

MORNINGSTAR SUSTAINALYTICS RATES SOFIDEL TOP FOR ESG RISK MANAGEMENT: COMPANY RANKS FIRST IN HOUSEHOLD PRODUCTS CATEGORY

The Group stood out for its commitment for the preservation of biodiversity and its transparency and anti-corruption strategies. Positive feedback was also received for its decarbonization efforts.

Porcari (LU), Italy, 29 September 2022 - In August 2022, Sofidel received a **score of 13.6 from Morningstar Sustainalytics**, placing it in the “**Low Risk**” category which lists companies with a strong ability to manage the environmental, social and governance risks that characterize the three areas of responsibility of a company. Sustainalytics, a Morningstar Company, is a leading independent ESG and corporate governance research provider, and ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies.

Sofidel, in particular, **ranked first** in its reference industry, i.e. Household Products: 103 companies including not only tissue paper, but also household cleaning and personal hygiene products. Furthermore, it **ranked 950th** out of more than 14,000 companies evaluated to date by Sustainalytics.

“Once again, Sustainalytics' rating attests to the rigor of our commitment to ESG sustainability and risk management policies,” commented **Luigi Lazzareschi**, CEO of the Sofidel Group. “These analyses, in addition to traditional financial ratings, represent a benchmark for investors, external observers, and worldwide stakeholders whose choices are increasingly guided by companies' abilities to develop and implement effective sustainability strategies. This is a recognition we are pleased with as it translates the commitment and dedication of recent years into measurable results, which are essential to allow us to compare ourselves with international best practices and, above all, to detect further areas for improvement.”

SOFIDEL S.p.A.

Via Giuseppe Lazzareschi, 23 - 55016 Porcari (LU) Italy | T +39 0583 2681 | www.sofidel.com



Sofidel is a WWF Climate Savers member

The rating states that the overall risk management capacity* is higher than the industry average (75% vs. 35%). The material topics on which Sofidel excelled include **Land Use - Biodiversity** and **Business Ethics**.

For risk management related to **Land Use - Biodiversity**, the company received a score of **97/100**, thanks to a strict forestry procurement policy, developed in collaboration with WWF, whose only goal is: zero deforestation. Today, Sofidel uses only pulp which is (100 %) certified under forest chain-of-custody schemes and is committed to the active monitoring of high-risk countries and the introduction of control measures on the second and third levels of its supply chain.

During the 2021/2022 period, Sofidel has also increased its commitment to protect forests and preserve the specific features of ecosystems by being among the first companies in the world to join the “Forests Forward” platform launched by WWF.

By contrast, with regard to management concerning the **Business Ethics** topic, Sofidel achieved a score of **86.9/100** for its continued commitment to promoting models of integrity, anti-corruption and transparency. In this area, the company is adopting (having already done so in several countries) the anti-corruption management system according to the ISO 37001 standard. It is also worth noting the recent decision to include external advisors in the Board of Directors, and the establishment of a body within the BoD: the Control Risk and Sustainability Committee (CCRS) whose chairwoman, Chiara Mio, is a Full Professor in the Department of Management, Ca' Foscari University of Venice, and whose regular members are Silvio Bianchi Martini, Full Professor of Business Economics at the University of Pisa, and Alessandro Solidoro, a chartered accountant at Studio Solidoro in Milan.

There was positive feedback also on decarbonization. In fact, as regards the residual risk assessment for the **Carbon - Own Operations** category, the company achieved a ‘negligible risk’ rating (**1.3 Negligible**), which recognizes Sofidel's decarbonization strategy. The Group's 2030 reduction targets (40% reduction in scopes 1 and 2 CO₂ emissions - those produced directly by its business - and 24% scope 3 reduction - emissions related to the supply chain) are endorsed by Science Based Targets initiative (SBTi) as consistent with the requirements of the Paris Agreement. In this context, the Group is now implementing a multi-option strategy (based on the legislative, climatic, and infrastructural contexts of the various countries in which it operates) to differentiate the energy mix with the goal of having, by 2030, 84% of purchased energy derived from renewable sources.

*The figure is for risks that can be managed, excluding the small percentage of unmanageable risk (4%).

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The Sofidel Group

The Sofidel Group is one of the leading manufacturers of paper for hygienic and domestic use worldwide. Established in 1966, the Group has subsidiaries in 13 countries – Italy, Spain, the UK, Ireland, France, Belgium, Germany, Sweden, Poland, Hungary, Greece, Romania and the USA – with more than 6,000 employees, net sales of 2,095 million Euros (2021) and a production capacity of over one million tonnes per year (1,440,000 tonnes in 2021). “Regina”, its most well-known brand, is present on almost all the reference markets. Other brands include: Softis, Le Trèfle, Sopalin, KittenSoft, Nalys, Cosynel, Lycke, Nicky, Papernet. A member of the UN Global Compact and the international WWF Climate Savers programme, the Sofidel Group considers sustainability a strategic factor with regards to growth and is committed to reducing its impact on natural capital and maximising social benefits, setting as objective the creation of shared added value for all stakeholders. Sofidel’s greenhouse gas (GHG) emissions reduction targets to 2030 have been approved by the Science Based Targets initiative (SBTi) as consistent with reductions required to keep warming to well-below 2°C, in line with the goals of the Paris Agreement.

www.sofidel.com

Sofidel Press Office

Silvia Colleoni – +39 349 3457751 – silvia.colleoni@bcw-global.com
Giorgia Desimini – +39 389 2019708 – giorgia.desimini@bcw-global.com