

**NEO
DECOR
TECH**

SUSTAINABILITY REPORT 2017

Over 2017, Confalonieri S.p.A., along with Cartiere di Guarcino and BEG, decided to undertake the path to go public on AIM Italia (Alternative Capital Market), managed and regulated by Borsa Italiana S.p.A.

This path, successfully concluded on 26th September 2017, led to important changes in the strategic management and modus operandi of the three companies, beyond the business name change from Confalonieri S.p.A. to Neodecortech S.p.A.

For Neodecortech S.p.A., 2017 was a challenging year, which led to a consequent reorganization and redefinition of roles, functions and responsibilities in all business areas.

The present Sustainability Report is the first one issued for the entire Neodecortech and gives us the opportunity to fully express the Group mission, focused on "the man, the environment, the quality of life, products and services offered to our clients". Our strategic vision is based on these principles, which are fully explained through the adoption of certifications and business policies aimed to pursue important and ambitious goals as well as the way Neodecortech S.p.A., along with Cartiere di Guarcino and BEG, relates to its stakeholders. These relations have always been based on mutual trust and common compliance with laws and rules, in a spirit of transparency.

Future goals and investments focus on two strategic pillars: innovation through R&D activities of both new products and the improvement of current production processes; human capital, through training and refresher courses as well as professional growth of our staff.

These goals and investments are consistent with the strategic evolution path that Neodecortech has realized over the past years and that allows the Group to face the challenges of the market with composure and determination.

Neodecortech achievement in listing on AIM Capitals Market is just the first step in its growth path: from now on it will be even more important and strategic to be able to quickly read, interpret and manage the solicitations we will face and to which we must respond with just as much rapidity, determination and courage.

Luigi Cologni



#1

NEODECORTECH: THE ITALIAN SIDE OF DECOR

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1.1 Identity

Neodecortech is a Group composed of three companies that share the same vision and a clear business strategy: to provide the interior design sector with high-standards products, enriched with the typical Italian style.

The Group is leader in Italy in the production of decor papers for laminates and flooring. Neodecortech activities concern the production of complete and technologically advanced solutions for the realization of interior design projects, covering all stages of the decor papers production process: from the management of raw materials, through surface coating and impregnation, to the end product and the end-of-line logistics management.

History

Group origins date back to 1947, Confalonieri year of foundation (Neodecortech brand name and holding company) in Filago (Bergamo).

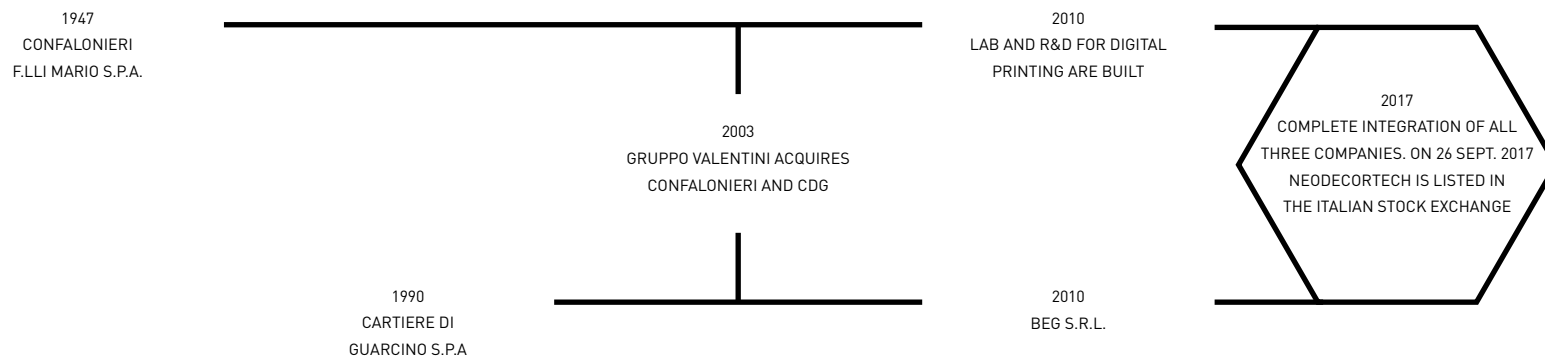
In the first stage of its activity, the Company specialized in the production of printing inks. In the '60s, it modified its business focusing it on decor paper for plastic laminates and the arising market of flooring,

implementing also activities like printing and impregnation.

Nowadays the Company owns 900 series of print cylinders: an asset in which know-how and innovation meet to best express contemporary trends. In a steady flow of visual and cultural influences, Neodecortech can understand each component of a new style and transform them in an exclusive interpretation, in a tangible proposal.

In 1990 CDG (Cartiere di Guarcino) was founded. The Company produces decor papers for high and low-pressure lamination, with a strong tendency to innovation and a marked attention to environment safeguard. In 2010, through the new dedicated company BEG Srl and in collaboration with a leader company in the energy sector, CDG realized a combined power and heat plant, fueled by biomass and in line with Kyoto Protocol for CO₂ emissions reduction.

In 2017 the total integration of the three Companies took place, through the acquisition of BEG entire share capital by CDG and the following transfer of the entire CDG share capital in Neodecortech operated by Finanziaria Valentini S.p.A. On 26th September 2017 Neodecortech listed on AIM Italia Capitals Market.



1.2 Group values

The production quality and management efficiency allow Neodecortech to collaborate with all leader companies in the sector, with complete control over each stage of production and demonstrating a strong commitment to environment safeguard. An entrepreneurial vision at 360° based on Group values.

Neodecortech believes it essential the greatest respect for every form of human rights, the attention and the safeguard of workers' health, physical and moral integrity, decency in business relations with suppliers and clients, transparency with Public Administration and Supervisory Bodies in every form and expression.

In line with its values, Neodecortech strategy consists in guaranteeing excellence and business sustainability through the steady improvement of all production and processes performances. Policies, management models and internal codes the Group has implemented are the tangible proof of its commitment, in line with the adopted strategic approach.

Ethical policy, Code of Conduct and the Charter of Values are, in fact, combined with the Organizational, Management and Controls Models pursuant to Legislative Decree 231/2001 that all companies in the Group have implemented.

**Honesty, accuracy, transparency
attention to the person, reliability and competence,
steady research and improvement,
efficacy and economicity, environment
safeguard, quality and rapidity,
creativity and authenticity.**

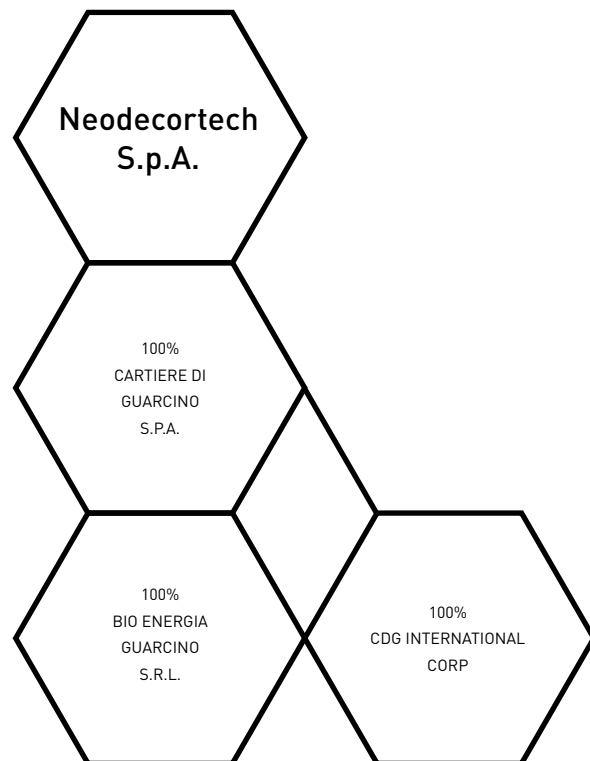
1.3 Governance & organization

In 2017, Neodecortech (already Confalonieri S.p.A.) became a sub-holding of Valentini Group, an Italian business group in moveable property sector, that had previously acquired the Company in 2003 and later acquired the other two companies of the above-mentioned group, CDG and BEG.

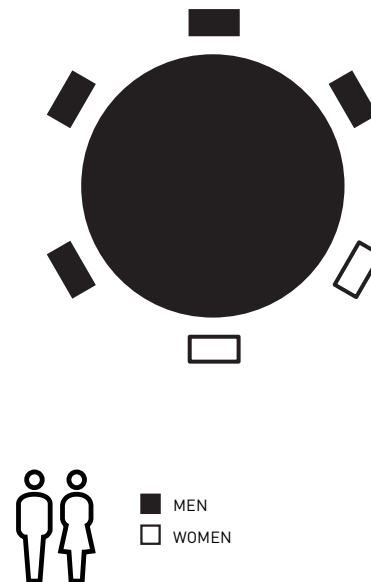
To reach its goals, the Group companies have implemented a functioning, agile and flexible model that fosters the communica-

tion among functions and make the production process more efficient and effective.

Moreover, all Group companies have their own Code of Conduct and Organizational Model pursuant to Legislative Decree 231/2001. The adoption of these management instruments is a tangible expression of the commitment to a Governance which is correct, transparent and at high-level management quality standards.



↳ GROUP



↳ BOARDS OF DIRECTORS

CHAIRMAN: ALBERTO FRANCOIS
 CEO: LUIGI COLOGNI
 EXECUTIVE DIRECTOR: MASSIMO GIORGILLI
 NON EXECUTIVE DIRECTOR: CRISTINA VALENTINI
 2 INDEPENDENT DIRECTORS: ANDREA SOPRANI, LIVIA ALBERTI AMIDANI

Compliance

Neodecortech believes that the compliance with current regulations is a crucial aspect for Group policies.

Legality and honesty in business are considered essential ingredients to develop and maintain good relationships with its stakeholders, based on mutual trust and respect. These relations contribute in preserving and increasing the Company value over the time, as it would be considered as a reliable and transparent partner.

The reputation that Neodecortech can be proud of, starting from the territory in which the Group Companies are based, is the result of a steady operative and managing honesty over the years.

Moreover, an increasing rigorous approach to compliance issues is more and more a necessity in the international environment in which the Group works, allowing a conscious management of the risks that may arise: equipped with the adequate control system, Neodecortech ensures the compliance with norms and regulations and decreases the probability of future incidents that may compromise its future development and reputation.

Antibribery

The adoption, by all the three Group Companies, of an Organizational, Management and Control Model pursuant to Legislative Decree 231/2001 is a tangible proof of the Group will to set its Governance according to the most advanced standards with regards to the compliance field.

Beyond the scope of the Legislative Decree 231/2001, this kind of Organizational Model enhance an increased awareness in the workers about their actions consequences to prevent criminal offences, also through a constant updating and implementation of measures in place.

All Group Companies, through the adoption of their Organizational Models, have carried out an assessment of all activities regarding bribery-related risks. No process has resulted as significantly bribery-risk exposed. Nevertheless, regarding the bribery issue, in the

Group Companies Codes of Conduct it is specifically pointed out the need that every activity in the name and on behalf of the Group must be carried out responsibly, legitimately and consistently with Companies goals and regulations. Relations with Public Administration fall solely within the remit of deputized functions, which are called upon to observe the principles of independence, impartiality, transparency and decency expressed in the Organizational Models.

In line with the above-mentioned principles, bribery, both active and passive, is strictly prohibited in Companies Codes of Conduct, both towards Public Administration representatives and private party. Lastly, in line with what the correct implementation of the Model pursuant to Legislative Decree 231/2001 requires, all Group staff has attended a specific training course, receiving the Model and the Code of Conduct, and therefore is properly informed about Company policies related to anti-bribery topics.

Claims against environmental and local community-related issues

Over the reporting period, the Group has not received any remarks about non-compliance with laws or regulations related to environmental or local-community issues. Neodecortech aims to be perceived by the local community as a source of resources and opportunities for the territory. In this spirit, the Company pays close attention to claims, related to both environmental issues and impacts on local community, and shapes its activities around decency and transparency standards, consistently with its own policies.

With its strong commitment to a rigorous compliance, Neodecortech aims to formulate and realize “shared” goals with Bodies and Institutions for a correct Governance related also to environmental issues, safeguarding its own workers and the local community in general. Results registered up until now have been generally positive precisely because decisions are shared and defined consensually with the external counterparties.

1.4 Stakeholder

Neodecortech longs to maintain and develop trustworthy relations with its stakeholders, individuals, groups or institutions which contribution is necessary to realize the Group mission or that express interests or expectations regarding its achievement. For each stakeholder, Group companies Code of Conduct sets the professional principles on which all the activities are based.

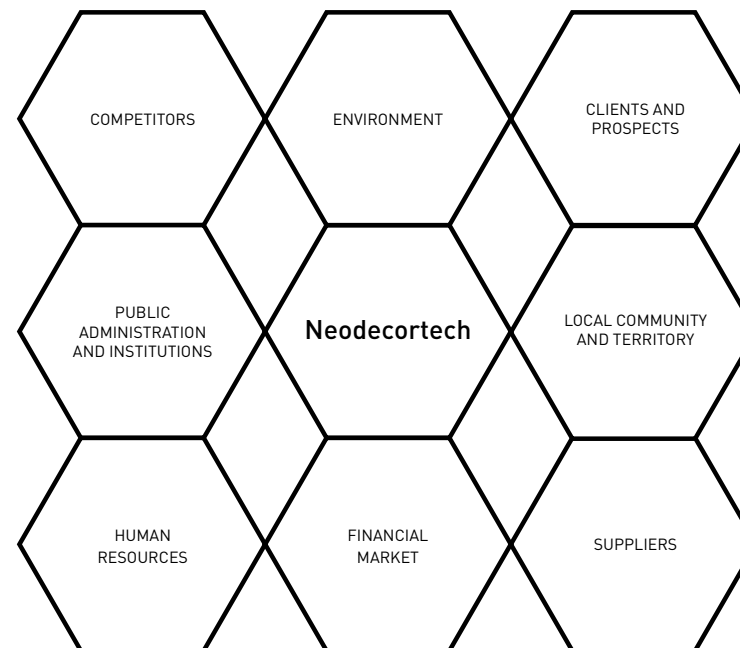
In 2017 Neodecortech S.p.A. continued its stakeholder engagement path, started in 2016, involving clients and employees to collect their views and consolidate a strategic path of collaboration and debate with them.

- The 39% of Neodecortech S.p.A. human resources were involved, representative from all business areas: administration, purchasing department, warehouse, sampling department,

printing department, digital printing department, Lab., EDP, Sales and company Union representatives.

- Clients involved, approximately 95% of turnover, have answered, beyond the periodic customer satisfaction survey, to some questions regarding Company activities and its impacts.

The purpose of stakeholder engagement activities is to examine the importance of each topic for the above-mentioned stakeholder categories. Received contributions have been analyzed and have allowed not only the Materiality Matrix improvement (see following paragraph), but first and foremost have helped the Company to better understand the expectations and point of views of two very important counterparty categories, as employees and clients are.



1.5 Materiality matrix

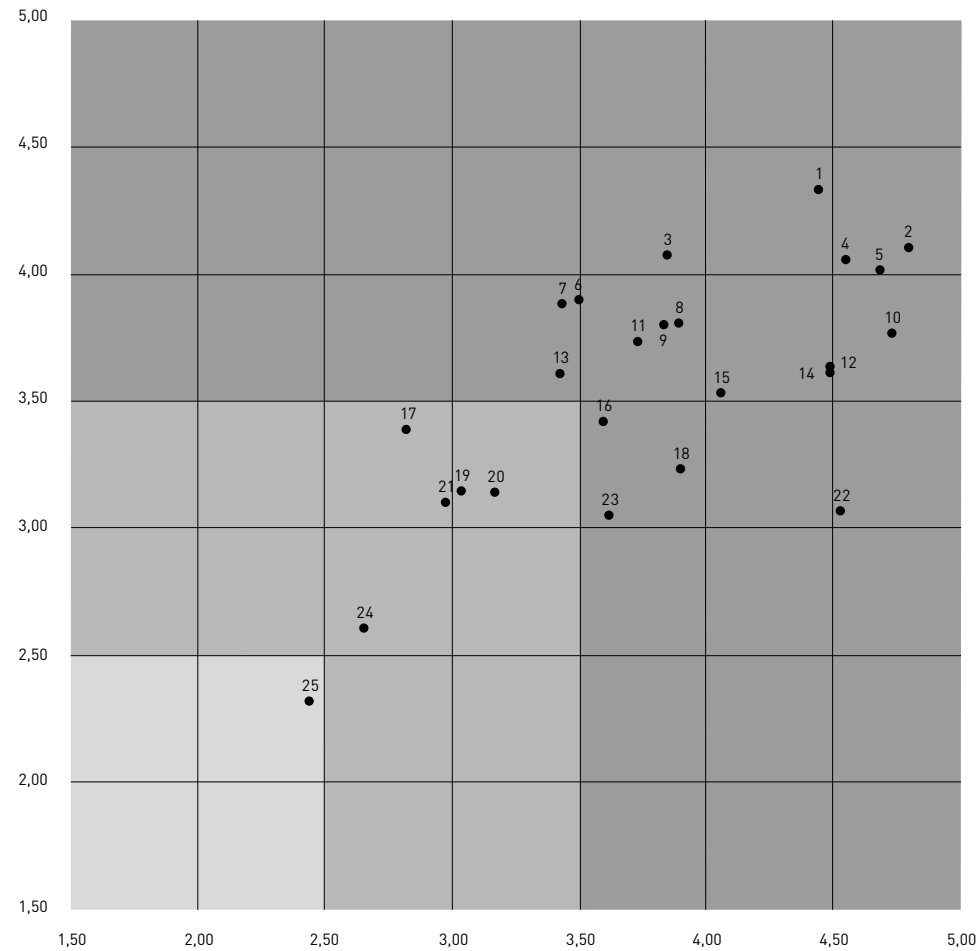
Specifically, sector-related sustainability aspects, relevant topics to describe Group performance and environmental, social and economic impacts: these are the topics analyzed also through the debate with its own stakeholders (see previous paragraph), with the purpose of expressing in a complete and transparent way respective points of view and bring out the most relevant information contents.

The Materiality matrix is the result of this analysis and assessment work: it depicts the importance level of each topic for Neodecortech (horizontal axis) and its stakeholders (vertical axis), giving an overview of truly significant sustainability issues.

As stated above, the purpose of this analysis is also that of better knowing its stakeholders expectations and interests to kick off a path of Group performance improvement, starting from external inputs that are then integrated in Neodecortech strategy and harmonized with its principles.

Compared to the previous edition (Neodecortech S.p.A. Sustainability Report 2016), the Matrix has been integrated and improved considering the different Report scope, to include CDG and BEG points of view too. Therefore, these two companies have launched a first stage of materiality analysis, through the involvement of Companies key officers, with the purpose of drawing an internal evaluation of the most relevant topics for each Company and their respective stakeholders. As a result, "Cellulose" topic has been added to the material aspects, as a fundamental raw material for the industry in which the Group works.

Moreover, the materiality analysis has been integrated with new evaluations expressed by stakeholders Neodecortech S.p.A. involved during the assessment performed in 2017, measuring stakeholders' evaluations according to the importance the Company attributed to each counterparty group. Lastly, the three Companies evaluations have been weighed according to each specific characteristic.



- 1. Cellulose / 2. Economic performance / 3. Emissions / 4. Occupational safety and health
- 5. Compliance / 6. Environmental impacts mitigation / 7. Water / 8. Consumer security
- 9. Paper / 10. Training / 11. Suppliers' environmental policies / 12. Customers satisfaction
- 13. Complaints / 14. Labelling / 15. Anti corruption / 16. Chemical substances / 17. Biodiversity
- 18. Employees management / 19. Transport / 20. Suppliers' labour policies / 21. Impact on local community
- 22. Energy / 23. Waste / 24. Local suppliers / 25. Diversity and equal opportunities

1.6 Markets

As previously stated, the Group develops its activities from three different operational headquarters and, thanks to an integrated business model, can optimize its resources and seize different market opportunities. The Group is present in markets based on all continents (Europe, Asia, Africa, Americas and Oceania) and can count as clients both large domestic groups and multinational corporations that work in the interior design, laminates and flooring sectors. The marked internationalization that characterizes the Group allows it to better manage possible risks deriving from local incidents. The main target markets in which the Group works are:

Decor papers market

The Group main target market is composed of companies working in decor papers production sector, which constitutes a segment in the market of the so-called “special papers”.

Flooring market

The Group works also in the flooring market which has shown a growth trend over the last years, particularly due to the economic recovery of the real estate sector, with a gradual increasing in the demand of high-pressure laminates.

Energy market

lastly, the Group – through BEG – is active in the energy market and in the electricity production by cogeneration, which is the simultaneously generation of heat and electricity in a single process.

1.7 Production processes

Group activity consists in the production of complete and technologically-advanced solutions for the realization of interior design projects, covering all stages of the decor papers production process: from the management of raw materials, through the surface coating and impregnation, to the end product and the end-of-line logistics management.

Currently the Group operational headquarters are:

– Neodecortech S.p.A., located in Filago (Bergamo) that develops and maintains the Group core business, focusing on printing and impregnation of decorative papers thanks also to CDG integration. Moreover, as holding company, it performs the following functions for the other Group companies: Legal Affairs; administration and shareholding; strategic planning and business development.

– CDG, located in Guarcino: it produces decor papers for high and low-pressure as well as for flooring industry.

– BEG located in Guarcino: it is the combined power and heat plant for the self-production of energy that can satisfy a major part of CDG energy demand.

Vertical integration is a key aspect of the Group business model: it makes possible to obtain a competitive advantage leveraging the important synergies that exist between all operational headquarters regarding supply, R&D, supply flexibility etc.

Cartiere di Guarcino

Making Pulp

Decor paper components (cellulose, fillers, chemicals and recycled waste) are mixed proportionately into the pulper, where the pulp, composed of water at 93%, is shacked and smashed. ↓

Refining

To ensure the cellulose three-dimensional development and branching, which will give to paper sheet the right resistance and porosity characteristics, the pulp is subjected to a refining process through appropriate beaters. ↓

Papermaking

The pulp is distributed evenly on a flat surface that tends to the fibers and ensures an even profile of the sheet; than a drying cloth separates the water from the pulp using some blades and vacuum applied in just as many drying boxes. Lastly, it is required a more energetic mechanic action, using presses, to make the paper achieve a dry level at 45% average. ↓

Drying

The paper sheet, gradually heated, releases water in form of steam until it reaches a dry level at 98%. The paper is then pumped into a curing system in which the epichlorohydrin resin branches, giving to the sheet the right resistance to humidity. ↓

Calendering

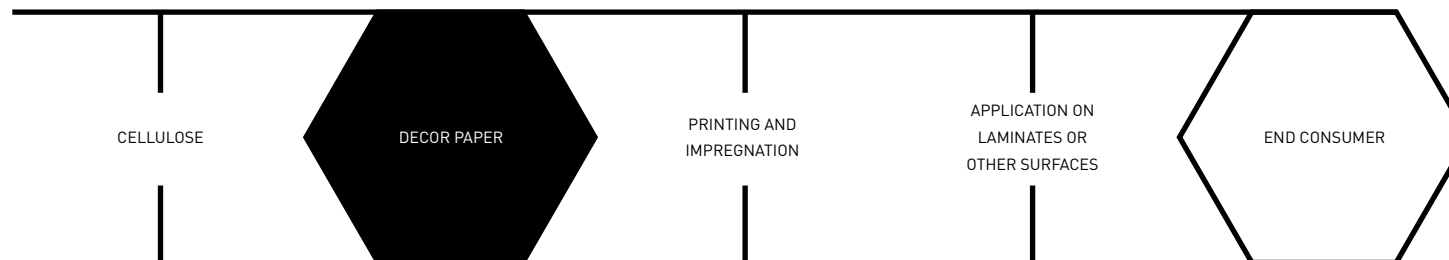
The paper sheet is subjected to the calendering process where, after steam-humidification, it is pressed between two rullers (one hard and the other soft) to reach the right smoothness level. This process ends with paper tape coiling. ↓

Bioenergia Guarcino

BEG is founded to satisfy CDG electricity and heating needs.

Three Wartsila 16V32 engines with a power output of 6,865 Mw/h and 3,9 tons/h of steam each ensure electricity production, through an alternator directly linked to the engine, while the steam production is guaranteed by the heat recovery through water-tube boilers. The system has been calibrated to achieve CDG total energy employment while excess energy is channeled to national sites.

Engines are fed with bioliquids: since 2017, the Company has decided to use rendered animal fat (RAF) made in Italy, choosing in this way a low environmental-impact fuel and enhancing a short chain at the same time.



Neodecortech

Design and project of a décor

The process of creating a new decor can be triggered with a sample of natural wood, stone or fabric, or from the idea for a purely geometric fancy design. The Internal Laboratory begins the development of the design, scanning the material to be reproduced and continues with technical and creative interventions on computer. 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. ↓

Construction and photoengraving of the cylinders

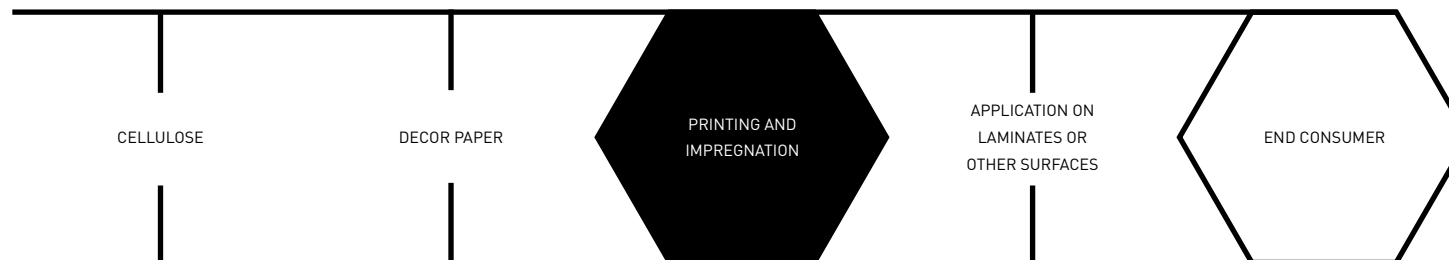
The decorative design developed by the Internal Laboratory is delivered to the external laboratory for the photo-engraving phase of the cylinders, the only one that takes place outside the Company. The cylinders are then checked for verifying the proper engraving. ↓

Rotogravure printing process

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. Afterwards, the paper passes through drying hoods up to four times until the final design is realized. ↓

Impregnation process

The impregnation process, which concerns only MEL and FINISH products, consists in the treatment of special papers, plain colours or woodgrains printed, with aqueous solutions containing melamine, urea and acrylic resins. Each impregnation plant consists of an impregnation station and a coating station, spaced by a drying tunnel after each stage. 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. ↓



1.8 Products

The Group provides national and international territory with a wide and coordinated range of products for both decor papers sector and so-called laminated boards market. In fact, through a steady creative and stylistic research, the Group can offer approximately 900 décor models that are able to imitate different natural materials, such as wood and stone, and surfaces, like concrete and metal, up to fabric-inspired textures as well as pure abstract geometries. The Group can offer approximately 51 products divided into the following 5 categories: decor papers → Cartiere di Guarcino; decor printings, finish foil, melamine film, PPF → Neodecortech. A more detailed description of the products the Group companies offer is given below.

Cartiere di Guarcino products

Print base papers

Smoothed papers intended to be impregnated through thermosetting resins and then transformed in laminated or veneered panels. On these panels marble and wood surfaces are reproduced. Thanks to its characteristics, this kind of paper allows the best printability in the rotogravure and digital system. Print base papers are smoothed mechanically with calendars and their mechanic pressure, because of heat and humidity. Decor side is called "dandy roll side" and it is intended to be printed.

Unicolor papers

Slightly smoothed papers, characterized by a low porosity level and a high degree of opacity, recognizable by the uniformity of their colors. They are intended for impregnation, the color chosen during the impregnation process as only decoration. Depending on the resins used during the impregnation process, papers can have different features. These papers too are later transformed in laminated or veneered panels.

Underlay papers

Underlay paper were created as a support to be placed on particle board. As for Unicolor papers, they are intended for the impregnation, the color chosen during the process as only decoration.

Backer papers

Backer papers are designed to serve as a layer for the underside of flooring laminate, developed to satisfy the needs of the flooring market.

Neodecortech products

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).

DEC

Printed decorative paper for the production of low pressure melamine panels, 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.

MEL

Melamine papers for high and low-pressure laminates that means decor 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.

FINISH

Finished and paintable papers ranging from pre to post-impregnate until the edge-bandings. The product is obtained from decorative, printed or plain colors papers, which are impregnated with specific resins (acrylics and ureic properly modified), then coated with finishing paints. It is a suitable product for the covering of chipboard, MDF and plywood; backs and flat surfaces; panels for lacquered furniture.

1.9 Economic performance

Almost three-quarters of Group revenue comes from foreign markets, Europe and Americas. In 2017, the total net turnover was €127,7 million, an increase of 10,4% compared to 31.12.2016, due to a growth of the part related to both paper and PPF and above all, BEG activities recovery.

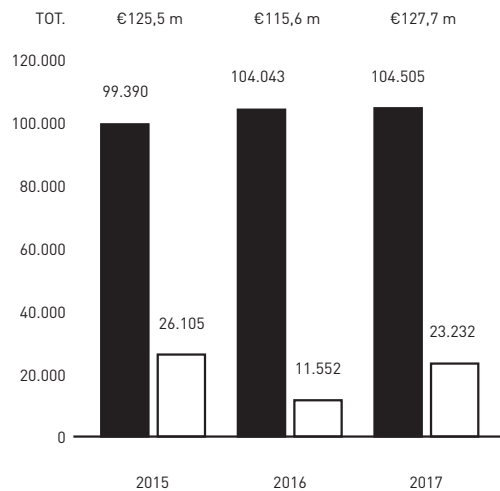
The adjusted earnings before interest, taxes, depreciation, and amortization margin (EBITDA adj.) amounted to €15,2 million with an overall incidence of 12% on consolidated net turnover as at 31

December 2017 (€12,5 million as at 31.12.2016), while adjusted net profit has increased by 3,5 million compared to 31.12.2016.

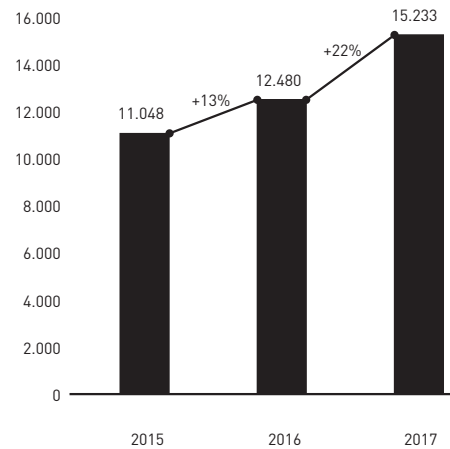
At 31.12.2017 the consolidated shareholder's equity amounted to 85.274 million, mainly due to 54.115 million of net equity and 31.159 million of indebtedness, of which 10.639 million on a short term.

Lastly, the distribution of the economic generated value shows how the Group has distributed the generated profits to the different stakeholders during 2017.

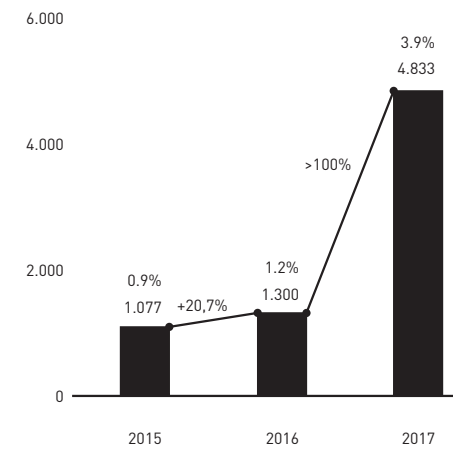
↳ CONSOLIDATED REVENUES BY CATEGORY (€/000)



↳ EBITDA ADJUSTED (€/000)

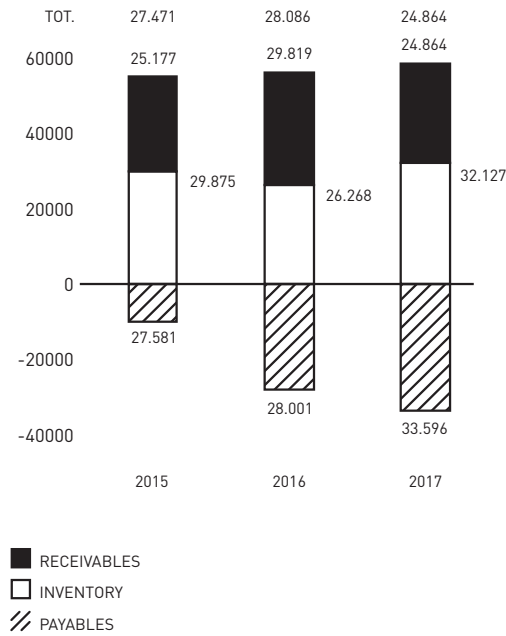


↳ NET INCOME ADJUSTED (€/000)

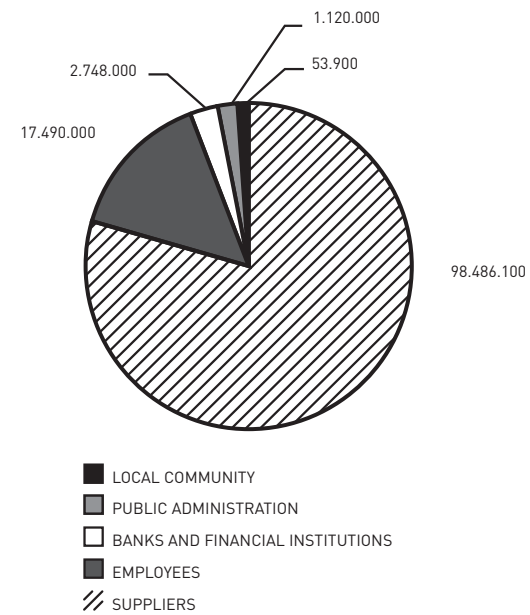


■ CORE
□ ENERGY

↳ NET WORKING CAPITAL (€/000)



↳ ECONOMIC VALUE DISTRIBUTED 2017 (€)



#2

ENVIRONMENT

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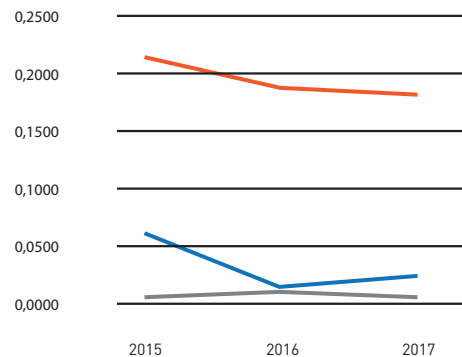
2.1 Mitigation of environmental impacts

Environmental issues are fundamental for the Group: The Code of Conduct and the certifications adopted are proof of a significant and constant commitment. Considering the productive process of the companies that constitute Neodecortech, all their activities naturally meet with environmental sustainability issues. Therefore, it is inevitable that Group guidelines and strategic choices result in related actions in production processes, in business organization and management with short, medium and long-term projects and programs. The main environmental aspects considered by the Group are the consumption of resources such as raw materials, chemicals, water, and electricity and other fuels (bioliquids, diesel and methane), emissions and biodiversity.

The Group companies manage the impacts deriving from direct and indirect environmental aspects through the implementation and maintenance of certified environmental management systems and innovation paths. Moreover, according to the precautionary principle the Rio Declaration on Environment and Development introduced, the Group commits to evaluate new activities and/or new products also considering possible related environmental risks.

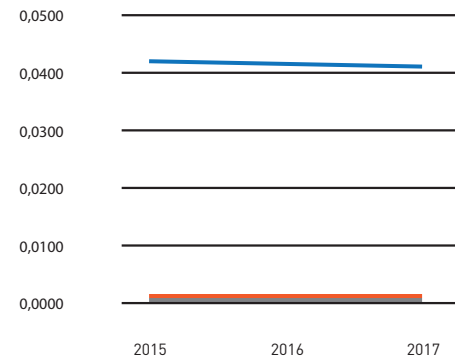
The following charts briefly show Group performances in the main impact areas. Further details are shown in the following paragraphs dedicated to each topic.

↙ WASTE FOR UNIT PRODUCED (KG)

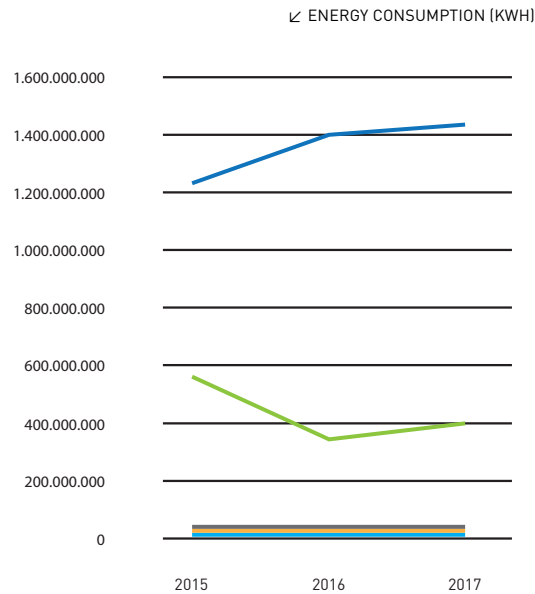


— NDT
— CDG
— BEG

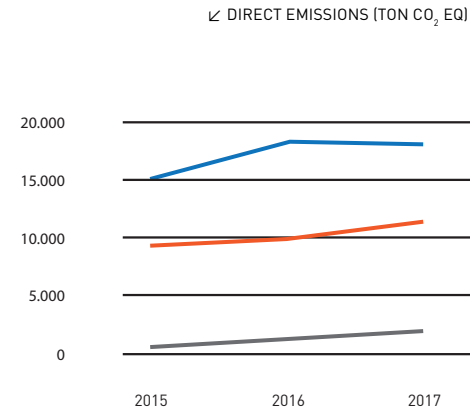
↙ WATER CONSUMPTION FOR UNIT PRODUCED (KG)



— NDT
— CDG
— BEG



- ELECTRICITY FROM NON-RENEWABLE SOURCES
- HEATING
- STEAM
- ELECTRICITY FROM RENEWABLE SOURCES
- COOLING
- METHANE



- NDT
- CDG
- BEG



GOALS

ENVIRONMENTAL GOALS ARE SET NOT ONLY BY RELATED LAWS AND REGULATIONS, BUT ALSO BY BUSINESS CHOICES AND GOALS, AIMED TO CONTAIN AND REDUCE LEVELS OF POLLUTION, ENERGY CONSUMPTION, WASTE AND PRODUCTION WASTE, VEHICULAR TRAFFIC FOR RAW MATERIALS AND END PRODUCTS TRANSPORTATION.

THEREFORE, THE GROUP APPROACH GOES BEYOND THE COMPLIANCE IN THE ENVIRONMENTAL FIELD, TO CONSTANTLY IMPROVE IN THIS SECTOR, COMPATIBLY WITH AVAILABLE RESOURCES AND KNOWLEDGE.

2.2 Certifications

Neodecortech strategic approach is confirmed by the daily action at all levels carried out by all business roles and functions, in line with the path the Group companies have undertaken over a decade ago and that have led to the acquisition of certifications aimed to offer a tangible proof of commitment, transparency and decency that characterize the activities to its counterparties. Neodecortech certifications, listed below, have all been adopted voluntarily and are recognized internationally.

100% MADE IN ITALY – Neodecortech S.p.A. only

Certification system realized by the Institute for the Protection of Italian Manufacturers, 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 Company designs and exclusive projects and constructed using typical traditional Italian workmanship.

FSC – CHAIN OF CUSTODY

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 labelled and stored separately from the non-certified ones, so that the end product sustainability can be traced.

PEFC – Cartiere di Guarcino only

PEFC, acronym of Programme for Endorsement of Forest Certification schemes, is a certification that guarantees the provenance of cellulose raw materials from certified forests, managed in a sustainable way. To obtain and use it a company must certify its "Chain of Custody": if they wish to sell certified products labelled with PEFC tree, all players of a specific supply chain must not only have their own certified CoC, but also purchase certified material to be worked from a supplier with its own certified CoC.

OH SAS 18001

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

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

UNI EN ISO 14001

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.

UNI EN ISO 9001

It is a certification related to Quality management systems; a guideline that defines the requirements for the implementation of a management system, 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 50001

UNI CEI EN ISO 50001 is a regulation related to "Energy management systems – Requirements with guidance for use". It is the Italian official version of the international regulation ISO 50001. The regulation specifies the requirements for the creation, launch, maintenance and improvement of an efficient and effective energy management system.

2.3 Materials

In the current scenario, characterized by a marked global competition for the access to limited resources, Neodecortech aims to modulate its activity according to circular economy principles, both to put into practice a sustainable approach and to improve its productivity and competitiveness. At the exact opposite side of the linear economic approach, by which raw material are extracted, end products fabricated, used and tossed at the end of their lives – with subsequent impacts on the environment –, the Group commits to put into practice sustainable procurement policies and to produce less waste possible, seeking to reuse or recycle them when possible, too.

Raw materials sustainability

The fundamental raw material for the production chain to which the Group companies belong is produced from different kind of trees, coming from all over the world: birch, picea and Scots pine from Estonia, Lithuania, Sweden and Finland; Monterey pine from Chile;

Eucalyptus from Brazil, Spain and Uruguay. With such a wide range of raw materials provenance, it is essential to verify their characteristics through reliable instruments at international level.

The Forest Stewardship Council and the Programme for the Endorsement of Forest Certification schemes are two of the most internationally recognized certification systems for wood raw materials and their sustainability.

Therefore, through FSC and PEFC logos, the customer can recognize products made of raw materials from sustainably and correctly managed forests, where trees cutting does not jeopardize the overall forest health nor has negative impacts on local indigenous populations. Given legislative provisions, production characteristics and the sector in which they work, Cartiere di Guarcino and Neodecortech S.p.A. have decided to adopt the FSC MIXED certification, which ensures that the 70% of cellulose comes from certified forests. CDG is also PEFC certified.

Cellulose

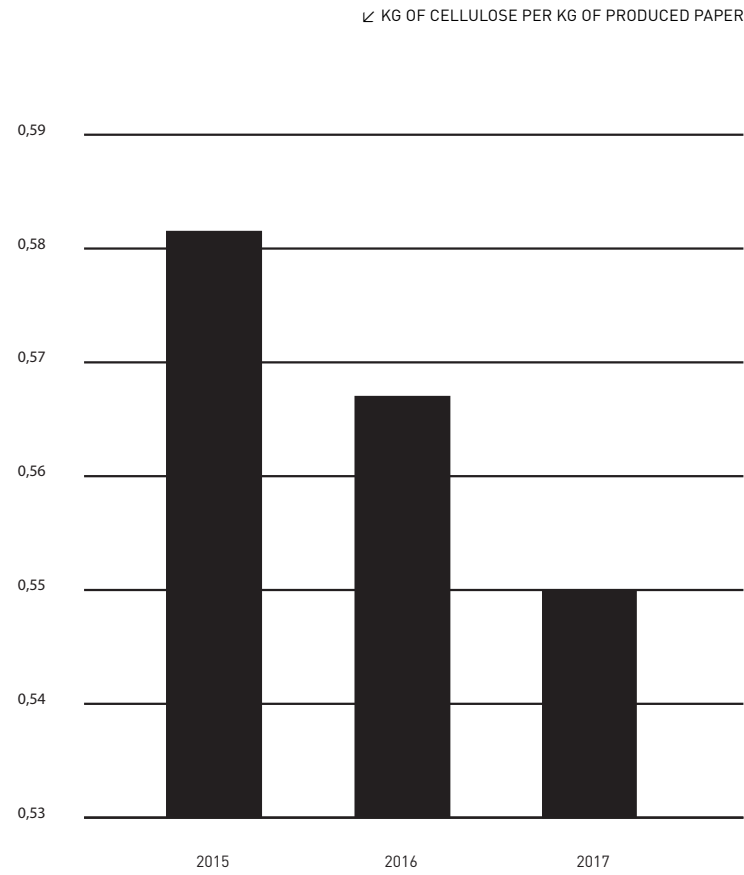
Cellulose is one of the main chemicals of fibers that constitutes wood mass. It is a natural polymer composed by many glucose units, which form thread-like molecule chains of variable length. Cellulose extraction occurs mainly from two arboreal families, from conifers and broad-leaved trees. From conifers, for instance pines and spruces, it is produced a long fiber, also called softwood, which fibers a dimension of 2,5 mm and lend mechanic resistance to the end product and therefore to the paper sheet. From broad-leaved trees, such as eucalypt and poplar, a short fiber is produced, called hardwood, which fibers have a dimension of approximately of 1 mm. The use of short fiber improves paper sheet formation, printability and opacity.

Cellulose constitutes the 70% of pulp for paper fabrication. From a sustainability perspective, CDG has always privileged, for the production of its papers, the use of waste materials, in particular paper waste recovered from production waste (winders waste, breaks during paper sheet realization and non-conforming end products) and sub-product (first and second production waste made of cellulose fiber). Moreover, 18/20% of cellulose that the

Company uses comes from the reuse and recycle of production waste, in line with circular economy principles.

For what it concerns cellulose provenance, that of short fiber mainly comes from South America (Brazil) and Iberian Peninsula, while the long fiber one comes from South America (Chile) and the rest of it from Scandinavian Peninsula. Cartiere di Guarcino complies with a careful purchase policy, preferring raw materials from certified chain of custody, in compliance with certifications schemes recognized at international level. As a proof of this commitment, during the last three years, non-certified cellulose purchased has represented only 2% of the total volume and has been used for secondary product of low added value.

Overall in the last triennium, the Company has registered a 5,33% decrease in the total volume of used cellulose given the same production level. This decrease is partly due to an improved efficiency in the production process – as plant performance has increased from 94% to 97% - and partly to an increase of high-ashes papers production, that involve a greater use of inorganic material, such as kaolin and titanium dioxide.



GOALS

TOTAL RECOVERY OF ORGANIC MATERIAL (CONSTITUTED OF CELLULOSE FIBERS)
 THROUGH THE REUSE OF PRODUCTION WASTE
 PURCHASED CELLULOSE 100% CERTIFIED (FSC MIX CREDIT AND FSC CONTROL WOOD)

Paper

Neodecortech S.p.A. paper is the most important raw material: since 2015, it has been the only type of support used in the printing department and it still is in the impregnation department.

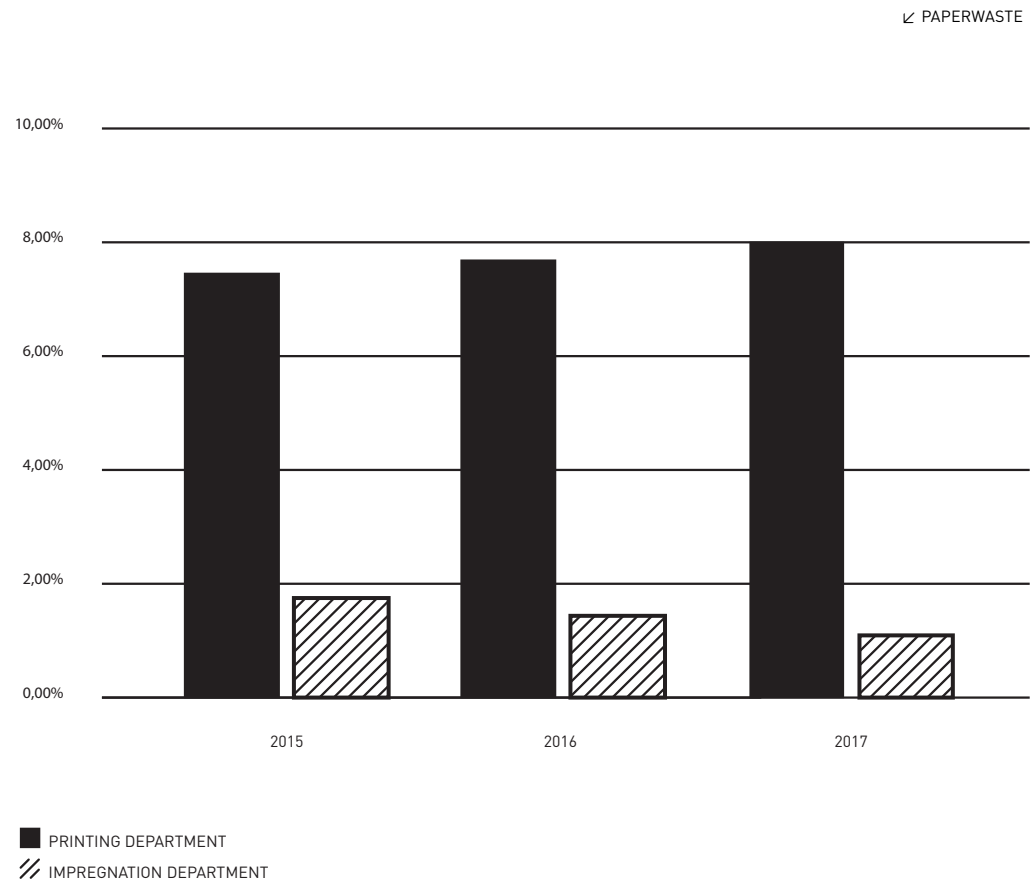
The paper used in the Company production processes must have particular printing characteristics in order to reflect as accurately as possible wood or stone designs as well as, at the same time, being sufficiently porous to allow the impregnation with different types of resins based on the final application (laminated, veneered, etc.), that make it resistant to mechanic and chemical solicitations. The optimization of these two main qualities and the color and characteristics constancy are the key factors that make the process more performant and define the end product quality.

More than 70% of paper is purchased in Italy, at Cartiere di Guarcino, while the remaining part comes from European industries. The total amount of paper waste is accurately separated from pos-

sible pollutants in order to be used in the paper mill without any additional process. To achieve this result, it has been necessary to work on multiple fronts: sensitizing the staff in charge of printing processes, using 100% destructible adhesive tapes and introducing new technologies to reduce the number of dye tests, saving in this way both time and paper.

In the last triennium, paper waste in impregnation department has decreased by 25%, while in the printing department has slightly increased (+9.6%), remaining in any case around 8%.

For what it concerns packaging materials, given the fact that Neodecortech products are not directly intended for the end consumer, but for companies that work in the interior design sector, the Companies use transport packages that as, therefore, the function of protecting products during the distribution until the following stage of manufacturing: pallets and other wood components, polythene, cartons and cardboards.



GOALS

PRINTING DEPARTMENT <7,5%

IMPREGNATION DEPARTMENT <1,5%

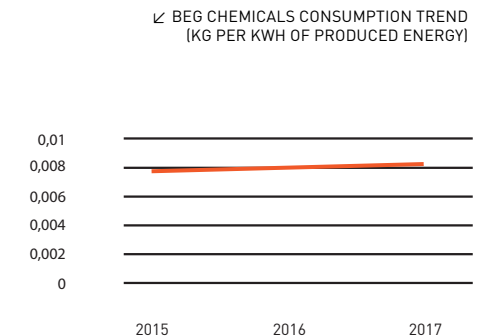
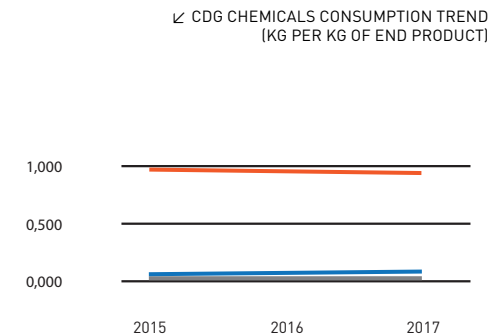
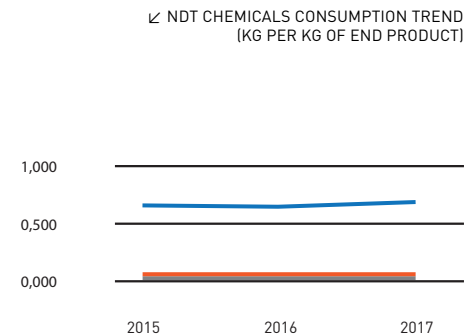
Chemicals

In Groups like Neodecortech, chemicals pervade all production processes. The presence of this kind of raw materials must be considered in light of two points of view: a positive one, represented by the innovation and improvements that these materials allow, as well as a negative one, represented by the possible side effects (pollution, waste and pollutants).

Therefore, a responsible management of this issue develops on two levels, both internal and external to the Group. While this latter consists in the constant monitoring of market innovations and supplier's selection, on an internal level the Group commits to the periodic and careful training and refresher courses of its staff about both occupational safety and technical topics as well as investments on plants, machineries and tools apt to adequate Group activities to the most advance innovations.

Neodecortech works in compliance with European regulations such as CLP (Classification, Labelling and Packaging), CE n. 1272/2008,

and REACH, acronym for the European Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals, entered into force on 1st June 2007. The Group is constantly committed to monitoring possible impacts of these substances on workers and the environment and, consequently, of norms that regulates these issues, guidelines issued by local and international Institutions, in addition to the research of increasingly eco-friendly and less dangerous raw materials. In line with this commitment, in 2017 Neodecortech S.p.A. joined a workgroup - self-constituted among companies working in this industry, trade associations e technicians - on topics related to European and local regulations and law for dangerous raw materials such as formaldehyde. Analyzing data related to this issue, as shown in the below charts, for what it concerns Neodecortech S.p.A., consumption trend variations in the last three years are due to the introduction of new kinds of products, while Cartiere di Guarcino has kept its consumptions almost stable.



- INKS
- RESINS AND ADDITIVES
- VARNISHES

- RAW MATERIALS
TITANIUM DIOXIDE, KAOLIN, ORGANIC AND INORGANIC PIGMENTS
- AUXILIARIES
- WATER TREATMENT

- UREA

2.4 Energy

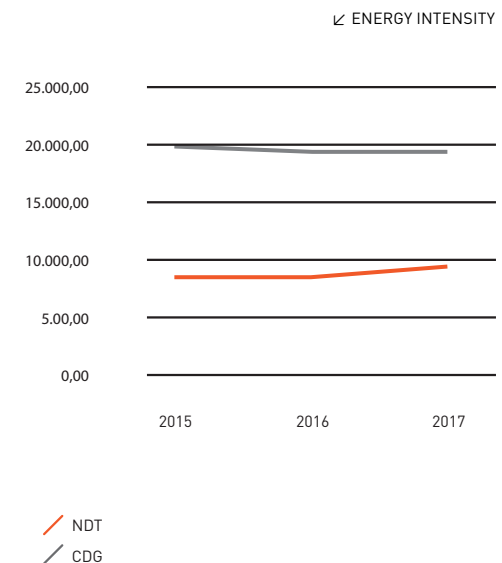
For Neodecortech, energy is a fundamental topic: in the form of methane, steam or electricity, it is necessary in all production and business management phases. Therefore, the intervention on Company energy efficiency has a relevant impact on both costs and the overall Company carbon footprint. Given the high incidence of energy costs on the paper production costs, as well as the direct and indirect contribution of energy to the plant environmental performances, it is important to manage in a systematic way all phases that contribute to its own energy performances: energy management means constant and structural attention to the energy use and costs with the purpose of improving energy efficiency and reducing its costs. The introduction of an energy management system goes toward this direction: both manufacturing industries that constitute the Group, Neodecortech and CDG, are certified in compliance with the international regulation ISO 50001.

Energy intensity represents the relationship between energy total consumption, measured in Mj, and the industrial production, measured in tons.

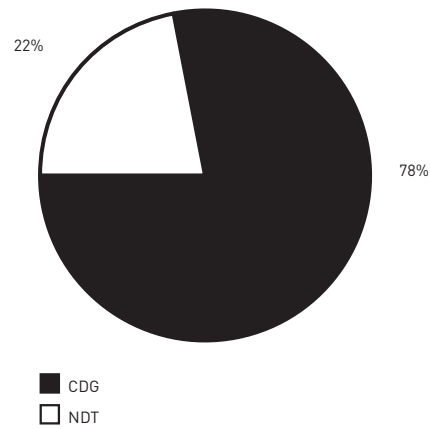
As shown in the above chart, for its nature CDG production is more energy-consuming in comparison to Neodecortech S.p.A. one. Nevertheless, in the last three years CDG energy intensity has slightly decreased, while NDT has registered an increase in energy consumption due to the introduction of new types of products.

This more energy-consuming characteristic that identifies CDG activities in comparison to Neodecortech S.p.A. ones is confirmed also through the observation of data regarding methane and electricity consumption with reference to 2017, respectively 72% and 90% Group total consumption.

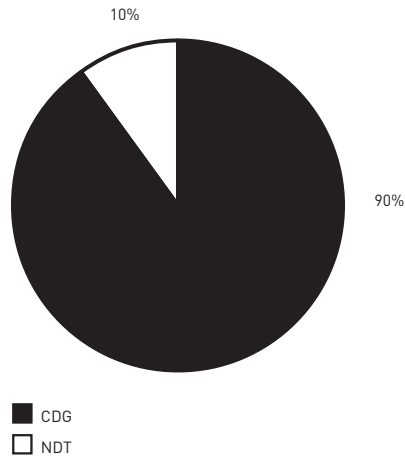
Moreover, Group commitment to reduce its carbon footprint deriving from its energy consumption is developed also through the use of privileged renewable energy resources that cover up to 92% of total power energy consumption.



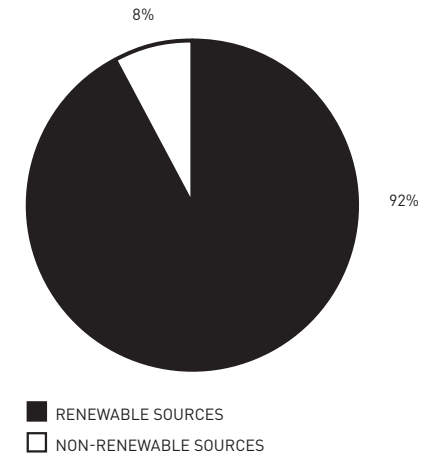
↳ METHANE CONSUMPTION 2017 (MJ)



↳ ELECTRICITY CONSUMPTION 2017 (KWH)



↳ ELECTRICITY CONSUMPTION 2017 (KWH)



GOALS

TARGETED INTERVENTIONS ON COMPANY PLANTS AND MACHINERIES ALLOWS THE GROUP TO MAKE ITS MEDIUM-LONG-TERM CONSUMPTIONS MORE AND MORE EFFICIENT.

IN THE LIGHT OF A CONSTANT IMPROVEMENT, NEODECORTECH COMMITS TO IDENTIFY ANALYSIS AND EVALUATION SYSTEMS INTENDED TO DETERMINE WHICH ARE THE MOST RELEVANT CONSUMPTIONS AND DEFINE A PRIORITY SCALE FOR FEASIBLE ENERGY EFFICIENCY INTERVENTIONS.

2.5 Emissions

The increase in the amount of greenhouse gases in the atmosphere represents one of the main factors for rising temperatures in our planet. Emissions issue is very important for Neodecortech because it represents a critical issue in sustainability topic: finding a fair balance between satisfying current needs without compromising future generation opportunities. Therefore, the Group thinks in a circular logic that aims to increase the efficiency and improve production processes of its companies in order to reduce the costs and the impacts on the environment. In fact, even though the three companies perform production activities that generate greenhouse gases emissions per produced unit, the negative impact in terms of GHG emissions has decreased over the years mainly thanks to the increasing use of renewable energy resources.

Emissions intensity is calculated with reference to Companies Scope 1 emissions, in comparison with the volume of respective productions (CDG and NDT end product kg and kwh of BEG produced energy). For further details see Appendix 1.

BEG has a positive impact on Group emissions balance, as it is fueled with renewable energy resources (previously vegetal oils, then animal fat). Biomass-induced CO₂ emissions, in fact, can be considered as “carbon neutral”, as they are due to the carbon coming out in the atmosphere through biogenic activities within a comparable timeframe.



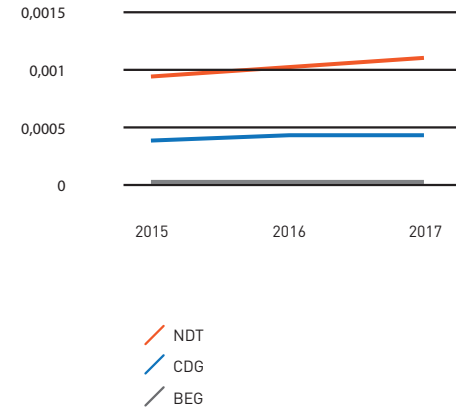
GOALS

BEG: DIFFUSE EMISSIONS REDUCTION AND IMPROVEMENT OF THE SELECTIVE CATALYTIC REDUCTION SYSTEM PERFORMANCES

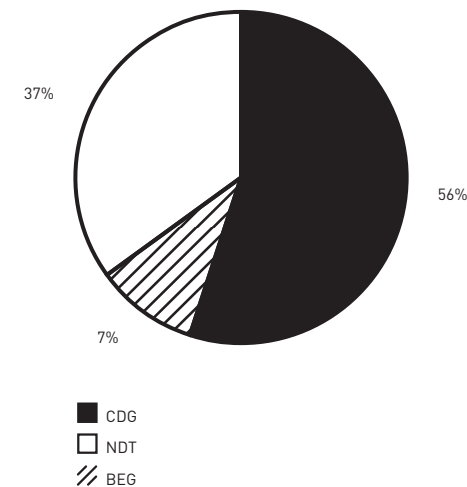
CDG: INDIRECT EMISSIONS CONTAINMENT THROUGH THE ELECTRICITY CONSUMPTION REDUCTION OF THE PLANT. IN PARTICULAR, THROUGH THE REDUCTION OF HEAT CONSUMPTION AND THE OPTIMIZATION OF COMBINED HEAT AND POWER ENERGY USAGE.

NDT: HEAT ABATEMENT SYSTEM AND IMPREGNATION LINES OPTIMIZATION AS WELL AS REFINEMENT OF THE MONITORING SYSTEM, THROUGH THE ADOPTION OF MORE PRECISE AND EASILY ACCESSIBLE KPI.

↳ EMISSIONS INTENSITY



↳ DIRECT EMISSIONS 2017



Transport

Transport issue crosses with environmental and safety ones, with consequences on organizational and production aspects.

In addition to the norms that regulate the transport sector, the Group pays the closest attention to the choice of transport suppliers. Multiple factors influence the selection, such as certification, registration in the sector roll, reliability, costs and quality of the offered and performed services.

Last but not least, Neodecortech considers also the carbon footprint of products and people transport: when possible, goods and products transports occur at full-load and considering the destinations, for increasingly efficiency levels.

For what it concerns workers' commuting, this is impossible by public transports, as Group companies are located in areas not covered by their services.

2.6 Waste

The Group is aware of the impacts that a good waste management has both internally – in terms of production processes efficiency – and externally, in the form of carbon footprint. For this reason, this issue is managed with great attention, monitoring production processes waste and carefully evaluating and selecting waste transport and disposal companies. As a proof of this commitment, Group companies Organizational Models establish multiple procedures that regulate the management of this issue (services suppliers' classification, waste classification and management, ADR waste transport, etc.).

In 2017, 52% of Group non-hazardous waste was recovered to be reused in other production processes.

It is essential the adoption of an increasingly efficient waste and scrap management generated during production processes, in order to increase recovery activities or, when this is impossible, the recycling. For further information, see Appendix 2.

Neodecortech S.p.A.

Has converted part of crude paper, once considered as waste, in raw material for CDG, thanks to a wiser waste sorting.

In 2017, PVC scrap was no longer disposed, but sent to specialized companies for its recycling.

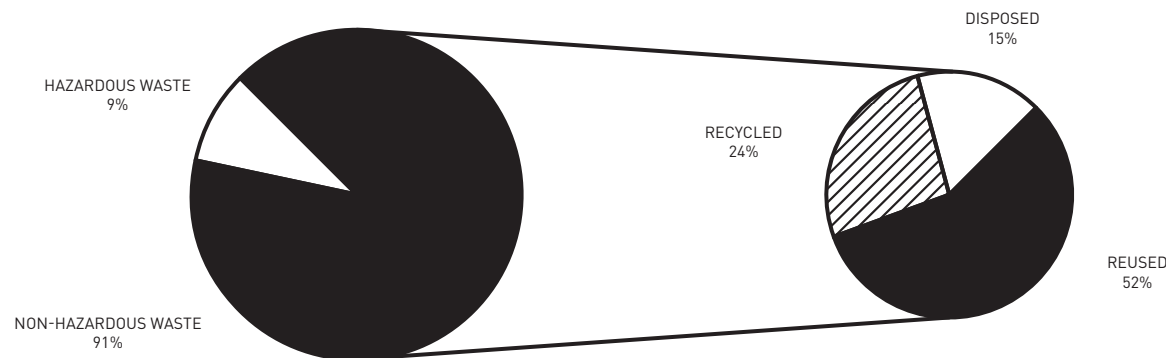
Cartiere di Guarcino

Has promised to reach the total recovery of organic and inorganic materials (the first one constituted by cellulose fibers, while the second one by titanium dioxide and kaolin) through the reuse of production waste and waste sludge.

BEG

Is striving for the adoption of strategies to increase filter and catalytic materials life-cycle in smoke abatement systems as well as the implementation of mechanic filter systems in order to improve the quantity and quality of bioliquids into motor-generators and decrease waste sludge volume.

WASTE COMPOSITION 2017

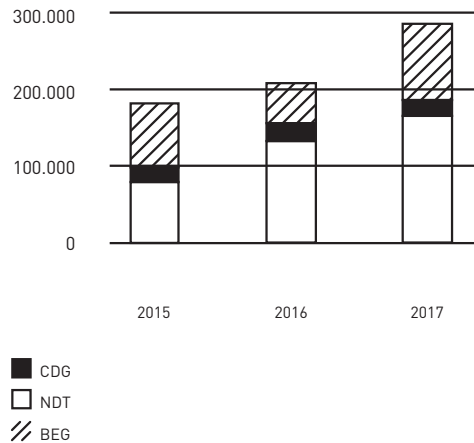


In view of the production growth registered in all Group Companies, also hazardous and non-hazardous waste levels have increased. Specifically, the increase of hazardous waste production registered in the last three years is due to the introduction of Neodecortech new products categories in PVC.

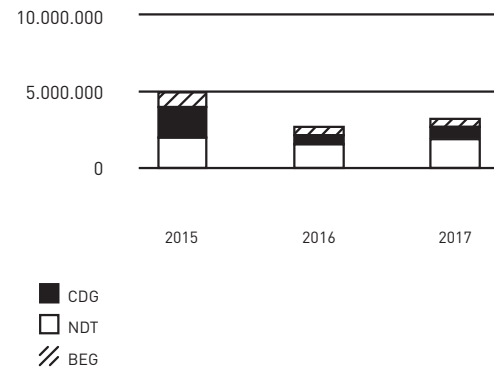
Given the evolution of regulation on environmental issues, the material deriving from filtration process of industrial waste water can be considered as waste or, alternatively, can be qualified as

by-product since it meets all requirements and conditions as under Article 184-bis. Therefore, following the above-mentioned classification, since 2016 Cartiere di Guarcino has considered it appropriate to reuse that material constituted by cellulose fiber, titanium dioxide and kaolin, partly in its production cycle and partly selling it to other paper mills. Consequently, the consignment to disposal and/or recycling plants of non-hazardous waste has considerably decreased (-78% over the last three years).

HAZARDOUS WASTE TREND (KG)



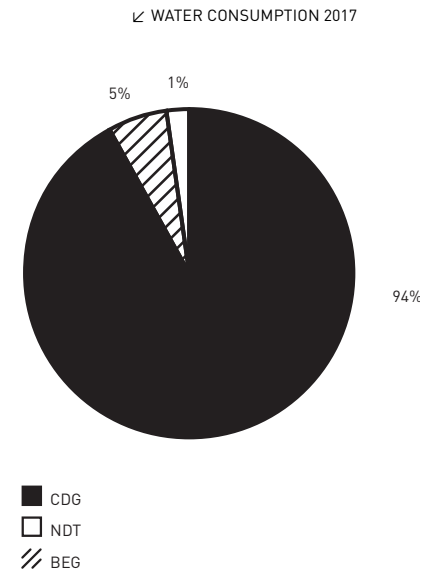
NON-HAZARDOUS WASTE TREND (KG)



2.7 Water

Water consumption

Water resources are essential for the Group and, in CDG case, it is one of the main production elements for its products. Provision for industrial use occurs mainly through surface water and groundwater. Neodecortech commitment to contain its water consumption is condition to its production activities nature: water consumption can be significantly influenced by the introduction of new products which fabrication requires amount of water or by R&D activities, as tests on new materials involves an increase in consumption being production equal. Moreover, when the requirements about quality of water to be used during production processes are fulfilled, the Group commits to reuse as much water as possible.



GOALS

THE GROUP AIMS FOR THE REDUCTION OF INDUSTRIAL WATER CONSUMPTION, MAINLY THROUGH: CONTROLS INTERVENTION AND PREVENTIVE MAINTENANCE AS WELL AS INVESTMENT FOR PURCHASES AND INSTALLATIONS OF PLANTS AND EQUIPMENT ABLE TO CONTAIN WATER WASTE AND LOSSES FROM DUCTS AND SUPPLY VALVES.

STARTING FROM THE OBJECTIVE OF CONTAINING WATER CONSUMPTION AND LOSSES, THE COMPANY CONSEQUENTLY DEFINES PROJECTS THAT CAN LEAD TO VARYING-RELEVANCE INVESTMENTS. THEREFORE, THE COMPANY CONSIDERS ALSO THE IMPLICATIONS OF WATER ISSUES IN THEIR COMPLEXITY DURING THE REVIEW OF BUSINESS AREAS AND DEPARTMENTS. FOR FURTHER DETAILS SEE APPENDIX 3

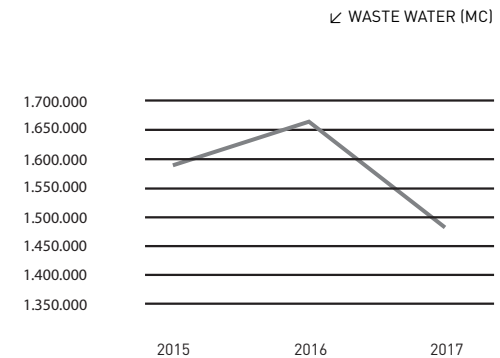
Water pollution

Water pollution - due to industrial discharges in rivers, lakes and seas - is an extremely relevant issue also in light of environmental aspects, as for example biodiversity and ecosystems preservation.

The proximity to superficial water areas (Dordo creek in Neodecortech S.p.A. case, Cosa river in CDG and BEG one) is in fact a key aspect on which the Group pays close attention to avoid water pollution episodes that can provoke environmental damages and risks to people. With this purpose, the Group has implemented specific increasingly advanced instruments over the years, such as waste waters filtration systems, pools, detectors and alarms that allow

to avoid the potential pollution of water areas and aquifers. This has been possible through the use of financial, technical and professional resources as well as preventive scheduled maintenance, technical inspection and control interventions, water discharges analysis. Obviously, the Group Companies interventions regarding this issue are in compliance with regulations and use the best available technologies.

Overall, the Group has implemented alternative clean technologies or the best available ones to reduce liquid effluents impact and periodically verifies their efficiency.



2.8 Biodiversity

Biodiversity express the number, variety and variability of living organisms (plants, animals and microorganisms) and how these change from an environment to another over the time. One of the main causes of animal and vegetal biodiversity loss is the destruction of natural habitats, as it occurs because of practices among which deforestation is one of the most relevant.

Neodecortech is aware of biodiversity issue importance and aims to reduce, as much as possible, the impacts of its supply chain, which has cellulose as a starting point. Following this commitment, the Group has adopted FSC and PEFC certifications, which guarantee cellulose and paper provenance from sustainably-managed forests.

Moreover, although the Group Companies are not located in protected or biodiversity-sensitive areas, all share the same goal of a correct and balanced integration between production activities and surrounding environment to avoid negative impacts on the territory as well as its flora and fauna. This approach is based on the idea that the compliance with regulations is a minimum requirement, a starting point from which certifications acquisition, monitoring of environmental impacts and definition of steady improvement goals constitute an integrated strategy aimed to safeguard the territories in which the companies have been operating for decades.

1. Emissions

<p>CDG EMISSIONS SOURCES</p>	<p>F2 STEAM BOILER F3 STEAM BOILER F4 DIATHERMIC OIL HEATER F5 OFFICES HEATING SYSTEM F6 ENGINE-GENERATOR F7 MOTOR-POWERED FIRE PUMP F8 STEAM GENERATOR F9 STEAM GENERATOR THE INFORMATION SOURCE USED FOR THESE MEASUREMENTS IS THE NATIONAL MEASURES TABLE FOR CO₂ EMISSIONS UNDER THE UNFCCC INVENTORY, AVAILABLE ON THE NATIONAL COMPETENT AUTHORITY WEBSITE. MEASUREMENTS VIA METERS</p>
<p>BEG EMISSIONS SOURCES</p>	<p>F1 COGENERATION PLANT 1 F2 COGENERATION PLANT 2 F3 COGENERATION PLANT 3 THE INFORMATION SOURCE USED FOR THESE MEASUREMENTS IS THE NATIONAL MEASURES TABLE FOR CO₂ EMISSIONS UNDER THE UNFCCC INVENTORY, AVAILABLE ON THE NATIONAL COMPETENT AUTHORITY WEBSITE. MEASUREMENTS VIA METERS</p>
<p>NDT EMISSIONS SOURCES</p>	<p>IMPREGNATION ABATEMENT SYSTEM TOCCHIO 1, IMPREGNATION MACHINE TOCCHIO 3, IMPREGNATION MACHINE VITS IMPREGNATION MACHINE IMPREGNATION HEATING - HEATING SYSTEM PRINTING - PRINTING DEPARTMENT ROTOGRAVURE MACHINE N.14 ROTOGRAVURE MACHINE N.13 ROTOGRAVURE MACHINE N.12 ROTOGRAVURE MACHINE N.11 PRINTING STOREHOUSE IMPREGNATION STOREHOUSE UTILITIES OFFICES SOLAR PANELS</p>

2. Waste

(GRI 306.2) KG FOR:	2015		2016		2017	
	HAZARDOUS WASTE	NON-HAZARDOUS WASTE	HAZARDOUS WASTE	NON-HAZARDOUS WASTE	HAZARDOUS WASTE	NON-HAZARDOUS WASTE
RECYCLING	0	1.275.287	0	763.511	0	773.114
REUSE	16.200	3.345.402	16.770	1.270.470	17.182	1.686.030
DISPOSAL	167.725	311.919	193.460	590.758	264.378	503.860
SUBTOTAL	183.925	4.932.608	210.230	2.624.739	281.560	2.963.004
TOTAL	5.116.533		2.834.969		3.244.564	

3. Water

(GRI 303-1) WATER TOTAL VOLUME TAKEN AT 31/12 (m³)	2015	2016	2017
AQUEDUCT	4,538	3,414*	3,729
INDIPENDENT WATER SUPPLY (WELL)	8,320	9,426	13,872
SUPERFICIAL WATER	1,621,793.80	1,449,402	1,390,891.20
GROUND WATER	176,286.20	297,700	340,589
TOTAL	1,810,938	1,759,942	1,749,081
* DUE TO A BREAKDOWN IN THE UNIACQUE S.P.A. AQUEDUCT METER, REPLACED ON 18TH NOVEMBER 2016, IT HAS NOT BEEN POSSIBLE TO MEASURE NEODECORSTECH S.P.A. FACTORY CONSUMPTIONS SINCE THE BEGINNING OF JULY.			

#3

STAKEHOLDERS

3.1 Human resources p.39

3.2 Clients p.46 **3.3 Suppliers** p.48

3.4 Local community and territory p.49

3.1 Human resources

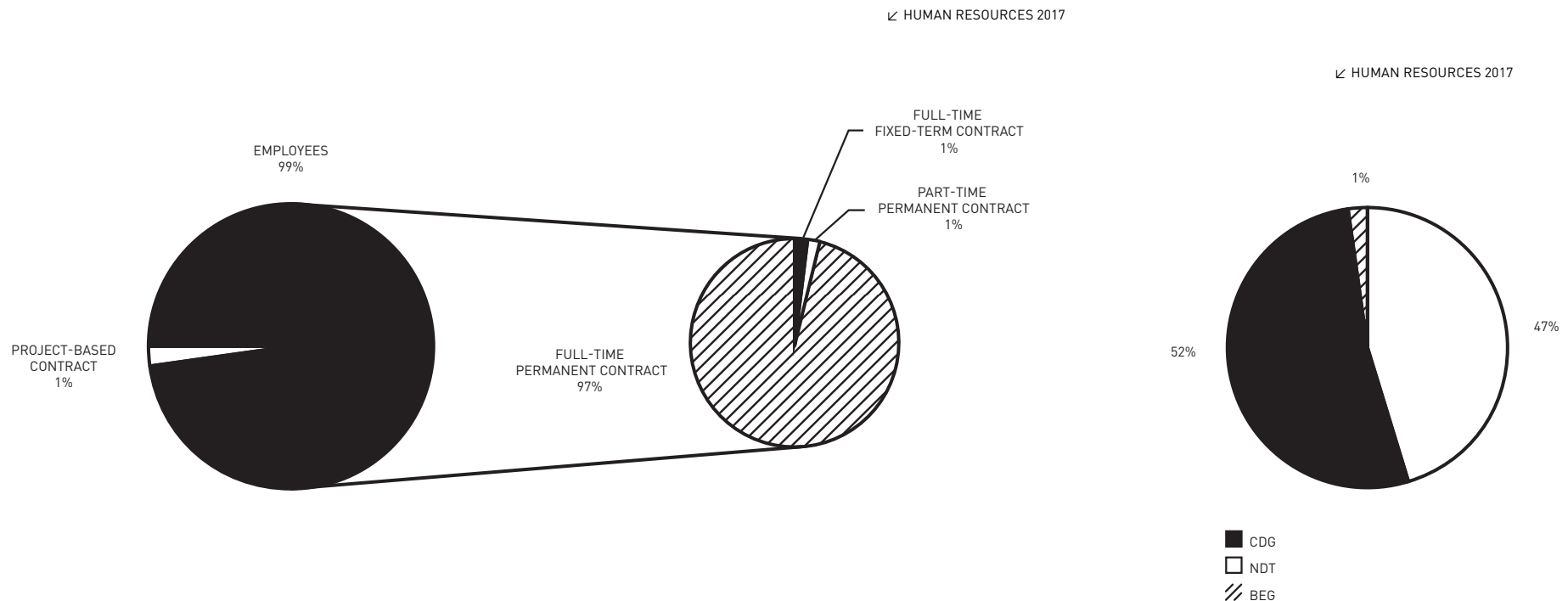
Employees' management

Human resources are an essential and fundamental asset for a Company: people quality and competencies represent fundamental distinguishing aspects and contribute decisively to the competitive advantage, even more importantly in the international scenario in which the Group operates. For the employees' management, the Group Companies rely not only on current regulations and Collective National Labor Agreement, but also on Code of Conduct

guidelines as well as internal norms and regulation regarding employees' occupational health and safety.

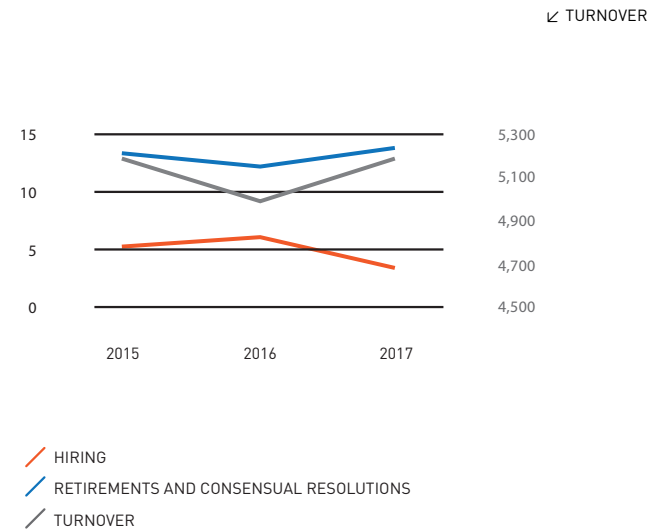
In terms of social responsibility, Neodecortech strives to present itself as a guarantee of working continuity: 99% out of 329 employees have, in fact, a permanent contract and 72% has been part of the company for more than a decade.

For further information, see Appendix 4.



Turnover

As far as turnover is concerned, the following chart shows that values have almost been steady in the last three years, registering a slight increase in 2017 (+3.6% in comparison to 2016). The greater number of retirements in comparison to new hiring mirrors employees' high average age, (Neodecortech's in particular) that, in combination with the technological improvements in production processes, leads to a natural and gradual contraction in the workforce. See Appendix 4 for further details.



Employees' occupational safety

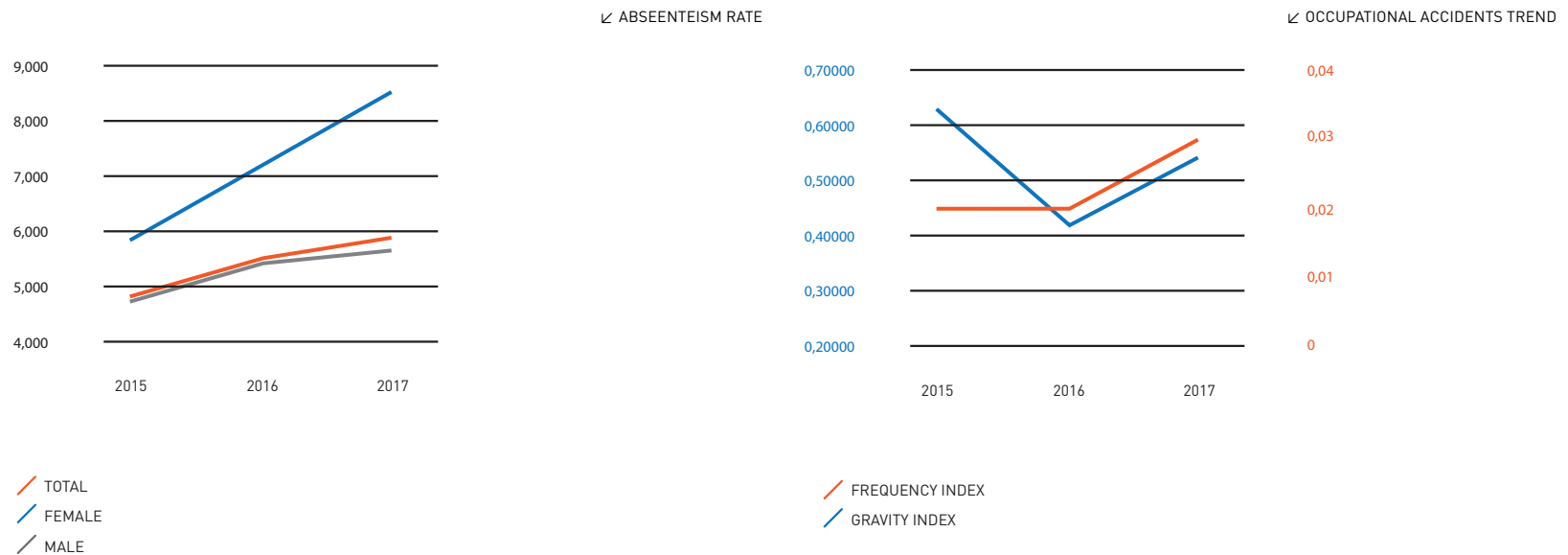
Neodecortech puts its employees' health and safety at the center of its activities, inciting its collaborators to pay close attention to their health and safety. With this purpose, the Group enhance the respect for company and law regulations on occupational health and safety, in addition to the National Collective Employment Contract directives.

For employees' occupational safety, the Group works on all related areas and aspects, investing adequate financial, human and technological resources. In particular, the Group constantly invest on training, equipment, personal protective equipment, plants, machineries, handbooks, etc. In any of the Group companies employees are exposed to high risks or occupational diseases.

As mentioned, the attention to employees' health and safety has led the Group to actively commit to these issues also through training

courses: the knowledge and understanding of these issues are the first and most effective form of prevention against occupational accidents. The increase in the female absenteeism rate in 2016-2017 in comparison to the previous period is due to two cases of extended sick leave periods. Considering the whole Group, the number of occupational accidents increased in 2017, while their gravity decreased (+25% days of absence in comparison to a 50% increase in the number of accidents). Data confirm the importance of not lowering the level of attention regarding occupational health and safety, particularly for the most simple and routine operations.

In 2017, the Group companies provided 15 training courses on occupational health and safety, for a total amount of 1.157 hours of training and 289 people involved.



GOALS

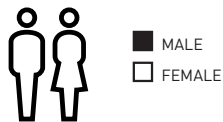
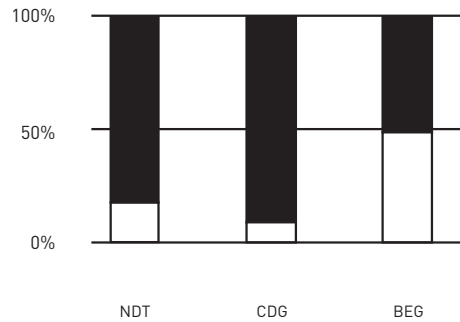
The Group constant goal for the performance of its business activities is the reduction to zero accidents.

Equal opportunities

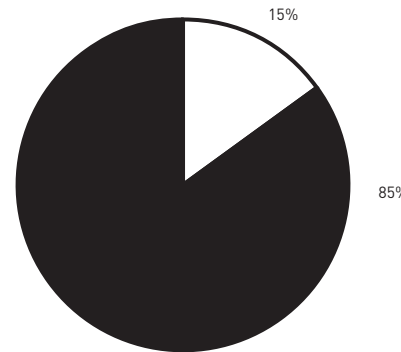
Neodecortech group human resources composition is influenced by the strong gender polarization, not peculiar in manufacturing companies: in fact, the production department highlights a clear preponderance of a male-dominated workforce (89% of Group workers are men). Nevertheless, this issue is a key point for the principles stated in the Companies Code of Conducts, as an

expression of the attention to the person value. In compliance with current regulations, the Group commits so that gender diversity or other diversities do not constitute a discriminatory element during the recruitment and selection of candidates phase or, later on, for the professional growth in Neodecortech.

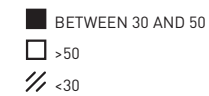
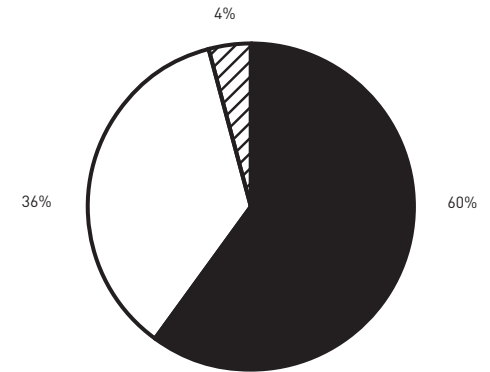
↳ GROUP COMPANIES GENDER COMPOSITION IN 2017



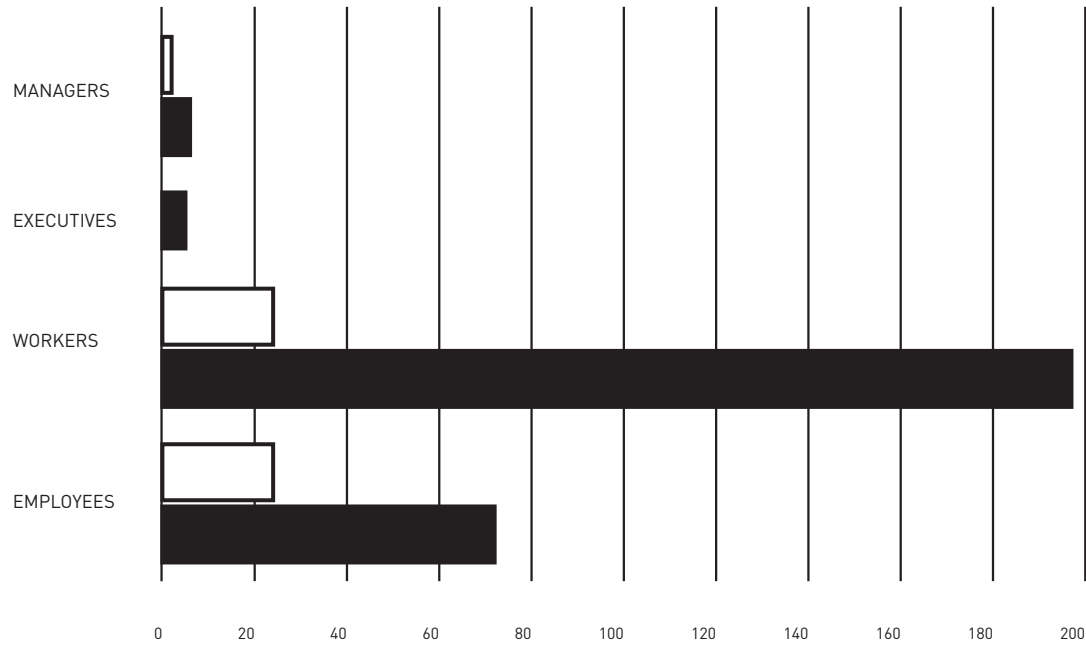
↳ GENDER COMPOSITION 2017



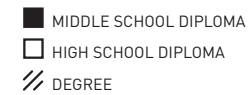
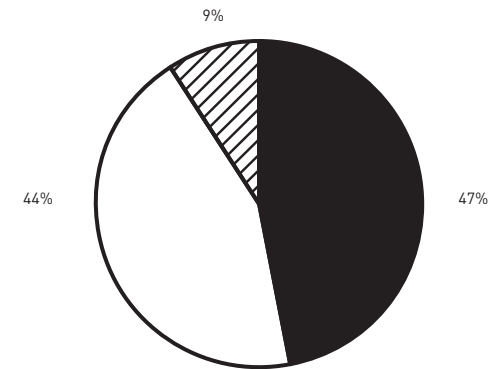
↳ COMPOSITION PER AGE GROUPS 2017



COMPOSITION FOR QUALIFICATION AND GENDER 2017



ACADEMIC QUALIFICATIONS 2017



Training and update

Training activities have a positive impact on human, professional, technical and function-task growth of the single employee. These are relevant not only to fulfill law and contract obligations, but also as an integral part of Company routine activities for its employees. In Neodecortech, training activities are performed with a strategic and compliance purpose for employees' constant growth and improvement.

Training activities can be divided into 2 macro areas:

1. Prevention and safety: goals are established by regulations as well as according to Neodecortech characteristics and entities.
2. Technical and professional training and refresher courses for single employee and/or groups: goals are set by the Company according to different training projects, with customized paths based on employee's profile and task. They can vary in duration, complexity, etc.

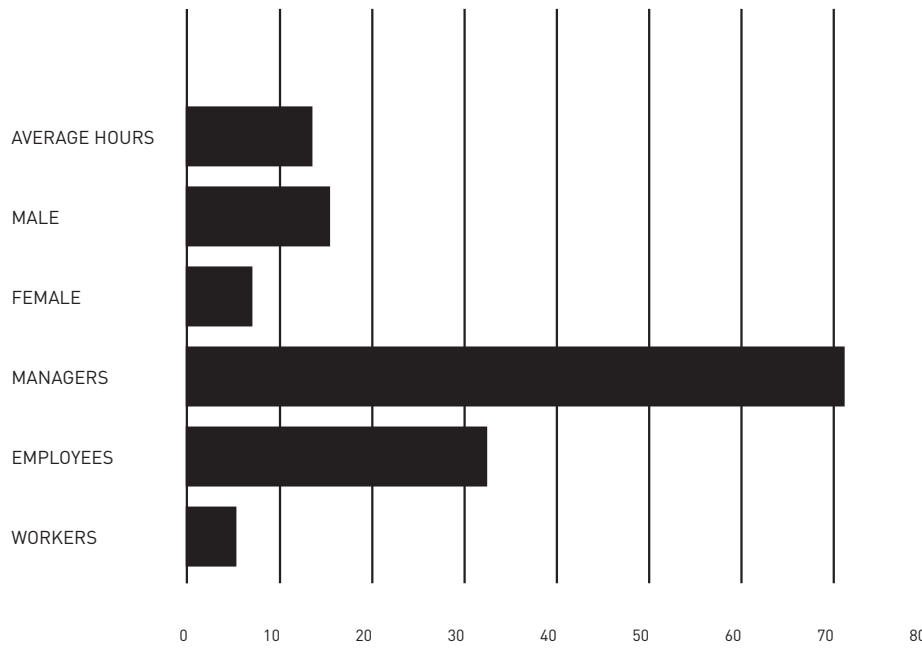
By their nature, all training activities are aimed to achieve the consolidation and implementation of professional knowledge to improve company performances. Companies make available their resources to start collaborations or external consultancies, purchase/rent necessary equipment, involve internal functions for teaching activities.

In 2017, Group Companies provided 4.613 training hours.

Neodecortech believes that a constant and high-quality training is essential, not only to guarantee occupational safety, but also to allow the employees to develop transversal capabilities and update their professional competencies. Constant improvement cannot and should not be just a mere declaration without follow-ups, but a working style expressed through a strong professional ethic over the time and with full collaboration. Knowledge, know-how, awareness, autonomy and task-related technical and professional capabilities blend in a single great, stable and constant training project without an expiration date because it is vital for the individual's personal and professional life. Neodecortech considers training activities as an instrument to improve not only company performances, but also the transversal capabilities – essential for a constant professional growth – of each one.

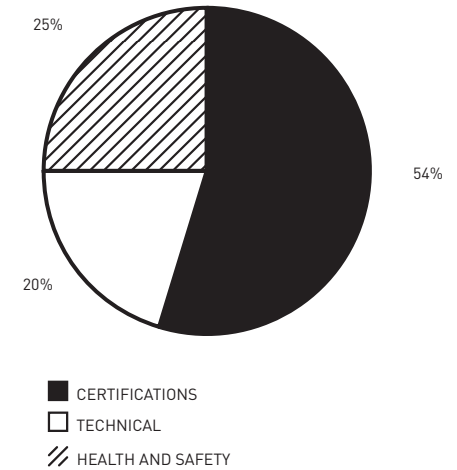
Lastly, the Group provided 7 courses on the different certifications adopted, which have involved 57 people for a total amount of 2.514 training hours.

↳ TRAINING AVERAGE HOURS 2017



THE HIGH NUMBER OF AVERAGE HOURS FOR EXECUTIVES, REGARDING 2017, IS DUE TO A TRANSVERSAL TRAINING COURSE (MANAGEMENT BUILDING) RESULTING IN 72 TRAINING HOURS.

↳ TRAINING 2017 (HOURS)



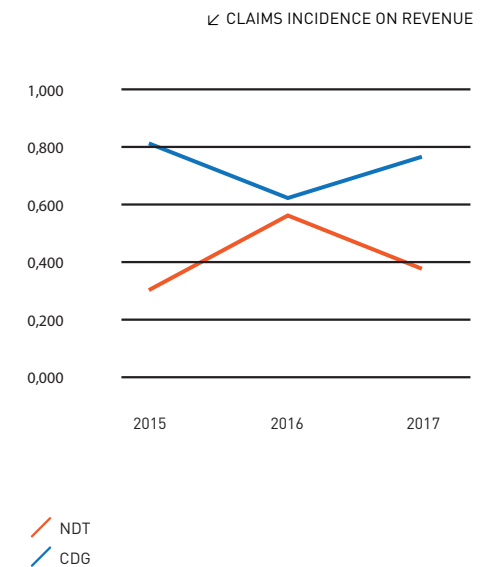
3.2 Clients

Clients' satisfaction

Given the fact that the Group aims to become a business partner for its clients - not only a mere supplier - client's satisfaction represents a key element in its strategy. Therefore, the attention to this issue becomes a focus point in the creation process of Group value and success. Neodecortech mission, in fact, is establishing stable relationships with its clients over the time, customizing its products according to their needs and, in this way, outperforming many of its competitors' standardized offerings. So Neodecortech strives to become a reliable and proactive partner, operating at the high-end of the market, providing a complete service up to the best sector standards. The Companies always take care of its clients' satisfaction, periodically analyzing their fidelity levels, claims number and nature. The main aspects evaluated are the capability to understand clients' needs and related response time, completeness and accuracy, deliveries punctuality, performance-price ratio, products quality, claims management.

Moreover the Companies monitor their competitors' activities through benchmarking analyses as well as feedbacks and opinions collection during several meeting occasions with market players.

Claims number, importance and impacts on clients' activities are the factors that mostly influence Companies counterparties' satisfaction levels. Indirectly, the Group pursues clients' satisfaction also through specific certifications obtaining (UNI EN ISO 9001, UNI EN ISO 14001, OH SAS 18001, UNI CEI ISO 50001, PEFC and FSC) and management instruments implementation (Code of Conduct, Organizational Model pursuing to Legislative Decree 231/2001, QAS Policy) aimed to ensure a high-level performance.



Consumer's safety

Neodecortech pays particular attention to end-consumer's safety, making sure that law requirements are correctly fulfilled and remaining constantly updated regarding any new regulation. The Companies decision to use increasingly safe and eco-friendly raw materials demonstrates this approach and confirms the importance and the central position of this issue. Products labelling, traceability and identification activities are part of Group routine operational activities.

All Group companies take care of identifying possible dangers related to the products, providing toxicological, environmental, instructions information regarding products disposal and transportation. The issue is relevant because products in and out traceability enables monitoring and control systems activation.

Moreover, only through an efficient products labelling it is possible to comply with FSC and PEFC certification (regarding cellulose and paper raw materials sustainability) requirements on single lots identification and raw materials origin traceability. Therefore, it is possible to trace each unit in every moment and to link it to its basic paper, or even pulp, supplier. Neodecortech interest in ensuring its products perfect traceability, both internally and externally, has management purposes too: in case of a claim, it is essential being able to identify each unit to trace back to the production lot and analyze, through available data, causes and possible solutions. During the reporting period no cases of non-compliance with current regulation on labelling and consumers' safety have been registered.

3.3 Suppliers

Neodecortech is aware that the selection of a supplier is a critical factor that significantly contributes to determine the productive process or products quality. Therefore, the Group companies aim to establish with each supplier a relationship based on mutual collaboration, sharing quantitative and qualitative goals to constantly improve products quality.

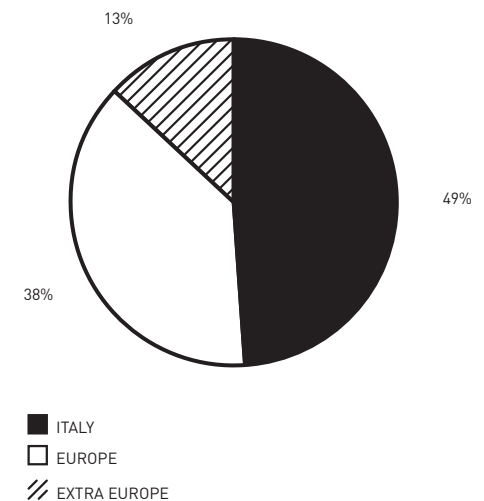
Overall, the Group supply chain involves 140 main suppliers, among raw materials, auxiliary products and services. As it is a small and highly-specialized sector, the number of raw materials suppliers the Company relies on is limited. Moreover, given the specific nature of the materials used during productive processes (resins, titanium dioxide), it is frequently necessary to look beyond national borders to select the most suitable supplier. Nevertheless, whenever possible, the Group companies turn to local suppliers, especially for maintenance activities, for transportation and services of all kind offered in the territory (for further details, see Appendix 5).

Company partners supply not only raw materials – cellulose and paper, inks and varnishes – , fuels and chemicals, but also maintenance services and waste transportation: all essential factors for Neodecortech success. For this reason, the Group aims to involve its suppliers in the implemented environmental and labor policies.

For Neodecortech, it is essential that every supplier complies with law and regulations: it is the starting point and essential premise to establish a profitable business relationship based on mutual trust. A lacking or wrong compliance with regulation on occupational safety and environmental issue can lead to risks for employees' health and safety as well as environmental accidents: in this perspective, suppliers control and management become a fundamental aspect. Over the years, Neodecortech has selected trustworthy, reliable and compliant suppliers, which can provide high-level and excellent products, with this approach.

The Group has asked to almost 30% of its suppliers a self-declaration of compliance with occupational health and safety and environmental regulations. Of these, almost 20% is UNI EN ISO 14001 certified.

↳ STATEGIC SUPPLIERS PROVENANCE 2017



3.4 Local community and territory

Neodecortech considers indispensable being open to the dialogue and debate with local communities and territories where the Group Companies are located. Over the years it has pursued the goal of being a reliable, proactive, collaborative, transparent entity. The fair and regular management of all regulation aspects related to Group activities, along with the guidelines implemented over the years, has made it possible to establish a collaborative debate with Entities, Institutions and local Authorities.

In 2017 too, the Group Companies was subjected to local authorities' inspections (Comune di Filago, Provincia di Frosinone, Arpa Lombardia, and Arpa Lazio) regarding the fulfillment of legal requirements. For what it concerns Neodecortech, the inspection regarded the conclusion of the trial on the atmosphere emissions deriving from the papers impregnation productive process. The inspections ended positively, without any formal notice nor fine.

Training on territory

Besides the opportunities of debate due to compliance requirements, Neodecortech firmly believes in the necessity of establishing a dialogue with local communities. According to this purpose, the Group companies have been offering internships for over twenty years, both for high-school and university students.

In 2017, the Group offered educational internships and projects for 30 students that will continue throughout 2018, in collaboration with high-school institutes of the territories in which the Group companies are located. In addition to investments for employees' training and refresher courses, Neodecortech believes in the strategic value of dialogue and collaboration with territory excellences. From this per-

spective of mutual sharing and growth, the Company has started an alternating school/work program aimed to train professionals with specific skills, to be included in departments where the growth path is more significant: productive department, internationalization and commercial department, R&D department.

The Company chose the candidates among territory schools and institutes, with study programs the most pertinent to the insertion departments, as well as specialization courses. Over a 10-weeks period in Neodecortech, three candidates – selected for their skills, predisposition and enthusiasm – flank with expert departmental tutors for their training.

Given the positive results and feedbacks at the end of 2017, the alternating school/work program will continue throughout 2018 too with more projects and pilots in addition to those already in place.

Donations

Donations are one of the instruments the Companies can use to actively contribute to the local community life, sharing success and difficult times. The donations range depends on territory characteristics and needs and can be purely of social or cultural nature. In the first case, for example: disabled vehicle purchase for Comune di Madone and a stair lift for local middle school in Filago, donation of defibrillators for Comune di Madone and Comune di Filago, a donation to Saint Bartholomew church in Marne (Filago) for the missionary school in Makeni (Sierra Leone). In the second case: CDG donation to the Tourism Development Consortium in Guarcino and Campocatino. Lastly, donations can be of recreational nature, such as CDG donations to the Guarcino Football Club.

4. Human resources

GRI 102-8	NDT		CDG		BEG	
TYPE OF CONTRACT	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
EMPLOYEES WITH A PERMANENT CONTRACT, FULL TIME	29	126	17	151	0	1
EMPLOYEES WITH A PERMANENT CONTRACT, PART TIME	0	0	2	0	1	0
EMPLOYEES WITH A FIXED-TERM CONTRACT, FULL TIME	0	1	0	1	0	0
PROJECT-BASED CONTRACT	0	0	0	1	0	0
INTERNS	0	0	0	2	0	0
TEMPORARY WORKERS	0	1	0	1	0	0
GENDER TOTAL	29	128	19	156	1	1
TOTAL	157		175		2	

GRI 401-1	2015		2016		2017	
HIRING	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
<30 YEARS OLD	0	2	3	1	1	2
BETWEEN 30 AND 50 YEARS OLD	1	2	0	2	0	0
>50 YEARS OLD	0	0	0	0	0	0
GENDER TOTAL	1	4	3	3	1	2
TOTAL	5		6		3	

GRI 401-1	2015		2016		2017	
HIRING RATIO	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
<30 YEARS OLD	0	0,576	0,880	0,293	0,304	0,608
BETWEEN 30 AND 50 YEARS OLD	0,288	0,576	0	0,587	0	0
>50 YEARS OLD	0	0	0	0	0	0
GENDER TOTAL	0,288	1,153	0,880	0,880	0,304	0,608
TOTAL	1,441		1,760		0,912	

GRI 401-1	2015		2016		2017	
CONSENSUAL RESOLUTIONS, RETIREMENTS	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
<30 YEARS OLD	0	1	0	0	0	1
BETWEEN 30 AND 50 YEARS OLD	0	0	0	3	1	3
>50 YEARS OLD	1	11	1	7	2	7
GENDER TOTAL	1	12	1	10	3	11
TOTAL	13		11		14	

GRI 401-1	2015		2016		2017	
CONSENSUAL RESOLUTIONS, RETIREMENTS RATIO	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE
<30 YEARS OLD	0	0,288	0	0	0	0,304
BETWEEN 30 AND 50 YEARS OLD	0	0	0	0,880	0,304	0,912
>50 YEARS OLD	0,288	3,170	0,293	2,053	0,608	2,128
GENDER TOTAL	0,288	3,458	0,293	2,933	0,912	3,343
TOTAL	3,746		3,226		4,255	

5. Suppliers

(GRI 102-9) SUPPLIERS	ITALY	EUROPE	EXTRA EUROPE
CDG	55	13	5
BEG	21	0	0
NDT	31	12	0

METHODOLOGICAL NOTE

The present document constitutes the first Neodecortech Sustainability Report. The Group is composed of the following companies: Neodecortech S.p.A., Cartiere di Guarcino S.p.A. (in the document, also referred to as “CDG”) and BEG S.r.l. (in the document, also referred to as “BEG”), together “the Group” or “Neodecortech”.

Although it represents the first Report for the Group as a whole, this Sustainability Report is in continuity with the Reports drafted in 2015 and 2016 by the holding company Neodecortech S.p.A.. This Report edition has been drafted according to GRI Standards guidelines – option “Core”- with the aim to gradually align the Group Sustainability Reporting to the international best practices.

This reporting model has allowed to perform an accurate assessment of chosen topics through the materiality analysis as well as to start a related debate with different stakeholders groups.

The result is a complete description not only of Neodecortech environmental, social and economic impacts, but also of its Group identity, activities, governance and organization. Document structure, divided into three parts, reflects the main reporting areas:

1. Neodecortech: identity and economic performance
2. Environment (environmental impacts)
3. Stakeholders (social impact)

As already mentioned, the Reporting framework of data, related to the calendar year 2017, considers all three Companies in the

Group. The Group goal is to give continuity to its Sustainability Report publication over time on an annual basis. Whenever possible, quantitative data are reported in comparison to the two previous years, so that to highlight gradual developments.

In order to provide an accurate representation of Group performance, quantitative indicators, directly extrapolated from Group data or official sources, have been included. Estimates have been used only marginally and have always been pointed out.

The Report is based on GRI Standards guidelines. To properly define document contents, the Group has decided to include its stakeholders, their point of view and licit expectations, identifying its spokesmen as detailed in the related paragraph. The results have been integrated in materiality analysis that has allowed to identify the issues to be presented in the Report.

According to the adopted standards and in order to guarantee the Report quality, the Report has been drafted with the aim to present accurate, detailed, clear and comprehensible information, so that to make all stakeholders able to evaluate Group performances. Moreover, the Report aim to represent all environmental, social and economic performances (both positive and negative ones) in a balanced fashion and in line with Neodecortech transparency policy, so that stakeholders are properly informed when forming their opinion on the Group. For further information, clarifications or suggestions: info@neodecortech.it

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