

NEO DECOR TECH

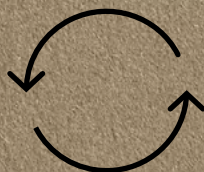
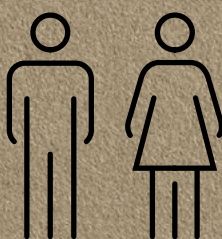
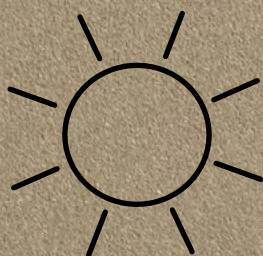


Table of Contents

Methodological Note (5)
Letter to stakeholders (7)

1 The NDT Group (9)

- 1.1 2020 Highlights (10)
- 1.1.1 History (12)
- 1.1.2 Group Profile (14)
- 1.2 Governance (16)
- 1.3 Ethics, Integrity and Compliance (18)
- 1.4 Group Stakeholders (19)
- 1.5 The NDT Materiality Matrix (20)
- 1.6 Sustainability strategy (22)

2 Prosperity (25)

- 2.1 Markets, products and processes (26)
- 2.2 Certifications (34)
- 2.3 Sustainable supply chain management (36)
- 2.4 Research and development (40)
- 2.5 Economic performance and tax strategy (41)

3 People (45)

- 3.1 Our people (46)
- 3.1.1 Employee management (47)
- 3.1.2 Training and development (50)
- 3.1.3 Worker health and safety (52)
- 3.2 Our customers (54)
- 3.3 Local community and territory (56)

4 Planet (57)

- 4.1 Sustainability of raw materials and circular economy (58)
- 4.2 Energy, emissions and climate change (60)
- 4.3 Waste (63)
- 4.4 Water withdrawal (64)
- 4.5 Mitigation of environmental impacts (66)

Performance indicators (68)
Scope of material topics (77)
Group objectives (78)
GRI Content Index (80)
Independent auditor's report on the Sustainability Report (85)

Methodological Note

The aim of this Sustainability Report is to communicate 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.

The information contained in this Sustainability Report 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 an updated 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 2020 to 31 December 2020, and prior years' figures are shown where available for comparative purposes. The scope of financial data and information matches the Neodecortech Group's consolidated financial statements at 31 December 2020. The scope of social and environmental data and information comprises the companies consolidated on a line-by-line basis within the consolidated financial statements.

In 2020, there were no significant changes in the Group's size, ownership structure and supply chain.

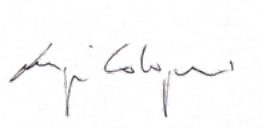
In order to enable data comparability over time and measure the performance of Group activities, a comparative year has been included, where available. Restatements of previously published comparative data are clearly indicated as such. In order to ensure data reliability, the use of estimates has been restricted as much as possible and, where present, are appropriately shown in the document.

The Neodecortech Group Sustainability Report 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.

This document is prepared on an annual basis and was submitted for approval by the Board of Directors of Neodecortech S.p.A. on 11 May 2021.

The Sustainability Report 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



Letter to stakeholders

The publication of this Sustainability Report, in a year marked by the pandemic that has rocked the global socio-economic balance, is intended to present the Company's commitment to create value in a sustainable way for the future of the planet and its people, working with diligence, transparency and respect for others.

In 2020, the Group proved its resilience, achieving most of the targets set before the pandemic scenario and completing the process of transition of its shares from AIM to the MTA market of Borsa Italiana (March 2021 saw a further transition to the STAR segment), adapting its Business Plan to the new post-pandemic contexts, placing sustainability, long at the core of Neodecortech's strategies and operations, at the heart of its decisions. Building on this commitment, the Sustainability Report rests upon the three pillars of the European Union's 2019-2024 Agenda: Prosperity, People, and Planet, with a view to inclusiveness and sustainability, towards a green economy marked by technological progress and globalization.

Each chapter highlights the Group's commitment and results achieved during the year, its contribution to these three pillars and to the United Nations' Sustainable Development Goals (SDGs), through their interconnection with the corporate strategy and the most relevant topics identified by the Group.

In the Remuneration Policy for 2021 too, Neodecortech reiterates its commitment to strengthening the alignment of top management interests with the overriding objective of pursuing sustainable success. In defining remuneration, through the incentive plans, Neodecortech intends to pursue the Sustainable Success of the Group, seeking to align individual objectives with those of the Company and the Group. The remuneration of Executive Directors and Top Management is, therefore, directly linked both to individual performance and to the creation of value in the medium-long term for the Company.

Despite the challenging economic backdrop, Neodecortech offered aid to the local communities where it operates, making every effort to protect the health and safety of its employees, implementing the Company's "welfare" system to fully support families in this period of crisis and providing tangible support to the local community through investments and donations.

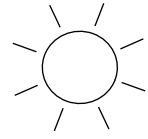
Luigi Cologni
CEO



1. The NDT Group

1.1 2020 Highlights, 1.1.1. History, 1.1.2 Group Profile,
1.2 Governance, 1.3 Ethics, Integrity and Compliance,
1.4 Group Stakeholders, 1.5 The NDT Materiality Matrix,
1.6 Sustainability strategy

1.1 2020 Highlights



ENVIRONMENTAL

1,273,920 GJ
energy consumption
(-4% versus 2019)

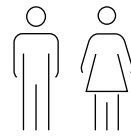
100%
electricity from renewable sources
(99,4% in 2019)

24,291 Ton CO₂
Scope 1 + Scope 2
location-based emissions
(-15% versus 2019)

1,384 MI
water withdrawal
(-21% versus 2019)

5,106 Ton
waste produced
(+30% versus 2019)

100%
purchase of FSC (Mix Credit and
Controlled Wood) or PEFC certified pulp



SOCIAL

385
employees at 31.12.2020
(+2% versus 2019)

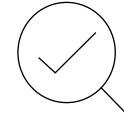
96%
of employees on permanent contracts
at 31.12.2020
(+3% versus 2019)

6.75%
rate of new hires in 2020
(7,4% versus 2019)

2,279 hours
of training delivered
(2.798 in 2019)

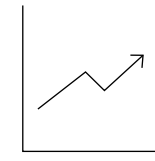
€ 61,000
in projects supporting local communities

3
scholarships
for employees' children



GOVERNANCE AND COMPLIANCE

Gender balance in the corporate bodies
(for the less represented gender 43% presence
in the Board of Directors and 33% in the Board
of Statutory Auditors)



ECONOMIC

€ 131 million
of directly generated economic value
(€ 137 million in 2019)

€ 128 million
of revenue at 31.12.2020
(€ 133 million in 2019)

€ 37.8 million
Market cap at 31.12.2020
(on 30.04.2021 the capitalization
was € 52.4 million)

69%
spending on local suppliers

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 CO2 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 Sustainability Report.

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
Issue of first Sustainability Report - 2015 of 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.
Issue of first Sustainability Report - 2018 of the Neodecortech Group.

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

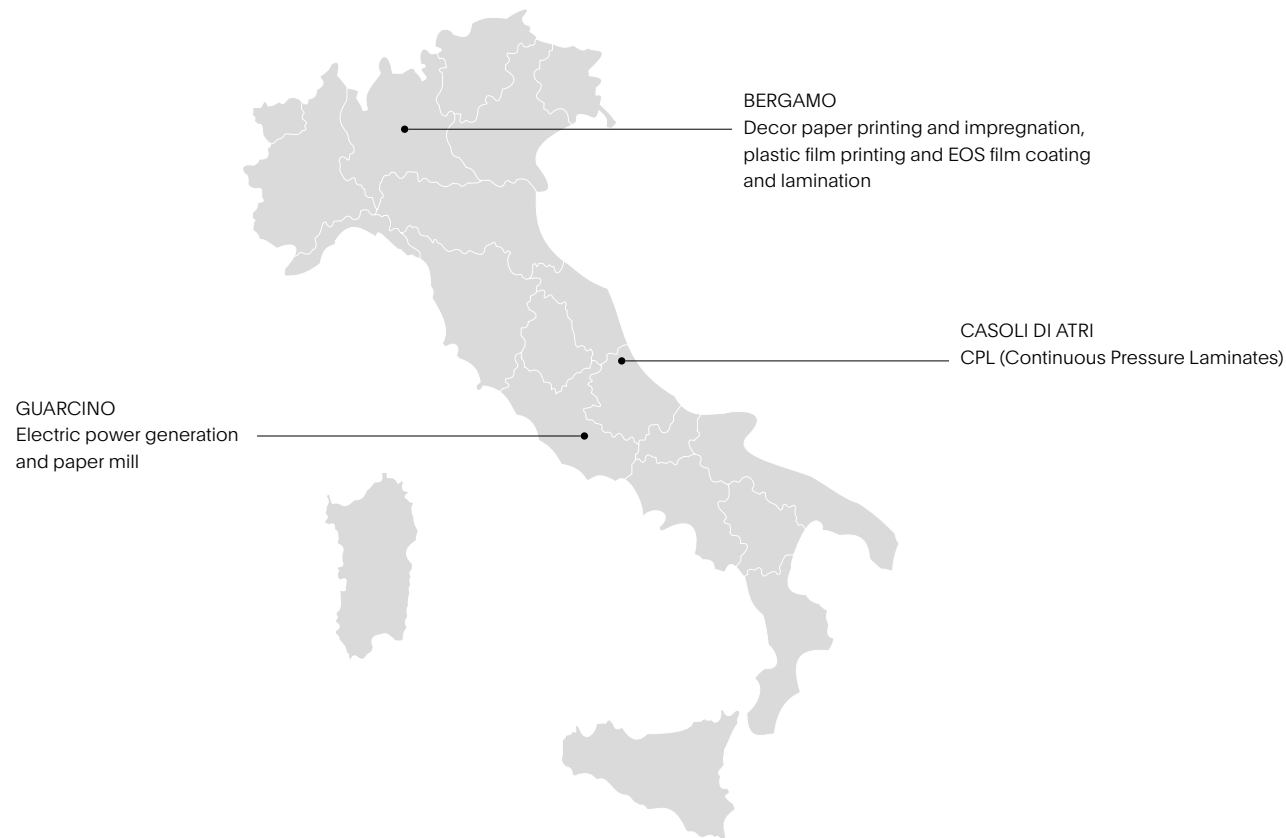
2021
Transition to the STAR segment of the MTA of Borsa Italiana.

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 2020 is shown below:



NEO DECOR TECH

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.



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

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.

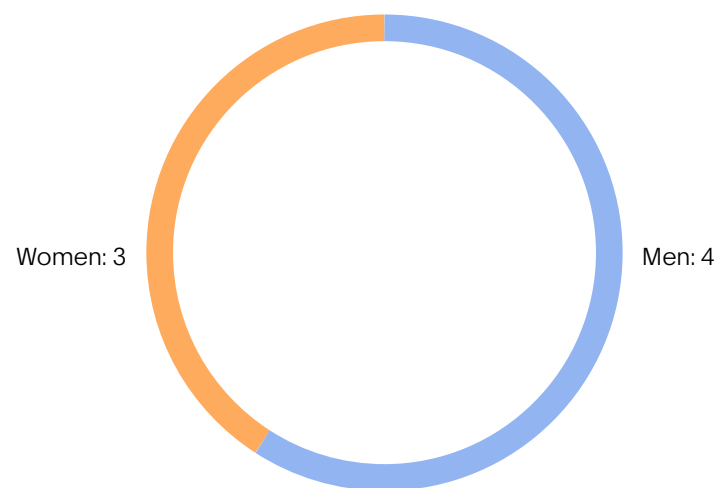
1.2 Governance

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 Cogni
- *Executive Director*: Massimo Giorgilli
(*Chief Executive Officer of CDG and Sole Director of BEG*)
- *Non-Executive Director*: Cristina Valentini
- *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 2020.

	31 DECEMBER 2020	
	MEN	WOMEN
< 30 years old	-	-
30-50 years old	-	14%
> 50 years old	57%	29%

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

Honesty, 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.

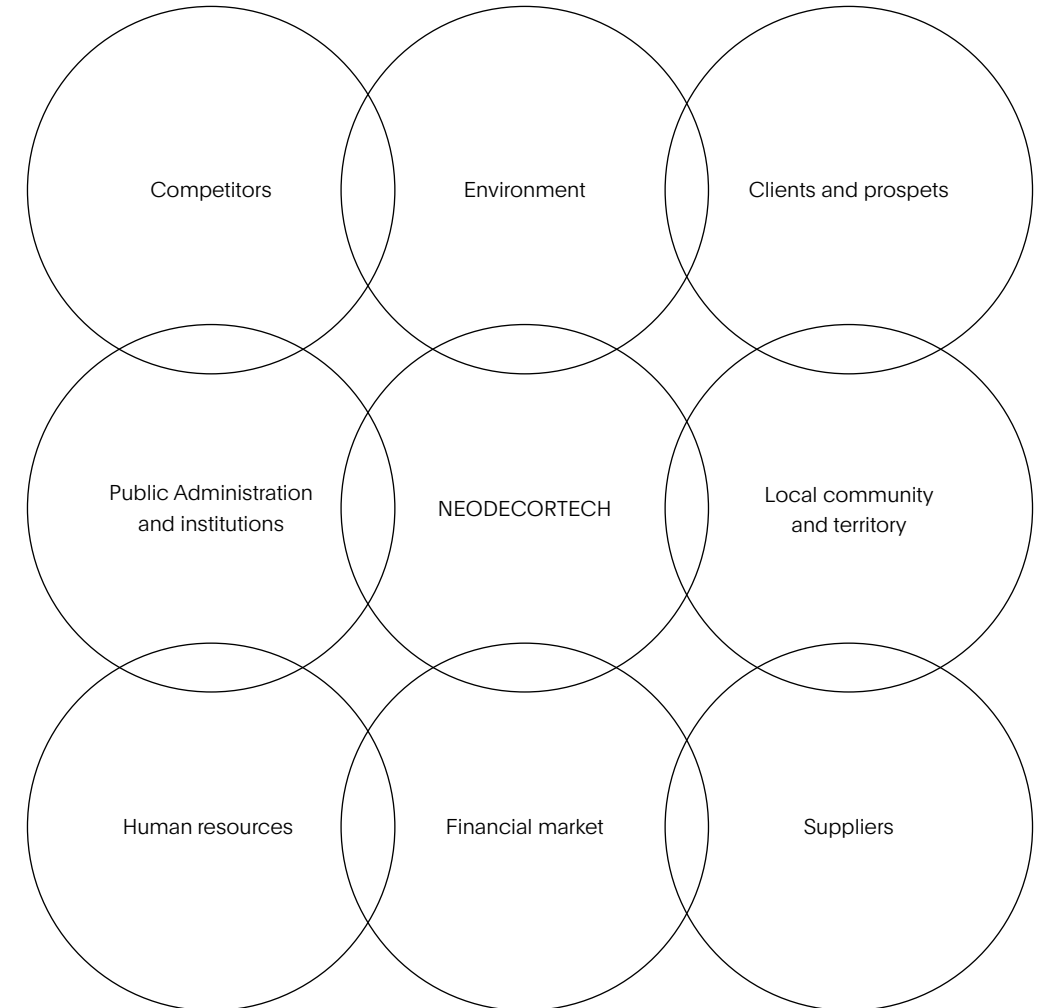


Over the reporting period, the Group did not receive any remarks about non-compliance with laws or regulations related to environmental or local community issues, nor any proven cases of corruption. Neodecortech's aspiration is to be regarded by local communities as a source of resources and opportunities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

1.4 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.



1.5 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.

The latest update of the materiality analysis was made in 2020 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 Sustainable Development Goals (SDGs), for which Neodecortech has defined its commitment, as described in the paragraph below, were subsequently associated with the material topics.

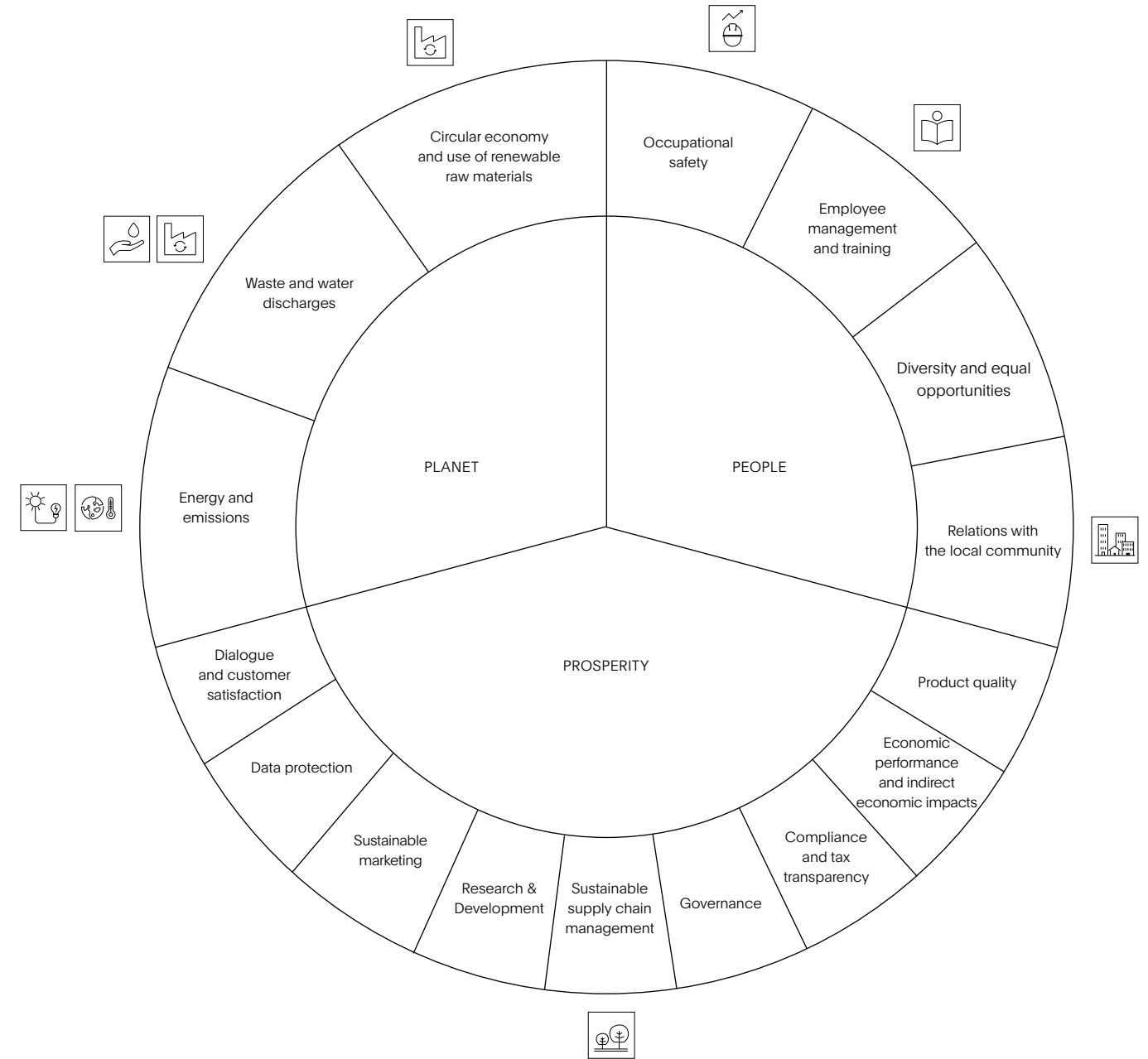


1.6 Sustainability strategy

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.



2. Prosperity

2.1 Markets, products and processes, 2.2 Certifications,
2.3 Sustainable supply chain management, 2.4 Research and development,
2.5 Economic performance and tax strategy

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 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:

Decorative paper

Printed and impregnated decorative paper

Printed and laminated plastic film

Energy

The Group operates on markets based on every continent, and its clients 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 48%¹ of consolidated turnover in 2020.

The Group's sales function hinges on a direct sales model through its area managers, nineteen agents (14 from NDT and 7 from CDG, including two joint agents), one buying agent (NDT) and four distributors (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 for both the decor papers sector and the laminated panels market. Thanks to ongoing creative and stylistic research, the Group is well-positioned to offer approximately 900 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:

1. Cartiere di Guarcino Decorative paper

2. Confalonieri Printed and impregnated decorative paper

3. Texte Laminates

4. Plana Printed and laminated plastic films, anti-fingerprint surfaces

1. 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 m², of which 21,000 covered, producing 50,000 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 95% of raw materials used: 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 4 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. They are smoothed mechanically with calenders and their mechanic pressure, as a result of heat and humidity. The decor side, known as the “dandy roll side”, is designed for printing purposes. The papers are then impregnated through thermosetting resins and transformed in laminated or veneered panels.

UNICOLOUR PAPERS

Papers intended for impregnation, and the colour chosen during the impregnation process represents the decoration only. They are less-smoothed papers, with low porosity and a high degree of opacity. These papers too are later transformed in laminated or veneered panels. The distinctive feature of these papers is their colour uniformity. Depending on the resins used during the impregnation process, papers can have different features.

UNDERLAY PAPERS

Papers created as a support to be placed on particle board. As for Unicolor papers, they are intended for impregnation, and the colour 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. When decorative papers are placed on the surface of the MDF substrate, to avoid possible warping, this type of paper is applied to the underside of the flooring.

2. 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 colours.

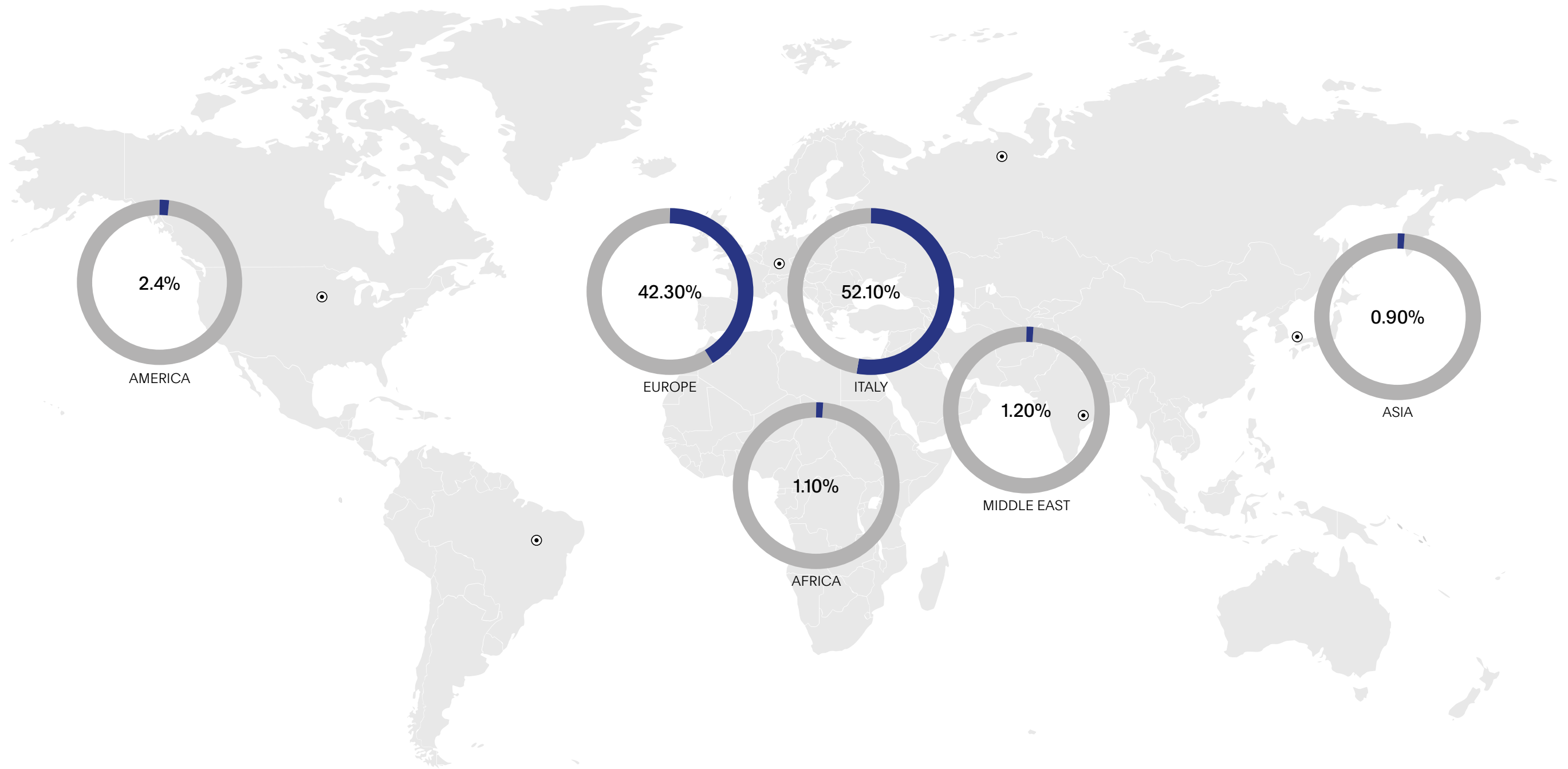
MEL

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 in the MEL HP version. The use of MEL papers lends the coated surfaces high resistance to abrasion, scratch and chemical agents.

FINISH

Finished and paintable papers ranging from pre- to post-impregnated up to 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.

¹ Excluding the sale of energy.



Ⓞ Sales manager on site
² The data don't include BEG.

3. TEXTE

Texte specializes in 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, in order to protect the environment and consumer health, which reiterates 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 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 base papers are impregnated with special amino-plastic resins that lend the product excellent flexibility.

4. PLANA

It offers printed and laminated PVC and PET thermoplastic films; a wide range of solutions with infinite aesthetic potential, intended for LVT flooring and the world of interior design.

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, coloured pigments and flame retardants improves its physical features (heat resistance, solidity and flexibility) and aesthetic characteristics (colour 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.

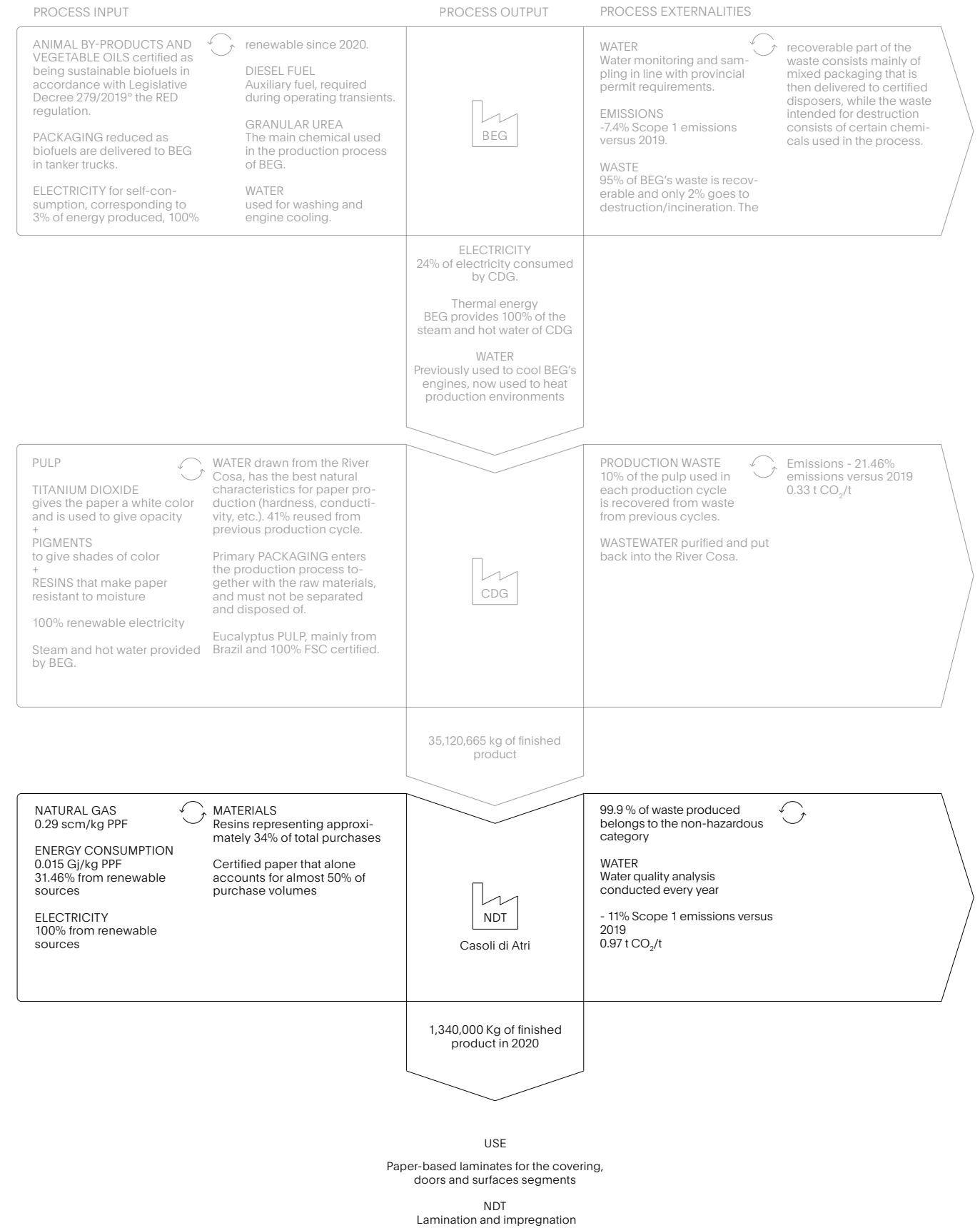
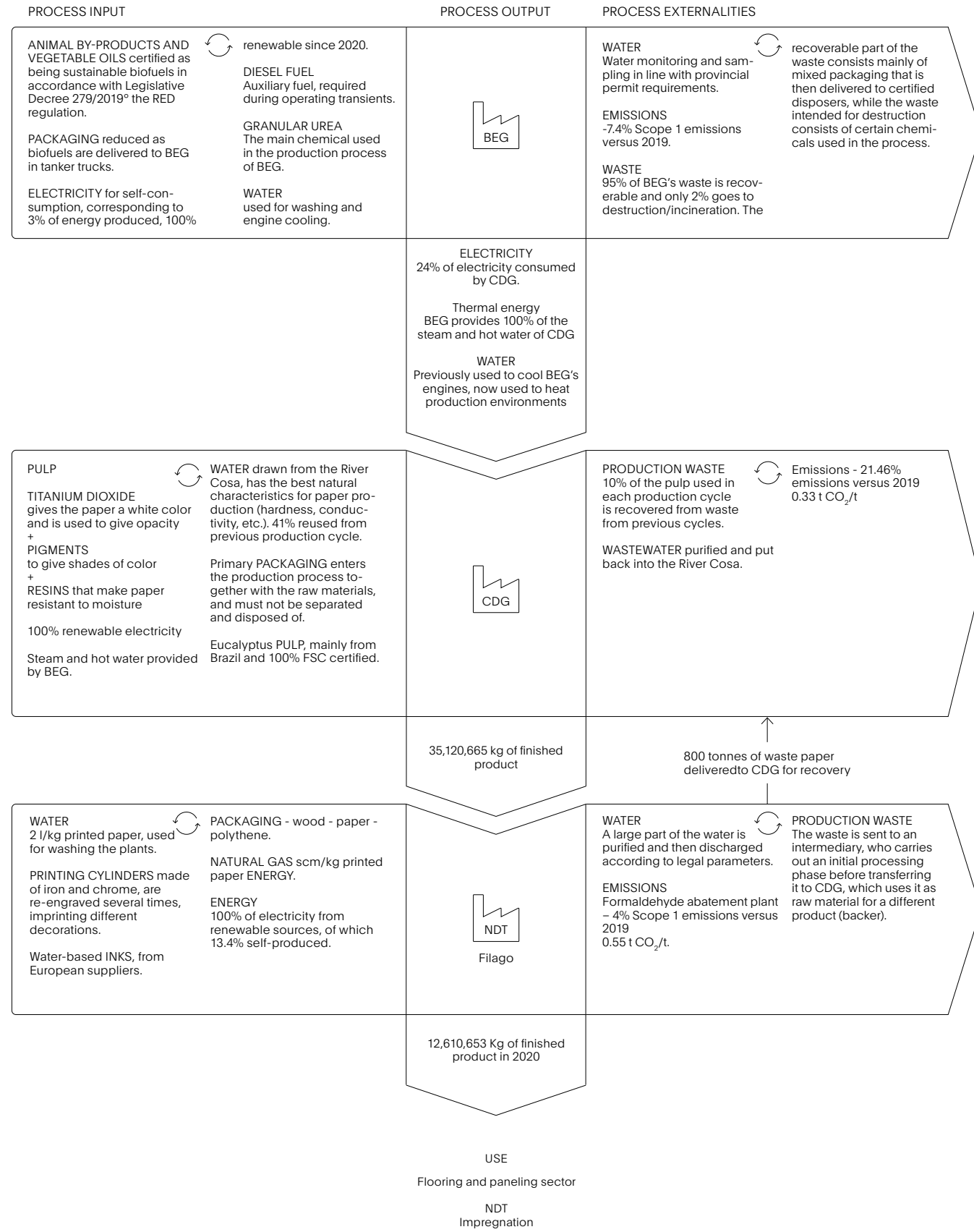
PPLF

The product consists of a thin printed film coupled on top to a transparent vinyl layer (wear layer), then embossed and lacquered. PVC (polyvinyl chloride) combined with pulp, stabilizers, inert fillers, coloured pigments and flame retardants improves its physical features (heat resistance, solidity and flexibility) and aesthetic characteristics (colour and lightfastness). 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

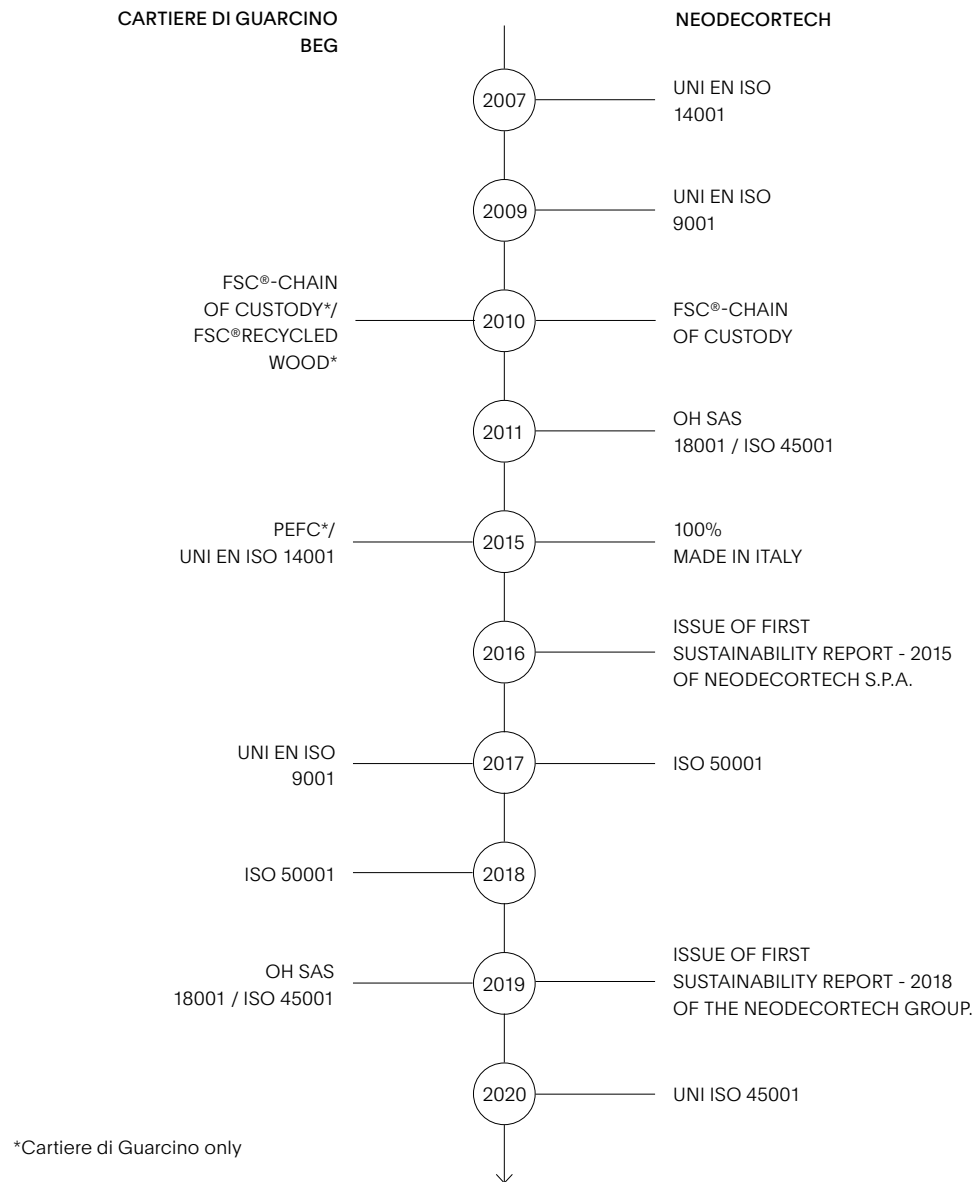
The product consists of a thin unicolour or printed plastic film that is then lacquered. It is a material with remarkable mechanical properties and resistance to abrasion, aging, chemicals, fungi and bacteria. It is waterproof and with good resistance to fire due to the high ignition temperature and 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 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 of which have been adopted voluntarily and are internationally recognized.



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.

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 Programme for Endorsement of Forest Certification schemes, is a product 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 occupational accidents 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 A2A Energia S.p.A. certifying that the electricity purchased by the organization derives from renewable sources guaranteed by certificates of origin.

2.3 Sustainable supply chain management

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.

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. To this end, Neodecortech requires its suppliers and subcontractors to endorse the principles enshrined in the Code of Ethics and Model 231.

The processes for the purchase of goods and services, managed by the appropriate company departments, are based on pre-contractual and contractual behaviour 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.

Overall, the Group supply chain involves approximately 20 main suppliers, comprising raw materials, auxiliary products and services. As it is a small and highly-specialized sector, the number of raw materials suppliers the Company relies on is limited. 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. Starting from 2021, the Group will launch its supply chain mapping project.

The purchase prices of raw materials (mainly pulp, titanium dioxide 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 69% of purchases coming from local suppliers.

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 raw materials used. 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

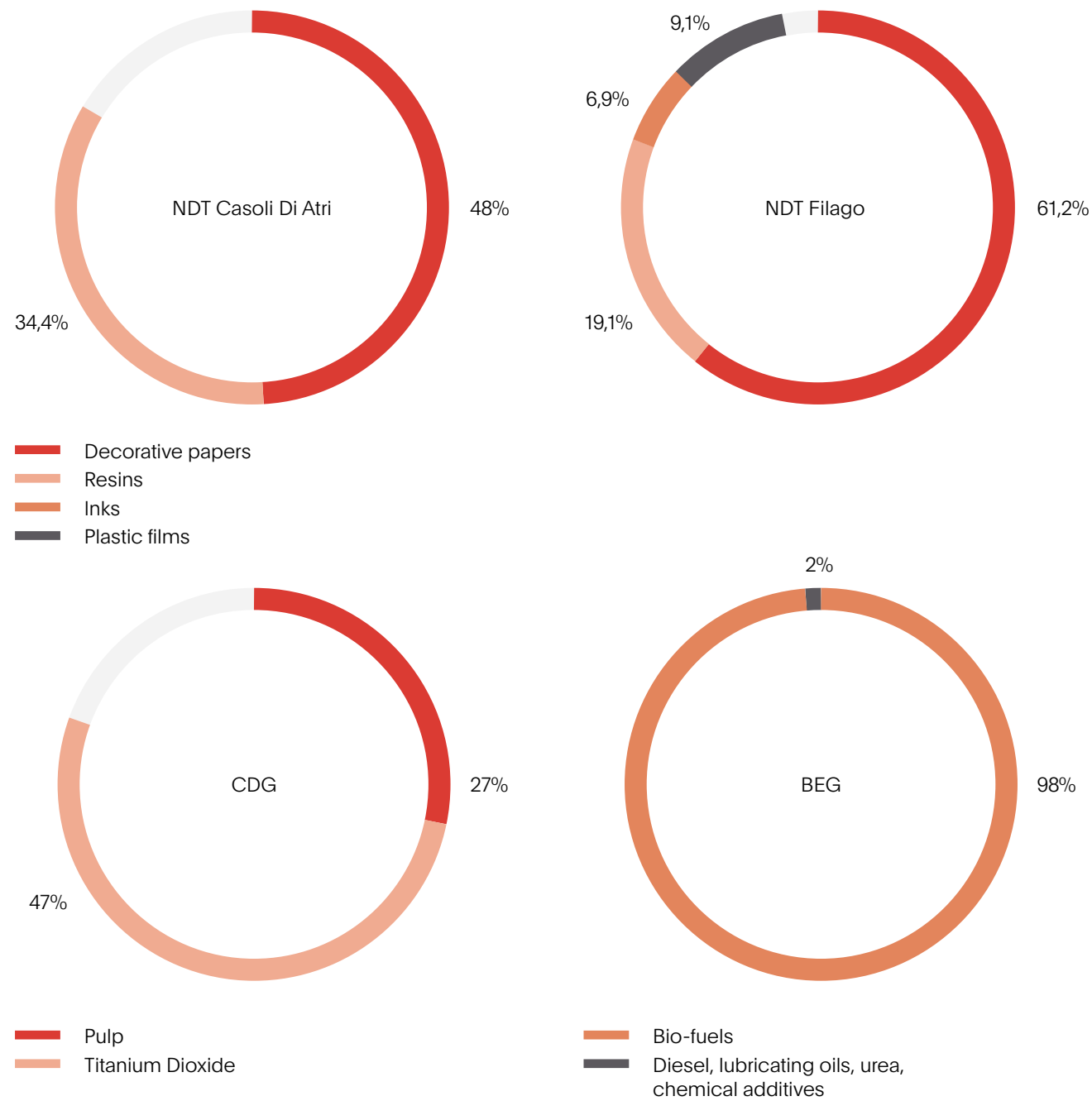
The breakdown allows the identification of strategic suppliers in order to optimize the costs and the operating phases of the supply chain. The Group has long-standing relationships with all of its main suppliers, i.e., those in Class A, which means that, even if purchases are made on an ad-hoc or forecast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

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. In 2021, the Group will lay down a Code of Conduct for suppliers that will include specific control and audit activities. In 2020, audits were suspended due to the pandemic, but the Group intends to resume these activities once this situation ends.

A questionnaire is also being prepared to assess suppliers, 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 will include social and environmental criteria, such as, for example, the presence of ethical-environmental certifications and compliance with the principles enshrined in the Group's Code of Ethics. In 2020, BEG assessed 2% of new suppliers based on social and environmental criteria, with no evidence of non-compliance (7% in 2019).

It should be noted that during the harshest period of the pandemic, specific requests were sent to the main customers for receiving confirmation of the regular operation of supplies. Additionally, from the beginning of April 2020, the Group solved minor logistical and organizational issues, which had occurred in March 2020, relating to the supply of certain raw materials, thanks to specific operational arrangements with suppliers.

MAIN TYPES OF PURCHASE



CDG - CARTIERE DI GUARCINO

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

pulp and titanium dioxide (47%)

Pulp and titanium dioxide are the main raw materials in CDG's supply chain and account for approximately 74% 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 FSC certified, a certification which CDG complies with, 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, and from Russia and Ukraine through an Italian import company.

In 2020, CDG made use of approximately 212 suppliers (258 in 2019). 172 suppliers of these are local (based in Italy), equal to 81% of the suppliers. In terms of value, supplies from local suppliers account for approximately 32% of purchases, as the Group obtains its supplies primarily from major foreign suppliers.

BEG - BIOENERGIA GUARCINO

The main types of BEG purchases are: bio-fuels and diesel, lubricating oils, urea, chemical additives.

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 2020, BEG made use of 109 suppliers based mainly domestically, with a small presence of foreign suppliers (113 in 2019). There are 109 local suppliers - based in Italy - amounting to approximately 99% of total suppliers representing approximately 99.98% of total supplies.



For several years now, all strategic suppliers have been monitored and assessed by means of a special check-list, 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.

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 products.

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 2000 colour variants, decors specifically created for the target industries, which once completed are transferred by specialists on the printing cylinders used in the rotogravure 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, proposing green solutions, also in view of future European regulations that are expected to come into force in the next few years. Such as the SUP Directive, which bans the sale of all single-use plastic products starting from July 2021. 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.



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.

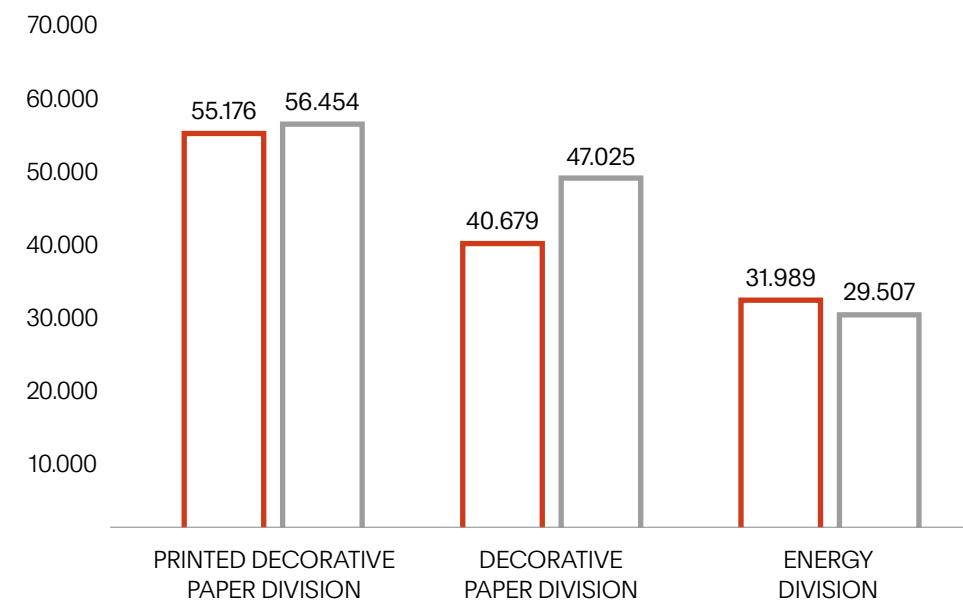
2.5 Economic performance and tax strategy

In 2020, total consolidated revenue amounted to € 127,843 thousand, down by 3.9% versus 31 December 2019. Consolidated gross operating profit (EBITDA) amounted to € 14,619 thousand, while net profit for the year amounted to € 3.5 million versus € 3.9 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.

The economic value directly generated by the Neodecortech Group in 2020 amounted to € 131,316 thousand, down slightly versus 2019 (-4.3%). Most of this value is represented by reclassified operating costs, accounting for 73.4%, followed by payments to personnel (14.4%). Payments to lenders amounted to € 1,946 thousand, while payments to private shareholders amounted to € 1,206 thousand (0.9%). Payments to the Public Administration (1.1%) are made up of tax payments. The Group contributed to social and economic development through donations and sponsorships in support of charitable, sports and cultural associations, amounting to approximately € 61 thousand (0.05%).

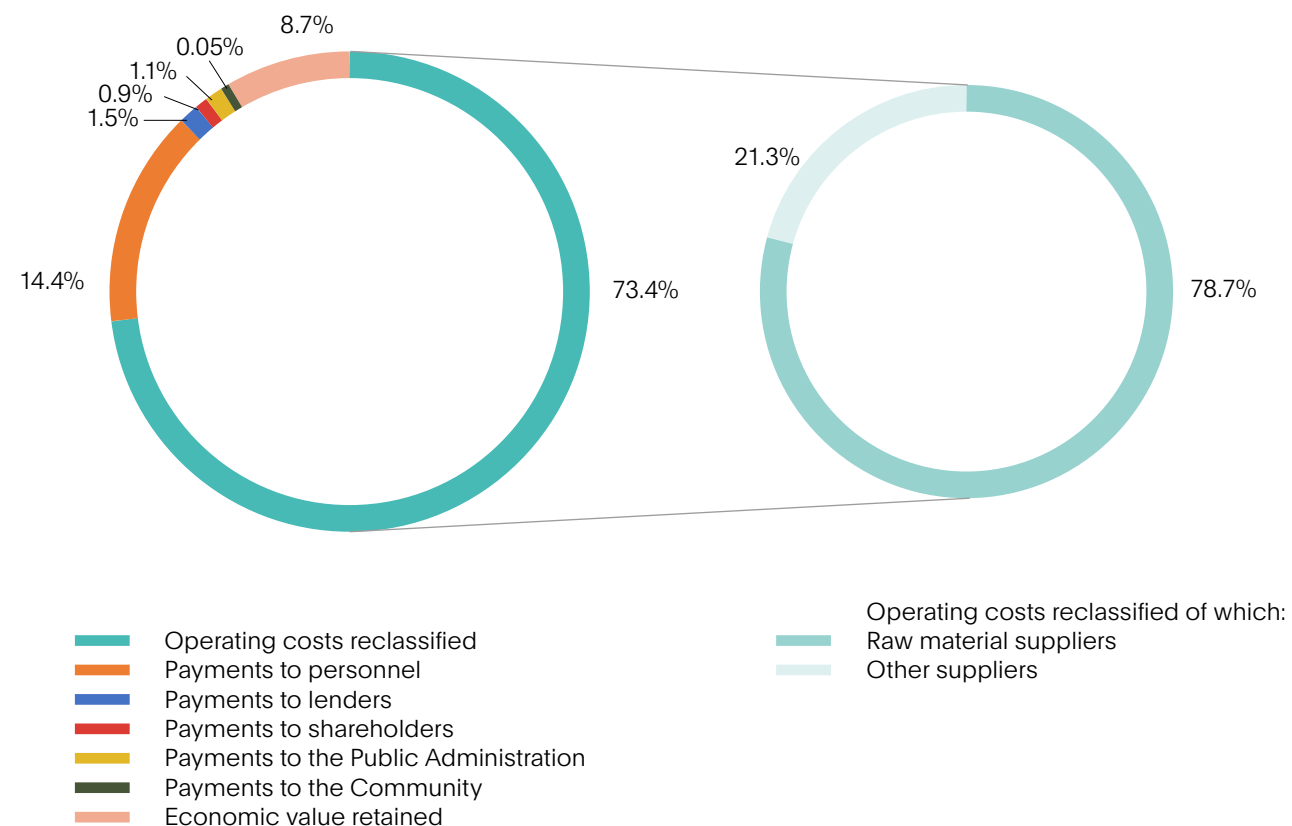
REVENUE BY DIVISION



■ 31 December 2020

■ 31 December 2019

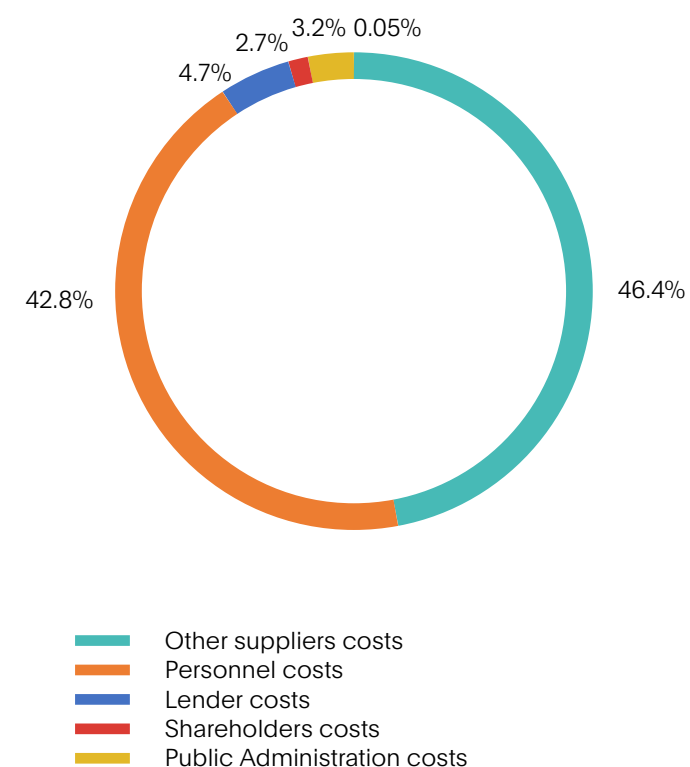
ECONOMIC VALUE DISTRIBUTED AND RETAINED BY THE GROUP IN 2020



	2019	%	2020	%
Economic value generated	137,256	100%	131,316	100%
Economic value distributed	126,417	92.1%	119,854	91.3%
Operating costs reclassified	99,261	72.3%	96,333	73.4%
<i>Of which raw material suppliers</i>	77,501	78.1%	75,834	78.7%
<i>Of which other suppliers</i>	21,760	21.9%	20,499	21.3%
Payments to personnel	20,724	15.1%	18,881	14.4%
Payments to lenders	2,384	1.7%	1,946	1.5%
Payments to shareholders	1,888	1.4%	1,206	0.9%
Payments to the Public Administration	2,120	1.5%	1,428	1.1%
Payments to the Community	41	0.03%	61	0.05%
Economic value retained	10,839	7.9%	11,461	8.7%

A point worth mentioning is 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 and the purchase of services.

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 compliance and approach are inspired by transparency and legality. As previously shown by the reclassification of the income statement, in 2020 tax on profit for the year came to € 527 thousand.

The Chief Financial Officer (CFO), assisted by the Administration, Finance and Control Department, defines tax strategy and planning policies, also aided by external consultants, in order to comply with national and international tax regulations and take advantage of the tax opportunities granted by the national tax authorities (tax credits, patent boxes, etc.), and defines tax risk governance with support from the Compliance & Risk Management function, 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 putting the production system to the test.

During 2020, after the first two months of growth, as a result of the spread of the Coronavirus pandemic, the Group was impacted, with regard to the operations of the plants, by the closures of the plants in Filago, Casoli and Guarcino (CDG) for a few weeks in the period March-May, while the activities of Bio Energia Guarcino S.r.l. continued regularly.

The Group has also taken the following measures and actions to deal with changes in turnover recorded and expected due to the above health crisis:

- use of the ordinary redundancy fund to curb the impact of production stoppages, both for employees of Neodecortech S.p.A. and those of Cartiere di Guarcino;
- containment of discretionary costs and postponement of capital expenditure, as well as the renegotiation of certain supply and lease contracts and careful management of working capital;
- marketing of the new product lines, initially planned for March 2020, started in July 2020.

Based on the information available to date, the Group believes that it has come out of the acute phase of the crisis and is now witnessing a gradual return to normalcy. Also in light of the results for the year ended 31 December 2020, which showed a recovery in revenue and margins versus the second quarter of 2020, and a moderate decline versus the 2019 results. Expectations for 2021 and the following years, contained in the 2021-2023 Business Plan, should therefore not be significantly impacted by the Covid-19 pandemic, with the gradual recovery of pre-crisis levels on industrial and retail activities, and thanks also to the changed lifestyle of end consumers, who will tend to invest more in their home, taking advantage of the tax breaks recently introduced.

In order to assess any negative effects of the Covid-19 pandemic on business continuity, the Group has analyzed 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.

For further details, reference is made to the Annual Report at 31 December 2020.

3. People

3.1 Our people, 3.1.1 Employee management,
3.1.2 Training and development, 3.1.3 Worker health and safety,
3.2 Our customers, 3.3 Local community and territory

3.1 Our people

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 2020, the Neodecortech Group had 385 employees (378 in 2019).

3.1.1 Employee management

WORKFORCE BY PROFESSIONAL CATEGORY AND GENDER AT 31 DECEMBER

PROFESSIONAL CATEGORY	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Employees	326	52	378	332	53	385
Executives	9	1	10	9	1	10
Managers	9	1	10	9	1	10
White collars	72	27	99	75	28	103
External associates	24	0	24	23	1	24
Agency-supplied	24	0	24	23	1	24
Total workforce	350	52	402	355	54	409

EMPLOYEES BY CONTRACT TYPE AND GENDER AT 31 DECEMBER

TYPE OF CONTRACT	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent	306	52	358	319	51	370
Fixed-term	20	0	20	13	2	15
Total	326	52	378	332	53	385

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER AT 31 DECEMBER

TYPE OF EMPLOYMENT	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Full-time	325	46	371	331	47	378
Part-time	1	6	7	1	6	7
Part-time percentage	0.3%	13.0%	1.8%	0.3%	11.3%	1.8%
Total	326	52	378	332	53	385



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 31.12.2020, 41% of employees were members of trade-union organizations. Additionally, at 31 December 2020, 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. In 2020, there were 26 hires, with 50% of them under the age of 30.

HIRE RATE BY GENDER AND AGE GROUP

PERCENTAGE	2019				2020			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Men	4.3%	2.2%	1.2%	7.7%	3.3%	2.7%	0.9%	6.9%
Women	1.9%	1.9%	0.0%	3.9%	3.8%	1.9%	0.0%	5.7%
Total	4.0%	2.1%	1.1%	7.1%	3.4%	2.6%	0.8%	6.8%

TURNOVER RATE BY GENDER AND AGE GROUP

PERCENTAGE	2019				2020			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Men	0.3%	0.9%	2.8%	4.0%	1.2%	0.6%	3.3%	5.1%
Women	0.0%	1.9%	3.9%	5.8%	0.0%	1.9%	1.9%	3.8%
Total	0.3%	1.1%	2.9%	4.2%	1.0%	0.8%	3.1%	4.9%

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. In 2020, the Board of Directors approved a corporate welfare plan that forms part of the Group's broader ESG (Environmental, Social and Governance) strategy, focusing on a system of initiatives intended for the workers of Filago and Casoli, for a total value of € 477,000.

In order to improve the quality of life of its employees in the workplace, the Group adopts various corporate welfare measures. In 2020, each worker was granted a daily allowance of € 10 which can be used throughout 2021. CDG employees in 2020 benefited from healthcare (Salute Sempre / Unisalute and FASI), while both CDG and BEG employees benefited from vouchers up to the amount of € 258 per person, as part of the performance bonus.

As for Neodecortech S.p.A., 2020 saw the launch of the platform for the use in welfare instruments of the credit accrued by each employee following activation of the welfare regulations, covering all employees, excluding executives (credit accrued of approximately € 1,300 per employee). The platform includes common services such as shopping and fuel vouchers, refund of medical expenses, school fees, dental expenses, sending unused credit balance to the supplementary pension fund. The 2020 Welfare Plan replaced the performance bonus agreement that was left unsigned in 2020 owing to the obvious uncertainties of the ongoing pandemic.

Regulations were 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 in 2020 the granting of a total of 3 scholarships (1 for Filago and 2 for CDG).

All employees were given the opportunity to receive free flu shots and an agreement was signed with a specialist clinic for the rapid delivery of molecular swabs to requesting employees, at the company's expense, which can be booked through the Personnel Office. The company has taken out a policy, covering also 2021, 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 targets, with different brackets depending on the performance achieved for each target, 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, 68% of the workforce has worked for the Group for approximately 10 years.

DIVERSITY AND EQUAL OPPORTUNITIES

The breakdown of Neodecortech's human resources is marked by a strong gender polarization, which is normal for manufacturing businesses: in fact, the production department sees an overwhelming presence of male workforce (91% of the Group's blue collars in 2020 are 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.

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AT 31 DECEMBER

NUMBER	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	9	1	10	9	1	10
Managers	9	1	10	9	1	10
White collars	72	27	99	75	28	103
Blue collars	236	23	259	239	23	262
Total	326	52	378	332	53	385
%	86.2%	13.8%	100%	86.2%	13.8%	100%

NUMBER OF EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE GROUP AT 31 DECEMBER

Number	2019 ³				2020			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0	5	5	10	0	3	7	10
Managers	0	5	5	10	0	6	4	10
White collars	4	71	24	99	5	71	27	103
Blue collars	18	135	106	259	23	120	119	262
Total	22	216	140	378	28	200	157	385
%	5.8%	57.1%	37.1%	100%	7.3%	51.9%	40.8%	100%

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. The access to roles and assignments is established by taking account of the expertise and skills that the Group undertakes to promote. In 2021, the Group also began drafting a Diversity and Equal Opportunities policy.

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 5 people belonging to legally-protected categories, including 1 white collar and 4 blue collars; there are 21 people with disabilities, including 2 white collars and 19 blue collars.

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 In order to improve the reporting system, the 2019 employee data by professional category and age group have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

3.1.2 Training and development

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, complexity, etc.

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.

In 2020, Group Companies delivered 2,279 hours of training, down by 19% versus 2019, due to the Covid-19 pandemic that restricted in-person course opportunities. However, it should be noted that 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.

In addition to the training courses on occupational health and safety required by law, which accounted for 35% (802 hours) of the total training delivered, in 2020 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, 8 hours of training were delivered for Neodecortech regarding the Group's certifications, in particular ISO 45001.

With regard to the training of new recruits, the Group has implemented training programs alongside the most experienced resources, through a short hiring path with placement on a temporary basis and then on a permanent basis.

HOURS OF TRAINING BY PROFESSIONAL CATEGORY AND GENDER

PROFESSIONAL CATEGORY	2019 ⁴					
	MEN		WOMEN		TOTAL	
	NO. OF HOURS	AVERAGE PER CAPITA	NO. OF HOURS	AVERAGE PER CAPITA	NO. OF HOURS	AVERAGE PER CAPITA
Executives	60	6.7	0	0	60	6
Managers	150	16.7	18	18	168	16.8
White collars	689	9.6	199	7.4	888	9.0
Blue collars	1,629	6.9	53	2.3	1,682	6.5
Total	2,528	7.7	270	5.2	2,798	7.4

PROFESSIONAL CATEGORY	2020					
	MEN		WOMEN		TOTAL	
	NO. OF HOURS	AVERAGE PER CAPITA	NO. OF HOURS	AVERAGE PER CAPITA	NO. OF HOURS	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
Total	1,938	5.8	341	6.4	2,279	5.9

⁴ In order to improve the reporting system, the 2019 hours of training data by professional category and gender have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

3.1.3 Worker 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 at all Group plants that complies with UNI ISO 45001, certified in 2019 for CDG and BEG and in 2020 for NDT, covering all employees, internal and external associates working within the Group's workplaces. Furthermore, it has put an Integrated Quality, Environment, Safety and Energy Policy in place, committing the Group 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, hand-books, 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).

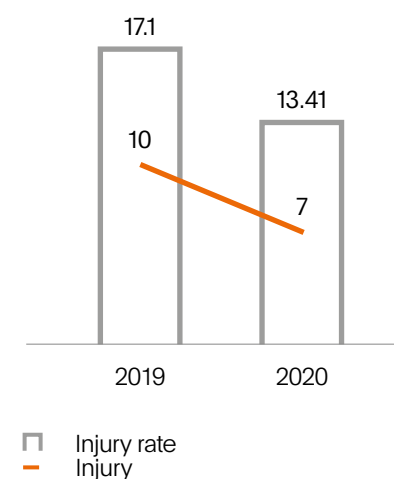
The Group guarantees constant and regular health surveillance in the workplace by the Medical Officer. The Personnel and Human Resources Department is responsible for the constant and correct flow of information, to department managers, for the transmission of "fitness for duty" issued by the Medical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

As mentioned, the attention to employee health and safety has led the Group to actively commit to these issues also through training courses: the knowledge and understanding of these issues are the first and most effective form of prevention against occupational 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 2020, the Group delivered 802 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 order to facilitate workers' access to medical and health care services, the Group offers health promotion programs and health coverage that include various agreements with private entities in addition to the national health service. 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. Below are the number and rate of injuries of employees calculated as the ratio between the total number of injuries and the total hours worked, using a multiplication factor of 1,000,000 as required by the Standard used to prepare this Sustainability Report.

NUMBER AND RATE OF EMPLOYEE ACCIDENTS



With regard to external workers, during the year only one accident at the Group level (non-serious) was reported, with a recordable occupational accident rate of 4.47, down by 75% versus 2019 (4 accidents of which 1 serious).

Lastly, in compliance with the asbestos disposal plan, 2021 will see 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.

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. In order to restart production sites after lockdown periods, the Group has taken the necessary precautionary measures, such as the change of production layouts, sanitization of premises, purchase of personal protective equipment, temperature measurement, widespread adoption of hygiene rules and social distancing. The Group has taken out insurance policies to protect workers against Covid-19-related events and, since the restart at end April, 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.

3.2 Our customers

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 outperforming many of its competitors' standardized solutions.

Indirectly, 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).

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 equipped 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 such as grammage, smoothness, porosity, opacity, breaking load, etc., measuring its wet expansion (a crucial element for flooring papers) and checking its printability.

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 2019, the questionnaire was administered to 54 clients and had a 38% response rate. The average score was 4.2 out of 5. In 2020, the questionnaire was administered to 26 clients and had a 50% response rate. The average score was 3.9 out of 5.

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.

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.

Wood-based panels are classified in categories E1 and E2 based on their formaldehyde emissions according to the criteria set out in industry technical standards. All the panels of the Group comply with the following E1 category characteristics:

- emissions less than or equal to 0.124 mg/cm air;
- painted, veneered or blockboard panels must have emissions less than or equal to 3.5 mg/sqm h

Class E1 (low-emission) panels can therefore be used for furniture construction without causing an equilibrium concentration in the air of 0.1 ppm, the limit recommended by the WHO for living and dining environments. Consumers are thus guaranteed that the panels purchased from NDT and used in its products cause no harm to health.

MARKETING COMMUNICATION

The FSC and PEFC certifications relating to the sustainability of pulp and paper raw materials, which Group companies comply with, require each single lot to be identified with a special label in order to trace it back to the raw materials of origin. Each unit of product stored and/or sold is therefore traceable at all times and can be traced back to the supplier who provided the base paper and, even before that, the pulp supplier. There were no cases in the reporting period of non-compliance with the relevant legislation on marketing communication 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

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 2020 too, the Group companies were subject to inspections by local authorities regarding the fulfilment of legal requirements: the inspections and checks ended positively, with no notice or fine issued.

Starting from 2021, the Group will also participate in the assessment of the CDP - Carbon Disclosure Project, an international non-profit organization that provides businesses, local authorities, governments and investors with a global system of environmental measurement and reporting.

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 territory and its needs, and can be purely social - this includes the contribution of Neodecortech S.p.A. to the Municipality of Filago to set up scholarships for the worthiest children - or cultural.

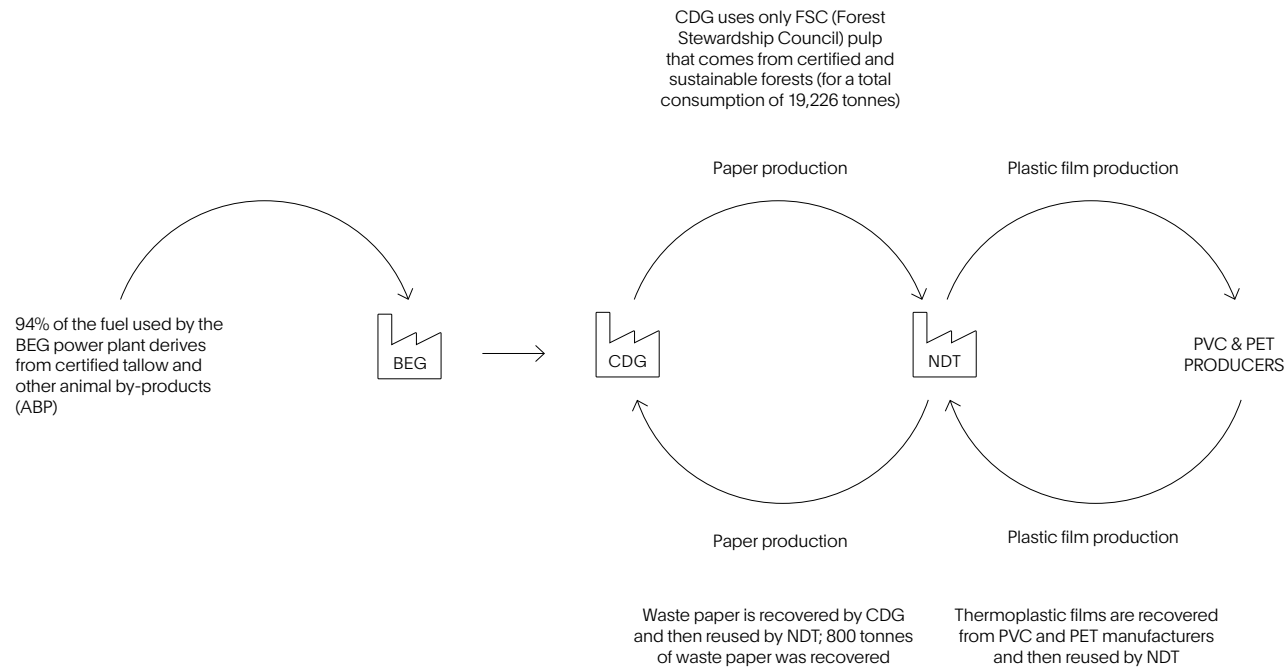
On 23 March 2020, in the very midst of the emergency caused by the spread of the Sars-Covid-19 virus, Neodecortech S.p.A. made a donation of € 50,000 to the Papa Giovanni XXIII Hospital in Bergamo.

Furthermore, the Group, between end 2020 and the beginning of 2021, supported the initiative "Il bosco della memoria", 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.

4. Planet

4.1 Sustainability of raw materials and circular economy,
4.2 Energy, emissions and climate change, 4.3 Waste,
4.4 Water withdrawal, 4.5 Mitigation of environmental impacts

4.1 Sustainability of raw materials and circular economy

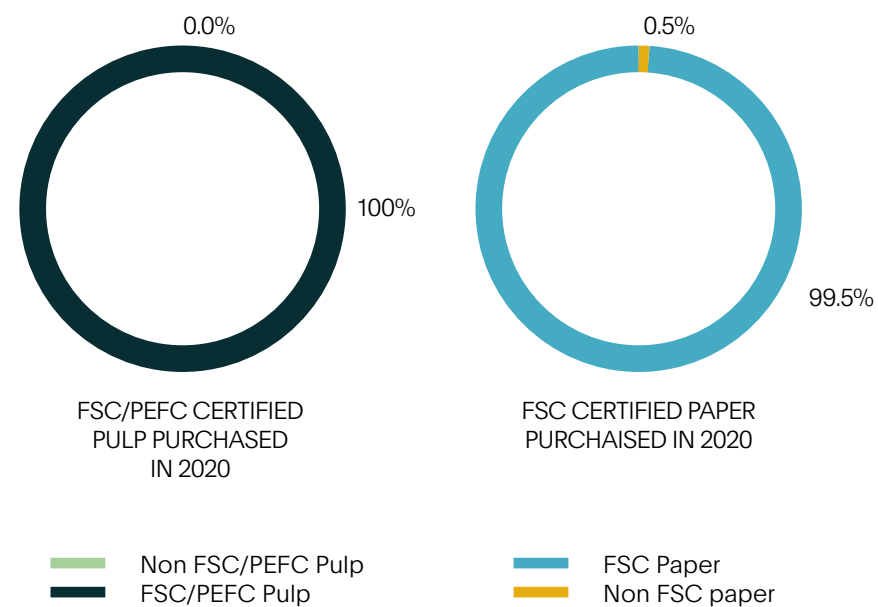


CDG products include backer papers (a particular type of product, created to meet the needs of the flooring market). In this case, the main raw material consists of cellulose waste, in particular leaflets recovered from production waste (winders waste, breaks during paper sheet formation and non-conforming 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 waste free of charge to other companies in the manufacturing area, such as brick makers and cardboard producers, avoiding the generation of waste.

In 2020, approximately 800 tonnes of waste paper were collected from the Filago offices and delivered for recovery to CDG.

In 2020, Neodecortech continued its commitment to the responsible and sustainable management of forests, reinforcing its approach to responsible sourcing of pulp and paper, the Group's main raw materials.

Group companies purchase almost exclusively FSC certified paper and pulp and check the supplier's certification directly on the FSC website⁵. 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 certified.



⁵ For more details <https://info.fsc.org/certificate.php>



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. 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 to appropriately address current market needs, without threatening the needs of future generations.

4.2 Energy, emissions and climate change

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 reuse where possible;
- reduce waste generation;
- study and implement an energy 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 nr. 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 2020 covered 100% of electricity purchases. In terms of energy production, BEG produced 576,495 GJ of renewable electricity in 2020, which avoided the emission of 74,075 tonnes of CO₂ under the Location-based methodology. 24% 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, which allows 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 1MW photovoltaic plant.

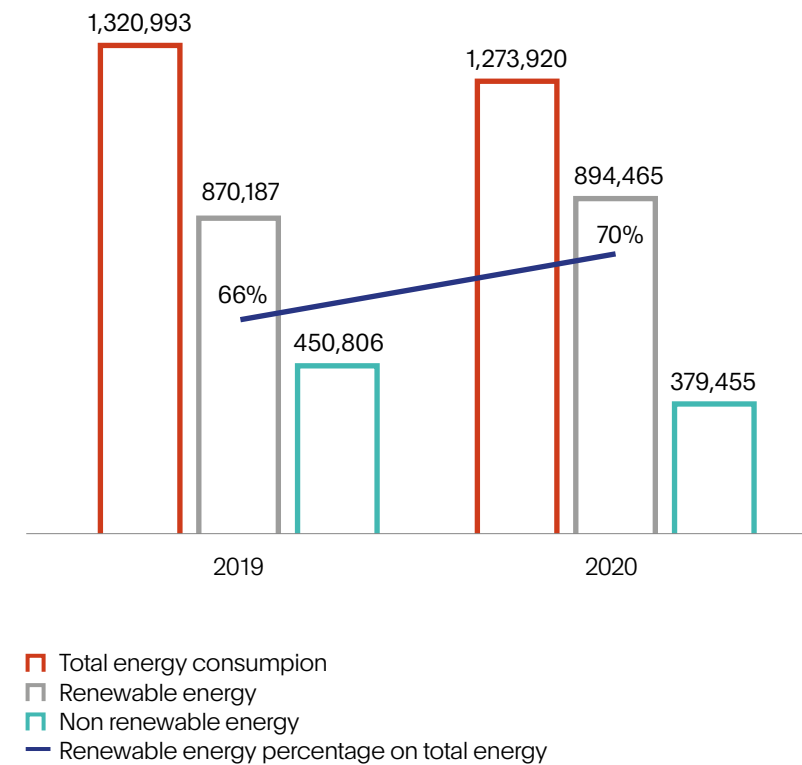
In 2020, Group energy consumption amounted to 1,273,920 GJ⁶ (1,320,993 GJ in 2019⁷), of which 70% is energy from renewable sources. This change is attributable mainly to production shutdowns caused by the lockdown in 2020. Specifically, the most relevant energy source category appears to be animal by-products, with a consumption in 2020 of 1,264,068 GJ⁸ (1,206,120 in 2019).

⁶ See the Appendix section of this Sustainability Report for the conversion factors used to calculate energy consumption in GJ.

⁷ In order to improve the reporting system, the 2019 electricity and methane gas data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

⁸ 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.

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.

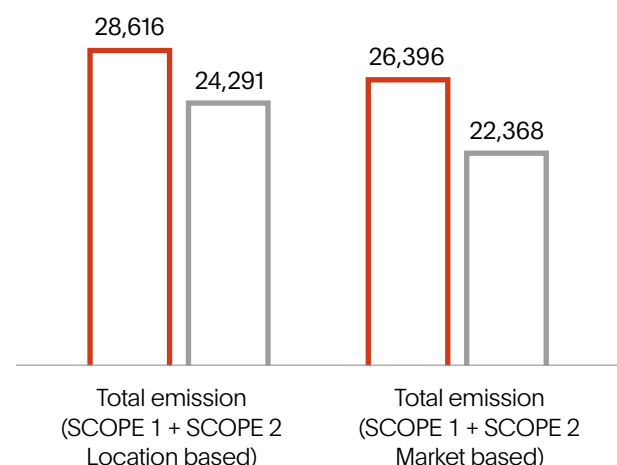
The CDG and BEG plants are subject to the European CO₂ Emissions Trading Scheme (EU-ETS⁹), a vital tool in the European Union's policy to combat climate change and to reduce greenhouse gas emissions in a cost-effective manner. This legislation envisages a series of rigorous controls and analyses of emissions generated by stationary installations and their disclosure to the competent authorities, which ascertain the figures disclosed.

⁹ Emission Trading - Ministry of Ecological Transition (minambiente.it).

In 2020, the Group's direct emissions (Scope 1¹⁰) amounted to 22,368 tonnes of CO₂ resulting from the consumption of methane gas and diesel fuel for manufacturing activities and company vehicles (-15% versus 2019). The Group's objectives include the gradual neutralization of Scope 1 emissions across all Group companies through actions to reduce energy consumption and mitigate and offset emissions. Neodecortech plans to neutralize Filago and Casoli emissions in 2021, continuing in 2022 with BEG and in 2023 with CDG.

Indirect emissions from purchased electricity (Scope 2) amounted to 1,923 tonnes of CO₂ according to the Location-based calculation¹¹ (-16% versus 2019) and zero tonnes of CO₂ 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 24,291 tonnes of CO₂, down by 15% versus 28,616 tonnes of CO₂ in 2019¹², resulting mainly from the transition to 100% renewable electricity supply and lockdown-related production stoppages. As required by the GRI reporting standard, emissions from biomass are shown separately from direct GHG Scope 1 emissions.

CO₂ EMISSION (t CO₂)



2019
2020

¹⁰ See the Annexes section of this Sustainability Report for the emission factors used to calculate Scope 1 and Scope 2.

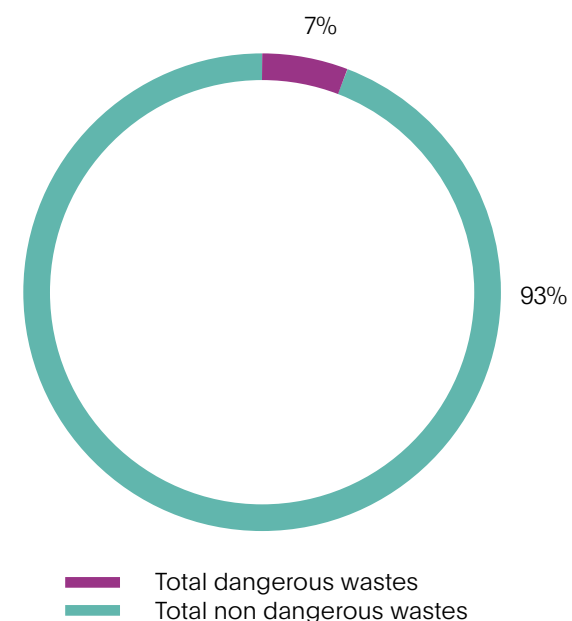
¹¹ The GRI Sustainability Reporting Standards envisage two methodologies for calculating Scope 2 emissions, the "Location-based method" and the "Market-based method". For the calculation of Scope 2 emissions, in line with the GRI Sustainability Reporting Standards, both calculation methodologies were used. The Market-based method is based on CO₂ emissions from energy suppliers from which the organization purchases electricity under an agreement, and can be calculated considering: Energy Guarantee of Origin certificates and direct agreements with suppliers, supplier-specific emission factors, emission factors related to the "residual mix", i.e. energy and emissions not monitored or claimed (methodology used, with emission factor Italy 2020: 466 gCO₂/kWh - source: AIB - European Residual Mixes 2019). The Location-based method is based on average emission factors related to energy generation for well-defined geographic boundaries, including local, subnational, or national boundaries (methodology used, with Italy 2020 emission factor: 277.6 gCO₂/kWh - source: ISPRA 2020). Scope 2 emissions calculated using the Location-based method are shown in tonnes of CO₂; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO₂ equivalent), as inferred from the relating technical literature.

¹² In order to improve the reporting system, the 2019 emissions data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

4.3 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 (4,741,535 kg) and only 7% (364,247 kg) into the hazardous waste category (solvents, inks, 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.



4.4 Water withdrawal

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 98% 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 ground water, 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 areas¹³ which, if poorly managed, could lead to a production stoppage. The water withdrawn is used mainly to supply the thermal power plant and for industrial use, and is then purified and returned for the most part to the body of water from which it was withdrawn. 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. Thanks to the attention placed on this issue, 2020 recorded a 21% reduction in fresh water used.

WATER WITHDRAWAL BY SOURCE

SOURCE OF WITHDRAWAL	UM	2019 ¹⁴		2020	
		ALL AREAS	WATER-STRESSED AREAS	ALL AREAS	WATER-STRESSED AREAS
Surface water (total)	Megalitres	1,707.7	1,707.7	1,353.4	1,353.4
Ground water (total)	Megalitres	21.1	0.0	16.3	0.0
Sea water (total)	Megalitres	0.0	0.0	0.0	0.0
Process water (total)	Megalitres	0.0	0.0	0.0	0.0
Third-party water (total)	Megalitres	7.5	3.2	7.1	3.2
<i>Third-party water by source of withdrawal</i>	Megalitres	7.5	3.2	7.1	3.2
<i>Surface water</i>	Megalitres	7.5	3.2	7.1	3.2
<i>Ground water</i>	Megalitres	0.0	0.0	0.0	0.0
<i>Sea water (total)</i>	Megalitres	0.0	0.0	0.0	0.0
<i>Process water¹⁵</i>	Megalitres	0.0	0.0	0.0	0.0
Total water withdrawal	Megalitres	1,736.3	1,710.9	1,376.8	1,356.7

¹³ 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>.

¹⁴ In order to improve the reporting system, the 2019 water withdrawal data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

¹⁵ BEG's process water, amounting to 74.1 MI in 2020 and 69.1 MI in 2019, does not count towards the total, as it derives from CDG sludge, which is purified and subsequently used by BEG.

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.

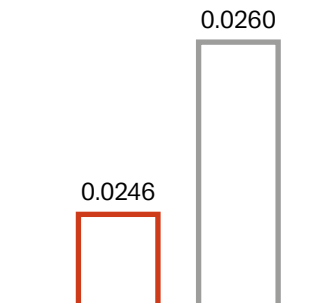
The proximity to surface watercourses (Dordo stream for Neodecortech S.p.A., River Cosa for CDG and BEG) is, in fact, a key aspect the Group pays close attention to in order to avoid water pollution incidents that may cause environmental damage and risks to people. To this end, the Group has implemented increasingly advanced tools over the years, such as waste-water 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 define a well-structured and defined path in the reduction of its environmental impacts. 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.

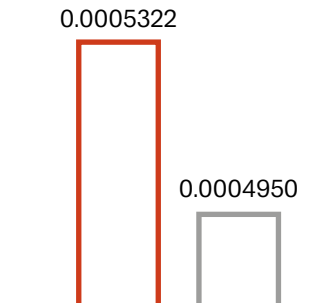
The commitments made over the years are reflected in the gradual reduction of the various indices of energy intensity, emissions and use of the various natural resources. Energy intensity represents the ratio of total energy consumption, measured in GJ, to industrial output (kg of finished product for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

ENERGY INTENSITY GJ/KG



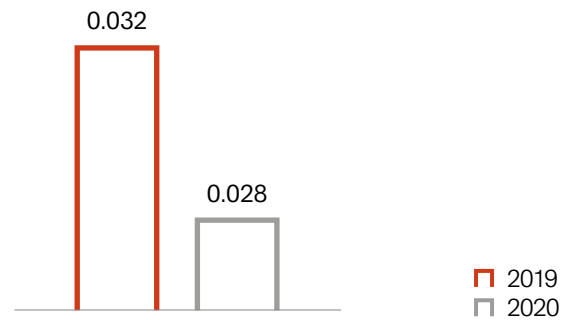
Energy intensity represents the ratio of total energy consumption, measured in GJ, to industrial output.

EMISSION INTENSITY T CO₂/KG



Emission intensity is calculated by considering the direct emissions produced by the Companies, comparing them with the volume of relating production (kg of end product for CDG and NDT, net of BEG).

WATER INTENSITY CM/KG



Water intensity is calculated by considering the water consumption of the Companies, comparing it with the volume of relating production (kg of end product for CDG and NDT, net of BEG).

Performance indicators

SOCIAL RESPONSIBILITY

DISCLOSURE 102-8 Information on employees and other associates

EMPLOYEES BY CONTRACT TYPE, GENDER AND GEOGRAPHICAL AREA AT 31 DECEMBER

TYPE OF CONTRACT	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
North	143	32	175	150	33	183
Permanent	129	32	161	142	32	174
Fixed-term	14	0	14	8	1	9
Centre	183	20	203	182	20	202
Permanent	177	20	197	177	19	196
Fixed-term	6	0	6	5	1	6
Total	326	52	378	332	53	385
Permanent	306	52	358	319	51	370
Fixed-term	20	0	20	13	2	15

DISCLOSURE 405-1 Diversity of governance bodies and employees

PERCENTAGE OF EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AT 31 DECEMBER

PERCENTAGE	2019			2020		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives	90.0%	10.0%	2.7%	90.0%	10.0%	2.6%
Managers	90.0%	10.0%	2.7%	90.0%	10.0%	2.6%
White collars	72.7%	27.3%	26.2%	72.8%	27.2%	26.8%
Blue collars	91.1%	8.9%	68.5%	91.2%	8.8%	68.1%
Total	86.2%	13.8%	100.0%	86.2%	13.8%	100.0%

NUMBER OF EMPLOYEES BELONGING TO LEGALLY-PROTECTED CATEGORIES BY TYPE OF CONTRACT

EXECUTIVES	2019				2020			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Managers	0	0	50.0%	2.7%	0.0%	30.0%	70.0%	2.6%
White collars	2	2	50.0%	2.7%	0.0%	60.0%	40.0%	2.6%
Blue collars	23	23	24.2%	26.2%	4.9%	68.9%	26.2%	26.8%
Total	25	25	40.9%	68.5%	8.8%	45.8%	45.4%	68.1%
Total	5.8%	57.1%	37.0%	100.0%	7.3%	52.0%	40.8%	100.0%

¹⁶ In order to improve the reporting system, the 2019 employee data by professional category and age group have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

NUMBER OF EMPLOYEES BELONGING TO LEGALLY-PROTECTED CATEGORIES BY TYPE OF CONTRACT

	2019	2020
Executives	0	0
Managers	0	0
White collars	2	3
Blue collars	23	23
Total	25	26

DISCLOSURE 102-41 Collective bargaining agreements¹⁷ (%)

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	2019	2020
Employees covered by collective bargaining agreements	100%	100%

DISCLOSURE 401-1 New hires and turnover

EMPLOYEES LEAVING BY GENDER AND AGE GROUP

NUMBER	2019 ¹⁸				2020			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Men	14	7	4	25	11	9	3	23
Women	1	1	0	2	2	1	0	3
Total	15	8	4	27	13	10	3	26

EMPLOYEES LEAVING BY GENDER AND AGE GROUP

NUMBER	2019				2020			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
Men	1	3	9	13	4	2	11	17
Women	0	1	2	3	0	1	1	2
Total	1	4	11	16	4	3	12	19

¹⁷ Second Level Bargaining.

¹⁸ In order to improve the reporting system, the 2019 new hires data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

GROUP EMPLOYEES

ACCIDENTS IN THE WORKPLACE

NUMBER OF ACCIDENTS	2019	2020
Total of deaths due to accidents in the workplace	0	0
Total of serious accidents in the workplace (excluding deaths) ¹⁹	1	0
Total of recordable accidents in the workplace	10	7
Total	11	7

ACCIDENT RATES²⁰

Rate of deaths due to accidents in the workplace	0	0
Rate of serious accidents in the workplace (excluding deaths)	1.7	0
Rate of recordable accidents in the workplace	17.1	13.4

The serious accident that occurred in 2019 refers to a shattered window, resulting in a loss of splinters on an employee, due to bad weather.

EXTERNAL ASSOCIATES²¹

ACCIDENTS IN THE WORKPLACES

NUMBER OF ACCIDENTS	2019	2020
Total of deaths due to accidents in the workplace	0	0
Total of serious accidents in the workplace (excluding deaths) ²²	0	0
Total of recordable accidents in the workplace	0	1
Total	0	1

ACCIDENT RATES²³

Rate of deaths due to accidents in the workplace	0	0
Rate of serious accidents in the workplace (excluding deaths)	0	0
Rate of recordable accidents in the workplace	0	21

¹⁹ 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.

²⁰ 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.

²¹ Agency-supplied workers.

²² 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.

²³ 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.

ENVIRONMENTAL RESPONSIBILITY

DISCLOSURE 301-1 Materials used by weight or volume

TYPE OF WASTE	Unit of measurement	2019	2020
Renewable raw materials	Kg	44,073,758	39,320,939
Non-renewable raw materials	Kg	26,871,154	24,256,352
Total	Kg	70,944,912	63,577,291

DISCLOSURE 302-1 Energy consumed within the organization

TYPE OF CONSUMPTION	Unit of measurement	2019	2020
Renewable energy	GJ	870,187	894,465
Non-renewable energy	GJ	450,806	379,455
% of renewable energy on total	%	66%	70%
Total Energy	GJ	1,320,993	1,273,920

TYPE OF CONSUMPTION	UNIT OF MEASUREMENT	2019 ²⁴		2020	
		TOTAL	TOTAL GJ	TOTAL	TOTAL GJ

NON-RENEWABLE FUELS

Methane gas (Natural gas)	Scm	10,970,060	387,276	9,111,567	321,465.20
Diesel fuel	litres	1,717,693	61,239	1,590,418	56,702
Diesel fuel for vehicles	litres	55,148	1,868	38,824	1,288
exclusive use	litres	45,595	1,629	29,619	1,058
mixed use	litres	9,553	239	9,205	230

RENEWABLE FUELS

Animal by-products	t	33,044	1,206,119.5	34,632	1,264,068
Vegetable fats	t	27	997	551	20,112

ELECTRICITY

Electricity purchased	kWh	7,194,067	25,899	6,926,697	24,936
of which from non-renewable sources	kWh	117,682	424	-	-
of which from renewable sources	kWh	7,076,385	25,475	6,926,697	24,936
Self-produced electricity	kWh	152,046,172	547,366	160,897,065	579,229
of which from renewable sources- produced by photovoltaic plants	kWh	880,122	3,168	759,575	2,734
of which from renewable sources- produced by bioliquid plants	kWh	151,166,050	544,198	160,137,490	576,495
Self-produced electricity sold on the grid	kWh	101,548,161	365,573	115,940,395	417,385

²⁴ In order to improve the reporting system, the 2019 electricity and methane gas data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

2019 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	35.303 GJ/1000*sm3	49.78 GJ/t	175 kg/cm	42.697 GJ/t	42.78 GJ/t	0.835 kg/litre	46.141 GJ/t
Source	CONSTANT	ISPRA 2019	DEFRA 2019	DEFRA 2019	Industrial energy management - trackA	ISPRA 2019	Customs agency	ISPRA 2019

	LPG FOR VEHICLES	LPG (DENSITY) FOR HEATING	LPG (DENSITY) FOR VEHICLES	LEAD-FREE PETROL FOR VEHICLES	PETROL (DENSITY) FOR VEHICLES	BIOLIQUIDS	STEAM
Conversion unit	46.13 GJ/t	2.3 KG/cm	0.56 kg/litre	42.817 GJ/t	0.74 kg/litre	36.5 GJ/t	2.7609 GJ/t
Source	FIRE: Energy Manager Guidelines 2018	ISPRA 2019; ISPRA 2020 FIRE: Energy Manager Guidelines 2018	FIRE: Energy Manager Guidelines 2018	ISPRA 2019; ISPRA 2020	ISPRA 2019; ISPRA 2020 FIRE: Energy Manager Guidelines 2018	Customs agency	Customs agency

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/t	175 kg/cm	42.697 GJ/t	42.78 GJ/t	0.835 kg/litre	46.141 GJ/t
Source	CONSTANT	ISPRA 2020	DEFRA 2020	DEFRA 2020	Industrial energy management - trackA	ISPRA 2020	Customs agency	ISPRA 2020

	LPG FOR VEHICLES	LPG (DENSITY) FOR HEATING	LPG (DENSITY) FOR VEHICLES	LEAD-FREE PETROL FOR VEHICLES	PETROL (DENSITY) FOR VEHICLES	BIOLIQUIDS	STEAM
Conversion unit	46.13 GJ/t	2.3 KG/cm	0.56 kg/litre	42.817 GJ/t	0.74 kg/litre	36.5 GJ/t	2.7609 GJ/t
Source	FIRE: Energy Manager Guidelines 2018	ISPRA 2019; ISPRA 2020 FIRE: Energy Manager Guidelines 2018	FIRE: Energy Manager Guidelines 2018	ISPRA 2019; ISPRA 2020	ISPRA 2019; ISPRA 2020 FIRE: Energy Manager Guidelines 2018	Customs agency	Customs agency

DISCLOSURE 302-3 Energy intensity

	UNIT OF MEASUREMENT	2019	2020
Energy intensity Filago	GJ/kg	0.010	0.009
Energy intensity Casoli	GJ/kg	0.018	0.016
Energy intensity CDG	GJ/kg	0.011	0.010
Group energy intensity	GJ/kg	0.025	0.026

DISCLOSURE 303-3 Water withdrawal

SOURCE OF WITHDRAWAL	UOM	WATER WITHDRAWAL BY SOURCE			
		2019 ²⁵		2020	
		ALL AREAS	WATER-STRESSED AREAS	ALL AREAS	WATER-STRESSED AREAS
Surface water (total)	Megalitres	1,707.7	1,707.7	1,353.4	1,353.4
Fresh water (≤ 1000 mg/L total dissolved solids)	Megalitres	1,707.7	1,707.7	1,353.4	1,353.4
Other water (> 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Ground water (total)	Megalitres	21.1	0.0	16.3	0.0
Fresh water (≤ 1000 mg/L total dissolved solids)	Megalitres	21.1	0.0	16.3	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 (≤ 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 (≤ 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	7.5	3.2	7.1	3.2
Fresh water (≤ 1000 mg/L total dissolved solids)	Megalitres	7.5	3.2	7.1	3.2
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	7.5	3.2	7.1	3.2
<i>Surface water</i>	<i>Megalitres</i>	<i>7.5</i>	<i>3.2</i>	<i>7.1</i>	<i>3.2</i>
<i>Ground water</i>	<i>Megalitres</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Sea water (total)</i>	<i>Megalitres</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Process water²⁶</i>	<i>Megalitres</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Total water withdrawal	Megalitres	1,736.3	1,710.9	1,376.8	1356.7

WATER INTENSITY

	Unit of measurement	2019 ²⁷	2020
Water intensity Filago	CM/kg	0.002	0.001
Water intensity Casoli	CM/kg	0.002	0.002
Water intensity CDG	CM/kg	0.042	0.038
Group water intensity	CM/kg	0.032	0.028

²⁵ In order to improve the reporting system, the 2019 water withdrawal data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

²⁶ BEG's process water, amounting to 74.1 MI in 2020 and 69.1 MI in 2019, does not count towards the total, as it derives from CDG sludge, which is purified and subsequently used by BEG.

²⁷ In order to improve the reporting system, the 2019 water intensity data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

DISCLOSURE 305-1 Direct GHG Emissions (Scope 1)

TYPE OF EMISSION	UNIT OF MEASUREMENT	2019	2020
SCOPE 1	t CO₂	26,340	22,368
Methane gas (Natural gas)	t CO ₂	21,670	18,076
for office heating	t CO ₂	493	556.71
for thermal power plant	t CO ₂	21,177	17,519.51
Diesel fuel	t CO ₂	4,525	4,189.57
for steam production and plant operation	t CO ₂	4,525	4,189.57
Diesel fuel for vehicles	t CO ₂	145.10	102.15

BIOMASS ²⁸	UNIT OF MEASUREMENT	2019	2020
Animal by-products	t CO ₂	72,071.09	75,533.77
Vegetable fats	t CO ₂	59.586	1,201.75
Total biomass emissions	t CO ₂	72,130.68	76,735.53

DISCLOSURE 305-2 Indirect GHG Emissions (Scope 2)

SCOPE 2	UNIT OF MEASUREMENT	2019	2020
Location based	t CO ₂	2,276.2	1,922.85
Market based	t CO ₂	56.8	0

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

	UNITÀ DI MISURA	2019 ²⁹	2020
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Location-based)	t CO ₂	28,615.80	24,291
TOTAL EMISSIONS (SCOPE 1 + SCOPE 2 - Market-based)	t CO ₂	26,396.43	22,368

²⁸ In accordance with the requirements of the GRI reporting standard, biogenic CO₂ emissions from biomass combustion or decay are shown separately.

²⁹ In order to improve the reporting system, the 2019 emissions data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

2019 emission factors

STARTING UNIT	ELECTRICITY (LOCATION-BASED)	ELECTRICITY (MARKET-BASED)	NATURAL GAS	LPG	PETROL FOR VEHICLES	HEATING OIL
Conversion unit	0.316 kgCO ₂ /kWh	0.483 kg CO ₂ /kWh	1.975 t CO ₂ /1000*stdm3	3.026 t CO ₂ /t	3.1400 t CO ₂ /t	3.1548 t CO ₂ /l
Source	ISPRA 2019	AIB 2018 for Market-based	ETS Declaration 2019	ISPRA 2019; Ministry of Environment - National Standard Parameters 2019	ISPRA 2019; Ministry of Environment - National Standard Parameters 2019	ETS Declaration 2019

STARTING UNIT	DIESEL FUEL FOR VEHICLES	REFRIGERANT GASES (R410A)	LUBRICATING OIL	HOT WATER	STEAM	ANIMAL BY-PRODUCTS	LUBRICATING OIL
Conversion unit	3.151 t CO ₂ /t	2008 kg CO ₂ eq/kg	3.144 t CO ₂ /t	0.000208 t CO ₂ /kwh	0.000208 t CO ₂ /kwh	2,181.04 t CO ₂ /t	3.144 t CO ₂ /t
Source	ISPRA 2019; Ministry of Environment - National Standard Parameters 2019	ISPRA 2019; Ministry of Environment - National Standard Parameters 2019	ISPRA 2019; Ministry of Environment - National Standard Parameters 2019	ISPRA 2019	ISPRA 2019	ETS Declaration 2019	ETS Declaration 2019

2020 conversion factors

	ELECTRICITY (LOCATION-BASED)	ELECTRICITY (MARKET-BASED)	NATURAL GAS	LPG	PETROL FOR VEHICLES	HEATING OIL
Conversion unit	0.27760 kg CO ₂ /kWh	0.466 kg CO ₂ /kWh	1.984 t CO ₂ /1000*stdm3	3.026 t CO ₂ /t	3.1400 t CO ₂ /t	3.1548 t CO ₂ /l
Source	ISPRA 2020	AIB 2019 for Market-based	ETS Declaration 2020	ISPRA 2020; Ministry of Environment - National Standard Parameters 2020	ISPRA 2020; Ministry of Environment - National Standard Parameters 2020	ETS Declaration 2020

	DIESEL FUEL FOR VEHICLES	REFRIGERANT GASES (R410A)	LUBRICATING OIL	HOT WATER	STEAM	ANIMAL BY-PRODUCTS	LUBRICATING OIL
Conversion unit	3.151 t CO ₂ /t	2,008 kg CO ₂ eq/kg	3.144 t CO ₂ /t	0.000208 t CO ₂ /kwh	0.000208 t CO ₂ /kwh	2,181.04 t CO ₂ /t	3.144 t CO ₂ /t
Source	ISPRA 2020; Ministry of Environment - National Standard Parameters 2020	ISPRA 2020; Ministry of Environment - National Standard Parameters 2020	ISPRA 2020; Ministry of Environment - National Standard Parameters 2020	ISPRA 2020	ISPRA 2020	ETS Declaration 2020	ETS Declaration 2020

DISCLOSURE 305-4 Emission intensity

	UNIT OF MEASUREMENT	2019 ³⁰	2020
Emission intensity Filago	tCO ₂ /kg	0.0005	0.0005
Emission intensity Casoli	tCO ₂ /kg	0.001	0.001
Emission intensity CDG	tCO ₂ /kg	0.0003	0.0003
Group emission intensity	tCO₂/kg	0.000532	0.000495

DISCLOSURE 306-3 Total weight of waste generated

TYPE OF WASTE	U.O.M.	2019 ³¹	2020
Total hazardous	Kg	282,808.0	364,247.0
Total non-hazardous	Kg	3,632,495.0	4,741,535.5
Total	Kg	3.915.303,0	5.105.782,5








INTENSITY OF WASTE PRODUCTION

	UNIT OF MEASUREMENT	2019	2020
Intensity of waste produced Filago	kg/kg	0.11	0.16
Intensity of waste produced Casoli	kg/kg	0.55	0.59
Intensity of waste produced CDG	kg/kg	0.03	0.04
Intensity of waste produced Group	kg/kg	0.06	0.09

³⁰ In order to improve the reporting system, the 2019 emission intensity data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

³¹ In order to improve the reporting system, the 2019 waste data have been restated from those published in the previous Sustainability Report. For previously published data, reference is made to the 2019 Sustainability Report, published in the Sustainability section of the website www.neodecortech.it.

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			
	GRI 419 Socio-economic compliance			
	GRI 205 Anti-Corruption			
	GRI 207 Tax			
Economic performance and indirect economic impacts	GRI 201 Economic performance	Group	Caused by the Group	
Sustainable supply chain management	GRI 204 Procurement practices	Group	Caused by the Group	 15. Life on land
	GRI 308 Environmental evaluation of suppliers			
	GRI 414 Social evaluation of suppliers			
Diversity and equal opportunities	GRI 405 Diversity and equal opportunities	Group employees	Caused by the Group	
	GRI 406 Non-discrimination			
Employee management and training	GRI 404 Training and education	Group employees	Caused by the Group	 4. Quality education
	GRI 401 Employment			
Safety in the workplace	GRI 403 Occupational health and safety	Group employees and external associates ³²	Caused by the Group	 8. Decent work and economic growth
Relations with the local community	GRI 413 Local communities	Group	Caused by the Group	 11. Sustainable cities and communities
Product quality	GRI 416 Customer health and safety	Group and customers	Caused by and contributed to 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	 7. Affordable and clean energy  13. Climate action
	GRI 305 Emissions			
Waste and water discharges	GRI 303 Water and water discharges	Group	Caused by the Group	 6. Clean water  12. Responsible consumption and production
	GRI 306 Waste (2020)			
Circular economy and use of renewable raw materials	GRI 301 Materials	Group	Caused by the Group	 12. Responsible consumption and production

³² Agency-supplied workers.

Group objectives

MATERIAL TOPIC	OBJECTIVES / KPIS			
	FILAGO	CASOLI	CDG	BEG
Governance	<p>OBJECTIVES</p> <p>1. Appointment of independent directors in subsidiaries</p>			
Sustainable supply chain management	<p>OBJECTIVES</p> <p>1. Increase FSC-certified packaging/transfer paper</p> <p>KPIs</p> <p>1.1% FSC paper purchased</p>	<p>OBJECTIVES</p> <p>1. purchase only FSC certified paper</p> <p>KPIs</p> <p>1.1% FSC paper purchased</p>		
Employee management and training	<p>OBJECTIVES</p> <p>1. Establish a scholarship program for employees' children</p> <p>2. Define engagement and/or training projects for the local area (school visits to the plant, school-to-work alternation projects) both to support training in the area and to manage the issues of generational turnover that are identified as critical-strategic in all locations. Provide for the identification and involvement of specific local-based institutes</p> <p>KPIs</p> <p>1.1 Scholarship program to be delivered to children of NDT Group employees over the three-year period 2020-2022</p> <p>1.2 No. 1/2 projects of school-work alternation per year with n. 1/2 local technical institutes in a time horizon of three years</p>			
Safety in the workplace	<p>OBJECTIVES</p> <p>1. Objective 0 serious accidents</p> <p>2. Reduce the number of minor accidents</p> <p>KPIs</p> <p>1.1 No. of serious accidents</p> <p>2.1 No. of minor accidents with temporary disability <30 days</p>		<p>OBJECTIVES</p> <p>1. Measure the company's accident risk by keeping the value below INAIL statistics (26.54)</p> <p>2. Measure the severity of the accident risk, keeping the value below INAIL statistics (1.74)</p> <p>KPIs</p> <p>1.1 Accident frequency index</p> <p>2.1 Accident severity Index; Percentage index</p>	
Relations with the local community	<p>OBJECTIVES</p> <p>Sustain local initiatives aimed at supporting cultural and charitable associations active in the areas where the company offices are located</p>			
Energy and emissions	<p>OBJECTIVES</p> <p>1. Efficient consumption of electricity and methane gas</p> <p>KPIs</p> <p>1.1 kWh/sqm; Scm/sqm</p>	<p>OBJECTIVES</p> <p>1. Efficient consumption of electricity and methane gas</p> <p>KPIs</p> <p>1.1 kWh/sqm; Scm/sqm</p>	<p>OBJECTIVES</p> <p>1. 4% increase in energy from renewable sources</p> <p>2. Electricity and thermal energy consumption efficiency; energy consumption efficiency (total)</p> <p>KPIs</p> <p>1.1% of total</p> <p>1.2 mWh/t gross paper</p>	<p>OBJECTIVES</p> <p>1. Use of electricity purchased from external certified renewable grid</p> <p>2. Optimization of steam absorption by increasing the share of steam sold to CDG</p> <p>3. Improve the monitoring of CO2 equivalent emissions directly related to company activities</p> <p>KPIs</p> <p>1.1 Elec renew = Elec grid Renew / Elec grid TOT</p> <p>2.1 Quantity of steam sold to CdG / Quantity of steam produced by BEG (all figures expressed in tonnes)</p>

Waste and water discharges	<p>OBJECTIVES</p> <p>1. Reduce the percentage of undispensed water by optimizing water treatment processes; optimize washing processes in production cycles</p> <p>2. Reduce the amount of disposed resin from manufacturing processes</p> <p>3. Increase the amount of paper recovered and not disposed of</p> <p>KPIs</p> <p>1.1% wastewater treated/ wastewater produced</p> <p>2.1 kg waste/sqm produced</p> <p>3.1 kg recovered paper/kg disposed paper</p>	<p>OBJECTIVES</p> <p>1. Increase the amount of paper recovered and not disposed of</p> <p>KPIs</p> <p>1.1 kg/year</p>	<p>OBJECTIVES</p> <p>1. Reduce fresh water consumption per tonne of paper</p> <p>2. Reduce the amount of non-separate waste</p> <p>3. Improve the management of plastic packaging waste</p> <p>KPIs</p> <p>1.1 cubic metre of fresh water/gross tonnes of paper produced</p> <p>2.1 non-separate/tot waste by weight</p> <p>3.1% recovery on total</p>	<p>OBJECTIVES</p> <p>1. Recovery of condensation water and unused steam for general cleaning and maintenance of the plant; reduce, through control and regulation systems, the water drawn from BEG to cool the plant</p> <p>KPIs</p> <p>1.1 litres of water recovered / total litres of water for cleaning and maintenance</p>
Circular economy and use of renewable raw materials	<p>OBJECTIVES</p> <p>1. Reduce risk profiles (harmful substances contained in the lacquers/ paints used)</p> <p>2. Reduce the thickness of plastic packaging</p> <p>3. Reduce the amount of mixed packaging disposed of from production processes</p> <p>KPIs</p> <p>1.1 H-phrases appearing in the SdS</p> <p>2.1 kg packaging/sqm products</p> <p>3.1 kg waste/sqm produced</p>	<p>OBJECTIVES</p> <p>1. Reduce the use of solvents in manufacturing processes</p> <p>2. Reuse waste from crumb as raw material</p> <p>3. Reduce the amount of mixed packaging to be disposed of from production processes</p> <p>KPIs</p> <p>1.1 Kg solvents/year</p> <p>2.1 kg/year</p> <p>3.1 kg waste/sqm produced</p>	<p>OBJECTIVES</p> <p>1. Use chemicals with low environmental impact</p> <p>2. Reduce pulper waste</p> <p>3. Reduce sludge from the production process</p> <p>KPIs</p> <p>1.1% of total by weight</p> <p>2.1 kg/t of paper using pulping</p> <p>3.1 kg/t of paper using pulping</p>	<p>OBJECTIVES</p> <p>1. Contain, within the value of technical consumption, the use of ammonia solution as part of the cycle of abatement of pollutant emissions into the atmosphere</p> <p>2. Dispose of spent catalytic material as second raw material for subsequent use</p> <p>KPIs</p> <p>1.1 kg granular urea per MWh</p> <p>2.1 kg waste catalytic material/kg MPS catalytic material</p>

GRI Content Index

GRI STANDARDS	DISCLOSURE	PAGE	OMISSION
GRI 102: General Standard Disclosures (2016)			
Profile of the organization			
102-1	Name of the organization	14	
102-2	Activities, brands, products and services	26-31	
102-3	Location of main office	14	
102-4	Location of operations	14; 28-29	
102-5	Ownership and legal form	14-17	
102-6	Markets served	26-29	
102-7	Scale of the organization	10-11; 26-29	
102-8	Information on employees and other workers	10-11; 47; 68	
102-9	Supply chain	36-37	
102-10	Significant changes to the organization and its supply chain	5; 36-37	
102-11	Precautionary principle	18; 67	
102-12	External initiatives	22; 56	
102-13	Membership in associations	56	
Strategy			
102-14	Statement from senior decision-maker	7	
Ethics and integrity			
102-16	Values, principles, standards and rules of conduct	18	
Governance			
102-18	Governance Structure	16-17	
Stakeholder engagement			
102-40	Stakeholder engagement	19	
102-41	Collective bargaining agreements	43; 69	
102-42	Identifying and selecting stakeholders	19	
102-43	Approach to stakeholder engagement	19	
102-44	Key topics and criticalities raised	19-21; 77	
Reporting practices			
102-45	Parties included in the consolidated financial statements	5	
102-46	Defining report content and topic boundaries	77	
102-47	List of material topics	19-21; 77	
102-48	Review of information	49; 50; 61; 63; 65; 68; 69; 71; 73; 74; 76	
102-49	Changes in reporting	5; 21; 77	
102-50	Reporting period	5	
102-51	Date of most recent report	2019	
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	80-83	
102-56	External assurance	84	

TOPIC-SPECIFIC STANDARDS

Material topic: Economic performance and indirect economic impacts			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	41-43	
103-3	Evaluation of the management approach	41-43	
GRI 201: Economic performance (2016)			
201-1	Economic value directly generated and distributed	41-43	

Material topic: Compliance and tax transparency			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	18	

GRI 205: Anti-Corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	18	
GRI 206: Anti-Competitive Behaviour (2016)			
206-1	Legal actions for anti-competitive behaviour, antitrust and monopolistic practices	18	

GRI 207: Tax (2020)			
207-1	Approach to tax	43	
207-2	Tax governance, control and risk management	43	
207-3	Stakeholder engagement and management of concerns related to tax	43	

GRI 307: Environmental compliance (2016)			
307-1	Non-compliance with environmental laws and regulations	18	
GRI 419: Socioeconomic compliance (2016)			
419-1	Non-compliance with social and economic laws and regulations	18	

Material topic: Employee management and training			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	48; 50-51	
103-3	Evaluation of the management approach	48; 50-51	

GRI-401: Employment (2016)			
401-1	New hires and turnover	48; 69	
GRI-404: Training and education (2016)			
404-1	Average hours of training per year per employee	50	

Material topic: Safety in the workplace			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	52-53	
103-3	Evaluation of the management approach	52-53	

GRI-403: Health and safety in the workplace (2018)			
403-1	Occupational health and safety management system	52-53	
403-2	Types of accidents, frequency index, severity index, absentee rate, and number of work-related deaths	52-53	
403-3	Occupational health services	52-53	
403-4	Worker participation, consultation and communication on health and safety in the workplace	52-53	
403-5	Worker training on health and safety in the workplace	52-53	
403-6	Worker health promotion	52-53	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52-53	
403-9	Accidents in the workplace	53; 70	

Material topic: Diversity and equal opportunities			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	49	
103-3	Evaluation of the management approach	49	

GRI 405: Diversity and equal opportunities (2016)			
405-1	Diversity of governance bodies and employees	16; 49; 68-69	
GRI 406: Non-Discrimination (2016)			
406-1	Incidents of discrimination and corrective measures taken	49	

Material topic: Sustainable supply chain management			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	36-37	
103-3	Evaluation of the management approach	36-37	
GRI 204: Procurement practices (2016)			
204-1	Proportion of expenditure towards local suppliers	36	
GRI 308: Environmental evaluation of suppliers (2016)			
308-1	New suppliers evaluated using environmental criteria	37	
GRI 414: Social evaluation of suppliers (2016)			
414-1	New suppliers evaluated using social criteria	37	
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	19-21; 77	
103-2	The management approach and its components	59-60	
103-3	Evaluation of the management approach	59-60	
GRI 301: Materials (2016)			
301-1	Materials used by weight or volume	59; 71	
Material topic: Energy and emissions			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	61-63; 67	
103-3	Evaluation of the management approach	61-63; 67	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	61-62; 71-72	
302-3	Energy intensity	67; 72	
GRI 305: Emissions (2016)			
305-1	Direct GHG emissions (Scope 1)	63; 74-75	
305-2	Indirect GHG emissions from energy consumption (Scope 2)	63; 74-75	
305-4	GHG emission intensity	67; 76	
Material topic: Waste and water discharges			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	64-67	
103-3	Evaluation of the management approach	64-67	
GRI 303: Water and water discharge (2018)			
303-1	Interacting with water as a shared resource	65-66	
303-2	Management of impacts related to water discharge	65-66	
303-3	Water withdrawal	65; 73	
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	64	
306-2	Management of significant waste-related impacts	64	
306-3	Waste generated	64; 76	
Material topic: Product quality			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	54-55	
103-3	Evaluation of the management approach	54-55	
GRI 416: Customer health and safety (2016)			
416-2	Incidents of non-compliance involving health and safety impacts of products and services	54-55	

Material topic: Sustainable marketing			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	54-55	
103-3	Evaluation of the management approach	54-55	
GRI 417: Marketing and labeling (2016)			
417-3	Cases of non-compliance regarding marketing communications	54	
Material topic: Data protection			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	55	
103-3	Evaluation of the management approach	55	
GRI-418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	55	
Material topic: Relations with the local community			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	56	
103-3	Evaluation of the management approach	56	
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 2020.	
Material topic: Research & development			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	40	
103-3	Evaluation of the management approach	40	
Tematica materiale: Dialogue and customer satisfaction			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	54	
103-3	Evaluation of the management approach	54	
Material topic: Governance			
GRI 103: Topic management (2016)			
103-1	Explanation of the material topic and its boundary	19-21; 77	
103-2	The management approach and its components	16-17	
103-3	Evaluation of the management approach	16-17	

INDEPENDENT AUDITOR'S REPORT ON THE SUSTAINABILITY REPORT

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

We have carried out a limited assurance engagement on the Sustainability Report of the Neodecortech Group (hereinafter also "Group") as of December 31, 2020.

Responsibility of the Directors for the Sustainability Report

The Directors of Neodecortech S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards"), as stated in the paragraph "Methodological note" of the Sustainability Report.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Neodecortech Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Sustainability Report with 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 Sustainability Report 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 the Sustainability Report are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Sustainability Report, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

- 1) analysis of the process relating to the definition of material aspects disclosed in the Sustainability Report, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
- 2) comparison between the economic and financial data and information included in the paragraph *"Economic performance and tax strategy"* of the Sustainability Report with those included in the Group's Financial Statements;
- 3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Sustainability Report.

In particular, we carried out interviews and discussions with the management of Neodecortech S.p.A. and with the personnel 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 Sustainability Report.

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 Sustainability Report, 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, Neodecortech S.p.A. and 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 the management of the plant and have gathered supporting documentation on a sample basis 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 Sustainability Report of the Neodecortech Group as of December 31, 2020 is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph *"Methodological note"* of the Sustainability Report.

Other matters

The data for the year ended December 31, 2019 presented for comparative purposes in the Sustainability Report have not been subject to a limited or to a reasonable assurance engagement.

DELOITTE & TOUCHE S.p.A.

Signed by
Silvia Dallai
Partner

Bologna, Italy
May 12, 2021

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

