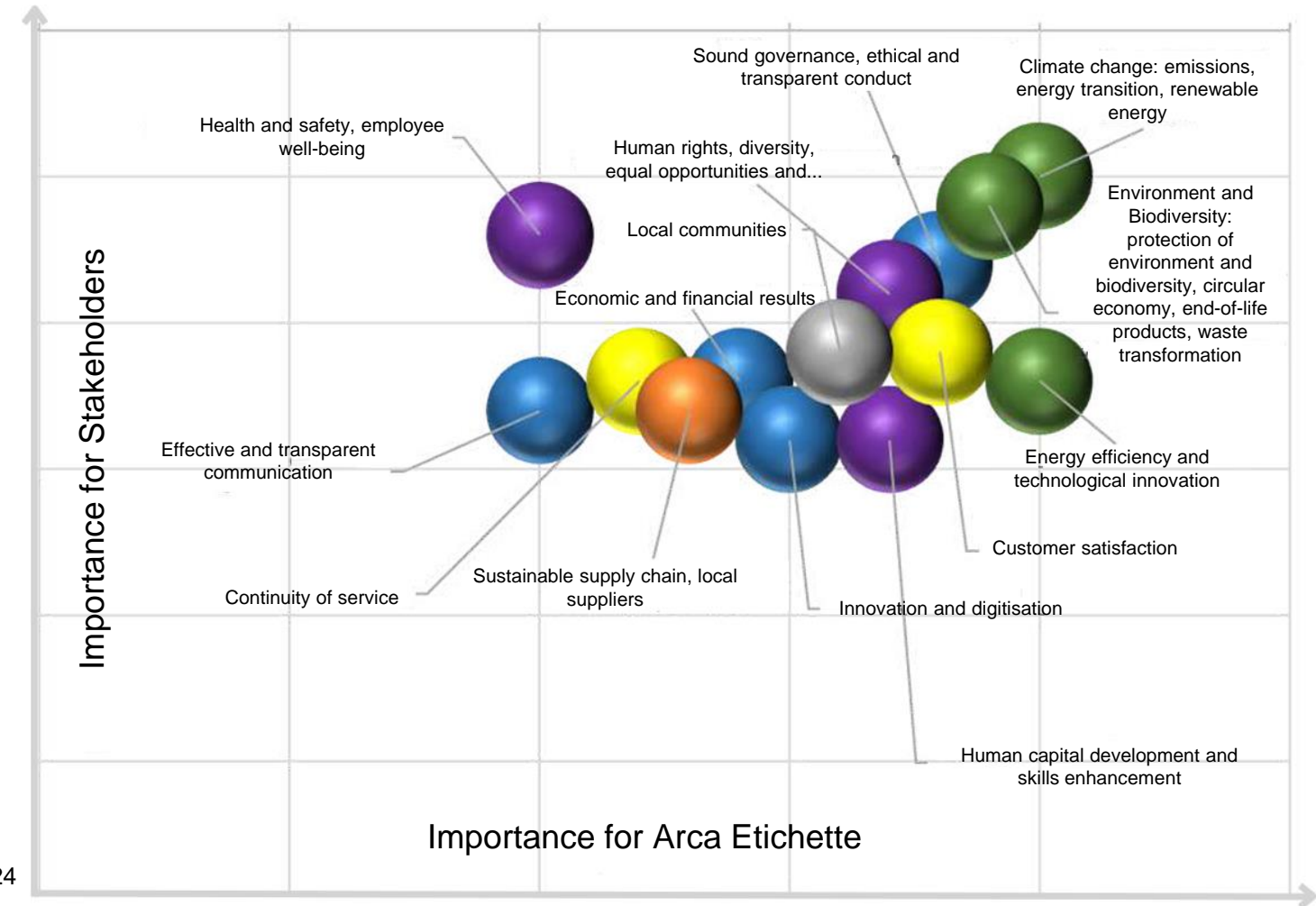


The analysis was conducted by evaluating the expectations and specific requests of stakeholders, expressed by analysing data on expected vs actual performance, satisfaction expressed in questionnaires received from customers and employees, and new requests and improvement objectives that emerged from internal analyses of reference KPIs.



By cross-referencing, for each topic, the average rating expressed by stakeholders (vertical axis) with that expressed by Arca Etichette (horizontal axis), we identified the material issues reported in this Report and in the materiality matrix below.

Governance	Sound governance, ethical and transparent conduct
	Economic and financial results
	Effective and transparent communication
	Integrating sustainability into business strategy
	Innovation and digitisation
Social	Health and safety, employee well-being
	Human capital development and skills enhancement
	Human rights, diversity, equal opportunities and inclusion
Environment	Climate change: emissions, energy transition, renewable energy
	Energy efficiency and technological innovation
	Environment and Biodiversity: protection of environment and biodiversity, circular economy, end-of-life products, waste transformation
Customers	Customer satisfaction
	Continuity of service
Community	Local communities
Supply chain	Sustainable supply chain, local suppliers





Actions for Common Benefit Areas

ENVIRONMENT

Arca Etichette has been pursuing the goal of minimal environmental impact for years, and has been awarded ISO14001 certification. Our Environmental Policy, included in the Environmental Management System Manual, can be found below:

UNI EN ISO 14001:15 - ENVIRONMENTAL POLICY

ARCA ETICHETTE S.p.A. bases its management strategies on its ability to provide markets with services that meet the expectations of customers as well as stakeholders, while respecting environmental issues and sustainability.

As such, Arca's environmental management system can be summarized as follows:

- Ensure respect for our neighboring environment by preventing any forms of pollution as well as by protecting stakeholders.
- Satisfy compliance obligations by periodically assessing compliance.
- Pursue the ongoing improvement of Arca's Environmental Management System, in an effort to enhance overall environmental performance, through periodic reviews, objectives and targets.

Priority objectives for Arca's Environmental Policy have thus been established, in accordance with the UNI EN ISO 14001: 2015 standard.

The General Management is committed to:

- developing and maintaining its Environmental Management System up-to-date;
- involving all personnel, deemed the company's most important resource, in an ongoing improvement process, while providing awareness for the effects of everyone's work on significant environmental issues;
- developing a constructive relationship of collaboration based on transparency and trust, both internally and with the external community and institutions in managing environmental issues;
- containing and improving the consumption of energy and natural resources;
- complying fully with international and domestic regulations in force;
- monitoring, measuring and boosting environmental performance in order to minimize environmental impacts.

Senior Management at Arca Etichette confirms its environmental commitment and provides that this policy be made available to the general public and communicated to people who work directly for the organization or on its behalf.

Marcallo. 18 Dec. 2017

The Chairman

Consistent with the relevant legislation, over time we have put into place a plan of key environmental objectives and actions, as summarised below:

We are a Solvent-Free company

- Having eliminated organic solvents and even water from the pre-press and printing processes:
- the printing matrices, plates and clichés, are prepared using 'dry' processes;
 - the inks used are exclusively UV-cured, so they contain no solvents, avoiding the emission of volatile organic compounds (VOCs) into the atmosphere;
 - since 2020 we have been using UV inks that can be cured with UV LED lamps instead of UV arc (mercury) lamps, resulting in energy savings of up to 40%, long lamp life (up to 20,000 hours compared to 1000-1500 hours for mercury UV lamps), which will then be disposed of as waste after several years instead of every six months at most; lastly, the ozone emission of UV curing is effectively zero.

We are increasingly using digital printing to replace traditional printing:

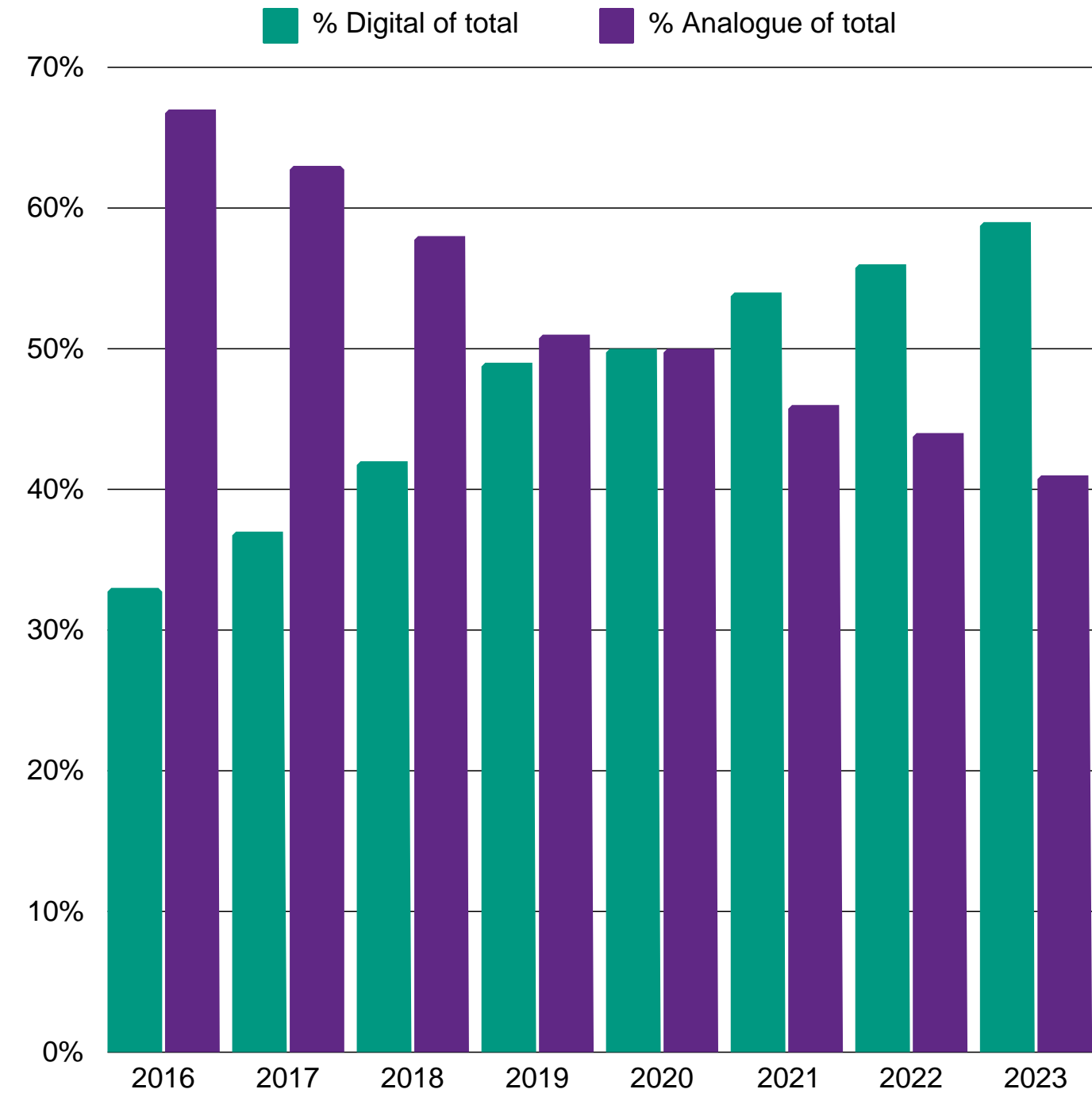
It minimises material and ink waste, requires no plates or clichés, and uses an average of just one UV lamp for curing inks/paints instead of the five for similar results with conventional flexo or litho/offset printing.

We are internationally recognised as 'pioneers' in **technological development**, particularly in digital printing. We introduced digital printing processes as early as 2005 with digital offset printing, and since 2010 we have started various R&D projects for UV inkjet digital printing, with a first major investment in 2017 and a second in 2020.

Today, we have four digital and five analogue machines and the number of orders produced digitally has surpassed the analogue ones. This allows us an environmental improvement, quantifiable in reduced waste of materials, inks, energy and production time.

In the year 2023, the number of digitally printed orders still far exceeded the number of orders printed analogically, as per the data below and the trend graph:

Number of orders	Year 2023		Year 2022		Year 2021		Year 2020		Year 2019		Year 2018		Year 2017		Year 2016		Year 2015	
Total	5,930		6,822		6,438		6,258		6,410		5,511		5,938		5,167		4,702	
Analogue Printing	2,450	41%	2,971	44%	2,944	46%	3,154	50%	3,287	51%	3,212	58%	3,718	63%	3,467	67%	3,154	67%
Digital Printing (Indigo + inkjet)	3,480	59%	3,851	56%	3,494	54%	3,105	50%	3,123	49%	2,299	42%	2,220	37%	1,700	33%	1,548	33%



We continue our efforts to further increase the digital/analogue ratio, including with new investments:

- in November 2022 we added a third converting machine in order to provide flexibility, shorter lead times and support the growth of digital printing;
- promotion of digital printing to customers, from all market sectors, who, in addition to the economic benefit, now see increased environmental sustainability as essential.

Results, compared to production with conventional printing method, on an annual basis:

from our ERP data, we calculate at least 1000 production orders per year that are produced digitally, rather than with analogue printing, as is also possible.

As a result, we can calculate savings due to less material and ink waste, unnecessary printing dies (and hence the positive environmental impact of both die preparation and disposal), reduced plant operating hours with consequent reduction in energy consumption, lower electricity consumption also due to the lower number of UV lamps required for curing inks:

Self-adhesive material waste	320,000 sq. m saved, approximately 25% of the total waste, equivalent to 1,400,000 sq. m, average 2018-2019 (Source: Arca Etichette ERP).
Ink waste	540 kg, ink that would have been left on the discarded printed materials, about 25% of the total waste ink, i.e. 2,362 kg (ink left on the approx. 1.4 million square metres of waste from the previous item).
Clichés and plates	Not produced and therefore not sent to landfill after production: 6,000 printing plates, plastic flexo plates or metal litho-offset plates.
Production Hours	1,500 press and auxiliary machine hours, compared to a total of approx. 23,000 production hours (total of digital and analogue working hours, from Arca Etichette ERP).
Electricity	255,000 kwh, compared to a total of 1,627,000 kwh (total energy consumption of the two divisions, offices and production departments), due to fewer production hours and fewer UV lamps needed for digital printing. The electricity consumed by UV lamps is in fact around 70% of the total consumption of the entire Arca Etichette.

HP Planet Partners: supplies recycling programme



As of January 2024, we have joined HP's programme for recycling toners and cartridges that have reached the end of their useful life.

Through HP Planet Partners, Original HP Inks and Toners are recycled into new products, helping to reduce the waste of natural resources and the need to extract new raw materials.





For further information on this certificate or C4G Recycling visit www.cycle4green.eu

Scrap and release paper management

The main waste in the self-adhesive chain is the liner, the siliconised paper backing (glassine) of the labels, which accounts for more than 60% of the waste (38% of the volume of the entire initial roll). Arca has signed a partnership with Cycle4green, a Finnish company specialised in the management of the glassine paper (liner) recycling system.

Our partner handles its collection (on call) and, with its own vehicles, its transportation to Lenzing Papier in Austria, a paper mill with recycling capabilities.

Production waste is sent to waste-to-energy plants instead of landfill, albeit at a significant cost premium.

In 2023, Arca Etichette introduced to the C4G circuit:

13.1 tonnes of silicone paper, equivalent to 25 tonnes of CO₂eq

Arca also sponsors the participation of its customers. Three major companies have joined in recent years.

For more information visit <https://www.c4g.fi/>

Special products without release paper:
Linerless labels

The Liner can and should be recycled, but - where possible - also **eliminated at the source**.
As one of the few manufacturers in Europe, Arca offers Striped Linerless labels, **without release paper**, for wraparound decoration of containers and trays.
For further information <https://www.arcaetichette.it/en/product/etichette-striped-linerless/>


STRIPED LINERLESS

Automatically applicable wraparound bands for food containers ideal for skin packaging




A more sustainable label for a happier planet

EFFICIENT




High productivity due to special roll layout.

SUSTAINABLE




No liner to dispose of and zoned adhesive, only where needed to bond it to the packaging.

ECONOMICAL



No liner to dispose of, lower transport and storage costs.

VISIBLE



More space for your texts and better visibility of products on the shelf.

In 2022, similarly to 2020 and 2021, about 5% of the turnover of the labels division was achieved with Linerless labels; 28 million labels for about 800,000 net sqm of products delivered to customers WITHOUT silicone to dispose of. Considering that siliconised material averages 65 gsm (grams per square metre), we achieved a saving of 52,000 kg of siliconised material to be disposed of, **thus approximately 110,000 kg of CO2 eq.**

Arca Etichette's Systems Division also manufactures application machines for neutral label rolls WITHOUT liner.



CONVENTIONAL



LINERLESS Liner free labelling system



In logistics (identifying boxes, pallets, ...), these products allow huge savings in end-of-process waste material, as shown in the comparison table below:

PRODUCTION LINE SPECIFICATIONS	
Capability Pieces Per Minute	65
Daily working hours	8
Daily labels	31.200
Working days per year	255
Labels per year	7.956.000



DIE CUTTED CONVENTIONAL LABELS		LINERLESS ECO LABEL	
Net Width, mm	100	Net Width, mm	100
Net Length, mm	35	Length, mm	35
Gross Length (step), mm	37	Gross Length (step), mm	35
		Zero waste ("matrix" waste is average 5%)	
Reel outside diameter, mm	360	Reel outside diameter, mm	360
Roll development lengt, mm		Roll development lengt, mm	
Thermal paper + glassine = 135 μ + 63 μ	501.000	Equivalent linerless thermal paper	1.200.000
Number of labels per reel	13.541	Number of labels per reel	34.286
Number of reel per year to transport and to stock	588	Number of reel per year to transport and to stock	232
PRODUCTION DOWNTIME		PRODUCTION DOWNTIME	
Number of stoppage /day	2,3	Number of stoppage /day	0,9
Number of stoppage /year	588	Number of stoppage /year	232
Minutes for reel change	5,00	Minutes for reel change	4,30
Annual time for reel changing	2.938	Annual time for reel changing	998
Lost productivity in labels	190.960	Lost productivity in labels	64.858
Gros margin per product	€ 0,5	Gros margin per product	€ 0,5
Annual lost gros margin	€ 95.480	Annual lost gros margin	€ 32.429

Linerless performance is in green: **less than half the rolls to be transported, stored and replaced on the labeller!** Operator time for reel change reduced to a third! And the same applies, of course, for downtime.



REAL PRODUCTIVITY PER SHIFT		REAL PRODUCTIVITY PER SHIFT	
Hours	8	Hours	8
Minutes	480	Minutes	480
Pieces Per Minute required	65	Pieces Per Minute required	65
Pieces Per Hour required	3.900	Pieces Per Hour required	3.900
Pieces Per Shift required	31.200	Pieces Per Shift required	31.200
Label per reel	13.541	Label per reel	34.286
Number of stoppage	2,30	Number of stoppage	0,91
Minutes for reel change	5,00	Minutes for reel change (no liner to dispose)	4,30
Lost produtivity in minutes	11,52	Lost produtivity in minutes	3,91
Lost produtivity in labels	346	Lost produtivity in labels	117
Real working minutes	468,48	Real working minutes	476,09
Shift productivity in pieces	30.451	Shift productivity in pieces	30.946
Pieces Per Hour (real average)	3.806	Pieces Per Hour (real average)	3.868
Pieces Per Minute (real average)	63,44	Pieces Per Minute (real average)	64,47
Time spent by the operator in changing labels reels (every shift)	11,52	Time spent by the operator in changing labels reels (every shift)	3,91

For each shift, the Linerless product requires a reel change time (and downtime) that is about one third of that required by conventional self-adhesive labels, resulting in energy savings.

For the Systems Division, we also highlight the increasing focus on the design, in-house production and commercial development of [direct laser marking systems](#).

Laser marking carried out directly on the product does not require the use of any type of label (adhesive, glue, sleeve, roll-fed, etc.) and thus entails the corresponding TOTAL saving of raw materials, both as printed and overprinted material and as siliconised (liner) backing.

Furthermore, compared to other marking technologies, whether direct (typically inkjet) or on a backing (thermal transfer), laser marking does not use ink, either liquid or in the form of pigment on a ribbon.

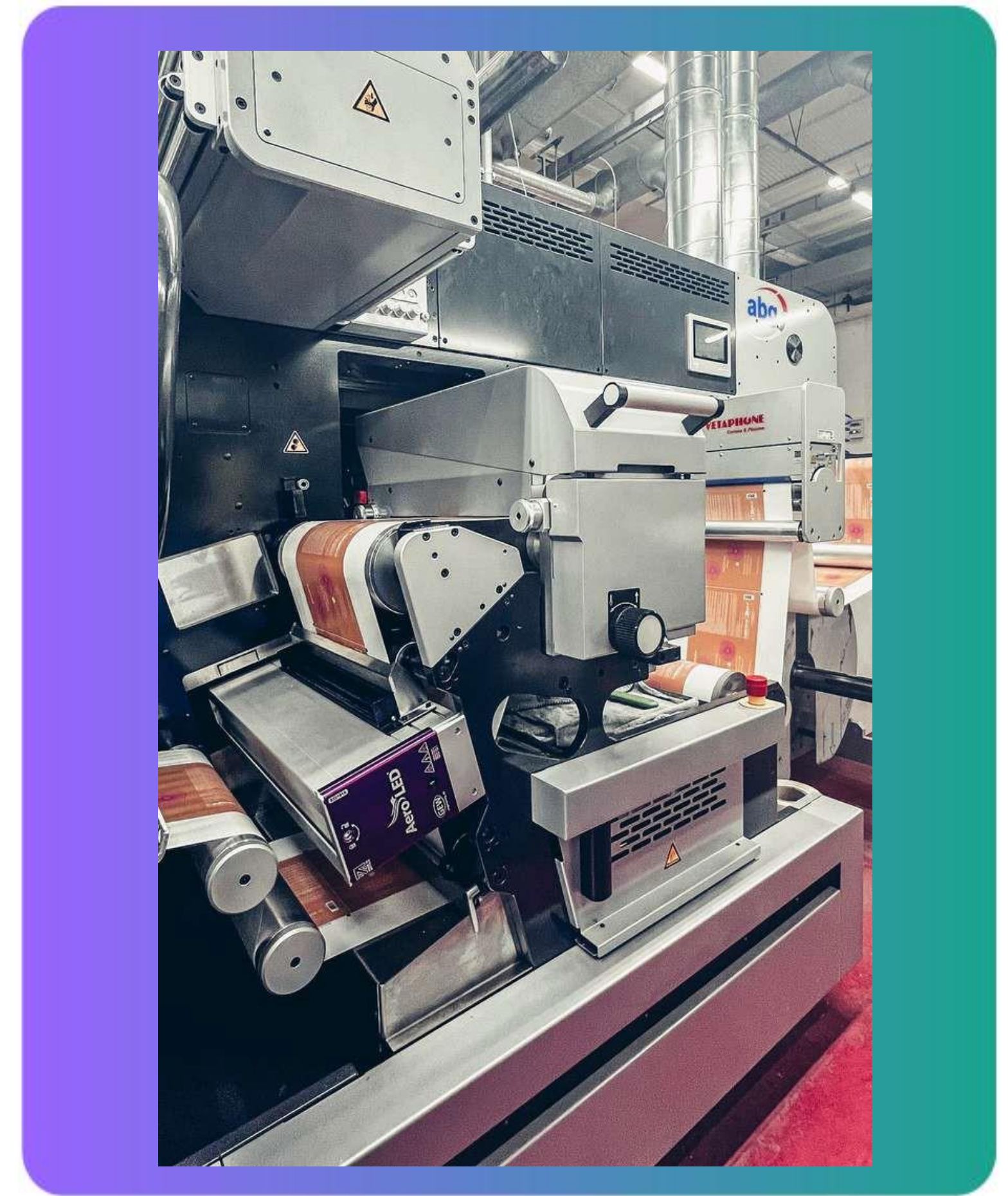
This is an important saving, considering that these materials and their packaging cause resource consumption and disposal problems for spent containers.

The laser requires only electrical energy (which can be obtained from renewable sources), which is, however, significantly less than that required for the production of consumables used with all alternative systems. Laser technology is environmentally friendly because it does not consume resources and because ... light does not pollute.

The use of LEDs in ambient lighting has been in place since 2016, but since the end of 2020 experiments have begun on the use of UV LEDs for curing inks on four flexo printing presses, in 500mm printing range, one with six printing and drying units, one with eight, two with ten; each drying unit was previously equipped with conventional UV lamps (mercury arc), of 160-200 watts/cm².

In 2021 UV LED curing became standard for at least 50 per cent of all production on these machines.

The goal for these production lines was a saving of at least 30% energy, a saving that was achieved, as we will see in the tables of energy consumption metrics and related performance indicators (KPIs).



100% green energy from renewable sources

Arca Etichette plays an active role as an agent of change in the most important environmental challenge of our time: the energy transition from fossil fuels to renewables.

In fact, Arca Etichette has entered into a green energy partnership with Lifegate, a company that offers innovative solutions for a sustainable future.

Lifegate allows us to use 100% Renewable Italian Green Energy, Zero Impact. This means reducing the polluting impact of the energy system and preserving environmental resources.

We are shaping a climate-friendly future. To do this, we must combine our vision, our strength and our ambition.



The use of 100% Zero Impact natural gas and, from 2020, also 100% Zero Impact electricity has enabled us to minimise the emission of greenhouse gases, calculated as CO2 equivalent, in Scope 2.

Scope 2 and Scope 1 are indicators of greenhouse gas emissions, as defined below (Source: Greenhouse Gas Protocol):

1

DIRECT EMISSIONS - SCOPE 1

Direct Greenhouse Gas (GHG) emissions from installations within the organisation's boundaries due to the use of fossil fuels and the emission of any greenhouse gases into the atmosphere. Direct emissions are, for example, emissions from the combustion of fossil fuels in heating systems, emissions from the consumption of fuel for company vehicles, and leakage of fluorinated greenhouse gases from air conditioning systems.

2

GREENHOUSE GAS EMISSIONS FROM ENERGY CONSUMPTION - SCOPE 2

Indirect GHG emissions from the generation of electricity, heat and steam imported and consumed by the organisation, as the importer is indirectly responsible for the emissions generated by the supplier for the production of the required energy.

3

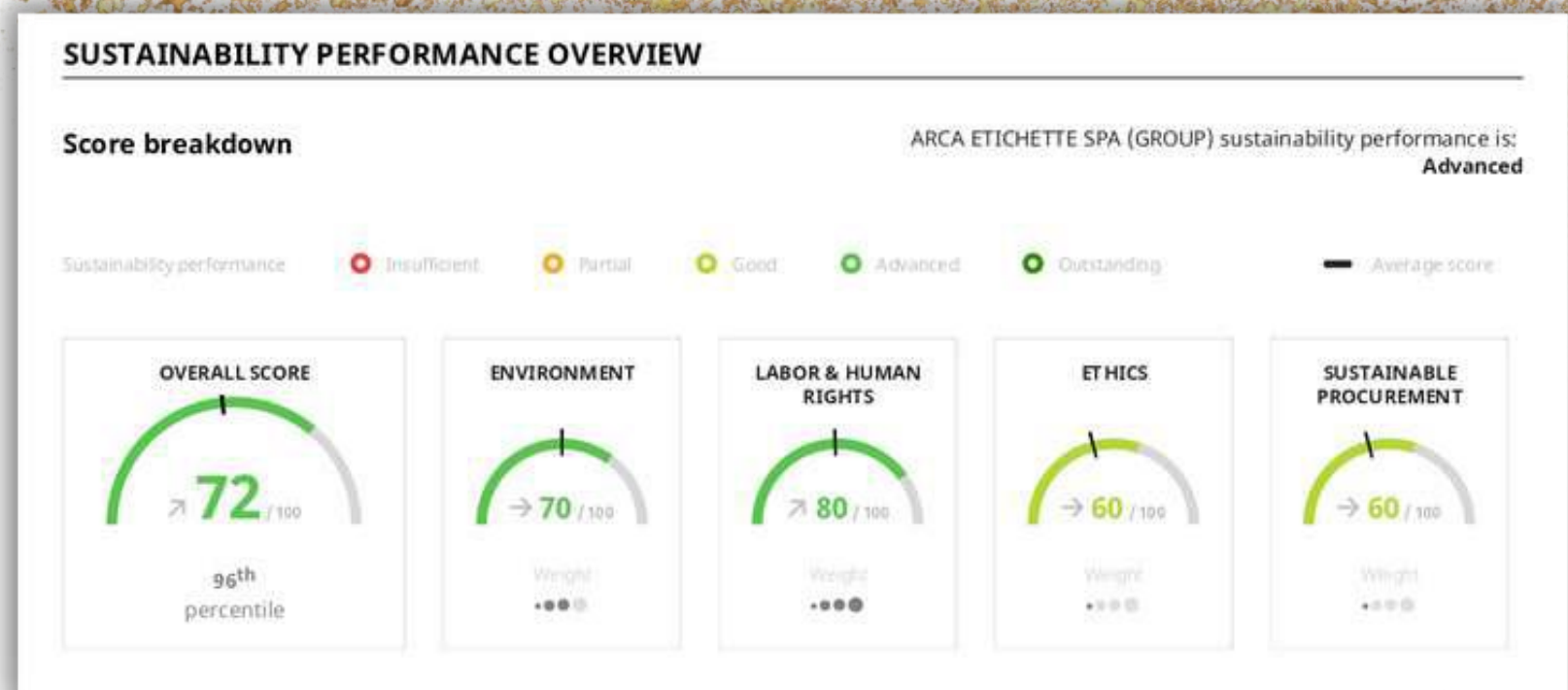
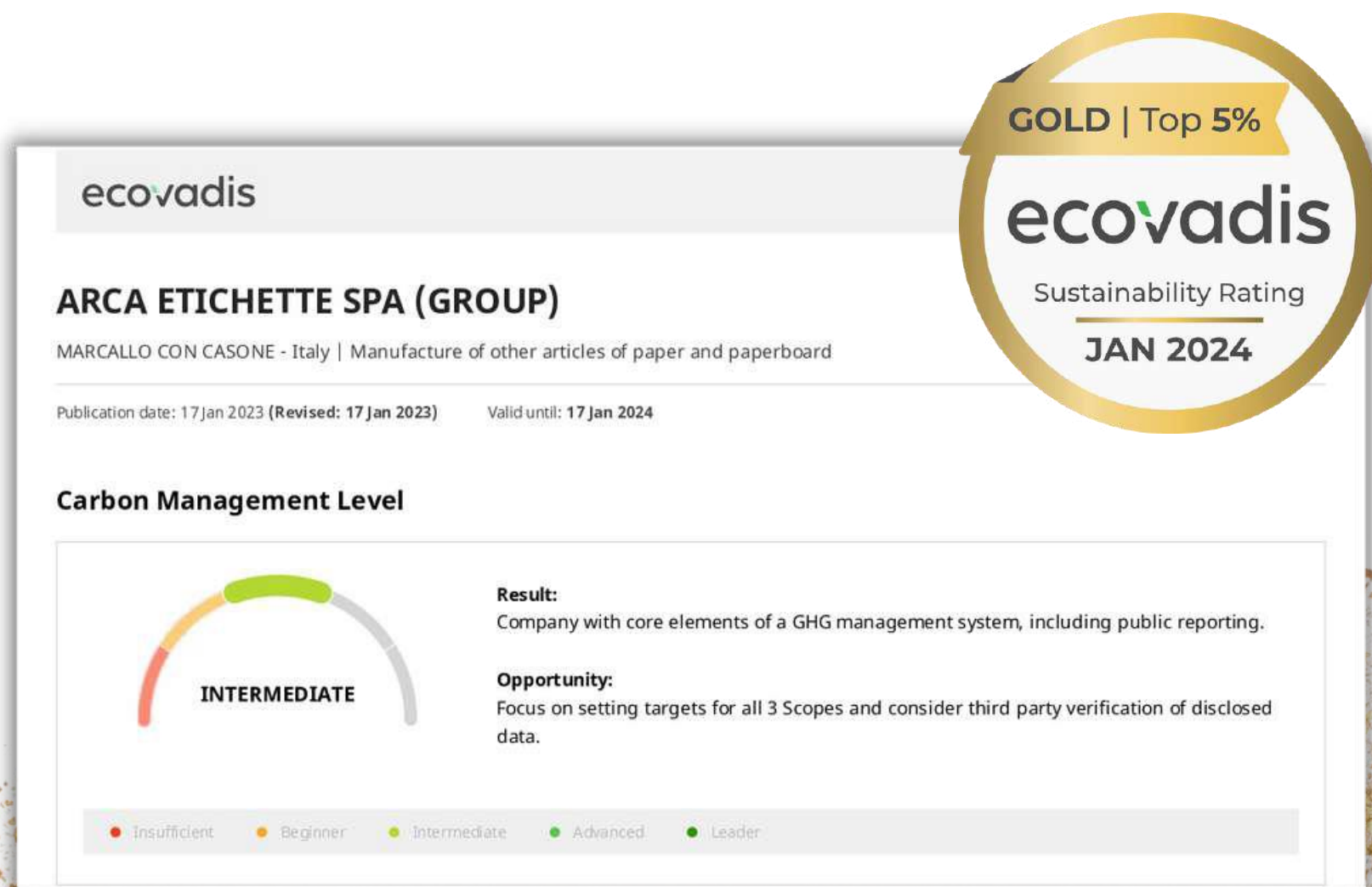
GREENHOUSE GAS EMISSIONS FROM ENERGY CONSUMPTION - SCOPE 3

Scope 3 emissions are a category of greenhouse gas (GHG) emissions generated by business operations from sources that are not directly owned or controlled by an organisation, such as the supply chain, transport, use or disposal of products.

Also called value chain emissions, they are the most difficult to measure and reduce.

As of January 2024, the Arca Group companies have entered into a partnership with Metrikflow, which, through dedicated software, will enable Arca Etichette to identify, measure and report on value chain emissions and, as of 2025, to set targets for improvement and reduction.

EcoVadis Certificate - GoldMedal



EcoVadis is a leading global sustainability rating agency specialising in CSR assessment, including sustainable development and supplier performance monitoring. It has assessed more than 100,000 companies globally and scored them in four key areas: Environment, Labour & Human Rights, Ethics and Sustainable Procurement.

Arca Etichette is thrilled to have confirmed and improved its Ecovadis certification once again for 2024, for its performance in the areas of environmental, social and business management sustainability. We are in the top 5%, i.e. the 5% of companies with the best score of all those analysed by Ecovadis.

This platform is increasingly used by companies to evaluate and select their suppliers, who must objectively demonstrate their compliance with sustainability standards. Our Gold Medal confirms a particular focus on corporate sustainability and highlights a strong proactive approach to protecting and supporting the ecosystem and stakeholders.



Metrics for environmental management: energy, emissions and performance indicators (KPIs)

			2018	2019	2020	2021	2022	2023	D% Y-1
Ref		Energy							
1	Arca Etichette SpA	Purchased electricity consumed (GJ)	5,933.8	5,859.9	6,012.7	5,360.9	5,943.8	5,546.0	-6.7
2	Arca Etichette SpA	Gas consumed (GJ)	3,274.5	3,362.7	3,917.4	3,449.4	3,178.3	2,956.9	-7.0
3	Arca Etichette SpA	Petroleum products (fuels) (GJ)	773.3	881.3	628.4	735.7	447.1	502.7	12.4
4	Arca Etichette SpA	Total energy used (GJ)	10,432.0	10,104.0	10,559.0	9,546.0	9,569.2	9,005.6	-5.9
5	Arca Etichette SpA	Purchased energy from renewable sources (GJ)	296.7	5,859.9	6,012.7	5,361.0	5,943.8	5,546.0	-6.7
6	Arca Etichette SpA	% energy used that comes from renewable sources/total	41.4%	91.3%	94.0%	92.3%	95.3%	94.4%	-1.0
7	Arca Etichette SpA	Self-produced energy vs. total consumed (GJ)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Arca Etichette SpA	Litres of water consumed	3,427,000.0	5,948,000.0	5,793,000.0	6,901,000.0	4,821,000.0	4,644,000.0	-3.7
9	Arca Etichette SpA	Total CO2 emissions (Tonne) (SCOPE 1 + SCOPE 2)	624.0	241.0	254.0	236.0	202.8	194.5	-4.1
10	Arca Etichette SpA	CO2 emissions SCOPE 1 (Tonne)	248.1	236.2	248.6	231.1	197.5	189.6	-4.0
11	Arca Etichette SpA	CO2 emissions SCOPE 2 (Tonne)	376.1	5.2	5.3	4.8	5.3	4.9	-7.0
12	Arca Etichette SpA	Turnover	no data	27,021,886.0	26,258,485.0	28,801,805.0	32,965,884.0	30,924,984.9	-6.2
13	Arca Etichette SpA	Energy intensity index (CO2scope 1 + CO2scope2)/turnover*100	no data	0.000893	0.000967	0.000819	0.000615	0.000629	2.2
14	labels div	No. of orders		6413	6671	6438	6822	6554	-3.9
15	labels div	No. of printed items	11369	12304	12335	12466	13174	12903	-2.1
16	labels div	KWH electrical energy consumed/number of items printed	137	123	123	104	111	105	-5.5
17	labels div	Gross sq. m	6,236.098	6,677.818	6,406.697	6,407.547	7,721.955	6,916.778	-10.4
18	labels div	Electricity 70%	1093737.4	1060003.7	1,063.077	906.381	1,026.126	950.185	-7.4
19	labels div	Electricity consumption per sq. m of product	0.18	0.16	0.17	0.14	0.13	0.14	3.4



Comments

Refs. 1-13 refer to both Operating Divisions, Labels and Systems, combining data collected in 2023 and comparing it with the previous year (and up to 2018).

Source: electricity and gas purchase invoices - consumption

In 2023, compared to 2022, energy and methane gas consumption and related CO2 eq. emissions are further significantly reduced.

Fuel consumption for company vehicles increased, partly due to the resumption of travel and business trips after the forced halt due to the Covid 19 pandemic.

Ref. 13 shows the cumulative "Energy Intensity Index" KPIs of Scope 1 and 2, in relation to the years' turnovers. In 2023 we consolidated the 2022 figure, with a significant improvement over previous years.

As already reported, the Scope 2 index is now close to zero with the use of 100% certified renewable energy sources (Ref. 12).

Refs. 14-19 relate to the Labels Division alone, which, with printing and drying activities using UV lamps, is significantly energy intensive. It is also necessary to relate the energy consumed to production, with a direct proportionality between electricity and square metres of product.

Ref. 19 shows an increase in 2023 over 2022 of 3.4%, mainly due to the use of new ink drying/curing systems with UV LED lamps instead of conventional UV lamps.



Note that in 2021 we started the gradual replacement of company vehicles with Full Hybrid, Plug-in Hybrid, Full Electric versions; we have six charging stations for twelve locations, which are also available to our guests, customers and suppliers.

Three further company car replacements were made in 2023: by the end of 2023, 50% of the car fleet will be hybrid or electric vehicles; we will complete the transition by 2024.

This intervention contributed to the reduction of emissions classified as Scope 1 (Ref. 11).

Other Environmental Impact Actions

Using eco-friendly/bio-based materials for the production of self-adhesive labels

BIO-BASED MATERIALS

BIORENEW PE

Made of up to 98% ISCC-certified bio-circular content, it helps reduce fossil fuel consumption and the carbon footprint by making labels more circular. Its properties and appearance are comparable to virgin PE, so it can be recycled together with standard PE films.

MARBLE BASE/STONE PAPER

Consisting of 80% stone powder (calcium carbonate) and 20% HDPE (non-toxic high-density resin) as a binder, Stone Paper has a pleasant, natural and unique 'soft-touch' velvety effect that can also be used without surface finishes. It can be recycled like plastic. Waterproof.



THE SUSTAINABLE ARCA RANGE WITHIN EVERYONE'S REACH

We are the ideal solution for your green needs:



WE CHOOSE ENVIRONMENTALLY SUSTAINABLE RAW MATERIALS

Bio-based, biodegradable and compostable, recycled synthetic papers and films, FSC-certified paper and paper made from plant fibres and other natural materials



WE WORK MAINLY WITH LOCAL SUPPLIERS

following our ethics to ensure sustainable production processes



WE ALWAYS STRIVE TO USE FEWER RESOURCES

with a view to greater sustainability

RECYCLED MATERIALS

WHITE AND TRANSPARENT RECYCLED SYNTHETIC FILMS

PE

Made of 100% recycled materials, it reduces resource use, helps keep plastic out of the waste stream and gives packaging a more authentic look.

PET

With a minimum 25% content from PET bottle waste (post-consumer waste).

PP

Made from raw materials containing up to 100% post-consumer waste.

CLEANFLAKE

When recycling PET, the adhesive deactivates, allowing the label and adhesive to separate cleanly and leaving the plastic contamination-free. In this way, PET can be reused several times.

Arca Etichette has been active for several years in the selection and testing of self-adhesive or otherwise necessary materials for the production of labels, which are made available with the lowest environmental impact over the entire life cycle of materials and their products (LCA - Life Cycle Assessment).

A partial list of these materials and their classification is given below:



MATERIALS FROM NATURAL SOURCES

Partially recycled fronts made of plant fibres and other natural materials. Ideal for anyone wishing to reduce their environmental impact by creating a handcrafted look for a unique product story.

FSC®-CERTIFIED MATERIALS

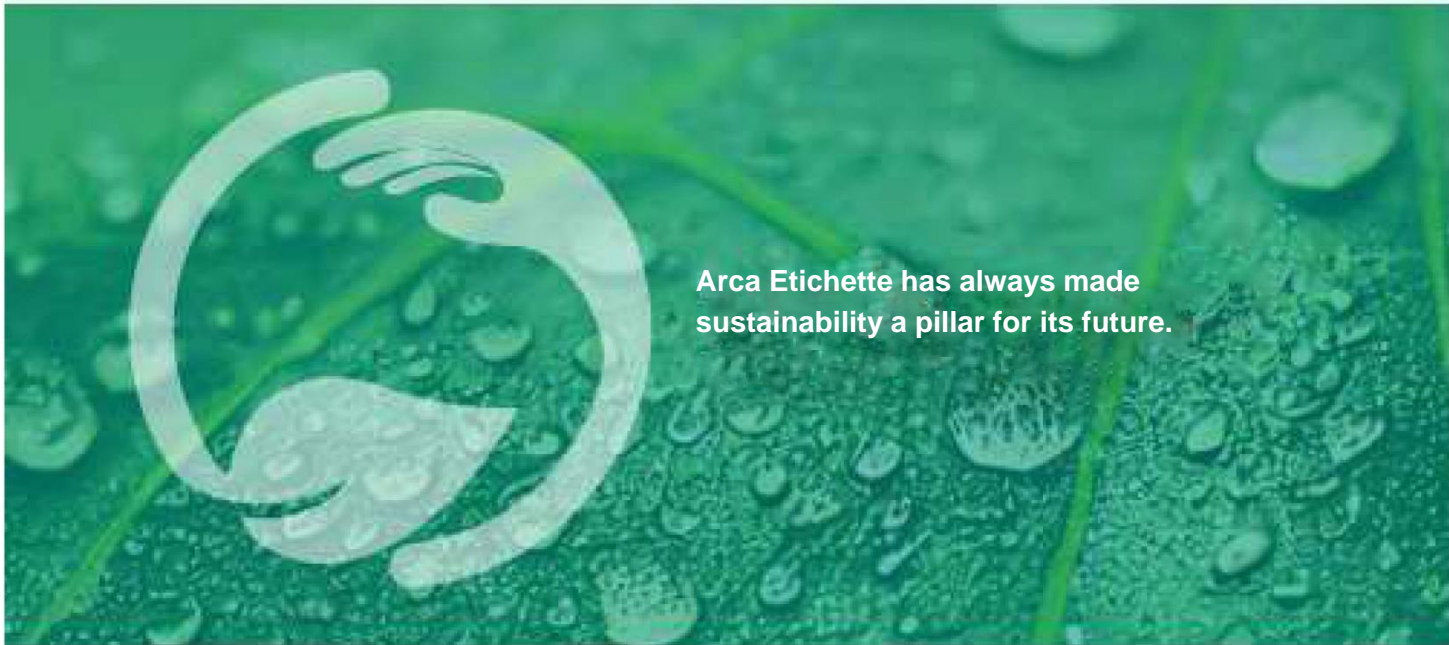
Liners and fronts that embrace sustainability. The circular economy plays an important role and gives the shelves a greater environmental impact.

COMPOSTABLE

Combined with compostable adhesives.

BIODEGRADABLE

Combined with biodegradable adhesives.



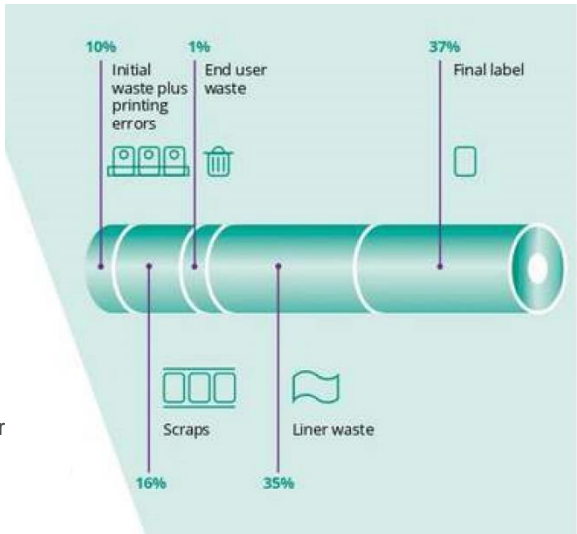
REDUCED MATERIALS

THINKTHIN FILMS

Carbon dioxide emissions are reduced by decreasing the thickness of the materials. Only the bare minimum is produced and used. Increased operational efficiency, less downtime, storage and transport.

LINERLESS

Striped Linerless labels made of paperboard and synthetic material (white or transparent polypropylene) come as a continuous roll of adhesive material with no silicone backing, for virtually zero environmental impact, eliminating the production of processing waste.



In recent years, in cooperation with an increasing number of customers and suppliers, we have been able to make increasing use of these materials, despite their significantly higher cost and several problems with quality and efficiency in production and use, now solved.

The table (source: Arca Etichette ERP) shows growth; in summary, even in 2023, more than one third of the square metres of self-adhesive label stock used can be classified as having low-impact characteristics, with further growth on the already very positive figure of the last five years.

	Self-adhesive materials (Labels Division only)	2019	2020	2021	2022	2023	D% Y-1
labels div	Raw materials purchased sq. m	7,553,119	6,970,116	7,541,559	8,563,794	7,559,472	-11.7
labels div	Raw materials with low-impact characteristics (FSC/recyclable/biodegradable) sq. m	2,542,983	2,310,997	2,369,779	2,540,223	2,604,851	2.5
labels div	Turnover (€) generated by materials with low impact characteristics	2,432,324	4,032,993	4,311,468	6,197,375	5,481,582	-11.5
labels div	FSC raw materials sq. m	2,443,460	2,182,507	2,200,607	2,256,876	2,409,949	6.8
labels div	Turnover (€) generated by FSC Materials	1,838,847	3,261,097	3,288,506	4,360,981	4,258,672	-2.3
labels div	Plastic raw materials with low impact characteristics sq. m	99,523	128,490	169,172	283,347	194,902	-31.2
labels div	Turnover (€) generated by plastic raw materials with low impact characteristics	593,477	771,897	1,022,963	1,836,394	1,222,911	-33.4

However, we should point out that in 2022 a significant proportion of these materials, particularly plastics, had become very difficult to obtain, if not even removed from availability by suppliers.

This was due to a number of critical economic and social issues (the Covid crisis caused prolonged closures of production plants; exponential rise in energy costs; a prolonged strike in paper industry production centres and other traumatic events).

And in 2023, despite the fact that standard materials are generally available again, several producers of special eco-friendly materials have stopped production, due to unavailability of raw materials and too high costs.

However, we are committed to resuming the growth trend of sustainable solutions as soon as possible and several projects are already underway with suppliers and customers.

In line with this commitment, Arca Etichette achieved **ISCC PLUS certification** in early 2023.

The ISCC PLUS scheme is a voluntary standard for circular economy certification that allows companies in the supply chain to monitor and demonstrate the sustainability of their products by checking sustainability, traceability and mass balance requirements of the entire system.



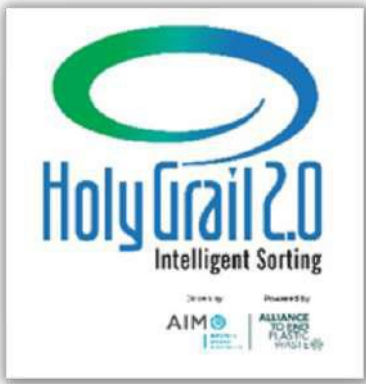
Arca Etichette guarantees the traceability of the chain of custody through the MASS BALANCE option and implements a quarterly reporting system (mass balance) for the quantities of sustainable raw material incoming, in stock, outgoing quantities and in-stock certified finished products in the period of interest.

The mass balance ensures that the circular material content entering the process is correctly balanced with the circular content in the products that are sold.

The mass balance follows standardised rules, must be updated quarterly and must be certified by a third party.

AIM Project - HolyGrail 2.0

Also in 2022-23 we are partners in the European AIM project HolyGrail 2.0, an ambitious project aimed at implementing a true circular economy revolutionising the way packaging is sorted in the waste management system.



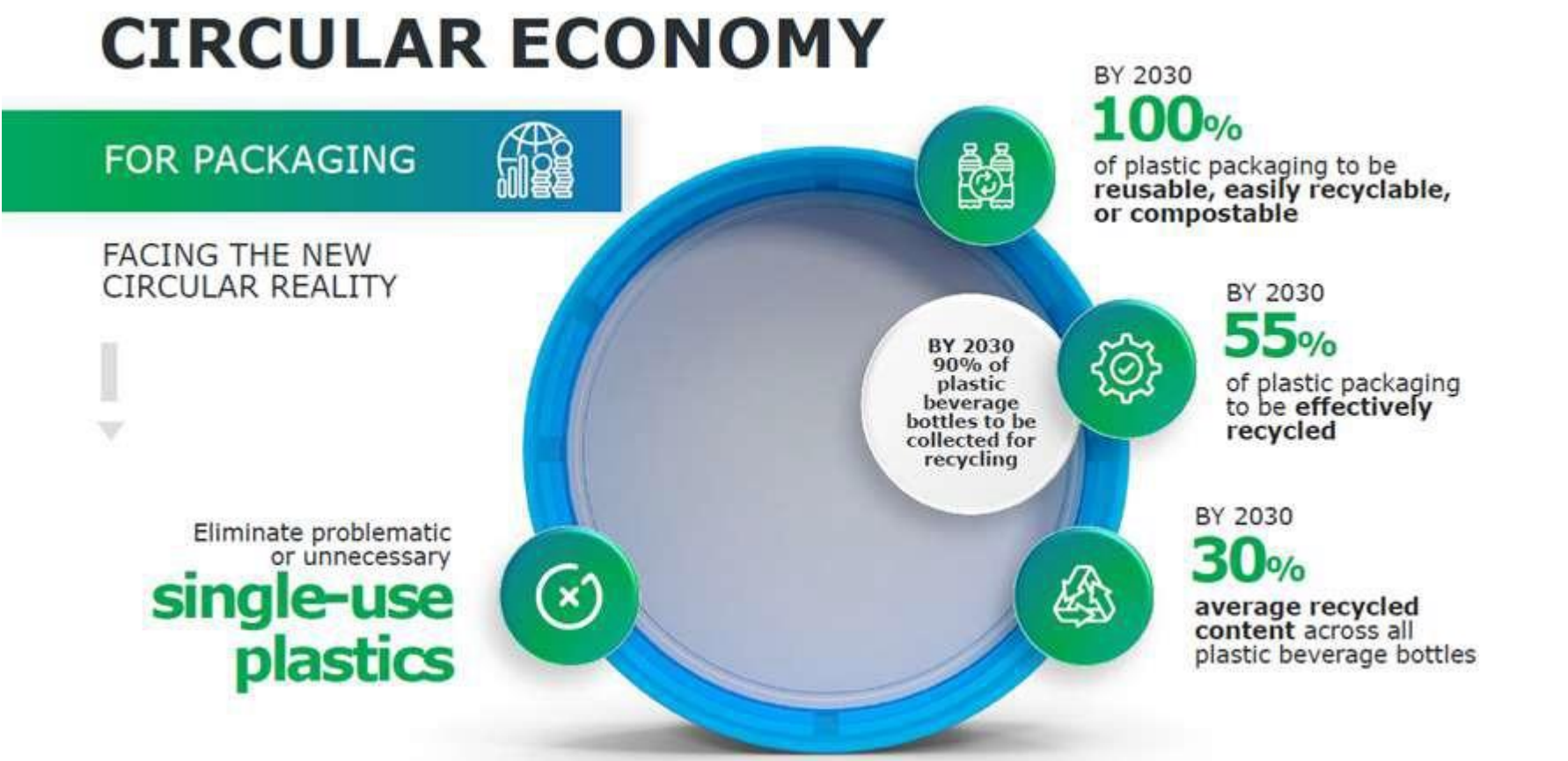
How? Using advanced technologies based on digital watermarks that allow optical readers to analyse the characteristics of each product in fractions of a second, ensuring materials are separated.

The aim is that, once the packaging enters a waste sorting plant, the digital watermark can be detected and decoded by a standard high-resolution camera on the sorting line, which then - based on the detected attributes - is able to sort the packaging into the various processing streams. This would result in more accurate sorting lines, and consequently higher quality recyclates, benefiting the entire packaging value chain. Besides the creation of this 'digital recycling passport', digital watermarks can potentially be used in other areas such as: consumer engagement, supply chain visibility and retail activities.



AIM (European Brands Association) has a membership of about 2,500 companies bringing together expertise from the entire packaging value chain, from brand owners and retailers to manufacturers, EPR programmes, waste management systems, recyclers and many others.

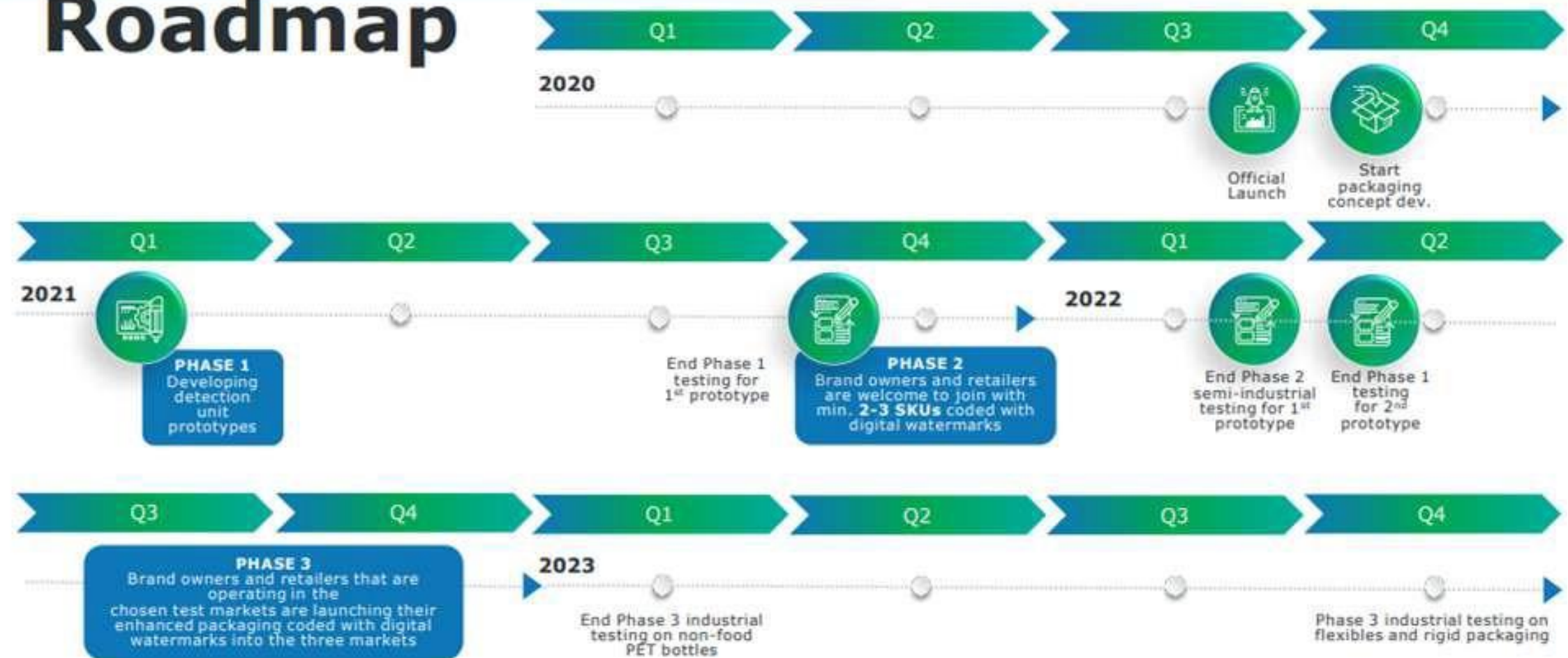
The way to progress and realise the EU objectives in terms of the circular economy is through collaboration.





For further information: <https://www.digitalwatermarks.eu/>
Video: https://www.youtube.com/watch?v=XMjg_GuLDZI

HOLYGRAIL 2.0 Roadmap



Targets for the year 2023 and Results

ENVIRONMENT

With the Impact Report of 2020, our Year Zero as a Benefit Corporation, we formalised our commitment to the Environment, Workers and Community, made in the new company statute, and set improvement targets for all three areas, starting in 2021.

For the Environment, the table below shows the targets, assessment indicators, results in 2023 and planned actions:

2023 target	KPI	Planned actions	Results 2023
Reducing Greenhouse Gas Emissions	Consolidation of 2022 energy intensity index figure (CO2scope1 + CO2scope2)/ turnover* 100	<p>Continue the gradual replacement of the company car fleet with Hybrid and/or Full Electric vehicles. (At least 50 per cent of the fleet with eco-friendly characteristics by the end of 2023).</p> <p>100% purchase of energy from renewable sources confirmed.</p>	<p>The energy intensity index increased slightly from the 2022 figure (+ 2.2%).</p> <p>Fuel consumption increased compared to 2022, due to the resumption of travel and business trips to pre-Covid levels.</p> <p>Replacement of the car fleet with an internal combustion engine continues, and by 31/12/2023, 50% of the company car fleet will consist of vehicles with an electric and/or hybrid engine.</p> <p>100% purchase of energy from renewable sources is confirmed.</p>
Reduction in electricity consumption per gross square metre of labels.	Consolidation of the 2022 figure of kwh/sq.m, assuming printing electricity to be 70 per cent of the total (from average data of several previous years).	<p>Use of UV LED lamps to replace UV Arc (Mercury) lamps for curing inks, with new investment in three converting presses in addition to the four flexo presses already equipped.</p> <p>Increase in digital productions compared to analogue.</p>	<p>Contrary to expectations and the target, we recorded an increase of 3.4% compared to 2022 - this result is nevertheless positive, as the relationship with the increased production of special products was analysed, for which LED inks and coatings are not yet available in the required quality standards.</p>
Increased digital printing also in subsidiaries	10% increase in digital productions compared to 2022.	Optimisation of production cycles and further transformation from analogue to digital.	Target achieved, digital orders accounted for 60% of total orders produced, analogue for 40%.



Targets for 2024

ENVIRONMENT

Throughout 2022 we had to deal with what has been called 'the perfect storm': a strike for more than six months at all production centres of the largest manufacturer of printing and silicone papers, critical transport issues and, last but not least, the war that started in Ukraine in February 2022.

We were engaged in an exceptional effort to ensure that the lack of labels did not result in production lines being shut down in key sectors such as pharmaceuticals and food.

The war in Ukraine and the economic impact (not to mention the far more serious social impact, which seems to have no end) has hyperbolically increased this crisis, adding to the shortages of raw materials, the unavailability of electronic components, essential for machines and equipment and, not least, the explosion of energy costs, also speculative.

Arca Etichette tackled the crisis with every organisational and economic effort necessary, and succeeded in guaranteeing the necessary continuity of supply to the most important supply chains for the welfare of the communities.

Thanks to digital printing, linerless materials and our other specificities, we were able to contain material requirements, maintain safety stock levels, and propose alternative materials, a situation that continued throughout 2023, a year in which at least there was stability not only in prices, but above all in supplies.

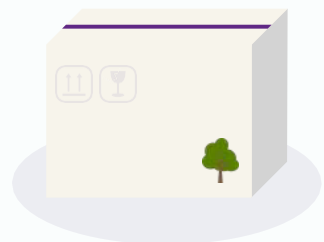
For 2024, we can therefore, despite the critical issues, still set ourselves targets for improvement.

2024 target	KPI	Planned actions
Reducing Greenhouse Gas Emissions	Consolidation of 2023 energy intensity index figure (CO2scope1 + CO2scope2)/turnover*100 SCOPE 3 Emission Monitoring.	Continue the gradual replacement of the company car fleet with Hybrid and/or Full Electric vehicles at the end of the leasing period/expiration. 100% purchase of energy from renewable sources confirmed. Monitoring SCOPE 3 emissions through consultancy companies with dedicated software, in order to set improvement targets from 2025.
Reduction in electricity consumption per gross square metre of labels	Consolidation of the 2022 figure of kwh/sq.m., assuming printing electricity to be 70 per cent of the total (from average data of several previous years).	Extending the use of UV LED lamps instead of UV Arc (Mercury) lamps for curing inks to paints and adhesives. Increase in digital productions compared to analogue.
Increased digital printing also in subsidiaries	10% increase in digital productions compared to 2023.	Optimisation of production cycles and further transformation from analogue to digital.

Our green packaging

With the aim of contributing to the protection of the environment and in compliance with Legislative Decree 116/2020, with effect from 01/01/2023 Arca Etichette Spa will make the composition and disposal information for supplied products and their packaging materials available to its customers. For products supplied by the Labels Division, composition and disposal information can be accessed by scanning a dynamic QR-code on the packaging labels that links to the page <https://www.arcaetichette.it/etichettatura-ambientale-imballaggi/>, while for products supplied by the Systems Division the same information is available in the disposal section of the installation and user manuals.

A project to reduce the ecological impact of packaging materials



We have long used FSC® cardboard boxes.

FSC® BOXES



From polyurethane bags with cushioning adapted to the contents, we now use fillers made from PE-only film (partly from recycled material) cut to size and inflating into bubbles.

PARTLY RECYCLED PE FILLERS



Made of recycled polyethylene.

RECYCLED PE STRETCH FILM



Replacing the classic polyester tape, from 2021 we will be sealing boxes carefully using compostable PLA (poly-lactic acid) tape, which has a lower disposal impact and lower production LCA.

COMPOSTABLE PLA TAPE

B Corps united by actions of interdependence

An important partnership between Arca Etichette and PALM Greenpallet has recently been established in the field of green packaging materials.

Thanks to its collaboration with PALM, Arca has decided to introduce an innovative solution for the handling of goods to its customers: the Greenpallet.

It is an eco-friendly designed pallet made of PEFC and FSC-certified wood, managed under the strict criteria of legality, sustainability and traceability from the forest.

The pallet for Arca Etichette has been completely customised with a Systemic Design approach, trying to best meet the same handling needs, while reducing the environmental impact. The new Greenpallet is therefore lighter, cheaper and more sustainable than the 'standard' Epal pallet, making it safer and more integrated with its distribution.

The eco-friendly design system started with a needs analysis, before identifying the critical sections to be taken into account, such as the specific load-bearing sections of the pallet to be strengthened to avoid bending at the top. Therefore, not only has the logistics system been improved, but also the amount of packaging, often overused due to a lack of proper design, has been reduced.



Arca has therefore decided to introduce the Greenpallet as the new standard for all supplies, starting in March 2023, to replace the classic pallets (EPAL and non-EPAL), in order to create a truly ethical supply chain for a future with an ever lower environmental impact.

Partnership for the environment





CERTIFICATE 2024



Arca Etichette S.p.A



261
Planted Trees



-32
Tons of CO2

www.treedom.net



Tree planting

The Arca Group has already planted 201 trees on the occasion of World Environment Day 2021. In 2023, it added another 60 trees to its forest, which were given as gifts to customers who filled out the Customer Satisfaction Questionnaire 2023.

To date, our forest has 261 trees, contributing to environmental protection with the following aims: reducing CO2, reforestation, preserving biodiversity, and benefiting entire communities.

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Certification n. 65.502.651
Valid until 7th January 2025
Issued on 8th January 2024



supports the Bee my Future project by protecting 500 bees, from 1st December 2023 to 30th November 2024.



“ Bees don’t just make honey.
Our future also depends on them. ”

In collaboration with



Bee My Future Project

We have renewed our membership in the Bee My Future project again for 2023.

The aim of this project is to support the keeping of 14 beehives through the work of an expert beekeeper, carefully selected by APAM, the Beekeepers’ Association of the Province of Milan. In practical terms, Arca engaged in the 'adoption' of an entire beehive. Tens of thousands of our bees are now kept in an urban setting within the province of Milan, following the guiding principles of organic farming. Along with the swarm of bees, our sponsorship also provides the beekeeper with all the necessary equipment to operate safely and efficiently, ensuring the well-being and prosperity of our industrious friends.

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Actions 2023

PEOPLE/WORKERS

- In 2023, we published a completely anonymous 'Employee Satisfaction' questionnaire internally, with management outsourced, to collect data and suggestions. Out of a total of 146 employees, more than 80 per cent of the evaluations were of good/high satisfaction; above all, there were requests for improvement to which we are committed, continuing the path we have been following for some years.
- Better balance between professional and personal life, with impact on working hours:

→ Entry and exit **flexibility** for daytime staff implemented.

→ **Hybrid Working - Remote Working**: in 2022, in agreement with workers and their trade union representatives, a large group of daytime staff was offered, and organised with company hardware and software, the possibility of taking one day per month of remote working from January 2023, regardless of the reasons. This request emerged from the satisfaction questionnaire completed by employees in 2021.

Remote working was appreciated by our employees as indicated in the 2023 satisfaction questionnaire. Thus, as of 2024, the number of remote working days that workers can use will increase from 1 to 2 days per month.
- Environmental wellbeing and health:

→ In 2020, we implemented an **insurance policy** for health complications from Covid, again for all employees, also renewed for 2021, 2022 and 2023.

→ All employees were offered free **flu vaccines** and most of them took advantage of it.

→ Incentives for **anti-smoking treatments**, with 100% of the costs borne by the company, offered to all employees who wish to take advantage of them.

→ Health and Safety OHSAS 18001/ ISO 45001 Certification renewal.
- Reassurance on continuity of relationship and income:

→ All employees were paid a **performance bonus** in May 2023, in accordance with the second-level bargaining agreed with the trade unions, well in excess of AT LEAST one average monthly salary.

→ Personalised **economic support** for employees with difficulties, both their own and their families.
- Personal and professional development:

→ **Priority to employees** in the event of new roles or opportunities.

→ Personal **training courses** suggested by employees, for which Arca Etichette contributes up to 50% of the costs.

Targets for the year 2023 and results

PEOPLE

Goal	KPI	Actions planned and implemented	Results
Assessing worker satisfaction	Over 70%.	Questionnaire	Target achieved: over 80% satisfaction.
Increase flexibility of working hours	Apply to at least 70% of non-production personnel.	Flexible hours for office staff. Remote working (even when not obliged, Covid emergency over).	Operational from February 2022. Operational from April 2022, for some categories. Extended to all potentially interested workers from 1 January 2023, one day per month.
Professional/ personal development for employees	Involve at least 4 employees in personal/professional development projects (e.g. language courses).	Budget for contribution of at least 50% of course fees.	Contribution to management training courses offered to two applicant employees. Only one of the two later confirmed participation in the courses and received reimbursement.

2024 targets

PEOPLE

2024 target	KPI	Planned actions
Increase flexibility of working hours	Apply to at least 70% of non-production personnel.	Flexible hours for office staff. Remote work 2 days per month.
Professional/personal and employee development	Involve at least 4 employees in personal/professional development projects (e.g. language courses).	Budget for contribution of at least 50% of course fees.
Nutrition education and distribution of healthy food	Involve 50% of the employees.	Partnership with Foorban for the distribution of healthy and balanced meals to employees.
Promoting a healthy lifestyle	Involve 80% of the employees.	Corporate wellness project to raise awareness of mental wellbeing among employees, encourage physical wellbeing within the company, promote healthy lifestyles.
Stakeholder engagement	Involve 80% of the employees.	Planning of 2 internal communication plenary events where results on the company's progress and main initiatives are shared.
Sustainability awareness	Involve 80% of the employees.	Planning of 2 awareness-raising meetings on the circular economy and environmental and social sustainability and the company's main initiatives.

Healthy and balanced nutrition

FOORBAN

As of 2024, we have implemented a partnership with Foorban to promote nutrition education and the consumption of healthy food during the lunch break.

The menus offered are developed by a team of chefs and nutritionists, who create a different menu every week, combining nutritional values, freshness, quality, seasonality and taste, paying attention to users' preferences.

All packaging is 100% recyclable. Through our partnership with Foorban, we contribute to combating food waste through careful menu planning and collaboration with Too Good To Go and Banco Alimentare to recover surplus food.





FISH



VEGETARIAN



MEAT



VEGAN

OUR DISHES ARE ALSO:



GLUTEN FREE



LACTOSE FREE



COMMUNITY, CUSTOMERS, SUPPLIERS

In 2023, we took part in the 'Un aiuto per l'Emilia-Romagna' (Help for Emilia-Romagna) campaign, a fundraising campaign to support people and communities in Emilia-Romagna affected by floods or landslides resulting from the extreme weather events that occurred in May 2023. Employees joined in and made a voluntary donation, at the suggestion of Assolombarda, to help this population at such a difficult time.



As in 2021 and 2022, in 2023 we also made a significant donation to the ABIO Foundation for Children in Hospitals (www.abio.org), at its headquarters in Magenta (Milan), thus focusing on the needs of the local community. Our donations are a contribution to projects for the care of children and their families in the paediatrics department of Magenta. A contribution that is close to our hearts, in the hope that it will bring a smile to these children.



As in 2022, again in 2023 we made a donation to L'ORO Onlus in Marcallo, an association of parents of young people with disabilities, initially established as a group of a few mothers who formed a mutual aid group. 'L'Oro Onlus' was then founded on 8 May 2009 by 13 families, with the intention of mutual support, but above all to help other families and people facing the world of disability. The association dedicates numerous projects to improving the quality of life of disabled people with recreational, educational and rehabilitative interventions. Disability is not a limit, it is a new beginning: <https://loroonlus.wixsite.com/marcalloconcasone>.



Arca Etichette decided to respond concretely to Mongolfiera's "Sostieni una famiglia in +" (Support one more family). This association was founded in 2011 from the need of families living at home with a disability. We provide a contribution towards part of the care or equipment costs that families have to face. Our donation will be used to support the Bando Agostino, a tool the Association has created to award financial contributions to the families it assists. Our gesture, therefore, is a concrete help to the activities that the Association has set itself in the Lombardy Region.



As of 2022, Arca Etichette has chosen to support FAI - Fondo per l'Ambiente Italiano through membership and annual renewal of the corporate membership programme, Corporate Golden Donor. Together with FAI we want to implement a major protection project that is also an ambitious cultural challenge: to make Italy a better place to live, work and raise our children. The landscape and cultural heritage, which FAI safeguards and promotes, is in fact a unique asset in the world and a fundamental resource in which to invest in order to revive, develop and enhance our wonderful country. Thanks to the support of its many members, both private citizens and companies, FAI has been protecting and managing 70 properties throughout the country for almost 50 years.

With FAI, we want a more protected and more beautiful Italy.



In 2023, to raise awareness among young middle school students in Marcallo (Milan), Arca Etichette produced a communication on certification. B Corp was shared in an educational booklet that deals with various topics of great social and environmental impact. A simple and accurate tool, readily available, dealing with many issues that, with a better knowledge of their risks, signs and possible resolutions, can appear less frightening.





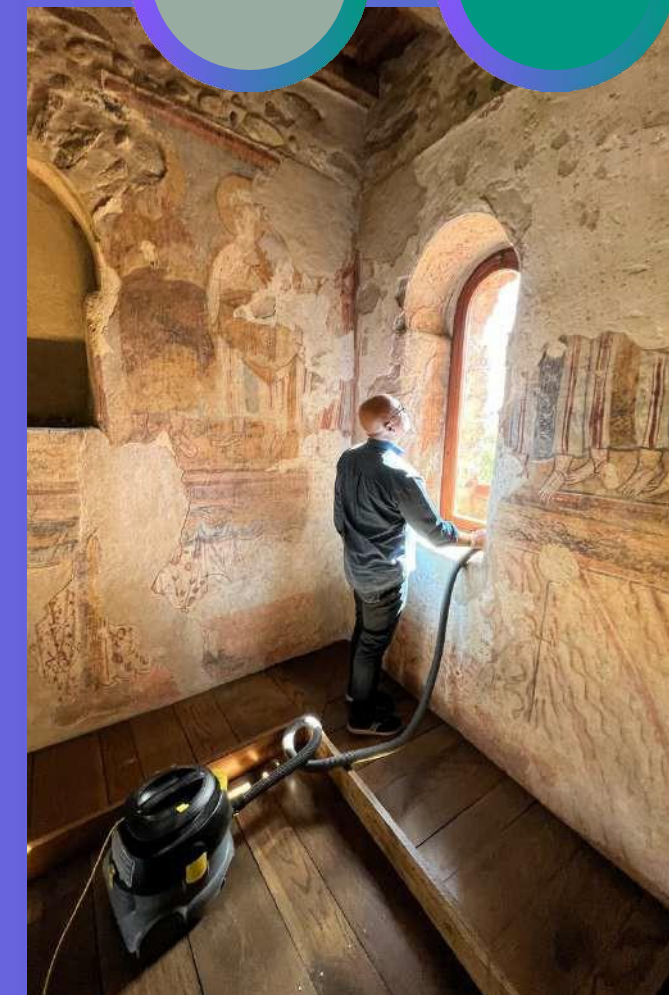
FAI Team Building

In September 2023, Arca's Team Building took place amidst culture, nature and great cooperation at the Monastery of Torba (Varese), the first FAI property and today also a UNESCO World Heritage Site.

The day consisted of maintenance activities at the monastery and archaeological park, as well as a beautiful guided tour to discover the Olona Valley.

It was inspiring to take care of a medieval site whose history we immediately learned about thanks to the FAI guide who led us around every fascinating part.

Arca raised its people's awareness of ESG through a moment of togetherness in a magnificent setting that it protects and supports annually as a FAI Golden Donor.



Customers

Background: we work by order in B2B and handle about 7-8,000 orders per year, for 300 active customers, across the Labels and Systems Divisions. Optimisation of scheduling is essential for profitability.

Nevertheless, since 2020, as the Covid crisis unfolded and continued, which also led to prolonged production shutdowns of several of our customers, we 'revolutionised' our approach, moving from cost efficiency to service efficiency:

- Review and flexibility of order scheduling.
- Making our warehouses available for the storage of already produced quantities, with re-planning of deliveries.
- Elasticity in payment methods.
- At least weekly information on business continuity.
- Participation in community support actions.

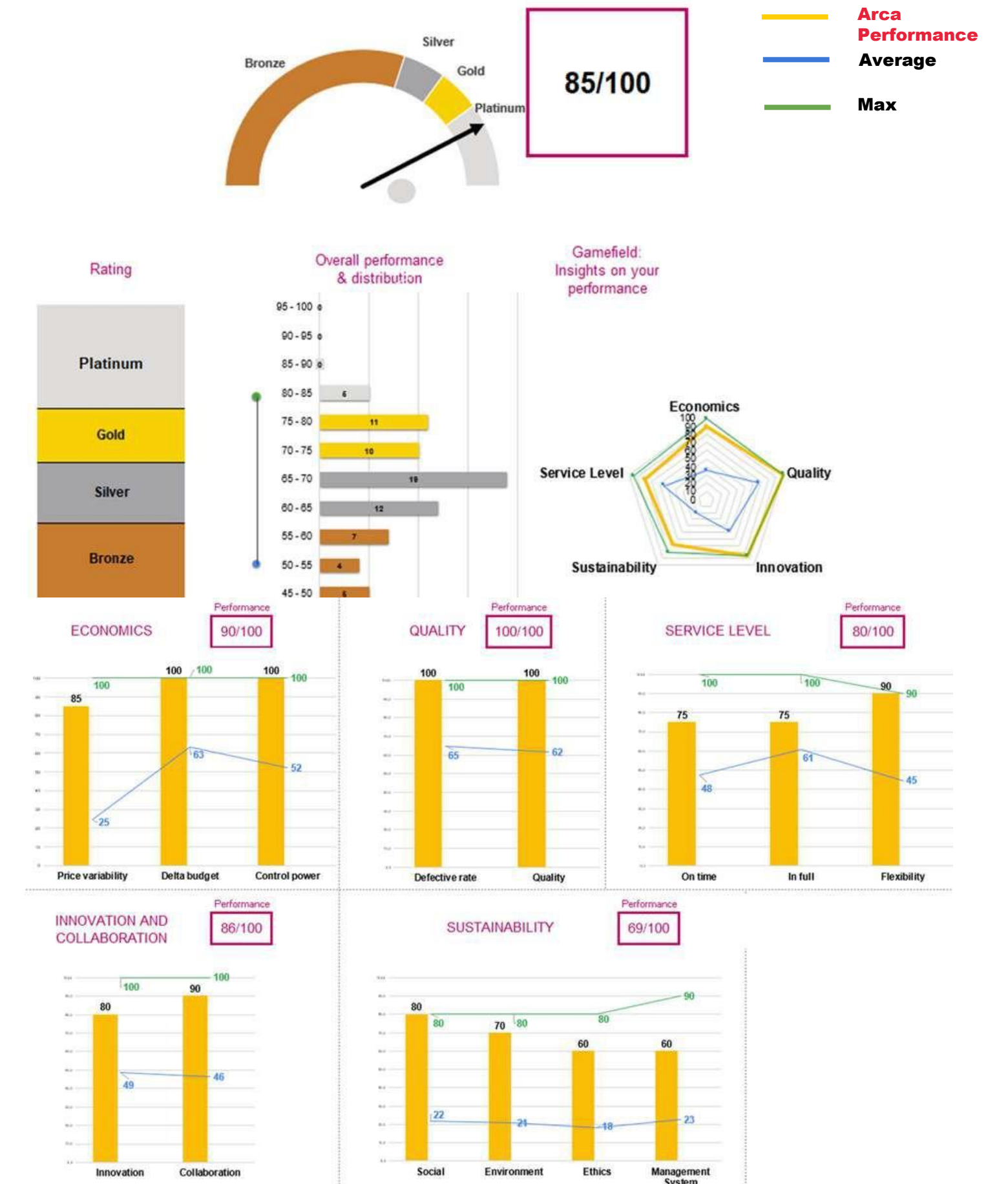
A new co-evolution paradigm

As a Benefit Corporation, Arca Etichette has as its aim, in addition to profit, the generation of shared economic and social value, under the banner of responsibility and transparency. We use business as a positive force for the creation of value for the community and the biosphere. To achieve this, we are committed to making our supply chain increasingly eco-friendly, from suppliers to customers, to pursue the same ethics.

Together with **Chiesi Farmaceutici**, an international biopharmaceutical group, we are working in precisely this direction. In 2023, Chiesi, a certified B Corp Benefit Corporation and long-standing customer of Arca, implemented an internal supply chain assessment process, **"Value Chain Evolution"**, based on certain drivers: *Economics, Quality, Innovation, Service Level, Sustainability*.

This in-depth analysis gave us a score of 85/100, achieving the highest level of **Platinum**. Specifically, Arca Etichette achieved high performance in the area of Economics with a score of 90/100 and 100/100 in that of Quality, continuing with scores of 80/100 in the Service Level, 86/100 in Innovation and Collaboration and 69/100 in the area of Sustainability.

We are pleased with the important results of such a long-standing partnership and are already focused on the **improvement plans, including the reduction of our carbon footprint, that may emerge from this activity in our company.**



Customer satisfaction questionnaire

Arca Etichette focuses on improving its performance



27 surveys received:
22 Labels div.
5 Systems div.

Customers of
less than one year 3.70%
between 2 and 5 years 29.63%
more than 5 years 66.67%



Product satisfaction

from 1 to 5, the level of satisfaction with the product is 4.5



Do customers know that we are a Benefit Corporation and B Corp?

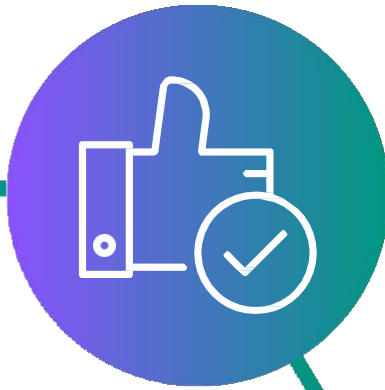
Yes 40.74%
No 55.56%
Other 3.70%

33.33% want to be better informed about it



Customers are also committed to sustainability

70.37% of the companies surveyed confirmed that they had embarked on a sustainability path similar to that of Arca Etichette



General satisfaction

In addition to being largely satisfied with Arca's personnel, customers are highly satisfied with the partnership. In fact, from 1 to 5 the degree of satisfaction is 4.5



Suppliers

All Arca Group companies are committed to working with mainly local suppliers with the same green ethics to ensure sustainable production processes within their organisation and also pursue them within their own procurement chain.

New suppliers of materials and services can be added to the list of approved suppliers after a positive evaluation through questionnaires concerning environmental and social sustainability criteria.

Up to every two years, approved suppliers are to be re-evaluated through the submission and positive evaluation of questionnaires on environmental and social sustainability criteria.

Targets 2024 SUPPLIERS

2024 target	KPI	Planned actions
Supplier engagement	<ul style="list-style-type: none">- 30% of suppliers in 2024- 50% of suppliers in 2025- 75% of suppliers in 2026	Include clauses in commercial contracts with SUPPLIERS concerning labour practices and human rights, health and safety measures, environmental biodiversity, etc., not directly related to the subject matter of the contract, with the aim of defining expectations on sustainability and actions to be implemented in the event of non-compliance with these clauses.
	Involve at least 80% of suppliers	Involving suppliers in sharing our code of ethics (or having their own).

Targets for the year 2023 and results COMMUNITY

We support and promote projects for the community, spreading the culture of sustainability in the area in which we operate, activating synergetic collaborations with local stakeholders, guided by reciprocity of intent, transparency of aims and methods, as well as through the care and preservation of values, culture, processes and good practices.

2023 target	KPI	Planned actions	Results
Donations to organisations.	+ 20% compared to 2022.	Evaluation of entities in agreement with workers and definition of donations, in accordance with the Code of Ethics.	Target +20% exceeded.
Actions in favour of the local community.	Participation in/ Promotion of local municipalities' socio-economic initiatives.	Work in Process project of the Magentino municipalities.	One operator participated in Arca in the programme and was subsequently hired.

For 2024, we aim to consolidate and improve on the above targets with new initiatives.



External impact assessment standard

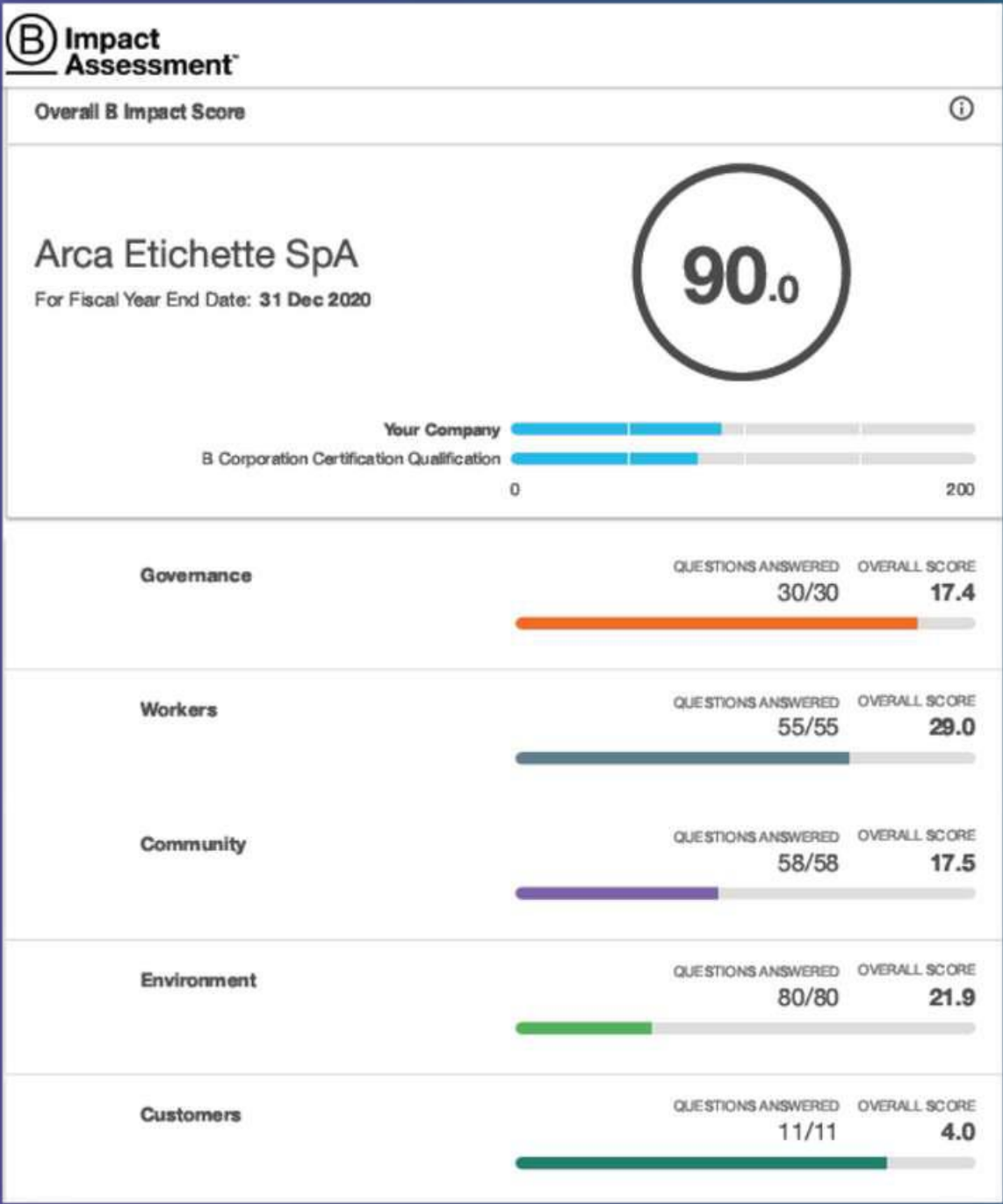
At <https://www.societabenefit.net/obblighi-di-reportistica/> we specify: to meet the transparency requirements of the legislation, Benefit Corporations are required to prepare an Annual Impact Report to be attached to the financial statements and published on the company website.

Reporting requirements in Italy

To be properly drafted, the Impact Report must include:

- a description of the specific targets, methods and actions implemented by the directors in pursuit of the goals of common benefit and any circumstances that prevented or slowed it down;
- the assessment of the generated impact using the external assessment standard with characteristics described in Annex 4 of the law and including the assessment areas identified in Annex 5 (corporate governance, employees, other stakeholders, environment)*;
- a section describing the new targets that the company intends to pursue in the next financial year.

*As a reference for the Impact Report, the law adopted the architecture of the B Impact Assessment (BIA) developed since 2006 by B Lab specifically for Benefit Corporations to measure their impacts. However, other standards, provided they meet the requirements of fairness, transparency and completeness, may be used. The law on Benefit Corporations specifies reporting obligations in paragraphs 383 and 384. Transparency requirements serve not only to inform the public about the overall social and environmental impacts of the Benefit Corporation, but also to inform directors and impact managers so that they are better able to exercise their role, and shareholders so that they can exercise their rights. The correct preparation and publication of the Impact Report becomes a fundamental tool for Benefit Corporations to fulfil their transparency obligations with respect to the creation of common benefit, both general and specific. Benefit Corporations are subject to the provisions on misleading advertising and to control by the Italian Competition Authority.



Arca Etichette SpA, a Benefit Corporation since 8 April 2021, has decided to use the external BIA standard by B Lab.

In August 2022, the Arca Group (Arca Etichette SpA, together with its two subsidiaries Arca Sleeves srl and Etifix srl) achieved B Corp certification by B Lab.

Arca Etichette is a B Corp!

We are officially part of the B Corp community as a certified company, using our business as a positive force. This means that people, the planet and our ethical values are on a par with profit; that workers, customers, suppliers, the community and the environment are equally important in our decision-making process.

Please refer to the following link for more information:

<https://www.bcorporation.net/en-us/find-a-b-corp/company/arca-etichette-sp-a>

We achieved an overall score of 90 in the five assessment areas of B Lab's BIA. The certification was requested from B Lab on 9 April 2021, based on data and documentation from the fiscal year 2020. The verification process was time-consuming, mainly due to the availability of resources on the part of B Lab, and was nevertheless concluded with certification in August 2022, valid for three years.





Conclusions

In 2021 we became a Benefit Corporation and the Impact Report formalises our strengthened commitment to all stakeholders involved with Arca Etichette.

In 2022 we achieved B Corp certification, which is an achievement, but above all a new beginning!

In 2023, our path of continuous improvement was marked by important actions and achievements which we have reported here, and there is still a long way to go, to be travelled together with determination and conviction.

Each year we will publicly report on the improvements achieved, but also on the inevitable difficulties in achieving the goals, while also setting out a plan for their achievement.

Through the BIA (Benefit Impact Assessment), the B Corp certification and the EcoVadis score report, we measure the impacts generated by our activities and set annual targets for improvement.

We publish this report and trust that it will serve as a stimulus for all those who view it, to engage with us, in a relationship of interdependence for a path of sustainable improvement.

This Impact Report of ours is addressed to all our stakeholders and we hope that it will inspire other companies, in whatever economic activity, to move in the same direction.

Roberto Sala - Sustainability Manager

Arca Etichette SpA

Via Edison 119

20010 Marcallo con Casone - Italy



Arca

Arca Etichette SpA
Benefit Corporation

Via Edison, 119
20010 Marcallo (Milan)
Italy