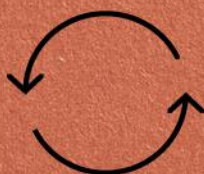
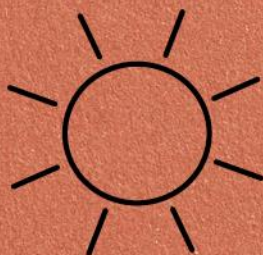


# NEO DECOR TECH







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## Methodological Note

The aim of this Consolidated Non-Financial Statement (CNFS) is to disclose the sustainability approach of the Neodecortech Group (consisting of the parent Neodecortech S.p.A. and its subsidiaries - hereinafter also "NDT" or "the Group") and its performance in the field of environmental, social and economic sustainability in a clear manner.

This CNFS has been prepared, on a voluntary basis, in accordance with articles 3 and 7 of the Legislative Decree 254/2016 and intends to give a proper understanding of the company's activities, performance, results and the impact generated on environmental, social and personnel-related topics, the fight against corruption and bribery and respect for human rights. The content has been selected based on the results of a materiality analysis process that involved a comparison of material topics with industry best practices, as described in the section "The NDT Materiality Matrix".

The reporting period runs from 1 January 2021 to 31 December 2021, and prior years' figures are shown where available for comparative purposes. The scope of financial data and information matches the Neodecortech Group's CNFS at 31 December 2021.

The scope of social and environmental data and information comprises the companies consolidated on a line-by-line basis within the CNFS.

In 2021, there were no significant changes in the Group's size, ownership structure and supply chain.

In order to enable data comparability over time and measure the performance of Group activities, a comparative year has been included, where available. Restatements of previously published comparative data, if any, are clearly indicated as such. In order to ensure data reliability, the use of estimates has been restricted as much as possible and, where present, are appropriately shown in the document. The Neodecortech Group CNFS is prepared in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" set out by the Global Reporting Initiative (GRI), based on the "in accordance - Core" option.

With regard to the information required by Art. 3, paragraph 2 of the Legislative Decree 254/16, it should be noted that the data and information relating to other polluting emissions into the atmosphere other than greenhouse gas emissions are not reported in this DCNF as the related process of monitoring and reporting of the data is in progress. Neodecortech factories carry out monitoring based on the requirements of the single environmental authorization and the information will be reported starting from the next reporting year.

This document is prepared on an annual basis and was submitted for approval by the Board of Directors of Neodecortech S.p.A. on 15 March 2022.

The CNFS is subject to limited assurance engagement, according to the criteria indicated in ISAE 3000 Revised, by Deloitte & Touche S.p.A.

For further information, clarifications or suggestions: [info@neodecortech.it](mailto:info@neodecortech.it)

## Letter to stakeholders

In the continued effort to create value, Neodecortech has chosen to implement its sustainability reporting, with the publication of the first consolidated non-financial statement pursuant to Legislative Decree 254/2016 on a voluntary basis and in advance of the requirements for companies listed on European regulated markets with more than 500 employees.

This decision bears witness to the Group's intent to share with stakeholders the importance of a collective commitment to a sustainable future in the face of climate change risks.

2021 saw the Group focused on overcoming the effects of the pandemic on the industry, bringing positive results and achieving great satisfaction from its production figures, operating results and the increase in human resources employed, confirming the application of an approach constantly focused on the idea of creating value without precluding a similar possibility for future generations.

Bearing this in mind, important steps forward were taken in 2021: completion of the translisting to the STAR segment of Borsa Italiana in March, contribution to the creation of the Furniture Pact project (a group of companies in the supply chain with common goals of sustainability with the involvement of SDA Bocconi), recognition by the CDP (Carbon Disclosure Project) through assignment of a B score as proof of the attention that the Group dedicates to the fight against climate change.

In the same vein, the organization's willingness to undertake carbon offset projects to offset emissions, the definition of the Biodiversity Policy, the development of the Diversity and Equal Opportunity Policy and the adoption of the Supplier Code of Conduct, further stress our commitment to achieving new ESG objectives.

As a legacy of the 2020 CNFS, the approach of the document based on the Prosperity, People and Planet pillars continues with the aim of being increasingly transparent and inclusive: the next pages show the main results achieved by the Group during the year and the contribution to the abovementioned pillars and to the UN Sustainable Development Goals (SDGs), through their interconnection with the corporate strategy and the material topics identified.

Filago, 15 March 2022

Luigi Cologni | CEO





## The NDT Group

## 1.1 2021 Highlights

### Environmental

- 1,377,145 GJ Energy consumption (+8% versus 2020)
- 100% electricity produced from renewable sources (BEG)
- 30,883 t CO2 Scope 1 + Scope 2 Location-based emissions (+27% versus 2020)
- 1,831 MI Water withdrawal (+33% versus 2020)
- 5,377 t Waste produced (+5% versus 2020)
- 100% purchase of FSC® (Mix Credit and Controlled Wood) or PEFC certified pulp

### Social

- 406 employees at 31.12.2021 (+5% versus 2020)
- 92% of employees on permanent contracts at 31.12.2021 (-4% versus 2020)
- +11% rate of new hires in 2021 (+6.75% versus 2020)
- 6,456 hours of training delivered (+187% versus 2020)
- € 83,000 in projects supporting local communities (+36% versus 2020)
- 6 Scholarships for employees' children (+100% versus 2020)

### Governance & Compliance

- Gender balance in the corporate bodies (for the less represented gender 29% presence in the Board of Directors and 40% in the Board of Statutory Auditors)

### Economic

- € 179 million of directly generated economic value (+36% versus 2020)
- € 176 million in revenue at 31.12.2021 (+37% versus 2020)
- € 59.8 million Market cap at 31.12.2021 (on 31.12.2020 the capitalization was € 37.8 million)
- 65% spending on local suppliers (-4% versus 2020)



## 1.1.1 History

The origins of the Neodecortech Group date back to 1947, the year when Confalonieri was established in Filago (Bergamo).

In the early stages of its activity, the Group specialized in the production of printing inks. In the '60s, it dedicated its business to decorative papers for plastic laminates and the emerging market of laminated panels, branching out to include printing and impregnation.

The year 1990 saw the creation of CDG S.p.A. (Cartiere di Guarcino). The Company produces decorative papers for high and low-pressure lamination, with a strong bent towards innovation and an innate attention to environmental sustainability. In 2010, through the new, dedicated company BEG S.r.l. and in collaboration with a top energy player, CDG built a bio-mass powered cogeneration plant of electric and thermal energy, in order to meet the energy needs of the paper mill, and in line with the Kyoto Protocol for CO<sub>2</sub> emissions reduction. The full integration of the three companies took place in 2017, following the acquisition by CDG of the entire share capital of BEG and the following transfer by Finanziaria Valentini S.p.A. of such capital to Neodecortech S.p.A.; on 26 September 2017, Neodecortech made its debut on the AIM Italia stock exchange. In 2018, Neodecortech acquired Corbetta Fia S.r.l., which formed a new business unit - TEXTE - specialized in lamination.

A year later, the Group sold CDG International and drew up its first CNFS. Awarded in mid-2020 with the transition from AIM to MTA Italia (electronic stock market), Neodecortech obtained from Borsa Italiana a new promotion and recognition, with the transition in March 2021 to the STAR segment.

**1947** Set up of Confalonieri in Filago (BG), specialized in the production of printing inks.

**1960** Confalonieri focuses on decorative papers for plastic laminates and laminated panels, while also starting its printing and impregnation activities.

**1990** Set up of Cartiere di Guarcino, specialized in the production of decorative paper for lamination.

**1999** Cartiere di Guarcino inaugurates a second production line.

**2003** Finanziaria Valentini acquires Confalonieri and Cartiere di Guarcino.

**2006** Set up of Bio Energia Guarcino, a bio-mass powered cogeneration plant of electric and thermal energy for CDG.

**2010** Confalonieri revamps its showroom and Neodecortech Lab.

**2011** Opening of second CDG production line.

**2015** Confalonieri starts LVT printing and inaugurates its internal studio for décor implementation

**2016** First CNFS issued - 2015 by Neodecortech S.p.A.

**2017** Group reorganization, change of name from Confalonieri S.p.A. to Neodecortech S.p.A. and listing on AIM Italia.

**2018** Acquisition of the business unit of Corbetta FIA S.r.l., specialized in the production of laminates.

**2019** Disposal of CDG International. First CNFS issued - 2018 by the Neodecortech Group.

**2020** Admission to trading of Neodecortech S.p.A. ordinary shares and warrants on the MTA.

**2021** Transition to the STAR segment of the MTA of Borsa Italiana.

**2021** The Group underwent assessment by the CDP - Carbon Disclosure Project obtaining a B rating.

## 1.1.2 Group Profile

Neodecortech S.p.A. is a sub-holding of the Valentini Group, an Italian organization operating in the furniture industry, composed of three companies integrated in a 100% made in Italy supply chain that share the same vision and a well-defined business strategy: to provide the interior design industry with top-of-the-range products, enhanced by the signature Italian style. The Group (hereinafter also referred to as "Neodecortech") is leader in Italy in the production of decorative papers for laminated panels and flooring: Neodecortech offers all-round, cutting-edge solutions for the creation of interior design projects, covering all stages of the decorative paper production process: from management of raw materials and surface coating and impregnation, to the end product and end-of-line logistics management.

The Group's strategy is hinged on guaranteeing excellence and business sustainability through the steady improvement of production and process performance. Policies, management models and internal codes the Group has implemented are tangible proof of its commitment, in line with the strategic approach it adopts.



The Group's structure at 31 December 2021 is shown below:

**Neodecortech S.p.A** – 100% → **Cartiere di Guarcino S.p.A.** – 100% → **Bio Energia Guarcino S.r.l.**

### NDT

Neodecortech S.p.A.

registered and operating offices in Filago (BG) and other operating offices in Casoli d'Atri (TE), heads up the core business of the Group and is active in the printing and impregnation of paper, in the printing and finishing of thermoplastic film, and in "laminates" produced mainly at the Casoli headquarters. NDT is positioned as a highly proactive decoration partner for its customers in the interior design and flooring industry, through constant monitoring and interpretation of new stylistic trends. The Parent Company performs, for its subsidiaries, the functions of legal and corporate affairs, administration and equity investments, strategic planning and business development, Internal Audit, Compliance & Risk Management

### CDG

Cartiere di Guarcino S.p.A.

based in Guarcino (FR), specializes in the **production of decorative papers** that subsequently undergo other stages of processing: printing or directly impregnation with thermosetting resins and hot pressing. The company operates on the national and international markets through a network of agents.

### BEG

Bio Energia Guarcino S.r.l.

based in Guarcino (FR), owns the **cogeneration plant** in operation since May 2010 for the **self-production of electricity** and thermal energy that satisfies a large part of the energy needs of CDG.

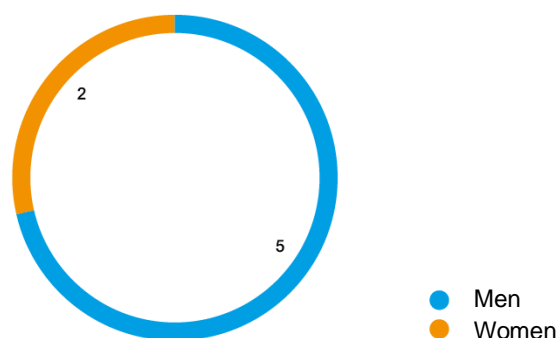
## 1.2 Governance

Neodecortech S.p.A. has an effective, agile and flexible organizational model that fosters communication among the various functions in order to achieve greater efficiency and effectiveness in the production processes. Neodecortech has adopted a **Group Code of Ethics**; each Group Company has also adopted its own **Organizational Model pursuant to Legislative Decree 231/2001** (hereinafter also "Model 231"), updated in 2020. The adoption of these operational tools is a clear demonstration of the commitment to a Governance focused on **fairness, transparency and the highest quality standards**.

In December 2020, Neodecortech S.p.A., effective from 1 January 2021, complied with the new Corporate Governance Code of Borsa Italiana, addressed to all companies with shares listed on the MTA managed by Borsa Italiana S.p.A., adopting, as required, a procedure of "Operation of the Board of Directors" defining, among other things, the rules of operation, as well as the procedures for taking minutes of the meetings of the Board of Directors (BoD). The new Code lays down a number of criteria that the Group must comply with, including the role and composition of the Board of Directors, the presence of independent directors, the treatment of confidential information, the procedures for appointing directors and their remuneration criteria, the internal control committee, transactions with related parties and relations with institutional investors and other shareholders. Additionally, in view of the entry in force of the new Corporate Governance Code, the Board Committees set up have also acknowledged a number of substantial and formal changes.

### Board of Directors

- Chairman: **Riccardo Bruno**
- Chief Executive Officer and Director:  
**Luigi Cologni**
- Executive Director: **Massimo Giorgilli**  
*(Chief Executive Officer of CDG and Sole Director of BEG)*
- Non-Executive Director: **Luca Peli**
- Independent Non-Executive Directors:  
**Paolo Pietrogrande, Paola Carrara, Laura Calini**



The following is a breakdown of Board members by gender and age group at 31 December 2021.

	31 December 2021	
	Men	Women
< 30 years old	-	-
30-50 years old	-	14%
> 50 years old	72%	14%
Total	72%	28%



The Board of Directors has set up the following internal Committees that support the Board in the respective remits envisaged by the Corporate Governance Code suggested by Borsa Italiana:

- **Remuneration and Appointments Committee:** submits proposals and provides advice to the Board of Directors on the policy for the remuneration of directors and Key Management Personnel.
- **Control and Risk Committee:** tasked with assisting, through appropriate preparatory work, the assessments and decisions of the Board of Directors regarding the internal control and risk management system, as well as those regarding the approval of periodical financial reports.
- **Related Party Committee:** submits proposals and provides advice to the Board of Directors on Related Party Transactions.
- **Sustainability Committee:** submits proposals and provides advice to the Board of Directors on sustainability issues, meaning the processes, initiatives and activities aimed at overseeing the Group's commitment to sustainable development along the value chain.

### 1.3 Ethics, Integrity and Compliance

GRI 205 Anti-corruption, GRI 307 Environmental compliance, GRI 419 Socio-economic compliance, GRI 206 Anti-competitive behaviour

**Integrity, fairness and transparency, attention to the individual, reliability and expertise, ongoing research and improvement, effectiveness and affordability, respect for the environment, quality and timeliness, creativity and originality.**

Neodecortech considers it vital to attach the utmost respect to every form of human dignity, the attention and the safeguard of workers' health, physical and moral integrity, fairness in business relations with suppliers and customers, transparency with Public Administration and Supervisory Bodies in every form and expression.

In line with the values expressed in the Code of Ethics and in accordance with its own policies, **legality and integrity in business dealings** are considered the cornerstones to develop and maintain **long-lasting relationships with its stakeholders based on mutual trust and respect**, and contribute over time to increasing the value, reliability and transparency of Neodecortech. The reputation that Neodecortech can proudly boast, starting from the Group Companies' territory of operation, is the result of its steadfast integrity from an operational and management perspective. Moreover, the Group, which operates in an international context, adopts a rigorous approach to the issues of **compliance**, managing the risks that may arise in a responsible manner; Neodecortech has put in place appropriate control systems to ensure compliance with corporate rules and regulations, thus diminishing the likelihood of incidents that may compromise its future development and reputation.

To ensure ethical and responsible conduct, the Group has put in place a number of procedures, including, in addition to the Code of Ethics and the Organizational Model pursuant to Legislative Decree 231/01, **whistleblowing**. Appropriate information channels have been established to report any cases of non-compliance regarding the organization's administrative liability.

The adoption by all the Group companies of Organization, Management and Control Models pursuant to Legislative Decree 231/2001, as early as 2010, is tangible proof of Neodecortech's will to adjust its Governance to the most advanced compliance standards. Transcending the specific purposes set out by Legislative Decree no. 231/2001, an Organizational Model of this kind encourages greater awareness on the part of human resources of their areas of action, also through the constant updating and adaptation of the controls put in place in order to prevent the commission of crimes. Nevertheless, regarding the corruption issue, the Group Companies' Codes of Ethics stress the need for every activity in their name and on their behalf to be carried out responsibly, legitimately and consistently with their goals and rules of conduct. 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 fairness reflected in the Organizational Models. In line with the above principles, corruption and bribery is strictly prohibited in the Companies' Codes of Conduct, both towards Public Administration representatives and private parties. Lastly, all Group personnel have attended specific training programs on Model 231 and the Code of Ethics, and have been properly informed of the Group's policies on anti-corruption issues.

Pursuant to Legislative Decree 231/2001, each Group company has also set up a **Supervisory Board** tasked with supervising the operation, effectiveness and observance of the Model, as well as ensuring that it is constantly and promptly updated.

Over the reporting period, the Group did not receive any remarks about non-compliance with laws or regulations related to environmental or local community topics, nor any proven cases of corruption or anti-competitive behaviour. Neodecortech's aspiration is to be regarded by local communities as a source of resources and opportunities for the territory. In this spirit, the Company pays the utmost attention to claims, related to both environmental topics and impacts on the territory.

## **1.4 Management of non-financial risks**

The Group's risk management is based on the principle of accountability that the risk is managed by the person in charge of the business process directly involved.

The main risks are reported and discussed at the top management level of the Group companies in order to create the conditions for their management, coverage, insurance and assessment of the residual risk. Risks are also monitored by means of a structured system (ERM) for all Group companies, with specific reporting to the relevant Board of Directors and, in aggregate form, to the Board of Directors of the Parent Company.

The most significant non-financial risks also include risks associated with compliance with environmental, health and safety regulations in the workplace, as well as the risk of climate change.

With regard to the risks related to climate change, the Neodecortech Group has embarked on a structured process of analysis of its environmental impacts and mitigation activities. In addition to the internal analysis of its risks and opportunities, the Group has decided to undergo the CDP - Carbon Disclosure Project assessment as from 2021, with a view to increasing awareness, and has launched a sustainability process aimed at increasingly reducing its negative impacts in this area. On 7 December 2021, CDP scored a B rating.

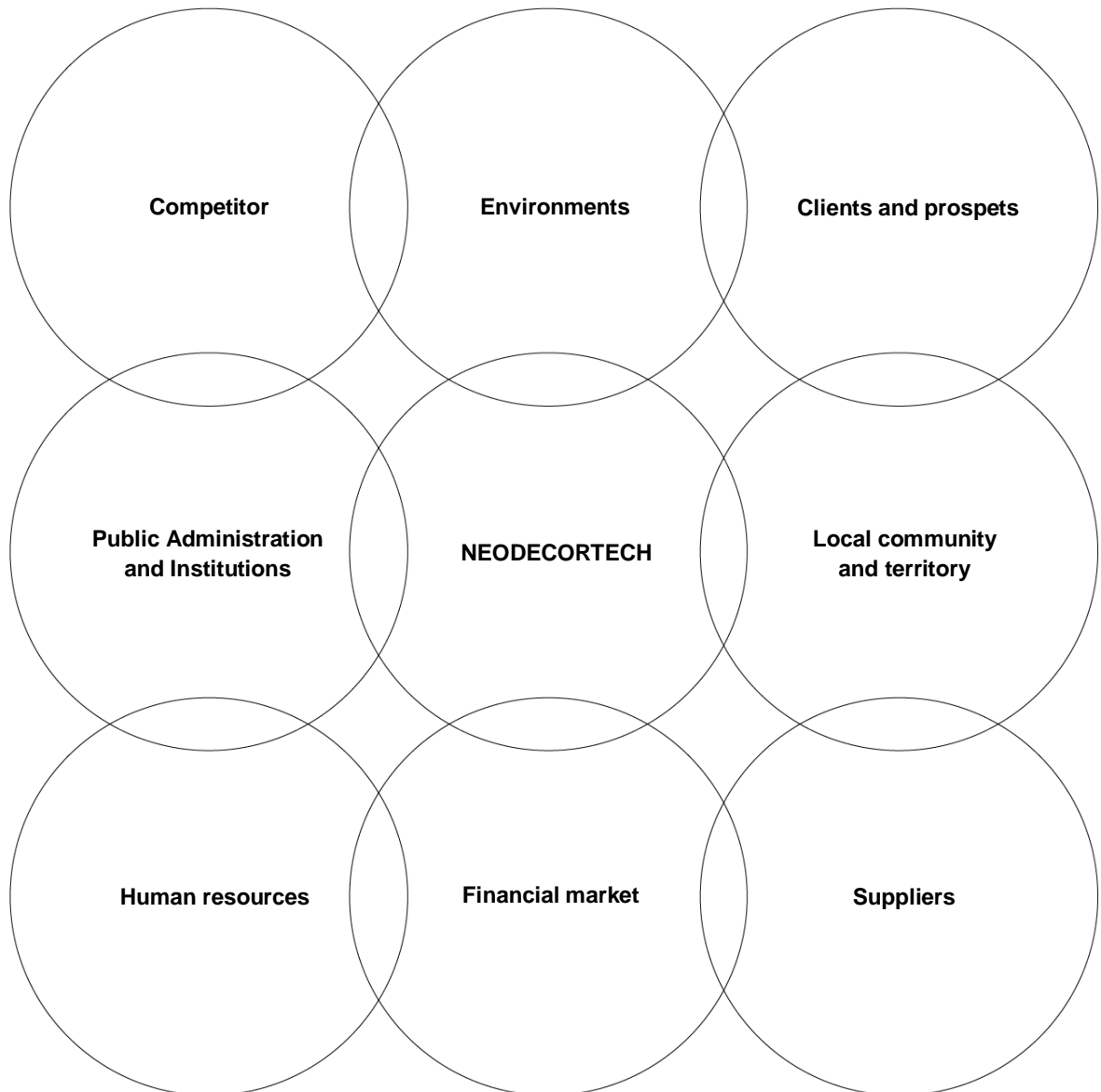
For further details on the types of risks analyzed and managed by the Group, reference should be made to the specific section in the Financial Report at 31.12.2021.



## 1.5 Group Stakeholders

Neodecortech longs to maintain and develop a relationship of trust and transparent dialogue with its stakeholders, individuals, groups, bodies and organizations whose contribution is needed to fulfill the Group's mission, taking account of their needs, expectations and requirements with the aim of creating value in a sustainable way.

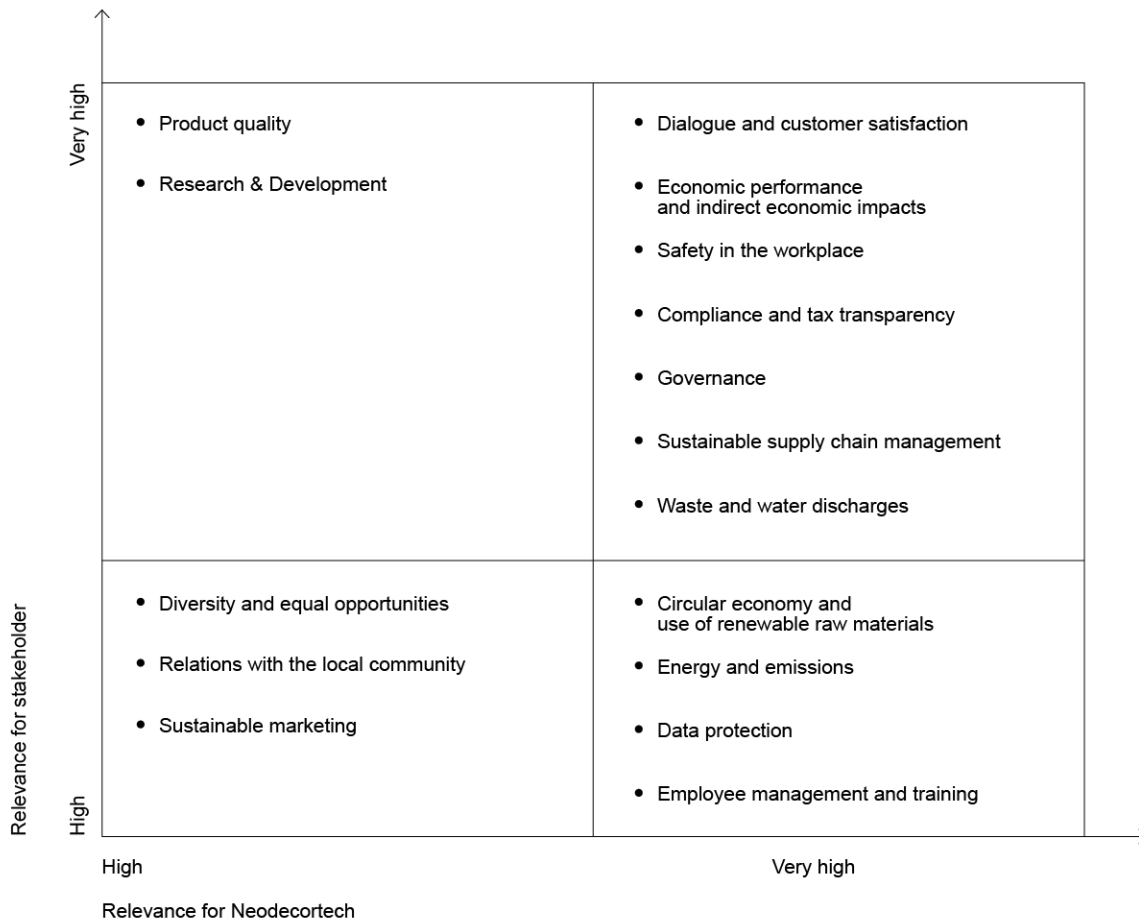
Over the years, the Group has carefully mapped the relevant stakeholder categories and carried out various stakeholder engagement activities to assess the importance of the different topics for the specific stakeholder categories. The Group is evaluating the development of specific stakeholder engagement initiatives, also aimed at analyzing the relevant issues covered by this report.



## 1.6 The NDT Materiality Matrix

The Group has long embarked on a process aimed at identifying "material aspects" in line with the Sustainability Reporting Standards defined by the Global Reporting Initiative. Material aspects are intended as those topics that are highly significant in the economic, social and environmental spheres and influence the assessments and decisions of both the Group and its stakeholders.

For the year 2021, the Neodecortech Group has decided to confirm the 2020 materiality matrix that had been prepared through a two-step process: in the first, the potentially relevant non-financial topics were identified through a benchmark analysis carried out by analyzing the information provided by competitors, the areas envisaged in Legislative Decree 254/2016, the GRI Standards and the publications of a number of authoritative international sources (RobecoSam, SASB, etc.). The second step, regarding the prioritization of topics, involved the engagement of the main corporate functions which, during a materiality workshop, assessed the relevance of the topics both from the point of view of the Group and of the stakeholders, based on their specific knowledge. The analysis was followed by a comparison with the Group's front lines, which led to the definition of the above materiality matrix.



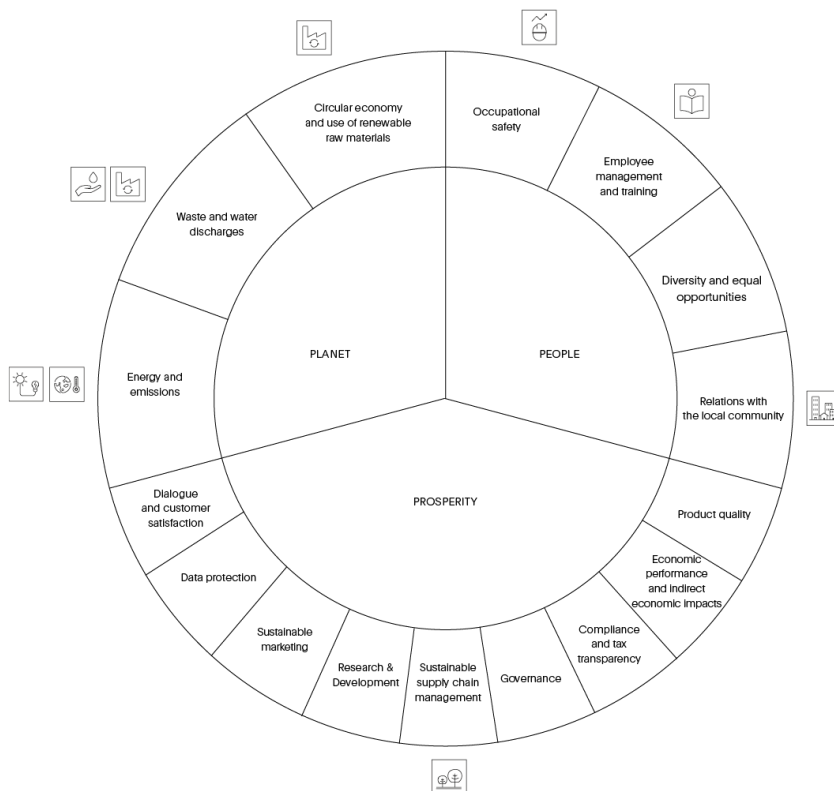
The Group is evaluating, for 2022, an update of the process for identifying material issues in line with the development of dedicated stakeholder engagement initiatives. The Sustainable Development Goals (SDGs), for which Neodecortech has defined its commitment, as described in the paragraph below, were subsequently associated with the material topics.

## 1.7 Sustainability Strategy

For years, the Group has been committed to responsible business management, which is not merely a matter of regulatory compliance and the containment of negative externalities, but focuses rather on promoting a corporate culture oriented towards the creation of lasting value for its stakeholders.

The Group carries out its manufacturing activities adopting an approach based on the use of secondary raw materials and on the responsible and sustainable use of resources, promoting the socio-economic development of the local area in which it operates, enhancing the value of its human resources, adopting voluntary certifications, adopting the principles of circular economy and pursuing sustainable development.

Neodecortech's sustainability strategy is hinged on the values and principles of conduct held in the Code of Ethics; it takes account of the most relevant international initiatives, such as the Global Compact, and contributes to the achievement of several of the 17 **Sustainable Development Goals (SDGs)** promoted by the United Nations to encourage sustainable development through its own companies and production context, identifying commitments and performance indicators for each.



Neodecortech's strategy aims at creating value also through the integration of Environmental, Social and Governance factors (ESG). For this reason too, in 2021 the Group adopted the assessment of the Carbon Disclosure Project (CDP), an international non-profit organization that provides businesses, local authorities, governments and investors with a global system of environmental measurement and reporting. With the "Climate change 2021" questionnaire, based on 2020 data, CDP has placed Neodecortech in the "Management band" with a "B" score. The score places Neodecortech in the European average and in the average of the Paper Products & Packaging industry, both with the same "B" score, but slightly better than the world average which has a "B-" score. In 2021, Neodecortech continued to implement further actions to curb its environmental impact and is therefore confident that the 2021 rating can lead to an improved rating in 2022.



## 1.8 Environmental projects contained in the Sustainability Plan

In line with the provisions of the ESG Action Plan of November 2021, the Group has deployed a great many resources for the development of new projects aimed at energy efficiency and the reduction of CO<sub>2</sub> emissions.

### Projects already underway

With regard to the specific area of GHG emissions and with reference to Scope 1 and Scope 2, in 2021 the Group off-set approximately 7,800 tonnes of CO<sub>2</sub> equivalent from the production sites of Filago and Casoli, equal to the residual emissions of these sites. In 2021, in fact, the Filago site neutralized approximately 190 tonnes of CO<sub>2</sub> equivalent thanks to the self-production of electricity from the photovoltaic system in the plant, and 1,700 tonnes of CO<sub>2</sub> equivalent thanks to the supply of 100% renewable electricity. The same action was also carried out at the Casoli site, neutralizing emissions by a further 720 tonnes of CO<sub>2</sub> equivalent.

The project, which started in 2020, regarding the mapping of all packaging used in processes, continued in 2021. The purpose of the project is to identify packaging made of non-recycled material or coming from uncertified forests in the case of wood-based products and replace it, through collaboration with suppliers, with packaging made of recycled/certified material. In 2021, the percentage of recycled/certified packaging used increased to 65% (versus 44% in 2020).

### Analysis of recycled/certified packaging used (Kg)

2021					2020				
Product	Total Kg	Virgin	Recycled/ Certified	%	Product	Total	Virgin	Recycled /Certified	%
Cardboard	207,494	15,806	191,688	92%	Cardboard	120,002	10,994	109,008	91%
Plastic	50,243	37,944	12,299	24%	Plastic	36,341	34,717	1,624	4%
Steel	8,832	0	8,832	100%	Steel	3,132	0	3,132	100%
Wood	187,062	106,205	80,857	43%	Wood	122,569	111,769	10,800	9%
Total	453,631	159,955	293,676	65%	Total	282,044	157,480	124,564	44%

### Projects to be launched in 2022

In 2022, other projects aimed at neutralizing a greater share of neutralized GHG emissions will be implemented. More specifically, the first action plan underway consists of the installation of another photovoltaic power plant at the Casoli site. This plant will enable the site to achieve electrical self-sufficiency in the range of 20%.

Again in 2022, in addition to confirming the off-setting of the tonnes of CO<sub>2</sub> equivalent unneutralized at the Filago and Casoli production sites, the same approach will be adopted for the residual GHG emitted by Cartiere di Guarcino and Bio Energia Guarcino at the Guarcino production site, where emissions have been reduced by over 50% from approximately 42,500 tonnes to 20,700 tonnes of CO<sub>2</sub> equivalent, thanks to the cogeneration plant using renewable biofuels derived from animal by-products managed in a circular economy instead of using gas.

With regard to the reduction of Scope 3 CO<sub>2</sub> equivalent emissions, testing to replace or complement road transport through the introduction of intermodal rail transport began in early 2022. For routes implementing such system, intermodal transport will produce, according to estimates, a reduction in CO<sub>2</sub> emissions of approximately 65% assuming unchanged payload.

A project is currently being reviewed that envisages the recovery of processing waste from the Casoli plant, to use it as fuel for a cellulosic biomass generation plant. The implementation phase is scheduled to begin in 2022. Once this plant goes into operation, the production site will achieve complete thermal self-sufficiency.

## **2 Prosperity**

## 2.1 Markets, products and processes

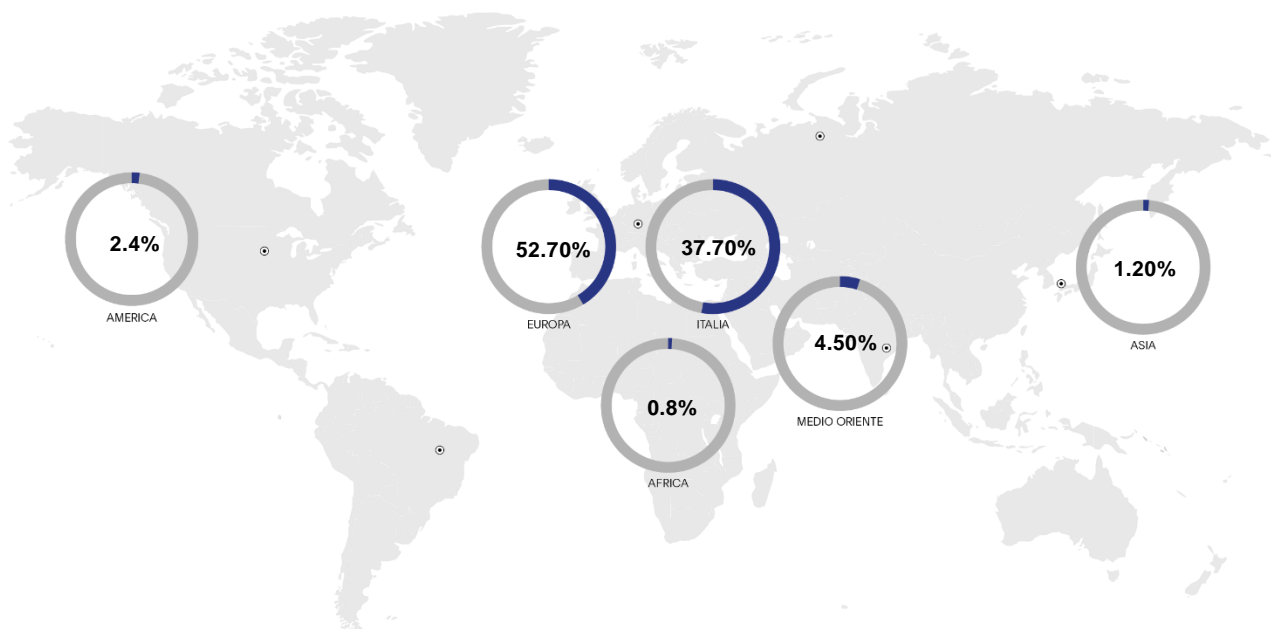
Providing the interior design industry with high-end products enriched by a distinctive Italian flair

The Neodecortech Group specializes in the printing of premium quality decorative paper and natural patterned plastic film for the interior design industry, including furniture and flooring manufacturers. The expansion and verticalization process undertaken over the years has led the Group to operate in markets that differ in terms of products and characteristics required, from power generation to paper production, through to printing and paper impregnation:

1. Decorative paper
2. Printed and impregnated decorative paper
3. Laminates
4. Printed and laminated plastic film
5. Energy

The Group operates on markets based on every continent, but its clients are mainly from Europe and include large domestic groups and multinational corporations that work in the interior design, laminates and flooring sectors, cooperating in the development and supply of new products, and becoming a trusted supplier in a niche market. The strong international bent that characterizes its business allows the Group to better manage possible risks deriving from local incidents, and has become over the years a vital channel, coming to represent 54%<sup>1</sup> of consolidated turnover in 2021.

### Percentage of revenue by geographical area



<sup>1</sup> Excluding the sale of energy.

The Group's sales function hinges on a direct sales model through its area managers, nineteen agents (12 from NDT and 7 from CDG, including two joint agents), and 2 buying agents (NDT). Foreign sales activities are carried out mainly by internal area managers, together with sales agents in a number of areas requiring a direct presence on site (Belgium, Turkey, Iran, Brazil, Russia, Far East, North America).

Neodecortech provides the domestic and international markets with a wide and coordinated range of products both in the field of *paper-based decorative surfaces and plastic films*. Thanks to ongoing creative and stylistic research, the Group is well-positioned to offer approximately 1,161 decorations capable of imitating different natural materials such as wood and stone, surfaces such as cement and metal, and textures inspired by fabrics and by pure abstract geometries. A 100% Made in Italy organization that brings together different companies integrated into a single production chain:

- CARTIERE DI GUARCINO - Decorative paper
- CONFALONIERI - Printed and impregnated decorative paper
- TEXTE - Laminates
- PLANA - Printed and laminated plastic films, anti-fingerprint surfaces

### **Cartiere di Guarcino**

Established in 1990, Cartiere di Guarcino has specialized since its onset in the production of decorative paper for high (laminates) and low (melamine panels) pressure and for the flooring industry. The offices in Latium employ 170 people and stretch over an area of 144,000 m<sup>2</sup>, of which 21,000 covered, producing approximately 40,000 tonnes of paper per year. A firm commitment towards innovation and sustainability underlies the synergy with BEG, the cogeneration plant that produces electricity and thermal energy of the Group, or the virtuous management of water, which represents 99% of water used by the Group: drawn from the River Cosa, close to the Guarcino site, the spring water is used several times for different production processes, purified, filtered and put back into the same waterway. Additionally, the preparation of ad-hoc processes allows the waste that is not retained by the forming fabric to be put back into the production cycles of, for instance, backer papers. Cartiere di Guarcino offers four product categories to the furniture industry market:

- Print base papers  
Smoothed papers that allow the best runnability in the rotogravure and digital system. Wood, fabric and marble surfaces are reproduced on top of them to replace their use. Print base papers are produced using mat on line technologies. The papers are then impregnated through thermosetting resins and transformed in laminates or applied to laminated panels.
- Unicolour papers  
Papers intended for impregnation, and the color chosen during the impregnation process represents the decoration only. The distinctive feature of these papers is their color uniformity. These papers too are later transformed in laminated or veneered panels.
- Underlay papers  
Papers created as a support to be placed on particle board. As for Unicolor papers, they are intended for impregnation, and the color chosen during the impregnation process represents the decoration only.
- Backer papers  
Created to meet the needs of the flooring market, backer papers serve as a layer for the underside of laminate flooring, to avoid possible warping.

## **Confalonieri**

Confalonieri is a brand that offers printed decorative papers or printed and melamine-impregnated papers or finish-foils mainly for the interior design, laminate flooring and camper/caravan segments.

- DEC

Printed decorative paper for the production of low pressure laminated 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 produced for the furniture industry.

The range includes products suitable for finishing presses for chipboard or MDF panels, or for the production of HPL and CPL laminates. The use of these papers lends the coated surfaces high resistance to abrasion, scratch and chemical agents.

- FINISH

Finished and paintable papers ranging from pre to post-impregnate up to the edge-bandings. This category includes impregnated or pre-impregnated decorative papers. The papers are then lacquered or prepared for painting (paintable variants). This category includes finish papers with different degrees of flexibility, edge-bandings and pre-impregnated papers.

## **Texte**

This family of products includes paper-based laminates for the covering, doors and surfaces segments.

- EOS Laminate

EOS anti-fingerprint laminate, made by laminating a special acrylic film onto several layers of impregnated kraft paper. EOS laminate is a phenol-free product, a chemical component that is highly harmful to workers' health, confirming Neodecortech's commitment to "green" chemistry.

- Microtop

The Micro Top family is obtained by laminating a layer of decorative paper, impregnated with special plastic resins combined with a support layer.

- Thin Top

Thin Top is obtained by laminating a decorative paper with several layers of non-phenolic support based on the desired thickness; the decorative paper is impregnated with melamine resins.

Adding specific substances to the melamine resin increases the ability of the laminate to eliminate electrostatic charges; this is the antistatic Thin Top. The antibacterial Thin Top is obtained by using special substances that have a true antibacterial action.

- Laminex

Laminex is obtained by laminating decorative papers with various layers of support papers, applying vegetable parchments in between. Both the decoration and the base papers are impregnated with melamine resins.

- Cover Lac

Cover LAC is obtained by laminating decorative paper with a support of 130-155 g/sqm. Both the decoration and the support papers are impregnated with special amino-plastic resins that lend the product excellent flexibility. This product will then be lacquered by the user.



## **Plana**

It offers thermoplastic films in PVC and PET R, i.e. 70% of which obtained from recycled material. PVC can also be printed or laminated; a wide range of solutions with endless aesthetic potential, intended for LVT flooring and the world of surfaces for interior decoration.

- PPF

The product consists of a thin printed film that can be coupled with various types of supports (chipboard, MDF, regenerated PVC). The high coupling resistance is guaranteed by a special working process that avoids alterations of the physical characteristics of the film. It can be glued to the wooden substrate using hot melt adhesives for PVC. PVC (polyvinyl chloride) combined with pulp, stabilizers, inert fillers, colored pigments and flame retardants improves its physical features (heat resistance, solidity and flexibility) and aesthetic characteristics (color and lightfastness). PVC, once coated with UV resins, is a material with good mechanical properties and resistance to abrasion, wear, aging, chemicals and the attack of fungi and bacteria. It is water repellent and is particularly fire resistant, with high ignition temperatures, low flame spread and self-extinguishing.

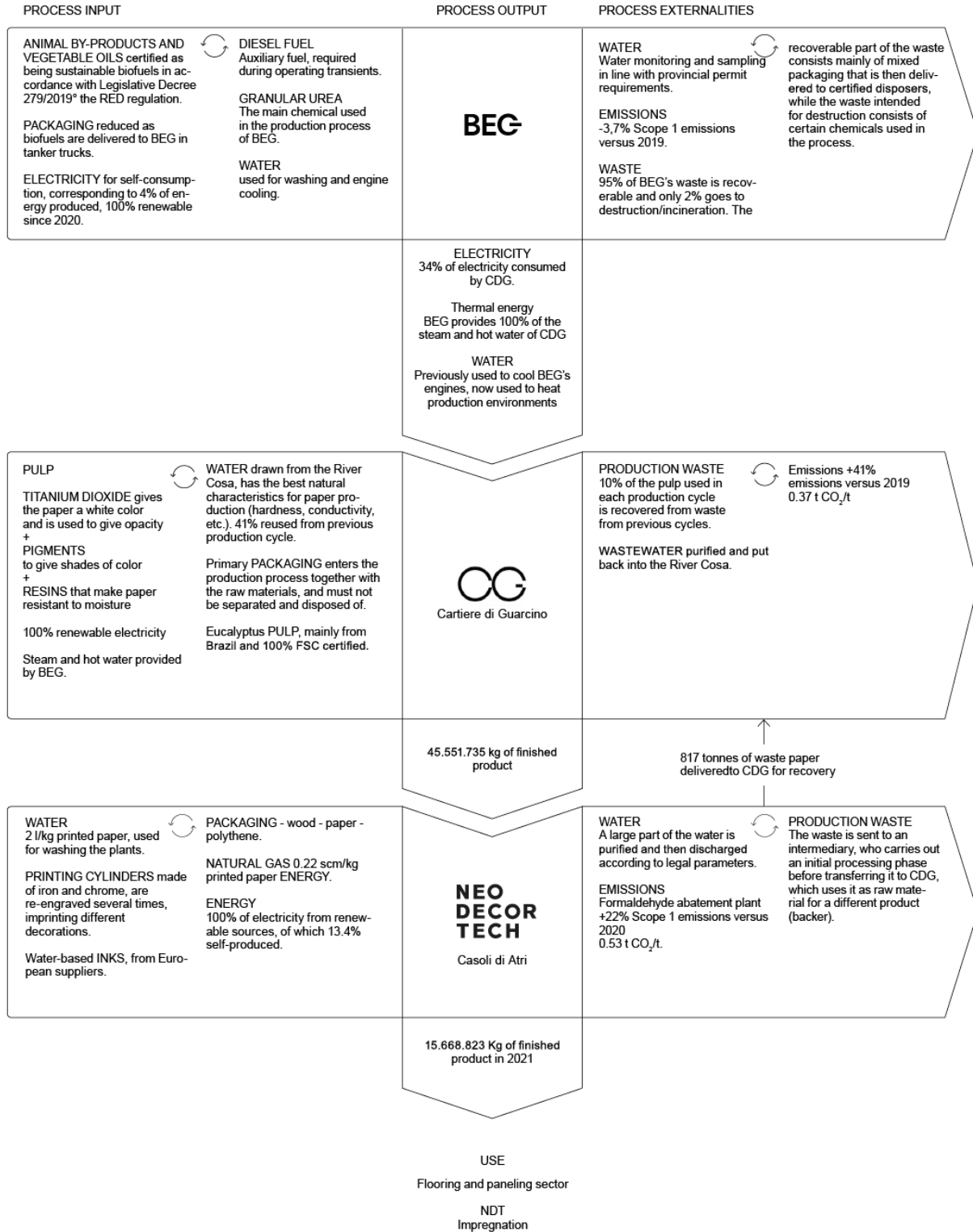
- PPLF

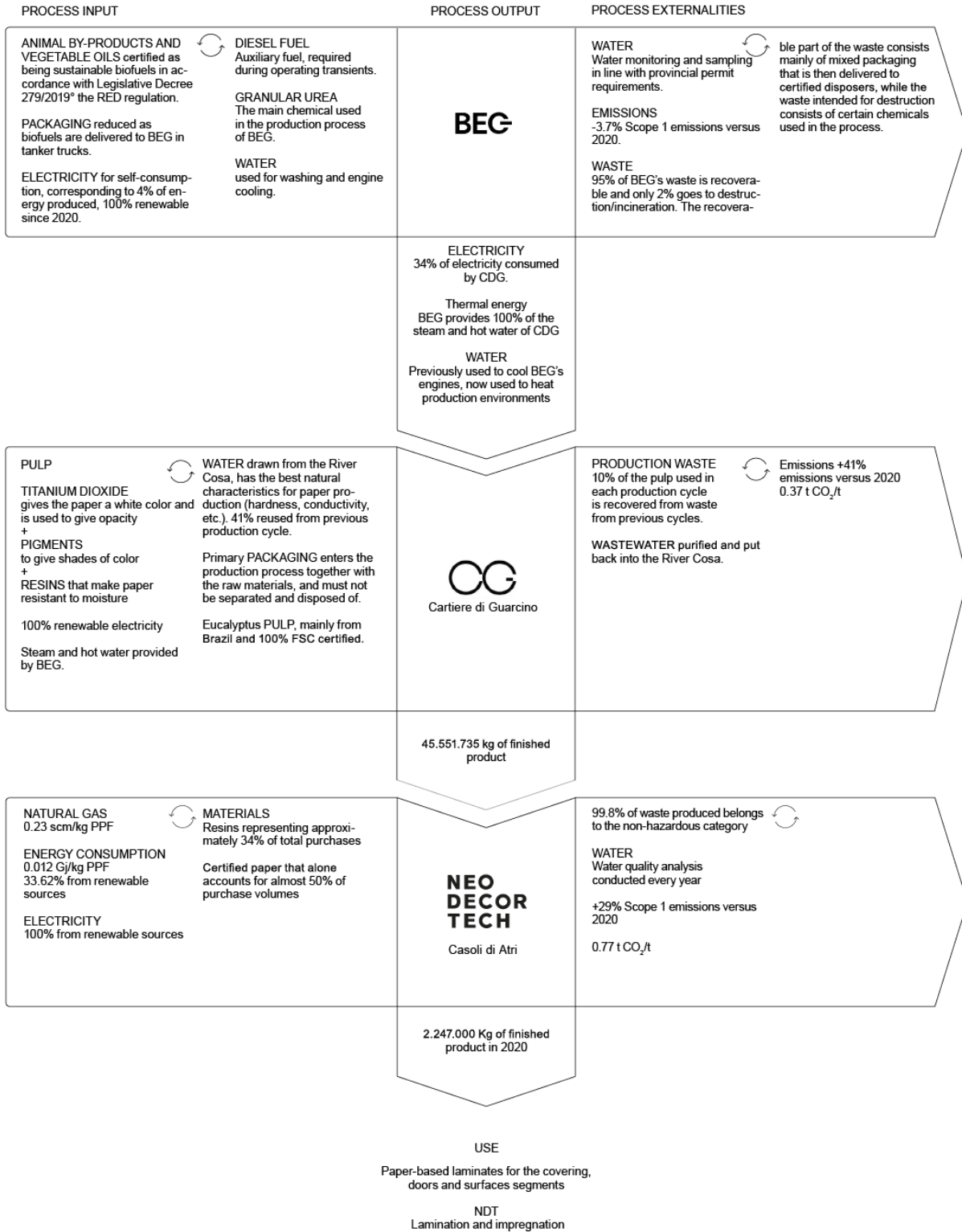
The product consists of a thin printed film coupled on top to a transparent vinyl layer (wear layer), then embossed and lacquered. The high coupling resistance is guaranteed by a special working process that avoids alterations of the physical characteristics of the layers. It is a material with good mechanical properties and resistance to abrasion, wear, aging, chemicals and the attack of fungi and bacteria. It is water repellent and is particularly fire resistant, with high ignition temperatures and low flame spread.

- EOS TP

The product consists of a thin unicolor or printed plastic film that is then lacquered. It is a material with remarkable mechanical properties and resistance to abrasion, aging, chemicals, fungi and bacteria. The most notable feature is its anti-fingerprint properties, besides being waterproof and with good resistance to fire thanks to the high ignition temperature and low spread rate. The special lacquering gives the surface a special soft touch and typical anti-fingerprint effect.

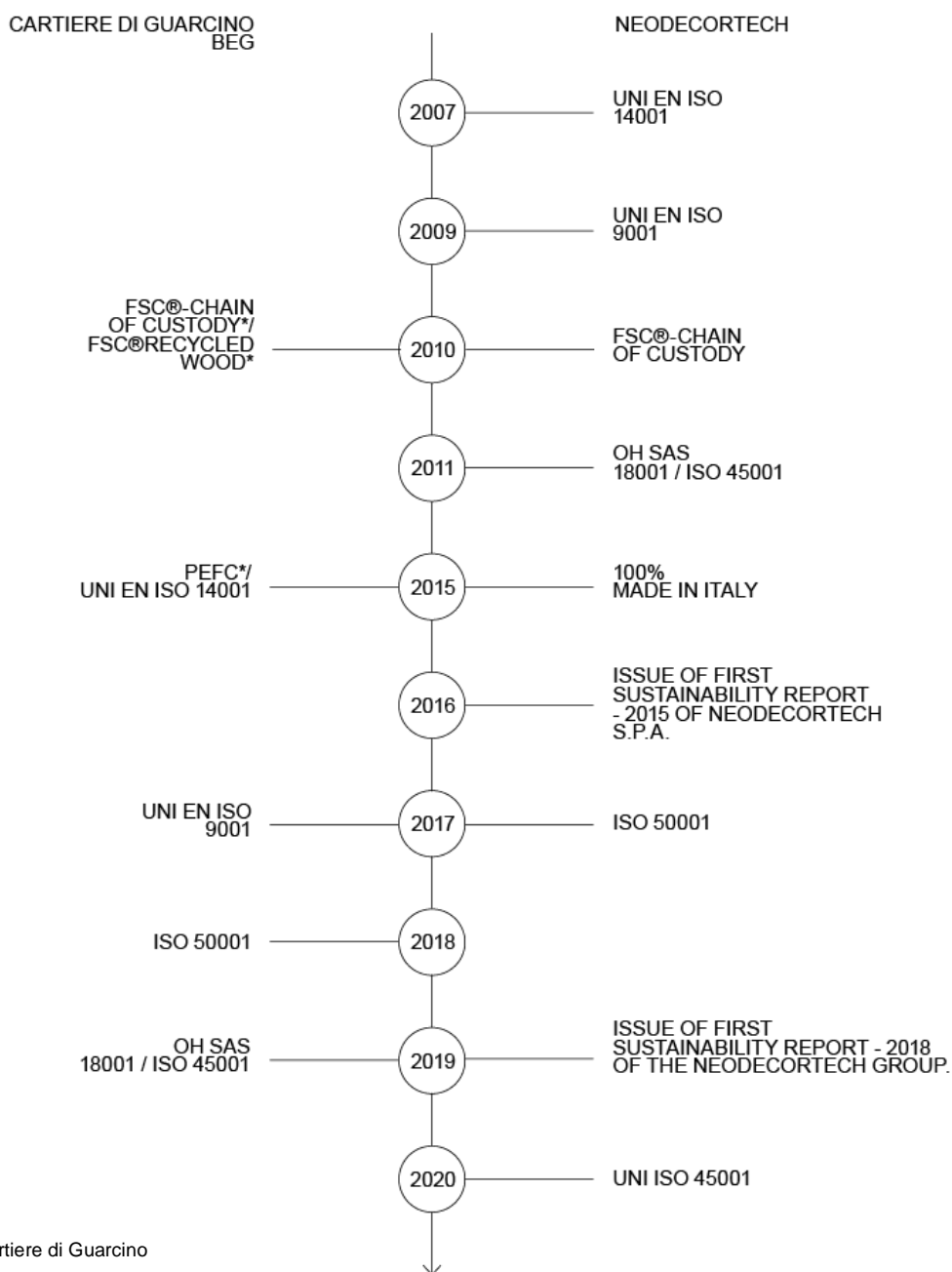
## The Integrated supply chain of the Neodecortech Group





## 2.2 Certifications

NDT's strategic approach to ESG issues is reaffirmed by the daily action taken at all levels by every business role and function, in line with the path the Group Companies have embarked on for over ten years now, which has rewarded them with certifications that offer tangible proof to stakeholders of the commitment, transparency and fairness that mark their activities. All the certifications adopted have been obtained on a voluntary basis and are internationally recognized.



- 100% Made in Italy

Certification system created by the Institute for the Protection of Italian Manufacturers, which guarantees the Italian original quality of products. To achieve this certification, products must be made entirely in Italy, produced with Italian semi-finished products, made of top-choice, high-quality natural materials, created with Company designs and exclusive projects and developed 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 paper. Chain of Custody certification guarantees that FSC® certified paper is labelled and stored separately from the non-certified ones, so that end product sustainability can be traced.

- PEFC

PEFC, acronym of Program for Endorsement of Forest Certification schemes, is a certification that guarantees the provenance of cellulose raw materials from certified and sustainably-managed forests. To obtain and use it, companies 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 processed from a supplier with its own certified CoC.

- UNI ISO 45001

It is a certification related to "Health and safety in the workplace management systems", a guideline that defines the requirements for the implementation of a management system to enable organizations to provide safe and healthy workplaces by preventing accidents in the workplace and health problems, as well as proactively improving OHS.

- UNI EN ISO 14001

It is a certifiable standard that gathers requirements, principles and techniques in support of the environmental management system. Its intent is to implement, maintain and improve the control system of environmental impacts produced by the Company. As it requires the Company to constantly improve its performance, it is a commitment to ongoing 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 ongoing improvement and efficiency in product creation, as well as in increasing customer satisfaction.

- UNI CEI EN ISO 50001

It is a regulation related to "Energy Management Systems - Requirements and Guidelines for Use". It is the Italian official version of the international regulation ISO 50001. The regulation specifies the requirements for the creation, start, maintenance and improvement of an efficient and effective energy management system.

- MED

The EU Marine Equipment Directive 2014/90/EU provides for the certification of certain marine equipment and defines basic requirements for manufacturers and products. This conformity assessment procedure applies to the design and production phases.

- ENERGY FROM RENEWABLE SOURCES CERTIFICATION

Certification issued by AXPO Italia S.p.A. certifying that the electricity purchased by the organization derives from renewable sources guaranteed by certificates of origin.



## **TIMBER REGULATION**

In October 2010, the European Union approved regulations to prevent the illegal trade of timber in Europe. Regulation (EU) 995/2010, better known as the EU Timber Regulation (EUTR), came into force in March 2013 and applies to timber and timber products, including paper. For companies introducing wood fiber products into Europe, the regulation prohibits the introduction and trade of products of illegal origin and requires the adoption of an internal "*Due Diligence*" system.

## 2.3 Sustainable supply chain management

GRI 204 Procurement practices, GRI 308 Environmental supplier assessment, GRI 414 Social supplier assessment

Responsible management of social and environmental impacts along the supply chain is now one of the focus areas required of companies committed to sustainability.

Responsible management of the supply chain is all the more important in the case of Neodecortech, since the Group has established itself over time as an **integrated supply chain**: the selection of suppliers and the responsible management of potentially critical issues of each company are a key element that affects the performance of all Group companies. The identification and selection of suppliers is carried out meticulously, balancing the different needs related to the supply of raw materials, technical assistance services on machinery and disposal of production waste. While Neodecortech has been operating in this spirit for several years now, in 2021 this approach was further enhanced by adopting its own Supplier Code of Conduct.

More specifically, Neodecortech is well aware that the selection of a supplier is a critical factor that greatly contributes to determining the quality of a production process or of a product. Therefore, the Group Companies aim to establish with each supplier a relationship based on mutual cooperation, sharing quantitative and qualitative goals to constantly improve product quality, values and principles that inspire the Group. Neodecortech requires each supplier to comply with the relevant laws and regulations: it is the starting point and the prerequisite for developing a profitable business relationship based on trust. The processes for the purchase of goods and services, managed by the appropriate company departments, are based on pre-contractual and contractual behavior based on mutual and fundamental loyalty, transparency and cooperation. The Group's suppliers are required to provide their employees with working conditions based on respect for fundamental human rights, international conventions and applicable laws. The Group requires its suppliers of goods and services to fully comply with the laws protecting industrial and intellectual property, consumers, free competition and the market, and with the laws to combat money laundering and organized crime, as set out in the Code of Ethics.

By signing the General Terms and Conditions for the Purchase of Goods and Services, Neodecortech requires its suppliers and subcontractors to guarantee compliance with the principles set out in the Code of Ethics and Model 231, in addition to those enshrined in the Supplier Code of Conduct. The Supplier Code of Conduct is an integral part of the documental system brought to the attention of suppliers and, as such, supplements the principles of the Group's Code of Ethics as well as the principles of Model 231, including references to topics such as: working conditions, environment, energy, health and safety, working methods, and wood products. The Code also specifies Neodecortech's right to assess compliance with the principles of the Code and to conduct compliance audits even without prior notice. Furthermore, by signing the Code, suppliers undertake to respond transparently to questionnaires and/or surveys promoted by Neodecortech. As a result, in 2021 the first questionnaire for assessing suppliers was developed, both during recruitment and for regular performance assessments. In addition to selection criteria based on objective competitiveness of the services and products offered and their quality, the questionnaire includes social and environmental criteria, such as, for example, the presence of ethical-environmental certifications and compliance with the principles enshrined in the Supplier Code of Ethics.

Overall, the Group supply chain involves approximately 64 main suppliers, comprising raw materials, auxiliary products and services. They account for approximately 80% of the annual purchase. As it is a small and highly-specialized sector, the number of raw materials suppliers the Company relies on is limited. However, supplier concentration allows collaboration with own partners in the developing of innovative products, with the aim of making them more cutting edge and performing and, therefore, of protecting own know-how, while gaining an advantage in the negotiating phase.

The purchase prices of raw materials (mainly pulp, titanium dioxide, inks, urea and melamine resins and animal by-products) as well as their fluctuation, owing to the nature of the activities carried out, affect the Group's production costs to a great extent. For this reason, the Group constantly monitors the market prices of the raw materials it procures for its activities in order to promptly anticipate any significant price changes, always keeping at least two suppliers that are able to supply the same quantity and quality of raw materials.

Furthermore, the specific nature of materials used in the production process (e.g. inks, resins, titanium dioxide, etc.) implies the need to often look beyond national borders in order to identify the most suitable supplier. Nevertheless, when possible, the Group Companies turn to local suppliers, especially for maintenance activities, for transportation and for various types of services offered within the territory, with 65% of total purchases coming from local suppliers (for local suppliers are intended those based in the Italian territory).

Additionally, the materials used in manufacturing come from well-managed forests and controlled sources, or from recycled material. In order to pursue this objective, the Group has implemented an FSC® Chain of Custody Policy, committing itself to implementing a multi-site chain of custody management system that guarantees customers the traceability and proper management of the pulp-based raw materials used. Additionally, in 2021 the Group put in place a management procedure for the coding and traceability of EOS PET R, i.e. recycled, envisaging the assignment of NEODECORTECH company codes to PET products purchased and subsequently processed at the Filago production site. This system provides proof of the amount of recycled material used in the making of the finished product. The references for traceability of the materials used are then shown on the freight and sales documents.

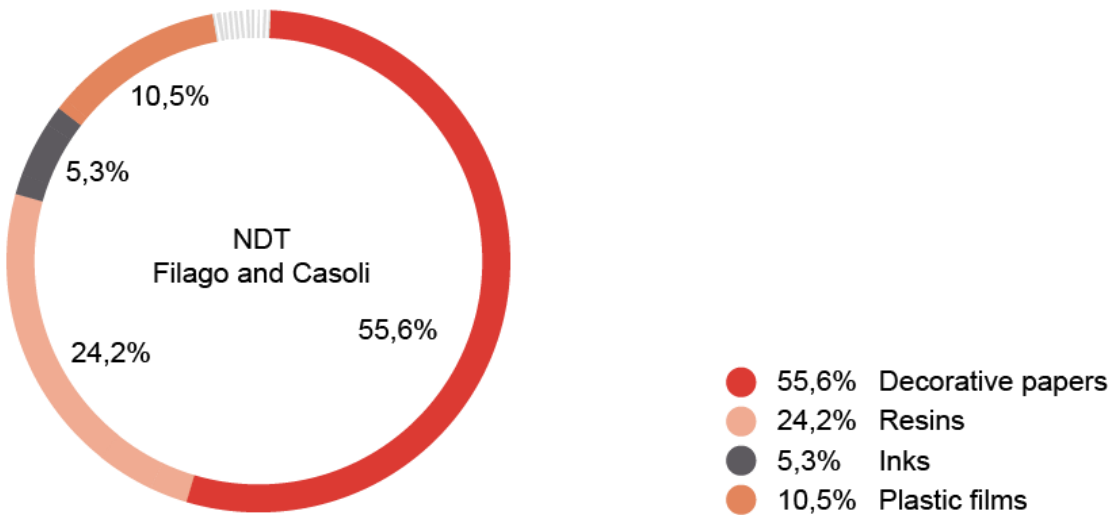
The Group declares that it is not involved, through its procurement operations, in activities implying the illegal logging or trade of wood, which result in the violation of the rules established by the International Labour Organization (ILO) and which damage the environment in an irreversible way. Additionally, since the BEG cogeneration plant uses sustainable bioliquids according to the EU RED directive as acknowledged by Italy, new bioliquid suppliers must necessarily be certified according to one of the approved national or voluntary certification schemes.

The Group's suppliers are classified into the following classes:

- Class A: Suppliers accounting for 80% of purchases
- Class B: Suppliers accounting for 15% of purchases
- Class C: Suppliers accounting for 5% of purchases

The breakdown allows the identification of strategic suppliers in order to optimize the costs and the operating phases of the supply chain. The Group has long-standing relationships with all of its main suppliers, i.e., those in Class A, which means that, even if purchases are made on an ad-hoc or forecast basis, there are implicit agreements to collaborate even in the absence of formal contracts.

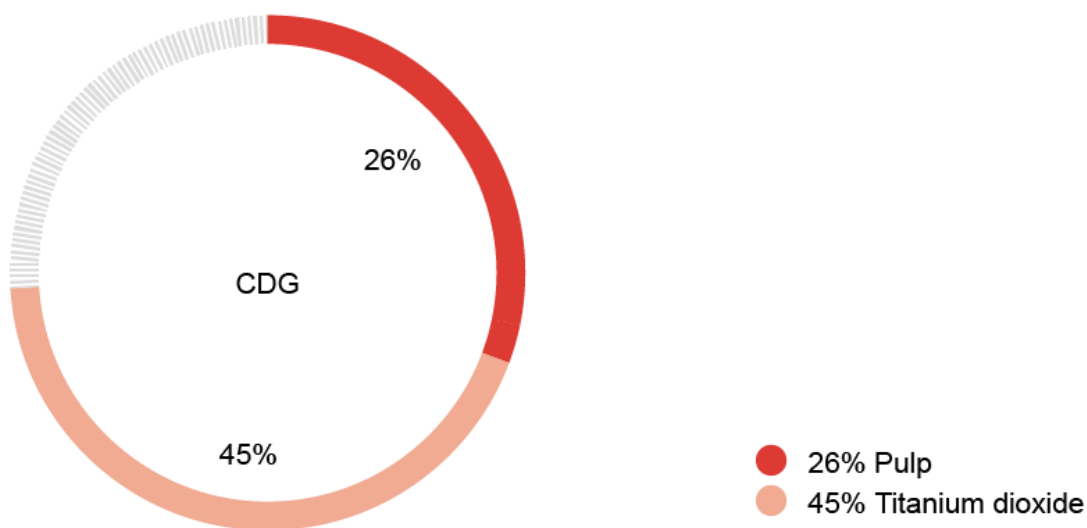
## Main materials purchased



For several years now, all strategic suppliers have been monitored and assessed by means of a special checklist, which includes a series of requirements aimed at qualifying the supplier (e.g. product quality, certifications, timeliness of deliveries, reliability, etc.). There is a tacit agreement with these suppliers and a safety stock that allows them to cover any needs/peaks that transcend standard requirements.

## CDG

CDG's supply chain aims at sourcing the following types of materials/services:



Pulp and titanium dioxide are the main raw materials in CDG's supply chain and account for approximately 71% of the value of purchases.

As far as pulp is concerned, the main suppliers are South American multinationals with trading offices in Europe. Pulp therefore comes mainly from South America. European suppliers are used to a lesser extent. The pulp purchased is all FSC® certified, a certification which CDG complies with (since 2010), and must meet the requirements of the Timber Regulation.

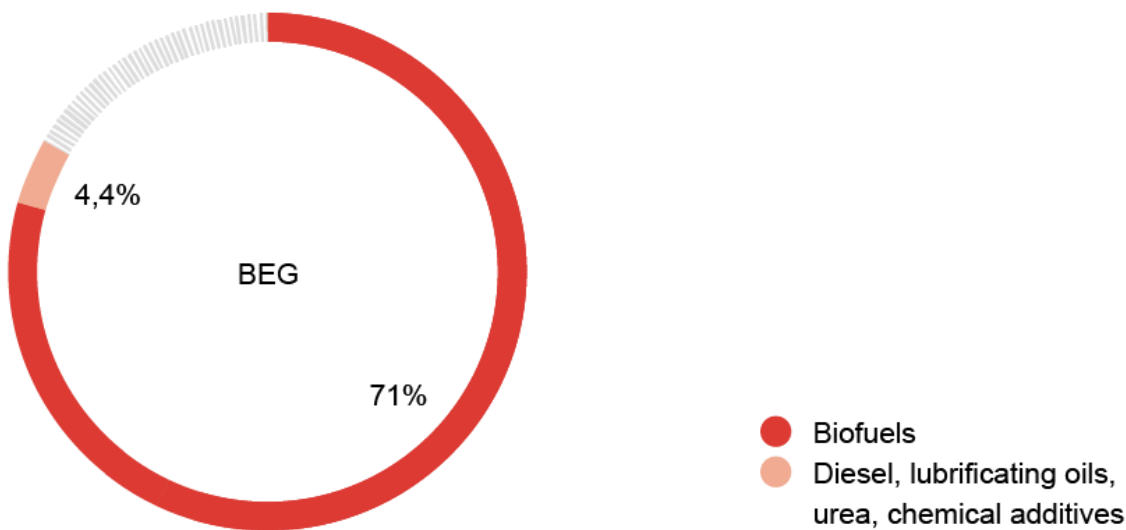
As far as titanium dioxide is concerned, purchases mainly regard two types of product both specific for use in the production of decorative paper: chloride-based titanium dioxide and sulfate-based titanium dioxide.

Suppliers of chloride-based titanium dioxide are mainly Western multinationals with plants located in Europe or North America. The purchase of sulfate-based titanium dioxide instead takes place mainly in China, the world's main producer, but also from Russia and Ukraine through an Italian import company.

In 2021, CDG used 467 suppliers (212 in 2020). 401 suppliers of these are local (based in Italy), equal to 86% of the suppliers. In terms of value, supplies from local suppliers account for approximately 30% of purchases, as the Group obtains its supplies primarily from major foreign suppliers.

## BEG

The main types of BEG purchases are:



The supply of bio-fuels is by far the largest item in BEG's supply chain. The BEG power plant uses mainly bio-fuel of animal origin from a national supply chain that allows access to an additional incentive on the production of electricity. This element affects the supply chain and its organization in a significant way.

In 2021, BEG made use of 65 suppliers based mainly domestically (109 in 2020), with a small presence of 4 foreign suppliers. Local suppliers - based in Italy - are 61, equal to approximately 94% of the total suppliers.



## 2.4 Research and Development

For Neodecortech, quality means offering consistency, originality and technical perfection of its designs. Quality and customer satisfaction are therefore closely tied to Research and Development activities, constantly creating new designs and working closely with its customers, which also helps the Group in the development of new product types.

Since 2010, NDT's R&D department has turned into the Neodecortech Lab, a technical and stylistic research laboratory dedicated to meeting customer needs and anticipating trends, reproducing woodgrains, marbles, metals, textures inspired by fabrics and abstracts, decors inspired by natural materials or simply envisioned. The creation of a new decor can be sparked by the wishes of a customer or by internal creativeness and the inspiration can come from any material - natural wood, stone or fabric - or simply from an idea.

A window on the world that translates every year into approximately 60 new designs and over one thousand color variants, decors specifically created for the target industries which, once completed, are transferred by specialists on the printing cylinders and then used in the rotogravure printing process.

Neodecortech Lab works side by side with the sampling department: its digital printers provide meticulous sampling and matching to the sample, offering customers the highest reproduction quality plus fast work time.

In recent years, the Group has embarked on a path of product and market diversification, offering environmentally sustainable solutions, also in consideration of recent European regulations, such as the SUP directive that establishes a ban on the sale of all single-use plastic products. In response to this law, Neodecortech is working on research projects to experiment lines of decorative papers for new applications and alternative uses, oriented towards environmental protection and produced using cutting-edge and highly efficient technologies, capable of generating productivity increases, lower pollution and lower production of waste, ensuring a sustainable product, from production to disposal.

The pivotal role of innovation in the Group's strategy is reflected in the new 2021-2023 Business Plan, which envisages a 50% increase in investments versus the previous three-year period, with approximately 37% dedicated to the launch of new products and processes, approximately 33% to increasing productivity, and approximately 29% to consolidating production and operating capacity.

## 2.5 Economic performances and tax strategy

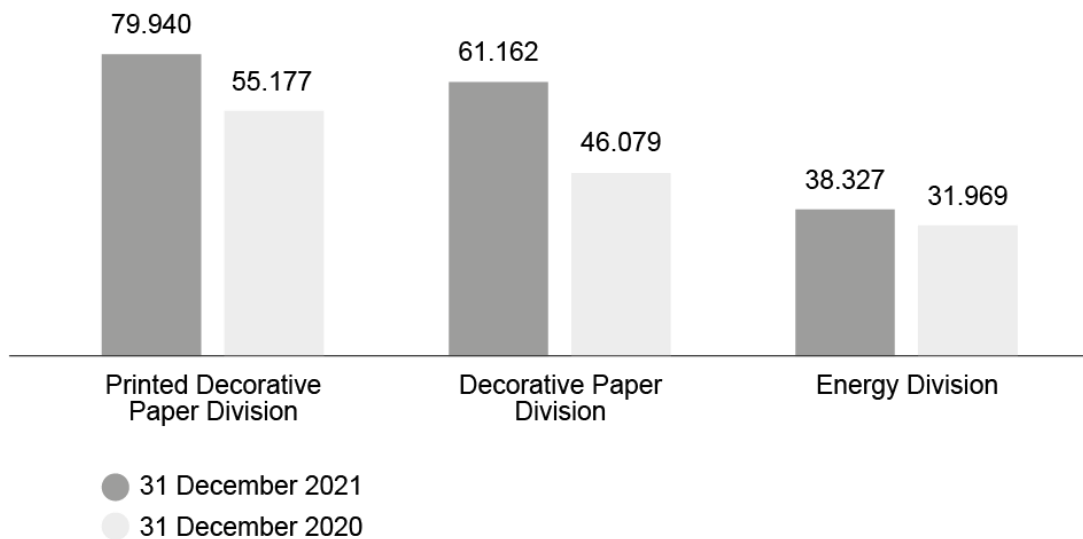
GRI 201 Economic performance, GRI 207 Tax

In 2021, total consolidated revenue amounted to € 176,429 thousand, up by 38% versus 31 December 2020. Consolidated gross operating profit (EBITDA) amounted to € 18,146 thousand, while net profit for the year amounted to € 6.7 million versus € 3.5 million at 31 December of the prior year.

Creating and distributing value for its stakeholders is an ongoing commitment of the Neodecortech Group.

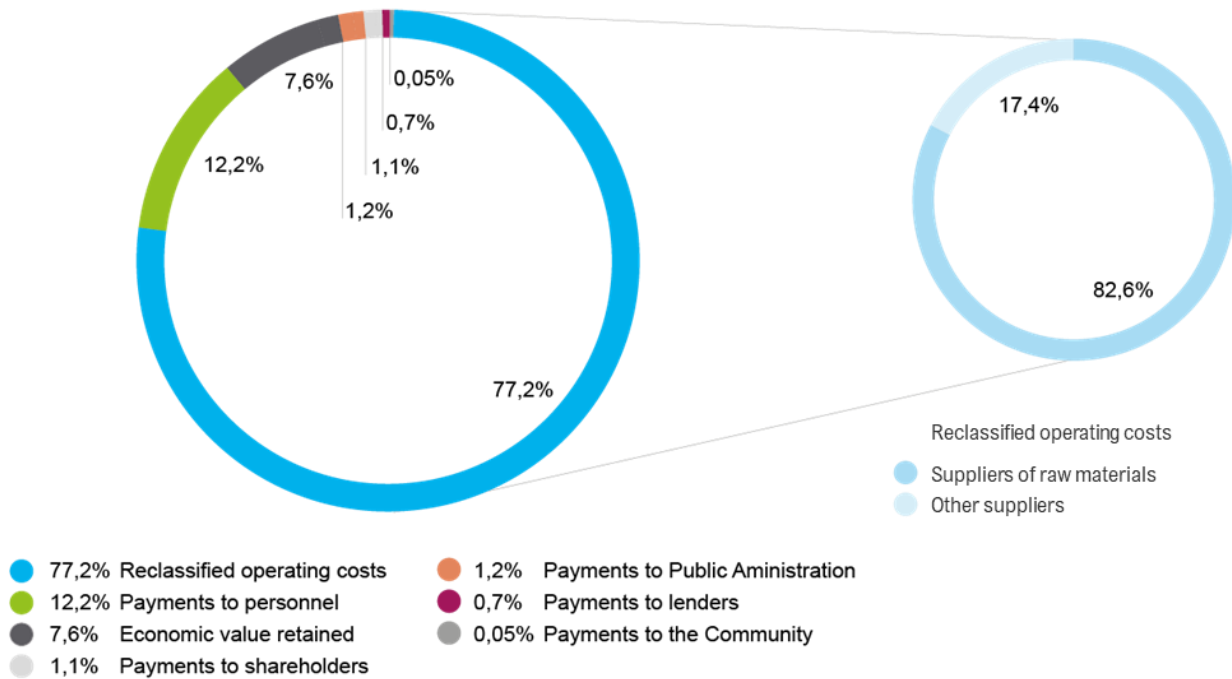
The reclassification of the income statement, shown in the table below, highlights the determination and breakdown of the economic value directly generated and distributed by the entire Group. The economic value generated represents the overall wealth created by the Group and subsequently distributed among the various stakeholders

### Revenue by division



The economic value directly generated by the Neodecortech Group in 2021 is € 179 thousand, up versus 2020 (+37%). Most of this value is represented by reclassified operating costs, accounting for 77%, followed by payments to personnel (12%). Payments to lenders amounted to € 1,237 thousand (0.7%), while payments to private shareholders amounted to € 2,000 thousand (1.11%). Payments to the Public Administration (1.2%) are made up of tax payments. The Group contributed to social and economic development through donations and sponsorships in support of charitable and cultural associations, amounting to approximately € 83 thousand (0.05%).

## Economic value distributed and retained by the Group in 2021



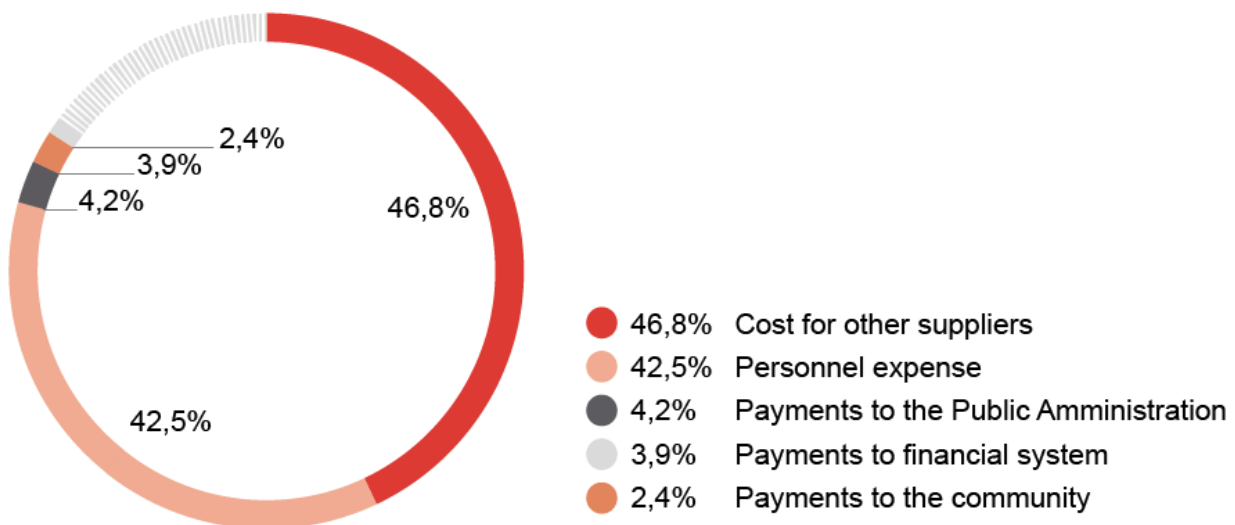
	2020	%	2021	%
Economic value generated	131,316	100%	179,145	100%
Economic value distributed	119,854	91.3%	165,536	92.4%
Reclassified operating costs	96,333	73.4%	138,235	77.2%
of which: raw material suppliers	75,834	78.7%	114,201	82.6%
of which: others suppliers (services)	20,499	21.3%	24,034	17.4%
Payments to personnel	18,881	14.4%	21,821	12.2%
Payments to lenders	1,946	1.5%	1,236	0.7%
Payments to shareholders <sup>2</sup>	1,206	0.9%	2,000	1.1%

<sup>2</sup> The item includes the proposed distribution to Shareholders of the profits for the year that the Board of Directors has resolved to propose to the Shareholders' Meeting of Neodecortech S.p.A.

Payments to the Public Administration	1,428	1.1%	2,161	1.2%
Payments to the Community	61	0.05%	82	0.04%
Economic value retained	11,461	8.7%	13,609	7.6%

The chart below shows that, net of the costs from the purchase of raw materials, versus the total cost items, there is a substantial balance with the amount invested by Neodecortech in the development of its human capital (42.5%) and the purchase of services (46.8%).

#### Total cost items net of raw materials



#### Approach to tax

In line with the Group's principles and values, laid down by the Code of Ethics and the Organizational Model, the tax approach and compliance are inspired by transparency and legality. As previously shown by the reclassification of the income statement, in 2021 tax on profit for the year came to € 1.3 million.

The Chief Financial Officer (CFO), assisted by the Administration, Finance and Control Department and aided by external consultants, defines tax strategy and planning policies in order to comply with national and international tax regulations and take advantage of the opportunities granted by national tax authorities (tax credits, patent box, etc.). It also defines tax risk governance with support from Compliance & Risk Management, thereby minimizing the risks of non-compliance with current tax regulations and avoiding incurring administrative and criminal sanctions, as well as reputational risks. Employees or

third parties with knowledge of the facts may report unethical or illegal conduct in tax matters, either directly to the CFO or through the whistleblowing system adopted by the Company.

The Group guarantees transparency and correctness in its dealings with the tax and customs authorities. Specifically, the company engages with the above authorities to obtain tax benefits (patent box), for VAT refund claims and for excise duties and statements of consumption. In managing these dealings, the Group guarantees the utmost transparency and availability in its dealings with the relevant authorities. The CFO is the contact person at Neodecortech to collect tax-related requests from third-party Stakeholders.

### **Sars-COVID 19 pandemic and going concern**

The COVID-19 pandemic, besides being the worst health crisis of our time, has also triggered a major global economic crisis that is still putting the production system to the test.

Considering the requirements of CONSOB in the Warning Notices issued with regard to COVID-19 in the provision of financial disclosures, mention should be made that the Group's consolidated operating and financial figures at 31 December 2021 too were not impacted by the COVID-19 pandemic. The upward trend in turnover and order backlog already reported in the first and second half of 2021 continued in fact, driven also by the contribution of sales of Neodecortech's new product lines.

As far as credit risk is concerned, which remains low, and in view of the constant improvement in operating and financial results throughout 2021, no critical issues or uncertainties were found regarding business continuity as a result of the COVID-19 pandemic; the pandemic itself continues not to represent an indicator of impairment of the Group's tangible and intangible assets.

In this regard, for the very reason of assessing any negative effects of the COVID-19 pandemic on the ability to continue as a going concern, the Group continued to analyze the main financial and operational risks to which it is exposed. In light of the analyses conducted and based on available evidence, no critical issues and uncertainties were found regarding the Group's business continuity.

### **Business and market outlook**

As known, the Ukrainian-Russian conflict broke out at end February; while the Group does not source supplies, has not invested, has not carried out development activities and has only marginal sales in both Russia and Ukraine, no estimates can be currently made on the magnitude and length of the impact of this event on the consumption propensity of furniture and flooring buyers, as well as on the possible availability of strategic raw materials and energy carriers. This condition, however, transcends the industry in which the Group operates and has a macroeconomic relevance.

For further details, reference is made to the Annual Report at 31 December 2021.



**NEO  
DECOR  
TECH**

**3 People**

### 3.1 Our People

#### 3.1.1 Employee management

GRI 401 Employment, GRI 405 Diversity and equal opportunity, GRI 406 Non-discrimination

The Neodecortech Group strongly believes that human resources represent a crucial asset: personal skill and experience are distinguishing features that contribute strongly to building competitive advantage, even more so in the international context in which the Group operates.

At 31 December 2021, the Neodecortech Group had 406 employees (385 in 2020).

Workforce by professional category and gender at 31 December						
Professional category	2020			2021		
	Men	Women	Total	Men	Women	Total
Employees	332	53	385	350	56	406
Executives	9	1	10	9	1	10
Managers	9	1	10	11	5	16
White collars	75	28	103	72	27	99
Blue collars	239	23	262	258	23	281
External associates	23	1	24	22	1	23
Agency-supplied	23	1	24	22	1	23
Total workforce	355	54	409	372	57	429

Workforce by type of contract and gender at 31 December						
Type of contract	2020			2021		
	Men	Women	Total	Men	Women	Total
Permanent	319	51	370	321	55	376
Fixed-term	13	2	15	29	1	30
Total	332	53	385	350	56	406

Workforce by type of employment and gender at 31 December						
Type of employment	2020			2021		
	Men	Women	Total	Men	Women	Total
Full-time	331	47	378	349	50	399
Part-time	1	6	7	1	6	7
Part-time percentage	0.3%	11.3%	1.8%	0.3%	10.7%	1.9%
Total	332	53	385	350	56	406

In employee management, the Group Companies are required not only to comply with current regulations and the national relevant collective labour agreements, but also to make use of the guidelines set out in the Code of Ethics, as well as to refer to internal rules and regulations on the issue of safety and protection of workers' health.

The Group has adopted a procedure for selecting, hiring and managing personnel. The Group has long established a constructive relationship and dialogue with trade-union representatives, keeping a balance between the needs of resources and corporate objectives. At 12/31/2021, 24% of employees were members of trade-union organizations. Additionally, at 31 December 2021, the percentage of employees covered by collective bargaining agreements was 100% of the contracts managed.

The evaluation of staff to be hired is carried out with due regard to equal opportunities of all the persons involved.

Turnover rate by gender and age group								
Percentage	2020				2021			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Men	3.3%	2.7%	0.9%	6.9%	4.3%	6.0%	0.96%	11.1%
Women	3.8%	1.9%	0.0%	5.7%	1.8%	5.4%	1.8%	8.9%
Total	3.4%	2.6%	0.8%	6.8%	3.9%	5.9%	0.9%	10.8%

In 2021, there were 44 hires, with 36% of them under the age of 30.

Turnover rate by gender and age group (ESGeo outgoing turnover)								
Percentage	2020				2021			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Men	1.2%	0.6%	3.3%	5.1%	0.0%	0.0%	1.4%	1.4%
Women	0.0%	1.9%	1.9%	3.8%	0.0%	0.0%	0.0%	0.0%
Total	1.0%	0.8%	3.1%	4.9%	0.0%	0.0%	1.2%	1.2%

## Employee wellbeing

As part of the normal management of employees, the company also provides support to those who need assistance in tax or social security matters, including for personal and family purposes, therefore outside of the workplace.

A regulation was also prepared for the granting of scholarships to employees and their children, running for the three-year period 2020-2022, to support students in their education and training, which saw the granting in 2021 of a total of 6 scholarships.

All employees were given the opportunity to receive free flu shots. In 2020, the company took out a policy, covering 2021 and 2022, that provides reimbursement for employees who test positive to COVID-19.

With regard to performance, the Group has defined a company performance bonus based on the achievement of pre-established objectives, with different brackets depending on the performance achieved for each objective and standardized for men and women covering the same role. With a view to improving results, the Group invites employees to suggest proposals for improvements in the management of work processes, paying them a small token of recognition if the proposal is implemented.

As proof of the Group's commitment to its employees, 70% of the workforce has worked for the Group for more 10 years.

## Diversity and equal opportunities

The breakdown of Neodecortech's human resources is marked by a strong gender polarization, which is typical for manufacturing businesses in the Group's industry. The production department, in fact, sees an overwhelming presence of male workforce: in 2021 92% of the Group's blue collars were men. Having said that, Neodecortech considers diversity as an element of corporate wealth, and this issue is a key point of the principles stated in the Group's Code of Ethics, as an expression of the attention to the individual.

Neodecortech's commitment to the development of a workplace based on equity and the protection of diversity was made formal in the context of a dedicated Diversity and Inclusion Policy, published in 2021. This policy is in line with the principles enshrined in the Code of Ethics, as well as with the United Nations Universal Declaration of Human Rights. Neodecortech's diversity initiatives are applicable to, by way of example, but not limited to, practices and policies related to recruitment and

selection; pay and benefits; professional development and training; career advancements; transfers; layoffs and terminations.

Number of employees by professional category and gender at 31 December						
Number	2020			2021		
	Men	Women	Total	Men	Women	Total
Executives	9	1	10	9	1	10
Managers	9	1	10	11	5	16
White collars	75	28	103	73	26	99
Blue collars	239	23	262	258	23	281
<b>Total</b>	<b>332</b>	<b>53</b>	<b>385</b>	<b>351</b>	<b>55</b>	<b>406</b>
<b>%</b>	<b>86.2 %</b>	<b>13.8 %</b>	<b>100 %</b>	<b>86.5%</b>	<b>13.5%</b>	<b>100%</b>

Number of employees by professional category and age group at 31 December								
Number	2020				2021			
	<30	30-50	>50	Totale	<30	30-50	>50	Totale
Executives	0	3	7	10	0	2	8	10
Managers	0	6	4	10	0	11	5	16
White collars	5	71	27	103	6	61	32	99
Blue collars	23	120	119	262	34	129	118	281
<b>Total</b>	<b>28</b>	<b>200</b>	<b>157</b>	<b>385</b>	<b>40</b>	<b>203</b>	<b>163</b>	<b>406</b>
<b>%</b>	<b>7.3 %</b>	<b>51.9 %</b>	<b>40.8 %</b>	<b>100 %</b>	<b>9.8%</b>	<b>50.0%</b>	<b>40.2%</b>	<b>100%</b>

As envisaged in the Code of Ethics, the Group avoids any form of discrimination against its employees and associates, ensuring that everyone is treated fairly and equally, regardless of gender, age, nationality, religion, ethnicity, when selecting personnel or, subsequently, in their professional growth within Neodecortech. As proof of this, no episodes of discrimination have ever been recorded. Access to roles and assignments is established by taking account of the expertise and skills that the Group undertakes to promote.

In this spirit, Group companies facilitate the inclusion of disabled persons in their activities in accordance with the provisions of Law 68/99 as subsequently amended. There are 17 people belonging to the legally-protected categories, including 3 white collars and 14 blue collars. There are 8 blue collars with disabilities.

In relation to the composition of its administrative and management bodies, the current composition of the Board of Directors is adequately diversified in terms of age, gender and educational and professional background, as shown in paragraph 1.2 *Governance*.

### 3.1.2 Training and development

GRI 404 Training and education

Neodecortech invests in quality training as a means of developing the soft skills and professional expertise of its resources, so that its employees operate safely, effectively and efficiently. The Group strives to enhance the skills of its human resources through training programs and professional growth paths, encouraging their active involvement.

At Neodecortech, training activities are performed from a strategic and compliance perspective, aimed at the constant improvement and growth of staff, and refer, in fact, to two macro areas:

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

By their nature, all training programs aim to achieve the consolidation and implementation of professional knowledge to improve company performance. The Companies make their resources available to start collaboration or external consulting, to purchase/rent equipment required, and to involve internal functions for teaching activities.

Hours of training by professional category and gender						
Professional category	2020					
	Men		Women		Total	
	N. of hr	Average per capita	N. of hr	Average per capita	N. of hr	Average per capita
Executives	136	15.1	0	0	136	13.6
Managers	74	8.2	20	20	94	9.4
White collars	827	11.0	306	10.9	1,133	11
Blue collars	901	3.8	15	0.7	916	3.5
<b>Total</b>	<b>1,938</b>	<b>5.8</b>	<b>341</b>	<b>6.4</b>	<b>2,279</b>	<b>5.9</b>
Professional category	2021					
	Men		Women		Total	
	N. of hr	Average per capita	N. of hr	Average per capita	N. of hr	Average per capita
Executives	443	49.22	50	50	493	49.3
Managers	182	16.54	44	8,8	226	14.1
White collars	1,639	22.45	343	13.19	1,982	20.0
Blue collars	3,685	14.28	70	3.04	3,755	13.4
<b>Total</b>	<b>5,949</b>	<b>16.94</b>	<b>507</b>	<b>9.21</b>	<b>6,456</b>	<b>15.9</b>

2021 saw a step up of training activities addressed to employees: in addition to the provision of training required by law, employees took part in professional courses at the company's input and/or at their request. In addition to the training courses on occupational health and safety required by law, which accounted for 57% (239 hours) of the total training delivered, in 2021 the Group organized technical training courses to give their employees the opportunity to increase their skills also in relation to phases and projects for the reorganization and implementation of production and technological processes. Lastly, 39 hours of training were delivered for Neodecortech regarding the Group's certifications, in particular ISO 45001.

In 2021, Group Companies delivered a total of 6,456 hours of training, up by 35% versus 2020. In keeping with 2020, the company focused on the need to improve the technical and soft skills of certain strategic personnel, including executives and middle management, in order to better manage risks and new opportunities in the new post-pandemic context.

Training programs are monitored by Neodecortech using special software provided by a leading partner in the provision of HR services.

The Group also runs tutoring projects for new recruits, whereby an experienced colleague accompanies the new resource from the moment they join the company until completion of the training process through periodic assessments of the skills and professional qualities acquired.

Additionally, again in 2021, Cartiera di Guarcino entered into an agreement with the University of Cassino to provide courses to its employees. Thanks to these training paths, the Group intends to train its human capital on preventive maintenance practices for plants, to improve the production process.

Lastly, a remuneration policy including incentive plans linked to sustainability objectives was defined during 2021. With regard to Executives and Middle Management, MBO plans are implemented with formalized objectives agreed with the individual resources through procedures defined at Group level which, where possible, also include ESG objectives. Every year, HR notes the achievement of objectives and submits the document for validation by the CEO. An ESG objective relating to the percentage of recycled waste out of total waste produced was also included among the parameters used to determine the performance bonus for employees.



### 3.1.3 Worker health and safety

GRI 403 Occupational health and safety

Neodecortech places the health and safety of its employees at the heart of its business activities, encouraging its employees to pay the utmost attention to their health and safety. To this end, the Group promotes compliance with company provisions and legal guidelines on occupational health and safety, as well as with the provisions of the relevant national collective labour agreements.

The Group has implemented an Occupational Health and Safety Management System in all Group plants that complies with UNI ISO 45001, previously compliant with OH SOS 18001, certified since 2012 for CDG, since 2016 for BEG and since 2011 for NDT. This system certification refers not only to all internal employees and associates, but also to all those who, although external personnel, operate within the Group's workplaces. Furthermore, the Group has put an Integrated Quality, Environment, Safety and Energy Policy in place, committing itself to eliminating, minimizing or monitoring risks to health and safety in the workplace, taking action in all areas and aspects, and investing adequate financial, human and technological resources. Specifically, the Group constantly invests in training, equipment, personal protective equipment, plants, machinery, handbooks, etc.

The Group Companies carry out regular analysis of their work activities, in order to identify the presence of any hazards in the workplace and related risks, using the findings to constantly improve the occupational health and safety management system. The Group prepares and regularly updates the risk assessment document (RAD) to include new risks or new potentially dangerous situations (*near misses*), as was the case for the assessment of the risk associated with exposure to biological agents following the spread of the coronavirus emergency. In none of the Group Companies are employees exposed to high risks or to occupational diseases.

Workers have the opportunity to report the presence of any dangers and dangerous situations in the workplace during regular meetings between the RSPP (Prevention and Protection Service Manager), RLS (Workers' Safety Representatives) and company management or within special safety committees. Each Group Company regularly elects an RLS, pursuant to Legislative Decree 81/2008, tasked with receiving and reporting all employee complaints, participating in risk assessment and taking part in regular meetings on issues relating to worker health and safety. In other cases, workers can contact the RSPP directly or refer to their supervisor in order to make their own reports either anonymously, by email or through special forms, or by telephone and in-person interviews.

The Group also has a specific procedure for the management of internal and external communications, consultation and participation, which aims to ensure that the integrated management system has a correct and effective flow of information inside the company at the various levels of the organization and towards external stakeholders, as well as a correct management of the consultation and participation of workers.

Continued consultation and participation processes are ensured through:

- the representation systems established pursuant to Legislative Decree 81/08, through the RLS persons;
- the meetings envisaged by Legislative Decree 81/08, Article 35;
- the collection of opinions and reports through internal communication channels, concerning workers at all levels;
- the organization of regular meetings between the RSPP and the RLS where the plan of improvement actions, planned changes and updates of risk assessments are discussed;
- extraordinary meetings between the functions involved in the event of incidents;
- a chat organized on an instant messaging channel joined by the RSPP and RLS for urgent notices.

Workers are invited and encouraged, by task and responsibility, to suggest proposals for implementation and improvement related to the areas of quality, environment and safety, through appropriate forms or other written communications to be forwarded to the Department Manager (DM).

The Group guarantees constant and regular health surveillance in the workplace by the Medical Officer. The Personnel and Human Resources Department is responsible for the constant and correct flow of information, to department managers, for the transmission of “fitness for duty” issued by the Medical Officer.

As mentioned, the attention to employee health and safety has led the Group to actively commit to these topics also through training courses: the knowledge and understanding of these topics are the first and most effective form of prevention against accidents. Staff attends health and safety training and refresher courses, scheduled annually and provided on the basis of legislative requirements. In addition to compulsory training, the Group provides in-house training for reducing any risk situations that may be identified and, in the case of specific risks, individual workers undergo training and training tailored to their duties. In 2021, the Group delivered 3,165 hours on health and safety. Training included general and specific training for high-risk workers, fire prevention and first aid, and courses for workers assigned to operate self-propelled forklifts with operator on board. New recruits were also delivered specific training on topics relating to health and safety in the workplace.

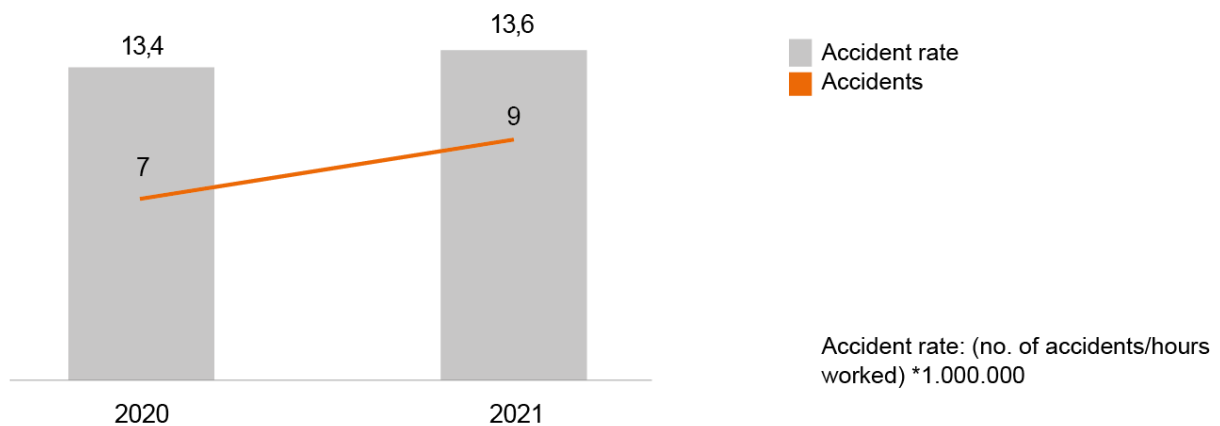
In addition to the above, both CDG and NDT, as companies belonging to the paper industry, have put in place the provisions of the National Collective Labour Agreement, i.e. insurance coverage with the Salute Sempre fund for employees and FASI for Executives.

CDG also participates in the "European Week on Safety and Health in the Workplace", an initiative that takes place every year in October and aims to promote and disseminate the theme of culture and education on safety and accident prevention, with awareness and information activities intended for workers.

### Number and rate of employee accidents in 2021

With regard to external workers, no accidents occurred at Group level during the year. During the year, the number of reported accidents in the workplace was 9, with a recordable accident rate in the workplace of 13.6.

Lastly, in compliance with the asbestos disposal plan, the scheduled removal of a number of items containing asbestos at the Filago offices and on buildings not used for production or storage of raw materials or finished products will take place by December 2023.



**Covid-19 Crisis management**

Since the outbreak of the COVID-19 pandemic, the Group has set up a dedicated task force and promptly adopted the necessary measures to prevent, control and contain the pandemic at all its sites, by establishing Anti-Covid Committees composed of workers' and trade union representatives, attended by the Supervisory Board, in order to carry out a biological risk assessment in the workplace and share, promote and implement prevention measures.

As early as 2020, the Group took out insurance policies to protect workers against COVID-19-related events and, since the post-lockdown, has made extensive use of smart working for those functions whose duties allow so. To make up for the sacrifices by the workforce due to the use of the CIGO, the Group has set up a corporate welfare program that has virtually cancelled out the operating impact of the redundancy fund.

In 2021, the Group continued to comply with national pandemic containment rules and the observance and adoption of safety protocols on the health of workers and third parties, also managing a few non-serious COVID-19 positive cases among employees. Starting from 15 October 2021 in particular, the Group has updated the COVID-19 safety protocol in all its plants and workplaces to bring it in line with Law Decree no. 127 of 21 September 2021, which introduced the mandatory COVID-19 green certificate and the strengthening of the screening system in the workplaces of private and public companies. Since that date, Group Companies have started to check that all employees possess a green pass; no work problems were reported, nor were any stoppages required.

## 3.2 Our customers

GRI 416 Customer health and safety, GRI 417 Marketing and labeling, GRI 418 Customer privacy

### Customer satisfaction

Customer satisfaction is a pivotal element of Neodecortech's strategy, a crucial component in the process of value creation and the Group's success. Neodecortech's mission, in fact, is to establish solid ties with its customers over time, customizing its products according to their needs, hence standing out from many of its competitors' standardized solutions.

Neodecortech intends to be a reliable and proactive partner, active at the high end of the market, providing an all-round service and up to the best standards in the industry. In order to monitor the quality of its products, the Group has fitted itself with a quality control laboratory, which has state-of-the-art instruments that simulate the work of the production machines, monitoring various characteristics of paper.

Customers and potential customers are involved in the business processes through daily contacts in which the potential benefits and positive externalities of activities are explained. Major customers, who account for 95% of turnover, are given an annual customer satisfaction questionnaire that analyzes various aspects related to the quality of the product and service offered. In 2021, the questionnaire was administered to 63 customers (+142% versus 2020) and had a 95% response rate (+45% versus 2020). The average rating was 4.2 out of 5 (3.9 in 2020).

The Group attaches great importance to customer satisfaction, regularly reviewing the loyalty level, and the number and nature of complaints. The aspects rated are the ability to understand customer needs, response times, completeness and clarity of feedback, timeliness of deliveries, quality/price ratio, product quality, complaint management.

It should be noted that during the harshest period of the pandemic, specific notices were sent to the main customers, duly informing them of the operation of the Group's activities.

Lastly, in an indirect manner, the Group pursues customer satisfaction through all the activities aimed at improving performance, including by obtaining specific certifications (see paragraph 2.2 *Certifications*) and implementing management tools (Code of Ethics, Organizational Model pursuant to Legislative Decree 231/2001, Integrated Quality, Environment, Safety and Energy Policy).

### Consumer safety

The Group pays special attention to the safety of the end consumer of its products, adopting specific certifications, ensuring that legal requirements are complied with and making constant updates with regard to any new regulations. Specifically, the Group oversees the application of regulations regarding heavy metals.

Papers impregnated with urea-melamine resins are classifiable as belonging to category E1. That is, they have emissions less than or equal to 0.124 mg/m<sup>3</sup>/h.

There were no cases in the reporting period of non-compliance with the relevant legislation on marketing communications or consumer health and safety.

### **Marketing Communications**

The FSC® and PEFC certifications relating to the sustainability of pulp and paper raw materials, which Group companies comply with, require each single purchasing lot to be identified with a special label in order to trace it back to the raw materials of origin. Each unit of finished product stored and then sold is traced according to chain of custody rules and can be traced back to the supplier from which the pulp for CdG and base paper for Neodecortech was received.

There were no cases in the reporting period of non-compliance with the relevant legislation on labelling or customer and consumer health and safety.

### **Privacy and Data management**

In order to address the risks arising from the management and use of personal data, whether on paper or by means of electronic data processing tools, Neodecortech has put in place appropriate security measures to ensure the protection and safeguarding of personal data and the fundamental rights and freedoms of data subjects. All relevant information is processed in full compliance with the rules adopted by the Company on the protection of personal data and in accordance with the applicable legislation, specifically Articles 13 and 14 of Regulation (EU) 2016/679 on the Protection of Personal Data.

There were no substantiated complaints concerning privacy breaches and/or loss of customer data during the reporting period.

### 3.3 Local community and territory

GRI 413 Local communities

Neodecortech deems it essential to be ever-ready for dialogue and discussion with the communities and territories where the Group Companies are located. Over the years, it has pursued the goal of being a reliable, proactive, collaborative and transparent manufacturer. The fair and regular management of all regulatory aspects regarding Group activities, together with the guidelines adopted over time, have helped establish a cooperative dialogue with local governments, associations (in particular Confindustria Bergamo) and authorities. In 2021, the Group companies received no inspection by local authorities regarding the fulfilment of legal requirements.

#### Local-based training

In addition to the opportunities for discussion arising from compliance requirements, Neodecortech firmly believes in the need to establish a dialogue with the local communities where it operates. In line with such principle, the Group Companies have been offering internships for over twenty years now, for both high-school and university students.

#### Donations

Donations are one of the means the Companies can use to actively contribute to local community life, sharing success and difficult times.

The scope of these donations varies obviously with the different characteristics of the local area and its needs, and can be purely social or cultural. For 2021, Neodecortech S.p.A. defined a tangible plan of ESG actions which, in particular, provides for an increase in resources allocated to Local Communities relevant to the Group's plants. Specifically, the actions undertaken regard the following areas: training and culture, community and territorial support.

Key Group-wide initiatives for 2021 are outlined below:

- Bosco della Memoria: between end of 2020 and the beginning of 2021, the Group supported the initiative "Il bosco della memoria" in Bergamo, promoted by "Associazione Comuni Virtuosi". The project, which consists of the planting of 750 trees and shrubs, along with 1,300 square meters of walkways within the tree-lined islands, intends to be a reference point for cultural, educational and recreational initiatives of the community, while preserving the memory of the first months of the pandemic;
- Purchase of a defibrillator for the Municipality of Filago
- Economic aid to Teatro Gaetano Donizetti in Bergamo
- Pre-school project: economic aid to the Municipality of Filago (BG) to reduce the monthly fees charged to the families of registered residents;
- School Transportation Project: economic aid to the Municipality of Madone (BG) for resident families of Secondary School students;
- "Ti trasporto a pranzo" project: economic aid to the Municipality of Atri (TE) to support disadvantaged families by allowing them to use transportation and/or the school canteen, raising the threshold of exemption for payment of the costs of these services.

Cartiere di Guarcino has also joined the following initiatives:

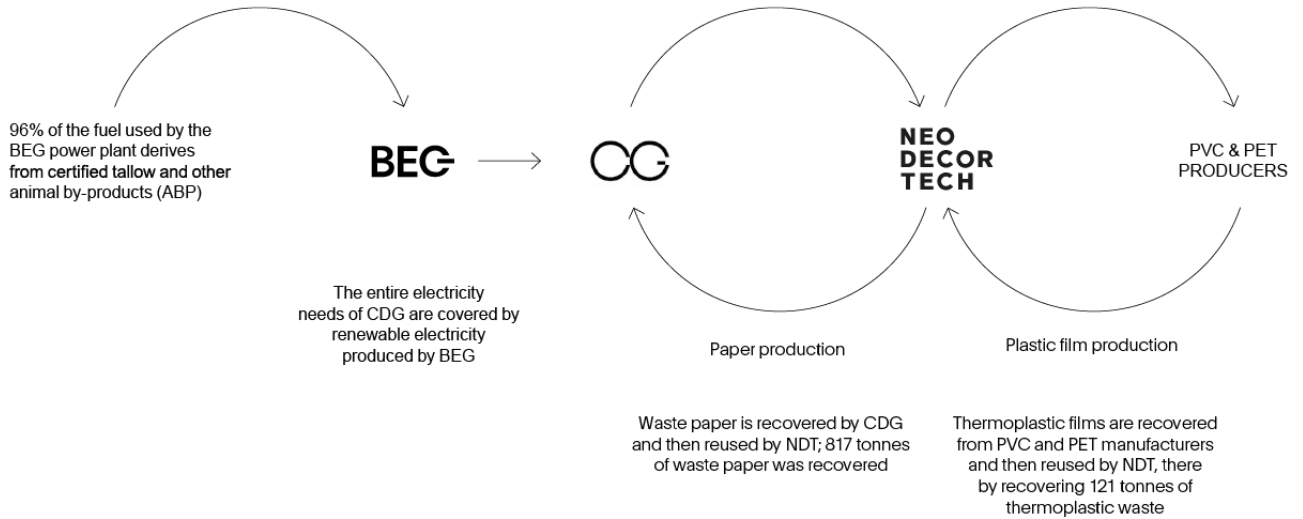
- Sensitization to road safety with children aged 6-12, in collaboration with Associazione ASD Scuola Sicura, State Police and the Municipality of Guarcino (FR);
- "Adotta un'aiuola" project: maintenance of the Parco della Rimembranza in the Municipality of Guarcino (FR).

## **4 Planet**



## 4.1 Sustainability of raw materials and circular economy

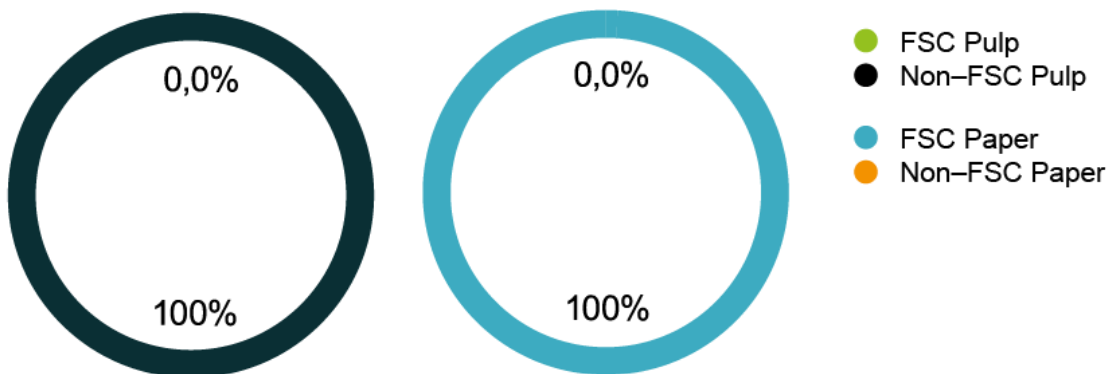
GRI 301 Materials



3

In 2021, Neodecortech continued its commitment to the responsible and sustainable management of forests, reinforcing its approach to responsible sourcing for the purchase of pulp used in papermaking, the Group's main raw material.

Group companies purchase exclusively FSC® certified paper and pulp and check the supplier's certification directly on the FSC website. The Group's commitment to the use of renewable raw materials is not restricted only to the materials used for production; all the cardboard used for packaging is also FSC® certified.



<sup>3</sup> For the calculation of the total amount of animal by-products used, the portion used to produce energy for the grid was also taken into consideration.

CDG products include backer papers, a particular type of product, created to meet the needs of the flooring market. In this case, the main raw material consists of cellulose waste, in particular leaflets recovered from production waste (winders waste, breaks during paper sheet formation and non-conforming end products) and sub-products (first and second production waste made of cellulose fiber). The total amount of waste paper generated at the Neodecortech S.p.A. sites is carefully separated from possible pollutants and then reused in CDG's production processes. The Group relies on a supplier who operates in the waste paper recovery field for the recovery, transport, sorting and compacting of recyclable waste to be reintroduced into the distribution chain. Additionally, in order to further reduce its impact in the disposal phase, the paper mill gives the residual waste in the form of sludge free of charge to other companies in the manufacturing area, such as brick makers and cardboard producers, avoiding the generation of waste.

In 2021, approximately 817 tonnes of waste paper were collected from the Filago offices and delivered for recovery to CDG. However, CDG recovered an additional 2000 tonnes of paper from other printers that are its customers, in addition to purchasing 2052 tonnes of waste paper. The share of recycled plus waste paper out of the total paper produced and sold was 11%.

The circular economy logic is also applied to PVC printing. All PVC waste is in fact delivered to the same company from which Neodecortech purchases it for reuse. 121 tonnes of material were contributed in 2021.

Lastly, PET, which is used for the new EOS anti-fingerprint surfaces, is purchased with a component obtained from recycled material (beverage bottles) to the extent of 70%.

That said, generally speaking, it appears clear that the Neodecortech Group is firmly convinced of the importance of reviewing all its production processes from the point of view of the circular economy, defined as "an economy designed to regenerate itself" (Ellen MacArthur Foundation), aware that raw materials are not limitless and therefore of the crucial need to define new models of production and consumption, reducing waste as much as possible, and increasing the opportunities for recycling and/or reuse. In order to do so, every stage in the production process needs to be reviewed and great attention must be paid to the entire supply chain involved in the production cycle. The Group considers such an approach a key element of its actions to concurrently meet the needs of its target market, while not compromising the needs of future generations.

As mentioned in chapter 1.7 Environment Projects contained in the Sustainability Plan, in 2021 the mapping activity of all packaging used in processes continued, aimed at identifying the composition of packaging made of recycled/certified material.

Thanks to the analysis carried out, packaging made of non-recycled material or coming from non-certified forests was identified in the case of wood-based products; research into the market was carried out, in collaboration with the suppliers, for similar packaging made of recycled/certified material.

The new packaging was then incorporated into the production processes, bringing the percentage of recycled/certified packaging to 65% of the total packaging purchased in 2021.

Specifically, 100% of steel, 92% of paper and cardboard, and 24% of plastic used as packaging comes from recycled materials. Wooden packaging instead (pallets, crates, panels, etc..) is composed 43% of wood coming from certified forests.

This activity will continue into 2022 with the target of phasing out all non-recycled/certified packaging materials.

## 4.2 Energy, emissions and climate change

GRI 302 Energy, GRI 305 Emissions

Neodecortech, aware that the increase in the concentration of greenhouse gases in the atmosphere is one of the main causes of the rising average temperature of our planet, aims to improve the efficiency and production processes of its Companies in order to reduce the impacts generated on the environment. In fact, while the Group Companies perform production activities that generate significant greenhouse gas emissions per unit of product, the negative impact in terms of climate-changing emissions has been reduced over the years, thanks mainly to the growing use of renewable energy sources and through the adoption and maintenance of ISO 14001:2015 Environmental Management Systems and ISO 50001:2011 Energy Management Systems.

The Group's commitment to pursuing its environmental objectives is reflected in the Quality, Environment, Safety and Energy Policy adopted by the Group, which undertakes to:

- optimize raw material consumption and their reuse where possible;
- reduce waste generation;
- study and implement an energy efficiency action plan;
- define environmental objectives.

Pursuant to applicable legislation, the Group is required to apply for and obtain the issue of permits and authorizations to carry out its activities, including the Integrated Environmental Authorization (IEA), which authorizes the operation of a plant under certain conditions that ensure compliance with IPPC (Integrated Pollution Prevention and Control) requirements, relating to industrial emissions and environmental performance associated with Best Available Techniques (BAT). Specifically, both the Parent Company and the subsidiary Cartiere di Guarcino S.p.A. have applied for the renewal of the Integrated Environmental Authorizations issued by the Lombardy Region and the Province of Frosinone, respectively.

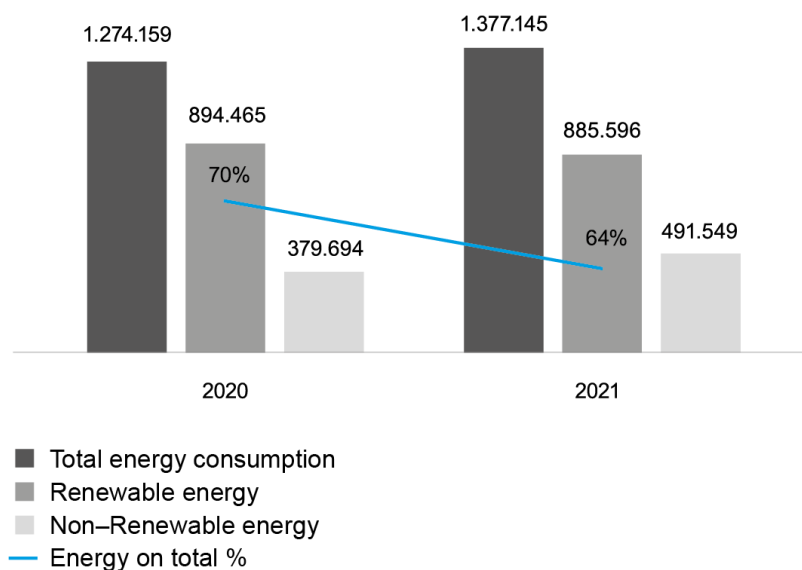
Additionally, BEG obtained in 2009 the IAFR qualification no. 3682 (Plants Powered by Renewable Sources), which guarantees that BEG is sourcing exclusively from certified sustainable sources in accordance with Directive 2009/28/EC and Decree of 23 January 2012 on the sustainability of fuels.

Over the years, in pursuit of its sustainability objectives, the Group has gradually increased the share of renewable electricity consumed, both through production in BEG and through the purchase of Guarantees of Origin, which in 2021 covered 100% of electricity purchases. In terms of energy production, BEG produced 525,295 GJ of renewable electricity in 2021, which avoided the emission of 37,880 tonnes of CO<sub>2</sub> under the Location-based methodology. 33% is used by CDG to cover its energy needs. CDG is thus one of the few paper mills in the world powered exclusively by renewable electricity, allowing a significant reduction in emissions from a traditionally energy-intensive production activity such as paper mills.

In addition to the cogeneration plant in Guarcino, the Filago plant is equipped with a 999MW photovoltaic plant. Additionally, following the investment in the purchase of the Casoli plant, a photovoltaic system is currently being installed, which will enable the plant to achieve electricity self-sufficiency of around 20%. Again with the aim of reducing its emissions, Cartiera di Guarcino has requested its main pulp suppliers to assess a collaboration/partnership for the implementation of shared projects with the gradual aim of fully offsetting the CO<sub>2</sub> emissions of the NDT Group possibly over the 2021-2023 Plan.

In 2021, Group energy consumption amounted to 1,377,145 GJ<sup>4</sup> (1,274,159 GJ in 2020), of which 64% is energy from renewable sources. Specifically, the most relevant energy source category appears to be animal by-product with a consumption in 2021 of 1,162,745<sup>3</sup> GJ (1,264,068 in 2020).

## Group energy consumption (GJ)



The issue of emissions intersects that of transportation and logistics. The Group pays the utmost attention when choosing the suppliers of this service, selecting them based on a wide range of factors, such as certification, registration in trade rolls, reliability, price and quality of services proposed and performed. Last but not least, Neodecortech also considers the carbon footprint of product and people transportation: where possible, goods and product transportation takes place at full-load and considering the destinations, to achieve increasingly high levels of efficiency.

The CDG and BEG plants are subject to the European CO<sub>2</sub> Emissions Trading Scheme (EU-ETS<sup>4</sup>), a vital tool in the European Union's policy to combat climate change and to reduce greenhouse gas emissions in a cost-effective manner. This legislation envisages a series of rigorous controls and analyses of emissions generated by stationary installations and their disclosure to the competent authorities, which ascertain the figures disclosed.

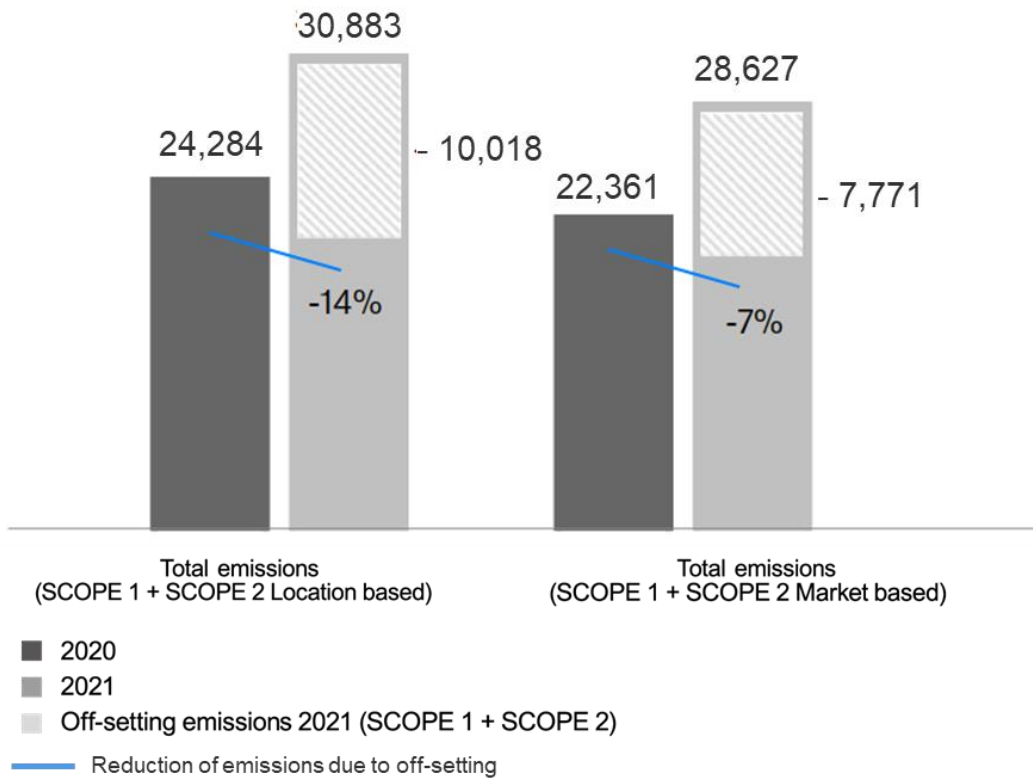
In 2021, the Group's direct emissions (Scope 1) amounted to 28,627 tonnes of CO<sub>2</sub> resulting from the consumption of methane gas and diesel fuel for manufacturing activities and company vehicles (+28% versus 2020). The Group's objectives include the gradual neutralization of Scope 1 emissions across all Group companies through actions to reduce energy

<sup>3</sup> See the Performance Measures section to this CNFS for the conversion factors used to calculate energy consumption in GJ.

<sup>4</sup> Emission Trading - Ministry of Ecological Transition (minambiente.it).

consumption and mitigate and offset emissions. In 2021, Neodecortech carried out the neutralization of Filago and Casoli emissions equal to 10,018 tonnes of CO<sub>2</sub> adopting the Location based calculation method; in 2022, the activity will be continued with BEG and CDG.

Indirect emissions from purchased electricity (Scope 2) amounted to 2,256 tonnes of CO<sub>2</sub> according to the Location-based calculation (+17% versus 2020) and zero tonnes of CO<sub>2</sub> according to the Market-based calculation, as all electricity consumed comes from renewable sources. Total emissions (Scope 1 and Scope 2 Location based) amounted to 30,883 tonnes of CO<sub>2</sub>, up by 27% versus 24,284 tonnes of CO<sub>2</sub> in 2020, due to production stoppages caused by the pandemic lockdown. As required by the GRI reporting standard, emissions from biomass are shown separately from direct GHG Scope 1 emissions.

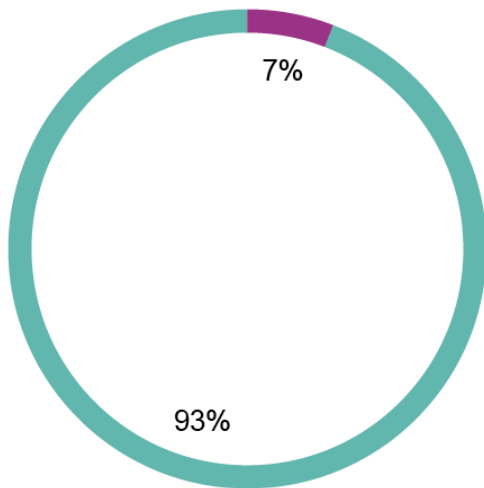


**4.3 Waste**

GRI 306 Waste

The Group is well aware of the impact that proper waste management can have internally, in terms of production process efficiency, and externally, in the form of environmental impact. For this reason, the issue is handled with the utmost attention, monitoring the production process waste and carefully evaluating and selecting the waste transport and disposal firms.

As proof of this commitment, the Management Models of the Companies include several procedures that govern the management of the issue (classification of service providers, classification and management of waste, ADR waste transport, etc.). Out of the waste produced by the Group, 93% falls into the non-hazardous waste category (4,969,137 kg) and only 7% (407,992 kg) into the hazardous waste category (solvents, lacquers, etc.), which are meticulously managed in compliance with the relevant legal provisions. Most of the waste produced by the Group is recoverable and only a small part is sent for destruction/incineration. The recoverable part of the waste consists mainly of mixed packaging that is then delivered to certified disposers, while the waste intended for destruction consists of certain chemicals that are used in production processes.



- Total hazardous
- Total non-hazardous

Additionally, all waste produced is carefully sorted in order to separate recyclable/recoverable materials from those meant for disposal; in 2021, 74% of the waste produced at the Filago and Casoli di Atri production sites was sent for recovery. In order to increase employee awareness on this topic, a target linked to the percentage of waste recovered out of the total waste produced was also included, starting from 2021, among the parameters of the company's performance bonus at the Filago and Casoli di Atri production sites.

**Waste-to-energy of production waste from the Casoli di Atri production site**

A project is currently being reviewed for waste-to-energy of production waste from the Casoli di Atri production site; the main aim is to install a biomass boiler powered by production waste in order to achieve self-sufficiency in thermal consumption. The project, currently in the authorization phase, envisages the use of 100% of the powder and laminate waste as fuel for the biomass boiler: this initiative would lead to significant energy saving, thanks to the replacement of the current methane gas boiler (which would remain in operation only for the ignition and shutdown of the plant - phases that use traditional fuel) and economic saving, due to the reduction of the disposal of powder and laminate, currently managed as waste.

## 4.4 Water withdrawal

GRI 303 Water and water discharges

Water resources are of fundamental importance to Neodecortech; in the case of CDG, they are one of the key factors in the making of its products: the paper mill is responsible for 99% of the Group's water consumption.

The plant is located at the top of the Cosa river valley, which originates approximately 4 km upstream of the plant from the sources bearing the same name and other spring groups: the supply of water for industrial use is mainly by diversion of surface water and groundwater, and represents, therefore, a highly sensitive issue, while respecting the water balance of the territories in which the Group headquarters are located. All the plants, except the one in Filago, are located in water-stressed areas,<sup>5</sup> which, if poorly managed, could lead to a production stoppage. The water withdrawn is used mainly for industrial purposes, and is then purified and returned for the most part to the body of water from which it was withdrawn. It should be noted that BEG's process water, amounting to 62.76 MI in 2021, does not count towards the total, as it derives from CDG sludge, which is purified and subsequently used by BEG.

Neodecortech's effectiveness in minimizing water consumption is affected by the nature of its production activities: the introduction of new products and the testing of different materials imply an increase in consumption at same production levels.

In order to tackle this problem, the Group is committed, quality requirements permitting, to reusing as much water as possible in several production cycles, both in the pulp preparation and in certain washing activities. In 2021, total water withdrawal increased by 33% versus the prior year.

Water withdrawal by source					
Source of withdrawal	Um	2020		2021	
		All areas	Water stressed areas	All areas	Water stressed areas
Surface water (total)	Megalithers	1,353.4	1,353.4	1,811	1,811
Acque sotteranee (total)	Megalithers	16.3	0.0	13.42	0.0
Sea water (total)	Megalithers	0.0	0.0	0.0	0.0
Process water (total)	Megalithers	0.0	0.0	0.0	0.0
Third-party water (total)	Megalithers	7.1	3.2	6.93	1.44
Third-party water by source of withdrawal	Megalithers	7.1	3.2	6.9	1.4
Surface water	Megalithers	7.1	3.2	6.9	1.4
Ground water	Megalithers	0.0	0.0	0.0	0.0
Sea water (total)	Megalithers	0.0	0.0	0.0	0.0
<b>Total water withdrawal</b>	<b>Megalithers</b>	<b>1,376.8</b>	<b>1,356.7</b>	<b>1,831.3</b>	<b>1,812.4</b>

<sup>5</sup> In order to assess its impact in sensitive areas, with regard to water withdrawals in water-stressed areas, the Neodecortech Group uses the Aqueduct Tool developed by the World Resources Institute to identify areas potentially at risk. Available at <https://www.wri.org/our-work/project/aqueduct>.



**Water pollution**

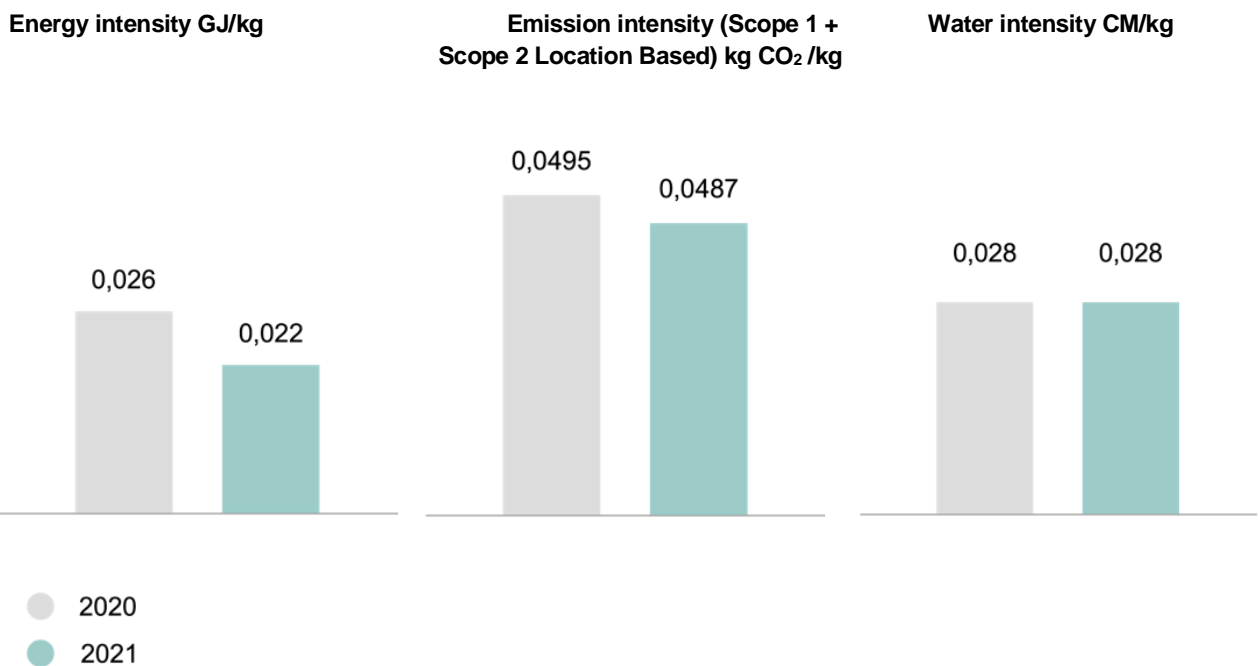
Water pollution caused by industrial discharges in rivers, lakes and seas is an extremely relevant issue also in light of other environmental aspects, as for example biodiversity and ecosystem preservation. In May 2021, the Group adopted a biodiversity policy to contribute to the goals of the United Nations Convention on Biological Diversity (CBD-1992), the National Biodiversity Strategy (September 2011), and the associated Aichi Biodiversity Targets. By engaging with the local communities and analyzing the impacts of activities and investments, the Group is committed to ensuring the survival of animal and plant species with genetic diversity and natural ecosystems.

The proximity to surface watercourses (Dordo stream for Neodecortech S.p.A., River Cosa for CDG and BEG) is, in fact, a key aspect the Group pays close attention to in order to avoid water pollution incidents that may cause environmental damage and risks to people. To this end, the Group has implemented increasingly advanced tools over the years, such as wastewater filtering systems, tanks, detectors and alerts to avoid the potential pollution of surface watercourses and ground water. Additionally, the residues intercepted by the filtering systems can be fed back into the production cycle as raw materials for less veneered papers, mainly backer papers. At CDG, 100% of the water used in the process is returned purified and filtered to the river of origin without altering any chemical or physical characteristics. This has been achieved by using financial, technical and professional resources, and through preventive scheduled maintenance, technical inspection and control interventions, and regular water discharges analysis. Obviously, the Group Companies interventions regarding this issue are in compliance with regulations and use the best available technologies.

#### 4.5 Mitigation of environmental impacts

Given the various manufacturing activities of the companies forming Neodecortech, each activity within the Group has specific externalities on the surrounding environment that require specific short, medium, or long-term objectives and programs, which are applied to each plant, thanks to which the Company is able to outline a structured and defined path to reduce its environmental impact. 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.

The Group has set a goal to conduct an optional Off Setting Programme in the three-year period 2021-2023. In 2021, the Board of Directors resolved to go ahead with the implementation of voluntary off-setting activities with the involvement of one Company for each Plan year. Specifically, 7,800 tonnes of CO<sub>2</sub> eq. were off set in 2021. Forecasts for 2022 indicate that not only the emissions from the two production sites of Neodecortech will be off-set, but also those from the production sites of Guarino, Cartiera and Beg as already indicated above in paragraph 1.8.



The commitments made over the years are reflected in the gradual reduction of the various indices of energy intensity, emissions and use of the various natural resources. Energy intensity represents the ratio of total energy consumption, measured in GJ, to industrial output (kg of finished product for CDG and NDT, net of BEG). In 2021, this rate decreased by 15%.

Emission intensity is calculated by considering the direct and indirect scope 2 (Location Based) emissions produced by the Group, comparing them with the volume of industrial production (kg of end product of CDG and NDT). In 2021, this rate decreased by 2%.

Water intensity is calculated by considering the water consumption of the Group, comparing it with the volume of industrial production (kg of end product for CDG and NDT). Water intensity is unchanged versus the prior year.

## Performance measures

### Social responsibility

#### Disclosure 102-8 Information on employees and other associates

Employees by type of contract, gender and geographical area at 31 December						
Type of contract	2020			2021		
	Men	Women	Total	Men	Women	Total
North	150	33	183	158	35	193
Permanent	142	32	174	143	35	178
Fixed-term	8	1	9	15	0	15
Centre	182	20	202	192	21	213
Permanent	177	19	196	178	20	198
Fixed-term	5	1	6	14	1	15
<b>Total</b>	<b>332</b>	<b>53</b>	<b>385</b>	<b>350</b>	<b>56</b>	<b>406</b>
Permanent	319	51	370	321	55	376
Fixed-term	13	2	15	29	1	30

#### Disclosure 405-1 Diversity of governance bodies and employees

Percentage of employees by professional category and gender at 31 December						
Percentage	2020			2021		
	Men	Women	Total	Men	Women	Total
Executives	90%	10%	3%	90%	10%	2%
Managers	90%	10%	3%	69%	31%	4%
White collars	73%	27%	27%	74%	26%	24%
Blue collars	91%	9%	67%	92%	8%	70%
<b>Total</b>	<b>86%</b>	<b>14%</b>	<b>100%</b>	<b>86%</b>	<b>14%</b>	<b>100%</b>

Percentage of employees by professional category and gender at 31 December								
Percentage	2020				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	30%	70%	3%	0%	20%	80%	3%
Managers	0%	60%	40%	3%	0%	69%	31%	4%
White collars	5%	69%	26%	26%	6%	62%	32%	24%
Blue collars	9%	46%	45%	68%	12%	46%	42%	69%
<b>Total</b>	<b>7%</b>	<b>52%</b>	<b>41%</b>	<b>100%</b>	<b>10%</b>	<b>50%</b>	<b>40%</b>	<b>100%</b>

Number of employees belonging to legally-protected categories by type of contract		
	2020	2021
Executives	0	0
Managers	0	0
White collars	3	3
Blue collars	23	22
<b>Total</b>	<b>26</b>	<b>25</b>

**Disclosure 102-41 Collective bargaining agreements<sup>6</sup> (%)**

Employees covered by collective bargaining agreements		
	2020	2021
Employees covered by collective bargaining agreements	100%	100%

**Disclosure 401-1 New hires and turnover**

Employees leaving by gender and age group								
Number	2020				2021			
	<30	30-50	>50	Totale	<30	30-50	>50	Total
Men	11	9	3	23	15	21	3	39
Women	2	1	0	3	1	3	1	5
<b>Total</b>	<b>13</b>	<b>10</b>	<b>3</b>	<b>26</b>	<b>16</b>	<b>24</b>	<b>4</b>	<b>44</b>

Employees leaving by gender and age group								
Number	2020				2021			
	<30	30-50	>50	Totale	<30	30-50	>50	Total
Men	4	2	11	17	0	0	5	5
Women	0	1	1	2	0	0	0	0
<b>Total</b>	<b>4</b>	<b>3</b>	<b>12</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>

**Disclosure 403-9 Accidents in the workplace**

GROUP EMPLOYEES		
injuries in the workplace		
Number of injuries	2020	2021
Total of deaths due to injuries in the workplace	0	0
Total of serious injuries in the workplace (excluding deaths) <sup>7</sup>	0	0
Total of recordable accidents in the workplace	7	9
<b>Total</b>	<b>7</b>	<b>9</b>

INJURIES RATES <sup>8</sup>		
	2020	2021
Rate of deaths due to injuries in the workplace	0	0
Rate of serious injuries in the workplace (excluding deaths)	0	0
Rate of recordable injuries in the workplace	13.4	13.6

<sup>6</sup> Second Level Bargaining.

<sup>7</sup> Accidents in the workplace that have resulted in an impairment which the worker cannot heal from, does not heal from, or cannot realistically be expected to fully heal from by returning to pre-accident health within 6 months.

<sup>8</sup> The accident rate was calculated as the ratio of the total number of accidents to total hours worked, using a multiplication factor of 1,000,000.

EXTERNAL WORKERS <sup>10</sup>		
Injuries in the workplace		
Number of accidents	2020	2021
Total of deaths due to injuries in the workplace	0	0
Total of serious injuries in the workplace (excluding deaths) <sup>11</sup>	0	0
Total of recordable injuries in the workplace	1	0
<b>Total</b>	<b>1</b>	<b>0</b>
Injuries rates <sup>12</sup>		
Rate of deaths due to injuries in the workplace	0	0
Rate of serious injuries in the workplace (excluding deaths)	0	0
Rate of recordable injuries in the workplace	21	0

## Environmental responsibility

### Disclosure 301-1 Materials used by weight or volume

Type of waste	Unit di measurement	2020	2021
Renewable raw materials	Kg	39,320,939	45,799,924
Non-Renewable raw materials	Kg	24,256,352	27,561,592
<b>Total</b>	<b>Kg</b>	<b>63,577,291</b>	<b>73,361,516</b>

### Disclosure 302-1 Energy consumed within the organization

Type of consumption	Unit di measurement	2020	2021
Renewable energy	GJ	894,465	885,596
Non-Renewable energy	GJ	379,694	491,549
% of non-renewable energy on total	%	70%	64%
<b>Total</b>	<b>GJ</b>	<b>1,274,159</b>	<b>1,377,145</b>

<sup>9</sup> The data relating to the Health and Safety of external workers include only the categories of Agency-supplied workers of Neodecortech Group and not other types of non-employee workers who operate at the Group's sites and/or under the control of the Group, in consideration of their significance and the availability of such data over which the Group does not exercise direct control.

<sup>11</sup> Injuries in the workplace that have resulted in an impairment which the worker cannot heal from, does not heal from, or cannot realistically be expected to fully heal from by returning to pre-accident health within 6 months.

<sup>12</sup> The injuries rate was calculated as the ratio of the total number of accidents to total hours worked, using a multiplication factor of 1,000,000.

Type of consumption	Unit of measurement	2020		2021	
		Total	Total GJ	Total	Total GJ
<b>NON-RENEWABLE FUELS</b>					
Methane Gas (Natural gas)	Smc	9,111,567	321,465	12,333,405	435,135
Diesel fuel	liters	1,590,418	56,941	1,523,893	54,554
Diesel fuel for vehicles	liters	38,824	1,288	55,906	1,860
exclusive use	liters	29,619	1,058	43,152	1,541
mixed used	liters	9,205	230	12,754	319
<b>RENEWABLE FUELS</b>					
Animal by-products	ton	34,632	1,264,068	31,856	1,162,745
Vegetables fat	ton	551	20,112	563	20,563
<b>ELECTRICITY</b>	<b>kWh</b>	<b>51,941,536</b>	<b>186,990</b>	<b>63,217,535</b>	<b>227,583</b>
Electricity purchased	kWh	6,926,697	24,936	8,691,579	31,290
of which from non-renewable sources	kWh	-	-	-	-
of which from renewable sources	kWh	6,926,697	24,936	8,691,579	31,290
Self-produced electricity	kWh	160,897,065	579,229	146,719,589	528,191
of which from renewable sources - produced by photovoltaic plants	kWh	759,575	2,734	804,386	2,896
of which from renewable sources - produced by bioliquid plants	kWh	160,137,490	576,495	145,915,203	525,295
Self-produced electricity sold on the grid	kWh	115,940,395	417,385	92,193,633	331,897

## 2020 Conversion factors

	Electricity/ Thermal Energy	Natural Gas	Methane gas (CNG) for vehicles	Methane gas (CNG) for vehicles (density)	Heating oil	Diesel fuel for vehicles	Diesel fuel (density)	LPG for heating
Conversion unit	0.0036 GJ/kWh	35.281 GJ/1000* sm3	49.595 GJ/ton	175 kg/mc	42.8770 GJ/ton	42.7800 GJ/ton	0.8350 kg/litri	46.141 GJ/ton
Source	COSTANT	Min. Environme nt - Table of national standard parameter s for greenhou se gas monitoring and reporting	UK Government GHG Conversion Factors for Company Reporting 2021 – DEFRA DEFRA [gross CV]	UK Government GHG Conversion Factors for Company Reporting 2021 – DEFRA	Min. Environme nt - Table of national standard parameter s for greenhou se gas monitorin g and reporting	ITALIAN GREENH OUSE GAS INVENTO RY 1990- 2019 - NATIONA L INVENTO RY REPORT 2021.	FIRE: Energy Manager Appointmen t Guidelines 2018 - version 2,1	Min. Environm ent - Table of national standard paramete rs for greenhou se gas monitorin g and reporting

	LPG for vehicles	LPG (Density) for heating	LPG (Density) for vehicles	Lead-free petrol for vehicles	Petrol (Density) for vehicles	Bioliquids
Conversion unit	46.1300 GJ/ton	2.3 KG/mc	0.560 kg/litri	42.817 GJ/ton	0.740 kg/litri	36.500 GJ/ton
Source	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021.	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Customs Agency - production of electricity and heat at electrical cogeneration facilities powered by several fuels



## 2021 Conversion factors

	Electricity / Thermal Energy	Natural gas	Methane gas (CNG) for vehicles	Methane gas (CNG) for vehicles (Density)
Conversion unit	0.0036 GJ/kWh	35,281 GJ/1000*sm3	49.89 GJ/t	175 kg/cm
Source	CONSTANT	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	UK Government GHG Conversion Factors for Company Reporting 2021 - DEFRA DEFRA [gross CV]	UK Government GHG Conversion Factors for Company Reporting 2021 - DEFRA
	Heating oil	Diesel fuel for vehicles	Diesel fuel (Density)	LPG for heating
Conversion unit	42,8730 GJ/t	42,7800 GJ/t	0.8350 kg/litre	45.858 GJ/t
Source	Min. Environment - Table of national standard parameters for greenhouse gas reporting	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 -	FIRE: Energy Manager Appointment Guidelines	Min. Environment - Table of national standard parameters for
	LPG for vehicles	LPG (Density) for heating	LPG (Density) for vehicles	
Conversion unit	46.1300 GJ/t	2021. 2.3 KG/cm	0.560 kg/litre	
Source	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021.	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	
	Lead-free petrol for vehicles	Petrol (Density) for vehicles	Bioliquids	
Conversion unit	43.128 GJ/t	0.740 kg/litre	36.500 GJ/t	
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Customs Agency - production of electricity and heat at electrical cogeneration facilities powered by several fuels	

## Disclosure 302-3 Energy Intensity

	Unit of measurement	2020	2021
Energy intensity Filago	GJ/kg	0.009	0.009
Energy intensity Casoli	GJ/kg	0.016	0.012
Energy intensity CDG	GJ/kg	0.010	0.010
Group energy intensity	GJ/kg	0.026	0.022

**Disclosure 303-3 Water withdrawal**

Water withdrawal by source					
Source of withdrawal	Uom	2020		2021	
		All areas	Water stressed areas	All areas	Water stressed areas
Surface water (total)	Megalitres	1,353.4	1,353.4	1,811.0	1,811.0
Fresh water ( $\leq$ 1000 mg/L total dissolved solids)	Megalitres	1,353.4	1,353.4	1,811.0	1,811.0
Other water ( $>$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Ground water (total)	Megalitres	16.3	0.0	13.4	0.0
Fresh water ( $\leq$ 1000 mg/L total dissolved solids)	Megalitres	16.3	0.0	13.4	0.0
Other water ( $>$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Sea water (total)	Megalitres	0.0	0.0	0.0	0.0
Fresh water ( $\leq$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Other water ( $>$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Process water (total)	Megalitres	0.0	0.0	0.0	0.0
Fresh water ( $\leq$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Other water ( $>$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Third-Party water (total)	Megalitres	7.1	3.2	6.9	1.4
Fresh water ( $\leq$ 1000 mg/L total dissolved solids)	Megalitres	7.1	3.2	6.9	1.4
Other water ( $>$ 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Third-Party water by source of withdrawal	Megalitres	7.1	3.2	6.9	1.4
Surface water	Megalitres	7.1	3.2	6.9	1.4
Ground water	Megalitres	0.0	0.0	0.0	0.0
Sea water (total)	Megalitres	0.0	0.0	0.0	0.0
<b>Total water withdrawal</b>	<b>Megalitres</b>	<b>1,376.8</b>	<b>1,356.7</b>	<b>1,831.3</b>	<b>1,812.4</b>

**Water intensity**

	Unit of measurement	2020	2021
Water intensity Filago	MC/kg	0.001	0.001
Water intensity Casoli	MC/kg	0.002	0.001
Water intensity CDG	MC/kg	0.038	0.039
<b>Group water intensity</b>	<b>MC/kg</b>	<b>0.028</b>	<b>0.028</b>

## Disclosure 305-1 Direct GHG Emissions (Scope 1)

Type of emission	Unit of measurement <sup>13</sup>	2020	2021
<b>SCOPE 1</b>	<b>t CO<sub>2</sub></b>	<b>22,360.9</b>	<b>28,626.6</b>
Methane gas (Natural gas)	t CO <sub>2</sub>	18,076.2	24,457.1
for office heating	t CO <sub>2</sub>	556.7	702.4
for thermal power plant	t CO <sub>2</sub>	17,519.5	23,754.7
Diesel fuel	t CO <sub>2</sub>	4,189.8	4,032.4
for steam production and plant operation	t CO <sub>2</sub>	4,189.8	4,032.4
Diesel fuel for vehicles	t CO <sub>2</sub>	94.9	137.1

## Disclosure 305-2 Indirect GHG Emissions (Scope 2)

SCOPE 2	Unit of measurement <sup>14</sup>	2020	2021
Location based	t CO <sub>2</sub>	1,922.8	2,256.3
Market based	t CO <sub>2</sub>	0	0

## Direct and indirect GHG emissions (Scope 1 and Scope 2)

	Unit of measurement	2020	2021
TOTAL EMISSION (SCOPE 1 + SCOPE 2 - Location based)	t CO <sub>2</sub>	24,283.8	30,882.9
TOTAL EMISSION (SCOPE 1 + SCOPE 2 - Market based)	t CO <sub>2</sub>	22,360.9	28,626.6

## Emissions outside of Scopes

Biomass <sup>15</sup>	Unit of measurement	2020	2021
Animal by-products	t CO <sub>2</sub>	91,775	84,418
Vegetable oils	t CO <sub>2</sub>	1,460	1,4923
<b>Total biomass emissions</b>	<b>t CO<sub>2</sub></b>	<b>93,235</b>	<b>85,911</b>

<sup>13</sup> Scope 1 emissions are shown in tonnes of CO<sub>2</sub>, as the source used does not report the emission factors of other gases than CO<sub>2</sub>.

<sup>14</sup> Scope 2 emissions are shown in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO<sub>2</sub> equivalent), as inferred from the relating technical literature.

<sup>15</sup> In accordance with the requirements of the GRI reporting standard and in order to provide exhaustive reporting, a quantification is made of CO<sub>2</sub> emissions from the biomass combustion process, which fall outside the reporting scope of Scope 1, Scope 2, Scope 3 and are considered "Out of scope emissions" (Source of methodology: DEFRA - UK Government GHG Conversion Factors for Company Reporting). To calculate out-of-scope emissions from the biomass combustion process, an emission factor for 2021 and 2020 of 2.65 tCO<sub>2</sub>/ton (DEFRA 2021 and 2020) was considered.

## 2020 emission factors

Starting unit	Electricity (Location-based)	Electricity (Market-based)	Natural gas	LPG
Conversion unit	0,27760 kg CO2/kWh	0,46600 kg CO2/kWh	1,984 t CO2/1000*stdm3	3,026 t CO2/ton
Source	ISPRA - Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries - 2021	AIB - European Residual Mixes 2020 (Ver. 1.0, 2021-05-31)	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting
Starting unit	Petrol for vehicles	Heating oil	Diesel fuel for vehicles	
Conversion unit	3,14000 t CO2/ton	3,15500 t CO2/ton	3,151 t CO2/ton	
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	ISPRA - National Inventory Report - 2021	

## 2021 emission factors

Starting unit	Electricity (Location-based)	Electricity (Market-based)	Natural gas	LPG
Conversion unit	0.25960 kg CO2/kWh	0.45900 kg CO2/kWh	1.983 t CO2/1000*stdm3	3.026 t CO2/t
Source	ISPRA - Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries - 2021	AIB - European Residual Mixes 2020 (Ver. 1.0, 2021-05-31)	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting
Starting unit	Petrol for vehicles	Heating oil	Diesel fuel for vehicles	
Conversion unit	3.15200 t CO2/t	3.169 t CO2/t	3,151 t CO2/ton	
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	ISPRA - National Inventory Report - 2021	

**DISCLOSURE 305-4 Emission intensity**

	Unit of measurement	2020	2021
Emission intensity Filago	tCO2/kg	0.000547	0.000529
Emission intensity Casoli	tCO2/kg	0.000983	0.000767
Emission intensity CDG	tCO2/kg	0.000339	0.000369
Group emission intensity	tCO2/kg	0.000495	0.000487







**DISCLOSURE 306-3 Total weight of waste generated**

Type of waste	U.o.m.	2020	2021
Total hazardous	Kg	364,247	407,922
Total non-hazardous	Kg	4,741,535	4,969,137
Total	Kg	5,105,783	5,377,059




**Intensity of waste production**

	Unit of measurement	2020	2021
Intensity of waste produced Filago	kg/kg	0.16	0.18
Intensity of waste produced Casoli	kg/kg	0.59	0.54
Intensity of waste produced CDG	kg/kg	0.04	0.02
Intensity of waste produced Group	kg/kg	0.09	0.08

## Scope of material topics

Material topics	GRI Aspect	Scope of the impact	Group involvement	SDGs
Governance	-	Group	Caused by the Group	
Compliance and tax transparency	GRI 206 Anti-competitive behaviour	Group	Caused by the Group	
	GRI 307 Environmental compliance	Group	Caused by the Group	
	GRI 419 Socio-economic compliance	Group	Caused by the Group	
	GRI 205 Anti-Corruption	Group	Caused by the Group	
	GRI 207 Tax	Group	Caused by the Group	
Economic performance and indirect economic impacts	GRI 201 Economic performance	Group	Caused by the Group	
Sustainable supply chain management	GRI 204 Procurement practices	Group, Suppliers	Caused by the Group and related to the Group through its commercial partnership	
	GRI 308 Environmental supplier assessment			
	GRI 414 Social supplier assessment			
Diversity and equal opportunities	GRI 405 Diversity and equal opportunities	Group employees	Caused by the Group	
	GRI 406 Non-discrimination	Group employees	Caused by the Group	
Employee management and training	GRI 404 Training and education	Group employees	Caused by the Group	
	GRI 401 Employment	Group employees	Caused by the Group	
Safety in the workplace	GRI 403 Occupational health and safety	Group employees and external associates <sup>16</sup>	Caused by the Group	
Relations with the local community	GRI 413 Local communities	Group	Caused by the Group	
Product quality	GRI 416 Customer health and safety	Group	Caused by the Group	
Research & Development	-	Group	Caused by the Group	
Sustainable marketing	GRI 417 Marketing and labeling	Group	Caused by the Group	
Data protection	GRI 418 Customer privacy	Group	Caused by the Group	
Dialogue and customer satisfaction	-	Group	Caused by the Group	
Energy and emissions	GRI 302 Energy	Group and electricity suppliers	Caused by the Group and related to the Group through its business dealings	 
	GRI 305 Emissions			

<sup>16</sup> The data relating to the Health and Safety of external workers include only the categories of Agency-supplied workers of Neodecortech Group and not other types of non-employee workers who operate at the Group's sites and/or under the control of the Group, in consideration of their significance and the availability of such data over which the Group does not exercise direct control.



Waste and water discharges	GRI 303 Water and water discharges	Group	Caused by the Group	
	GRI 306 Waste (2020)	Group	Caused by the Group	
Circular economy and use of renewable raw materials	GRI 301 Materials	Group	Caused by the Group	



## GRI Content Index






GRI Standards	Disclosure	Page	Omission	SDGs
<b>GRI 102: GENERAL STANDARD DISCLOSURES (2016)</b>				
<b>Profile of the organization</b>				
102-1	Name of the organization	3		
102-2	Activities, brands, products and services	20 - 25		
102-3	Location of main office	3		
102-4	Location of operations	9 -11; 20		
102-5	Ownership and legal form	9 - 10		
102-6	Markets served	20-25		
102-7	Scale of the organization	9-10; 29; 35 – 36; 39 - 40		
102-8	Information on employees and other workers	8; 39 – 40; 60 - 62		
102-9	Supply chain	29 – 33		
102-10	Significant changes to the organization and its supply chain	5; 29-33		
102-11	Precautionary principle	14		
102-12	External initiatives	17; 26		
102-13	Membership in associations	17; 26		
<b>Strategy</b>				
102-14	Statement from senior decision-maker	6		
<b>Ethics and integrity</b>				
102-16	Values, principles, standards and rules of conduct	10		
<b>Governance</b>				
102-18	Governance Structure	11		
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	15		
102-41	Collective bargaining agreements	40-41		
102-42	Identifying and selecting stakeholders	15		
102-43	Approach to stakeholder engagement	15		

102-44	Key topics and criticalities raised	16; 70-71		
<b>Reporting practices</b>				
102-45	Parties included in the consolidated financial statements	5		
102-46	Defining report content and topic boundaries	16; 70 - 71		
102-47	List of material topics	16; 70 - 71		
102-48	Review of information	5		
102-49	Changes in reporting	5		
102-50	Reporting period	5		
102-51	Date of most recent report	2020		
102-52	Reporting cycle	5		
102-53	Contact points for questions regarding the report	5		
102-54	Claims of reporting in accordance with the GRI Standards	5		
102-55	GRI Content Index	72 – 78		
102-56	External assurance	79-81		
<b>TOPIC-SPECIFIC STANDARDS</b>				
<b>Material topic: Economic performance and indirect economic impacts</b>				
<b>GRI 103: Topic management (2016)</b>				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	34 - 37		
103-3	Evaluation of the management approach	34 - 37		
<b>GRI 201: Economic performances (2016)</b>				
201-1	Economic value directly generated and distributed	34-36		
<b>Material topic: Compliance and tax transparency</b>				
<b>GRI 103: Topic management (2016)</b>				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	13, 34 - 37		
103-3	Evaluation of the management approach	13, 34 - 37		
<b>GRI 205: Anti-Corruption (2016)</b>				
205-3	Confirmed incidents of corruption and actions taken	13		

GRI 206: Anti-Competitive Behaviour (2016)				
206-1	Legal actions for anti-competitive behaviour, antitrust and monopolistic practices	13		
GRI 207: Tax (2020)				
207-1	Approach to tax	36-37		
207-2	Tax governance, control and risk management	36-37		
207-3	Stakeholder engagement and management of concerns related to tax	36-37		
207-4	Reporting Country by Country	During 2022, the Group will deepen the materiality analysis on the topic "Tax transparency", evaluating the need to define a possible process for the reporting of the specific disclosure required by GRI 207-4.		
GRI 307: Environmental compliance (2016)				
307-1	Non-compliance with environmental laws and regulations	13		
GRI 419: Socioeconomic compliance (2016)				
419-1	Non-compliance with social and economic laws and regulations	13		
Material topic: Employee management and training 				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	38 - 43		
103-3	Evaluation of the management approach	38 - 43		
GRI-401: Employment (2016)				
401-1	New hires and turnover	40; 61		
GRI-404: Training and education (2016)				
404-1	Average hours of training per year per employee	42 - 43		
Material topic: Safety in the workplace 				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	42 - 45		
103-3	Evaluation of the management approach	42 - 45		

GRI-403: Health and safety in the workplace (2018)				
403-1	Occupational health and safety management system	44 - 45		
403-2	Types of accidents, frequency index, severity index, absentee rate, and number of work-related deaths	45		
403-3	Occupational health services	44 - 45		
403-4	Worker participation, consultation and communication on health and safety in the workplace	44		
403-5	Worker training on health and safety in the workplace	44 - 45		
403-6	Worker health promotion	44 - 45		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44 - 45		
403-9	Accidents in the workplace	45; 61 - 62		
Material topic: Diversity and equal opportunities				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	10 - 13, 38 - 43		
103-3	Evaluation of the management approach	10 - 13, 38 - 43		
GRI 405: Diversity and equal opportunities (2016)				
405-1	Diversity of governance bodies and employees	11; 41; 60		
GRI 406: Non-Discrimination (2016)				
406-1	Incidents of discrimination and corrective measures taken	13		
Material topic: Sustainable supply chain management				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	29 - 32		
103-3	Evaluation of the management approach	29 - 32		
GRI 204: Procurement practices (2016)				
204-1	Proportion of expenditure towards local suppliers	30		
GRI 308 Environmental supplier assessment				
308-1	New suppliers that have been evaluated using environmental criteria	During 2021, no suppliers were assessed according to environmental criteria		
GRI 414 Social supplier assessment				
414-1	New suppliers that have been evaluated using social criteria	During 2021, no suppliers were assessed according to social criteria		



Material topic: Circular economy and use of renewable raw materials 			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	16; 70 - 71	
103-2	The management approach and its components	51 - 52	
103-3	Evaluation of the management approach	51 - 52	
GRI 301: Materiali (2016)			
301-1	Materials used by weight or volume	51 - 52; 62	
Material topic: Energy and emissions  			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	16; 70 - 71	
103-2	The management approach and its components	53 - 55	
103-3	Evaluation of the management approach	53 - 55	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	53 - 55; 67 - 69	
302-3	Energy intensity	53 - 54; 65	
GRI 305: Emissions (2016)			
305-1	Direct GHG emissions (Scope 1)	55; 67 - 69	
305-2	Indirect GHG emissions from energy consumption (Scope 2)	55; 67 - 69	
305-4	GHG emission intensity	55; 69	
Material topic: Waste and water discharges  			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	16; 70 - 71	
103-2	The management approach and its components	56 - 58	
103-3	Evaluation of the management approach	56 - 58	
GRI 303: Water and water discharge (2018)			
303-1	Interacting with water as a shared resource	57 - 58	
303-2	Management of impacts related to water discharge	57 - 58	
303-3	Water withdrawal	57; 66	
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	56 - 58	

306-2	Management of significant waste-related impacts	56 - 58		
306-3	Waste generated	56; 69		
Material topic: Product quality				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	47 - 48		
103-3	Evaluation of the management approach	42-43		
GRI 416: Customer health and safety (2016)				
416-2	Incidents of non-compliance involving health and safety impacts of products and services	47		
Material topic: Sustainable marketing				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	47 - 48		
103-3	Evaluation of the management approach	47 - 48		
GRI 417: Marketing and labeling (2016)				
417-3	Cases of non-compliance regarding marketing communications	48		
Material topic: Data protection				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	47 - 48		
103-3	Evaluation of the management approach	47 - 48		
GRI-418: Customer privacy (2016)				
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	48		
Material topic: Relations with the local community				
GRI 103: Topic management (2016)				
103-1	Explanation of the material topic and its boundary	16; 70 - 71		
103-2	The management approach and its components	49		
103-3	Evaluation of the management approach	49		

GRI-413: Local communities (2016)			
413-2	Activities with significant potential and current negative impacts on local communities	There were no actual or potential significant adverse impacts on local communities in 2021.	
Material topic: Research & development			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	16; 70 - 71	
103-2	The management approach and its components	33	
103-3	Evaluation of the management approach	33	
Material topic: Dialogue and customer satisfaction			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	16; 70 - 71	
103-2	The management approach and its components	47 - 48	
103-3	Evaluation of the management approach	47 - 48	
Material topic: Governance			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	16; 70 - 71	
103-2	The management approach and its components	11 - 12	
103-3	Evaluation of the management approach	11 - 12	

## Independent Auditor's external attestation



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**INDEPENDENT AUDITOR'S REPORT  
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,  
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND  
ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

To the Board of Directors of  
Neodecortech S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Neodecortech S.p.A. and its subsidiaries (hereinafter "Neodecortech Group" or "Group") as of December 31, 2021 prepared, on a voluntary basis, in art. 4 of the Decree and approved by the Board of Directors on March 15, 2022 (hereinafter "NFS").

**Responsibility of the Directors and the Board of Statutory Auditors for the NFS**

The Directors are responsible for the preparation of the NFS on a voluntary basis pursuant to article 7 of the Decree, in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organization of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Avviso: Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Trento Udine Verona

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#### Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 (ISQC Italia 1)* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board (IAASB)* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Neodecortech Group;
4. understanding of the following matters:
  - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
  - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
  - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Neodecortech S.p.A. and with the employees of Cartiere di Guarcino S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
  - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
  - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, production plant of Filago (BG) for Neodecortech S.p.A., production plant of Guarcino (FR) for Cartiere di Guarcino S.p.A., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out remote meetings, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

#### Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Neodecortech Group as of December 31, 2021 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

#### Other matters

With reference to the year ended December 31, 2020, the Neodecortech Group prepared a Sustainability Report, whose data were used for comparative purposes within the NFS. Deloitte & Touche S.p.A. voluntarily examined the Sustainability Report with a limited assurance engagement in accordance with ISAE 3000 Revised and expressed an unmodified conclusion.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
March 31, 2022

*This report has been translated into the English language solely for the convenience of international readers.*







