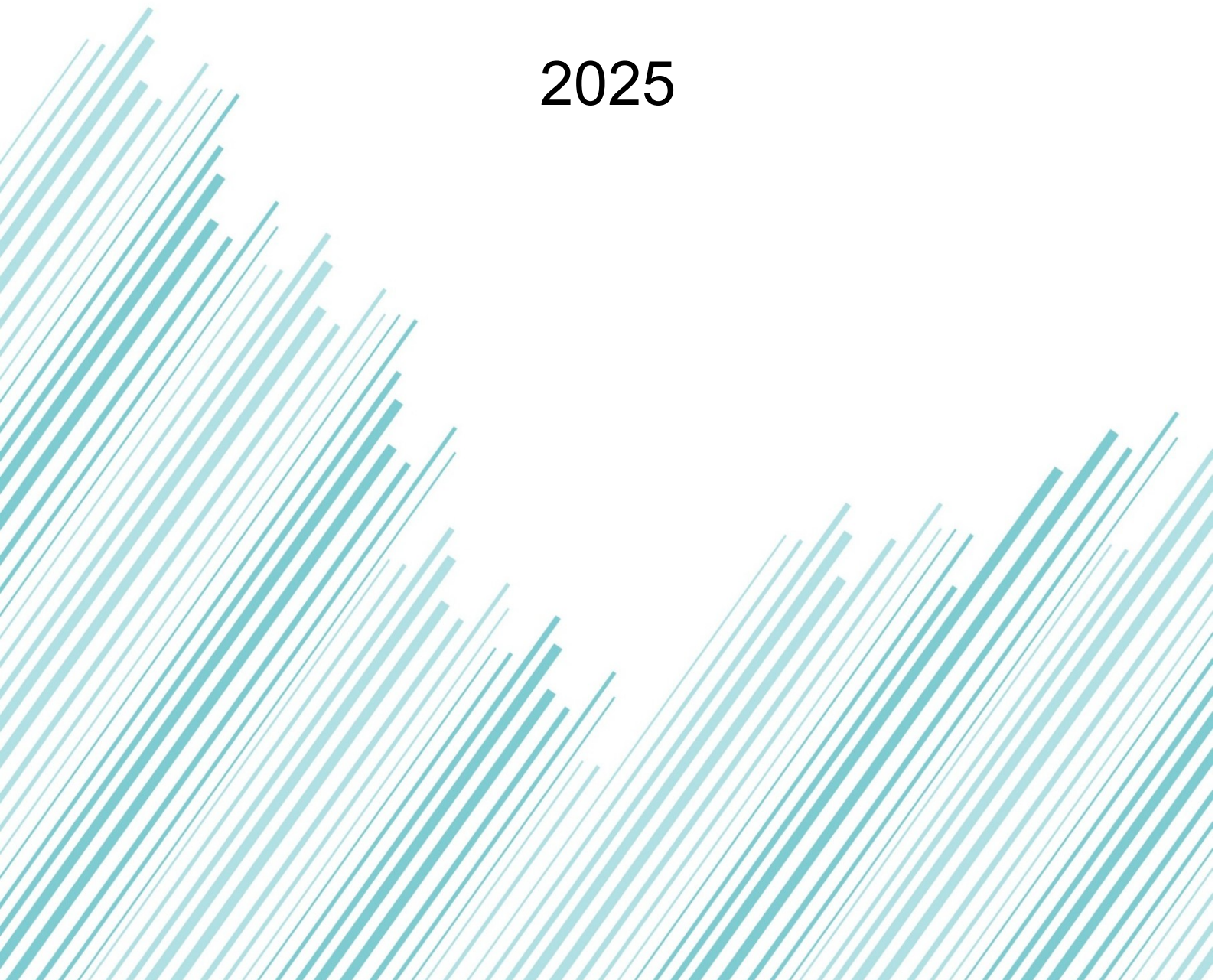




Penn Textile Solution
SUSTAINABILITY REPORT
2025





ESG - Environmental, Social & Governance



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INTRODUCTION

This report was prepared to illustrate Penn Textile Solution's commitment to environmental, social, and governance issues.

ESG (environmental, social, governance) criteria are indicators consistent with the GRI standards that provide an assessment of how a company acts with respect to the following issues:



Environment: respecting the surrounding environment and working actively to reduce the environmental impact of its activities;



Society: its relationship with local communities, employees, suppliers, clients, and all interested parties tied to company activities;



Company management: inspired by the ethical principles of business continuity and governance, guaranteeing the utmost transparency in company decisions and choices.

The emergence of ESG logics has been echoed by the publication of the UN 2030 Agenda for Sustainable Development, which through its 17 Sustainable Development Goals has inspired the strategies and ways in which sustainability is being realized in states and organizations, and by the European Dual Materiality Financial Statements Regulations (NFD).



SUSTAINABLE DEVELOPMENT GOALS



ESG indicators are important because they make environmental, social, and governance activities, which have long guided company operations at Penn Textile Solution, objective, measurable, and comparable using indispensable verifications.



The content of the present report is aimed at all interested parties and is presented as the successful completion of an ‘awareness-raising path’ that has led the company to better understand the role it plays with respect to the environment and society.



The structure of the report includes an introduction presenting the company activities, followed by sections dedicated to each of the three main areas of interest in the ESG report.

The statement refers to the year 2024.



Penn Textile Solution, has a total of 110 employees.

The number of employees in the three-year period is as follows:

Employees	n.	2024
		110

Penn Textile Solutions is an international company that produces and develops innovative fabrics to meet customer needs.

The image below shows the area where the organization is located.



At the entrance to the site in Germany there is yarn to manufacture the fabrics.

Yarns provided	tons	2024
		655,36

In the 2024 period, the following production volumes were reported:

Fabric product	m	2024
		1.420.475

The earnings reported in 2024 are:

Earnings	€	2024
		17.110.577



ENVIRONMENTAL REPORTING

Penn Textile Solution is strongly dedicated to environmental protection regarding both the impacts that its activities may have on the surrounding territory and with a broader view to environmental protection on a global level, the fight against climate change, and preventing impacts.

The company considers the full impacts of its activities, adopting a life cycle perspective, which means it is not limited to solely assessing the impacts tied to its production activities; it also goes beyond, considering the entire supply chain and the environmental impact of its products, including product end of life.

As proof of the concrete commitment to the environment throughout its supply chain, the company has defined criteria to qualify its suppliers. The organization relies on a total of 65 suppliers, of whom 100% are qualified with environmental criteria, while 100% guarantee full traceability along the supply chain.

To guarantee careful management of the aspects and continuously reduce the impacts, Penn Textile Solution has identified appropriate indicators and introduced actions to monitor and control its performance.

The environmental aspects considered and the related indicators are illustrated below in the dedicated sections.



ENERGY

Energy is fundamental for Penn Textile Solution's activities, and fuels and combustibles are monitored periodically using appropriate indicators. The table below summarizes the main energy sources and their related consumption.

Energy	u.m.	2024
Electrical energy consumed	kWh	3.261.228
% Renewable energy consumed from grid	%	100%
Natural gas	Smc	1.382.066
Energy from self-produced renewable sources	kWh	2.925.514

Fuel consumption related to transport, that is, for company vehicles, is also monitored. Details of this consumption are shown below.

Fuel	u.m.	2024
Petrol	Smc	1,1
Diesel	Smc	0,8

Atmospheric emissions in tonnes of CO₂ equivalent have been calculated for all the combustibles and fuels listed above, as well as for electricity consumption. For details, see the next section.



ATMOSPHERIC EMISSIONS AND REFRIGERANTS

Penn Textile Solution is committed to reducing greenhouse gas emissions, that is, the gases that cause global warming. In line with the 2015 Paris Agreement, which calls for maintaining a long-term increase in the average global temperature well below 2°C, the company has calculated the amounts of CO₂ equivalent emitted in its production processes in terms of energy consumption, transport, and refrigerants emitted into the atmosphere, and has implemented actions for their reduction.

The table below shows the details of atmospheric emissions at the company:

Emission source	u.m.	2024
Transport of raw materials	tonnes CO ₂ eq	554,79
Methane consumption	tonnes CO ₂ eq	2.790
Combustion	tonnes CO ₂ eq	4,85
Waste transport	tonnes CO ₂ eq	2,34
Transport for product delivery	kg	541,34
Total emissions	tonnes CO ₂ eq	3.893,71

Overall in the 2024, the company has emitted 3.893,71 tonnes of CO₂ equivalent in the use of electricity, combustibles, and fuels. Penn Textile Solution has introduced the best technical and systems solutions to reduce the pollution it emits into the atmosphere and to obtain the appropriate environmental authorizations.



WATER

Penn Textile Solution knows that water is a precious resource, which is why it is dedicated to reducing water consumption and preventing water pollution. The company uses water in its production process and for domestic uses. The supply sources and volumes are summarized below:

Water supply source	u.m.	2024
Production process	mc	74.927
Domestic use	mc	1.517

Overall in 2024 76.444 mc of water was supplied.

The company conducts periodic analysis of its wastewater to check whether it complies qualitatively with environmental regulations and the best standards.



WASTE

Company activities lead to the production of special waste.

Penn Textile Solution is aware that waste is a resource to utilize, which is why, with a view to the circular economy, it prefers to recover and reuse scraps as much as possible. As evidence of this, in 2024 the 29% of waste was sent for recovery operations.

When it is not technically possible to recycle the material, the company sends the waste for energy recovery to generate electricity and heat. Only when there are no alternatives is the waste sent to for other disposal operations.

A dedicated area is present at the site to temporarily store waste. This is managed in compliance with current regulations, introducing all solutions to prevent potential environmental damage such as accidental spills.

The amount of waste produced is constantly monitored. The monitoring results in the last three-year period are shown below.

Waste produced	u.m.	2024
Hazardus waste disposed	kg	92.770
Non-hazardous waste disposed	kg	88.010
Total waste disposed	kg	180.780
Waste to recovery	kg	74.550
Waste to disposal	kg	180.780

PRODUCT PACKAGING

The German site packs the finished products on the cardboard rolls, wrapped in plastic films and positioned on pallets.

The quantities of the packaging materials produced are constantly monitored; monitoring for the year 2024 is shown below:

Packaging materials	u.m.	2024
Paper, kartons	kg	30.119
Foil and adhesive tape	kg	10.542
Wood pallets	kg	7.780



CHEMICAL SUBSTANCES

The production process in the German plant requires the use of chemicals for finishing and dyes for dyeing. Penn Textile Solution monitors the amounts of chemicals used and is committed to adopting the best strategies for reducing the use of substances that may cause a health or environmental hazard.

The following quantities of chemicals were used in 2024:

Chemicals	u.m.	2024
Dyestuff	kg	15.995
Other chemicals	kg	296.055
Total chemicals	kg	321.050

For the Organization, it is also essential that the products used comply with the best reference standards defined at international level.

When chemical products are handled in the company, all useful actions are introduced to prevent any spillage of substances that may cause a danger to health or the environment. In the year 2024 no spill occurred.



ENVIRONMENTAL SURVEILLANCE

Over the three-year period, environmental protection audits were performed. The details are shown below.

Audits performed	n	2024
		6

Specifically, one audit every quarter of the year for water and two audits that include environmental topics.



SOCIAL REPORTING

For Penn Textile Solution, people are the most important value. For this reason, the company is committed to the protection of its employees, to the constant guarantee of respect for the rights and well-being of workers and adequate working conditions throughout the production chain.

The company's operations are based on a Code of Ethics, i.e. a document that lists the principles of conduct and the ethical and social rules to which all company representatives must comply. The document also defines the ethical and social responsibilities of the company and the values it promotes.

The last revision of the Code of Ethics was carried out in 2024-11-30

As a demonstration of its commitment to social issues throughout the supply chain, the company has defined criteria for the qualification of its suppliers.

Penn Textile Solution has an Independent Supervisory Body and an Organizational Model for the prevention of crimes.

The Supervisory Body has the task of constantly verifying compliance with the Organizational Model by all recipients, its effectiveness in preventing any crimes and its updating in the event of changes.

Penn Textile Solution's attention to social issues is not limited to company boundaries alone but promoted throughout the production chain. The company carries out a qualification of its suppliers that also considers social management criteria.

The table below shows some data that best represent the composition of company personnel and employee turnover in the 2024 period.

Company population		2024
Number of employees	n.	110
Hours worked	h	40
Managers	n.	8
Total number of employees	n.	110
Factory workers	n.	81
New hires (including trainees)	n.	13
Staff departures (including pensions and trainees)	n.	23

The percentage of female workers is the following.

Women/total employees	%	2022
		30,9

The percentages of women in managerial positions are the following.

		2024
Women managers/total managers	%	25

The youngest employee at the company is 17 years old. In general, the average age of company personnel is 49 years. In 2024, 5 apprenticeship contracts began.

The table below shows the composition of personnel by age.

Employees in each age range		2024
16-18 years	n.	1
19-35 years	n.	27
36-55 years	n.	46
More than 55 years	n.	36

Penn Textile Solution is very aware of equal opportunity issues and offers all employees the same work possibilities, removing any sort of obstacles that may limit their personal development. The company is aware that differences may constitute an important resource, helping to achieve company objectives.



TRAINING

Penn Textile Solution knows that training means investing in people to increase the skills not only of each employee, but also of the working group.

In recent years, numerous training events have been held on different topics and at different levels. Last year, 4 hours of training were held, for an average of 0,04 hours per employee. The details of training activities organized by the company in the statement period are shown below.

Hours of training		2024
Employees	n.	110
Mandatory	h	2
Mandatory training/Total	h	50
Health and safety	h	300
Managers (Directors and People in charge) Health and safety	h	2
Specific health and safety risks	h	2
Social aspects and company well-being	h	1

The hours of training held per coworker are the following.

		2024
Total hours of training/No. of company employees	h	0,03



WORKING at Penn Textile Solution

In Penn Textile Solution knows that a positive working environment is essential for reaching the established goals, and also for increasing personal involvement and motivation. Positive, long-lasting relationships also help to maintain company know-how in the long term.

All company employees are guaranteed the freedom to associate and to exercise their collective contract rights.

For Penn Textile Solution, diversity is a resource, which is why it is committed to creating an inclusive working environment that allows each person to express his or her potential. The company therefore also has indicators for diversity and inclusion, which are illustrated below.

Diversity and inclusion	u.m.	2024
Workers from a foreign country or holding foreign citizenship	n.	6
Workers with protected characteristics	n.	1

The possibility of balancing work and private life is also an aspect on which Penn Textile Solution places particular emphasis. The company monitors working hours and calculates overtime. It also periodically verifies the consistency of salaries and contracts.

The table below provides details about the hours worked in the statement period.

Hours worked		2024
Ordinary hours worked	h	40
Overtime	h	0
Union rep. hours of activity	h	90



HEALTH AND SAFETY

For Penn Textile Solution, adequately protecting health and safety in the workplace is an essential aspect of conducting company activities. To this end, all prevention and protection measures that minimize the risks connected to work activities have been adopted.

A Risk Prevention and Protection Service Manager has been nominated in the company (last nominated on 24-12-31). This person is charged with identifying, assessing, and managing health and safety risks in the workplace and coordinating the Risk Prevention and Protection Service.

The culture of occupational safety is shared on all company levels through dedicated training events and by nominating Worker Safety Representatives, whose task is to represent workers concerning aspects of occupational health and safety. Fire and First Aid Teams have been nominated and are subject to periodic updates to verify the necessary skills (last First Aid Team update held on 2024-07-24 non inserita; last Fire Team update held on 2024-07-02).

Evidence of the effectiveness of actions introduced to protect occupational health and safety is given by the number of accidents recorded. In this case as well, monitoring is essential for allowing the company to assess the situation and implement actions for improvement.

		2024
Total injuries	n.	6
Serious injuries (> 40 days)	n.	0
Lost time due to injuries	days	0



ESG - Environmental, Social & Governance





SOCIAL MONITORING

In the three-year period, ethical/social protection audits were conducted. The details are shown below.

Annual ethical/social audits	n.	2024
		3



GOVERNANCE

When speaking about governance, reference is made to the company's decision-making structure, and the means and tools used to reach the objectives are identified.

For Penn Textile Solution, governance means defining the process management structure, company objectives, and methods to reach them, as well as creating a set of rules and tools to monitor the state of progress.

The fundamental principles that the organization aims to promote through governance processes are:

- generation of shared value;
- long-lasting, resilient development;
- opposing corruption;
- the responsible use of natural resources and combatting climate change.

By reinforcing its leadership in CSR (corporate social responsibility) issues, Penn Textile Solution is certain it will reach its objectives and become a model of reference in terms of sustainability and social/cultural responsibility.

On 2024-12-31, Penn Textile Solution updated its organizational chart, which defines the roles and responsibilities of company personnel.



ECONOMIC VALUE GENERATED AND DISTRIBUTED

Generating value is an essential aspect that characterizes the existence of each company.

For Penn Textile Solution, generating value means not only earning profits through its activities, but also joining its profitability with social and environmental aspects. During company operations, environmental and social aspects should therefore be protected in the long-term without compromising economic/financial performance.

The company monitors its economic performance in terms of economic value generated and distributed.

Net annual profits in 2024 are:

Annual net profits	€	2024
		17.110.577

The company relies on 250 active clients who have made purchases in 2024.

With regard to distributed economic value, the following table reports details calculated for the three-year statement period.

	u.m.	2024
Current assets	€	3.052.095
Passive assets	€	2.472.594
Net assets	€	3.476.626
Bank debt	€	1.468.028



BUSINESS CONTINUITY

To guarantee business continuity, the company should be able to assess and preventively manage risks that may interrupt activities or even threaten the organization's existence. By adopting risk-management models on all levels, the company becomes resilient to changes.

With regard to the supply chain, Penn Textile Solution has identified 7 important suppliers, that is, those that may result in problems for the continuity of company activities should they cease to exist. It has also determined that 0 others may be difficult to replace. Service suppliers such as waste disposal companies were also considered, and 0 of these were found to be difficult to replace.

Regardless of their importance for the business, -% of suppliers were qualified, considering correct governance criteria such as the presence of specific certifications, a code of ethics, Form 231, etc., that is, requirements necessary for working with Penn Textile Solution.

The company has a suitable, protected area for data management.

In addition to the supply chain, fundamental aspects for company activities were also considered. These include, for example, risks tied to climate change (already addressed in the Environment chapter), computer security, and full regulatory compliance.

The company has been subject to 0 computer attacks. It has also made 0 simulations of attempts to gather reserved information or act as 'bridges' on the computer system through professional 'trick' requests to company personnel, the goal of which is to test the level of company sensitivity to the issue and the safety of its systems.

An IT risk analysis was conducted to assess computer risks that may affect the company, highlighting the points where the system is most vulnerable.

The company was able to verify its resistance to change in 2020 due to the COVID-19 pandemic. An opportunity was identified in smart working, which allowed some company activities to continue. In particular, 2 people spent some days of the week last year smart working. Following the pandemic period, smart working became a tool for the company to allow those who have the opportunity to better balance their work and private lives.



GOVERNANCE MONITORING

In the last three years, governance protection audits were performed, the details of which are shown below.

Annual governance audit	n.	2024
		1