

Integrated Report

2024

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A positive year with an American aura marked by the death of the Chairman Edilio Stefani.

If the year 2023 was marked by organic growth, 2024 was characterised by strong growth for Sofidel in North America, achieved through two acquisitions and a further investment in production expansion.

Despite an average price of raw materials higher than that of the previous year, the Group achieved positive economic and financial results, partly thanks to the excellent performance recorded on the British and North American markets, which confirmed its momentum with growth of 3% in the value of sales.

Group Net Sales is Euro 3.2 billion (65% in Europe and 35% in North America), while EBITDA is at 17.85%.

Investments in North America

At the beginning of the year, a paper mill in Duluth, Minnesota, in the Upper Midwest, was acquired from ST Paper. The plant, equipped with advanced technology, has a production capacity of 65 thousand tonnes per year and eighty employees. The transaction immediately helped satisfy the growth in demand that had occurred during 2023.

This was followed by the acquisition of the tissue division of Clearwater Paper Corporation, a major player in the North American market.

With a value of approximately USD 1 billion, it is the largest ever carried out by the Group. Following this operation, four new production plants - Shelby (North Carolina), Lewiston (Idaho), Las Vegas (Nevada) and Elwood (Illinois) - and 1,700 new employees joined the scope of operations, contributing to an increase in production capacity of 342,000 tonnes per year, equal to 25% of the Group's total.

The 'transformative' acquisition allows Sofidel America to improve its geographical coverage (3 of the 4 new production sites are located in areas not already served by existing plants); expand its commercial offer (thanks to two new TAD machines - Through Air Drying - technology widely used in the United States, particularly in the kitchen towels segment); includes all the major US large-scale retailers among its customers; create the conditions for further growth.

At the end of the year, a new investment of approximately USD 200 million was launched at the Duluth facility to equip the plant with converting lines and an automated warehouse.

Consolidation of the competitive position in Europe

In Europe, where the markets tend to be more mature and stable, the main focus was on consolidating the competitive position. The main events included the launch of the 'Rotoloni Regina' (paper towels) in five new countries (Spain, Poland, the Netherlands, Hungary and Romania); advertising investments for Brands - in the United Kingdom, Italy and Poland (Regina), in Germany (Hakle) and in France (Le Trèfle) - launch of a new multipack format on the market (Rotoloni Regina in Italy, Regina Gentle Soft and Regina Blitz in the United Kingdom, and Le Trèfle Soft Bamboo in France).

At the same time, production process efficiency measures were carried out in numerous Group plants (Kisa, Sweden; Roanne, France; Arneburg, Germany; Călărași, Romania and Piske, Hungary).

The ecological transition

In an economic scenario that is still facing instability in the energy markets and volatility in commodity prices, Sofidel pursued its ecological transition policy, achieving positive results. Thanks to the multi-option energy strategy applied, which looks at the range of available technologies and the different climatic, infrastructural and regulatory contexts of the countries in which it operates, the Group has managed to reconcile market developments with long-term environmental objectives, continuing its energy transition (19.5% reduction in specific emissions compared to the base year 2018) in full compliance with the commitment made with Science Based Target initiatives (SBTi) to achieve the Net Zero goal by 2050.

The Company was deeply saddened by the sudden passing of the Chairman of the Group Edilio Stefani

On the eve of the closing of these Financial Statements, on 30 January, the Group was deeply saddened by the untimely and sudden passing of the Chairman and shareholder Edilio Stefani. This was a terrible loss for the entire Sofidel community which, during the many years the Chairman had spent in the Company, had witnessed and appreciate first-hand his incredible dedication to his work, his human qualities and friendliness.



2025

In the face of a disinflationary context and forecasts of a slow recovery in global GDP, there are still many uncertainties affecting the geopolitical and economic scenario. In particular, there are those related to the conflicts in Ukraine and the Middle East, developments in which may have significant impacts on the prices of energy, raw materials and supply chains, and those relating to the political and administrative choices of the new governments recently elected in Europe and the United States.

The primary objectives for the year include:

- the full integration of the new plants acquired in the United States;
- the start-up of the new paper mill with 70,000 tonnes of annual production capacity in Circleville, Ohio, and the new converting plant in Duluth, Minnesota;
- a further commitment to accelerate growth in the North American market;
- the consolidation of profitability and volumes on the European markets;
- the implementation of energy and digital transitions.

In other words, confirmation of the strategies that have characterised the sustainable growth path pursued and implemented by the Group in recent years.

Luigi Lazzareschi,
Sofidel CEO

Methodological note

GRI 2-1	Methodological note
GRI 2-2	Entities included in the organization's sustainability reporting
GRI 2-3	Reporting period, frequency and contact point
GRI 2-4	Restatements of information

Standards applied

The fourteenth edition of the Sofidel Group Integrated Report has been drawn up, on a voluntary basis, in compliance with the **GRI Universal Standards 2021** - an option in accordance with the Global Reporting Initiative (GRI).

The GRI Standards are the main global reference standards for Sustainability Reporting. In particular, this Report has been prepared in accordance with the GRI reporting principles with regard to the definition of the contents and quality of the report, including stakeholder inclusiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability, reliability and promptness.

The Integrated Report was prepared taking into consideration the **Framework of the International Integrated Reporting Council (IIRC)**. The <IR> framework focuses on the ability of an organisation to create value in the short, medium and long term.

- Thus, it values:
- conciseness, strategic focus, orientation towards the future and connectivity between the information and capital, with mutual interdependencies;
 - the importance of integrated thinking within the organisation, which consists in considering the relationships between the operating units and functions of an organisation, as well as the capital the latter uses or influences.

Aspects such as the description of a corporate business model and focus on the leadership and centrality of the “sustainability context” confirm the company’s desire to move towards a more integrated and integral reporting model. Sustainability is increasingly becoming the lever used to rethink and redefine the strategy and operating processes and to address change and meet the needs and expectations of the market and society,

with the ultimate goal of increasing its innovation, competitive-ness and profitability.

The Report takes into consideration the sustainability topics regarded as significant for the Group and its stakeholders, which are presented in the materiality analysis (see the section “Materiality analysis”). The materiality analysis was carried out in September - October 2024, therefore prior to the acquisition of Sofidel Elwood LLC, Sofidel Shelby LLC, Sofidel Las Vegas TAD LCC and of the Parent Company Sofidel Tissue LLC (based in Lewiston), referred to in the document below as “Sofidel Tissue”, concluded in November 2024. However, it was agreed that the acquisition of Sofidel Tissue did not affect the validity of the results of the analysis conducted, since the nature and structure of the business remained unchanged. The updating of the material topics followed a methodological approach in line with the indications of the **GRI Standard 3-Material Topics**.

The indicators published by **the Sustainability Accounting Standards Board (SASB)** were also taken as a reference. These indicators are clearly identified in the table in the section “SASB performance indicators” and are to be considered supplementary to the information prepared in compliance with the GRI Universal Standards 2021.

In this report, according to English convention, dots are used to separate the decimals and commas to separate the thousands. The GRI information of the Integrated Report was subjected to limited review by EY S.p.A., according to the provisions of the ISAE 3000 International Standard on Assurance Engagements (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information - (ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB).

The quantitative indicators not referring to any general or topic-specific disclosure of the GRI Standards, provided on the pages indicated in the Content Index, are not included in the limited review by EY S.p.A. Similarly, the analysis of the material topics according to the double materiality method is not included in

the limited review by EY S.p.A. For the purpose of the review, the Impact Materiality analysis carried out in accordance with the GRI Standards and on the basis of which the contents of the document and the related GRI indicators were defined was considered.

Reporting perimeter

The reporting perimeter of the Integrated Report includes all the companies controlled by the Parent Company Sofidel S.p.A., with registered offices in Porcari (LU), at Via Giuseppe Lazzareschi 23.

- Any exclusions or limitations in the data and information provided are reported and justified in the report. In particular, it should be noted that:
- the 2024-2026 Sustainability Plan was drafted and approved in 2023 on the basis of the perimeter before the acquisition of Sofidel Tissue. Therefore, the performance achieved in 2024 and reported at the bottom of each paragraph, does not include the performance of the new company acquired, which joined the Group in November 2024. Given the significant and disruptive impact of this acquisition on the company’s sustainability strategies and objectives, the Sustainability Plan will therefore be updated during 2025, in order to integrate the new operating perimeter and ensure its alignment with the corporate strategy;
 - the paragraph “Sustainable finance” reports the results of the four medium/long-term loan transactions with four European institutions, all structured according to the Sustainability Linked Loan Principles defined by the Loan Market Association and contracted in 2023 with reference to the company perimeter of the same year, i.e. before the acquisition of the Duluth and Sofidel Tissue plant.

Furthermore, where a consolidated representation of the quantitative report could be misleading or not faithful to reality, thus compromising the principles of clarity and comparability, “double view” reporting was provided: pre-acquisition of Sofidel Tissue and separately Sofidel Tissue for the months of November and December 2024. This case is appropriately reported where present.

The reference period is financial year 2024, coinciding with calendar year from 1 January 2024 to 31 December 2024, except for the Duluth plant, acquired as of February 2024, and Sofidel Tissue, for which performance is reported as of the time of its consolidation within the company perimeter (i.e. November and December 2024) and unless otherwise specified in each paragraph. The Integrated Report is published on an annual basis. The most recent Report, which refers to 2023, was published in July 2024. The reporting method, in line with the method used to draft the previous Integrated Reports, enables comparison of the data set out in this Report. Any reclassifications of the data already presented in the previous edition of the Integrated Report is duly justified in the text.

For information on the Integrated Report and the reporting process adopted:
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Sofidel in figures

GRI 2-1	Organizational details
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From its headquarters in Porcari, Lucca, the Sofidel Group co-ordinates the operations of 21 companies in Europe and the United States, which produce more than 1.8 million tons of

58
Years in business

13
Countries in which the Group is present

21
Companies (vs 17 companies in 2023)

17.85%
EBITDA / Net Sales (vs 21.11% in 2023)

€ 3,225 million
Group Net Sales
(vs 3,129 €/mIn in 2023)

1,860,000 t
Production capacity (vs 1,440,000 in 2023)

58
Countries in which we are present
with our products

9,044
Employees worldwide
(vs 7,071 in 2023)

paper annually and employ more than 9,000 people worldwide. Consolidated sales in 2024 were 3,225 million Euro.

110,673
Hours of training
(vs 82,007 in 2023)

84.8%
Primary packaging made
with easily recyclable materials

100%
Certified pulp
with forest certification schemes

-19.5%
CO₂ scope 1 and 2 carbon intensity
(vs 2018)

-45%
Reduction in the use of virgin plastic in packaging
compared to 2013 (vs -39% in 2023)

90%
Finished product with ESG credentials
(vs 90% in 2023)

96.5%
Of road trips with Euro 5 and Euro 6 trucks
in Europe (vs 95% in 2023)

Key events during the year

January 2024

NEW PAPER MILL ACQUIRED IN DULUTH, MINNESOTA

Sofidel acquired a paper mill in **Duluth, Minnesota**, in the Upper Midwest. The plant has state-of-the-art technology and a production capacity of **65,000 tonnes per year**. The acquisition has allowed the Group to immediately meet the increase in demand in the country. The **expansion project** also included the construction of a **converting** plant and an **automated warehouse**. Following completion of the project, **160 new jobs** are expected to be created.



March 2024

SOFIDEL UK BETS ON HYDROGEN

At the **Baglan** plant, in Wales, **Sofidel UK** joined the project carried out by **H2 Energy Europe**. An oil refinery will be converted to the production of **green hydrogen**, obtained through a water electrolysis process powered by renewable energy. Hydrogen should arrive in the gaseous state by truck from 2026. Another project concerned the **Leicester Hamilton Park** plant in England. Sofidel UK joined **East Midlands Hydrogen**, an industry partnership comprising 44 manufacturers, distributors and users, engaged in attracting and generating investments for the use of hydrogen. Starting from 2030, the production site will be able to receive **hydrogen through a dedicated distribution infrastructure**.



SOFIDEL FRANCE ACCELERATES ON BIOMASS

Sofidel France presented the project for the construction of a **second 8 MW biomass boiler** for the Frouard production plant. The commissioning is scheduled for 2025.

NEW COMPANY CLIMATE SURVEY

In March 2024, prior to acquisition of Sofidel Tissue, the Sofidel Group launched the **“Sofidel Engagement Survey”**, the first fully digital project to survey the corporate climate that involved all employees in Europe and America. The initiative was created to understand the work experience of employees, through distribution of an anonymous questionnaire administered digitally for the first time. The aim was to improve the working environment by implementing initiatives designed to promote the well-being and motivation of personnel.

May 2024

THE REGINA ROLLS OUT TO CONQUER EUROPE

The Regina brand announced the launch of **Rotoloni Regina toilet paper** to the GDO in **five European countries**: Spain, Poland, the Netherlands, Hungary and Romania. The introduction of the “Never Ending” Rolls is intended to **meet the purchasing needs of consumers and support the growth in value of the category**, offering rolls of tissue paper that feature the high quality of Sofidel products, with double or more than double length compared to standard rolls and which occupy half of the shelf space.



June 2024

SOFIDEL FRANCE CELEBRATES 120 YEARS OF THE LETRÈFLE BRAND

Sofidel France celebrated the **120th anniversary** of the **Le Trèfle brand**. Born in Paris in 1904, it is the oldest toilet paper brand in France. Approximately 500 in-store operations were organised and promotional activities were implemented on digital channels.



July 2024

SOFIDEL WEARS THE “YELLOW JERSEY OF ENTREPRENEURS” AT THE 2024 TOUR DE FRANCE

LCL (Le Crédit Lyonnais) celebrated Sofidel’s **commitment to sustainability**, awarding it the “Maillot Jaune des Entrepreneurs” (“**Yellow Jersey of Entrepreneurs**”) at the **Tour de France 2024**. The award goes to those customers and professionals who have stood out for their social responsibility policies.



SOFIDEL PARTNER OF AMAZON’S “MULTIBANK” INITIATIVE

Launched in the United Kingdom by former British Prime Minister **Gordon Brown** together with Amazon, the initiative was created to **support the country’s poor population**. Sofidel supplied its products to two donation centres in Wales and London.

SOFIDEL HAS A NEW LOGO

Sofidel’s goal was to make its **brand identity more contemporary** through a new company logo. As part of the rebranding process, the **guidelines for the correct application of the Sofidel identity** were also updated to offer a more engaging experience and daily use without barriers.



ACQUISITION OF THE TISSUE DIVISION OF CLEARWATER PAPER CORPORATION COMPLETED

The transaction included an **annual production capacity of 342,000 tonnes** distributed in four production sites: in **Shelby** (North Carolina), **Lewiston** (Idaho), **Las Vegas** (Nevada) and **Elwood** (Illinois), which employ over 1,600 employees. With this trans-



action, Sofidel has become the **fourth largest manufacturer of tissue paper in North America** and the **first in the Private Label sector**.

With a value of **USD 1.06 billion**, it is the largest acquisition in the Group’s history.

SOFIDEL RECEIVED THE TRANSATLANTIC AWARD 2024

The award was received by the **Chief Executive Officer, Luigi Lazzareschi**, during the **18th edition** of the award organised by the **American Chamber of Commerce in Italy**. During the event, eight US and Italian companies were awarded, including AC Milan, Microsoft and Mutti, distinguishing themselves during the year for significant investment transactions along the transatlantic axis. **Sofidel was rewarded for the substantial investments**, exceeding USD one billion, made during 2024, which led to the acquisition of five new production plants.



September 2024

November 2024

December 2024

Group identity and profile

Corporate culture and identity

In a global context of **multiple and simultaneous crises**, triggered by new geopolitical balances but also by the consequences of the rapid **ecological and social transition** that is essential to mitigate the effects of climate change, the Sofidel Group feels a responsibility to contribute to **making economic development compatible with the preservation of the planet**. For Sofidel, being sustainable means keeping pace with the transformations necessary to move away from an economic development model that has shown that it disregards the limits of available resources and the consequences of the alterations to natural balances that this development has introduced.

For this reason, Sofidel has for years pursued a **business strategy based on the principles of ethics and transparency**, adopting the best techniques to **assess its impacts and the risks** of its activities throughout the value chain, in accordance with the principles of **trust, cooperation** and **participation**. The actions arising from these analyses are the result of strengthened and broader governance to ensure that the Group can meet the challenges of the future in a considered manner and in light of all possible strategic or technological options.

Our commitment

Sofidel believes companies today must pursue a new form of commitment and integrity. An active role in which companies take the field alongside institutions to safeguard our common fund and pass on to new generations a heritage of values of care and deep respect. From these reflections came Sofidel’s response to the ‘call to action’ for the future:

Clean Living

For everyday needs.
For a healthier planet.
For integrity and respect.

This purpose underlies Sofidel’s behaviour and actions, its entire production process and the products it offers on the market. It defines the Group’s role in society and the benefits it intends to bring to people and the planet. It is a wide concept and it is particularly meaningful to Sofidel. It involves at least 3 subjects, the pillars of its way of doing business.



The product

Clean Living is a mission that stems from the Group’s products, which are devised and developed to perform an essential task: contributing to people’s daily hygiene and well-being and improving cleanliness at home and in public and corporate spaces. **Single-use tissue paper products consisting of pulp fibres obtained from wood processing or recycled paper at the end of its life, which are naturally renewable and recyclable.** Sofidel’s products use raw materials and processes certified for compliance with the most important forest management, food hygiene and personal safety standards. These products combine maximum performance to make our lives practical, safe and enjoyable without compromising on the protection of the planet and society.

Environment

Respect for the environment is the focus of Sofidel’s approach to production, inspired by “ecological conversion” and aimed at fostering the **transition to a low-carbon footprint and reduced consumption of natural capital economy**. This production model that translates into responsible sourcing of forest-based raw materials, careful use of water resources, attention to the energy sources used and the energy efficiency of our production plants. It also promotes waste reduction and limits the use of conventional plastic for the packaging of its products. All this is applied to the entire value chain, so that Sofidel’s efforts are extended to the greatest possible number of economic operators.

People

To build a sustainable business culture it is important to be collaborative and respectful of the communities in which we operate. The relationships we develop with all our stakeholders are inspired by our respect for principles of professionalism, honesty, and transparency. We advocate for inclusiveness and the open sharing of information. An approach based on the integrity of behaviour and mutual respect, fuelled by the courage and moral strength to imagine, all together, **a positive future for people and the planet**. And we need to start building it today.

Our guiding principle: Less is More

Every activity of the Sofidel Group is inspired by the ‘Less is More’ principle. This approach translates into three fundamental rules: reducing environmental impact, avoiding waste and promoting responsible consumption. Continuous efforts in this direction have enabled us to make products with lower amounts of raw materials and to perform better in terms of comfort, hygiene and customer services.

Our vision

Driven by responsibility, transparency and integrity, we empower our people to innovate and create hygiene solutions that make everyday life tidier, cleaner, more convenient, safe and enjoyable, enriching the lives of our customers, employees, partners, shareholders and the community.

Our mission

We champion clean living by providing sustainable hygiene products that respect both people and the environment.

These three pillars are the areas in which Sofidel wants to play an active role and help create the world of tomorrow. A world where innovation leaves no one behind, helping to create a **fairer and more inclusive society**. Where our determination to look ahead encourages us to constantly find new solutions that satisfy consumers and business partners, while prioritising people’s safety, hygiene and well-being.



Business model and development factors

Sustainability at the core of the organisation model



Sofidel relies on three key levers to promote its responsible growth and sustainable development.

• **Sustainability** - For Sofidel, sustainability is a strategic development lever closely linked to the innovation of production processes, products and logistics. It allows us to seize in advance new opportunities for growth and continuous improvement and reduce the impact of our activities on natural capital.

• **Attention to the asset quality** - Through machines and production plants that are newer and more efficient than the industry average, the Group operates with production efficiency and high environmental performance and strives to apply the most modern technologies to the tissue paper sector.

• **Geographical coverage** - To reduce the incidence of transport costs and the impact on the environment and to improve the service offered to customers, Sofidel has built and acquired its own plants close to end markets.

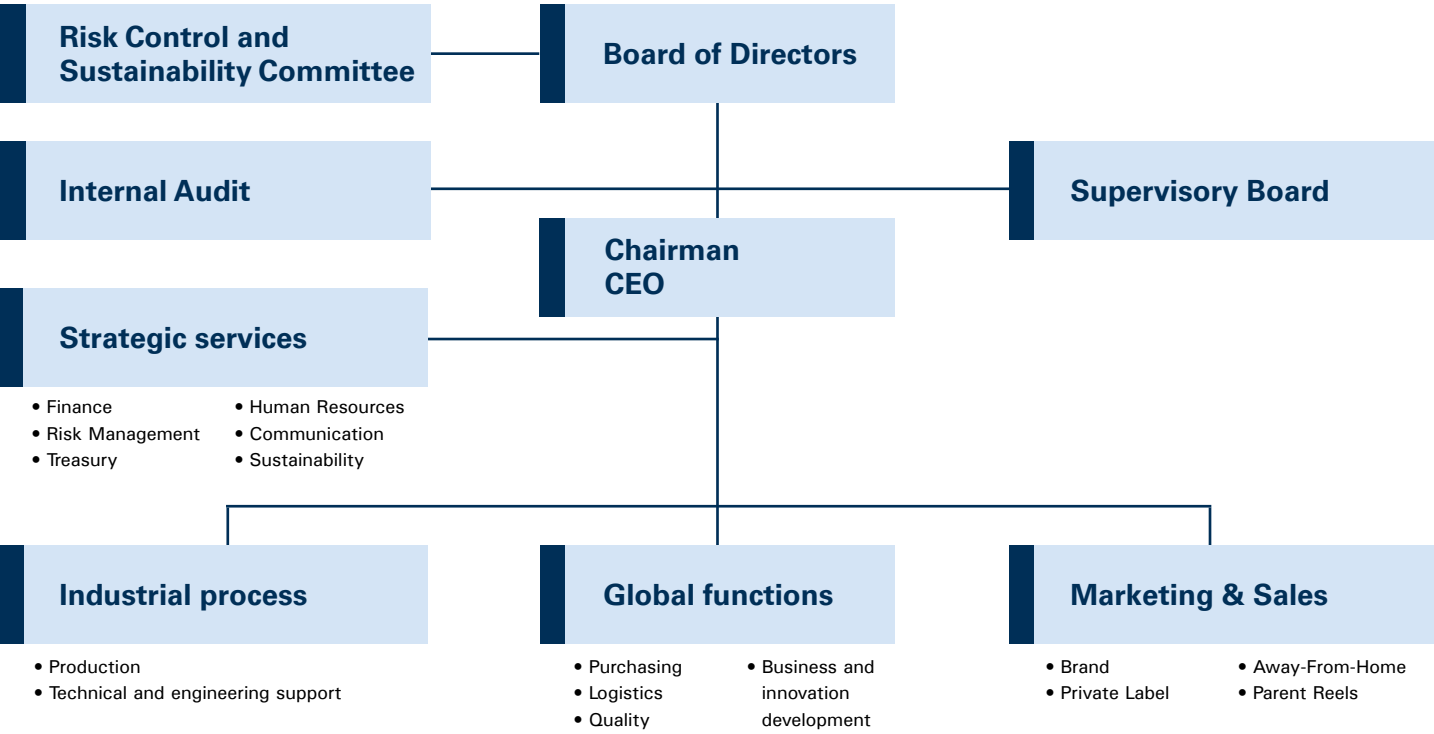
Steady and clean growth

Sofidel’s steady growth is the expression of a long-term strategy that has developed in four strategic phases. A management and operational approach based on a system of principles - professionalism, practicality, honesty, sustainability, and transparency - that permeate the entire company. The decision to invest in the Piana di Lucca (Plains of Lucca), a flat area rich in groundwater, has proved a winning choice. This area encapsulated - as it still does today - a wealth of relationships and know-how that are fundamental for the development of the Sofidel Group. The two factors that contributed most to our growth were the presence in the area of companies with **strong technical expertise**, specifically in the paper-making sector, and the **trusted relationships developed** with the **local manufacturing district**. Growth in Italy has continued

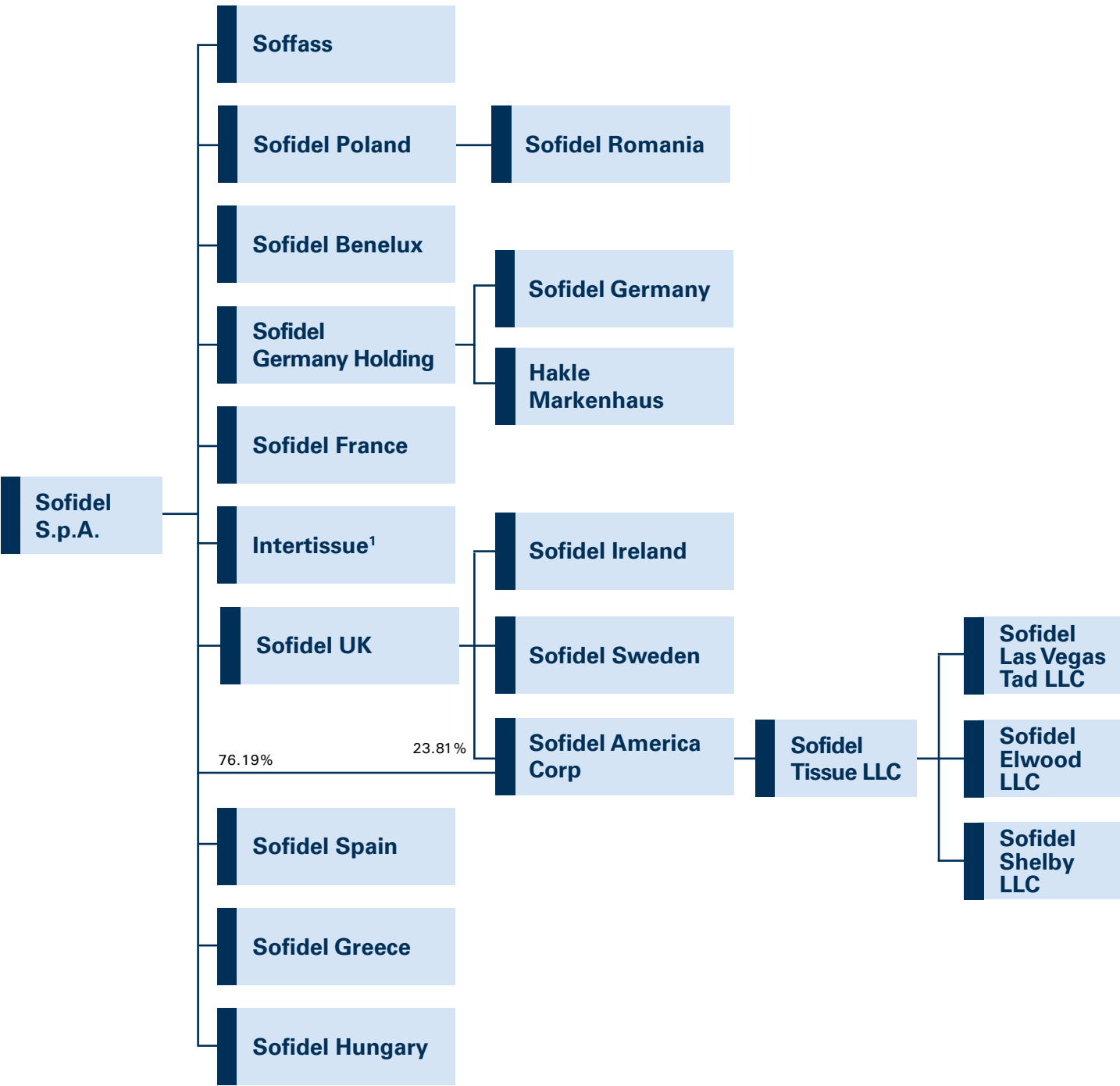
thanks to the development of the Regina brand and collaboration with large-scale retailers. Once its presence was established, Sofidel began to explore new markets, first in Europe and then in the United States. The expansion was accompanied by the **gradual integration of sustainability in all corporate aspects**. This evolution has made it possible to strengthen competitiveness and generate shared value for all stakeholders. The process that led Sofidel to become an international Group was also very important for the corporate culture and the motivation of its people, as it made it possible **to broaden the organization’s horizons** and to acquire the experience and essential skills needed for future development. For more information on the four phases of the Group’s growth, see the “Our history” page on the Sofidel website.



Sofidel Group organisation model



Sofidel Group organization chart



1. The Company Intertissue Ltd. is also part of the Group, which on 1 June 2019 sold its assets and business to Sofidel UK Ltd. and began its liquidation process.

Sofidel in the World

GRI 2-1	Organizational details
GRI 2-2	Entities included in the organisation's sustainability reporting

At the end of 2024, the Sofidel Group was present in 13 countries worldwide (Europe and the United States) with 21 companies².

Sofidel America Corp

- 1. Las Vegas NV | Converting plant
- 2. Inola OK | Integrated
- 3. Duluth MN | Paper mill
- 4. Green Bay WI | Converting plant
- 5. Hattiesburg MS | Converting plant
- 6. Circleville OH | Integrated
- 7. Filadelfia PA | Services
- 8. Haines City FL | Integrated

Sofidel Las VegasTad LLC

- 9. Las Vegas NV | Integrated

SofidelTissue LLC

- 10. Lewiston ID| Integrated

Sofidel Elwood LLC

- 11. Elwood IL | Converting plant

Sofidel Shelby LLC

- 12. Shelby NC| Integrated

2. The Company Intertissue Ltd. is also part of the Group, which on 1 June 2019 sold its assets and business to Sofidel UK Ltd. and began its liquidation process.

Sofidel Spain

- 13. Buñuel ES | Integrated

Sofidel France

- 14. Ingrandes FR | Converting plant
- 15. Roanne FR | Integrated
- 16. Frouard FR | Integrated

Sofidel Ireland

- 17. Dublino IE | Services

Sofidel UK

- 18. Baglan UK | Integrated
- 19. Lancaster UK | Paper mill
- 20. Leicester - Hamilton UK | Integrated
- 21. Leicester - Rothley Lodge UK | Converting plant

Sofidel Benelux

- 22. Duffel BE | Integrated

Sofidel Germany

- 23. Colonia DE | Trading
- 24. Schmalkalden - Wernshausen (Plant O, T, W) DE | Integrated
- 25. Arneburg DE | Integrated

Sofidel Germany Holding

- 26. Schmalkalden - Wernshausen DE Services

Hakle Markenhaus

- 27. Schmalkalden - Wernshausen DE Services

Sofidel Sweden

- 28. Kisa SE | Integrated

Sofidel S.p.A.

- 29. Lucca - Porcari IT | Services

Soffass

- 30. Lucca - Bagni di Lucca IT | Paper mill
- Lucca - Borgo a Mozzano IT | Paper mill
- Lucca - Capannori IT | Converting plant
- Lucca - Porcari IT | Paper mill/Converting plant
- 31. Gorizia - Monfalcone IT | Integrated

Sofidel Hungary

- 32. Lábatlan HU | Converting plant

Sofidel Poland

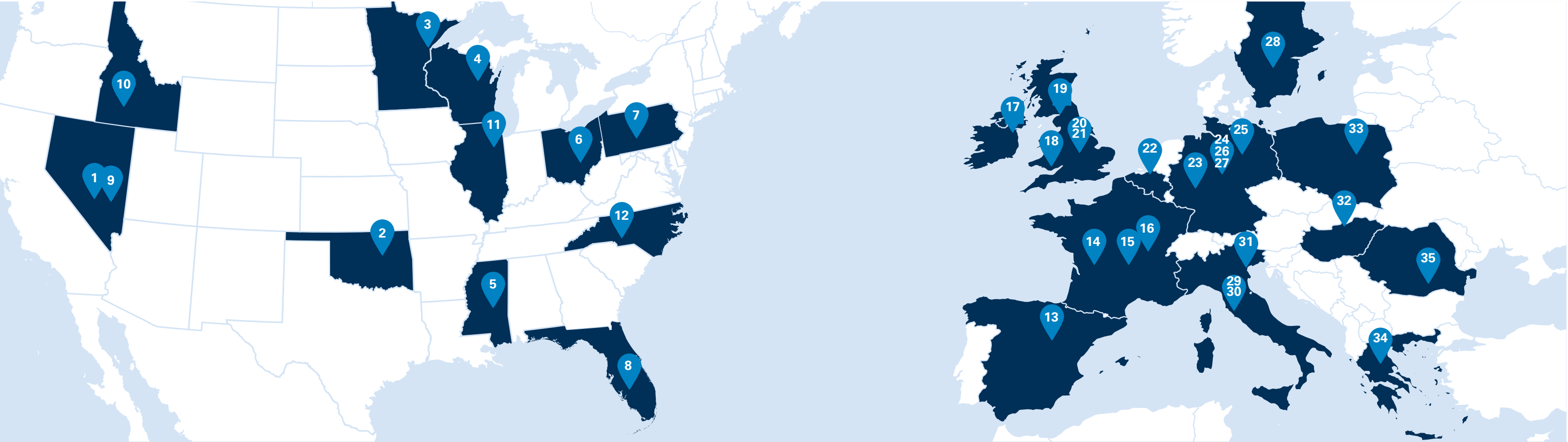
- 33. Ciechanów PL | Integrated

Sofidel Greece

- 34. Katerini EL | Integrated

Sofidel Romania

- 35. Calarasi RO | Integrated



Sofidel and the UN Sustainable Development Goals (SDGs)

Since 2010, Sofidel has been a member of the UN Global Compact of businesses that have pledged to **contribute to the development of sustainable business** and the construction of a better world and future. An organisation’s environmental, social, and economic responsibility starts with the system of principles that guide its ap-

proach to business. This is why Sofidel decided to embrace the ten principles of the United Nations Global Compact on human rights, labour, environment, and anti-corruption. By integrating these principles into its strategies, policies and procedures, the Group can create a corporate culture based on integrity and lay the foundation for long-term sustainable development.

The ten principles of the UN Global Compact are universal-ly shared and are taken from the **Universal Declaration of Human Rights**, the **International Labor Organization (ILO) Declaration**, the **Rio Declaration**, and the **United Nations Convention against Corruption**.



The Sofidel Group is committed to **promoting hygiene and well-being** to improve the daily lives of consumers, employees and all other company stakeholders. For Sofidel, the culture of health – from the production environment, to the health and hygiene characteristics of its products and their distribution – is fundamental to creating value for people. The Group shares good practices, promotes the adoption of a healthy lifestyle and works to continually improve the work environment, the business organisation, and the mental and physical well-being of its employees, also by promoting active participation and encouraging personal development.

The Sofidel Group has always paid close attention to the **education of the new generations**, especially now that the digital revolution, Industry 4.0 and new sustainability requirements are profoundly changing the industrial world and society as a whole. This commitment aims to promote a **more innovative, open, and skills-based education** that constitutes a real development factor for the communities that host Sofidel’s facilities.



Aware of how precious water is for the planet’s survival, Sofidel pays special attention to the **proper management of water**, and its production processes are constantly monitored to optimise water use. Management measures, specific investments and policies for reusing wastewater all contribute to the over-all goal. The Group aims to achieve a production process that is as efficient as possible, reusing the water sourced from the environment for several production cycles. In addition, a substantial part of non-recoverable water is returned to the environment as water vapour, during the final part of the paper drying process, while the remainder, once treated through the treatment plants, is returned to the environment.

To reduce impacts on natural capital and facilitate the **transition to a low-carbon economy**, **Sofidel promotes sustainable energy sources and is achieving greater energy efficiency in its plants and processes**. As a member of the **WWF Climate Business Network programme**, Sofidel is committed to reducing climate-altering emissions.



Limiting environmental impacts, reducing waste and promoting responsible consumption are the cornerstones of Sofidel’s development policies. The company’s objective is to create products with an ever-shrinking ecological footprint, while still delivering excellent performance. Sofidel has set itself a challenging objective: **to reduce the conventional plastic used in our production processes by 50% by 2030**, compared to the base year 2013. This means eliminating over 11,000 tonnes of plastic per year. The goal has triggered the development of new packaging with cellulosic materials (paper) or recycled plastic-based materials.

Sofidel was the first Italian manufacturer, and the first in the tissue sector worldwide, to join the international WWF Climate Savers programme in 2008 (now renamed **WWF Climate Business Network**), with the aim of guiding the transition to a zero-emissions economy. In 2020, it received the approval of the **Science Based Targets initiative (SBTi)** for its targets to reduce greenhouse gas emissions by 2030. Specifically, the Group has committed to **reduce our Scope 1 and 2** emissions by 40%; for our Scope 3 emissions, it has involved our supply chain to decrease the emissions of its pulp suppliers by 40% and those of all other suppliers by 24%. In 2023 Sofidel decided to make a formal commitment to achieving **carbon neutrality by 2050 (Net-Zero target)**, again following SBTi guidelines.



Sofidel’s commitment to **safeguarding forests and biodiversity translates into a strict procurement policy on pulp, the raw material of our production process**. The Group only uses **pulp certified by independent third parties** under forest certification schemes. For many years, **100% of the virgin fibres** used in the production processes have been **FSC® and PEFC certified**, and to a small extent FSC® Controlled Wood certified. In 2017, Sofidel adhered to the **Vancouver Declaration**, an initiative launched at the FSC® General Assembly to promote a sustainable supply chain for forest products.

It takes everyone to make a difference. We cannot overcome the challenges that humanity faces in the coming years by relying solely on our own strengths. **Cooperation** with governments, non-profit organisations, academia, the scientific community, and civil society is essential. Our actions, like humans and nature, are closely interconnected and can enhance or frustrate each other. There is an increasing need to **develop inclusive forms of collaboration** - at national, regional and local levels - based on a global multi-stakeholder strategic approach. At Sofidel, we have been working for years with partners of recognised value and reputation, such as the WWF and the United Nations.



Corporate structure
of the Sofidel Group

BOARD OF DIRECTORS¹

In office for financial year 2024

Members of the shareholder families

Edilio Stefani²

Chairman and Managing Director

Luigi Lazzareschi

Chief Executive Officer (CEO)

Paola Stefani

Non-executive director

Nicolò Stefani

Non-executive director

External directors

Andrea Munari

Non-executive director,
CEO Amco S.p.A.

Silvio Bianchi Martini

Non-executive director, Full Professor
of Business Economics at the University of Pisa

Alessandro Solidoro

Non-executive director, Accountant and
Adjunct Professor at the Bocconi University of Milan

Chiara Mio

Non-executive director,
Full Professor of Business Economics
at the University of Venice

Antonio Maria Hernandez De Pereda

Secretary of the Board of Directors³,
Corporate Governance Director

Risk Control and Sustainability Committee

Silvio Bianchi Martini

Non-executive director, Full Professor
of Business Economics at the University of Pisa

Alessandro Solidoro

Non-executive director, Accountant and
Adjunct Professor at the Bocconi University of Milan

Chiara Mio

Non-executive director, Full Professor of Business Economics
at the University of Venice

Antonio Maria Hernandez de Pereda

Secretary of the Risk Control and Sustainability Committee,
Corporate Governance Director

BOARD OF STATUTORY AUDITORS

In office for financial years 2022 - 2024

Ugo Fava

Chairman

Gabriele Nencini

Standing auditor

Francesca Bitozzi

Standing auditor

SUPERVISORY BODY 231/01

Gianfranco Del Grande

Chairman

Giacomo Cardani

Acting member

Simone Ferretti

Acting member

INTERNAL AUDIT

Simone Ferretti

Manager

INDEPENDENT AUDITORS

In office for financial years 2022 - 2024

EY S.p.A

1. The other offices held by the external Directors of the Board of Directors are reported in the notes.

Andrea Munari

- Edison S.p.A., Member of the Board of Directors
- AMCO S.p.A.; CEO and Co-Managing Director
- Cortile dei Gentili Foundation; Board Member
- Assonime; Member of the Executive Board

Alessandro Solidoro

- Galbusera SpA, Chairman of the Board of Statutory Auditors/Standing auditor
- Opera Diocesana per la Preservazione e Diffusione della Fede in Milan, Member of the Board of Directors
- Pirola Corporate Finance S.p.A., Chairman of the Board of Statutory Auditors
- Rome Biomedical Campus University Foundation, Chairman of the Independent Auditors
- Collegio San Carlo, Chairman of the Board of Directors
- Collegio San Carlo Foundation, Chairman of the Board of Directors
- Ambrosian Foundation for Catholic Culture and Education (FACEC), Chairman of the Board of Directors
- Fiera Milano S.p.A., Chairman of the Board of Statutory Auditors
- Lagosta Caffè S.r.l., Receiver
- Selematic S.r.l., Receiver
- MKF S.r.l., Receiver
- GF Protection S.r.l., Judicial Commissioner
- EICA Costruzioni S.r.l.s., Receiver
- La Rapida Soc Coop, Receiver
- Security Group S.r.l., Receiver
- Lion Trasporti e Logistica, Receiver
- All Service S.r.l., Receiver
- Industria Laminazioni Ottone S.r.l., Receiver
- Asset MGT S.r.l., Receiver
- Integra Associazione per l'integrazione e la condivisione, Receiver

Chiara Mio

- Banco BPM SpA, Independent Member of the Board of Directors
- Acquafil, Chairman of the Board of Directors
- OVS, Independent Member of the Board of Directors

2. The Chairman Edilio Stefani passed away on 30 January 2025.
3. He replaced Guido Corbetta, secretary of the Board of Directors until the September meeting.

GRI 2-9	Governance structure and composition
GRI 2-10	Nomination and selection of the highest governance body
GRI 2-11	Chair of the highest governance body
GRI 2-15	Conflicts of interest
GRI 2-16	Communication of critical concerns
GRI 2-17	Collective knowledge of the highest governance body
GRI 2-18	Evaluation of the performance of the highest governance body
GRI 2-19	Remuneration policies
GRI 2-20	Process to determine remuneration
GRI 2-21	Annual total compensation ratio
GRI 405-1-a	Diversity of governance bodies and employees



The Group’s shared culture is characterised by a strong awareness of its responsibilities towards people and the planet.

4. Sofidel’s Board of Directors consists of 8 members, 6 men and 2 women, all with solid experience. 88% have an average age of over 50, the remainder between 30-50 years of age.

The Corporate Governance model

The **Corporate Governance model** adopted by Sofidel S.p.A. provides for:

- the **Board of Directors** (BoD) appointed by the Shareholders’ Meeting, which includes members of the Lazzareschi and Stefani families who established the company in 1966 and own 100% of the capital⁴;
- the **Board of Statutory Auditors**, appointed by the Shareholders’ Meeting;
- the **Risk Control and Sustainability Committee** appointed by the BoD;
- the **Supervisory Board** appointed by the BoD;
- the **Internal Audit** function, the head of which is appointed by the BoD on the recommendation of the Risk Control and Sustainability Committee;
- the company in charge of the legal audit of the accounts, appointed at the Shareholders’ Meeting.

Since 2021, Sofidel’s Board of Directors has been joined by directors from outside the two founding families: university professors Silvio Bianchi Martini, an expert in business management and strategy, and Chiara Mio, who has extensive in-depth knowledge of sustainability issues; manager Andrea Munari (CEO of Amco, formerly CEO of BNL and with extensive experience in international banking); and accountant Alessandro Solidoro. The decision to open the BoD to independent directors, who offer **extensive experience and expertise in the economic and banking fields and in sustainability**, is to promote the organisation’s growth and further strengthen its credibility and ability to manage environmental, social and economic impacts so as to ensure long-term sustainable development. The entry into the Board of Directors of high-profile figures from sectors outside the tissue market allows Sofidel to be open to new ideas and to acquire useful knowledge for future challenges. The introduction of external points of view, with a strong critical spirit and a long-term vision, is a stimulus for the BoD to constantly improve its operations and create value for all stakeholders in an increasingly fluid external macro-economic scenario subject to rapid and sudden change. Having exceeded the turnover threshold of three billion euro, and with operations on two continents, it was important to strengthen Sofidel’s governance in order to give new impetus to growth, continue to act with utmost transparency, and guarantee the Group’s medium/long-term economic and financial equilibrium.

The percentage of outside directors to the total number of board members is 50%.

Board of Directors

The Board of Directors (BoD) is elected by the Shareholders’ Meeting and is composed of four members of the two founding families and of four external directors. It is the highest governance body, with **full responsibility for the Group’s economic, social and environmental performance**, which is approved each year by the Shareholders’ Meeting during the presentation of the results for the financial year.

The role of the BoD

The Board of Directors is the executive body of a company that is responsible for implementing the decisions taken by the shareholders’ meeting and managing business activities on the basis of long-term strategies. It plays a key role in **corporate governance** as it is responsible for approving organisational strategies, developing management policies, hiring, supervising and remunerating senior managers, and ensuring the legal accountability of the organisation. In addition to guiding management, the BoD ensures that the company’s organisational, administrative and accounting structure is fit for purpose, supervises its business performance and decides on issues for which it is responsible under the Articles of Association. In carrying out these activities, the Board of Directors pays special attention to the **internal control and risk management system**, an activity conducted in part through the **Risk Control and Sustainability Committee**.

Specifically, it:

- assigns and revokes the powers of the Executive Directors, setting their limits and manner of exercise;
- examines, and approves in general lines, the Group’s strategic industrial and financial plans, checking their implementation and subsequent deviation, if any;
- examines and approves the company’s corporate governance system and Group structure;
- defines the guidelines of the internal control and risk management system with the assistance and on the basis of the indications of the specific Committee; determines the degree of compatibility of risks with management consistent with the identified strategic objectives and includes in its evaluations risks that may become relevant with a view to sustainability over the medium/long-term period of the business;
- approves, at least annually, the work plan prepared by the Head of the Internal Audit function, after consulting the Risk Control and Sustainability Committee;

- appoints and removes the Head of the Internal Audit function, upon the recommendation of the Risk Control and Sustainability Committee, and after consultation with the Board of Statutory Auditors. With the support of the Risk Control and Sustainability Committee, the BoD also ensures that the Internal Audit function is adequately resourced to carry out its responsibilities;
- in consultation with the Board of Statutory Auditors, assesses the findings of the independent auditor in the letter of suggestions, if any, and in the report on key issues arising from the legal audit;
- with the preparatory support of the Risk Control and Sustainability Committee, assesses the adequacy of the administrative and accounting organisational structure of the company and its subsidiaries;
- on the basis of information received from the Chief Executive Officer at least quarterly, evaluations general business performance, comparing the results achieved with the targets;
- approves in advance the transactions of Group Companies which have a significant impact on the balance sheet, income statement and cash flows.

The remuneration of the Board of Directors is decided at the Shareholders’ Meeting, on the basis of the commitment and expertise required to define the strategic lines needed for the company’s development and future. Remuneration is fixed and a fee is envisaged for the managing directors at the end of their mandate. Sofidel has not yet developed a formal process for assessing the performance of the BoD. Currently, the economic, environmental and social performance of the highest governance body is assessed in a collegial manner, duly considering the owners’ point of view. All BoD members participate in discussions and assume responsibility for pursuing or modifying the strategy on the basis of the results and feedback received from the shareholders and stakeholders. The ratio between the total annual remuneration of the highest office in the Sofidel Group (the highest paid individual) and the median employee salary (i.e., the average salary between the highest and the lowest) is 48.53. The ratio between the percentage increase in the total annual remuneration of the highest office and the median percentage increase in the annual total remuneration of all employees is 11.66.

Risk control and sustainability committee

To further strengthen the company’s Governance and manage risks and opportunities, as well as the **environmental, social and economic impacts** generated by Sofidel more efficiently, the Board of Directors established the **Risk Control and Sustainability Committee (RCSC)**.

The Committee was appointed in March 2022 and its role is to ensure the utmost attention and expertise on two crucial topics for the future of the company: **mitigation and management of risks** and the **sustainability strategy**. All the members of the Risk Control and Sustainability Committee are non-executive directors, and the majority are independent.

The RCSC is responsible for assisting the Board of Directors with investigative, recommendation and advisory functions in evaluations and decisions relating to the internal control and risk management system, as well as those relating to the approval of the periodic financial, non-financial, and sustainability reports.

The RCSC assists the Board of Directors in carrying out tasks concerning:

- the definition of the guidelines of the internal control and risk management system, so that the main risks pertaining to the parent company and its subsidiaries are correctly identified, adequately measured, managed and monitored, determining the compatibility criteria between the identified risks and the sound and proper management of the company consistently with its strategic objectives;
- the periodic review (conducted at least on an annual basis) of the adequacy and effectiveness of the internal control and risk management system in relation to the characteristics of the company and its risk profile;
- the approval at least annually of the work plan prepared by the head of the Internal Audit function;
- the evaluation, in consultation with the board of statutory auditors, of the findings set forth in the reports of the independent auditors, in the letter of suggestions, if any, and in the report on key issues arising from the legal audit;
- the appointment and removal of the head of the Internal Audit function.

In assisting the Board of Directors, the RCSC:

- after consultation with the independent auditor and the board of statutory auditors, assesses the proper use of accounting standards and their uniformity for the purpose of preparing the consolidated financial statements;

- expresses opinions on specific issues related to the identification of the main business risks;
- examines the periodic reports assessing the internal control and risk management system, and key reports prepared by the Internal Audit function;
- monitors the autonomy, adequacy, effectiveness and efficiency of the internal audit function;
- reports to the BoD, at least semi-annually, when the annual and half-year financial reports are approved, on its activities as well as on the adequacy of the internal control and risk management system;
- is responsible, in a preparatory and advisory capacity, for assessing sustainability and non-financial information in accordance with current regulations.

Board of statutory auditors

Appointed by the Shareholders’ Meeting, the Board of Statutory Auditors is the **control body** that oversees compliance with the law and the Articles of Association, the organisational principles and proper administration.

Supervisory Body

The Supervisory Board is responsible for overseeing Sofidel’s liability in connection with offences committed to benefit the company. Its role is therefore to **oversee and verify the compliance and effectiveness** of the **231 Organisational Model** (a corporate management system designed to identify all operational procedures developed by the organisation to reduce the risk of crime in the interest or to the advantage of the organisation), to report any deficiencies, anomalies and violations, or to update the Model where necessary. The Supervisory Body is therefore central to both the Model itself and to the requirements compliance programmes. It is responsible for the following:

- the proposal of adaptations to the Model, for example following changes in the company’s structure or activities, as well as in the reference regulatory framework;
- the supervision and control of both the observance and effective implementation of the 231 OMM by the recipients;
- the management and monitoring of information and training initiatives to spread knowledge and understanding of the OMM among its recipients;
- the management and control of information received regarding the operation of the Model;

- the identification of activities with potential crime risk and the planning of controls to prevent crime;
- the identification of the methods of management of the financial resources necessary to prevent crimes from being committed, as well as the introduction of appropriate disciplinary systems for non-compliance with the measures set forth in the OMM.

Internal Audit

The Internal Audit Function supports the organisation in pursuing its goals by assessing and improving the internal control, risk management and corporate governance processes. Specifically, it conducts independent and objective assurance activities to improve the efficiency and effectiveness of the organisation and assess the adequacy and effective operation of

the Internal Control and Risk Management System. In this way, it also contributes to developing and disseminating the control and risk management culture within the organisation.

Legal audit

The Company currently appointed to perform the Legal Audit of the Group’s consolidated financial statements and the separate financial statements of Sofidel S.p.A. is EY.



The internal control and risk management system

GRI 2-25	Processes to remediate negative impacts
GRI 2-26	Mechanisms for seeking advice and raising concerns

The objective of the internal control and risk management system is to ensure the company’s solid sustainable development, which **creates long-term value** not only for shareholders but for all stakeholders. Our control and risk management system is inspired by the CoSO Report (Internal Control Integrated Framework) and consists of three levels of control:

First level

It involves the Directors of the various functions, the so-called **Risk Owners**. It identifies, assesses, and manages risks within the scope of responsibility and implements specific mitigation actions.

Second level

It involves the **Control and Risk Management** functions. It anticipates and monitors the main risks for the achievement of the corporate goals and ensures an effective treatment and adequate control measures.

Third level

Involves **Internal Audit**, which conducts independent assurance activities to improve the efficiency of the organisation and assess the adequacy and operation of the Internal Control and Risk Management System. The Board of Directors approved the formation and responsibilities of the Internal Audit function in 2022.

In addition, the **Supervisory Board** is responsible for supervising the implementation and proper functioning of the Company’s Organisational, Management and Control Model in accordance with **Legislative Decree 231/01**⁵ Model updated by the Risk Management & Compliance department. This organisation reflects the Group’s desire to continue improving its control system.



The internal control and risk management system is the set of tools, procedures, rules and organisational structures that enable the company to be managed in a healthy and proper way consistently with its sustainable growth objectives.

The values of the internal control system

The Group’s internal control system is guided by the principles of **integrity, transparency** and **equity**. All Sofidel employees are required to comply with the **Code of Ethics**, which sets out the principles underlying fair and lawful business conduct. Sofidel takes respect and observance of the Code of Ethics seriously, recognising the whistleblower’s right to make anonymous reports through the whistleblow-

ing channel, guaranteeing in all cases the confidentiality of the information presented. The Group believes that this tool strengthens the internal control system and considers that reporting reflects a **sense of civic duty**, which helps to bring to light and prevent situations that undermine good administration and, more generally, the collective public interest. The separation of tasks and responsibilities between decision-makers, those who carry out activities, and those who monitor them makes it possible to organise all decision-making and authorisation processes, which guarantees transpar-

ent operating methods based on integrity. Furthermore, all our companies have a **job rotation** programme which, in addition to raising people’s skills, reduces the risks of fraud and corruption by encouraging the creation of relationships based on the highest ethical values with all our stakeholders.

The functions of the internal control system

During the year, the Supervisory Board, Internal Audit and the Risk Management & Compliance function helped the various corporate functions establish controls and assess their effectiveness.

A training and information campaign was carried out to make employees understand the **importance and responsibility of monitoring and controls**.

Furthermore, the training programme to inform people about Legislative Decree 231/01 and its contents continued, and a training course continued for Process Risk Specialists covering techniques for identifying process failures and evaluating controls to mitigate process risks.

The **Quarterly Report**, which is drawn up every three months by the Legal Representatives of the Group companies, is an integral part of the Sofidel Group control system. This report consists of a dashboard with indicators defined for each business function.

It allows compliance of business processes and activities to be monitored, best practices to be identified and any risks to be overseen.



For Sofidel, doing business means ensuring implementation and compliance with standards and practices based on integrity, transparency and equity.

5. Legislative Decree 231/01 is applied in Italy.

Risk management and monitoring

On the basis of international best practices, the Group has undertaken a process for the integration and standardisation of its administrative, accounting, and financial procedures, and has implemented a **single integrated management programme**: SAP Enterprise Resource Planning (ERP).

The model that Sofidel uses is known internationally as **Integrated Finance Organization** (IFO) and is preparatory to the implementation of the **Integrated Business Planning** (IBP) model for the integrated planning, management, and control of corporate activities and business objectives. The model is based on the idea of viewing the **organisation as an organism** and not as the sum of individual elements.

This perspective makes it possible to translate strategic planning into operational objectives that contribute to the achievement of performance and economic and financial sustainabil-

ity, which, for Sofidel, go hand-in-hand with environmental and social sustainability. Starting from 2020, the model has been supported by the **Risk Management & Compliance function**, with the aim of creating an Enterprise Risk Management (ERM) system designed to ensure that management makes risk-informed decisions, **through the assessment and analysis of the risks** that may affect the achievement of strategic and operational objectives.

As regards risk assessment, the model considers both the **probability of occurrence** and the **severity of the impacts, both at the inherent level**, where no risk response action is taken, **and at the residual level**, when the effectiveness of mitigation actions is considered.

An **annual update** of the risk assessment, both for the country Europe and the country America, is planned to be carried out according to an analysis by **risk scenarios**, in order to best

represent both the causes and the effects of the risk on the entire organisation while further strengthening the quantitative economic assessment of the impacts, developed for each scenario identified.

The purpose of this is to increase the objectivity of risk assessment, the immediate comparability of the investment value of treatment measures versus the risk reduction benefits, and thus give greater support for more informed choices. Furthermore, starting from 2024, the model requires that each scenario be assessed, when applicable, not only in the short-term horizon (1 year) but also in the medium-term (4 years) and long-term horizon (25 years).

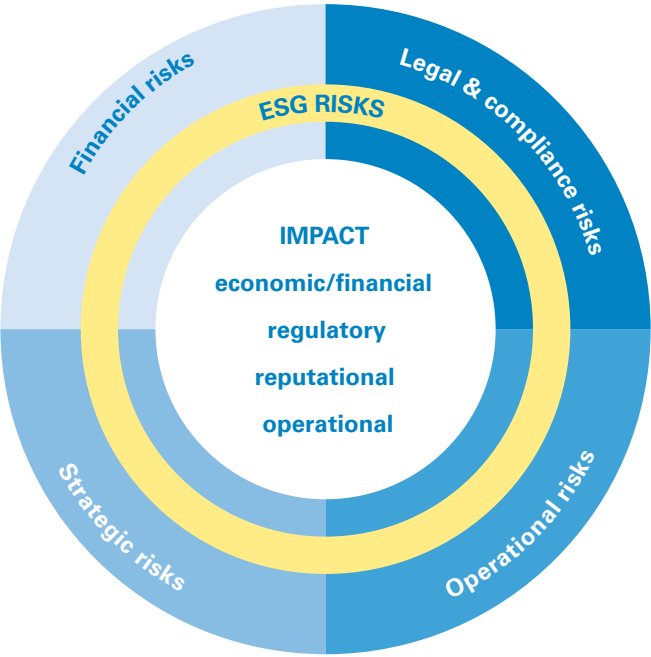
Finally, it should be reported that the first **Climate Change Risk Assessment** was drawn up during 2024 in order to identify the main risks linked to climate change that the Group will have to face in the medium/long-term.

The risk assessment results were shared with the Risk Control and Sustainability Committee and ratified by the Board of Directors to identify investment priorities in terms of risk mitigation. In addition, the monitoring of action plans continued, and periodic monitoring meetings attended by the CEO were conducted.

Indicators were analysed and goals and action plans for the future were defined. This activity made it possible to measure the impact of risks on achieving corporate objectives and led to the drafting of **Sofidel's Risk Catalogue**. The development of the Risk Catalogue enabled the company to prioritise the action plans of the different Risk Owners.



Risk management: the Sofidel model



Sustainability governance

The role of the governance bodies in sustainability management

GRI 2-12	Role of the highest governance body in controlling the management of impacts
GRI 2-13	Delegation of responsibility for managing impacts
GRI 2-14	Role of the highest governance body in sustainability reporting
GRI 2-17	Collective knowledge of the highest governance body
GRI 2-24	Embedding policy commitments

In Sofidel, the issues of environmental and social sustainability management have been considered integral parts of business strategy for many years.

The agenda of the Group’s highest governance body, the **Board of Directors**, therefore regularly includes discussions on the main tools for sustainability management: it views and approves the results of the **materiality analysis**; discusses and approves **policies pertaining to ethical, environmental and social topics**; receives, discusses and approves the **Sustainability Plan**, including key objectives; takes note of the outcome of the risk analysis and new sustainability regulations, reserving the right to decide on related actions; views and approves **annual sustainability reporting**; analyses any organisational changes that should become necessary in light of the analysis of the above elements.

To carry out these tasks more efficiently, as described in the Governance chapter the BoD has formed a committee responsible for the analysis of sustainability risks and activities, the **Risk Control and Sustainability Committee** (RCSC).

The RCSC has been formally delegated to assist the Board of Directors with investigative, recommendation and advisory functions, in evaluations and decisions relating to the internal control and risk management system and to approval of the periodic financial, non-financial and sustainability reports. In addition to the RCSC, in March 2023, Sofidel’s Board of Directors decided to create a new organisational unit, the **Group Sustainability Department**, with operational tasks for execution of the company’s sustainability strategy.

Together with the Risk Management & Compliance department, the new department office has been tasked chiefly with identifying sustainability opportunities, impacts and material risks, preparing a strategic plan of action with clear improvement targets and performance measurement indicators, and maintaining active rating and reporting tools.

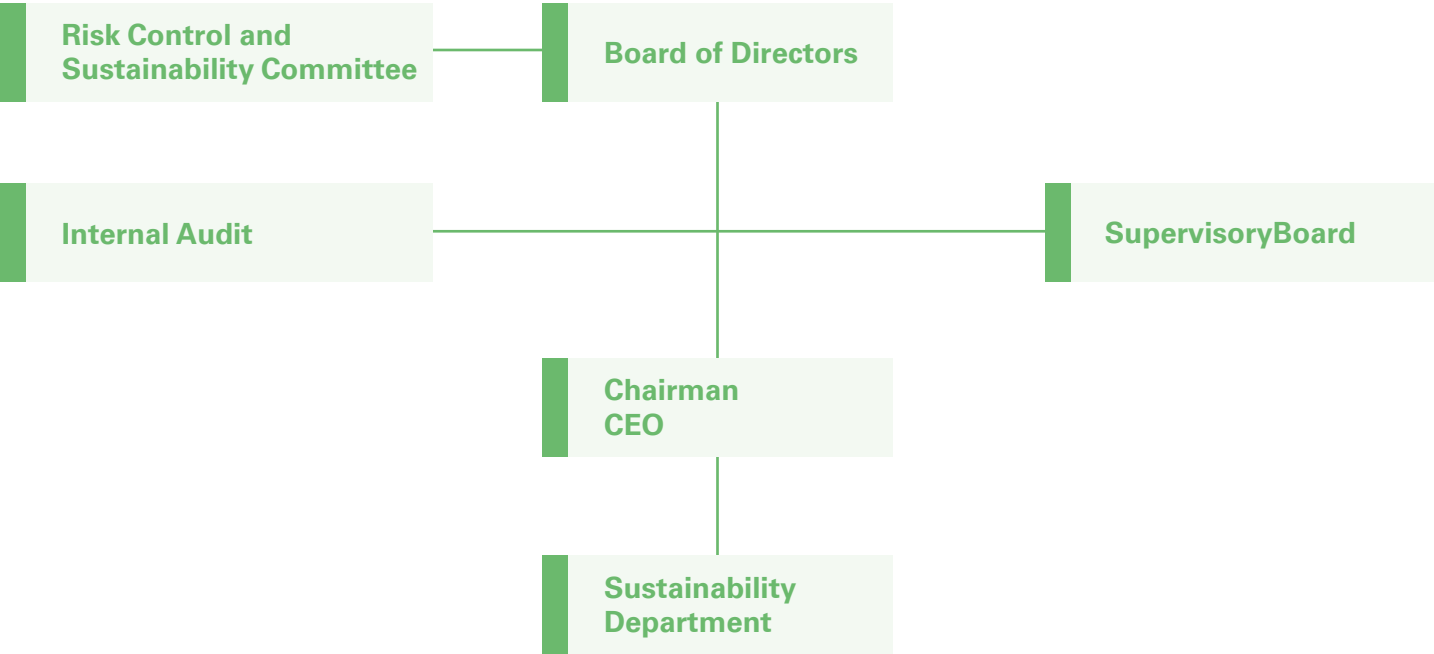
The new organisational structure ensures continuous exchanges of information between management with operational responsibilities and the members of the Board of Directors and the RCSC, so as to ensure full knowledge about business dynamics and all the external elements that could have an influence on Sofidel’s performance and reputation with regard to environmental and social sustainability topics.

In 2024, a training day was held for some members of the Board of Directors and for all the managers reporting to the Chief Executive Officer on the main innovations on non-financial reporting, the new European reporting standards ESRS (European Sustainability Reporting Standards) and the EU Taxonomy Regulation.



The Group’s sustainability department has operational duties regarding the execution of the company’s sustainability strategy.

Governance of Sofidel's sustainability



Sustainability governance tools

ESG ratings
CDP (Carbon Disclosure Project)

Sofidel voluntarily submits itself to the **international rating CDP** - one of the leading independent organisations for measuring and reporting environmental performance at global level - to measure its commitment in the fight against climate change (CDP Climate Change), deforestation (CDP Forests) and the involvement of suppliers in the fight against climate change (CDP Supplier Engagement Leaderboard).

In 2023, the Group positioned itself in the Leadership bracket of the two **Climate Change 2023** and **Forests 2023** ratings. For both ratings, Climate Change and Forests, Sofidel obtained the **A- score**, positioning itself both above the European average (B,

in the case of climate, and C for forest management) and above that of the sector (B for both ratings)¹.

Sofidel won recognition as a **global leader** - with an **A rating** - for its work in engaging suppliers in the fight against climate change in the 2023 CDP **Supplier Engagement Leaderboard (on 2022 data)**. With its A rating, Sofidel ranks above the Paper Products & Packaging industry average (B-) and the overall European (B-) and global (C) averages. **CDP is a non-profit organisation** that supports investors, companies, cities, states and regions in the management of their environmental impact at global level.



1. The scores of the Climate Change 2024 and Forests 2024 ratings are not yet made public at the date of publication of this document.

Integrated Report

The main objective of the Integrated Report is to **rationalise all of the sustainability information** in the Group and create a homogeneous narrative that engages and informs internal and external stakeholders. Sofidel's Integrated Report is the richest and most comprehensive document of data and information on the Group's performance. It is a public document and distributed in both print and digital formats.

The 2024 edition is the 14th edition, but the roots of the Group's **voluntary disclosure** go back many years. The first Group Environmental Report dates back to 2003-2004. The historical nature of Sofidel's commitment to sustainability is attested by its willingness to publish documents aligned with international standards and rich in non-financial information. These documents - which are all voluntary - certify that the Group is a forerunner in committing to sustainability. With the entry into force of the European CSRD (Corporate Sustainability Reporting Directive) Sofidel, as a large company, will publish the sustainability report in the Report on Operations in the coming years. A step forward towards transparency and full integration of financial and sustainability information.



Sofidel's
Integrated Report
is the richest and
most comprehensive
document of data
and information on
the Group's performance.

Partnership

GRI 2-28 Membership associations

Sofidel believes in dialogue and the creation of **virtuous forms of multi-stakeholder cooperation**, in which businesses, institutions, non-governmental organisations, civil society and private individuals are united in the pursuit of sustainable development. Consequently, it promotes and builds collaboration at multiple levels and in multiple fields with **partners of recognised value and credibility**.

The following are partners of Sofidel.

• **WWF**: for more than fifteen years, Sofidel has been cooperating at Italian and international level with WWF, which has supported the Group in developing an organic and system-building approach, contributing to the creation of an open, positive and responsible vision of the future.

• **Global Compact of the United Nations (UN)**: one of the world's most important sustainability initiatives, which the **Sofidel Group has joined as a "Participating Member"**. Companies, institutions, labour representatives and civil society organisations, working in various capacities to build a more sustainable and inclusive economy, are members of the Global Compact. Sofidel is also a **"Promoting Founder" of the Global Compact Network Italy (GCNI)** and participates, at the Foundation, in several "sustainability pathways" together with other member companies. More specifically, in 2024 Sofidel was part of the working group that drew up a "Position paper" on Goal 16 (Peace, justice and strong institutions) of the 2030 Agenda. The document intends to promote what



is known as “transformative governance”, that in corporate governance goes beyond mere profit (the interests of shareholders only) and includes the interests of all other stakeholders. In addition, the Sustainable Procurement of the UN Global Compact Network Italy continued, as a valuable opportunity for Sofidel to share the objectives and best practices of the supply chains, in light of future climate challenges and recent regulatory developments.

- **EU-OSHA:** Sofidel is an official partner of the **European Agency for Safety and Health at Work** (EU - OSHA), which is engaged in awareness, information and prevention campaigns and in research activities. The agency strives to **make European workplaces safer, healthier and more productive,**

for the benefit of companies, workers and governments, and promotes a culture of risk prevention to improve working conditions in Europe.

- **Sodalitas Foundation:** one of the leading Italian organisations engaged in promoting corporate social responsibility. The Foundation promotes the development of initiatives in co-design and collaboration between businesses and key stakeholders.
- The Group is also a member of the **trade associations in its industry sector** in most of the countries where it is present.

- **Management System Security Policy:** the Group ensures adequate levels of data and information security in the design, development and delivery of ICT services. Its Management System ensures data security through confidentiality, integrity and availability.
- **Quality Policy:** enshrines the continuous improvement of the Group Quality Management System.
- **Sofidel Group Regulation on Anti-bribery:** this regulation commits the organisation to ensuring responsible behaviour by promoting high standards of integrity, honesty and transparency, in full compliance with all laws and regulations in force in the countries in which it operates, its Code of Ethics and corporate procedures. Countering corruption by reject-

ing it in any form and in any situation is a concrete commitment to ensure the development and maintenance of a socially and economically sustainable business environment. The Regulation sets out the values and principles to which the Group adheres in the fight against corruption, in order to prevent any episode of corruption.

Commitments and policy

GRI 2-23	Policy commitments
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Sofidel has formulated public commitments on key topics for our business.

The following are available on the www.sofidel.com website.

- **Code of Ethics:** enshrines the Group’s values, principles of behaviour and standards of conduct in stakeholder relations. It is inspired by the UN’s 17 Sustainable Development Goals and the European Union’s strategy. In addition, it recognises the principles of the Fundamental Conventions of the International Labour Organisation, the principles of the UN-sponsored Global Compact, and the OECD Global Legal Standards. Everyone who works and collaborates with Sofidel Group companies is expected to abide by these principles and rules of conduct.
- **Sustainability Decalogue:** Sofidel expects to achieve ten main benefits from its commitment to sustainability, which are set out in this decalogue. The document explains why being sustainable is worthwhile.
- **Sustainability Charter:** this document sets the Group commitments to sustainability, a key lever in the process to create shared value carried out by the Group.
- **Code of conduct for suppliers:** Sofidel requires behaviour and practices from its suppliers that ensure the economic, environmental and social sustainability of the entire supply chain.

- **Human Rights Policy:** the Group recognises the equal dignity of every human being and feels a responsibility to contribute to the well-being of individuals and the communities in which it operates, as stated in the United Nations Guiding Principles on Human Rights.
- **Forest Procurement Policy:** Sofidel has adopted a clear policy for responsible purchasing of forestry-derived raw materials in order to protect forests, essential organisms in the protection of the global environment and biodiversity.
- **Occupational Health and Safety Policy:** the Group believes that occupational health and safety is a primary value in the absence of which it is not possible to plan sustainable, effective and lasting developments.
- **Whistleblowing Policy:** Sofidel protects and encourages anyone who wishes to report potential inappropriate conduct, misconduct or alleged breaches of laws, regulations and the principles expressed in Group policies and procedures. The Group believes that this tool strengthens the internal control system and that reporting reflects a sense of civic duty, which helps to bring to light and prevent situations that undermine good administration and, more generally, the collective public interest.

The Sustainability Plan

In 2023, Sofidel drew up the new 2024-2026 Sustainability Plan, considering the Group’s business strategy, results of the 2022 materiality analysis, the risk catalogue, and input received from all key management levels, the members of the Risk Control and Sustainability Committee, the CEO and the Chairman.

The objectives identified are developed into actions that cover the three-year reference period, with the exception of some that by nature cover a decidedly longer time horizon, and are divided into public and internal objectives. The Plan follows the three dimensions of sustainability (Environment, Social, Governance), divided into 13 categories.

It should be noted that the 2024-2026 Sustainability Plan was prepared and approved on the basis of the company perimeter prior to the acquisition of Sofidel Tissue. Consequently, the status of achievement of the public objectives as at 31 December 2024 is reported at the bottom of each relevant paragraph without taking into account the performance of the new companies that entered the Group in November 2024.

Given the relevance and disruptive nature of this acquisition for the company’s sustainability strategies and objectives, in 2025 the Sustainability Plan will be updated to integrate the new operating perimeter and ensure its consistency with the corporate strategy.



Summary of the certified management systems and product certifications in Group companies and SofidelTissue²

Data updated as at 31 December 2024

Certified

Only for reels

Only trading

Under licence of Sofidel

Under licence of Sofidel Sweden

Service provided by the holding company to all companies

	Product safety		Quality	Self-Controlled Health-Hygiene System	Health and safety	Environment									Energy	Sustainable procurement ³	Information security ⁴
	BRC	IFS	ISO 9001		ISO 45001	ISO 14001	EMAS	OK Compost Industrial	Ecolabel	Der Blauer Engel	Swan Label	FSC®	PEFC	SFI	ISO 50001	ISO 20400	ISO 27001
Soffass Paper Mill Via Lazzareschi			•	•	•	•	•	+	•			•	•		•	□	□
Soffass Converting Via Lazzareschi		•	•	•	•			+	•			•	•			□	□
Soffass Monfalcone		•	•	•	•	•			◊		◊	•	•		•	□	□
Soffass Tassignano		•	•	•	•				•			•	•			□	□
Soffass Valdottavo			•	•	•	•			•			•	•		•	□	□
Soffass Val Fegana			•	•	•	•			•			•			•	□	□
Soffass Via di Leccio			•	•	•	•			•			•			•	□	□
Soffass Via Fossanuova		•	•	•	•			+	•				•			□	□
Sofidel			•	n.a.	•			•				Δ	Δ			•	•
Sofidel America Circleville	•			•								•	•			□	□
Sofidel America Duluth																□	□
Sofidel America Green Bay	•			•								•				□	□
Sofidel America Haines City	•			•								•				□	□
Sofidel America Hattiesburg	•			•								•				□	□
Sofidel America Inola	•			•								•				□	□
Sofidel America Las Vegas	•			•								•				□	□
Sofidel Benelux	•		•	•	•	•			◊			•	•		•	□	□
Sofidel France Frouard		•	•	•	•	•			•			•	•		•	□	□
Sofidel France Ingrandes		•	•	•	•				•			•	•			□	□
Sofidel France Roanne		•	•	•	•	•			•			•	•			□	□
Sofidel Germany Arneburg		•	•	•	•	•			•		x	•	•		•	□	□
Sofidel Germany Wernshausen (Plant O)		•	•	•	•	•			•	•		•	Δ		•	□	□
Sofidel Germany Wernshausen (Plant T)		•	•	•	•	•			•			•	•		•	□	□
Sofidel Germany Wernshausen (Plant W)			•	•	•	•			•	•		•	Δ		•	□	□
Sofidel Greece		•	•	•	•	•						•	•			□	□
Sofidel Hungary		•	•	•								•	•			□	□
Sofidel Poland		•	•	•	•	•					x	•	•			□	□
Sofidel Romania		•	•	•	•	•			•			•	•		•	□	□
Sofidel Spain		•	•	•	•	•			•			•			•	□	□
Sofidel Sweden		•	•	•	•	•			•		•	•			•	□	□
Sofidel UK Baglan	•		•	•	•	•						•			•	□	□
Sofidel UK Hamilton, Leicester	•		•	•	•	•						•			•	□	□
Sofidel UK Lancaster			•	•	•	•					x	•			•	□	□
Sofidel UK Rothley Lodge, Leicester	•		•	•	•	•						•				□	□

	BRC	IFS	ISO 9001		ISO 45001	ISO 14001	EMAS	OK Compost Industrial	Ecolabel	Der Blauer Engel	Swan Label	FSC®	PEFC	SFI	ISO 50001	ISCC PLUS	ISO 27001
Sofidel Tissue Elwood												•		•		•	
Sofidel Tissue Shelby												•		•		•	
Sofidel Tissue Las Vegas												•		•		•	
Sofidel Tissue Lewiston												•		•		•	

2. Please note that the Sofidel Tissue plants joined the Group in November 2024. Moreover, the data regarding product safety, quality and the Health and Hygiene Self-Control System are not available at this moment.

3. The ISO 20400 guideline allows sustainability to be integrated into the procurement policies of the organisation and is applied within the entire Sofidel Group

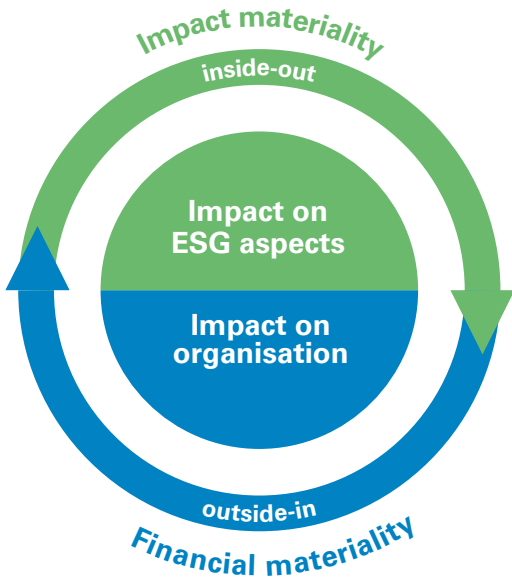
4. Please note that the Sofidel Tissue plants joined the Group in November 2024. Moreover, the data regarding product safety, quality and the Health and Hygiene Self-Control System are not available at this moment.

Materiality analysis

GRI 3-1	Process to determine the material topics
GRI 3-2	List of material topics

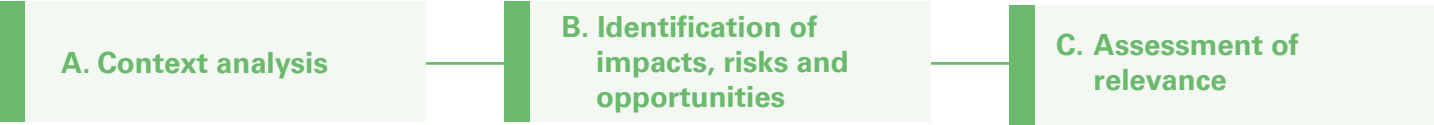
The materiality analysis process identifies the priority topics of relevance for the organisation and its stakeholders. In line with the requirements of the GRI Universal Standards, Sofidel conducted a materiality analysis of the impacts it generates on people and the environment directly related to the organisation’s activities, products and services, including those upstream and downstream of its value chain.

In addition, it conducted and reported an assessment of risks and opportunities relating to financial materiality, with a view to gradually aligning with the new European **Corporate Sustainability Reporting Directive (CSRD)**, which introduces the concept of “double materiality” - impact materiality and financial materiality. **Double materiality** requires identifying and reporting not only the company’s **ESG impacts** (Impact materiality - inside out) but also the **risks** and **opportunities** that may negatively or positively influence its future cash flows (Financial materiality - outside in), and therefore create value or erode the corporate value of the company in the short, medium and long term.



Methodological approach⁵

The process was divided into three separate steps:



5. It should be noted that the materiality analysis was carried out before the acquisition of the tissue division of **Clearwater Paper Corporation** with the four production sites: **Shelby** (North Carolina), **Lewiston** (Idaho), **Las Vegas** (Nevada) and **Elwood** (Illinois). However, it was agreed that the acquisition of Sofidel Tissue did not affect the validity of the results of the analysis conducted, since the nature and structure of the business remained unchanged.



A. Context analysis

A context analysis was carried out to observe and highlight the **relevant characteristics** of both the **internal** and **external** environment in which Sofidel operates. This was useful for developing an overview of its **activities** and **business relations** and the **context** in which these are carried out, as well as for understanding the main **stakeholders** concerned. To this end, different information clusters - internal, external, local and international - were analysed to provide **key inputs** for identifying the **preliminary list** of impacts, risks and opportunities.

B. Identification of impacts, risks and opportunities

The inputs provided by the context analysis made it possible to identify the **preliminary list of impacts, risks and opportunities** of the company and understand their relationship and/or influence on the business model and business strategy. In particular:

- identification of **impacts**, with an indication of their **nature** and **source** (own activities or value chain);
- clustering of **ESG risks** from an **outside-in** perspective starting from the Sofidel risk mapping developed by the Risk Management & Compliance department and the analysis of dependencies, impacts and significant sustainability actions;
- identification of sustainability **opportunities** deriving from past or future events and from impacts and dependencies from natural and social resources.

Finally, every impact, risk and opportunity was traced back to the corresponding corporate topic.

C. Assessment of relevance

One-to-one interviews were conducted with internal **management** to assess the **relevance of the impacts, risks and preliminary opportunities** identified in the previous phase, according to the methodology explained below.

In particular, for *impact materiality*, an assessment was made according to the following drivers:

	Severity			Likelihood
	SCALE	SCOPE	IRREMEDIABLE CHARACTER	
Actual negative impact				-
Potential negative impact	SCALE	SCOPE	IRREMEDIABLE CHARACTER	LIKELIHOOD

Actual positive impact	SCALE	SCOPE	-	-
Potential positive impact	SCALE	SCOPE	-	LIKELIHOOD
















On the other hand, with regard to *financial materiality*, an assessment was made according to the following drivers:

	Severity	Likelihood
	MAGNITUDE OF POSSIBLE FINANCIAL EFFECTS	LIKELIHOOD
Risks/opportunities		

It should be noted that the risks were subject to specific risk assessment interviews conducted by the Risk Management & Compliance department as part of the Enterprise Risk Management (ERM).

The results of impact materiality

The impacts and related topics were prioritised, according to the logic of impact materiality, according to three clusters of relevance⁶ - very material, material and not material. The final result is shown in the table below.

Topic	Impact	Nature of impact	Source of impact	Inside out materiality
Certified fibres	Sofidel is aware that the use of forestry raw materials can have an impact on forests and biodiversity. An improperly managed supply of these raw materials can generate negative effects on people and the environment, with the risk of deforestation, habitat degradation, climate change, pollution and damage to local indigenous populations.	−		
Occupational health and safety	As a manufacturing activity, Sofidel employs workers who come into contact with machinery and equipment in the paper mill, processing and warehouse phases. If not properly used or managed, they can cause damage to the health and safety of workers.	−		
Climate change	The paper sector contributes to climate change through the generation of direct and indirect greenhouse gas emissions. Indeed, paper production is characterised by the massive use of energy resources, both in the form of fuels and electricity. In addition to the direct emissions linked to Sofidel's operations, impacts on climate change are also generated along the entire value chain, from the production of pulp to the distribution of the finished product. The production of pulp, incoming goods traffic (raw materials) and outgoing goods traffic (semi-finished and finished products) generate significant environmental impacts when compared with those of the whole organisation. Sofidel, for example, produces items in many countries for many different markets, and consequently must manage hundreds of thousands of journeys each year to ensure on-time delivery of the products as agreed with customers, with effects on climate change.	−	  	
Management of the supply chain	The supply chain is the ecosystem within which Sofidel deals with its suppliers for the purchase of goods or services. Therefore, Sofidel is aware of the importance of ethically and responsibly managing relations with its suppliers, rewarding and encouraging virtuous suppliers from the point of view of sustainability to generate positive impacts in the territories in which it operates, for the benefit of the environment and the community.	−	 	
Employee working conditions	Sofidel is aware that people are a strategic asset for the company and places the management of human capital at the centre of the value creation process. For this reason, it generates a positive impact on employees by guaranteeing stable and safe forms of work, fostering flexible work-life balance tools and placing the well-being of employees at the centre of human resource management policies.	+		
Biodiversity and forests	For its production, Sofidel procures plant fibres that originate from the stems of trees, in the form of pulp. In doing so, it indirectly contributes to the generation of potential negative effects on Biodiversity and in particular on the role that forests play for the protection of the global environment and for the maintenance and enrichment of biodiversity itself.	−		


6. It should be noted that the topics are not represented in the list according to the results of the votes expressed during the evaluation phase.

−


Negative impact

+


Positive impact




Upstream value chain activities



Sofidel's own activities




Downstream value chain activities














Very material




Material



Not material

Topic	Impact	Nature of impact	Source of impact	Inside out materiality
Industrial relations	Sofidel has an industrial relations system based on open, constant and constructive dialogue because it is aware that failure to dialogue with its Parties can have negative impacts. For this reason, the Group's policies ensure the participation and listening of all workers.	−		
Inclusion	In consideration of the countries and geographical areas in which Sofidel is present, in the absence of constant and correct supervision, it is possible that equal opportunities are not guaranteed to workers, introducing discrimination measures based on gender, nationality, age and disability. In addition, this can be reflected in pay policies that discriminate on the basis of the gender of the worker.	−		
Training and professional development	Sofidel is aware that the training and professional development of employees are essential tools to ensure adequate enhancement of its people, increased retention as well as the ability to attract new talents. For this reason, it cultivates their talent on a daily basis to develop transversal, technical and managerial skills and to be able to count on capable and motivated resources. In addition, adequate and constant H&S training also has positive consequences on the health and safety of workers.	+		
Water	The paper production process requires consistent use of water, which is taken and consumed for producing raw materials such as pulp, for preparing pulp and for making paper sheets. Within this process, pulp must be dissolved to allow the paper sheet formation process, through passage of a jet of water and fibres between the meshes of a formation cloth. The subsequent steps inside the paper machine must allow the sheet to dry, by mechanical and thermal action. Despite the numerous internal recovery and recycle operations, part of the process water will need to leave the plant after appropriate purification and be sent to disposal.	−	 	
Ecological products and sustainable packaging	By producing and marketing tissue paper products with a production capacity that ranks second in Europe and among the world's top producers, Sofidel puts enormous quantities of products on the European and American markets. Therefore, it is aware of the effect that incorrect design and management of products and their packaging can generate on the environment.	−		
Promotion of consumer hygiene	With its products, Sofidel aims to improve the comfort and hygiene of consumers by offering highly hygienic and safe items that can generate a positive impact on consumers' life by making it tidier and cleaner.	+		
Ethics and transparency	Sofidel is aware that, to guarantee its business continuity over time and avoid possible negative impacts, it must know how to prevent and manage episodes of corruption, protection of whistleblowers and any violations of the company Code of Ethics, along the entire value chain, especially upstream considering the relevance of Sofidel's main raw material, pulp.	−	  	

	Topic	Impact	Nature of impact	Source of impact	Inside out materiality
	Rights of indigenous peoples	Forests are a source of income and sustenance for many indigenous peoples and some territories are legally recognised as of particular interest for their survival; therefore, the their non-responsible management - through the procurement of raw materials on which Sofidel's production depends - may violate their rights, threatening the livelihoods, traditional lifestyle and culture of these peoples.	−		
	Brand reputation	Sofidel is aware that unclear communication on the products marketed and misleading advertising communications can give rise to cases of greenwashing, thus damaging the reputation of the Sofidel Group's brands and hindering consumers from making informed purchasing decisions.	−		
	Research and innovation	Sofidel constantly invests in research and innovation to generate positive impacts in terms of the development of innovative products and services. In addition, the company pays particular attention to sustainability for the benefit of the environment and society.	+		
	Water pollution due to discharges of substances	Paper production is exposed to the impacts of water pollution with reference to parameters relating to oxygen demand (chemical, COD or Organic, BOD) and total suspended solids (SST).	−		
	Management of waste from production activities	As a large industrial manufacturer, Sofidel generates waste on both the European and American markets which, if not properly managed, can have a negative environmental impact. The leading residue produced by the paper mill activities is sludge from the treatment of recycled fibre or sludge produced by the purification plants downstream of the production plants. The paper-making process involves a negligible production of hazardous waste, which is not characteristic of the industry, but associated with the running of industrial plants in general, such as waste oil, neon lights and batteries.	−		
	Air pollution	Due to its intrinsic nature, paper production generates significant emissions: in addition to CO ₂ , nitrogen oxides (NOx) produced by combustion plants, i.e. boilers and paper drying plants. Furthermore, SOx related to the use of biomass to power some boilers are emitted.	−		
	Distribution of value throughout the territory	As a large Group, the business activities carried out by Sofidel make it possible to generate impacts on GDP, income from work, employment and contributions to the Public Administration. This creates value for all stakeholders, be they individuals, families, communities and territories, and contributes to the prosperity of all the territories in which the company is present.	+	  	
	Human rights in the supply chain	In a varied and geographically complex supply chain such as that of the Sofidel Group, negative impacts may occur on people if proper and constant monitoring is not guaranteed. These impacts regard the failure to respect human rights according to international standards, e.g. safe work, adequate health and safety, equal opportunities, prohibition of child labour and forced labour.	−		

	Topic	Impact	Nature of impact	Source of impact	Inside out materiality
	Consumers' privacy	As a large Group active in different markets, Sofidel is very attentive to the protection of its consumers' personal data. Incorrect handling of personal or confidential data could compromise the confidentiality, integrity or availability of consumers' data.	−		
	Product health and safety	The safety and health of consumers can be exposed to dangers in the event of inadequate controls on products. The use of improperly selected and analysed substances could pose a potential risk to the health of end users.	−		

The materiality analysis exercise conducted in 2024 provided a more accurate definition of the impacts and relevant topics, also with reference to their place within the value chain. In line with previous years, the relevance of the topics “Climate change” and “Health and safety” is confirmed. On the contrary, the topic previously called “Correct management of forest resources” is divided into 3 separate topics, based on the source and nature of impact.

The first called “Certified fibres”, pertaining to the environmental impact of the use of fibrous raw materials in the Group’s own operations and a very material result, the second “Biodiversity and forests” with an environmental focus on the supply chain, and the third “Rights of indigenous peoples” with a social focus on the supply chain. The latter two were both assessed by management as material. On the other hand, the newly introduced topic “Promotion of consumer hygiene” was voted as material.

No impact and related topic were therefore below the threshold according to the logic of *impact materiality*.



The results of financial materiality

The following lists show separately the topics for which short-term sustainability risks and/or opportunities were identified which, following management assessment, were classified according to three clusters of relevance⁷: very material, material and not material. With regard to risks, the results take into account the short-term assessment of the residual risk which, as

specified above, was the subject of specific risk assessment interviews as part of the ERM.



Topic	Risk	Outside in materiality
Certified fibres	Financial and operational risks deriving from dependence on raw materials, recycled fibres or non-wood pulp and natural resources.	
Human rights in the supply chain	Economic, operational and reputational risks associated with suppliers' inability to protect human rights and ensure adequate health, safety and environmental standards.	
Rights of indigenous peoples	Compliance and reputational risks deriving from excessive exploitation of the soil, source of income and sustenance for many indigenous peoples by suppliers.	
Training and professional development	Operating and strategic risks linked to the lack of or difficulty in finding qualified professional figures on the job market and/or those in line with the company's requirements.	
Occupational health and safety	Operating and reputational risks related to the management of Occupational Health and Safety.	
Climate change	Financial and strategic risks caused by the increased cost of energy commodities (e.g. energy, gas), of the CO ₂ emission quotas and the worsening of environmental taxation due to an increasingly strict regulatory framework.	
Ethics and transparency	Reputational and compliance risks linked to non-compliance with laws and regulations related to fair commercial and anti-corruption practices.	
Employee working conditions	Economic and reputational risks due to behaviour and decisions that do not comply with the various regulations on employment.	
Industrial relations	Operational and reputational risks due to trade union actions.	
Air pollution	Economic and non-compliance risks due to non-observance of environmental regulations on air pollution.	
Water pollution due to discharges of substances	Economic and non-compliance risks due to non-observance of environmental regulations on air pollution.	
Employee working conditions	Operational and reputational risks of losing court cases brought by employees .	

7. It should be noted that the topics are not represented in the list according to the results of the votes expressed during the assessment phase.

Topic	Risk	Outside in materiality
Consumers' privacy	Operational risks related to the loss of our consumers' data.	
Ethics and transparency	Reputational and compliance risks linked to non-observance of ESG regulations.	
Climate change	Business continuity risks due to interruption of energy and gas supply as a result of problems related to supplier/Sofidel infrastructures or failure to comply with contractual commitments.	
Product health and safety	Compliance risks due to non-observance of laws, rules and regulations for protecting consumers' health.	
Biodiversity and forests	Operational and economic risks related to the reduced quality and quantity of raw materials (e.g. pulp extracted) due to changes in the availability of natural resources, constant and prolonged temperature changes, changes in soil moisture and related increase in fires and spread of forest pests..	
Biodiversity and forests	Strategic and compliance risks linked to non-observance of regulations on the forest supply chain, legislative changes concerning the use and sale of disposable products of forest origin and supplier-specific regulatory changes.	
Certified fibres	Operational risks linked to the lower availability of certified raw materials (FSC®, PEFC) as a result of restrictions on the brand's product licence and of regulatory or climate changes.	
Certified fibres	Market risks linked to the change in consumers preferences towards more sustainable products, due to the greater attention paid to deforestation issues.	
Management of waste from production activities	Compliance risks due to non-observance of environmental regulations on the correct management of waste from direct production activities.	
Research and innovation	Operational and economic risks linked to the obsolescence of laboratory tools and related adjustments of operators' skills due to the digitalisation of production processes.	
Water	Operational risks relating to production continuity due to problems with third-party infrastructures/ water suppliers (In and Out).	
Climate change	Financial and operational risks associated with climate change such as potential exposure to physical damage caused by extreme weather events (floods, tornadoes, hurricanes) that can have both direct repercussions on the company's plants and infrastructures, and indirect repercussions due to interruptions in the supply chain.	

Topic	Opportunity	Outside in materiality
Climate change	Opportunity to take over competitive and reputational advantage through the adoption of low carbon impact practices.	
Certified fibres	Opportunity to acquire a competitive advantage by reducing its environmental impact through the use of certified fibres and/or alternative raw materials.	

Risk management policy and sustainability opportunities

With reference to the sustainability risks and opportunities above the materiality threshold (i.e. very material and material) set out in the lists above, the management policy adopted by the company is described. The management policy for all risks identified by the ERM model is always available upon request.

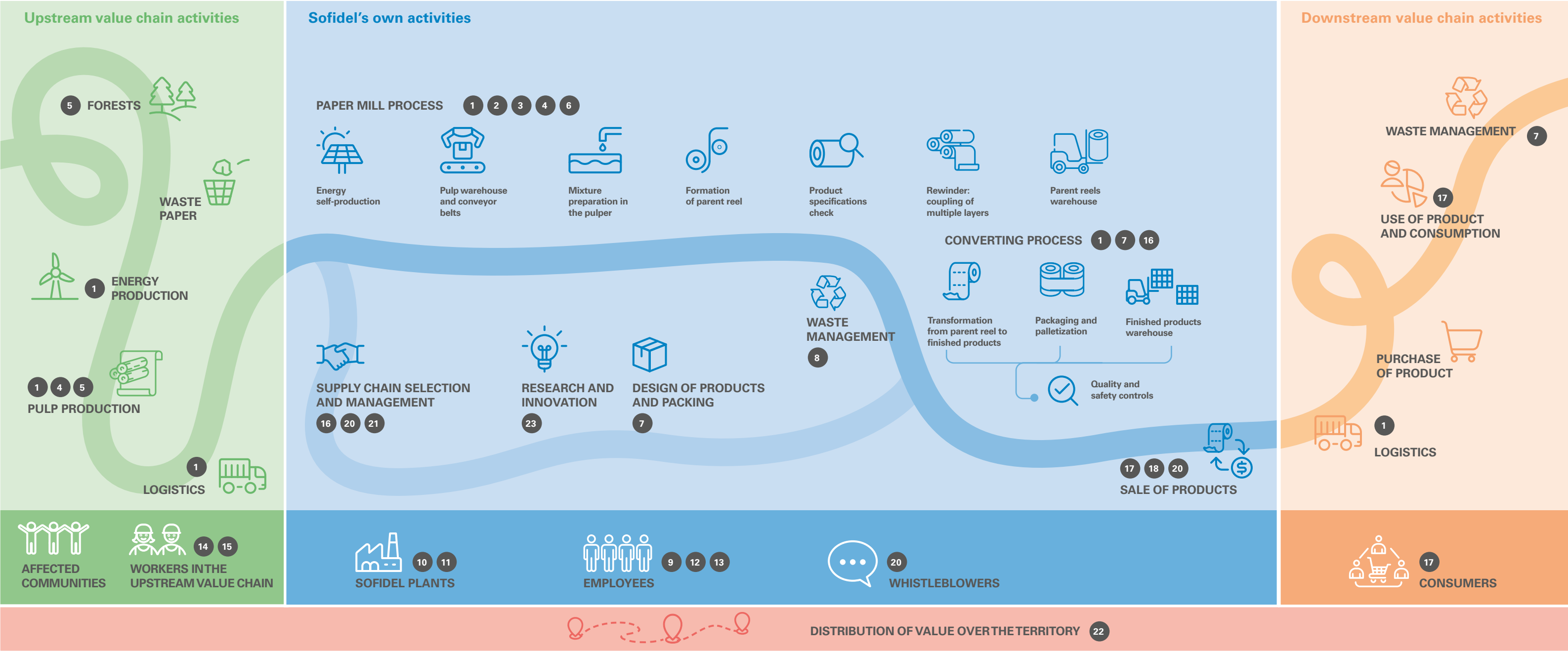
	Management policy
Certified fibres Financial and operational risks from dependence on raw materials, recycled fibres or non-wood pulp and natural resources.	<p>The risks associated with the raw material of forestry origin concern price volatility and the concentration of expenditure. Sofidel protects itself through:</p> <ul style="list-style-type: none">• careful selection of suppliers who can guarantee not only the amount of pulp required and delivery times, but also the quality of the fibres and eco-sustainable management of forest resources;• stipulation of long-term contracts to ensure supplies and obtain better economic conditions;• research and evaluation of alternative fibres, which do not originate from forests but from agriculture, herbaceous plants or textile waste;• a system for monitoring the paying capacity of suppliers and the concentration of expenditure.
Human rights in the supply chain Economic, operational and reputational risks associated with suppliers' inability to protect human rights and ensure adequate health, safety and environmental standards	<p>To mitigate this risk, three lines of action were carried out:</p> <ul style="list-style-type: none">• adopting the ISO 20400 standard as a sustainability model for purchasing;• assessing suppliers’ sustainability strategies and performance using adequate tools (TenP Paper);• audits on the main pulp suppliers.
Rights of indigenous peoples Reputational and compliance risks arising from suppliers’ overexploitation of land that is a source of income and livelihood for many indigenous peoples.	<p>For the mitigation of this risk, the management policy coincides with what is reported for the risk indicated above.</p>
Training and professional development Operating and strategic risks linked to the lack of or difficulty in finding qualified professional figures on the job market and/or those in line with the company's requirements	<p>The difficulty in finding resources on the market is particularly material in some company departments that require high technical and industrial skills. In order to always be present on the job market to quickly find specialised personnel, the Group has identified a set of activities, which are:</p> <ul style="list-style-type: none">• use of different recruiting channels to intercept applications aligned with expectations;• development of the LinkedIn “life” page;• initiatives and development projects with the educational world at various levels (from secondary schools to post-graduate masters);• training activities aimed at ensuring skills updating. <p>Furthermore, in order to mitigate the risk of losing talented people with good experience, Sofidel believes in training and recognition of merit. It also focuses on clear and motivating career paths that can also include periods abroad to learn new markets. Lastly, it has implemented the company climate assessment process. It is currently working on a series of activities to respond to this survey and aimed at improving communication, training and the creation of moments for employees to share their experiences.</p>



	Management policy
Occupational health and safety Operating and reputational risks related to the management of Occupational Health and Safety	<p>Reducing the risk of accidents is one of the most important processes for the Group. In order to limit this risk and protect the health of workers, contractors and visitors, Sofidel constantly monitors its work environments by developing a risk assessment document (DVR)), conducting internal audit and inspections, implementing the best safety standards in plants and on machines, and putting into practice training and information programmes.</p>
Climate change Financial and strategic risks caused by the increased cost of energy commodities (e.g. energy, gas), of the CO₂ emission quotas and the worsening of environmental taxation due to an increasingly strict regulatory framework	<p>To mitigate the first type of risk, Sofidel adopts several tools, including:</p> <ul style="list-style-type: none">• supply contracts that combine fixed price and variable price to reduce exposure to market volatility;• long-term agreements for the procurement of renewable electricity;• differentiation of energy sources by using fuels of natural origin (e.g. biomass) not subject to the changes that affect the gas and electricity market;• programmes for reducing energy consumption in the ISO 50001-certified energy management systems;• an energy commodity price risk management policy, which provides the opportunity to flank physical covers with financial covers also, following the guidelines set by an internal committee that periodically monitors energy commodity price trends;• definition of a three-year plan containing the investments necessary to reduce the emitted CO₂ quotas.
Opportunity to take over competitive and reputational advantage through the adoption of low carbon impact practices	<p>The growing attention of the market and regulations on climate change issues is driving companies to reduce the carbon footprint of their products and production processes. In recent years, both consumers and legislators have placed greater emphasis on transparency and the adoption of sustainable practices, rewarding companies that show they are truly committed to combating climate change.</p> <p>This context is also reflected in the choices of large retailers that are increasingly sensitive to the environmental impact of the products they offer. Large-scale distribution chains, especially in Europe and the United States, are adopting policies that reward suppliers that can guarantee a low carbon footprint, thus positioning themselves as leaders in sustainability. Consequently, for companies like Sofidel, which operate in energy-intensive sectors such as the production of tissue paper, reducing emissions can become an opportunity to strengthen strategic commercial relationships and guarantee the solidity of their revenues. This allows them to respond to growing expectations on climate change and access new markets.</p>
Ethics and transparency Reputational and compliance risks linked to non-compliance with laws and regulations on fair commercial and anti-corruption practices	<p>To prevent and reduce the risk of corruption and conflicts of interest, Sofidel has implemented an anti-bribery model based on the ISO 37001 standard. This model is adopted in some Group companies and is also expected to be extended to other companies. Thanks to the anti-bribery model, specific controls have been introduced for all Group sales or purchasing activities, donations, and gifts with the aim of dividing tasks and creating a management system that mitigates the risk of corruption and promotes an ethical and transparent corporate culture.</p>

The Sofidel value chain

The chart below shows the relationship between Sofidel’s material topics and its entire value chain:



1	Climate change	5	Biodiversity and forests	9	Employee well-being	13	Inclusion	17	Promotion of consumer hygiene	21	Supply chain management
2	Air pollution	6	Certified fibres	10	Industrial relations	14	Human rights in the supply chain	18	Customers' privacy	22	Distribution of value throughout the territory
3	Water pollution due to discharges of substances	7	Eco-friendly products and sustainable packaging	11	Occupational health and safety	15	Rights of indigenous peoples	19	Brand reputation	23	Research and innovation
4	Water	8	Management of waste from production activity	12	Training and professional development	16	Product health and safety	20	Ethics and transparency		

Immagine non esaustiva

Stakeholder engagement

GRI 2-29	Approach to stakeholder engagement
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Dialogue with stakeholders is continuous. We discuss the most significant topics and organise numerous engagement initiatives. The organisation selects the most appropriate methods

and tools, depending on the topics covered, the frequency and intensity of the relationship and the level of knowledge of the issues.

	Inform	Listen	Consult	Involve	Work with
Environment	<ul style="list-style-type: none">Initiatives of Voluntary DisclosureProduct environmental informationParticipation in initiatives to collect information from the various stakeholdersWebsite, social media, corporate newslettersIntranetCertification bodiesSofidel internal committees	<ul style="list-style-type: none">Specific meetings with customersEvents/initiatives organised by NGOsSpecific meetings with authorities in the environmental fieldSpecific meetings with trade associationsCertification bodiesSofidel internal committees	<ul style="list-style-type: none">Specific meetings with customersEvents/initiatives organised by NGOsSpecific meetings with authorities in the environmental fieldSpecific meetings with trade associationsCertification bodiesSofidel internal committees	<ul style="list-style-type: none">Specific meetings with customersEvents/initiatives organised by NGOsSpecific meetings with authorities in the environmental fieldSpecific meetings with trade associationsCertification bodiesSofidel internal committees	<ul style="list-style-type: none">Specific meetings with customersEvents/initiatives organised by NGOsSpecific meetings with authorities in the environmental fieldSpecific meetings with trade associationsCertification bodiesSofidel internal committees
Shareholders	<ul style="list-style-type: none">Consolidated Financial Statements and Report on OperationsIntegrated ReportCorporate websiteFinancial solidity and sustainability	<ul style="list-style-type: none">Shareholders’ meetingMeetings of Collegiate BodiesQuarterly/half-yearlySpecific meetings			
General public and local communities	<ul style="list-style-type: none">Corporate websiteIntegrated ReportWebsiteFondazione Giuseppe LazzareschiPR and social media	<ul style="list-style-type: none">Specific meetings at national and local level	<ul style="list-style-type: none">Specific meetings	<ul style="list-style-type: none">Relations with national, regional and local institutionsProjects and initiatives for the general public and local communitiesInitiatives with ONGs	<ul style="list-style-type: none">Collaborations with schools, universities and the world of researchPartnerships with NGOs
Financial community	<ul style="list-style-type: none">Consolidated Financial Statements and Report on OperationsIntegrated ReportCorporate websiteBank ReportDisclosure upon requestPR	<ul style="list-style-type: none">Conference callsOne-to-one meetingsNational and international events		<ul style="list-style-type: none">CSR events	

	Inform	Listen	Consult	Involve	Work with
Consumers and customers	<ul style="list-style-type: none">NewslettersCorporate websiteCommercial and service websitesSocial mediaSofidelShopCommercial documentationCommunication campaignsIntegrated Report	<ul style="list-style-type: none">Customer satisfaction surveysComplaints management (toll-free numbers)Monitoring of all channels of communication on activitiesE-commerce SofidelShop	<ul style="list-style-type: none">European Marketing & Sales Meeting	<ul style="list-style-type: none">Periodic interviewsInternational meetingsAd hoc training	<ul style="list-style-type: none">Multi-theme work groupsSpecific interviews
Suppliers and commercial partners	<ul style="list-style-type: none">Corporate websiteSuppliers guidelinesIntegrated ReportDedicated website for suppliers	<ul style="list-style-type: none">Specific meetings	<ul style="list-style-type: none">Specific meetings	<ul style="list-style-type: none">Sustainable Supply ChainSelf-Assessment TenP platform	<ul style="list-style-type: none">Support programmes
Institutions	<ul style="list-style-type: none">Corporate websiteIntegrated ReportSocial media, PR media and events	<ul style="list-style-type: none">Specific meetingsPublic conferencesSofidel conferences	<ul style="list-style-type: none">Meetings with local entitiesRelations with regulatory entities	<ul style="list-style-type: none">Technical meetings with Institutions	<ul style="list-style-type: none">Conventions
People of the Sofidel Group	<ul style="list-style-type: none">Intranet portalCommunications from top managementIntegrated ReportGroup organisational communications“People & Paper” house organSofidel Informs/NewsDistribution of HR guidelines, policies and proceduresSofidel Digital Channel	<ul style="list-style-type: none">Climate analysis (Sofidel Engagement Survey)Specific meetings	<ul style="list-style-type: none">Focus groupsWorkshops	<ul style="list-style-type: none">Corporate eventsInternational Human Resources MeetingsMeetings with Trade Union OrganisationsMeetings with RLS (Safety Representatives)Sofidel PeopleWelfare project	<ul style="list-style-type: none">CRAL (Employees’ Recreational Welfare Club)

Biodiversity and forests

GRI 3-3	Management of material topics
GRI 301-1	Materials used by weight or volume
GRI 301-2	Recycled input materials used

Material topic:
Biodiversity and forests; Certified fibres

Awareness of the role of forests in protecting the global environment and maintaining and enriching biodiversity has prompted the Sofidel Group to adopt a **policy for the responsible purchase of forest-based raw materials**: the document was drawn up in collaboration with WWF Italy and WWF International personnel. It was inspired by the guidelines developed within the Accountability Framework (AFi) initiative. The full text is available on Sofidel’s website and includes some critical objectives, including:

- having a supply chain that does not induce deforestation at any stage (**Zero Deforestation**);
- developing a supply chain that does not cause or contribute to the conversion or environmental degradation of natural ecosystems at any stage;
- ensuring that procurement activities comply with the **Code of conduct for suppliers** and do not violate the human rights of the stakeholders involved in the supply chain, from the workers to the indigenous communities directly or indirectly affected by the procurement activities in the areas where the raw material originates;
- developing mitigation and prevention actions in cooperation with suppliers in the event of serious **human rights** violations or evidence of environmental degradation in raw material procurement areas, not only in the Sofidel Group supply chain, but also in other areas where our suppliers operate;
- carrying out active checks in high-risk countries to ensure the legality of forestry operations, logging, processing and timber trading and of the resulting raw material that forms part of the supply chain;
- checking that no Genetically Modified Organisms (GMOs) are present in the species from which the raw material originates, to ensure a GMO-free supply chain;
- fostering supplies and producers that are able to show valid forest management and chain of custody certificates, obtained by applying credible and internationally recognised good forestry management standards, issued by independent third parties following periodic audits.



Responsible forestry procurement

During 2024 Sofidel purchased a total of 1,374,340 tons of virgin fibre and 82,745 tons of paper for recycling. Of the total virgin pulp, 85.25% certified with the FSC chain of custody (Forest Stewardship Council). Of the remaining quantity, 11.40% received PEFC (Programme for Endorsement of Forest Certification) chain of custody certification, and 3.35% of the total received certification with the FSC® Controlled Wood standard. In 2024, therefore, all **virgin fibre had received at least one good forest management certificate**. Forest certifications are not the only tool for good management. Sofidel has for many years selected the countries of origin of its fibre material to minimise the risks associated with illegal or otherwise environmentally and ethically unacceptable forestry practices.

To date, 53.14% of pulp comes from South America, 39.04% from Europe, and 7.82% from North America. Supplies have been excluded from countries where conflicts are ongoing or that have legality or corruption risk ratings that are too low.

In 2024, an independent third party, qualified as a Monitoring Body under the EU Timber Regulation (EU Regulation 995/2010), was engaged to conduct auditing activities to ascertain the legality risk of non-EU companies from which Sofidel procures supplies, which were completed. The repeal of the Timber Regulation by the **EU Regulation on Deforestation-free Products (EUDR, EU 1115/2023)** will find Sofidel prepared, thanks to more than a decade of implementation of the Timber Regulation and numerous activities to prevent illegal logging and deforestation.

For 2025, Sofidel has planned the first sustainability audit on site at one of the major European pulp suppliers.

The impact of the new European Regulation on Deforestation 1115/2023 EUDR

Context: in force since June 2023, the Regulation aims to combat deforestation and forest degradation related to the production and trade of some¹ raw materials and their derivatives, to ensure that the products placed on the EU market do not derive from land affected by these phenomena after 31 December 2020. In the case of Sofidel, the raw material covered by the Regulation is wood - already subject to the current *Timber Regulation* (Regulation EU 995/2010) which will be automatically repealed at the time of application of the EUDR - from which pulp is produced which in turn is transformed into tissue paper.

Obligations and role of Sofidel: regulated merchandise can be placed on the EU market (imported or produced in the EU) or exported (and possibly re-exported) only if the following is guaranteed: 1) zero deforestation 2) produced in compliance with the legislation of the country of production 3) subject to a Declaration of Due Diligence. Sofidel qualifies as a “trader” (upstream and downstream), and is subject to different obligations based on the function it performs along the production chain. For example, in relation to the supply of non-European pulp, Sofidel is an upstream trader, i.e. the entity that first places non-EU pulp on the European market and therefore the first party responsible for compliance. On the other hand, in relation to supplies from European countries, Sofidel acts as a downstream trader, as it processes goods already present on the EU market. A representation of the EUDR Due Diligence process is in the side.



Towards compliance: in the first months of 2024, Sofidel launched a preliminary phase of reading and analysis of the Regulation in order to understand the new requirements, frame its role within the regulation, and quantify the operational impact of compliance on the departments involved. The review was carried out starting from the as is stage of the procedures compliant with the current EUTR requirements.

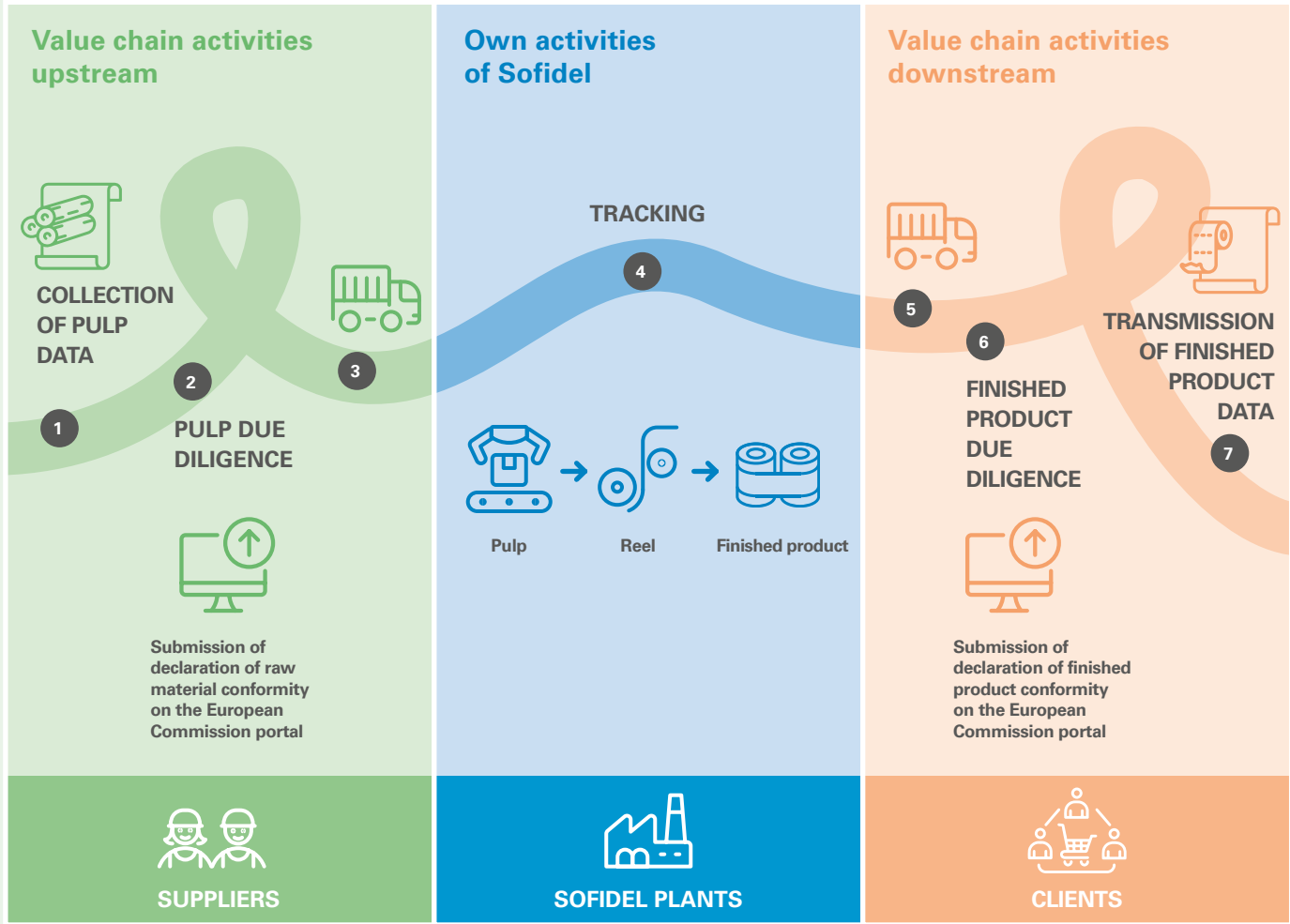
Subsequently, in support of what has already been started and given the complexity and transversal nature of the regulation, it was decided to set up an EUDR Task Force. The work group, led by members of the Sofidel management belonging to the Procurement, Environment, IT, Production, Logistics, Marketing & Sales areas was in turn divided into subgroups with different tasks and duties. The objective of the Task Force is to implement the activities necessary for compliance, by enhancing existing systems and developing new ones to ensure coverage of the entire **upstream** (fig. below, shown in green) and **downstream** (fig. below, shown in orange) workflows.

The next step was to define an action plan on 30 December 2024 - the deadline then set for the enforcement of the Regulation - with objectives, deadlines and distribution of responsibilities. At the beginning of October 2024, the Commission made a proposal to extend the deadlines for enforcement of the Regulation, requesting the postponement of one year, which was subsequently accepted.

Sofidel is still working on the implementation of all the measures necessary for the fulfilment of the Regulation, so as not to lose the benefits of the activities carried out in recent months. The main ones are listed below.

- **Interviews with pulp suppliers:** Sofidel organised periodic meetings with its pulp suppliers - giving priority to non-European parties - in order to establish a relationship of mutual transparency and collaboration and align the respective due diligence

EUDR workflow



methodologies. The meetings were also an opportunity to carry out the first simulations of collecting and analysing samples of data and documents necessary for Sofidel to fulfil its Due Diligence obligations.

- **Analysis and evaluation of integrated digital solutions:** an accurate analysis and evaluation of the integrated technological solutions existing on the market was carried out to ensure the coverage of the entire data workflow and the ability to connect to the European Portal, and the registration of Due Diligence Statements (DDS).
- **Continuous dialogue with Sector Associations:** in parallel, Sofidel maintains a constant and proactive exchange with Trade Associations that play an important role as intermediary, allowing Sofidel to follow the updates of the European Commission and monitor the evolution of the regulation.
- **Internal training, definition and updating of procedures:** the Group is developing the internal policies and procedures it needs to formalise the due diligence process. Lastly, specific training sessions were held for the departments involved, with the aim of ensuring an in-depth understanding of the regulation and their respective responsibilities.

¹ Soy, palm oil, cattle, coffee, cocoa, rubber and wood.

Ratings and initiatives

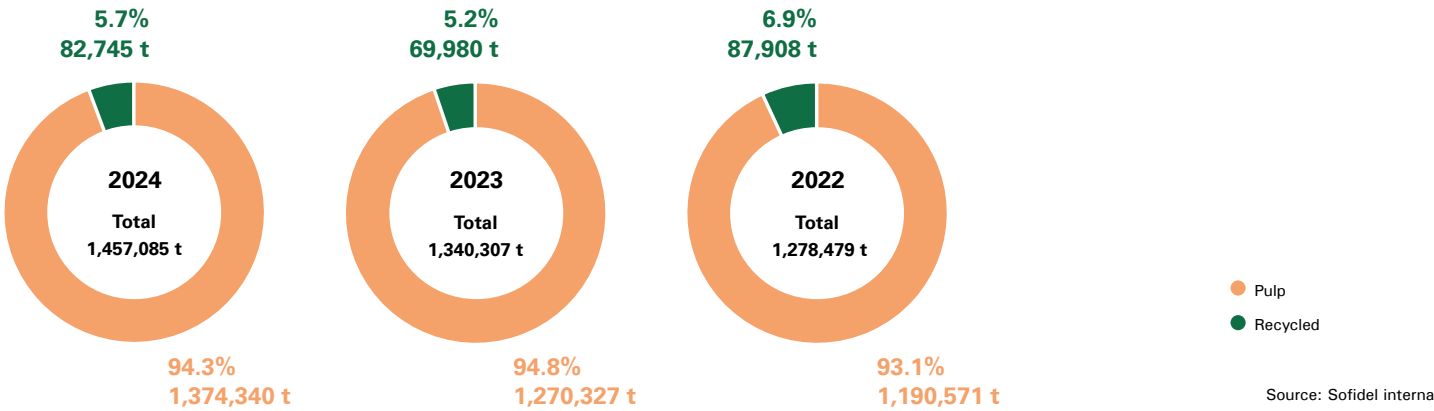
Forest Forward: Sofidel is participating in a forest protection initiative organised by WWF International known as **Forest Forward**. The project involves companies, communities and organisations in all sectors (especially those related to using raw materials from forests). It aims to accelerate commitments to zero-deforestation and zero-conversion of natural ecosystems, combat degradation and promote forest restoration. The initiative also pays specific attention to local forest management in tropical and subtropical countries, also protecting the role of local communities in forest conservation.

CDP Forests: in 2023 Sofidel received **recognition from the international CDP rating** – a leading independent global environmental performance measurement and reporting organisation – for its commitment to combating deforestation. In 2023, the Group was once again placed in the Leadership range of the Forests 2023 rating. Sofidel received an A- rating, ranking above both the European average (C) and the industry average (B).

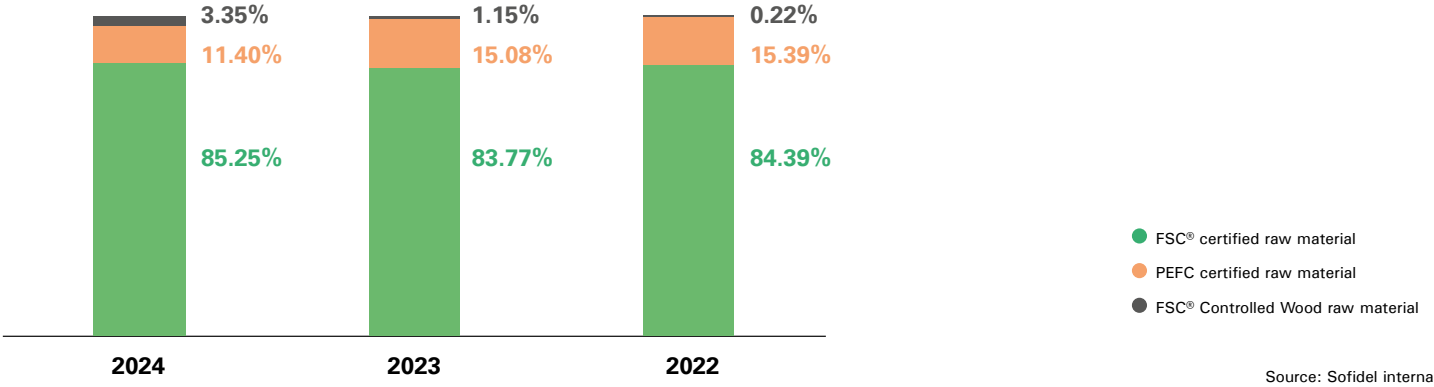
Together We Plant the Future: the three-year pilot project was launched by Sofidel and Suzano in May 2023 with the aim of **promoting ecological storage and restoration, while supporting socio-economic development in an Amazonian region of Brazil**. More details about the project can be found in the *Supply Chain* chapter.



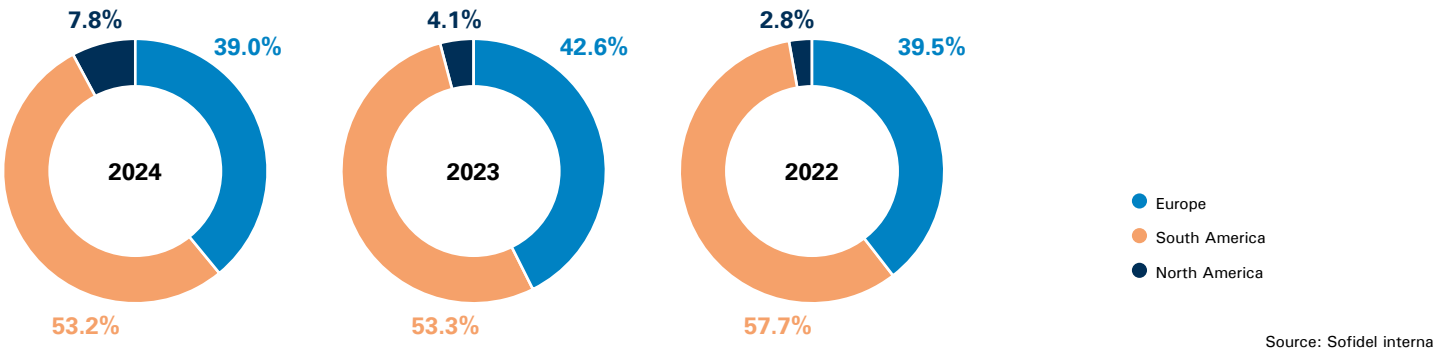
Purchases of virgin and recycled fibre raw material



Purchases of virgin fibre raw material by forest certification scheme



Countries of origin of purchased virgin pulp



Objectives of the 2024-2026 Sustainability Plan ²	2024 Target	Status
Sofidel is committed to having a fibrous raw material supply chain that does not induce deforestation at any stage (Zero Deforestation)	Continuous monitoring	Achieved
The sourcing of forestry-derived raw material must include no less than 95% of forestry chain-of-custody certified goods purchased in a calendar year.	95%	Widely achieved
The sourcing of certified raw material with FSC® forest chain of custody no less than 80% of goods purchased in a calendar year.	80%	Widely achieved

2. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

Climate change

GRI 3-3	Management of material topics
GRI 302-1	Energy consumption within the organization
GRI 302-2	Energy consumption outside the organization
GRI 302-3	Energy intensity
GRI 302-4	Reduction of energy consumption
GRI 305-1	Direct (Scope 1) GHG emissions
GRI 305-2	Energy indirect (Scope 2) GHG emissions
GRI 305-3	Other indirect (Scope 3) GHG emissions
GRI 305-4	GHG emissions intensity
GRI 305-5	Reduction of GHG emissions
GRI 305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions

Material topic:
Climate change; Air pollution

Industrial manufacturing for paper production is characterised by the massive use of energy resources, both in the form of fuels and electricity. Sofidel is no exception, as its business is completely centered on the production and processing of paper goods. Sofidel’s decarbonisation activities go back a long way, to 2007 when its partnership with WWF International was formed as part of the Climate Savers programme, now renamed the Climate Business Network. In 2020 Sofidel set the first public decarbonisation targets endorsed by the international **Science Based Targets Initiative (SBTi)**, a collaboration between the international non-profit organisation CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). These medium-term goals envisage:

- a reduction in scope 1, scope 2, and scope 3 CO₂ emissions relating to its suppliers’ pulp operations, of **40% per metric ton of paper by 2030** compared to the base year 2018;
- a reduction in Scope 3 CO₂ emissions of 24% per metric ton of paper by 2030 compared to base year 2018. The target scope includes biogenic emissions and carbon removals from using energy to manufacture fibrous raw materials.

At the end of 2023, Sofidel made another step forward by undertaking to set a long-term, science-based target to achieve zero greenhouse gas emissions across the entire value chain

by 2050, according to the “SBTi Net-Zero” guidelines and to submit the target for validation by the SBTi organisation by the end of 2025.

The strategy to achieve such a challenging long-term objective is based on a multifaceted plan that not only considers the industrial operations managed directly by Sofidel, but also involves the players in the entire supply chain, and the gradual maturation of technological options that at present are unaffordable. The **most significant activities carried out in 2024**, implemented by the different Group companies, as part of the decarbonisation plan to achieve climate neutrality by 2050 are described below.

Sofidel Sweden: During 2023, the installation of the 4.2 MW **Bio-Syngas** plant of Meva Energy AB was completed at the Sofidel Sweden plant and during 2024 the plant began its operation. The plant produces fuel gas (bio-syngas) from wood pellets. Sofidel uses the gas produced directly at its Swedish site, with the aim of replacing almost all current fossil fuels when the plant is at its maximum operating capacity, with a reduction of 8,500 tonnes of CO₂ emissions compared to the previous carbon footprint linked to LPG consumption. This project will allow Sofidel Sweden to achieve almost complete decarbonisation of its activities.



Sofidel France: the disbursement of **biomethane** by the company Engie began through a ten-year contract for the supply at the production plant of Sofidel France in Roanne. The biomethane is produced at an agribusiness waste and sewage sludge fermentation plant in the municipality of Roanne. The supply contract, which is configured as a BPA (Biomethane Purchase Agreement), provides for the sale to Sofidel of 25,000 MWh/year of biomethane, saving around 4,600 tonnes of CO₂ emissions per year. Activities to build a new biomass-fuelled boiler began at the Sofidel France plant in Nancy during 2024. It is supported by the national incentive programme called BCIAT (Biomasse Chaleur Industrie Agriculture et Tertiaire). Construction work will be completed at the end of 2025, allowing Sofidel France to decarbonise an important part of its thermal needs with a reduction of around 9,000 t per year of carbon dioxide.

Sofidel UK: at its plant in Baglan, South Wales, work went forward in 2024 to complete a project to convert an industrial oil refining installation into a **green hydrogen production plant**. Its participation in this project envisages Sofidel UK’s withdrawal of a significant amount of hydrogen to replace methane gas. The project will be led by MorGen Energy, which has been awarded a major incentive by the U.K. government. Furthermore, Sofidel UK joined one of the most important clusters of hydrogen generation and distribution for industrial use called “East Midland Hydrogen”. This initiative will support and accelerate plans for the production, distribution and industrial use of hydrogen at regional level by fostering the decarbonisation of industry, mobility and energy production. From 2028, Sofidel UK’s Leicester plant is expected to receive a stable supply of hydrogen sufficient to meet more than half of its current fuel requirements, through a distribution line. To this end, Sofidel UK already invested in a steam generator capable of accepting hydrogen or a mixture of methane and hydrogen in any proportion in 2024.

Sofidel Romania: work began in 2024 for the installation at a disused area of the company of a ground-mounted photovoltaic plant with a peak electrical power of 4.9 MW, capable of supplying approximately 15% of the electricity needs of industrial activities of the company.

Sofidel Spain: another photovoltaic installation has been under development since September 2024. This is a ground-mounted plant, which will be built on a property adjacent to the plant and will allow a direct electrical connection to the plants of Sofidel Spain. The system will have a peak electric power of 8 MW, the largest of those currently in operation and on the drawing table. As for the Romanian plant, it will be able to supply 15% of the electricity needs of the paper plant under self-production.

Sofidel America: activities are underway at the Circleville (OH) plant to increase the production capacity of the paper mill. The building that will house the new paper installation will be equipped with a 4.8 MW peak power photovoltaic plant. The plant will be integrated into the roof, therefore without occupying additional ground surface and with a low visual impact.

In general terms, in 2024 numerous other interventions were planned to reduce the carbon footprint of Sofidel’s activities, many of which will become active in 2025-2026.

In 2024, the Group’s energy demand was 11.5 GJ/t, up by 0.2 GJ/t compared to 2023 as a result of the performance and production technologies used by some of the recently acquired plants.

Sofidel emissions inventory

In order to monitor the reduction in climate-changing emis- sions, the first step is to draw up an annual emissions inven- tory: Sofidel applies a market-based approach to compute its Scope 2 emissions, a choice that best highlights the results of its energy procurement strategy, which assigns preference to suppliers on the basis of the available production mixes, favouring renewable or, in any case, lower-impact sources.

Compared to 2018, Sofidel managed to reduce CO₂ emissions per ton of product by 19.5% in 2024. This was achieved by selecting electricity suppliers on the basis of their energy mix, fostering the use of electricity produced from renewa- ble sources. According to the GHG Protocol accounting rules, Scope 2 emissions are those attributable to the purchase of electricity, steam or other energy flows for heating or cooling. They can be computed with two different approaches.

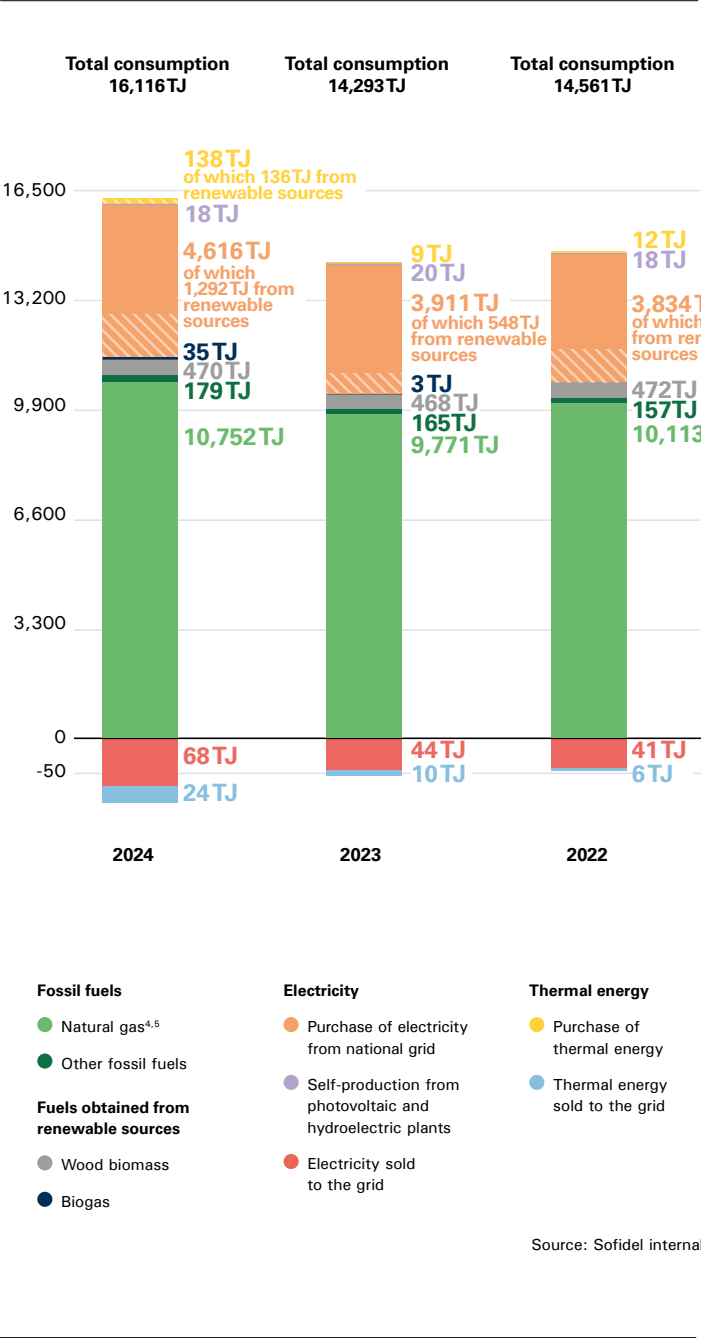
Location-based: this method uses average emission factors related to specific national power generation energy mixes.

Market-based: this approach uses emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual instruments, the emission factor related to the electricity supplier’s residual mix is used, after removal of the component linked to energy traceability systems, such as Guarantees of Origin (GO) or other renewable energy certi- fication systems (RECS). The national average emission factors used by the Location-based approach are usually lower than the corresponding factors computed on the basis of the resid- ual mixes required by the market-based methodology. As regards indirect CO₂ emissions (Scope 3), i.e., those that are not under the control of Sofidel (e.g., emissions related to raw material production, production aids and transportation), it was possible to include the most significant downstream components in the reporting process in 2024. Emissions from the distribution of both semi-finished and finished products were computed in this way, for a total of 159,939 t CO₂, corresponding to 126 kg CO₂/t paper³.

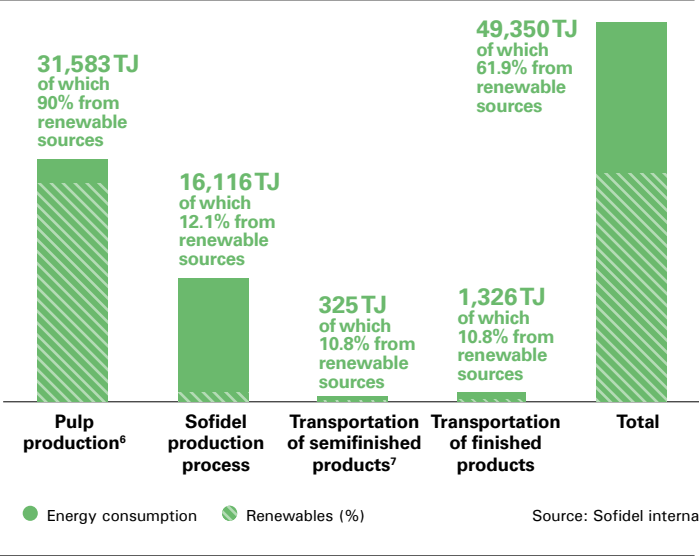
In addition, the impact of the use of consumed packaging (pa- per and plastic) was evaluated at 216,595 t CO₂, correspond- ing to 167 kg CO₂/t paper.

3. The emission factors used were obtained through DEFRA (DEFRA 2024 conversion factors). The configuration adopted for the calculation includes the simulated outward journey at half maximum load. Does not include Sofidel Tissue.
4. Energy calculated through PCI (Lower Calorific Value).
5. The data are calculated using the available invoices as a source; it should be noted that with regard to the consumption of the Werra, Omega and THP plants, reference is made to the internal readings of November and December, as all the invoices of 2023 are not available.

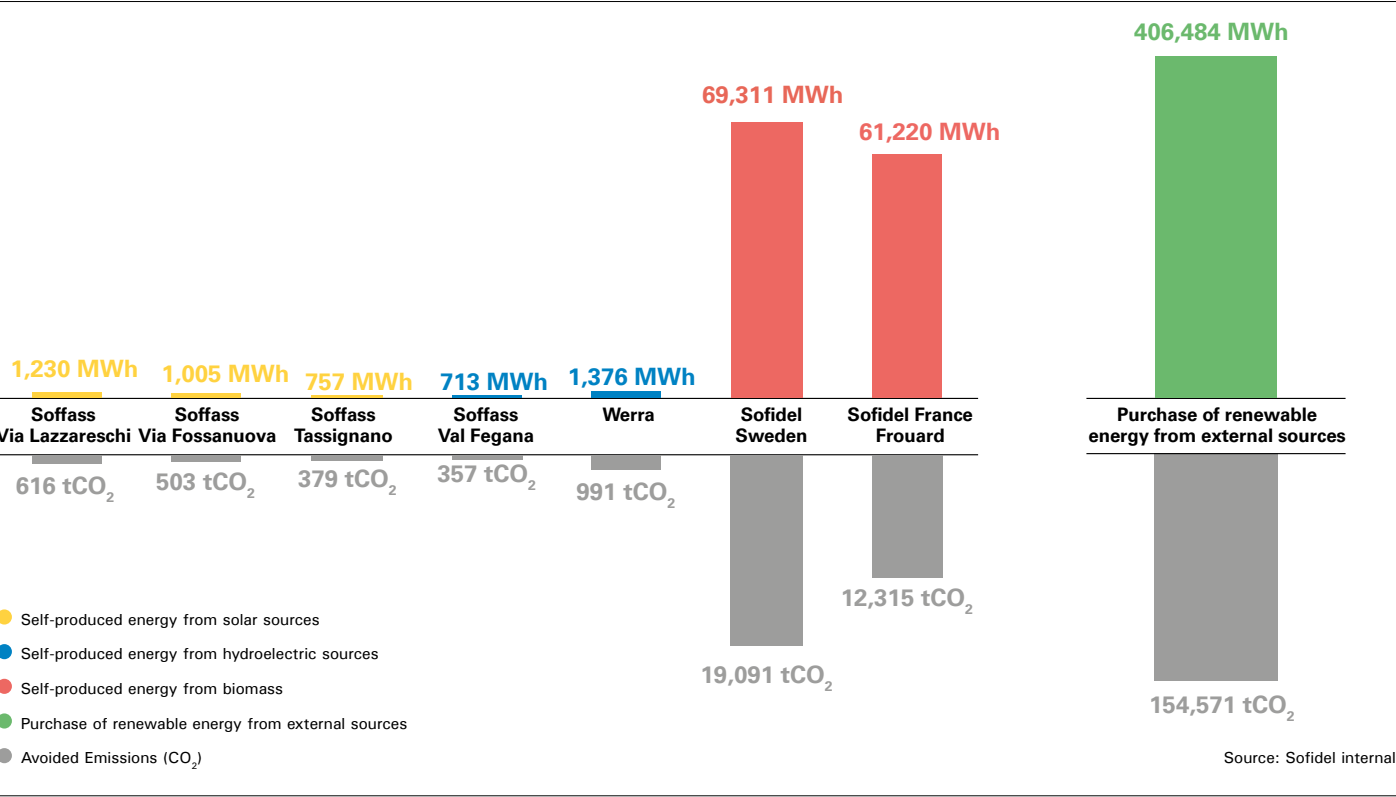
Energy balance of the Sofidel Group



Sofidel supply chain energy consumption

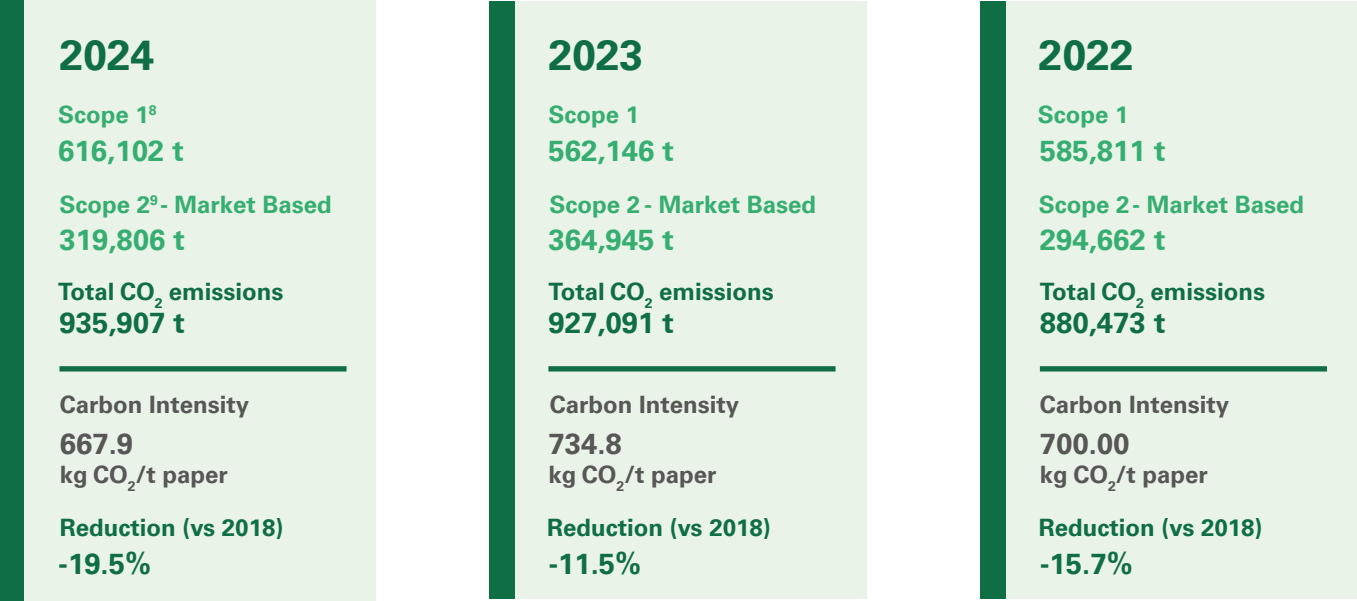


Purchase of electricity from renewable sources and self-production of energy from renewable sources



6.: The data were obtained using the most up-to-date questionnaires completed by the suppliers (93% of the total, while the remaining 7% was obtained as an average of the data available).
7. Consumption coefficients obtained from GHG Emissions from Mobile Combustion Version 2.7, September 2024 and DEFRA 2024 (21/03/2005). The percentage of renewable energy is obtained from the "Share of Energy from Renewable Sources in Transport". (Source: Eurostat). The figures do not include the Sofidel Tissue plants.

CO₂ emissions



Logistics

Logistics, that is, organising the mobility of materials inside the enterprise and the mobility of incoming and outgoing goods, plays a key role in our business. Sofidel produces items in many countries for many different markets, and consequently must manage hundreds of thousands of journeys each year to ensure on-time delivery of its products as agreed with customers. This requires outstanding organisational skills to optimise the costs of the entire supply chain and contribute to Sofidel’s profitability and economic and environmental sustainability. Logistics involve a major economic effort for Sofidel because they represent one of the main industrial costs of its manufacturing operations. In addition to this, incoming goods traffic (raw materials) and outgoing goods traffic (semi-finished and finished products) generate significant environmental impacts when compared with those of the whole organisation. In terms of greenhouse gas emissions, transportation accounts for more than 15% of total emissions20F , second only to the

impact of fossil fuels used in the industrial manufacture of paper products.

Sofidel’s finished products are largely distributed by road on trucks. Sofidel does not have its own fleets and outsources logistics services to leading companies in the transportation industry. The transport market in 2024 was stable, without strong fluctuations. It is a market sensitive to changes in the key macroeconomic indicators; costs have remained high precisely because they are strongly influenced by factors that reflect the health of the economy in general: gross domestic product (GDP), interest rates, inflation, the unemployment rate and the prices of raw materials, particularly oil. In this context, Sofidel’s logistics continued to focus on guaranteeing excellent service levels in compliance with certifications, safety and sustainability. The objective was to consolidate existing partnerships and fully meet the expectations of our commercial counterparties, as well as those of end consumers. For the purpose of reducing

polluting emissions from trucks, Sofidel has been implementing a vehicle selection project for years, with the aim of increasing the **use of Euro 5 and Euro 6 class vehicles in Europe. In 2024 as much as 96.55% of road trips were made with Euro 5 and Euro 6 trucks in Europe.** It is planned to eliminate vehicles with a class below Euro 5 by 2028. Although rail traffic is subject to many limitations, in some circumstances it is an alternative to road transport. Many Sofidel Group plants have been equipped with direct access to the host country’s rail network. For some specific customers, preferential rail routes have been selected, which provide an environmentally friendly and cost-effective alternative to road traffic. For the Circleville (OH, USA) and Inola (OK, USA) plants, the fibrous raw material (pulp) is delivered by train, directly into the plant. Remaining in the USA, the logistics integration of the new plants recently acquired by Sofidel Tissue will play a crucial role in reducing the environmental im-

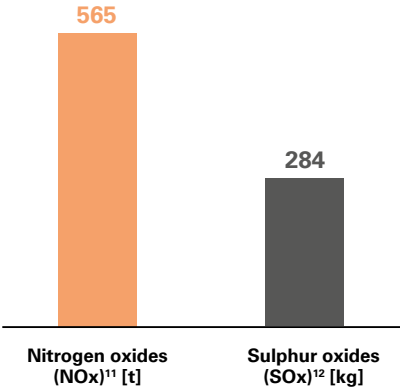
pact, as it will optimise the flows of merchandise and transport operations. Due to the significant environmental impacts associated with freight traffic, Sofidel aims to stimulate policies for choosing transportation vehicles to which it will entrust its services based on environmental protection criteria, while continuing to strongly focus on the optimisation of costs and service level. Fleets that use LNG (Liquefied Natural Gas), biofuels or new-generation low emission fuels will be considered. In addition, Sofidel is committed to strengthening the use of trailer stands with benefits linked to the efficiency of loading and unloading operations and enhancement of customer service levels.

For the time being, however, Sofidel remains committed to a production strategy as close to its markets as possible, in order to optimise both service levels and sustainability by reducing the distances travelled to make deliveries.

Other air emissions

Due to its intrinsic nature, paper production generates emissions: in addition to CO₂, nitrogen oxides (NOx) produced by combustion plants, i.e. boilers and paper drying plants. Furthrmore, SOx related to the use of biomass to power some boilers are emitted.

For some time now, Sofidel has been keeping track of NOx and SOx emissions from its production activities. Today, the combustion equipment of the Sofidel plants have low NOx emissions and already meet the standards of future regulations for the control of polluting emissions from medium-sized combustion plants.



Objectives of the 2024-2026 Sustainability Plan ¹³	2024 Target	Status
Sofidel is committed to setting a longterm science-based target to achieve zero greenhouse gas emissions from the entire value chain by 2050, in line with the "SBTi Net-Zero" standard, and intends to submit it for validation by the SBTi organisation within a maximum of 24 months.	To be defined	-
Sofidel is committed to reducing scope 1, scope 2 and scope 3 emissions (for suppliers' pulp production process only) by 40% per metric ton of paper by 2030 compared to base year 2018.	20% reduction	In the process of being achieved
Sofidel is also committed to reducing Scope 3 greenhouse gas emissions by 24% per metric ton of paper by 2030 compared to base year 2018.	12% reduction	In the process of being achieved

8. Direct emissions from combustion at production plants (Scope 1) are calculated in accordance with the European Union issue Trading Scheme (EU ETS), which regulates CO₂ emissions in Europe for industrial sectors characterised by higher emissions. The Scope 1 emissions of plants not subject to ETS were estimated using national coefficients. For the calculation of other less significant emissions not regulated by the ETS, such as those related to the use of forklifts and the heating of work environments, the Italian national ETS issue coefficients for emissions in Europe were applied, while those contained in the publication EPA “Emission Factors for Greenhouse Gas Inventories 2024” were applied for emissions in the USA. Excluded from the total, there are 54,384 tCO₂e of biogenic origin.

9. Scope 2 emissions were calculated with a market-based GHG approach. Where there were renewable energy supply agreements through dedicated contractual instruments (e.g. Power Purchase Agreements or Guarantees of Origin), the corresponding issue factors were assigned. The issue coefficient corresponding to the specific supply of electricity, as declared by the supplier, was attributed to the Sofidel Poland plant. The remaining emissions were calculated with the coefficients of the residual mixes. (Sources: Green-e Residual Mix for plants in the USA, AIB European Residual Mix for plants in Europe). Scope 2 emissions calculated with the Location Based methodology amount to 344,490 tCO₂e for the same scope.

10.Source Sofidel Group Emissions Inventory.

11. Figure calculated starting from the NAEI UK issue coefficients

12. Referring to the emissions of the two biomass boilers of Sofidel France Frouard and Sofidel Sweden, estimated value based on analyses carried out in 2024 and 2021, respectively.

13. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

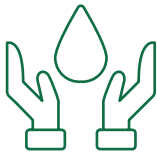
Water stewardship

GRI 3-3	Management of material topics
GRI 303-1	Interactions with water as a shared resource
GRI 303-2	Management of water discharge-related impacts
GRI 303-3	Water withdrawal
GRI 303-4	Water discharge
GRI 303-5	Water consumption



Management of the material topic:
Water, Water pollution due to discharges
of substances

Sofidel has been pursuing policies and activities to reduce water consumption for years, both to safeguard the environment and to protect production continuity, especially in countries that already present high levels of water stress. In total, the objective of reducing water consumption is pursued through both management measures and specific investments in policies to rationalise water consumption and reuse industrial waste water. The activities that until today have allowed Sofidel to achieve water consumption levels well below the industry average are optimisation of the production cycles and scrupulous design of industrial plants. Added to these are specific activities and investments aimed at reducing water consumption, including the collection and reuse



Sofidel contributes
to ensuring the
availability
of water and
appropriate hygiene
and sanitation facilities.

of rainwater at the Sofidel UK Baglan plant, which will be further upgraded in 2022, and the Soffass Waste Water ReUse plant at the Via Lazzareschi paper mill. The activities that have enabled Sofidel to achieve water consumption levels well below industry averages to date are the optimisation of production cycles and the careful design of industrial plants.

The need to achieve minimum levels of water consumption is dictated not only by Sofidel’s propensity to achieve the best possible environmental performance, but also by the need to deal with the physical consequences of climate change. In fact, in some areas where Sofidel operates, a worrying trend of reduced rainfall has been observed in recent years, with long periods of drought. This situation of risk to our industrial operations has led Sofidel to set a target that includes a **greater reduction of specific water consumption at the facilities most at risk of water scarcity or operating in areas subject to greater water stress.**

During 2024 a climate risk analysis was conducted to identify the areas that host Sofidel installations and that are presumed to be able to sustain greater stress or lower water availability in the future. This analysis provided some indications that need to be further investigated in order to determine the extent of the interventions to carry out to minimise the risks connected to this situation.

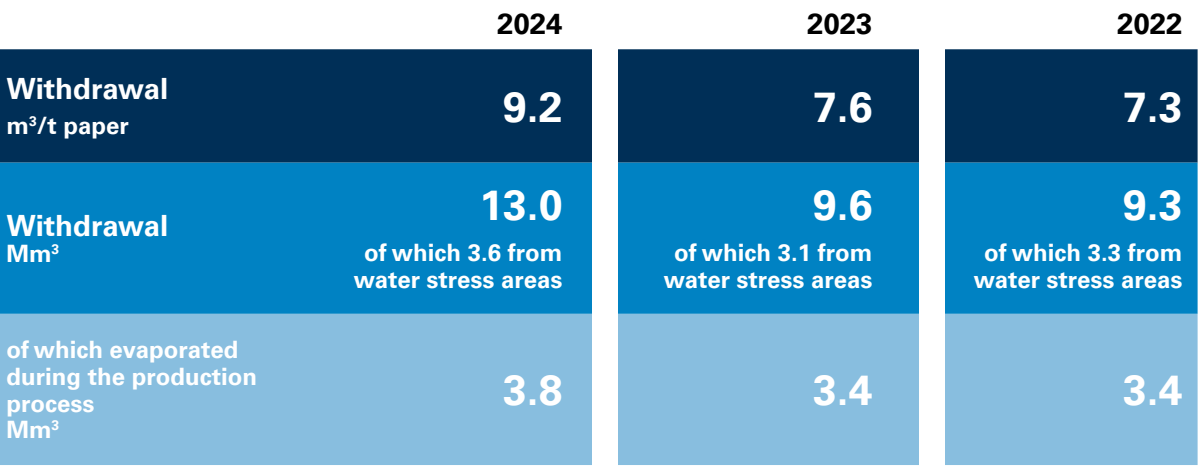
During 2024 Sofidel acquired a paper mill plant in the USA from the Company ST Paper, located in the city of Duluth (MN). The water consumption of this unit, able to produce up to 60,000 tons per year of tissue paper, unfortunately is still not in line with the standards to which Sofidel has taken the other activities in both Europe and the USA over the years. This acquisition therefore significantly affected the specific consumption figure of the Sofidel Group, which from an average of 7.6 meters of water per

tonne of paper produced in recent years reached approximately 9 cubic meters per tonne of paper in 2024.

Regarding the quality of water discharges, the tissue paper production process is strictly regulated: paper mills are required to monitor a range of parameters depending on national laws to ensure the proper operation of their plants, and to follow internal procedures that ensure regulatory compliance. The parameters

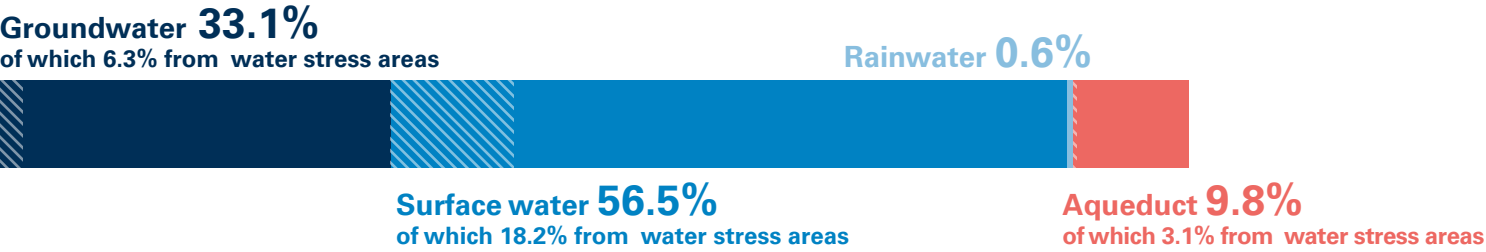
monitored in almost all production plants are oxygen demand (chemical, COD or biological, BOD) and total suspended solids (TSS). Concerning these parameters, an improvement was observed for 2024 compared to previous years. The water recycling rate in Sofidel’s paper mills in 2024 may be estimated to be over 95.4%¹⁴.

Specific annual water withdrawal for the Sofidel Group plants



Source: Sofidel internal

Water supply sources - 2024¹⁵

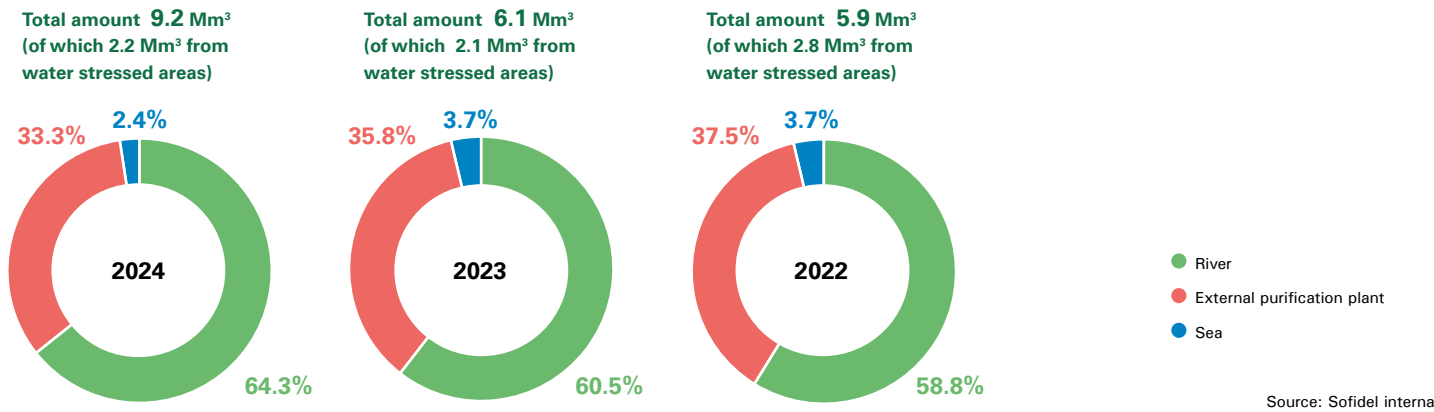


Source: Sofidel internal

14. The recycling rate is computed using the method reported in the publication “Methods for measuring water recycling in paper mills” (Assocarta - Confindustria - Aticelca), February 2017.

15. The areas of high water stress were identified through the Water Risk Atlas platform of the World Resources Institute.

Total amount of water discharged¹⁶, destination and treatment of discharged water

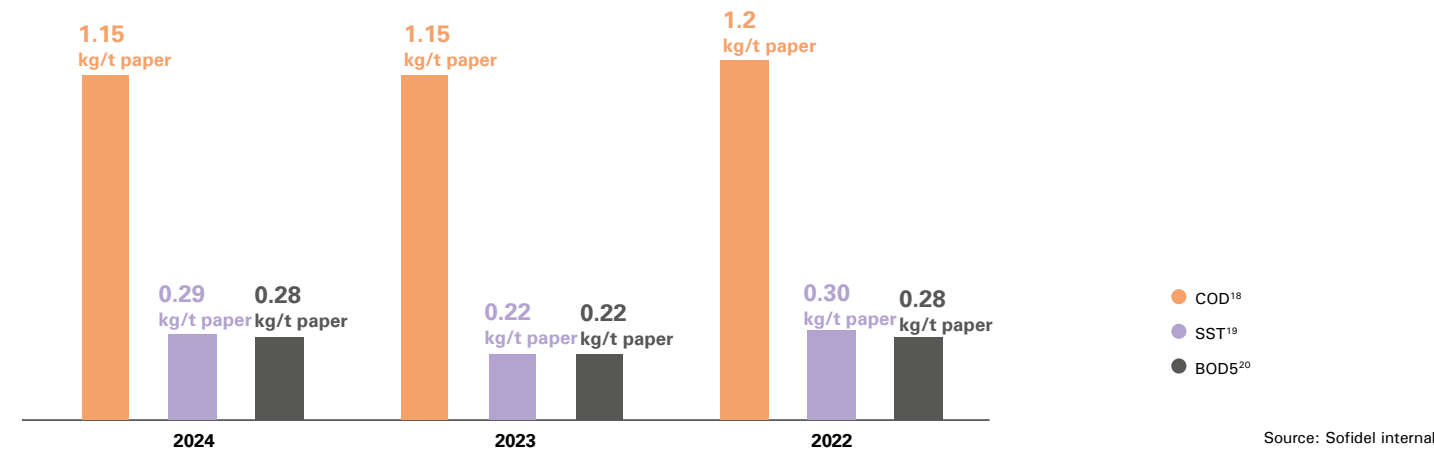


Source: Sofidel internal

Specific emissions of pollutants in water¹⁷

Regarding the quality of water discharges, the tissue paper production process is strictly regulated: paper mills are required to

monitor a range of parameters depending on national laws to ensure the proper operation of their plants, and to follow internal procedures that ensure regulatory compliance.



Source: Sofidel internal

Objectives of the 2024-2026 Sustainability Plan ²¹	2024 Target	Status
Sofidel is committed to pursuing a reduction in the water consumption of the industrial facilities most at risk of water scarcity or operating in areas subject to increased water stress. A risk analysis on the question will be carried out no later than the end of 2025.	To be defined	-

16. The water discharged is fresh water, ≤ 1,000 mg/l total dissolved solids (GRI 303). 17. Source: Internal water discharge analysis. 18. The data do not include the Sofidel America plants in Haines City, Circleville, Duluth and the Sofidel Tissue plants (analyses not carried out in 2024).19. The data do not include the Sofidel America Circleville and Haines City plants and the Sofidel Tissue Lewiston plant (analyses not carried out in 2024). 20. The data do not include the plant of Sofidel Spain, Soffass in via Giuseppe Lazzareschi, Sofidel America Circleville and Sofidel Tissue Lewiston (analyses not carried out in 2024). 21. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

Responsible consumption of resources

GRI 3-3	Management of material topics
GRI 301-1	Materials used by weight or volume



Material topic: Ecological products and sustainable packaging

The activities to improve Sofidel’s environmental performance also involve the correct design and management of products, in line with the provisions of a new regulation introduced by the European Commission during 2024, entitled “**Ecodesign for Sustainable Product Regulation**”.

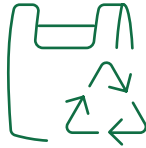
One of the elements on which Sofidel has been working hard since 2013 is reducing the use of virgin plastic in the packaging of its products. The objective that Sofidel has set is to reduce the specific consumption of traditional plastic packaging by 50% by 2030 compared to the consumption figure of 2013.

In addition to reducing consumption, an action considered a priority, over the years the Group has begun not only to introduce recycled plastics in primary and secondary packaging (avoiding the introduction on the market of over 6,000 tonnes of virgin plastic), but also by continuing to introduce paper packaging as an alternative material for packaging many of our products. Paper is the most widely recycled packaging material, sourced from renewable resources and readily biodegradable.

Thanks to this strategy focused on the use of paper and cardboard packaging, the percentage by weight of primary packaging made with easily recyclable materials stands at 84.8%²².

In 2024, compared to the 2013 figure, the company reduced the use of conventional plastic by over 45% with an **estimated annual saving of over 15,000 tonnes of plastic**. The commitment to reduce the use of virgin plastic is one of the many ways Sofidel contributes to the ambitious European programme to build a sustainable economy that respects the planet’s limits and cares for nature.

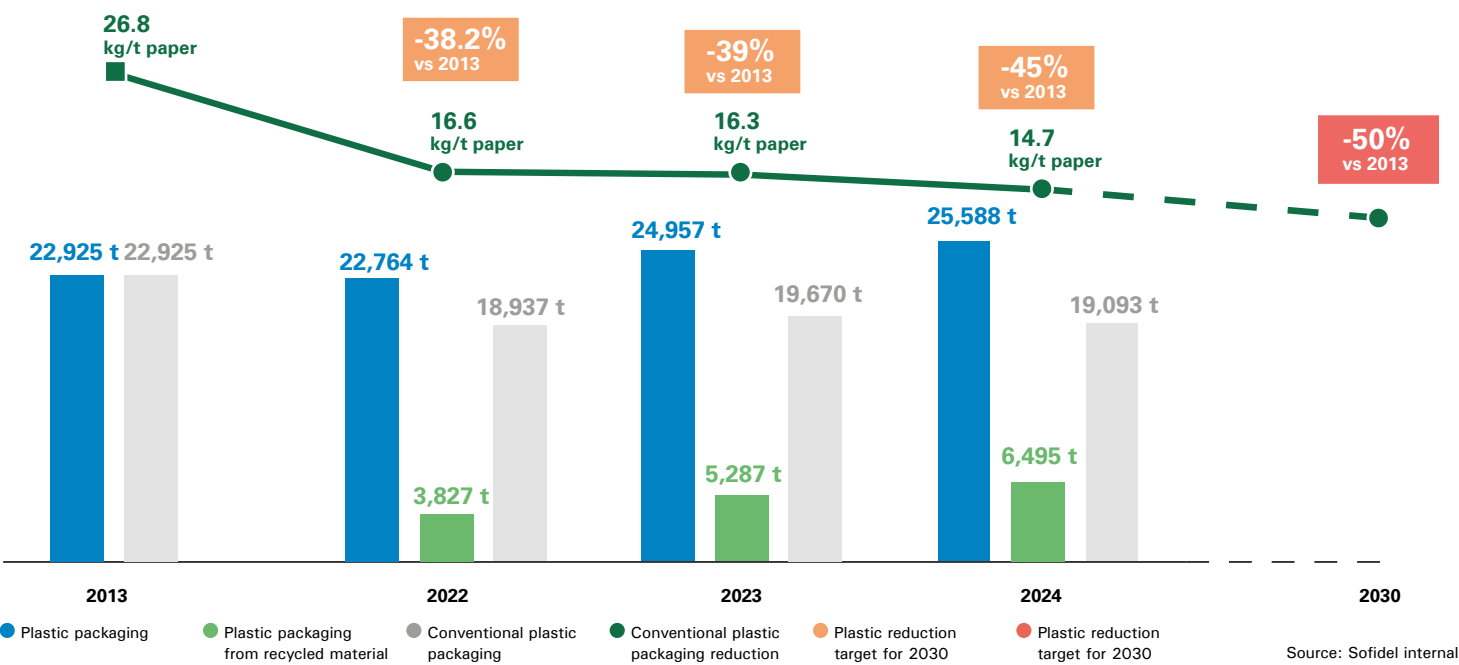
22. The figure does not include Sofidel Tissue.



Guaranteeing sustainable consumption and production models is a common objective.



Packaging consumption²³



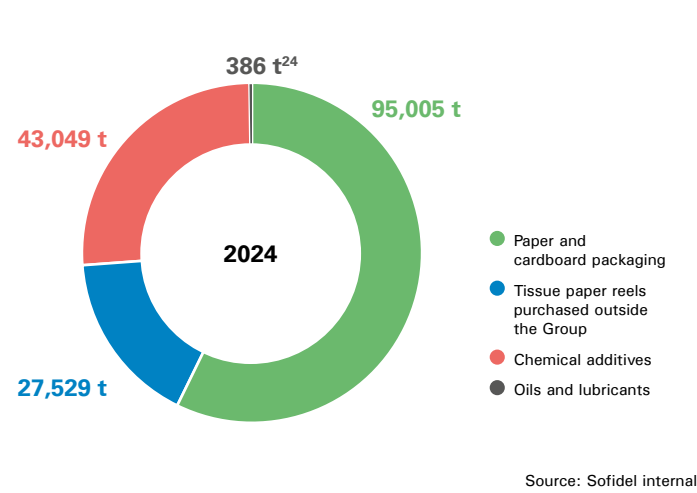
Other materials

Sofidel also worked on other aspects relating to ecological product design. Today, more than 90% of finished products have at least one ecological label issued by an external body following audits conducted by independent third parties.

These include forest chain of custody certifications, according to FSC® and PEFC standards. Sofidel has also obtained numerous licences for the use of the European “Ecolabel”, for the northern European eco-label known as the “Swan Label” and for the use of the German label known as the “Blauer Engel”.

For several years now, Sofidel has made an essential commitment to its brand products: to have all the Group’s branded products display the FSC® label, guaranteeing environmentally and socially sustainable forest management. This commitment is supported by the raw material procurement policy, which for years has steered purchases towards certified pulp.

Consumption of other packaging and process auxiliaries



Main environmental certifications and labelling

FSC®, PEFC: identify products containing wood derivatives from responsibly managed forests in accordance with strict environmental, social and economic standards.

EU Ecolabel, Nordic Swan Label, Blauer Engel: European product labels. They are obtained only after demonstrating compliance with strict environmental parameters over the entire supply chain associated with the manufacture of the product.

Objectives of the 2024-2026 Sustainability Plan ²⁵	2024 Target	Status
Reduction of specific consumption of traditional plastic packaging (made of fossil-derived and non-recycled polymers) by 50% by 2030 compared to the 2013 consumption figure.	42% reduction	Widely achieved
Sofidel is committed to bringing 100% of primary packaging to market that is designed to be recyclable or compostable by 2030.	To be defined	-

23. Data extracted via ERP software.
24. The figures do not include the activities of the Sofidel Tissue paper mills.

25. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

Waste management

GRI 3-3	Management of material topics
GRI 306-1	Waste generation and significant waste-related impacts
GRI 306-2	Management of significant waste-related impacts
GRI 306-3	Waste generated

Material topic:
Management of waste from production activities
In line with the main international policies for waste management, Sofidel has taken the lead in reducing the amount of waste, by combining the efficiency of its production process with the eco-design of its products. The organisation specializes in products made from virgin pulp, a raw material whose processing generates a limited amount of waste, which is largely reused directly within the production facilities.

Should the reduction not lead to improvements, Sofidel has in any case identified detailed management procedures in order to divide the materials into homogeneous categories and allow, as far as technically possible, their effective **recovery or reuse**. The leading residue produced by the mills is sludge from the treatment of recycled fibre (waste paper), followed by that produced by the purification plants downstream of the production plants. This waste is mainly recovered in producing products for the construction industry, in agriculture or treated in waste-to-energy plants and only a small portion is sent to landfill.





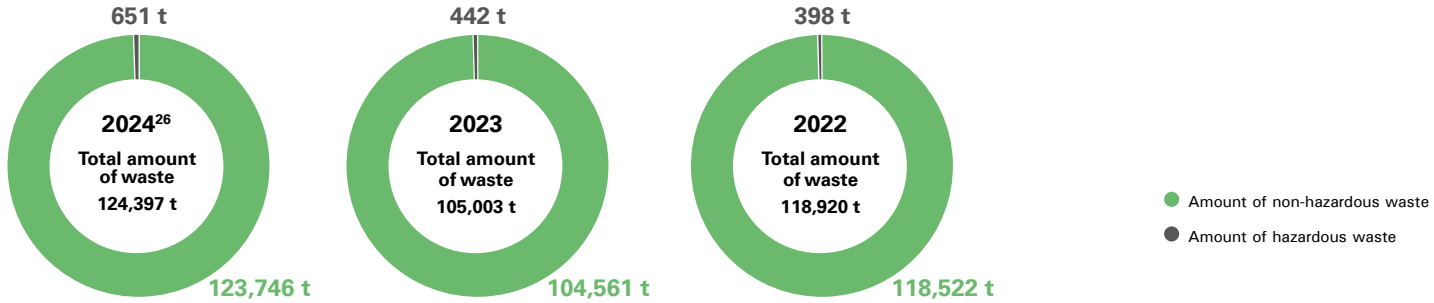
In order to further improve the waste cycle at its production plants, Sofidel has decided to set an improvement goal of reducing to zero reliance on direct delivery of solid production waste to landfill by the end of 2027.

Another part of waste consists of materials that are reused in other production cycles such as paper, wood, metals and polyethylene.

Finally, the papermaking process involves a negligible production of hazardous waste, which however are not characteristic of papermaking, but are associated with the operation of industrial plants such as used oil, neon and batteries.

Sofidel frequently subjects the operators who carry out the transport and intermediation activities of hazardous waste to check their work both at the plants and outside of them.

Waste generated by the Sofidel Group



Amount of non-hazardous waste ²⁷		Amount of hazardous waste ²⁷	
Amount of non-hazardous waste sent to recycling	Amount of non-hazardous waste sent to disposal	Amount of hazardous waste sent to recycling	Amount of hazardous waste sent to disposal (t)
2024 103,703 t	2024 7,284 t at the landfill 10,522 t other operations	2024 263 t	2024 94 t at the landfill 294 t other operations
2023 77,620 t	2023 1.109 t at the landfill 7,701 t other operations	2023 271 t	2023 11 t at the landfill 158 t other operations
2022 88,377 t	2022 9,081 t	2022 228 t	2022 159 t

Source: Sofidel internal

Objectives of the 2024-2026 Sustainability Plan ²⁸	2024 Target	Status
Sofidel also intends to reduce to zero direct landfilling of solid production waste by the end of 2027, giving priority to any material recovery process as an alternative treatment.	5 % reduction	In the process of being achieved

26. Waste management statistics do not include the Sofidel Tissue Lewiston plant.
27. The statistics relating to the final destination of waste refer to the treatments described in Annexes I and II of Directive 2008/98/EC. With reference to 2024, the statistics relating to the final destination of waste do not include the Sofidel America Duluth and Sofidel Tissue Lewiston plants. With reference to the years 2023 and 2022, the statistics do not include Sofidel America.
28. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

Our People

Human capital is the set of skills, competences, professional abilities and relationships that are established among the people who work in a company. It is from this kind of capital that the Group's culture, the foundation of every organisation, stems.

The hallmarks of human capital in Sofidel include passion, professional expertise, reliability and a sense of belonging. The personnel management policy is based on a practical approach, the enhancement of skills and the promotion of internal growth, in accordance with the principles expressed in the **Code of Ethics** and the Group Guidelines for Human Resources Management, which place human capital at the centre of the value creation process.

The Sofidel Group has always stood out for the **attention it places on its staff**, which is expressed through the investments and initiatives that it puts in place to protect the development and the **mental and physical well-being of its employees**. The people at Sofidel are in fact constantly guaranteed specific training courses tailored to their different needs, to strengthen the culture and create the necessary basis for improving their health and safety.

Furthermore, Sofidel believes that it is important to promote targeted actions for the retention of its staff, by listening to employees more effectively, improving their sense of belonging and sharing its values within the company. Precisely with a view to the above, in the first months of 2024, prior to the acquisition of Sofidel Tissue, the Group carried out a corporate climate survey, also involving the US sites for the first time.

Human rights, equal opportunity, non-discriminatory practices

Sofidel bases its human resources management policy on the principles expressed in its Code of Ethics.

The Code of Ethics is based on full respect for human rights, health and safety, and the well-being of the local communities in which the Group operates. It condemns child or forced labour and any gender, religious, cultural, ethnic or sexual discrimination, or physical, psychological, verbal or sexual harassment.

Sofidel is very attentive to the respect for human rights in its organisation and in all situations concerning people involved



The Sofidel Group has always stood out for the attention it pays to its personnel, which is reflected in the investments and initiatives it implements to safeguard the development and mental and physical well-being of its employees.

in its activities: customers, suppliers and the community. In line with these principles, a **Human Rights Policy** has been developed, inspired by the United Nations guidelines and the main international agreements.

In fact, Sofidel is committed to offering a work environment free of prejudices, respecting the personality and dignity of workers, and free from harassment, where personnel selection, recruitment, training and growth plans take place without discrimination any kind. In this regard, the company has adopted specific regulations against discrimination, sexual harassment in the workplace and mobbing.

Compatibly with general efficiency, Sofidel encourages flexibility in the organisation of work to facilitate work-life balance, with flexible working hours and part-time employment contracts.

It also recognises workers' right to form and join unions, or other collective bargaining organisations, and to refrain from joining such organisations.

People at the heart of our initiatives

Companies are made up of people, their passions and their talent. Their expertise and their ability to imagine new solutions and opportunities. Being able to involve and motivate all the people who work with Sofidel is the most important challenge, day after day. These include:

The “Sofidel Engagement Survey 2024” project

In the first few months of 2024, prior to the acquisition of Sofidel Tissue, the Group organised an important **employee listening initiative**: the “Sofidel Engagement Survey” project, a **climate survey** carried out through the administration of a questionnaire to all employees active as of 31 December 2023. The main objective of the project was to understand the current work experience of employees, collecting ideas on what to improve at individual, team and organisation level. The questionnaire was designed to ensure total anonymity of respondents and was administered **digitally** for the first time, reaching an overall participation of 56% (3,894 respondents out of 6,913 invited). This is a great achievement given the still strong digital barriers for a large part of the company population for which Sofidel is working to increasingly improve digital accessibility by investing in digitalisation projects. The results of the detailed survey were summarised around 5 main KPIs, one of which - **the intention to remain in the company** - reported a very favourable value. Other performance indicators reported challenging results, allowing the identification of some **areas for improvement** on which Sofidel is committed to developing initiatives and action plans. In particular, the main areas of work concern: **communication, sense of belonging, growth and development, performance and responsibility, trust in leaders and innovation**. Specific action plans have been developed on these directives at Group and local level. Their implementation is expected in 2025 with the aim of improving the main performance indicators and in general increasing employee involvement.

Attention to the younger generations in the workplace

For many years now, Sofidel has built up **excellent collaboration with educational institutions** to support the training of new generations and **promote youth employment**. The objective of the collaboration is to give substance to school training to **reduce skill mismatch**, i.e. the mismatch between the tech-

nical, human and social skills acquired, especially by young people seeking employment, and those required in the workplace by companies, **providing students with useful skills to make it easier for them to access world of work**.

The Group companies have set up many initiatives. For example, in Italy, Sofidel collaborates with different educational institutions (secondary schools, vocational training institutes, and universities) and with its trade association to coordinate partnerships with the educational sector.

Initiatives with educational institutions take various forms and have multiple objectives, for example:

- participation in **orientation meetings** for junior high school students to raise awareness about paper-industry specialisations in senior high schools;
- **lectures and seminars** in which Sofidel technical experts help students supplement their theoretical knowledge;
- **school/work alternation courses** with the “Pathways for Soft Skills and Orientation” (PCTO) project for secondary school students to learn basic notions and participate in field activities. An example is collaboration with the Paper Technologies course at the Marchi-Forti State Technical Institute in Pescia: every year, the PCTO is organised for third- year classes with a focus on the papermaking process, fourth-year classes with a focus on the converting process, and fifth-year classes where students concentrate on a topic for a term paper;
- organising **curricular internships** for undergraduates preparing their degree theses and **practical internships** for the courses of vocational institutes during which students experience practical and skill-building activities.

Among the important collaborations, in the recent past Sofidel has contributed to re-establishing the 1st level Master in “Technology and management of the paper and cardboard industry” - of the University of Pisa, at the Lucca campus - thanks to a more international vision and to the formulation of contents closer to the skills required by companies operating in the sector. Starting from this innovation, a new project came to life in the 2020/2021 academic year, replacing the 1st level Master’s. Sofidel was one of the key partners for the creation of the **first master’s degree course in Italy specifically for the paper sector in “Paper and cardboard engineering”** of the University of Pisa. The degree course is entirely held in English and has been designed to take into account the needs expressed by com-

panies. It aims to train specialised professionals for the paper industry, with solid multidisciplinary knowledge on products, processes and plant management. Since its creation, every year Sofidel has participated directly in the Management Committee and the Technical-Scientific Committee of the Master’s Degree. It has also provided highly qualified teaching and organised the participation by some of its employees in individual courses so that they can increase their technical skills with a view to long-term life learning.

In the UK, as a member of the Confederation of Paper Industries, Sofidel continues to be part of a working group formed with other major paper companies in the country to create and supervise an industry-recognised approach and develop a more established career path in papermaking. Started in 2022, work to create a standardised apprenticeship as a recognised qualification in the United Kingdom also continued in 2024. The aim of the project is to ensure that apprenticeships continue to meet the qualification standards established by the UK government for this type of course. The project is aimed at 16-17 year-olds who do not intend to follow a traditional academic path, people who wish to pursue a career in paper production or people who already work in the sector and wish to develop their skills. Two employees of Sofidel UK are following the course as part of the development of their career path within the company. With this project, Sofidel UK is also pursuing its efforts to attract young people who drop out of school and seek to enter the labour market through professional training.

The “Imagine Your Planet” calendar

The “Imagine Your Planet” project was created to give life to a **2025 calendar with the involvement** of Sofidel people through a common theme: the **protection of planet Earth** and its artistic power. Group colleagues were asked to describe the natural wonders of our common home, the Earth, with photos and texts. An internal jury selected the 13 contributions considered most representative of the beauty and fragility of our planet. The artist **Florencia S.M. Brück** was given the task of reinterpreting them through artificial intelligence and translating them into extraordinary illustrations, an expression of our shared hopes for a greener future. Each illustration is created through the symbolic use of paper as a reminder of our bond with nature and our shared commitment to its protection.

The People & Paper magazine

Every four months, the magazine “People & Paper” is published, an internal communication tool for sharing information and **developing a sense of belonging and a shared culture**. The purpose of the magazine is to introduce the people who work with Sofidel to the values, strategy, people, choices, results and significant moments that give substance to corporate life. The magazine is translated into 10 languages and distributed in 12 countries.

The Digital Channel

The purpose of the Sofidel Digital Channel is to **share corporate information** in the production facilities (as of today implemented in Italy and in some foreign companies of the Group). Streamed on **24/7TV screens**, information includes institutional communications, local disclosures, advertising campaigns, content from company periodicals, videos on occupational health and safety issues, photo galleries, and other videos on specific topics such as the Sofidel Manufacturing System (SMS) and the Sustainability Decalogue.



Sofidel’s communication is based on criteria of honesty, inclusion and correct information, and on actions that can have a positive impact for people and the planet.

Composition and management of human capital

GRI 3-3	Management of material topics
GRI 2-7	Employees
GRI 2-8	Workers who are not employees
GRI 401-1	New employee hires and employee turnover
GRI 401-3	Parental Leave
GRI 404-2	Programmes for upgrading employee skills and transition assistance programs

Material topic:
Employee working conditions

In all the countries in which it operates, the Sofidel Group promotes the well-being of its employees. It implements projects aimed at promoting health and safety in the workplace and,

where possible, encouraging forms of time flexibility, leave or other benefits, always in full compliance with the provisions of applicable local regulations. Sofidel is aware that organisational well-being is a key element in terms of productivity, attraction and staff retention.

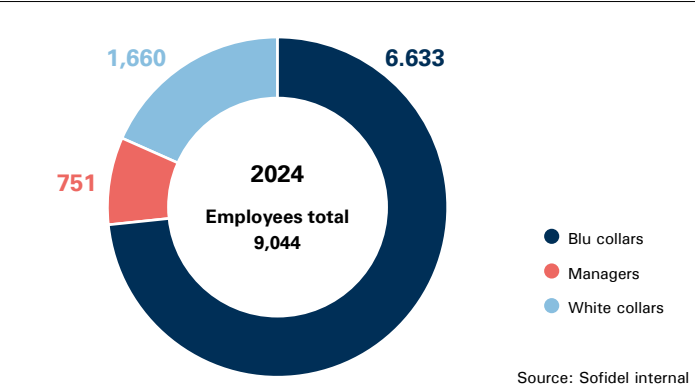
Personnel composition and distribution

The Sofidel Group’s results reflected the contributions of **9,044 people**, specifically 73.34% blue collars, 18.36% white collars and 8.30% managers.

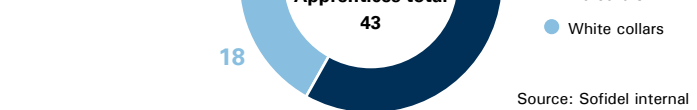
Sofidel employees work in **13 countries** and this allows the Group to have direct knowledge of the markets in which it operates and access to many different cultures and points of view. The Sofidel Group is also committed to developing relationships with the schools in the areas in which it operates. For this reason, in several countries, besides interns and students on school-work programmes, the Group has employees on apprenticeship or similar contracts.

At 31 December 2024, it had 43 employees on this type of contract, which were not counted in the total number of Group employees, of whom 25 blue collars and 18 white collars.

Breakdown of Sofidel Group employees by category

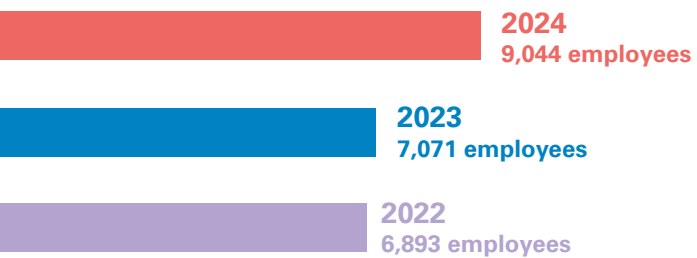


Breakdown of Sofidel Group Apprentices by category



The data show that the country with the highest number of employees is the United States (40%). This is followed, with large communities, by employees in Italy (15%), the United Kingdom (9%) and Germany (9%).

The number of employees over the years



Source: Sofidel internal

The people working in Sofidel have a wide range of talents, skills and experience, thus confirming a healthy and developing Group ready to address the future’s challenges.

Breakdown of Sofidel Group employees by category and geographical area

2024	Belgium	France	Germany	Greece	Ireland	Italy	Poland	Romania	Spain	Sweden	UK	Hungary	USA	Total
Blue Collars	94	533	625	54	-	797	293	189	266	137	677	128	2,840	6,633
White Collars	43	116	165	8	-	453	167	54	61	44	120	40	389	1,660
Managers	25	58	26	6	1	125	10	5	32	8	61	8	386	751
Total	162	707	816	68	1	1,375	470	248	359	189	858	176	3,615	9,044

2023	Belgium	France	Germany	Greece	Ireland	Italy	Poland	Romania	Spain	Sweden	UK	Hungary	USA	Total
Blue Collars	95	518	602	47	-	812	292	187	255	132	652	151	1,292	5,035
White Collars	41	115	160	9	-	437	162	45	59	42	126	39	248	1,483
Managers	25	60	27	6	1	118	12	4	30	7	58	8	197	553
Total	161	693	789	62	1	1,367	466	236	344	181	836	198	1,737	7,071

2022	Belgium	France	Germany	Greece	Ireland	Italy	Poland	Romania	Spain	Sweden	UK	Hungary	USA	Total
Blue Collars	97	514	571	46	-	791	285	172	254	129	622	138	1,292	4,911
White Collars	40	109	159	8	-	411	158	45	59	41	122	40	252	1,444
Managers	25	58	27	6	1	115	14	4	29	9	55	10	185	538
Total	162	681	757	60	1	1,317	457	221	342	179	799	188	1,729	6,893

Source: Sofidel internal

Breakdown of Sofidel Group Apprentices by category and geographical area

2024	France	Germany	UK	Total
Blue Collars	8	11	6	25
White Collars	9	9	-	18
Total	17	20	6	43

Source: Sofidel internal

The absolute majority of contracts are permanent (97.50%) and almost all employees (98.25%) work with full-time contracts. In addition, forms of temporary work are used in the Group Companies.

As at 31 December 2024, the total number of external employees was 210. Most of the temporary workers in the Group are Blue Collars, assigned to production tasks in the paper mills and converting plants and to the management of warehouses.



Breakdown of Sofidel Group employees by category, gender and type of contract

2024	Full-time			Part-time		
	Women	Men	Total	Women	Men	Total
Blue Collars	766	5,789	6,555	9	69	78
White Collars	636	954	1,590	60	10	70
Managers	162	579	741	8	2	10
Total	1,564	7,322	8,886	77	81	158

2023	Full-time			Part-time		
	Women	Men	Total	Women	Men	Total
Blue Collars	548	4,415	4,963	9	63	72
White Collars	552	862	1,414	62	7	69
Managers	117	431	548	4	1	5
Total	1,217	5,708	6,925	75	71	146

2022	Full-time			Part-time		
	Women	Men	Total	Women	Men	Total
Blue Collars	501	4,334	4,835	9	67	76
White Collars	553	823	1,376	63	5	68
Managers	106	427	533	4	1	5
Total	1,160	5,584	6,744	76	73	149

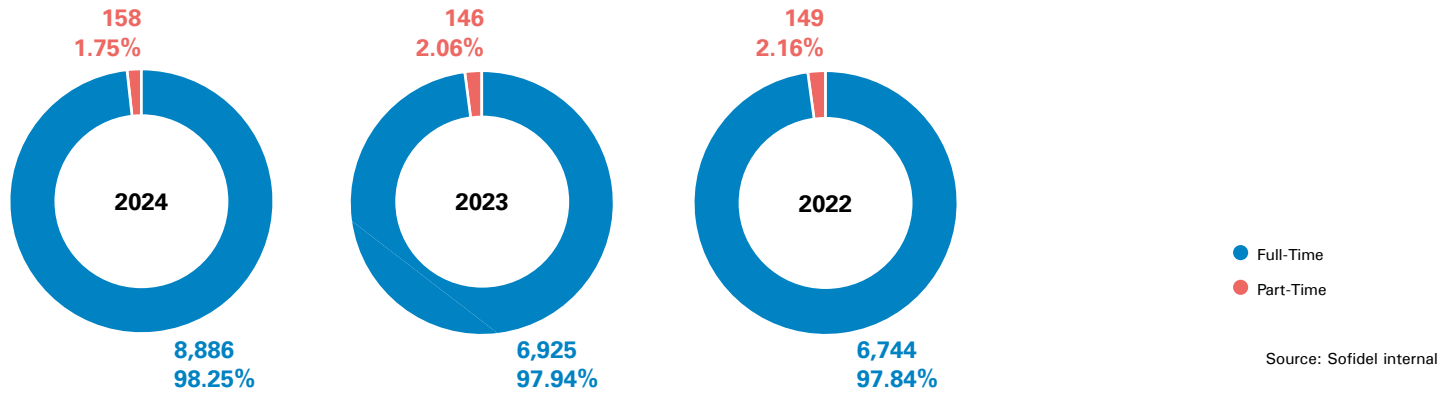
Source: Sofidel internal

Breakdown of Sofidel Group Apprentices by category, gender and type of contract

2024	Full-time			Part-time		
	Women	Men	Total	Women	Men	Total
Blue Collars	1	24	25	-	-	-
White Collars	14	4	18	-	-	-
Total	15	28	43	-	-	-

Source: Sofidel internal

Breakdown of Sofidel Group employees by type of contract



Source: Sofidel internal

100% of the 43 Apprentices in the Sofidel Group in 2024 are hired with full-time contracts.

Breakdown of Sofidel Group employees by gender and work contract

2024	Permanent			Temporary		
	Women	Men	Total	Women	Men	Total
Blue Collars	765	5,692	6,457	10	166	176
White Collars	670	945	1,615	26	19	45
Managers	169	577	746	1	4	5
Total	1,604	7,214	8,818	37	189	226

Source: Sofidel internal

Breakdown of Sofidel Group employees by type of contract and geographical area

2024	Indeterminato	Determinato
Belgium	160	2
France	703	4
Germany	762	54
Greece	56	12
Ireland	1	-
Italy	1,344	31
Poland	423	47
Romania	217	31
Spain	336	23
Sweden	176	13
UK	850	8
Hungary	175	1
USA	3,615	0
Total	8,818	226

Source: Sofidel internal

Breakdown of Sofidel Group Apprentices by gender and work contract

2024	Permanent			Temporary		
	Women	Men	Total	Women	Men	Total
Blue Collars	-	-	-	1	24	25
White Collars	-	-	-	14	4	18
Total	-	-	-	15	28	43

Source: Sofidel internal

Breakdown of Sofidel Group Apprentices by type of contract and geographical area

2024	Indeterminato	Determinato
France	-	17
Germany	-	20
UK	-	6
Total	-	43

Source: Sofidel internal

Turnover

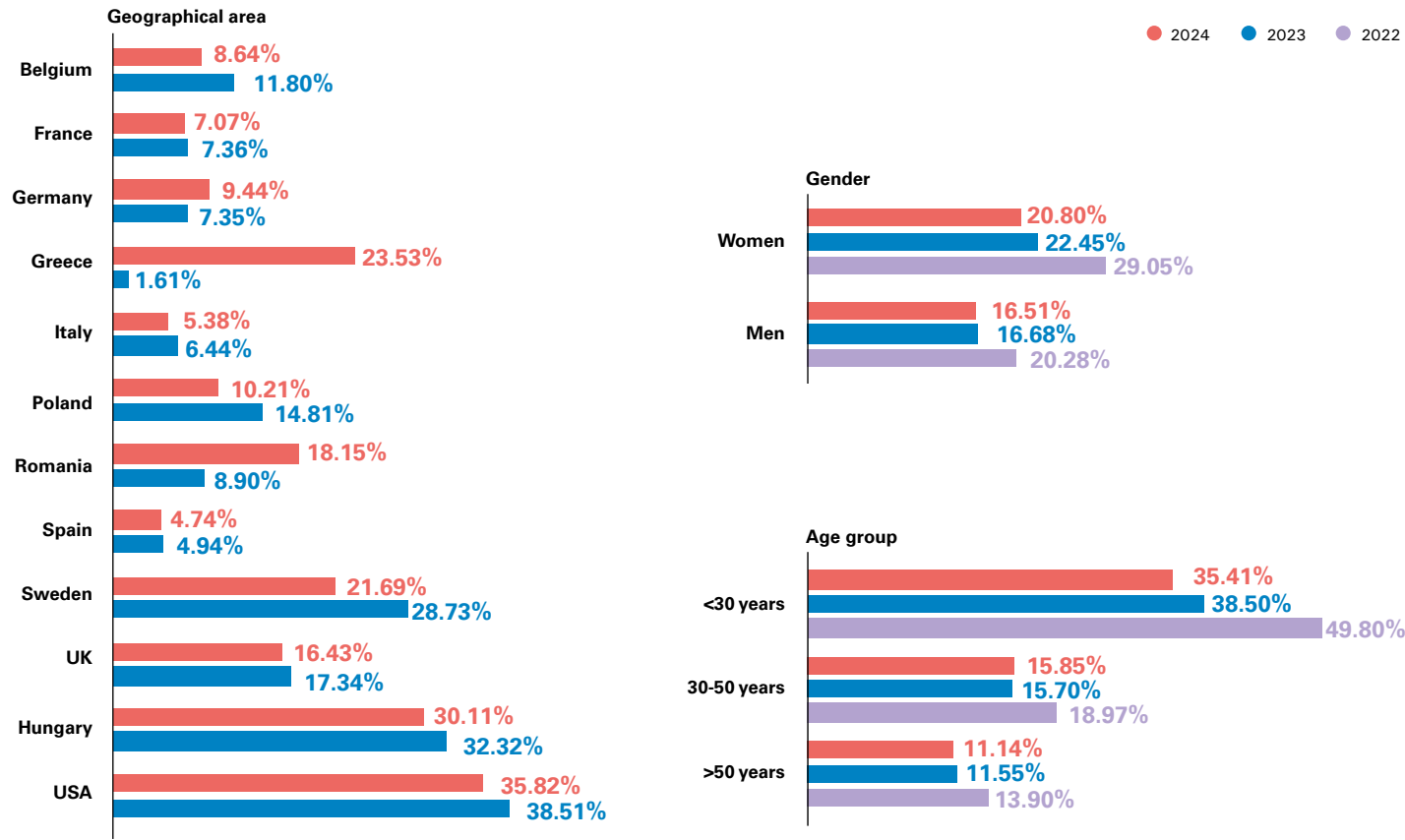
In order to provide a true and fair presentation, the quantitative information covered by the paragraph is represented with a double view: pre-acquisition of Sofidel Tissue and separately Sofidel Tissue for the months of November and December 2024. On the other hand, with reference to the Apprentices, the information refers to the overall perimeter of the Group.

The turnover rate¹ of the Sofidel Group before acquisition of Sofidel Tissue is equal to 17.29%, slightly lower than the previous year.

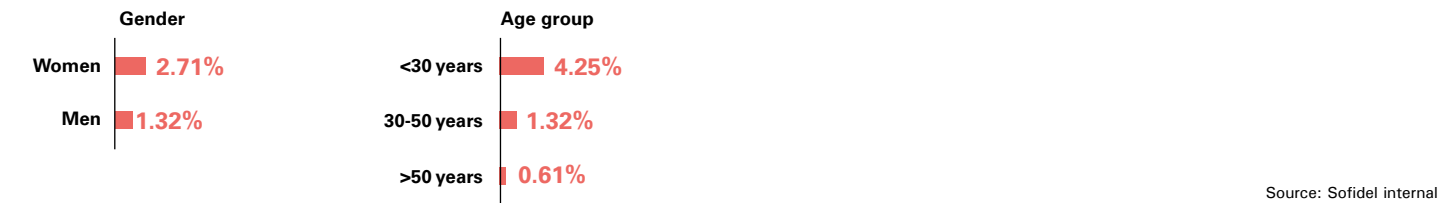
The turnover rate of Sofidel Tissue is 1.57%.

Turnover rate by geographical area, gender and age

SOFIDEL GROUP PRE-ACQUISITION OF SOFIDEL TISSUE



SOFIDEL TISSUE – NOVEMBER AND DECEMBER 2024



Source: Sofidel internal

1. The staff turnover rate was determined considering the total number of employees who left the organisation voluntarily, due to retirement or termination of employment.

Turnover rate of Sofidel Group Apprentices by geographical area, gender and age

2024	Geographical area
France	47.06%
Germany	0%
UK	33.33%
Total	23.26%

2024	Gender
Women	26.67%
Men	21.43%
Total	23.26%

2024	Age group
<30 years	23.26%
Total	23.26%

Source: Sofidel internal



People who left the company by geographical area, gender and age

SOFIDEL GROUP PRE-ACQUISITION OF SOFIDEL TISSUE - ABSOLUTE VALUES 2024

Geographical area	Employees who left the organisation	Total employees
Belgium	14	162
France	50	707
Germany	77	816
Greece	16	68
Ireland	-	1
Italy	74	1,375
Poland	48	470
Romania	45	248
Spain	17	359
Sweden	41	189
UK	141	858
Hungary	53	176
USA	701	1,957
Total	1,277	7,386

Gender	Employees who left the organisation	Total employees
Women	280	1,346
Men	997	6,040
Total	1,277	7,386

Age group	Employees who left the organisation	Total employees
<30 years	392	1,107
30-50 years	624	3,936
>50 years	261	2,343
Total	1,277	7,386

Source: Sofidel internal

SOFIDEL TISSUE - ABSOLUTE VALUES NOVEMBER AND DECEMBER 2024

Gender	Employees who left the organisation	Total employees
Women	18	1,363
Men	8	295
Total	26	1,658

Age group	Employees who left the organisation	Total employees
<30 years	11	259
30-50 years	12	907
>50 years	3	492
Total	26	1,658

Source: Sofidel internal

Transition support programmes

The Sofidel Group implements transition programmes to **facilitate job continuity and the end of the professional career**, for both reasons of retirement and termination of employment.

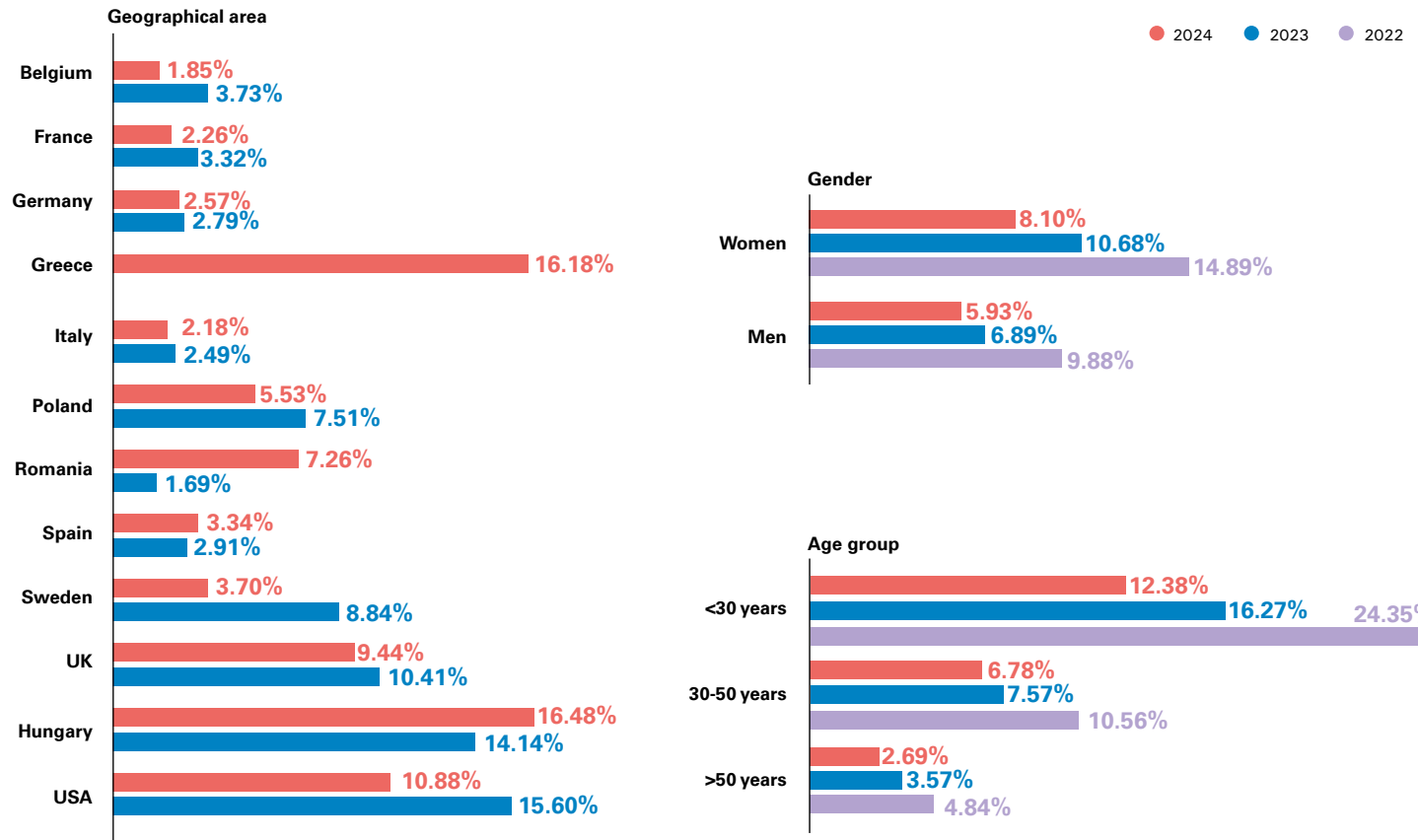
In particularly critical or strategic situations linked to the departure of employees, the organisation considers the possibility

of offering **outplacement programmes** to support their re-employment and accelerate their new job placement.

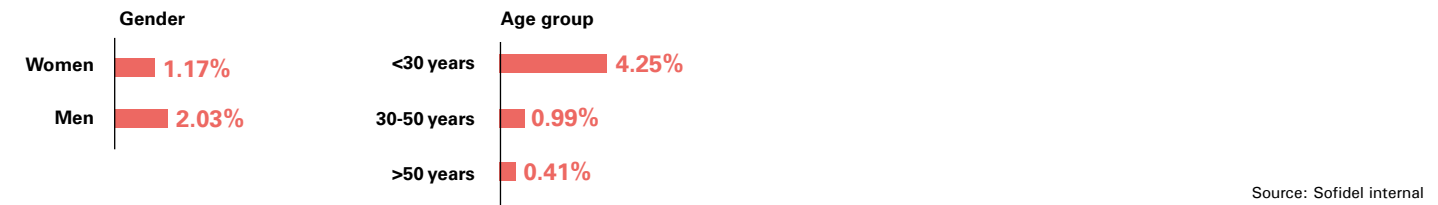
The data reported hereunder was calculated on the basis of the voluntary resignations recorded among the employees of the Sofidel Group.

Turnover rate due to voluntary resignations by geographical area, gender and age

SOFIDEL GROUP PRE-ACQUISITION OF SOFIDEL TISSUE



SOFIDEL TISSUE – NOVEMBER AND DECEMBER 2024



Source: Sofidel internal

Sofidel Group Apprentice turnover rate due to voluntary resignations by geographical area, gender and age group

2024	Geographical area
France	11.76%
Germany	-
UK	-
Total	4.65%

2024	Gender
Women	-
Men	7.14%
Total	4.65%

2024	Age group
<30 year	4.65%
Total	4.65%

Source: Sofidel internal



Number of voluntary resignations by geographical area, gender and age group

SOFIDEL GROUP PRE-ACQUISITION OF SOFIDEL TISSUE - ABSOLUTE VALUES 2024

Geographical area	Employees who left the organisation	Total employees
Belgium	3	162
France	16	707
Germany	21	816
Greece	11	68
Ireland	-	1
Italy	30	1,375
Poland	26	470
Romania	18	248
Spain	12	359
Sweden	7	189
UK	81	858
Hungary	29	176
USA	213	1,957
Total	467	7,386

Gender	Employees who left the organisation	Total employees
Women	109	1,346
Men	358	6,040
Total	467	7,386

Age group	Employees who left the organisation	Total employees
<30 years	137	1,107
30-50 years	267	3,936
>50 years	63	2,343
Total	467	7,386

Source: Sofidel internal

SOFIDEL TISSUE - ABSOLUTE VALUES NOVEMBER AND DECEMBER 2024

Gender	Employees who left the organisation	Total employees
Women	6	295
Men	16	1,363
Total	22	1,658

Age group	Employees who left the organisation	Total employees
<30 years	11	259
30-50 years	9	907
>50 years	2	492
Total	22	1,658

Source: Sofidel internal

Total number and rate of new hires by geographical area, gender and age group

SOFIDEL GROUP PRE-ACQUISITION OF SOFIDEL TISSUE - 2024

Geographical area	Hires	Employees	Hiring rate
Belgium	15	162	9.26%
France	64	707	9.05%
Germany	100	816	12.25%
Greece	22	68	32.35%
Ireland	-	1	
Italy	83	1,375	6.04%
Poland	52	470	11.06%
Romania	57	248	22.98%
Spain	33	359	9.19%
Sweden	48	189	25.40%
UK	162	858	18.88%
Hungary	31	176	17.61%
USA	926	1,957	47.32%
Total	1,593	7,386	21.57%

Gender	Hires	Employees	Hiring rate
Women	332	1,346	24.67%
Men	1,261	6,040	20.88%
Total	1,593	7,386	21.57%

Age group	Hires	Employees	Hiring rate
<30 years	608	1,107	54.92%
30-50 years	802	3,936	20.38%
>50 years	183	2,343	7.81%
Total	1,593	7,386	21.57%

Source: Sofidel internal

SOFIDEL TISSUE - NOVEMBER AND DECEMBER 2024

Gender	Hires	Employees	Hiring rate
Women	-	295	-
Men	1	1,363	0.07%
Total	1	1,658	0.06%

Age group	Hires	Employees	Hiring rate
<30 years	-	259	-
30-50 years	1	907	0.11%
>50 years	-	492	-
Total	1	1,658	0.06%

Source: Sofidel internal

Total number and rate of new hires of Sofidel Group Apprentices by age group, gender and geographical area - 2024

Geographical area	Hires	Employees	Hiring rate
France	6	17	35.29%
Germany	9	20	45.00%
UK	5	6	83.33%
Total	20	43	46.51%

Age group	Hires	Employees	Hiring rate
<30 years	20	43	46.51%
30-50 years	-	-	-
>50 years	-	-	-
Total	20	43	46.51%

Gender	Hires	Employees	Hiring rate
Women	4	15	26.67%
Men	16	28	57.14%
Total	20	43	46.51%

Source: Sofidel internal

Parental leave

In 2024, all Sofidel employees were entitled to request **parental leave** (9,044). The number of people who took parental leave was 142, of whom 65 women and 77 men.

At the end of their parental leave, 2 Group employees decided to leave their jobs.

Sofidel Group employees who took parental leave - 2024

Geographical area	Women	Men	Total
France	6	1	7
Germany	4	12	16
Greece	-	1	1
Italy	26	50	76
Poland	6	-	6
Romania	1	-	1
Spain	2	10	12
Sweden	4	3	7
UK	1	-	1
Hungary	8	-	8
USA	7	-	7
Total	65	77	142

In all the countries in which it operates, the organisation complies with regulations governing maternity and paternity leave and, more generally, any form of compulsory or optional leave granted to workers with children. It also fosters forms of **flexibility in the use of leave** in order to accommodate the needs of its employees, in compliance with local laws and regulations.

2024	Women	Men	Total
Sofidel Group employees who returned to work after taking parental leave and continued to work in the organisation in the 12 months following their return	34	53	87
Return rate to work of Sofidel Group employees who took parental leave	95.35%	100.00%	98.26%
Company retention rate of Sofidel Group employees who took parental leave	87.18%	92.98%	90.63%
Sofidel Group employees who returned to the company during the reporting period, after taking parental leave	43	72	115

Source: Sofidel internal



Industrial relations

GRI 3-3	Management of material topics
GRI 2-30	Collective bargaining agreements
GRI 402-1	Minimum notice periods regarding operational changes

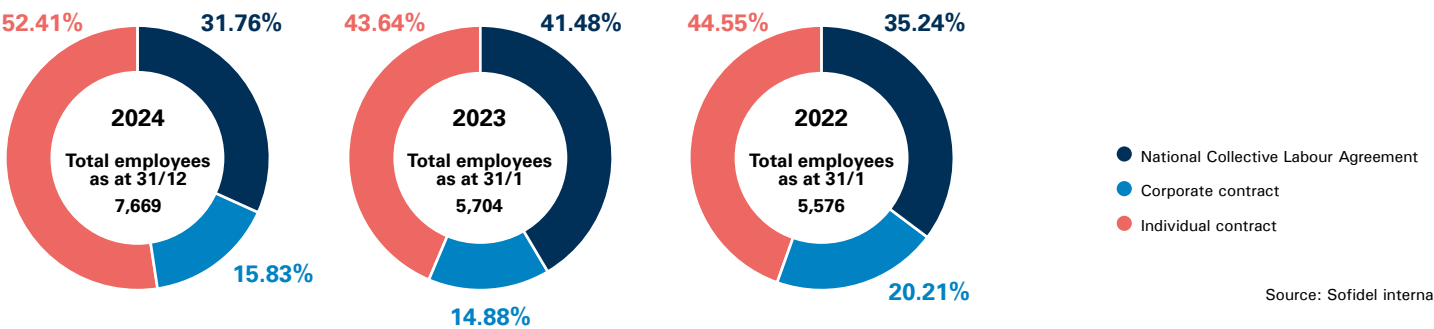
Material topic:
Industrial relations

The Sofidel industrial relations system is based on **open, continuous and constructive exchanges** with the trade unions in the countries in which it operates. In the **Italian Companies of the Sofidel Group**, the National Collective Labour Agreement (NCLA) is applied to **all employees**, in compliance with the provisions of current law. In the Sofidel Group companies, employee contracts are always regulated by forms of national, company or individual collective bargaining. This guarantees clear and perfectly enforceable conditions and promotes a system of relations that protects the core value of labour, both for the companies and the

workers. The European Works Council (EWC) is the body created under European Directive 94/45/EC for informing and consulting employees in community-scale companies and groups. Although the parties agree on the objectives of the EWC and share a mutual desire to implement it, they are discussing its method of operation without so far having reached an agreement.

The Group companies do not make direct or indirect contributions to parties, movements, committees and organisations of a political or union nature, or to their representatives, and they refrain from any form of direct or indirect pressure on political parties.

Breakdown of employees in the Sofidel Group’s foreign Companies by type of contract (NCLA, company contract, individual contract)



Notice in case of organisational changes

In all countries in which it operates, the Sofidel Group observes the minimum notice periods required for operational and organisational changes which could have a significant impact on the company and its employees. The notice periods can differ from country to country, since governed by local legislations, regulations and agreements, thus varying from a minimum of one to two weeks up to two to three months depending on the issue and country involved from time to time.

Even in countries where local legislation does not provide for a minimum formal notice period, Sofidel undertakes to apply reasonable terms in order to manage changes and any consequent impact on the **parties concerned**.

Inclusion

GRI 3-3	Management of material topics
GRI 405-1-b	Diversity of governance bodies and employees
GRI 405-2	Ratio of basic salary and remuneration of women to men
GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage

Material topic:
Inclusion

Sofidel bases its human resources management policy on the principles expressed in its Code of Ethics, which condemns any discrimination based on gender, religion, culture, ethnicity or sexuality or age. Sofidel is committed to providing a work environment free from prejudice and respectful of the personality and dignity of workers. In this regard, the organisation has de-

veloped compensation and skills development rules based on criteria of equality and fairness to avoid and reduce as much as possible wage differences between men and women. In addition, in the various countries in which it operates, Sofidel is attentive to multiculturalism within its work environments and applies the principles of equal treatment, transparency and non-discrimination at all levels, right from the stages of personnel selection and entry.

Personnel characteristics

In the Sofidel Group, **women** represent 18.14% of employees, 22.64% among managers, 41.93% among white collars and 11.68% among blue collars. The prevalence of men, especially among blue collar workers, is due to the characteristics of the manufacturing industry and the tasks performed, which in many cases involve working in alternating shifts and on a continuous cycle, especially as regards production, maintenance, warehouse or loading and unloading operations.

In addition, young people are a fundamental resource for bringing fresh energy and new ideas to the company, which is why the Group intends to increase their presence and **give space to new generations**.

At present, the majority (53.55%) of the Sofidel population is between 30 and 50 years old. The number of workers over the age of 50, who will require adequate management tools in the future, is also significant.

Breakdown of Sofidel Group employees by category, gender and age

2024	<30 years			30-50 years			>50 years		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Blue Collars	143	985	1,128	364	3,100	3,464	268	1,773	2,041
White Collars	81	133	214	444	523	967	171	308	479
Managers	3	21	24	98	314	412	69	246	315
Total	227	1,139	1,366	906	3,937	4,843	508	2,327	2,835

Source: Sofidel internal

2023	<30 years			30-50 years			>50 years		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Blue Collars	103	731	834	263	2,354	2,617	191	1,393	1,584
White Collars	75	111	186	394	483	877	145	275	420
Managers	5	14	19	71	225	296	45	193	238
Total	183	856	1,039	728	3,062	3,790	381	1,861	2,242

2022	<30 years			30-50 years			>50 years		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Blue Collars	91	695	786	237	2,365	2,602	182	1,341	1,523
White Collars	87	102	189	389	478	867	140	248	388
Managers	6	13	19	66	234	300	38	181	219
Total	184	810	994	692	3,077	3,769	360	1,770	2,130

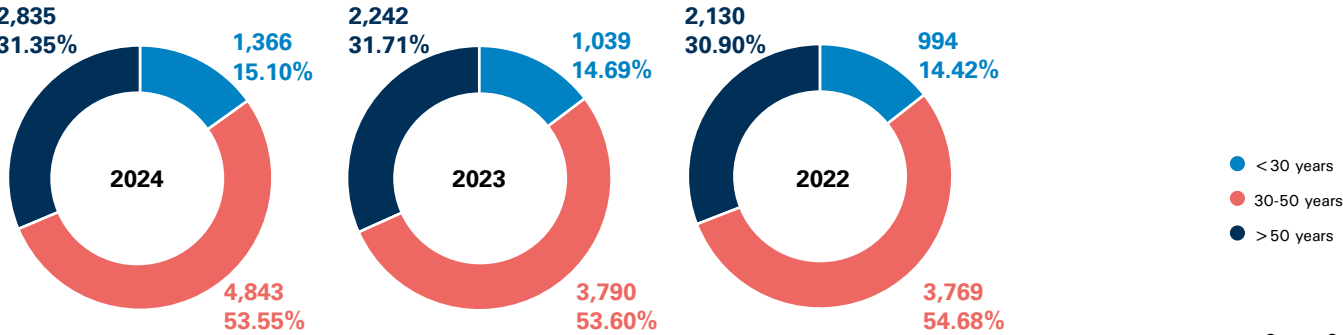
Source: Sofidel internal

Breakdown of Sofidel Group Apprentices by category, gender and age

2024	<30 years		Total
	Women	Men	
Blue Collars	1	24	25
White Collars	14	4	18
Total	15	28	43

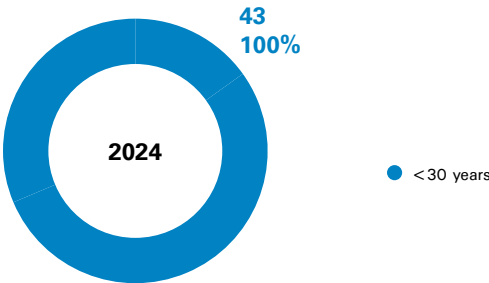
Source: Sofidel internal

Breakdown of Sofidel Group employees by age group



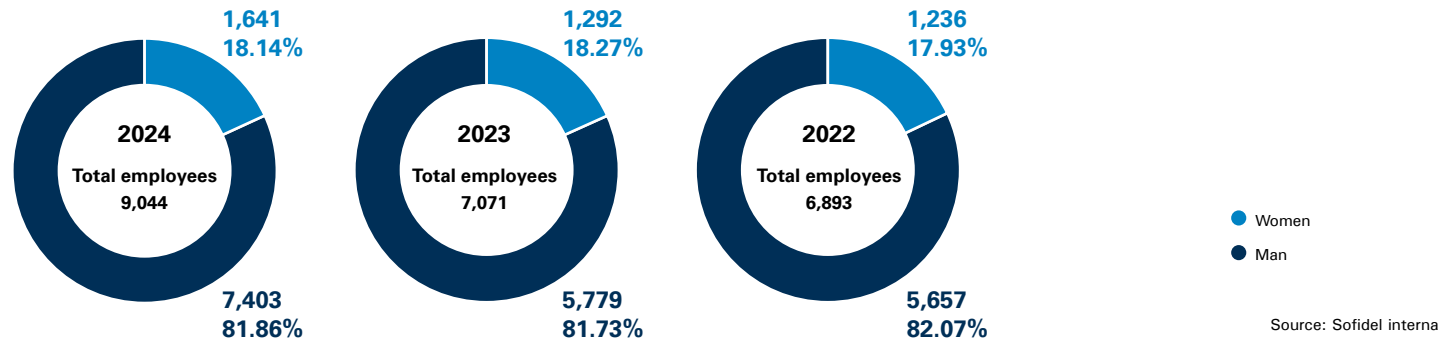
Source: Sofidel internal

Breakdown of Sofidel Group Apprentices by age group



Source: Sofidel internal

Breakdown of Sofidel Group employees by gender



Source: Sofidel internal

Remuneration of men-women

The issue of fairness and equal treatment between men and women is very important for Sofidel. In this regard, the organisation has developed compensation and skills development rules based on criteria of equality and fairness to avoid and reduce as much as possible wage differences between men and women.

The figures presented in the tables below, broken down by Blue Collars, White Collars and Managers, show that even with policies based on equity and equal treatment of men and women, a certain gap persists for women in the White Collar and Manager categories, while in the Blue Collar category wages are essentially equal.

A positive observation is that the 2024 figures show an **improvement compared with the previous years**.

For the future, the Sofidel Group intends to take action to fully bridge the gap between men's and women's wages and implement its equal opportunities policy in the workplace.

Ratio of remuneration of women to men for the same category – basic salary

2024	Basic salary for women as a percentage of men's		Difference
Blue Collars	Women	98.66	-1.34
	Men		
White Collars	Women	85.70	-14.30
	Men		
Managers	Women	86.14	-13.86
	Men		
Total	Women	99.85	-0.15
	Men		

Ratio of remuneration of women to men for the same category – total remuneration (including variable pay)

2024	Basic salary for women as a percentage of men's		Difference
Blue Collars	Women	98.57	-1.43
	Men		
White Collars	Women	84.68	-15.32
	Men		
Managers	Women	86.38	-13.62
	Men		
Total	Women	101.35	1.35
	Men		

Source: Sofidel internal

Ratio between the standard entry-level wage by gender and local minimum wage

The Sofidel Group ensures respect for the minimum local wages in all the countries where its employees work, whether they are new hires or people with greater professional experience. Furthermore, no difference is applied between the minimum wages of men and women.

Protected categories

As far as **protected categories** are concerned, the Group fulfils its obligations under local laws in the countries in which it operates. In 2024, 83 employees belonged to protected categories, of which 19 women and 64 men. Most of the protected categories are currently hired in Italy and Germany.

Geographical area	Minimum wage in the country	Ratio between company minimum wage and legal minimum wage by country
Belgium	100	173
France	100	106
Germany	100	124
Greece	100	100
Italy	100	100
Poland	100	100
Romania	100	100
Spain	100	130
Sweden	100	100
UK	100	100
Hungary	100	100
USA	100	227

Source: Sofidel internal



Training and professional development

GRI 3-3	Management of material topics
GRI 404-1	Average hours of training per year per employee
GRI 404-3	Percentage of employees whose performance and professional development is periodically assessed

Material topic: Training and professional development

For the Sofidel Group, the training and professional development of its employees is an essential tool for the **enhancement of people** and for the **growth of the organisation**. Indeed, in a rapidly evolving working environment, investing in the improvement of employee skills not only promotes growth and individual well-being, but also strengthens company competitiveness.

In 2024, Sofidel invested Euro 2,046,012 and provided a total of **110,673 hours of training, of which 905 hours for employees** of the Sofidel Tissue plants, who joined the Group in the last two months of 2024.

Training in Sofidel is managed as an essential process for **organisational growth** that starts with a needs analysis: at this stage, employee training gaps are identified with the aim of assessing areas for improvement and increasing staff skills. The needs analysis is repeated annually and leads to identifying training programmes to improve soft, digital, professional, managerial and linguistic skills.

In 2024, the training course on the **transversal skills** of Change Management, which started in 2022 within the Supply Chain department, continued. After experimenting in 2022 and 2023 with the techniques of Agile Project Management methodologies on Corporate processes, in 2024 the project was extended to European subsidiaries. It involved a total of 17 resources, of which 13 local figures with logistics and planning responsibilities, alongside Corporate resources with the role of facilitating the work teams. During the year, colleagues were involved in classroom training focusing on the major soft skills required of managerial figures and they also continued with the learning and application of the Agile PM methodology on planning and logistics processes.

People are the heart and strength of the company. Sofidel cultivates their talent and develops their technical and managerial skills to be able to rely on capable and motivated resources.

In 2024, the HR team of Sofidel UK started a process to design and provide training sessions for the heads and managers of the English associated company. Focusing on various human resource management issues addressed daily by line managers, the team designed and tailored each session to improve people management skills. The training involved managers, production manager assistants and supervisors in three of the four facilities in the UK, with one member of the HR team providing over 75 hours of face-to-face training. Conducted in a "workshop" style, the training sessions combined classroom learning activities with real case studies and group discussions to facilitate knowledge transfer. So far, workshops have been delivered on cross-cutting topics, such as "How to conduct a 'good' investigation" and "Understanding disciplinary issues".



The path is multi-year and will continue throughout 2025.

Over recent years, digital transition and **artificial intelligence** have been among the most important and pervasive topics, implying a profound change in corporate culture and operating processes. To accompany and support its employees in the use of these new technologies, Sofidel has launched a project to accompany the use of Copilot, an artificial intelligence tool that facilitates writing, data analysis, programming and many other daily work activities.

Almost 400 employees were involved in the project, which included: the creation of thematic webinars to explain how to best use this digital assistant, access to a community where users can find interesting ideas and ask questions to a repository with useful content and advice. Over 1,170 hours of training were provided through introductory webinars, online lessons on vertical topics and Q&A sessions.

Another key priority issue for the company is **sustainability** - a truly strategic factor for growth and development. This topic was at the heart of the “Embedding Sustainability” training project, a stimulating and interactive training course. Its aim was to strengthen the knowledge already gained and improve one's **technical skills** to become a proactive and trusted partner in sustainability matters with our customers. The course was carefully co-designed to ensure that participants could find suitable content and use it in their work. Over 140 European colleagues from the Marketing & Sales function were involved in the training course, structured in interactive workshops, group work and field trials for a total of 544 hours of training.

With the recent revision of the **Whistleblowing** Policy, the company has also reaffirmed its commitment to training employees and promoting a corporate culture focused on **compliance, transparency** and **integrity**. The training programme was carried out on several levels and in different ways for a total of 2,150 hours. The whistleblowing managers were involved in a training course to examine the process to operationally manage the reports. Employees, on the other hand, received modular eLearning training with an explanation of the Whistleblowing process and practical instructions on how to use the platform for sending reports.

Information material was also written in the local language, as well as in-person training sessions that suitably explained this important process that protects the values of integrity and ethical behaviour.

In America, in 2024, Sofidel committed to providing comprehensive learning programmes to leaders and employees at all levels of the organisation. At the beginning of the year, the HR team cooperated with companies specialised in the development of **managerial skills** and started to customise the "Unleash Your Leadership Potential" programme. The managers, from top leaders to new managers, participated in focus groups for the assessment of needs. Designed to better understand the needs and cultural dynamics of the Sofidel environment and structure a specific programme, they consisted of a comprehensive two-module workshop with a three-day immersive training that provided leaders with fundamental skills and tools to better coach and guide the teams they support. The project was launched at the end of 2024 in Circleville (OH) and involved over 700 hours of training, with the aim of continuing with full implementation for all leaders in 2025.

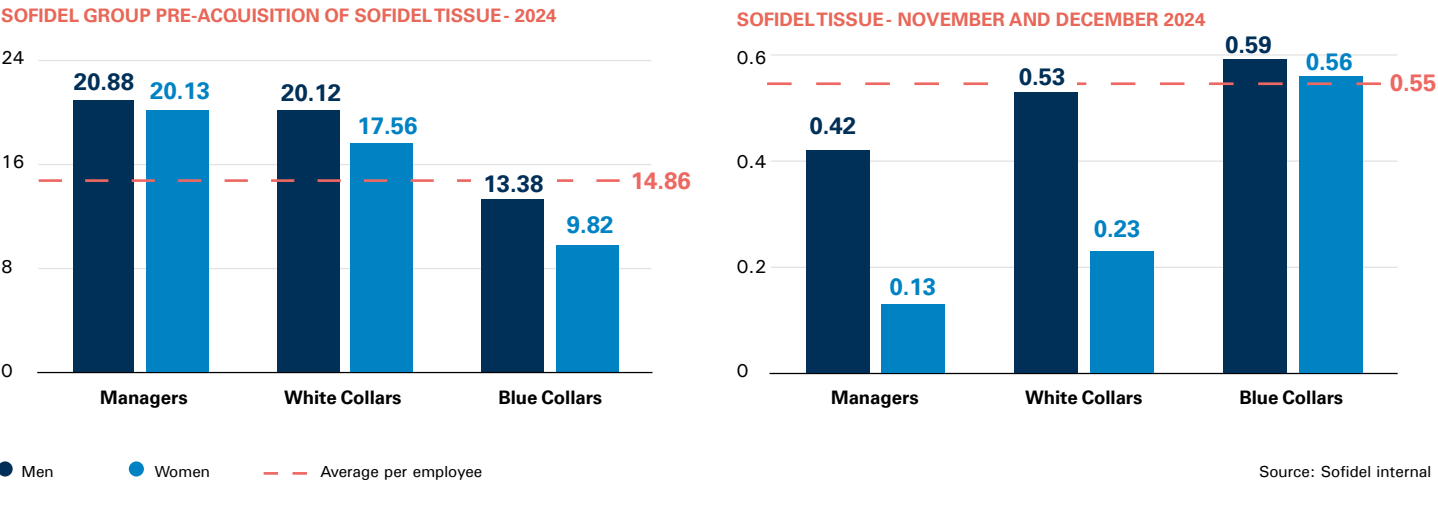
Again, in America, to ensure compliance with the laws and regulations of the EEOC (Equal Employment Opportunity Commission), Sofidel launched two versions of the training on the **prevention of harassment**. The first was designed to help leaders understand harassment, recognise its signs and report it. During the training activities, diversity issues were explored and participants were accompanied in understanding the impact that harassment can have on employee engagement and turnover. The second version of the harassment prevention pathway was designed for all individual employees and provided them with the tools to understand the values and challenges associated with an adverse workforce and culture. In 2024 almost 2,000 leaders and collaborators attended at least one of these two courses.

The **Sofidel Language Learning** Programme, launched in 2023, also continued in 2024. Once again, its aim was to provide employees with a digital platform to improve language skills through conversation classes, theory lessons, practical exercises, pronunciation

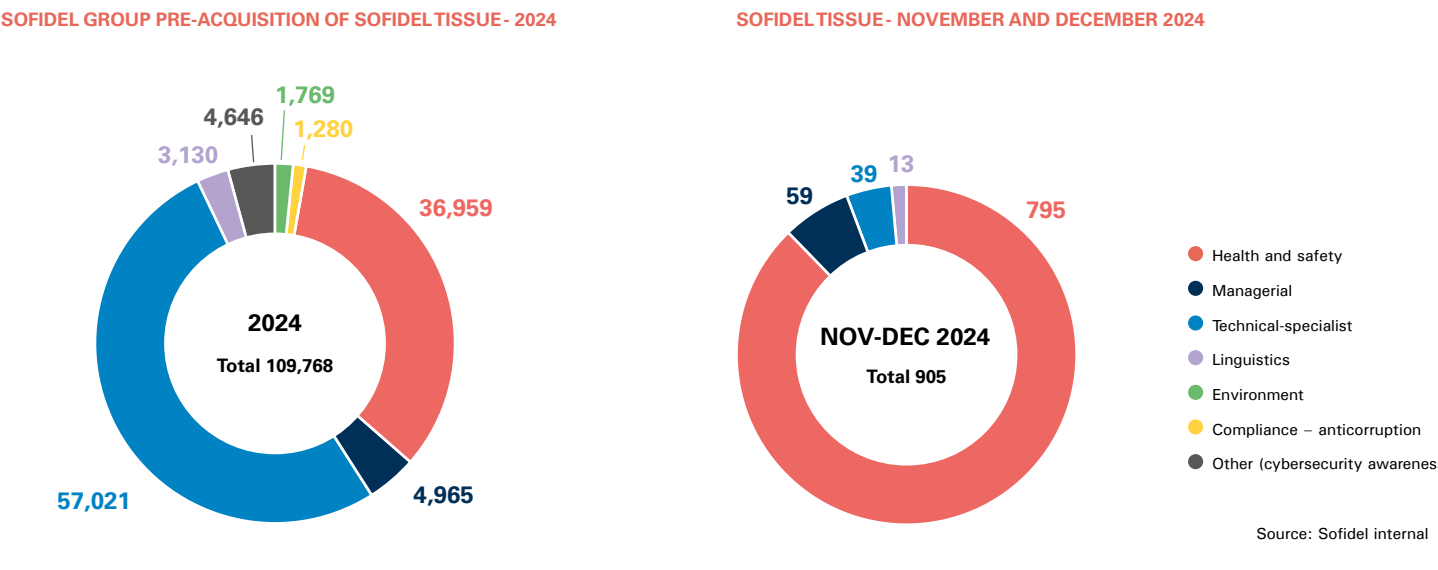
tools and videos. During the year, 483 employees used the language programme. ccess to the portal for daily exercises, grammar sheets and insights is always available to a family member/friend of the participants with a view to corporate benefits. In addition to using this innovative digital tool as a benefit, the programme

also offers the opportunity to take part in annual group lessons held remotely and organised in classes with colleagues from all the Group's subsidiaries. This is a valuable opportunity for employees to expand their vocabulary, learn about other company areas and connect with colleagues from other subsidiaries.

Average hours of training for employees by gender and category



Hours of training by subject





Performance evaluation programme

The qualitative evaluation of performance is based on the ongoing analysis of a number of metrics that measure the performance of employees, such as **individual commitment**, competencies, **problem-solving ability**, **collaboration** (teamwork), communication and interpersonal skills, initiative, delegation, and control and development of one's employees.

During 2024, Sofidel carried out performance evaluation in the countries where the process is in place by virtue of local regulatory requirements, while the Group-wide assessment process is currently being updated. This process also includes the planning of a training programme for the people being evaluated and the evaluators in order to increase the awareness of Performance Management.

Employees who receive regular performance reviews

2024	Women	Men	Blue Collars	Managers	White Collars
Total employees with reviews	448	1,557	1,334	146	525
Total employees	1,641	7,403	6,633	751	1,660
Percentage of employees involved	27.30%	21.03%	20.11%	19.44%	31.63%

Source: Sofidel internal

Objectives of the 2024-2026 Sustainability Plan ²	2024 Target	Status
Organisation of personnel training and development plans for achievement of business objectives and individual growth objectives. Sofidel plans to increase the number of per capita hours of training in any subject by 50% with respect to 2022 (10.67 man-hours/year) by the end of 2030.	12.00 man-hours/year	Widely achieved

2. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

Occupational health and safety

GRI 3-3	Management of material topics
GRI 403-1	Occupational health and safety management system
GRI 403-2	Hazard identification, risk assessment and incident investigation
GRI 403-3	Occupational health services
GRI 403-4	Worker participation, consultation, and communication on occupational health and safety
GRI 403-5	Worker training on occupational health and safety
GRI 403-6	Promotion of worker health
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
GRI 403-8	Workers covered by an occupational health and safety management system
GRI 403-9	Work-related injuries



Material topic: Occupational health and safety

For Sofidel, health and safety in the workplace are essential elements for planning an equal and long-lasting development respectful of people.

In order to involve all workers in the daily task of contributing to a more widespread and deep-rooted safety culture, **Sofidel has decided to publicly commit to reducing the frequency of injuries within its operations by at least 10% each year from the figure recorded in 2022.** The commitment is limited to the three-year period 2024-2026 solely because it is customary to include such activities in three-year sustainability planning; in no way does it preclude that continuous improvement will go on until the maximum technically feasible reduction of any occupational health and safety risk has been reached.

To achieve this goal, Sofidel has developed an intervention plan based on specific Safety Pillars.

Management System ISO 45001: one of the Pillars is for the adoption by **Group plants of the Health and Safety Management System certified according to the ISO 45001 standard.**

Ongoing improvement of the risk assessment document is the central element of this system. To this end, Sofidel has completed the project for the review and implementation of the Risk Assessment Document in the Italian plants, which will be gradually extended to other countries where possible and useful. This document involves the Employer, the Prevention and Protection Service Manager, the Medical Officer, and the Workers' Safety Representative.

Although ISO 45001 certification coverage is almost complete, the process of including the few plants that are yet to be certified and strengthening the system in plants that are already certified will continue. The ISO 45001 certification process for the US plants began in 2024 and will be completed in the first half year of 2025.

In 2024, 57.9%³ of workers were covered by a health and safety management system on which a health and safety risk assessment was carried out on the employees' work.

Near-miss project: Sofidel is committed to providing a safe and healthy workplace by encouraging employees to be aware and take immediate action to report situations, actions and behaviour that might increase the risk of injuries. For this purpose, awareness raising continued in 2024 due to the **increase in the number of near-miss incidents** (events without consequences that could have caused an injury), with the goal of reaching **5% annual increase** compared to the previous year's reports over the next three years.

The corporate safety department standardises and harmonises the know-how acquired in the field of health and safety through the dissemination of Safety Alerts in the event of significant injuries or near-misses occurring in the Group's plants.

3. The percentage of workers covered by the health and safety management system, excluding Sofidel Tissue, which joined the Group in November 2024, is 70.9%.

PPE (personal protective equipment): Sofidel has launched a pilot project, for now in one country only, regarding the installation of PPE (personal protective equipment) vending machines with an integrated e-learning system. In addition, in order to prevent accidents from contact with sharp and pointed objects, the Group is introducing new systems for cutting paper using ceramic material that will replace traditional equipment. They will ensure long-lasting sharpening, reduce the need for frequent replacements and frequent use of specific PPE.

Furthermore, the **“Safe Behaviour Observatory”** project is continuing in the Group plants. It was developed in collaboration with Confindustria Toscana Nord and the INAIL territorial department of Lucca, after an initial pilot phase involving a paper mill and a converting plant. The goal is to increase the attention and awareness of workers through the observation of behaviour and related feedback, in order to encourage positive and safe attitudes and help build a generalised safety culture with massive and direct involvement of all workers.

In promoting safe and responsible behaviour through shared health and safety values and practices, Sofidel launched a pilot **project** in some Italian plants to **spread the culture of safety**. Focus Groups were created involving workers who perform duties and have similar experience and position.

- On the safety technology front, Sofidel continued to invest in various projects, such as:
- **“Safe Forklift”** project which aims, through the installation of an anticollision system on lifting equipment (forklift trucks), to reduce the likelihood of collision between lifting equipment and to lower the risk of workers passing through loading and unloading areas being knocked down. In the implementation of this project, the corporate security department provides the Group technical area with technical support;
 - the **"Reel Pusher"** project involves the installation of safety devices in one of the continuous paper machine areas where interference with operators is most likely, namely the reel pusher area. The safety device ensures jam-free reel extraction,



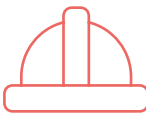
- minimising operator intervention. In this case too, the corporate security department provides the Group technical area with technical support;
- the **“Paper pusher robot”** project, which involves the installation of a device to eliminate the following manual operations by the operator: removing paper and unloading it into the pulper of the paper machine. In implementing this project, the corporate security department provides the Group operating area with technical support.

In addition, Sofidel has strengthened and standardised the periodic control of cables required by the technical standards throughout the Group in order to achieve responsible management of cables and define an internal standard of replacement and overload analysis systems.

Fire risk prevention is a highly important issue for the Group. In addition to specific training for workers, Sofidel also invests in both passive and active protection measures to reduce damage to personnel and structures. Some of the measures taken by the Group, in addition to the provisions of the technical regulations in force in the countries where the production sites are located, are additional fire prevention partitioning and the installation of fire detection and alarm systems for unattended plant areas.

On the topic of fire risk prevention, mention should be made of the **Basic Cleaning & Inspection (BCI)** project. BCI is the production line cleaning and inspection standard to maintain safety, product quality, fire prevention, workplace decorum and efficiency. In this case too, the corporate security department provides the Group technical area with technical support. Production operators are the key players in both restoring the basic conditions of the production lines and maintaining the established standard of cleanliness, while supervisors and coordinators provide support and training for operators and ensure that the standard is correctly enforced. The accumulation of potentially flammable material due to poor cleaning after every shift or every maintenance activity is at the origin of many episodes of micro-fires or explosions. The BCI system meets the need to prevent such incidents.

As regards cleaning and dust reduction, Sofidel is testing specific mobile telescopic vacuum systems that are able to reach parts of the plant that are difficult to access with traditional blowing tools.



Health and safety at work are a priority for the Group.

The importance of training

Each year, Sofidel draws up a health and safety training plan in all its companies. In 2024, in the entire Group, a total of **37,754 hours of training** were provided for both employees and new hires. The various modules covered the main aspects required by national regulations:

- task-related risks and associated prevention and protection measures;
- the use of work equipment and PPE;
- management of emergencies and fires;
- first aid;
- the rights and duties of the various corporate functions.

In each plant, for each category of workers, Sofidel carries out training programmes and “on the job” training to raise safety awareness. Our partnership with the European Agency for Safety and Health at Work (EU-OSHA) continued, through involvement in a two-year campaign (2023-2025) on occupational health and safety in the digital age.

Training also includes the **"Leadership in Safety"** project to support plant middle managers (production, maintenance, warehousing) in their crucial role as prevention managers/supervisors, in order to build greater awareness and consequent virtuous behaviour at work.

Injury trend indexes

Sofidel monitors injury trends in its plants through a series of indexes. The most significant data is shown below.

With a view to continuous improvement, the availability of statistics is one of the pillars for planning future interventions and

making all stakeholders aware of the real progress in the occupational safety. In line with the normal practice of previous years, ongoing injuries as at 31 December 2024 with a duration of less than or equal to 180 days are counted in the total number of work-related injuries with a duration of less than or equal to 180 days.

Total number of recordable work-related injuries of employees - 2024

Employee work-related injuries	Total
Total number of work-related injuries lasting less than or equal to 180 days	211 ⁴
In the workplace	211
Total number of fatalities as a result of work-related injures	0
In the workplace	0
Total number of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding fatalities)	1
In the workplace	1
Total number of employee injuries in 2024 ≥ 0 days	212
Number of hours worked	13,317,257

Employee injury rates	Total
Rate of recordable work-related injuries lasting less than or equal to 180 days ⁵	15.84
Rate of fatalities as a result of work-related injury	0
Rate of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding fatalities) ⁵	0.07
Total rate of recordable work-related injuries	15.91

Total number of recordable work-related injuries of temporary workers – 2024

Temporary workers work-related injuries	Total
Total number of work-related injuries lasting less than or equal to 180 days	5
In the workplace	5
Total number of fatalities as a result of work-related injures	0
In the workplace	0
Total number of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding deaths)	0
In the workplace	0
Total number of temporary workers injuries in 2024 ≥ 0 days	5
Number of hours worked	339,052

Temporary workers injury rates	Total
Rate of recordable work-related injuries lasting less than or equal to 180 days ⁵	14.75
Rate of fatalities as a result of work-related injury	0
Rate of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding fatalities) ⁵	0
Total rate of recordable work-related injuries	14.75

Source: Sofidel internal

Total number of recordable work-related injuries of employees - 2023

Employee work-related injuries	Total
Total number of work-related injuries lasting less than or equal to 180 days	187 ⁶
In the workplace	187
Total number of fatalities as a result of work-related injures	0
In the workplace	0
Total number of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding fatalities)	4
In the workplace	4
Total number of employee injuries in 2024 ≥ 0 days	191
Number of hours worked	12,174,025

Employee injury rates	Total
Rate of recordable work-related injuries lasting less than or equal to 180 days ⁷	15.36
Rate of fatalities as a result of work-related injury	0
Rate of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding fatalities) ⁷	0.33
Total rate of recordable work-related injuries	15.69

Total number of recordable work-related injuries of temporary workers – 2023

Temporary workers work-related injuries	Total
Total number of work-related injuries lasting less than or equal to 180 days	15
In the workplace	15
Total number of fatalities as a result of work-related injures	0
In the workplace	0
Total number of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding deaths)	0
In the workplace	0
Total number of temporary workers injuries in 2024 ≥ 0 days	15
Number of hours worked	362,554

Employee injury rates	Total
Rate of recordable work-related injuries lasting less than or equal to 180 days ⁷	41.37
Rate of fatalities as a result of work-related injury	0
Rate of work-related injuries with serious consequences with days of absence exceeding 180 days (excluding fatalities) ⁷	0
Total rate of recordable work-related injuries	41.37

Source: Sofidel internal

4. 44 of the 212 injuries relate to events reported as “Recordable” in the Group’s American plants and refer to situations that did not involve any absence from work, but rather a medication and subsequent medical prescription (including simple over-the-counter medicines: painkillers, antibiotics). Without these events, the total rate of work-related injuries of the Sofidel Group would be equal to 12.6.
5. Number of injuries/hours worked x 1,000,000.

6. 30 of the 187 injuries relate to events reported as “Recordable” in the Group’s American plants and refer to situations that did not involve any absence from work, but rather a medication and subsequent medical prescription (including simple over-the-counter medicines: painkillers, antibiotics). Without these events, the total rate of work-related injuries of the Sofidel Group would be equal to 12.9.
7. Number of injuries/hours worked x 1,000,000.

Total number of recordable work-related injuries of employees - 2022

Employee work-related injuries	Total
Total number of work-related injuries	201
In the workplace	201
Total number of fatalities as a result of work-related injures	0
In the workplace	0
Total number of work-related injuries with serious consequences (excluding fatalities)	2
In the workplace	2
Number of hours worked	11,561,321

Employee injury rates	Total
Rate of recordable work-related injuries	17.39
Rate of fatalities as a result of work-related injury	0
Rate of work-related injuries with serious consequences (excluding fatalities)	0.17

Total number of recordable work-related injuries of temporary workers – 2022

Employee work-related injuries	Total
Total number of work-related injuries	4
In the workplace	4
Total number of fatalities as a result of work-related injures	0
In the workplace	0
Total number of work-related injuries with serious consequences (excluding fatalities)	0
In the workplace	2
Number of hours worked	495,268

Employee injury rates	Total
Rate of recordable work-related injuries	8.08
Rate of fatalities as a result of work-related injury	0
Rate of work-related injuries with serious consequences (excluding fatalities)	0

Source: Sofidel internal

Risk of injury and mitigation actions

In the following table we have highlighted the occupational hazards that constitute a risk of injury with severe consequences and the actions taken by the company to eliminate and reduce these risks to minimum using the hierarchy of controls.

Injuries	Actions
Flat falls and slips	Drafting of H&R standards, operational controls on production sites, specific information and training for workers.
Crushing and entrapment	Drafting of H&S standards on checks to be performed on machine and equipment safety devices. Information and training of operators and supervisors on compliance with safety procedures. Audits focused on the topic.
Physical stress on the musculoskeletal system	Investments aimed at reducing the manual handling of loads, specific information and training of workers.
Contact with sharp, pointed and rough objects	Awareness-raising on the use of cut-protection PPE; training on the proper use of work equipment.

Internal logistics

The internal handling of raw materials, finished and semi-finished products and their storage is a complex activity, whose success is a major factor in the achievement of business objectives.

Automation of part of internal logistics is another important step to ensure greater safety and an increasingly efficient modern service.

During 2024, the automated finished products warehouse became fully operational at the Ciechanów plant in Poland. This solution makes it possible to completely eliminate manual storage areas and save warehouse space to maximise production and company profitability.

Automated storage warehouses offer advantages in terms of safety:

- they completely eliminate the risk of accidents between workers and machines;
- they significantly reduce fire risk, thanks to an isolated environment, with limited and closely monitored access;
- they allow considerable savings due to the limited footprint of the building, thus helping reduce land consumption.

In the field of safety, the aforementioned “Safe Forklift” project also plays a significant role.Its goal is to reduce risk in warehouse areas and surrounding environments related to the interaction between moving machines and between workers and moving machines.



To improve the quality of working environments and minimise fire risks from the use of fuels, Sofidel intends to completely replace its fleet of gas or diesel-powered forklift trucks with electric trucks by the end of 2029. Currently in Europe, 73% of forklift trucks are electric. In the United States, without considering Sofidel Tissue, the percentage of electric trucks has reached 78%.

Objectives of the 2024-2026 Sustainability Plan ⁸	2024 Target	Status
10% annual reduction in the Group average injury frequency rate starting from the 2022 base year figure, throughout the three-year period 2024-2026.	15.80	Achieved ⁹
Installation of automatic anti-collision systems on all lifting equipment (forklifts) operating in the Group's paper mills by the end of 2026.	33%	In the process of being achieved
Replacement of all internal lifting equipment (forklifts) equipped with internal combustion engines with electric vehicles by the end of 2029 for all Sofidel operations.	81%	In the process of being achieved

8. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.
9. The incident rate without Sofidel Tissue is 15.78.

Line of business, markets and products

GRI 2-6	Activities, value chain and other business relationships
GRI 3-3	Management of material topics

Material topic:
Promotion of consumer hygiene

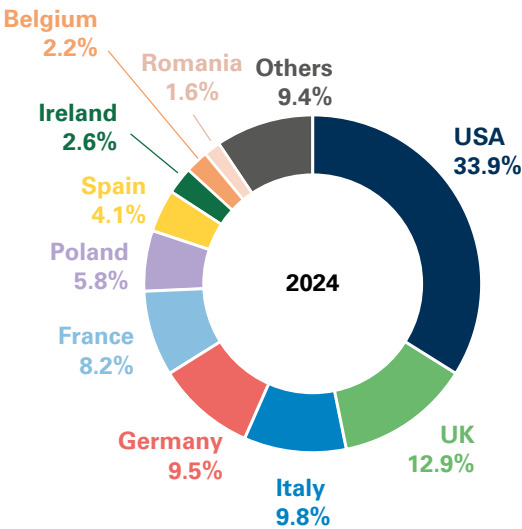
The Sofidel Group is active in the production and marketing of tissue paper products, with a production capacity that ranks it second in Europe and among the world's top producers. Among the large companies in this sector, Sofidel is the only one to have focused specifically on this business alone, becoming a true specialist in the production of paper for hygienic and domestic use, with a strong vocation for developing innovative solutions for personal and environmental hygiene in and outside the home.

With its products, Sofidel aims to improve the comfort and hygiene of consumers by offering highly hygienic and safe items that can generate a positive impact on the consumer's life by making it tidier and cleaner.

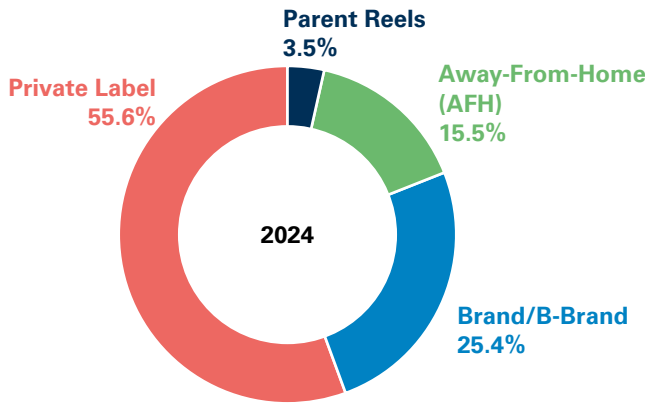
The Group's products are conceived and developed to perform an essential task: contributing to people's daily hygiene and well-being and improving cleanliness at home and in public and work spaces. This involves continuous and innovative renewal of the products we offer to create innovative and increasingly performing items in terms of comfort, hygiene and services for the consumer.

Sofidel has production plants in two regions: Europe and the United States. The Group's production sites are located close to end markets, a strategic choice that allows us to offer higher levels of service to customers and to have lower environmental impacts and more sustainable logistics. The production and distribution of the products manufactured by the Sofidel Group are divided into four different lines of business: **Brand, Private Label, Away-From-Home (AFH)** and **Parent Reels**.

Breakdown of turnover by Country



Breakdown of turnover by line of business



Source: Sofidel internal

Consumer- Brand

Toilet paper, kitchen towels, napkins and handkerchiefs, all tissue products made by Sofidel for the consumer-brand market, are characterised by a high level of innovation. Regarding both function and appearance, an excellent relationship between price, quantity and quality is accompanied by a very targeted communication activity. These characteristics have generated the continued loyalty of the public, allowing the company to establish itself on the leading European markets.

Regina is the main brand of the Sofidel Group, a leader in Italy and in Europe, particularly in the UK, Ireland and Poland. Launched in the late 1980s, the Regina brand was distributed first in Italy and then in many European markets. Regina products have become authentic pop icons among consumer goods in Italy. They have taken their place in the hearts and homes of Italians thanks to their affordability, strength, absorbency, and softness. Their advertisements have given rise to catchphrases that have become a part of tradition and advertising history, such as "Never-ending rolls". Regina is joined by other brands acquired or launched by the Group in various European countries: **Softis** in Germany and Austria, **Dick&Durstig** and **Hakle** in Germany, **Le Trefle** and **Sopalin** in France, **Cosyneland** and **Nalys** in the Benelux area, **KittenSoft** in Ireland. In the USA, **Nicky** was the first Sofidel brand launched on the American market.

Sofidel also offers brands supporting distribution, also called the Group B-Brands, i.e. products whose goal is to offer large-scale retail buyers and end consumers a comprehensive picture of Sofidel's ability to innovate and meet the needs of different markets. The main brand is **Nicky**, distributed in more than twenty-five countries worldwide. The B-Brand Nicky covers all tissue product categories.

In this way, business partners can choose which products to include and, at a later date, decide to transform them into products under their own private label. In addition to Nicky, other distribution support brands are **Valenty**, **Florex**, **Onda** and **Dayly**.

Consumer – Private Label

In the field of private-label products for large-scale retailers, Sofidel has successfully established its range with references that pay particular attention to environmental and social responsibility issues. In the Private Label channel, the Group covers the high end of the market (Premium and Luxury), offering innovative products that often use patents registered by Sofidel or technologies such as Through Air Drying (TAD).

Away-From-Home (AFH)

For the specific needs of bars, restaurants, hotels, offices, hospitals and other types of "Away-From-Home" consumption, Sofidel offers products that meet the need to optimise value for money and offers technologically advanced solutions for specific demands through an innovative line of tissue paper products, with high added value in terms of hygiene, comfort and respect for the environment. In the Away-from-Home channel, Sofidel is present in both Europe and the USA under the **Papernet - Tailored Hygiene Solutions** brand.

Reels

This channel consists of the sale of large reels to converting companies that do not have paper production factories and purchase semi-finished products, finding the answer to their needs in the Sofidel Group.



E-Commerce

Sofidel was among the first companies in the tissue industry to seize the opportunity of digital transformation and focus on online commerce. The Group strategy is designed to identify new business opportunities, so that we can be present where the consumer is. To support sales, we constantly monitor the digital shelf, using Search Engine Optimisation (SEO) to help customers find our products. We also engage consumers through competitions, promotions and gaming activities to build loyalty and increase service quality. Through e-commerce, we convey the strengths of our product and the Group's commitment to sustainability.



The new product launches introduced in 2024

The Regina rolls out to conquer Europe

The “never-ending” toilet paper reaches Spain, Poland, the Netherlands, Hungary and Romania. Supporting consumers' purchasing needs, promoting the category's value growth and offering more sustainable packaging are among the objectives of the launch of maxi-rolls.

In Italy, the Rotoloni Regina have become part of the history of customs and advertising since the 1990s thanks to the catchphrase “I Rotoloni che non finiscono mai” (The never-ending Regina Rolls). Their introduction on the market also launched the invention of a new Nielsen product category: **Maxi Rolls, larger diameter rolls with more than double the number of tears compared to standard rolls**.

The aim of the introduction of Regina Rotoloni toilet paper in five European countries is to **support the purchasing needs of consumers and increase the value of the category**, offering rolls of tissue paper characterised by the high quality of Sofidel products, with a double or longer length double that of standard rolls and occupy half of the shelf space.

The “Limited editions” in the kitchen towels category

In 2024, Sofidel introduced new limited editions in the **kitchen towels category**, enhancing its best-known brands in various European markets. In Romania with the Regina brand, in the Benelux area with the **Nalys** brand and in France with the **Sopalin** brand, Sofidel presented a new series of limited editions. With their **modern graphics** and **bright colours**, they are designed to capture attention and offer a distinctive experience in

line with local customers' expectations. These launches reflect Sofidel's commitment to **innovation** and personalisation of its offer and respond to the needs of increasingly segmented and diversified markets. The limited editions initiative will not stop in 2024: Sofidel has already planned to continue with this strategy in 2025, continuing to innovate and enrich its offer in various markets.

The goal is to **strengthen its bond with consumers**, by offering new collections that reflect local trends and satisfy customers' increasingly diversified tastes. This continuity will allow Sofidel to focus closely on its brands and strengthen its presence on European markets, in line with an approach increasingly oriented towards personalisation and product differentiation.

The “Infinity” packaging format

In 2024, Sofidel introduced a significant innovation in packaging with the launch of the new **Infinity** format. This new format has been designed to optimise product storage at home thanks to its compact shape. In addition to being practical, Infinity has a modern and appealing design compared to the neutral and transparent packaging usually used for formats of the same size.

The launch of the new **Infinity** format involves several key Sofidel products in the main European markets. In Italy, the Infinity format will be introduced with **Regina Rotoloni**, one of the most popular brands for its quality and convenience.



In the United Kingdom, **Regina Blitz** was chosen, synonymous with strength and reliability, while in France, the new format accompanied the launch of **Le Trèfle Douceur Bambou**, known for its delicacy achieved with the use of bamboo fibres. The ideal distribution channels for this innovation include **large-scale hypermarkets** and supermarkets, two key segments where Sofidel will be able to take advantage of the large number of families and consumers looking for high-quality and affordable products, widely available on the shelves and with effective visual communication.

Wet toilet paper

In 2024, Sofidel took an important step forward in the European market with the launch of a new category of **wet toilet paper** under the Regina brand, both in Poland and in the United Kingdom. This development was made possible through the strategic acquisition of the Hakle brand in 2023, which already marketed the category in Germany through a third-party supplier.

With this acquisition, Sofidel was able to expand its product portfolio and offer consumers an innovative and sustainable solution, further expanding the range of Regina brand products. In Poland and the United Kingdom, Regina wet toilet paper has been very well received because it is practical and environmentally friendly and combines comfort and delicacy with high quality materials.

Regina wet toilet paper is of premium quality, has larger sheets than standard products and is naturally gentle on the skin. Practical for daily personal hygiene at home and outside, pH neutral wet toilet paper is dermatologically tested for contact with the skin, is free of microplastics, soluble in water, biodegradable and can be easily disposed of in bathrooms.



This launch reflects Sofidel's commitment to innovation and sustainable growth, responding to the needs of a constantly evolving market and offering products in line with the expectations of a public that is increasingly attentive to quality and sustainability.

Less plastic, more sustainability

The “Less plastic, more sustainability” project, launched by Sofidel in 2019, aims to achieve a **50% reduction, by 2030, in plastics of petrochemical origin used in the production process.** The Research & Development department has been involved in the definition and evolution of the project from the beginning. The first step was to reduce use of plastic packaging by choosing thin-film plastic solutions. In addition to reducing consumption, considered a priority, over the years Sofidel has started to introduce recycled plastics into primary and secondary packaging. Besides the gradual use of recycled plastics, it has also introduced paper as an alternative material to package many of its products.

Sofidel continued its commitment in 2024 by also involving customers. As in the case of the partnership developed with **Sainsbury**, which pursues the same objectives as Sofidel in terms of reducing plastic. In 2024, all packs of the Sainsbury Private Label business, which is fully owned by Sofidel, were transformed from polyethylene to paper wraps, with an **estimated plastic savings of around 485 tonnes.** The change involved over 53 million packages on an annual basis.

HIGH FAST- the new high-capacity dispenser from Papernet

HIGHFAST® is **the innovative dispensing system by Papernet** which, with its capacity of over 2,100 folded towels, is ideal for high-traffic washrooms. It has up to 3.5 times the capacity of a normal dispenser, and **reduces refill times** because it makes daily cleaning operations easier, guaranteeing significant time savings.



DissolveTech Plus- the new range of toilet papers that helps prevent the formation of limescale

The Dissolve Tech Plus line by Papernet is designed to offer an **advanced solution against limescale.** Ideal for all bathroom areas, Dissolve Tech Plus is a professional and dermatologically tested range of toilet papers. Developed with an innovative technology, it helps prevent limescale build-up, keeping the toilet clean and fresh and reducing costs related to extraordinary maintenance and the use of chemicals.

Limescale is formed by the presence of calcium and magnesium in the water, which accumulate in the form of solid and chalky deposits. Although very common, it often causes major problems, hindering the flow of water and making draining less effective. The accumulation of limescale can lead to the sanitary fixtures not working properly, which could require costly repairs or their complete replacement. Limescale deposits also become a breeding ground for bacteria that alter bathroom hygiene. Laboratory analyses¹ have demonstrated the effectiveness of the Dissolve Tech Plus range. **Its special formulation acts on the pH of the water**, reducing it, helping to prevent the formation of limescale and blocking the formation of encrustations.

Papernet Kids- the new dispensers for the bathroom area used by kids

Lively and witty, the new dispensers of the Papernet Kids line colour the **bathroom area of the little ones.** Simple to refill, hygienic and with a compact design, they are the ideal solution to ensure a clean, tidy and colourful environment.



The new Papernet Kids dispensers are available in two different designs, blending with the surrounding environment and at the same time guaranteeing the practical features of a common dispenser.

Fullone- the first controlled toilet paper dispenser by Papernet

FullOne is the new controlled dispensing toilet paper dispenser by Papernet, developed to guarantee excellent hygiene levels in the bathroom areas and optimise consumption. Its characteristics allow it to accommodate over **200 metres** of paper, reducing waste and refill frequency to a minimum. The sheet-by-sheet dispensing ensures that users take one single sheet at a time, guaranteeing total hygiene. FullOne was planned, designed and patented to optimise space. Its vertical development makes it an ideal dispenser because it can be positioned in any bathroom area, even when space is very small, ensuring the smallest possible footprint.

The Nicky range expands in the United States

In 2024, Sofidel continued to provide its customers and consumers with premium products with sustainable packaging. To do so, it used the Nicky brand offer which includes paper packaging for kitchen rolls, toilet paper, napkins and tissue paper. Towards the end of 2024, Sofidel America introduced Nicky Super Shine, paper towels for the home. Nicky Super Shine is based on the success of the European Blitz line. It is a way to demonstrate Sofidel's product and marketing leadership to consumers also in the United States.

1. Analyses conducted by the Lucca Paper Quality Centre.

Protection and attention to the consumer

GRI 3-3	Management of material topics
GRI 416-1	Assessment of impacts on health and safety of product and service categories
GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products

Material topic: Product health and safety

Sofidel's consumer and business partners are at the heart of all its activities. The Group pays utmost attention to developing innovative products and services that satisfy their expectations, **guarantee constant quality, and comply with health protection safety standards**. These are essential assets that Group companies ensure through the application of strict procedures, continuous training of personnel, monitoring of production processes and focus on continuous improvement.

The quality of our products – i.e. the satisfaction of customers' and consumers' requirements and expectations - is guaranteed by corporate processes that comply with **the Quality Management System** (ISO 9001:2015), while consumer safety is ensured by the Sofidel **Health and Hygiene Self-Control**

System and the **BRC Global Standard Consumer Products, Personal Care and Household (BRCGS)** and **International Food Standard, Household and Personal Care Products (IFS HPC)**, developed by retail consortia.

Quality management and health and hygiene control are two synergistic management systems that allow the entire production chain to be controlled, from suppliers to delivery of products to Sofiedel's business partners, through scrupulous monitoring of production, converting, and storage processes.

The quality and safety policies are proof of the Group's way of operating. They stimulate us to pursue excellence and to continuously improve, in order to anticipate regulatory requests and be ready to meet the market needs in terms of the products and services offered.



Product quality

Product quality is monitored constantly in Group plants through the **Product Compliance Index**. This parameter takes account of "Non-compliances" detected during production and resolved before products are placed on the market. Non-compliant products are products that fail to meet the requirements and expectations of customers and consumers.

The table below shows the Product Compliance Index values of the past three years. Considering that the maximum possible value is 100, and that the Compliance Index is based on criteria that are more rigorous than simply the ratio of compliant products to total production, the data show **excellent results in all the companies**.

Quality is the result of the commitment of the Sofidel men and women who develop products designed for a safer and cleaner world.



Product compliance index²

	Soffass Converting Via Lazzareschi (IT)	Soffass Via Fossanuova (IT)	Soffass Monfalcone (IT)	Soffass Tassignano (IT)	Sofidel Benelux	Sofidel France Frouard	Sofidel France Ingrandes	Sofidel France Roanne	Sofidel Germany Arneburg (Plant A)
2024	99.29	98.12	97.98	97.20	98.68	97.46	98.95	99.29	99.48
2023	99.35	98.66	99.31	96.93	99.07	97.49	99.25	99.21	99.02
2022	99.05	98.71	99.21	97.41	98.79	98.03	98.65	98.69	99.58

	Sofidel Germany Wernshausen (Plant O)	Sofidel Germany Wernshausen (Plant T)	Sofidel Germany Wernshausen (Plant W)	Sofidel Greece	Sofidel Hungary	Sofidel Poland	Sofidel Romania	Sofidel Spain	Sofidel Sweden	Sofidel UK Baglan	Sofidel UK Leicester
2024	98.47	99.47	99.71	98.22	98.70	99.40	99.39	98.29	98.11	96.57	99.37
2023	99.24	99.39	99.99	97.94	97.57	99.57	99.37	99.02	98.87	97.32	99.53
2022	98.92	99.39	99.97	99.86	99.14	99.27	98.48	99.33	99.07	97.88	99.51

	Sofidel America Haines City	Sofidel America Hattiesburg	Sofidel America Circleville	Sofidel America Inola	Sofidel America Las Vegas	Sofidel America Green Bay
2024	98.17	98.06	97.29	94.54	99.17	99.95
2023	97.67	99.67	94.71	94.38	99.59	99.84
2022	97.64	97.77	94.71	98.44	98.94	99.44

Source: Sofidel internal.

Our method for calculating the Conformity Index is described in the Quality Management System procedure for making the product. The "Non Conformities" are weighted based on their severity and referred to the total production made. The formula that we use is the following:

$$Q = 101 - \frac{A + (B \times 50) + (C \times 500)}{N}$$

A = quantity of compliant products made.
B = quantity of minor non-conformities found.
C = quantity of major non-conformities found.
N = total quantity of products made.
50 and 500 are two multiplicative coefficients calculated empirically.

Product safety

Product safety is guaranteed through the implementation, in most of Sofidel's plants, **of the Health and Hygiene Self-Control System** and of the certification according to the voluntary standards **BRC Global Standard Consumer Products, Personal Care and Household or IFS HPC (International Food Standard, Household and Personal Care Products)** for home care and personal care products.

The Health and Hygiene Self-Control system is based on the assessment of the potential physical, chemical and biological contamination risks in the various stages of the production cycle, e.g. supply of raw materials, production process and delivery of products to the warehouse.

Good Manufacturing Practices (GMP) reduce and limit initial risk. No cases of product recalls were recorded in 2024.

In addition, based on the information received from the Group's plants, in 2024 there were no incidents of non-compliance concerning **health and safety impacts of products and services**.

The Health and Hygiene Self-Control System also includes monitoring activities, such as audits, traceability tests and product recalls, as well as chemical and microbiological analyses carried out on samples of the different types of products by accredited external laboratories, in compliance with leading regulations and guidelines.

2. The data relating to the Sofidel Tissue plants, which joined the Group in November 2024, are not available at the moment.

In the plants that implement the Hygiene-Health Self-Control System (97% of total Group plants), 100% of products are assessed for consumer health and safety impact. All these processes allow us to guarantee consumer safety, minimise product risks and meet the requirements of large-scale retailers.

Certifications³
For Sofidel, certifications are essential for ensuring consumer safety and demonstrating its commitment to continuous improvement in compliance with the regulations.

All of Sofidel Group's European plants are certified according to **ISO9001:2015** standard. In 2024, all production sites were audited for the renewal of the **BRC and IFS certifications**. In terms of numbers, we have gone from 23 plants in 2023, equal to 77% of global production, to 26 sites in 2024, equivalent to 99% of global production.



Two synergistic management systems that allow the entire production chain to be controlled, from suppliers to delivery of products to our business partners, through scrupulous monitoring of production, converting and storage processes.

Protection of consumers' privacy

GRI 3-3	Management of material topics
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data

Material topic: Consumers' privacy
As a large Group operating in different markets, Sofidel is very careful about protecting the personal data of its consumers. The incorrect handling of personal or confidential data could compromise the confidentiality, integrity or availability of consumers' data. To prevent the loss of personal or confidential

data, Sofidel has developed a management model in compliance with the European Data Protection legislation (**GDPR - General Data Protection Regulation**).

During the reporting year, no complaints were received regarding the breach of customer privacy, nor with respect to the leakage, theft or loss of customer data.

3. The data relating to the Sofidel Tissue plants, which joined the Group in November 2024, is not available at the moment.

Responsible marketing practices

GRI 3-3	Management of material topics
GRI 417-2	Incidents of non-compliance concerning labelling and information on products and services

Material topic: Brand Reputation
Sofidel ensures utmost professionalism and transparency to communicate accurate and comprehensive information about the products it sells, based on objective data. The first step in meeting the needs of consumers and our business partners is knowing **how to listen**. To understand a constantly evolving market and detect new needs and signs of change in advance, Sofidel uses various **listening channels**.

Sales force
Our sales force is the first point of contact with the market. It is provided with constant training in order to understand the needs of large-scale retailers and consumers and, in collaboration with the Marketing and Research & Development teams, translate them into solutions.

Customer Care service
This is another valuable source of information. The Sofidel Group offers a Customer Care service that follows the customer from placement of the order to completion of payment. This service employs around 90 people in the organisation and operates in all the countries where Sofidel is present. However, to further ensure excellent operations and service continuity, Sofidel is working to develop a European Customer Service HUB. The customer service activity is coordinated at central level but reports organisationally to local managers to permit a timely response in the area.

Complaints management
Sofidel has a thorough system for analysing and managing the complaints and claims of its business partners and consumers. On this front, responsiveness is essential to help maintain a strong relationship of trust and to better manage any problems related to product quality. Complaints management is organised through an IT workflow involving the functions concerned. Thanks to a special internal tool, Claim Management Efficiency,

all complaints are analysed and broken down by type. Response times are monitored with the aim of being more responsive.

Toll-free numbers
In order to be closer and in touch with consumers, Sofidel has decided to create a centralised HUB which responds to the single email info@consumer.sofidel.com and to the country-specific toll-free numbers. The new HUB ensures there is an increasingly attentive direct dialogue between the company and consumers, also in compliance with the new European legislation on product safety (EU 988/2023). Furthermore, through the adoption of a specific tool for managing Contact Centres, Sofidel is able to attentively analyse the reports received from consumers and suggest possible ideas for improvement.

Customer satisfaction
The annual survey aimed at analysing customer satisfaction is a very important indicator which prompts the Group to improve and maintain a constructive and collaborative dialogue with stakeholders.

Social Media
Management of social media is a continuous source of feedback, comments and interactions, which teach us a great deal about the preferences, values and opinions of consumers and the Group's customers. Listening is very important to Sofidel. We are convinced that an open and collaborative attitude, based on the principles of communication and transparency, is the basis for improving the daily experience of those who use Sofidel products and for supporting large-scale distribution. In 2024, Sofidel recorded an episode of non-compliance with regard to information and labeling, but took prompt action to resolve it.

Research and innovation

GRI 3-3 Management of material topics

Material topic: Research and innovation

The Group’s companies handle the entire **paper for hygienic use (tissue)** production process, from the procurement of the pulp to the production of the tissue paper in reels, including the embossing and printing processes and fragrances which transform the paper into the finished product found in the points of sale.

The goal is to create **innovative and increasingly performing products** in terms of comfort, hygiene and consumer services, while reducing the use of **natural capital** as much as possible. To this end, the Group has a responsible forestry procurement policy and is constantly striving to reduce waste and climate-altering gas emissions, limit the use of virgin plastic in product packaging, and contain water use as much as possible. Sustainability is the foundation of Sofidel's production chain and value creation for all stakeholders.

Collaboration with universities and research centers

In 2024 Sofidel maintained and strengthened its collaboration with **universities and research centres** in Italy and at international level and its partnerships with cutting-edge suppliers, vital drivers of innovation in products, technology, processes and know-how in the paper industry in general and in the tissue paper sector in particular.

The company continues with the industrial implementation of the results obtained in the three-year research program (2018-2020) sponsored by **RISE**, a Swedish national research centre specialising in paper innovation. The objective is to increase the efficiency and improve the use of pulp fibres in the production process.

The four-year research project (2021-2024) is about to end, again with RISE as the lead partner. The project operates at two



different levels: the first, pre-competitive basic research, is mainly concerned with deepening knowledge of the physical-mechanical characteristics of tissue paper; the second, pre-industrial applied research, focuses on Sofidel’s production process. In the latter project, Sofidel, together with some companies active in the tissue paper production and converting chain, had the role of project leader. The goal was to improve the performance of the finished product by linking the characteristics of the basic paper with the transformation process.

Sofidel resumed cooperation with **VTT**, a Finnish national research centre. Specifically, it joined a consortium led by VTT together with other paper and non-paper companies, as well as other European research centres. The consortium has been awarded funding from the European Union for a project, as part of **Horizon Europe**, to study a new paper-drying technology called "Superheated Steam Dryer." As part of Sofidel cooperation with VTT, another project began in 2024 to reduce water and energy consumption in paper production.

"Sofidel 2030: the Group looks to future innovation" project

For Sofidel, innovation is one of the pillars of its operations. The Group firmly believes that sustainability and innovation are two essential elements of our business model, two fundamental levers to drive significant change, seize new market opportunities and generate shared value for all our stakeholders.

Looking to the future, Sofidel wishes to face challenges with confidence and optimism.

This is why, in 2020, the **“Sofidel 2030”** project was launched to create a **business environment that fosters innovation**. Organised in collaboration with the **MIP Graduate School of Business** - an institution of international prestige that combines academic skills with solid professional experience - the project structured in three significant phases.

During the first phase, which involved top management, a clear vision emerged that guided all innovation work. The second phase involved a larger number of colleagues and included online courses on “Innovation and Design Thinking”, to explore a new way of working and designing together. The Group is currently engaged in the third stage, called Leadership - MIND



Creating innovative and high-performing products in terms of comfort, hygiene and consumer services, while minimising the use of natural capital.

(Meaningful Innovation Directions), which involves individual and group creativity and design sessions to develop co-design activities for new products, processes and services directly intended for Sofidel.

In the current phase, Sofidel is analysing and discussing the possible innovations in all their aspects - from user experience to product architecture, marketing mix and business model - through discussions with internal and external stakeholders.

In 2024, “Sofidel 2030” launched two sessions, involving 23 colleagues from 15 different departments. The sessions firstly focused on product innovation in a deeply changing socio-demographic context and then on process innovation and user experience based on the above changes, confirming the Group's commitment to an innovative and sustainable future.

Stakeholders, society,
communities and territories

GRI 3-3	Management of material topics
GRI 201-1	Direct economic value generated and distributed



Material topic:
Distribution of value throughout the territory
Sofidel feels the responsibility of combining profit and growth with close attention to people, social impact and local development. The Group wishes to have a positive impact in the communities in which it operates and is committed to promoting the well-being of people and safeguarding the planet.

First, by building strong relationships with our stakeholders and nurturing constant dialogue based on the principles of honesty, transparency and cooperation. Sofidel also works to strengthen a common culture in the organisation that engages and motivates its resources. It is committed to supporting young people entering the workforce and collaborates with various non-profit organisations to create awareness about the most pressing environmental and social challenges.

It is close to the areas and communities in which it operates and works to promote their economic, social and environmental development.


The Group’s
shared culture
is characterised
by a strong awareness
of its responsibilities
towards people
and the planet.

Sofidel constantly communicates and discusses with **non-profit organisations, institutions** and the **academic world** to receive updates and share visions and observations on the most urgent problems facing humanity. This exchange allows us to deepen our knowledge and draw signs of hope and encouragement for the future. The main initiatives include:

Commitment to the community and society
Sofidel promotes the **involvement of stakeholders on environmental, social and cultural issues**, with a particular focus on disseminating its commitment to the ecological transition, fostering a more equitable and inclusive society and supporting the growth of new generations. In 2024, the Group strengthened collaborations and projects with recognised partners both at national and local level. Among the main commitments:

I’ll take care of you- “Acting the Natural Way”
Sofidel renewed the environmental education project “I’ll take care of you”, promoted in partnership with WWF Italia and its own Regina brand, which reached its eleventh edition in 2024. Aimed at Italian primary schools, “I’ll take care of you” is a **free educational programme** designed to teach children to love the planet and raise their awareness of **the goals of the UN 2030 Agenda**. Launched in 2014, “I’ll take care of you” involved over 880,000 children and young people providing insights into the topics of **Forests, Water and Climate**. The project is integrated with the ministerial guidelines on the teaching of civic education. The 2024/2025 edition of “Agire secondo natura”, meaning “Acting the natural way”, explored the topic of **responsible consumption and production (SDG 12)**, through numerous examples of **biomimesis**, that is, following the behavior and characteristics of plants, animals, and ecosystems to improve human activities and technologies and contribute to the protection of the Planet.



Sofidel with the Pianeta Terra Festival

Sofidel acted as “Main Sponsor” of the third edition of the “**Pianeta Terra Festival**”, an event conceived, designed and organised by the Editori Laterza publishers under the scientific direction of Stefano Mancuso.

A multidisciplinary event was held in Lucca from 3 to 6 October 2024, with the participation of scientists, biologists, geology and natural science experts, philosophers, writers and journalists.

The aim of the Festival is to create awareness of ecological transition and social inequalities so that people become drivers of change. “Ecological transition, how difficult it is to communicate to you!” was the theme of the round table organised by Sofidel during the days of the event.

Participation in the Ambrosetti CommunityToscana

The Tuscan Community of **The European House - Ambrosetti** was created to strengthen dialogue and relations between the managerial-business, financial and institutional community, providing stimuli and analyses useful to help raise **the attractiveness and competitiveness of the Region**.

Since 2022, Sofidel has been participating in round tables to share the most significant experiences and success stories of local business and explore the strengths that can be leveraged and the critical issues that can be a hindrance to the future sustainability of the area.

As part of the “Tuscany Day 2024” event, the Administrator of Sofidel Luigi Lazzareschi took part in the round table “The twin transition as a factor of competitiveness of the regional production system”.

The partnership with the European Agency for Safety and Health at Work

Sofidel renewed its partnership with EU-OSHA (European Occupational Safety and Health Agency) by joining the **two-**

year 2023-2025 campaign “Occupational health and safety in the digital age”, focusing on the impact of digital technologies at work and how to manage them.

The rapid digitalisation of workplaces has indeed created many new opportunities in terms of efficiency and productivity, but also entails new health and safety risks, which must be properly assessed and handled to ensure that workers can carry out their activities in a safe, healthy and sustainable way.

Sofidel at the “CSR and Social Innovation Fair”

Sofidel took part in the “**Challenging Contradictions**” event, the twelfth edition of the “CSR and Social Innovation Fair” exhibition, one of the main sustainability and corporate social responsibility (CSR) shows in Italy.

Sofidel took part with a speech within the session “**Climate Journey: defining the path, assessing the results**”, focused on exploring the need for companies to define a responsible and measurable roadmap to accelerate the ecological transition and be in line with the goals of the 2030 Agenda.

Sofidel sponsorship of the "Lucca Film Festival for Future"

Sofidel supported the second edition of the **Lucca Film Festival for Future**, a competition for short films that deal with the topics of **environmental and social sustainability**, held as part of the Lucca Film Festival (LFF). From the over 200 works submitted by filmmakers from around the world, a jury of representatives from the 10 festivals in the "Film For Our Future" network selected 10 finalists to compete during the festival. Two were named as festival winners. All the finalist short films were screened free of charge for local residents and secondary schools.



Commitment to communities and territories

Sofidel is attentive to the **needs of local communities and the areas** in which it operates. In 2024, social interventions were carried out for people in difficult conditions. The aim was to help the most vulnerable communities and those affected by extreme weather events. In addition, Sofidel has continued to develop partnerships with partners of proven value and credibility, to support **programmes for the safeguarding of nature and the protection of people's health and well-being**. These include:

Charity initiatives for Italian communities

At **Christmas**, the Group donated **135 food parcels** to families in social and economic difficulty in the town of Porcari.

The parcels were distributed by the Green Cross, which operates as a voluntary organisation in the town.

At **Easter**, Sofidel made a donation to **AIL Lucca**, the local branch of the Italian Association against Leukaemia, Lymphoma and Myeloma, and purchased **170** of the traditional **AIL chocolate eggs**. The eggs were delivered to families of the area experiencing economic and social hardship.

For **Mother's Day**, Sofidel gave an azalea plant to the new mothers in Porcari, to support the work of the **AIRC** cancer research foundation.

Flooding emergency in Italy and Europe: Sofidel donates toilet paper and kitchen paper

In September and October, the Italian region of Emilia-Romagna was severely hit by a series of **floods** and landslides.

Sofidel donated Regina brand products to the **Italian Red Cross**, which distributed the materials as needed by the population.

Also in September, in southern Poland, another flood-related emergency occurred to which Sofidel contributed by donating toilet paper and kitchen paper to Caritas Poland.

Donations and charitable initiatives in Europe

All the Group companies in Europe made **donations to non-profit organisations active in the areas** where Sofidel plants are located and to local or national entities working in the fields of **education, culture and sports**; maintenance of **parks and green areas**, including planting of new trees; support for families in situations of **economic hardship** or dealing with children or relatives facing **serious illnesses**; and support for the **elderly**, to combat loneliness and ensure **active aging**.



These include: the collaboration in France with ELA, the European Association against Leukodystrophies, and Banque Alimentaire; “Asociación Española Contra el Cáncer - Navarra” in Spain; Sport Club “Stowarzyszenie Akademia Piłkarska Ciechanów” and Red Cross, headquarters of Ciechanów, Poland; “Charity Link” in Leicester and “Port Talbot Food Bank” in Wales; “Lábatlan Football Team” in Hungary; Red Cross and Municipality of Călărași in Romania; the “Sterke Jan” cycling team in Belgium to fight cancer; Benjamin - Child Support Society” in Greece to support children and families living in poverty; the projects of the association “Kunstplatte Stendal eV” in Arneburg for immigrant and socially disadvantaged children and the “Sportfest des Kindergartens” in Wernshausen in Germany; and the “Kisa Scoutkår” Scout club in Sweden.



The “Multibank” initiative: Sofidel donates hygiene products to people in poverty in the United Kingdom

In 2024, Sofidel joined the “Multibank” project, co-founded by the former British Prime Minister Gordon Brown and Amazon in response to the high levels of **poverty and social hardship in the United Kingdom**. Through a network of partners such as teachers, social workers, community groups, local charities and social and health workers, the “**Multibank**” **donation centres** distribute essential goods to people living in difficult conditions. Sofidel donated **toilet paper and kitchen rolls** to two of these centres: “Cwtch Mawr” (“Big Hug”) in South Wales, managed by the “Faith in Families” association of Swansea, and “Felix’s Multibank”, managed by “The Felix Project” association in London.



Closer relations with local communities in the USA

Year after year, Sofidel has strengthened relations with **local communities and institutions, school districts and universities, chambers of commerce, and trade and non-profit associations** in the areas where it operates in the USA. Among the initiatives for local communities: in Hattiesburg (MS), support for the **team of cheerleaders** of the **Lamar Chirstian School**; in Circleville (OH), donation to the Logan Elm School, and sponsorship of the **Ohio Redhawks Baseball Club**, which works with children to promote their physical growth, sense of responsibility and the ability to work as a team; in Haines City (FL), support for the **Lake Gibson High School baseball team**; in Duluth (MN), local support was given to the **CHUM association**, which provides housing for the homeless and supports needy families, and to the **Mirage Blue Hockey Club**, a voluntary organisation of parents that supports the youth hockey. Lastly, Sofidel supplied **paper products** to local organisations operating in the communities where the Inola, Haines City, Circleville and Duluth plants are located.

The Giuseppe Lazzareschi Foundation

An initiative dear to the Lazzareschi family, the Foundation was set up in Porcari (Lucca) in 2003 in memory of their father Giuseppe, who founded Sofidel together with Emi Stefani. The goal of the Foundation is to **promote the cultural, social and entrepreneurial growth** of the Lucca area and the region of Tuscany. The Foundation is a point of reference for all the entities operating in the area. Over the years, it has worked in collaboration

with Porcari town council and organised **exhibitions, events, conferences and fairs**, involving an increasingly wide audience. Appointments for 2024 included the “**Obiettivo Zero**” safety project, which presented awards to the Italian paper companies that achieved the best results in eliminating work-related injuries, while “**Cartacea**”, the tissue, cardboard and paper festival, celebrated the paper district with a three-day event with discussions on reuse and recycling, readings, music, papier-mache installations, a cardboard play space and theatrical performances. The **scholarships** established together with the University of Pisa in November 2023, on the occasion of the **30th anniversary of the death of Giuseppe Lazzareschi**, were awarded in October 2024.

The scholarships were won by four young graduates who stood out for their educational training on issues related to paper production, sustainability and artificial intelligence.

Regina with Atletica Porcari for sport

In May 2024, the Regina brand sponsored the “**Porcari Corre**” running race for athletes and a walk for families and children in the local countryside, organised in the municipality where the Sofidel Group is headquartered in Italy. Also in Porcari, Regina supported other local sports organisations and events with donations, sponsorships and product donations.

Sofidel for Telethon in Italy

Sofidel renewed its partnership with the Telethon Foundation, which **supports research into rare genetic diseases**, for the

thirteenth consecutive year. Sofidel has supported Telethon with an annual donation since 2012.

Nicky and Woodland Trust: eleven years together in the UK

Since 2013, with the Nicky brand, Sofidel UK has supported the Woodland Trust’s work in protecting England’s woodlands. This has involved the planting of **more than 250,000 native trees** and the protection of **1,200 wooded areas** across the country, one of the least forested in Europe, with only 13.2% of woodland (compared to a European average of 37%)¹– of which only 7% thought to be in good ecological condition².

Papernet supports the Ronald McDonald Foundation in Italy

Papernet, the Sofidel brand on the Away-from-Home market, offered its support to the Ronald McDonald Children’s Foundation also in 2024, donating toilet paper, paper tow-

els, napkins and handkerchiefs with dispensers to homes and family rooms in Italy. Established in Philadelphia in 1974 and active in Italy since 1999, the non-profit organisation offers **hospitality and assistance for children and their families during their hospital stay**, so that the children can complete their treatment in the best possible way.

Sofidel and “I Bambini Delle Fate”

In 2024, Sofidel continued to support “I Bambini delle Fate” (Fairy Children), a social organisation formed in 2005 to support **social inclusion projects and pathways** for families with **relatives affected with autism and other disabilities**.

Calculation and distribution of global added value

Creating value means taking care of the environment and building positive relations with stakeholders: individuals, families, communities, territories and society as a whole.

The Global Added Value³ generated by the Group in 2024 amounted to 3,300 million Euro. Details follow below.

	2024	2023
Generated economic value	3,300,964	3,217,575
Distributed economic value	2,883,903	2,708,129
Operating costs (suppliers)	2,165,500	2,079,899
Value distributed to employees	520,549	458,247
Value distributed to capital suppliers (banks and shareholders)	111,927	67,057
Value distributed to public administrations	83,686	100,815
Value distributed to the community	2,240	2,111
Retained economic value	417,061	509,446

1. The Woodland Trust 2022.
2. The Woodland Trust 2023, Trees and Woods at the Heart of Nature Recovery.
3. The Global Added Value is a form of social disclosure which measures the economic-financial wealth produced by the Group with reference to the stakeholders who share in its distribution. Global Added Value is determined by subtracting from the value of production, including revenues from sales and other revenues, the cost of services and consumption of materials, depreciation/amortisation provisions and other operating expenses. The gross characteristic Added Value is obtained by deducting extraordinary and accessory items.

The Supply Chain

Suppliers and responsible supply chain management

GRI 3-3	Management of material topics
GRI 2-6	Activities, value chain and other business relationships
GRI 204-1	Proportion of spending on local suppliers
GRI 308-1	New suppliers that were screened using environmental criteria
GRI 411-1	Incidents of violations of the rights of indigenous peoples
GRI 414-1	New suppliers that were screened using social criteria

Material topic: Supply chain management, Human rights in the supply chain; Rights of indigenous peoples

For the Group, it is essential to **integrate sustainability into purchasing processes** by rewarding suppliers and products that generate benefits for the environment and community. The sustainable procurement process adopts a set of **corporate social responsibility principles**, which allow the organisation to make decisions that are not only cost-effective but also socially and environmentally sound, in order to generate a positive impact in the territories where it operates.

To define the guiding values of the concept of sustainability in the supply chain, Sofidel took inspiration from the **10 principles of the United Nations Global Compact**. With particular reference to: fighting corruption, environmental protection, respect for human rights and fairness and safety at work. These principles are fully integrated into the supply chain, from supplier selection and monitoring to promoting training and awareness initiatives. The goal is to **have a positive impact** by contributing, through procurement, to the creation of value for Sofidel and its stakeholders.

Recent years have certainly been a time of great challenges for Group procurement, marked by global crises such as the pandemic and widespread raw materials shortages. In this context, what made the difference were the solid relationships Sofidel has built over time with its suppliers and strategic partners.

Monitoring of the purchasing of products and services is the responsibility of the Corporate Purchasing function, which for-

mulates processes and procedures valid for the entire Group, coordinating regularly with local teams.

The Code of conduct for suppliers

The main instrument governing relations between Sofidel and its suppliers is the Code of conduct for suppliers, a document drawn up in 2015 to set the minimum standards to which all Group suppliers are required to comply. The Code aims to ensure a supply chain that applies its own sustainability values and hopes that its suppliers, in turn, share those same values in their own business partnerships.

The Human Rights Policy

Sofidel has developed a specific Human Rights Policy that is inspired by the United Nations guidelines and main international agreements. With this document, the Group has defined its commitments in terms of protecting and preventing the violation of Human Rights along the **value chain** and in its **business relations**, including indigenous peoples. In particular, Sofidel respects the rights of indigenous peoples, with particular reference to their cultures, lifestyles, institutions, ties with their land and development models in line with international standards.

This aspect is the subject of the forestry audit activities that the certification bodies conduct at the Group pulp suppliers for compliance with the **FSC®** standard on Forest Management. During the year, no episodes breaching the rights of indigenous peoples were ascertained.



The ISO 20400 gap analysis: managing the impact of the Corporate Sustainability Due Diligence Directive

The audit report conducted by SGS in 2023 highlighted the strengths and areas for improvement for each macro phase of the procurement processes - *Fundamentals, Policy & Strategy, Organising the Procurement Function and Procurement Process*. It highlighted the priority need for follow-up activities (training actions and definition of remediation plans), on-site audits and continuous monitoring of supplier ESG assessments.

It was precisely starting from this assessment that Sofidel launched a process that will lead in 2025 to an overall restructuring of the supplier qualification system, in order to develop more solid and effective integration of sustainability criteria in the operational aspects of the purchasing processes.

This review was also necessary following approval, in July 2024, of the **Corporate Sustainability Due Diligence Directive (CSDDD)**. This European directive on corporate sustainability due diligence is an additional legislative framework to the EUDR, complementing it with respect to the due diligence obligations that European companies will have to comply with starting in 2027.

Approved in July 2004, the CSDDD requires a risk-based approach to the management of the value chain and encourages holistic management of procurement mechanism risks. The goal for companies such as Sofidel is to reduce negative impacts on **human rights** or the **environment** through all their activities, upstream and downstream.

Within the Purchasing department, the review led to identifying a new architecture for supplier risk assessment and monitoring, which will be implemented through specific measures and tools to fill the missing phases of the due diligence process. This will allow Sofidel to gradually adapt to the CSDDD obligations. Work to implement the new supplier management system will start in the first quarter of 2025.

The current management system
1. Supplier risk analysis

The starting point of the work on the supply chain was a risk factor analysis, conducted for the first time in 2016, which highlighted **13 critical merchandise categories** from a **reputation risk** standpoint for Sofidel.

The suppliers in these categories comprise the critical supplier portfolio, and the purchases made with these suppliers represent the Group’s critical expenditure. Sofidel manages the critical merchandise categories with great attention and responsibility to avoid the risk of reputation damage for the organisation and its brands.

2. The supplier qualification process and the TenP Paper questionnaire
Qualification with the "Ariba" platform

Over the years, Sofidel has gradually structured the internal supplier qualification process through **"Ariba"**, a digital platform that enables flexible and integrated implementation of information gathering, drawing up a complete profile of suppliers

and obtaining their adherence to Sofidel policies. The Ariba platform enables **transparent dialogue** with our suppliers and has been gradually implemented to adapt to the increasing complexity of the Sofidel ecosystem and the flow of data that the Purchasing team has to manage on a daily basis. Ariba encourages **Sustainable Procurement** through 3 key processes.

- vendor management: for the definition of the identity card of suppliers depending on type of supply and a sustainability self-assessment to mitigate risk in the supply chain;
- sourcing: for management of the entire bidding cycle and tracking of key negotiation stages, ensuring transparency and objectivity in supply allocation;
- contract management: for consolidation of the supplier's commitment, not only in commercial terms but also from the standpoint of ethical and sustainable conduct, through the adoption of standard models that monitor the entire contract life cycle.

TenP Paper
Assessment of suppliers' sustainability performance is one of the preliminary steps for the completion of qualification.

The tool used by Sofidel to assess the sustainability of its suppliers is TenP Paper, a questionnaire developed together with Global Compact Network Italia, of which the Group has been a Founding Member since 2013.

The TenP Paper self-assessment is designed to **assess and measure a supplier 's commitment to sustainability and other significant aspects in line with Sofidel's values and objectives**.

Taking into consideration the main international standards and conventions on corporate sustainability, the questionnaire supply chain performance to be measured in four areas:

- human rights;
- labour;
- environment;
- anti-corruption.

The questionnaire is divided into two macro-sections - prerequisites and evaluation criteria for sustainability management mechanisms - and structured on several levels: commitment, existence of management systems, performance measurement.



The fight against corruption, human rights, labour and the environment are at the heart of Sofidel's sustainability concept. An approach Sofidel undertakes to apply to its entire supply chain.

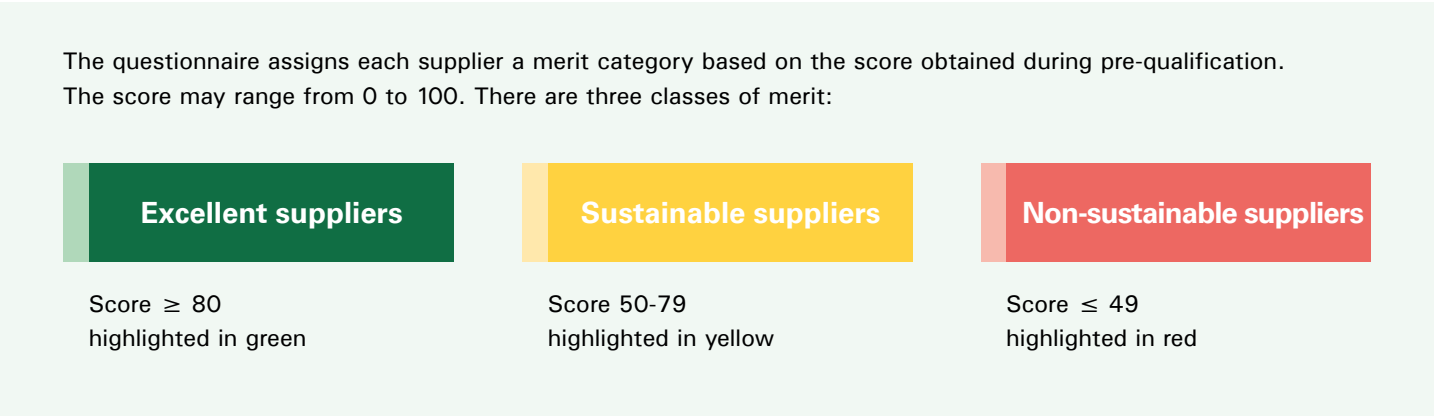
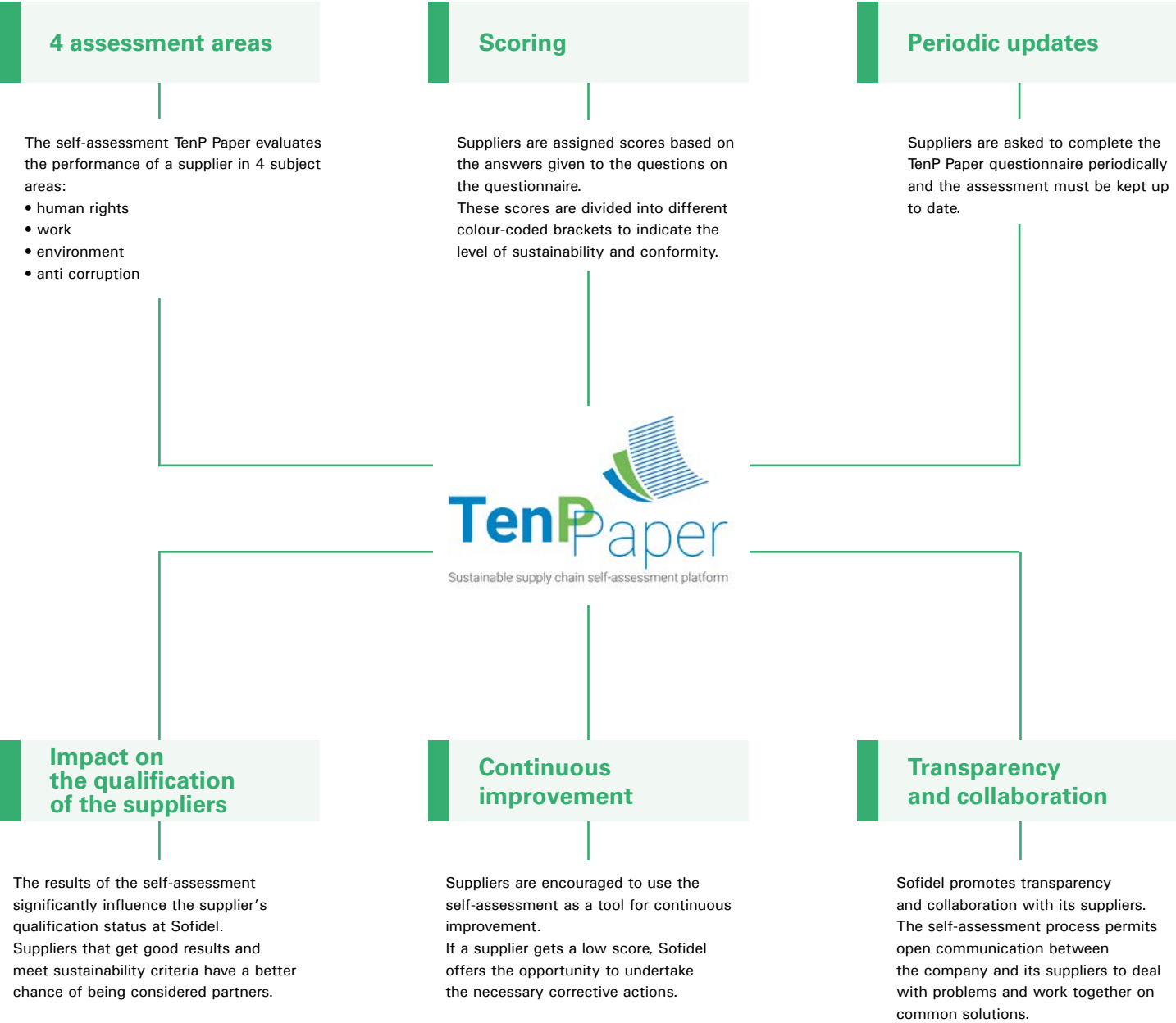
On completion of the questionnaire, the platform sends the provider an assessment summary showing:

- the scores obtained in the individual areas;
- the company's overall score.

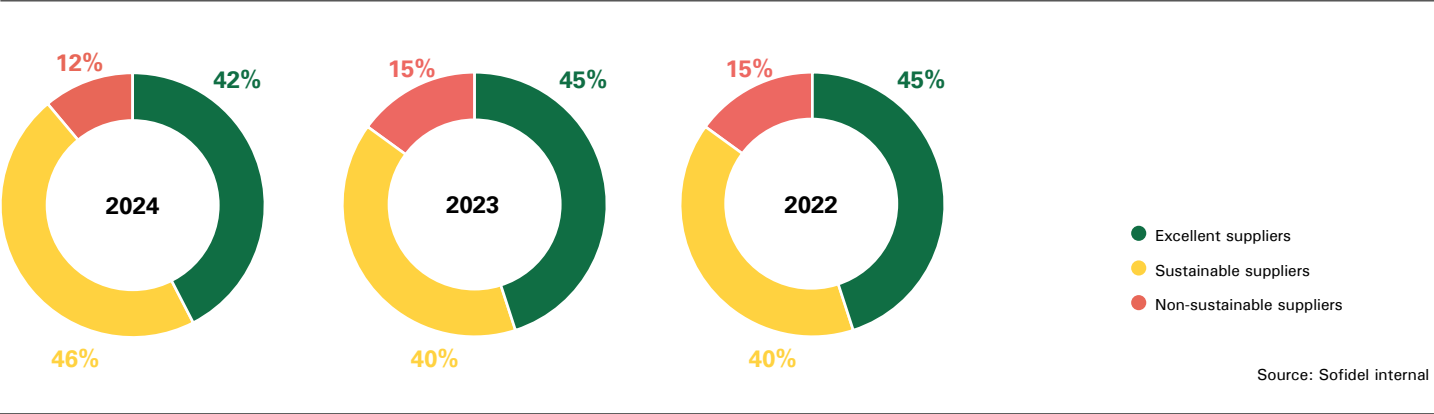
All compared with the average scores in their field of business. The assessment system described above did not involve the suppliers of Sofidel Tissue, which joined the Group in November 2024. From next year, these suppliers will also be subject to the Sofidel assessment system to monitor its supply chain, also taking into account developments due to the external context and international best practices.

Analysis of the Group supplier portfolio
2024 confirmed the merit profile of the Group's supplier portfolio. The percentage of suppliers belonging to the “Sustainable” merit class increased a little, while non-sustainable suppliers decreased slightly.

The 6 strengths of the TenP Paper evaluation system



Breakdown of Sofidel suppliers by merit class



Effective monitoring

The monitoring effectiveness is measured by the **coverage ratio**, i.e. the ratio of expenditure monitored with TenP Paper to total expenditure. The coverage ratio can be applied to each merchandise category, or can refer to a macro area comprising several merchandise categories.

Out of total expenditure of more than Euro two billion, Sofidel distributes a considerable amount among **suppliers of raw materials**, followed by suppliers of **machinery, energy and natural gas, and suppliers of logistics services**.

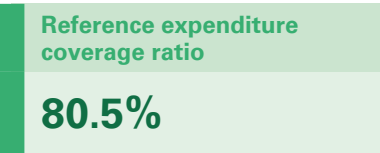
With regard to the coverage ratio (excluding Sofidel Tissue), **100% of raw material suppliers** (+3% compared to 2023),

98% of energy suppliers (+2% compared to 2023) and 98% of logistics services providers (+6% compared to 2023) were qualified using the TenP Paper self-assessment system.

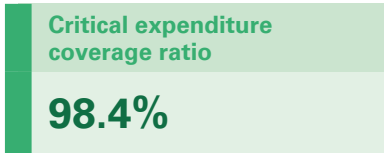
During 2024, Sofidel registered a total of 770 new suppliers. Of these, 2.2% (i.e., 17 new suppliers) completed the TenP Paper self-assessment. However, this percentage represents **almost half of the expenditure generated by the Group's new suppliers in 2024**.

Sofidel's supplier network is diversified in terms of number, but with a significant economic concentration on a circumscribed group of suppliers who account for 80% of the Group's spending.

In 2024, 80.5% of reference expenditure was generated by business relations with suppliers with a valid TenP Paper evaluation. Reference expenditure is equivalent to the Group's total expenditure minus personnel, advertising and financial management costs.



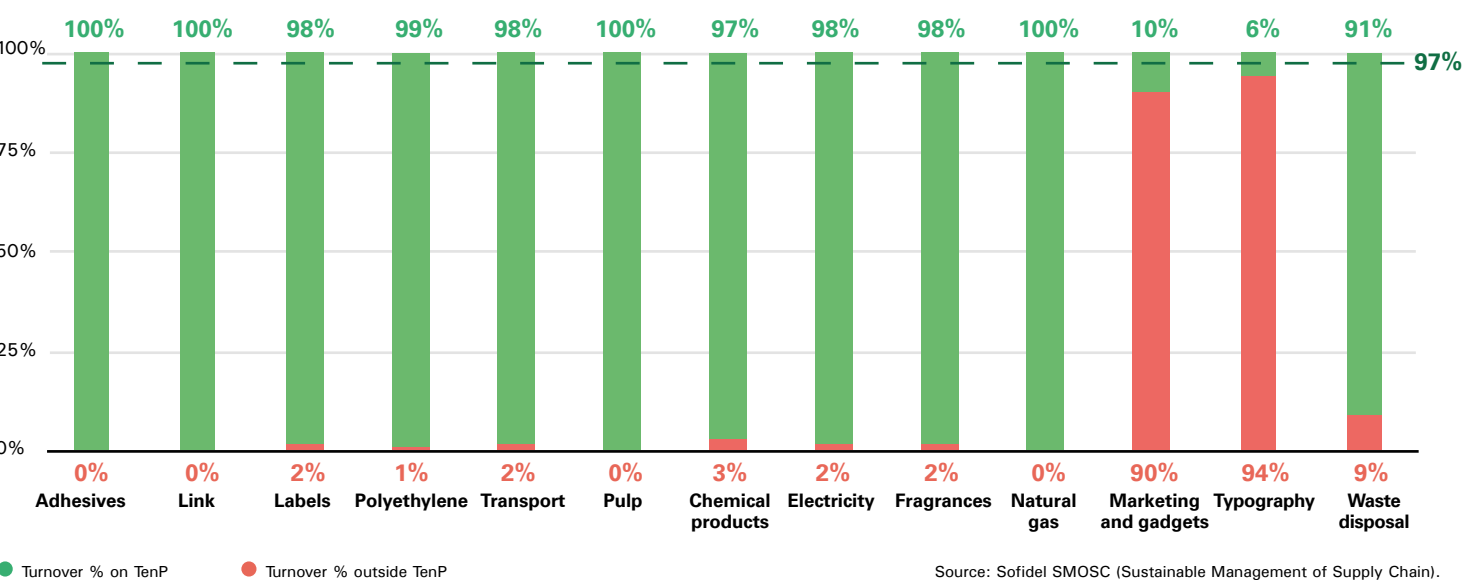
In 2024, the critical expenditure coverage ratio was slightly up compared to previous years, with a coverage ratio of 98.4% compared to 97% in the previous three-year period. This is satisfactory if we consider that the coverage ratio achieved by Sofidel is already very high and that it is difficult to improve it further.



For 2024, the objective linked to the Sustainability Plan expected 97% of expenditure made with suppliers belonging to reputational risk categories (i.e. critical expenditure) was assessed

through the TenP Paper questionnaire. The barchart on the next page shows the coverage ratios achieved in the 13 critical merchandise categories.

Coverage ratios by critical category (Europe and USA) – 2024



Objectives of the 2024-2026 Sustainability Plan ²	2024 Target	Status
Qualification of ESG credentials through the "TenP Paper" questionnaire of 100% of expenditure made with suppliers in reputational risk purchasing categories for Sofidel by 2026 ³ .	97%	Widely achieved

2. It should be noted that the Sustainability Plan was drafted and approved in 2023 with a three-year validity, therefore the performance achieved in 2024, reported therein, does not include the performance of Sofidel Tissue, which joined the Group in November 2024.

3. The methodology for defining the objective was refined and consequently specified in relation to the expenditure made with suppliers belonging to the reputational risk purchase categories.

Proportion of spending with local suppliers

Whenever possible, Sofidel prefers to select local suppliers in order to promote local development and have a positive impact on the local economy.

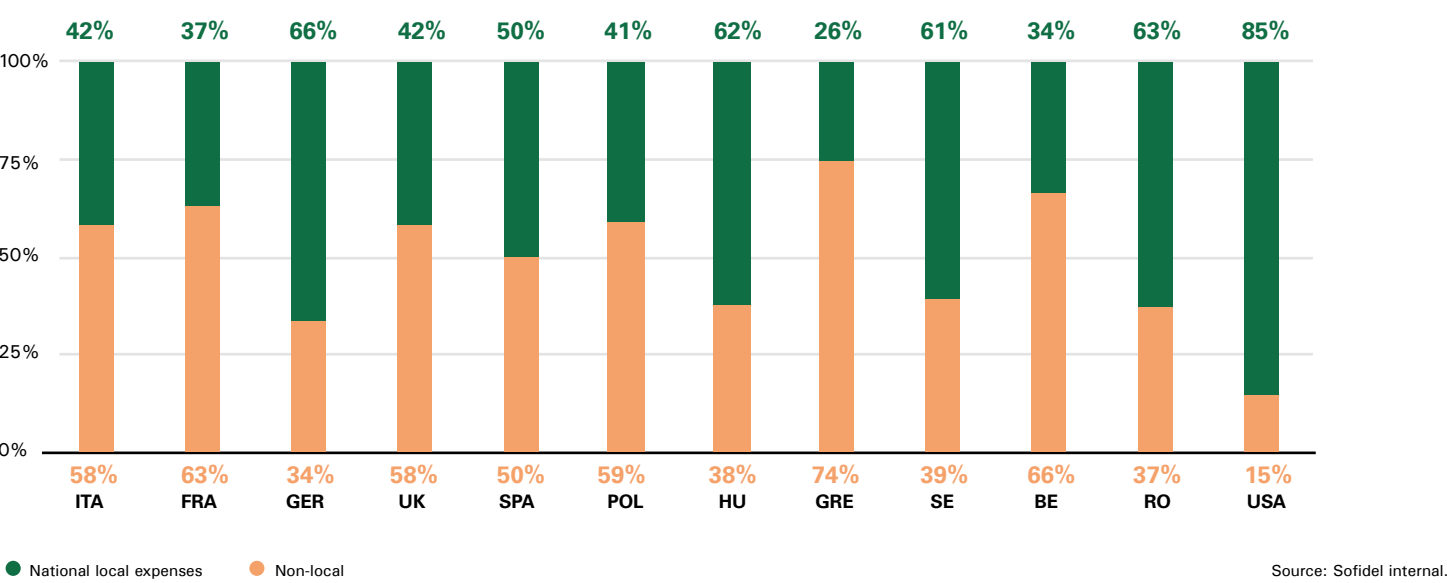
However, the evaluation must also take into account the merchandise category, which is not always available in all countries, and the level of supplier expertise.

The barchart below shows the percentage of spending with local suppliers in the countries where Sofidel operates. Local suppliers means all suppliers headquartered in the country in which the Sofidel company that procured goods and services from them operates.

The percentage was computed considering the products and services purchased by our production sites and offices in each country.



Spending concentration on local suppliers by country – 2024



**“Together We Plant the Future”:
the bioeconomy pilot project
in partnership with Suzano**



The three-year pilot project **"Together We Plant the Future"** – Developing biodiversity corridors for a more sustainable future" was launched by Sofidel and Suzano in May 2023 with the aim of **promoting ecological storage and restoration**, while supporting **socio-economic development in an Amazonian region of Brazil**.

The project is being carried out with the support and field implementation of **IABS**, the Brazilian Institute for Development and Sustainability, and **Amazônia Onlus**, an Italian non-profit association active in the defence of the Amazonian rainforest and peoples.

Through this partnership, the project seeks **to develop sustainable business models** (such as increasing agricultural productivity and the cultivation and marketing of native fruit plants) that can be adopted by communities living close to the rainforest to **generate their income, while improving their food security and nutritional quality**.



The initiative also plans to contribute to the creation of a **biodiversity corridor in the Amazonian biome** to connect areas of intact forest within a **2,210 square km area of great ecological value** between the Brazilian states of Maranhão and Pará.

This will be accomplished through a combination of natural habitat restoration and the creation of sustainable agroforestry systems.

In 2024, the project continued with **planning, development, implementation, auditing and monitoring activities (including field visits, technical assistance and meetings/training with local communities)** linked to the four macro-objectives of the project: strengthening beneficiary socio-productive organisations; contributing to the food sovereignty of the families involved; strengthening local production structures, promoting the processes of organisation, transformation and marketing of EU production; and restoring the (forest) Permanent Protection Areas (APP).

Business Ethics

GRI 3-3	Management of material topics
GRI 2-26	Mechanisms for seeking advice and raising concerns
GRI 205-1	Operations assessed for risks related to corruption
GRI 406-1	Incidents of discrimination and corrective actions taken

Material topic: Ethics and transparency

Sofidel has implemented a Code of Ethics and clear anti-corruption and whistleblower protection policies which define the criteria of conduct to be followed and illustrate the Company's approach to the **corporate culture**.

Code of Ethics

Sofidel's Code of Ethics is an essential guide that reflects the company's core values and principles.

It enshrines our commitment to protect **human rights, promote the health and safety of people and respect local communities**.

Furthermore, Sofidel strongly condemns all forms of discrimination, child, forced or irregular labour, as well as any abuse or harassment.

All employees and stakeholders are required to comply with the provisions of the Code that is disseminated through communication and training initiatives.

It is a tool that not only steers daily actions, but also fosters an open and transparent dialogue with stakeholders, strengthening the corporate culture and our commitment to the **United Nations Sustainable Development Goals**.



Corruption

In 2023, responsibility for the **Anti-Corruption Management System**, previously held by the Business Control department, passed to the Risk Management & Compliance department. After adequate training of department members and of the Focal points, which are the local compliance functions appointed for the prevention of corruption, the activities focused on consolidating what had already been implemented. Currently, the corruption Prevention Management System is implemented in Soffass, Sofidel, Sofidel France, Sofidel Spain, Sofidel Benelux and Sofidel Germany. It will be extended in 2025 to Sofidel Greece, Sofidel Hungary and Sofidel Romania, and then introduced in the entire Group¹.

The System is adopted by decision of the company's Board of Directors or by decision of the Legal Representative, with which the Ethics & Compliance Programme is formally adopted and the Focal Point is appointed. The Focal Point, supervises enforcement of the system and guarantees its adequacy and constant updating. In performing its activities, it involves all the functions that, at various levels, carry out tasks considered sensitive for Anti-Bribery purposes.

Thanks to the anti-bribery model adopted by Sofidel, **specific controls have been introduced in all sales or purchases of the Group, donations and gifts**. For example, it is always necessary to assess and compare several offers (with very few and well-identified exceptions).

As far as transportation is concerned, the Supply Chain department has implemented Trasporeon, a platform that provides transparent management of transportation and routes assignment. Moreover, frequent **job rotation** is implemented for the people in the purchasing department who are in direct contact with suppliers.

Whistleblowing

Sofidel protects and encourages anyone who wishes to report potential inappropriate conduct, misconduct or alleged breaches of laws, regulations and the principles expressed in Group policies and procedures.

To this end, it has adopted a **whistleblowing policy** and local procedures in compliance with EU Directive 2019/1937 and with local implementation regulations. These documents are published on the Group's institutional website and on the company intranet. The whistleblowing system is based on a web platform managed by an external company that guarantees the non-traceability of reports and the possibility of receiving anonymous reports. In addition, direct or remote meetings can be arranged at the whistleblower's request.

As far as Sofidel is concerned, the report is managed by the Whistleblowing Commission composed of Risk Management & Compliance Director, Internal Audit Manager and HR Director; with regard to subsidiaries, by a Whistleblowing Officer who is usually a member of the local HR function. Alternative channels are used if there is a conflict of interest with the manager of the report.

The existing Whistleblowing system ensures the confidentiality of whistleblowers and other protected parties. It also recognises the whistleblower's right to make anonymous reports and guarantees in all cases the confidentiality of the information presented.

The Group believes that this tool strengthens the internal control system and considers that reporting **reflects a sense of civic duty**, which helps to bring to light and prevent situations that undermine good administration and, more generally, the collective public interest.

Through this structured system, five reports of alleged incidents of discrimination were received in 2024. For three of these, since they were received in December, preliminary checks are underway to ascertain whether they are well-founded. The remaining two, although not representing discriminatory conduct, were ascertained as violations of the Code of Ethics and as such specific investigations were initiated with subsequent remedial measures.

1. The Management System for the prevention of corruption was adopted by 19 offices and plants out of 44, equal to 43% of the Sofidel Group.



Financial results

Highlights 2024

€ 3,225 million
Net sales
(vs € 3,129 million in 2023)

17.85%
EBITDA/Net sales %
(vs 21.11% in 2023)

15.59%
Net operating cash flow/
Net sales %
(vs 9.16% in 2023)

1.32
NFP/Equity
(vs 0.78 in 2023)

€ 576 million
EBITDA
(vs € 661 million in 2023)

€ 503 million
Net operating cash flow
(vs € 287 million in 2023)

3.50
NFP/EBITDA
(vs 1.48 in 2023)



Performance of the world economy

During 2024, the world economy grew at a modest pace, although with different dynamics depending on the single geographical areas.

Specifically, global GDP growth was expected at 3.1%, in the European Union it was expected to be lower than in other regions, with an average estimate of around 1%, while in the United States 2024 economic growth was estimated at around 2%. Nonetheless, the **wars in Ukraine** and the **Middle East and the strong geopolitical tensions** continue to represent a risk factor for world economic and financial stability, fuelling volatility in the financial markets and slowing down international trade.

According to the International Monetary Fund, the growth of the global economy in 2024 is expected to be around 3.2%, 2.8% in the United States and 0.8% in Europe. In general, emerging markets could continue to grow faster than advanced economies, with growth rates that could vary between 3% and 7% depending on the country. China has struggled to maintain the high growth rates observed in previous years, mainly due to difficulties in the real estate sector and, in 2024, GDP growth is expected to reach 4.8%.

Inflation, which touched record levels in the previous two-year period, started to drop in 2024; inflation rates, however, remained above the objectives of the central banks in many economies, forcing the central banks to keep a conservative stance, with high interest rates to keep the growth in prices down. **Unfortunately, the restrictive monetary policies also had collateral effects on credit and investments as they slowed economic activity.**

After the drop in October, attributable to temporary factors (such as strikes and particularly intense weather events), employment rose both in November and, to a much higher extent than expected, in December. In some sectors, such as those associated with technology and energy, there was a heavy demand for labour, while in others the creation of new jobs slowed down. All in all, the economic world in **2024 was more stable than the crisis peaks shown in prior years**, but still at grips with significant challenges, including persistent inflation, geopolitical uncertainty and the need to keep the balance between growth and economic sustainability.

Source: Bank of Italy, bulletin 2-2024, 3-2024, 1-2025, International Monetary Fund, World Economic Outlook, January 2025



Group economic and financial performance

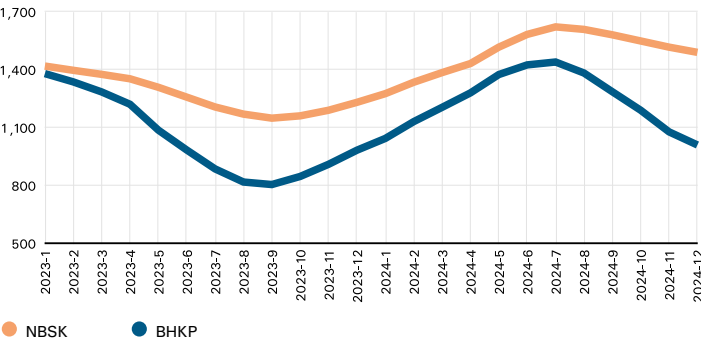
Sale prices

During 2024, the finished product prices remained substantially stable until the entire third quarter. In the fourth quarter, the increase in selling prices was requested and obtained to cover the increase in the cost of production due to the increase in the cost of pulp and electricity.

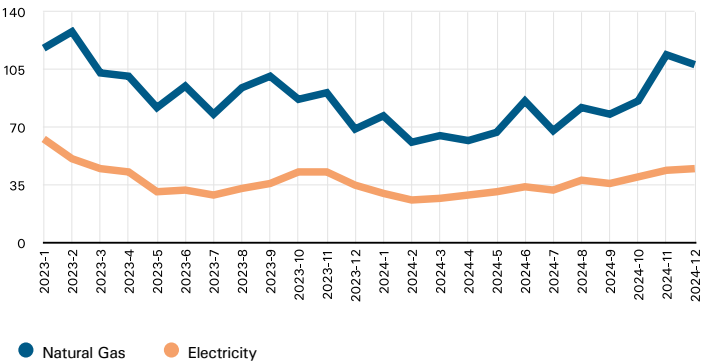
Pulp

In 2024, the purchase cost of pulp showed an upward trend compared with the end of 2023. Among the various types of fibres used by our Group, long-fibre pulp experienced a more pronounced increase than short-fibre pulp.

Pix index in USd Softwood + Hardwood \$/t



Trend natural Gas TTF + Electricity €/MWH Germany



Energy

During 2024, energy and gas costs experienced an upward trend, especially in the last few months of the year.

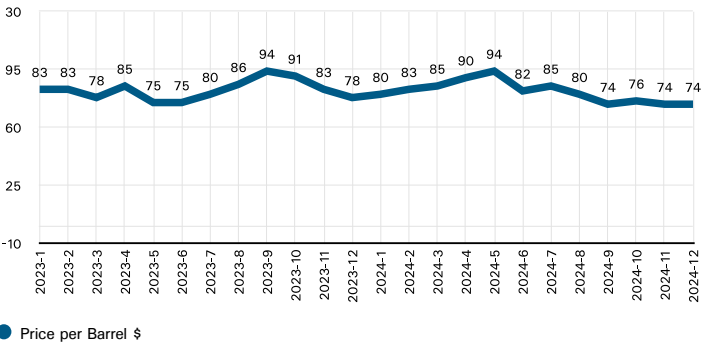
Oil

The oil price index maintained a constant trend throughout 2024. Source: EIA.

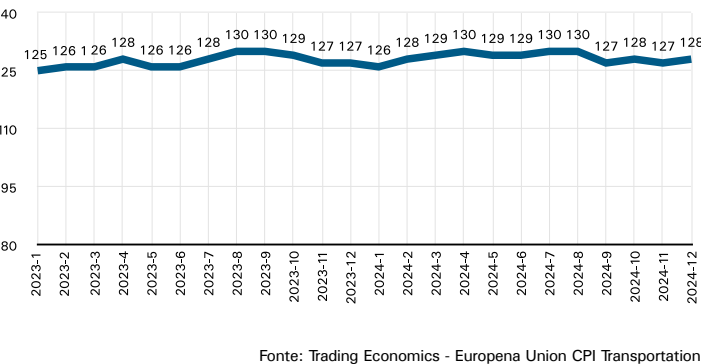
The same performance can be seen in transport costs, as shown in the following chart that illustrates the cost trend during 2024 (Source: Trading Economics - European Union CPI Transportation).

Fonte Trading Economics - European Union CPI Transportation

Oil price trend - Brent Oil



Consumer Price Index Transportation - European Union



Fonte: Trading Economics - Europea Union CPI Transportation

Group operational, economic and financial performance

The following tables are taken from the 2024 Consolidated Financial Statements.

Consolidated balance sheet

(In thousands of Euro)	31 December 2024	31 December 2023
Non-current assets		
Property, plant and equipment	2,728,482	1,765,598
Real estate investments	7,829	7,949
Goodwill	443,869	84,730
Trademarks and other intangible assets	63,806	56,819
Rights of use for leasing	75,310	33,075
Equity investments	3,889	3,835
Other non-current financial assets	9,878	5,990
Deferred tax assets	185,708	153,855
Total non-current assets	3,518,770	2,111,850
Current assets		
Inventories	756,124	545,210
Trade receivables	364,224	411,381
Other current assets	41,888	23,299
Tax receivables	18,008	8,481
Other current financial assets	21,871	13,764
Cash and cash equivalents	460,812	204,054
Total current assets	1,662,927	1,206,190
Assets held for sale	-	-
Total assets	5,181,698	3,318,040

(In thousands of Euro)	31 December 2024	31 December 2023
Shareholders' equity		
Share capital	33,000	33,000
Share premium reserve	1,500	1,500
Legal reserve	7,159	7,159
Other reserves	1,248,226	896,234
Group result	232,796	313,564
Total Group shareholders' equity	1,522,680	1,251,457
Share capital and reserves	76	71
Result attributable to minority interests	(13)	5
Total third-party shareholders' equity	63	76
Total shareholders' equity	1,522,744	1,251,533
Non-current liabilities		
Severance pay and other personnel-related provisions	13,846	12,442
Deferred tax liabilities	260,998	134,709
Liabilities and charges	1,240	3,694
Other non-current financial assets	2,117,208	943,008
Non-current lease liabilities	57,735	21,608
Deferred revenue for capital grants	11,913	13,777
Other non-current liabilities	-	-
Total non-current liabilities	2,462,940	1,124,134
Current liabilities		
Trade payables	742,268	573,438
Current financial liabilities	54,005	15,617
Portion within financial year long-term debt	262,983	213,238
Current lease liabilities	16,761	10,062
Other current liabilities	100,524	102,169
Tax payables	19,473	27,849
Total current liabilities	1,196,014	942,373
Total shareholders' equity and Liabilities	5,181,698	3,318,040

Consolidated income statement

(In thousands of Euro)	31 December 2024	31 December 2023
Revenues from contracts with customers	3,224,972	3,129,407
Rental income	754	825
Other revenues and income	55,800	86,980
Total Revenues	3,281,526	3,217,212
Purchase of raw materials and finished goods and change in inventories	(1,431,006)	(1,364,374)
Services	(684,620)	(662,760)
Leases and rentals	(40,024)	(39,906)
Other operating costs	(29,537)	(31,368)
Payroll costs	(520,549)	(458,247)
Gross operating margin	575,789	660,558
Amortisation, depreciation and write-downs	(186,009)	(173,712)
Net provisions and write-backs (write-downs) of tangible and intangible assets	(4,041)	(4,229)
Operating profit	385,739	482,617
Financial income	19,439	363
Financial expenses	(84,534)	(52,323)
Foreign exchange gains and losses	(2,393)	(14,734)
Total financial income and expenses	(67,489)	(66,693)
Profit (loss) before tax	318,250	415,923
Current taxes	(66,239)	(84,418)
Deferred/(prepaid) taxes	(19,228)	(17,937)
Profit (loss) for the financial year	232,783	313,568
Attributable to:		
Minority interests	(13)	5
Group	232,796	313,563

Consolidated cash flow statement

(In thousands of Euro)	31 December 2024	31 December 2023
Profit (loss) for the year	232,783	313,568
Income taxes	85,467	102,355
Financial income/Expenses	65,083	51,960
1. Profit (loss) for the year before income taxes, interest, dividends and capital gains/losses from sale	383,333	467,883

(In thousands of Euro)	31 December 2024	31 December 2023
Adjustment of non-monetary revenues	(12,944)	(17,337)
Amortisation/depreciation	186,212	173,263
Provisions	3,838	4,668
2. Cash flow before changes in net working capital	560,439	628,478
Change in trade receivables	100,097	(241,973)
Change in inventories	(58,939)	15,831
Change in trade payables	(7,165)	(120,678)
Change in short-term assets/liabilities	(18,827)	54,915
3. Cash flow after changes in net working capital	575,605	336,572
Change in other provisions and deferred tax assets	(2,656)	1,864
Income taxes (paid)	(76,933)	(84,418)
Interest paid on leasing liabilities	(1,929)	(1,515)
Other changes	(2,365)	10,695
Cash flow from operating activities (A)	491,722	263,198
Disposals of tangible and intangible fixed assets	736	856
Investments in tangible and intangible fixed assets	(373,627)	(133,004)
Purchase (sale) of other financial fixed assets	(54)	(1,935)
Acquisition of business combinations	(1,056,153)	-
Capitalized interest	-	366
Change in trade payables - investment	87,386	21,526
Capital gains from the sale of tangible assets	633	615
Cash flow from investing activities (B)	(1,341,079)	(111,576)
Opening of medium/long-term loans	1,440,106	404,971
Redemption of medium/long-term loans	(245,271)	(238,388)
Change in short-term loans	2,479	(112,429)
Change in financial assets	6,516	31,365
Interest received/(paid)	(58,754)	(52,326)
Dividends and extraord. Directors' remuneration disbursed	(26,100)	-
Capital payments for leasing liabilities	(13,048)	(10,776)
Cash flow from financing activities (C)	1,105,928	22,417
Increase (decrease) in cash and cash equivalents (A+B+C)	256,572	174,039
Initial net cash and cash equivalents	204,054	29,983
Exchange differences opening balance	186	33
Final net cash and cash equivalents	460,812	204,054

Investments

The investments for the year made by the Group were as follows:

Description	Amount
Rights and Trademarks	934
Work in progress (intangible assets)	1,778
Other (intangible) fixed assets	2,320
Land and buildings	60,042
Plant and machinery	9,689
Industrial and commercial equipment	1,579
Other tangible assets	7,850
Tangible fixed assets in progress and advance payments	289,434
Total	373,627

The investments for the year were approximately 65% for Sofidel America, 10% for the German companies and the remainder for all other Group companies, in particular:

- in the United States, Sofidel made significant investments in new paper converting production lines and in the improvement of existing lines, with the aim of enhancing efficiency and production capacity. In particular, the investment in the Circleville, Ohio plant continued in 2024, where the installation of a new Valmet paper machine with a production capacity of 70 thousand tonnes per year is underway. This plant is destined to become Sofidel's most important production site in the United States;
- in Germany, the most important investments include new production lines in Arneburg, including two new rewinders and the expansion of the building that houses the paper converting. In Schmalkalden for the paper mill machine, efficiency measures targeted at energy savings.

In general, all other investments refer to continuous improvements in all production processes, in Line with the Group's consolidation and growth strategies.

Sustainable finance

The European Investment Bank defines "**sustainable finance**" as finance that considers environmental, social and governance factors in investment decision-making, directing capital toward longer-term sustainable activities and projects. During 2023, the Sofidel Group concluded four medium- to long-term financing transactions with four European institutions, all structured according to the **Sustainability Linked Loan Principles defined by the Loan Market Association**. The loans will strengthen the Group's financial structure, and are designed to promote and monitor sustainability by encouraging good environmental and social practices. The aforementioned ESG-linked-loan transactions were contracted in 2023 with reference to the company perimeter of the same year, i.e. before the acquisition of the Duluth and Sofidel Tissue plant. Consequently, the results of the indicators reported below are to be understood as referring to the perimeter specified above.

One of the indicators to which the transactions are linked, although in a medium-term trend of continuous improvement,

was partially achieved in 2024 and in any case without any significant economic and financial impacts, and did not affect the organisation's commitment to sustainability.

Scope	Indicator	Performance as at 31 December 2024
Health and safety	Injury rate (number of injuries ≥ 0 days per million hours worked)	15.80
Training	Average hours of training for employee	14.87
Climate and energy	Kg CO ₂ eq. (scope 1 + 2 ¹ Sofidel)/t paper produced	633.1
Circular economy	Kg of plastic per ton of paper produced	14.7

1. Scope 2 emissions were calculated with a market-based GHG approach.



GRI content index

GRI standard		Disclosure	Location	Omission			Notes
				Requirements	Reason	Explanation	
General disclosure							
GRI 2: General Disclosures 2021	2-1	Organizational details	p. 7-8, 18-19				
	2-2	Entities included in the organisation's sustainability reporting	p. 7, 18-19				
	2-3	Reporting period, frequency and contact point	p. 7				
	2-4	Restatements of information	p. 6-7				
	2-5	External assurance	p. 7, 152-154				
	2-6	Activities, value chain and other business relationships	p. 50-51, 105-107, 123-131				
	2-7	Employees	p. 78-81				
	2-8	Workers who are not employees	p. 80				
	2-9	Governance structure and composition	p. 23-27				
	2-10	Nomination and selection of the highest governance body	p. 23-27				
	2-11	Chair of the highest governance body	p. 23				
	2-12	Role of the highest governance body in controlling the management of impacts	p. 25, 33				
	2-13	Delegation of responsibility for managing impacts	p. 33-34				
	2-14	Role of the highest governance body in sustainability reporting	p. 33				
	2-15	Conflicts of interest	p. 24-25				
	2-16	Communication of critical concerns	p. 26-27				
	2-17	Collective knowledge of the highest governance body	p. 24-25, 33				
	2-18	Evaluation of the performance of the highest governance body	p. 25				
	2-19	Remuneration policies	p. 25				
	2-20	Process to determine remuneration	p. 25				
	2-21	Annual total compensation ratio	p. 25				
	2-22	Statement on sustainable development strategy	p. 4-5				
	2-23	Policy commitments	p. 36-37				
	2-24	Embedding policy commitments	p. 20-21, 33-38				
	2-25	Processes to remediate negative impacts	p. 28-31				
	2-26	Mechanisms for seeking advice and raising concerns	p. 28-29, 134				
	2-27	Compliance with laws and regulations					In 2024 there were no incidents of non-compliance with Laws and regulations
	2-28	Membership associations	p. 35-36				
	2-29	Approach to stakeholder engagement	p. 52-53				
	2-30	Collective bargaining agreements	p. 88				

GRI standard		Disclosure	Location	Omission			Notes
				Requirements	Reason	Explanation	
Material topics							
GRI 3: Material topics 2021	3-1	Process to determine material topics	p. 39-41				
	3-2	List of material topics	p. 42-45				
Climate change							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 60-65				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	p. 62				
	302-2	Energy consumption outside the organization	p. 63				
	302-3	Energy intensity	p. 61				
	302-4	Reduction of energy consumption	p. 61				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p. 64				
	305-2	Energy indirect (Scope 2) GHG emissions	p. 64				
	305-3	Other indirect (Scope 3) GHG emissions	p. 62				
	305-4	GHG emissions intensity	p. 64				
	305-5	Reduction of GHG emissions	p. 64				
Air pollution							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 65				
GRI 305: Emissions 2016	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant emissions	p. 65				
Water pollution due to discharges of substances							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 68				
GRI 303: Water and wastewater 2018	303-2	Management of water discharge-related impacts	p. 68				
Water							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 66-68				
GRI 303: Water and wastewater 2018	303-1	Interactions with water as a shared resource	p. 66-67				
	303-3	Water withdrawal	p. 67				
	303-4	Water discharge	p. 68				
	303-5	Water consumption	p. 67				
Biodiversity and forests							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 55-59				
Certified fibres							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 55-59				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	p. 58				
	301-2	Recycled input materials used	p. 58				

GRI standard		Disclosure	Location	Omission			Notes
				Requirements	Reason	Explanation	
Ecological products and sustainable packaging							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 69-71				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	p. 69-70				
Management of waste from production activities							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 72-73				
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	p. 72				
	306-2	Management of significant waste-related impacts	p. 72				
	306-3	Waste generated	p. 73				
Employee working conditions							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 78-87				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	p. 82-86				
	401-3	Parental Leave	p. 87				
GRI 404: Training and education 2016	404-2	Programmes for upgrading employee skills and transition assistance programs	p. 84				
Industrial relations							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 88				
GRI 402: Management of work and trade union relationships 2016	402-1	Minimum notice periods regarding operational changes	p. 88				

GRI standard		Disclosure	Location	Omission			Notes
				Requirements	Reason	Explanation	
Occupational health and safety							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 97-99, 102-103				
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	p. 97				
	403-2	Hazard identification, risk assessment and incident investigation	p. 97-99				
	403-3	Occupational health services	p. 97				
	403-4	Worker participation, consultation, and communication on occupational health and safety	p. 97-99				
	403-5	Worker training on occupational health and safety	p. 99				
	403-6	Promotion of worker health	p. 97-99				
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 97-99, 102				
	403-8	Workers covered by an occupational health and safety management system	p. 97				
	403-9	Work-related injuries	p. 100-102				
Training and professional development							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 93-96				
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	p. 95				
	404-3	Percentage of employees whose performance and professional development is periodically assessed	p. 96				
Inclusion							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 89-92				
GRI 202: Presence on the market 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	p. 92				
GRI 405: Diversity and equal opportunities 2016	405-1	Diversity of governance bodies and employees	p. 24, 89-92				
	405-2	Ratio of basic salary and remuneration of women to men	p. 91				
Human rights in the supply chain							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 123-128				
Rights of indigenous peoples							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 123				
GRI 411: Rights of indigenous peoples 2016	411-1	Incidents of violations of the rights of indigenous peoples	p. 123				

GRI standard		Disclosure	Location	Omission			Notes
				Requirements	Reason	Explanation	
Product health and safety							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 110-112				
GRI 416: Health and safety of customers 2016	416-1	Assessment of impacts on health and safety of product and service categories	p. 110-112				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products	p. 111				
Promotion of consumer hygiene							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 105-109				
Consumers' privacy							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 112				
GRI 418: Customers' privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 112				
Brand reputation							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 113				
GRI 417: Marketing and labelling 2016	417-2	Incidents of non-compliance concerning labelling and information on products and services	p. 113				
Ethics and transparency							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 133-134				
GRI 205: Anticorruption 2016	205-1	Operations assessed for risks related to corruption	p. 134				
GRI 406: Non discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	p. 134				
Management of the supply chain							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 123-129				
GRI 204: Procurement practices 2016	204-1	Proportion of spending on local suppliers	p. 129				
GRI 308: Environmental assessment of suppliers 2016	308-1	New suppliers that were screened using environmental criteria	p. 127-128				
GRI 414: Social assessment of suppliers 2016	414-1	New suppliers that were screened using social criteria	p. 127-128				

GRI standard		Disclosure	Location	Omission			Notes
				Requirements	Reason	Explanation	
Distribution of value throughout the territory							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 117-121				
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	p. 121				
Research and innovation							
GRI 3: Material topics 2021	3-3	Management of material topics	p. 114-115				

SASB content index

For the Group's environmental performance reporting, Sofidel also referred to the indicators published in the Sustainability Accounting Standards Board (SASB). Below is a table of correspondence between such indicators and their positioning in the text.

Material topics	SASB	Description	Location
General standard disclosure			
Proper management of water resources	R R - P P 140a.1.	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high water stress	p. 66-68
	R R - P P 140a.2.	Description of the water management risks and strategic and practical discussion to mitigate such risks	p. 66-68
Proper management of the forest resource	R R - P P 430a.1.	Percentage of wood fibre sourced from (1) certified forests by third parties and (2) which meets other fibre sourcing standards	p. 55-59
	R R - P P 430a.2.	Amount of recycled and recovered fibre purchased	p. 55-59
Climate change and climate-altering emissions	R R - P P 110a.1.	Scope 1 gross global emissions	p. 60-65
	R R - P P 110a.1.	Discussion of the strategy or long- and short-term plan to manage Scope 1 emissions, emission reduction targets and an analysis of performance with respect to these targets	p. 60-65
	R R - P P 120a.1.	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SO2, (3) volatile organic compounds (VOC), (4) particulate matter (PM) and (5) hazardous air pollutants (HAP)	p. 60-65
	R R - P P 130a.1.	(1) Total energy consumed, (2) percentage of grid electricity, (3) percentage of biomass, (4) percentage of other renewable energies, (5) total self-produced energy	p. 60-65



Independent auditors’ report on data and information included in the Integrated Report 2024 and referenced in the “GRI content index”

(Translation from the original Italian text)

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

We have been appointed to perform a limited assurance engagement on the data and information included in the Integrated Report 2024 referenced in the “GRI content index” of Sofidel Group S.p.A. (hereinafter “the Company”) and its subsidiaries (hereinafter also “Sofidel Group” or “the Group”) for the year ended on December 31st 2024 (hereinafter also “GRI Disclosure of the Integrated Report”).

Responsibilities of the Directors for the GRI Disclosure of the Integrated Report

The Directors of Sofidel S.p.A. are responsible for the preparation of the GRI Disclosure of the Integrated Report in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” issued by GRI - Global Reporting Initiative (“GRI Standards”), as described in the section “Methodological note” of the Integrated Report 2024.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a GRI Disclosure of the Integrated Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of Sofidel Group regarding the sustainability performance as well as for the identification of the stakeholders and of the significant matters to report.

Auditors’ independence and quality control

We are independent in accordance with the ethics and independence principles of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality, and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors’ responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the GRI Disclosure of the Integrated Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of “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.

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This principle requires the planning and execution of procedures in order to obtain a limited assurance that the GRI Disclosure of the Integrated Report is free from material misstatements.

Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised (“reasonable assurance engagement”) and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the GRI Disclosure of the Integrated Report were based on our professional judgment and included inquiries, primarily with the Company’s personnel responsible for the preparation of the information included in the GRI Disclosure of the Integrated Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the methods of analysis and understanding of the reference context, the identification, assessment and prioritization of actual and potential impacts and the internal validation of the process outcome;
2. comparison of economic and financial data and information included in the GRI Disclosure of the Integrated Report with those included in the Group’s consolidated financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the GRI Disclosure of the Integrated Report.

In particular, we have conducted interviews and discussions with the management of Sofidel S.p.A. and Sofidel America Corp and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the GRI Disclosure of the Integrated Report.

Furthermore, for significant information, considering the Group’s activities and characteristics:

- at Group level,
 - a) with reference to the qualitative information included in the GRI Disclosure of the Integrated Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Sofidel UK Ltd (Leicester site), that we have selected based on its activity, relevance to the consolidated performance indicators and location, we have carried out a site visit during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.



Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI Disclosure of the Integrated Report of Sofidel Group and its subsidiaries for the year ended on December 31st, 2024 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological note" of the Integrated Report 2024.

Florence, March 24, 2025

EY S.p.A.
Signed by: Andrea Eronidi (Auditor)

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

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