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## Methodological Note

The aim of this Consolidated Non-Financial Statement (CNFS) is to transparently present 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.

The CNFS was drawn up on a voluntary basis in accordance with Articles 3 and 7 of Legislative Decree 254/2016, and reports insofar as needed to ensure an understanding of corporate activities, performance, results and the impacts it generates on environmental, social, personnel-related topics, the fight against corruption and bribery, and respect for human rights. The content was selected based on the results of a materiality analysis process that involved a comparison of material topics with industry best practices, as described in the section "NDT Materiality Analysis".

The reporting period runs from 1 January 2022 to 31 December 2022, and prior years' data are shown where available for comparative purposes.

The scope of income-financial data and information matches the Neodecortech Group's Consolidated Non-Financial Statement (CNFS) at 31 December 2022.

The scope of social and environmental data and information comprises the companies consolidated on a line-by-line basis within the CNFS. Mention should be made that on 19 October 2022, NDT energy S.r.l., a wholly-owned subsidiary of Neodecortech S.p.A., was established to build and operate a boiler for the recovery of processing waste at the Casoli (TE) production plant for the generation of thermal energy. This company is dormant at 31 December 2022.

To facilitate data comparability over time and evaluate the Group's performance, a comparative year has been incorporated where available. Any restatements of previously published comparative data are clearly marked as such. To maintain data reliability, the use of estimates has been minimized and, where present, are appropriately indicated in the document. The Neodecortech Group CNFS is prepared in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" set out by the Global Reporting Initiative (GRI), based on the "in accordance" option.

With regard to the information required by Article 3, paragraph 2, of Legislative Decree 254/16, it should be noted that the data and information relating to other air pollutant emissions other than greenhouse gas emissions are not accounted for in this CNFS as the related data monitoring and reporting process is under definition.

The plants of Neodecortech S.p.A. carry out monitoring based on the requirements of the single environmental authorization and the information will be shown from the next reporting year.

This document is prepared on an annual basis and was submitted for approval by the Board of Directors of Neodecortech S.p.A. on 15 March 2023. The CNFS is subject to limited assurance engagement, according to the criteria indicated in ISAE 3000 Revised, by Deloitte & Touche S.p.A..

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

## Letter to Stakeholders

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

This decision is a testament to the Group's dedication to share with all stakeholders the importance of a collective commitment towards a sustainable future amid climate change risks.

The year 2022 saw the Group determined to overcome both the impact of the pandemic in its industry, and the reverberations from the Russian-Ukrainian conflict, which led to shortages of raw materials and escalating prices of utilities such as gas and electricity; nevertheless, the Group yielded positive results and achieved great satisfaction in terms of output data and income performance. This affirms the adoption of a progressively focused approach on long-term value creation, one that not only caters to the present stakeholders, but also judiciously "utilizes and consumes" resources in a manner that does not deprive future generations of comparable opportunities.

With this perspective, significant progress was made in 2022: the contribution to the creation of the Furniture Pact project (a coalition of companies in the furniture supply chain sharing common sustainability goals involving SDA Bocconi), which culminated in February 2023 with the establishment of an observatory for wood-furniture companies on the sustainability supply chain, and recognition by the CDP (Carbon Disclosure Project) through assignment of a "B" rating as proof of the Group's attention to combating climate change.

The organization's willingness to pursue carbon offset initiatives to offset emissions, the confirmation of the Biodiversity Policy, the development of the Diversity and Equal Opportunity Policy, and the adoption of the Supplier Code of Conduct all demonstrate the NDT Group's commitment to achieving new ESG goals.

Building on the legacy of the 2021 CNFS, the document continues to follow the Prosperity, People, and Planet pillars approach, striving for greater transparency and inclusivity: the next pages highlight the Group's key achievements during the year and the contribution to the abovementioned pillars and to the UN 2030 Sustainable Development Goals (SDGs), through their interconnection with the corporate strategy and the identified material topics.

Filago, 15 March 2023

Luigi Cologni | CEO



## **1 The Group**

## 1.1 Highlights

### Environmental

- 1,261,581 GJ Energy consumption (-8% versus 2021)
- Production of 100% electricity from renewable sources
- 27,456 t CO<sub>2</sub> Scope 1 + Scope 2 Location-based emissions (-11% versus 2021)
- 1,514 MI Water withdrawal (-17% versus 2021)
- 7,600 t Waste produced (+4% versus 2021)
- 100% purchase of FSC® (Mix Credit and Controlled Wood) or PEFC certified pulp

### Social

- 400 employees at 31.12.2022 (-1.5% versus 2021)
- 99.5% of employees on permanent contracts at 31.12.2022 (92% in 2021)
- +8% rate of new hires in 2022 (-2% versus 2021)
- 5,180 hours of training delivered (-20% versus 2021)
- € 58,000 in projects supporting local communities (-30% versus 2021)
- 4 scholarships for employees' children

### Governance & Compliance

- Gender balance in the corporate bodies (for the less represented gender 44% presence on the Board of Directors)

### Economic

- € 212.059 million of directly-generated economic value (+18% versus 2021)
- € 196.474 million in revenue at 31.12.2022 (+11% versus 2021)
- 59% spending on local suppliers (-6% versus 2021)



## 1.1.1 History

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

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

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

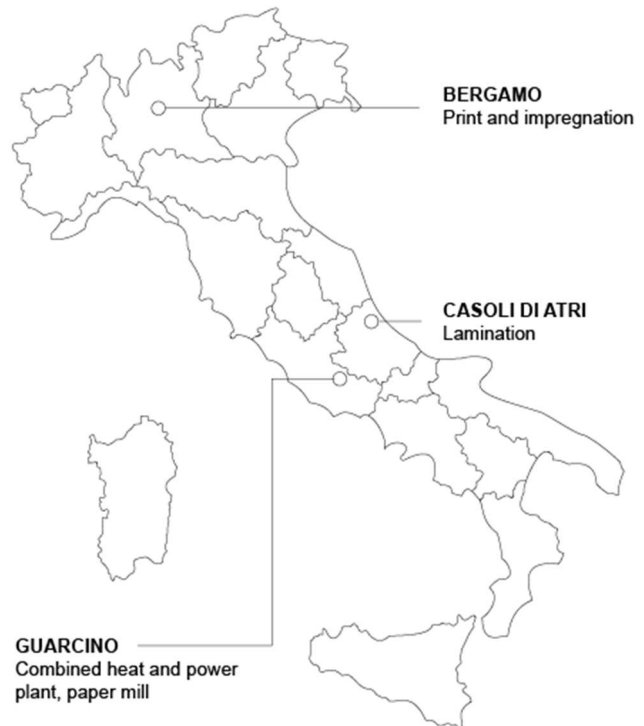
A year later, the Group sold its stake in CDG International and drew up its first CNFS. In May 2020, Neodecortech was listed on the regulated MTA market (Electronic Stock Market) and, in March 2021, the STAR (Companies with High Requirement Shares) segment, also managed by Borsa Italiana.

1947	Set up of Confalonieri in Filago (BG), specialized in the production of printing inks.	2015	Confalonieri starts LVT printing and inaugurates its internal studio for décor implementation.
1960	Confalonieri focuses on decorative papers for plastic laminates and laminated panels, while also starting its printing and impregnation activities.	2016	First CNFS issued - 2015 by Neodecortech S.p.A.
1990	Set up of Cartiere di Guarcino, specialized in the production of decorative paper for lamination.	2017	Group reorganization, change of name from Confalonieri S.p.A. to Neodecortech S.p.A. and listing on AIM Italia.
1999	Cartiere di Guarcino inaugurates a second production line.	2018	Acquisition of the business unit of Corbetta FIA S.r.l., specialized in the production of laminates.
2003	Finanziaria Valentini acquires Confalonieri and Cartiere di Guarcino.	2019	Disposal of CDG International First CNFS issued - 2018 by the Neodecortech Group.
2006	Set up of Bio Energia Guarcino, a bio-mass powered cogeneration plant of electric and thermal energy for CDG.	2020	Admission to trading of Neodecortech S.p.A. ordinary shares and warrants on the MTA.
2010	Confalonieri revamps its showroom and Neodecortech Lab.	2021	Transition to the STAR segment of the MTA of Borsa Italiana.
2011	Opening of second CDG production line.	2022	Establishment of NDT energy S.r.l., to operate a boiler for the recovery of processing waste for the generation of thermal energy at the Casoli plant.

## 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 2022 is shown below.

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

### NDT

**Neodecortech S.p.A.**, registered and operating offices in Filago (BG) and other operating offices in Casoli d'Atri (TE), heads up the core business of the Group and is active in the printing and impregnation of paper, in the printing and finishing of thermoplastic film, and in "laminates" produced mainly at the Casoli headquarters. NDT is positioned as a highly proactive decoration partner for its customers in the interior design and flooring industry, through constant monitoring and interpretation of new stylistic trends.

The Parent Company performs, for its subsidiaries, the functions of legal and corporate affairs, administration and equity investments, strategic planning and business development, Internal Auditing, Compliance & Risk Management.

### CDG

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

### BEG

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

**NDT energy S.r.l.**, incorporated on 19 October 2022, with registered office in Filago (BG) and operating offices in Casoli di Atri (TE), currently dormant and awaiting authorization to operate a WtE plant, capable of reusing process waste and meeting almost all the thermal needs of the adjacent NDT "laminates" division, TEXTE.



## 1.2 Governance

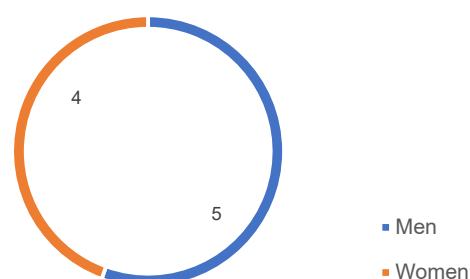
Neodecortech S.p.A. employs a dynamic, lean and adaptable organizational structure that encourages interdepartmental communication, leading to improved efficiency and effectiveness in production processes. Neodecortech has adopted the Group Code of Ethics; each Group Company has also adopted its own Organizational Model pursuant to Legislative Decree 231/2001 (hereinafter also "Model 231"), updated most recently in 2021. 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.

Since December 2020, Neodecortech S.p.A., has 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.

The number of members of the Board of Directors, the definition and submission of lists of candidates, as well as the timing of the submission of such lists and the appointment process are governed by Article 20 of the Company's Bylaws.

### Board of Directors

- Chairman: **Luca Peli**
- Chief Executive Officer: **Luigi Cologni**
- Executive Director: **Massimo Giorgilli** (Chief Executive Officer of CDG and Chief Executive Officer of BEG)
- Non-Executive Directors: **Gianluca Valentini, Vittoria Giustiniani**
- Independent Non-Executive Directors: **Ida Altimare, Cinzia Morelli, Sara Bertolini, Adriano Bianchi**



The members of the BoD serve for 3 years, until approval of the 2024 Financial Statements. The following is a breakdown of Board members by gender and age group at 31 December 2022.

	31 December 2022	
	Men	Women
<30	-	-
30-50	-	-
>50	44%	56%
Total	44%	56%

The Board of Directors has set up internal Committees that assist 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 of remuneration of directors and Key Management Personnel.
- **Control, Risk and Sustainability Committee:** tasked with assisting 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. It also 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.
- **Related Party Committee:** submits proposals and provides advice to the Board of Directors on Related Party Transactions, therefore with potential parties in conflict of interest, in accordance with the provisions of the procedure governing Related Party Transactions, adopted in implementation of the provisions of Article 2391-bis of the Italian Civil Code and the RPT Regulation.

### **1.3 Ethics, integrity and compliance**

GRI 205 Anti-Corruption, GRI 206 Anti-Competitive Behaviour

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

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

In line with the values enshrined in the Code of Ethics and in accordance with its internal 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 that unexpected incidents 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 topic, 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 targets and rules of conduct. Relations with Public Administration fall solely within the remit of deputized functions, which are called upon to observe the principles of independence, impartiality, transparency and fairness reflected in the Organizational Models. In line with the above principles, corruption and bribery is strictly prohibited in the Companies' Codes of Conduct, both towards Public Administration representatives and private parties. Lastly, all Group personnel have attended specific training programs on Model 231 and the Code of Ethics, and have been properly informed of the Group's policies on anti-corruption issues. Pursuant to Legislative Decree 231/2001, each Group company has also set up a Supervisory Board tasked with supervising the operation, effectiveness and observance of the Model, as well as ensuring that it is constantly and promptly updated.

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



## **1.4 Non-financial risk management**

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

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

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

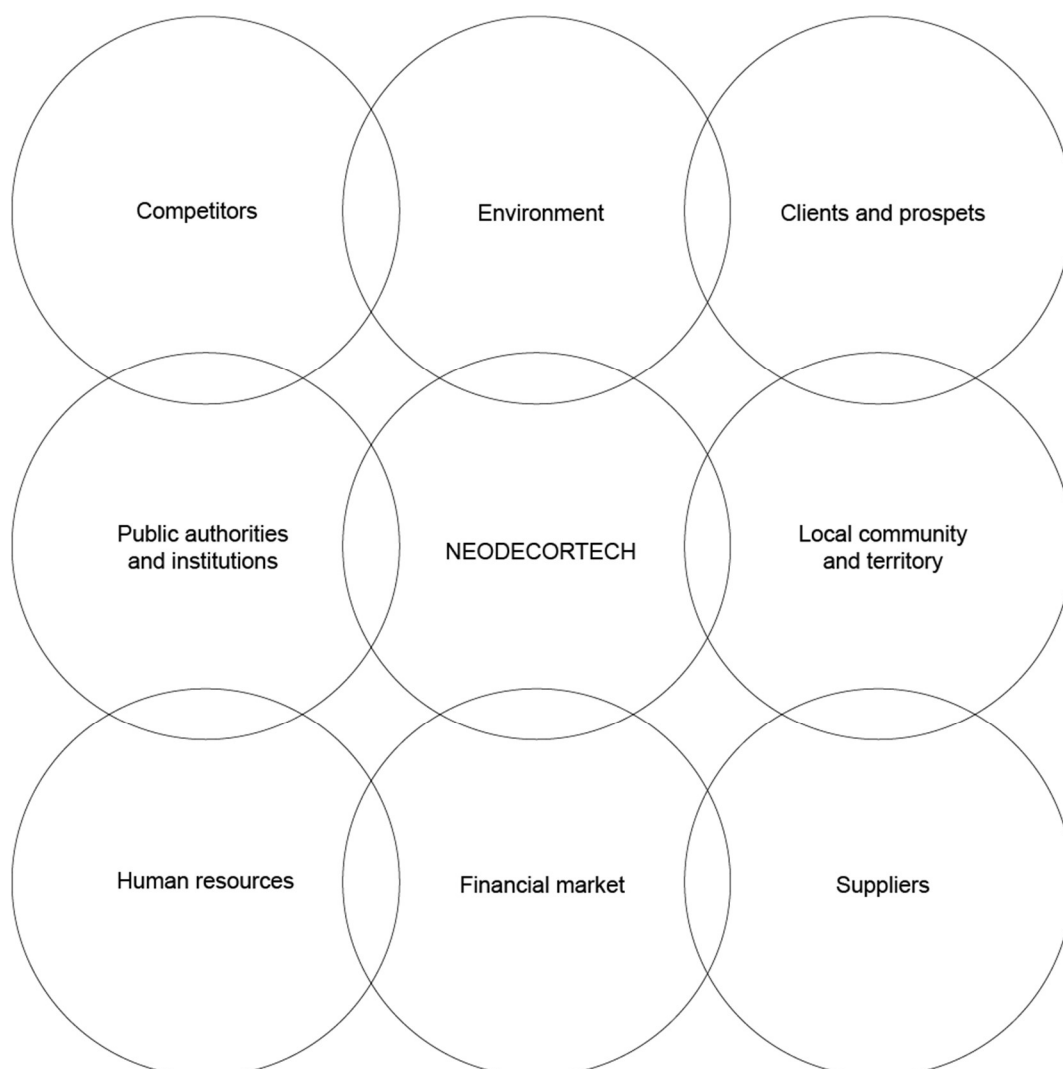
With regard to the risks related to climate change, the Neodecortech Group has embarked on a structured process of analysis of its environmental impacts and mitigation activities. In addition to the internal analysis of its risks and opportunities, the Group has decided to undergo the CDP - Carbon Disclosure Project assessment as from 2021, with a view to increasing awareness, and has launched a sustainability process aimed at increasingly reducing its negative impacts in this area. On 13 December 2022, CDP confirmed its "B" rating.

For further details on the types of risks analyzed and managed by the Group, reference should be made to the specific section in the Financial Report at 31.12.2022.

## 1.5 Group stakeholders

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

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



## 1.6 NDT materiality analysis

The company has produced a Sustainability Report since 2016, and starting in 2021, the NFS has been drawn up on a voluntary basis in accordance with Articles 3 and 7 of Legislative Decree 254/2016.

The Group has long embarked on a process aimed at identifying "material topics" in line with the Sustainability Reporting Standards defined by the Global Reporting Initiative. Material topics are defined as those that present the impacts of the organization on the economy, the environment and people, including those on their human rights.

For 2022, the Neodecortech Group decided to update the list of material topics through a two-stage process: at first, the impacts of Neodecortech were analyzed through a benchmark analysis carried out by analyzing the information reported by competitors, the areas envisaged in Legislative Decree 254/2016, the GRI Standards, and the publications of certain authoritative international sources (S&P Global, SASB, etc.). The second phase, which focused on the assessment of impacts and then material issues, involved senior management at a materiality workshop. Below is the list of material topics:

MATERIAL TOPICS
Energy, emissions and climate change
Water
Employee management and training
Circular economy and use of renewable raw materials
Safety in the workplace
Diversity and equal opportunities
Business ethics and corporate responsibility
Waste
Sustainable supply chain management
Relations with the local community
Human rights
Biodiversity and protection of natural land cover
Product quality
Research and Development
Economic performance and indirect economic impacts
Sustainable marketing and labeling
Data protection

The Group is considering for 2023 an update of the material topic identification process in line with the development of dedicated stakeholder engagement initiatives.

The Sustainable Development Goals (SDGs), for which Neodecortech has defined its commitment, as described in the paragraph below, were subsequently associated with the material topics.

The table in the "Scope of Material Topics" section shows the potential and current, positive and negative impacts inherent in the topics classified as material by the NDT group.



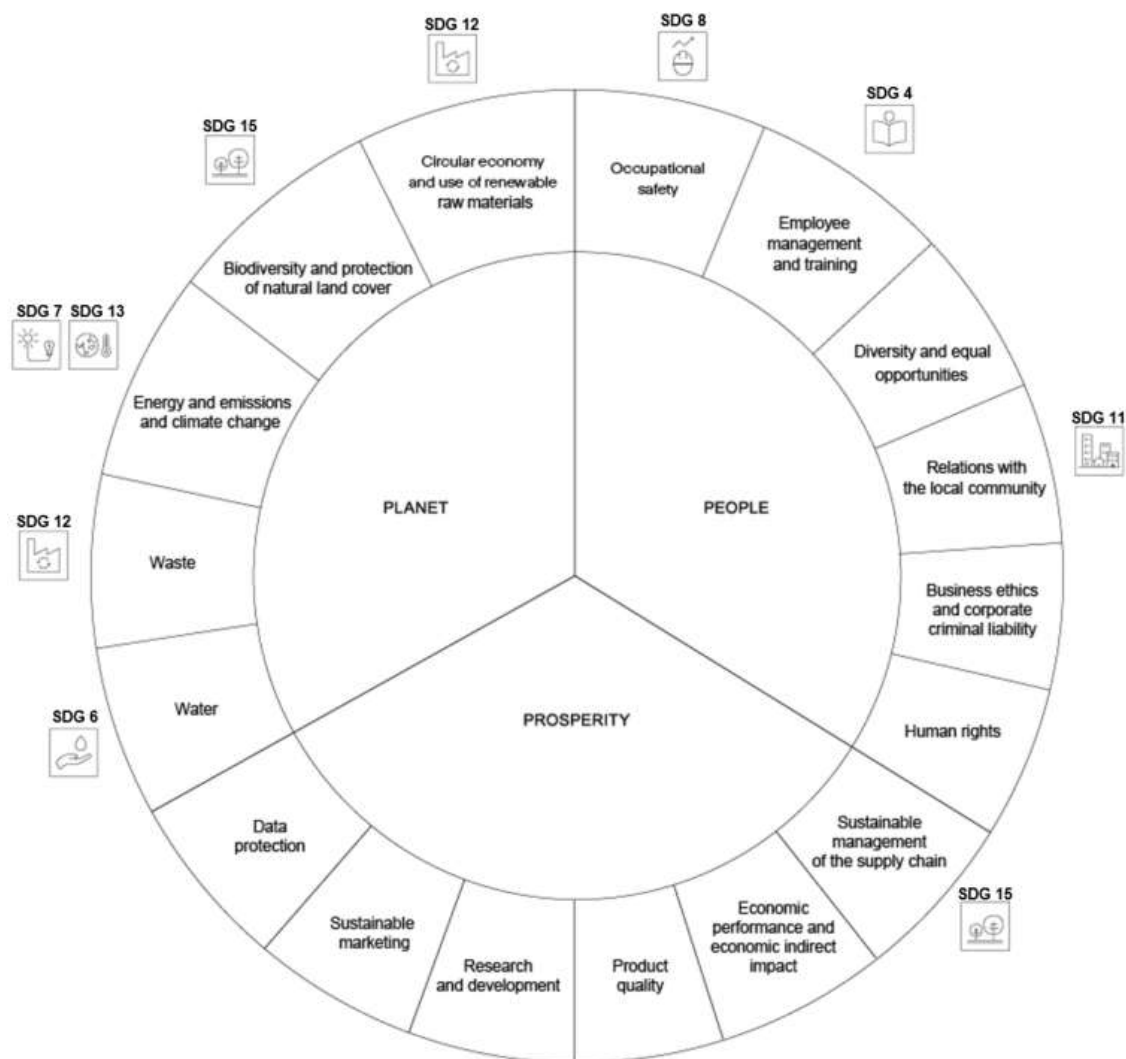
## **1.7 Sustainability strategy**

The Group has long prioritized responsible business management, with emphasis on a corporate culture that creates lasting value for stakeholders, rather than simply complying with regulations and mitigating negative externalities.

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.

The integration of business sustainability into corporate strategy, remuneration policies and the internal control and risk management system, as well as the management of environmental, social and governance (ESG) aspects, are the direct responsibility of the Issuer's Board of Directors, which sets forth the sustainability strategy assisted by the Control, Risks and Sustainability Committee (CRSC), 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. The CRSC submits proposals to the Board of Directors and provides advice on sustainability, i.e., processes, initiatives, and activities aimed at overseeing the Issuer's commitment to sustainable development along the value chain.

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 of them.



Neodecortech's strategy aims at creating value also through the integration of Environmental, Social and Governance factors (ESG). For this reason too, since 2021 the Group has adopted the assessment of the Carbon Disclosure Project (CDP), an international non-profit organization that provides businesses, local authorities, governments and investors with a global system of environmental measurement and reporting. With the "Climate change 2022" questionnaire, based on 2021 data, CDP has placed Neodecortech in the "Management band" with a "B" score. This score places Neodecortech in the European average, with the same "B" score, but slightly better than the world average and the Wood & Paper materials segment, which have a "C" score instead. In 2021, Neodecortech continued to implement further actions to curb its environmental impact and is therefore confident that the 2022 rating can lead to an improved score in 2023.

## 1.8 Environmental projects contained in the Sustainability Plan

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

### Projects already underway

With regard to the specific area of GHG emissions and with reference to Scope 1 and Scope 2 (location based), in 2022 the Group offset over 12,000 tonnes of CO<sub>2</sub> equivalent from the production sites of Filago and Casoli, CDG and BEG, equal to the residual emissions of these sites. In 2022, in fact, the Filago site neutralized approximately 190 tonnes of CO<sub>2</sub> equivalent thanks to the self-production of electricity from the photovoltaic system in the plant, and 1,400 tonnes of CO<sub>2</sub> equivalent thanks to the supply of 100% renewable electricity. The same action was also carried out at the Casoli site, neutralizing emissions by a further 577 tonnes of CO<sub>2</sub> equivalent.

The project, which started in 2020, regarding the mapping of all packaging used in processes, continued in 2022. The purpose of the project is to identify packaging made of non-recycled material or coming from uncertified forests in the case of wood-based products and replace it, through collaboration with suppliers, with packaging made of recycled/certified material. In 2022, the percentage of recycled/certified packaging used increased to 91% (versus 44% in 2020, 65% in 2021). A point worth mentioning is that 100% of the purchased pallets are PEFC certified.

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

2022					2021				
Product	Total Kg	Virgin	Recycled/ Certified	%	Product	Total	Virgin	Recycled/ Certified	%
Cardboard	140,383	4,269	136,114	97%	Cardboard	207,494	15,806	191,688	92%
Plastic	37,407	20,540	16,867	45%	Plastic	50,243	37,944	12,299	24%
Steel	146	146	0	0%	Steel	8,832	0	8,832	100%
Wood	153,998	3,512	150,486	98%	Wood	187,062	106,205	80,857	43%
Total	331,934	28,467	303,467	91%	Total	453,631	159,955	293,676	65%

### Projects to be launched in 2023

On the environmental front, the Group will also pursue a number of activities in 2023.

Specifically for the Casoli site, completion of the wastewater recovery project through a new treatment plant. Additionally, the waste-to-energy project at Casoli di Atri is currently being assessed by the relevant bodies, with the creation of a new company NDT energy S.r.l. for the specific purpose of installing a biomass boiler powered by production waste in order to achieve self-sufficiency in thermal consumption. The project, currently in the authorization phase, envisages the use of 100% of the powder and laminate waste as fuel for the biomass boiler.

With the aim of reducing its carbon footprint, the Group has started a process of calculating other indirect emissions (Scope 3) and identifying off-setting actions for these emissions, such as encouraging the use of intermodal transportation.

Through targeted industrial process optimization actions, the Group aims to reduce the amount of non-recoverable waste disposed of.

Additionally, the Group will also confirm its social commitment in 2023, with initiatives agreed upon with the individual local governments of the Municipalities that host the plants of the Companies: Filago and Madone (BG), Casoli di Atri (TE) and Guarcino (FR).

## **2 Prosperity**

## 2.1 Markets, products and processes

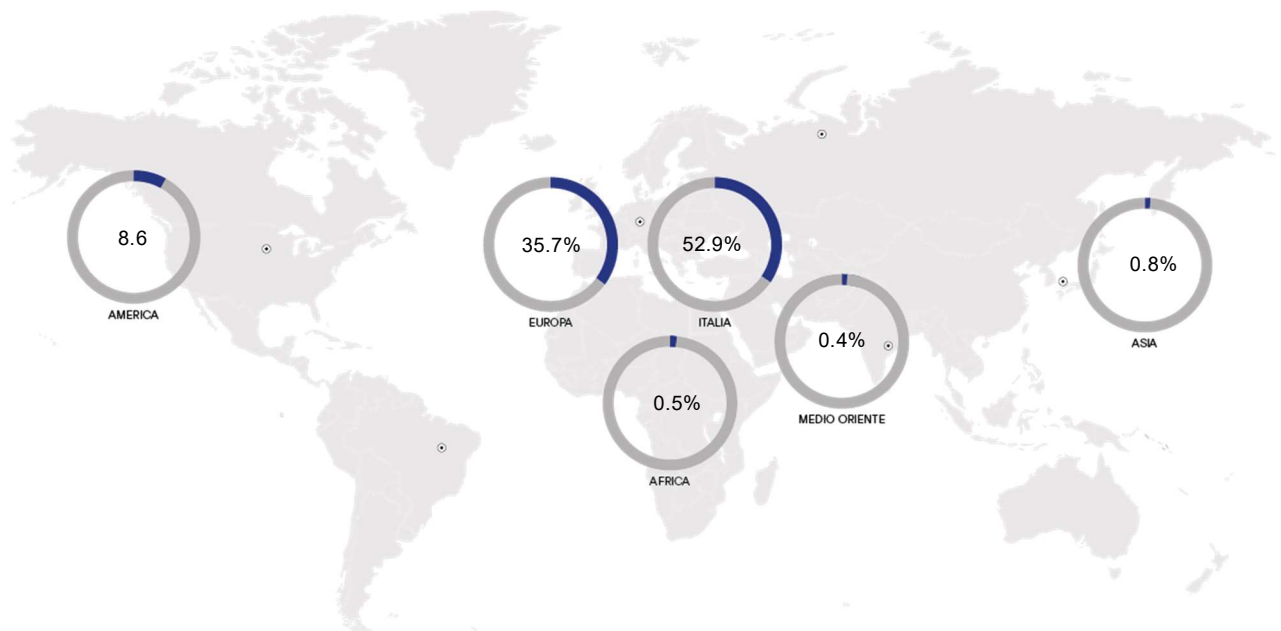
The Neodecortech Group operates in the following areas:

- Decorative paper
- Printed and impregnated decorative paper
- Laminates
- Printed and laminated plastic film
- Energy

With the exception of power generation, dedicated mainly to meeting the power needs of Cartiere, the other products are targeted to the furniture and flooring industry.

The Group operates on markets based on every continent, but its clients are mainly from Europe and include large domestic groups and multinational corporations that work in the interior design, laminates and flooring sectors, cooperating in the development and supply of new products, and becoming a trusted supplier in a niche market. The strong international bent of its business allows the Group to better manage possible risks deriving from local incidents, and has become over the years a vital aspect, coming to represent 59%<sup>1</sup> of consolidated turnover in 2022.

**Percentage of revenue by geographical area (amounts include the Energy Division)**



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

The Group's sales function hinges on a direct sales model through its area managers, nineteen agents (11 from NDT and 7 from CDG, including two joint agents), and 1 buying agents (NDT). Foreign sales activities are carried out mainly by internal area managers, together with sales agents in a number of areas requiring a direct presence on site (Belgium, Turkey, Iran, Brazil, Russia, Far East, North America).

Neodecortech provides the domestic and international markets with a wide and coordinated range of products both in the field of *paper-based decorative surfaces and plastic films*. Thanks to ongoing creative and stylistic research, the Group is well-positioned to offer approximately 1,200 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 company that operates in the market with different brands all targeted to the furnishing industry supply chain:

- Cartiere di Guarcino - Decorative paper
- Confalonieri - Printed and impregnated decorative paper
- Texte - Laminates
- Plana - Printed and laminated plastic film

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

- Print base paper

Smoothed papers that allow the best runnability in the rotogravure and digital system. Wood, fabric and marble surfaces are reproduced on top of them to replace their use. Print base papers are produced using mat on line technologies. The papers are then impregnated through thermosetting resins and transformed in laminates or applied to laminated panels.

- Unicolour papers

Papers intended for impregnation, and the colour chosen during the impregnation process represents the decoration only. The distinctive feature of these papers is their colour uniformity. These papers too are later transformed in laminated or veneered panels.

- Underlay papers

Papers created as a support to be placed on particle board. As for Unicolor papers, they are intended for impregnation, and the 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, to avoid possible warping.



## **Confalonieri**

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

- DEC

Printed decorative paper for the production of low pressure laminated panels, finish foils, 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. The use of these papers lends the coated surfaces high resistance to abrasion, scratch and chemical agents.

- FINISH

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

## **Texte**

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

- EOS Laminate

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

- Microtop

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

- Thin Top

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

The antibacterial Thin Top is obtained by using special substances that have a true antibacterial action.

- Laminex

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

- Cover Lac

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

## **Plana**

It offers thermoplastic films in PVC and PET R, i.e. 70% of which obtained from recycled material. PVC can also be

printed or laminated; a wide range of solutions with endless aesthetic potential, intended for LVT flooring and the world of surfaces for interior decoration.

- PPF

The product consists of a thin printed film that can be coupled with various types of supports (chipboard, MDF, regenerated PVC). The high coupling resistance is guaranteed by a special working process that avoids alterations of the physical characteristics of the film. 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.

- PPF +

This product is made from a thin printed film that can be coupled with different types of substrates (chipboard, MDF, regenerated PVC, WPC, SPC). The high coupling resistance is guaranteed by a special machining process to avoid any alteration of the physical characteristics of the film. It can be glued to a wooden substrate, with hot melt adhesives for PVC. Plasticizers, stabilizers, inert fillers, colouring pigments and flame retardants combined with PVC (polyvinyl chloride) improve its physical (heat resistance, strength and flexibility) and aesthetic (colour and lightfastness) characteristics. PVC, protected with UV coatings, achieves good mechanical properties and resistance to abrasion, wear, aging, chemicals, and fungal and bacterial attack. It is water repellent and fire resistant due to higher ignition temperature, low flame spread and self-extinguishing.

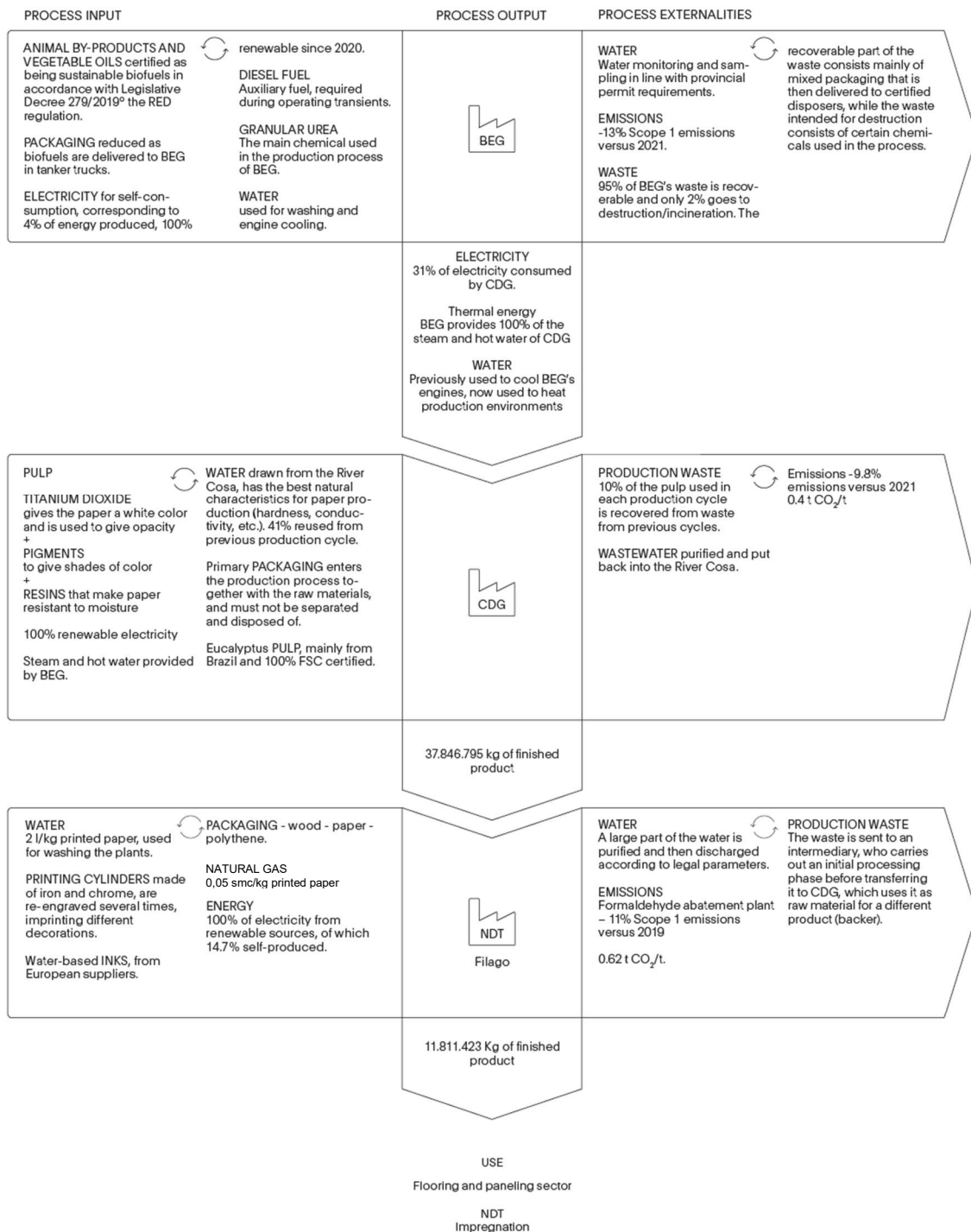
- PPLF

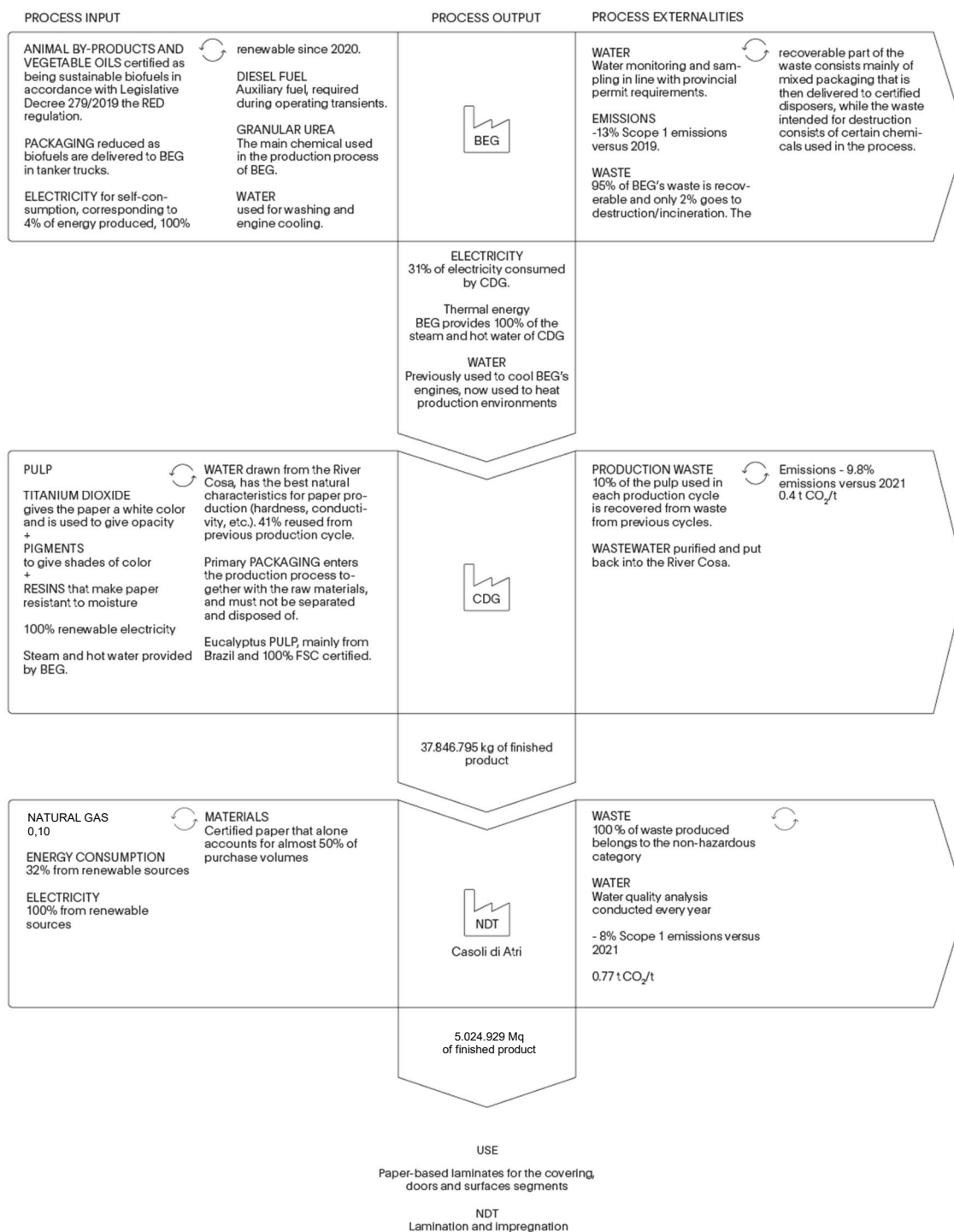
The product consists of a thin printed film coupled on top to a transparent vinyl layer (wear layer), then embossed and lacquered. The high coupling resistance is guaranteed by a special working process that avoids alterations of the physical characteristics of the layers. It is a material with good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

- EOS TP

The product consists of a thin 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. The most notable feature is its anti-fingerprint properties, besides being waterproof and with good resistance to fire thanks to the high ignition temperature and low spread rate. The special lacquering gives the surface a special soft touch and typical anti-fingerprint effect.

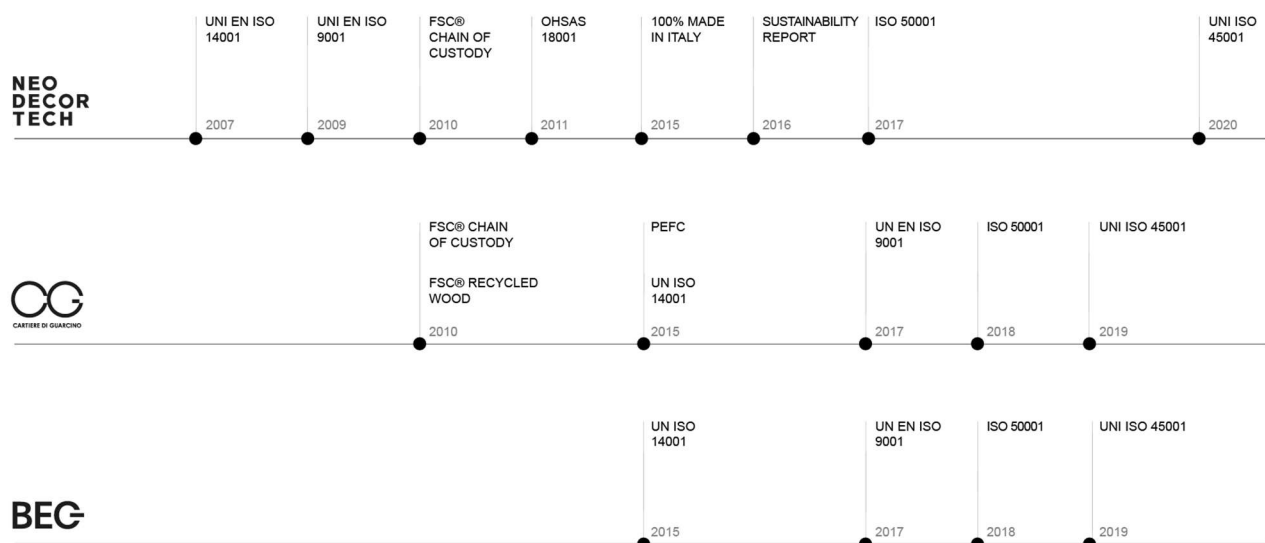
## Neodecortech Group supply chain





## 2.2 Certifications

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



- **100% Made in Italy**

Certification system created by the Institute for the Protection of Italian Manufacturers, which guarantees the Italian original quality of products. To achieve this certification, products must be made entirely in Italy, produced with Italian semi-finished products, made of top-choice, high-quality natural materials, created with Company designs and exclusive projects and developed using typical traditional Italian workmanship.

- **FSC® – Chain of custody**

FSC® is a forest certification system that identifies the products containing wood that comes from sustainably-managed forests; the cellulose is obtained from wood to produce paper. Chain of Custody certification guarantees that FSC® certified paper is labelled and stored separately from the non-certified ones, so that end product sustainability can be traced.

- **PEFC**

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

- **UNI ISO 45001**

It is a certification related to "Health and safety in the workplace management systems", a guideline that sets the criteria for implementing a management system that helps organizations provide safe and healthy workplaces by preventing workplace accidents and health problems, while proactively improving OHS.

- **UNI EN ISO 14001**

It is a certifiable standard that gathers requirements, principles and techniques in support of the environmental management system. Its intent is to implement, maintain and improve the control system of environmental impacts produced by the Company.

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

- **UNI EN ISO 9001**

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

- **UNI CEI EN ISO 50001**

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

- **MED**

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

- **Energy from renewable sources certification**

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

## Timber Regulation

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

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



## 2.3 Sustainable supply chain management

GRI 204 Procurement Practices, GRI 308 Supplier Environmental Assessment, GRI 414 Supplier Social Assessment

Responsible management of the supply chain is all the more important in the case of Neodecortech, since the Group has established itself over time as an integrated supply chain: the selection of suppliers and the responsible management of potentially critical issues of each company are a key element that affects the performance of all Group companies. The identification and selection of suppliers is carried out meticulously, balancing the different needs related to the supply of raw materials, technical assistance services on machinery and disposal of production waste. While Neodecortech has been operating in this spirit for several years now, in 2021 this approach was further enhanced by adopting its own Supplier Code of Conduct. In 2022, this Code was subscribed to all suppliers of class A and B raw materials.

More specifically, Neodecortech is well aware that the selection of a supplier is a critical factor that greatly contributes to determining the quality of a production process or of a product. Therefore, the Group Companies aim to establish with each supplier a relationship based on mutual cooperation, sharing quantitative and qualitative targets to constantly improve product quality, values and principles that inspire the Group. Neodecortech requires each supplier to comply with the relevant laws and regulations: it is the starting point and the prerequisite for developing a profitable business relationship based on trust. The processes for the purchase of goods and services, managed by the appropriate company departments, are based on pre-contractual and contractual 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.

By signing the General Terms and Conditions for the Purchase of Goods and Services, Neodecortech requires its suppliers and subcontractors to guarantee compliance with the principles set out in the Code of Ethics and Model 231, in addition to those enshrined in the Supplier Code of Conduct. The Supplier Code of Conduct is an integral part of the documental system brought to the attention of suppliers and, as such, supplements the principles of the Group's Code of Ethics as well as the principles of Model 231, including references to topics such as: working conditions, environment, energy, health and safety, working methods, and wood products. The Code also specifies Neodecortech's right to assess compliance with the principles of the Code and to conduct compliance audits even without prior notice. Furthermore, by signing the Code, suppliers undertake to respond transparently to questionnaires and/or surveys promoted by Neodecortech. As a result, in 2022 the questionnaire for assessing new suppliers was confirmed, both during recruitment and for regular performance assessments. In addition to selection criteria based on objective competitiveness of the services and products offered and their quality, the questionnaire includes social and environmental criteria, such as, for example, the presence of ethical-environmental certifications and compliance with the principles enshrined in the Supplier Code of Ethics.

Overall, the Group supply chain involves approximately 50 main suppliers, comprising raw materials, auxiliary products and services. They account for approximately 80% of the annual purchase. As it is a small and highly-specialized sector, the number of raw materials suppliers the Company relies on is limited. However, supplier concentration allows collaboration with own partners in the developing of innovative products, with the aim of making them more cutting edge and performing and, therefore, of protecting own know-how, while gaining an advantage in the negotiating phase.

The purchase prices of raw materials (mainly pulp, titanium dioxide, inks, urea and melamine resins and animal by-products) as well as their fluctuation, owing to the nature of the activities carried out, affect the Group's production costs to a great extent. For this reason, the Group constantly monitors the market prices of the raw materials it procures for its activities in order to promptly anticipate any significant price changes, always keeping at least two suppliers that are able to supply the same quantity and quality of raw materials. Mention should be made that the first half of 2022 was marked by a shortage of certain raw materials, while the second half saw a drop in demand from customers.

Furthermore, the specific nature of materials used in the production process (e.g. inks, pulp, 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 59% of total purchases coming from local suppliers (local meaning suppliers based in Italy).

Additionally, the materials used in manufacturing come from well-managed forests and controlled sources, or from recycled material. In order to pursue this target, the Group has implemented an FSC® Chain of Custody Policy, committing itself to implementing a multi-site chain of custody management system that guarantees customers the traceability and proper management of the pulp-based raw materials used.

Additionally, in 2021 the Group put in place a management procedure for the coding and traceability of EOS PET R, i.e. recycled, envisaging the assignment of NEODECORTECH company codes to PET products purchased and subsequently processed at the Filago production site. This system provides proof of the amount of recycled material used in the making of the finished product. The references for traceability of the materials used are then shown on the freight and sales documents.

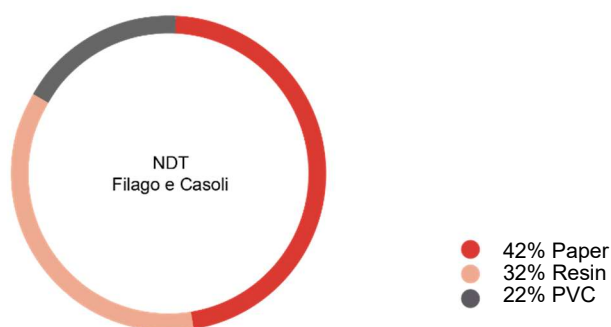
The Group declares that it is not involved, through its procurement operations, in activities implying the illegal logging or trade of wood, which result in the violation of the rules established by the International Labour Organization (ILO) and which damage the environment in an irreversible way. Additionally,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

The Group's suppliers are classified as follows:

- 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 and B, which means that, even if purchases are made on an ad-hoc or forecast basis, there are implicit agreements to collaborate even in the absence of formal contracts.

## Main materials purchased by NDT Spa in 2022 - %

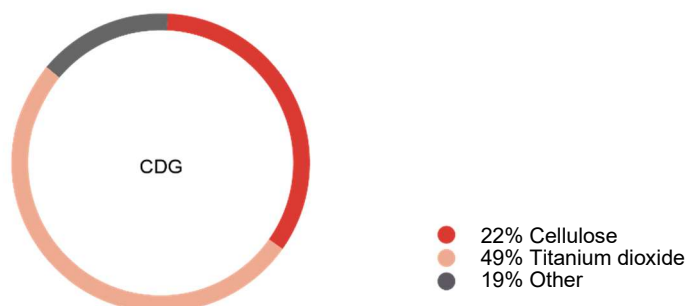


For several years now, all strategic suppliers have been monitored and assessed by means of a special check-list, which includes a series of requirements aimed at qualifying the supplier (e.g. product quality, certifications, timeliness of deliveries, reliability, etc.). There is a tacit agreement with these suppliers and a safety stock that allows them to cover any needs/peaks that transcend standard requirements. The suppliers added in 2022 provide mainly services and maintenance materials.

### CDG

In 2022, CDG used 255 suppliers (467 in 2021). 213 suppliers of these are local (based in Italy), equal to 84% of the suppliers. In terms of value, supplies from local suppliers account for approximately 25% of purchases. Conversely, there are 42 foreign suppliers accounting for approximately 16% of suppliers, but in terms of value representing approximately 75% of spending. For the purpose of compliance with the FSC® chain of custody, all pulp suppliers must be FSC® certified. A trial with a new supplier, based in Spain, began in 2022. In this case, in addition to FSC® certification, the use of a Spanish supplier also reduces the environmental impact related to transportation.

CDG's supply chain aimed in 2022 at sourcing the following types of materials/services:



Pulp and titanium dioxide are the main raw materials in CDG's supply chain. Overall, they account for approximately 69% of CDG purchases, of which approximately 32% is pulp and 49% titanium dioxide. 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, although starting from 2022, these volumes have grown, especially in the Iberian Peninsula.

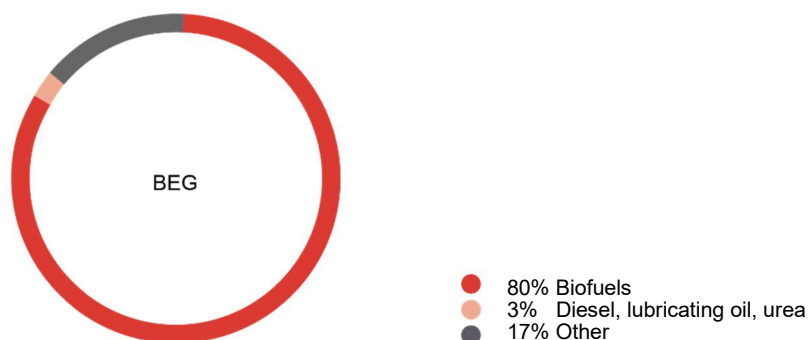
The pulp purchased is all FSC® certified, a certification which CDG complies with (since 2010), and must meet the requirements of the Timber Regulation.

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

Suppliers of chloride-based titanium dioxide are mainly Western multinationals with plants located in Europe or North America. The purchase of sulfate-based titanium dioxide instead takes place mainly in China, the world's main producer.

## BEG

The main types of BEG purchases in 2022 are:



The supply of bio-fuels is by far the largest item in BEG's supply chain, accounting for more than 80% of purchases. The BEG power plant uses mainly bio-fuel of animal origin from a national supply chain that gives access to an additional incentive on the production of electricity. This element affects the supply chain and its organization in a significant way. In 2022, it used approximately 5,000 tonnes of certified sustainable palm oil. Palm oil was used in Q4 and its use arose from the need to hedge on the sale of future energy completed also on Q4.

## **2.4 Research and Development**

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

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

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

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

In recent years, the Group has embarked on a path of product and market diversification, offering environmentally-sustainable solutions, also in consideration of recent European regulations, such as the SUP directive that establishes a ban on the sale of all single-use plastic products. In response to this law, Neodecortech is working on research projects to experiment lines of decorative papers for new applications and alternative uses, oriented towards environmental protection and produced using cutting-edge and highly efficient technologies, capable of generating productivity increases, lower pollution and lower production of waste, ensuring a sustainable product, from production to disposal. The pivotal role of innovation in the Group's strategy is reflected in the new 2021-2023 Business Plan, which envisages a 50% increase in investments versus the previous three-year period, with approximately 37% dedicated to the launch of new products and processes, approximately 33% to increasing productivity, and approximately 29% to consolidating production and operating capacity.



## 2.5 Economic performance and approach to taxation

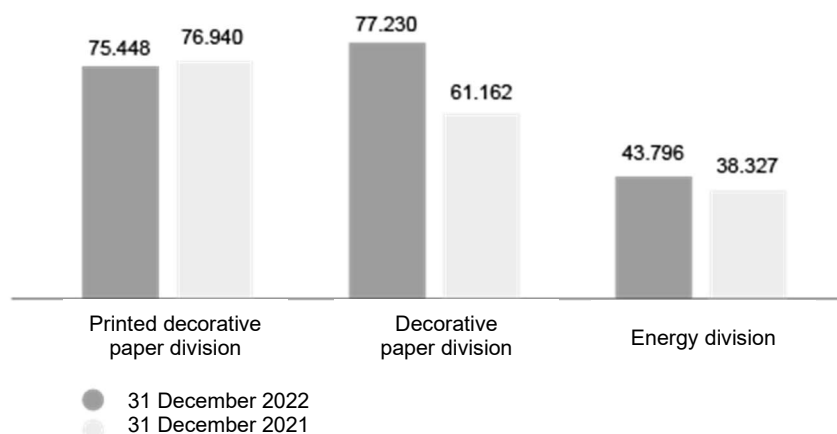
GRI 201 Economic performance

In 2022, total consolidated revenue amounted to € 196,474 thousand, up by 11% versus 31 December 2021. Consolidated gross operating profit (EBITDA) amounted to € 15,991 thousand, while net profit for the year amounted to € 8.4 million versus € 6.7 million at 31 December of the prior year.

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

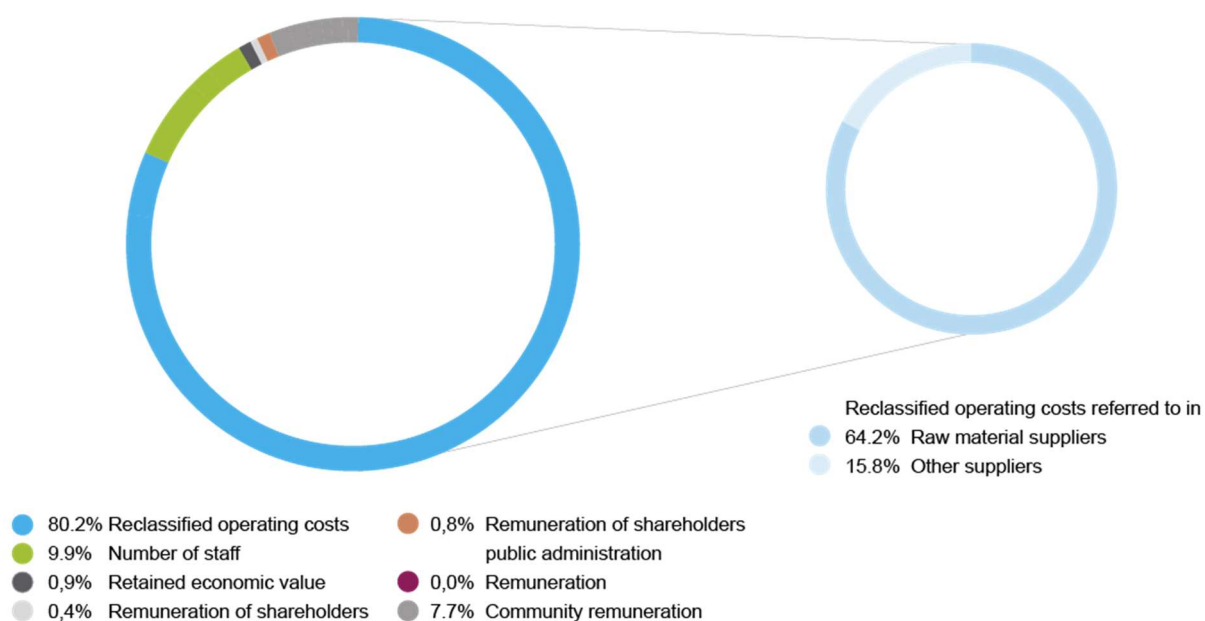
The reclassification of the income statement, shown in the table below, highlights the determination and breakdown of the economic value directly generated and distributed by the entire Group. The economic value generated represents the overall wealth created by the Group and subsequently distributed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

### Revenue by division



The economic value directly generated by the Neodecortech Group in 2022 is € 212 thousand, up versus 2021 (+11%). Most of this value is represented by reclassified operating costs, accounting for 80.2%, followed by payments to personnel (9.9%). Payments to lenders amounted to € 954 thousand (0.4%), while payments to private shareholders amounted to € 2,000 thousand (0.9%). Payments to the Public Administration (0.8%) are made up of tax payments. The Group contributed to social and economic development through donations and sponsorships in support of charitable and cultural associations, amounting to approximately € 58 thousand (0.03%).

## Economic value distributed and retained by the Group in 2022

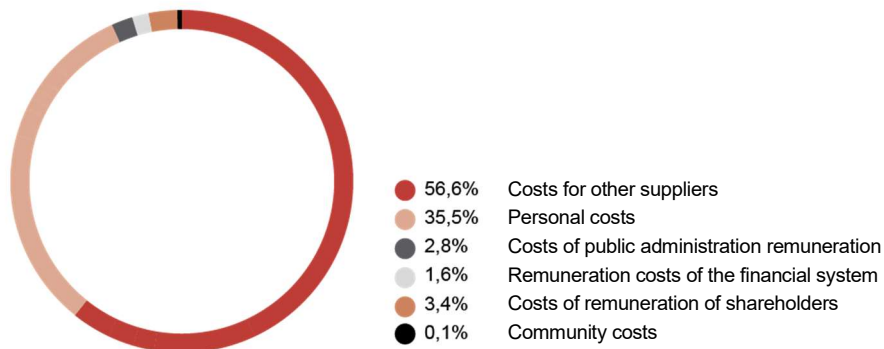


	2022	%	2021	%
Economic value generated	212,059	100%	179,145	100%
Economic value distributed	195,734	92.3%	165,536	92.4%
Reclassified operating costs	170,043	80.2%	138,235	77.2%
Of which raw material suppliers	136,540	64.4%	114,201	82.6%
Of which other providers (services)	33,503	15.8%	24,034	17.4%
Payments to personnel	20,996	9.9%	21,821	12.2%
Payments to lenders	954	0.4%	1,236	0.7%
Payments to shareholders <sup>2</sup>	2000	0.9%	2,000	1.1%
Remuneration of the Public Administration	1,683	0.8%	2,161	1.2%
Remuneration of the EU	58	0.0%	82	0.04%
Economic value retained	16,325	7.7%	13,609	7.6%

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

The chart below shows that, net of costs from raw material purchases, the other two main cost items are those related to the purchase of services (56.6%) and own human capital (35.5%).

## Total cost items net of raw materials in 2022



## Approach to tax

In line with the Group's principles and values, laid down by the Code of Ethics and the Organizational Model, the tax approach and compliance are inspired by transparency and legality. As previously shown by the reclassification of the income statement, in 2022 tax on profit for the year came to € 802 thousand.

The Chief Financial Officer (CFO) heading the Administration, Finance and Control Department and aided by external consultants, defines tax strategy and planning policies in order to comply with national and international tax regulations and take advantage of the opportunities granted by national tax authorities (tax credits, patent box, etc.).

The CFO also defines tax risk governance with support from Compliance & Risk Management, thereby minimizing the risks of non-compliance with current tax regulations and avoiding incurring administrative and criminal sanctions, as well as reputational risks. Employees or third parties with knowledge of the facts may report unethical or illegal conduct in tax matters, either directly to the CFO or through the whistleblowing system adopted by the Company.

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

The tax part is also closely connected to the sustainable development of the group. For example, monitoring all tax opportunities in terms of tax breaks and tax credits granted by the Italian government to support 4.0 investments that allow for improved processes and even reduced environmental impacts.

**Sars-COVID 19 pandemic, Ukrainian Russian conflict, and business continuity**

The COVID-19 pandemic, besides being the worst health crisis of our time, has also triggered a major global economic crisis that has spilled over into the production system.

Considering the requirements of CONSOB in the Warning notices issued with regard to COVID-19 in the provision of financial disclosures, it should be noted that the Group's consolidated operating and financial figures at 31 December 2022 were not impacted by the COVID-19 pandemic. The upward trend in turnover and order backlog already reported in the first and second half of 2022 continued in fact, driven also by the contribution of sales of Neodecortech's new product lines.

As far as credit risk is concerned, which remains low, and in view of the income-financial results throughout 2022, no critical issues or uncertainties were found regarding business continuity as a result of the COVID-19 pandemic; the pandemic itself continues not to represent an indicator of impairment of the Group's tangible and intangible assets.

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

With regard again to the CONSOB notice of 7 March 2022, aimed at compliance with the restrictive measures adopted by the EU in response to the Russian military aggression in Ukraine, it should be noted that the Company is complying with all the measures introduced by the European Union. Additionally, from an IT point of view, the Company has adopted stringent business continuity plans, guaranteeing the full operation of back-ups, including offline solutions, to protect company systems and data from possible cyber-attacks, which could intensify as a result of the Russian-Ukrainian conflict.

With regard to the further Warning Notice subsequently issued by CONSOB on 19 May 2022 related to the potential effects of the conflict in Ukraine on the business, operating and financial position and future prospects, it should be noted that the outbreak of the Russian-Ukrainian conflict has certainly affected the continued price increases of electricity and gas and the price of raw materials used. However, in 2022, this event did not cause any interruption of production activities unavailability of raw materials or curtailment of energy sources.



## 3 People

## 3.1 Our people

### 3.1.1 Employee management

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

The Neodecortech Group places great importance on its human resources, recognizing them as a critical asset; the unique skills and experience of its employees contribute significantly to building a competitive edge, even more so in the Group's international operations.

At 31 December 2022, the Neodecortech Group had 400 employees (406 in 2021).

Workforce by professional category and gender at 31 December						
Professional category	2022			2021		
	Men	Women	Total	Men	Women	Total
Employees	344	56	400	350	56	406
Executives	8	1	9	9	1	10
Managers	10	3	13	11	5	16
White collars	68	29	97	72	27	99
Of which administrative	25	25	50	26	23	49
Of which techs	43	4	47	46	4	50
Blue collars	258	23	281	258	23	281
External associates	19	0	19	22	1	23
Agency-supplied	18	0	18	22	1	23
Agents	1	0	1	0	0	0
Total workforce	363	56	419	372	57	429

Employees by type of contract and gender at 31 December						
Type of contract <sup>3</sup>	2022			2021		
	Men	Women	Total	Men	Women	Total
Permanent	343	55	398	321	55	376
Fixed-term	1	1	2	29	1	30
Total	344	56	400	350	56	406

Employees by type of employment and gender at 31 December						
Type of employment	2022			2021		
	Men	Women	Total	Men	Women	Total
Full-time	343	51	394	349	50	399
Part-time	1	5	6	1	6	7
Part-time percentage	0.3%	9.8%	1.5%	0.3%	10.7%	1.9%
Total	344	56	400	350	56	406

<sup>3</sup> In 2022 there were no employees on non-guaranteed hours.



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 targets. Additionally, at 31 December 2022, the percentage of employees covered by collective bargaining agreements was 100% of the contracts managed.

Hire rate by gender and age group								
Percentage	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	1.5%	5.5%	0.6%	7.6%	4.3%	6.0%	0.96%	11.1%
Women	5.4%	5.4%	0%	10.7%	1.8%	5.4%	1.8%	8.9%
Total	2.0%	5.5%	0.5%	8.0%	3.9%	5.9%	0.9%	10.8%

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

In 2022, there were 32 hires, with 25% of them under the age of 30.

As for the Casoli site, 2022 shows a strong slowdown in hires of new resources versus 2021. Growth in production volumes in 2021, especially for the family of laminates produced at Casoli (Texte division), prompted the company to hire 18 resources in the year. The production chain continued to operate at full capacity during first quarter 2022, deteriorating from April 2022 due to the well-known macroeconomic context (Russian-Ukrainian conflict), changes in commodity prices and sudden growth in energy costs, with a marked slowdown in orders resulting in a decline in the intensity of work activity. This resulted in no longer having the need to further increase staff by bringing in additional new resources.

Turnover rate by gender and age group (outgoing turnover)								
Percentage	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	2.9%	4.1%	2.3%	9.3%	0.0%	0.0%	1.4%	1.4%
Women	1.8%	0%	3.6%	10.7%	0.0%	0.0%	0.0%	0.0%
Total	2.8%	4.3%	2.5%	9.5%	0.0%	0.0%	1.2%	1.2%

## Employee wellbeing

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

A regulation was also prepared for the granting of scholarships to employees and their children, running for the three-year period 2020-2022, to support students in their education and training, which saw the granting in 2022 of a total of 4 scholarships.

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

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

Seizing the opportunity provided by the *Aiuti-bis* decree, Neodecortech granted all staff, with the sole exception of executives, a € 200 bonus in the form of a ticket compliment in September. Additionally, in December all the associates of the Group's three companies - as well as temps who have been with the company for at least three months - were given a €1,000 bonus in ticket compliments, to be spent on various kinds of purchases: a tangible support that meets the needs of households in this current moment of economic hardship. This bonus was acknowledged proportionally to part-time workers.

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 level 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.

Lastly, with regard to employee wellbeing, individual smart working agreements to the extent of one day per week have been concluded for specific types of workers since September 2022 for the Filago and Casoli sites. From 2022, employees in service at the offices can enjoy inbound flexibility that must be made up on the same day.

The latter activities were implemented to improve both the work life balance of employees and the corporate climate, in view of the fact that work-life balance is one of the cornerstones for maintaining the level of internal climate at a high standard.

## **Diversity and equal opportunities**

The breakdown of Neodecortech's human resources is marked by a strong gender polarization, which is typical for manufacturing businesses in the Group's industry. The production department, in fact, sees an overwhelming presence of male workforce: in 2022, 92% of the Group's blue collars were men. Having said that, Neodecortech considers diversity as an element of corporate wealth, and this issue is a key point of the principles stated in the Group's Code of Ethics, as an expression of the attention to the individual.

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

Number of employees by professional category and gender at 31 December						
Number	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	8	1	9	9	1	10
Managers	10	3	13	11	5	16
White collars	68	29	97	72	27	99
Of which administrative	25	25	50	26	23	49
Of which techs	43	4	47	46	4	50
Blue collars	258	23	281	258	23	281
Total	344	56	400	350	56	406
%	86%	14%	100%	86.5%	13.5%	100%

Number of employees by professional category and age group at 31 December								
Number	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0	2	7	9	0	2	8	10
Managers	0	8	5	13	0	11	5	16
White collars	6	53	38	97	6	61	32	99
Of which administrative	4	30	16	50	4	31	14	49
Of which techs	2	23	22	47	2	30	18	50
Blue collars	28	127	126	281	34	129	118	281
Total	34	190	176	400	40	203	163	406
%	8.5%	47.5%	44.0%	100%	9.8%	50.0%	40.2%	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 incidents of discrimination have ever been recorded. Access to roles and assignments is established by taking account of the expertise and skills that the Group undertakes to promote.

In this spirit, Group companies facilitate the inclusion of disabled persons in their activities in accordance with the provisions of Law 68/99 as subsequently amended. There are 19 people belonging to the legally-protected categories and with disabilities, including 3 white collars and 16 blue collars. There are 8 blue collars with disabilities.

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

### 3.1.2 Training and development

GRI 404 Training and education

Neodecortech invests in quality training as a means of developing the soft skills and professional expertise of its resources, so that its employees operate safely, effectively and efficiently. The Group strives to enhance the skills of its human resources through training programs and professional growth paths, encouraging their active involvement. At Neodecortech, training activities are performed from a strategic and compliance perspective, aimed at the constant improvement and growth of staff, and refer, in fact, to two macro areas:

- Prevention and safety: targets 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: targets are set by the Company according to different training projects, with customized paths based on the employee's profile and task. They can vary in duration and complexity.

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

Hours of training by professional category and gender						
Professional category	2022					
	Men		Women		Total	
	No. of hours	Average per capita	No. of hours	Average per capita	No. of hours	Average per capita
Executives	155	19.38	0	0.00	155	17.22
Managers	241	24.10	44	14.67	285	21.92
White collars	1,632	24.00	450	15.52	2,082	21.46
Blue collars	1,298	5.03	24	1.04	1,322	4.70
<b>Total</b>	<b>3,326</b>	<b>9.70</b>	<b>518</b>	<b>9.25</b>	<b>3,844</b>	<b>9.61</b>
Professional category	2021					
	Men		Women		Total	
	No. of hours	Average per capita	No. of hours	Average per capita	No. of hours	Average per capita
Executives	443	49.2	50	50	493	49.3
Managers	182	16.5	44	8.8	226	14.1
White collars	1,639	22.5	343	13.2	1,982	20.0
Blue collars	3,685	14.3	70	3.0	3,755	13.4
<b>Total</b>	<b>5,949</b>	<b>16.9</b>	<b>507</b>	<b>9.2</b>	<b>6,456</b>	<b>15.9</b>

During 2022, employee training included not only the delivery of mandatory training, in line with last year, but also technical training paths to give employees the opportunity to increase their skills also in relation to phases and projects for the reorganization and implementation of production and technological processes.

In 2022, Group Companies delivered over 3,800 hours of training (over 6,400 in 2021), down versus the prior year when there was a greater need for training across the Group due to the organization of several mandatory and specialized training programs (such as the five-year safety update and the Automatic Inspection training course).

Parallel to this training activity, on-the-job technical training continued across the Group in 2022, involving junior staff working on production lines and beyond, who have been hired over the past 3 years. This path is part of the comprehensive training program for new hires launched in 2020 and still ongoing. The aim of training is to take junior resources from an entry level to an advanced level capable of being able to manage the plant and allocated staff. The process is documented through detailed reports that outline the skills attained and levels achieved, which are reviewed periodically through discussions with all relevant stakeholders. The training program for junior resources deployed in production departments typically spans over 2 years, concluding at the end of which the worker is equipped to effectively manage the plant and its workforce with a high degree of autonomy. On-the-job training of newly-hired junior staff at staff units is scheduled in the same manner. Training programs are monitored by Neodecortech using special software provided by a leading partner in the provision of HR services.

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

The Remuneration Plan launched in 2021 also envisages the presence of non-financial targets and targets consistent with the “ESG” strategy of the Company and the Group.

The development of the Remuneration Policy covers:

- 2 executive directors identified through special proxies represented by the Chief Executive Officer and the Executive Director
- 6 Key management personnel

The parties involved in drafting the document are the Remuneration and Appointments Committee and, subsequently, the Board of Directors.

The remuneration policy provides for the allocation of fees to members of the Board of Directors, which includes the Chief Executive Officer and the Executive Director. Directors serving on Board Committees have been allocated specific amounts, which vary according to their respective roles (Chair or member) and functions within the committees. The fixed compensation received by the two Executive Directors is clearly stated, alongside the definition of the percentage of short-term (STI) and long-term (LTI) variable compensation. For the variable portion, targets are set with their % weight, as well as the manner in which they are to be achieved and paid. At least one ESG target is consistently incorporated among the short-term and long-term targets.

Fixed and variable compensation is also provided for key management personnel, albeit in an aggregate (unnamed) manner.

While the STI incentive plan is set out on an annual basis, the long-term plan (LTI) is defined for the three-year period 2021-2023. In the latter case, the final assessment of the achievement of the targets and their subsequent accrual will take place at the end of the last reporting year of the Plan (2023).

Middle Managers are remunerated through a combination of fixed salary and an annual variable component (MBO). Variable remuneration generally involves two quantitative and one qualitative target (assessment from the department head). Targets are set on an annual basis by March, with payment in April of the following year.

Where possible (i.e., technical managers), even the targets set for middle managers include ESG targets.

The remaining company population (direct and/or operational staff) receive a fixed salary commensurate with the provisions of the salary levels set forth in the statement of the relevant National Collective Labour Agreement (paper industry), taking into account the employees' seniority, their professionalism and other specific characteristics inferable from the mapping of skills (skills matrices).

The Company has established a Company Performance Bonus covering the three-year period 2021-2023 through a second-level agreement that envisages payment of an annual bonus commensurate with the achievement of specific targets related to company performance (waste reduction, output increase, non-compliance reduction) and including an ESG target (waste recycling). The company has planned to pay the bonus through the corporate welfare platform in order to benefit from the full tax deduction of the allocated amount.

The fixed pay of staff is defined at the recruitment stage taking account of the professional qualities of the resource, the context of origin, and the pay benchmark of company staff in the same level range. A career plan is concurrently identified to map out the employee's growth in terms of assigned tasks, training to be delivered, and possible future salary steps. During the year, there are generally two moments of analysis of the salaries of the staff in force, during which the HR Department assesses possible level upgrades and/or other awards, taking account of the requests received from the Department Managers, the growth path of the employees (skills matrices) of the agreed career plans and any other element beneficial to the analysis. Generally speaking, account is taken of the worker's professional specialization, any organizational role held and responsibilities/activities assigned, benefits granted and/or provided by the National Collective Labour Agreement, in line with the principle of implementing measures to promote equal treatment and opportunities within the company organization.

Starting this year, the Group began reporting the ratio of the annual total compensation of the person receiving the highest compensation, i.e., the CEO, to the median annual total compensation of all employees (excluding the above person).

Ratio of the annual total pay of the person receiving the highest pay to the median of the annual total pay of all employees (excluding the above person)	13.8 <sup>4</sup> .
Ratio of the percentage increase in the annual total pay of the person receiving the highest pay to the percentage increase in the median of the annual total pay of all employees (excluding the above person)	N.A. <sup>5</sup>

<sup>4</sup> The ratio was calculated by identifying the median salary paid to group employees in 2022 with the salary paid in 2022 to the highest paid person. The median pay was calculated by eliminating yearly terminations, reportioning the yearly hires to 12 months; for INPS leave, the pay they would have received had they been in service was considered. The pay was calculated by taking account of fixed pay plus variable pay plus for directors the fees paid for their activities. The database at the base of the indicator was built on a cash basis.

<sup>5</sup> In 2022, the total annual remuneration of the most paid person in the organization decreased. For this circumstance, there is therefore no data available on which to calculate requirement b. of GRI 2-21. (Percentage increase in the total annual salary of the person receiving the maximum salary).

### 3.1.3 Worker health and safety

GRI 403 Occupational health and safety

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

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

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

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

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

Continued consultation and participation processes are ensured through:

- the representation systems established pursuant to Legislative Decree 81/08, through the RLS persons;
- the meetings envisaged by Legislative Decree 81/08, Article 35;
- Safety Committee meetings regulated by internal procedures;
- the collection of opinions and reports through internal communication channels, regarding 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.

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

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

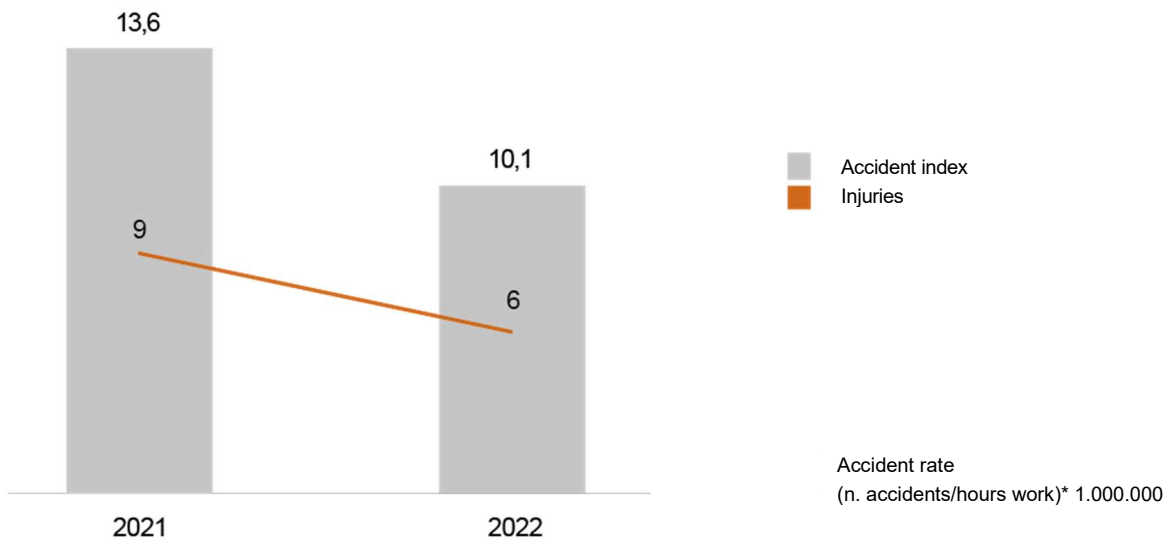


As mentioned, the attention to employee health and safety has led the Group to actively commit to these topics also through training courses: the knowledge and understanding of these topics are the first and most effective form of prevention against accidents. Staff attends health and safety training and refresher courses, scheduled annually and provided on the basis of legislative requirements. In addition to compulsory training, the Group provides in-house training for reducing any risk situations that may be identified and, in the case of specific risks, individual workers undergo training and training tailored to their duties. In 2022, 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. Additionally, the company's safety culture is disseminated through the organization of training breaks: small educational shots lasting approximately 15 minutes on a weekly basis, where personnel are trained directly in the field on the tasks assigned and associated risks.

## Number and rate of employee accidents in 2022

With regard to external workers, no accidents occurred at Group level during the year. During the year, the number of reported workplace accidents was 6 (9 in 2021), with a recordable accident rate in the workplace of 10.1 (13.6 in 2021).

Lastly, in compliance with the annually renewed asbestos disposal plan, excluding further renewals, the scheduled removal of a number of items containing asbestos at the Filago offices and on buildings not used for production or storage of raw materials or finished products will take place by December 2024.



## 3.2 Our customers

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

### Customer satisfaction

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

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

Customers and potential customers are involved in the business processes through daily contacts in which the potential benefits and positive externalities of activities are explained. Major customers, who account for 95% of turnover, are given an annual customer satisfaction questionnaire that analyzes various aspects related to the quality of the product and service offered. 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.

In 2022, the questionnaire was administered to 177 clients and had a 52% response rate. The average rating was 4.1 out of 5, virtually identical to the rating recorded in 2021 (4.2).

If a complaint is received, the company's procedures and policies are adopted. Specifically, complaint management is envisaged in procedure PG-09\_13 (Non-conformity management and control)

Any compliance complaints are sent to [compliance@neodecortech.it](mailto:compliance@neodecortech.it)

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

### Consumer safety

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

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

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

## **Marketing communications**

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

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

## **Privacy and data management**

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

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

### 3.3 Local community and territory

GRI 413 Local communities

Neodecortech deems it essential to be ever-ready for dialogue and discussion with the communities and territories where the Group Companies are located. Over the years, it has pursued the goal of being a reliable, proactive, collaborative and transparent manufacturer. The fair and regular management of all regulatory aspects regarding Group activities, together with the guidelines adopted over time, have helped establish a cooperative dialogue with local Governments, Associations (the local branches of Confindustria in particular) and authorities. In 2022, the Group companies received no inspection by local authorities regarding the fulfilment of legal requirements.

#### Local-based training

In addition to the opportunities for discussion arising from compliance requirements, Neodecortech firmly believes in the need to establish a dialogue with the local communities where it operates. In line with such principle, the Group Companies have been offering internships for over twenty years now, for both high-school and university students. Specifically, in order to outsource its experience as a fast-growing manufacturing organization, the Group is in touch with local schools, especially in the area of computer science and mechatronics. During the year, the Group's technical managers visit local schools to attract interns for various roles in production, maintenance and offices settings. In 2022, there were 6 young people in internships at the Filago office. Additionally, with a view to welcoming schoolchildren, Neodecortech joined the initiative fostered by Confindustria Bergamo aimed at organizing a tutoring path for 6 children of employees who are about to land in the job market, offering them tools and advice to better support them in job interviews.

#### Donations

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

The scope of these donations varies obviously with the different characteristics of the local area and its needs, and can be purely social or cultural. For 2022, Neodecortech defined a plan of ESG actions which, in particular, provides for an increase in resources allocated to Local Communities relevant to the Group's plants. Specifically, the actions undertaken regard the following areas: training and culture, community and territorial support.

Key Group-wide initiatives for 2022 are outlined below:

- Economic aid to Teatro Gaetano Donizetti in Bergamo
- Pre-school project: economic aid to the Municipality of Filago (BG) to reduce the monthly fees charged to the families of registered residents;
- School Transportation Project: economic aid to the Municipality of Madone (BG) for resident families of Secondary School students;
- Project to support the Ukrainian community: in 2022, Neodecortech gave economic support to the Ukrainian population severely hit by the war through the granting of economic aid to associations.

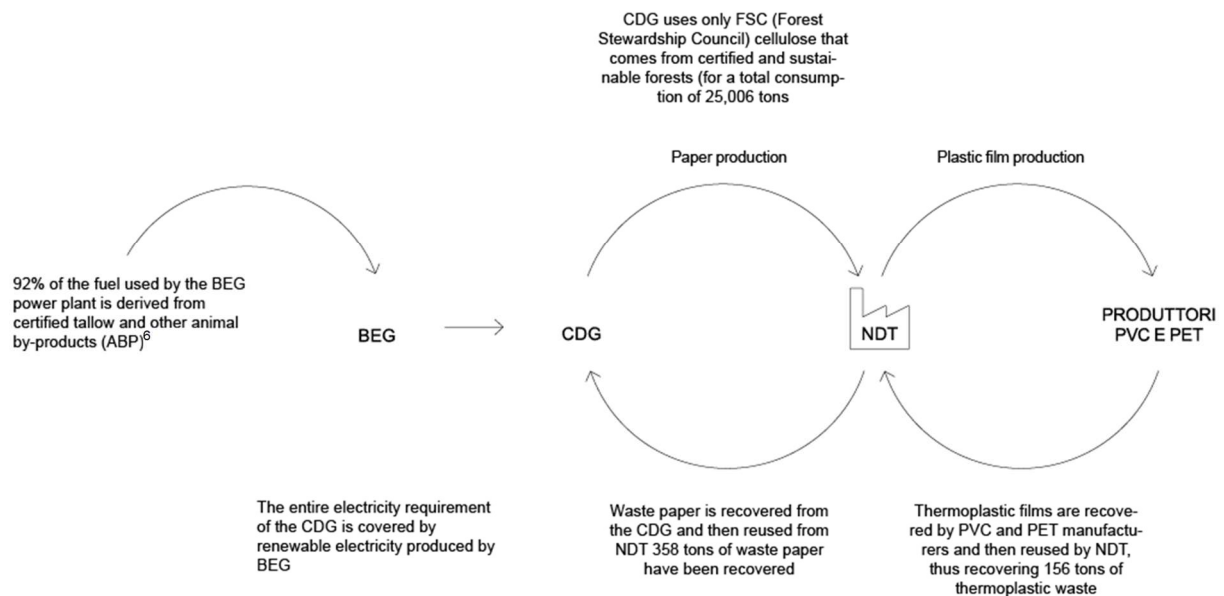
Cartiere di Guarcino has also joined the following initiatives:

- Sensitization to road safety with children aged 6-12, in collaboration with Associazione ASD Scuola Sicura, State Police and the Municipality of Guarcino (FR);
- Supporting the "Scorrendo tra le fonti" run race with the participation of disabled children from UNITALSI;
- "Adotta un'aiuola" project: maintenance of the Parco della Rimembranza in the Municipality of Guarcino (FR).

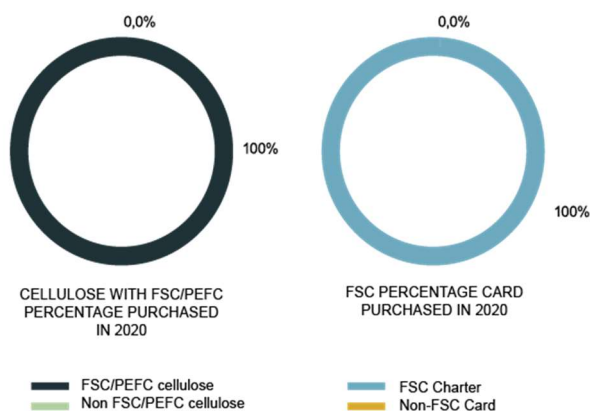
## **4 Planet**

## 4.1 Sustainability of raw materials and circular economy

GRI 301 Materials



In 2022, Neodecortech continued its commitment to the responsible and sustainable management of forests, reinforcing its approach to responsible sourcing for the purchase of pulp used in papermaking, the Group's main raw material. Group companies purchase exclusively FSC® certified paper and pulp and check the supplier's certification directly on the FSC website. The Group's commitment to the use of renewable raw materials is not restricted only to the materials used for production; all the cardboard used for packaging is also FSC® certified.



<sup>6</sup> For the calculation of the total amount of animal by-products used, the portion used to produce energy for the grid was also taken into consideration.

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

In 2022, approximately 358 tonnes of waste paper were collected from the Filago offices and delivered for recovery to CDG. However, CDG recovered an additional 2000 tonnes of paper from other printers that are its customers, in addition to purchasing 2052 tonnes of waste paper. The share of recycled plus waste paper out of the total paper produced and sold was 11%.

The circular economy logic is also applied to PVC and PET printing. All PVC and PET waste is in fact delivered to the same company from which Neodecortech purchases it for reuse. 156 tonnes of material were contributed in 2022.

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

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

As mentioned in chapter 1.7 Environment Projects contained in the Sustainability Plan, in 2022 the mapping activity of all packaging used in processes continued, aimed at identifying the composition of packaging made of recycled/certified material. Additionally, in 2022 the Filago and Casoli sites saw the start of a communication activity addressed to customers on the composition of the various packaging in order to facilitate and increase its recovery and recycling.

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

The new packaging was then incorporated into the production processes, bringing the percentage of recycled/certified packaging to 91% of the total packaging purchased in 2022.

Specifically, 97% of paper and cardboard, and 45% of plastic used as packaging comes from recycled materials. Wooden packaging instead (pallets, crates, panels, etc..) is composed 98% of wood coming from certified forests. This activity will continue into 2023 with the target of phasing out all non-recycled/certified packaging materials.

Regarding the production of backer papers, 77% of the material is recovered. Specifically, 17% came from recycled pulp, 31% from printed leaf, 21% from CdG production waste, and 8% from by-product recovery from the impregnation process.

## 4.2 Energy, emissions, and climate change

GRI 302 Energy, GRI 305 Emissions

Recognizing that the heightened concentration of greenhouse gases in the atmosphere is a primary contributor to the rising average global temperature, Neodecortech strives to enhance the efficiency and production processes of its Companies to mitigate their environmental impact. 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 50001:2018 Energy Management Systems. Mention should be made that the year 2022 saw the start of a process that will allow the integration of the last operating site currently excluded in the ISO 50001:2018 certification: Casoli (TE).

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

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

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). In particular, both the Parent Company and its subsidiary Cartiere di Guarcino S.p.A. have applied for renewal of the Integrated Environmental Authorizations issued by the Province of Bergamo, Latium Region and Abruzzo Region.

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

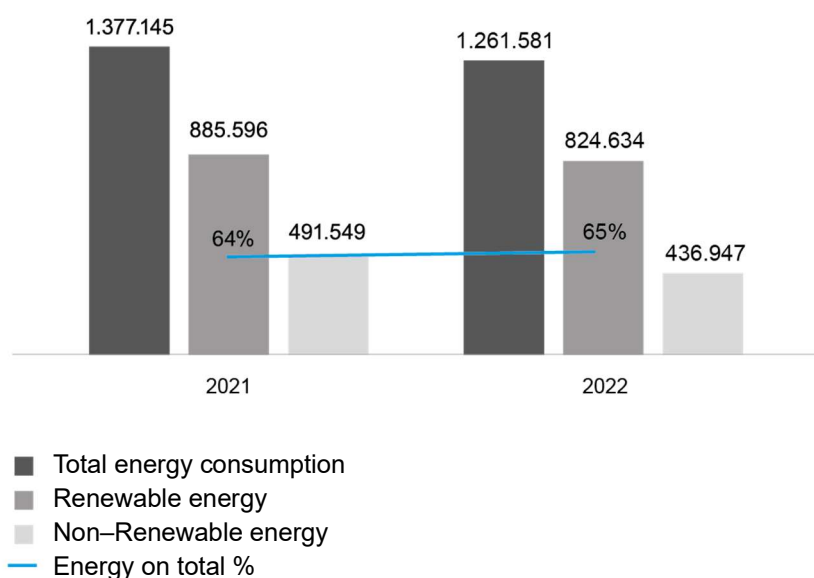
Over the years, in pursuit of its sustainability targets, the Group has gradually increased the share of renewable electricity consumed, both through production in BEG and through the purchase of Guarantees of Origin, which in 2022 covered 100% of electricity purchases. In terms of power generation, BEG produced 501,900 GJ of renewable electricity in 2022, which avoided the emission of 36,220 tonnes of CO<sub>2</sub> under the Location based methodology, of which 17,710 tonnes came from energy supplied to CDG and the remaining 18,510 tonnes from energy fed into the grid. 30% is used by CDG to cover its energy needs. CDG is thus one of the few paper mills in the world powered exclusively by renewable electricity, allowing a significant reduction in emissions from a traditionally energy-intensive production activity such as paper mills.

In addition to the cogeneration plant in Guarcino, the Filago plant is equipped with a 999 MW photovoltaic plant. A 500 KW photovoltaic system also went into operation at the Casoli plant in December 2022. Both plants achieve a 20% electricity self-sufficiency. Again with the aim of reducing its emissions, Cartiera di Guarcino has requested its main pulp suppliers to assess a collaboration/partnership for the implementation of shared projects with the gradual aim of fully offsetting the CO<sub>2</sub> emissions of the NDT Group possibly over the 2021-2023 Plan.



In 2022, Group energy consumption amounted to 1,261,581 GJ<sup>7</sup> (1,377,145 GJ in 2021), of which 65% is energy from renewable sources. Specifically, the most relevant energy source category appears to be animal by-product with a consumption in 2022 of 986,203 GJ (1,162,7453 in 2021).

## Group energy consumption



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. In 2022, a research activity began to encourage the use of intermodal transportation. This system will allow the group to select a transportation pool in order to reduce the carbon footprint of emissions from freight transportation.

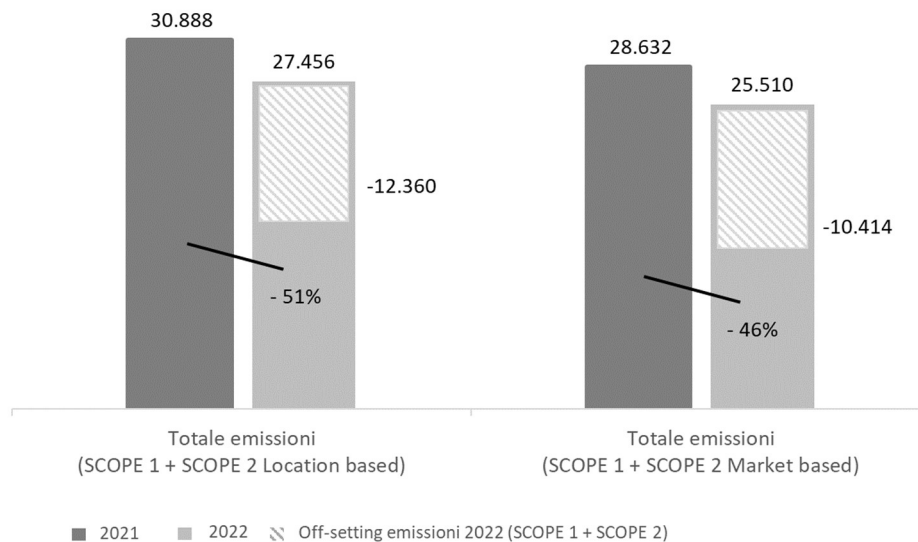
The CDG and BEG plants are subject to the European CO<sub>2</sub> Emissions Trading Scheme (EU-ETS<sup>8</sup>), a vital tool in the European Union's policy to combat climate change and to reduce greenhouse gas emissions in a cost-effective manner. This legislation envisages a series of rigorous controls and analyses of emissions generated by stationary installations and their disclosure to the competent authorities, which ascertain the data disclosed.

<sup>7</sup> See the Performance Indicators section to this CNFS for the conversion factors used to calculate energy consumption in GJ.

<sup>8</sup> Emission Trading - Ministry of Environmental Transition (minambiente.it).

In 2022, the Group's direct emissions (Scope 1) amounted to 25,499 tonnes of CO<sub>2</sub> resulting from the consumption of methane gas and diesel fuel for manufacturing activities and company vehicles (-11% versus 2021). The Group's targets include the gradual neutralization of Scope 1 emissions across all Group companies through actions to reduce energy consumption and mitigate and offset emissions. In 2022, the neutralization of Scope 1 and 2 (location based) emissions from Filago and Casoli, CDG and BEG amounting to over 12,000 tonnes of CO<sub>2</sub> was carried out by Neodecortech.

Indirect emissions from purchased electricity (Scope 2) amounted to 1,946 tonnes of CO<sub>2</sub> according to the Location-based calculation (-14% versus 2021) and zero tonnes of CO<sub>2</sub> according to the Market-based calculation, as all electricity consumed comes from renewable sources. Total emissions (Scope 1 and Scope 2 Location based) were 27,456 tonnes of CO<sub>2</sub>, down by 11% versus 30,883 tonnes of CO<sub>2</sub> in 2021. As required by the GRI reporting standard, emissions from biomass are shown separately from direct GHG Scope 1 emissions.



The Group has launched a process of monitoring and calculating its other indirect emissions (scope 3) which will be covered in the next edition of this document.

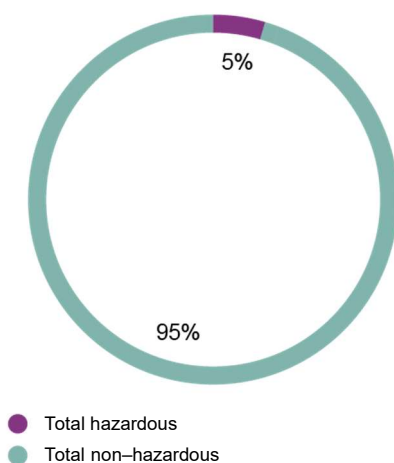
## 4.3 Waste

GRI 306 Waste

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

As proof of this commitment, the Management Models of the Companies include several procedures that govern the management of the issue (classification of service providers, classification and management of waste, ADR waste transport, etc.). Out of the waste produced by the Group, 95% falls into the non-hazardous waste category (7,209,192 kg) and only 5% (390,784 kg) into the hazardous waste category (solvents, lacquers, etc.), which are meticulously managed in compliance with the relevant legal provisions. Most of the waste produced by the Group is recoverable and only a small part is sent for destruction/incineration. The recoverable part of the waste consists mainly of mixed packaging that is then delivered to certified disposers, while the waste intended for destruction consists of certain chemicals that are used in production processes.

### Percentage breakdown of Neodecortech Group's waste in 2022



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

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

Additionally, the waste-to-energy project at Casoli di Atri is currently being assessed by the relevant bodies, with the creation of a new company NDT energy S.r.l. for the main purpose of installing a biomass boiler powered by production waste in order to achieve self-sufficiency in thermal consumption. The project, currently in the authorization phase, envisages the use of 100% of the powder and laminate waste as fuel for the biomass boiler: this initiative would lead to significant energy saving, thanks to the replacement of the current methane gas boiler (which would remain in operation only for the ignition and shutdown of the plant - phases that use traditional fuel) and economic saving, due to the reduction of the disposal of powder and laminate, currently managed as waste.

## 4.4 Water withdrawal

GRI 303 Water and water discharges

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

The Cartiere plant is located at the top of the Cosa river valley, which originates approximately 4 km upstream of the plant from the sources bearing the same name and other spring groups: the supply of water for industrial use is mainly by diversion of surface water and groundwater, and represents, therefore, a highly sensitive issue, while respecting the water balance of the territories in which the Group headquarters are located. All the plants, except the one in Filago, are located in water-stressed areas,<sup>9</sup> which, if poorly managed, could lead to a production stoppage. The water withdrawn is used mainly for industrial purposes, and is then purified and returned for the most part to the body of water from which it was withdrawn. It should be noted that BEG's process water, amounting to 59.96 MI in 2022, does not count towards the total, as it derives from CDG sludge, which is purified and subsequently used by BEG.

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

In order to tackle this problem, the Group is committed, quality requirements permitting, to reusing as much water as possible in several production cycles, both in the pulp preparation and in certain washing activities. In 2022, total water withdrawal decreased by 17% versus the prior year.

Water withdrawal by source					
Source of withdrawal	Um	2022		2021	
		All areas	Water-stressed areas	All areas	Water-stressed areas
Surface water (total)	Megalitres	1,495	1,495	1,811	1,811
Ground water (total)	Megalitres	13.02	0.0	13.42	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	6.04	2.39	6.93	1.44
Third-party water by source of withdrawal	Megalitres	6.04	2.39	6.9	1.4
Surface water	Megalitres	6.04	2.39	6.9	1.4
Groundwater	Megalitres	0.0	0.0	0.0	0.0
Sea water (total)	Megalitres	0.0	0.0	0.0	0.0
Total water withdrawal	Megalitres	1,514.5	1,497.8	1,831.3	1,812.4

<sup>9</sup> To evaluate its impact in sensitive areas concerning water withdrawals in water-stressed areas, the Neodecortech Group uses the Aqueduct Tool developed by the World Resources Institute to identify areas potentially at risk. Available at <https://www.wri.org/our-work/project/aqueduct>.

**Water pollution and biodiversity**

GRI 304 Biodiversity

Water pollution caused by industrial discharges in rivers, lakes and seas is an extremely relevant issue also in light of other environmental aspects, as for example biodiversity and ecosystem preservation. In May 2021, the Group adopted a biodiversity policy to contribute to the goals of the United Nations Convention on Biological Diversity (CBD-1992), the National Biodiversity Strategy (September 2011), and the associated Aichi Biodiversity Targets.

By engaging with the local communities and analyzing the impacts of activities and investments, the Group is committed to ensuring the survival of animal and plant species with genetic diversity and natural ecosystems. Additionally, the Group has no facilities in the vicinity of protected areas or areas with high biodiversity value.

The proximity to surface watercourses (Dordo stream for Neodecortech S.p.A., River Cosa for CDG and BEG) is, in fact, a key aspect the Group pays close attention to in order to avoid water pollution incidents that may cause environmental damage and risks to people. To this end, the Group has implemented increasingly advanced tools over the years, such as wastewater filtering systems, tanks, detectors and alerts to avoid the potential pollution of surface watercourses and ground water.

Additionally, the residues intercepted by the filtering systems can be fed back into the production cycle as raw materials for less veneered papers, mainly backer papers. At CDG, 100% of the water used in the process is returned purified and filtered to the river of origin without altering any chemical or physical characteristics. This has been achieved by using financial, technical and professional resources, and through preventive scheduled maintenance, technical inspection and control interventions, and regular water discharges analysis.

Obviously, the Group Companies' actions on this issue are in compliance with regulations and use the best available technologies. Additionally, in the second half of 2022, the Filago site started to make changes to its production facilities, allowing it to change its water supply by diverting water use for industrial purposes using groundwater, while drinking water consumption remained unchanged for civilian purposes.

A new wastewater treatment plant was also installed at Filago, and will go into operation in the first quarter of 2023, allowing wastewater to be reused in other production processes, significantly reducing its water discharge emissions by 80%.

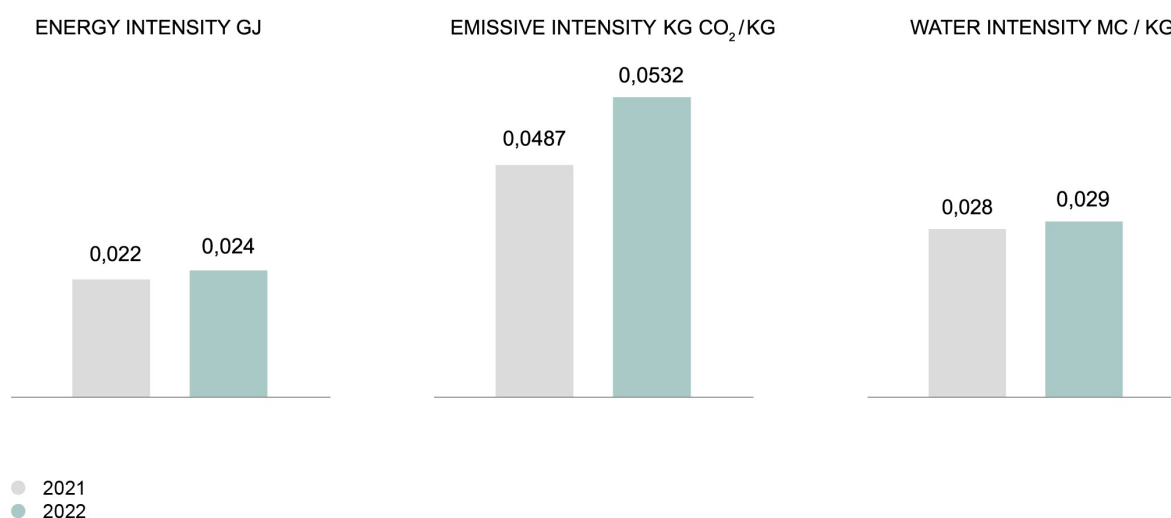
## **4.5 Mitigation of environmental impacts**

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 targets and programs, which are applied to each plant, thanks to which the Company is able to outline a structured and defined path to reduce its environmental impact. The Group Companies manage the impacts deriving from direct and indirect environmental aspects through the implementation and maintenance of certified environmental management systems and innovation paths.

### **Climate risk**

With regard to the risks related to climate change, the Neodecortech Group has embarked on a structured process of analysis of its environmental impacts and mitigation activities. In addition to the internal analysis of its risks and opportunities, the Group has decided to undergo the CDP - Carbon Disclosure Project assessment as from 2021, with a view to increasing awareness, and has launched a sustainability process aimed at increasingly reducing its negative impacts in this area. On 13 December 2022, CDP confirmed its B rating.

The Group has set a goal to conduct an optional Off Setting Programme in the three-year period 2021-2023. In 2022, the Board of Directors resolved to go ahead with the implementation of voluntary off-setting activities with the involvement of one Company for each Plan year. Specifically, over 12,000 tonnes of CO<sub>2</sub> eq (Scope 1 + Scope 2 location based) were offset in 2022.



Energy intensity represents the ratio of total energy consumption, measured in GJ, to industrial output (kg of finished product of CDG and NDT). This ratio increased by 8% in 2022

Emission intensity is calculated by considering the Scope 2 (Location Based) direct and indirect emissions of the Group, comparing them with the volume of industrial production (kg of end product of CDG and NDT). This ratio increased by 8% in 2021

Water intensity is calculated by considering the Group's water consumption, comparing it with the volume of industrial production (kg of end product of CDG and NDT). Water intensity increased by 3% versus the prior year.

These increases are explained by the contraction of industrial production in 2022 and the resulting increase in the weight of the initial and final stages of production being interrupted more often.

## Performance indicators

### Social responsibility

#### Disclosure 2-7 Employees

Employees by type of contract, gender and geographical area at 31 December						
Type of contract	2022			2021		
	Men	Women	Total	Men	Women	Total
North	145	36	181	158	35	193
Permanent	144	35	179	143	35	178
Fixed-term	1	1	2	15	0	15
At non-guaranteed hours	0	0	0	0	0	0
Centre	199	20	219	192	21	213
Permanent	199	20	219	178	20	198
Fixed-term	0	0	0	14	1	15
At non-guaranteed hours	0	0	0	0	0	0
Total	344	56	400	350	56	406
Permanent	343	55	398	321	55	376
Fixed-term	1	1	2	29	1	30
At non-guaranteed hours	0	0	0	0	0	0



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

Percentage of employees by professional category and gender at 31 December

Percentage	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	89%	11%	2%	90%	10%	2%
Managers	77%	23%	3%	69%	31%	4%
White collars	70%	30%	24%	73%	27%	24%
Of which administrative	50%	50%	13%	53%	47%	12%
Of which techs	91%	9%	12%	92%	8%	12%
Blue collars	92%	8%	70%	92%	8%	69%
Total	86%	14%	100%	86%	14%	100%

Percentage of employees by professional category and age group at 31 December

Percentage	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Executives	0%	22%	78%	2%	0%	20%	80%	2%
Managers	0%	62%	38%	3%	0%	69%	31%	4%
White collars	6%	55%	39%	24%	6%	62%	32%	24%
Of which administrative	8%	60%	32%	13%	8%	63%	29%	12%
Of which techs	4%	49%	47%	12%	4%	60%	36%	12%
Blue collars	10%	45%	45%	70%	12%	46%	42%	69%
Total	9%	44%	44%	100%	10%	50%	40%	100%

Number of employees belonging to legally-protected categories by type of contract		
	2022	2021
Executives	0	0
Managers	0	0
White collars	3	3
Of which administrative	1	1
Of which techs	2	2
Blue collars	24	22
Total	27	25

## Disclosure 2-30 Collective bargaining agreements<sup>10</sup> (%)

Employees covered by collective bargaining agreements		
	2022	2021
Employees covered by collective bargaining agreements	100%	100%

## Disclosure 401-1 New hires and turnover

Employees entering by gender and age group								
Number	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	5	19	2	26	15	21	3	39
Women	3	3	0	6	1	3	1	5
Total	8	22	2	32	16	24	4	44
Employees leaving by gender and age group								
Number	2022				2021			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Men	10	14	8	32	0	0	5	5
Women	1	3	2	6	0	0	0	0
Total	11	17	10	38	0	0	5	5

## Disclosure 403-9 Workplace accidents

GROUP EMPLOYEES		
Workplace accidents		
Number of accidents	2022	2021
Total of deaths due to workplace accidents	0	0
Total of serious workplace accidents (excluding deaths) <sup>11</sup>	0	0
Total of recordable workplace accidents	6	9
Total	6	9
ACCIDENT RATES <sup>12</sup>		
Rate of deaths due to workplace accidents	0	0
Rate of serious workplace accidents (excluding deaths)	0	0
Rate of recordable workplace accidents	10.1	13.6

<sup>10</sup> Second Level Bargaining.

<sup>11</sup> Workplace accidents that lead to an impairment which the worker cannot heal from, does not heal from, or cannot realistically be anticipated to fully heal from by regaining their pre-accident health within 6 months.

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

EXTERNAL ASSOCIATES <sup>13</sup>		
Workplace accidents		
Number of accidents	2022	2021
Total of deaths due to workplace accidents	0	0
Total of serious workplace accidents (excluding deaths) <sup>14</sup>	0	0
Total of recordable workplace accidents	0	0
Total	0	0
ACCIDENT RATES <sup>15</sup>		
Rate of deaths due to workplace accidents	0	0
Rate of serious workplace accidents (excluding deaths)	0	0
Rate of recordable workplace accidents	0	0

## Environmental responsibility

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

Type of waste	Unit of measurement	2022	2021
Renewable raw materials	Kg	39,493,037	45,799,924
Non-renewable raw materials	Kg	24,328,136	27,561,592
Total	Kg	63,821,170	73,361,516

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

Type of consumption	Unit of measurement	2022	2021
Renewable energy	GJ	824,634	885,596
Non-renewable energy	GJ	436,947	491,549
% of non-renewable energy on total	%	65%	64%
Total Energy	GJ	1,261,581	1,377,145

<sup>13</sup> Health and Safety data for non-employee workers include only the categories of Neodecortech Group Agency-supplied workers and not other types of non-employee workers working at Group sites and/or under the Group's control, in view of their significance and the availability of such data over which the Group does not exercise direct control.

<sup>14</sup> Workplace accidents that lead to an impairment which the worker cannot heal from, does not heal from, or cannot realistically be anticipated to fully heal from by regaining their pre-accident health within 6 months.

<sup>15</sup> The accident rate was calculated as the ratio of the total number of accidents to total hours worked, using a multiplication factor of 1,000,000.

Type of consumption	Unit of measurement	2022		2021	
		Total	Total GJ	Total	Total GJ
NON-RENEWABLE FUELS					
Methane gas (Natural gas)	Scm	10,965,861	387,500.63	12,333,405	435,135
Diesel	litres	1,318,238	47,474	1,523,893	54,554
Diesel fuel for vehicles	litres	58,991	1,972	55,906	1,860
exclusive use	litres	44,958	1,618	43,152	1,541
mixed use	litres	14,033	354	12,754	319
RENEWABLE FUELS					
Animal by-products	t	27,019	986,203	31,856	1,162,745
Vegetable fats	t	3,838	140,091	563	20,563
ELECTRICITY	kWh	55,622,305	200,240	63,217,535	227,583
Electricity purchased	kWh	7,489,054	26,961	8,691,579	31,290
of which from non-renewable sources	kWh	-	-	-	-
of which from renewable sources	kWh	7,489,054	26,961	8,691,579	31,290
Self-produced electricity	kWh	140,301,176	505,084	146,719,589	528,191
of which from renewable sources - produced by photovoltaic systems	kWh	884,646	3,185	804,386	2,896
of which from renewable sources - produced by bioliquid plants	kWh	139,416,530	501,900	145,915,203	525,295
Self-produced electricity and sold on the grid	kWh	92,167,925	331,805	92,193,633	331,897

## 2022 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	35.337 GJ/1000 *sm3	50.508 GJ/t	175 kg/cm	42.8730 GJ/t	42.8500 GJ/t	0.8400 kg/litre	45.858 GJ/t
Source	CONSTANT	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	UK Government GHG Conversion Factors for Company Reporting 2022 – DEFRA DEFRA [gross CV]	UK Government GHG Conversion Factors for Company Reporting 2022 - DEFRA	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021.	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting

	LPG for vehicles	LPG (Density) for heating	LPG (Density) for vehicles	Lead-free petrol for vehicles	Petrol (Density) for vehicles	Bioliquids
Conversion unit	45.850 GJ/t	2.3 KG/cm	0.560 kg/litre	43.128 GJ/t	0.740 kg/litre	36.500 GJ/t
Source	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021.	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Customs Agency - production of electricity and heat at electrical cogeneration facilities powered by several fuels

## 2021 conversion factors

	Electricity / Thermal Energy	Natural Gas	Methane gas (CNG) for vehicles	Methane gas (CNG) for vehicles (Density)
Conversion unit	0.0036 GJ/kWh	35.281 GJ/1000*sm3	49.89 GJ/t	175 kg/cm
Source	CONSTANT	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	UK Government GHG Conversion Factors for Company Reporting 2021 - DEFRA DEFRA [gross CV]	UK Government GHG Conversion Factors for Company Reporting 2021 - DEFRA
	Heating oil	Diesel fuel for vehicles	Diesel fuel (Density)	LPG for heating
Conversion unit	42.8730 GJ/t	42.7800 GJ/t	0.8350 kg/litre	45.858 GJ/t
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021.	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting

	LPG for vehicles	LPG (Density) for heating	LPG (Density) for vehicles
Conversion unit	46.1300 GJ/t	2.3 KG/cm	0.560 kg/litre
Source	ITALIAN GREENHOUSE GAS INVENTORY 1990-2019 - NATIONAL INVENTORY REPORT 2021.	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1
	Lead-free petrol for vehicles	Petrol (Density) for vehicles	Bioliquids
Conversion unit	43.128 GJ/t	0.740 kg/litre	36.500 GJ/t
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	FIRE: Energy Manager Appointment Guidelines 2018 - version 2.1	Customs Agency - production of electricity and heat at electrical cogeneration facilities powered by several fuels

## Disclosure 302-3 Energy intensity

	Unit of measurement	2022	2021
Energy intensity Filago	GJ/kg	0.011	0.009
Energy intensity Casoli	GJ/kg	0.013	0.012
Energy intensity CDG	GJ/kg	0,011	0.010
Group energy intensity	GJ/kg	0.024	0.022

## Disclosure 303-3 Water withdrawal

Water withdrawal by source					
Source of withdrawal	UoM	2022		2021	
		All areas	Water-stressed areas	All areas	Water-stressed areas
Surface water (total)	Megalitres	1,495	1,495	1,811.0	1,811.0
Fresh water (≤ 1000 mg/L total dissolved solids)	Megalitres	1,495	1,495	1,811.0	1,811.0
Other water (> 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Ground water (total)	Megalitres	13	0.0	13.4	0.0
Fresh water (≤ 1000 mg/L total dissolved solids)	Megalitres	13	0.0	13.4	0.0
Other water (> 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Sea water (total)	Megalitres	0.0	0.0	0.0	0.0
Fresh water (≤ 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	6.0	2.0	6.9	1.4
Fresh water (≤ 1000 mg/L total dissolved solids)	Megalitres	6.0	2.0	6.9	1.4
Other water (> 1000 mg/L total dissolved solids)	Megalitres	0.0	0.0	0.0	0.0
Third-party water by source of withdrawal	Megalitres	0.0	0.0	6.9	1.4
Surface water	Megalitres	0.0	0.0	6.9	1.4
Groundwater	Megalitres	0.0	0.0	0.0	0.0
Sea water (total)	Megalitres	0.0	0.0	0.0	0.0
Total water withdrawal	Megalitres	1,514.5	1,497.8	1,831.3	1,812.4

**Water intensity**

	Unit of measurement	2022	2021
Water intensity Filago	CM/kg	0.001	0.001
Water intensity Casoli	CM/kg	0.001	0.001
Water intensity CDG	CM/kg	0.039	0.039
Group water intensity	CM/kg	0.029	0.028

**Disclosure 305-1 Direct GHG Emissions (Scope 1<sup>16</sup>)**

Type of emission	Unit of measurement <sup>17</sup>	2022	2021
<b>SCOPE 1</b>	<b>t CO<sub>2</sub></b>	<b>25,498.6</b>	<b>28,629.1</b>
Methane gas (Natural gas)	t CO <sub>2</sub>	21,883.0	24,457.1
for office heating	t CO <sub>2</sub>	511.8	702.4
for thermal power plant	t CO <sub>2</sub>	21,321.3	23,754.7
Diesel	t CO <sub>2</sub>	3,509.1	4,032.4
for steam production and plant operation	t CO <sub>2</sub>	3509.1	4,032.4
Diesel fuel for vehicles	t CO <sub>2</sub>	145	137.1
Refrigerants Leaks	t CO <sub>2</sub>	11.48	2.5

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

SCOPE 2	Unit of measurement <sup>18</sup>	2022	2021
Location-based	t CO <sub>2</sub>	1,945.7	2,256.3
Market-based	t CO <sub>2</sub>	0	0

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

	Unit of measurement	2022	2021
Total emissions (SCOPE 1 + SCOPE 2 - Location-based)	t CO <sub>2</sub>	27,455.8	30,887.9
Total emissions (SCOPE 1 + SCOPE 2 - Market-based)	t CO <sub>2</sub>	25,510.1	28,631.6

<sup>16</sup> After refining the calculation methodology to incorporate the data on the organization's refrigerant emissions, the Scope 1 emissions data for 2021 was restated accordingly. Reference is made to the 2021 CNFS for the data published in 2021.

<sup>17</sup> Scope 1 emissions are shown in tonnes of CO<sub>2</sub>, as the source used does not report the emission factors of other gases than CO<sub>2</sub>.

<sup>18</sup> Scope 2 emissions are shown in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on the total greenhouse gas emissions (CO<sub>2</sub> equivalent), as inferred from the relating technical literature.



## Emissions outside of Scopes

Biomass <sup>19</sup>	Unit of measurement	2022	2021
Animal by-products	t CO <sub>2</sub>	71,601	84,418
Vegetable oils	t CO <sub>2</sub>	10,171	1,493
Total biomass emissions	t CO <sub>2</sub>	81,772	85,911.4

## 2022 emission factors

Starting unit	Electricity (Location-based)	Electricity (Market-based)	Natural Gas	LPG
Conversion unit	0.2598 kg CO <sub>2</sub> /kWh	0.45700 kg CO <sub>2</sub> /kWh	1.991 t CO <sub>2</sub> /1000*stdm3	3.026 t CO <sub>2</sub> /t
Source	ISPRA - Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries - 2021	AIB - European Residual Mixes 2022 (Ver. 1.0, 2022-05-31)	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting
Starting unit	Petrol for vehicles	Heating oil	Diesel fuel for vehicles	Refrigerants (R410A)
Conversion unit	3.15200 t CO <sub>2</sub> /t	3.169 t CO <sub>2</sub> /t	3.151 t CO <sub>2</sub> /t	2088 kg CO <sub>2</sub> -eq/kg
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	ISPRA - National Inventory Report - 2021	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting

<sup>19</sup> To meet the GRI reporting standard requirements and offer exhaustive reporting, CO<sub>2</sub> emissions from the biomass combustion process are quantified; these emissions fall outside the reporting scope of Scope 1, Scope 2, Scope 3 and are classified as "Out of scope emissions" (Methodology source: DEFRA - UK Government GHG Conversion Factors for Company Reporting). To calculate out-of-scope emissions from the biomass combustion process, an emission factor for 2022 and 2021 of 2.65 tCO<sub>2</sub>/tonne (DEFRA 2022 and 2021) was considered.

## 2021 emission factors

Starting unit	Electricity (Location-based)	Electricity (Market-based)	Natural Gas	LPG
Conversion unit	0.25960 kg CO <sub>2</sub> /kWh	0.45900 kg CO <sub>2</sub> /kWh	1.983 t CO <sub>2</sub> /1000*stdm3	3.026 t CO <sub>2</sub> /t
Source	ISPRA - Atmospheric emission factors of greenhouse gases in the national electricity sector and in the main European countries - 2021	AIB - European Residual Mixes 2020 (Ver. 1.0, 2021-05-31)	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting
Starting unit	Petrol for vehicles	Heating oil	Diesel fuel for vehicles	Refrigerants (R410A)
Conversion unit	3.15200 t CO <sub>2</sub> /t	3.169 t CO <sub>2</sub> /t	3.151 t CO <sub>2</sub> /t	2088 kg CO <sub>2</sub> eq/kg
Source	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting	ISPRA - National Inventory Report - 2021	Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting

## Disclosure 305-4 Emission intensity

	Unit of measurement	2022	2021
Emission intensity Filago	tCO <sub>2</sub> /kg	0.000618	0.000530
Emission intensity Casoli	tCO <sub>2</sub> /kg	0.000770	0.000767
Emission intensity CDG	tCO <sub>2</sub> /kg	0.000399	0.000369
Group emission intensity	tCO <sub>2</sub> /kg	0.000532	0.000487

## Disclosure 306-3 Total weight of waste generated

Type of waste	Unit of measurement	2022	2021
Total hazardous	Kg	390,784	407,922
Total non-hazardous	Kg	7,209,192	6,868,197
Total	Kg	7,599,976	7,276,189 <sup>20</sup>

<sup>20</sup> After refining the calculation methodology, the data for waste generated in 2021 was restated. Reference is made to the 2021 CNFS for the data published in 2021.

**Intensity of waste production**

	Unit of measurement	2022	2021 <sup>20</sup>
Intensity of waste produced Filago	kg/kg	0.20	0.18
Intensity of waste produced Casoli	kg/kg	0.58	0.54
Intensity of waste produced CDG	kg/kg	0.09	0.06
Intensity of waste produced Group	kg/kg	0.15	0.11

## Profiles of the Board of Directors

**Luca Peli (Chairman of the Board of Directors)** graduated in Electrical Engineering at the University of Bologna in 1976. After a three-year experience as product engineer, he started his entrepreneurial career in 1979 by establishing HS Elettronica Progetti S.p.A., specialized in process automation. In 1989, he sold the majority of HS Elettronica Progetti S.p.A. to FORNARA S.p.A, a private holding company listed on the Milan Stock Exchange, in order to set up an automation hub with other companies from the Fornara Group, retaining his position as Chief Executive Officer. Subsequently, Luca Peli turned to consulting services for entrepreneurs and private investors, dedicating himself to change management activities, aimed both at reorganization and recovery processes, as well as the prep stage in M&A transactions, also in the role of Senior Advisor of EY and assistant to the bankruptcy section of the Milan Court.

**Luigi Cologni (CEO)** graduated in Economics at the University of Bergamo in 1987, and earned an MBA at Bocconi University of Milan in 1990. In September 2005, he joined the Neodecortech Group, where he is currently Chief Executive Officer of the Issuer and Chairman of the Board of Directors of the subsidiary Cartiere di Guarcino S.p.A.; on 23 February 2023, the non-profit association FURNITURE PACT was established, of which L. Cologni was appointed President.

**Massimo Giorgilli** graduated in Law at La Sapienza University of Rome in 1996, and earned an MBA from LUISS Guido Carli University of Rome in 1998. In 2003, he joined the Group, holding the position of CFO of Cartiere di Guarcino S.p.A., subsequently becoming Chief Executive Officer. Massimo Giorgilli is also Executive Director of the Issuer and Chief Executive Officer of the subsidiary Bio Energia Guarcino S.r.l., as well as Vice-President of Unindustria Rome-Frosinone-Latina-Rieti-Viterbo for the graphic and printed paper segment.

**Gianluca Valentini** graduated in Philosophy at the University of Bologna in 1988, and earned a Master in Philosophy M.A. from Indiana University in 1989 and an MBA from Bocconi University in 1991. Subsequently, he was member of the Board of Directors and Attorney, among others, of Finanziaria Valentini S.p.A., Valfina S.r.l. and Industrie Valentini S.p.A..

**Adriano Bianchi** received a bachelor degree cum laude in business administration from the Luigi Bocconi University of Milan in 1981 and a master degree in international finance cum laude from the New York University Stern School of Business in New York in 1987 where he also worked as a research assistant to prof. Edward I. Altman in the field of High Yield Bonds. From 2007 to 2021, he was Managing Partner and head of the Italian practice of Alvarez & Marsal and, from May 2021, member of the European management committee of Alvarez & Marsal Restructuring (A&M) in London.

**Sara Bertolini** graduated in Economics at the University of Parma and at the University of Wales College of Cardiff in 1995. In 2022, she earned an MBA from the Milan Polytechnic. In 1998, she joined Ernst&Young, covering roles of increasing responsibility as Senior Manager of the Audit&Assurance and Transaction Advisory Services practices, until becoming Partner of the Turnaround and Restructuring business line in 2007. Since 2018, she has worked with DeA Capital Alternative Funds SGR S.p.A., where she is Managing Director of Corporate Credit Recovery - Investment Fund II (CCR II).


**Vittoria Giustiniani** graduated magna cum laude in Law at the University of Milan in 1989, and then qualified as a lawyer in 1993, ranking first among the candidates promoted at the Court of Appeal of Milan. A lawyer specialized in Corporate Law, Debt Restructuring, Capital Markets and Corporate Restructuring, she is an Equity Partner at Bonelli Erede Lombardi Pappalardo Law Firm and practices at the Milan office. She joined Cera Cappelletti Bianchi in 1994 and followed it through its subsequent mergers: in 1995 into Erede e Associati, and in 1999 into BonelliErede. She became a partner of the firm on 1 January 2000.

**Cinzia Morelli** graduated in Modern Languages at the University of Milan. In 2004, she joined Heineken (Amsterdam) in roles of increasing responsibility, until becoming Senior Director Global Marketing and member of the Global Commerce Board in 2015. In 2016, she founded "The Marketing Capability Academy", advising multinational companies on




marketing, with a focus on strengthening the effectiveness of marketing strategies and investment profitability. Concurrently, in 2017 she became Senior Advisor with Kearney and the Cannes Lions International Festival of Creativity, and in 2018 was appointed member of the Board of Directors of Safilo Group S.p.A., where she is Chairman of the Remuneration and Appointments Committee and member of the Related Party Transactions Committee.

**Ida Altimare** became in 2002 Chief Executive Officer of Polymer Latex S.r.l. and director of the German parent company. Following the sale of the company to the Synthomer Group in 2011, Ida Altimare kept her position of Chief Executive Officer of the Italian subsidiary Synthomer S.r.l. and took on the role of Vice President of Global Human Resources as well as member of the Executive Board of the parent company Synthomer plc. in London. In 2015, in addition to the positions already held, Ida Altimare was appointed Chief Executive Officer of the German Head Office Synthomer Deutschland GmbH, as well as Human Resources Director EMEA. Following several acquisitions from 2016, she was also appointed Chief Executive Officer of Synthomer Speciality Resins Srl (in the province of Cuneo) and Synthomer Leuna, GmbH, in Germany. Following her retirement in 2017, Ida Altimare continued to serve as a consultant and was appointed Lead Independent Director of Caleffi S.p.A. in 2020.






## Scope of material topics

Material topics	GRI Aspect	Scope of the impact	Group involvement	Impacts	Type of impacts <sup>21</sup>	SDGs
Business ethics and corporate criminal liability	GRI 206 – Anti-competitive Behavior (2016)	Group	Caused by the Group	Anti-competitive behaviour, anti-trust and monopoly practices with negative impacts on the economy and markets	Negative (P)	
				Creating an ethical work environment	Positive (A)	
	GRI 205 – Anti-corruption (2016)	Group	Caused by the Group	Incidents of corruption	Negative (P)	
				Non-compliance with applicable laws, regulations, internal and external standards with associated negative social/environmental/economic impacts	Negative (P)	
Economic performance and indirect economic impacts	GRI 201 – Economic Performance (2016)	Group	Caused by the Group	Generating economic value and distribution related to stakeholders (e.g. employees, suppliers).	Positive (A)	
Sustainable management of the supply chain	GRI 414 – Supplier Social Assessment (2016)	Group, Suppliers	Caused by the Group and related to the Group through its business dealings	Causing negative environmental and social impacts through failure to monitor the supply chain	Negative (P)	<b>SDG 15</b> 
	GRI 308 – Supplier Environmental Assessment (2016)					
	GRI 204 – Procurement Practices (2016)			Promotion of local procurement policies that can generate value for the local area	Positive (A)	
Diversity and equal opportunities	GRI 405 – Diversity and Equal Opportunity (2016)	Group employees	Caused by the Group	Inequality in remuneration between men and women	Negative (P)	
				Absence of diversity in governance bodies and among employees with direct and indirect impacts on the affirmation of equality	Negative (P)	
				Incidents of discrimination in the workplace and in the recruitment process	Negative (P)	
Human rights	GRI 406 – Non-discrimination (2016)	Group employees, Suppliers	Caused by the Group and related to the Group through its business dealings	Cases of human rights violations within the organization and its value chain	Negative (P)	

<sup>21</sup> Legend: (P) is a potential impact; (A) is a actual impact.

Employee management and training	GRI 404 – Training and Education (2016)	Group employees	Caused by the Group	Increased employee wellbeing (work-life balance, career development plans, constant and constructive dialogue with employees)	Positive (A)	SDG 4 
				Improving workers' skills through training	Positive (A)	
	GRI 401 – Employment (2016)	Group employees	Caused by the Group	Violation of the right to free association of the organization's employees	Negative (P)	
				Job creation and recruitment	Positive (P)	
Safety in the workplace	GRI 403 – Occupational Health and Safety (2018)	Group employees and external associates <sup>22</sup>	Caused by the Group	Employee health promotion	Positive (A)	SDG 8 
				Workplace accidents	Negative (A)	
Relations with the local community	GRI 413 – Local Communities (2016)	Group	Caused by the Group	Investments in infrastructure and services to benefit the area in which the company operates, contributions and donations for events and initiatives in the social and cultural spheres	Positive (A)	SDG 11 
				Development of fair, transparent, and constructive relationships with local stakeholders	Positive (P)	
Product quality	GRI 416 – Customer Health and safety (2016)	Group	Caused by the Group	Health and product safety non-conformity incidents caused by poor product quality control	Negative (P)	
				Constant commitment to producing products of high quality and durability, subjecting products to stringent quality and safety tests	Positive (A)	
Research & Development	-	Group	Caused by the Group	Developing and implementing processes, technologies and R&D activities for industrial development to optimize the Group's production processes, with benefits in terms of energy savings, reduced consumption, and production of pollutant waste	Positive (A)	
				Continuous search for alternative, innovative and sustainable raw materials while adhering to the highest quality standards	Positive (A)	
Sustainable marketing	GRI 417 – Marketing and Labeling (2016)	Group	Caused by the Group	Negative customer impacts due to irresponsible and unethical advertising and marketing strategies	Negative (P)	
Data protection	GRI 418 – Customer Privacy (2016)	Group	Caused by the Group	Security breaches regarding customer privacy and loss of customer data	Negative (P)	

<sup>22</sup> Health and Safety data for non-employee workers include only the category of Agency-supplied workers and not other types of non-employee workers working at Group sites and/or under the Group's control, in view of their significance and the availability of such data over which the Group does not exercise direct control.


Energy emissions and climate change	GRI 302 – Energy (2016)	Group and electricity suppliers	Caused by the Group and related to the Group through its business dealings	Energy consumption from renewable and non-renewable sources	Negative (A)	SDG 7 
				Generation of direct and indirect energy GHG emissions (Scope 1 and 2)	Negative (A)	
	GRI 305 – Emissions (2016)			Generation of indirect GHG emissions (Scope 3)	Negative (A)	SDG 13 
Waste	GRI 306 – Waste (2020)	Group	Caused by the Group	Pollution of the environment due to generation of hazardous and non-hazardous waste	Negative (A)	
				Lack of sorting of waste and scrap produced	Negative (P)	
				Generation of waste	Negative (A)	
Water	GRI 303 – Water and Effluents (2018)	Group	Caused by the Group	Use of water in its production processes	Negative (A)	SDG 6 
Circular economy and use of renewable raw materials	GRI 301 – Materials (2016)	Group	Caused by the Group	Packaging reuse, recycling and recovery operations	Positive (A)	SDG 12 
				Depletion of natural resources	Negative (A)	
Biodiversity and protection of natural land cover	GRI 304 – Biodiversity (2016)	Group	Caused by the Group and related to the Group through its business dealings	Threats to biodiversity related to activities required to conduct business throughout the production chain	Negative (P)	SDG 15 










## GRI Content Index




Statement of use	Neodecortech has reported in accordance with the GRI Standards for the period 01/01/22 – 31/12/22.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	[N.A.]

GRI Standards	Disclosure	Page	Omission
GRI 2: General Disclosure (2021)			
The organization and its reporting practices			
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2-2	Entities included in the organization's sustainability reporting	5	
2-3	Reporting period, frequency and contact point	5	
2-4	Restatements of information	72;73	
2-5	External assurance	88-89	
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2-8	Workers who are not employees	41	
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2-9	Governance structure and composition	12-13;76-77	
2-10	Nomination and selection of the highest governance body	12	
2-11	Chair of the highest governance body	12	
2-12	Role of the highest governance body in overseeing the management of impacts	18	
2-13	Delegation of responsibility for managing impacts	18	
2-14	Role of the highest governance body in sustainability reporting	18	
2-15	Conflicts of interest	13	
2-16	Communicating critical concerns	18	
2-17	Collective knowledge of the highest governance body	76-77	
2-18	Evaluation of the performance of the highest governance body	46-47	
2-19	Remuneration policies	46-47	
2-20	Process to determine remuneration	46-47	

2-21	Annual total compensation ratio	47	
Strategies, policies and practices			
2-22	Statement on sustainable development strategy	6	
2-23	Policy commitments	14;18;20	
2-24	Embedding policy commitments	14;29;42;49	
2-25	Processes to remediate negative impacts	14;49;62	
2-26	Mechanisms for seeking advice and raising concerns	14	
2-27	Compliance with laws and regulations	14	
2-28	Membership associations	18;42; 67; 76-77	
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GRI 3: Material topics 2021			
3-1	Process to determine material topics	17; 77 – 81	
3-2	List of material topics	17; 77-81	
TOPIC-SPECIFIC STANDARDS			
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GRI 3: Material topics 2021			
3-3	Management of material topics	36-49	
GRI 201: Economic performance (2016)			
201-1	Direct economic value generated and distributed	36-38	
Material topic: Business ethics and corporate criminal liability			
GRI 3: Material topics 2021			
3-3	Management of material topics	14	
GRI 205: Anti-Corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	14	
GRI 206: Anti-Competitive Behaviour (2016)			
206-1	Legal actions for anti-competitive behavior, antitrust and monopoly practices	14	
Material topic: Employee management and training			
GRI 3: Material topics 2021			

3-3	Management of material topics	41-47	
GRI-401: Employment (2016)			
401-1	New employee hires and employee turnover	41; 66	
GRI-404: Training and education (2016)			
404-1	Average hours of training per year per employee	45-46	
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GRI 3: Material topics 2021			
3-3	Management of material topics	48-49	
GRI-403: Health and safety in the workplace (2018)			
403-1	Occupational health and safety management system	48	
403-2	Hazard identification, risk assessment, and incident investigation	49	
403-3	Occupational health services	49	
403-4	Worker participation, consultation and communication on occupational health and safety	48	
403-5	Worker training on occupational health and safety	49	
403-6	Promotion of worker health	48-49	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48-49	
403-9	Work-related injuries	49;66-68	
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GRI 3: Material topics 2021			
3-3	Management of material topics	43-44	
GRI 405: Diversity and equal opportunities (2016)			
405-1	Diversity of governance bodies and employees	12; 44; 64-65	
Material topic: Human Rights			
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3-3	Management of material topics	14	
GRI 406: Non-Discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	14	
Material topic: Sustainable supply chain management			

GRI 3: Material topics 2021			
3-3	Management of material topics	30-34	
GRI 204: Procurement practices (2016)			
204-1	Proportion of spending on local suppliers	31	
GRI 308: Environmental evaluation of suppliers (2016)			
308-1	New suppliers that were screened using environmental criteria	In 2022, no suppliers were evaluated using environmental criteria	
GRI 414: Social evaluation of suppliers (2016)			
414-1	New providers that were screened using social criteria	No suppliers were evaluated using social criteria in 2022	
Material topic: Circular economy and use of renewable raw materials			
GRI 3: Material topics 2021			
3-3	Management of material topics	54-55	
GRI 301: Materials (2016)			
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GRI 3: Material topics 2021			
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GRI 302: Energy (2016)			
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302-3	Energy intensity	63;70	
GRI 305: Emissions (2016)			
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305-2	Energy indirect (Scope 2) GHG emissions	58;71-73	
305-4	GHG emission intensity	63;73	
Material topic: Waste			 
GRI 3: Material topics 2021			
3-3	Management of material topics	59	
GRI 306: Waste (2020)			
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306-2	Management of significant waste-related impacts	59	
306-3	Waste generated	59;73	

Material topic: Water  			
GRI 3: Material topics 2021			
3-3	Management of material topics	60-61	
GRI 303: Water and water discharge (2018)			
303-1	interactions with water as a shared resource	60-61	
303-2	Management of water discharge-related impacts	60-61	
303-3	Water withdrawal	60-61;70	
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GRI 3: Material topics 2021			
3-3	Management of material topics	61	
GRI 304: Biodiversity (2016)			
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Material topic: Product quality			
GRI 3: Material topics 2021			
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416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	50	
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GRI 3: Material topics 2021			
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GRI 417: Marketing and labeling (2016)			
417-3	Incidents of non-compliance concerning marketing communications	51	
Material topic: Data protection			
GRI 3: Material topics 2021			
3-3	Management of material topics	51	
GRI-418: Customer privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	51	
Material topic: Relations with the local community 			
GRI 103: Topic management (2016)			

3-3	Evaluation of the management approach	52	
GRI-413: Local communities (2016)			
413-2	Operations with significant actual and potential negative impacts on local communities	There were no actual or potential significant negative impacts on local communities in 2022.	
Material topic: Research and development			
GRI 3: Material topics 2021			
3-3	Management of material topics	35	



## **Independent Auditors' Report**

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

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

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Neodecortech S.p.A. and its subsidiaries (hereinafter "Neodecortech Group" or "Group") as of December 31, 2022 prepared, on a voluntary basis, ex art. 4 of the Decree and approved by the Board of Directors on March 15, 2023 (hereinafter "NFS").

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

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

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

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

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

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



### **Auditor's Independence and quality control**

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

### **Auditor's responsibility**

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

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

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Neodecortech Group;

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

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

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

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

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

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

**Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Neodecortech Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Franco Amelio**  
Partner

Milan, Italy  
March 31, 2023

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







