



**SUSTAINABILITY
REPORT**
2023



TABLE OF CONTENTS

GOVERNANCE COMMUNICATION PAGE 1
SUSTAINABILITY STRATEGY



1

OVERVIEW OF THE ORGANISATION

page 3

| | |
|--|---------|
| Our identity | page 4 |
| 60 years of history and experience | page 5 |
| Our paper production | page 8 |
| Countries where we operate | page 10 |
| The values we believe in | page 10 |
| Sustainability for Cartiera del Chiese | page 12 |
| SDGs that represent us | page 12 |
| Stakeholders | page 13 |
| Relevant topics and materiality analysis | page 14 |
| Implemented projects and future sustainability goals | page 16 |



2

CORPORATE GOVERNANCE

page 19

| | |
|---|---------|
| Cartiera del Chiese governance | page 20 |
| Model 231 | page 21 |
| Whistleblowing | page 22 |
| Code of Ethics and values | page 22 |
| Risk Management | page 24 |
| Data Protection, information protection and anti-corruption | page 25 |
| Business continuity | page 25 |
| Our certificates | page 26 |
| Control and monitoring system | page 26 |
| Monitoring, measuring, analysing and evaluating data; | page 27 |
| Improvement | page 27 |
| Economic results and investments | page 28 |



3

VALUE CHAIN

page 31

| | |
|---------------------------------------|---------|
| Our value chain | page 32 |
| Supplier relations | page 32 |
| Supplier rating and vetting procedure | page 33 |
| Customer needs and expectations | page 34 |



4

OUR COMMITMENT TO THE ENVIRONMENT

page 37

| | |
|---|---------|
| Circular economy | page 38 |
| Renewable energy and energy consumption | page 39 |
| Water consumption and drains | page 40 |
| Waste management | page 40 |
| Emissions into the atmosphere | page 41 |
| Product carbon footprint | page 40 |
| Organisation carbon footprint | page 41 |



5

OUR PEOPLE

page 45

| | |
|------------------------------------|---------|
| Our human capital | page 46 |
| Wellbeing of workers | page 47 |
| Diversity and inclusion | page 47 |
| Training and development of skills | page 48 |
| Occupational health and safety | page 48 |
| Health surveillance | page 49 |
| Relations with the community | page 49 |
| Alliances and partnerships | page 49 |



6

METHODOLOGICAL NOTE
& CONTENT INDEX

page 51

GOVERNANCE COMMUNICATION

SUSTAINABILITY STRATEGY

This first Sustainability Report marks our first step in an ambitious journey to reduce the environmental impact of our productions and improve relationships with our stakeholders. This Report is a crucial step, which formalises our continued commitment to sustainability in all its dimensions: environmental, social and economic. Communicating our sustainability performance is a fundamental duty we are committed to meeting towards our stakeholders.

The report also serves as an internal strategic tool, through which we outlined the medium- and long-term goals that will guide our future actions. The supplement of sustainability goals with economic-financial goals is undoubtedly the goal of any modern organisation.

In recent years, unprecedented events have influenced and disrupted our lifestyles and consumer behaviour. Also our company, had to adapt to unforeseen circumstances such as rising energy costs, scarcity of raw materials, and significant increases in their prices. We believe that the only sustainable development model for combating climate change is based on a circular economy.

Our production is carried out exclusively through the recovery of waste paper throughout Europe. Once used, our products join the paper recycling circuit, actively contributing to the circular economy. We will continue to work with determination to modernise our facilities and reduce the environmental impacts of our manufacturing plants.

We are conscious that sustainability is the way to go. That is why we are committed to keeping the paper cycle alive, minimising environmental impacts and contributing to the circular economy, with the continued goal of creating value for all.

Rag. Enzo Fenotti
Chairman and Chief Executive Officer

1

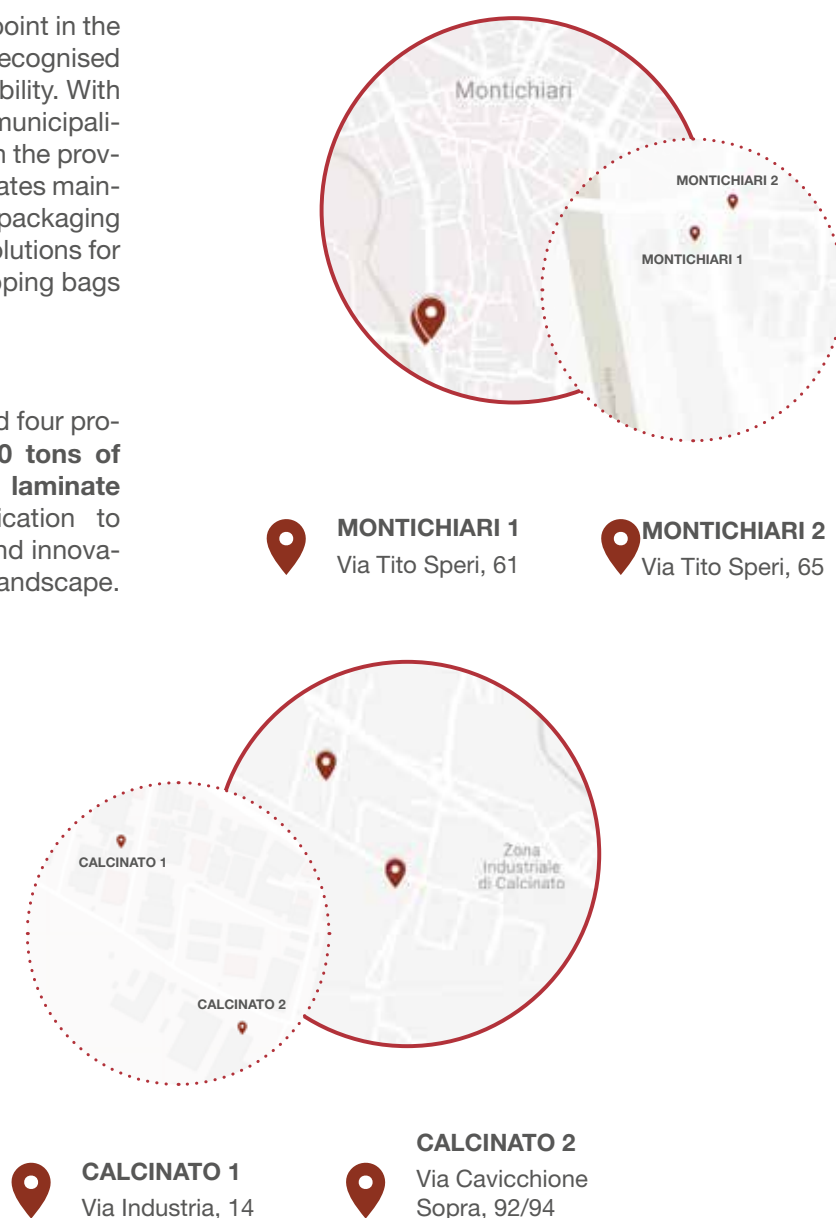
OVERVIEW OF THE ORGANISATION

**CARTIERA
DEL CHIESE**
2023 Sustainability
report

Our identity

Cartiera del Chiese is a reference point in the Kraft paper production industry, recognised for its experience and innovation ability. With **4 production sites** located in the municipalities of Montichiari and Calcinato, in the province of Brescia, our company operates mainly in the industrial and commercial packaging industries, offering cutting-edge solutions for industrial bags, compostable shopping bags and e-commerce packaging.

With a team of **178 employees** and four production sites, we produce **65,000 tons of brown kraft** and **45,000 tons of laminate complexes annually**. Our dedication to quality positions us as a reliable and innovative leader in the European paper landscape.



ACTIVITY

Production of continuous machine-made Kraft paper and paper-based composite laminates with plastic resins and aluminium, in the neutral state, coloured, printed in the form of reels for technical use and compatible with food use through the recovery and treatment of waste paper.

Self-production of electricity and thermal energy through a natural gas cogeneration plant.

60 years of history and experience

Incorporated in **1963** by **Ragionier Enzo Fenotti**, Cartiera del Chiese marked the beginning of a new revolution in the paper industry. The pioneering choice of using waste paper as a raw material reflects our devotion to sustainability from the very beginning.

In **1973**, Cartiera del Chiese marked a revolutionary step by introducing the **First Extrusion Line**. Equipped with two in-line extruders, this innovative machine has redefined the industry standards by allowing the coupling of white and brown paper with adhesive materials such as PE, PP and PET.

In the **nineties**, Cartiera del Chiese marked another fundamental stage by installing the **Second Extrusion Line**. This innovation introduced greater flexibility in the use of larger paper sizes, also allowing the application of glue. Our unwavering quest for improvement has allowed us to achieve a more versatile process that is adaptable to the ever-increasing needs of the market.

In the **2000s**, Cartiera del Chiese achieved a new milestone by installing the **Third Extrusion Line**. With a 270-centimetre format, this advanced technology focused on the reel packaging market, opening doors to the corrugated cardboard, solid cardboard and products for the insulating material industries.

In **2015**, Cartiera del Chiese obtained the **ISO 14067 certificate** for the quantification of the carbon footprint of its products and renewed it in **2023** with significant improvements.



In **2016**, Cartiera del Chiese invested strategically to enter the **market of transport and e-commerce bags**, a proactive response to changing market demands. This initiative has positioned us as a European leader in the manufacture of **brown kraft paper** with significant elastic strength. The investment included the purchase of new rewinders capable of meeting the various sizes required by customers, while ensuring the supply of high-strength handles.

In **2018**, Cartiera del Chiese marked an important step forward with the inauguration of a new **8,000 square-metre warehouse** and the opening of **new sales offices**. At the same time, strategic investments were made by adding a **new lamination line** for glue and primer laminates, allowing entry into new strategic markets and meeting customer needs.

To date, Cartiera del Chiese has installed photovoltaic systems on the Montichiari 2 and Calcinato 2 plants. This investment allows the company to self-produce renewable energy. In 2024 a plant will also be installed in Calcinato 1.

Cartiera del Chiese is today a strong company with **four production sites** located in the province of Brescia. With a dedicated team of **178 employees**, we are proud of our significant annual production capacity, which boasts of **65,000 tons of brown kraft** and **45,000 tons of laminate complexes**. This result underlines our commitment to excellence and strengthens our position as a reliable leader in the paper industry.

2016



2018



2022



TODAY





4

Production sites located in the province of Brescia



178

Dedicated team of employees



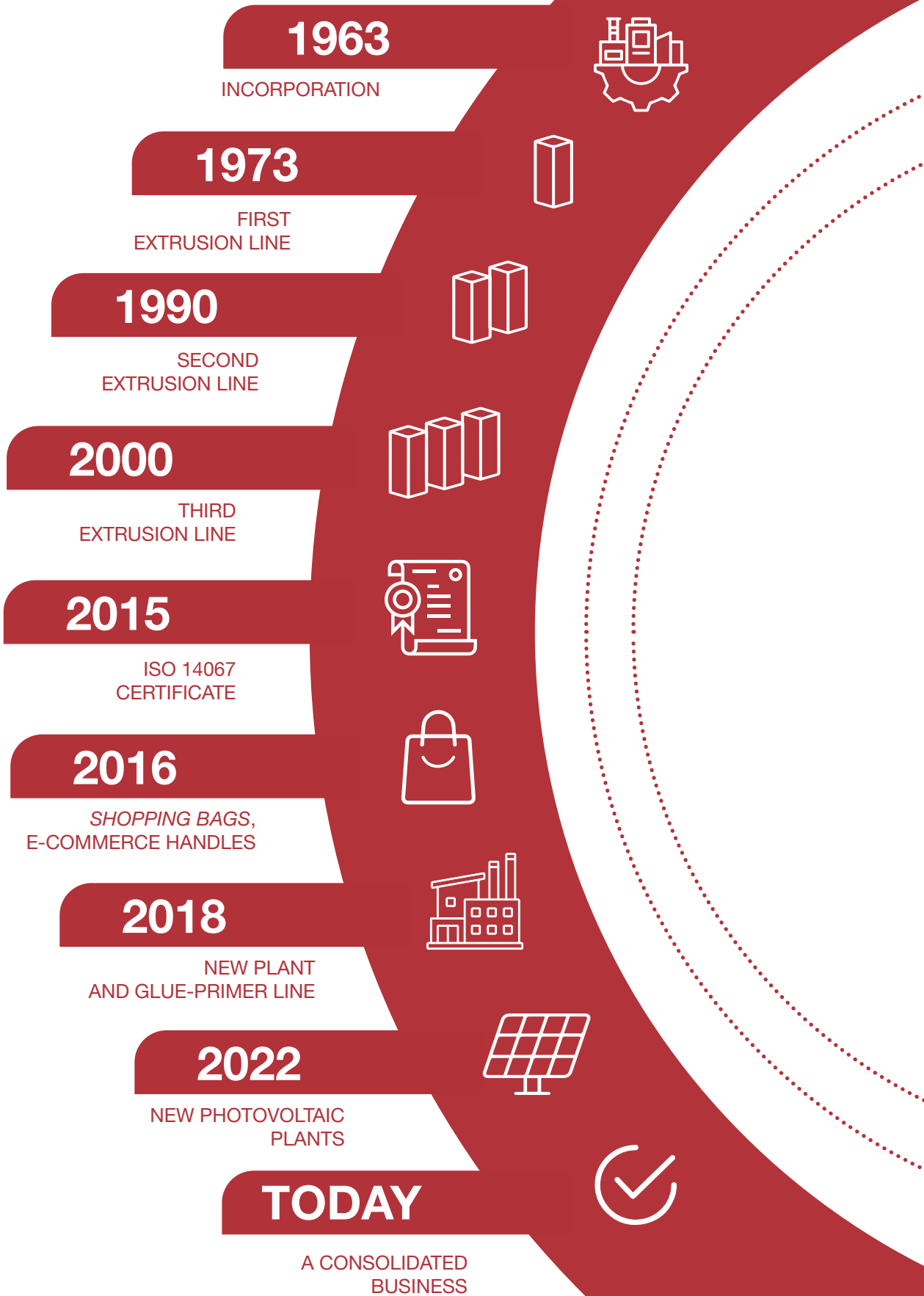
65,000

Tons of brown kraft produced in one year



45,000

Tonnes of laminate complexes produced in one year



Our paper production

We manufacture Kraft paper semi-extensible Havana (specifically for industrial bags) and Kraft Havana standard (specifically for shopping bags and compostable bags).

Each paper also comes in a moisture-resistant version. Furthermore, we manufacture custom-made extruded polymer laminates and special complexes.

With our multilayer laminates we make products for the following applications:

 **FOOD PACKAGING**

 **INDUSTRIAL PACKAGING**

 **PACKAGING**

 **INSULATION**

 **HEALTH AND COSMETICS**

 **CONSUMER PRODUCTS**

 **POLYURETHANE FOAM**

 **CORRUGATED CARDBOARD AND COMPACT CARDBOARD**

Waste paper consists of pre-consumer Kraft paper waste (bags for flour, feed-stuff, processing waste).

The waste paper is fed into the **pulper**, consisting of an impeller that creates a swirling motion, with the aim of reducing the fibrous material into elemental fibres.

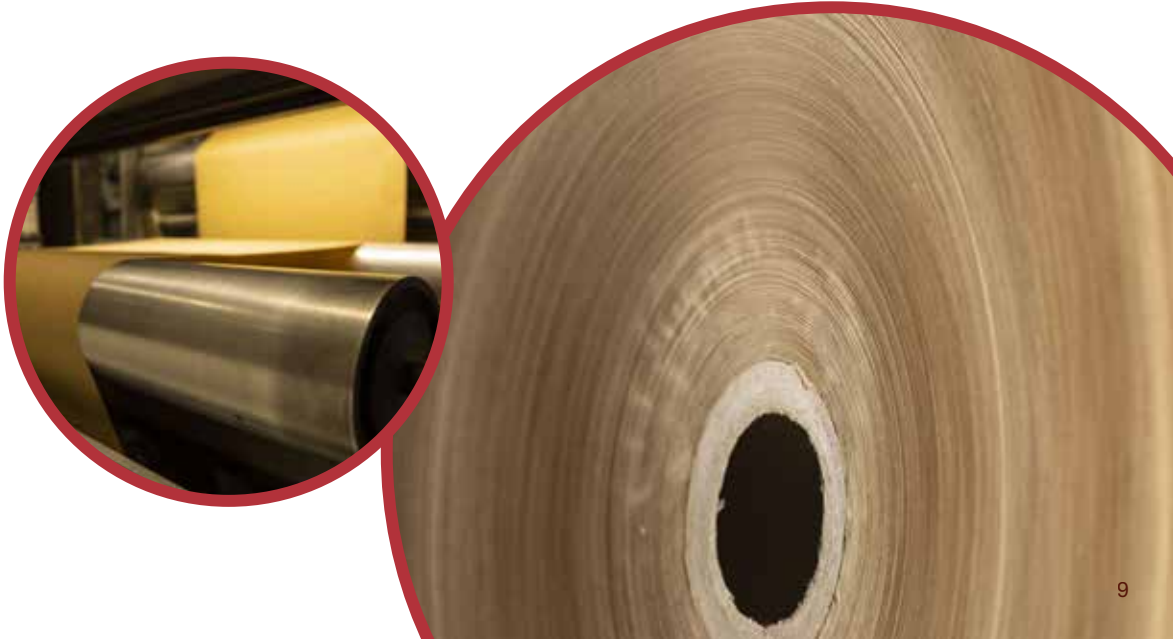
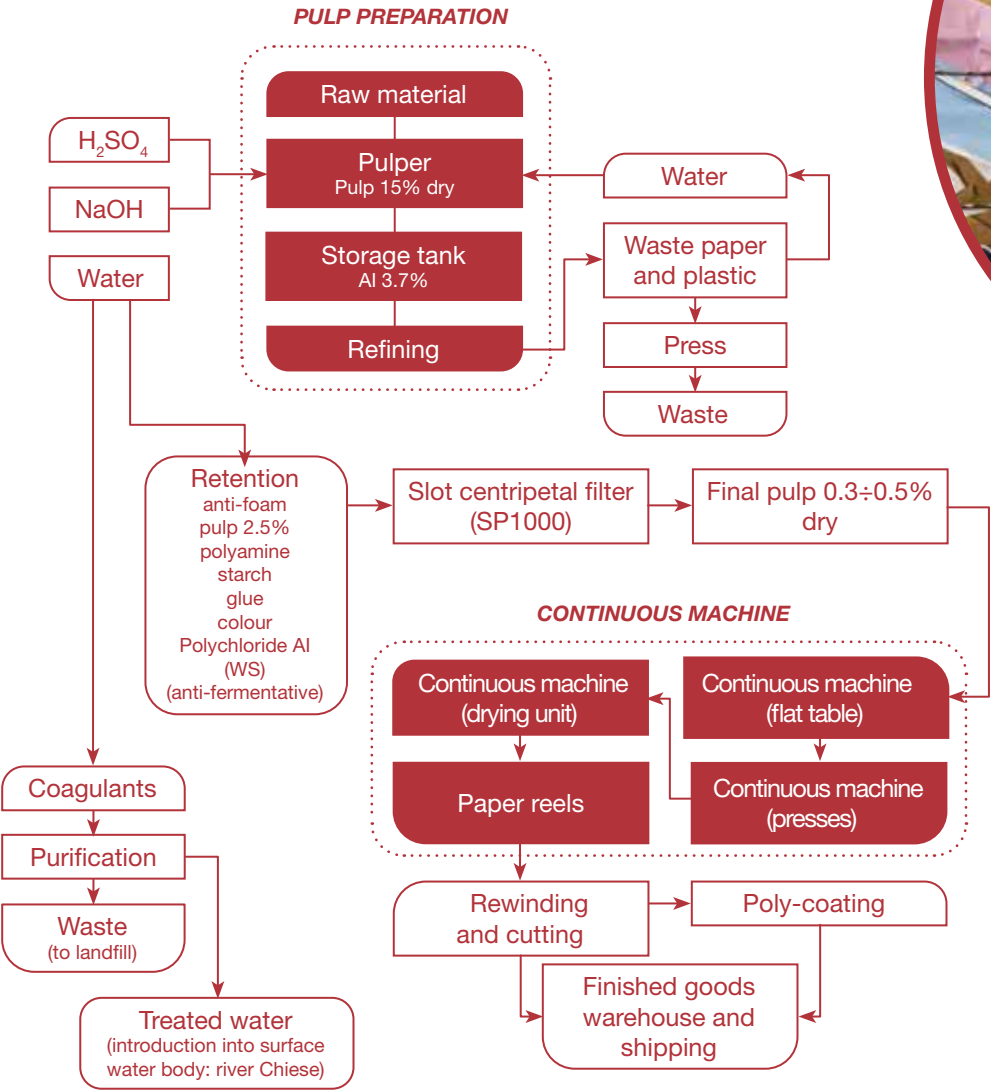
At the end of this phase the pulp is separated from the plastics present as film in the paper.

The pulp obtained by pulping cannot be used as such to form the **paper sheet** but must be refined to increase the bonds between the fibres to develop the strength and resistance of the paper. Glue, colour and other reagents are dispensed at this stage.

Downstream of the refining, the pulp is ready to be launched into the continuous machine: it enters the **flat table**, consisting of a permeable canvas and through presses. The paper is therefore dehydrated

in the **drying unit**, through hot air and heat. The paper rolls are then transported to a **cut-to-length rewinder** and stored in the warehouse. The plant also features a **poly-coating** plant, whose products are excluded from the field of application of this study. The production of electricity and thermal energy (steam and hot water) in the plant is carried out by means of a natural gas turbine with **recovery of the steam** produced.

The main stages of the **manufacturing process** are represented in the following diagram:



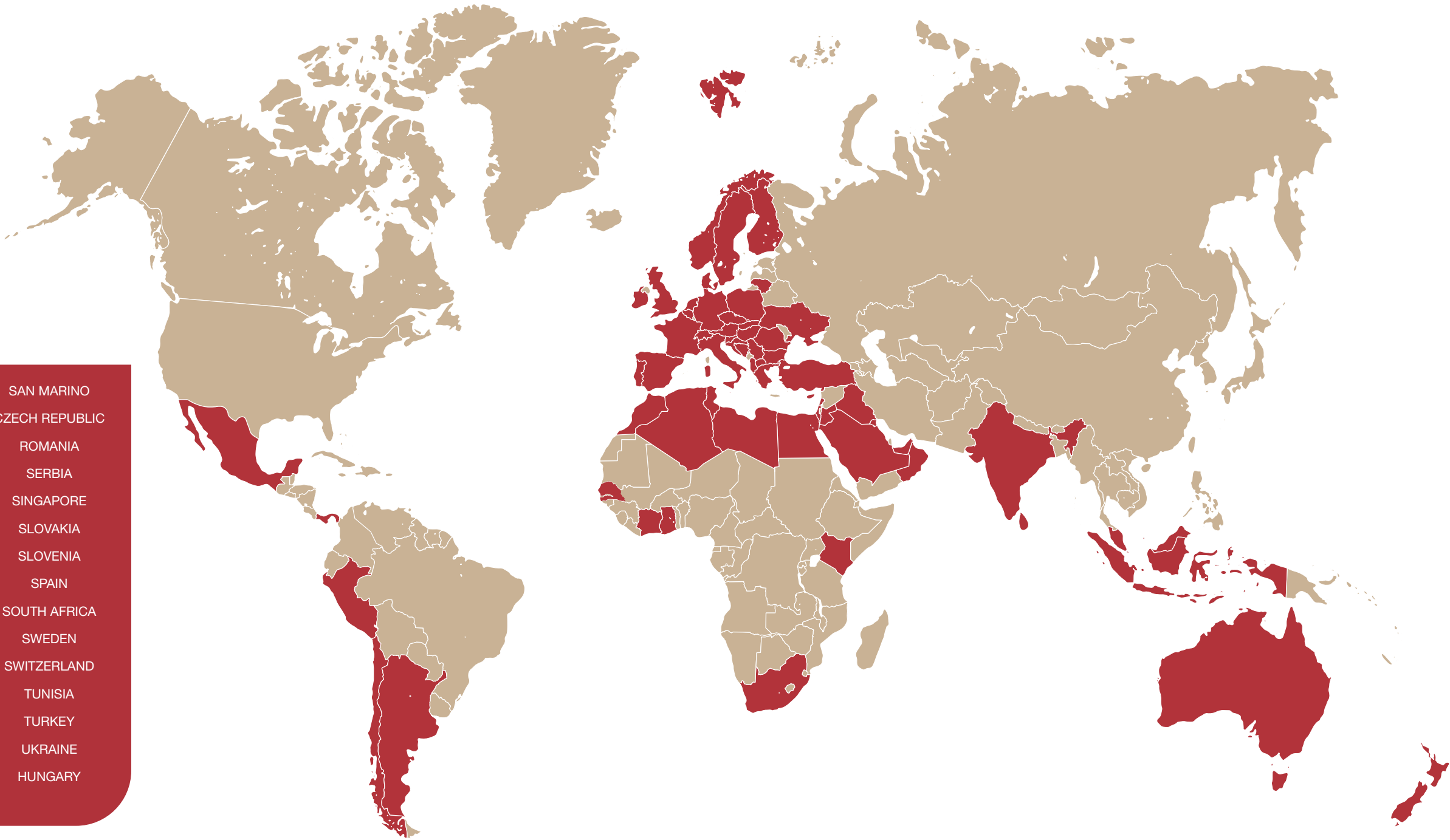
Countries where we operate

Cartiera del Chiese is proud to have an international presence spanning several countries around the world.

Our ability to export enables us to meet the needs of a wide range of customers, including industrialists, merchants and retailers.

This extensive geographical coverage demonstrates the high quality and reliability of our products and packaging solutions.

| | | | |
|------------------------|----------------------|----------------|----------------|
| ALBANIA | UNITED ARAB EMIRATES | LIBYA | SAN MARINO |
| ALGERIA | FINLAND | LITHUANIA | CZECH REPUBLIC |
| SAUDI ARABIA | FRANCE | MACEDONIA | ROMANIA |
| ARGENTINA | GERMANY | MALAYSIA | SERBIA |
| AUSTRALIA | JORDAN | MALTA | SINGAPORE |
| AUSTRIA | GREECE | MOROCCO | SLOVAKIA |
| BELGIUM | INDIA | MEXICO | SLOVENIA |
| BOSNIA AND HERZEGOVINA | IRAQ | OMAN | SPAIN |
| BULGARIA | IRELAND | NORWAY | SOUTH AFRICA |
| CHILE | ISRAEL | NETHERLANDS | SWEDEN |
| CYPRUS | ITALY | PANAMA | SWITZERLAND |
| CROATIA | KENYA | PERU | TUNISIA |
| IVORY COAST | KOSOVO | POLAND | TURKEY |
| DENMARK | KUWAIT | PORTUGAL | UKRAINE |
| EGYPT | LEBANON | UNITED KINGDOM | HUNGARY |



The values we believe in:



OPERATIONAL EXCELLENCE

We are constantly investing in new, advanced machinery to ensure high productivity rates. We maintain careful management and are always striving for improvements.



RESPONSIBILITY & SAFETY

We strictly comply with all safety laws and standards. All of our employees are responsible for complying with regulations, helping to create a safe and ethical work environment.



INNOVATION

We promote state-of-the-art technical solutions to meet the needs of our customers, always keeping an eye on environmental sustainability.



COLLABORATION

We promote a collaborative, multi-ethnic environment where teamwork is key. We value the ideas of each team member to achieve outstanding results.



ENVIRONMENTAL SUSTAINABILITY

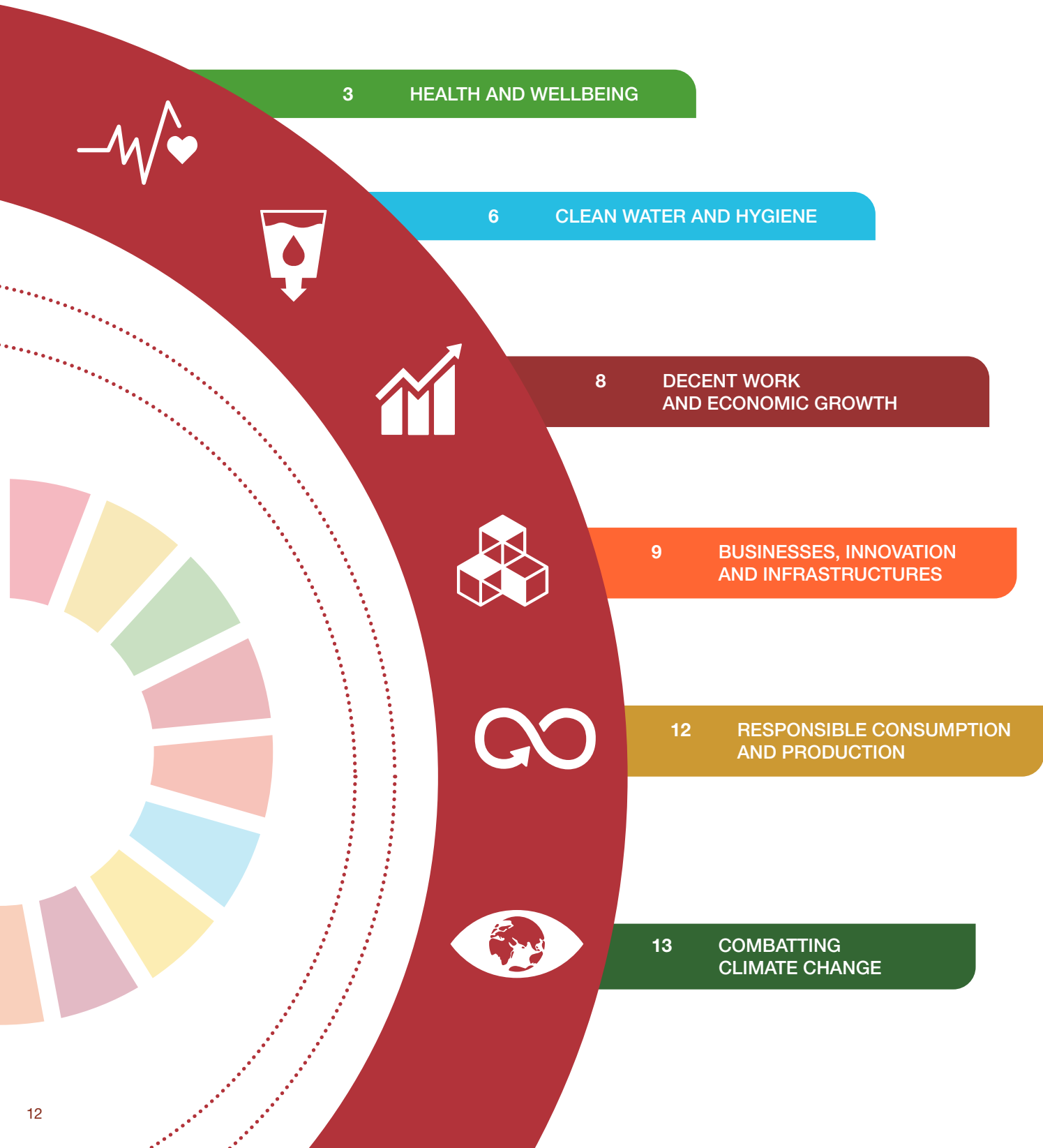
We are committed to being responsible, contributing to the well-being of local communities and adopting sustainable business practices to preserve the environment.

Sustainability for Cartiera del Chiese

SDGs that represent us

Cartiera del Chiese is committed to contributing to achieving the Sustainable Development Goals (SDGs) outlined by the United Nations in Agenda 2030. These global goals are a guide to promoting a more sustainable and fair future.

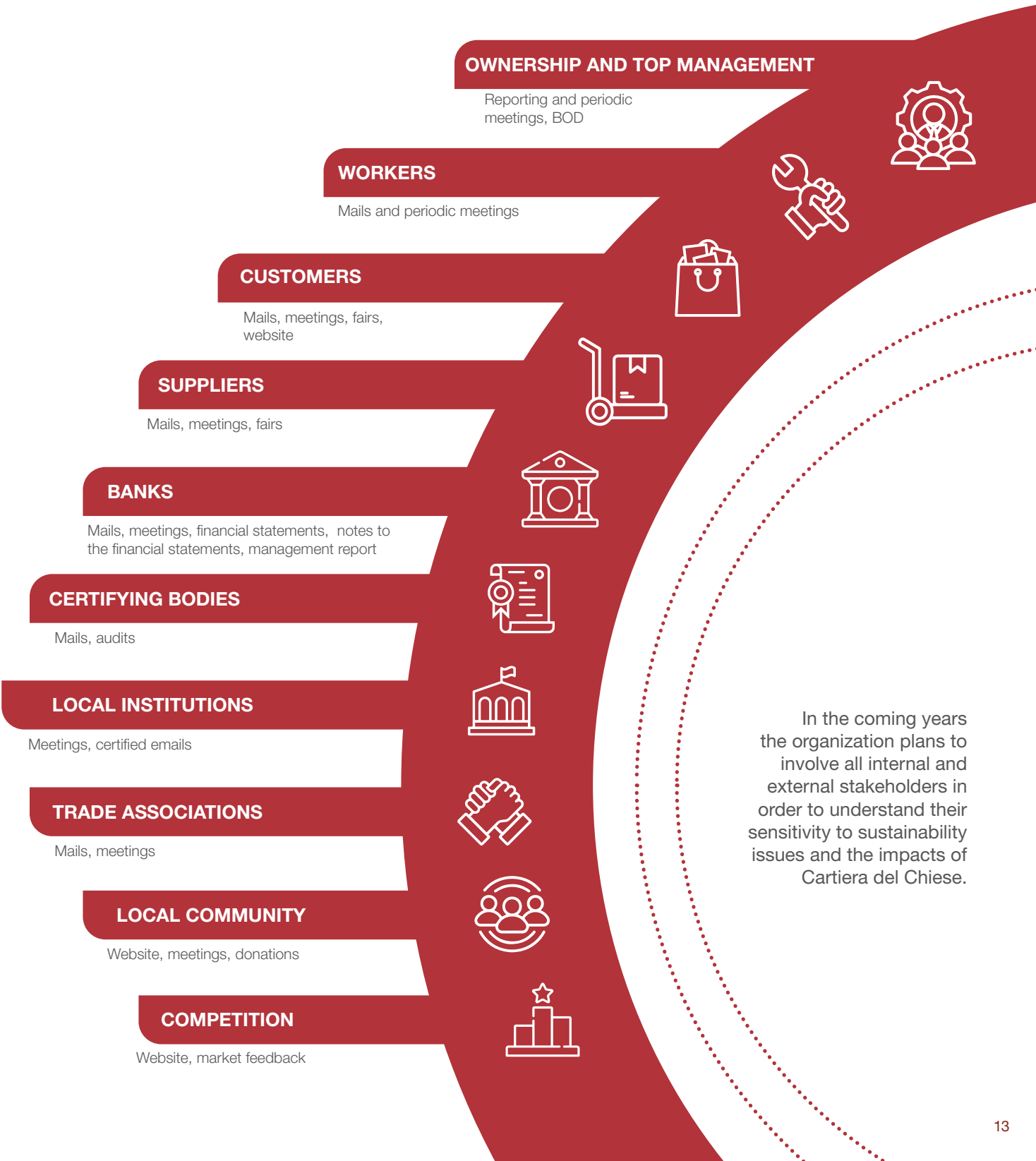
The main SDGs to which Cartiera del Chiese refers include:



Stakeholders

In its first sustainability report, Cartiera del Chiese is voluntarily committed to ensure maximum transparency toward business stakeholders, rising up to the growing focus on sustainability with awareness and clarity.

Our Stakeholders:



In the coming years the organization plans to involve all internal and external stakeholders in order to understand their sensitivity to sustainability issues and the impacts of Cartiera del Chiese.

Relevant topics materiality analysis


Materiality analysis is a tool critical to assess the importance and relevance of sustainability topics for a company and its main stakeholders. The enforcement of the Corporate Sustainability Reporting Directive (CSRD) and dissemination of the European Sustainability Reporting Standards (ESRS), led to the double materiality concept. It consists of two perspectives: the impact materiality (Inside-Out Perspective), which assesses how the company's actions affect the economic, environmental, and social aspects of sustainability, and the financial materiality of the financial (Outside-In Perspective), which analyses the influence of the external context on the company and its financial results. With this Sustainability Report, Cartiera del Chiese embarked on a path to align itself with the new provisions of the European Directive, implementing a thorough analysis of the impact materiality.

The analysis for the definition of sustainability topics was carried out on the basis of an analysis of the internal and external context in which the company operates and a mapping of the main customers, suppliers and competitors to understand the company's positioning in relation to the reference market.



Subsequently, together with the Sustainability Team, the impacts stemming from the main company processes, were identified considering the following aspects: positive and negative, direct and indirect, current and potential impacts. Furthermore, for each impact, severity, extent and irremediability were evaluated on a 1 to 5 scale (where 1 indicates a very low impact and 5 a very high impact).

The following material sustainability issues emerged from this work.


RESPONSIBLE PROCUREMENT

| Description | Impact assessment | |
|--|--------------------|---|
| Currently, the procurement system does not provide for an assessment of ESG requirements, but is mainly limited to assessing the quality of the product. | Potential Negative |  |


CIRCULAR ECONOMY

| Description | Impact assessment | |
|--|-------------------|---|
| Recycled paper is used for 100% of the Cartiera's internal production, without the use of virgin fibre. Once used, the products return to the paper recycling circuit, contributing to the circular economy. | Current Positive |   |


USE OF WATER RESOURCES

| Description | Impact assessment | |
|---|--------------------|---|
| Water is used extensively in the production cycle. Constantly monitoring water drains allows the company to mitigate its impacts. | Potential Negative |  |


CLIMATE CHANGE

| Description | Impact assessment | |
|--|-------------------|---|
| The production processes of Cartiera del Chiese, by their nature, entail significant energy consumption, emissions into the atmosphere, and the generation of waste. Implementing a timely system for the calculation and monitoring of emissions will allow the company to limit its impacts. | Current Negative |   |

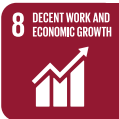

OCCUPATIONAL HEALTH AND SAFETY

| Description | Impact assessment | |
|--|-------------------|---|
| The company is committed to ensuring health and safety in the workplace by taking preventive measures and adopting controlled procedures. Some minor occupational accidents occur currently. Zero-accident goal. | Current Negative |  |


WELLBEING OF WORKERS

| Description | Impact assessment | |
|---|-------------------|--|
| The company is committed to ensuring a positive working environment that promotes the well-being of all its employees, paying attention to the various needs. | Current Positive |  |

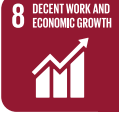

CUSTOMER SATISFACTION

| Description | Impact assessment | |
|---|-------------------|---|
| The attention of the company to the different needs allows to have satisfied, reliable and loyal customers. | Current Positive |   |

PRODUCT QUALITY AND SAFETY

| Description | Impact assessment | |
|--|-------------------|---|
| The quality and safety of our products is a fundamental pillar of our ability to retain our customers and meet their expectations. | Current Positive |  |

RESPONSIBLE ECONOMIC GROWTH

| Description | Impact assessment | |
|--|-------------------|---|
| Despite the decline in production and turnover, the positive results achieved in 2023 confirm the full economic sustainability of the company. | Current Positive |   |

Implemented projects and future sustainability goals

In the last two years, Cartiera del Chiese has taken several actions aimed at improving the sustainability and efficiency of its operations. Looking to the future, we have planned several ESG initiatives for the coming years, with the aim of consolidating and broadening the progress made.

2017

- Installation of a biological wastewater treatment plant

2019

- Installation of a new turbine with a power of 7.86 MWe: it guarantees Cartiera independence in terms of electricity production and, given the new technologies, it allows a considerable reduction in the pollutants entering the atmosphere

2021

- Thermal optimisation of the drying plant with savings of 250 ETP compared to 2020 consumption (Montichiari 1)
- Replacing roofs for the removal of asbestos, fire safety upgrade and acoustic and seismic improvement (Montichiari 1)

2023

- Replacing roofs for the removal of asbestos and fire safety upgrade (Calcinato 1)
- Installation of photovoltaic system with a power rating equal to 400 kW (Calcinato 2)
- Installation of a photovoltaic system with a power rating equal to 800 kW (Montichiari 2)
- Plant engineering modifications on the machine continued with expected savings of 120 ETP/year (Montichiari 1)

2024-2025

- Implementation of an ISO 50001 energy management system (Montichiari 1)
- Implementation of an inventory of greenhouse gas emissions according to ISO 14064
- Pulper replacement (Montichiari 1) with new pulper with increased capacity and energy efficiency.
- Installation of a new shoe press of the continuous machine resulting in a reduction in the steam demand for final drying and an expected energy saving of 780 ETP/year (Montichiari 1). With this intervention, there is also less paper breakage near the machine, resulting in a significant increase in production.
- Replacing roofs for the removal of asbestos and fire safety upgrade (Montichiari 1)
- Replacing the gas provider to eliminate the compressor, resulting in lower energy and maintenance costs, and installation of new piping with increased capacity and volume. Expected energy savings of 170 ETP/year (Montichiari 1)
- Installation of photovoltaic systems on all the roofs of Cartiera del Chiese, where structurally possible.



2

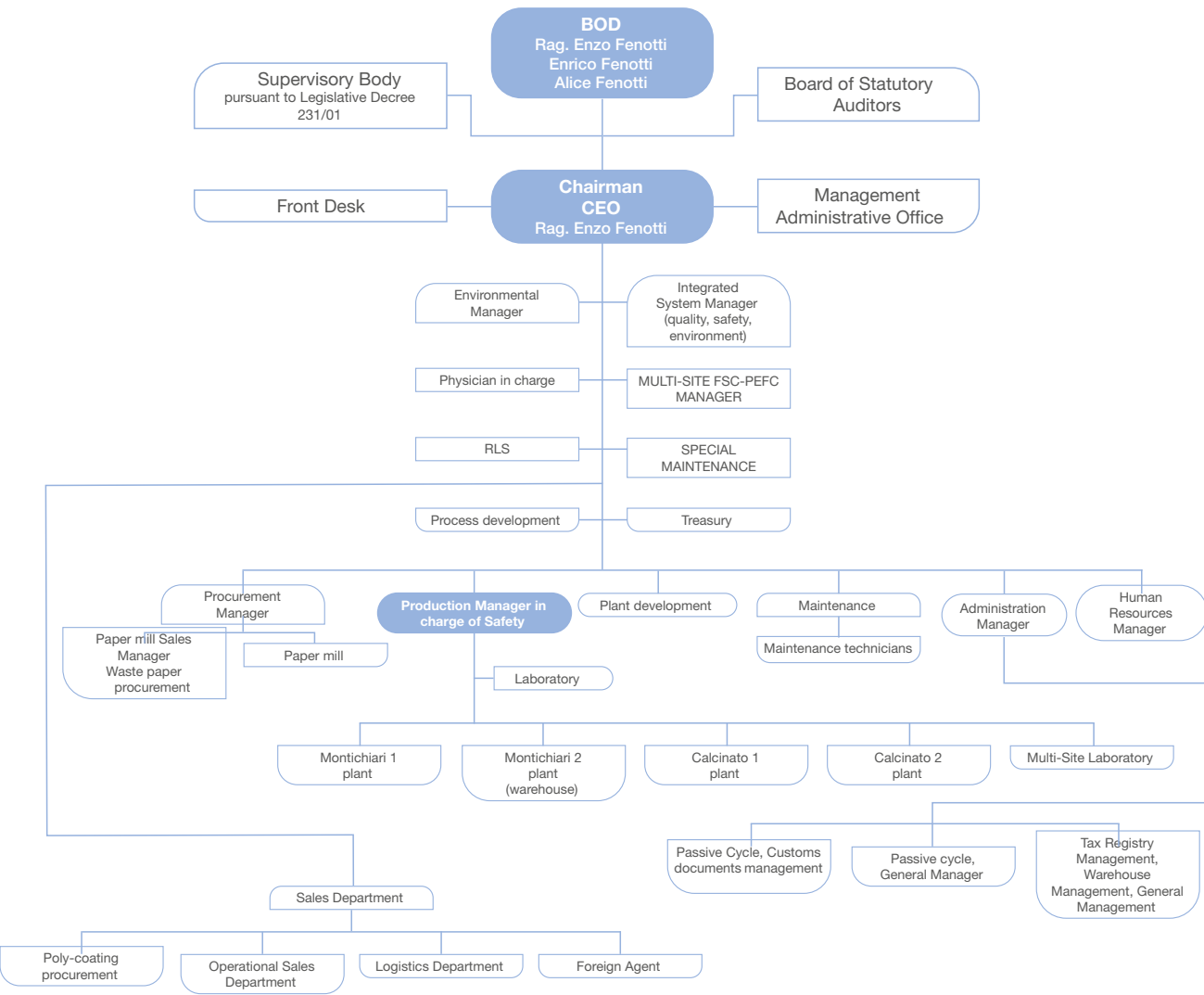
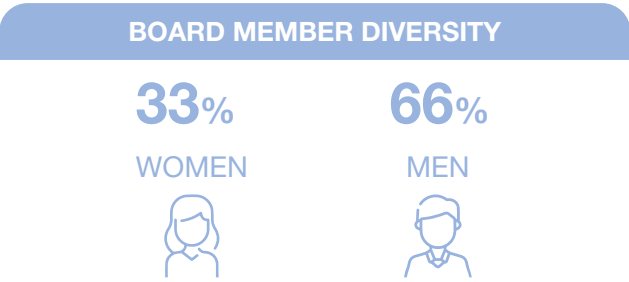
CORPORATE GOVERNANCE

Cartiera del Chiese Governance

Cartiera del Chiese is a family-run joint-stock company whose Chairman, Chief Executive Officer and Employer is **Ragioniere Enzo Fenotti** who has the following responsibilities:

- Developing, implementing, improving and periodically reviewing the Integrated Management System.
- Focuses on customer care.
- Plans Quality, Safety and the Environment.
- Defines responsibilities, powers and the internal communication process.

The **Board of Directors** is made up of three people, **Rag. Enzo Fenotti, Mr. Enrico Fenotti and Mrs. Alice Fenotti.**



THE COMPANY

The company adopts an organizational, administrative and accounting system that is appropriate to our nature and size, as provided for by art. 2086 of the Italian Civil Code. This system enables to swiftly detect crisis situations and take necessary measures. No conflicts of interest were found over the 2022-2023 period (GRI 2-15).

THE BOD

The Cartiera del Chiese Board of Directors (BOD) makes informed decisions in order to best pursue the interests of company. Independence of judgment is essential, and the members of the board must ensure maximum transparency, especially when there are special interests. The Board of Directors is responsible for defining business strategies, approving investment plans, and monitoring operational performance. It oversees corporate policies, manages risk, and ensures compliance with regulations, making strategic decisions that are critical to the company's growth and sustainable development.

THE BOA

The Board of Statutory Auditors monitors the administrative and accounting management, verifying the correctness of the accounting records, the legality of the transactions and compliance with the laws. It is the responsibility of BOD to ensure that the financial statements faithfully represent the economic and asset situation of the Company.

Model 231

The company has the Organisation, Management and Control Model pursuant to Italian Legislative Decree n° 231 dated 8 June 2001, with the aim of providing a valuable tool to raise awareness among all those who work for and/or on behalf of the company, so that they conduct themselves correctly and in a linear manner in the performance of their activities, such to prevent the risk of committing crimes. The model is an integral part of the company governance system and risk management and it consists of a set of principles, rules, (internal) provisions, organizational schemes and procedures with relevant tasks and responsibilities, functional to the implementation and proper management of a system for controlling and monitoring “risky”, activities, with the aim of preventing the Commission of the offenses, even attempted, provided for by the decree in question.

The Supervisory Body, established according to the Italian Legislative Decree 231/2001, monitors the effectiveness of the Organization, Management and Control Model of the company. It ensures compliance with ethical and legal regulations, promotes a culture of compliance and prevents the Commission of offences. Performs audits and reporting, ensuring that internal procedures are in compliance with regulations.

In particular, the Supervisory Body:

- Monitors the application of the Code of Ethics through compliance programmes, internal audit plans and reporting.
- Requires management and management bodies to apply penalties for breaches to the Code.
- Reports periodically to the Board of Directors on the results of the activities thereof.
- Expresses opinions on the revision of the most relevant policies and procedures to ensure consistency with the Code.
- Proposes, if necessary, periodic revision of the Code.

The Management see to:

- 1 The implementation of the integrated management system, identifying actions for its maintenance, verification and continuous improvement.
- 2 The maintenance of an excellent work environment, improving hygiene, health and safety conditions, and providing materials and training resources to collaborators.
- 3 The systematic monitoring of the effectiveness of primary corporate processes to achieve the performance goals set.

The Management sets its own improvement goals based on:

- 1 *Requests from stakeholders.*
- 2 *The results of the analysis of the Integrated Management System.*
- 3 *Regulatory developments.*
- 4 *The upgrade plans or projects to be developed.*
- 5 *The outcome of internal and external audits.*
- 6 *Market needs.*
- 7 *The code of conduct and the company's reference values.*

All staff are called upon to contribute to the implementation of the company policy, in accordance with the procedures and instructions set out in the Management System, in order to prevent all forms of crime.

Whistleblowing

Cartiera del Chiese has established a **system for the management of reports of breaches pursuant to the Italian Legislative Decree n° 24/2023** and published **online** the "Whistleblowing platform", through which one can report, in a confidential manner, offenses assuming responsibility, breaches to the organisational model pursuant to the Italian Legislative Decree n° 231/2001 and breaches to the national or European Union legal provisions.

The platform ensures the **confidentiality of the identity of the reporting party**, the **persons involved** and the **content of the reports, without prejudice to any legal obligations**.

It shall be prohibited to retaliate or discriminate against the reporting party on grounds relating, directly or indirectly, to the report submitted. Cartiera del Chiese will adopt **disciplinary sanctions and/or other measures** both against those who adopt retaliatory behaviour, and against those who make groundless reports or in bad faith.

Code of Ethics and values

The Code was developed to ensure that the ethical values of the Company are clearly defined and form the basis of the Company's culture, as well as the standard of conduct of all employees of the Company in performing activities and initiatives promoted.

The company considers taking ethical and social responsibility to be of the utmost importance in conducting its business and activities and, therefore, fosters and supports management that balances the legitimate interests of the relevant stakeholders and, more generally, of the community in which it operates.

The Code of Ethics is part of the provisions laid down by the Italian Legislative Decree n° 231/2001 and lays down the general ethical principles and those relating to the management, supervision and control on which the organization is based.



LEGALITY

Stakeholders are required to strictly comply with national and European Union laws, company regulations and operating instructions, ensuring compliance with the regulations in force.

FAIRNESS AND INTEGRITY

It is essential to follow ethical and professional rules, respect the rights of all stakeholders and prevent arbitrary discrimination or conflicts of interest.

HONESTY

All activities must be conducted in accordance with the laws in force, the Code of Ethics and internal regulations, and must reject any form of corruption or dishonest conduct.

TRANSPARENCY AND COMPLETENESS OF INFORMATION

Communication must be clear, complete and accurate, avoiding misleading situations and ensuring that the information provided is true and complete.

CONFIDENTIALITY OF INFORMATION

The Company ensures the confidentiality of information and compliance with data protection regulations by handling confidentiality of information with the utmost discretion.

VALUE OF PEOPLE

The company promotes respect for and enhancement of individual characteristics, ensuring equal opportunities, respect for human dignity and fair and safe work conditions.

PREVENTION OF CONFLICTS OF INTEREST

It is important to avoid situations of conflict of interest and to promptly communicate them to the supervisory body.

EFFICIENCY AND SPIRIT OF SERVICE

Professional quality and the pursuit of economic efficiency are essential, same case applying to commitment to providing high-quality and sustainable products.

NAME PROTECTION

Everyone must avoid actions that could compromise the values, image and reputation of Cartiera del Chiese, always upholding a behaviour that reflects positively on the company.

Risk Management

Cartiera del Chiese adopts a proactive approach in the management of business risks, with the aim of minimising exposures and ensuring the stability and continuity of operations.

Information on the magnitude of the exposure to the main risks is provided below.

Credit risk

The financial assets of the company reveal an excellent credit quality, with the amount of financial assets of doubtful recoverability almost nil. This reflects effective credit management and careful vetting of business partners.

Liquidity risk

The company owns financial assets for which there is a liquid market, allowing for readiness to meet liquidity needs. There are no significant concentrations of liquidity risk, neither on the financial assets side nor on the funding sources side, which are insignificant.

Exchange rate risk

The exchange rate risk is considered low, given the small amount of foreign exchange turnover compared to the total turnover. When necessary, risk is managed through foreign exchange risk hedges.

Price risk related to Procurement

This risk is carefully managed due to the volatility of raw material prices. The company adopts targeted strategies to mitigate the impact of price fluctuations.

Credit risk towards customers

Credit risk towards customers is reduced due to the continuous monitoring of receivables and the payment arrangements agreed with customers, which are mainly large, financially sound and reliable companies.

Product risk

The company pays particular attention to placing on the market products that are safe and tested, through laboratory tests and end-of-line tests, to ensure maximum safety and quality.

Cyber Security Risk and Business Continuity

The company has implemented strict access control systems to computer systems, extending dual-factor authentication. In addition, a constant Internet traffic monitoring system was installed to mitigate the risk of potential cyberattacks. Various actions were taken to ensure that business resumes quickly in the event of a major computer system failure, by duplicating systems in segregated environments.

Data Protection, information protection and anti-corruption

Cartiera del Chiese attributes the utmost importance to the protection of data and information, as well as to the prevention of corruption. In accordance with the General Data Protection Regulation (GDPR) EU 2016/679, the company implemented strict protocols to ensure the security and confidentiality of personal and corporate information. These protocols include the adoption of advanced technical and organizational measures to protect data from unauthorized access, accidental loss, destruction or damage.

At the same time, Cartiera del Chiese is committed to maintaining high standards of integrity and transparency in its operations, adopting zero tolerance policies toward corruption.

In 2023, as in the previous two-year period, there were no confirmed cases of corruption (GRI 205-3), legal actions for anticompetitive behaviour, trust activities and monopoly practice (GRI 206-1).

In addition, the Company constantly reviews and updates its privacy practices to comply with GDPR requirements. No cases of data loss or privacy breach were established during the, three-year period (GRI 418-1).

Business continuity

Cartiera del Chiese recognises the importance of business continuity not only to ensure business resilience, but also to ensure the trust of customers and partners, demonstrating the ability to handle emergencies with professionalism and expertise.

We implemented a strong Business continuity plan to ensure that our operations can continue without significant disruption even in the event of an unforeseen events or crisis. This plan includes prevention, response, and recovery strategies that cover various risk scenarios, including compromising computer systems and natural disasters.

We adopted advanced solutions for duplicating critical systems in segregated environments, ensuring that critical data and applications are always accessible. Continuous monitoring of incoming and outgoing Internet traffic, together with dual-factor authentication for access to computer systems, provides an additional layer of security against potential cyberattacks.

These measures allow us to minimize downtime and maintain operational efficiency, while protecting our stakeholders and ensuring continuity of service to our customers.

These measures reflect Cartiera del Chiese’s commitment to sound and effective risk management, protecting business continuity and integrity.



Our certificates

Cartiera del Chiese obtained numerous certificates that attest to the commitment to quality, sustainability and regulatory compliance of products and processes.

The **ISO 9001** ensures that our quality management system meets stringent international standards, while **ISO 14001** attests our commitment to environmental management.

Der Blaue Engel is a German government certification that recognizes our products as respectful of the environment and human health.

Some of our products are certified with the **FSC** and **PEFC** label, ensuring that the entire wood-paper chain is the result of environmentally friendly, socially responsible and economically stable forest management.

Products or packaging labelled **OK Compost HOME** are biodegradable and compostable at low temperatures, even in a domestic composter. This applies to all components present in the processing of the goods, such as inks and additives.

Compliance with the hygiene regulation **DM 21/03/1973** and the Food Compliance Certificates for **FDA** and **BFR XXXVI** certify the safe use of our products in contact with dry, wet and fatty foods.

In 2015, Cartiera del Chiese obtained the ISO 14067 certificate for the quantification of the carbon footprint of its products and updated it in 2023 obtaining significant improvements.

ISO 50001 for the energy management system and **ISO 14064** (Organizational Carbon Footprint) certifying the focus on carbon footprint reduction are being processed.

Thanks to the biological plant and the installation of an additional tertiary stage, Cartiera del Chiese is able to reduce the pollutant loads present in the process waste water before being discharged into the surface water body.

The company also has three environmental permits issued by the Province of Brescia (one AIA - integrated environmental authorisation - grouping the two Montichiari sites and two AUA - Integrated Environmental Authorization - for the other Calcinato sites). These permits contain very detailed and complex environmental monitoring plans that are regularly complied with, including daily monitoring of waste water, weekly monitoring of evaporative tower water and annual monitoring of all emissions to air.

Control and monitoring system

Controlling and monitoring data is essential for assessing the effectiveness of our management systems and for verifying the achievement of set goals. Data analysis can help to identify the cause of existing or potential problems and, therefore, guide decisions to implement corrective actions necessary for the improvement of the organization. In order to ensure effective evaluation, it is necessary to collect data and make them available for regular analysis.

The efficiency of our activities is measured in terms of cost, quality and safety through specific indicators, which are regularly reviewed. This information enables to manage continuous improvement based on the goals and targets set by the company.



Monitoring, measurement and analysis processes are necessary to:

- ✓ Verify product compliance
- ✓ Ensure process correctness
- ✓ Assess customer satisfaction level
- ✓ Verify supplier performance
- ✓ Ensure compliance of quality, safety and environmental management systems
- ✓ Monitor accidents, injuries and risky conduct
- ✓ Assess the effectiveness of actions taken to manage risks and opportunities
- ✓ Identify further improvement actions required

Monitoring, measuring, analysing and evaluating data

Our company adopted a system to monitor and measure the key characteristics of business operations and processes that can significantly affect the performance of the Integrated Management System. This system includes documentation of information to analyse trends and monitor the effectiveness of operational controls and compliance with goals set.

The Head of Integrated Management System (IMS) is responsible for collecting, analysing and reporting business performance data, communicating decisions and actions necessary for the improvement of the organization. Processes are controlled according to established plans, ensuring timeliness, resource adequacy, customer satisfaction and correct use of means and equipment, as described in the procedures. With this information, the managers assess the effectiveness of the system and identify actions necessary for improvement.

Improvement

The Organisation undertakes to continuously improve the effectiveness and efficiency of the Integrated Management System, using the following tools:

- Quality and Safety Policy
- Quality and safety goals
- Audit outcome
- Data analysis
- Corrective and improvement actions
- Change suggestions
- Management review

The collected data is reviewed periodically and during the annual management review. During these meetings, the Integrated Management System (IMS) Manager and other participants involved have the opportunity to propose improvement programs or actions to support business areas that show a drop in performance or for which potential improvement actions have been identified. Once the necessary actions have been established, the IMS shall draw up a plan to achieve these goals.

The tangible implementation of an integrated system and the continuous improvement of the company can be achieved only if the entire organization of Cartiera del Chiese:

- 1 Shares the content and actively participates in the implementation of the integrated policy;
- 2 Has clear definition of roles and lines of communication between the various function managers;
- 3 Involves suppliers, contractors by closely monitoring the quality of raw material, materials and services purchased;
- 4 Manages assets in accordance with the principles of circular economy.

Economic results and investments

In 2023, Cartiera del Chiese faced several significant challenges and transformations, reflected in the changes in economic results in line with the general situation of the paper industry in Italy, which saw a 14% decrease in production and a 27% decrease in national turnover. The production of packaging papers and cardboards, which represent a significant part of our market, also decreased by 10.2%.

Over the last three years, several factors have influenced waste paper prices, which have seen a particularly fluctuating and unpredictable trend.

In addition, there is the effect on waste paper prices linked to the process of converting the paper industry, particularly in Europe, from graphic paper production to the production of cellulose packaging, as a result of the replacement of plastic packaging and the increased use of e-commerce and the spread of delivery.

At the same time, Cartiera del Chiese significantly increased its plant, structural and process investments, with a 72.7% increase, from 4.2 million euros in 2022 to 7.3 million euros in 2023. This increase reflects our continued commitment to innovation and improvement of productive infrastructure to ensure sustainable growth and long-term competitiveness.

The offices in the shed in Via Tito Speri n° 65 were also completed and the 1200 kW photovoltaic plants were installed at the Montichiari and Calcinato sites.

Despite the critical geo-political and macroeconomic context that we are experiencing, the positive results achieved in 2023 confirm the sound strategic choices made in past years and the validity of the path that administrators have taken through investments to develop growing segments, such as specialty papers and packaging papers, without neglecting the pursuit of long-term sustainability goals.

€99,533,363

Economic value created

€76,465,388

Economic value distributed



77.85%

Suppliers



11.04%

Employees



1.71%

Change in inventories of raw materials



0.04%

Corporate donations



7.13%

Levies and taxes



2.23%

Other operating expenses

€23,067,975

Economic value withheld



3

**VALUE
CHAIN**

Our value chain

The value chain is the set of activities that a company performs to create value for its customers, starting from raw materials to the delivery of the final product and beyond. Every step of the chain, including design, manufacturing, logistics and marketing, helps to increase the value of the product, differentiating it in the market and improving business competitiveness.

Guarding the value chain is critical to operational efficiency, product quality and customer satisfaction. Careful monitoring and optimization of individual activities can identify and correct inefficiencies, reduce costs and improve the company’s adaptability to market changes. In addition, effective value chain management maintains a high level of innovation, sustainability and social responsibility, thereby meeting the growing expectations of consumers and stakeholders.

The Company’s behaviour toward customers and suppliers is characterised by availability, respect and courtesy, with a view to a highly professional and collaborative relationship.

In relations with customers and suppliers, gifts, benefits, acts of courtesy or hospitality are not permitted unless they are of modest value and do not jeopardise the company’s image or can be interpreted as attempts to obtain favours. If a member of the organization receives excessive gifts or preferential treatment from customers or suppliers, he/she must inform the supervisory body and the relevant manager. The latter shall immediately notify the competent bodies, which shall take the most appropriate decisions after the necessary verifications.

Sponsorships, donations and charities must be approved by the Board of Directors.

Supplier relations

Cartiera del Chiese attributes a fundamental value to ethical and mutually beneficial collaboration with its suppliers. This relationship is based on principles of trust, respect and responsibility, which enable us to guarantee the quality and reliability of products.

40% of our raw material suppliers come from Italy, while 59.5% come from European countries and a lowly 0.5% are located outside the European Union. As for suppliers of general goods and services, 82% are Italian, 15% come from other European countries, and the remaining 3% are non-EU. Besides enabling us to effectively manage our supply chain, this geographic diversification also reflects our commitment to a responsible and global supplier network.



Supplier rating and vetting procedure

Assessment is the process of evaluating the supplier’s industrial capabilities, verifying that specific requirements and defined parameters are met. Vetting suppliers and the establishing purchase conditions are based on objective parameters, such as: quality, convenience, price, capacity, efficiency, ethics, compliance with the law, technical and professional eligibility.

The following requirements are considered when vetting suppliers:

- The professionalism of the other party;
- The appropriately documented availability of means, including financial resources, organisational structures, design skills and resources, know-how;
- The existence and effective implementation of quality, safety and environmental management systems;
- The maintenance of safety and environmental-friendly conduct;
- The maintenance of conduct that does not adversely affect the image and reputation of the company;
- The willingness and ability to adapt to the requirements of the company’s organizational model.



In the procurement relations and, generally, supply of goods and services, the company:

- When vetting the supplier, adopts the assessment criteria provided for in existing procedures, objectively and transparently;
- Does not preclude anyone who meets the required standards, the possibility of budding in the conclusion of contracts, using criteria that is objective and can be corroborated in the selection of candidates;
- Complies with the conditions entered under the contract;
- Maintains a sincere and open dialogue with suppliers, and in any case in line with good business practice;
- Observes and demands compliance with all the obligations imposed by the legislation in force on occupational health and safety, the environment, certified source of raw materials, welfare contributions and taxes, regularity of contracts and salaries in the context of supply and supply relationships.

With a view to acquiring procurement of sustainable raw material, the company works with internationally certified suppliers that can ensure responsible forest management. Therefore, all third-party paper suppliers are required to copy or access the FSC and PEFC certificate.

The assessment shall be carried out at least once a year and shall be carried out on the basis of:

- Adherence of the product/service to the technical specifications;
- Availability of product documentation;
- Availability of documentation on the adequacy of European Regulation 995/2010;
- Availability and validity of the FSC and PEFC label;
- Copy of the certificate.

The conclusion and management of contracts with suppliers must be clear and transparent, avoiding situations of mutual dependence. To ensure transparency and efficiency in purchasing, the Company maintains traceability of decisions made and maintains official and contractual information and documents for periods required by law.

Customer needs and expectations

The needs and expectations of our customers are at the centre of all Cartiera del Chiese activities. We understand that every customer has unique and specific needs that go beyond just supplying products. We are committed to meeting these needs by offering customised and innovative solutions in the industrial and commercial packaging industry. The quality and safety of our products are a fundamental pillar of our ability to retain our customers and meet their expectations. Transparency and continuous improvement are key elements that drive our relationship with customers, enabling us to build strong and lasting partnerships based on mutual trust.

Management of complaints

The timely management of non-compliance reports is crucial to ensuring the quality and reliability of Cartiera del Chiese products. Every complaint is carefully taken care of, analysed in detail and resolved in a timely manner to ensure customer satisfaction and maintain high production standards.

In 2023, customers reported 55 non-compliances for the Montichiari and Calcinato manufacturing plants, which, in relation to the high volume of batches processed, appears to be a number that does not affect the overall performance of the company. This reflects the effectiveness of the quality controls implemented and the ongoing effort to improve production processes.

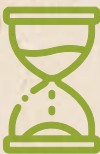
In detail, we are committed to:



Providing goods and services of a high quality within the framework of the contractual arrangements in an efficient, courteous and timely manner that meets the reasonable expectations and needs of the customer;



Providing accurate and comprehensive information about the Company's products so that the customer can make informed decisions;



Meeting customer expectations in terms of honesty, transparency and full compliance with law and contractual arrangements;



Staying truthful in advertising or other communications.

Transparency *and* constant quest for *improvement* are key elements that drive our relationship with customers, enabling us to build *strong and long-lasting partnerships* based on *mutual trust*.

4

OUR COMMITMENT TO THE ENVIRONMENT

IDENTIFICATION OF ENVIRONMENTAL ASPECTS

An “environmental aspect” is the element of an activity or product/service that causes or is likely to cause one or more environmental impacts.

The company must prepare and keep up to date a list of environmental aspects to be monitored, starting with those provided for in the Management Act No 3416 of 29/09/2018 issued by the Province of Brescia, as required by legislative Decree no. 152/2006 (Environmental consolidated act) and subsequent amendments and additions, and from the rules applicable to Cartiera del Chiese. All this is done in order to ensure accurate and timely programming of all tests and controls.

The system manager shall identify the environmental aspects associated with the product lifecycle covered by the scope of the system, considering the stages that can be controlled or influenced by the organisation.

The main environmental aspects concerning the production processes of Cartiera del Chiese are shown below.

- Inputs and outputs associated with activities
- Raw materials and natural resources
- Incoming energy
- Emissions into the atmosphere (including odours)
- Drains into water
- Release into the ground
- Emitted energy (heat, radiation, noise, vibrations, light)
- Waste and by-products
- Use of space

Circular economy

Cartiera del Chiese is today the European reference point in the production of first-quality pre-consumer Kraft Paper. Production is carried out exclusively through the **recovery of waste paper throughout Europe**. Through advanced processing steps, we transform the raw material into standard and semi-extensible Kraft paper products that are highly moisture resistant. Once used, the products return to the paper recycling circuit, actively contributing to the circular economy. Besides reducing waste to landfills, this process also helps to reduce the need for virgin raw materials and primary energy consumption, while maintaining high production standards at the same time. Cartiera del Chiese has achieved European leadership thanks to an innovative and sustainable approach, elevating itself as a leader in the sector.



The following are the main raw materials significant for the production process of Cartiera del Chiese.

Materials used (GRI 301-1)

| | |
|-----------------------------------|---------------------|
| PAPER MILL CHEMICALS | POLY-COATING RAFFIA |
| POLY-COATING SUPPORT PAPER | POLY-COATING PET |
| POLY-COATING RESINS AND ADDITIVES | POLY-COATING INK |
| POLY-COATING ALUMINIUM | POLY-COATING MESH |

Materials used RECYCLED (GRI 301-2)

| |
|-------------|
| WASTE PAPER |
|-------------|

Renewable energy and energy consumption

Cartiera del Chiese is considered an energy-intensive company. **Photovoltaic plants** which allow self-production of 607 gigajoules of renewable energy have been operating on the Montichiari 2 and Calcinato 2 plants since 2023.

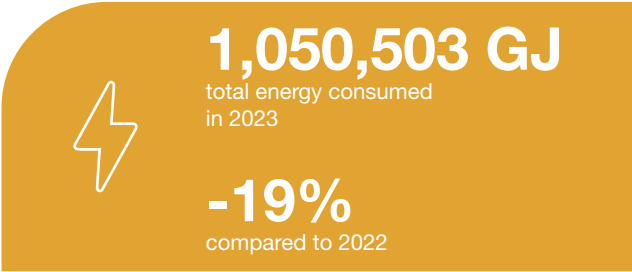
The consumption of **methane gas**, equal to 546,487 gigajoules, is mainly due to the operation of the **co-generation turbine** for the combined production of electricity and steam, which is essential for the production process. While entailing considerable gas consumption, this advanced system has the important advantage of guaranteeing **full independence in terms of electricity** and, the new technologies enable to **significantly reduce pollutants entering the atmosphere**.

Cogeneration also enables efficient fuel use, reducing energy losses and optimizing energy and heat production. This installation benefits from white certificates which will allow for a large part of the investment made.

We have two **diesel distribution plants**, located in the two Montichiari sites, for the company’s forklift trucks.

The **company's fleet** consists of 3 vehicles carrying out transfers between the various sites of Cartiera del Chiese and 10 cars available to authorized employees.

In 2023, the organization reduced energy consumption by 19%, both due to declining production, investments in renewable sources, production efficiency, and continued monitoring of consumption.



Water consumption and drains

Water is widely used in the Cartiera del Chiese production cycle. In particular, the main water consumption derives from the process of pulping waste paper.

In 2023, 648.88 Megalitres of water were used, including 98.3% taken from wells for the paper-making process, allowing the paper mill’s water independence without depleting the municipal water resource (aqueduct).

Cartiera del Chiese adopts a **waste water treatment process** distributed in three stages:

- 1 **Krofta (chemical-physical)**
the first stage of the treatment process is Krofta treatment, a chemical-physical separation system that uses flocculation and sedimentation to remove suspended solid particles as well as organic and inorganic pollutants, allowing for rapid clarification of water.
- 2 **Biological treatment plant**
In the second stage, the water passes through a biological treatment plant. Here, naturally present microorganisms are used to further degrade organic contaminants. This biological process significantly reduces the amount of dissolved organic substances, improving water quality through biodegradation.
- 3 **Tertiary stage (chemical-physical)**
The third and final stage is an additional chemical-physical treatment to remove any residual pollutants left after biological treatment. This tertiary stage ensures that the treated water meets the purity and safety standards before being released back into the environment.

In 2023, the company was notified of a report by ARPA (regional environmental protection agency) for alleged non-compliance with environmental legislation and more precisely for exceeding the discharge limit in the river Chiese. The company promptly complied with the above requirements, setting up more controls on compliance with the concentration limits for discharges of waste water into river Chiese. In addition to exceeding discharge limits, other less serious plant engineering-related non-compliances were detected, which were also remedied.

As the company promptly complied with the requirements subject-matter of the report , only a small administrative penalty was imposed.

Waste management

The company undertakes to implement **sorted waste collection** and recycle or correctly dispose of its waste.

The company recycles 100% of the paper used and reintroduces it into the production cycle.

In 2023, Cartiera del Chiese generated **9,147 tons of waste**, including **99.8% non-hazardous** and**96.8% intended for recovery**.

Special waste is delivered to approved external companies which process and dispose of it in compliance with the law in force.



| | 2022 | 2023 |
|-----------------------------------|--------|-------|
| Total waste produced | 12,885 | 9,147 |
| Total hazardous waste | 18.8 | 20.1 |
| % hazardous waste | 0.1% | 0.2% |
| Total non-hazardous waste | 12,866 | 9,127 |
| % non-hazardous waste | 99.9% | 99.8% |
| Total waste intended for recovery | 12,708 | 8,857 |
| % waste intended for recovery | 98.6% | 96.8% |
| Total waste intended for disposal | 177 | 290 |
| % waste intended for disposal | 1.4% | 3.2% |

Emissions into the atmosphere

Climate change is one of the most pressing challenges of our time, requiring tangible and responsible actions from all industrial sectors.

In this context, the GHG Protocol (Greenhouse Gas Protocol) provides a global framework for measuring and managing greenhouse gas (GHG) emissions.

The protocol distinguishes between three types of emissions:

- **Scope 1**, are direct emissions, stemming from activities directly controlled by the company, such as emissions generated by industrial machinery.
- **Scope 2**, are indirect emissions.
- **Scope 3** includes all other indirect emissions that occur in the company’s value chain, such as those related to the production and transport of raw materials, business travel and consumer use of products.

Based on a first mapping estimation of tons of CO₂ equivalents emitted to the atmosphere in 2022, Scope 1 is quantified as 38,000 tCO₂eq.

In the coming years, the organization is committed to promptly reporting on Scope 1, 2 and 3 emissions.

Aware that it carries out activities impacting climate change, in 2023 Cartiera del Chiese calculated its **carbon footprint for 2022**.



Product carbon footprint (ISO 14067)

Product Carbon Footprint, performed according to **ISO 14067** and using the Life Cycle Assessment (**LCA**) approach, is the quantification of greenhouse gas (GHG) emissions throughout life cycle of a product, from the cradle to gate of the plant.

The survey concerned the following products:

- **KAL, KAL SB, KALE kraft paper** with grammage ranging between 50 and 145 gsm
- **KAL WS, KALE WS kraft paper** with grammage ranging between 50 and 145 gsm
- **ECOKRAFT kraft paper** with grammage ranging between 50 and 145 gsm

These Kraft papers, marketed on reels, are intended for the production of packaging for various industries, including food, livestock and cement industries. This assessment enables us to understand and reduce the environmental impact of our products

The results of Carbon Footprint in 2022 for the products in question, up to the gate of the plant, are shown in the table below.

2022 Carbon Footprint

| Emissions | KAL, KAL SB, KALE | KAL WS, KALE WS | ECOKRAFT |
|--|-------------------|-----------------|-------------|
| Fossil GHG kg CO ₂ e/t | 1191 | 1232 | 1247 |
| Biogenic GHG kg CO ₂ e/t | 11 | 14 | 15 |
| LUC (land use change) GHG kg CO ₂ e/t | 76 | 131 | 149 |
| Total carbon footprint kg CO₂e/t | 1277 | 1377 | 1412 |

In the three products analysed, the greenhouse gas emissions ae mainly of fossil origin: carbon dioxide is predominant followed by methane, while other greenhouse gases are negligible.

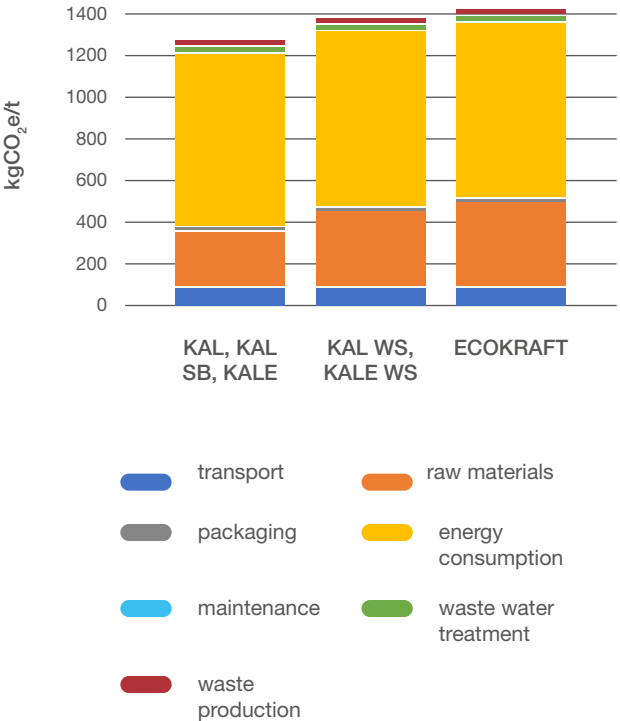
The largest contribution is plant energy consumption, which accounts for 848 kg-CO₂e/t (equal to 60-62% in kymene products and 66% in non-kymene products).

Also significant is the contribution linked to transport, in particular the incoming waste, which contributes to 87 kgCO₂e/t (6-7% of the total value).

The contribution of raw and ancillary materials ranges between 279 kgCO₂e/t for kymene-free products and 413 kgCO₂e/t for products in which kymene is added.

The end-of-life of the waste generated in the plant contributes 33 kgCO₂e/t.

Greenhouse gas emissions of the products analysed



Compared to 2019, the figures show a marked improvement in the Carbon Footprint of the products examined, mainly linked to the use of intermodal systems that have reduced greenhouse gas emissions related to waste transport by 33%, energy efficiency measures and the commissioning of the turbine that have reduced energy consumption by 8%, and the start to recycle part of the pulper waste that was previously incinerated, reducing the waste produced.

The consumption of raw and ancillary materials has also decreased, following the optimisation of the process and the purchase of cleaner waste paper (cardboard).

An increase in greenhouse gas emissions is due to the commissioning of the biological treatment plant, which however enabled to reduce the environmental impacts on the water component.

2019-2022 Carbon Footprint

| Emissions kg CO ₂ e/t | KAL, KAL SB, KALE | KAL WS, KALE WS | ECOKRAFT |
|----------------------------------|-------------------|-----------------|-------------|
| 2022 | 1277 | 1377 | 1412 |
| 2019 | 1408 | 1530 | 1570 |
| 2022 vs 2019 change | -9% | -10% | -10% |

Business strategies to reduce carbon emissions associated with the product should focus primarily on:

Reduction of plant-specific energy consumption by implementing efficiency measures;

Use of electricity from renewable sources

Organisation carbon footprint (ISO 14064-1)

At the same time, Cartiera del Chiese is working on the certification of the **Organisation carbon footprint** according to the **ISO 14064-1 standard**. This standard provides a framework for the quantification, monitoring and management of GHG emissions at company level.

The certification, currently underway and expected by the end of 2024, is a crucial step in measuring and managing the overall impact of our operations, strengthening our commitment to sustainability and reducing carbon emissions.



5

OUR PEOPLE



Our human capital

The company hires and pays employees and collaborators according to **transparent and impartial procedures**, preventing any form of discrimination and favouritism.

The **National Collective Labour Contract of the paper production industry** applies to staff and no form of illegal labour is tolerated.

The assessment of the staff to be recruited shall be carried out with due regard for equal opportunities for all stakeholders.

Our company staff in 2023 was made up of 178 members, including 175 direct and 3 outsourced.

In the course of the year, 31 new resources were hired and 35 terminations were recorded. The outbound turnover rate therefore stands at 20%.

Women are 6% of the corporate population.

12% of employees are under 30 years of 60% are between 30 and 50, years of age and the remaining 28% are over 50 years of age.

In terms of job classification, there are identified 133 blue-collar workers, 42 administration staff, 1 middle-ranking manager and 2 managers.

Paper production is continuous. Blue-collar workers work on 3 shifts, alternating 4 working days with 2 rest days.

97% of direct workers are employed full-time and on open-ended contracts



Wellbeing of workers

Cartiera del Chiese is committed to establishing and maintaining a positive **work environment** over time enabling and promoting the well-being of all its collaborators.

The company seeks to understand the different needs of life-work reconciliation by granting, where possible, **facilitations on entry and exit times**.

As a demonstration of our support for our people, we granted some employees **interest-free loans**.

The formal establishment of a **corporate welfare system**, including individual rewards, shopping vouchers, and meal vouchers, is scheduled for 2024.

Workplace

Work spaces must be sufficient to **ensure safe movement** and must be safe from interference from falling or scattering materials.

- All floors, even tiled floors, are free from dangerous bumps, holes or inclined surfaces and they are fixed, stable and non-slip.
- Work spaces shall be well protected from weather, moisture, dry conditions and sufficient windows for rapid air exchange. Aeration reports comply with local hygiene regulations.
- When the floor of workstations and passageways remain wet, workers are provided with suitable PPE (non-slip boots).
- All rooms have light coloured walls and have natural and artificial light suitable to safeguard the safety, health and well-being of the workers.

Diversity and inclusion

Cartiera del Chiese recognises the priceless value of diversity and inclusion, considering them **basic elements for business growth and innovation**. We believe that an **inclusive work environment**, which empowers and respects individual differences and equal opportunities, is essential to promote **creativity** and improve **collaboration**. Right from staff vetting stage, we combat any form of discrimination and moral or psychological violence based on gender, age, religion, sexual orientation, geographical origin (GRI 406-1).

In 2024, our commitment to these topics is evident: **29% of our employees are of foreign origin**, with significant representation coming from countries such as Romania (6%), Morocco (5%), Pakistan (4%), Albania (3%) and Moldova (3%).



Furthermore, there are 5 employees belonging to **protected categories**. This cultural diversity and experience enriches our work environment, promoting a climate of respect and inclusion that reflects the fundamental values of Cartiera del Chiese.

Any **reports of discriminatory acts** should be forwarded immediately to the designated manager and to the Human Resourced Department, without fear of retaliation. Any form of harassment or discrimination shall be reported to the Supervisory Body.

During the 2021-2023 three-year period, no criticalities (GRI 2-16) were identified regarding the concerns for the real and potential negative impacts on stakeholders, collected through complaint and other procedures, or concerns identified through other procedures regarding the conduct of the organisation in its operations and business relationships.



Training and development of skills

With a view to **personal and professional growth**, Cartiera del Chiese offers training programs that include both compulsory training and technical-professional and operational courses for the use of specific systems. In addition, we pay particular attention to mentoring and tutoring new hires and those who change tasks, ensuring that each employee acquires the skills required to operate effectively and safely with the various machines. Besides promoting professional growth, this approach also ensures a **high level of expertise and operational safety** within the company.

In 2023, a total of 873 training hours were provided.

Occupational health and safety

Occupational health and safety are topmost priorities for Cartiera del Chiese, given that they represent the cornerstones on which it builds a **safe and protected work environment** for all our employees. We continuously invest in updating procedures and implementing advanced technologies to ensure that every operation is carried out in **the highest possible respect of safety standards**. We closely monitor work conditions and take preventive measures to minimise the risk of injury, promoting a corporate culture that puts the well-being and protection of our people first.

In the financial year, there were no fatal occupational accidents and there were no charges relating to occupational diseases regarding employees or former employees or mobbing-related cases.

There were 7 minor injuries (-53% compared to 2022) and 1 accident with absence from work exceeding 40 days (-50% compared to 2022). As a result of these unfortunate events, the company took **corrective measures**, such as improving road markings, to prevent similar situations from occurring in the future.



Health surveillance

Occupational medicine is intended to promote and preserve the mental and physical well-being of workers. Occupational hygiene is one of the main branches of occupational medicine and it studies the general parameters of the environments in which man lives and acts and the alterations that production processes determine in these parameters.

The analysis of the various parameters is indispensable for assessing risks and setting up programs for improving workplaces.

Employees undergo regular medical examinations to ascertain their health condition with due continuity. In particular, the risks deriving from noise, micro-climate, vibrations, postures, repetitive movements and manual handling of loads, chemical agents are promptly verified together with the physician in charge.

Downstream of the health surveillance, there is issued the list with observations on the specific task, describing any limitations or recommendations due to the use of PPE.

Relations with the community

Conscious that our activity influences the socio-economic development of the context in which it is carried out, Cartiera del Chiese is committed to establishing a **balanced and positive relationship with the community**, which allows to generate **shared value**.

In 2023, we supported various organisations, social and religious cooperatives donating over 78,000 euros.

Alliances and partnerships

Alliances and partnerships are essential to the success and growth of a company, as they allow to share **knowledge, resources and opportunities for innovation**. In this context, Cartiera del Chiese recognises the value of building and maintaining strong **relationships** with bodies and associations of the industry. The company is in fact an active member of **Confindustria**, the main trade association of manufacturing and service companies in Italy, and **Assocarta**, the trade association representing Italian paper and cardboard producers. These memberships not only strengthen the presence of Cartiera del Chiese in the industrial landscape, but also offer the opportunity to influence sector policies and contribute to the overall progress of the paper industry.

0

Rate* of deaths due to occupational accidents

0.8

Rate* of major occupational accidents (absence exceeding 40 days)

10.1

Rate* of recordable occupational accidents

* rate is used to indicate the number of events every 200,000 worked hours

6

METHODOLOGICAL NOTE & CONTENT INDEX

METHODOLOGICAL NOTE

Reporting criteria, standards and goals

The Sustainability Report is the main tool for dialogue with our stakeholders, providing a detailed view of our impacts and our commitment to a more responsible future. To ensure high-quality reporting in line with international standards, we adopted the Global Reporting Initiative (GRI) Sustainability Reporting standards, by applying “**with reference to**”. The latest updates, such as the new GRI 1-2-3 indicators effective from 1st January 2023, as well as the updated versions for GRI 303 (Water) and GRI 403 (Occupational Health and Safety) dated 2018, and for GRI 306 (Waste) dated 2020, were included.

To facilitate consultation, we have included a detailed table of GRI indicators at the end of the document.

Approved by the Board of Directors, this Report is a concrete proof of our commitment to ESG criteria. Besides summarising the actions taken, it is also a guide to our continued improvement and contribution to a more sustainable future. We encourage all stakeholders to read this document, which expresses our path to increasing sustainability and our commitment to positive impact on the planet and society.

Reporting perimeter and period analysed

The data entered in this document refer to Cartiera del Chiese S.p.A. at 31.12.2023 and report the data relating to the 2022-2023 two-year period and at times to the three-year period where available.

For further information on Cartiera del Chiese Sustainability Report, please contact **sustainability@cartieradelchiese.it**

This document is also available at **www.cartieradelchiese.it**

CONTENT INDEX

GRI standards contents table

This last chapter lists the indicators reported in this Sustainability Report. For each GRI indicator, reference is given to the corresponding chapter or section.

A description of the indicator shall be given where the datum or information is not contained in the text.

Profile of the organisation

| | | |
|---------------|----|---|
| Statement use | of | Cartiera del Chiese S.p.A. submitted a report in accordance with the GRI standards for the period from 1 st January to 31 st December 2023. |
|---------------|----|---|

| | |
|------------|--|
| GRI 1 used | GRI 1 - Fundamental Principles- version 2021 |
|------------|--|

| GRI Standards | Notice | Page number | Notes/ Omissions |
|--------------------------------|---|------------------------------|---|
| GRI 2: General disclosure 2021 | 2-1 Details of the organisation | 4, 10, 11, 20 | |
| | 2-2 Bodies included in the organisation's sustainability reporting | 52 | |
| | 2-3 Reporting period, frequency and point of contact | 52 | Calendar year |
| | 2-4 Review of information | | There have been no reviews as this is the first sustainability report |
| | 2-6 Business, value chain, and other business relationships | from 4 to 9 from 32 to 35 | |
| | 2-7 Employees | 46, 47 | |
| | 2-9 Structure and composition of Governance | 20 | Partial |
| | 2-11 Chairman of the highest governing body | 20 | |
| | 2-14 Position of the highest governing body in reporting sustainability | 52 | |

| | | | |
|-----------------------------|---|---------------|---------|
| | 2-15 Conflict of interest | 21 | |
| | 2-16 Communication on criticalities | 47 | |
| | 2-22 Declaration on the sustainable development strategy | 1 | |
| | 2-25 Processes to remedy negative impacts | 16 | Partial |
| | 2-26 Mechanisms to request clarification and raise concerns | 22 | |
| | 2-27 Compliance with laws and regulations | 40 | Partial |
| | 2-28 Membership in associations | 49 | |
| | 2-29 Approach to stakeholder engagement | 13 | |
| | 2-30 Collective agreements | 46 | |
| GRI 3: Material topics 2021 | 3-1 Process for determining material topics | from 14 to 16 | |
| | 3-2 List of material topics | from 14 to 16 | |

GRI 200 - Economic topics

| GRI Standards | Notice | Page number | Notes/ Omissions |
|---------------------------------------|---|-------------|------------------|
| Economic performance | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 29 | |
| GRI 201 - economic performance (2016) | | | |
| 201-1 | Direct economic value generated and distributed | 29 | |

| | | | |
|---|--|----|---------|
| Procurement practices | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 32 | |
| GRI 204 - procurement practices (2016) | | | |
| 204-1 | Proportion of expenditure carried out in favour of local suppliers | 32 | Partial |
| Anti-corruption | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 25 | |
| GRI 205 - ANTI-CORRUPTION (2016) | | | |
| 205-3 | Confirmed corruption incidents and measures taken | 25 | |
| Unfair competition conduct | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 25 | |
| GRI 206 - Unfair competition conduct (2016) | | | |
| 206-1 | Legal actions related to unfair competition, trust activities and monopoly practices | 25 | |

Gri 300 – Environmental topics

| GRI Standards | Notice | Page number | Notes/ Omissions |
|--|---|---------------|------------------|
| Materials | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 39 | |
| GRI 301 - Materials (2016) | | | |
| 301-1 | Materials used based on weight or volume | 39 | |
| 301-2 | Recycled incoming materials used | 39 | |
| Energy | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 39 | |
| GRI 302 - Energy (2016) | | | |
| 302-1 | Energy consumption within the organization | 39 | Partial |
| Water and tributaries | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 40 | |
| GRI 303 - Water and tributaries (2018) | | | |
| 303-3 | Water collection | 40 | |
| Emissions | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | from 41 to 43 | |
| GRI 305 - Emissions (2016) | | | |
| 305-1 | Direct greenhouse gas (GHG) emissions (Scope 1) | 42, 43 | Partial |
| 305-2 | Indirect greenhouse gas (GHG) emissions from energy consumption (Scope 2) | 42, 43 | Partial |

| | | |
|------------------------------|---------------------------------|----|
| Waste | | |
| GRI 3 - Material topics 2021 | | |
| 3-3 | Management of material topics | 40 |
| GRI 306 - Waste (2020) | | |
| 306-3 | Waste generated | 40 |
| 306-4 | Waste not delivered to landfill | 40 |
| 306-5 | Waste delivered to landfill | 40 |

Gri 400 – Social topics

| GRI Standards | Notice | Page number | Notes/ Omissions |
|---|---|-------------|------------------|
| Occupation | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 46 | |
| GRI 401 - Occupation (2016) | | | |
| 401-1 | Hiring new employees and employee turn-over | 46 | |
| Occupational health and safety | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 48 | |
| GRI 403 - Occupational health and safety (2018) | | | |
| 403-5 | Employee training on occupational health and safety | 48 | |
| 403-9 | Occupational accidents | 48 | |
| Training and education | | | |
| GRI 3 - Material topics 2021 | | | |
| 3-3 | Management of material topics | 48 | |
| GRI 404: Training and education (2016) | | | |
| 404-1 | Average number of hours of training per year per employee | 48 | Partial |

| Diversity and equal opportunities | | |
|--|---|------------|
| GRI 3 - Material topics 2021 | | |
| 3-3 | Management of material topics | 20, 46, 47 |
| GRI 405 - Diversity and equal opportunities (2016) | | |
| 405-1 | Diversity in governance bodies and among employees | 20, 46, 47 |
| | | |
| Non-discrimination | | |
| GRI 3 - Material topics 2021 | | |
| 3-3 | Management of material topics | 47 |
| GRI 406 - Non-discrimination (2016) | | |
| 406-1 | Incidents of discrimination and corrective measures taken | 47 |
| | | |
| Customer privacy | | |
| GRI 3 - Material topics 2021 | | |
| 3-3 | Management of material topics | 25 |
| GRI 418 - Customer Privacy (2016) | | |
| 418-1 | Proven complaints regarding customer privacy breaches and loss of customer data | 25 |





CARTIERA DEL CHIESE S.p.A.
Via Tito Speri, 61 - 25018 Montichiari BS
Tel. 030 965 3711

cartieradelchiese.it

