



SUSTAINABILITY REPORT



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1 LETTER FROM THE MANAGEMENT

Dear Stakeholders,

it is with great pride that we present the first sustainability report of the TECNO GI group. Despite a very demanding year from an operational point of view, we strongly wanted and believed in this initiative, which for us represents a fundamental step of growth in our corporate culture.

Defining a company only from an economic and financial point of view means underestimating it; the concept of a company is much broader and includes relationships with all of you stakeholders and the surrounding environment.

This vision has always belonged to our Group, which for years has dedicated itself with dedication and commitment to social and environmental aspects.

TECNO GI has brought innovation in the search for eco-sustainable materials, by following four main directives according to the *REUSE-REDUCE-RECYCLE* philosophy.

1. Design of recyclable materials (TALYN and RELION brands).
2. Transformation of our customers' production waste and processing waste into resources of economic value. This has allowed the launch of innovative circular economy processes, in which TECNO GI pays for transport and the customer avoids disposing of waste in landfills with the related costs. In this way, waste becomes raw material. The primary goal was to create value, combining economy and ecology in the best possible way. However, the rating of the customers has changed only recently. In fact, it was thought that the presence of recycled material would cause a loss of quality of the product and this would determine a lower price. TECNO GI, on the other hand, has always pursued the goal of uncompromising quality, investing huge resources over the years to develop technologies and processes that would allow the use of high percentages of recycled material without encountering any type of decline in mechanical and application performance compared to articles made with virgin raw materials. In 2021, TECNO GI obtained the important GRS, Global Recycled Standard, certification and is now able to produce materials with recycled percentages close to 80%. The possibility of using post-consumer recycled materials from different sources is being assessed, but we need that the supply is ongoing.

SIPOL recovers methanol, a reaction by-product, which is subsequently sold to another company which distils it and transforms it into raw material.

3. Design of biodegradable materials (BIOREL brand), using polymers in whose chains natural starches have been inserted to allow biodegradability. The biodegradability certification was awarded by the OWS specialised institute in Ghent (Belgium). BIOREL, in fact, meets the requirements of the international standards EN 13432 and ASTM 6400.

SIPOL has introduced a new line of biodegradable copolyesters which has obtained OK COMPOST INDUSTRIAL and HOME certification.

4. Design of materials produced from renewable sources (TECNOSOFT brand), using cotton supports impregnated with natural latex, then finished with thermo-adhesive based on biopolyurethane, with butanediol of vegetable origin. The range proposed for now is still limited and quite expensive, but it has already attracted considerable interest due to its strong ecological connotation.

For years, SIPOL has had copolyamides in its range produced with raw materials from renewable sources. A new line of copolyesters, SIPOLPRENE S, has recently been formulated, containing variable percentages of bio-based raw materials.



From an environmental point of view, important steps have been taken over the years:

- Back in 2011, a photovoltaic system with solar panels with a power of 340 kW was installed, and a new system with a power of 600 kW that will cover about 50% of the company's electricity needs is now being designed.
- All harmful emissions into the atmosphere have been significantly reduced: our impregnation system uses only polymers in aqueous dispersion with low VOC (Volatile Organic Compounds) content. The adhesive processes are also solvent free.
- The cooling systems are closed-circuit to minimise the use of water and avoid contamination
- Packaging containing variable percentages of recycled raw materials is used, making every effort to reduce waste
- For all the decisions taken, first of all the environmental aspects are examined for the complete respect of air/water/soil as required by our environmental certification UNI EN ISO 14001.

As far as health and safety at work is concerned, we have always applied the strictest standards to protect all our workers, collaborators and customers. Our plants and equipment are continuously monitored and modernised, with the aim of following a strategy of continuous improvement. We put a lot of effort into health and safety training in order to make people prepared and aware, creating a shared culture of occupational safety.

All these efforts are finally formalised in our Integrated Management System, which has been active for several years and which allows us to continuously monitor and improve the results achieved in terms of quality, health, safety and the environment.

From a social point of view, the TECNO GI group, despite its current size, still offers a family business atmosphere, where the sense of belonging, dialogue and collaboration are key principles of the organisation. Turnover is very low at all levels, gender equality is absolutely guaranteed, with several female figures in top positions, training is essential and talents are valued. This highly flexible and collaborative environment is the real strength of the company that has allowed us over the years to achieve the leadership role we currently hold.

Strong attention is paid to the local community: almost all of our employees reside in cities/towns adjacent to the company; over the years, we have established an excellent relationship with municipal institutions and have supported several of their initiatives; also in the choice of suppliers, where possible, local suppliers are privileged in order to support local economic development and allow that collaboration which is now increasingly important, which sees suppliers as the main players in our development processes.

For several years, we have been dedicating part of our resources to Charity with contributions to non-profit companies, to medical/scientific research and to the support of fragile and difficult people.

Finally, we are aware that much work still needs to be done, but we are convinced that the path undertaken for several years towards sustainability is proving to be the winning choice that will allow us to continue to create value for all our stakeholders.

GIOVANNI ZANETTI

Chief Executive Officer of TECNO GI S.p.A.

Chairman of TECNO GI PLAST S.p.A.

Chairman of SIPOL S.p.A.



2 PRESENTATION OF THE GROUP

2.1 History of the Group

Established in 1977 and operational since 1979, TECNO GI S.p.A. has experienced continuous expansion, which over the years has seen the establishment or acquisition of various subsidiaries or associates, in order to integrate its “core business” upstream or downstream:

- **1995 TECNO GI JASMINE** - production unit based in Hangzhou in China, develops and manufactures a wide range of materials for caps, spurs and reinforcements.
- **1996 TECNO GI PLAST** - company specialised in the production of extruded plastic materials and reinforcements for leather goods.
- **1999 TECNO GI INDIA** Pvt Ltd, a commercial and processing joint venture located in New Delhi, has been active since 1999 and allows TECNO GI to have a widespread distribution of its products on the Indian market, relying on processing facilities located both in the south (Chennai) and to the north (Agra), offering sheared products
- **1999 SIPOL** - production unit specialised in the production of special polymers based on copolyesters and copolyamides, Hot Melt adhesives, Technopolymers and Biopolymers.

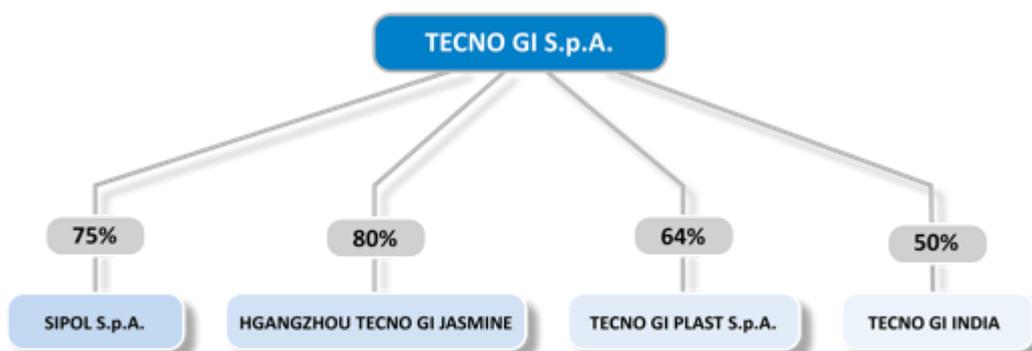
Over the years, TECNO GI S.p.A. has created a dynamic and innovative group that operates successfully in the footwear components sector: the core business is the production of materials for caps, spurs and reinforcements. It has also developed an international network with great commitment. These factors, together with innovation, quality and service, have all contributed to the success of the company. Today, the Group plays a leading role worldwide, with a significant market presence in over 70 countries on all continents.

Our mission is to be at the forefront in guaranteeing products, services and assistance to footwear companies and brands all over the world, thus developing lasting partnerships.

SIPOL S.p.A. is a chemical company focused on the production of high-performance polymers. Its main activities are the development and production of TPC-ET polyether-ester block thermoplastic elastomers, hotmelt adhesives based on both co-polyester and co-polyamide and biodegradable copolyesters.

The keys to SIPOL’s success are the innovative approach and the ability to develop ad hoc polymers according to the technical requirements of the application. The high production flexibility and close collaboration with customers allow the company to stand out on the market for speed and efficiency.

The structure of the TECNO GI Group is as follows:





Subsidiaries	Currency	Share Capital	Shar Capital Euro	Owned share
TECNO GI PLAST S.p.A. - Borgolavezzaro (No)	Euro	442,000	442,000	64.00%
HANGZHOU TECNO GI JASMINE SHOES MATERIALS CO.LTD - Cina	RMB	17,299,740	2,404,512	80.00%
SIPOL S.p.A. - Mortara	Euro	600,000	600,000	75.00%

The consolidated financial statements originate from the financial statements of TECNO GI S.p.A. (Parent Company) and of the Companies in which the Parent Company directly or indirectly holds the controlling share of the capital or exercises control.

With regard to the changes in the shareholding structure, there have been 2 important changes during the three-year reporting period:

- In September 2019, TECNO GI S.p.A., which had previously held a 21% stake in the company SIPOL S.p.A., acquired the majority stake, bringing its stake to 78%, and then selling 3% to management in 2020
- On 31/03/22, TECNO GI S.p.A. acquired the remaining 36% of TECNO GI PLAST S.p.A., bringing its shareholding to 100%; furthermore, on 19/05/22, the meetings of the companies TECNO GI S.p.A. and TECNO GI PLAST S.p.A. unanimously approved the merger plan by incorporation of the subsidiary into the parent company. This operation aims at streamlining operational management and improve integration at a strategic level. The merger became effective in August 2022.

Associated companies, over which the Parent Company directly or indirectly exercises a significant influence and holds a share of capital between 20% and 50%, are valued according to the equity method.

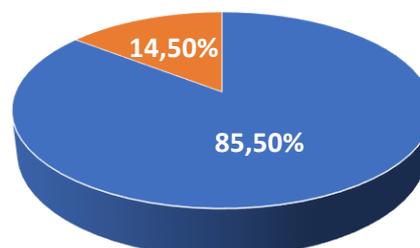
The list of these companies is as follows:

Associated Company	Currency	Share Capital	Share Capital Euro	Owned share
TECNO GI INDIA PVT LTD	Rupees	6,374,000	75,674	50.00%

The shareholding structure of the Parent Company is divided as follows:

TECNO GI S.p.A. Shareholders

- FAMIGLIA GIARDINI
- MANAGERS





Also within the subsidiary companies, in addition to the majority shareholding of the Parent Company, there are minority stakes belonging to the managers of the Companies.

The governance of the TECNO GI Group is traditional, entrusted to the shareholders' meeting, to the boards of directors of the individual companies assisted by the heads of the Integrated Management System, to the Board of Statutory Auditors. In order to ensure coherence and strategic unity, there is commonality between the members of the Board of Directors of the various companies, in particular the CEO of TECNO GI Spa is also President of SIPOL and current President of TECNO GI PLAST.

The organisational structure of the parent company, TECNO GI S.p.A., is shown below. The other companies have similar structures, with small variations linked to organisational differences, in size or in the activities carried out.



The group includes four factories, three in Italy and one in China, as well as a commercial branch in India. The Group has 163 employees as of 31/12/2021, operating at the Indian production and commercial sites. The workforce is usually integrated with other non-dependent workers in a variable number according to need (on average 10 people in Borgolavezzaro and 3 at SIPOL). Below are the details of the employees of the group and the total production of the 4 plants in the three-year period 2019 - 2021.



Company		2019	2020	2021
TECNO GI	Borgolavezzaro	64	63	58
TECNO GI PLAST	Borgolavezzaro	32	33	33
SIPOL	Mortara	0	37	40
TECNO GI JASMINE	Hangzhou	30	28	27
TECNO GI INDIA	New Delhi	5	5	5
Total group		131	166	163

Company	UoM	2019	2020	2021
TECNO GI S.p.A. - Borgolavezzaro (NO)	m ²	14,477,436	10,472,989	12,356,947
TECNO GI PLAST S.p.A. - Borgolavezzaro (NO)	m ²	4,993,347	3,862,802	4,917,152
TECNO GI JASMINE - Hangzhou (CINA)	m ²	909,264	670,510	851,046
SIPOL S.p.A. - Mortara (PV)	kg	6,840,459	6,573,181	8,804,062

N.B.: Below, the document will focus on the Italian companies of the Group (TECNO GI S.p.A., TECNO GI PLAST S.p.A. and SIPOL S.p.A.), without prejudice to the objective of extending the information to TECNO GI JASMINE in future editions.



2.1 The factories

Two of the Italian factories are located in Piedmont, in the municipality of Borgolavezzaro in the province of Novara, and are dedicated to the production of toe caps for the footwear market and technical reinforcements for footwear and leather goods.

The industrial site owned by TECNO GI S.p.A. is located on the S.P. (provincial road) 104, which connects Borgolavezzaro to Gravellona Lomellina (PV). The plant is located in an industrial complex shared with TECNO GI PLAST S.p.A. and with Giardini S.p.A., another company of the Giardini family that does not fall within the scope of the financial statements. The TECNO GI plant was the first to be built, on land previously intended for agriculture, to which the other two have been added over time.

The production area is about 500 m from the town of Borgolavezzaro.



The SIPOL S.p.A. plant is located in Lombardy, in the Municipality of Mortara in the province of Pavia, and is dedicated to the production of co-polyesters and co-polyamides for the hotmelt adhesives, technopolymers and biopolymers market.





Hangzhou TECNO GI Jasmine Shoes Materials & Co LTD is located in China, in the Zhejiang region, in the city of Hangzhou.

It was founded as a Joint Venture in 1994, and subsequently became a Foreign Company.

The company produces toe caps and spurs for footwear, mainly on a “non-woven” basis, with different types of coatings.

The modern plant, which employs 27 people (21 men and 6 women), has an area of about 6,000 square metres and has an impregnation line and two coating lines, resulting in a total production capacity of around 2,000,000 m². In 2021, production amounted to just over 850,000 m².

The quality of the products is recognised at European production level, and is appreciated internationally; the main outlet markets are in fact exports.

TECNO GI JASMINE sells 100% of its products outside the EU (16% within China and the remaining 84% outside China).

The production plant and offices located in Borgolavezzaro occupy an area of about 22,000 square metres covered with a total area of 150,000 square metres.

The TECNO GI S.p.A. plant includes a series of buildings and in particular:

1. the administrative, commercial and managerial offices are located in a two-storey building built in 2004, located on an area of approximately 600 m² to the east of the property, with pillars, beams and floors made with load-bearing structures in ordinary or prefabricated reinforced concrete; the infill walls consist of prefabricated concrete panels, thermal insulation and plastered internal masonry; all the windows are in metal and can be opened in part
2. an independent structure with an area of approximately 1,035 m² consisting of a part of premises intended for offices, currently not in use except as an archive/storage, the changing rooms for the workers, the infirmary, the refreshment room and therefore the technological rooms (thermal power plant, compressor room, transformation cabin) and the maintenance workshop;
3. the actual production plant in which the production departments and warehouses are present, initially built in 1978 with a series of subsequent extensions, i.e.
 - a. 1978, first lot in which the RAM 1 line, the coating lines, the compound preparation department and the production and quality offices are present;
 - b. 1991, an expansion with construction of the current Raw Materials warehouse;
 - c. 1992, construction of the first Finished Products warehouse (PF1 Warehouse);
 - d. 1994, expansion of the production departments with the creation of the RAM2 line;
 - e. 2002, construction of the new Finished Products warehouse (PF2 Warehouse);
 - f. 2016, new raw materials warehouse and wrapping department with expansion of the outdoor area and construction of a new waste yard and material storage areas;
 - g. 2019, expansion of the finished products warehouse (PF2) of about 1,500 square metres with the new portion destined for the subsidiary company TECNO GI PLAST, with an area for exchanging materials between the two companies.



The TECNO GI PLAST factory is located adjacent to the TECNO GI building and has gradually expanded over the years.

The two complexes share the external east area for loading/unloading goods, the extension area of the PF2 finished products warehouse and the external areas in general.

The plant covers a total of 10,000 square metres, of which 7,000 square metres are covered whereas 1,870 square metres are used as a portico.

The SIPOL plant is located in the outer area of the city of Mortara, in the industrial area. It covers an area of approximately 31,000 m², whose covered part is 9,000 m².

1. The company was founded in 1998 and the industrial activities, initially relating only to polyester (polymer and yarn), started in 2000.
2. In 2002, the production of thermoplastic elastomers began with the same plants, with the registered trademark SIPOLPRENE.
3. In 2008, the production capacity of polyester-based polymers was increased by installing the third line - Line C.
4. In 2011, the polyamide calibrated wire extrusion activity was implemented.
5. In 2015, the polyamide department was created, installing the first polymerisation line - PA A line.
6. In 2018, the conditions for further expansion were created: construction of the new warehouse, installation of new silos for raw material storage, expansion of the laboratory.
7. In 2020, the second Polyamides polymerisation line was implemented, for special products - PA B line.
8. In March 2021, the project for the construction of a second Polyesters Department, located in the spaces previously occupied by the warehouse, began. This activity is still in progress.
9. At the end of 2021, a twin-screw extruder was purchased in order to internally manage the changes to the materials requested by customers (colour, adhesion, flame retardancy, etc.) - activities that are currently managed by third parties. The implementation project is underway.



2.3 The products and markets served

TECNO GI S.p.A. produces impregnated materials and plastic materials intended to be transformed into toe caps and spurs for footwear, as well as thermo-adhesive materials for reinforcement.

TECNO GI produces material to cover the needs of 2.5 million pairs of shoes per day. The types of footwear range from casual/sports to safety shoes or classic men's shoes or women's pumps.

The product range includes:

- **Rigid spurs**, i.e. impregnated materials in fabric/non-woven fabric and extruded thermoplastic materials with thermo-adhesive on both sides, characterised by various degrees of rigidity, suitable for footwear that require a rigid effect and excellent shape retention (military, sports footwear, safety). In the lower thicknesses, the types with greater elasticity are also suitable for men's, women's and children's shoes
- **Flexible Spurs**, materials based on cotton fabric with thermo-adhesive on both sides for footwear that requires good mouldability, adaptability to the shape and support
- **Rigid toecaps**, i.e. impregnated materials in fabric/non-woven fabric with thermo-adhesive on one side, suitable for footwear that requires rigid high-strength or semi-rigid toecaps
- **Flexible elastic toecaps**, materials based on cotton fabric with thermo-adhesive on one side for footwear that require softness and elasticity (LASER, ELASTENE), high flexibility (TECNO GIFLEX), snappy effect and good mouldability (TECNOPREN, MULTILAYER), high deformability and excellent shape retention (STRETCH)
- **Extruded toecaps**, i.e. latest generation materials, obtained by extrusion of thermoplastic resins with thermo-adhesive on one side. The different series have different levels of stiffness, suitable for various types of footwear that require softness, snappy effect or high stiffness, characteristics always accompanied by good shape retention. The TALYN series is also environmentally friendly, because it is produced with recycled and recyclable materials. The processing residues are totally recovered in the production cycle.
- **Reinforcements**, or an extension of the product range, called the Guper line. Thanks to the new TAG technologically advanced thermo-adhesive, TECNO GI is able to offer a complete range of materials, able to satisfy the needs in the field of reinforcement for footwear. The knowledge of the footwear sector has allowed us to develop a series of articles based on canvas, jersey base and even TNT, to be used in the sector. In addition to the new TAG adhesive, all items are also available with traditional EVA-based adhesives, thermal stitches and self-adhesive.
- **Non-slip linings (LYNTEC)**, which has allowed the expansion of the line of reinforcements, completing the offer aimed at satisfying customer needs. It is a non-woven fabric impregnated with synthetic resins for non-slip lining suitable for any type of footwear as well as reinforcement for leather goods. It is available in different colours and can also be supplied with stickers (TAG, APP).
- **Microfibres**, which is the most recent product development that has allowed the further expansion of the range of reinforcements, widely used in the leather goods sector. These are mainly polyamide-based microfibres impregnated with polyurethane resins, generally soft, to which the adhesive can be applied on one side (TAG or thermal stitches). They are available in two colours: black and white.

As for TECNO GI PLAST, production focuses mainly on the sector of reinforcements and technical items for leather goods (bags, belts, wallets), in an increasingly demanding market context, distinguishing itself for the quality of the products, innovation and search for a customised solution, to solve specific customer problems.



The business activity of TECNO GI PLAST initially focused on the production of materials for toe caps and spurs of footwear by extrusion, thus diversifying the production technology of the parent company TECNO GI S.p.A.

With the launch on the market of the extruded TALYN® reinforcement, TECNO GI PLAST has forcefully entered the leather goods sector, reaching a leadership position in a short time. Over the years, the business offer has been completed with the production of thermo-adhesive films for the laminating sector and with a wide range of reinforcements (microfibres, high-density non-woven fabrics, tear-resistant fabrics).

TECNO GI PLAST has state-of-the-art extrusion and co-extrusion lines with highly qualified technicians able to create items that are customised to customer needs.

The following materials are part of the range of TECNO GI PLAST articles:

- **Extruded reinforcements (TALYN)** represent the result of a sophisticated and innovative production cycle capable of giving the product dimensional stability, resistance to humidity and shape retention. These features, in addition to the ease of fleshing of the material, its thermoforming capabilities and its very wide range of use within the leather goods have made TALYN® an excellent alternative to traditional materials such as bonded leather and similar that alter with the humidity and temperature changes. TALYN® is a leading and reference product for the entire sector.
- **Microfibres** whose series finds application in all leather goods and in particular in the creation of soft and medium-soft bags. Specifically, microfibre is usually used to give greater support and structure to the entire bag. The strong point of this article is its soft touch and the structure which in consistency is very close to that of real leather: this, combined with the wide range of articles and thicknesses present, allows MICROFIBRE to be a multifaceted product, suitable to be used in combination with all materials usually used in leather goods
- **Suede Microfibres** that are characterised by an even softer touch than microfibre and this allows them to be used in combination with very fine and delicate leathers such as reptile.
- **Non-woven fabric reinforcements** whose flagship product is RINFORZO ST, a hi-tech non-woven fabric that finds infinite applications in the field of leather goods. Equipped with excellent abrasion resistance, the ST REINFORCEMENT represents not only the best anti-crease on the market, but also a high-performance technical item. It is intended not only for use as an internal reinforcement for the construction of fine bags, but also as a reinforcement for small leather goods (wallets, belts and accessories).
- **Thermo-adhesive films** produced with state-of-the-art extrusion systems. These transparent films of various weights are composed of mixtures of thermo-adhesive PU (type HMS and type TERMO SET PLUS for a very soft touch) or of mixtures based on EVA (type HME) which, when the melting point is reached, allow the union between the parts in a perfect, firm and lasting way.
- **Anti-tear Nylon (NYLONTEC)** which, thanks to their excellent resistance, are applied in the points of the bag subject to greatest stress in order to make it resistant even to strong tractions.
- **Gamma ECO** specifically designed to respond to the increasingly frequent demand for eco-sustainable items. The environmental sustainability of these articles is linked to articles containing recycled materials (pre and post-consumer) falling within the requirements of the GRS standard or products made using raw materials from renewable sources and with high biodegradability.

The constant commitment to research in the experimentation of new raw materials and the continuous technological updating allow the creation of new products with a high innovative content.



To create a complete range of products, it is necessary to have state-of-the-art systems:

- 2 modern impregnation lines
- 3 co-extrusion lines
- 5 adhesive lines
- 1 sanding line

The production capacity of the Borgolavezzaro site is divided as follows:

- 11 million square metres of material for tips and counters
- 5 million square metres of GUPER reinforcements for footwear
- 3 million square metres of plastic material for leather goods
- 2 million square metres of lining for footwear and leather goods
- 350 thousand square metres of thermo-adhesive

SIPOL S.p.A, (Italian Polymer Society) produces high-performance polymers for the Hotmelt Adhesives, Technopolymers and Biopolymers sector, which constitute the core business of the company.

It also has a calibrated wire extrusion department for the footwear sector.

The company, now part of the TECNO GI Group, was founded in 1998 and has increased its production capacity over the years, both in terms of volumes and in terms of product types.

The values that inspire the company are creativity, as an innovative drive; flexibility, to provide a service that is increasingly in line with the customer's needs; sustainability, as a commitment to ensure the protection of the environment in which we live and the quality of life of the community within which we operate.

The range of SIPOL products is extremely wide (more than 100 products) and divided into different categories and includes:

- Hotmelt adhesives based on co-polyester and co-polyamide base, intended for the footwear sector - historical activity of the company - and for the automotive, textile and E/E filters sector, marketed under the TECHNIPOL and TECHNIPOL PA brands
- Thermoplastic co-polyesters: TECHNIPOL, used as a carrier for masterbatches
- Co-polyester-based thermoplastic elastomers: high-performance materials for the industrial, automotive, packaging, cosmetics and consumer goods sectors, marketed under the SIPOLPRENE brand
- Co-polyester based biodegradable biopolymers: TECHNIPOL BIO, intended for masterbatches, biodegradable compounds and moulding of compostable products
- Co-polyester base and co-polyamide base calibrated thread: adhesive ready for use in the footwear industry

A range of thermoplastic elastomers with different proportions of raw materials from renewable sources has also been developed, under the SIPOLPRENE S brand, which has recently completed the R&D phase and is now in the market development phase.

The SIPOL plant occupies 9,000 m² and consists of:

- Polyesters Department, with 3 polymerisation lines
- Polyamide department, with 2 polymerisation lines
- Extrusion department, with 1 PES extrusion line and 1 PA line
- Warehouse
- QC laboratory
- R&D laboratory
- Pilot plant area
- Offices



The new polyester department is under construction, designed to accommodate 3 new lines, where the installation of the 4th PES polymerisation line is in progress.

The production capacity of the site is currently 8,000 tonnes/year, which will be updated at the start of the new line, scheduled for the end of 2022.

The steps to create a product, after the R&D and industrialisation phase, involve the following production cycle:

- Purchase and storage of raw materials
- Weighing and dosing of raw materials and reactor loading
- Preparation reaction of the prepolymer
- Polymerisation
- Reactor discharge and polymer granulation
- Blending
- Quality check
- Packaging
- Storage

Logistics activities complete the product journey.

TECNO GI S.p.A. obtains about 34% of its turnover from the Italian market, 23% abroad, but within the EU and the remaining 43% outside Europe.

The company's customers are mainly shearers who process the product supplied by TECNO GI for subsequent use in footwear or in some cases directly shoe manufacturers.

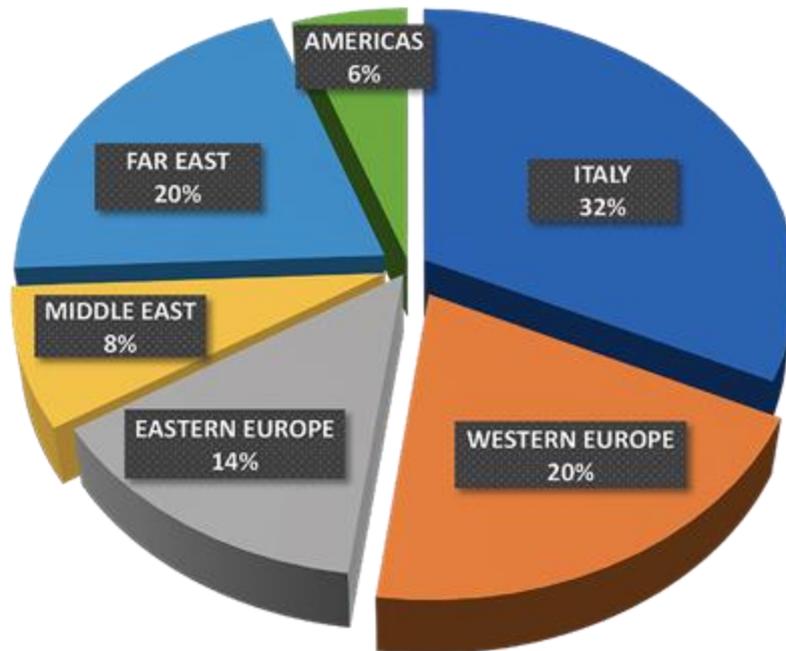
TECNO GI PLAST S.p.A. Sells 88% of its products in Italy, while the rest is sold abroad.

TECNO GI and TECNO GI PLAST export to numerous countries around the world, with an average percentage of exported turnover of about 60%. The management of sales and logistics represents a strategic point for the competitiveness of TECNO GI, which has an intense commercial network and boasts: a commercial technical service in Albania, Finland, Estonia, Canada, Brazil, Indonesia, Bangladesh, Thailand, Australia; a technical distribution service in Austria, Germany, Hungary, Czech Republic, France, Greece, Romania, Russia, Sweden, United Kingdom, Tunisia, Egypt, Pakistan, Japan, Korea, Argentina, Chile, Dominican Republic, Ecuador, Venezuela; a distribution service for sheared and defleshed materials in Portugal, Spain, Poland, Ukraine, Slovakia, Turkey, Morocco, India, Colombia, Guatemala, Mexico, Peru.

Moreover, TECNO GI has two customs warehouses in Vietnam and Hong Kong.

Finally, SIPOL products are mainly sold abroad, more precisely: 25% in Italy, 55% on the European market (in particular Switzerland, Germany, Austria and Eastern Europe) and about 20% in the rest of the world (in particular India, Far East and South America).

Customers mainly belong to the Textile, Automotive, Footwear, Plastics (extrusion, moulding and over-moulding) and Masterbatch sectors - but there are some, not negligible, emerging sectors such as the Electrical/Electronic sector.



The internal commercial structure is made up of 2 sellers and the Commercial Director, who make use of a network of agents and distributors that operates in all relevant sectors and covers all the Italian, European and foreign territories affected by our sales.

Consignment stocks have been agreed for some of the largest customers in Italy, Germany, France and Austria.

SIPOL was born as a manufacturer of hot melt adhesives based on copolyesters for the footwear sector, when Vigevano was still the industrial centre of gravity of Italian footwear.

Over the years, it has enriched and diversified its product offering and started serving other market sectors.

The most important in terms of both volumes and turnover - in addition to the footwear, already mentioned - are:

- Textile sector: fashion and car interiors (seats, uprights, roofs)
- Car filters sector: air filters, diesel filters, oil filters
- Plastics sector: tubes, monofilaments, moulded parts for consumers, over-moulding
- Masterbatch sector: carrier for coloured masterbatches, for particularly critical applications
- Biopolymers sector: biodegradable materials, certified by TUV Austria both OK Compost Industrial and OK Compost Home

SIPOL has also taken action, again in the BIOPOLYMER sector, by developing a range of materials with a part of renewable raw material, which was recently presented at the DKT event in Nuremberg to activate possible developments.



2.4 Product policies

As part of its activities, the Group is committed to contributing to the development and well-being of the communities in which it operates, pursuing the objective of guaranteeing the safety and health of employees and external collaborators.

The Group undertakes to manage its activities in full compliance with current legislation on the prevention and protection of occupational risks (Legislative Decree 81/08 as amended).

The RSL (Restricted Substances List) is updated every year, which contains the updated list of the limits of substances subject to restriction, which is disclosed to all chemical and textile suppliers.

To guarantee compliance with this RSL and with the European Reach Regulation CE no. 1907/2006, by TECNO GI and TECNO GI PLAST, analysis tests of raw materials and semi-finished products are periodically carried out at internationally accredited laboratories.

Each time new products are placed on the market, chemical analyses are carried out to ensure the absence of harmful effects on the health of customers (processors) and final consumers.

For SIPOL S.p.A., a company in the chemical sector, a Regulatory Assessment is instead carried out based on the formulation of the product and the specific information of each individual raw material used; following this assessment, the Safety Data Sheet is issued.

In the three years analysed, there was no non-conformity regarding the impact of the Group's products on the health and safety of users.

SIPOL launched in 2021 an LCA (Life Cycle Assessment) study on 19 products in its range, which represent the various categories of materials produced at the Mortara plant. In this specific case, the Carbon Footprint will be assessed.

The LCA study requires a considerable effort to collect all the data that contribute to forming the carbon emission profile of a material:

- Raw materials: through which processes they are generated; from what distance they are supplied; with what means of transport, etc.;
- Transformation: specific energy consumed in the various process phases; emissions, by-products, scraps, utilities, waste and maintenance;
- Finished product: packaging impact (materials used, quantity, supply distance, etc.);
- Transport: type of transport, transport efficiency, distance to customers, etc.

This is a large amount of data, a project that requires a lot of resources and that requires an intense exchange of information with its suppliers.

The result of this work will be - in addition to the value of the Carbon Footprint itself - a mapping of the impact in terms of emissions of the various product life stages.

Knowledge of the criticality of the various phases will allow to evaluate and plan appropriate changes and improvements and continuously improve of the impact of SIPOL's products and activities on the environment.



2.5 The supply chain

The strength of the Group lies in the highly technical and performing products that allow it to maintain a reputation of the highest quality level on the market.

To reach and maintain this goal, the Group has always paid the utmost attention to the choice of suppliers of the raw materials that will make up its products.

The selection and qualification procedure applies to all suppliers of products/goods and services that affect the quality of the product and to all suppliers that may have an impact on aspects relating to the environment and the safety and health of workers.

The “Qualification” is the process by which it is established whether or not a supplier complies with the required requirements and which makes it possible to procure products or services from the supplier itself.

In general, the criteria on which to base the search for a new supplier are:

- greater economic convenience with the same characteristics and quality level of the products;
- better service conditions (shorter delivery times, guarantee of constant availability of raw materials, technical support provided);
- availability and flexibility of the supplier in managing non-compliant situations and emergency situations in general (e.g. urgencies).

The qualification process is very similar in all Group companies and is implemented, with minimal differences, through the following phases:

1. selection of a range of possible suppliers based on reliability criteria (product availability, logistical situation, reputation, references, certifications, etc.)
2. comparison of the selected companies based on: technical and safety documentation of the product, economic quotation, availability of packaging suitable for the process, delivery times, any additional requests.
3. a smaller test lot or a laboratory sample is requested from the most suitable supplier.
4. If, based on the analytical and/or functional results, the material is suitable, it is possible to order the material again.
5. After n satisfactory supplies (n = 2 or 3), both as a product and as a service, the supplier is included in the list of qualified suppliers.

If any of the previous steps fail, the supplier will result as NOT qualified.

In some cases, relating to the qualification of new suppliers of raw materials, technical materials or particularly critical services, at the end of the first successful supply test, a questionnaire is sent to collect further information on the internal organisation relating to Safety management, Environment and Quality.

An ever increasing number of companies, including TECNO GI, need to be able to demonstrate to their customers or potential new customers or their employees their performance in relation to the health and safety of workers throughout the supply chain.

For this purpose, a specific form has been drafted (No.118 Rev.00 of 06/04/2021), which includes a series of questions to outline the methods of organisation/management of health and safety in the supplier companies.



The data collected through the questionnaire (form 118) are managed in a summary file that enables us to have a general view of the situation. In the final assessment, the size of the company is considered, but above all the weight of the subcontractor on TECNO GI, considering for example the metres processed and the turnover.

The qualification process valid for suppliers of raw materials is also applied to auxiliary materials, packaging, PPE and services (transport, subcontractors, external laboratories and consultants) - duly taking into account the specificities of each category.

As regards the geographical distribution of raw material suppliers, for TECNO GI S.p.A. the following origins are found:

ITALY:	59%
EUROPE:	20%
Extra EU:	21%

For TECNO GI PLAST S.p.A., on the other hand, the geographical distribution is as follows:

ITALY:	12%
EUROPE:	47%
Extra EU:	41%

It is important to highlight that SIPOL, being a company that produces polymers - and therefore further upstream in the whole production chain - has a supply chain that is completely different from the rest of the group.

The main raw materials used in the polymerisation reactions are the different types of monomers which are closely linked, also from an economic point of view, to the oil refining processes. Therefore, in most cases, these are large basic chemical companies, located partly in Europe and partly in the Far East.

From a geographical point of view, the distribution of purchases is as follows:

ITALY:	10%
EUROPE:	64%
Extra EU:	26%

As can be seen, it is part of SIPOL's strategies to privilege, where possible, European suppliers over Asians. The most representative countries of the 26% non-EU countries are South Korea and Saudi Arabia, followed by Vietnam and China.

In the process of qualifying raw materials, SIPOL typically finds itself faced with a few large companies, which - in most cases - are all necessary to guarantee continuity of supply.

Being multinational companies or in any case large companies, they are always equipped with a complete certification package and guarantee consistency of high-profile quality.

With these premises, the list of SIPOL suppliers is almost entirely made up of historical suppliers.



3 TECNO GI GROUP AND SUSTAINABILITY

The companies of the Group determine the external and internal factors that are relevant to their own objectives and strategic directions and that influence their ability to achieve the expected results.

These factors can be positive or negative and the understanding of the external context can be facilitated by considering the factors that emerge from the legal, technological, competitive, market, cultural, social and economic fields, be it international, national, regional or local. Likewise, understanding the internal context can be facilitated by considering factors related to values, culture, knowledge and performance.

Given their effect, real or potential, on the ability to regularly supply products and services that meet the customer's requirements and the applicable mandatory ones, while ensuring the protection of the environment and the health and safety of workers and respect for the values on which the action of the Group is based, it determines:

- a) the stakeholders relevant to the integrated management system;
- b) the requirements of those stakeholders that are relevant to the system itself.

The Group monitors and reviews (at least on the occasion of the Management Review) the information concerning these stakeholders, their relevant requirements and information concerning external and internal factors.

The Group considers the factors described above and determines the risks and opportunities that need to be faced in order to:

- a) ensure that the integrated management system can achieve the expected results;
- b) enhance the desired effects;
- c) prevent, or reduce, unwanted effects;
- d) achieve improvement.

The Group plans:

- a) actions to address these risks and opportunities;
- b) the methods for integrating and implementing the actions in the processes of its integrated management system and evaluating the effectiveness of these actions.

In order to give evidence of its commitment to sustainability and to maintain active relations with its Stakeholders and with the context of sustainability, the Group adheres to various initiatives and associations.

For example, SIPOL adheres to the ECOVADIS association, a collaborative platform that allows to monitor the sustainability performance of suppliers in 150 sectors and 110 countries. Ecovadis aims at improving the social practices of companies by exploiting the influence of global logistics chains.

TECNO GI, on the other hand, is considering joining the SMETA (SEDEX Members Ethical Trade Audit) platform, the most popular official auditor for ethical and social compliance.

The following table also lists the associations to which the companies of the Group belong:



COMPANY	BODY	DESCRIPTION
TECNO GI	UNAC	National Union of Accessories and Components - represents the Italian sector of manufacturers of accessory components and alternative materials for footwear and leather goods
TECNO GI / TECNO GI PLAST	Ticinum Consortium	Consortium for the supply of electricity
TECNO GI	San Giulio Consortium	Consortium for the supply of natural gas
TECNO GI / SIPOL	SATRA	Shoe and Allied Trades Research Association - a research and certification association for the footwear and leather goods industry.
TECNO GI / TECNO GI PLAST	CNVV	Confindustria Novara Vercelli Valsesia - is a territorial association that promotes refresher courses on the various topics scheduled during the year with various company functions.
SIPOL	TMP	Italian Association of Plastics Technicians - is an association that aims at informing and updating technicians in the plastics sector on materials, their use, design and new technologies, promoting the professional growth of members.
SIPOL	ASSOLOMBARDA	Association of Industrialists of the metropolitan city of Milan and of the provinces of Lodi, Monza and Brianza and Pavia

One of the references at the international level in terms of sustainability is represented by the sustainable development goals defined by the United Nations as part of the 2030 Agenda (the so-called SDGs, Sustainable Development Goals).

In particular, the SDGs have been identified with which the actions undertaken by the Group are consistent:



Sustainable Development Goals		The contribution of the TECNO GI Group
 <p>3 SALUTE E BENESSERE</p>	<p>Ensuring health and well-being for all and for all ages</p>	<p>The companies of the group consider protecting the health and safety of their workers as a priority in all contexts in which they operate, as well as the health and safety of the end users of their products</p>
 <p>5 UGUAGLIANZA DI GENERE</p>	<p>Achieve gender equality and empower all women and girls</p>	<p>In the governing bodies of the companies of the group, the presence of women is currently at an average of 29%, not far from the future guidelines of the European Union for listed companies</p>
 <p>8 LAVORO DIGNITOSO E CRESCITA ECONOMICA</p>	<p>Encourage lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>Compatibly with local specificities, the TECNO GI Group guarantees equal rights to all its workers</p>
 <p>9 INDUSTRIA, INNOVAZIONE E INFRASTRUTTURE</p>	<p>Building a resilient infrastructure and promoting innovation and fair, responsible and sustainable industrialisation</p>	<p>The companies of the group aim at the development of products made with increasing percentages of renewable or recycled raw materials, in order to progressively reduce both the environmental impact of their products throughout their life cycle and dependence on oil</p>
 <p>13 AGIRE PER IL CLIMA</p>	<p>Promoting actions, at all levels, to fight climate change</p>	<p>Thanks to the acquisition of SIPOL (which uses guaranteed 100% renewable electricity) and to self-production with the TECNO GI photovoltaic system (which will soon be further expanded), the group reached, during this three-year period, an increase from 20 to 70% of electricity from renewable sources¹, and from 4 to 31% of total energy (i.e. considering also natural gas)</p>

The Group carries out its business in compliance with the provisions on the protection of the environment and the health and safety of workers.

Already in possession for several years of the certification of the quality management system in compliance with the UNI EN ISO 9001:2015 standard, TECNO GI S.p.A. obtained in 2009 the certification of the occupational health and safety management system, currently in compliance with the UNI ISO 45001:2018 standard, and in 2013 the certification of the environmental management system according to the UNI EN ISO 14001:2015 standard.

¹ Value calculated with the “market based” approach, for further details please refer to paragraph 6.5



TECNO GI also confirms its commitment to sustainability and the reduction of environmental impact by obtaining the GRS (Global Recycle Standard) certification.

For over a decade, the Group has focused its attention on protecting the environment, orienting strategic priority on the production of environmentally-friendly materials.

All extruded materials are now recyclable. The use of polymers from renewable sources is gradually increasing.

One of the latest innovative solutions of absolute importance was the creation of “BIOREL”, a completely biodegradable thermoplastic material for spurs.

BIOREL is obtained by transforming polymers from renewable sources; natural starches have been inserted in its chains, to allow their complete biodegradability.

TECNO GI S.p.A. expresses its attention to the environment by investing in the production of clean energy. A photovoltaic system with solar panels with a power of 340 kW has been powering the Borgolavezzaro plant for several years, and a new system with a power of 600 kW is now being designed, which will cover approximately 50% of the company’s electricity needs.

The laboratory represents the first step in the construction of our mission. At the base of our products are the constant search for the best materials, the strict policy of selecting suppliers and the utmost attention to the eco-compatibility of products and the production cycle.

The research and development activity aims at improving products with highly innovative features and contents. TECNO GI has been dedicating itself for some years to the formulation and experimentation of new lines of eco-compatible extruded products, containing variable percentages of recycled raw materials, and in turn recyclable. In addition, the range was diversified by introducing articles also produced with renewable raw materials.

These excellent results have been obtained thanks to the close collaboration with our suppliers (among which we include the main multinationals in the chemical sector) and thanks to a laboratory that is equipped with sophisticated equipment. Finally, our researchers are highly qualified and work in collaboration with Italian universities and with international bodies responsible for the certification of footwear products, such as CIMAC and SATRA.

Like the other companies in the Group, SIPOL also strictly complies with all the regulations regarding the safeguarding of health and safety at work and the environment. It is a company that has a UNI EN ISO 9001:2015 (acquired for the first time in 2000), UNI EN ISO 14001:2015 (acquired in 2008) and UNI ISO 45001:2018 (acquired in 2019) Integrated certification.

In addition to complying with mandatory and voluntary regulations, SIPOL has for years shown a special interest in sustainability issues.

In fact, as early as 2015, it switched to the use of 100% clean energy - despite the increase in terms of costs.

Furthermore, it has invested a lot of resources in the study and development of biodegradable products - presented on the market starting from 2018 - and, in 2020, of products with a share of raw materials from renewable sources.

In 2021, as already seen, the LCA study of 19 products was launched, representative of all the categories present in the product range, which will return an assessment of the current carbon footprint, but which also represents the company’s commitment to undertake a path of improvement in future years.

Also in 2021, the process was undertaken to implement the 231 Organisational Model, currently under development.

Finally, SIPOL - in the face of an obligation to install photovoltaic panels for a power of 50 kW - has committed by 2023 to install a power 10 times higher.



3.1 The goals for sustainability

The various sections that follow describe how to manage the various aspects and any improvement actions envisaged; some of the group's sustainability objectives are listed below:

OBJECTIVE	TIMES	RESOURCES	COMPETENCE
500 kW photovoltaic system expansion	2022-2023	€ 500,000	SIPOL
600 kW photovoltaic system expansion	2022-2023	€ 600,000	TECNO GI
Complete reporting on TECNO GI JASMINE indicators	2023 (on the occasion of the Sustainability Report 2022)	-	TECNO GI
Extension of the Integrated System to TECNO GI PLAST (now part of TECNO GI)	2023 on the occasion of ISO 9001, 45001 and 14001 certifications)	-	TECNO GI
Increase BIO-based products, of renewable and recyclable origin, by 3%	2023	-	TECNO GI / SIPOL
Sharing of the code of ethics with all customers and suppliers	End of 2023 (signing of the Code of Ethics shared with the Stakeholders)	-	TECNO GI / SIPOL



3.2 Stakeholders

The Group has always been open to collaborations and discussions with stakeholders, with a view to continuous improvement. The following stakeholders were selected:

PEOPLE: Personnel of all functions and roles, new hires and collaborators close to retirement, people with disabilities, representatives and trade union organisations, clubs and realities.

SHAREHOLDERS AND SPONSORS

CUSTOMERS: converters and shoe factories

SUPPLIERS: chemical and textile raw materials, subcontractors, service providers

BANKS / CREDIT INSTITUTIONS

INSURANCE

LOCAL COMMUNITIES: Local Authorities and Administrations, citizens and civil society

SUPERVISORY BODIES / PUBLIC ADMINISTRATION

NON-PROFIT ORGANISATIONS Non-governmental and multilateral organisations engaged in the management of major global crises and emergencies, environmental associations, associations that are committed to reducing food waste and supporting people in need.

TRADE ASSOCIATIONS: Trade associations of the chemical and footwear industry

In compliance with the provisions of the international reference standards, the Group has determined, within its own context, the external and internal factors that may affect the ability to achieve the results expected from its Integrated Management System.

The external factors identified are inherent to:

- relationship with suppliers of raw materials, products and services necessary for the activity;
- legislative indications and related compliance;
- national and international market, both relating to sale and purchase;
- relationship with customers and citizens, as well as the territory and the surrounding environment.

Internal factors, on the other hand, are a set of interactions between the following areas:

- organisational structure, including management and ownership,
- production cycle and related activities, including related environmental aspects;
- use of natural, financial and human resources.



The Group has also identified the relevant (internal and external) stakeholders and defined the related needs and expectations as reported in the following table.

STAKEHOLDERS	NEEDS AND EXPECTATIONS
Internal Stakeholders	
Ownership - Shareholders	<ul style="list-style-type: none"> • Performance and profitability • Definition of policy, objectives, plans and programmes • Use of adequate resources
Employees	<ul style="list-style-type: none"> • Use of resources (human, financial) • EMS implementation and active participation • Sharing of goals, plans and programmes • Good working conditions • Operational control • Rewards and awards
External Stakeholders	
Competent Authorities and Bodies / Public Administration:	<ul style="list-style-type: none"> • Compliance obligations and other obligations • Environmental protection
Citizens	<ul style="list-style-type: none"> • Mitigation of critical impacts • Compliance obligations • Social-ethical behaviours
Providers	<ul style="list-style-type: none"> • Compliance obligations • Continuity of the relationship
Customers	<ul style="list-style-type: none"> • High quality standards • Competitive prices • Sustainability • Use of eco-friendly raw materials

The communication by the company to the stakeholders takes place through official communications, the continuous updating of the website, as well as during the usual meetings related to the conduct of business activities.



3.3 The materiality analysis

The identification and prioritisation of stakeholders represents a substantial step for the subsequent identification of the most relevant sustainability issues on which to focus the contents of the Sustainability Report.

The various stakeholders of the TECNO GI Group have been mapped on the basis of the analysis of the corporate structure, business activities, value chain and existing network of relationships around the companies of the Group.

Subsequently, through the involvement of top management, some stakeholders were identified to be involved in identifying the material issues.

In anticipation of the drafting of the sustainability report, in order to actively involve the main stakeholders in identifying the relevant issues to be discussed, questionnaires were sent to employees and to a selection of external stakeholders (suppliers, customers, local authorities, certification bodies).

A total of almost 200 questionnaires were sent (110 workers, 26 suppliers, 51 customers, 11 external bodies), and more than 40% of them were returned.

In parallel, the Management of the companies of the Group carried out its own assessment of the issues considered relevant on the basis of the actual impact of the company activities on the aspects in question, also considering the context in which the companies operate.

By comparing the Management's assessments with those obtained from the processing of the returned questionnaires, the relevant topics were finally obtained, that is, those that obtained an at least MEDIUM assessment for the Group or for the stakeholders: these issues are therefore dealt with in the sustainability report.

Below is the materiality matrix, which summarises the final result of the assessment.



		Relevance of the impacts according to the Management		
		Low	Medium	High
Importance for Stakeholders	High		<ul style="list-style-type: none"> - Water and water discharges 	<ul style="list-style-type: none"> - Emissions in the atmosphere - Production of waste - Compliance with environmental standards and prescriptions - Occupational health and safety - Training and education of workers
	Medium		<ul style="list-style-type: none"> - Diversity and equal opportunities - Non discrimination - Evaluation of respect for human rights 	<ul style="list-style-type: none"> - Materials (raw materials, packaging, auxiliaries) - Power - Occupation
	Low	<ul style="list-style-type: none"> - Indirect economic impacts on the territory - Anti-corruption - Anti-competitive behaviour - Taxes - Biodiversity - Environmental assessment of suppliers - Child labour - Forced labour - Security practices - Rights of indigenous communities - Impact on local communities - Social assessment of suppliers - Public policy - Product marketing and labelling - Customer privacy - Socio-economic compliance 	<ul style="list-style-type: none"> - Procurement practices linked to the territory - Relations between workers and management - Freedom of association and collective bargaining - Customer health and safety 	<ul style="list-style-type: none"> - Economic performance - Presence on the labour market

The Group carries out an annual Risk Assessment based on the expectations of external and internal Stakeholders, during which risks are identified, assessed and ranked in order of priority. Based on this, the Group defines the action plan for the management and treatment of the identified risks, as well as the related monitoring and reporting activities.

Specifically, the monitoring activities allow the Company to evaluate the effectiveness of the action plans themselves and the adequacy of the control measures to mitigate the mapped risks.

Some of the issues that emerged thanks to the stakeholders are:

- Need to perform an LCA study: a theme that has already emerged from internal assessments but which has acquired greater priority thanks to the attention and expectations of our customers
- The great urgency to develop “green” materials: a hot topic for the entire community, in the broadest sense of the term; also in this case, it was already present in the company strategies, but it became urgent precisely because of the trends relating to the problem of managing plastic materials. This path has led to the creation of specific product lines from renewable, biodegradable or recyclable sources.



4 OUR WORKERS AND THE SOCIAL DIMENSION

The great added value of the Group is not represented only by its products, but is also based on the strong bond existing between the people, who collaborate and operate as a single team. Team action allows the Group to pursue its goals, launching challenges and competing on all markets with passion and determination. The great growth of the company has been made possible by all the people who work and have worked in the Group, putting into practice the fundamental values of reliability and trust.

It is precisely this strong bond that has allowed the Group to positively face the pandemic emergency from Covid-19. To protect its employees, the Group has established its own corporate protocol to regulate measures to fight and contain the spread of the Covid-19 virus in the workplace. In the course of 2020, despite the sharp drop in orders, the Group decided not to resort to the redundancy fund, guaranteeing its personnel full remuneration. This brave choice, also pursued during the 2008 crisis, clearly demonstrates our social commitment.

The Group believes that the indicators to be monitored to ensure company competitiveness and development are also to be identified in the quality of production processes, products and services, in the safety of workers, as well as in the protection of the environment, the community and the territory. The improvement of the aforementioned indicators requires constant adaptation of work procedures, but above all effective information and training of workers and, by the latter, scrupulous compliance with company procedures.

The following tables show the data relating to personnel.

		2019 ²	2020	2021	% 2021
Men	Fixed term	8	7	7	7%
	Permanent	68	99	97	93%
	Total men	76	106	104	
Women	Fixed term	1	0	1	4%
	Permanent	19	27	26	96%
	Total women	20	27	27	
Total group	Fixed term	9	7	8	6%
	Permanent	87	126	123	94%
	Total employees	96	133	131	

		2019	2020	2021	% 2021
Men	Part time	1	0	2	2%
	Full time	75	106	102	98%
	Total men	76	106	104	
Women	Part time	3	5	4	15%
	Full time	17	22	23	85%
	Total women	20	27	27	
Total group	Part time	4	5	6	5%
	Full time	92	128	125	95%
	Total employees	96	133	131	

² It should be noted that in 2019, SIPOL employees are not included, as the Company entered the Group's consolidation range only in 2020



		2019	2020	2021	Rates 2021
New hires	Men	8	6	6	5.8%
	Women	0	1	2	7.4%
	Totals	8	7	8	6.1%
Terminated	Men	4	7	8	7.7%
	Women	0	1	2	7.4%
	Totals	4	8	10	7.6%

		2019	2020	2021
New hires	< 30 years old	3	0	2
	between 30 and 50 years old	4	5	3
	> 50 years old	1	2	3
Terminated	< 30 years old	0	0	1
	between 30 and 50 years old	1	3	3
	> 50 years old	3	5	6

		2019	2020	2021
Total employees		96	133	131
Temporary workers or permanent external companies		9	6	14

The Group undertakes to guarantee stable work for its team, mainly offering open-ended contracts as a type of contract, which covers almost all the types of contracts. In addition, it tries to meet the personal needs of its employees by offering them, where applicable, the possibility of choosing a type of part-time employment.

In 2021, 5% of personnel is hired with this type of contract, while the remaining personnel are covered by full-time contracts; the percentage of part-time contracts rises to 15% for female personnel.

All workers hired directly by the Italian companies of the Group have a regular contract according to the chemical CCNL.

The minimum number of weeks of notice with which the employees and their representatives are generally notified of significant operational changes that may have considerable effects on workers is specified in the relevant CCNL, and is at least 2 weeks.

Almost all of TECNO GI and TECNO GI PLAST's Senior Managers (75%) are domiciled within the local community (within a radius of 50 km).

For SIPOL, the proportion of senior managers belonging to the local community is even greater and equal to 80%.

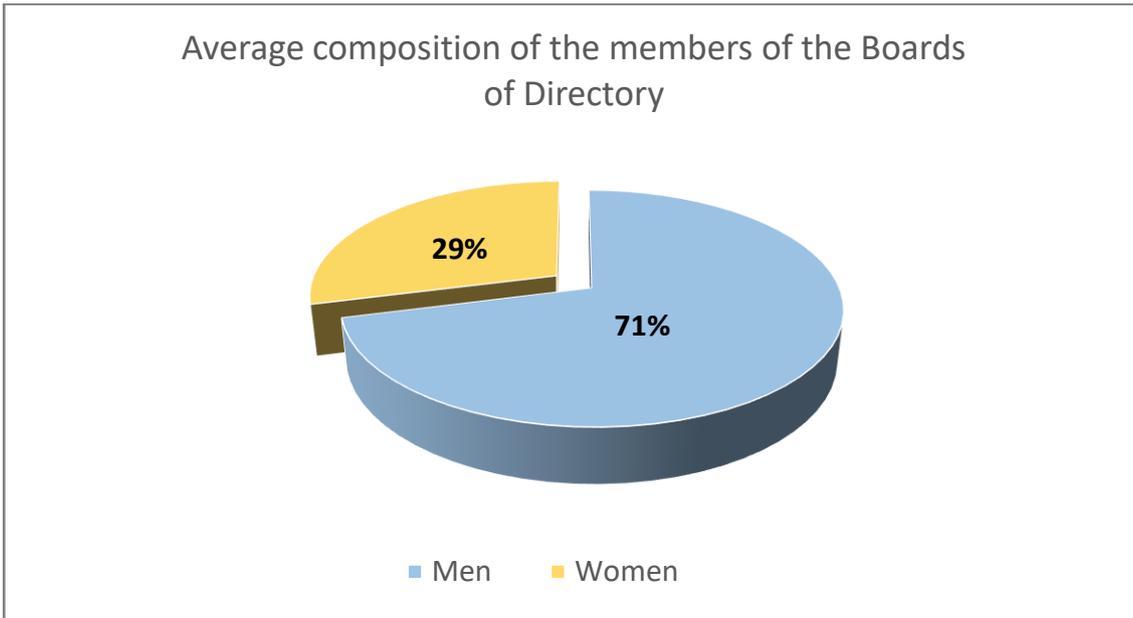
The Group therefore is committed to distributing employment within the territory and the context in which it is inserted and located.

Within the Senior Managers, both operational administrators and people with managerial roles are considered.



TECNO GI provides, in addition to the remuneration envisaged by the national chemists contract, also “participation bonuses” based on the hours worked, which are distributed to all workers regardless of the coverage of their contract (full-time, part-time and agency work contracts), in addition to the attendance bonus, maintained despite the repeal that took place with the renewal of 15 October 2015.

Below is the breakdown by gender of the members of the Boards of Directors of the Italian companies of the Group:



75% of female directors also have an operational role within the organisation.



4.1 The social dimension

In order to ensure an increasingly respectful and socially responsible attitude, aimed at establishing a pact of trust between the company and the community in general, the Group, in implementation of a specific resolution of the Board of Directors, has decided to equip itself with an ethical - behavioural instrument.

This instrument, called “Code of Ethics”, defines the reference values and corporate commitments, specifically governs the relevant conduct of those who work in the service of the Company, specifies rules and behaviours which are recognised as having a positive ethical value.

The Code of Ethics therefore represents an official public declaration of the Group’s commitment to pursuing the highest levels of ethics in fulfilling the corporate mission, identifying operational standards and rules of conduct, also in consideration of art. 30 of Legislative Decree 81/08 as amended, which indicates the characteristics and the necessary requirements of an organisation and management model that are effective as exempt pursuant to Legislative Decree 231/2001.

The rules of the Code apply, without exception:

- ➔ to administrators,
- ➔ to managers and employees;
- ➔ to any other subject, private or public, who directly or indirectly, permanently or temporarily, establishes, for any reason, relationships and collaborative relationships or work in the interest of the Company.

The “Recipients” will adapt their actions and behaviours to the principles, objectives and commitments envisaged by the Code.

All “Recipients” must be open to checks in accordance with current regulations and internal procedures.

Each “Recipient” must provide professional contributions appropriate to the responsibilities assigned and must act in such a way as to protect the prestige of the companies of the Group.

The directors, within the scope of their competences, must act in full sharing of corporate values and fulfil their office duties, maintaining full internal and external confidentiality on the acts undertaken and, in general, on the corporate documentation of which they have become aware for any reason. They must also maintain confidentiality even on acts with respect to which they may be dissenting, constituting behaviour contrary to the values and specific rules of the Code, the dissemination, not previously authorised, of opinions and documents within or outside the Company.

In addition to fulfilling the general duties of loyalty, correctness and execution of the employment contract in good faith, employees must refrain from carrying out activities in competition with those of the Group, respect company rules and abide by the precepts of the Code, the observance of which is also required pursuant to and for the purposes of art. 2104 of the Italian Civil Code (“Employee diligence”).

Each “Recipient” is required to know the rules contained in the Code and the reference rules that regulate the activity carried out in the context of their role.

The “Recipients” must assume, even in private conduct, a conduct that in no way may harm the Company, even in terms of image.

Furthermore, the “Recipients” are obliged to:



- refrain from conduct contrary to these rules and demand compliance with them;
- contact their superiors or the competent functions in case of need for clarification on the methods of application of the same;
- promptly report to the competent departments any news, directly detected or reported by others, regarding possible violations of the rules of the Code, as well as any request for violation of the rules that has been addressed to them;
- collaborate with the competent structures to verify possible violations.

TECNO GI S.p.A. WHISTLEBLOWING

An anonymous reporting system within the organisation has been implemented for some time in TECNO GI, with the aim of notifying discriminatory, abusive and/or corruption acts.

This process is regulated in terms of the process of receiving, analysing and processing of information and is managed by the SGI committee, both in terms of evaluation and corrective actions to the reports received.

To date, no reports have been received.

The Group companies, starting with SIPOL, in 2021 began the process of implementing the 231 Organisational Model, to ensure the dissemination of a culture of legality and respect for ethical principles among all employees.

SIPOL has set up the Supervisory Body, has completed the risk analysis and is proceeding with the review of the procedures.

The Group does not implement any form of discrimination, direct or indirect, in the employment relationship. In particular, it guarantees that there is no form of discrimination based on gender, indeed supporting and enhancing a role of women in the employment relationship that takes into account their peculiarities and specificities.

Therefore, discrimination related to age, gender, sexual orientation, race, state of health, nationality, political opinions and religious beliefs is prohibited.

In internal and external employment relationships, it is required that no harassment of any kind be given, meaning as such:

- the creation of an intimidating, hostile or isolating work environment towards individuals or groups of workers;
- unjustified interference with the performance of other people's work;
- the obstacle to the individual job prospects of others for mere reasons of personal competitiveness.



The Group undertakes to protect the physical and moral integrity of its employees and to ensure the right to working conditions that respect the dignity of the person. It ensures the consultation and participation of workers and their representatives, also protecting them from any retaliation following the reporting of accidents, dangers, risks and opportunities.

The workers of the Group are protected from acts of psychological violence and from any harassing or harmful attitude towards the person, their beliefs and preferences.

It prevents and, in any case, fights mobbing and personal harassment of all kinds.

The Group requires that no harassment of any kind occurs in internal and external working relationships, such as, for example:

- the creation of a hostile work environment towards individual workers or groups of workers;
- unjustified interference with the work of others;
- the creation of obstacles and impediments to the professional prospects of others.

Sexual harassment is not allowed, meaning as such, the giving the possibilities of professional growth following the provision of sexual favours or the proposals of private interpersonal relationships which, due to the fact of being unwelcome to the recipient, may disrupt their serenity.

The companies of the Group refrain from employing any form of work that violates the legislation on the exploitation of workers in conditions of fragility. Every worker is guaranteed the freedom of association in trade union organisations and collective bargaining.

Professionalism and commitment to constant compliance with current legislation characterise the selection of suppliers, external collaborators (including consultants, agents, statutory auditors, etc.) and commercial partners identified from time to time to define a complementary relationship with the specific professionalism request, organising forms of collaboration and mutual exchange and delegating to them the execution of part of their activities.

In this context, for example, TECNO GI made sure with its suppliers that the cotton purchased outside the EU did not come from the Chinese region of Xinjiang to avoid any possibility of involving minors in the cotton harvesting and spinning processes.

More generally, with a view to increasing suppliers' awareness of ethical and social issues, the Group will ask them to sign the Code of Ethics.

The professional and commercial contributions must be marked by commitment and professional rigour and must, at all times, be aligned with the level of professionalism and responsibility that characterises the Companies, with the attention and precision required to pursue the respect and diffusion of prestige and corporate reputation.

Practices of corruption, illegitimate favours, collusive behaviour, solicitation of advantages, payment of tangible and intangible benefits as well as other advantages aimed at influencing or compensating representatives of institutions as well as employees are banned and prosecuted.

Suppliers, external collaborators and commercial partners are selected according to procedures that respect the laws applicable from time to time and constantly based on criteria of transparency, competitiveness and efficiency.



To this end, in carrying out these processes, the Group undertakes to:

- recognise to the participants in possession of the necessary requisites equal opportunities to participate in the selection;
- Ensure the participation in the selection of more than two suppliers, with the exception of exceptional cases and governed by specific company procedures;
- Verify the integrity and professionalism requirements of external collaborators and commercial partners;
- Verify, also through appropriate documentation, that they have the means, including financial ones, organisational structures, technical skills and experience, quality systems and resources adequate to the needs and corporate image;
- Verify compliance with labour legislation, including what concerns child labour, health and safety of workers;
- Verify the non-involvement, regardless of whether they are natural or legal persons, in acts of terrorism;
- Verify compliance with national or international embargo and import control laws applicable and in force in the countries in which it operates;
- not to take advantage, even indirectly, of forced and compulsory labour.

In the future, our suppliers, external collaborators and business partners must adhere to the entire contractual documentation submitted by the Companies, which includes the obligation to comply with the Code, as well as the other rules of voluntary behaviour prepared and communicated, which will also establish specific sanctions for any violation of the same.

Suppliers, external collaborators and business partners will be called upon to adhere to the objective of attention to the needs of the territory, local communities and customers.

The Group undertakes to pay any overtime, with hour limits governed by the national collective agreement for Chemists and pay even higher than the contractual one.



4.2 Health & Safety

TECNO GI S.p.A. and SIPOL S.p.A. are equipped with a health and safety management system that is certified in compliance with UNI ISO 45001:2018 international standard.

In 2021, activities were also started to introduce the management system in TECNO GI PLAST by 2023. At present, the health and safety management system therefore covers 75% of employees, while the system is at an advanced stage of introduction for the remaining 25%.

Risk assessment consists of a series of logical steps that allow to systematically examine the hazards associated with machines, activities, environments and products.

The risk assessment is updated whenever necessary, and in any case at least according to the times established by current legislation. This periodic evaluation process constitutes the structured iterative method to eliminate, as far as possible, hazards, reduce risk and implement safety measures.

The criteria for the continuous identification of hazards, risk assessment and the application of the necessary control measures are set out in the relevant procedures of the Integrated Management System.

In 2021, after a period of suspension due to the health emergency from Covid-19, the periodic meetings attended by RSSPs, Department Heads, Plant Director, Laboratory Technicians and one or more production operators took part.

These appointments are of fundamental importance for discussing problems or areas for improvement, as well as reporting and recording all near misses in the internal NC database.

Specifically with reference to safety, in TECNO GI S.p.A. quarterly audits are also carried out approved by the RSSP and production manager, who is delegated by the employer.

In SIPOL, there is a Safety Committee made up of employees which meets monthly (to be restored after Covid - currently messages are still collected by e-mail) and reports any problems encountered to the RSPP.

The reports are analysed and recorded during the QAS meeting which is generally held the week following the meeting of the Committee, in which all company functions participate: Production, Sales, Logistics, QC, R&D, Maintenance - as well as RSPP and Employer.

The updating of the DVR (Risk Assessment Document) is done by the internal RSPP. The Employer, who signs the DVR, is the CEO and there are no delegates.

All the companies of the Group have appointed the Competent Doctor for health surveillance pursuant to decree 81/08.

The Group ensures that its personnel, and in general the people who carry out work under its control, are aware of:

- company policy (posted in the company and disclosed to personnel and also to suppliers);
- significant environmental aspects and actual or potential impacts/risks related to work activities;
- own contribution to the effectiveness of the management system;
- implications deriving from non-compliance with the management system.



Based on the risk assessment of TECNO GI and TECNO GI PLAST, the following dangers are connected to possible accidents with serious consequences:

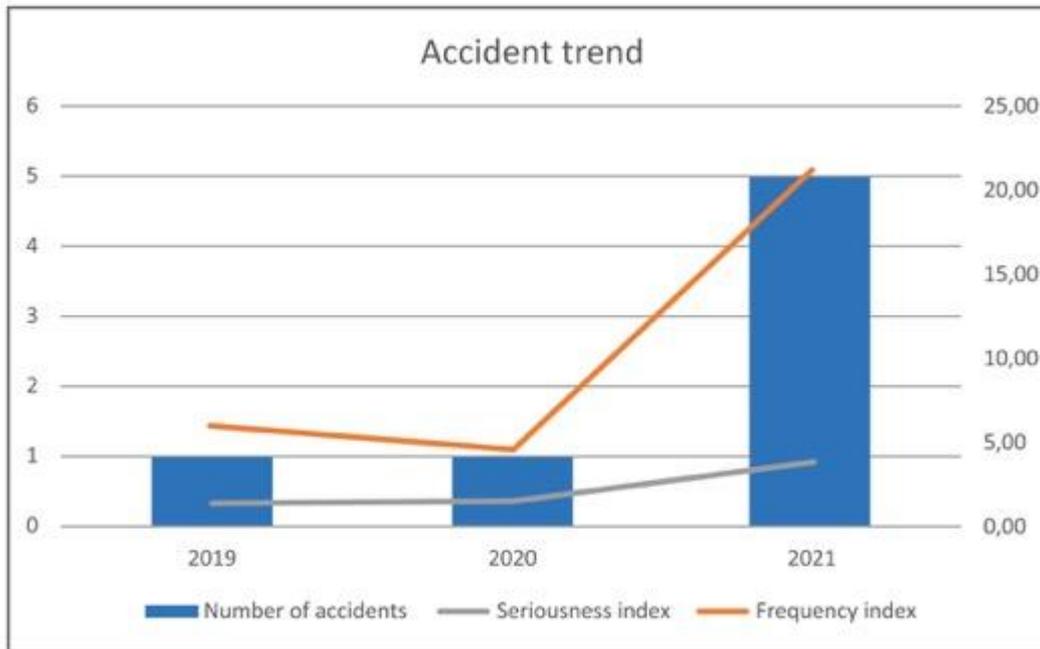
- Crushing and/or dragging of the upper limbs caused by the cylinders of the impregnation calender;
- Crushing and/or dragging of the upper limbs caused by the presence of moving parts when using the printing machine;
- Presence of high pressure water jet during cleaning of the engraved cylinder;
- Crushing and/or dragging of the upper limbs caused by the presence of moving parts when using the grinder;
- Crushing and/or dragging of the upper limbs while drawing in the cutter;
- Dragging, crushing and cutting of the upper limbs (hands) during cutting activities;
- dragging, crushing of the upper limbs (hands) during the winding of rolls;
- Accidents, investments, overturning of loads while using a forklift and electric pallet truck;
- crushing and cutting of the upper limbs during the use of the sample shear;
- Danger of impact, crushing, cutting, contact with high temperature parts when using mechanical tools.

As far as SIPOL is concerned, the dangers that may cause accidents with serious consequences are the following:

- Presence of chemical agents;
- Involvement in a fire;
- Contact with live parts of the system;
- Falling objects from above;
- Bruises following the burst of pressure equipment;
- Contact with moving elements (forklifts);
- Work at height;
- Work in confined spaces.

	2019	2020	2021
Total number of injuries	1	1	5 ³
Number of fatal injuries	0	0	0
Number of serious injuries for the GRI Standard (> 6 months)	0	0	0
Number of serious injuries for INAIL (> 40 days)	1	1	4
Days lost	57	84	218
Hours worked by employees	166,763	216,802	235,713
Frequency rate (injuries per million hours worked)	6.00	4,1	21.21
Severity index (days lost for thousands of hours worked)	0.34	0.39	0.92

³ In 2021, a sixth accident was reported, which, however, having occurred “in itinere”, i.e. during the employee’s home-work transfer, is not relevant for the purposes of the indicators provided for by the GRI Standard.



As reported both in the table and in the graph, after two years of positive results (only one injury per year for the whole Group, although both of a non-negligible duration), 2021 recorded a marked worsening in the indicators.

As far as the results by individual company are concerned, it should be noted that in TECNO GI S.p.A. no accidents occurred (except for the one in progress reported in the note), while in TECNO GI PLAST 2 accidents occurred (frequency index 32.02 and severity index 1.91), while in SIPOL 3 accidents occurred (frequency index 43.03 and severity index 1.42).

None of the accidents recorded in the three-year period, regardless of the overall duration, concerned hazards associated with accidents with serious consequences. In fact, for TECNO GI PLAST these were two accidents due to cuts and crushing respectively, fortuitous events attributable to incorrect behaviour; for SIPOL it was instead a muscle injury resulting from an incorrect manoeuvre during the manual handling of loads and contact with splashes of hot material, which involved two operators simultaneously.

In these three years, there have been no cases of occupational diseases within the Group.



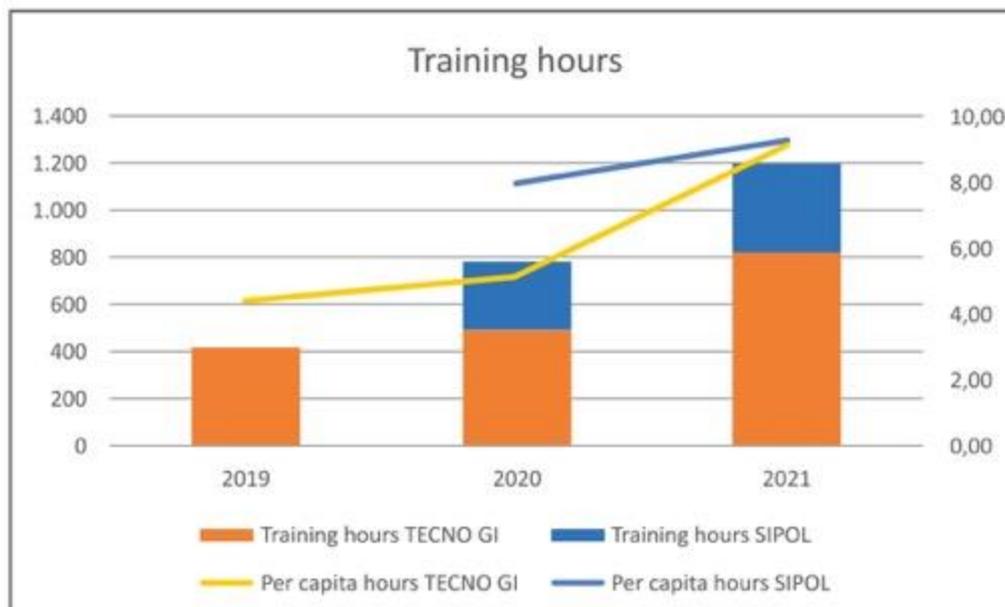
4.3 Training

The training of all personnel are of fundamental importance to increase the culture and internal technical skills. Over the years, in fact, the Group has always been particularly attentive to offering its employees the opportunity to follow refresher and in-depth courses. Even during the year 2020, despite the severe restrictions of the first months of the pandemic, the training plan was still substantially followed, thanks to the lessons held remotely, using synchronous videoconferences, in order to allow the verification of attendance and the interaction between the subjects to be trained and the teachers. This is the case of the compulsory courses provided for by the State Regions Agreement and for updating the RSPP. Other courses provided in e-learning mode were the courses relating to updating managers and supervisors who did not require a practical part.

The Group was also able to carry out all the safety courses that included practical training in person.

The importance attributed by the Group to training is also demonstrated by the diversified training offer provided to its employees, in order to guarantee them the opportunity to fully fulfil their potential, which ranges from quality to health and safety in the workplace, from the environment to acquisition and deepening of notions or work techniques to ensure possession of the professional technical requirements necessary to carry out the assigned tasks, up to the professional and personal growth of employees.

	2019	2020	2021
TECNO GI training hours	417	490,5	826
SIPOL training hours	0	295,5	371
TECNO GI hours per capita	4.34	5.11	9.08
Hours per capita SIPOL		7.99	9.28
HSE training hours	387	510	785
Other training hours	30	276	412
Total training hours	417	786	1,197
HSE training hours p.c.	4.03	3.83	5.99
Training hours other p.c.	0.31	2.08	3.15
Hours of training per capita	4.34	5.91	9.14

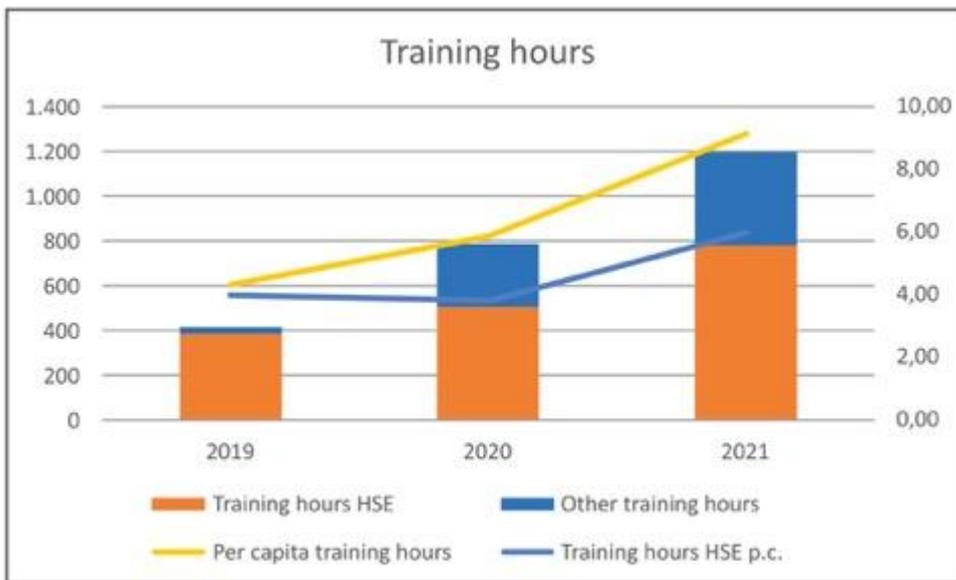




Employees can be trained on the occasion of the transition to new duties and/or in order to improve their professional level, in particular with regard to specific operational activities.

The following types of training are therefore identified:

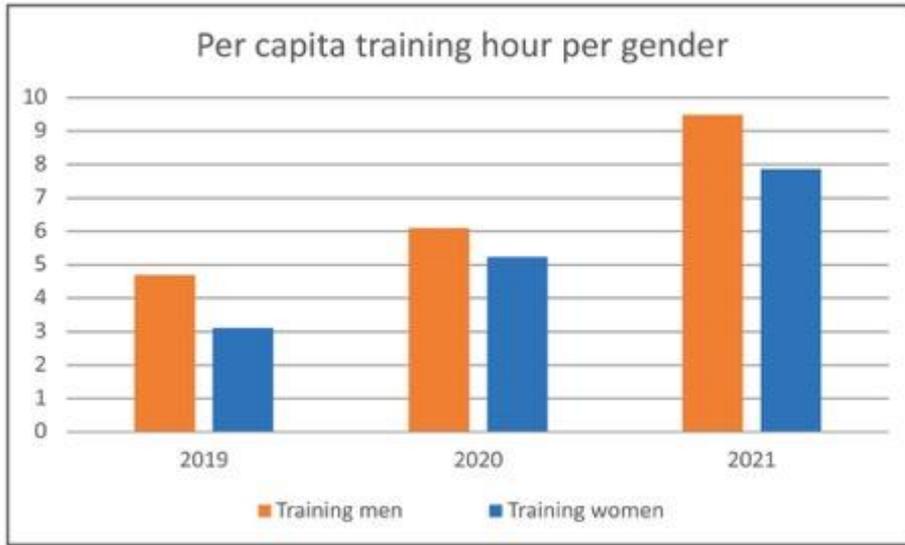
- technical, aimed at providing and updating the professional knowledge of individuals in the context of their activity in relation to the evolution of individual tasks and technological innovation;
- for quality/safety/environment, or the illustration of the company Integrated Management System in special meetings arranged to raise awareness among personnel and to expose the activities provided for by the system itself;
- with regard to safety, both as regards the figures provided for by Legislative Decree 81/08 and subsequent amendments which are formed by attending courses with the duration and content established by current legislation, both for all personnel in relation to the job covered.



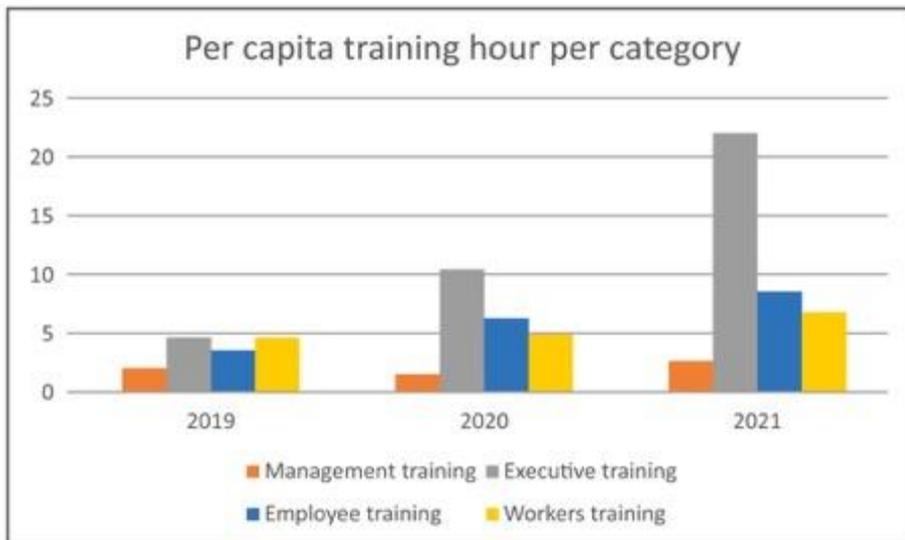
In 2021, approximately 65% of the training hours provided were related to worker safety. In addition, personnel who perform activities at risk or with significant potential impacts on the environment must have acquired the necessary skills not only through information and training, but also through training activities.

The other types of courses provided during the three-year period concern technical, specialist and managerial training.

	2019	2020	2021
Men training	4.67	6.09	9.47
Women training	3.10	5.22	7.85



	2019	2020	2021
Executive training	2.00	1.50	2.70
Management training	4.67	10.50	22.06
Employee training	3.62	6.32	8.60
Worker training	4.65	4.92	6.82





5 THE ECONOMIC DIMENSION

The net revenues of the group in the year 2021 were equal to Euro 90,644,044 (92,548,360 also considering TECNO GI JASMINE, included in the scope of economic consolidation of the parent company), with an increase compared to the previous year equal to 38% approximately. This strong increase was achieved thanks to the partial recovery of the turnover lost in 2020 due to the crisis in consumption due to the Covid-19 epidemic. The result of 2021 was above budget, benefiting from the strong recovery in the second half and from some particularly driving markets, especially in the sectors covered by TECNO GI PLAST and SIPOL, while the footwear market showed a delayed restart.

The economic growth of the OECD (*Organization for Economic Co-operation and Development*) countries has slowed since the fourth quarter of 2021. The delays in transport and the supply of raw materials due to widespread shortages and bottlenecks in the availability of the workforce contributed to driving inflation. Entrepreneurs in energy-intensive industries also complain of the excessive rise in energy costs, which makes their production uneconomical.

For the footwear sector specifically, most companies reported a recovery start compared to 2020 for the first 9 months of 2021.

The TECNO GI Group has set itself the achievement of 2019 results (pre-pandemic) for 2022, having already recovered 2/3 of the accumulated loss in 2020, before the initial forecast. Although at the top line level the result was positive, from the fourth quarter of 2021 the margins have instead been affected by the strong increases in raw materials, both chemical and textile, and by the explosion of energy costs.

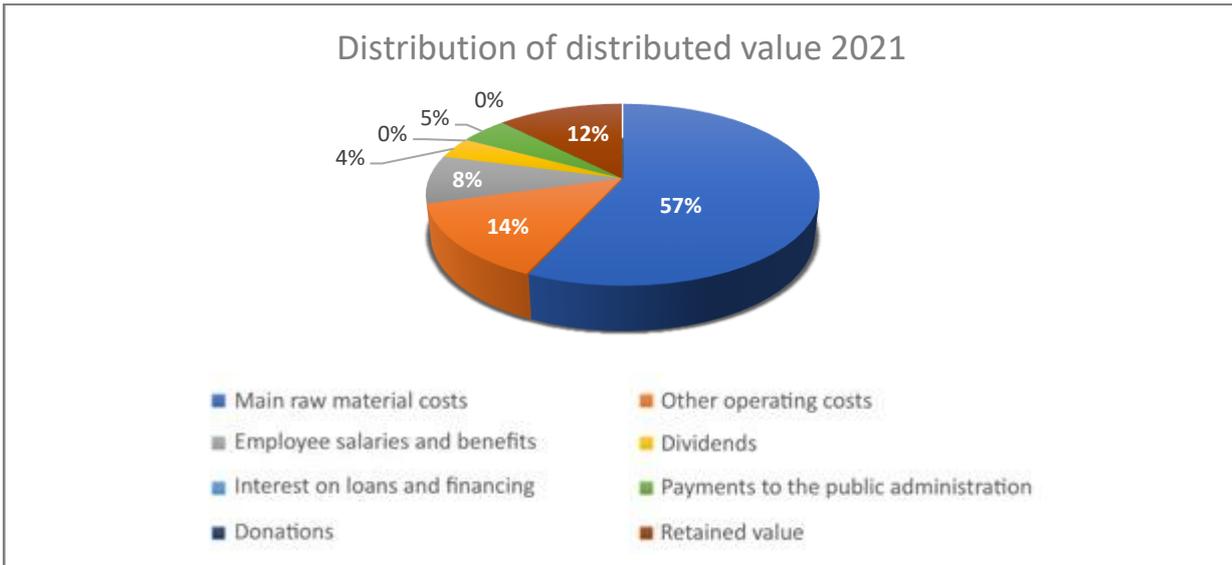
The Group has always donated part of its proceeds to the concrete support of the most needy people, to support research and to support the local community.

For example, in 2020 the Group donated funds to the Vigevano hospital, which helped the administration in the construction of a fully equipped ICU station.

In particular, 14,400 Euro were allocated in the year 2019; in 2020 106,630 Euro and in 2021 24,200 Euro.

The table below shows the economic value generated and distributed

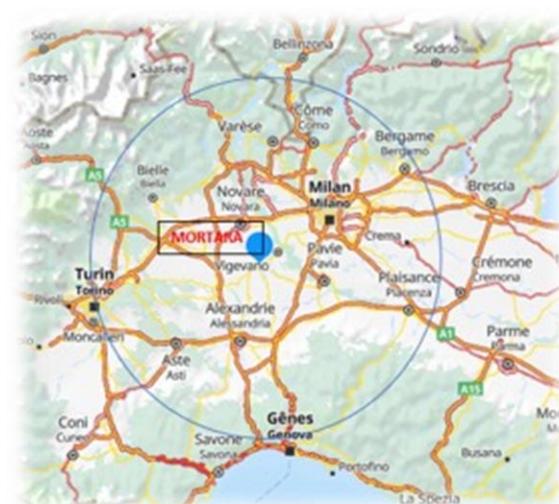
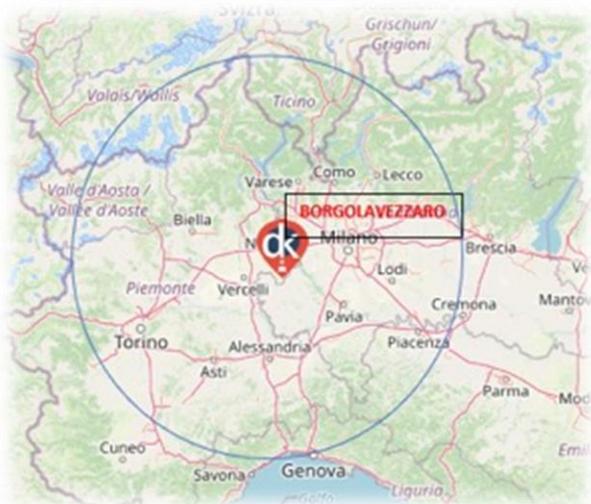
	2019	2020	2021
Revenues (generated value)	61,239,246	65,449,969	90,644,084
Main raw material costs	31,758,795	33,629,117	51,475,645
Other operating costs	8,906,714	9,813,750	12,521,469
Employee salaries and benefits	5,163,738	7,260,691	7,754,644
Dividends to shareholders	1,071,000	3,612,295	3,375,000
Interest on loans and financing	44,055	51,412	39,824
Payments to the public administration	3,711,907	3,024,178	4,280,111
Donations	14,400	106,630	24,200
Retained value	10,568,636	7,951,895	11,173,191



The following table shows the same items above including the Chinese company, aligned with the values of the Group’s consolidated financial statements.

	2019	2020	2021
Revenues (generated value)	63,377,221	66,906,732	92,548,360
Main raw material costs	33,047,761	34,538,415	52,755,570
Other operating costs	9,460,837	10,192,858	13,043,887
Employee salaries and benefits	5,500,099	7,600,193	8,095,641
Dividends to shareholders	1,071,000	3,612,295	3,375,000
Interest on loans and financing	44,055	51,412	39,824
Payments to the public administration	3,711,907	3,059,783	4,302,201
Donations	14,400	106,630	24,200
Retained value	10,527,162	7,745,145	10,912,037

As far as supplier proximity assessments and related indicators are concerned, those whose operational headquarters are located within a radius of 130 km from the operational headquarters of the Group companies were considered. For supplies of materials, the production site was considered.





The following table shows the costs and investments incurred locally (i.e. within a distance of 130 km from the company registered offices).

These costs historically represent approximately 35% of total operating costs; only in the last year did the percentage drop slightly, mainly due to the sharp increase in the cost of strategic raw materials, purchased mainly outside the local area, and whose total cost in 2021 increased by more than 50%, compared to an average increase in volumes produced of around 30%.

	2019	2020	2021
Total operating costs	€ 40,665,509	€ 43,442,867	€ 63,997,114
Operating costs at local level	€ 13,847,234	€ 13,058,590	€ 17,091,964
Investments at local level	€ 912,016	€ 2,880,337	€ 895,245
Total costs and investments at local level	€ 14,759,250	€ 15,938,927	€ 17,987,209
Local costs / Total operating costs	36%	37%	28%

The following table shows the costs and investments incurred for the protection of the environment and the health and safety of workers, compared with the total of "Other operating costs", i.e. operating costs excluding raw materials.

As can be seen, about 10% of operating costs other than raw materials are dedicated to the environment or to health and safety.

	2019	2020	2021
Other operating costs	€ 8,906,714	€ 9,813,750	€ 12,521,469
Operating costs and investments for the environment	€ 225,667	€ 435,392	€ 507,386
Operating costs and investments for health and safety	€ 417,051	€ 540,737	€ 595,927
Total costs and investments for the environment, health and safety	€ 642,718	€ 976,129	€ 1,103,314
Costs and investments for the environment, health and safety / Other operating costs	7%	10%	9%

The table below shows the capitalisation of the group at the end of 2021.

The net financial position is positive, as liquidity is higher than short-term debt.

Net assets	€ 84,780,977
Net financial position	€ 36,870,707
Equity and net financial debt	€ 47,910,270



5 THE ENVIRONMENTAL DIMENSION

A strong sense of responsibility for protecting the environment has always guided the Group's policy and ethics with a view to continually improving environmental performance and reducing impacts, such as the consumption of raw materials and water resources, waste production, water discharges, the emission of pollutants and energy consumption.

The plants have the following environmental authorisations:

- TECNO GI: AUA authorisation no. 12/2015 - decision 3498 of 30/12/2014
- TECNO GI PLAST: AUA authorisation no. 46/2014 - decision 2179 of 07/08/2014
- SIPOL: AIA no. 1-2017 of 17/03/2017 (renewal of no. 12869 of 30/10/2007)

In particular, water is more than ever a precious commodity; for this reason, we use a minimum amount of it in the production process and have always adopted closed-circuit cooling systems; we produce energy from renewable sources and implement investment policies that always take into account the energy efficiency of processes.

We place on the market only safe products that do not present dangerous characteristics; to ensure this, we apply restrictions on the content of hazardous substances to our entire supply chain and constantly monitor compliance.

We create eco-sustainable items starting from "green" raw materials, deriving from renewable sources and with high biodegradability; we periodically monitor our environmental performance in compliance with the applicable requirements, with particular reference to atmospheric emissions, waste production and resource consumption.

This use is constantly updated and currently the Environmental Policy (www.tecnogi.com/politica-ambientale) has become integrated, with the issue of the Quality, Environment and Occupational Health and Safety Policy.

This Policy, in addition to being published on the web page of the company website, is disclosed to all employees, and shared with the public control bodies and external companies operating on the site.

In the three years analysed, there was no non-compliance with the applicable environmental regulations.



6.1 Materials

For the purchase of raw materials, TECNO GI turns to new and historical suppliers characterised by high quality standards. Each year, suppliers are assessed on the basis of quality performance, including the presence of a Quality Management System in compliance with the ISO 9000 standards and its possible certification, the definition of functions, controls and laboratories dedicated to quality checks, and the management of anomalies and customer complaints. Should any non-conformities be identified, it carries out verification audits at the suppliers.

Geographical proximity is one of the relevant criteria for the selection of suppliers, in order to reduce the lead time and the environmental impact of the transport activity.

The Covid-19 pandemic has greatly impacted the supply chain, due to the difficulty in finding raw materials, the increase in prices (both raw materials and energy) and delays in deliveries.

The raw materials used by TECNO GI include fabrics and non-woven fabrics, resins and polymers to which auxiliaries (additives and lubricants) are added.

For over a decade, TECNO GI has been recovering the waste from the extrusion process within production, according to the objectives of the circular economy and with a view to achieving “zero waste”.

As previously mentioned, in addition to the recovery of waste, chemical raw materials deriving from industrial (pre-consumer) or renewable recycling are used.

As well as these, with regard to textile materials:

- the cotton fabrics used can contain up to 100% regenerated content;
- the non-woven fabrics used can contain up to 95% of regenerated content;

Furthermore, we emphasise that, in 2021, TECNO GI obtained the **GRS** certification for a wide range of items, which ranges from materials for tips and counters to reinforcements, thus confirming the constant commitment to a reduction of the environmental impact and an economy based on increasingly to sustainability.

Since 2009, TECNO GI has developed the BIOREL line, formulated with biodegradable polymers, according to the EN 13432 standard.

As an extension of this range initially designed for materials for toecaps and counters, the Guper BIOREL line was introduced, which is suitable to be used as a shoe reinforcement, and finally the innovative BIOREL BIO line, which is also biodegradable.

Lastly, the biodegradable LYNTOP series was recently introduced, which is ideal as a lining for footwear and leather goods, since it is obtained from cotton fabrics combined with a biodegradable resin.

With regard to the use of recycled raw materials, it is useful to point out the virtuous practice adopted by SIPOL, which among the raw materials uses significant quantities of Butanediol (BDO). Quantities of butanediol to be regenerated and methanol remain from the process.

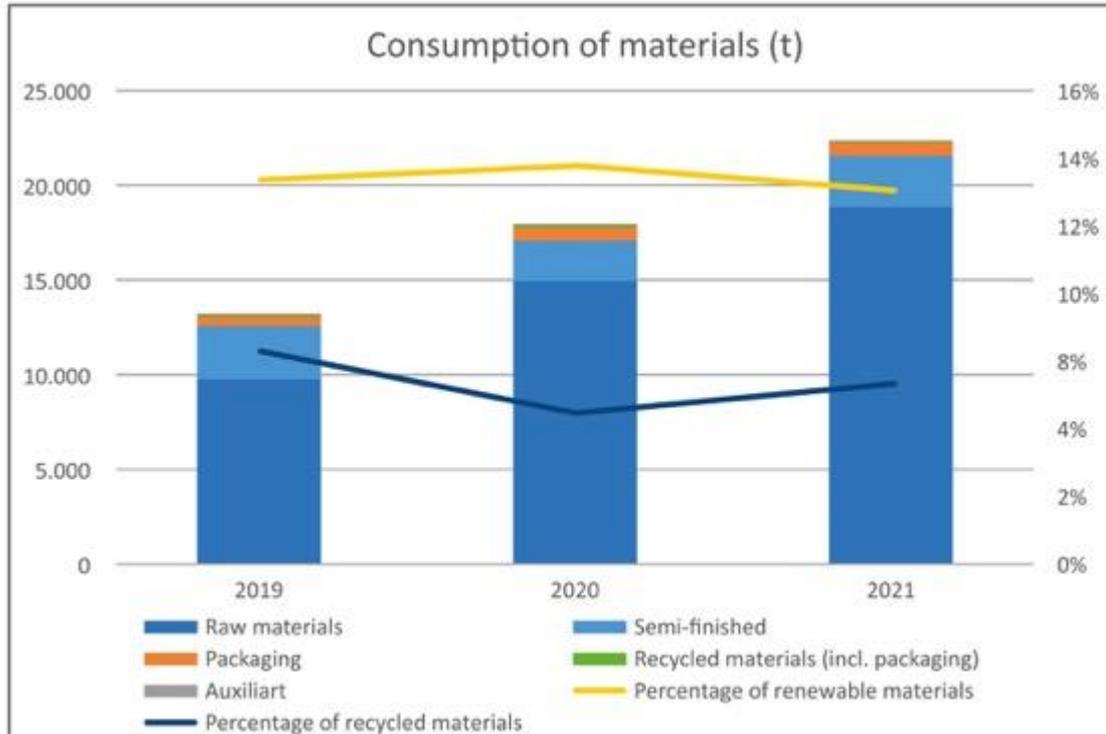
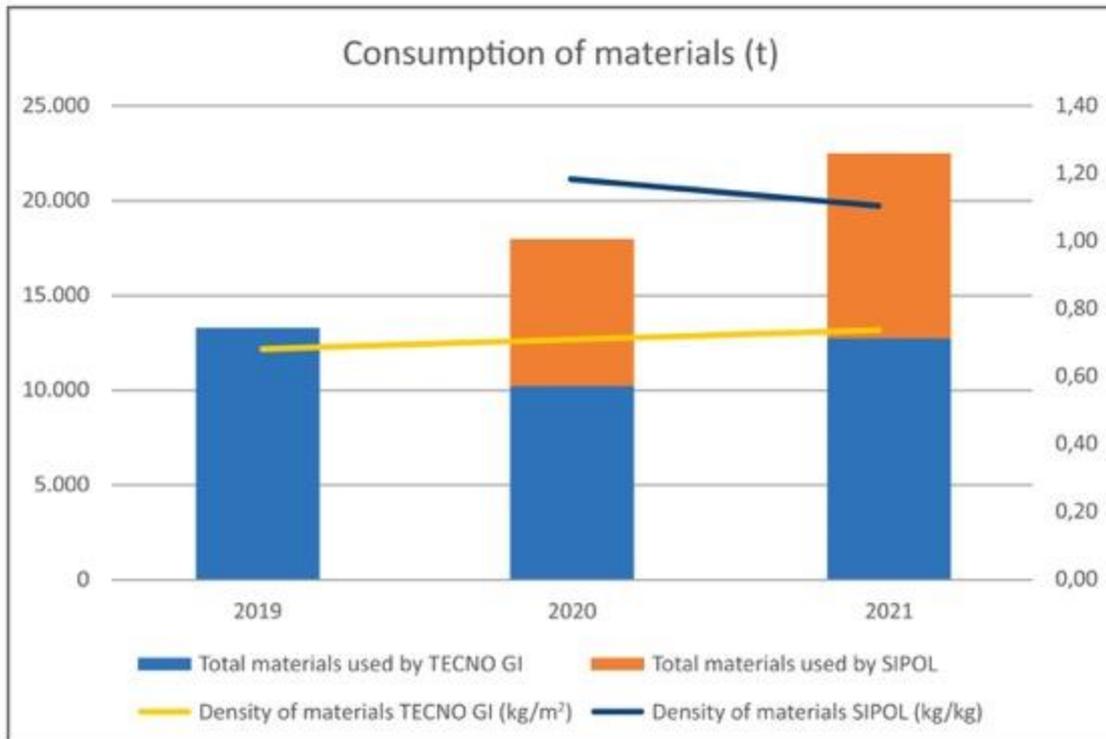
The former is delivered to a supplier for recovery by distillation, while the methanol is delivered to the DMT supplier, who reuses it to produce the raw material for SIPOL again.

These are examples of circular economy that allow to save virgin resources for production, with an environmental as well as an economic benefit.



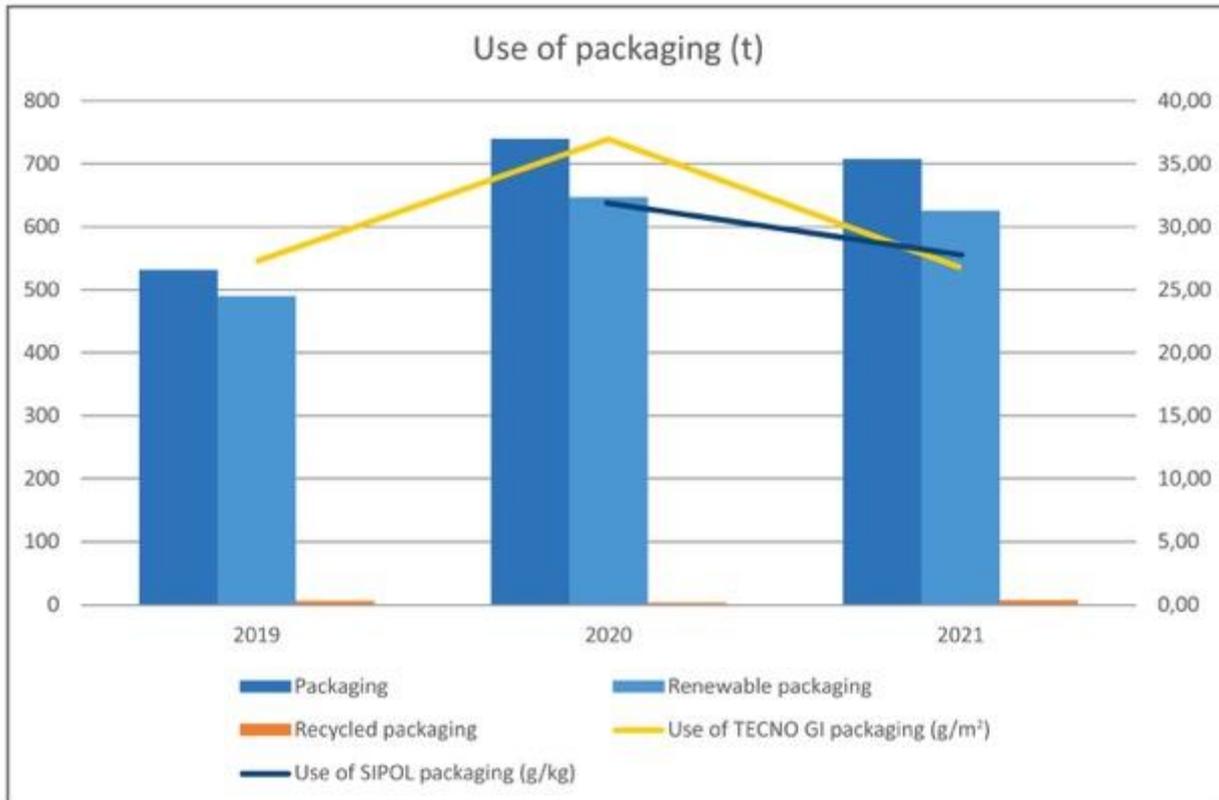
	2019	2020	2021
Raw material	9,810,192	15,038,587	18,986,488
Renewable raw materials	73,392	1,004,687	1,215,431
	0.7%	6.7%	6.4%
Recycled raw materials	897,421	827,847	1,284,266
	9.1%	5.5%	6.8%
Semi-finished materials	2,881,944	2,140,436	2,739,759
Renewable semi-finished materials	1,167,340	791,677	1,031,384
	40.5%	37.0%	37.6%
Semi-finished materials from recycling	0	0	32,903
	0%	0%	1.2%
Packaging	531,496	739,882	707,813
Renewable packaging	490,586	647,243	626,390
	92%	87%	88%
Recycled packaging	6,290	3,682	7,777
	1.2%	0.5%	1.1%
Recovered products (including packaging)	59,128	96,517	60,318
Auxiliaries	7,542	8,857	7,288
Total materials used by TECNO GI	13,290,303	10,240,253	12,758,300
Total materials used by SIPOL	0	7,784,026	9,743,365
Total materials used Group	13,290,303	18,024,279	22,501,665
Total renewable materials	1,731,318	2,443,607	2,873,205
Percentage of renewable materials	13%	14%	13%
Total recycled materials	962,839	928,046	1,385,263
Percentage of recovered materials	7.2%	5.1%	6.2%

	2019	2020	2021
TECNO GI Intensity of use of materials (kg/m ²)	0.68	0.71	0.74
SIPOL Intensity of use of materials (kg/kg)		1.18	1,11





	2019	2020	2021
TECNO GI use of packaging (g/m ²)	27.30	36.99	26.80
SIPOL use of packaging (g/kg)		31.88	27.82



Despite the increase in production capacity, the data relating to the consumption of packaging has slightly decreased compared to the previous year; the decrease is even more evident if consumption is compared to the quantities produced.

The significant recovery of processing waste is worth mentioning, which is carried out by both TECNO GI and TECNO GI PLAST through a subcontractor for manufacturing purposes: this recovery contributes to further reducing the environmental impact in the production of raw materials.



6.2 Waste

The waste produced in the Borgolavezzaro plant is mainly non-hazardous (about 95%), and is mostly made up of processing waste (about 75%) and non-hazardous packaging in various materials (10-15%).

The remaining part consists of residues from the use of adhesives and sealants (5%) and 5% of other types of waste in small quantities, mainly deriving from maintenance activities. Almost all of the waste produced (approximately 95%) is sent for recovery.

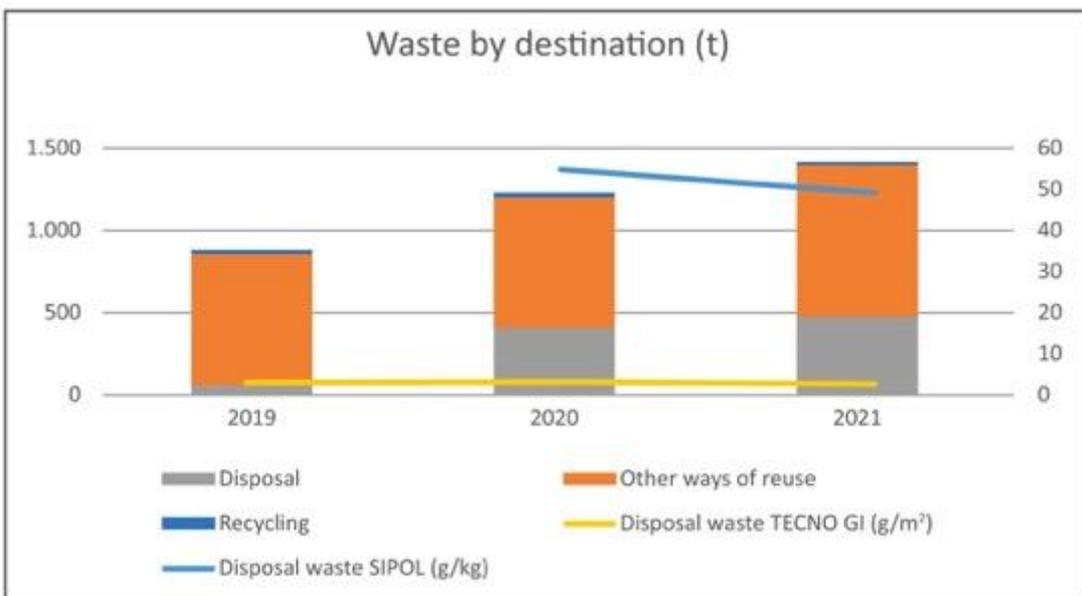
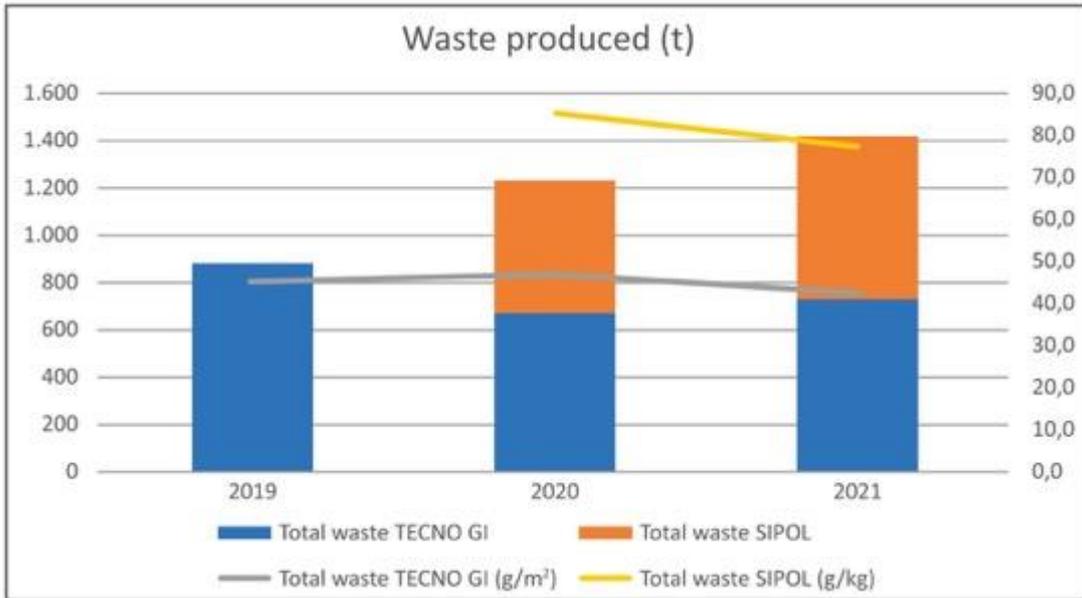
The situation of the SIPOL chemical plant in Mortara is different; here, the waste produced is mainly hazardous (about 65%), and consists of the washing water from the plants, destined for disposal operations.

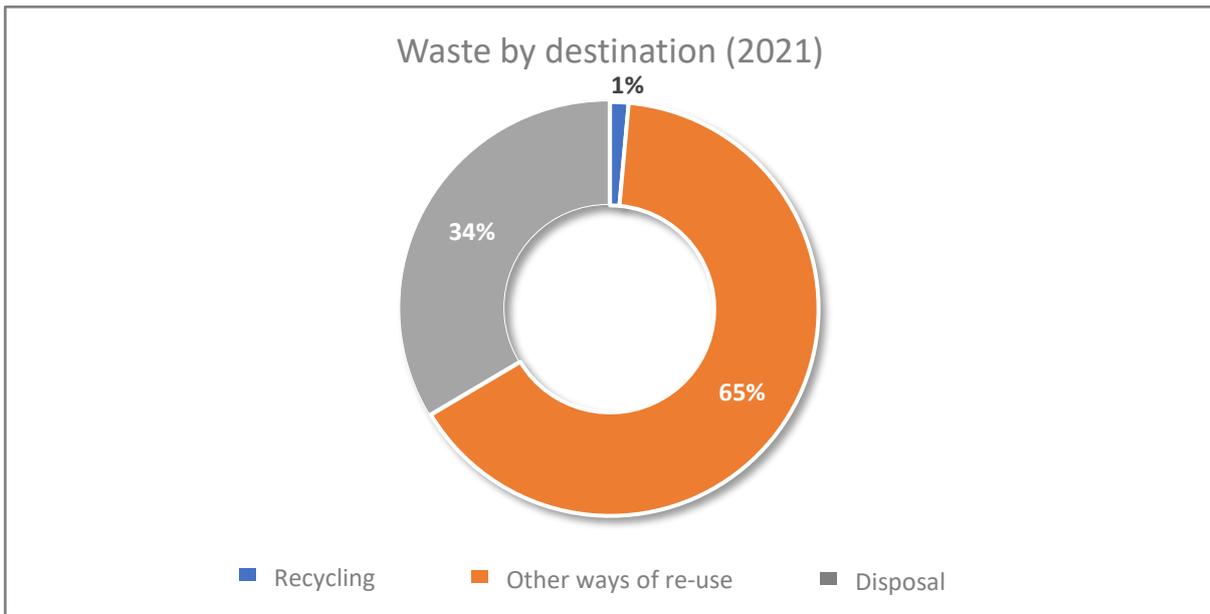
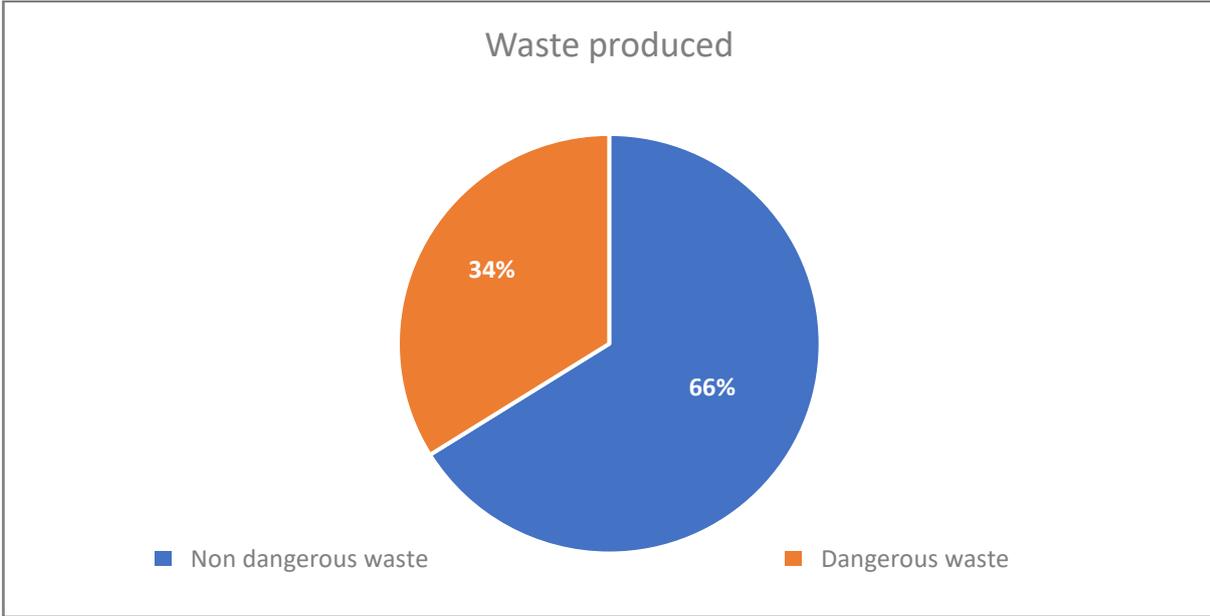
This is followed by a percentage of 25% of non-hazardous packaging, destined for recovery.

In both plants, both hazardous and non-hazardous waste are managed in a temporary storage regime, with storage methods aimed at minimising risks for the environment and in compliance with current legislation.

For the purposes of recovery or disposal, the waste is entrusted to suitably qualified transporters that are duly registered in the register of operators, and is destined for plants authorised in compliance with the legislation. Compatibly with the physical and chemical characteristics of the waste, recovery activities are favoured.

	2019	2020	2021
Non-hazardous waste	872	829	938
Hazardous waste	11	403	481
Recovery of matter	26	32	20
Other forms of recovery	799	793	921
Disposal	59	408	478
TECNO GI Total waste	883	671	736
SIPOL Total waste	0	561	683
Total waste	883	1,233	1,419
TECO GI Total waste (g/m²)	45.3	46.8	42.6
SIPOL Total waste (g/kg)		85.4	77.6
TECNO GI disposal waste (g/m²)	3.0	3.3	2.6
SIPOL disposal waste (g/kg)		55.0	49.2





Due to the increase in production, the waste produced also shows an increasing trend.

In detail, however, waste destined for disposal decreased, in favour of waste destined for recovery.



6.3 Consumption and water discharges

The Borgolavezzaro site (TECNO GI - TECNO GI PLAST) uses both groundwater and water from aqueduct. The groundwater comes from a 50 metre-deep well, and is used for closed-circuit cooling systems, for irrigation of green areas, in the process (in the preparation phase of most of the mixtures), for the fire-fighting and washing system. The consumption of well water has been greatly reduced following the installation of a refrigeration unit for the recirculation of cooling water. The water withdrawn from the aqueduct is instead used for drinking, for toilets and to a small extent in the process.

At the Mortara (SIPOL) site, the water is entirely withdrawn from the aqueduct for the following uses:

- Cooling tower;
- Canteen service and toilets;
- Water make-up of the cooling circuit.

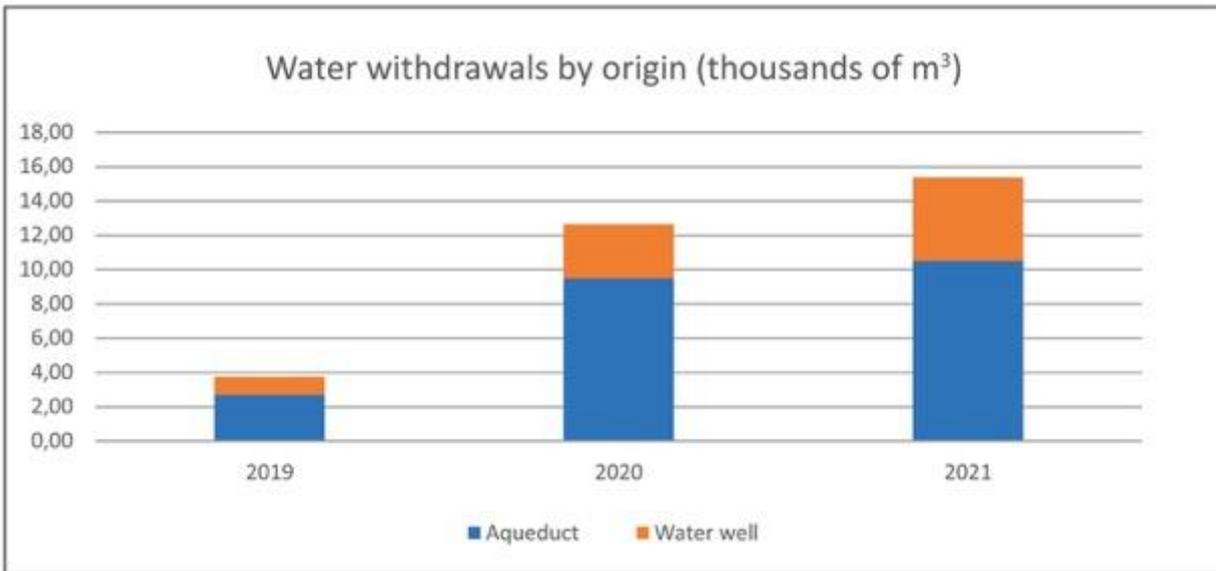
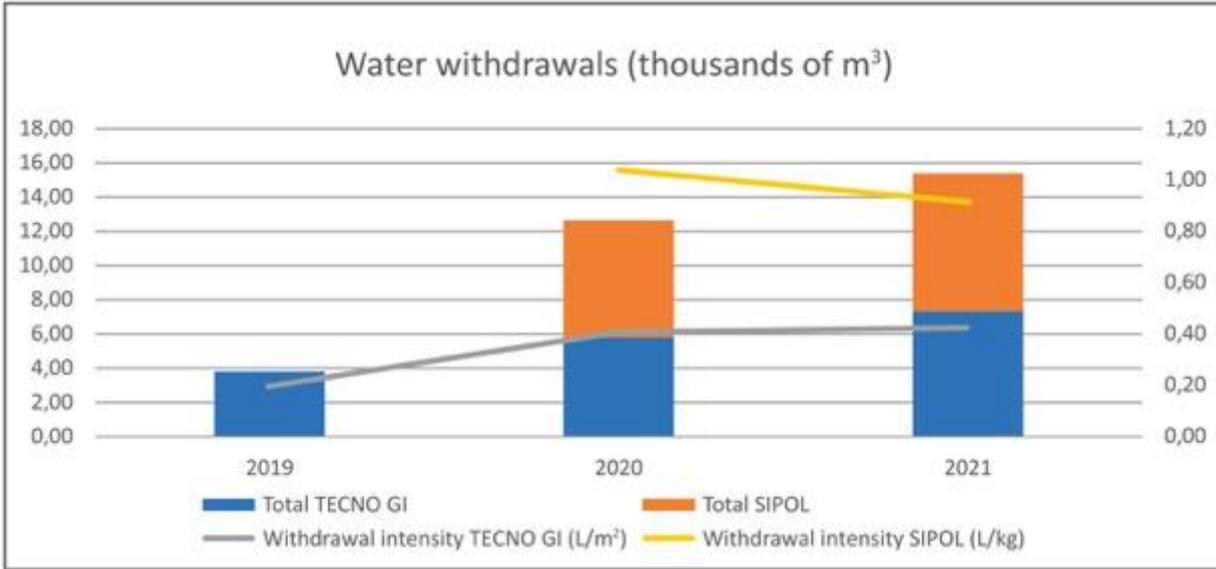
Both sites only generate discharges of domestic wastewater from toilets and decaying rainwater on yards and roofs, as the wastewater generated by production processes is managed entirely as waste.

Since the Borgolavezzaro site is not served by the sewer system, the discharge takes place in a surface water body (Fontana Vallunga). In order to protect the waters from any spills, some areas are equipped with oil separators; moreover, the unloading point is manned by an emergency gate, which can be activated quickly by the plant in the event of spills on yards or areas that may affect the internal sewage system.

None of the plants are located in areas subject to water stress.

Source	Unit of measure	2019	2020	2021
Aqueduct	thousands of m ³	10.09	9.43	10.48
Well	thousands of m ³	1.22	3.20	4.93
Total	thousands of m³	11.31	12.63	15.40
TECNO GI withdrawal intensity	(L/m ²)	0.20	0.40	0.42
SIPOL withdrawal intensity	(L/kg)		1.04	0.92

As far as the water consumption of the TECNO GI company is concerned, the increase in water withdrawal from the well is justified by the increased productivity together with the losses occurring in the fire-fighting system.





6.4 Energy consumption

Both plants use thermal energy produced internally by the combustion of natural gas, as well as a negligible quantity of diesel (not considered in the following counts). They also use electricity, partly self-produced through a photovoltaic system installed at the TECNO GI plant in Borgolavezzaro.

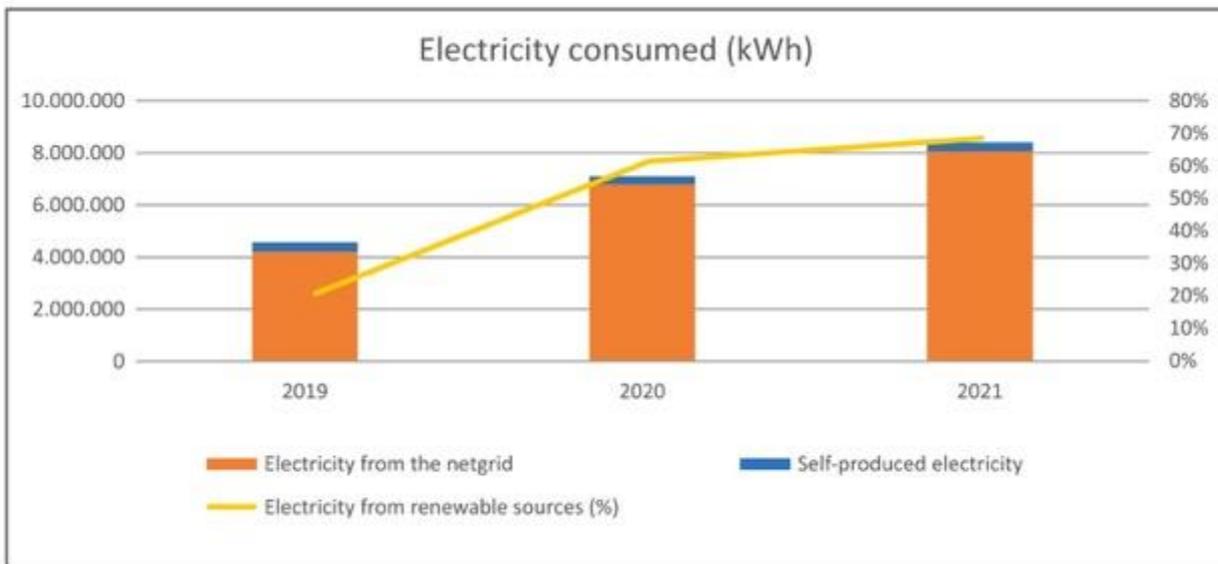
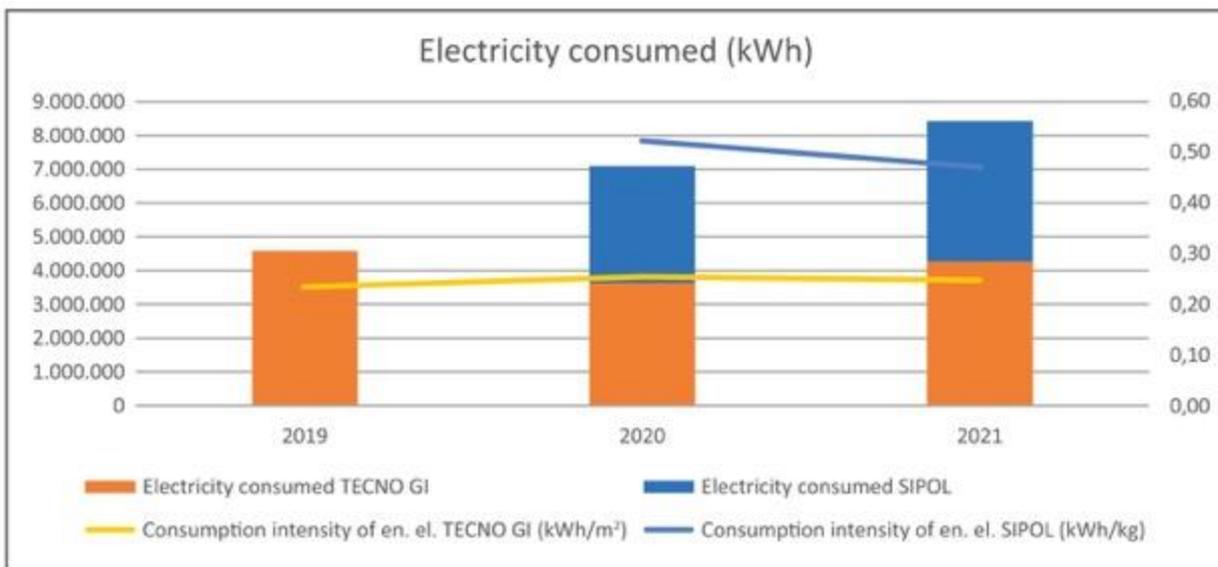
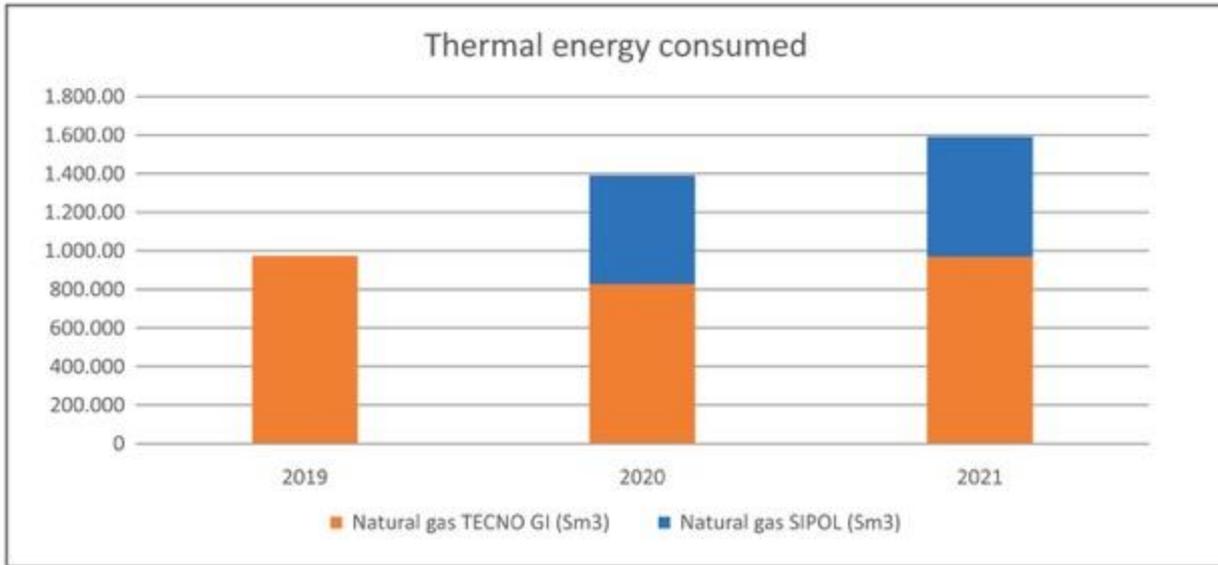
As for the electricity source, it should be noted that the SIPOL plant uses electricity guaranteed 100% from renewable sources, while for the TECNO GI plant the mix of sources indicated on the invoice by the energy seller is valid.

		2019	2020	2021
TECNO GI natural gas	Sm ³	976,922	834,421	979,439
SIPOL natural gas	Sm ³	0	548,984	607,214
Intensity of TECNO GI gas consumption	(Sm ³ /1000 m ²)	50.17	58.21	56.70
Intensity of SIPOL gas consumption	(Sm ³ /1000 kg)		83.52	68.97
Purchased electricity	kWh	4,302,480	6,891,474	8,155,894
Self-produced electricity	kWh	354,534	289,413	344,954
Electricity fed into the grid	kWh	73,833	75,611	71,171
Electricity from the net grid	kWh	4,228,647	6,815,863	8,084,723
Electricity consumed by TECNO GI	kWh	4,583,181	3,666,995	4,288,464
Electricity consumed by SIPOL	kWh	0	3,438,281	4,141,213
Electricity (kWh)	kWh	4,583,181	7,105,276	8,429,677
(of which from renewable sources)	kWh	953,733	4,379,567	5,780,427
Intensity of consumption of el. en. TECNO GI	(kWh/m ²)	0.24	0.26	0.25
Intensity of consumption of el. en. SIPOL	(kWh/kg)		0.52	0.47
Electricity from renewable sources (%)	%	21%	62%	69%
Self-produced electricity (%)	%	7.7%	4.1%	4.1%

The use of natural gas has remained almost constant, which saw a slight decline in 2020 due to Covid-19 health emergency.

The same trend also applies to electricity consumption.

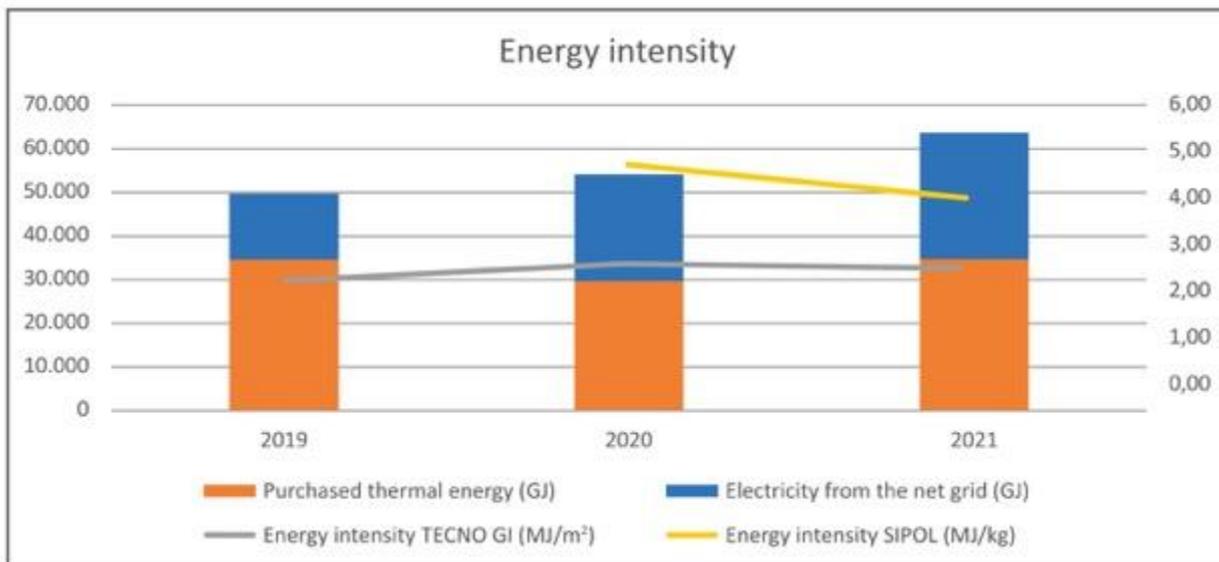
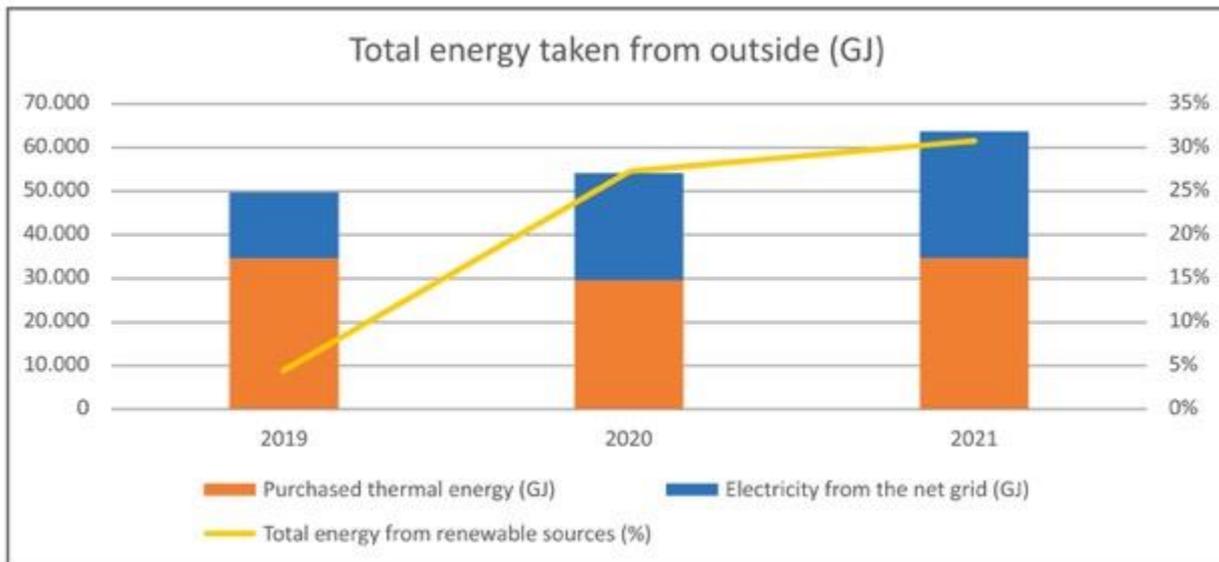
An aspect worthy of relevance is the gradual increase in the amount of electricity from renewable sources, which has increased from 20 to 70% over the three-year period.





The following table shows the energy contents, expressed in GJ, corresponding to the natural gas and electricity shown in the previous table.

		2019	2020	2021
Purchased thermal energy (GJ)	GJ	34,439	29,458	34,556
Electricity from the net grid (GJ)	GJ	15,223	24,537	29,105
Total energy consumed (GJ)	GJ	49,663	53,995	63,661
(of which from renewable sources)	GJ	2,157	14,725	19,568
Total energy from renewable sources (%)	%	4%	27%	31%
TECNO GI Energy intensity (MJ/m²)	MJ/m ²	2.55	2.90	2.82
SIPOL energy intensity (MJ/kg)	MJ/kg		4.83	4.13



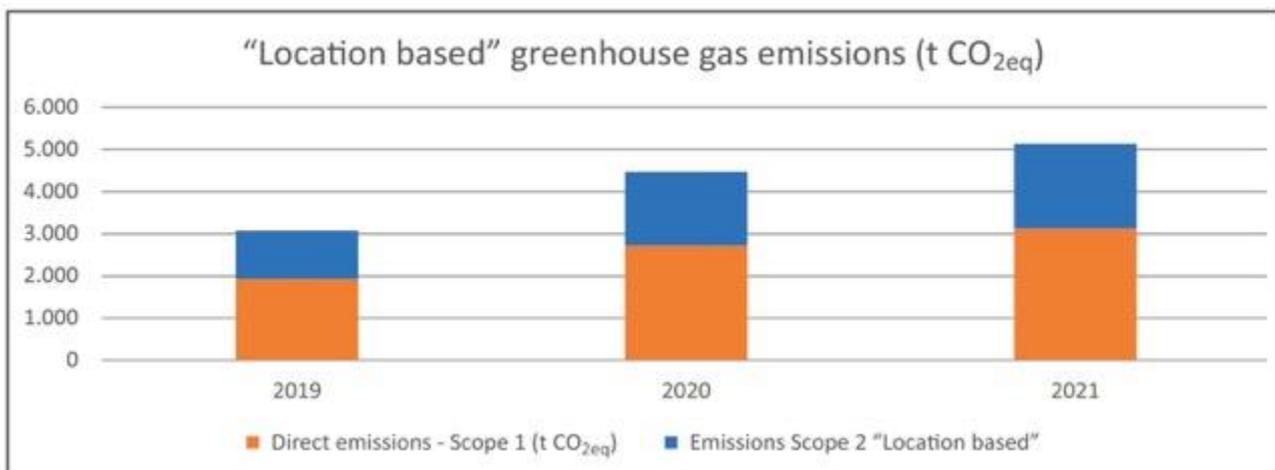


6.5 Emissions in the atmosphere

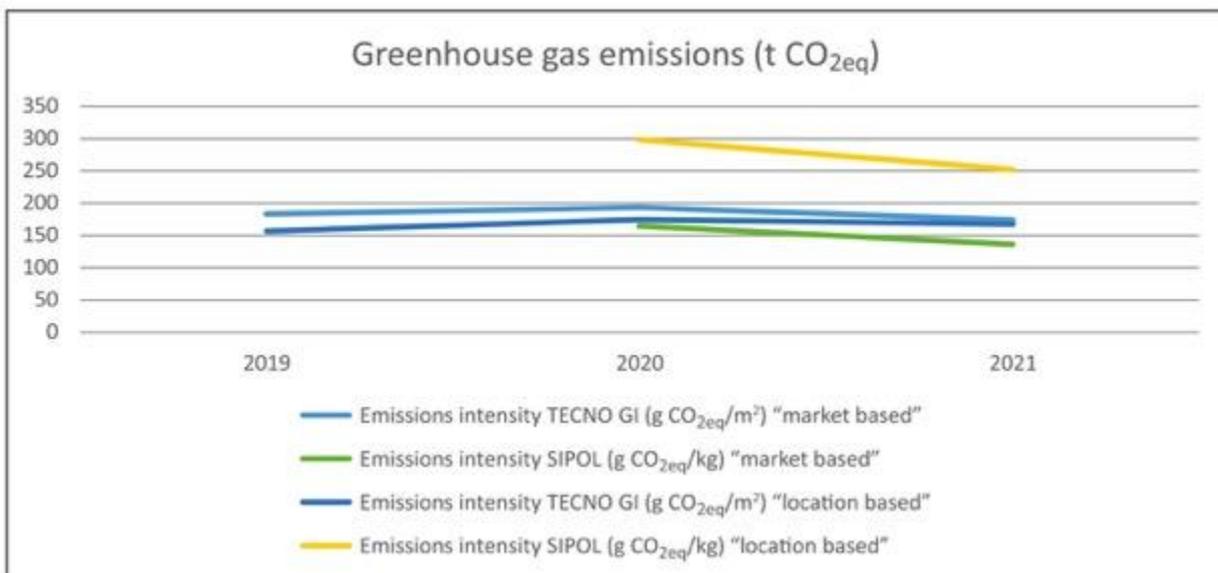
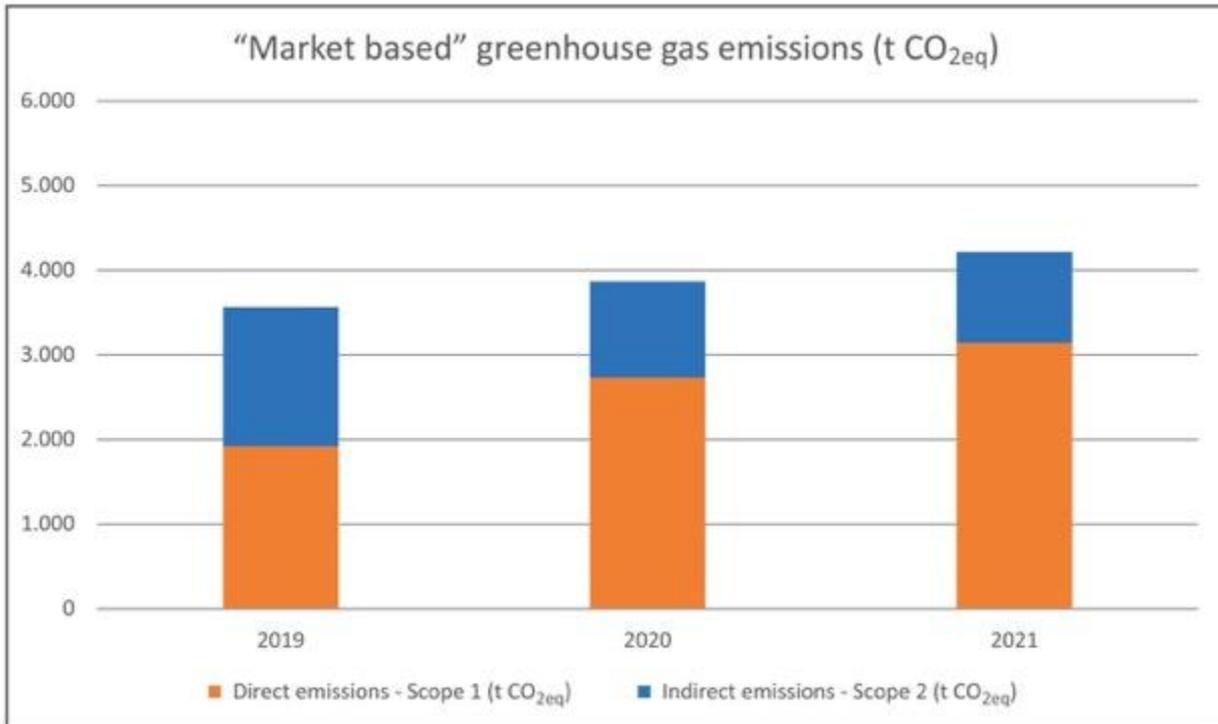
Closely related to energy consumption are greenhouse gas emissions, both direct (resulting from the combustion of natural gas in plants) and indirect (i.e. related to the production of purchased electricity).

The former are calculated on the basis of the natural gas consumption of each plant, applying the methodology for monitoring combustion emissions as part of the ETS (Emission Trading System) for the exchange of CO₂ quotas; the latter are calculated on the basis of the specific energy mix of each company (100% guaranteed renewable for SIPOL; based on the seller's invoices for TECNO GI / TECNO GI PLAST), applying the emission factors reported in the latest Ispra report on CO₂ emissions from national electricity sector.

		2019	2020	2021
Total TECNO GI emissions ("market based" approach ⁴)	t CO _{2eq}	3,567	2,781	3,019
Total SIPOL emissions ("market based" approach)	t CO _{2eq}	0	1,084	1,205
Total TECNO GI emissions ("location based" approach)	t CO _{2eq}	3,064	2,510	2,912
Total SIPOL emissions ("location based" approach)	t CO _{2eq}	0	1,961	2,222
Direct emissions - Scope 1	t CO _{2eq}	1,926	2,733	3,148
Indirect emissions - Scope 2 "market based"	t CO _{2eq}	1,641	1,132	1,076
Indirect emissions - Scope 2 "location based"	t CO _{2eq}	1,138	1,738	1,986
Total "market based" emissions	t CO _{2eq}	3,567	3,865	4,224
Total "location based" emissions	t CO _{2eq}	3,064	4,471	5,134
Total emissions saved	t CO _{2eq}	- 503	606	911
Intensity of "market based" TECNO GI emissions	g CO _{2eq} /m ²	183.21	193.96	174.77
Intensity of "market based" SIPOL emissions	g CO _{2eq} /kg		164.98	136.83
Intensity of "location based" TECNO GI emissions	g CO _{2eq} /m ²	157.38	175.06	168.58
Intensity of "location based" SIPOL emissions	g CO _{2eq} /kg	3,567	298.36	252.40



⁴ The "location based" approach is based on the average energy mix at a national level; the "market based" approach is based on the actual energy mix of the electricity purchased (100% renewable for SIPOL; as indicated on the seller's invoices for TECNO GI)



As for greenhouse gas emissions, on the whole they are increasing at an absolute level, but they are decreasing for both plants if compared to production.

From the comparison between the emissions calculated according to the "Location based" approach (i.e. based on the national energy mix) and the "Market based" approach (i.e. based on the choices made by the Group), it is clear that, starting from 2020, the business choices of the Group allow a significant saving of CO₂ emitted, which in 2021 is equal to over 45% of the calculated indirect emissions.



PROCESSING EMISSIONS

With regard to processing emissions, two types of emissions can be identified at both sites:

- Combustion emissions in thermal plants, mainly represented by nitrogen oxides and carbon monoxide;
- Emissions from production processes, consisting of powders and volatile organic compounds.
-

Combustion emissions are essentially linked to the technology used; the use of natural gas as the only fuel allows emissions to be kept well within the legal limits, without resorting to the use of abatement systems.

The emissions, subject to authorisation, are not equipped with continuous measurement systems, but are periodically monitored in compliance with the provisions of the authorisations issued by the competent bodies. The measurements, which are carried out under the most severe conditions, as required by current legislation, do not represent the average annual emissions (in concentration) or total (in mass flow); It would therefore make no sense to calculate an annual flow on the basis of these measures.

As far as production processes are concerned, the technology at the basis of TECNO GI's production has always been low in solvent content, which translates into very low values in atmospheric emissions, well within the limits set in the authorisation.

On the basis of the results of the analyses, which are always below the limits, and of the above, the process emissions are not considered a relevant aspect and are not reported in detail.



7 METHODOLOGICAL NOTE

In 2022, the TECNO GI GROUP decided to draw up the Sustainability Report for the previous 3 years (2019 - 2021), to make its communication to stakeholders increasingly transparent and to explain the main information and initiatives relating to environmental aspects, social and economic that characterise its history.

The path undertaken involved the top management and the various company functions in the activities of setting up the document and collecting the data and information useful for drafting the financial statements.

This Sustainability Report has been prepared in compliance with the provisions of the *Global Reporting Initiative Standards 2016* (in short “GRI Standards”, the sustainability reporting standards whose reference principles and indicators are the most widespread and applied internationally).

The TECNO GI Group Sustainability Report includes the following bodies:

Business name: **TECNO GI S.p.A. - TECNO GI PLAST S.p.A.**

Registered office address: **Via del Vallo 7/13 - 28071 Borgolavezzaro (NO) - Italy**

Production site address: **Via del Vallo 7/13 - 28071 Borgolavezzaro (NO) - Italy**

Phone: **0321 88821**

Fax: **0321 885333**

EA / NACE sectors: **EA 14 (Rubber and Plastic Products) / NACE 25.2**

Business name: **SIPOL S.p.A.**

Registered office address: **Via Leonardo da Vinci, 5 - 27036 Mortara (PV) - Italy**

Production site address: **Via Leonardo da Vinci, 5 - 27036 Mortara (PV) - Italy**

Phone: **0384 295237**

Fax: **0384 295084**

EA / NACE sectors: **EA 14 (Rubber and Plastic Products) / NACE 25.2**

The Chinese subsidiary TECNO GI JASMINE, based in Hangzhou, which is expected to be included in the next edition of the financial statements, is excluded from the scope of consolidation of the economic-financial balance sheet. All the more so, the figures do not even include the Indian company Tecno Gi India PVT, which falls within the scope of consolidation of the financial statements only regarding the shareholders' equity, and carries out almost exclusively commercial activities.

The indicators relating to environmental aspects are reported not only in absolute value, but also as specific values, related to production. Since the productions of TECNO GI and SIPOL have different units of measurement (square metres the former, kilograms the latter), the specifications are reported separately, but are in fact of the same order of magnitude. Further information regarding the calculation of the indicators is given in the relevant sections, where necessary.

This document represents the first edition of the TECNO GI Group's sustainability report; consequently, the disclosures relating to any revision of information (102-48) or any changes in the reporting (102-49) are not applicable. Starting this year, the Sustainability Report will be published annually.

This Report has been subjected to external assurance by the certification body Certiquality S.r.l., which has certified its compliance with the 2016 GRI Standard guidelines with application level “In Accordance - Core”.

For any information regarding the Sustainability Report, please write to: sustainability@tecnogi.com



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GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	6.5
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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	4.3
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9 VERIFICATION OF TECNO GI SPA'S SUSTAINABILITY REPORT OF YEAR 2021



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VERIFICATION OF TECNO GI SPA'S SUSTAINABILITY REPORT OF YEAR 2021

Scope

Certiquality S.r.l. received by TECNO GI S.p.A a limited assurance engagement regarding the Sustainability Report of the TECNO GI Group (*Italian version*) relating to the year 2021, in order to assess its consistency with the guidelines of the GRI (Global Reporting Initiative) Standards, with reference to the "core" implementation level, which provides for a reduced standard information and the quantification of at least one performance indicator for each aspect identified as relevant (or "material"). This letter describes the activities carried out, it reports on the audit findings and the recommendations for improvement.

The verification has been carried out with reference to the "GRI Standards" published in 2016 by the Global Reporting Initiative and partly updated at a later time, and it has concerned in particular:

- the verification of the definition principles of the report content (stakeholder inclusiveness, sustainability context, materiality, completeness);
- the correct definition of the report boundary;
- the verification of the principles for guaranteeing report quality (balance, comparability, accuracy, timeliness, clarity, reliability of the data and information management system);
- the compliance of the report contents with the ones set out by the GRI Standards guidelines for the "core" implementation level.

The verification has been carried out in compliance with the procedures implemented by Certiquality for audits complying with the UNI EN ISO 19011:2018 standard. The audit has been partially carried out on site (as far as interviews to operating staff, inspection and check of the on-site operation controls in the production, logistics, external areas as well as offices and toilets are concerned) and partially off-site, by checking the documentation shared on computer platforms in compliance with the company's protocols against Covid.

Methods

The activity has been carried out in accordance with the following operating methods:

- analysis of the "TECNO GI 2021 Sustainability Report (*Italian version*)" document, with particular reference to the principles and contents set out by the GRI guidelines (definition of the report boundary, standard information and performance indicators);
- site tour and check of the operating, logistics, managerial and organizational processes of the registered and operational office of Borgolavezzaro (NO);
- interviews with the positions directly or indirectly involved in the drawing up of the document and in the management process of data and information (from collection to further processing);
- examination of documents and records in place at the head office; the analysis has concerned both the procedures implemented for the collection, filing and processing of data and the technical-normative aspects of the activities carried out.

The economic-financial data are taken from the consolidated balance sheet of the TECNO GI Group, approved by the Board of Directors.

The verification activities concerning the management of the data and information contained in the report have been carried out on samples, taking care of ensuring that all the aspects handled in the document have been adequately covered.

The Sustainability Report refers to all the companies of the TECNO GI Group (*Italian version*) included in the boundary of the consolidated balance sheet:

- TECNO GI S.p.A. – Borgolavezzaro (NO)
- TECNO GI PLAST S.p.A. – Borgolavezzaro (NO)
- SIPOL S.p.A. –Mortara (PV)



ORGANISMO
NOTIFICATO
0546



Member degli Accordi di Mutuo Riconoscimento EA, IAF e ILAC,
Signatory of EA, IAF and ILAC Mutual Recognition Agreements.
SGO n. 008A - SGA n. 0010 - SCR n. 002F - FSM n. 005I
PRO n. 008B - DAP n. 003H
SSI n. 007G - SGE n. 001M - ISP n. 006E - GHS n. 0010
EMAS n. 008P - ITX n. 004L - PRS n. 100C



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Also an operational production site in China (TECNO GI JASMINE – Hangzhou), controlled by the parent company, is included in the consolidated balance sheet; for the sake of completeness it is illustrated in a qualitative way but without reporting its data and its specific sustainability indicators that are presently under collection and consolidation and which is planned to be included in a future audit of the financial statements. Finally, there is an operating sales office located in India (New Delhi) that is not included in the boundary of the balance sheet because it is not fully controlled by the Group.

Both the standard information and the representation of indicators cover the three-year period 2019-2021 and they show a good level of consistency with the requirements of the guidelines of the GRI Standards, even though some improvement margins still remain and are hereinafter described.

Results and recommendations

The Organization, the management and staff of TECNO GI proved to be fully committed to the sustainability strategy, for which they have been carrying out several actions for years, which have been described in their first Sustainability report that has been the subject of this audit; both the standard information and the representation of indicators show a good level of consistency with the requirements of the guidelines of the GRI Standards, even though some improvement margins still remain and are hereinafter described.

The indicators updated by the GRI have been correctly, clearly and completely implemented, with the reporting of data and information coming from traceable sources or thorough estimates.

The data collection and processing system is sufficiently structured and documented also within the Environment-Quality-Safety Integrated Management System ISO 14001, ISO 9001 and ISO 45001 certificates, but it shall be formalized in a specific reporting procedure.

The strong points and the areas as well as opportunities for improvement of the Sustainability Report do concern:

STRONG POINTS:

- Management's commitment to spreading the values of sustainability inside and outside the organization, as proved by the group and company policies, by the environmental and sustainability certifications achieved both at Management System and product level and by the several initiatives in progress at a local and national level.
- Preparation and awareness of the positions and professionals in charge of the collection and processing of data in the GRI work team, also in relation to the spreading of the culture of sustainability inside and outside the Company.
- Concrete and continuous improvement of performance over time.
- Management of risks and reduction of impacts at an acceptable level.

IMPROVEMENT AREAS:

- Summarize the description of the technical and operational details of the production sites also using diagrams, layouts or images, reducing the use of textual parts that are too technical, in order to facilitate reading and understanding;
- Continue to improve/consolidate the data management system, also using a system procedure and better explaining in the balance sheet the criteria used for calculating materiality;
- Start the procedures for collecting data on emissions connected to transport, too: e.g. for the purchase of raw materials and product deliveries, for staff journey from home to work and use of company cars, also in light of the GRI 2021 amendment.
- Integrate the Report with additional information also relating to issues that did not prove to be material, such as direct process emissions and some social data in third countries where the company operates.



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Conclusions

The verification of the "Sustainability Report of TECNO GI SPA (*Italian version*)" concerning the year 2021 did not highlight any significant lacks concerning the compliance with the principles of the guidelines of the GRI Standards, or its contents in terms of information and performance indicators, even though there are some margins for improvement, mentioned above.

From the verifications carried out no elements came to light such as to suggest that the balance sheet does not comply with the "core" level of implementation.

23rd September 2022



Certiquality S.r.l.
The President
Cesare Puccioni



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