

P: PAGANI
PENS

Regional CSR Report 2023



Fact sheet



Sector:

Industry / Manufacturing



Organisation name

PAGANI PENS SA

Activities, brands, products and services

Production of promotional plastic pens.

Marketed brands: Prodir, Premec and Premec Tools.

Registered office

Via Serta 22, 6814 Lamone, Switzerland.

Place of activity

Lamone, Cadempino and Novazzano.

Ownership and legal form (private/family)

The company is incorporated as a Società Anonima (SA), a form of limited company.

Product area (primary)

Manufacturing, NOGA 32.99.00.

Product area (secondary)

Commercial/communications.

Organisation size

The company has production facilities with a total surface area of 13,600 square meters.

Information on employees and other workers

In 2023, the company had 291 permanent employees.

Organisation size (annual turnover)

In 2023, the company reported turnover of 45 million Swiss Francs.

Scope and reporting period

The data and information in this document relate to the locations in the Canton of Ticino during the period 01/01/2023–31/12/2023, which also corresponds to the closing date of the financial statements.

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This report has been drafted according to the model promoted by AITI – Associazione Industrie Ticinesi – and realised in collaboration with the CSR and Sustainability Reporting Sector of the Centre for Competence Management and Entrepreneurship (CMI) of SUPSI – Scuola universitaria professionale della Svizzera italiana – with the support of the Divisione dell'economia of Canton Ticino and Banca dello Stato del Cantone Ticino.

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Management letter



Rossana Porotti
COO

Giorgio Pagani
Founder

Alessio Marotta
CFO

Writing! Creating writing instruments - it's our passion!

Our company has always been dedicated to the assiduous and responsible production of promotional writing instruments. Although promotional products are often considered a market that favours the lowest price to the detriment of quality, our customers and our retailer network have always recognised the true value in the quality of our products. Our commitment to Swiss manufacturing, and to preserving our integrity and passion, has yielded long term success. Sustainability is a guiding principle, anchored in the company's DNA, though one chapter of this story remains to be fully written and implemented. It is now, finally, being given form and structure through the introduction of CSR.

While recent years have been dominated by talk of sustainability, we would like to address the issue of Corporate Social Responsibility! This is the principle, the spirit and the value that Giorgio Pagani, the founder of Pagani Pens, sought to instil in our company. Today, thanks to the constant efforts of our team, Giorgio Pagani's creation is at least reaching its fullest expression of corporate maturity and awareness. Let there be no mistake, however – we don't wish to seem outdated or out of touch by discussing writing by hand in the digital age – but current needs must be balanced with established, traditional practices. When discussing good practices in the context of sustainability, we're reminded of the wisdom passed down from our grandparents: their mindful approach to frugality not only reduced waste, undoubtedly yielding financial benefits, but also conserved resources. This ethos of respect for the environment, and for society, resonates to this day.

"We love good, beautiful things – and in particular writing instruments that are so good that they become constant companions, at home, in the office and on the road. The question, 'Can I have my pen back?', is the largest compliment that can be paid to them. Once you have one, you don't want to let go of it again. It's their emotional value that makes them such impressive brand ambassadors."

This italicised thought above is a description that you can find on our website to this day and perfectly captures the extent to which we infuse our commitment and passion into the products we make. Talking solely about the quality and beauty of a product now sounds outdated and out of tune with the complex values and demands of the modern world. Today, we are driven to reflect responsibly on how a company's activities impact the environment and people – especially the people who have always been at the centre of our beloved owner Giorgio Pagani's thoughts, and who represent a precious treasure we must protect and preserve.

Today, as Alessio and I found ourselves facing each other, writing this letter after around 20 years at Pagani Pens, a romantic notion sprang to mind: the history of Pagani Pens is made up of people who have given us emotions and enabled us to grow, with all these years together imprinted in our memory thanks to a "special friend" who has accompanied us on our journey, documenting our every step with joy and simplicity: the pen.

The act of writing is more important than we think. In recent years, we have seen an increase in linguistic difficulties and issues related to learning disabilities. Medical research currently underway in various countries, investigating the repercussions of the diminishing practice of writing by hand, has presented compelling evidence: "It's time to re-embrace writing!"

This is, firstly, because humans are comprised of dynamic processes, activities and thoughts that are constantly evolving. And, secondly, because we need our bodies, our spatial awareness, to engage with tangible objects like paper and ink. We cannot be mere spectators: it's in our DNA to be actors! At preschool age and in school, learning and practicing writing and handwriting, and associating these symbols with phonetics, are critical to the development of high-level cognitive skills. These are skills that will be needed later in life to foster creativity, solve problems, independently develop concepts and then communicate them.

This is our commitment to the future: to create writing instruments that can serve as "ambassadors", promoting the art of communication and fostering writing through tangible actions – and perhaps, in one way or another, even improving the lives of many in the future.

Perhaps that sounds a little too ambitious? Well, we've never been willing to settle for easy challenges!

Rossana Porotti
COO

Alessio Marotta
CFO

About us



Pagani Pens is a leading Swiss company in the innovation and production of writing instruments. Since 1961, the company has focused on the needs of its customers and employees, demonstrating a keen eye for detail and respect for the environment, by relying on an integrated supply chain.

Through its brands, Pagani Pens exports its excellence around the globe.

Recognised and renowned for its brands – Prodir, Pigra and Premec – Pagani Pens plays an important role in the business landscape of the Ticino region, with three manufacturing facilities producing pens, tips, inks, balls and refills. The descriptions below, which can be found on our website, summarise the values and strengths that have been established over the years and briefly outline each brand's areas of expertise:

- **Prodir:**

With internationally award-winning designs, avant-garde writing systems and countless personalisation options, Prodir writing instruments are effective promotional tools. Prodir production is entirely based in Switzerland and adheres to a policy of social responsibility and strict environmental standards.

- **Pigra:**

Pigra manufactures personalised writing instruments for haptic communication with passion and skill.

- **Premec:**

Thanks to its experience and know-how in precision mechanics, Premec is able to satisfy the specific demands of the writing industry. Tips, inks and refills are engineered and developed to cover the different needs of writing components with uncompromising quality.

The 1960s saw the birth of Premec SA, the predecessor of the companies created by Giorgio Pagani, followed by Prodir SA in the 1970s.

Some 40 years later, moved by the desire to establish an integrated supply chain in the Ticino region, Giorgio Pagani transformed his companies into brands and brought them together in a single company: Pagani Pens SA.

All production takes place within our factories with the exception of metal clips, springs and some surface finishes, such as soft touch coatings. This means that plastic component moulding processes, the production of metal tips and writing inks, the assembly of pens and their personalisation using pad printing and screen printing methods all take place within our three production sites.

The company employs around 300 people at its three locations in Ticino – in Novazzano, Lamone and Cadempino – in specialist roles ranging from mechanics to graphic design.

It also has a significant production facility for tips and refills in Malaysia, which has roughly 100 employees.

The remaining employees, who number around 50, are responsible for marketing and advertising and are spread across ten European locations.

The company's strength lies precisely in its specific expertise in producing all the components that make up a pen. Each department's specialisation has allowed us to build a business over the years that is based not only on the sale of finished products but also on the sale of individual components (such as refills and tips) to companies that also manufacture writing instruments.

“

Every one of our products contains a beautiful piece of Switzerland!

Our story

Pagani Pens SA has been rooted in the Lugano region since its inception. The first company, which laid the cornerstone for the company's current structure, was founded in Viganello in 1961 by Giorgio Pagani under the name Premec. The production of ballpoint pen tips commenced in its micromechanics workshop. The business, conducted with wisdom and strategic vision, led to extensive expansion and the opening of other companies, all located in Sottoceneri, to produce plastic pens for the promotional market. The current headquarters in Lamone, which initially opened in 2014 under the Prodir SA banner — later to become Pagani Pens — is in fact the management centre that coordinates the two other production facilities in Novazzano and Cadempino.

1961-1975

1961 - Foundation of Premec SA (MECcanica di PREcisione). Production of tips and balls for writing instruments.

1975 - Foundation of Prodir SA (PROducts DIstributed Rationally). Production of plastic pens for the promotional world.

1987-1997

1987 - Foundation of PWB SA (Precision Writing Ball). Production of balls.

1991 - Foundation of Swimp SA (SWIss Moulds & Parts). Production of moulds.

1997 - Foundation of Rheos SA. Production of ink.

2001

Foundation of Premec Asia Pacific. Production of tips in Malaysia.

Foundation of Premec Shanghai. Production and marketing of refills.

Market launch of the DS7 pen.





2003-2016

2003 - Foundation of Vivami SA (Vision, Value, Mission), holding company of the group

2004 - Foundation of Prolac SA (PROducts LAvorazioni Assembly Components). Varnishing of plastic components.

2016 - Acquisition of Utensilia SA (1979). Production of machining tools. A number of pens had also been launched in the interim:

2004: DS5, DS7 Cap

2006: DS4 push and twist, DS3 Fine line

2008: DS2

2009: New DS4

2010: ES1

2011: DS3.1, ES1 Metal, DS3 Eco

2012: ES2

2013: ES1 Soft Touch

2014: DS8, DS3 Biotic

2015: DS9

2016: QS01, QS20, QS00, DS8

Micromine, QS02, QS03



2017-2019

2017 - Foundation of Pagani Pens SA (combining Premec and Prodir as a brand together with Pigra).

Market launch of the DS6, DS8 Metal Clip and DS8 pens with a metal tip.

2019 - Launch of the Pigra brand. Production of plastic pens for the low-cost promotional world (with a different marketing and sales strategy).

Market launch of the DS4, QS Stone and Pigra P02/P03/P04.



2021-2023

2021 - Foundation of Pagani Works Sagl/srl. Consulting company for product engineering, mould making and production with a focus on sustainability.

Launch of the Cloud Pen web service.

2022 - Acquisition of Mishmash, a Portuguese company. Production of notebooks.

Market launch of the DS5 Metal Clip, DS5 Shell and DS8 True Biotic pens

2023 - Market launch of the DS6 S (Mini) pen.

Our figures

Unlike companies that participate in the promotional market but originate in the retail market, Pagani Pens produces plastic writing instruments specifically tailored to the needs of the B2B promotional market. As one of the world's largest companies in this area, its turnover has increased by roughly 2.5% compared to 2022.

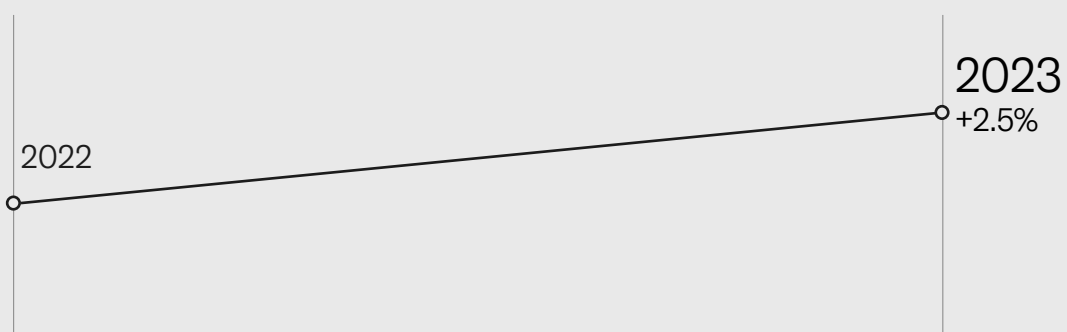
The pandemic and the resulting restrictions on physical contact and social activities created a deep crisis in many different markets.

This relates in particular to the market on which Pagani Pens has operated for years, where restrictions on group

gatherings and events – trade fairs being a prime example – have drastically reduced the use of promotional materials such as pens.

Before the pandemic, Pagani Pens – which had always operated internationally (and especially in northern Europe)

2023 TURNOVER



- relied on revenues that fell by 50% over the course of the pandemic. The current level of turnover, up 2.5% from 2022, was made possible by optimizing production capacity and rationalizing suppliers along with exceptional commitment from all involved.

The foresight of consistent investment in in-house expertise and infrastructure has brought back a feeling of the company's steady presence throughout the region.

↑ 2%

ORDERS RECEIVED
compared to 2022

↓ 13.55%

ORDERS WITHIN
SWITZERLAND*
-0.15% compared to 2022

↑ 86.45%

ORDERS OUTSIDE
SWITZERLAND*
(EXPORT)
+0.15% compared to 2022

↓ 279

FTE EMPLOYEES
-11.5% compared to 2022

↑ 15%

RECYCLED WASTE
compared to 2022

↓ 2.6%

WATER CONSUMPTION
compared to 2022

↓ 7.7%

ENERGY CONSUMPTION
compared to 2022

↓ 0.4%

RENEWABLE ENERGY
compared to 2022

*The proportions of orders received from within and outside Switzerland combine to produce the total orders (13.55+86.45=100%) received in 2023

Our concept of sustainability

“

We regard sustainability as an integral element of Corporate Social Responsibility.



The notion of cultivating and nurturing a respectful attitude towards the environment and people, combined with the desire to fulfil our potential, has created a system that looks to the future and not merely to direct, short-term results.

Convinced of the need to instil new meaning in writing by hand as a tool for growth and communication, Pagani Pens sought to find a common thread that would lead to the “right” product and service outcome. The starting point for this search is a new paradigm of sustainability. Until recently, manufacturing companies’ sustainability activities focused exclusively on materials and processes. Today, however, sustainability has transformed into the far more comprehensive concept of Corporate Social Responsibility, becoming a virtuous process based on analysis and measurement of the company’s impact on the environment and all its stakeholders.

For this new approach to work, it must be supported by **ISO certifications**, which we will obtain in March 2024. These will allow us to introduce a continuous improvement process based on analysed and monitored indicators and processes.

In keeping with this approach, we felt it necessary to develop a life cycle assessment (**LCA**) tool, which serves two functions. Firstly, it allows us to understand where to intervene in a given process to improve our product’s carbon footprint. Secondly, it enables us to create a report capable of simulating the CO2 equivalent for each individual order, which we can share with customers keen to know about their purchased products’ impact on the environment.

To consolidate this new mindset and new approach to sustainability, we have created an ISO-CSR working group, which is driving forward the diffusion of a modern approach at all levels.

The ultimate objective is to put Pagani Pens’ values, capabilities and services front and centre. This way, our product will no longer be perceived solely as a promotional object and means of communication but also as a tool to facilitate learning and expression.

Recent studies into the **cognitive abilities** linked to writing by hand emphasise its importance at school age. In addition, these studies verify that maintaining the habit of handwriting over the years increases the longevity of memory and curbs age-related deficits.

Last but not least, we believe that Corporate Social Responsibility means quality and innovation. Continuous research and development – in which the company has always believed and invested – has made it possible to use recycled polymers with fillers from waste products, such as the shell powder from our Shell pens, and cutting-edge **biopolymers**, most notably PHAs.

The continuous improvement process, combined with many years of experience in the production of pens and inks, ensures that the writing instruments we create deliver excellence performance in terms of **writing output** (approx. 3,500 metres). This crucial parameter effectively expresses a pen’s durability – a fundamental aspect of sustainability. These characteristics create a pen-on-paper writing experience that, as market figures confirm, is among the finest in the sector.

Governance policy

“

People are the central
focus of our attention.



In 2019, the company's management took the bold decision to give voice to a hitherto unexpressed but strongly held sentiment within the company: sustainability. This decision accelerated processes of change that managers had been "pencilling in" for years. It is hugely satisfying to firm these processes up in ink.

We wish to acknowledge an ethical aspect of the writing instrument, which represents more than just a source of revenue for us. The years invested in innovative research and continuous process improvement have enabled Pagani Pens to develop internally integrated yet independent business areas: ink, tips, balls, injection moulds and mechanical equipment. The resulting writing instrument is, in truth, a tangible expression of the consistency, abilities and will of people who firmly believe in the value of ethics.

"In what way is a writing instrument an interpretation of the concept of ethics?"

Let's start with an inescapable aspect: utility.

A writing instrument serves two fundamental purposes related to communication – which, as we have already discussed, is essential for human interaction:

1. To write is to communicate on numerous levels: it is a form of artistic expression; a plot rich in both personality and substance. As in all forms of expression, the interaction between a human and their tool is decisive. With this in mind, we believe that the people who use our writing instruments should be able to feel the care and quality we put into their production. The flow of the ink, for example, combined with the smoothness of the ball, should provide a pleasant sensory experience for the user. We have a slightly romantic expression we believe captures our philosophy well: "Writing should promote well-being."
2. The promotional market is communication in its purest form. Companies that purchase personalised pens bearing their logo and/or corporate colour to promote their image must feel represented and suitably reflected by a product that carries the personality and values of Pagani Pens: ethics, care, quality and well-being.

A writing instrument thereby conveys principles and values that, although not explicitly expressed, can still be tangibly perceived.

For Pagani Pens to imbue its writing instruments with the right attributes and make them feel authentic, the company must base itself on shared principles and values and act in accordance with them, sharing them with all stakeholders, regardless of the extent of their involvement.

Values guide each and every one of us: they enable us to distinguish between right and wrong. Our company therefore wishes – and requires – that "our" people meet the following requirements:

- Respect
- Honesty
- Responsibility
- Sense of justice
- Tolerance
- Fairness

To better describe these points, here is an extract from the Code of Conduct we share with all stakeholders:

CORE VALUES OF CORPORATE CULTURE

Pagani Pens identifies certain core values that guide the conduct of the company and all employees representing and acting on behalf of the company and in the interests of the company. Pagani Pens bases its strategy, decisions and actions on a number of fundamental values:

Respect – for the law; for human rights; for occupational health and safety; for the individual and equal opportunities; for the environment; for market rules and for international standards of conduct.

Putting people front and centre – non-discrimination; fairness; tolerance; dignity; sense of belonging; identity and inclusion; competence and professionalism; culture and maturity.

Ethical relationships – education; loyalty; honesty; transparency; integrity; reliability; trust; good faith; confidentiality; professionalism; diligence; collaboration and cooperation.

Sustainability – simplicity; temperature; commitment to continuous improvement; innovation, research and development on a sustainable basis; efficient and responsible use of company assets and resources.

All employees, without distinction or exception, are required to observe and enforce these core values within the scope of their functions and responsibilities.

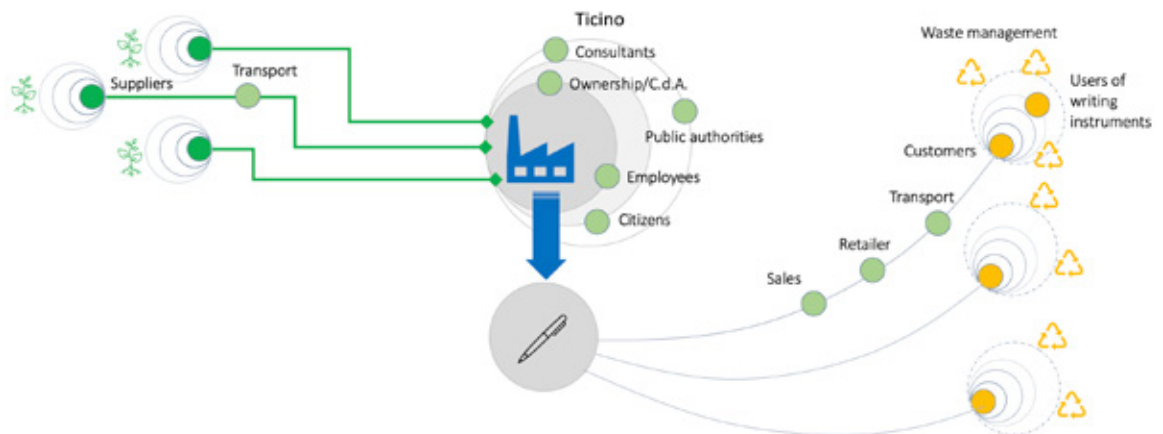
Stakeholder map

The diagram below is the result of a careful analysis of stakeholder interests and their specific weighting in the context of our business model. The company must consider this analysis to improve the impact of its activities, seeking to meet expectations and adopting a responsible, transparent approach.

Linking this survey with the definition of stakeholder needs generates a simplified materiality matrix. We followed a classic generative process, starting with a questionnaire (quantitative approach) provided to stakeholders containing questions in four macro areas defined by activities, not by individuals.

In this way, the responses were more candid and clearer in defining their needs (and, to a lesser extent, their “wishes”). Following the analysis of the responses, we conducted one-on-one interviews (qualitative approach).

As is customary in such research, this concerns linguistic terms and the meaning that individuals attach to questions and answers. It is therefore necessary to conduct a second analysis (known in specialist jargon as the “deployment” phase). This translates and reorganises stakeholders into groups in order to define intelligible macro areas for development of the materiality matrix.



- Suppliers**
- Order continuity
 - Integration in projects
 - Feeling more like partners than suppliers
 - Providing the right product/service rather than focusing on price
 - Feedback on activities and services (transparency)

- Ownership**
- Long-term strategy to preserve business continuity
 - Commercial profitability
 - Employee satisfaction
 - Compliance with legislation and regulations
 - Upholding and protecting the company's credibility (reputation)

- Retailers**
- Being a promoter of a quality product and/or service
 - Being integrated in the company's strategy
 - Making money from the product and/or service sold
 - Support in the pre-sales and after-sales phases

- Transport**
- Clear and optimised directions
 - Efficient planning
 - Activity continuity
 - Feedback on activities and services (transparency)

- Employees**
- Appropriate pay
 - Transparency
 - Clear, well-defined tasks
 - Knowing the company's strategy
 - Feeling part of a group (sense of belonging)
 - Sharing the company's principles
 - Pride in the company
 - Personal development opportunities
 - Professional development opportunities
 - Having free time
 - Safe working

- Citizens**
- Not seeing the company as an enemy
 - Engaging in a dialogue about common problems

- Customers**
- Being satisfied in the demands expressed
 - Support with choosing the product and/or service to purchase
 - Receiving a quality product and/or service
 - Sharing and reflecting the principles of the supplier company
 - Recognizing oneself in the values of the product and/or service purchased

- Public authorities**
- Compliance with regulations and legislation
 - Engaging in a dialogue about common problems

- Consultants**
- Clear directions on objectives
 - Integration in projects
 - Efficient planning
 - Activity continuity
 - Creating added value through consultancy
 - Feedback on activities and services

- Sales**
- Being a promoter of a quality product and/or service
 - Being integrated in company strategy
 - Appropriate salary
 - Feeling part of a group (sense of belonging)
 - Sharing the company's principles
 - Professional development opportunities
 - Personal development opportunities
 - Support with customer complaints

- Users**
- A sense of fulfillment in owning the product or service
 - Recognizing the value of the product or service
 - Taking pleasure in writing

Strategy, vision and mission

By selecting an integrated management system, implemented with ISO 9001, ISO 14001 and ISO 45001 certifications, the company's management has sent a clear and consistent message: we need transparency and process control through tangible indicators that make analyses more effective and strengthen the continuous implementation process. In line with the needs of customers and stakeholders, and aware of our impact as an "energy-intensive" entity (transparency and consistency), our ultimate goal is to continue to offer a high-quality product of high technological and aesthetic value - while simultaneously improving our internal efficiency to avoid unnecessary consumption and, instead, extracting the maximum possible value from all available natural and human resources.

The values outlined in our governance policy combine to produce the following vision and mission:

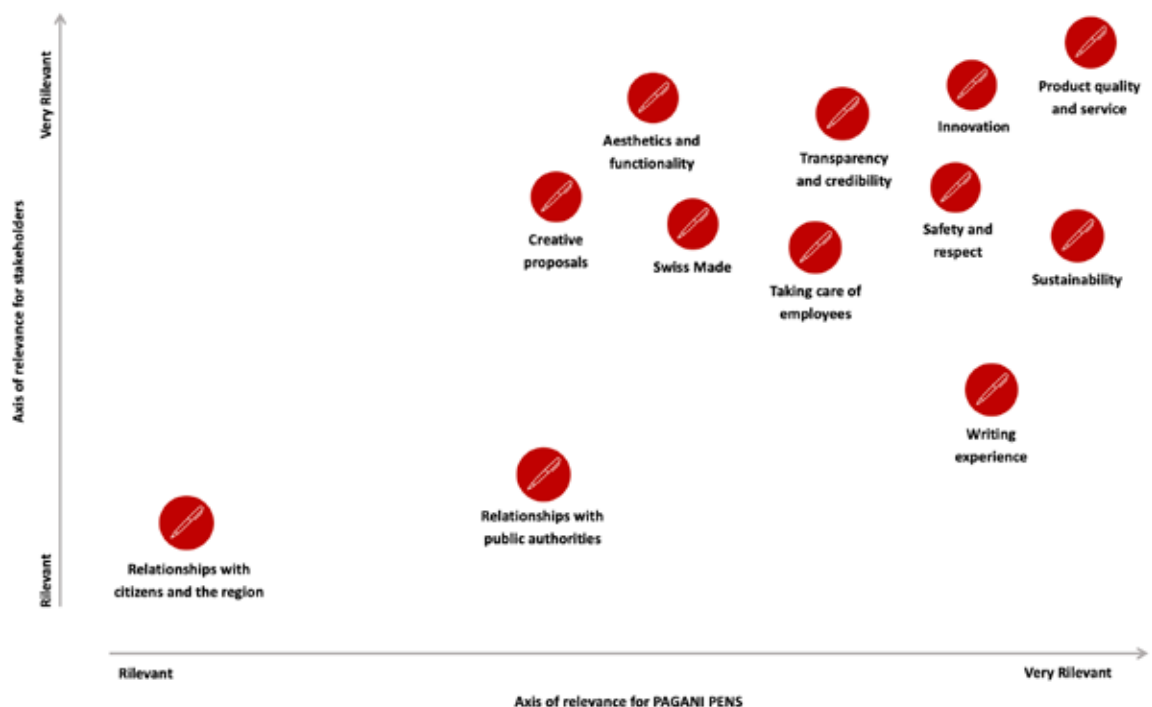
We draw on our knowledge and experience to produce writing instruments that result from the harmonious combination of aesthetic, technical and functional details, maintain high quality standards and convey the true pleasure of writing by hand to everyone who uses our products.

Having said that, we also aim to refocus attention on the act of writing by hand as an element of personal growth, exercised through communication and education.

We strive to minimise our impact on the environment and promote environmental protection by considering the entire product life cycle and the upstream and downstream impacts of our processes, always acting in compliance with applicable regulatory requirements.

We apply our sense of responsibility to safeguard the health and safety of all our employees and strive to mitigate and prevent risks in order to create a safe and healthy working environment, always ensuring compliance with all federal and cantonal requirements. This includes recognising the significance of integrating and consulting all employees.

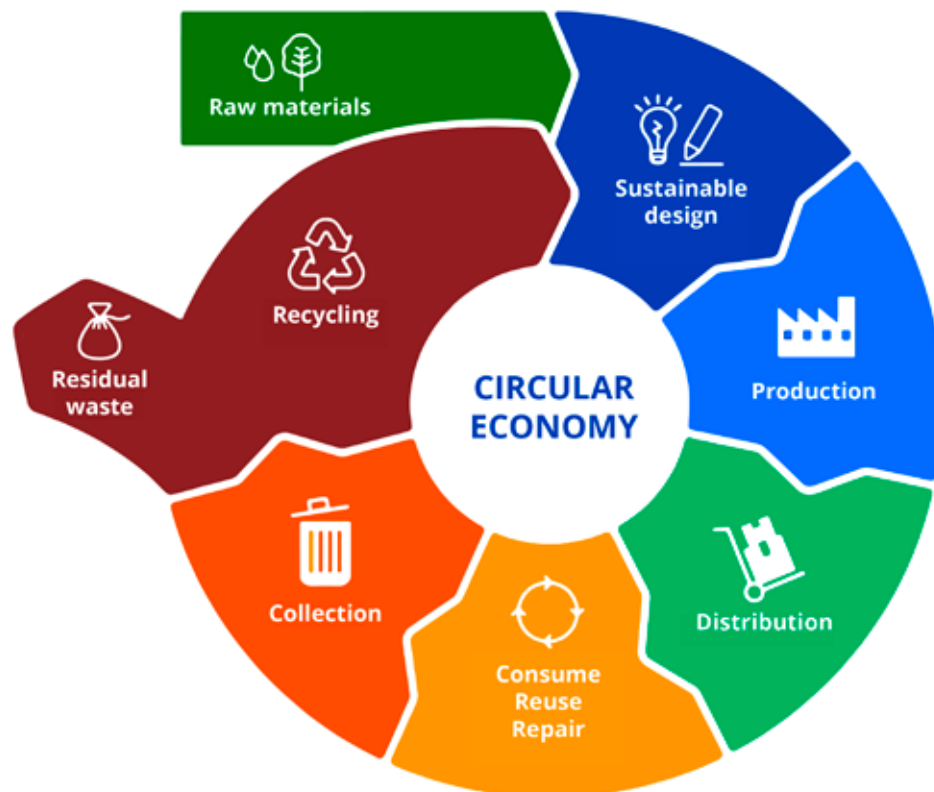
In conclusion, we aim to produce and market writing instruments capable of embodying and representing the ethical values of companies seeking to express their social responsibility with the same strength and conviction as we do.



Business model

Pagani Pens operates internationally in the B2B promotional market. It has always pursued a business model based on services that achieve full customer satisfaction and maintain high product quality. This avoids competition from the non-European market, which is based solely on price policy. Defining the attributes of products and services has always been difficult when selling through retailers. This is why, in recent years, we mapped stakeholders involved in the generation of product and service attributes and specifications within the context of a linear economic concept.

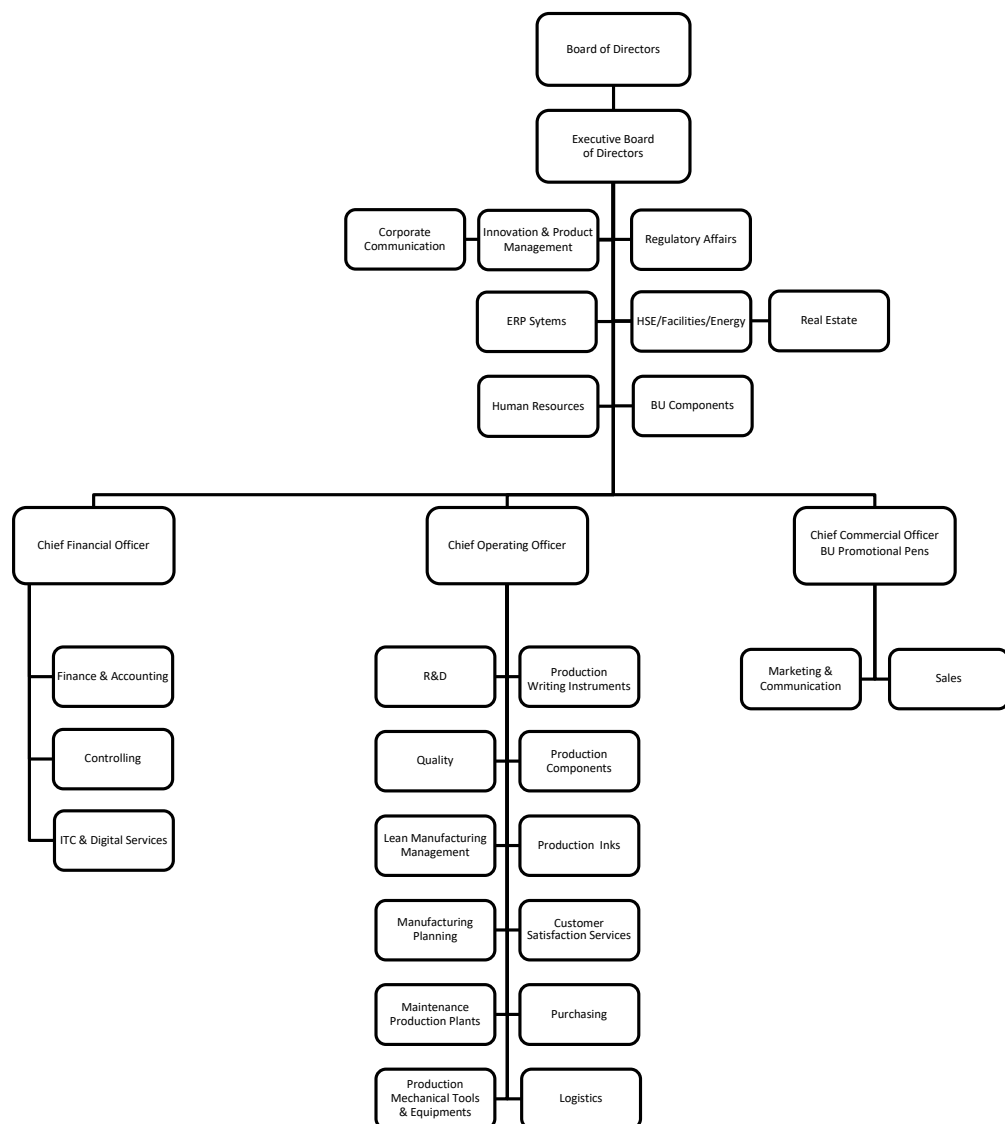
The awareness gained over the past four years, thanks to the impetus provided by new leadership, has forced us to review our business model. Today, recording of stakeholders and their distinct needs, followed by a comprehensive materiality analysis, enables us to introduce a new business model. This new concept considers the needs of all stakeholders – from our local context, including public authorities and the environment, to our suppliers – as we move towards a concept based on the circular economy.



Organisational chart

Although it is a newly formed company, Pagani Pens is based on a time-honoured, historical structure. Executive management, comprising Rossana Porotti (COO) and Alesio Marotta (CFO), follows a lean decision-making model in which the importance of the work performed by managers is a decisive factor in operational and resource management. The current structure is detailed below.

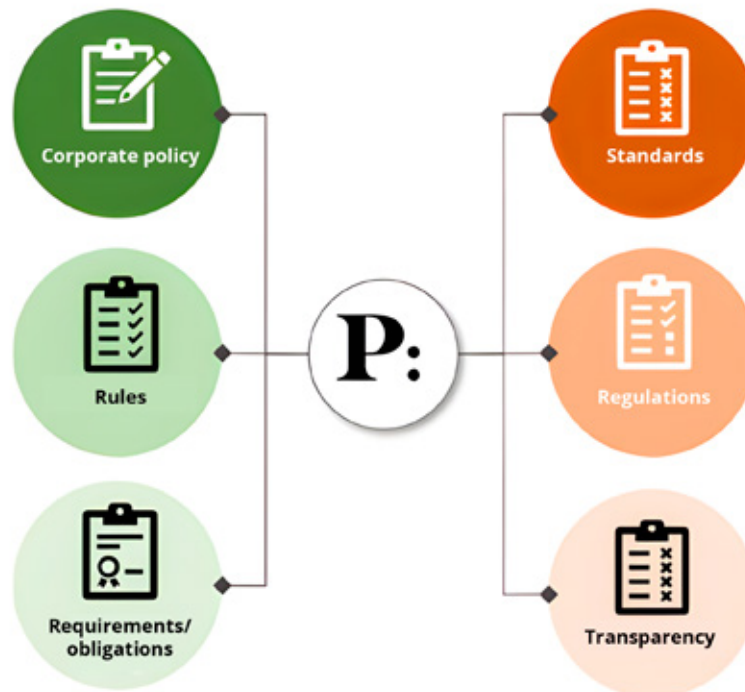
At the end of 2023, the company's management decided to establish a team dedicated to issues of sustainability. This team will be tasked with developing strategies and activities concerning the company's business model and the impacts of its activities. The team will be coordinated by the CSR Manager.



Compliance model

The compliance model is an outline of the aforementioned company policy and is distributed across all levels. The model was created and will be adapted over time through collaboration between the HR, HSE and Regulatory Affairs teams. It will determine and monitor compliance with mandatory external requirements (i.e. laws, rules, regulations and contracts) and voluntary internal requirements (i.e. company guidelines, established practices and compliance with the Code of Conduct).

The strong presence and involvement of company management enhances the efficiency and effectiveness of these activities.



Code of Conduct

Our Code of Conduct rests on the cornerstones of human rights, employees' rights, environmental protection, rules of conduct and ethical business practices. From the procurement of raw materials to preventing pollution, we ensure that the message is clear, shared and applied. The Code of Conduct is published on our website and is accessible to all. The following is a brief excerpt:

- **Ethics in external relationships**

In its dealings with third parties, Pagani Pens conducts itself in line with the principles of transparency, impartiality, reliability, legality, loyalty, fairness, responsibility and trustworthiness. All employee who engage with third parties, irrespective of their role, position or level of responsibility, must always remember that they represent Pagani Pens, its image and its reputation.

- **Customers**

Pagani Pens adheres to the principles of service, reliability and customer loyalty. It is committed to delivering products and services of the highest quality. Being characterised by ethical business relationships requires a clear understanding of the requirements of honesty and loyalty, coupled with a commitment from employees to meet these requirements in all interactions and negotiations. Pagani Pens maintains very high standards in relation to its services and its customer relationships, pairing per-

fectly with its coherent ethical principles. These standards are based on agreements and contracts concluded in strict compliance with national and international (e.g. EU) legislation, especially in relation to market access rules, non-discriminatory business and supply practices and respect for free competition. Whether acquired directly or indirectly, the company uses, stores and manages customer information with the utmost care to ensure confidentiality.

- **Suppliers**

Pagani Pens promotes and conducts a meticulous policy in the context of supplier selection, creating relationships based on trust and collaborative value creation. It manages relationships in compliance with the principles of correctness and impartiality. The company selects suppliers and procures goods and services on the basis of objective assessments of competitiveness, quality, cost efficiency, safety and sustainability. Being characterised by ethical purchasing and procurement relationships requires a clear understanding of the requirements of honesty and loyalty, coupled with a commitment from employees to meet these requirements in all interactions and negotiations. Whether acquired directly or indirectly, the company uses, stores and manages customer information with the utmost care to ensure confidentiality.

Certifications

In 2022, we embarked on the ambitious project of securing ISO 9001, 14001 and 45001 certifications for all three Pagani Pens production sites. The first audit stage was successfully completed in November 2023; the second will be held in March 2024. This is one of our most important short-term goals.

Smeta4

As a member of Sedex, we hold SMETA 4 certification. SMETA stands for "Sedex Members Ethical Trade Audit", a body developed by the Sedex Associate Auditor Group (AAG) through a multi-stakeholder consultation to provide a best practice framework for conducting audits and drafting corresponding reports in the ethical and social sphere.

Awards

- 2022 BPMA Writing Instrument Product of the Year for the DS5 Shell Metal Clip.**

The DS5 Shell Metal Clip won the "Writing Instrument Product of the Year" Gold Award presented by the British Promotional Merchandise Association (BPMA). Shell Pens have a casing enriched with 30% recycled used seashells, while 50% of the remaining ABS plastic is recycled or regenerated as part of our own production processes.
- 2022 IF Product Design Award for the QS40 True Biotic.**

The QS40 True Biotic won the iF Design Award, one of the world's most prestigious awards for exceptional achievement in product design. The jury awarded the writing instrument for its outstanding design and the use of innovative, sustainable bio-based polymers (PHA).
- 2021 Promotional Gift Award for the QS40 True Biotic.**

The QS40 is probably the only product to have won the Promotional Gift Award not once but twice: in 2020, for its spectacular material-saving design, and in 2021, for its use of revolutionary biopolymers (PHA). These ensure that the casing will break down quickly and completely even in natural environments such as the oceans and the soil.
- 2020 BPMA Promotional Pen Award for the QS Stone.**

The Stone model series won the "Promotional Pen of the Year" Platinum Award presented by the British Promotional Merchandise Association (BPMA). The writing instruments are made from a mineral-enriched material that reduces plastic consumption by a sustainable 60% and increases value perception by adding an extra 50% in weight.
- 2020 Promotional Gift Award for the QS40 Air.**

The QS40 Air was honoured with the Promotional Gift Award 2020, with the jury reserving particular praise for how it skilfully combines design with sustainability. Its perforated honeycomb structure allows the very stylish casing to shed 40% of its plastic. Of the plastic that is left, 30% comes from internal production waste.
- 2018 Promotional Gift Award for the DNA Identity Pen.**

The DNA Identity Pen won the Promotional Gift Award 2018. The model series wowed the jury with the many different ways it allowed a brand to be individually showcased.



- **2016 PromoFritz for the QS00.**
The QS00 scooped a Gold PromoFritz Award in 2016 and was crowned the best promotional merchandise of the year. The writing instrument won over the jury with how it allows 3D patterns to be designed on the casing surface even before the injection moulding process has finished.
- **2016 Promotional Gift Award for the QS models.**
The Peak and Pattern Pens with their 3D casing surfaces won the prestigious Promotional Gift Award 2016, widely regarded as the "Oscar" of the industry. The jury were particularly impressed by the QS00, whose surface can be personalised with 3D patterns during the injection moulding process.
- **2015 Promotional Gift Award for the DS9.**
The DS9 was presented with the International Promotional Gift Award 2015. The jury praised its contemporary, clear-cut form and innovative colour palette.
- **2013 Red Dot Award for "Purity".**
Prodir's "Purity" campaign picked up the Red Dot Award for communication design. The jury felt that the campaign demonstrated "high design quality, which represents aesthetics, innovation and conciseness in an exemplary fashion."
- **2013 IF Product Design Award for the ES2.**
The jury for the renowned IF Product Design Awards 2013 honoured the ES2 for its outstanding design. The award is widely viewed as one of the most important international accolades for good design.
- **2011 Promotional Gift Award for the ES1.**
The 2011 Promotional Gift Award, the top European award for haptic advertising, went to the ES1.
- **2008 Promotional Gift Award for the DS2.**
The 2008 Promotional Gift Award, the top European award for haptic advertising, went to the DS2.
- **2006 Promotional Gift Award for the DS4.**
With its minimalist design, the DS4 won the Promotional Gift Award for 2006, the most prestigious European accolade for promotional merchandise.
- **2005 Good Design Award for the DS5.**
The organiser's website stated: "We at the Good Design Award think of 'design' as a verb and define it as a continuous creative process which is never completed." The DS5 was honoured with the Japanese Good Design Award in 2005.

07





Regional indicators

Sustainability is increasingly becoming a regional issue; measuring the impact of companies' activities has a key role to play

In the course of their activities, businesses not only generate economic benefits but also exert considerable social and environmental impacts.

An enterprise that has a positive balance sheet and contributes to the well-being of its employees, the community and the environment generates shared value and makes a valuable contribution to regional development. Measuring this contribution is important not only for the company to evaluate its strategies and plan future measures but also to define benchmarks for performance comparisons and produce reference data. Regional indicators also present an opportunity to intensify the dialogue between public administration, economic associations and businesses, offering a valuable tool to guide choices and investments.

A shared focus on sustainability can accelerate growth and maintain the region's competitive position while also promoting the energy transition and fostering social inclusion. By publishing this document, our company aims to contribute to these efforts by continuously improving its results.

Market relations



Pagani Pens exports entirely Swiss-made writing instruments from Ticino all around the world. Its Sales and Service activities are concentrated in northern Europe (including Switzerland), with its German subsidiary employing more than 20 people. The companies that purchase our products and services operate in different markets rather than in a single area.

Over the years, our commitment to customer satisfaction has driven us to create highly customisable solutions (from redesigning a logo to producing pens in the customer's corporate colour). Customer service and marketing therefore play an important role in the pre-sales and after-sales phases.



1. Economic value distribution

The complex structure of Pagani Pens' supply chain, with pen components produced almost exclusively in Ticino, continues to fuel the demand for employees specialised in various disciplines, including technical and production-related roles. The high percentage (75%) of the company's employees working in these areas demonstrate their vital significance to the company.

Suppliers

Given the nature of our product, which is composed primarily of plastic (injection moulding) and metal, investment in suppliers outside of Switzerland remains very high (precisely because of the lack of local producers). However, the company has defined its goal of selecting strategic suppliers in Europe – and has pursued this goal for years. This goal is based on the concepts of “containment”, i.e. reducing the company's impacts, and “redistribution”, i.e. generating not only economic value but also knowledge that future generations can use to continue the company's development.

1. ECONOMIC VALUE DISTRIBUTION

1.1 ECONOMIC VALUE DISTRIBUTED IN TICINO *

32.8M^{CHF}

* This figure is the total sum of employee salaries and benefits, taxes (municipal, cantonal and federal, plus VAT, withholding taxes and financial charges), donations to associations in Ticino and payments to suppliers with registered offices in Ticino

2. Investment in research and development

Born in 1961 from Giorgio Pagani's vision of developing high-precision mechanical products, Pagani Pens has since retained and refined its philosophy of research, development and technological innovation. As an enterprise with a complex production chain (from handling the plastic granules to shipping finished products), Pagani Pens has a heterogeneous research and development team comprising experts in chemistry, physics, mechanics, automation and plastics. Our state-of-the-art moulds, which represent the first step in our supply chain, have always been designed and produced with the help of research into suitable, sustainable materials and the development of mechanics and automation.

Today, we pursue two parallel paths in our use of plastic materials: a traditional path with materials from fossil sources (polymers) and an innovative, pioneering path with materials from natural sources (biopolymers). Fossil-based polymers – such as ABS, which has excellent mechanical characteristics but presents a serious problem for the environment when used improperly – have been scrutinised in relation to sustainability. Our aim was to reduce the quantity of raw materials used in our products and thereby reduce the exploitation of natural resources. The question was how we could achieve this. The answer? By incorporating fillers from vegetable and/or mineral waste into the granules, or by mechanically recycling industrial waste. This innovative approach, conceived through research and development, has allowed the company to produce more sustainable writing instruments at a competitive price and, over time, made us the benchmark for all competitors in our market.

2. INVESTMENT IN RESEARCH AND DEVELOPMENT

2.1 RDI INVESTMENT VALUE *

1.3M^{CHF}

2.2 RDI INVESTMENT VALUE AS A PERCENTAGE OF TOTAL TURNOVER

3%

* Total costs incurred for personnel, materials, external collaborations, patents, etc. for RDI (Research, Development and Innovation) during the reporting period

2. Established practices

The first pen to send a strong signal by anticipating current sustainability issues was the DS3 Biotic, made from a compostable material enriched with wood dust derived from production waste. Maintaining this passionate commitment to materials research and development, we have worked closely with our partners over the past five years and shared our expertise in plastics processing to produce materials with excellent sustainability credentials.

The QS Stone pen series uses a composite material produced using ABS with 60% mineral filler to reduce the use of fossil-based plastic.

The DS5 Shell uses pulverised oyster shells and thereby reduces material use by 30%. The QS True Biotic embodies aesthetic yet functional design and is the first pen made from an exceptionally innovative material: PHA.



3. Relationship with suppliers

As a manufacturing company that also serves as an external supplier (including by manufacturing clamps for assembly machines), we are acutely aware of the problems that suppliers must overcome to establish positive relationships and satisfy its customers. For more than 40 years, we have strived to foster relationships with our partners built on genuine cooperation as opposed to merely supplying products – an approach we follow to this day under current management. In relation to raw materials, for example, our collaborations with producers aim to find innovative solutions, thanks in part to the contributing our expert knowledge.

We have created a technical team (comprising R&D, Purchasing and Quality specialists) to support the search for new suppliers by analysing their competencies and production capabilities. Suppliers must comply with our Code of Conduct and meet our sustainability requirements. Finally, as we work towards ISO 9001, 14001 and 45001 certifications for our internal activities, we are developing a form for suppliers and potential suppliers to complete. This form should be ready by the end of 2023 and will help us understand the extent to which suppliers are aware of their impacts and capabilities.

3. RELATIONSHIP WITH SUPPLIERS

3.1 TOTAL NUMBER OF SUPPLIERS

785

3.2 PERCENTAGE OF LOCAL SUPPLIERS *

57.58%

3.3 ECONOMIC VALUE DISTRIBUTED TO SUPPLIERS

26.2M^{CHF}

3.4 PERCENTAGE OF ECONOMIC VALUE DISTRIBUTED TO LOCAL SUPPLIERS *

49.46%

3.5 NUMBER OF LOCAL SUPPLIERS *

452

3.6 TURNOVER OF LOCAL SUPPLIERS *

13M^{CHF}

3.7 VALUED SUPPLIERS

77

*Local suppliers are defined as having their registered office in Ticino

3. Established practices

Collaboration with Romira (Romira Group)

Romira has decades of experience in the production of styrene compounds. A collaboration with the Research and Development team at Pagani Pens produced a new series of transparent ABS for our production activities.

This close collaboration led to a management system “designed” together with the Purchasing department, the Logistics department and the colouring laboratory (which approves the incoming plastic material) based on two fundamental pillars. Firstly, preventive monitoring of production batches (large quantities, approx. 24 tons per order) to avoid and anticipate potential defects. And, secondly, preventing price fluctuations in the plastic produced by concluding three-year contracts that ensure adherence to forecast quantities.

This approach provides benefits for both companies, in particular in the post-COVID world with the well-known problems of availability and rising raw materials costs throughout Europe. In this case, the savings have amounted to €60,000 in two years.

Following the successful model implemented with Romira, the company is now in dialogue with suppliers and strategic partners to develop advantageous contracts and collaborative endeavours with total transparency and mutual respect

“

In Pagani Pens, we found a customer whose first-rate expertise in injection moulding technology supports our materials development activities.

Over the last six years, Pagani Pens has consolidated its relationship with Maip through collaboration aimed at producing a biopolymer (next-generation PHA) suitable for use in the injection moulding process with specially developed moulds. Eligio Martini and his staff draw on decades of



Eligio Martini
Maip Group

experience in the development and manufacture of technical polymers. Their ambition to become pioneers in the world of sustainability aligns well with Pagani Pens' heartfelt concern for nature and the environment.

Employee relations

“

We promote collaboration and employee development. Our company is a “melting pot” of human values.



4. Corporate welfare

Thanks to the imprint left by founder Giorgio Pagani, the company has always considered its people to be a strategic asset. For over 60 years, it has followed the same credo: working at Pagani Pens means “being” Pagani Pens. This cultural and organisational paradigm, which places the people at the centre of the company, requires investment, time to develop, care and attention, mutual trust and respect – values cultivated and nurtured over time.

Guaranteeing and maintaining a healthy, positive and respectful working environment is the foundation of the more comprehensive and deeper-rooted concept of “well-being” within the company.

Pagani Pens applies a number of employee welfare measures, including:

- Company canteen
- Support for responsible mobility through contributions to the annual Arcobaleno subscription and internal organisation of car-pooling groups
- Special paid leave for employees enrolled on university courses

Investing in long-term professional relationships, cultivating a sense of belonging and experiencing the company as a community in which employees can express their “professional selves” and not merely a place where labour is exchanged for money – these aspects require specific measures to prevent employees, especially those in more sensitive stages of their personal lives, from perceiving a conflict between their professional and private lives. Pagani Pens therefore pays special attention to ensuring that work and family are compatible, a problem that often falls solely on women.

- Flexible start times and part-time hours
- Work organised in a way that can cope with employees temporarily working part-time hours
- Working from home for one day per week, concentrated into a specific period if necessary

4. CORPORATE WELFARE

4.1 TOTAL
NUMBER OF
EMPLOYEES

291

4.2 PERCENTAGE
OF FULL-TIME
CONTRACTS

88%

4.3 NUMBER OF FIXED-
TERM CONTRACTS
(TRAINEES EXCLUDED)

0

4.4 NUMBER OF
APPRENTICESHIP
CONTRACTS

0

4.5 PERCENTAGE
TURNOVER *

8.7%

4.6 INVESTMENT
IN WELFARE PER
EMPLOYEE **

210^{CHF}

4.7 NUMBER OF ARCOBALENO CARDS

31

* Percentage of employees who left the company during the reporting period out of the total number of employees at the beginning of the reporting period

** Expenditure on employees' fringe benefits including social security charges in addition to statutory obligations (e.g. extra-mandatory illness, disability and old age insurance), home-work transport cards, canteen vouchers and various discounts

In addition to statutory limitations and conditions regarding paid leave, unpaid leave and flexible working hours are available to support employees dealing with critical phases of caring for seriously ill family members.

Contractual measures offering particular flexibility for new mothers to facilitate their return to work during this very sensitive phase, which can last until the child starts to attend kindergarten.

- Longer maternity leave and higher pay than specified by statutory requirements
- Parental leave for up to 6 months after the child's birth, if requested by the mother
- Part-time hours for a defined period if requested by the mother, with reassessment of this period if an extension is needed
- The option to work at the company site closest to the mother's place of residence

4. Established practices

1. Established practice

Based on the belief that family is a central anchor for us all, offering peace and serenity, we resolved to make a small contribution to maternity leave by offering paid leave for 112 days rather than the statutory 98 days.

2. Established practice

Pagani Pens is aware of the inconvenience of working night shifts and therefore pays a 40% bonus for night shifts from 11pm to 6am (including a half-hour break). These arrangements are more favourable than statutory requirements.

“

For some typically repetitive production activities, we have developed a department-specific “job rotation” system. Simple but effective.



5. Health and safety

Pagani Pens protect its employees from any and all physical, chemical and biological risks by implementing measures in line with relevant regulations and commensurate to the degree of risk in the industrial sector and in specific production processes.

The HSE team, which reports directly to the Board of Directors, has a clear and comprehensive organisational structure. It relies on dedicated internal resources as well as external specialists.

Employees are required to respect and apply safety regulations, supervise their colleagues' conduct and intervene if they witness unsafe conduct. This requirement is clearly stated in employment contracts, company regulations, the Code of Conduct, job descriptions and the annual evaluation system. Taken together, this demonstrates Pagani Pens' belief that safety is an essential element of an employment contract.

In addition to the statutory training requirements, the company is strengthening the continuous provision of information in order to spread and consolidate this safety culture in both the working and private environments.

In terms of health, the company organised internal vision and hearing tests for all employees in 2023.

5. HEALTH AND SAFETY

5.1 PERCENTAGE OF
ABSENCES DUE TO
ILLNESS

4.12%

5.2 PERCENTAGE
OF ABSENCES DUE
TO OCCUPATIONAL
ACCIDENT

0.06%

5.3 ABSENCES DUE
TO OCCUPATIONAL
ACCIDENT

336^{ore}

5.4 ABSENCES DUE
TO OCCUPATIONAL
ILLNESS

0^{hours}

5.5 HEALTH AND SAFETY TRAINING
(BEYOND LEGAL OBLIGATIONS)

0.4^{hours}

6. Employee training

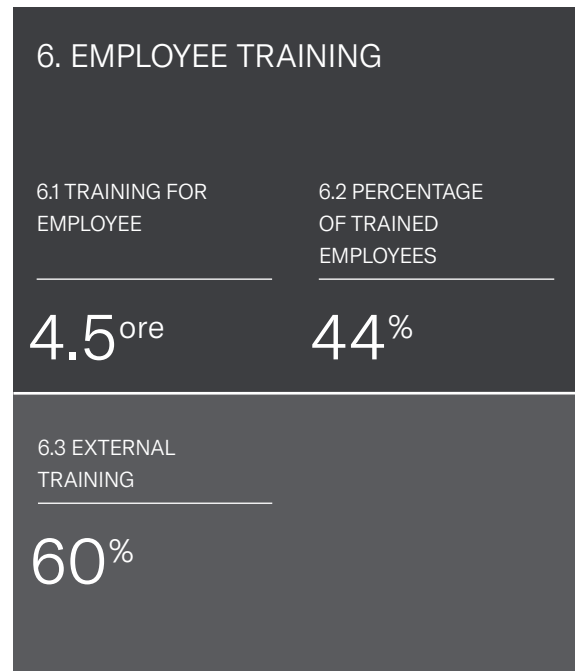
As an integrated industrial supply chain, serving an international market with products characterized by high technical and image quality, Pagani Pens has a complex organisational structure. It features a constellation of specialists and specific skills, with integrated teams working on shared processes within the same organisational cycle and in constant exchange with external partners.

Continuous training topics include: safety, technical updates in response to regulatory and procedural changes, job rotation plans to improve understanding of the challenges faced by other departments and promote awareness of their processes, as well as contribution to language courses. The annual budget lays the foundations for specific training projects. Projects in the period from 2022 to 2023 include:

- Technical, theoretical and practical training project dedicated to the macro-area of mould construction and mould maintenance, aiming to increase technical and operational knowledge of the manufacturing process and industrial application of innovative materials.
- Certificate of Advanced Studies in CSR for CSR Manager training programme at SUPSI and Regulatory Affairs Manager courses.
- Conclusion of the leadership programme organised with CFI from Lugano, in which 35 employees participated, including members of company management

6. Established practices

At Pagani Pens, innovation and organisational development go hand in hand with innovation and development of products and processes. This creates opportunities for internal advancement and professional development. The company's policy in favour of advancement and the personal and professional development of its "human capital" rests on well-established values and structured practices. These include professional and rigorous recruitment, training, evaluation and education; flexibility and openness to change; increasing the value of people, and real knowledge of each individual's skills, potential and motivation. From internal advancement and growth to the acquisition of new external resources, these processes are planned, managed and monitored in stages.



This structured system addresses the need for individual professional development as well as the need for our organisation to be resilient and ensure quality and professionalism. The recruitment and onboarding phase follows a defined program, the content and duration of which is tailored to the specific role: basic safety training, visits to all three sites and meetings with various managers who explain the processes and activities within their remit. This provides an early understanding of the complexity, processes and professionalism involved in the entire supply chain. The same procedure applies to visits from customers, colleagues from other locations and potential suppliers. We also organise school visits, featuring guided tours of our sites and explanations of our processes, focusing on the areas of interest to our visitors.

7. Diversity and inclusion

In this report, we have focused on our Ticino location. This includes the Group's head office, governing subsidiaries in Europe and Asia. The company attracts and retains people of different cultures and nationalities to ensure the consistent strength and security of the values of professionalism, reliability and quality. The company has always operated internationally and so perceives nationality as a factor of identity rather than diversity. This assertion is confirmed not just by the company's intentions but by factual evidence: the company's foreign employees in Ticino have lengthy periods of service and an exceptionally low churn rate, aligning closely with the overall figures for the workforce in Ticino.

There is a good gender balance in the company's workforce, with 40% women and 60% men. Women are also well-represented in positions of responsibility, including senior management positions. The quantitative difference between women and men in positions of responsibility simply reflects the organisational composition of the company, 75% of which is highly technical and operational. Female employees hold management roles in specialist but highly interdisciplinary processes.

Nationality

The company has a strong international focus. Employees of ten different nationalities work at the parent company in Ticino. The entire international Group has employees of 20 different nationalities.

Equal pay

The pay structure is primarily based on roles, specialisations and the scope and depth of responsibilities.

The company has implemented Logib – a standardised analysis tool made available to Swiss companies – to assess its achievement of equal pay in accordance with statutory requirements. Leaving aside the slight statistical effects resulting from data concerning the most distant generational and contractual groups, the company can demonstrate that it provides equal pay for men and women in the same roles.

7. DIVERSITY AND INCLUSION

7.1 TOTAL FEMALE REPRESENTATION

40.5%

7.3 WOMEN REPRESENTATION IN THE BOARD OF DIRECTORS (BOD)

0% women

100% men

7.2 GENDER PAY GAP *

4.1%

7.4 WOMEN REPRESENTATION IN LEADERSHIP ROLES

33% women

67% men

7.5 PERCENTAGE OF EMPLOYEES UNDER 30

5%

7.6 PERCENTAGE OF EMPLOYEES OVER 50

36.5%

7.7 EMPLOYEES IN PROFESSIONAL REINTEGRATION

0

7.8 NATIONALITIES REPRESENTED IN THE COMPANY

8

7.9 EMPLOYEES WITH FLEXIBLE HOURS

112

7.10 PARENTAL LEAVE (IN ADDITION TO LEGAL OBLIGATIONS)

4

* Gender pay parity is achieved when the indicator equals 0%

Community relations



City

Of

God



*Educating
for the future*

8. Community projects

Until just a few years ago, our owner Giorgio Pagani's keen attention to community issues translated into economic support and targeted donations but lacked a genuine connection with the company's principles and values. Today, corporate governance has transformed Giorgio Pagani's philanthropic tradition into a true, organised project, with wide-ranging activities all linked to a single core idea: education. We therefore turned to local communities and launched a series of initiatives: structured company visits for people at different stages of their studies, from school groups to Master's programmes for executive managers; an educational project for plastics operators aimed at young students from technical schools in Ticino; supervision of three-year thesis projects for Mechanical Engineering students at SUPSI, and support for a Lugano-based organisation developing a three-year plan for the development of neighbourhood schools in Ghana.

8. PROJECTS FOR THE LOCAL COMMUNITY

8.1 TOTAL AMOUNT
DISBURSED IN
DONATIONS AND
SPONSORSHIPS

0 CHF

8.2 ASSOCIATIONS
BENEFITING FROM
DONATIONS AND
SPONSORSHIPS

0

Environmental management



9. Materials

For several years, the search for new materials suitable for production has been a priority for Pagani Pens' research, development and industrialisation activities. We have divided this research into fossil fuel-based materials and those sourced from biodegradable sources. These two macro families entail indispensable principles of sustainability.

- **Materials based on fossil fuels**
Recycling, use of waste materials as filler, and reuse.
- **Materials from biodegradable sources**
Eco-design (i.e. how to design a pen appropriately for organic materials)

We are constantly reviewing the raw materials that compose the fossil fuel-based primary material in our writing instruments (which accounts for 85% of our annual production and sales).

A total of 90% of the pen (body, clip, button and tip) is made from ABS, of which 30–60% is recycled on-site during the injection process. A further 5% – the refill tube – is made of polypropylene, another fossil-based plastic material, of which 50% is recycled during the production process. The remaining 5% comprises metallic components, such as the tip, ball, spring and/or metal tip, if required by the model.

By contrast, 15% of annual pen production relies on bio-based materials (PLA and PHA).

A total of 50% of the metal used to make the tips is fully recyclable, unleaded steel.

We took this decision four years ago when the global directive on the use of materials containing lead (alloys) was introduced. We intend to phase out lead-containing alloys within an estimated five-year programme. The ink contained in the refill is to be considered a raw material. We produce roughly 100 tons per year, split between internal use to make tips for Pagani Pens (approx. 33 tons) and direct third-party sales (approx. 67 tons).

Finally, the cardboard box is also very significant. We rely on Fedrigoni, a leading paper manufacturer in terms of sustainability, and standard American cardboard, which is optimised for different batch sizes for international and European shipments.

9. MATERIALS

9.1 MAIN MATERIALS
USED BY THE
COMPANY

380^t

9.2 MATERIALS OF
RECYCLED AND/OR
REUSED ORIGIN

30%

* Data for ABS only

10. Energy

Our contract with our energy utility company includes electricity from 100% renewable sources. This electricity primarily powers:

1. Plastic injection moulding machines
2. Assembly machines (electric/pneumatic)
3. Pad printing and screen printing machines
4. CNC machining centres, lathes
5. PM and Multistar machines for pen production
6. Ink mixers

With the assistance of our Energy Manager, we are developing a monitoring plan for energy-intensive areas (which are listed above and distributed across the three production sites) to improve efficiency and reduce consumption. In 2022, we implemented a range of improvements, including heat pumps dimensioning (for winter air conditioning) and replacing electric boilers with others using heat pump technology.

| | |
|-----------------------------------------------------------|------------------------------------------------|
| 10. ENERGY | |
| 10.1 TOTAL ENERGY CONSUMED | 10.2 ENERGY CONSUMPTION FROM RENEWABLE SOURCES |
| 5'056 MWh | 90% |
| 10.3 ENERGY INTENSITY * | |
| 0.000112356 MWh/unit | |
| 10.4 ELECTRICITY CONSUMPTION ** | 10.5 ELECTRICITY FROM RENEWABLE SOURCES |
| 4'573 MWh | 100% |
| 10.6 SELF-GENERATED ELECTRICITY FROM WIND AND SOLAR POWER | 10.7 THERMAL ENERGY CONSUMPTION |
| 0 MWh | 484 MWh |
| 10.8 CONSUMPTION OF THERMAL ENERGY FROM RENEWABLE SOURCES | 10.9 TOTAL FUEL CONSUMPTION |
| 0% | 484 MWh |
| 10.10 CONSUMPTION OF FUEL FROM RENEWABLE SOURCES | |
| 0% | |

* Energy consumed per company reference unit

** Total electricity consumed, both fossil and renewable, purchased off-site. Excluding self-generated electricity

11. Water resources

No water is used in our production processes. Our water consumption generally concerns normal, civilian use, i.e. standard water consumption for sanitary purposes and in relation to food. At our Novazzano production site, water is used in a closed, filtered circulation system to cool the moulding cycles in injection moulding machines.

11. WATER RESOURCES

11.1 WATER WITHDRAWALS

221'124 m³

11.2 WATER DISCHARGES

215'000 m³

11.3 WATER CONSUMPTION

6'124 m³

11.4 WATER CONSUMPTION INTENSITY

0,000136089 m³

12. GHG emissions

The analysis of Pagani Pens' carbon footprint commenced in 2019 thanks to an insightful initiative by our Energy Manager, Fontana Giorgio. With support from Quantis – a company specialising in the analysis and calculation of companies' carbon footprints – we analysed our Scope 1, 2 and 3 emissions under the GHG Protocol. We were particularly conscious of the significance of Scope 3 emissions generated by third parties in shipping processes. By restricting calculation of our carbon footprint to our production sites (Scope 1 and 2 emissions only), we determined CO₂ equivalent emissions of approx. 300 tons. Based on these findings, Pagani Pens is implementing reduction and efficiency measures in all areas of the supply chain. Raw materials, for example, have a significant impact on our carbon footprint, hence our constant research and development work to find alternative solutions. Commuting is another aspect with a considerable environmental impact, which the whole company is now taking action to reduce. Coordinated and supported by our Human Resources department, these measures include promoting public transport options, car sharing and using mini-buses.

12. GHG EMISSIONS

12.1 TOTAL GHG EMISSIONS *

6'800 tCO₂e

12.2 GHG EMISSION INTENSITY **

0.000151111 tCO₂e/unit

* Total GHG emissions: incl. direct (Scope 1) and indirect (Scope 2) and if available also Scope 3

** GHG emissions per company reference unit


12. Established practices


Based on the results of Quantis' analysis regarding the significant impacts of the material from which our product is made, we jointly developed a tool that calculates the carbon footprints of customers' orders. The incorporated data is specific to each order (pen model, finish, graphics, quantity details and shipping destination). The result is a report in A4 format featuring the calculated

CO2 equivalent emissions for each order and each pen, accompanied by the insightful breakdown by life cycle stages. This scale provides a graphical representation of the percentage impacts of the entire lifecycle process, from materials procurement through to disposal. The report concludes with a comparison between carbon footprint and water consumption (see image below).

Environmental Footprint of your pen

Powered by **Quantis**





| | |
|-----------------|--------------|
| Quantity (pcs.) | 1000 |
| Pen model | QS40 |
| Refill | Plastic |
| Packaging | Bulk bag 100 |

PAGANI PENS


prodir

We believe, that the world needs to take urgent action to tackle climate change. Our ambition is to make sure that our products are in tune with the efforts of our customers as they move towards that goal.

Carbon Footprint of your order


Total carbon footprint:

62 kg
CO2-eq



Which equals to:


158 km
driven by car



Carbon Footprint of one pen


Equals to:

15 Hours
usage of a LED bulb

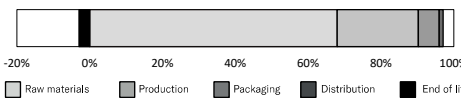


Equals to:

12 Charges
of a smartphone



Life cycle stages contribution:



Raw materials
 Production
 Packaging
 Distribution
 End of life

Detailed results for 1 pen

| Indicator | Unit | Total | Raw materials | Production | Packaging | Distribution | End of life |
|------------------|-----------|---------|---------------|------------|-----------|--------------|-------------|
| Carbon footprint | kg CO2-eq | 0,06158 | 0,04447 | 0,01457 | 0,00374 | 0,00069 | -0,00190 |
| Water footprint | m3-eq | 0,06554 | 0,06357 | 0,00165 | 0,00026 | 0,00002 | 0,00005 |

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6814 Cadempino
Switzerland
paganipens.com
CHE-102,987450

13. Waste management

The highest proportion of waste in tons concerns the ABS plastic material we use to produce pens. We have been working with certified suppliers for four years to recycle our materials and give plastics a second life. The waste import and export management system, which is coordinated by our Purchasing department, is integrated into the production chain through SAP procedures.

13. WASTE MANAGEMENT

13.1 TOTAL WASTE
PRODUCED

84^t

13.2 PERCENTAGE OF
WASTE RECYCLED OR
REUSED

70%

14. Investments

Every year, we conduct an analysis of our machinery. The technology we rely entails high costs, especially plastic injection moulding machines. We are constantly updating our machinery park, which consists of roughly 40 machines, by replacing older machinery with machines featuring higher energy efficiency and more precise injection mechanics

The Production Manager at the Novazzano site (where these machines are located) aims to identify the most sustainable technology (in terms of consumption and performance) through realistic comparative analyses between technologically different machines. Comparative testing of fully electric and hybrid presses is currently underway.

14. INVESTMENTS IN INFRASTRUCTURE, FURNISHINGS, MACHINERY (ANNUAL AMOUNT)

1.9M CHF





Conclusions

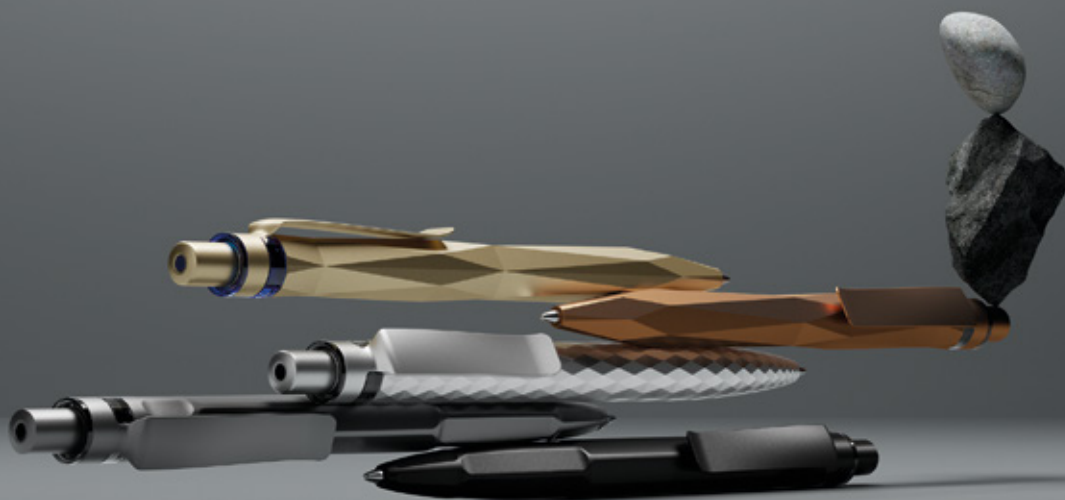
The creative and generative aspect of our business drives us to abstract certain concepts into values we strive to achieve. That's why, after drafting this document, we gathered around a table, looking at one other with pride and satisfaction, and tried to answer one question: "What conclusions can we draw?"

Naturally, we took a pen and paper and began writing things down! After rigorously gathering and reviewing our thoughts, we were all surprised at the outcome we had reached – even though, deep down, our CSR approach had always been part of our approach and actions. Our desire to act transparently and ethically in the world often ran counter to the attitudes and expectations imposed and pursued by the market. Much of the time, we felt like outsiders.

We now feel more in tune with the trends in the global economy, which finally appears to have discovered that working with a strong sense of responsibility is more fulfilling and satisfying than the single-minded pursuit of profit.

Summary table

The table below provides an overview of the indicators taken from the Global Reporting Initiative (GRI) standards. As already described several times in this document, these indicators will be used to monitor performance and understand whether the implementation of the corrective measures we enact have been effective (analysis and continuous improvement phase) in reducing not only environmental but also social and regional impacts. The definition, collection and analysis of data to produce these indicators represents a meaningful process in itself, allowing us to observe the company from a critical vantage point.



| Category | N. | Indicator | Unit | 2023 data | 2022 data |
|-------------------------------------------------------------|------|-------------------------------------------------------------------|----------------------|-------------|-------------|
| 1. Economic value | 1.1 | Economic value distributed in Ticino | CHF Mio | 32.8 | 31.3 |
| 2. Investment in research, development and innovation (RDI) | 2.1 | RDI investment value | CHF Mio | 1.3 | 1.4 |
| 3. Suppliers | 3.1 | Total number of suppliers | n. | 785 | 714 |
| | 3.2 | Percentage of local suppliers | % | 57.58 | 56.58 |
| | 3.3 | Valore economico distribuito ai fornitori | CHF Mio | 26.2 | 29 |
| | 3.4 | Economic value distributed to suppliers | % | 49.46 | 47.16 |
| 4. Corporate welfare | 4.1 | Total number of employees | n. | 291 | 323 |
| | 4.2 | Percentage of full-time contracts | % | 88 | 92 |
| | 4.3 | Number of fixed-term contracts (trainees excluded) | n. | 0 | 0 |
| | 4.4 | Number of apprenticeship contracts | n. | 0 | 0 |
| | 4.5 | Percentage turnover | % | 8.7 | 12.61 |
| | 4.6 | Investment in welfare per employee | CHF/per | 210 | 197 |
| 5. Health and safety | 5.1 | Percentage of absences due to illness | % | 4.12 | 4.89 |
| | 5.2 | Percentage of absences due to occupational accident | % | 0.06 | 1.1 |
| 6. Employee training | 6.1 | Training for employee | hours | 4.5 | 4.35 |
| | 6.2 | Percentage of trained employees | % | 44 | 55.96 |
| 7. Diversity and inclusion | 7.1 | Total female representation | % | 40.5 | 40.5 |
| | 7.2 | Gender pay gap | % | 4.1 | 4.1 |
| | 7.3 | Women representation in the Board of Directors (BoD) | % | 0 | 0 |
| | 7.4 | Women representation in leadership roles | % | 33 | 22 |
| | 7.5 | Percentage of employees under 30 | % | 5 | 6.3 |
| | 7.6 | Percentage of employees over 50 | % | 36.5 | 40 |
| 8. Projects for the local community | 8.1 | Total amount disbursed in donations and sponsorships | CHF | 0 | 0 |
| | 8.2 | Associations benefiting from donations and sponsorships | n. | 0 | 0 |
| 9. Materials | 9.1 | Main materials used by the company | t | 380 | 763 |
| | 9.2 | Percentage of materials of recycled and/or reused origin | % | 30 | 20 |
| 10. Energy | 10.1 | Total energy consumed | MWh | 5056 | 5485 |
| | 10.2 | Percentage of energy consumption from renewable sources | % | 90 | 90.4 |
| | 10.3 | Energy intensity * - * Energy consumed per company reference unit | MWh/t | 0.000112356 | 0.000124659 |
| 11. Water resources | 11.1 | Water withdrawals | m3 | 221'124 | 228'288 |
| 12. GHG emissions | 12.1 | Total GHG emissions | tCO ₂ e | 6800 | 8500 |
| | 12.2 | GHG emission intensity (per unit) | tCO ₂ e/u | 0.000151111 | 0.000193182 |
| 13. Waste management | 13.1 | Total waste produced | t | 84 | 95.5 |
| | 13.2 | Percentage of waste recycled or reused | % | 70 | 50 |
| 14. Investments | 14.1 | Investments in infrastructure, furnishings, machinery | CHF Mio | 1.9 | 1.5 |

Next steps

Focusing on a clear and well-defined sense of purpose from company management, and in the awareness of the effort we must invest in these activities to achieve our ambitious goals, we have endeavoured to outline real and tangible objectives.

In 2024, we will secure ISO 9001, 14001 and 45001 certifications – an important milestone for our company. On the one hand, these certifications will officially recognise the validity of an organisational and production model that has allowed us to continue manufacturing our products entirely in Ticino for over 50 years. On the other hand, they will provide a method of measuring our performance based on an international indicator system. This will allow us to pursue and maintain continuous improvement in the years to come.

We will further our commitment to secondary schools and universities in the Ticino region, drawing on our expertise and experience, centred around the core idea of education. The project with the Zenzero, an association from Lugano, will extend these activities beyond Swiss territory to Africa, reducing cultural barriers and the distance between distant worlds, to “whisper” – respectfully but emphatically and with conviction – that education must be a right and an opportunity for everyone. The project for a rehabilitative pen to help children suffering from dysgraphia is in a similar vein; we are currently awaiting approval from the Ethics Committee of the Abruzzo region before finalising this project.

Improving our energy efficiency and reducing our company's environmental impact are part of a project we initiated in 2019, which involves a series of complex activities linked to our multifaceted supply chain. Reducing energy consumption is undoubtedly a highly significant task; however, we also believe in taking small steps which, projected into the future, will yield tangible, definite advantages. These include improving our production waste, reusing equipment by making small-scale modifications, recycling raw materials and purchasing more efficient machinery. Last but certainly not least, we will promote education and develop the resources that represent Pagani Pens' most precious asset.

Goals

We are conscious that we have a long road ahead of us to achieve the goals set out in the 2030 Agenda. As an energy-intensive company in the manufacturing industry, deriving our profits from the sale of personalised writing instruments, we have identified the following Sustainable Development Goals as particularly relevant.



1

We support education provided by schools and disability-related associations to promote writing by hand.

Given the scientific insights into the cognitive benefits of writing by hand, we are convinced of the need to find a compromise between the digital world and the traditional world of writing.



2

We start from the assumption that a product's durability is a fundamental aspect of sustainability. This takes the form of responsible production, including writing output of 3,500 meters per pen. However, our research and development activities extend beyond finding materials capable of responding to environmental needs and also concentrate on identifying suitable technologies to achieve the best result in terms of our company's impacts.



3

We are striving to reduce our CO₂ emissions in Scopes 1, 2 and 3 as far as possible within the bounds of our capabilities. This involves using indicators and recurrent analyses, which serve as the basis for implementing corrective actions to reduce the impacts of climate change.

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