

**NEO
DECOR
TECH**

Sustainability Report 2016

Foreword

On 4th July 2017, Confalonieri S.p.A. changed its name into Neodecortech S.p.A..

This change of company name occurs in conjunction with Neodecortech's purchase of 100% shareholding in Cartiere di Guarcino firm, which, in turn holds 100% of Bio Energy company.

As a matter of fact, Neodecortech S.p.A. carries out direction and coordination activity (ex art. 2497 Civil Code) towards the above mentioned companies, which become part of its scope of consolidation.

CONFALONIERI

NEO
DECOR
TECH

At the conclusion of the third Sustainability Report, Neodecortech reconfirms its commitment to place at the hearth of its project “the man, the environment, the quality of life and of the products and the services offered to its own customers”. These principles have been an integral part of our strategic vision since before starting the sustainability reporting, launched in 2013.

The achievement of our mission has meant, and still means, to explicate our commitment by getting certifications and adopting corporate policies aimed at the pursuit of ambitious and important objectives, without letting us be influenced by external, economic or political elements of instability. The way Neodecortech relates to its stakeholders is also the direct result of this commitment: mutual trust and common respect for laws and norms, transparency of behaviors and of production activities are considered essential assumptions to preserve the continuity of the Company.

The reaffirmation of the principles at the basis of the Company's activity is even more strategic at such an important moment for Neodecortech: in 2017, we celebrate 70 years of activity, of the company's and its people's history. On that occasion Neodecortech decided to focus on what will come, rather than remembering the past, investing new financial, human and technical resources into the evolutionary path of the Company.

The planned objectives and investments focus on the two strategic cornerstones of Neodecortech: innovation, with the research and development of new products, of raw materials and production techniques; investment in the human capital of the Company through training, updating and professional growth of our people.

These objectives and investments are congruent with the strategic evolutionary path that the Company has realized in the latest years, which today bring Neodecortech to fairly face, with balance and determination, the challenges thrown by the market and by our competitors.

Luigi Cologni

1. Neodecortech: The Italian Side of Decor

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1.1 Identity

Main actor since the 50's, at the very beginning of the decorative laminate industry, Neodecortech identifies its mission in the aim to be a highly proactive partner for their interlocutors, constantly involved in monitoring and interpreting new styles trends of its market.

Neodecortech devotes since a long time its creative and technological resources to the continue update of their designs collection and products range and today it owns about 900 printing cylinder sets for the printing: a heritage where technical know-how and innovation meet, to reflect contemporary styles at their best.

A wide range of products together with high production quality and efficient management, enable Neodecortech to work with all main companies of its industrial sector, with full control of each production step and showing great attention to the respect for the environment.

A 360 degrees entrepreneurial vision that finds its roots in the Company's **values**.*

Neodecortech considers essential the utmost respect for human dignity in all its forms, the care and protection of the health and the physical and moral integrity of workers, the correctness of the relationship with suppliers and customers and the transparency in relations with the Public Administration and the Supervisors in all their forms and expressions.

In line with its values, Neodecortech's strategy is to ensure excellence and sustainability of the business through continuous improvement of all performances, process and product. The policies, management models and internal codes that the Company introduced over the years are tangible evidence of the commitments made, in line with the adopted strategic approach.

The Ethics Policy, Code of Ethics and the Charter of Values are in fact accompanied by the Model of Organization Management and Control ex D.lgs. 231/2001 adopted by the Company in 2009.



* ¹Honesty, correctness and transparency, ²attention to the person, ³reliability and expertise, ⁴research and continuous improvement, ⁵efficacy in achieving goals, ⁶efficacy and economy, ⁷respect for the environment, ⁸quality and timeliness, ⁹creativity and originality

the Company's values

70 YEARS OF NEODECORTECH

70 years of life ... together ... and then again together over the years.

We were born in 1947 and over the years, along with our staff, we have gone a long way, building an important reality we are proud of.

They have been "70 years flew like the wind", but they are also "the first 70 years".

In these years we met people with their faces and their professional stories, we experienced unforgettable emotions and precious moments whose memory has enriched us and made us grow humanly and professionally.

For all this we feel to say thank you, a sincere and heartfelt thanks to all those who have shared this project and have grown our Neodecortech.

Like all things that come to life, over the years and over our professional and company life, we have changed, we have evolved, to face present and future with determination.

An entrepreneurial vision that is able to read and interpret the evolution of our industrial sector, even in an international context, coupled with the enthusiasm and passionate work of all of us, have allowed us and will allow us to be still undisputed protagonists and innovators in the industrial sector of the furniture and flooring.

The challenge of innovation has been and will be tackled together, with the awareness of our potentialities, our knowledge and know-how, by putting all the necessary energies and resources in place.

There have been critical, difficult and challenging moments, but we have faced them together

and together we have overcome them or we are overcoming them little by little.

The leading and bonding central idea that links the activities of those who preceded us and, hopefully, those who will follow us, is knowing how to carry out our work with care and passion. It is to be flexible and to be ready for increasingly frequent and sudden changes that the market shows us.

We have to look enthusiastically at all that we have been, all that we are and that we will be, at all we have done, we do and we will do, because we play the leading role.

Over the years, our policy and our strategies have evolved by integrating the purely economic-productive aspects with important ethical issues focused on transparency, on environment, on the attention to the person and the territory. Our vision of development is and will be confirmed by the certification paths and by our investments in the technological and human resources that we will realize and it is part of a natural path of strategic evolution that we have planned for the future.

Our story does not end here: these 70 years are just a piece of life, an intermediate step along the path of what we still want to become, a chapter of a project still to be designed and lived with healthy ambition, determination and enthusiasm, together.

1.2 Stakeholder

Neodecortech aims to maintain and develop a relationship of mutual trust with their **stakeholders**, as categories of individuals, groups or institutions whose contribution is necessary to achieve the Company's mission, or which have an interest at stake in its pursuit.

For each stakeholder, Neodecortech Code of Ethics represents the ethical principles on which the whole activity is based.

In this regard, for the preparation of the Sustainability Report 2016 Neodecortech has started a process of discussion with its stakeholders, involving customers, suppliers, employees, local community representatives and institutions to gather their views and consolidate a strategic path of collaboration and debate.

- Employees involved (13%) were selected to represent every Company's business area: administration, purchasing, warehouse, sampling department, printing department, digital printing department, Lab, EDP, commercial area and Company Unions representatives
- The suppliers involved correspond to 76.7% of the Company's annual volume of purchases
- Customers involved account for 25% of Company sales

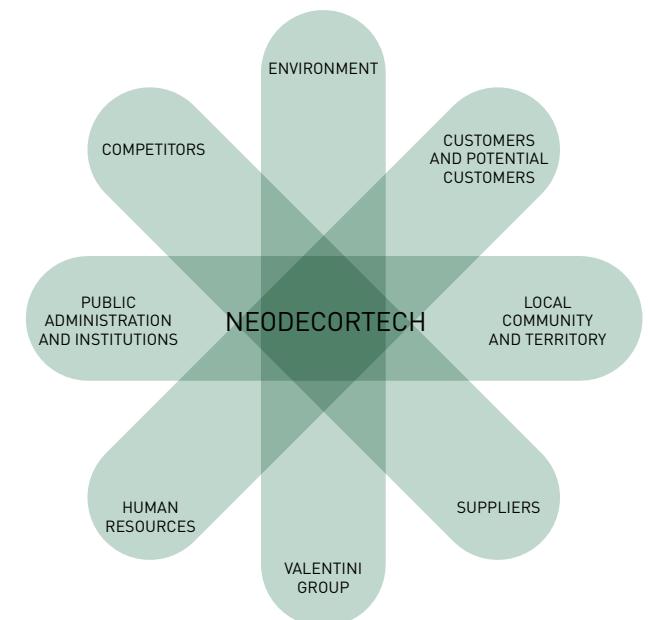
The purpose of the stakeholder engagement activity was to investigate the importance of each topic for the various stakeholders, to understand whether and how Neodecortech's approach to the various issues has an impact on the relationship

with the various stakeholder groups and finally to identify to which and how much information the Company's interlocutors are interested in.

The contributions received were analyzed and allowed to perfect the Neodecortech Materiality Matrix (see next paragraph), but, most of all, it has helped the Company to better understand the prospects and views of its interlocutors, offering a valuable opportunity for debate.

From the meetings with the stakeholders, some issues of interest have come to light:

- More complete information on the Company's economic performance.
- Greater transparency and sharing in the management of environmental issues, with reference to emissions, and particularly to those related to formaldehyde (see Emissions paragraph).
- More information about how the Company manages the theme of innovation, in parallel with training and development of human resources (see the Human Resources section below).



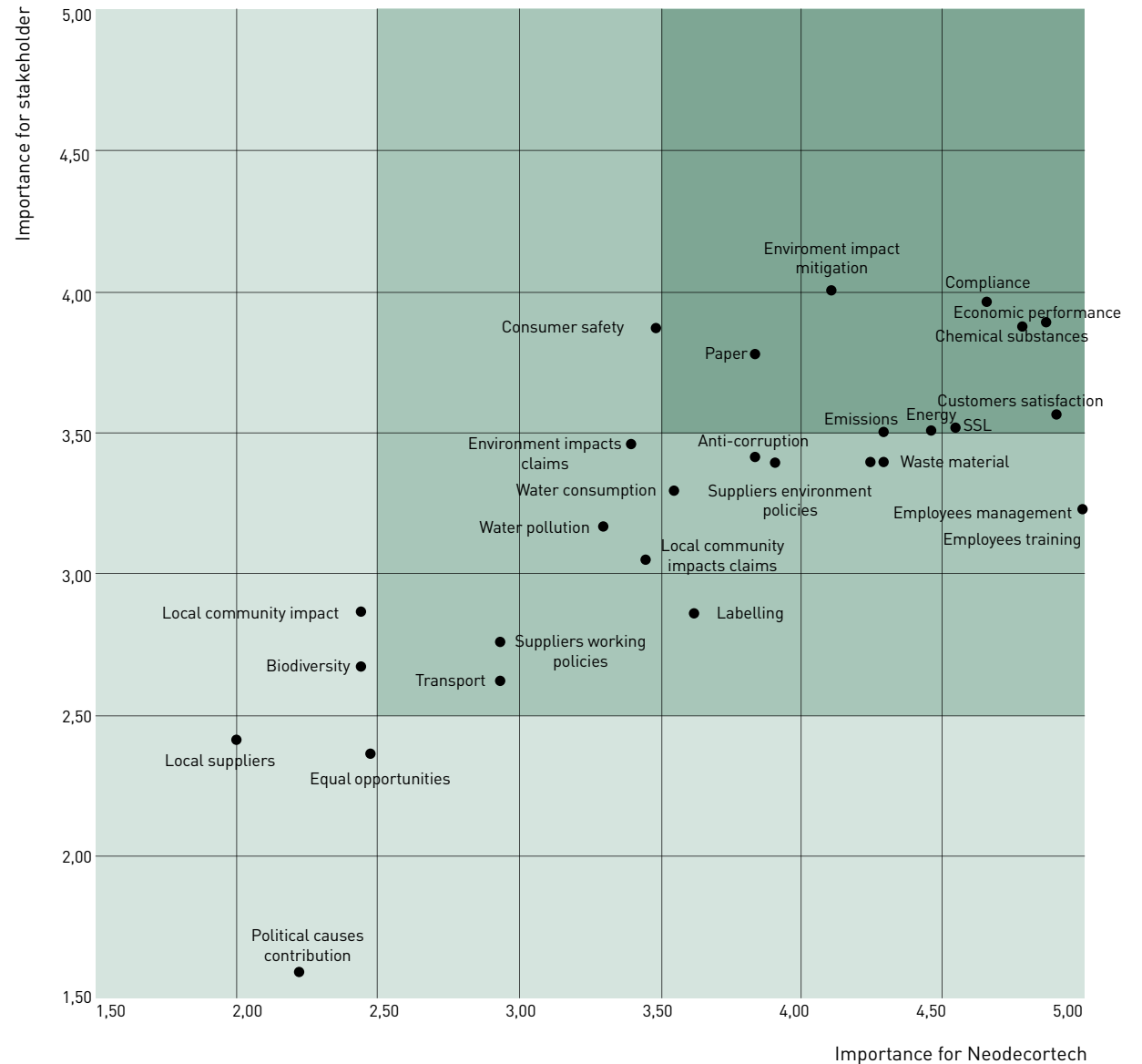
1.3 Materiality matrix

The **materiality matrix** is the result of an analysis and assessment work that expresses the level of importance of each issue for Neodecortech (on the horizontal axes) and for the Company's stakeholders (on the vertical axes), offering an overview of which sustainability issues are the most relevant, or material.

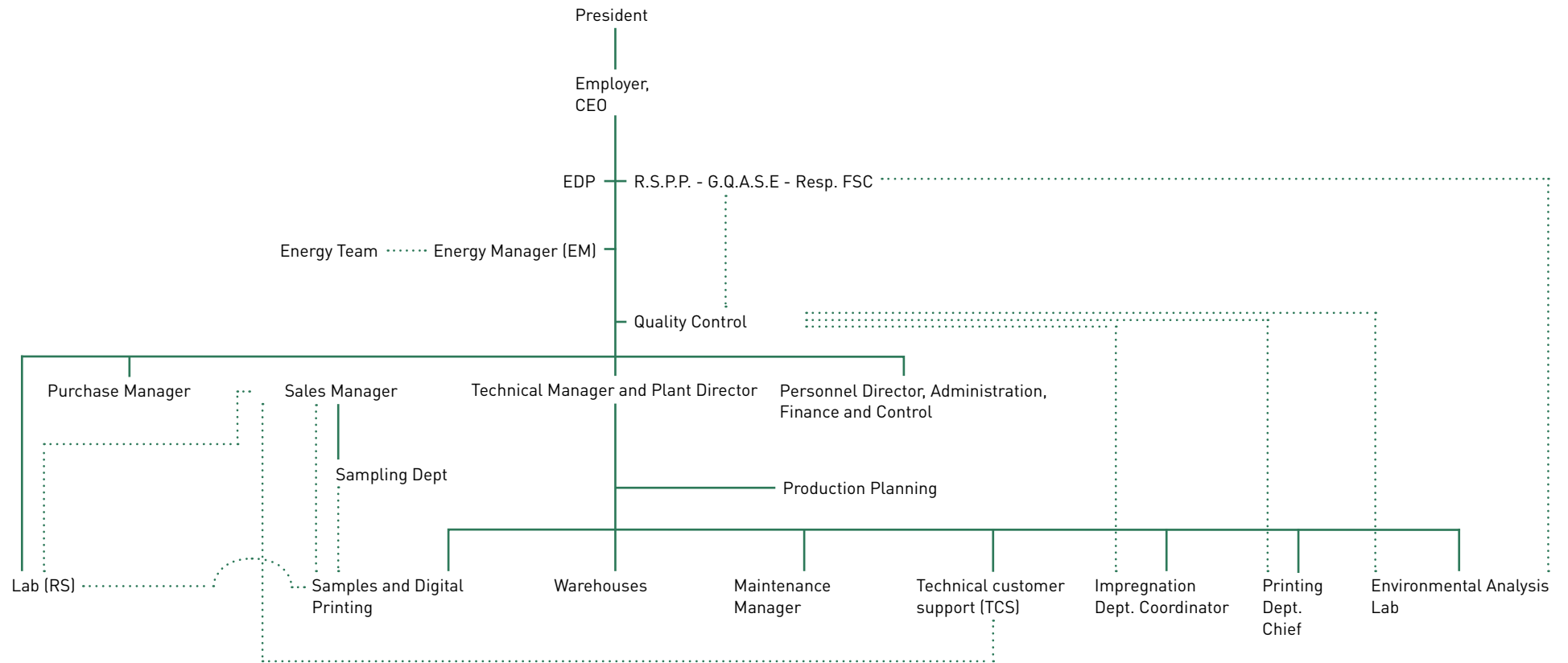
The process of materiality analysis allows to take into account both the sustainability aspects typical of the decorative and melamine papers for furniture and interior design industries and the most relevant issues to describe performance and economic, social and environment impacts of the Company reality, taking into account the stakeholder's point of view as well.

The aim of this analysis is also to better understand the expectations and interests of its stakeholders to start a path of business performance improvement based also on external inputs, which are integrated in Neodecortech strategy and harmonized with its principles.

Compared to the previous issue, the Matrix published in this Sustainability Report has been refined considering the evaluations expressed by the various stakeholder involved in the stakeholder engagement stage. The evaluations were weighed according to the importance attributed by the Company to each group of interlocutors (assessment based on the influence of the stakeholder on the Company and its dependence on the Company).



1.4 Governance & organization



Neodecortech is one of 7 industries that compose Valentini Group, a 100% Italian industrial group that covers the whole furniture chain.

The company's share capital amounts to 4.800.000 euro and it is wholly owned by the holding company of the Group. The company management is delegated to a Board of Directors. The President

of the Board of Directors, Dott. Luigi Valentini, has all the powers related to the exercise of his functions.

To achieve its goals, the Company has adopted a functional, streamlined and flexible organizational model that aims to facilitate communication between the various functions and to make production processes always more efficient.

The Code of Ethics, the auditing, the Organizational Model ex D.lgs. 231/2001 and the management systems in the social and environmental field express a will of governance oriented to correctness, transparency and to the highest standards of quality management.

COMPLIANCE

Neodecortech believes that compliance with applicable regulations is a determining factor within its business policy.

Legality and fairness in business are considered essential elements for developing and maintaining long-term relationships with its stakeholders, based on mutual respect and trust and they contribute over time to enhancing the value of the Company as a reliable and transparent partner.

The reputation that Neodecortech can boast, starting from the territory in which it operates, is the result of constant operational and managerial correctness over time. In addition, a rigorous approach to compliance issues becomes more and more necessary within the international context in which the Company operates, enabling it to consciously manage the risks to which it is exposed: by adopting adequate control systems, Neodecortech guarantees compliance with corporate rules and regulations and decreases the likelihood of future events that could compromise its future development and reputation.

ANTI-CORRUPTION

The adoption of the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001 ("Organizational Model") in 2009 (last version adopted in 2013) is a tangible demonstration of Neodecortech's willingness to set his own governance respecting the most advanced compliance regulations. Beyond the specific purposes set forth by Legislative Decree no 231/2001, an organizational model of this kind promotes greater human resources awareness of their own areas of action, even through the constant updating and adjustment of the controls implemented to prevent violations.

Specifically in regard to corruption, the Company's Ethics Policy establishes that any activity carried out in the name and on behalf of Neodecortech must be conducted in a responsible and legitimate way, coherent with the objectives and norms of behavior of the Company. In particular, relations with the Public Administration fall within the exclusive competence of the delegated functions, which must respect principles of independence, impartiality, transparency and fairness expressed also in the Organizational Model.

In line with the principles outlined above, corruption, both active and passive, is strongly prohibited by the **Code of Ethics** of Neodecortech, both towards counterparties belonging to the Public Administration and to a private subject.

Finally, in line with what is required by the correct adoption of the Model ex D.lgs. 231/2001, all Neodecortech staff have been properly informed about the policies of the Company through a specific training, receiving Model and Code of Conducts.

CLAIMS ABOUT ENVIRONMENTAL ISSUES AND RELATED TO THE LOCAL COMMUNITY

Over the past 15 years, the Company has not received any remark on environmental issues or local community related issues.

Neodecortech aims to be perceived by the local community as a source of resources and opportunities for the territory. In this context, the Company pays the greatest attention to claims, whether they are related to environmental issues or other impacts on the local community, and it bases its action on fairness and transparency principles, in line with its direction policy.

By setting a strict compliance, Neodecortech intends to formulate and achieve "shared" objectives with Authorities and Institutions for proper governance also in the field of environment, protecting its employees and, in general, the local community. To date the feedback received has generally been positive: precisely because decisions are shared and defined consensually with external interlocutors.

1.5 Production process

Neodecortech activity comprises design research, development, production and sale of printed and impregnated papers for the furniture, furnishings and flooring field.

Neodecortech products are certified 100% Made in Italy: designed and manufactured in Italy starting from high quality and natural materials and through typical and traditional production processes in compliance with hygiene and safety at work.

↓ 1. DESIGN AND PROJECT OF A DECOR

The process of creating a new decor can be triggered by the customer or by the commercial area of the Company: starting with a sample of natural wood, stone or fabric, or from the idea for a purely geometric fancy design.

At this point, the team of the Internal Laboratory begins the development of the design: scans of the material to be reproduced are carried out and checks and comparisons are made between the desired decorative and the developed ones, to evaluate the qualitative result and detail of the image, the dominant color between original and scanned material and the gradation of the tone and contrast degree.

When scanning operations are completed, technical and creative interventions are made on computer: cleaning, retouching, contrasts, uniformity, minimum and maximum gradation, processing and realization of the junction for continuous drawing, verification of color uniformity and color separation through masks

or automatic functions. Color separation or "variation" by color decomposition in the primary colors for each of the engraving planes, each of which will correspond to a cylinder, is a very important step because the accuracy with which it will be made will affect the quality of the decor printing. A digital print test is carried out and a visual evaluation is made between the color test and the originals.

Once this phase is completed, the developed decor is subject to a market valuation that, if positive, will start the realization of laboratory cylinders series or the test digital printing (Digital Printing Department).

↓ 2. CONSTRUCTION AND PHOTOENGRAVING OF THE CYLINDERS

The decorative design developed by the Internal Laboratory is delivered to the external laboratory for the photo-engraving phase of the cylinders, the only

one that takes place outside the company. The cylinders are then checked for verifying the proper engraving.

↓ 3. ROTOGRAVURE PRINTING PROCESS

The rotogravure printing process is carried out using three elements: decorative paper, inks and cylinders.

The cylinder surface is made up of numerous engravings of depth and variable width that make up a design. These incisions receive the ink in a differentiate quantity, then the cylinder surface is pressed against the decorative paper on which the ink is transferred. The result of this step is the partial realization of the design. Afterwards, the paper passes through drying hoods, within which the temperature is about 150 °C. This operation is repeated up to four times: step by step the design is made by adding a color and different parts until the final design is realized.

Condalonieri's annual production capacity of printed papers is about 18,000 tons.

→ 4. IMPREGNATION PROCESS

The impregnation process, which concerns only MEL and FINISH products, consists in the treatment of special papers, plain colors or woodgrains printed, with aqueous solutions containing melamine, urea and acrylic resins.

Resins and other products required for the production cycle are stored in a special area of the department, in tanks or cisterns. The resins in the tanks are drawn, in the quantities indicated by the formulations, with a closed-circuit system.

Each impregnation plant consists of an impregnation station and a coating station, spaced by a drying tunnel after each stage. Coating is done only on the decorative side and it is not provided for all the impregnated papers, but only for FINISH products and for bi-coated melamine. After both passage steps in a number of ovens this allows proper paper drying and, at the output of the plant, the paper can be rolled on cardboard cores or cut in sheets. Neodecortech's annual production capacity of impregnated papers is around 100 million of sqm.

1.6 PRODUCTS

Neodecortech has become one of the most important companies in the rotogravure printing and melamine impregnation field, creating interior design projects that focus in every detail, from the walls, to furniture and floorings up to furnishings.

In order to guarantee both original and creative products, besides the highest levels of quality, in 2010 Neodecortech established an **Internal Research and Development Laboratory** for digital printing, which independently or, prompted by customer requests, develops the new designs ever since.

The product range is expression of a continuous creative and stylistic research and presently includes about 900 designs aimed to enact the different current style trends: from natural materials, such as wood and stone, to the many different surfaces as concrete and metal, up to textures inspired to textile and pure abstract geometries.

The range currently offered includes 48 products, divided into 4 categories:

PPF

PVC semi-rigid thermoplastic polymer film, printed with water-based inks, used for the furniture market (vertical PVC) and for flooring (LVT). In addition to PVC, printing can be made on PP (polypropylene) and PET (polyethylene terephthalate).

The product consists of a thin printed film that can be coupled to various types of support (chipboard, MDF, regenerated PVC). A special production process – that avoids alterations of the film physical characteristics – guarantees a high coupling resistance.

PVC, once painted with UV resins, is a material with good mechanical properties and resistance to abrasion, wear, aging, chemical agents and the attack of fungi and bacteria. It is water-repellent, warm-to-touch, low-sounding when it is stepped on and particularly resistant to fire, with high ignition temperatures, low flame propagation and self-extinguishing.

DEC

Printed decorative paper for the production of low pressure melamine chipboards, finish foils, edge-bandings and high-pressure laminates, as well as decors for flooring. These decorative papers, through the rotogravure printing process, reproduce imitations of wood, marble, granite, fancy and plain colors.

Neodecortech follows the development of the decorative laminate industry since the 1950s. Constant dialogue with customers and attention to market evolution enable the Company to continuously update its offer with the development of new designs and new color combinations, creating a wide range of decors (reproductions of woodgrains, fancy designs, plain colors, etc.).

Accurate quality control of raw paper at input and during the printing process ensures to obtain a product with permeability, porosity, tensile strength, acidity and smoothing characteristics that allow impregnating it with different types of baths based on melamine, urea and acrylic resins.

MEL

Melamine papers for high and low pressure laminates, that means decorative papers impregnated in melamine or melamine-urea resins, for the furniture industry. The range includes products suitable for presses for chipboard or MDF panels covering.

In general, the use of MEL papers gives to covered surfaces a special abrasion, scratch and chemical resistance properties and allows obtaining products with low formaldehyde release. In addition, a wide range of decors can be obtained: reproductions of woodgrains, fancy designs, plain colors, etc.

FINISH

Finished and paintable papers ranging from pre to post-impregnated until the edge-bandings.

The product is obtained from decorative, printed or plain colors papers, which are impregnated with specific resins (acrylics and ureics properly modified), then coated with finishing paints.

Through the coating process, various surface finishes can be realized: from extra-glossy to super-mat, with tactile effect or with pore effect finish.

This type of production allows obtaining low formaldehyde emissions finishes, a high-quality finishing lacquer with high chemical resistance and the possibility of achieving various degrees of gloss.

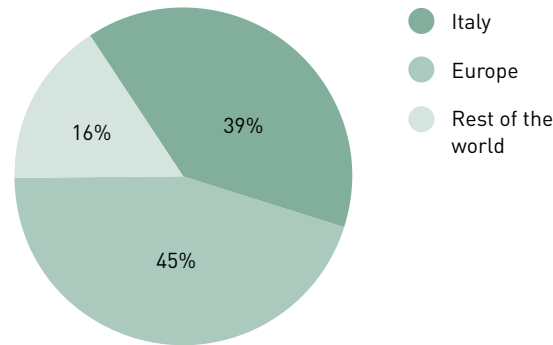
It is a suitable product for the covering of chipboard, MDF and plywood; backs and flat surfaces; panels for lacquered furniture.

1.7 Economic performance

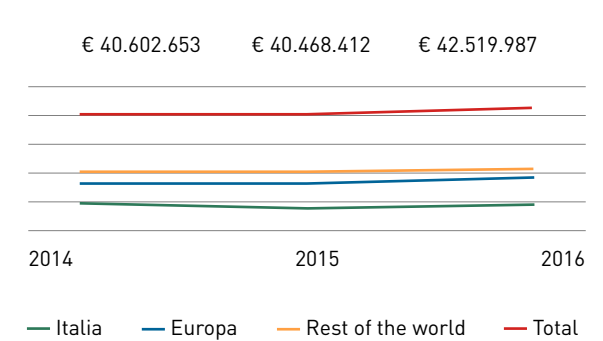
A large part of Neodecortech turnover originates from the European market and more than half of total turnover is ascribable to printed decorative papers (DEC).

After the research and development phase completed in 2015, a new product called PPF was introduced in 2016 and is in fact in the Company's catalogue.

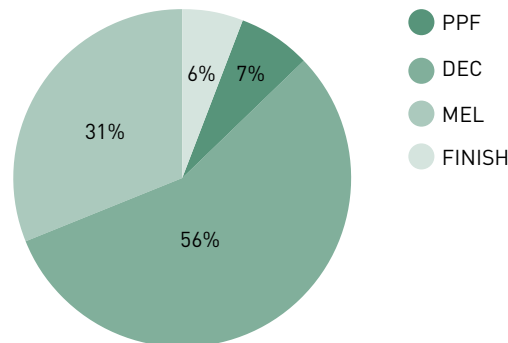
2016 SALES BY GEOGRAPHIC AREA



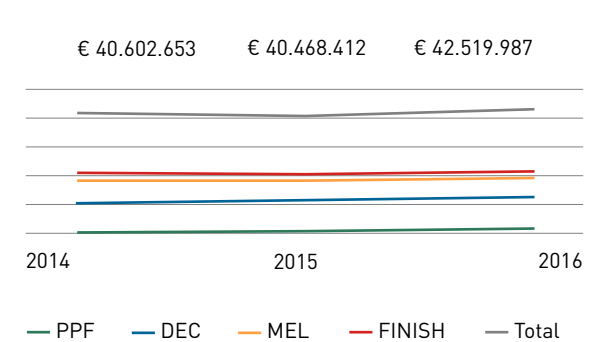
SALES TREND BY GEOGRAPHIC AREA



2016 SALES BY PRODUCT CATEGORY



SALES TREND BY PRODUCT CATEGORY



As it can be deduced from the trend in economic and financial indices, in the last years Neodecortech gradually improved its performances.

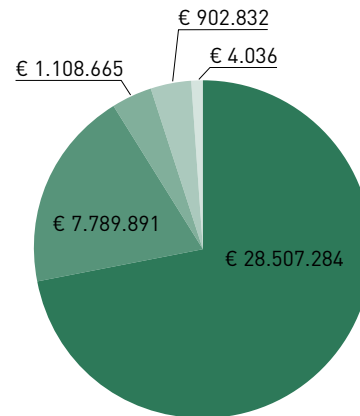
Since 2013, the Company's indebtedness has progressively declined due to its ability to generate financial resources that have reduced demand in the short and even in medium and long term.

Financial charges on sales remained quite stable, as the medium-long term exposure (mortgage) increased as a result of the significant decrease in short-term debt.

Company's increasing capitalization has allowed a progressive improvement in the self-financing index, which demonstrates the Company's good financial structure.

Finally, the distribution of the generated economic value shows how the Company distributed the wealth to the various stakeholders also during 2016:

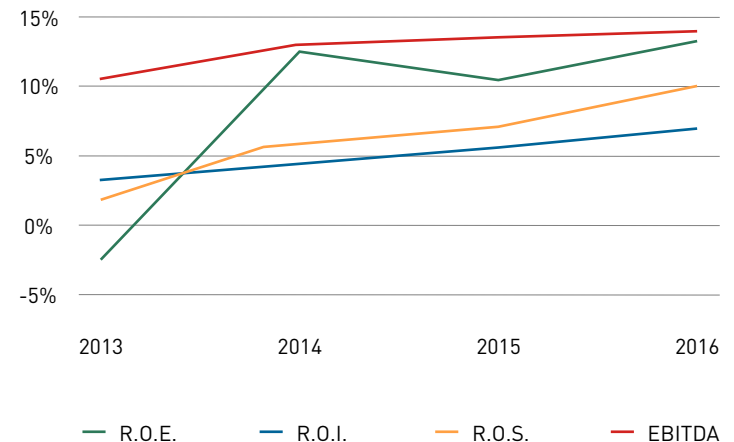
2016 DISTRIBUTED ECONOMIC VALUE



- Suppliers
- Employees
- Banks and financial institutions
- Public administration
- Community

FINANCIAL INDICES	2013	2014	2015	2016
Indebtedness index	2,2	1,8	1,6	0,97
Financial charges over sales	2,6 %	2,7 %	2,7 %	2,5 %
Self-financing index	55,6 %	66,9 %	76 %	86 %

ECONOMIC INDICES



2. Environment

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2.1 Mitigation of environmental impacts

The issue of environmental impacts is of fundamental importance to Neodecortech: Code of Ethics, Business Policy and, last but not least, the integrated system of certifications adopted, testify a significant and constant commitment on this front.

Given the productive nature of Neodecortech, every activity of the Company is intersected with environmental sustainability issues: it is therefore inevitable that business lines and Company's strategic choices result in consequent actions in production processes, organization and company management with projects and programs of short medium and long lasting.

Neodecortech, in coherence with its business philosophy, invests significant financial resources to manage the environmental aspects. In this regard, in 2016, the Company has joined an environmental project proposed by ARPA Lombardia (Bergamo office) and Bergamo ATS, launched in January, specifically designed and activated for the territorial realities of Bergamo Island, where it has its headquarters, to conduct a comprehensive analysis, as far as possible, on the environmental impacts affecting the companies of the area.

The phases are as follows:

1. Comparison of the data and documents of the participating Institutions with information available to individual Companies regarding environmental impacts.

2. Individual surveys by ARPA Lombardy in participating companies, to detect potential and real pollution points (chimneys, water discharges, plants, machinery, etc.).

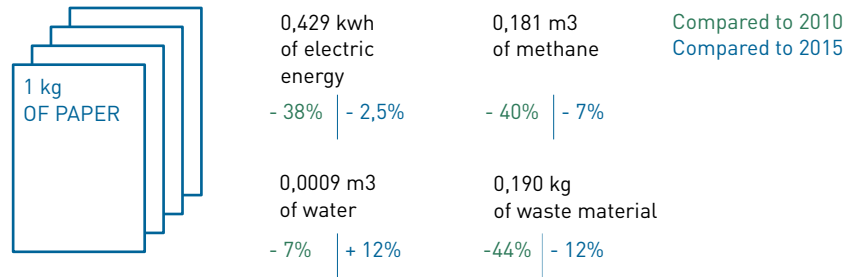
3. Campaigns and sampling surveys of the pollution levels of the territory, with fixed and mobile locations defined by ARPA Lombardia.

4. Comparison of data recorded with those declared by individual productive companies.

5. Conclusions and guidelines.

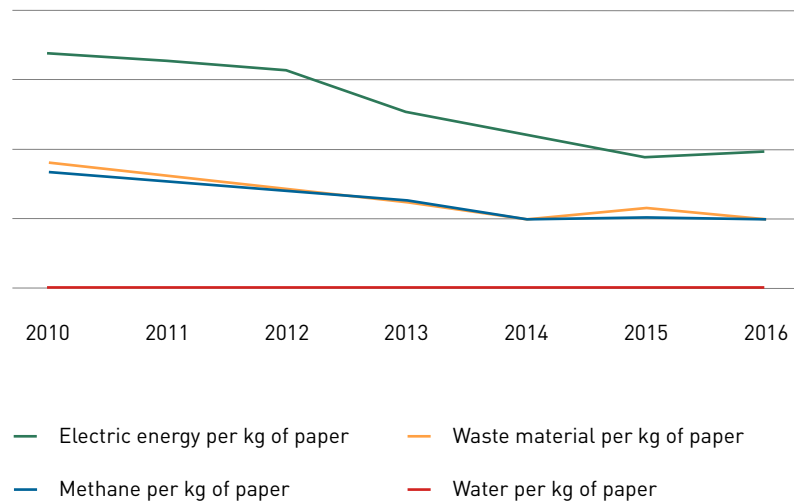
Over the last few years, Company's environmental impact has significantly improved thanks to investments in the control and management of gaseous emissions in the atmosphere and water emissions in surface water bodies and in sewer collector. All this led to the construction of two plants for the treatment and abatement of gaseous atmospheric emissions and the construction of tanks for collecting/lamination of meteoric and security waters for any eventual spills of liquid substances.

In addition, Neodecortech's commitment to the environmental front includes a research activity related to the selection of new, less environmentally impacting raw materials: resins, paints, low formaldehyde lacquers for the impregnation phase and water-based inks for the printing phase. The objective is to decrease progressively the environmental impact of Neodecortech and its products.



ENVIRONMENT PROTECTION COSTS	2014	2015	2016
Waste disposal	132.971 €	132.112 €	174.351 €
Emissions treatment*	141.500 €	100.500 €	43.500 €
Plants and training (estimate)	80.000 €	80.000 €	80.000 €
Prevention (insurances, investigations)	27.746 €	29.855 €	57.605 €

CONSUMPTIONS PER EACH KG OF PRODUCED PAPER



*The change in the costs related to the treatment of emissions is due to an experimentation conducted in 2015-2016. For more information see Emissions paragraph.

Further details and explanations of consumption trends are contained in the sections dedicated to the different aspects.

TOPIC	OBJECTIVE	GOAL	INDICATOR	UPDATE OF THE ACTIVITY CARRIED OUT IN 2016
Raw materials	Introduction of more eco-friendly and less dangerous raw materials	Reduction of the % of pollutants and hazardous components in the raw materials	Values detected from analytical controls of emissions and in finished products	Pursuant to new laws and regulations related to the classification of certain substances (Regulation 605/14, REACH, etc.), the research and selection of more eco-friendly raw materials together with suppliers were continued.
Energy	Restraint of costs and energy savings	Proper working of the photovoltaic plant operation, targeted interventions on systems and plants, different use of the abatement equipment of air emissions	Energy saving (%)	Improvements and enhancements were continued with the installation of inverters and new control and management systems for production plants and other plants
Waste/refuses	Reuse of raw and printed papers in other production processes, with waste reduction	Reduction of the quantity of raw and printed papers sent to disposal	Quantity of waste disposed during the year	Compatibly with the ongoing research and development activities, waste and refusal were kept under control: raw and printed paper wastes were sent to the paper mill in Guarmino for their recovery and re-use. This allowed to reduce the quantities dispatched to disposal.



OBJECTIVES 2017

Environmental objectives are established, in addition to reference laws and rules, even by company choices and targets, aimed to containment and reduction of pollution levels, energy consumption, refuses and production waste, vehicle traffic for the transport of raw materials and finished products. The Company's approach therefore goes beyond simple compliance in the environmental field, with the purpose of continuous improvement in the environment issue, compatible with the available resources and knowledge. For 2017, the Company intends to pursue the objectives already identified for the previous year, summarized in the table.

2.2 Certifications

Neodecortech strategic approach is confirmed by daily action at all levels, by all the roles and Company functions, in line with the path that the company has undertaken since 2005 and that led to the acquisition of system certifications designed to offer its partners a tangible proof of the commitment, transparency and fairness that characterizes its activities. Neodecortech's certifications, here below resumed, have all been voluntary taken and internationally recognized.

UNI EN ISO 9001
obtained since 2009
Certification n°14575

It is a certification related to Quality management systems; a guideline that defines the requirements for the implementation of a management system, in order to conduct company processes on a path of continuous improvement and efficiency in product creation as well as in increasing customer satisfaction.

UNI EN ISO 14001
obtained since 2007
Certification n°11657

It is a certifiable standard that gathers requirements, principles and supporting techniques to the environmental management system. Its goal is to implement, maintain and improve the system of control of environmental impacts that company activity determined.

As it requires the Company to improve constantly its performance, it is a commitment to continuous improvement on the environmental issue.

OH SAS 18001
obtained since 2011
Certification n°16504

Occupational Health and Safety Assessment Specification is a System of management of occupational safety and health that ensure a level of control that goes beyond the law requirements.

OH SAS certification enables systematization of mapping and monitoring of all possible risks related to normal and extraordinary activities at the Company's workplace. It integrates with standard 14001.

FSC – CHAIN OF CUSTODY
obtained since 2010
Certification n°CQ-COC-000102

FSC is a forest certification system that identifies the products containing wood that comes from sustainably managed forests, the cellulose is obtained from wood to produce the paper.

Chain of Custody certification guarantees that FSC certified paper is labeled and stored separately from the non-certified one, so that the final product's sustainability can be traced.

100% MADE IN ITALY
obtained from 2015
Certification n°IT01.IT/1267.055.V

Certification system that is realized by the Institute for Italian Producers tutelage, that guarantees the Italian original quality of the products. To obtain this certification, the products must be manufactured entirely in Italy, made of Italian semi-products, made of high-choice and high quality natural materials, realized with designs and exclusive projects of the Company and constructed using typical traditional Italian workmanship.



OBJECTIVES 2017

UNI EN ISO 50001: In January 2017, the certification process was launched to start, maintain and improve the energy management system. The process was implemented by Neodecortech's choices and guidelines adopted during December 2016. The certification process ended on June 23th 2017.

2.3 Materials

PAPER

For Neodecortech, Paper is **the most important raw material**: until 2015 it was the only type of base material used in printing department and it is still the only one in impregnation department. The paper used in the manufacturing processes of the Company must have special printability characteristics to reproduce as much faithfully as possible the designs of wood or stone. At the same time, it must be sufficiently porous to be impregnated with different types of resins depending on the final application (laminates, chipboards, etc.) that make it resistant to mechanical and chemical stresses. The optimization of these two main features, as well as the constancy of the characteristics and the color, are the elements that make the process more efficient and that define the quality of the finished product. Paper is purchased for more than 70% in Italy, from a Valentini Group company, while the remaining part comes from European companies. Although suppliers are relatively close, raw material is produced from different types of trees from all over the world: birch, picea and pine wood from Estonia, Lithuania, Sweden and Finland; Monterey Pine from Chile; Eucalyptus from Brazil, Spain and Uruguay.

With such a variety of sources for raw materials, it is essential to use a reliable international instrument to test its sustainability: in 2010 Neodecortech chose to certify itself with FSC for the safest and most transparent handling of its paper supply.

All waste paper is carefully separated from possible pollutants, to be reused in paper mills without further processing. In summary, the waste is completely recovered. To achieve this, various fronts had to be worked out: enhance staff to manage the printing process and introducing new technologies to reduce the number of color tests, saving both time and paper.

As for **packaging** materials, since Neodecortech products are not intended for the final consumer but for companies which operate in design and furniture field, the Company uses packaging for transport, which therefore have the function of protecting products in the distribution phase, until the next stage of processing: pallets and other components in wood, polythene, cardboard and packaging paper.

In 2016, 6 grams of wood, 3 grams of polythene and 6 grams of packaging cardboard were used on average for each kg of paper produced by Neodecortech.

The **Forest Stewardship Council** is a certification system created in 1983, in order to ensure complete traceability of wood-based raw materials. Through the FSC logo, the consumer can recognize which products are manufactured with raw materials from forests managed in a correct and sustainable way. In a FSC forest the tree cutting does not affect the overall health of the forest, nor has adverse impacts on indigenous peoples of the area.

Considering the legislative regulations, the type of production and the business sector, Neodecortech decided to adopt the FSC MIXED, that certifies that 70% of the cellulose comes from certified forests. Furthermore, according to FSC TRANSFER SYSTEM scheme adopted by the company, 99% of the paper used in the production processes of the plant is certified.

In 2016 Neodecortech purchased 8.517.135 kg. of FSC certified paper.



OBJECTIVES 2017
Further reduction of waste material
from 1.2% to <1%.

CHEMICAL SUBSTANCES

In companies like Neodecortech, chemical substances pervade every aspect of their work. This constant presence has two aspects: one positive, represented by the innovations and improvements that these materials bring, and one negative, represented by side effects (pollution, waste, exposure to pollutants).

To manufacture its products, Neodecortech subjects the paper to different processes of treatment with resins and inks. These materials by their nature may contain percentages of polluting and dangerous components, solvents and free formaldehyde.

Since many years Neodecortech has been committing to use more and more eco-friendly and less hazardous raw materials. It constantly monitors the evolution of the Italian and European legislation, as well as the advancing international scientific knowledge and evolution of technologies, to ensure the ultimate level of security for the final consumer.

During 2016, in compliance with the laws and regulations for prevention and safety, Neodecortech has updated the company Risks Rating document (DVR). The update was also made for specific Risks Rating documents such as the chemical and the

carcinogenic Risks Rating documents, in relation to the new classification of formaldehyde.

The results were positive as no evidence of a level of exposure beyond the permitted legal limits has emerged. Furthermore, as per instructions of Prof. G. Mosconi of Occupational Medicine at the Pope John XXIII Hospital in Bergamo, Neodecortech carried out 4 quarterly samplings, in productions departments and on employees who are potentially exposed for a one-year time. It comes out that the company staff is not exposed to values higher than those indicated by the laws of reference. All staff were trained according to Risks Rating document and Legislative Decree n. 81 / 08 and the EU Regulation No. 605/14.

Besides, according to rules and laws regulating the production activities, Neodecortech has updated the Safety Data Sheets (SDS) of the products sold (SDS in compliance with EU law and regulations), in order to inform customers/users adequately.

The International Agency for Research of Cancer (IARC) has recently included formaldehyde in Class 1/B (application of EU Regulation n° 605/14), which includes substances that are carcinogenic to humans. In order to avoid symptoms in susceptible individuals, the WHO (World Health Organization) indicates a concentration below 100 mg/m³ averaged over 30 minutes as a guide value for air quality.

It is important however to point out that the health risk levels for formaldehyde are undergoing a total revision, also in view of the recognized features of carcinogenicity of the substance. Low **formaldehyde** content is present in the impregnated paper produced by Neodecortech, because it is indeed a substance found in some raw materials used in the production process.

CONSUMPTIONS (TON)	2014	2015	2016
Inks	835	764	761
Resins	6.967	6.738	6.627
Varnishes	351	311	247

2.4 Energy

In a production environment like Neodecortech, energy is a fundamental issue: in the form of methane or electricity, it is necessary in all phases of production and management of the company. Interventions on energy efficiency of the Company therefore has a significant impact on both the costs and the overall environmental impact of the Company.

Energy intensity represents the ratio between total energy consumption measured in MJ and industrial production, measured in tons (for factors converting for calculating total energy consumption, see Appendix). This measurement indicates the energy efficiency recorded by the Company: as shown by the chart above, the last three years have seen a noticeable decrease in energy consumption, despite the slight increase in production. For information on energy intensity calculation, see Appendix 1 p.32.

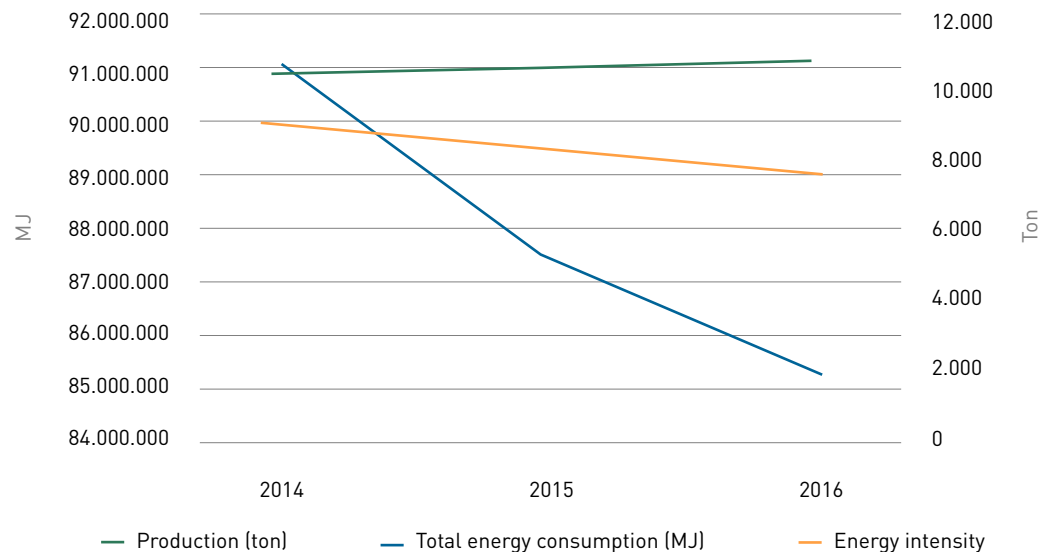
Neodecortech considers the constant reduction of energy demand and CO₂ emissions as a strategic goal and, to demonstrate this, it is working to introduce an Energy Management System (SGE) compliant with UNI CEI ISO 50001: 2011, that, through a systematic approach to efficient energy management, promotes the attainment of these objectives.

All stages of production and management of the company's general services are constantly monitored to keep track of consumption, efficiencies and deficiencies. Targeted interventions on company plants and machinery enable the Company to make its consumption more efficient in the medium to long term.

Consumptions of Company's two main manufacturing processes are reported below. For more details on the Company's energy consumption, see Appendix 2 p 32-33.



- OBJECTIVES 2017
- UNI CEI ISO 50001:2011 Certification achievement- within June 2017
 - Constant reduction of energy demand and CO₂ emissions - continuous



In the impregnation department, data show that the consumption trend of both energy consumption and performance indicators (consumption per kg of produced paper) is decreasing. With reference to the significant decrease in data for the abatement equipment for the years 2015 and 2016, it should be specified that this was the effect of an experiment conducted in that period, agreed with all the relevant authorities, aiming to evaluate the optimization of the abatement equipment use itself. Since this experiment has not been successful, from 2017, we will return to the pre-existing abatement process and the consumption values will return in line with those of 2014.

PRINTING DEPT.

	PRINTING DEPT. TOTAL CONSUMPTION		PRINTING DEPT. CONSUMPTION PER KG OF PRODUCED PAPER	
	kwh	m ³ gas	kwh / kg	m ³ gas / kg
2014	763.500	422.125	0,1055	0,0583
2015	987.715	419.413	0,1309	0,0556
2016	1.153.015	484.482	0,1419	0,0596

IMPREGNATION DEPT.

	IMPREGNATION DEPT. TOTAL CONSUMPTION		IMPREGNATION DEPT. CONSUMPTION PER KG OF PRODUCED PAPER		ABATEMENT EQUIPMENT TOTAL CONSUMPTION		ABATEMENT EQUIPMENT CONSUMPTION PER KG OF PRODUCED PAPER	
	kwh	m ³ gas	kwh / kg	m ³ gas / kg	kwh	m ³ gas	kwh / kg	m ³ gas / kg
2014	1.680.466	1.662.289	0,5383	0,5324	284.756	280.045	0,0912	0,0897
2015	1.600.017	1.486.311	0,5291	0,4915	209.500	189.341	0,0693	0,0626
2016	1.516.940	1.373.831	0,5247	0,4752	104.090	82.134	0,0360	0,0284

The overall positive trend in recent years is a consequence of the greater efficiency of the plants and the meticulous management of production and management processes, proposed and implemented by the technical staff with the support of the maintenance department.

ENERGY MONITORING AT 31/12	2014	2015	2016
Methane	74.405.382 MJ	70.678.559 MJ	68.465.877 MJ
Electricity from non-renewable sources	3.958.865 kwh	3.910.937 kwh	3.984.276 kwh
Electricity from renewable sources	727.042 kwh	736.042 kwh	659.258 kwh
Sale of electricity from renewable sources**	289.927 kwh	250.728 kwh	237.612 kwh
Heating	6.816.533 MJ	6.425.411 MJ	6.721.921 MJ
Cooling	39.500 kwh*	39.100 kwh*	40.000 kwh*

*Estimate

**Energy sold to GSE – Inclusive incentive rate

In order to pursue its energy objectives in the most effective way, in 2016 Neodecortech identified the figure of the Energy Manager, whose task is to analyze and optimize the company's energy balance. To the Energy Manager refers the Energy Team, a transversal group of the Company, consisting of:

- Manager of the Management System, supporting design, implementation, monitoring and improvement of the Integrated Management System.
- Technical Director provides operational guidelines in compliance with quality, health and safety standards, energy consumption, and environmental protection.
- Purchasing Manager is responsible for controlling and coordinating energy supply, defining tariffs, payment terms for energy products and budget.
- Maintenance Manager, a specialist in securing the full operativeness of the Company's production system, identifying weaknesses in the plant and organizing ordinary and extraordinary plants maintenance.
- Laboratories Manager, responsible for collecting and evaluating the qualitative and process data on the products of the plant.

Energy Manager performs consumption control through the verification of the data collected for electricity, natural gas and water resources a continuous monitoring system installed at the plant. For all other consumptions, the annual billing data are checked.

The EM for the periodic update of the "Energy Consumption Indicators" module uses the data collected, which is essential for periodic consumption reporting, the definition of energy contracts and the evaluation of performance indicators and targets for improving factory energy performances.

With the aim of a constant improvement, it is necessary to identify a form of analysis and evaluation to determine which the significant consumptions are and to define a scale of priorities on the implementation of possible interventions for improving energy efficiency. In order to do so, Neodecortech implemented a significance matrix that assigns a score to each individual activity that consumes energy. Based on the obtained score, the Energy Team is able to determine the significance of the identified consumption and subsequently evaluate, together with the Management, the type of interventions to carry and their sustainability and priorities.

INTRODUCED INITIATIVES	2014	2015	2016
Optimization of compressors fleet and compressed air			60.000 kwh
Different use of abatement systems of emissions in the atmosphere		35.000 kwh 65.000 Smc	60.000 kwh 105.000 Smc
Optimization of impregnation dept. production lines		25.000 kwh 60.000 kwh	16.000 kwh 40.000 Smc
Compressors fleet switch off during the stops	150.000 kwh		
Company utilities optimization (illumination, air replacement system etc.)	100.000 kwh		
Energy consumption total reduction	250.000 kwh	- 125.000 kwh and - 65.000 Smc methane	- 136.000 kwh and - 145.000 Smc methane

2.5 Emissions

The issue of emissions is important for Neodecortech because it represents a critical element of the concept of sustainability: finding the right balance between satisfying present needs without compromising the possibility of future generations. The Company is convinced that reasoning in a circular way will bring a reduction in costs and a reduction in the impact on the environment in which it works.

Emissions deriving from Neodecortech production cycle are mainly related to the activities carried out in Printing and Impregnation departments. In particular, the Impregnation Department has solvent consumption levels that can exceed 150 kg / h or 200 tons / year. For this reason, the Company has adopted a Solvent Management Plan, defined as per the Environmental Integrated Authorization (AIA) No. 11047 of October 3, 2007.

In addition, although the AIA foresees an annual sampling period, Neodecortech has undertaken to carry out half-yearly analysis, as per the Urban Convention signed in 1996 with the Municipality of Filago. The values measured during the tests conducted in 2016, as in previous years, have always been lower than the limits imposed for each substance.

Data on NOx and SOx emissions were calculated by multiplying the abatement system's operating hours for the concentration of emissions detected in one hour by a specific measurement.

Data of Organic Volatile Compositions (OVCs) were calculated by referring to the direct release of the various chimneys, authorized AIA. The OVC mass flow was multiplied by the operating hours of the plant, the data come from the three years Solvent Management Plan.

Finally, the calculation of equivalent CO₂ emissions results from the consumption of methane and electricity, net of electricity production derived from photovoltaic plants.

Here below are the equivalent CO₂ emissions for the two main manufacturing processes of the Company. For more information about the CO₂ emissions of the Company, [see Appendix 3 p 33](#).

The Energy Manager (see Energy paragraph) is also the representative for emissions related activities.

The improvement targets presently defined are:

1. Drastic reduction in the use of compressed air in machines
2. Thermal cutter power consumption optimization
3. Impregnation lines power consumption optimization
4. Impregnation lines gas consumption optimization
5. Internal / external transport optimization

For each project, resources will be allocated based on the logic of the payback period, identified at 24 months.



OBJECTIVES 2017
Settlement of KPI more accurate and faster to display.

EMISSIONS TOTAL	2014	2015	2016
SOx (kg year)	2.051	nd	nd
NOx (kg year)	8.597	345	893
COV (kg year)	12.230	19.323	28.780
CO ₂ eq (ton year)	5.253	5.009	4.981

Ton CO ₂ eq	IMPREGNATION DEPARTMENT		PRINTING DEPARTEMENT
	Impregnazione	Abbattitore	
2014	3.948	666	1.155
2015	3.574	458	1.251
2016	3.321	205	1.451

TRANSPORT

The issue of transport is important as it has implications on organizational and productive aspects and intersects with environmental and safety aspects.

In addition to the compliance with the rules governing the transport sector, Neodecortech places the greatest emphasis on the choice of suppliers of this service, which is made by the Company's Management. Selection is based on multiple factors, such as certification, category register subscription, reliability, price, and quality of service offered and made.

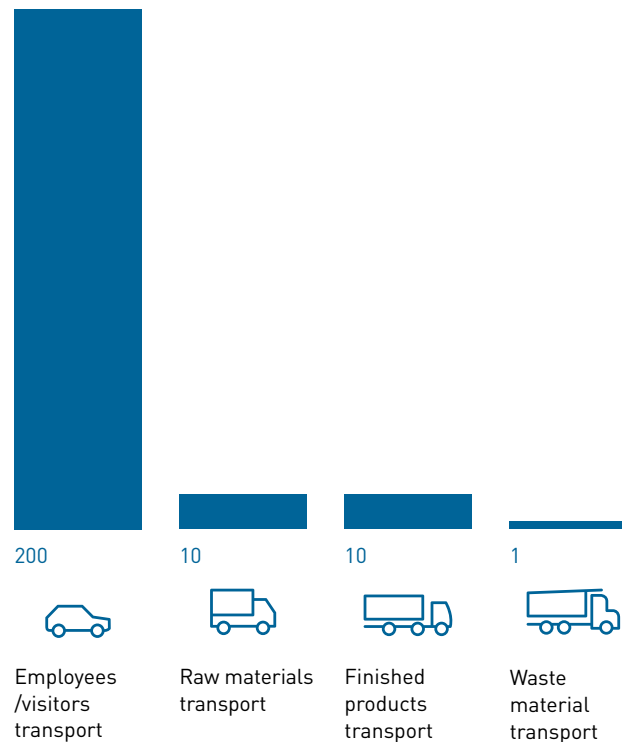
The objective is to have an efficient, high quality and safe transport service, carried out in compliance with laws and regulations. The efficiency and quality levels of the service are periodically monitored.

Finally yet importantly, Neodecortech also takes into account the environmental impacts of transporting goods and people: whenever possible, cargo and goods transport is done by compacting loads and considering destinations, in order to achieve ever-greater levels of efficiency.

Regarding employee commuting, public transport is not possible because the Company is located in an area not covered by this service.

Finally, in relation to the average daily traffic of provincial road n. 155 (the last available data dates back to 2010 and reports the transit of 17,912 vehicles), the traffic currently generated by Neodecortech, considering logistics and transport, is not significant, as well as hardly reducible.

ESTIMATED DAYLY TRAFFIC



2.6 Wastes

Neodecortech is aware of the impact that proper waste management can have internally, in terms of efficiency of production processes, and outwardly, as protecting the environment. For this reason, it pays great attention to this aspect, monitoring the values generated by the production process, evaluating and carefully selecting the companies involved in their transportation and disposal. To demonstrate this commitment, the management model establishes a procedure that specifically regulates proper waste management.

About 50% of Company's waste produced in 2016 consisted of chemical waste of various kinds: resins residues, inks and paints, plastics, treatment acids: all types of waste were appropriately disposed of in authorized plants through specific disposal processes.

Neodecortech's objective is to adopt always better management of produced waste, and in this context, more and more differentiated waste collection has started in 2015. Additionally, in 2016, part of the raw paper considered as waste at that time was converted into raw material for the Group's Paper Mill: with the same production charge, the amount

of paper conferred as waste fell by 1,196. 940 kg in 2015, to 662,180 kg in 2016 (534,760 tons less).

Waste composition varies accordingly to production: as you can see in the table below, the individual types of waste do not vary in proportion to total waste per kg of finished product.

It is noted in particular:

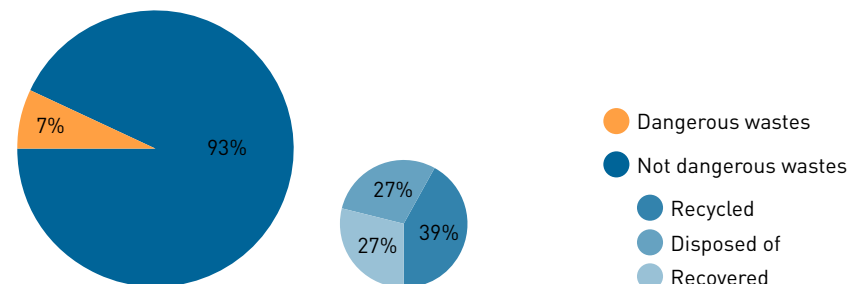
- A decrease in the total amount of produced waste, ranging from 0.216 Kg to 0.190 Kg as part of the recycled is no longer a waste, but it is a real sales product, printed paper.

- Dangerous waste has increased to 7% as a refusal has been reclassified as dangerous, because of a different conferment.

- Disposed waste has increased from 14% to 27% for the introduction of new production procedures (PVC printing).

Total wastes produced in 2016: -13%
Paper conferred as waste in 2016, at same production charge: - 45%

WASTES 2016



WASTE COMPOSITION

	2014	2015	2016
kg waste /kg finished product	0.202	0.216	0.190
Dangerous waste	2%	3%	7%
Not dangerous waste:			
Disposed	13%	14%	27%
Recycled	54%	57%	39%
Recovered	31%	26%	27%

kg DESTINED TO:	2014		2015		2016	
	Dangerous wastes	Not dangerous wastes	Dangerous wastes	Not dangerous wastes	Dangerous wastes	Not dangerous wastes
Riciclaggio		1.134.960		1.275.287		763.511
Recupero	16.510	655.320		596.180		539.260
Smaltimento	21.830	267.201	78.645	302.920	129.100	532.158
Totale	38.340	2.057.481	78.645	2.174.387	129.100	1.834.929

2.7 Water

Water is a valuable asset to which Neodecortech pays more and more attention: not only in a saving logic but also above all because an improper or inadvertent water management can result in negative impacts of various nature with environmental implications and consequently economic negative impacts. The Company's approach is therefore based on rigorous compliance, putting challenging targets on consumption and water pollution.

WATER CONSUMPTION

The Company sets the target to contain company water consumption through:

1. Preventive control interventions and maintenance operations,
2. Investments in purchases and installations of plants and equipment capable of containing water waste or water leaks of pipes and dispensers,
3. Involvement of internal and external personnel for controls, interventions, etc.

Starting from the objective of limiting consumption and water waste, the Company defines projects that may result in investments of varying importance. Also in the revision of the company organization for areas

and departments the implications for water issues in their complexity are considered.

Within Neodecortech plant, water used for civil uses (canteen, toilet, etc.) comes exclusively from the municipal water supply, while industrial and fire-escape water is extracted from the source of self-contained water supply (well) and from the municipal aqueduct.

The main water consumption in the production cycle is intended to:

- washing of the printing cylinders, of the equipment of the impregnation department, the printing department;
- the formulation and dilution of inks and resins;
- the abatement equipment serving the chrome plating / unplating tanks of the printing cylinders;
- the cooling of plants in printing and impregnation departments.

Neodecortech's commitment to limit water consumption is obviously influenced by the nature of his own productive activities: water consumption can be significantly affected by the introduction of products requiring greater use of water (such as PVC), or from research and development activities, as experimenting with new materials leads to increased con-

sumption at same production level.

In 2016 Neodecortech drew overall **12.840 m3** of water, 74% destined to industrial uses.

TOTAL VOLUME WATER DRAWN AT 31/12	2014	2015	2016
Municipal water	4.573 m ³	4.538 m ³	3.414 m ³ *
Water from self-contained supply (well)	7.515 m ³	8.320 m ³	9.426 m ³
Total water consumption	12.088 m ³	12.858 m ³	12.840 m ³

*A failure at the municipal water counter owned by Uniacque S.p.A., replaced on 18 November 2016, caused that consumption was not detected from the beginning of July

WATER POLLUTION

Water pollution is of great importance also in relation to other environmental issues, such as biodiversity. The proximity to a surface water stream (Dordo stream) is in fact an important aspect that needs the utmost attention to avoid water pollution episodes that could cause damage to the environment and risks to the people.

Over the years, Neodecortech equipped itself with more and more sophisticated garrisons (plants, tanks, detectors) and alarms that prevent potential pollution of the surface watercourses and of acquifers. This was possible with the use of adequate financial resources, technical and professional activities, as well as through programmed preventive maintenance, technical control and inspection intervention, and water exhaust analysis. Company's interventions related to this issue are obviously in line with the Law guidelines and make use of the best available technologies.

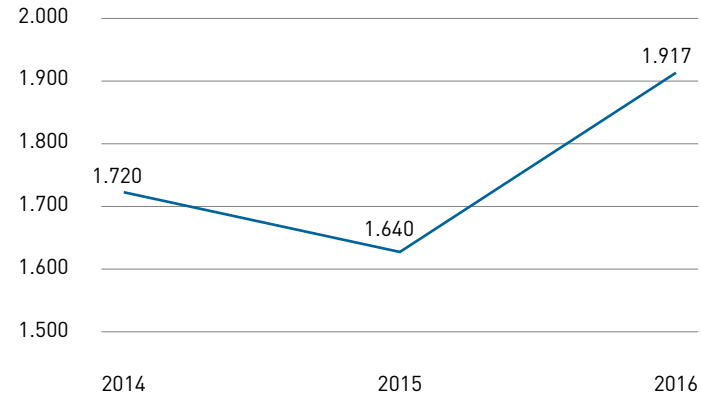
The Company has a filtration plant of wastewater produced during the various processing phases, which treats about 10 m³ per day of wastewater with ink residues coming from the washings. The treatment is chemical

/ physical, through a rotary filter with mineral bed. The result of the treatment is treated industrial wastewater, which is sent to the sewage collector, while the treatment residues are sent to disposal.

Overall, the Company has adopted alternative clean technologies or the best available technologies to reduce the impact of liquid effluents and periodically checks their efficiency.

Waste water volume increase is due to the introduction of new product types and to experiments carried out under R & D initiatives.

WASTE WATER VOLUME AT 31/12 (m³)



2.8 Biodiversity

Although the Company is not placed in a protected or particularly sensitive to biodiversity area, Neodecortech pursues the objective of a proper and balanced integration between productive activities and the surrounding environment, in order to avoid negative impacts on the territory and therefore on fauna and flora which characterize it.

The acquisition of several certifications, including UNI EN ISO 14001, the drafting and adoption of an Integrated Company Policy attentive to environmental issues and environmental sustainability: all this is aimed at safeguarding the territory in which the Company has been operating for seventy years.

CONVERSION FACTORS FOR THE CALCULATION OF THE TOTAL ENERGY CONSUMPTION

APPENDIX 1
Energy intensity

1 MWh electric =	3.600 MJ	TOTAL PRODUCTION (ton ³)	10.353 ton	10.571 ton	10.973 ton
1 MWh electric =	0,187 TEP	Total energy consumption	91.113.695 MJ	87.409.991 MJ	85.426.622 MJ
1 MWh electric =	453 kg of CO ₂	Energy intensity	8.801	8.269	7.785
1 Smc natural gas =	34,53 MJ		2014	2015	2016
1 Smc natural gas =	9,593 kwht				
1 Smc natural gas =	0,000825 TEP				
1 Smc natural gas =	1,917 kg of CO ₂				
1 TEP =	2.323 kg of CO ₂				

APPENDIX 2
Energy consumptions

IMPREGNATION DEPARTMENT CONSUMPTIONS

	Impregnation		Abatement equipment		T.1		T.3		VITS		Impregnation heating
	kwh	m ³ gas	kwh	m ³ gas	kwh	m ³ gas	kwh	m ³ gas	kwh	m ³ gas	m ³ gas
2014	1.680.466	1.662.289	284.756	280.045		94.522		552.943		631.920	95.210
2015	1.600.017	1.486.311	209.500	189.341		84.455		365.817		727.592	114.790
2016	1.516.940	1.373.831	104.090	82.134	77.008	79.735	387.308	425.329	398.216	694.121	111.030

PRINTING DEPARTMENT CONSUMPTIONS

	Printing		M.14		M. 13		M. 12		M. 11	
	kwh	m ³ gas	kwh	m ³ gas	kwh	m ³ gas	kwh	m ³ gas	kwh	m ³ gas
2014	763.500	422.125								
2015	987.715	419.413								
2016	1.153.015	484.482	62.115	143.581	92.484	75.955	49.287	71.110	92.954	71.837

APPENDIX 2
Energy consumptions

OTHER CONSUMPTIONS

	Printing dept. warehouse	Impregnation dept. warehouse	Utilities	Offices	Solar Panels	
	m ³ gas	kwh	kwh	m ³ gas	consumption	sold
2014	13.418	60.000	678.305	19.364	659.258	289.927
2015	16.819	60.000	696.915	18.237	736.042	250.728
2016	25.775	60.000	690.926	22.637	727.042	237.612

APPENDIX 3
CO₂ equivalent
emissions

Ton	2014	2015	2016
Impregnation	3.948	3.574	3.321
Abatement equipment	666	458	205
T.1	181	162	188
T.3	1.060	701	991
VITS	1.211	1.395	1.511
Impregnation heating	183	220	213
Printing	1.155	1.251	1.451
M. 14	0	0	303
M. 13	0	0	188
M. 12	0	0	159
M. 11	0	0	180
Printing dept. warehouse	26	32	49
Impregnation dept. warehouse	27	27	27
Utilities	307	316	313
Offices	37	35	43
Solar panels	167	220	222

3. Stakeholder

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Equal opportunities	
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Training and update	
3.2 Customers	38
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Suppliers environment policies	
Local suppliers	
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3.1 Human resources

EMPLOYEES MANAGEMENT

Human resources are an indispensable and fundamental asset for a company, its main intangible asset. The quality and competence of people is a fundamental distinctive element and contributes decisively to the building of the competitive advantage of the Company, even more in the international context in which it operates.

For the management of its employees Neodecortech uses the guidelines contained in the Code of Ethics, as well as it refers to internal rules and regulations concerning the safety and health of the worker. Within normal employee management, the Company provides training and support for those who need tax or social assistance, personal and family purposes included, which are beyond the strict working context.

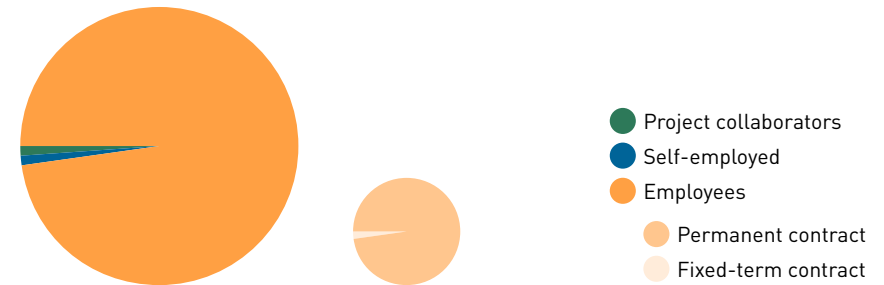
With regard to the performance, for 2016 the Company extended to all employees the company's earnings-related premium for the three-year period 2013-2015. This premium is set to achieve predefined company targets that provide different brackets depending on the performance achieved for each target. Always for improving business results, the company invites employees to formalize

improvements in work processes management, delivering a small fee for recognition when the proposal is implemented.

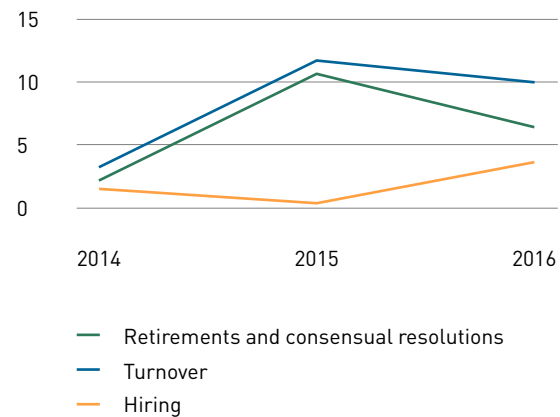
In a sense of responsibility, Neodecortech wishes to present itself as a guarantee of employment continuity: more than 98% of employees have in fact a permanent contract and 88% have been part of the company for more than ten years.

The following diagram shows that, in terms of turnover (or personnel replacement rate), there has been a marked increase in 2015, corresponding to an increase in retirements and consensual resolutions. By the end of 2015 and throughout 2016, Neodecortech attempted to meet the demands of some workers close to retirement, with whom labor resolution agreements were subscribed on consensual resolution. Given the working and age seniority of these people, the Company has considered to welcome the workers' requests.

HUMAN RESOURCES 2016



TURNOVER



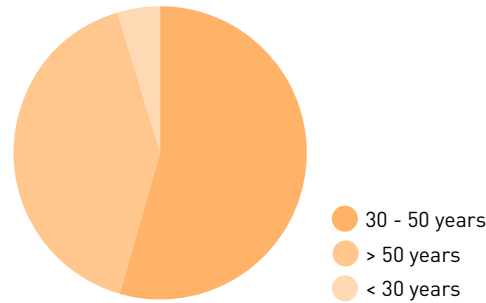
EQUAL OPPORTUNITIES

166 employees: 31 women and 135 men

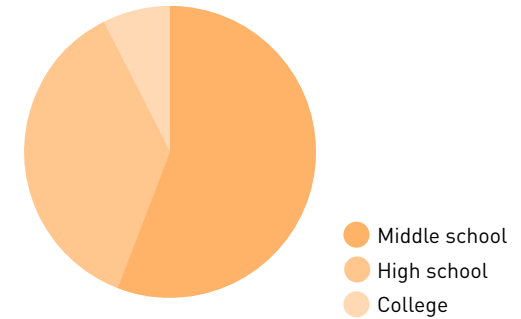
The composition of Neodecortech's human resources suffers from strong gender polarization, which is quite characteristic for manufacturing companies: the production department shows a clear prevalence of male workforce (83% of Neodecortech workers are men).

That being said, however, this issue is at the basis of the principles expressed in the Code of Ethics of Neodecortech, as a demonstration of the value of the attention to the person. In compliance with the current rules, in addition to its own guidelines, compatible with the characteristics of the business, the Company commits itself to ensure that gender or other diversity does not constitute a discriminatory element in the selection of staff or, afterwards, in professional growth within Neodecortech.

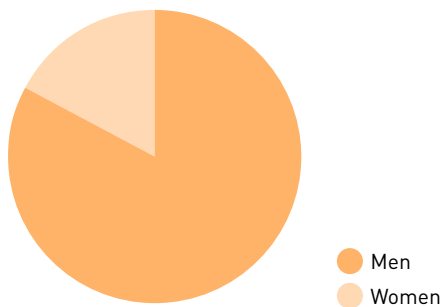
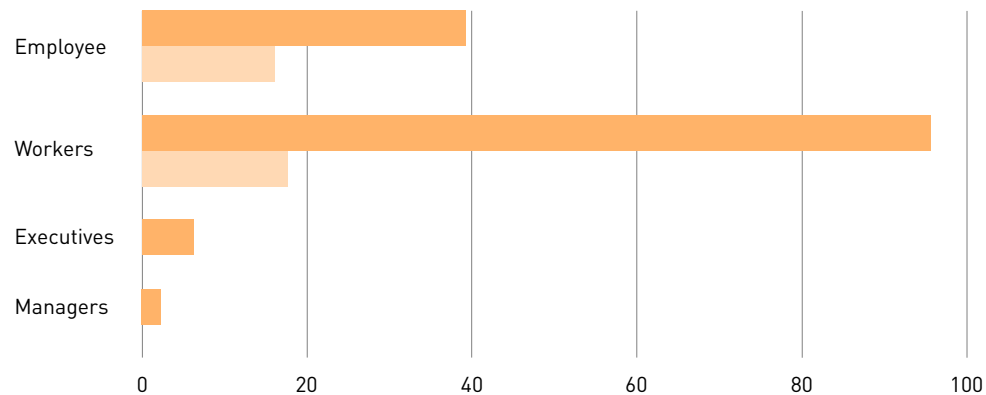
COMPOSITION PER AGE CATEGORY, 2016



EDUCATION



COMPOSITION PER POSITION AND GENDER, 2016



EMPLOYEES HEALTH AND SAFETY

The choices made over the years showed that health and safety of its own human resources are one of the cornerstones of Neodecortech's activity. This is evident in the certifications acquired, with particular reference to BS OHSAS 18001, and in the principles expressed in the Company Policy, with which Neodecortech places health and safety of employees at the center of its being and its activities, also stimulating its employees to pay close attention to their health and safety. For this purpose, it promotes compliance with the company's and legal provisions on health and safety at work, as well as CCNL of paper and printing industry's indications.

For employee safety, the Company operates at 360°, intervening on all related areas and aspects, investing adequate financial, human and technological resources. In particular, Neodecortech is constantly implementing investments in training, equipment, personal protective equipment, plants, machines, DVRs (Risks Rating document), documentation, manuals, etc.

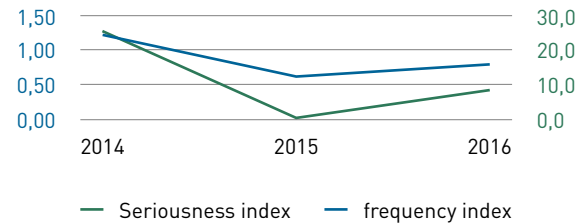
Through the health surveillance activity of Company's doctor, Neodecortech tries to monitor constantly

the workers' health: employees must submit to the health surveillance program agreed annually with RLS (Employees Representation) and General Direction. Nevertheless, according to what is stated in the Company's DVR, draft according to the latest legal instructions and regulations, there are no workers exposed to high risk or occupational diseases.

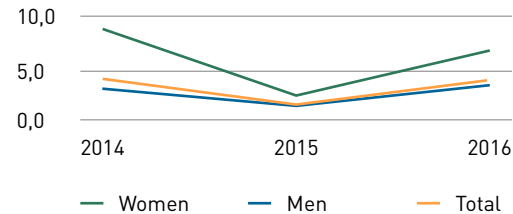
As mentioned, attention to the **health and safety** of its employees has led Neodecortech to commit actively to these issues, both through training courses (which details are provided for the year 2016), and through the formulation of a real company policy. In particular, the Company is convinced that knowledge and awareness to these issues are the first and most effective form of prevention against accidents.

In 2016 nine courses on occupational Safety were completed for a total amount of 1.264 hours.

INJURIES TREND



ABSENTEEISM RATE



OBJECTIVES

The target of zero injuries and zero occupational diseases is what the Company sets constantly through its activities. If this target has been achieved with occupational illnesses, it has not been achieved yet for the injuries, despite the improvement over the years: during 2016, there were 4 injuries for a total of 76 days. These injuries occurred during the course of the normal work activities and the competent authorities have not investigated them. No injury has exceeded 40 days of prognosis.

2016 Trainings	DURATION (hours)	ATTENDEES
Maintenance technicians training (PES update)	4	5
Maintenance technicians training (PES training)	16	3
Company's DVR update	2	164
Appointed update	6	27
Appointed training	8	2
Forklift drivers training	12	11
Fire Prevention and First Aid appointed training	10	39
Workers at a height training	4	10
Workers at a height training update	8	16

TRAINING AND UPDATE

Training activity has positive impacts on the human, professional, technical, and role growth of the individual employee. It is not only relevant to the fulfillment of law and contractual obligations, but it is considered an integral part of the Company’s usual activities for the employee.

Neodecortech implements the training activities in a strategic and compliance perspective, directed to the improvement and continuous growth of the staff. The training activities are in fact ascribable to two macro-domains:

1. Prevention and Safety:

The objectives are set by the regulations, as well as defined according to the specific characteristics and reality of Neodecortech.

2. Professional and technical training and update of individuals and/or groups of employees: the Company defines the objectives in relation to various training projects, providing customized paths in relation to the employee profile and the job covered, they vary by duration, complexity etc.

By their nature, all training activities are aimed at the achievement of objectives consolidating and implementing the acquired professional knowledge to improve company performance.

The Company provides the resources necessary to activate external cooperation and consultations, purchase/rent the necessary equipment, and involves the internal functions for any teaching activities.

Neodecortech believes that continuous and quality **training** is a fundamental condition, not only to ensure workplace safety, but also to allow human resources to develop cross-cutting skills and upgrade their professional skills. The goal of continuous improvement cannot and should not be just an affirmation or a principle with no follow-up. It must be a style of work that is carried out through a strong sense of professional ethics, with constancy and collaboration from everyone.

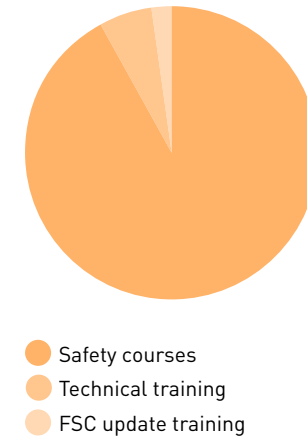
Know-how, knowledge, awareness, autonomy and the specific technical and professional skills required for each job merge into a single large, regular and constant training project that does not end because it is vital in the personal and professional life of the individual.

Neodecortech considers training as an instrument to improve not only Company’s performance, but also the transversal capabilities of everyone, indispensable for continuous professional growth. In 2016,

the commitment was such that all employees took part in at least one training course. In addition to the training courses related to health and safety at work required by law, the Company organized a technical training course to offer its employees the opportunity to increase their skills: there were 7 employees (all men, workers) in force at the printing department, who have acquired the task of colorist plant chief, with subsequent economic recognition.

100%: Neodecortech’s employees that took part in a training course in year 2016
8,4: training hours received on average by the employees during the year

TRAINING 2016



TRAINING AND INNOVATION

For Neodecortech there cannot be any innovation without training: professional updating result even more important in a rapidly evolving industry such as the one where the Company operates, where innovation competition is being carried out on an international scale.

The underlying target of Neodecortech's strategy is to face 4.0 revolution, with all its impact on business processes as a great opportunity for a global improvement of the Company. For this to happen, Neodecortech, in addition to a constant process of innovation in the production structure, has started two parallel paths of innovation-training binomial management: the first interior, investing on its employees, the second exterior, starting a collaboration with the territory.

With regard to the first path, the possibility to activate training and updating initiatives for employees - in line with both their role within the Company and with the development needs arising from ongoing change processes - allows to pursue the targets of company improvement. Moreover, it provides employees with the instruments to maintain a competitive professional profile throughout their working life. Neodecortech's policy in this area aims at the valorization of employees who want to take a challenge and invest on themselves and their abilities, choosing a continuous training path and evolving professionally with the Company. To this end, whenever the need for a new professional figure arises, Neodecortech encourages, wherever possible, the career advancement of its employees.

Alongside investment in training and updating its internal staff, Neodecortech considers strategic the dialogue and collaboration with the excellence of the territory. In regard of mutual exchange and growth, the Company has started a job/school alternation course aimed at training figures with specific professional skills to be included in the company departments where the evolutionary process is most significant: the production area, the trading and internationalization area, the research and development area.

Candidates have been identified among the territory schools with the curricula most relevant to the insertion areas and among the specialization courses organized by FORMA (Sistemi Formativi Aziendali Srl) a training school supported by Confindustria Bergamo which has been dealing since about 15 years to form competent and qualified figures, ready for an increasingly specialized job market. During a course of 10 weeks, three boys selected for preparation, aptitude and enthusiasm will be supported in Neodecortech by department tutors to realize their training course.

3.2 Customers

Neodecortech wants to be a reliable and proactive partner, active at the high segment of the market, providing a total service that meets the industry's best standards and updating its range of products in line with the needs of its interlocutors.

The Company is constantly concerned about the **satisfaction of its customers** by periodically analyzing the level of loyalty, the number and nature of the claims, the opinions and feedback collected during the various meeting occasions. The number, extent and impact of claims on customer activities are the most important factors in influencing the level of satisfaction of the Company's counterparts. Neodecortech pursues, to this end, a policy of global quality increase.

Commercial and operational functions (back office) monitor customer satisfaction levels through an annual questionnaire and focused customer visits, both in Italy and abroad. In this way, the Company had been able to directly intercept precious considerations and more detailed suggestions on the issues related to customer satisfaction, regarding the quality and timeliness of the service, the quality of provided products, quality/price ratio, claims manage-

ment and so on. In 2016, the response rate to the questionnaire sent was of 61%.

Commercial and operative (back office) functions are responsible for questionnaires and focused visits.

The process of feedback to customer warnings or, in general, to a low level of satisfaction reported, involves an immediate, direct intervention of the commercial function (back office, area manager, sales manager) supported by the technical and production function (Quality control manager and department and/or laboratory manager).

The first feedback ('claim received') is given within 24 hours; it immediately follows the study of the problem and the elaboration of a response/solution according to two directions: 1) solution of the current problem; 2) measures to prevent the problem from being repeated.

More generally, the Company sets itself the objective to reduce claims in absolute terms by introducing additional control techniques and supporting them, if necessary, with specific information, technical training and training of employees.

Given the nature of the manufactured products, Neodecortech places

particular emphasis on **consumer safety**, ensuring the respect for law requirements and keeping itself constantly up-to-date with any new regulations.

This approach is clearly demonstrated by the decision to use always more eco-friendly and safe raw materials, which confirms the importance and centrality of this issue for the Company.

The main issue in this area is the management of the process of raw materials purchase (REACH regulation, etc.) and the drafting of the Safety Data Sheets of each manufactured product.

CONSUMER SAFETY

The Safety Data Sheet (SDS) is the technical document accompanying each product with the purpose of identifying and classifying it. Each SDS is made up of sixteen standard points according to legislation and international standards: each SDS, among other information, provides data on the composition of the materials and their physical/chemical characteristics. It also identifies any product-related hazards, toxicological, ecological information and provides disposal and transport instructions.

SDSs are part of the **labeling**, traceability and identification of products that fall within the normal operating activities of the Company, for which the back office, the administration and the warehouse manager are responsible.

The issue is important because the traceability of coming out products for Neodecortech, and in entrance for customers, activates inventory control and monitoring systems. In addition, only through the effective labeling of the products it is possible to comply with the rules of the FSC Chain of Custody system to which the Company adheres; this system requires to be able to identify each

single roll and track it back to its original raw materials. Each unit of product stored or sold can then be traced at any time and can be traced back to the supplier from which the base paper has been received and, even before, to the supplier of cellulose paste.

Neodecortech is also committed to ensuring perfect traceability of its products both internally and externally: in the case of a claimed product, it is essential to be able to properly identify the involved roll (s) so that it can readily be traced back to the production batch and analyze, through the available data, causes and possible solutions.

CUSTOMERS SATISFACTION SURVEY RESULTS

EVALUATED ISSUE	AVERAGE EVALUATION*
Easiness of contact and courtesy of our staff	4,4
Capacity to understand your needs	4,1
Timeliness to reply	4,2
Completeness and clearness of our order confirmation	4,3
Punctuality of deliveries	4,0
Capacity to satisfy urgent demands	4,0
Proactiveness of decors	3,7
Quality/price ratio	3,3
Product quality	3,8
Claim management	3,8
Correctness of invoice	4,5
Organization and safety quality	4,0
Customer welcome, service and hospitality at our premises	4,2
Total evaluation	4,0

*on a scale of 1 to 5, where 5 is the best result

3.3 Suppliers

Neodecortech is aware that the choice of a supplier is a critical factor and contribute to determinate the quality of a production process or of a product. The Company aims to establish a mutually beneficial relationship with each supplier, sharing quantitative and qualitative targets to constantly improve product quality.

The company partners supply base papers, printing inks and resins, but also maintenance services and transport of waste: these are all essential elements for a successful work of Neodecortech. For this reason, the Company involves all the suppliers in the policies relating to environment and employment.

SUPPLIERS EMPLOYMENT POLICIES

For Neodecortech it is crucial that every supplier complies with the laws and regulations of reference: it is the starting point and the essential premise to develop a profitable business relationship based on trust.

Neodecortech is actively committed so that the relationships in the supply chain are competent and professional, checking also that all partners comply with the legal requirements in terms of:

- Protection of child and women labour
- Sanitary and hygienic conditions
- Health and safety at work
- Trade union rights or right of association and representation

SUPPLIERS ENVIRONMENT POLICIES

As set out in the adopted Company Policy, compliance with environmental standards is an indispensable requirement for long-term business relationships with Neodecortech: an incomplete or incorrect compliance with the rules on prevention, safety and environment can cause health risks to involved workers and environmental accidents. In this respect, the control and management of suppliers becomes a fundamental aspect.

The choice of suppliers is therefore not solely and exclusively based on a mere economic aspect: careful selection and management of suppliers takes into account the compliance with laws and regulations, certifications acquired and properly applied by individual subjects.

This approach means that during the time, Neodecortech has selected reliable, serious, and Law compliant suppliers as well as providing high range and high quality products, and this is maintained over time by strictly

applying the company's policy.

Every new supplier is required to have a quality system certification and an internationally recognized environmental certification and, where applicable, adaptation to REACH (Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals) or the FSC certification (for paper suppliers). In the event that the quality system and environmental management certifications are not available, the new supplier is required to complete a self-assessment questionnaire in order to provide Neodecortech with the necessary information about the Company. Alternatively, Neodecortech makes a visit to the plants and issues its own evaluation report of the involved supplier.

Finally, all suppliers are required to sign a document declaring compliance with the health, safety and environmental regulations, and before defining the purchase of a new product, Neodecortech requires a trial supply on which Neodecortech makes appropriate laboratory and department tests. All these elements compose a report for each supplier, drawn up and constantly updated by the various company functions involved.

At present, 68% of the qualified

suppliers to whom the Company usually applies has at least one of the certifications required by Neodecortech. Of these, 27 suppliers have achieved UNI EN ISO 9001, 10 UNI EN ISO 14001 and 3 of them OH SAS 18001.

LOCAL SUPPLIERS

As a small and highly specialized industry, the number of suppliers of raw materials to which the Company addresses is very low: for example, all paper used is provided by only three suppliers (one Italian and two Europeans). In addition, the particular nature of the materials used during the production process (resins, paints, etc.) means that, in order to identify the most suitable supplier, it is often necessary to look beyond national boundaries.

Whenever possible, Neodecortech applies to local suppliers and particularly regarding maintenance, transportation and various services offered by the area.

3.4 Territory and local community

The Company is located in the town of Filago since the 60's: the link with the local community and the territory has consolidated over the years through the growth of the Company itself, with the recruitment of local workers, favored by the attention of Neodecortech on environmental, educational and social issues, becoming more and more important.

Neodecortech considers as indispensable to be always available to dialogue and confrontation with the community and with the territory in which it is inserted. Over the years, the company has pursued the objective of being a reliable, proactive, collaborative, transparent production reality. Correct and regular management of all the regulatory aspects of company's activity, together with the taken guidelines, has made it possible to establish a collaborative comparison with local Institutions and Authorities.

During 2016 the City of Filago, the ATS Consortium, ARPA Lombardia and the territorial ATS inspected the Company's site. These visits involved different issues, including the Integrated Environmental Authorization, law enforcement, and the experimentation conducted on emissions deriving from the production process. Visits and inspections ended with a positive result.

Beyond the discussion opportunities due to compliance requirements, Neodecortech is firmly convinced of the benefits of establishing a dialogue with the local community in which it operates. In line with this principle, for more than 20 years, the Company has been pursuing training stages for both high school and University students, which will continue with further projects in 2017.

During 2016 two internships were started with the linguistic high school "Giovanni Falcone" of Bergamo and the Vimercate high school "Banfi".

Finally, during 2016, the Company donated 3,000 euros to the local community, destined for volunteering.

Although there is no clause within its own policies or within its Code of Ethics that prohibits it, the Company has never contributed to political causes, nor it has ever expressed, even at local level, on political issues of any kind.

ABOUT THIS REPORT

This second edition of Neodecortech Sustainability Report has been edited in line with GRI G4 Guidelines – according to “Core” option. Its goal is to progressively align the Company sustainability reporting to the international best practices.

These Guidelines have allowed to conduct an accurate and precise investigation on selected aspects through a materiality analysis, in addition to engage all different groups of stakeholders in a confrontation on these topics. The result is a report of the Company environmental, social and economic impacts, together with a description of Neodecortech’s identity, its activities, governance and organization.

The document is structured in three parts, which reflect the principal reporting areas:

1. Neodecortech: the Italian side of décor (identity and economic performance)
2. Environment (environmental impacts)
3. Stakeholder (social impacts)

The report is based on Company data for fiscal year 2016, considering exclusively Neodecortech S.p.A. The quantitative data are reported, if possible, presenting at least the comparison with the two previous years, to highlight the progressive improvements.

In order to give a precise representation of Neodecortech’s performance, qualitative and quantitative data have been collected directly from the Company’s resources or from official sources, only rarely referring to estimations.

To ensure coherence and continuity, objectives previously indicated in the Sustainability Report 2015 have been recalled, with actions accomplished and new goals for the 2017.

**APPENDIX 4
GRI content index**

PARAGRAPH	GRI INDICATOR
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Mitigation of environmental impacts (par.2.1)	G4 EN7, EN27, EN31
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