

# # Sustainability Report

2022







# # Sustainability Report

2022

# LETTER TO STAKEHOLDERS



Never before have numbers been as significant for our Group as they were last year, and this is why I would like to start to present the results illustrated in Lucart's **2022 Sustainability Report** from here.

**70** are the **candles** on Lucart's birthday cake in 2023 and we are about to celebrate an anniversary that is an important milestone and full of exciting prospects for the future.

**18** are the **Sustainability Reports** that we have written to testify to the strong, clearly defined transparency on which to base the relationship of trust with our stakeholders.

**31** are the percentage points of the **increase in turnover 2022** over 2021, a substantial growth that allowed us to manage the ups and downs of a very uncertain market and the very rapidly changing global macroeconomic scenarios. At the end of 2021, before the war between Russia and Ukraine started and as the pandemic emergency was coming to an end, we were expecting a year of growth and stability. Instead, in just a few weeks, the invasion of Ukraine in February 2022 turned all forecasts upside down causing a major increase in the costs of all our major production factors and triggering rising inflation rates across Europe.

**11** is the **percentage decrease of specific CO<sub>2</sub>** compared to 2021, an important achievement due to the continuous technological upgrading of our plants and our investments in the self-generation of electricity from renewable sources that will bring the Group's installed capacity to about 7.5 MW in 2023.



**29** is the **percentage of purchased electricity from renewable sources** to make the products we offer to the market even more sustainable.

**5.9** is the **percentage decrease in specific water consumption** compared to 2021, reflecting a very strong focus on the efficiency of production cycles to protect our natural resources.

**56** is the **percentage of recycled fibrous raw materials** used to manufacture paper by the group, a result that places us among the industry leaders in terms of circularity rate, in line with our goal of arriving at 2030 with a percentage of 60% of recycled fibrous raw materials.

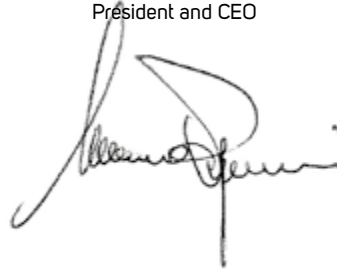
**100** is the percentage of **virgin fibrous raw materials** from companies that adopt **sustainable forest management systems** complying with internationally recognised certification schemes, such as FSC®, PEFC, FSI® etc., and as the **percentage of recyclable packaging used** by the Group. This number clearly indicates our attention to all phases of product life, from raw materials to end-of-life.

**81** is the **percentage of waste sent for recovery** of the amount produced, a number in line with our 2030 target of 90% recovered waste.

**15** are the **process and product certifications** obtained by the Group, to which **Platinum level certification by Ecovadis** was added in 2022 to guarantee the highest standards in the market to all our stakeholders.

These numbers, together with the others those you will find described in greater detail in the Report, written in compliance with GRI reporting standards, are tangible evidence of the values of **sharing, responsibility, care and vision** that every one of the Group's **1,700** workers applies daily and which are the reason for our past success but even more importantly the highest guarantee for the future. This is why we will continue our challenge on sustainability issues with dedication so that Lucart can help the planet and its inhabitants transparently and responsibly.

Massimo Pasquini  
President and CEO



# METHODOLOGICAL NOTE

Lucart is publishing the Sustainability Report for the eighteenth year running. The objective is to disseminate economic, environmental and social information and to highlight the Company's improvement goals for all its stakeholders.

This Sustainability Report was written voluntarily, published annually and produced following GRI (Global Reporting Initiative) standards.

The analysed reporting period goes from **1 January 2022** to **31 December 2022**. The detailed list of GRI Standards in the text is summarised in the Content Index at the end of the document.

The Group follows the reporting principles required by GRI Standards:

- 🕒 Stakeholder Inclusiveness
- 🕒 Sustainability Context
- 🕒 Materiality
- 🕒 Completeness
- 🕒 Balance
- 🕒 Comparability
- 🕒 Accuracy
- 🕒 Punctuality
- 🕒 Clarity and reliability

## The Report refers to Lucart S.p.A. and the following subsidiaries:

Lucart S.a.s., Lucart Tissue & Soap S.L.U., Lucart Deutschland GmbH, Lucart Kft., Lucart Hygiene Ltd. e Circular Shield D.o.o. Reference is made in the Report to **all the companies** as the **Group** or the **Lucart Group**. The reporting period and companies reported in the Sustainability Report coincide with the reporting period and companies reported in the Consolidated Financial Statements of the parent company Pasfin S.p.A.

Facts referring to the Group or to one or more Companies which are part of Lucart are appropriately highlighted in the text.

The Report contains qualitative and quantitative information on issues considered "material" for Lucart and its stakeholders and identified through a materiality analysis. Data was calculated in a timely manner based on the results of the general

accounting and other information systems used. Specifically, the data and information in the document were collected by the contact persons of the company departments involved, through data collection forms filled in with data extracted from the IT systems and other working tools of the Group's companies.

Data for previous periods (2020 and 2021) are provided - when available - in the Sustainability Report for comparative purposes, to enable stakeholders to assess the performance of activities over time. To ensure the reliability of the data, the use of estimates and boundary limitations was limited as much as possible and, if present, these are appropriately reported and based on the best available methodologies.

This document was drawn up by the Corporate Communications Team collecting the reported

data by involving all the relevant executive roles.

This Sustainability Report was submitted for subsequent approval by Lucart's Board of Directors on 07 June 2023. The Sustainability Report 2022 was subjected to a brief review by PricewaterhouseCoopers Business Services S.r.l. To improve the effectiveness of the reporting process and to guarantee the reliability of the reported information to all stakeholders. This activity ended with the release of the "Relazione sulla revisione limitata del Bilancio di Sostenibilità 2022". The report, referenced in the final section of the document, describes the adopted principles, the performed activities and their conclusions.

For further information about the data, please contact us at: [communication@lucartgroup.com](mailto:communication@lucartgroup.com)

# TABLE OF CONTENTS

	Letter to stakeholders	2
	Methodological note	4
<b>The Group</b> #sharingthefuture	Lucart at a glance	8
	Results and improvement goals	10
	1.1 Lucart Group, the history	13
	1.2 Plants of the Group	20
	1.3 Types of paper made and production capacity	22
	1.4 Production process and product life cycle of tissue paper	24
	Production Process of Cosmetic Product	26
	1.5 Business areas	28
	1.6 Vision, Mission and Objectives	32
	1.7 Sustainable development goals	34
	1.8 Value chain	36
	1.9 The Global Compact principles our commitments	38
	1.10 Code of Ethics	39
	1.11 Certifications	40
	1.12 Ecovadis	42
	1.13 Circularity and sustainability as strategic business levers	44
	1.14 Organisation	50
1.15 Organisational model	52	
1.16 Materiality analysis	53	
1.17 Risk management	56	
<b>The People</b> #loveyourself	2.1 Principles	66
	2.2 Communication plan	67
	2.3 Relations with personnel	71
	2.4 Lucart personnel structure	75
	2.5 Occupational health and safety	79
	2.6 Relationships with other stakeholders	82
<b>The Environment</b> #savetheplanet	3.1 Environmental Impact Assessment	94
	3.2 Environmental Product Declaration (EPD®)	95
	3.3 Raw materials	98
	3.4 Water resources	101
	3.5 Energy resources	105
	3.6 Emissions into the atmosphere	110
	3.7 Logistics	112
	3.8 Packaging	114
	3.9 Waste management	116
	3.10 Final quantity balance	119
<b>Marketing &amp; Communications</b> #trustme	4.1 Corporate communication activities	122
	4.2 Away from Home marketing and communication activities	129
	4.3 Consumer marketing and communication activities	136
	4.4 Awards	141
	4.5 Participation in conferences	142
	4.6 Web communication	144
	4.7 Trade fairs, events and sponsorships	145
	Analysis of impacts related to material topics	150
	GRI Content Index	151
	Limited Assurance Report on Sustainability reporting 2022	156



**#**  
**sharing**  
**the future**



# The Group

WE TAKE CARE OF PEOPLE  
WITH GLOBAL HYGIENE AND PRODUCT  
PROTECTION SOLUTIONS

*We are committed to an ethical and  
effective governance model because  
we want to be a reference point on  
sustainability issues*

SUSTAINABLE DEVELOPMENT GOALS (SDGs)



# LUCART AT A GLANCE

## THE GROUP



**1,700+**  
People employed



**12**  
Paper machines



**10**  
Production facilities



**1**  
Logistics Centre

## PRODUCTION

### PAPER SECTOR



**396,000**

Tonnes/Year production capacity

### SKIN CARE SECTOR



**12 mln**

Liters/Year production capacity

## BUSINESS UNIT



**AWAY FROM HOME**

**LUCART**  
PROFESSIONAL

**FATO**

**Velo**



**CONSUMER**

**Tenderly**

**Grazie**  
EcoNatural

**Tutto**

**Smile**



**BtoB**



Tissue paper



Mg paper



Airlaid paper

## COUNTRIES SUPPLIED



**70+**

## RAW MATERIALS



**56%**

Paper for recycling



**44%**

Virgin cellulose

## TURNOVER



2020

515 M€

2021

548 M€

2022

**717** M€

Turnover includes net revenue.

## VALUE CREATED FOR STAKEHOLDERS



2020

483 M€

2021

551 M€

2022

**748** M€

SHARED ACROSS:



**84.7%**  
Purchase of  
goods and  
services



**12.9%**  
Staff costs



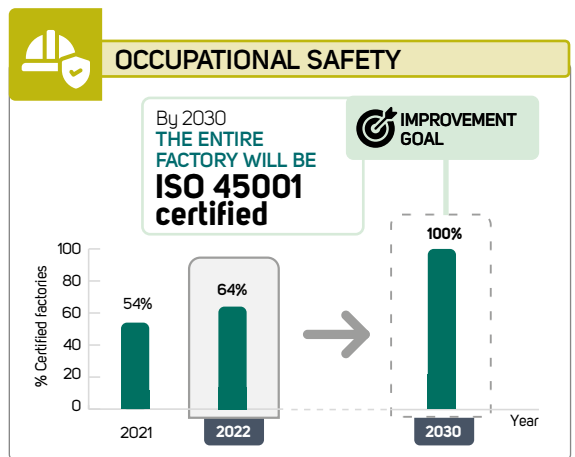
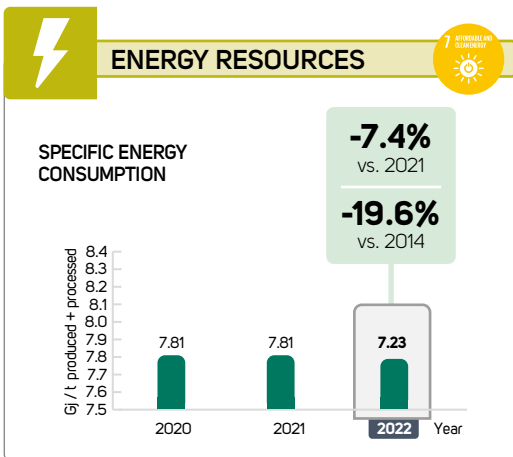
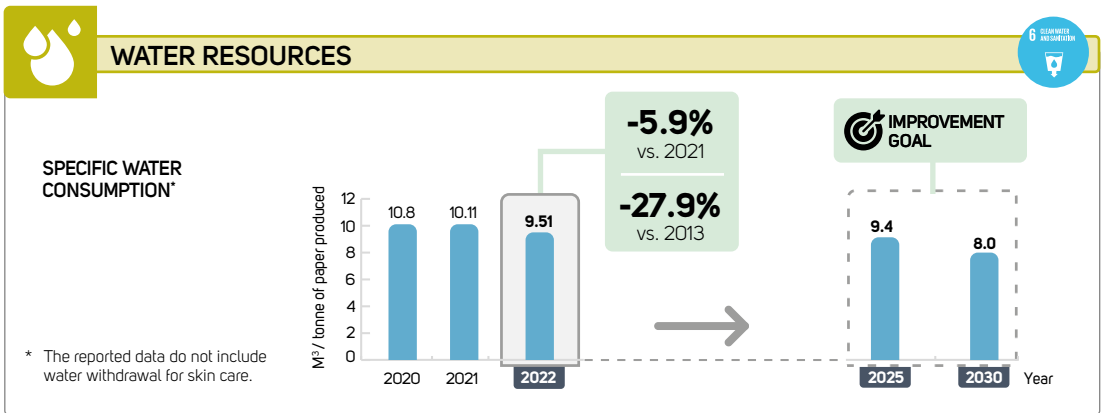
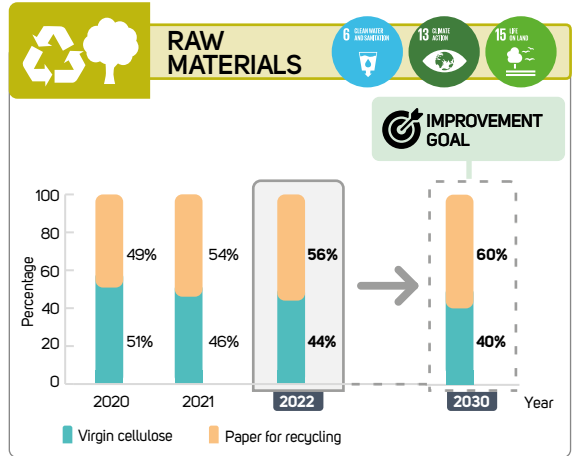
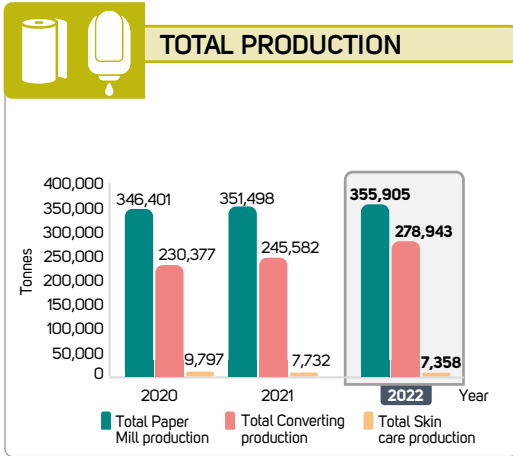
**1.9%**  
Financial



**0.6%**  
State

The financial data related to revenue (net revenue) and the economic value distributed stakeholders refer to the parent company Pasfin S.p.A. The total value generated (net revenue, stock changes and other revenue) was EUR 776 million, against a retained value of EUR 28 million. The item concerning the value distributed to the community will be integrated in future reports.

# RESULTS AND IMPROVEMENT GOALS



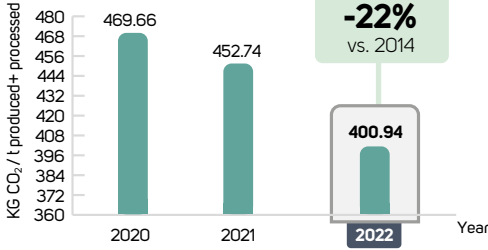




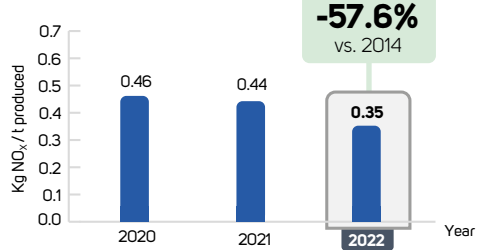
## EMISSIONS INTO THE ATMOSPHERE



SPECIFIC CO<sub>2</sub>e EMISSIONS (INTENSITY)<sup>2</sup>



SPECIFIC NO<sub>x</sub> EMISSIONS (INTENSITY)

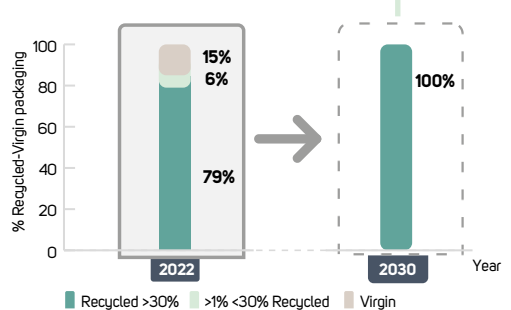
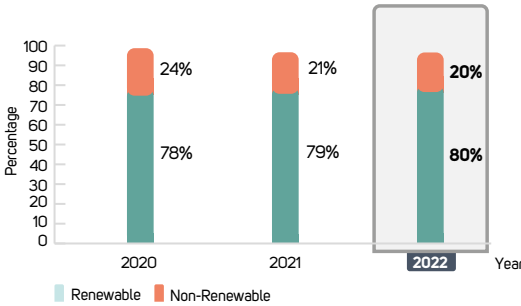


## PACKAGING



**100%** OF THE PACKAGING USED BY LUCART IS RECYCLABLE OR COMPOSTABLE

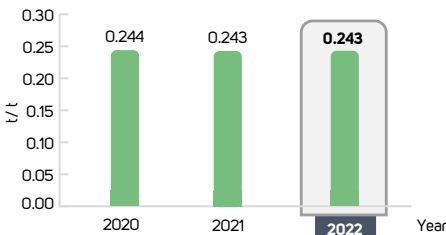
**IMPROVEMENT GOAL**



## WASTE

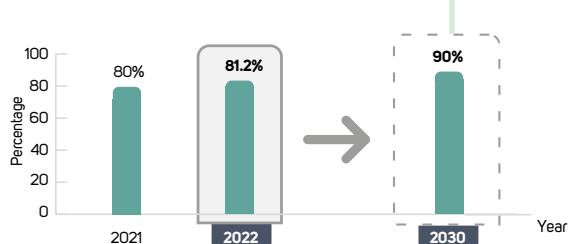


WASTE PRODUCED PER TONNE OF PAPER PRODUCED



WASTE RECOVERY

**IMPROVEMENT GOAL**





# 1.1 LUCART GROUP, THE HISTORY

Innovation has been the distinctive feature of the Group since its origins and, as a result, today we can offer cutting-edge products by developing innovative solutions for a better future, and address new market challenges.

1953



## The Pasquini brothers' Cartiera Lucchese

The Pasquini family has been officially making paper since 1953, when brothers Alessandro, Eliseo, Fernando, Raffaello and Tarcisio founded the "Cartiera Lucchese dei F.lli Pasquini" in a small village on the hills around Lucca called Villa Basilica, though they had already been making paper since the 1930s. The story of the Pasquini family and Lucart is interwoven with that of the local area; as in Villa Basilica, between 1830 and 1840, the pharmacist Stefano Franchi invented a technique to make paper from straw, a material found locally and available in large amounts.

The production of straw paper and packaging paper, which started in the first factory of the Pasquini brothers in Botticino and then continued in the small paper mill in the area of Biecina di Villa Basilica, was then fine-tuned at the Lucca plant, located in the town centre, where the force of water that moved the millstones exemplified the fascinating production process of the time.

Nowadays, we would call this circular economy, because agricultural waste was used as a raw material for the manufacturing industry. This is precisely why, even if today we no longer use straw but employ pure cellulose or paper for recycling, a very strong district developed in the province of Lucca, operating both in the production of paper for packaging and paper for hygienic and sanitary use.

1953

1966

1966

## The first PM1 paper machine

The need for growth and investment led the Pasquini brothers to move production from the city to the plain of Lucca, where the Porcari plant was built, and is still today the Group's headquarter, in 1966. The new plant allowed the installation of the first paper machine (PM1) that marked the first major technological leap of the Company. The plant, dedicated to the production of jumbo reels for flexible packaging allowed the company to increase productivity tenfold and expand the offer with high grammage papers.



# 1976

## The second PM2 paper machine

In 1976, the growing worldwide demand for flexible packaging paper convinced the family to invest again in the Porcari site with the installation of a second paper machine (PM2). The line would remain operational until 2018.



1976

# 1987

## Tissue paper production was kicked off

The time had come to diversify production by looking at the promising sector of paper for hygienic uses and the fourth paper machine (PM4) was launched in Porcari in 1987. The Group thus entered the tissue paper market.



1987

1983



# 1983

## The third PM3 paper machine

The third paper machine (PM3) for the production of tissue paper was started in Porcari in 1983. It is still up and running very successfully today garnering a high level of interest in Italy and abroad. With the installation of this machine, Cartiera Lucchese became the European leader in the production of MG papers and flexible packaging papers.

1988-1989



# 1988-1989

## The Borgo a Mozzano plant and the Lucart brand are established

1988 was a key year for the development of the company. After purchasing a plot of land of more than 240,000 m<sup>2</sup>, the Group could think big and design a completely integrated site dedicated to the tissue paper market, from the production of paper to the conversion into a finished product for both the Consumer and the Away from Home markets, with modern paper technology. The Lucart brand was established.



## 1990-1991

### Installation of two new paper machines

The tissue paper market was developing rapidly and the company started up two more paper machines at its new site in Borgo a Mozzano almost at the same time. The PM5 and the PM6 machines were powered by a new methane gas cogeneration turbine, carrying over the technology already successfully tested at the Porcari plant.



1990-1991

## 1996

### Deinking plant and PM7 in Borgo a Mozzano

In 1996, the Group decided to differentiate its tissue paper offering from the competition and, taking advantage of the technology and knowledge acquired through the processing of flexible packaging papers from selected waste paper, and set up an array of systems designed specifically for deinking waste paper, producing high-quality recycled tissue paper

and purifying process waste water. The new PM7 paper machine was capable of producing 60,000 tons of recycled and regenerated paper a year.



1996

1993



## 1993

### Cartiera Lucchese France paper mill

Cartiera Lucchese France was founded in 1993. It was a commercial company that, in addition to managing the acquired customers, was tasked to prepare the ground for the production of paper beyond the Alps.

1997



## 1997

### EcoLucart was established

The new plants allowed the Group to launch EcoLucart on the Italian market. This absolutely innovative and ecological product line used recycled and regenerated paper as a raw material and Mater-Bi (a biodegradable corn starch material) as a packaging. Lucart was the first company in the world to replace plastic packaging with a completely biodegradable renewable material developed by Novamont.

# 1998

## Consolidation in Europe

1998 marked an important moment for the Group at a European level. It was the year in which Lucart Ibérica S.L.U., a commercial company for the management of Iberian customers, and Lucart France S.a.s. are established, followed by the construction of the Troyes plant in France, with the production and converting of pure virgin cellulose tissue paper for the Consumer sector.



1998

# 2007

## Lucart enters the Ho.Re.Ca. market

To complete the offer on the market, in 2007 the Group acquired Fato, the landmark brand for the Italian Ho.Re.Ca. market, and the two production plants in the province of Treviso and Venice. The Torre di Mosto plant concentrates the production of decorated, coloured and customised tablecloths and napkins made of tissue, airlaid and MG paper.



2007

2006



2008



# 2006

## EMAS environmental certification

Committed to bolstering and improving its environmental efficiency, the Borgo a Mozzano plant requires and obtains EMAS environmental certification for environmental performance management. Hygienus Toilet, the first automatic cutting toilet paper dispenser, was launched the same year.

# 2008

## New acquisition in France

The growing interest in the foreign market led the Group to acquire a second plant in France in 2008, in Laval sur Vologne - today Lucart S.a.s. - taking over the tissue business of Novacare S.a.s., a French company with a production capacity of 46,000 t/year of tissue paper. The plant's production is perfectly integrated with the Group's business model, being dedicated to the production of recycled and regenerated tissue paper.

## 2009

### Lucart Group was established

In 2009, the name of Cartiera Lucchese Group was changed to Lucart Group, to identify all the companies belonging to Cartiera Lucchese S.p.A.



2009

## 2011

### New brands and certifications

Following the great success in Italy of the system that uses Tetra Pak® beverage cartons, a similar one was set up in France at the Laval sur Vologne plant in 2011. In the same year, the Group obtained the BS OHSAS 18001 certification which concerns the occupational health and safety management system. The EcoNatural, for the Away from Home market, and Grazie Natural, for the Consumer market, were launched also in 2011.



2011

## 2013

### Merger in Lucart S.p.A.

All the Italian companies of the Group merged into a single company called Lucart S.p.A. in 2013. The Tenderly and Tutto brands were relaunched the same year.



2013



## 2010

### Fiberpack®: let's go!

In 2010 a new plant - the only one of its kind in Italy - was built in Borgo a Mozzano for the production of 100% ecological paper deriving from the recovery of cellulose fibres from Tetra Pak® beverage cartons. The ecological raw material that forms these new products was called Fiberpack®. With this project, Lucart consolidated its commitment to increasing environmental sustainability and protecting the environment, through innovative and exclusive production from a technological point of view.



## 2012

### Acquisition of Georgia Pacific Italy

2012 was a pivotal year for the Group. With the acquisition of Georgia Pacific Italia srl, Lucart becomes the owner of the Italian plants in Castelnuovo di Garfagnana (Lucca-Italy) and Avigliano (Potenza-Italy), as well as the administrative headquarters in Genoa, and acquired the Tenderly and Tutto brands in Italy and worldwide.

# 2016

## Entering Hungary

The Group acquired Bokk Paper Kft. in Esztergom, Hungary, in 2016: the leading independent Hungarian company in the Away from Home market for hygiene paper products, now Lucart Kft. The new Lucart plant in Nyergesújfalu was opened in September 2018 after two years of work.



2016

2017

2018

# 2017

## The Altopascio Logistics Centre

As part of a plan to improve the logistics efficiency of the entire Group, Lucart acquired an area of approximately 24,000 m<sup>2</sup> of covered warehouses not far from the Altopascio motorway junction. A futuristic Logistics Centre dedicated to products for the Away from Home market is created on the hub and connected to the Borgo a Mozzano site by a continuous service of ecological LNG (Liquid Natural Gas) powered shuttles, equipped with an automatic loading/unloading system based on RFID technology.



# 2018

## Start-up of the PM12 paper machine

The new tissue paper production line was successfully started up at the Lucart plant in Porcari at the end of 2018. The PM12 line replaced the PM2 which, since 1976, has been producing MG paper for the flexible packaging market worldwide.





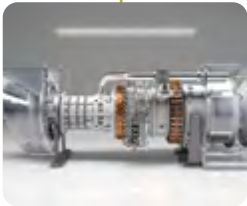
# 2019

## Launch of paper packaging

In 2019 Lucart takes yet another step towards sustainability by creating packaging made of recycled and recyclable paper for the Grazie Natural and Eco Natural lines.



2019



# 2019

## New cogeneration plant

At the end of 2019, Lucart installed an innovative cogeneration plant with gas turbine in the Borgo a Mozzano plant which represents one of the most technologically advanced systems for the production of electricity and heat.

# 2021

## Investment in the UK

With the acquisition of Essential Supply Products Ltd (ESP Ltd), the UK's leading independent converting company, Lucart bolsters its leadership in the European market for Away from Home hygiene products continuing the Group's development and internationalisation plan.



2021



2022

# 2022

## Granulation plant

With the aim of reusing process waste from the recovery of food cartons, Lucart has installed an innovative plant at the Borgo a Mozzano site that is able to obtain plastic granules from the homogeneous material composed of polyethylene and aluminium, thus closing the bonded material processing cycle.

# 2023

## New logistics centre in France

A new logistics hub was acquired in the Hellieule business park in Saint-Diè-des-Vosges in March 2023. The site covers an area of more than 22,000 square metres and will serve customers in the Away from Home market in France, Belgium, Holland and Germany. It will be operational at the beginning of 2024.



2023

# 1.2 PLANTS OF THE GROUP

on 31 March 2023



## BLACKMORE PARK (UNITED KINGDOM)

Lucart Hygiene Ltd.



A converting-only plant mainly dedicated to the production of tissue articles for hygiene for the Away from Home market.

*Converting lines* 5



## ARTZINIEGA (SPAIN)

Lucart Tissue & Soap S.L.U.



Plant dedicated to hygiene products. It converts the jumbo tissue reels produced at the Aranguren plant into finished products and manufactures cosmetic products such as soaps, detergents and sanitisers for the Away from Home market.

*Paper converting lines* 4 *Skin care converting lines* 2



## ARANGUREN (SPAIN)

Lucart Tissue & Soap S.L.U.



Mill-only plant for the production of tissue paper in jumbo reels from virgin cellulose and paper for recycling.

*Converting lines* 2



## CASTELNUOVO DI GARFAGNANA (ITALY)

Lucart S.p.A.



Integrated plant with a paper mill and a converting department mainly specialised in the production of Tenderly and Tutto branded products.

*Paper machines* 1 *Converting lines* 4



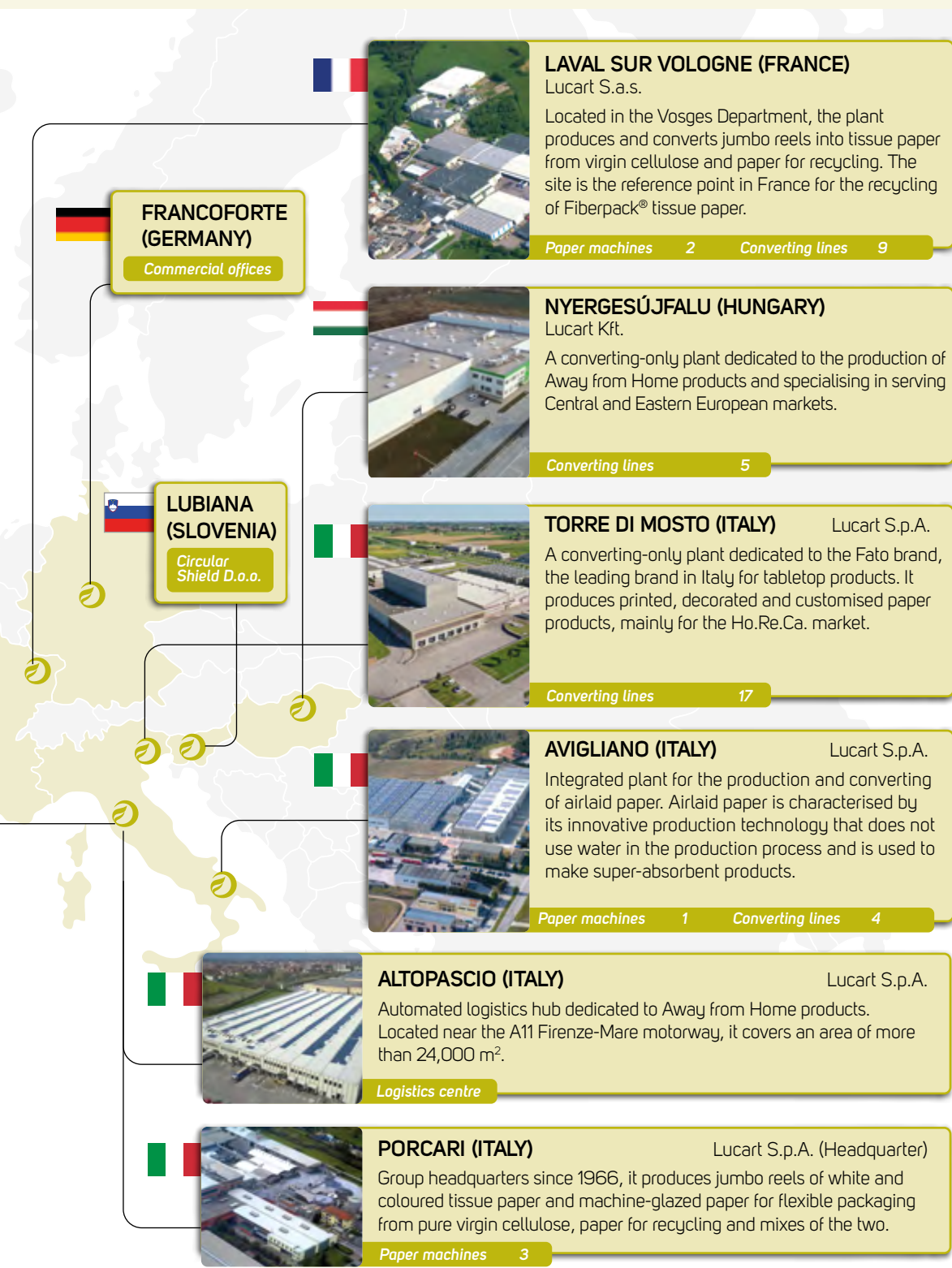
## BORGO A MOZZANO - DIECIMO (ITALY)

Lucart S.p.A.



The Group's largest integrated plant, it produces and converts jumbo reels into tissue paper from pure cellulose and paper for recycling for its own brand and for large retailers. It is the point of reference in Italy for the recycling of the bonded material for the production of Fiberpack® tissue paper. It also has a granulator for the complete recovery of polyethylene and aluminium in beverage cartons.

*Paper machines* 3 *Converting lines* 19



**LAVAL SUR VOLOGNE (FRANCE)**

Lucart S.a.s.

Located in the Vosges Department, the plant produces and converts jumbo reels into tissue paper from virgin cellulose and paper for recycling. The site is the reference point in France for the recycling of Fiberpack® tissue paper.



Paper machines 2 Converting lines 9



**FRANCOFORTE (GERMANY)**

Commercial offices



**NYERGESÚJFALU (HUNGARY)**

Lucart Kft.

A converting-only plant dedicated to the production of Away from Home products and specialising in serving Central and Eastern European markets.



Converting lines 5



**LUBIANA (SLOVENIA)**

Circular Shield D.o.o.



**TORRE DI MOSTO (ITALY)**

Lucart S.p.A.

A converting-only plant dedicated to the Fato brand, the leading brand in Italy for tabletop products. It produces printed, decorated and customised paper products, mainly for the Ho.Re.Ca. market.



Converting lines 17



**AVIGLIANO (ITALY)**

Lucart S.p.A.

Integrated plant for the production and converting of airlaid paper. Airlaid paper is characterised by its innovative production technology that does not use water in the production process and is used to make super-absorbent products.



Paper machines 1 Converting lines 4



**ALTOPASCIO (ITALY)**

Lucart S.p.A.

Automated logistics hub dedicated to Away from Home products. Located near the A11 Firenze-Mare motorway, it covers an area of more than 24,000 m².



Logistics centre



**PORCARI (ITALY)**

Lucart S.p.A. (Headquarter)

Group headquarters since 1966, it produces jumbo reels of white and coloured tissue paper and machine-glazed paper for flexible packaging from pure virgin cellulose, paper for recycling and mixes of the two.




Paper machines 3

# 1.3 TYPES OF PAPER MADE AND PRODUCTION CAPACITY

Three different types of paper are made in the production facilities of the Group: tissue paper, airlaid paper and MG paper.

## Production capacity in the paper sector

As of 31 March 2023, the overall production capacity of the Group was about 396,000 tonnes of paper, distributed as follows:




**396,000**  
Tonnes/Year  
production  
capacity

Line	Company	Production Facility	Production Capacity (t)			
			Tissue	MG Paper	Airlaid	TOT.
PM3	Lucart S.p.A.	Porcari		50,000		
PM4	Lucart S.p.A.	Porcari	25,000			
PM5	Lucart S.p.A.	Borgo a Mozzano - Diecimo	25,000			
PM6	Lucart S.p.A.	Borgo a Mozzano - Diecimo	25,000			
PM7	Lucart S.p.A.	Borgo a Mozzano - Diecimo	60,000			
PM9	Lucart S.a.s.	Laval sur Vologne	23,000			
PM10	Lucart S.a.s.	Laval sur Vologne	38,000			
PM11	Lucart S.p.A.	Castelnuovo di Garfagnana	50,000			
PM12	Lucart S.p.A.	Porcari	35,000			
PM13	Lucart Tissue&Soap S.L.U.	Aranguren	25,000			
PM14	Lucart Tissue&Soap S.L.U.	Aranguren	25,000			
AM01	Lucart S.p.A.	Avigliano			15,000	
<b>TOT.</b>			<b>331,000</b>	<b>50,000</b>	<b>15,000</b>	<b>396,000</b>

## Production capacity in the skin care sector

The Artziniega plant has two production lines for making cosmetic products for the Away from Home sector, including soaps, detergents and sanitisers. The production capacity is about 12 million litres/year.



**12million**  
Litres/Year  
production  
capacity

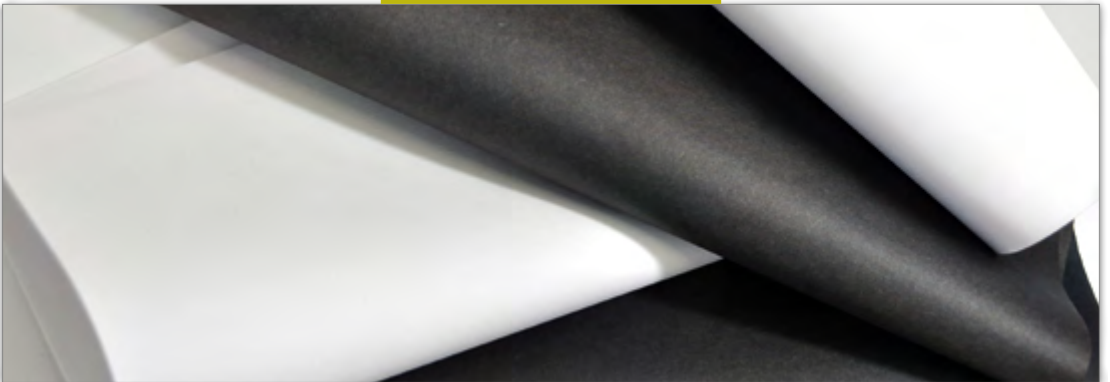
Tissue paper



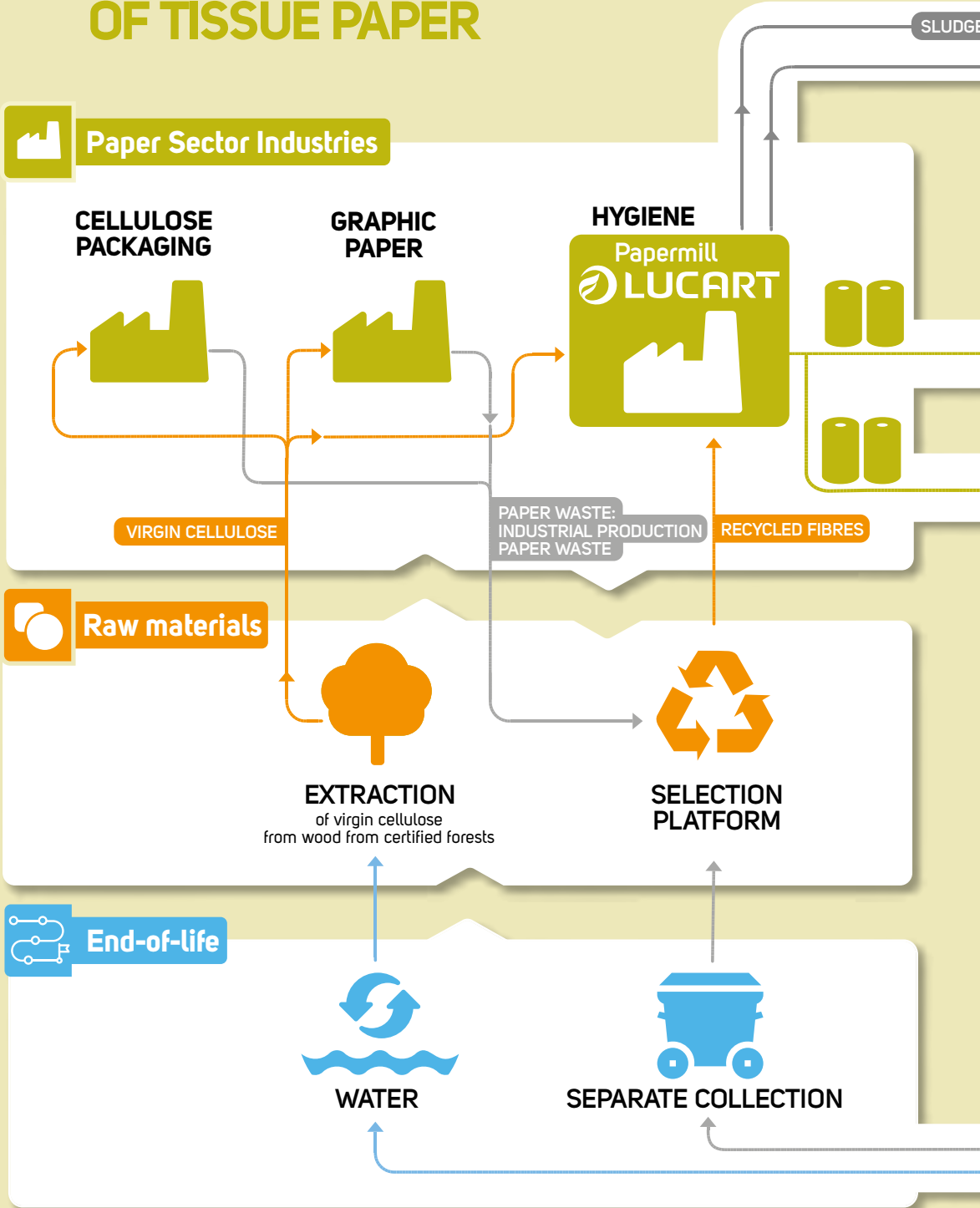
Airlaid paper



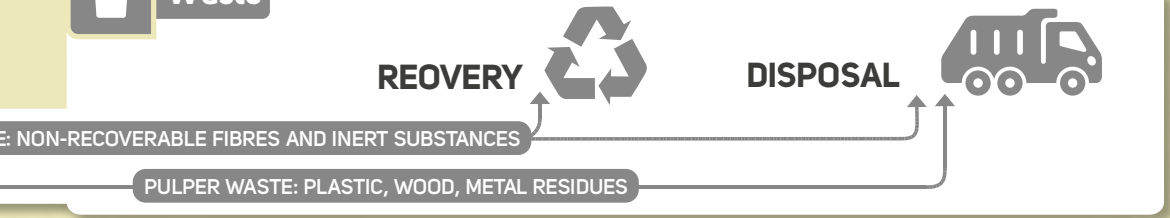
MG paper



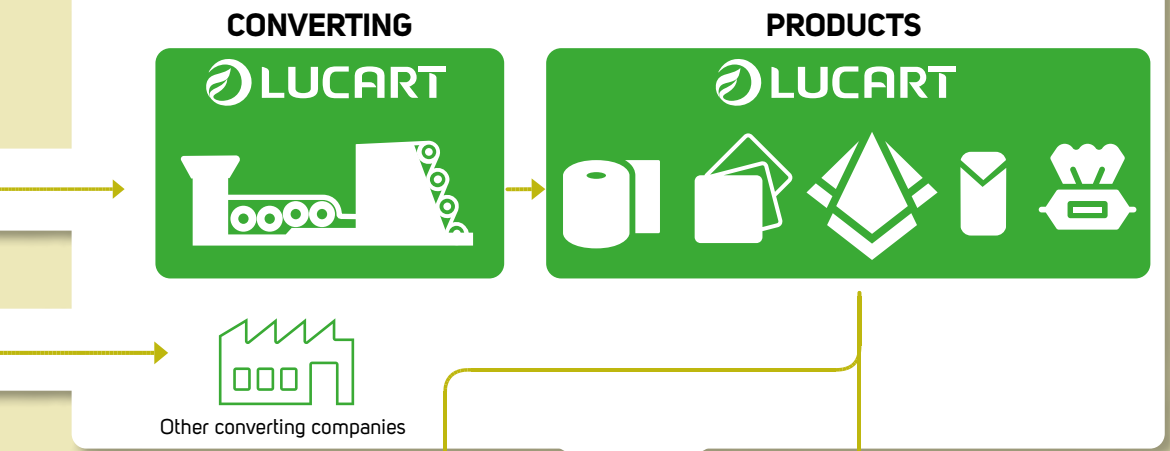
# 1.4 PRODUCTION PROCESS AND PRODUCT LIFE CYCLE OF TISSUE PAPER



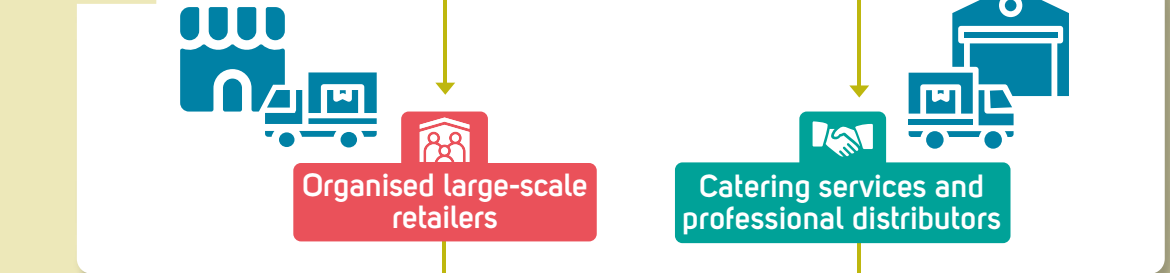
## Waste



## Production



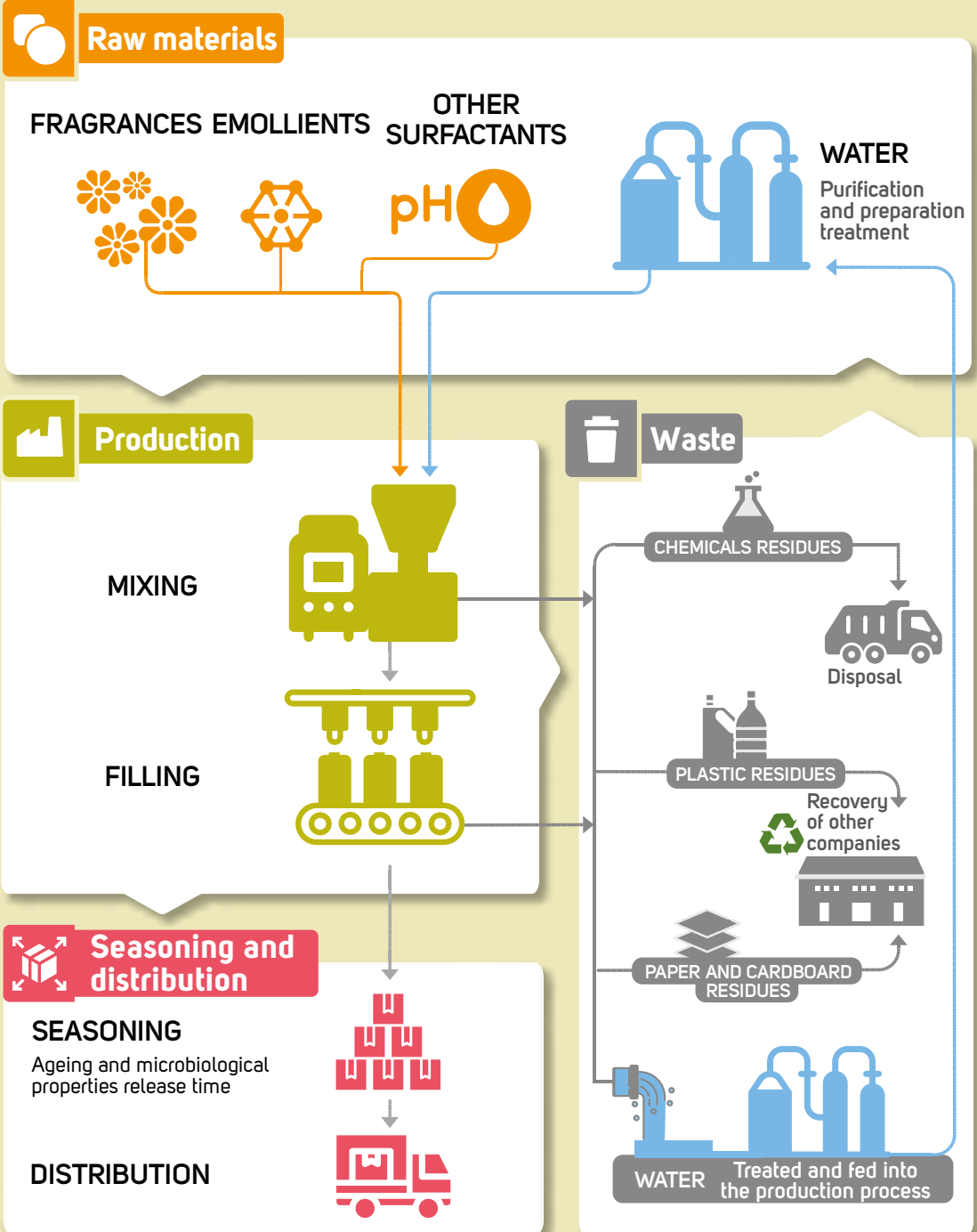
## Distribution



## Use



# PRODUCTION PROCESS OF COSMETIC PRODUCT





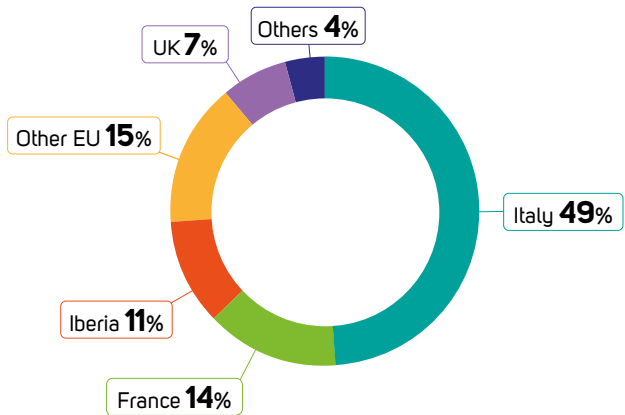


# 1.5 BUSINESS AREAS

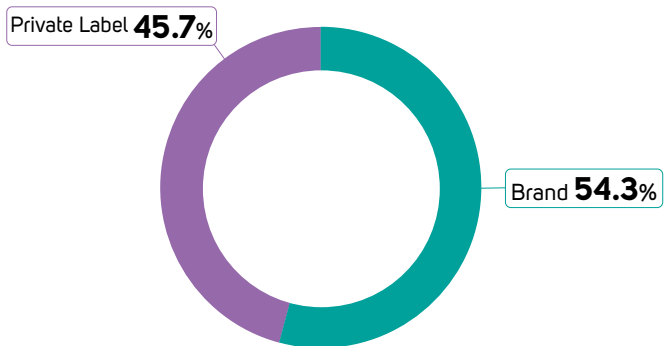
The Sales & Marketing area is organised in three business units: **Away from Home, Consumer** and **Business to Business**. The Group's products satisfied the needs of business partners and end-users in over 70 countries worldwide in 2022.



% Breakdown of revenues by geographical area



% Breakdown of sales (in terms of value) by Group brand/private label





## AWAY FROM HOME BUSINESS UNIT (AFH)

The AFH division offers innovative hygiene solutions including dispensed products made of tissue paper, made from virgin, recycled and regenerated fibres, dry 'airlaid' paper, which uses air in the cellulose fibre process, dispensing systems, soaps and hand sanitisation solutions. The division is also an international player in the soap market.

Division brands act as partners for industry operators, ensuring maximum service quality to fully meet the needs of the end user.

### Lucart Professional

Leading brand in Italy and booming in foreign markets, it offers a wide range of tissue and airlaid products as well as innovative dispensing systems. A complete range of items, from dishcloths to handtowels, from toilet paper to medical sheets, etc. for all professional uses. The product portfolio also includes soaps and hand sanitising solutions. Lucart Professional is positioned as an innovative brand able to deliver concrete sustainability in the Away from Home sectors.



### Fato

Style and refinement embellish tissue and airlaid products for the table. Tailor-made Italian craftsmanship to create unique, customised products for the Ho.Re.Ca. sector.



### Velo

A combination of ecological certified paper and dispensing systems, extremely performing in reducing consumption, distributed by selected dealers across the Italian territory. The Velo brand is a guarantee of quality, a professional approach and service in the Away from Home market.





## CONSUMER BUSINESS UNIT

The Consumer division places Lucart among the main players in Italy and as a European Mass Retail partner for both pure cellulose and recycled paper products.

Our brands are part of the everyday life of millions of people: tissue and airlaid paper products such as toilet paper, kitchen paper, napkins and handkerchiefs.

### Tenderly

One of the leading brands in the Italian market, it has been meeting consumer needs since 1974 by offering a range of high-quality, FSC®-certified products. Tenderly is recognised for its high softness and is the benchmark of the Personal Care segment.



### Tutto

Brand specialising in household cleaning products and is the only one in its target market to offer products made using airlaid technology and featuring exceptional performance in terms of absorbency and strength, able to be re-used several times, either dry or wet. Today its offer is completed with the Tutto Cucina tissue paper line and the brand-new Napkin line.



### Grazie EcoNatural

A leading brand in the ecological segment, it is the first tissue product line intended for the consumer market obtained by recycling the cellulose fibres contained in Tetra Pak® beverage cartons.

All products in the Grazie EcoNatural line are Ecolabel certified and FSC® Recycled certified.



### Smile

The complete line of pure cellulose and recycled paper products, all PEFC certified.





## BUSINESS TO BUSINESS BUSINESS UNIT (BtoB)

The BtoB division offers the market large-format jumbo rolls intended for other paper converting industries, guaranteeing product quality and consistency over time, high-level service, and reliability to customers.

The main types of paper produced in the Group's plants are as follows:



### Tissue Paper

White and coloured papers produced using paper to be recycled, virgin cellulose as raw material, or a mix of the two; intended for conversion in hygiene paper products, such as paper towels, toilet paper, handtowels, napkins, handkerchiefs, dishcloths, and medical sheets.



### Airlaid Paper

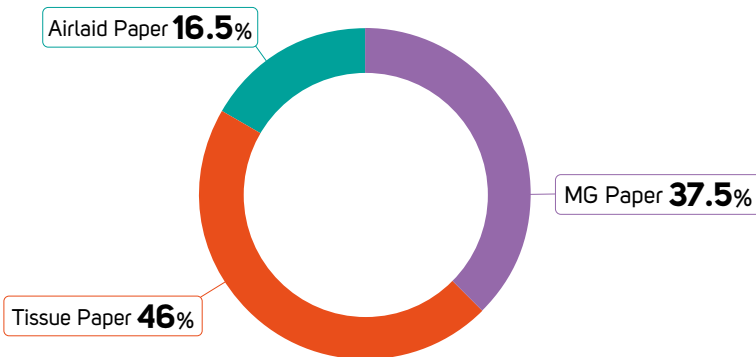
Paper made with long-fibre cellulose "fluff" with a production process that does not involve the use of water to bond the fibres. The paper thereby obtained is particularly resistant and absorbent and can be reused several times. The jumbo reels are intended for other paper converting companies, to be used in the production of sanitary towels, wet wipes, special packaging, napkins, tablecloths, paper towels, and dishcloths.



### MG Paper

Paper made by using paper to be recycled, virgin cellulose or a mix; intended for other paper-converting industries that make bags, gift wrapping paper, paper laminated with polyethylene or aluminium, tablecloths and other types of packaging.

## % Breakdown of BtoB sales (in terms of value) by paper type



# 1.6

## VISION, MISSION AND OBJECTIVES



# Vision

We are committed to developing circular business models to regenerate and increase natural, social and economic capitals, because we want to share a sustainable future with our stakeholders.



# Mission

We take care of people and the environment in which they live and work, with solutions for improving hygiene and products protection.

We want to build a better future using the sustainability as the inspiring ingredient of our innovations and the key factor in the relationship with our stakeholders.



# Objectives

TO CREATE HIGH-QUALITY PRODUCTS THAT RESPECT ENVIRONMENTAL RESOURCES AND THE FUTURE OF PEOPLE.



## Sustainability

This is what sustainability means to Lucart. The principle has always driven our business, together with the other fundamental Group values.

IT IS THE CULTURE OF OUR COMPANY NOT ONLY THE EXCELLENCE OF OUR PRODUCTS.



## Quality

The spirit that results in the value of service, transparent relationships, respect for people and the urge to improve.

IMAGINING THE FUTURE AND CREATING SOLUTIONS TO IMPROVE IT.



## Innovation

This attitude has distinguished us since the beginning and which today is expressed in cutting-edge products to address the new market challenges.

SATISFYING PEOPLE, CONSOLIDATING THE GROUP.



## Profitability

We promise to create value for customers, employees and shareholders and strengthen the Group to make sure that today's results will be achieved in the future too.

# 1.7 SUSTAINABLE DEVELOPMENT GOALS

On 25 September 2015, the General Assembly of the United Nations approved the Sustainable Development Agenda, which contains 17 Sustainable Development Goals (SDGs) valid for the period 2016 - 2030. The SDGs represent the most concrete path for the construction of a more inclusive, fairer world that respects the environment.

Lucart's sustainability strategy fits perfectly in the action framework set out in the SDGs. Lucart officially joined the United Nations Global Compact Network Italy in 2020 to reassert this commitment. Following a process conducted in-house to identify our contribution towards attaining the 17 goals, we selected the following priority objectives:



## 3 GOOD HEALTH AND WELL-BEING

The actions that Lucart implements daily to manufacture products that are safe for people and the environment places great emphasis on the health and well-being of the company's workers, citizens and customers.

Lucart believes that personnel training, the choice of equipment and systems and organisation are the foundations for guaranteeing occupational health and safety.



## 4 QUALITY EDUCATION

Lucart takes the culture of sustainability to schools and encourages internship programmes in its facilities. The company supports universities and scientific research with collaborations aimed at studying solutions for reusing waste, measuring the product life cycles and designing new circular business models.



## 6 CLEAN WATER AND SANITATION

Water is precious and its availability is limited. The paper manufacturing process requires large quantities of water. This is why Lucart is aware that the use of this resource for industrial purposes must be responsible, guarantee minimal consumption and secure the quality and cleanliness of water at the end of the production process. Lucart performs constant controls on process water and wastewater and invests in the best technologies to reduce consumption.





## 7 AFFORDABLE AND CLEAN ENERGY

The production of paper requires a lot of energy. That is why Lucart has been investing in cutting-edge technologies to generate the electricity, heat and steam needed for the production process since the 1980s. Methane cogeneration turbine technology is the one that best fits the sector and can guarantee the highest levels of efficiency, production consistency and emission reduction. We also use solar power systems wherever this is feasible and coherent with the energy needs of the production facility.



## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Through research and the constant innovation of processes, products and business models, Lucart has always strived to be ahead of its time and offer technologies and paper able to improve the lives of workers and consumers, with respect for the environment. It is no chance that Lucart was the first company in Italy to launch a line of hygiene products made from recycled paper and with biodegradable packaging made from Mater-Bi.



## 13 CLIMATE ACTION

Climate change is probably the most serious threat we must currently face. Lucart has put in place plans to reduce the CO<sub>2</sub>e emissions per tonne of paper produced. The choice to prioritise the production of recycled paper has distinct advantages for the environment by reducing the CO<sub>2</sub>e emissions by approximately 23% per quantity of paper produced<sup>1</sup>.



<sup>1</sup> Study conducted by applying the EPD® method and taking into account the entire life cycle of two Lucart toilet papers, one made of virgin cellulose and the other made of recycled paper:  
<https://www.environdec.com/library/epd6894>

## 15 LIFE ON LAND

The Earth ecosystem must be protected and we must safeguard the finite resources that we use. This is why we thoroughly assess the sustainability of the raw materials we use, be they virgin cellulose or paper for recycling. All the cellulose we use originates from forests with a custody chain certified by certification schemes, such as FSC® and PEFC.

The use of paper for recycling for the production of tissue paper reduces the use of cellulose extracted from wood and contributes towards safeguarding biodiversity.



## 17 PARTNERSHIPS FOR THE GOALS

Lucart is fully committed to applying circular business models. Therefore, we favour long-term partnerships with the organisations, agencies and institutions that share our values and goals. As seen with the Natural Project, the circular economy can only function through shared projects and actions coordinated by individual citizens, institutions, and companies.



# 1.8 VALUE CHAIN



## Sustainable Raw Materials

We carefully select the raw materials by preferring the use of recovered fibres and cellulose from supply chains managed according to recognised sustainability criteria.



## Partnership

We encourage genuine partnerships with our suppliers, customers and associations. A continuous and long-lasting partnership is essential to develop new innovative and sustainable solutions.



Our goal is to create value for all our stakeholders



## Education and Research

We take the culture of sustainability into schools because we believe that the development of a sustainable society can only be accomplished if businesses and citizens collaborate actively. Our products must inspire consumers to adopt a conscious, sustainable lifestyle. We support universities and scientific research.





## Self-production of Energy and Heat

We self-produce most of the energy used in the production process with highly efficient methane gas cogeneration turbines and by preferring alternative energy sources.



## Integrated Management Systems

We guarantee quality, hygiene, respect for the environment and the safety of workers by implementing a culture of continuous improvement and adopting integrated management systems.



## Sustainable production

We reduce waste to the minimum and reuse production waste with cutting-edge solutions.

We follow the procedures set out in our management systems to ensure the quality, safety and suitability for use of our products for customers and end-users.

We encourage the use of sustainable packaging by using recycled and recyclable or compostable materials.



## Sustainable mobility

We foster sustainable mobility solutions, such as rail transport of both raw materials and finished products whenever possible.



# 1.9 THE GLOBAL COMPACT PRINCIPLES OUR COMMITMENTS

Lucart is a member of the United Nations Global Compact Network Italy and is committed to respecting and furthering the 10 universal principles adopted by the organisation covering: human rights, labour standards, environmental protection and fighting corruption.



## 1.10 CODE OF ETHICS

Lucart's core values become rules of conduct by implementing and complying with the Code of Ethics. A guide on principles, regulations and rules for directors, statutory auditors, inspection bodies, executives, employees, associates and everyone who has any kind of relationship with the companies of the Group.



Lucart was one of the first companies in Italy to apply for and obtain the **Legality Rating** issued by the Italian Competition and Market Authority (AGCM) to companies that operate in compliance with legal and ethical principles. The score awarded at renewal on 24 January 2023 was **3 stars out of a maximum of 3**.

In keeping with the best international practices, the latest revision of the Code of Ethics defines the fundamental principles and core values of corporate ethics, the rules of conduct and relevant implementation regulations and was approved in March 2022.

The Code is given to all company employees and associates for them to understand its content and implement its values. The Code of Ethics is binding for the conduct of all Group associates (directors, statutory auditors, employees and those who act on Lucart's behalf under specific powers of attorney or proxies). It is also brought to the attention of the people who engage in business relations with the company (customers, suppliers, consultants, etc.), in any capacity and regardless of the type, starting from the negotiation stage.

The Code of Ethics is an integral part of the "Organisational, Management and Control Model" introduced to prevent company liability under Italian Legislative Decree 231/2001.

Furthermore, it is an essential tool to fight against possible risks on the subject of fundamental human rights and any kind of active/passive corruption.

Ethics in entrepreneurial activity is a key element for a company's success and credibility. It is the factor that identifies and strengthens the company's values, to turn them into the foundations and drive for competitive socio-economic development over time. The principles that have always driven and guided our way of doing business lie at the basis of the Code of Ethics: fairness, good faith, transparency, fidelity and loyalty.

### WHISTLEBLOWING

- ⦿ All Recipients of the Code of Ethics can notify in writing through protected information channels of any breach or suspected breach of the Code of Ethics of Professional Conduct. Notifications can also be anonymous but all of them will be assessed by the bodies responsible which, in guaranteeing anonymity to the person making the notification, will judge on a case-by-case basis whether it is appropriate to institute an investigation given the actual circumstances. The confidentiality of the person making the notification is assured, subject to legal obligations. To this end, the Group has made available an alternative reporting channel (Digital PA) suitable for guaranteeing, by computerised means, the confidentiality of the reporter's identity, available at the following address: <https://Lucartgroup.segnalazioni.net>
- ⦿ In 2022, the Supervisory Board received a report of a breach through the Digital PA platform and, with the support of the internal functions, carried out the necessary investigations. Documentary analysis revealed that the report was unfounded.

# 1.1 CERTIFICATIONS

The quality of our products has been confirmed by important certifications.  
(at 31 May 2023)

## ECOLABEL

Lucart S.p.A. is the first Italian company to have been awarded the ecological quality label issued by the European Union that distinguishes products and services with a low environmental impact.



## PEFC E FSC®

Lucart S.p.A. is one of the first Italian paper mills that obtained the PEFC and FSC® (INT-CW-001076, INT-COC-001076) certifications, which ensure the raw materials come from suppliers who implement sustainable forest management systems and have a certified custody chain.

**PEFC**  
(Programme for the Endorsement of Forest Certification)



**FSC®**  
(Forest Stewardship Council®)



## ISO

The Group plants were among the first in Europe to obtain the ISO 9001 quality management system and ISO 14001 environmental management system certifications, for the specific tissue and mono-glazed paper sector.

**ISO 9001** is a voluntary international standard which defines how an efficient Quality Management System should work.

**ISO 14001** is a voluntary international standard which defines how an efficient Environmental Management System should work.

**ISO 50001** is a voluntary international standard which defines how an efficient Energy Management System should work.

**ISO 22716** is a voluntary international standard that defines the guidelines for the production, monitoring, storage and shipping of cosmetic products with the aim of guaranteeing consumers high hygiene and safety standards.

**ISO 45001** is a voluntary standard that defines how an effective Occupational Health and Safety Management System should be developed. All of the Italian plant of the Group are ISO 45001:2018 certified using a multi-site certificate.

## EMAS

The Borgo a Mozzano and Castelnuovo di Garfagnana production facilities were among the first integrated tissue production plants (paper mill and converting at the same site) in Europe to obtain the EMAS environmental registration, the EU eco-management and audit scheme designed for organisations that are committed to assessing and improving their environmental efficiency.

**EMAS**  
(Eco-Management and Audit Scheme)



### DER BLAUE ENGEL

The German ecological-environmental product certification assigned to the French plant of Laval sur Vologne and to the Italian plant in Borgo a Mozzano.



### OK COMPOST

The “OK Compost Industrial” mark certifies that the product is compostable in industrial composting plants.



### IFS HPC (International Featured Standard Household and Personal Care)

The IFS HPC standard is an international certification scheme aimed at ensuring compliance with specific safety and quality standards for private label personal and home care products, through certification audits by third-party bodies.



### CRADLE TO CRADLE™

The certification is a globally recognised measure of safer, more sustainable products made for the circular economy.



### REMADE IN ITALY®

The certification that guarantees the content of recycled materials (or byproducts) within a product or material.



	Porcari	Borgo a Mozzano (Diecimo)	Torre di Mosto	Castelnuovo di Garfagnana	Avigliano	Altopascio (Logistics Centre)	Laval Sur Vologne	Nyergesújfalu	Artziniega Tissue	Artziniega Soap	Aranguren	Blackmore Park
EU Ecolabel	■	■	■	■			■	■	■	■	■	
PEFC	■	■	■	■	■	■	■	■	■		■	
FSC®	■	■	■	■	■	■	■	■	■		■	
ISO 9001	■	■	■	■	■		■	■	■	■	■	■
ISO 14001	■	■		■	■		■	■	■	■	■	■
ISO 50001	■	■		■			■		■	■	■	
ISO 22716										■		
ISO 45001	■	■	■	■	■	■			■	■		■
EMAS		■		■								
Der Blaue Engel		■					■		□			
IFS HPC		■		■	■							
OK Compost			■		■							
Cradle to Cradle™							■					
ReMade In Italy®						■						
CHSA												■

■ certificate □ certification works underway

## 1.12 ECOVADIS

The Group’s Strategic Vision has fostered a growing commitment to social responsibility.

Lucart was awarded the highest social responsibility rating by the independent agency Ecovadis with a Platinum rating in 2022. Only 1% of the over 90,000 companies analysed by Ecovadis worldwide can boast such a result.

The assessment takes into account four important sustainability issues: environment, labour practices and human rights, ethics and sustainable procurement. These are based on international standards, such as the ten principles of the UN Global Compact and the conventions of the International Labour Organisation (ILO).

This achievement rewards the company’s efforts in recent years to promote a sustainable way of producing paper and become a recognised means of communicating to our stakeholders the level of commitment achieved in social responsibility.









# 1.13 CIRCULARITY AND SUSTAINABILITY AS STRATEGIC BUSINESS LEVERS

Lucart is firmly determined to speed up the transition from a linear to a circular economy. The Lucart strategy places the circularity of business models at the centre of business activities and, in particular, encourages:

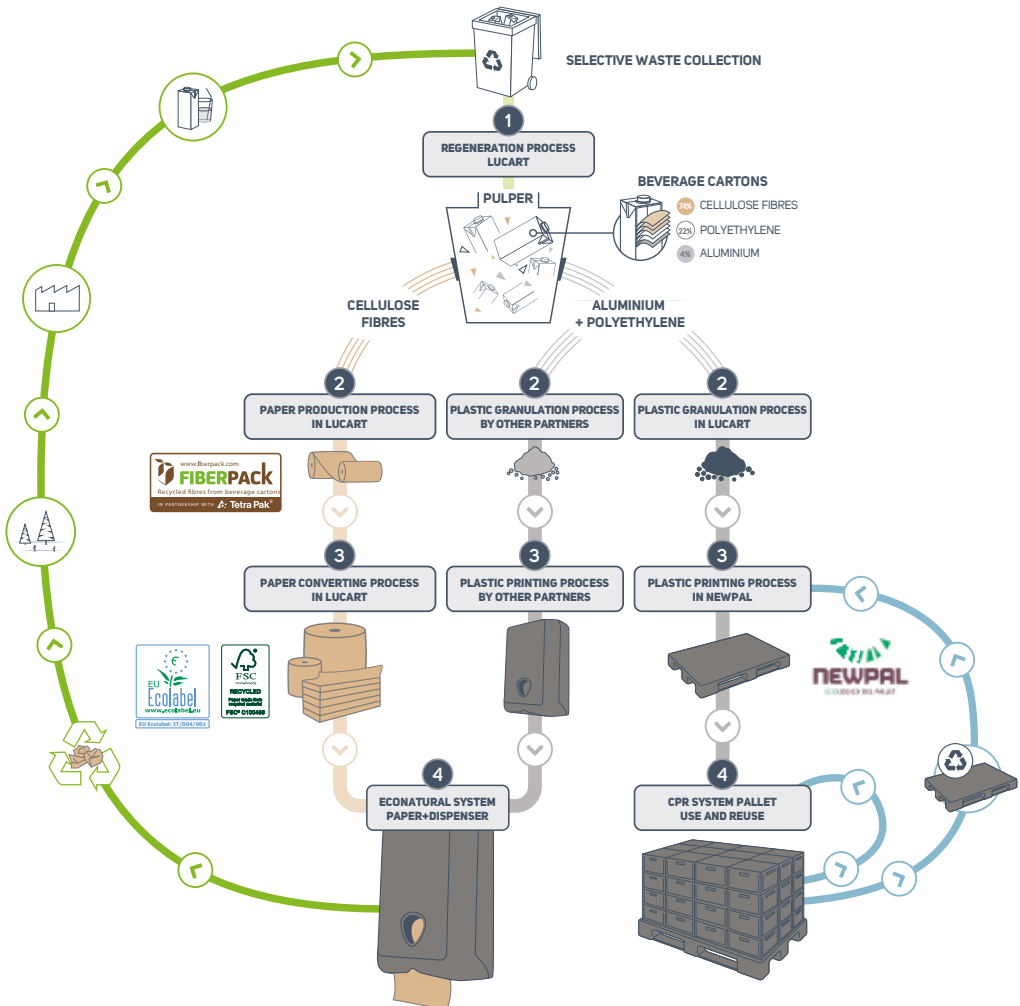


## THE ECONATURAL PROJECT



In 2010, the Lucart R&D department for the use of fibres alternative to virgin cellulose launched an ambitious project aimed at recovering all the materials contained in Tetra Pak® beverage cartons. This type of packaging is widely used in the food industry to protect and preserve food and for its high natural cellulose fibre content that makes it more ecological compared to other packaging materials of fossil origin.

Due to its mixed composition of cellulose fibres (74%), aluminium (4%) and polyethylene (22%), this material is often not recovered at end-of-life or is recovered only partially.



## Stages of the project

# 1

### The New Reclaimed Raw Materials

In the first stage of the project, Lucart hit the objective of creating two new raw materials to separate recovery processes by changing and streamlining the traditional recovery process of paper for recycling in the paper mill.



The Fiberpack® brand identifies the fibrous raw material obtained through our exclusive treatment process of beverage cartons, used to produce Lucart Professional EcoNatural, Fato EcoNatural, Velo EcoNatural, Tenderly Professional EcoNatural and Grazie EcoNatural branded products.



The AL.PE.® brand, which identifies the homogeneous material made of the polyethylene and aluminium component in beverage cartons that other industries use to manufacture products for multiple purposes, spanning from construction and street furniture to everyday objects, such as pens and rulers, mooring poles and floating platforms in Venice, pallets for transporting freight and handtowel and toilet paper dispensers for the Away from Home sector.

# 2

### The Paper + Dispenser System

The second phase of development of the EcoNatural Project saw the combination of the two new, previously obtained raw materials in one single product that offers value to our customers with Fiberpack® paper + AL.PE.® dispenser.



# 3



## Experiences of industrial symbiosis

The third phase took concrete form with the establishment of [Newpal S.p.A.](#), the joint venture with CPR System, which will specialise in the moulding of high-quality recycled pallets.

A new plant has been installed at the Borgo a Mozzano site that can obtain plastic granules from the homogeneous material composed of polyethylene and aluminium obtained from the recycling of beverage cartons. These granules become the raw material for Newpal S.p.A., whose plant is designed specifically to use recycled plastics to mould plastic pallets. The project has made it possible to close the recycling loop of beverage containers made from bonded materials, generating major benefits for the environment and new business opportunities.

The pallets made by Newpal will be used by CPR System, Italy's leading company specialising in the manufacturing, handling and recycling of plastic packaging with collapsible sides and of pallets. CPR System will recover and reuse pallets, which, at the end of their life and after multiple uses, will be introduced back into the industrial process instead of ending up in a landfill.

This collaboration between Lucart and CPR System, brings new benefits for the environment and new business opportunities:

- ⦿ it makes full use of production waste and creates shared value;
- ⦿ it produces a reusable product to be employed in the CPR System circuit, which, at the end of their life, will be recycled to make new pallets;
- ⦿ it offers the market quality pallets made from recycled plastic at an extremely competitive price.



## Sustainable Packaging

**Lucart has always been at the forefront of the study of innovative packaging able to reduce the environmental impact of its products.**

After launching the world's first line of toilet paper with Mater-Bi corn starch packaging in 1997, the company created a series of products with entirely plastic-free packaging in 2019.

The products of the EcoNatural lines are completely ecological because they are, in fact, Ecolabel and FSC® Recycled certified and they have recycled and recyclable paper packaging produced in the Porcari plant.



## The MMC® Circular Business Model



**Lucart promotes relationships with numerous private and institutional stakeholders, useful for the growth and sustainable development of the EcoNatural Project in Europe.**

For this purpose, the MMC® (Municipal Material Cycle) model was created, which was first put to the test in the city of Novo Mesto in Slovenia. The model involved the construction of a circular flow starting from used beverage cartons, collected by the students' families according to local waste collection rules.

Later, with the cooperation of the local waste management company and the consortia that manage, separate and sort the material at their platforms, Lucart received and collected used beverage cartons and recycles them through an exclusive production process. The Fiberpack® EcoNatural line products (handtowels, toilet paper, napkins, etc.) are then sold, together with their dispensers, to a local distribution partner that delivers them to the toilets of public offices, schools, public

companies and sports and leisure centres in the area where the recycled beverage cartons were collected. The entire cycle is carried out under the patronage of the competent municipal administration.

The model was later transferred to two municipalities in Slovakia to help create a genuine sustainability culture.

For more details on the Model, see Chapter 4.

## Overall Results of the EcoNatural Project

In the 2013-2022 period Lucart, considering the tonnes of Fiberpack® paper produced, has contributed to:



**RECOVER**  
more than

**9.1 billion**

beverage cartons<sup>1</sup>



equivalent to a  
distance equal to

**52 times**

travelling around  
the Earth<sup>2</sup>



**AVOID**  
using of more than

**3.9 Million**

of trees<sup>3</sup>



equivalent to an area  
of more than

**13,400**

football fields



**PREVENT**  
più di

**239,500 tCO<sub>2</sub>e**

emitted into  
the atmosphere<sup>4</sup>



equivalent to the  
emissions of more than

**1,842,162**

trips from Rome to  
Milan by car

<sup>1</sup> Considering 1-litre beverage cartons

<sup>2</sup> Considering the cartons stacked one on top of the other

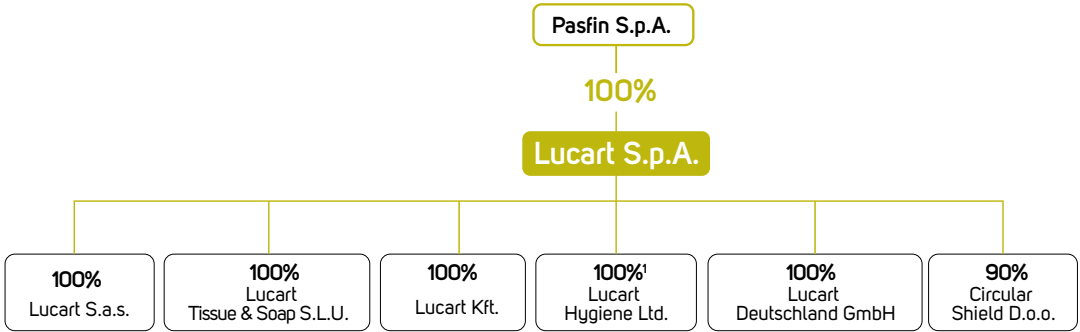
<sup>3</sup> United Nations Environment Programme, Report 2011: Towards a Green Economy

<sup>4</sup> European Union Life Cycle Database (ELCD)

# 1.14 ORGANISATION

## The corporate structure of the group and the percentage of ownership

at 31 March 2023



<sup>1</sup> Lucart S.p.A. sold a minority stake (37%) in Lucart Hygiene Ltd. in 2022 to SIMEST S.p.A., the Italian government agency supporting the internationalisation of Italian companies. The support of SIMEST S.p.A. was implemented by buying forward a minority shareholding. SIMEST S.p.A. is a silent partner and on Lucart S.p.A.’s balance sheet the SIMEST participation is accounted for as “other debt” and not as a transfer of “capital”.

## Board of directors

The **Board of Directors** of Lucart S.p.A., the operating company leading the Lucart Group, with its headquarters in Porcari (Italy), is appointed by the Shareholders’ Meeting and has six members\* with the necessary expertise for responsible management of the Company, concerning the strategic plan drawn up and approved by the Shareholders’ Meeting. The non-executive directors have the requirements of independence required by Art. 148(3) of Italian Legislative Decree 58/1998.

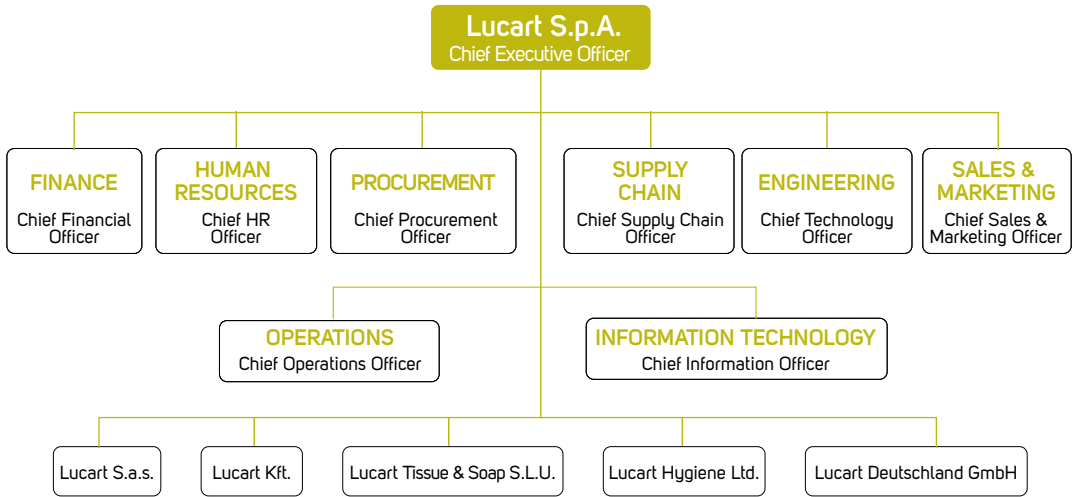
⦿	<b>Massimo Pasquini</b>	(President and CEO)	66 years old	Executive
⦿	<b>Sandro Pasquini</b>	(Executive)	55 years old	Executive
⦿	<b>Alessandro Pasquini</b>	(Executive)	46 years old	Executive
⦿	<b>Francesco Pasquini</b>	(Executive)	43 years old	Executive
⦿	<b>Massimo Innocenti</b>	(Executive)	60 years old	Non-executive
⦿	<b>Guido Carissimo</b>	(Executive)	67 years old	Non-executive

The BoD of Lucart S.p.A. is supported by a **Board of Statutory Auditors** consisting of three professionals.

<sup>2</sup> The members of the Board of Directors of Lucart S.p.A. are six men: 33% aged between 30 and 50, of which 67% are over 50 in age. In 2022, the President and Chief Executive Officer did not hold any other positions within the group or at other subsidiary companies.



## Organisation Chart



## Committees

The following committees have been created to manage the operative activities of Lucart S.p.A. and implement the company's strategic guidelines more effectively:

<b>STRATEGIC COMMITTEE</b>	Consists of the CEO, the executive directors of the Board of Directors, the CFO and the COO. It is in charge of monitoring the progress of the Group's most significant and strategic projects and implementing the measures discussed and approved by the Board of Directors.
<b>ESG COMMITTEE (ENVIRONMENTAL, SOCIAL, GOVERNANCE)</b>	Is chaired by the Chief Executive Officer. Tasks include supporting business processes related to sustainability and the circular economy and aligning them with the strategic objectives of the Group.
<b>MANAGEMENT COMMITTEE</b>	Meets every two weeks and is responsible for coordinating Lucart's operational activities to achieve maximum effectiveness.
<b>ENVIRONMENT AND SAFETY COMMITTEES</b>	Are responsible for ensuring the implementation of environmental and safety requirements at all the production facilities and workplaces of the Group.
<b>COMMITTEE ON INNOVATION AND FACILITATED FINANCE (CIFA)</b>	Operates as an interface between the Grants&Benefits function, the specific technical functions and the company's strategic management.
<b>FINANCIAL RISK COMMITTEE</b>	Defines the hedging guidelines and management strategy for the Group's financial risks: interest rate, currency, commodity and credit.

# 1.15 ORGANISATIONAL MODEL

The Code of the "Organisation, Management and Control Model" introduced to prevent the company's liability under Italian Legislative Decree no. 231/2001 was approved in its first draft on 26 June 2012 and some parts were later amended to follow the company's evolution. It was revised and updated on 18 March 2022.

The model is aimed at preventing the possibility of committing offences according to the decree, including those relating to conflicts of interest, and, consequently, at reducing the company's administrative liability.

The implemented model, based on an accurate analysis of company activities to identify those potentially

at risk, is a set of general principles, rules of conduct, control instruments and organisational procedures, training and informational activities and disciplinary system aimed at assuring, as far as possible, crime prevention.



## Supervisory Board

The Board of Directors has appointed a Supervisory Body, which is responsible for overseeing the proper implementation of the Organisation, Management and Control Model, its effectiveness and any needs for updates. The Model was introduced to prevent company liability under Legislative Decree 231/2001.

The Chairman of the Supervisory Body and the other members were chosen for their particular expertise in the field of the administrative responsibility of entities, corporate processes, corporate governance, and environmental and safety matters. In order to manage its activities autonomously, the Supervisory Body has its own budget, prepares a schedule of

activities and reports periodically to the Board of Directors of Lucart S.p.A. The Supervisory Body also has a regular exchange of information with the Board of Statutory Auditors and with the external auditors.

The Supervisory Board also attends meetings of the Crisis Committee, the Safety Committee and the Environment Committee.

## COVID-19 Crisis Committee

In March 2020, the Crisis Committee was convened in order to put in place all the necessary measures to

effectively counter the spread of Covid-19 and ensure the safe continuity of production. The Committee, chaired by the

Chief Executive Officer, also met regularly during 2022, following the evolution of the pandemic crisis.

# 1.16 MATERIALITY ANALYSIS

Lucart has mapped and evaluated the impacts on the organisation, identifying the issues of the utmost importance for the company and its stakeholder through a Materiality Analysis.



In line with the requirements of the *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards), this Sustainability Report focuses on the **relevant topics (i.e. “material issues”) that reflect significant economic, environmental and social impacts for the company**

**or that may influence stakeholder assessments and/or decisions.**

The focus on impacts was introduced with the recent update of the GRI standards, effective from January 2023. The Materiality Analysis described here complies with the new guidelines.

To identify the materiality themes, it was necessary to:

1. Understand the context
2. Identify the impacts
3. Assess the significance of impacts
4. Prioritise the impacts

The material topics considered by the Group were updated in 2020 when the new topic “Covid-19 impact” following the situation created by the Covid-19 pandemic. The priority stakeholders mapping (listed below) was also updated In 2021 with the direct involvement of Lucart’s top management:

### STAKEHOLDER CATEGORIES FOR LUCART

- |                                 |   |                      |
|---------------------------------|---|----------------------|
| ⊕ Customers and final consumers | ⊕ Local communities                               | ⊕ Trade associations |
| ⊕ Shareholders and financiers   | ⊕ Regulatory bodies                               | ⊕ Trade Unions       |
| ⊕ Employees                     | ⊕ Media   | ⊕ NGOs               |
| ⊕ Suppliers                     | ⊕ Schools, Universities and Research Institutions |                      |

The Materiality Analysis process carried out in 2022 was based, first and foremost, on the identification of the current, potential, positive and negative impacts most relevant to the company and the context within which it operates, divided into the three dimensions of sustainability – economic and governance,

social and environmental – correlated to 14 issues.

A questionnaire was submitted to the ESG committee set up by management to assess which impacts were most significant. A level of significance was defined, based on the aspects of importance and likelihood attached to it for each identified

impact. Based on the resulting scores, a list of priority topics was compiled, the order of which reflects the level of significance for the Group.

The list of material topics and related impacts was validated by the management in the Board of Directors.

The material issues were submitted to the Lucart Group’s stakeholders for evaluation in several ways.

*One-to-one* interviews and a focus group were organised with the NGO and Local Community representatives to present and discuss Lucart’s path towards sustainability and to gather insights useful for the continual improvement of this approach.

A questionnaire focusing on Lucart’s material issues was sent to customers, suppliers, employees, shareholders, schools and universities. The involved stakeholders in the sample were asked to express their opinion on two matters. The first aimed at assessing the level of relevance

of the issue to the various stakeholders, while the second focused on the perception that stakeholders have of the Group’s performance in integrating these issues into corporate policies and strategies.

Finally, for the regulatory bodies, media, trade associations and trade unions categories, document analysis was carried out, tracing, by keywords in publicly available documents and web pages, the possible presence of priority sustainability issues for Lucart.

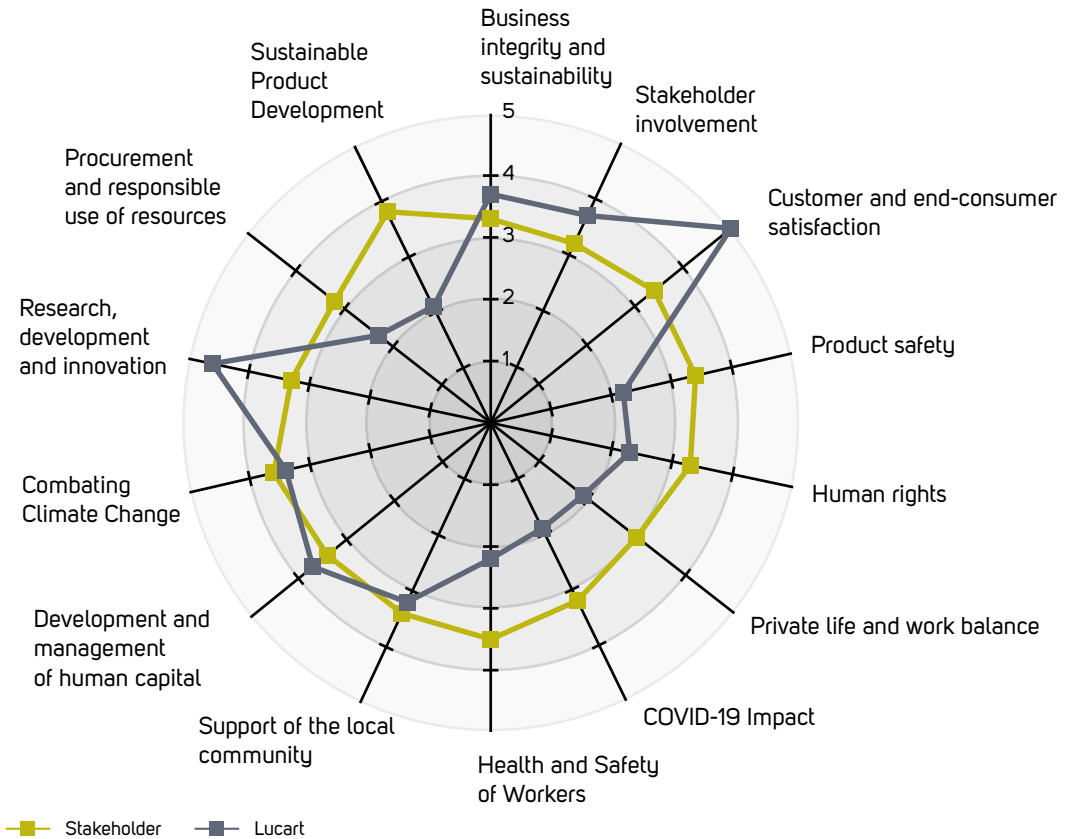
The list of priority material issues published within this document is determined by the impacts found to be most significant internally by Lucart and shows the non-financial

strategic priorities on which the Group is called upon to define a strategy for management and monitoring over the medium and long term. Each topic ordered in this manner is accompanied by the Group’s stakeholders’ judgement of its relevance and Lucart’s performance on it. More in detail, an issue may have a high level of relevance but the perception that stakeholders have of Lucart’s performance may not be aligned with these values, putting the Company in a position to question the reason leading to the distortion and consider whether to take action to reduce the gap.

### List of priority material topics

Area	Material theme	Lucart	Stakeholders
<b>ECONOMIC AND GOVERNANCE</b>	Business Integrity and Sustainability	3.7	3.3
	Stakeholder Engagement	3.7	3.2
	Customer and End-Consumer Satisfaction	5.0	3.4
	Product Safety	2.2	3.4
<b>SOCIAL</b>	Human Rights	2.3	3.3
	Work-Life Balance	1.9	3.0
	COVID-19 Impact	1.9	3.2
	Health and Safety of Workers	2.2	3.5
	Support to Local Communities	3.2	3.4
<b>ENVIRONMENT</b>	Development and Management of Human Capital	3.7	3.4
	Combating Climate Change	3.4	3.6
	Research, Development and Innovation	4.6	3.3
	Procurement and responsible use of resources	2.3	3.2
	Sustainable Product Development	2.1	3.8

## Materiality Analysis



Lucart attributes the greatest importance to **customer and end-consumer satisfaction** and to **research, development and innovation** aimed at offering increasingly sustainable and quality products. The lower score given to the issues of **sustainable product development** and **responsible sourcing of resources**, as well as the **health and safety of workers**, must be interpreted in the light of the experience gained over the years in dealing with these matters: Lucart has been committed for years to

ensuring that its business is as sustainable as possible towards the environment and people, so these issues are now fully integrated and managed by the various functions in charge. Conversely, the higher score given to social issues, particularly **human capital development** and **stakeholder engagement**, denotes the perceived need for the company to focus its efforts on these issues.

Environmental issues, and in particular **sustainable product development**, combating climate change and **health and safety**

**of workers**, are the aspects most valued by stakeholders, consistent with Lucart's choice of having approached these issues for several years now.

For Lucart and its stakeholders alike, **work-life balance** appears to be the relatively least important issue. This is probably because only recently, and in particular with the Covid-19 pandemic, it has begun to be perceived as a necessity to be considered for the achievement of personal well-being.

# 1.17 RISK MANAGEMENT

Due to the nature of its business, the Lucart Group is exposed to certain risks and uncertainties that the management faces through continuous analysis, necessary to identify and classify these and to prepare possible instruments to mitigate them, all in line with the company policy aimed at maximum caution.

For the sake of clarity, we have grouped risks and uncertainties into two macro-categories:



risks and uncertainties related to the business, organisation;



financial risks.



## BUSINESS, ORGANISATIONAL AND CONTEXT-RELATED RISKS AND UNCERTAINTIES

### Coronavirus pandemic risks (Covid-19)

#### RISKS

The spread of the Coronavirus is a complex and unprecedented global emergency in the modern world, with health, social, political and economic implications.

#### ACTIONS FOR RISK REDUCTION

The Directors promptly activated a series of initiatives to deal with the emergency, aimed at safeguarding the health of workers and the business and counteracting its impact on the Group's economic and financial situation.

Although the crisis appears to be coming to an end, the Group is ready to implement further initiatives aimed at safeguarding profitability and the ability to meet its obligations, but it cannot be excluded that the uncertainty generated by the pandemic may continue to negatively affect the economic development of our geographical markets.



## Risks Associated with Global Economic Trends

### RISKS

As for all the companies operating in our sector, some cost factors can only be partially monitored because they are influenced by international macroeconomic trends.

The Group's target market is indirectly dependent on consumer purchasing power and propensity to consume, as well as general economic trends. Events of political instability and/or economic recession in a geographic market that is significant for the Group's sales could adversely affect our business, financial and capital position.

### ACTIONS FOR RISK REDUCTION

Diversification of geographic markets, expansion of the customer portfolio and product mix, and customer retention and service policies are actions to mitigate the risk described.

Reference may be made to the Price Risk section for the examination of the potential impact of global economic developments on purchase prices in our main production factors.

## Competition Risk

### RISKS

The Group, like any other company operating in the industry, is subject to the actions of other manufacturers that could cause its market share to shrink. This risk relates to the possibility that competitors may bring new products onto the market that can compete with those of the Group.

### ACTIONS FOR RISK REDUCTION

In addition to the continuous monitoring of the market to identify the entry of new competing products in good time, the Group manages risk by pursuing both a policy of continuous product and process innovation and a policy of expanding its product portfolio.

It must not be underestimated that the know-how in processing recovered cellulose fibres and producing high-quality recycled paper, acquired over more than 70 years of business, represents a further important competitive advantage over many competitors.

## Geopolitical Risks

### RISKS

In a globalised market such as the one in which we work, it is not possible to rule out in advance that events caused by the foreign policy of one country may influence the domestic political dynamics and economy of another country or region in unpredictable ways.

As the conflict between Russia and Ukraine has unfortunately shown recently, this risk can also extend significantly to energy costs.

### ACTIONS FOR RISK REDUCTION

Geographical differentiation of suppliers of raw and auxiliary materials, as well as the expansion of our outlet markets at the European level, are part of the actions implemented to mitigate risk in all Group companies.

As far as energy costs are concerned, reference may be made to that expressed regarding climate change, but it must be said here that any interruption of gas or electricity supplies would inevitably bring the involved production plants to a standstill. However, the companies of the Group have no exposure to the areas affected by the conflict between Russia and Ukraine.

## Climate Change Risks

### RISKS

Climate change could, first and foremost, cause damage to our production facilities due to catastrophic weather events. It is also very likely that the fight against climate change will bring increased energy costs.

### ACTIONS FOR RISK REDUCTION

As regards possible damage to our production plants due to the weather, the analyses and studies carried out have not revealed situations of particular risk or danger. In addition, the spread of production activities across several plants in different locations is an indirect form of insurance on business continuity in the event of environmental disasters limited to specific geographical areas.

With regards to impacts on energy costs, in addition to pursuing a decarbonisation and energy efficiency policy at its production plants, the Group adopts specific hedging, where appropriate, also by using more and more renewable sources to protect itself against any sudden increases in energy costs.

For some years now, the Group has also had an Environmental Committee in place, whose tasks include the analysis of the environmental, climate and hydrogeological situation in the geographical areas where production plants are located.

Weather damage is also covered by a specific insurance policy.

## Risks Associated with the Set of Rules and the Regulation of Target Business Sectors

### RISKS

National and EU laws and regulations can have a significant impact on various areas of the Group companies' activities, such as safety, environmental protection, tax and customs aspects, labour law, etc.

### ACTIONS FOR RISK REDUCTION

The Lucart Group's managers deal with the analysis of risks related to legal and regulatory obligations in their area of competence also through the support of the Group's legal department, participation in trade associations and continuous discussions with consultants and experts in the sector.

Lucart S.p.A. has adopted an organisation, management and control model to prevent predicate offences covered in (It.) Legislative Decree 231/2001 with the creation of a supervisory body appointed for this purpose

In early 2022, the model was revised to update it to organisational changes and the latest case law and doctrine. It should be noted that to ensure the proper behaviour of its employees in all contexts, a Group code of ethics and anti-corruption policy has been drawn up and adopted.



## Risks Associated with Disputes and Potential Liabilities

### RISKS

Disputes with customers, suppliers, employees or other actors may generate contingent liabilities that must be properly estimated and evaluated.

### ACTIONS FOR RISK REDUCTION

Through its legal department, though also with the support of external professionals for specific issues, the Group assesses all potential risks associated with disputes and defines, on a case-by-case basis, the need for any allocations to be made in the risk fund.

## Cyber Risks

### RISKS

This is an issue whose relevance has grown a great deal in recent years, as have the known cases of companies suffering cyber-attacks with negative impacts on business and production continuity or even the need to pay ransoms.

### ACTIONS FOR RISK REDUCTION

The Group, through its IT department, has identified the main risk areas and implemented appropriate protection tools. As this is a constantly evolving issue, cyber risks are monitored on a constant and ongoing basis.

The Group has also taken out a specific insurance policy to cover damage caused by cyber attacks. In addition, a 24x7 cyber attack monitoring service with Deloitte's Cybersecurity Practice was introduced in 2021.

## Product risks

### RISKS

Although most of our products have limited risks about potential quality problems, harmfulness, the dangerousness of use or expiry, the risk of returns or the need for recalls cannot be excluded a priori, with consequent damage to image or, in the worst case, litigation in the event of customer risk.

### ACTIONS FOR RISK REDUCTION

The Group has defined the scope of the quality, environment and product safety management systems, within which to apply the risk management processes for the identification and assessment of the relevant risks.

Based on the result of the evaluation, Management evaluates the need to implement possible measures to monitor and/or mitigate the specific risk.



## FINANCIAL RISKS

### Market Risk

#### RISKS

Market risk is the risk related to unforeseen effects on the market value of assets and liabilities generated by adverse changes in market prices.

Market risk comprises three types of risk: price risk, exchange rate risk and interest rate risk.

#### ACTIONS FOR RISK REDUCTION

To mitigate the impact of market financial risks on economic and financial results, the Group regularly monitors risk exposures and resorts to instruments, mainly derivatives, for hedging purposes.

Market financial risks are supervised by a committee set up in financial year 2022 to ensure that the overall risk exposure does not exceed the capital and economic capacity of the Group, to ensure sustainable long-term performance.

During the year, the Group also set up a procedure for managing and monitoring financial market risks, defining roles and responsibilities within the organisation and permitting hedging activities.

Financial risks and hedging instruments are managed and monitored centrally through the established Group Treasury function.

### Price Risk (or Commodity Risk)

#### RISKS

The main raw materials we use are virgin cellulose and recycled paper (paper for waste) whose market price is determined by global demand and offer trends.

#### ACTIONS FOR RISK REDUCTION

Our procurement policy involves an accurate selection and differentiation of suppliers and the constant search for alternative sources and raw materials. It is based on well-established supply relationships with top suppliers

Furthermore, even with differing responsiveness and timing between our business areas, there is a correlation between the purchase price of fibrous raw materials and the selling price of products.

Finally, the Group's management always carefully assesses whether to adopt both specific hedges on the price of cellulose and changes in the stocks of these materials to benefit from more favourable price conditions.

## Exchange Rate Risk

### RISKS

The Lucart Group is exposed to the financial risk arising from exchange rate fluctuations that originate from operating in an international context where transactions, both commercial and financial, may be denominated in a currency other than the reporting currency.

The main exchange rates against the euro that represent a risk for the Group are in the following currencies: US dollar (USD), Hungarian forint (HUF), and British pound (GBP).

### ACTIONS FOR RISK REDUCTION

The Lucart Group adopts a foreign exchange risk hedging policy to protect both budget margins (hedging of expected flows) and outstanding assets and liabilities denominated in a currency other than the reporting currency.

The risk of exchange rate fluctuations is mainly hedged through forward options or contracts.

## Interest Rate Risk

### RISKS

The Lucart Group uses external financial resources in the form of loans and uses available cash in bank deposits.

Changes in market interest rates affect the cost and yield of various forms of financing and loans, thus affecting the level of financial expenses and income.

### ACTIONS FOR RISK REDUCTION

Management regularly assesses exposure to the risk of interest rate changes and manages it by resorting to the least costly forms of financing.

The cost of bank borrowing is mainly parameterised to the Euribor rate for the period plus a spread that depends on the type of credit line used. The applied margins are comparable to the best market standards.

This year, the Group also took steps to acquire derivative financial instruments (plain vanilla) to reduce the risk of interest rate fluctuations on existing medium-to long-term loans.

As part of the growth and development plan of the Lucart Group from an ESG and circular economy perspective, an innovative interest rate risk hedging contract incorporating ESG objectives on a loan backed by Sace's Green Guarantee was finalised with a leading bank in 2022.

This instrument provides a reward mechanism in the case of reaching ESG targets and a penalty with a social destination (donation to a non-profit organisation) if they are not achieved.

## Credit Risk

### RISKS

The Lucart Group is exposed to credit risk arising from its business activities with its customers. The risk is represented by the potential effects that would emerge if one of the counterparties were unable to meet its obligations either temporarily or permanently.

### ACTIONS FOR RISK REDUCTION

Though adopting internal commercial policies to monitor the creditworthiness of customers, the Group insures most of its receivables to further reduce the risks of non-collection with primary insurance companies.

Furthermore, a great part of our customers are international companies and facilities belonging to the large-scale retail channel for which timely information regarding economic and financial performance is available in the market.

However, the difficult global economic and financial situation led to a drop in a number of approved requests for credit and therefore customer solvency is carefully evaluated also by our credit management operators, who in some cases can grant an additional line of credit concerning the one guaranteed by the insurance company.

For the sake of completeness, it should be noted that no significant credit losses were incurred in 2022.



## Liquidity Risk

### RISKS

Liquidity risk concerns the availability of financial resources and access to the credit market.

The main **internal factors** affecting the Lucart Group's liquidity situation are, on the one hand, the resources generated and absorbed by operations and, on the other hand, those used in investments made in production and strategic development and debt service.

Significant **external factors** that may affect the availability of adequate financial resources for the Group include international credit market trends, which are closely related to the trends of the global economy and the effects of the energy crisis generated by the conflict between Russia and Ukraine mentioned in the previous paragraphs.

### ACTIONS FOR RISK REDUCTION

With regard to internal factors, the Lucart Group constantly monitors the performance of cash and cash equivalents, cash flows (actual and forecast) and available lines through appropriate treasury reports.

As far as external factors are concerned, the trend in raw material and energy costs during 2022 undoubtedly led to a cash absorption in operations, which the Group dealt with through more prudent management of inventories and purchases and increasing sales prices

During the first part of 2022, the main loan agreements were also renegotiated to adjust the credit lines to the strategic investment and growth targets envisaged for the coming years.

In any case, the management will review the timing of the investments to be made should this be required by liquidity issues, also to comply with the financial parameters envisaged in the existing contracts, reformulating it in line with the development plans, while confirming the interventions aimed at maintaining high levels of production efficiency and quality.

Finally, it should be noted that to date, the Group has credit lines with different banks that are adequate for its liquidity needs (non-revolving credit lines were available for approximately EUR 36 million on 31 December 2022), also in light of the Group's capital structure and the balance between short- and medium/long-term sources and loans.

Consequently, the Management estimates that, given the assumed reference market trend and the expected economic-financial data for the next few years, the Group can fulfil its obligations within a foreseeable horizon.

## Personal Data Protection and Privacy

Lucart has always placed a special focus on change and innovation and has defined an organisational model for the protection of personal data, identifying roles and responsibilities both inside and outside the governance functions that process data. Procedures for managing the GDPR requirements following the Regulation were also defined and in 2021 Lucart S.p.A. Appointed an external Data Protection Officer (DPO).

The background features a stylized illustration of a tree with thick, golden-brown branches and various shades of teal and green leaves. A prominent white and green curved line arches across the middle of the page, framing the text.

**#  
love  
your  
self**



# The People

WE ENGAGE PEOPLE BY SHARING  
OUR IDEAL FOR A BETTER FUTURE  
WITH EVERYONE

*We work together following  
an organisational model based  
on transparent principles*

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)



## 2.1 PRINCIPLES



### SHARING

It is the ability to share information and values accurately, transparently and comprehensively to establish and maintain long-term relationships with colleagues and all the Company's stakeholders.



### CARING

It is the attitude of taking care of oneself, one's co-workers and the community at large, creating relationships of mutual trust based on respect for people, the environment and business sustainability.



### RESPONSIBILITY

It is the ability to meet commitments, resolve unexpected situations, and always be a helpful and reliable reference for colleagues, co-workers, and other stakeholders.



### VISION

It is the desire to enhance one's professionalism, proposing, or contributing to the success of, new organisational and process solutions that can benefit all stakeholders.



## 2.2 COMMUNICATION PLAN

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
<b>Customers and final consumers</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Sustainable Product Development ☉ Responsible Sourcing ☉ Product Safety ☉ Customer Satisfaction	Newsletter	• Sales Division	Monthly	Analytics
	Conventions	• Marketing Division	Yearly	Q&A
	Meetings	• Sales Division	Miscellaneous	Q&A
	Surveys	• Marketing Division • Sales Division	Yearly	Analytics
	Website	• Marketing Division • Corporate Communication	Continuous	Analytics
	Agents	• Sales Division	Miscellaneous	Q&A
	Mobile App	• Marketing Division	Continuous	Analytics
	Social Networks	• Marketing Division • Corporate Communication	Continuous	Analytics
	Guided Facility Tours	• Sales Division • Corporate Communication	Yearly	No. of Visitors
	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Trade Shows	• Sales Division • Marketing Division • Corporate Communication	Miscellaneous	Q&A
	Free-Phone Number	• Marketing Division	Continuous	No. of Calls
	Product Packaging	• Marketing Division	Continuous	–
	Catalogs	• Marketing Division	Yearly	–
	<b>Shareholders and investors</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Sustainable Product Development ☉ Responsible Sourcing ☉ Research, Development and Innovation	Commercial Communications	• Marketing Division	Miscellaneous
Certifications		• Q&E Division	Continuous	–
Sustainability Report		• Corporate Communication	Yearly	No. of Downloads
Press Releases		• Corporate Communication	Miscellaneous	Diffusion
Direct Contacts		• BoD • Finance Division	Miscellaneous	Q&A
Website		• Corporate Communication	Continuous	Analytics
Social Networks		• Corporate Communication	Continuous	Analytics
Dedicated Meetings		• BoD • Finance Division	Miscellaneous	Q&A
Surveys	• Corporate Communication • Finance Division	Miscellaneous	Analytics	
Sustainability Report	• Corporate Communication	Yearly	No. of Downloads	

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
<b>Employees</b> ☉ Business Integrity and Sustainability ☉ Combating Climate Change ☉ Health and Safety of Workers ☉ Human Rights ☉ Human Capital Development ☉ Work-life balance	Newsletter	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Monthly	Analytics
	Noticeboards	<ul style="list-style-type: none"> <li>Plant Division</li> <li>Corporate Communication</li> <li>HR Division</li> </ul>	Continuous	–
	Working Groups	<ul style="list-style-type: none"> <li>All Departments</li> </ul>	Miscellaneous	Q&A
	Surveys	<ul style="list-style-type: none"> <li>HR Division</li> <li>Corporate Communication</li> </ul>	Yearly	Analytics
	Social Networks	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Intranet	<ul style="list-style-type: none"> <li>HR Division</li> </ul>	Continuous	Analytics
	Website	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Press Releases	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Diffusion
	Sustainability Report	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Yearly	No. of Downloads
<b>Suppliers</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Sustainable Product Development ☉ Responsible Sourcing ☉ Human Rights	Website	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Social Networks	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Dedicated Meetings	<ul style="list-style-type: none"> <li>Purchasing Division</li> </ul>	Miscellaneous	Q&A
	Direct Contacts	<ul style="list-style-type: none"> <li>Purchasing Division</li> </ul>	Miscellaneous	Q&A
	Press Releases	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Diffusion
	Surveys	<ul style="list-style-type: none"> <li>Corporate Communication</li> <li>Purchasing Division</li> </ul>	Miscellaneous	Analytics
	Sustainability Report	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Yearly	No. of Downloads
<b>Local communities</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Health and Safety of Workers ☉ Human Rights ☉ Support to Local Communities	Press Releases	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Diffusion
	Sustainability Report	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Yearly	No. of Downloads
	Website	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Social Networks	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Direct Contacts	<ul style="list-style-type: none"> <li>Corporate Communication</li> <li>Plant Division</li> </ul>	Miscellaneous	Q&A
	Surveys	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Analytics
	Guided Facility Tours	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Yearly	No. of Visitors

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
<b>Regulatory bodies</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Responsible Sourcing ☉ Health and Safety of Workers ☉ Product Safety ☉ Human Rights ☉ Support to Local Communities ☉ Combating Climate Change	Direct Contacts	• Operation Division	Miscellaneous	Q&A
	Dedicated Meetings	• Operation Division	Miscellaneous	Q&A
	Website	• Corporate Communication	Continuous	Analytics
	Sustainability Report	• Corporate Communication	Yearly	No. of Downloads
	Audit	• Operation Division • Plant Division	Yearly	Report
	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Social Networks	• Corporate Communication	Continuous	Analytics
<b>Media</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Product Safety ☉ Human Rights ☉ Support to Local Communities ☉ Responsible Sourcing	Direct Contacts	• Corporate Communication • Marketing Division	Miscellaneous	Q&A
	Meetings	• Corporate Communication • Marketing Division	Miscellaneous	Q&A
	Website	• Corporate Communication • Marketing Division	Continuous	Analytics
	Surveys	• Corporate Communication	Miscellaneous	Analytics
	Sustainability Report	• Corporate Communication	Yearly	No. of Downloads
	Direct Contacts	• Operation Division • Corporate Communication	Miscellaneous	Q&A
	Dedicated Meetings	• Operation Division • Corporate Communication	Miscellaneous	Q&A
<b>Schools/universities &amp; research organisations</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Human Capital Development ☉ Support to Local Communities ☉ Research, Development and Innovation	Guided Facility Tours	• Operation Division • Corporate Communication	Miscellaneous	No. of Visitors
	Surveys	• Corporate Communication	Miscellaneous	Analytics
	Website	• Corporate Communication	Continuous	Analytics
	Working Groups	• Operation Division	Miscellaneous	Project Objectives
	Social Networks	• Corporate Communication	Continuous	Analytics
	Sustainability Report	• Corporate Communication	Yearly	No. of Downloads

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
<b>Trade associations</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Human Capital Development	Direct Contacts	<ul style="list-style-type: none"> <li>Operation Division</li> <li>Corporate Communication</li> </ul>	Miscellaneous	Q&A
	Dedicated Meetings	<ul style="list-style-type: none"> <li>Corporate Communication</li> <li>Operation Division</li> </ul>	Miscellaneous	Q&A
	Press Releases	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Diffusion
	Website	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Social Networks	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Sustainability Report	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Yearly	No. of Downloads
	Working Groups	<ul style="list-style-type: none"> <li>Operation Division</li> </ul>	Miscellaneous	Q&A
<b>Trade unions</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Health and Safety of Workers ☉ Human Capital Development ☉ Human Rights	Dedicated Meetings	<ul style="list-style-type: none"> <li>HR Division</li> <li>Plant Division</li> </ul>	Miscellaneous	Q&A
	Press Releases	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Diffusion
	Direct Contacts	<ul style="list-style-type: none"> <li>HR Division</li> </ul>	Miscellaneous	Q&A
	Working Groups	<ul style="list-style-type: none"> <li>HR Division</li> </ul>	Miscellaneous	Q&A
	Sustainability Report	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	No. of Downloads
	Bacheche	<ul style="list-style-type: none"> <li>HR Division</li> </ul>	Miscellaneous	_
<b>NGOs</b> ☉ Business Integrity and Sustainability ☉ Stakeholder Engagement ☉ Combating Climate Change ☉ Responsible Sourcing ☉ Human Rights ☉ Support to Local Communities	Press Releases	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Diffusion
	Website	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Social Networks	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Continuous	Analytics
	Direct Contacts	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	Q&A
	Sustainability Report	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Yearly	No. of Downloads
	Guided Facility Tours	<ul style="list-style-type: none"> <li>Corporate Communication</li> </ul>	Miscellaneous	No. of Visitors

## Main stakeholder communication types and channels

In addition to the stakeholder engagement activity carried out for the purposes of priority material topics, Lucart carries out various stakeholder engagement activities. Information channels with various stakeholders have different updating frequencies; this may be weekly for the website and social networks, monthly or quarterly for some meetings on specific topics with trade unions or annual for surveys, guided facility tours, open days and agent conventions.

## 2.3 RELATIONS WITH PERSONNEL

At its core, Lucart Group is geared towards people.

This is why Lucart safeguards and promotes their value, growth and success to improve and increase assets and competitiveness.

Lucart is an equal-opportunity

employer. Recruitment is based on professional qualifications, abilities, merit, skills and experience, with no discrimination for religion, gender, race, political beliefs or trade-union affiliation.

In 2022, the ratio of the maximum total annual salary to the median salary of the other employees (excluding the person receiving the maximum salary) was 6.03.



### TRAINING AND HORIZONTAL TECHNICAL SKILLS

All training courses which are not part of the occupational safety programme are planned following a needs analysis.

The Human Resources Department, in collaboration with the individual Business Departments, defines the requests for training requirements for the Group’s employees during the annual planning.

Based on the training priority criteria and fair resource allocation, the Human Resources Department plans the training programmes to be implemented by choosing the appropriate professionals with whom they will define specific content and manage the organisational aspects of the intervention.

Any additional requests that emerge after the initial collection of training requirements or due to changes in organisational, technological and regulatory perspectives are discussed and evaluated by the Human Resources



Department in conjunction with the department managers.

The training programme implemented for individual employees is not standardised for the type of business role but it is structured on a case-by-case basis, according to knowledge and skills to bridge any gaps between what is expected and required by the role in terms of technical knowledge and horizontal skills.



All newly hired personnel and managers receive a **four-week induction course** (“onboarding weeks”), scheduled at different times of the year. Each week is dedicated to one of the four cornerstones of Lucart’s people strategy: **sharing, caring, accountability and vision.**

During the onboarding weeks, the newly hired person is given a practical insight into the company’s vision, our commitment to sustainability, and the particularities and challenges of our business through the direct accounts of managers and colleagues from the various company departments.

## LUCART ACADEMY

The Lucart Academy project was launched at the end of 2019. The programme aims at consolidating the knowledge of young Lucart engineers on technical and management issues. They were followed by several tutors identified mainly in the Manufacturing, Engineering and R&D areas.

Starting in September 2020, the first seven participants began to attend classes led by Lucart trainers. The young engineers were supported by company technical experts who tutored them in the classroom, on the job and through

virtual lessons, in full respect of the current COVID-19 safety regulations and company protocols.

The first 90 hours in the classroom focused on a cross-disciplinary approach related to organisation and corporate values, industrial processes, sustainability and business positioning were addressed. In 2021, the training programme was concluded completing four technical and production improvement projects.

In 2022, Academy training focused on aspects of management and leadership development to provide

participants with the necessary skills for the effective management of human resources and cross-functional relationships. A major training course on cybersecurity was completed for all Group companies in 2022.





## SKILLS ASSESSMENT

At Lucart we firmly believe that planning and formalising the process by which workers’ skills are assessed adds significant value to our company. It is an act of transparency, clarity and loyalty that helps the organisation and its people to be fully aware of the values in which we believe and of the relationship styles that we intend to promote to improve the well-being of people and their performance.

In other words, Lucart views the Human Resource assessment as a process that guides people and helps them enhance their particular useful skills, improve their results and increase the value of the human capital.

Skill Mapping is the process by which we assess the soft and technical skills of Lucart employees to identify both potential areas of improvement and strengths to be enhanced. It is also used as a guide for

people to the company’s strategic behaviours (Evaluation and Improvement).

Loyal to this vision, Lucart has structured the skills assessment process, extending its scope and fine-tuning its tools, aware that this is a constantly changing process, both concerning the underlying methodological assumptions and technological evolution, which will make it possible to simplify the administrative part of the process and will support users (assessors and assesseees) in reading, analysing and interpreting the assessments made.

The process was not performed in Italy due to the migration to a new Human Resources management software in 2022. This new software will foster group integration and standardisation of all corporate HR processes, including the skills assessment process. Therefore,

Lucart has implemented the changes in preparation for the new management system, which will be introduced in 2023 for the whole group consisting in simplifying and personalising the assessment scheme compared to previous editions, including references to company values and the technical skills of company roles. There remains the possibility of self-assessment by employees, who will be assessed by their manager at a later time.

Self-assessment and assessment by another person are both always followed by feedback, in which all managers are invited to share their thoughts with their collaborators, making this an opportunity for exchange on how employees assess themselves and are assessed by their managers. The explicit goal of this phase is to have a positive impact on the development and improvement of behaviours, performance and personal growth.

### Percentage of employees who received a regular professional development assessment by category and gender

Qualification	Year	M	W
MANAGERS	2020	14%	25%
	2021	13%	5%
	<b>2022</b>	<b>28%</b>	<b>61%</b>
WHITE COLLARS	2020	13%	19%
	2021	14%	6%
	<b>2022</b>	<b>23%</b>	<b>20%</b>
BLUE COLLARS	2020	15%	41%
	2021	9%	30%
	<b>2022</b>	<b>21%</b>	<b>54%</b>



## SMART WORKING

The “Lavoro Agile” pilot project started in March 2020. One of the Company’s main objectives is to achieve a better work and home life balance for employees that goes in hand with a focus on environmental sustainability, as well as a higher quality of work and improved organisation of internal spaces.

The first departments involved in the project, following a feasibility analysis that also took into account the expected benefits in the individual company departments, were the Away from Home Marketing Department, the

Purchasing Department and the entire Information and Technology Department based in the Italian plants of the Group.

The workers of these company departments were able to join the project voluntarily, signing an individual agreement as provided for by Italian Legislative Decree 81/2017. All participants could work outside of their office location once or twice a week as defined by their managers.

The pilot project lasted for eight months, from 2 March to 31 October 2020. The feedback

from the personnel involved was positive. Following the worldwide emergency that occurred at the same time as the experiment, smart working became widespread in the company, involving all offices and functions in all the Group’s plants.

At the end of the Covid-19 emergency period, Lucart has therefore decided to continue to offer remote working in the work organisation for all those who work in the office.





## 2.4 LUCART PERSONNEL STRUCTURE

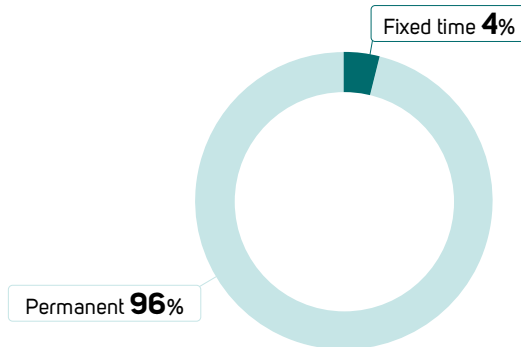
The data in the following tables refer to the company's structure as of 31 December 2022.

### Total number of employees with relevant breakdown by contractual type and gender

Type of contract	Year	M	W	Tot.
FIXED TIME	2020	64	16	80
	2021	83	21	104
	<b>2022</b>	<b>55</b>	<b>18</b>	<b>73</b>
PERMANENT	2020	1,325	178	1,503
	2021	1,392	207	1,599
	<b>2022</b>	<b>1,422</b>	<b>216</b>	<b>1,638</b>

In 2022, the number of non-employee workers in the Lucart Group is 221, of whom 208 are on temporary contracts and 13 on traineeships.

### % Employees by contract type



### Geographical distribution of employees by contract type

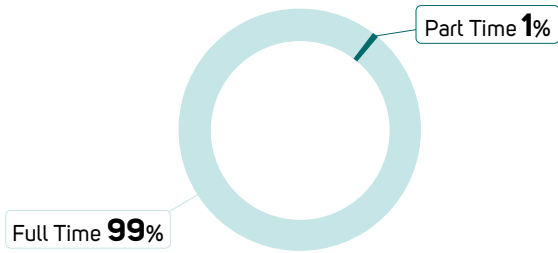
Type of contract	Year	Italy	Hungary	Germany	France	Spain	Uk	Slovenia	TOT.
FIXED TIME	2020	6	0	0	20	54	-	0	80
	2021	11	0	0	49	44	0	0	104
	<b>2022</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>50</b>	<b>15</b>	<b>0</b>	<b>0</b>	<b>73</b>
PERMANENT	2020	969	89	5	268	172	-	0	1,503
	2021	970	85	6	275	177	83	3	1,599
	<b>2022</b>	<b>978</b>	<b>73</b>	<b>5</b>	<b>287</b>	<b>199</b>	<b>92</b>	<b>4</b>	<b>1,638</b>

### Total number of employees with relevant breakdown by contractual type and gender

Type of contract	Year	M	W	Tot.
PART TIME	2020	14	18	32
	2021	9	17	26
	<b>2022</b>	<b>6</b>	<b>13</b>	<b>19</b>
FULL TIME	2020	1,375	176	1,551
	2021	1,466	211	1,677
	<b>2022</b>	<b>1,471</b>	<b>221</b>	<b>1,692</b>

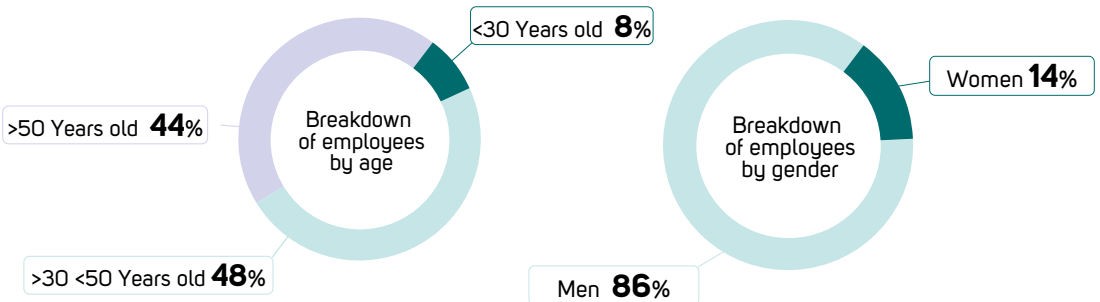
### % Part time and full time employees

Employees with a Full Time contract are those whose contractual working hours correspond to the hours/days of the law of the country in which they were hired.



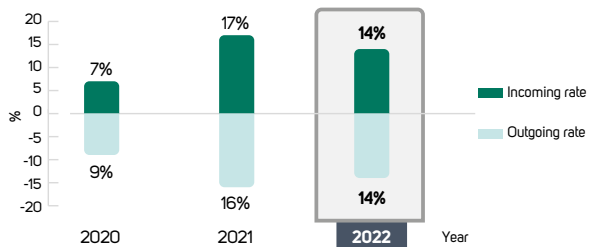
### Breakdown of employees by age, qualification, gender

Qualification	Year	<30 Years old		>30-50< Years old		>50 Years old		Tot.
		M	W	M	W	M	W	
MANAGERS	2020	0	1	63	11	49	4	128
	2021	0	1	75	14	59	7	156
	<b>2022</b>	<b>1</b>	<b>0</b>	<b>60</b>	<b>15</b>	<b>72</b>	<b>6</b>	<b>154</b>
WHITE COLLARS	2020	20	10	158	82	78	28	376
	2021	18	14	146	86	90	30	384
	<b>2022</b>	<b>23</b>	<b>10</b>	<b>149</b>	<b>87</b>	<b>91</b>	<b>34</b>	<b>394</b>
BLUE COLLARS	2020	63	5	562	30	396	23	1,079
	2021	79	21	558	37	442	23	1,160
	<b>2022</b>	<b>86</b>	<b>12</b>	<b>518</b>	<b>44</b>	<b>477</b>	<b>26</b>	<b>1,163</b>



## Total number and rates of new and terminated employees by age group, gender and geographical area

Area	Year	<30 Years Old				>30-50< Years Old				>50 Years Old				Tot. <sup>1</sup>	
		M		W		M		W		M		W		in	out
		in	out	in	out	in	out	in	out	in	out	in	out		
ITALY	2020	3	14	4	3	7	12	1	2	2	24	0	0	17	55
		8%	39%	80%	60%	1%	3%	2%	3%	1%	6%	0%	0%	2%	6%
	2021	38	29	4	4	37	28	3	4	6	28	0	2	88	95
		4%	3%	0%	0%	4%	3%	0%	0%	1%	3%	0%	0%	9%	10%
	2022	<b>13</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>24</b>	<b>13</b>	<b>7</b>	<b>7</b>	<b>4</b>	<b>24</b>	<b>1</b>	<b>1</b>	<b>51</b>	<b>52</b>
	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>5%</b>		
FRANCE	2020	8	11	5	7	16	7	4	2	1	11	2	2	36	40
		38%	52%	71%	100%	13%	6%	15%	7%	1%	13%	8%	8%	13%	14%
	2021	35	19	23	17	29	19	9	8	14	11	4	4	114	78
		11%	6%	7%	5%	9%	6%	3%	3%	4%	3%	1%	1%	35%	24%
	2022	<b>45</b>	<b>33</b>	<b>16</b>	<b>16</b>	<b>24</b>	<b>24</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>14</b>	<b>0</b>	<b>1</b>	<b>106</b>	<b>93</b>
	<b>13%</b>	<b>10%</b>	<b>5%</b>	<b>5%</b>	<b>7%</b>	<b>7%</b>	<b>4%</b>	<b>1%</b>	<b>2%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>31%</b>	<b>28%</b>	
HUNGARY	2020	3	2	1	1	13	8	5	5	0	2	1	4	23	22
		27%	18%	100%	100%	34%	21%	29%	29%	0%	13%	17%	67%	26%	25%
	2021	2	4	1	1	6	12	3	7	4	7	2	4	18	35
		2%	5%	1%	1%	7%	14%	4%	8%	5%	8%	2%	5%	21%	41%
	2022	<b>2</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>9</b>	<b>4</b>	<b>3</b>	<b>25</b>	<b>33</b>
	<b>3%</b>	<b>4%</b>	<b>0%</b>	<b>1%</b>	<b>12%</b>	<b>16%</b>	<b>7%</b>	<b>6%</b>	<b>7%</b>	<b>12%</b>	<b>5%</b>	<b>4%</b>	<b>34%</b>	<b>45%</b>	
SPAIN	2020	8	3	2	1	25	6	3	1	3	13	0	3	41	27
		57%	21%	67%	33%	17%	4%	23%	8%	7%	32%	0%	38%	18%	12%
	2021	3	6	0	2	21	17	4	1	5	11	1	2	34	39
		1%	3%	0%	1%	10%	8%	2%	1%	2%	5%	1%	1%	15%	18%
	2022	<b>7</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>18</b>	<b>18</b>	<b>3</b>	<b>2</b>	<b>9</b>	<b>14</b>	<b>1</b>	<b>2</b>	<b>42</b>	<b>42</b>
	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>0%</b>	<b>8%</b>	<b>8%</b>	<b>1%</b>	<b>1%</b>	<b>4%</b>	<b>7%</b>	<b>0%</b>	<b>1%</b>	<b>20%</b>	<b>20%</b>	
GERMANY	2020	0	0	0	0	1	0	0	0	0	0	0	0	1	0
		0%	0%	0%	0%	20%	0%	0%	0%	0%	0%	0%	0%	20%	0%
	2021	0	0	0	0	1	1	0	0	1	0	0	0	2	1
		0%	0%	0%	0%	17%	17%	0%	0%	17%	0%	0%	0%	33%	17%
	2022	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>0%</b>	<b>20%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>20%</b>	
UNITED KINGDOM	2021	2	8	1	1	8	9	2	0	1	5	1	0	15	23
		2%	10%	1%	1%	10%	11%	2%	0%	1%	6%	1%	0%	18%	28%
	2022	<b>4</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>9</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>25</b>
	<b>4%</b>	<b>9%</b>	<b>1%</b>	<b>1%</b>	<b>4%</b>	<b>10%</b>	<b>3%</b>	<b>5%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>15%</b>	<b>27%</b>	
SLOVENIA	2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	2022	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>25%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>25%</b>	<b>0%</b>	



<sup>1</sup> All country rates are calculated using the total number of employees at the country level as the denominator.

### Average training hours per capita for employees by qualification and gender

Qualification	Year	M	W	Tot.
<b>MANAGERS</b>	2020	9.1	23.6	10.9
	2021	13.4	11.7	13.1
	<b>2022</b>	<b>16.5</b>	<b>19.1</b>	<b>16.9</b>
<b>WHITE COLLARS</b>	2020	7.4	6.2	7.0
	2021	13.0	10.3	12.1
	<b>2022</b>	<b>12.7</b>	<b>6.9</b>	<b>10.8</b>
<b>BLUE COLLARS</b>	2020	1.9	4.3	2.0
	2021	6.7	1.3	6.3
	<b>2022</b>	<b>7.1</b>	<b>16.8</b>	<b>7.8</b>

### Maternity/paternity leave

	2021			2022		
	M	W	Tot.	M	W	Tot.
Total number of employees with a right to parental leave	1,474	226	1,700	<b>1,479</b>	<b>232</b>	<b>1,711</b>
Total number of employees who used their parental leave	27	9	36	<b>24</b>	<b>6</b>	<b>30</b>
Total number of employees who returned to work during the reporting period at the end of their parental leave	26	4	30	<b>24</b>	<b>6</b>	<b>30</b>
Total number of employees who returned to work at the end of their parental leave and who are still employed, 12 months after returning	20	4	24	<b>26</b>	<b>2</b>	<b>28</b>
Percentage of employees who returned to work after their parental leave	96%	44%	83%	<b>100%</b>	<b>100%</b>	<b>100%</b>
Retention rate	91%	80%	89%	<b>100%</b>	<b>50%</b>	<b>93%</b>

# 2.5 OCCUPATIONAL HEALTH AND SAFETY

Lucart is committed to minimising work-related accidents and occupational illnesses, assuring a healthy and safe workplace for its employees and anybody working in its plants and offices. Structured and integrated systems have been implemented to achieve this target, within which the Lucart Safety Policy is laid out, implemented and monitored. Since 2020, all of the Group's Italian plants have had ISO 45001:2018 multisite certification. The Blackmore Park plant in the UK achieved ISO 45001:2018

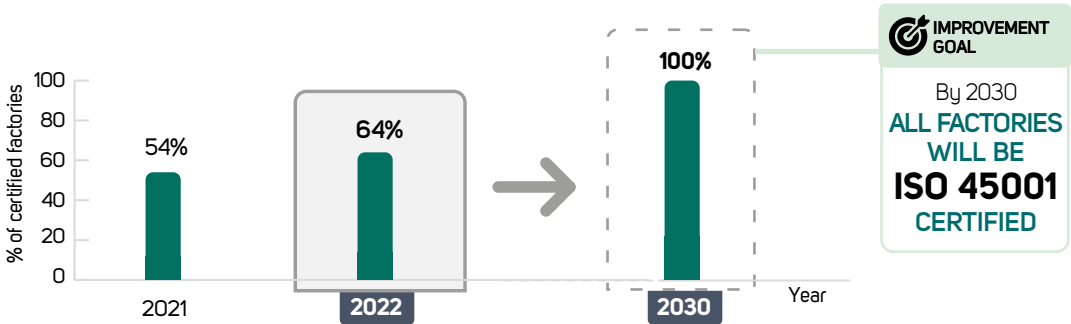
certification in 2022. The other plants of the Group adopt an identical integrated management system.

The growing involvement of workers and the constant efforts to increase their awareness of safety issues in the company have led to a further reduction in injury frequency and severity indexes. The consolidation of positive relations with the trade unions on local and plant levels has made it possible, by mutual agreement, to pursue increasingly ambitious

occupational health and safety targets.

Human Resources, through strong synergy with the Safety area, updated the ongoing training programmes as required by the 2011-2012 Agreement between the Central Government and the Italian Regions (as amended), for all the Italian plants of the Group.

## ISO 45001-certified plants



## OCCUPATIONAL SAFETY TRAINING

Lucart provides and guarantees its employees appropriate training on occupational safety.

The required training is planned when a new employee joins the company by homogeneous category group (identified in the risk assessment document).

The "Mandatory worker training course" precedes any operational activity and represents the first training course in the company. This type of training can last 8 or 16 hours, depending on the homogeneous category group.

The Facility Protection and Prevention Department informs

the Human Resources Department of the activities that the new employee will carry out.

The company has identified Safety Roles that are associated with a specific training course that the Human Resources Department will activate for the specific employee. Therefore, employees receive both

basic mandatory training and refresher courses according to current law.

This training course is not only attended when new employees join but also if there is a change/integration in tasks and/or Safety Role.

**BEST PRACTICE**

**A Safety Committee**

periodically meets with the participation of all key players, including the employer. The committee reviews all results, compares them with the objectives and defines the necessary strategic and operative actions. Each production facility is also equipped with clearly-defined analysis and control tools such as the **Safety Meetings**, department and area **Audits, Improvement and Training Programmes**. Trade Union Representatives of the individual plants also take part in the Safety Meetings.

In particular, accidents are monitored in all the production facilities of the Group by recording the reference indicators, such as NUMBER of ACCIDENTS during the examined period, FREQUENCY<sup>1</sup> INDEX and SEVERITY INDEX<sup>2</sup>.

Particular attention is devoted to recording and analysing near-misses to design and implement the necessary corrective actions

following the principle of prevention.

At all of the Group's Italian plants, all the above-mentioned activities are carried out in close cooperation with the Supervisory Body according to Italian Legislative Decree 231/2011.

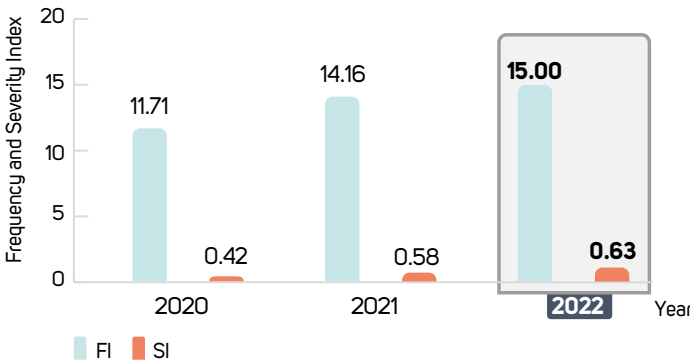
The FI (Frequency Index) and SI (Severity Index) indicator trends for all Lucart Group production facilities are shown below.

**Number of Accidents and Accident Indices<sup>3</sup> 2022**

Production plant	Total number of accidents	Number of accidents > 180 days	FI	SI
ITALY	20	1	12.69	0.73
FRANCE	14	2	26.09	0.72
SPAIN	6	0	18.24	0.36
HUNGARY	1	0	6.79	0.36
UK	0	0	0	0
GERMANY	0	0	0	0
SLOVENIA	0	0	0	0
<b>TOTAL</b>	<b>41</b>	<b>3</b>	<b>15.00</b>	<b>0.63</b>

It is worth noting that, for 2,733,752 hours worked by Group employees, the accident rate >180 days was 1.10. For non-employees, there was only 1 non-serious accident for 136,022 hours worked, with a rate of 7.35. No deaths were reported.

**Frequency and Severity Indexes**



**"Zero Objective"**

In recent years, all the Italian plants have been considerably successful in reducing work-related accidents and Lucart retained excellence in this area also in 2022 with the Avigliano plant that has achieved the prestigious "Zero Objective" for the ninth year in a row.

<sup>1</sup> Frequency Index (FI): Number of injuries/Worked hours x 1,000,000.

<sup>2</sup> Severity Index (SI): Accident-free days/Worked hours x 1,000.

<sup>3</sup> In conformity with Italian law, the accident indices only take into account accidents causing an absence of more than 3 days and do not include accidents occurring during the commute. In the reporting period, only two injuries occurred with absences of less than 3 days: one in Italy and one in France.

<sup>4</sup> The Safety Committee is made up of: the Directors of the Group companies, the Chief Operations Officer, the safety delegates, the RSPPs/ASPP of the Italian plants, the safety representatives of the other Group companies, the Chief HR Officer, the Legal Counsel, the Chief Technology Officer, the Supervisory Body.



**BEST PERFORMANCE**

**Avigliano: over 3,600 Accident-Free Days**

A special mention certainly goes to the plant in Avigliano (PZ), which has reported more than 3,600 days without injuries. The solutions adopted in the facility for effective accident prevention were implemented as benchmarks for all other facilities in the Group.

**9**  
accident-free years

**“Follow Safety” Campaign**

As a result of the collaboration between the Group’s Prevention and Protection Department, the Human Resources Department and the Communications Office, a communication campaign on individual responsibility in the prevention of work-related risks was developed in 2021 and launched in the first quarter of 2022.

The stars of the campaign were some colleagues who together with their children took part in a special photoshoot to highlight the fundamental role of prevention in ensuring well-being and tranquillity at work, at home and during leisure time.



## 2.6 RELATIONSHIPS WITH OTHER STAKEHOLDERS

The regulatory system of the Code of Ethics, with its principles of legality, loyalty, transparency, impartiality and independence, governs all relationships with Company stakeholders (customers, end consumers, shareholders and financiers, employees, suppliers, local community, media, trade unions, regulatory bodies, non-government organisations, trade associations, schools, universities and research organisations). Dialogues with stakeholders focus on relevant issues as identified by the Materiality Analysis described in Chapter 1.



### CUSTOMERS AND FINAL CONSUMERS

Lucart is committed to satisfying its customers according to the requirements laid down by law, contracts and predetermined quality standards.

The main objectives are customer satisfaction and protection, receptiveness to specific requests, product quality improvement and

the offer of new business prospects. All this within a logic of partnership geared towards innovative, value-creating solutions that are stable over time and user-friendly.

The communication activities with customers and final consumers focused on issues identified as relevant according to the

Materiality Analysis and therefore concerned in particular business integrity and sustainability, combating climate change, sustainable product development, responsible sourcing, product safety and customer satisfaction. For a detailed analysis, see Chapter 4.



### SHAREHOLDERS AND FINANCIERS

Lucart has always stood out for its constant and transparent relationship with financial stakeholders, promoting an active financial partnership based on a constant sharing of corporate and investment strategies to agree on the most appropriate and advanced solutions to support financial needs. Faced with the high volatility created on the raw material market as an effect of the war in Ukraine, albeit mitigated by favourable

business trends for the sector, the level of sharing of relevant information on adjustments to strategies and economic and financial trends during 2022, increased in frequency, quality and depth to foster an increasingly strong partnership with financial institutions (banks and insurance companies).

In 2022, the Group signed sustainability-linked financing of over EUR 70 million.

These resources are aimed to support the ambitious development and investment plan and lay the foundations for further evolution of the relationship for sharing of strategic objectives of common interest, such as those related to the integral approach towards environmental and economic sustainability.



## SUPPLIERS

Supplier selection and the establishment of terms of purchase are based on an evaluation of quality, TCO (Total Cost of Ownership) of goods and services requested, and the ability to promptly supply and guarantee goods and services according to the specific needs of the company.

Lucart implements supplier selection criteria based on compliance with the regulations in force, with internal rules and with the code of ethics. In no case shall a supplier be preferred over another as a result of personal relationships, favouritism or advantages, other than those of exclusive interest and benefit of Lucart.

Virgin cellulose is purchased outside the European Community, in particular only after a careful evaluation under the EU Timber Regulation (No. 995/2010 as amended and integrated).

All the cellulose used derives from certified chains of custody and the adopted certifications (FSC®, PEFC and SFI®), as well as complying with proper environmental management, also guarantee compliance with the rights of workers and local communities.

Purchases are mostly concentrated in Italy, France, Spain, Hungary and the UK, the countries that currently host the production facilities of the Group.

In the following table, we have considered all purchases made within the home country of the company as local purchases.

Lucart Kft is a converting-only facility and consequently imports reels of paper to be converted from the other branches of the Group. It also serves as a distribution hub for Eastern Europe for finished AFH products, some of which are produced in other facilities of the Group.

### Geographical distribution of purchases

Percentage of purchases concentrated on local suppliers in relation to the most significant operating facilities.

Lucart S.p.A.		Lucart S.a.s.		Lucart Tissue & Soap S.L.U.		Lucart Kft.		Lucart Hygiene Ltd.	
<b>ITALY</b>	<b>62%</b>	<b>FRANCE</b>	51%	<b>SPAIN</b>	68%	<b>HUNGARY</b>	19%	<b>UK</b>	54%
<b>ABROAD</b>	<b>38%</b>	<b>ABROAD</b>	49%	<b>ABROAD</b>	32%	<b>ABROAD</b>	81%	<b>ABROAD</b>	46%



## LOCAL COMMUNITY

Lucart maintains regular relations with local organisations, voluntary associations, such as the Red Cross, the Confederazione Nazionale delle Misericordie d'Italia and Protezione Civile, and with public schools in the area to contribute to the well-being of local communities. Direct contacts make it possible to quickly get to know the actual needs and satisfy them.

Due to the pandemic, it was not possible to organise the cycle of student visits to the various plants in 2022. Contacts with schools in the Lucca area, aimed at developing a culture of recycling and conscious use of products, continued by supporting the participation of schools in the Legambiente initiative "Clean Up the World".



## MEDIA

Media relations are based on the principles of transparency and collaboration and are managed by the Corporate Communication Office, which collects requests for information from journalists

and provides the requested information. The Lucart Press Office actively informed the media with particular attention to issues relating to sustainability, the circular economy, investments

and activities with a social purpose carried out locally in 2022.

For detailed information, refer to chapter 4.

SDGs  | GRI 2-30

## TRADE UNIONS

Lucart has always maintained a structured Industrial Relations system with the Unions, based on a continuous constructive dialogue following local regulations and an international level with the EWC - European Works Council.

The national collective bargaining agreement for the paper and paper converting industry is applied in the Italian companies of the Group in addition to second-level company agreements, whose objective is to manage, in agreement with

the representatives of the various plants, the growing business challenges and workers' needs.

To deal with the pandemic emergency linked to the spread of COVID-19, Lucart immediately set up company monitoring committees in the various production facilities to guarantee the most punctual and shared management of the critical health situation with workers' representatives, in addition to creating specific protocols aimed

at limiting the spread of the virus within the company perimeter, while guaranteeing the continuity of production at the plants.

In the Group's foreign affiliates, the employment relationship is governed by collective bargaining in France and Spain (for all employees) and by an individual one in other countries.



## RELATIONS WITH GOVERNMENT AGENCIES

In relationships with government agencies, Lucart pays special attention to maintaining full compliance with national and international regulations in force. Lucart also commits to fulfil all bureaucratic procedures related to every action, behaviour, agreement or negotiation/ assignment procedure, so that all Lucart conduct focuses on maximum transparency, fairness and legality.

A specific Anti-Corruption Policy was also approved by the Board of Directors in February 2022.

During pending or requested business negotiations, or in commercial relations with the government agencies, the parties representing Lucart are required to behave in such a manner not to influence the counterpart's decision unduly.

Activities related to negotiation management, taking on commitments and establishing relationships of any kind with government agencies are restricted exclusively to appointed, duly authorised internal persons. Collusive behaviours and practices of any nature or kind, active or passive corruption are forbidden.

Considering or proposing job and/or commercial opportunities which may personally or indirectly favour employees of the government agencies or requesting or obtaining confidential information which may jeopardise the integrity or the reputation of both parties is not allowed. During the course of business relationships, compliance shall be maintained with what was agreed upon in the contract, avoiding unauthorised replacements

and putting in place adequate control and safeguard mechanisms, cooperating only with competent and suitable persons.

The same directives valid for company employees are applied to any consultants or a third-parties representing Lucart in dealings with the government agencies, as far as these subjects and their personnel are concerned.

In case of controls by the Supervisory Authority, Lucart guarantees the utmost cooperation and assistance, by aiding the authorities during the inspections and striving to respond to and carry out the requests submitted in a timely fashion.

GRI 413-1



## CONTRIBUTIONS, DONATIONS, SPONSORSHIPS AND GIFTS

Lucart may accept requests for contributions only from expressly non-profit entities or associations.

These contributions must be provided for activities of a high cultural and/or social level in line with the company's philosophy. As far as donations are concerned, Lucart does not allow any kind of gift which may be interpreted as exceeding normal commercial or courtesy practices, or in any case aimed at acquiring preferential treatment in the performance of any activity it is connected with.

Furthermore, any kind of gift to Italian and foreign civil servants, or their families, which may influence independent judgement or persuade them to procure an advantage of any nature is forbidden.

For the sake of precision, this rule concerns promised or offered gifts as well as received gifts. Gifts here mean any kind of benefit (free entrance to conferences, promising a job offer, advantage or benefit of any kind, etc.).

In 2022, Lucart donated a large consignment of personal

protective equipment and paper products to hospitals, local institutions and the Red Cross, in addition to its usual financial support to the Meyer Foundation. Products for hygienic and sanitary use were donated to associations active on the territory to support families in need. Educational computers and paper products were donated to local schools. Numerous paper products were donated through the Francesca Rava Foundation to support activities following the emergency in Ukraine.

 **NON-GOVERNMENTAL ORGANISATIONS AND TRADE ASSOCIATIONS**



**Save the Children**

For many years now, Lucart has been supporting Save the Children, the international organisation that has been fighting for over 100 years to protect girls and boys and secure a better future for them. In particular, Lucart has chosen to support three important projects dedicated to youngsters and their parents. In 2023, Lucart started supporting the “**Punti Luce**” project in addition to “**Fiocchi in ospedale**” and “**Spazi mamme**” projects.



© Emanuela Colombo for Save the Children

**Fiocchi in Ospedale**

The Fiocchi in Ospedale is a Save the Children project that was started in 2012 to promote the health of girls and boys and their parents during the first 1000 days of the infant's life, to listen to and accompany future and new parents in a crucial period for the development of baby's cognitive and relational abilities. The programme offers targeted services to continuously respond to the needs of future and new parents, identifying vulnerabilities that require emergency action, such as psychosocial pressure that may lead to anxiety and disorientation for which adequate and timely response is often not available. The Fiocchi in Ospedale project is implemented in cooperation with local health authorities, hospitals, university polyclinics and local associations in nine Italian cities: Turin, Milan, Pescara, Rome, Naples, Bari, Sassari, Brindisi, Ancona.



© Housedada per Save for Children

**Spazi Mamme**

The Save the Children Spazi Mamme programme opened places where parents and their children aged from 0 to 5 can find the support they need for identifying and strengthening their skills, managing economic resources and emancipating the family unit from disadvantaged conditions. Services are offered free of charge. These are also the place where boys and girls can grow up making new experiences and socialising. The project aims to counterbalance the factors that increase child poverty and prevent educational poverty. All this is achieved by accompanying children living in vulnerable situations in some of the toughest neighbourhoods of Italian cities and through customised support plans involving families, communities and local services.



© Francesco Alesi for Save the Children

**Punti Luce**

The Punti Luce are spaces with high educational density where Save the Children offers free training and educational opportunities to girls and boys between the ages of 6 and 17 from the most disadvantaged neighbourhoods and city suburbs. In these spaces, children and families can take advantage of various activities, all offered completely free of charge, including study support, art, music and active citizenship education workshops, reading promotion, access to new technologies, play and motor activities. Legal, psychological, paediatric and parenting support counselling is also offered to parents or adult caregivers.

**WE SUPPORT**



## Global Compact Network Italia

The Foundation was created with the primary purpose of contributing to the development in Italy of the United Nations Global Compact, an initiative for the promotion of the culture of corporate citizenship promoted and managed on a global scale by the United Nations.



## Kyoto Club

A non-profit organisation of companies, organisations, associations and local authorities committed to achieving the greenhouse gas emission reduction goals.



## Scuola Superiore Sant'Anna di Pisa

Public University Institute with special status operating in the field of applied sciences.



## Università di Pisa

University founded in 1343 in Pisa with 20 departments.



## ITS Prime Tech Academy

Foundation that holds two-year post-graduate courses for training specialised technicians.



## Icesp

Italian stakeholder platform for the circular economy.



## Slow Food

A non-profit international association committed to restoring the value in food, respecting those who produce it, in harmony with the environment and ecosystems, capitalising on the knowledge protected by local areas and local traditions.



### Confindustria

The leading association representing manufacturing and service companies in Italy.



### Assocarta

Trade organisation that brings together, represents and protects paper, cardboard and pulp manufacturers in Italy. Massimo Pasquini, President and CEO of Lucart S.p.A., served as Vice-President in 2022.



### Comieco

National Consortium for the Recovery and Recycling of Cellulose-based Packaging. Its purpose is to recycle and recover cellulose-based packaging.



### Istituto Italiano Imballaggio

An association representing a network of entities operating in the packaging supply chain.



### European Tissue Symposium

The largest independent non-profit trade association that defends the interests of the tissue paper product industry in Europe.



### Afidamp

A company that brings together and represents the different components of the professional cleaning industry in Italy. Members include manufacturers, importers and distributors of products, machinery, paper and equipment, as well as other organisations of the industry. Francesco Pasquini, Chief Sales & Marketing Officer of the Lucart Group, served as Vice President in 2022.



### Green Economy Network

Network promoted by Assolombarda Confindustria Milano Monza and Brianza to stimulate new alliances between companies offering products, technologies and services for environmental and energy sustainability to increase the visibility of their skills.



### Edana

International association representing the industries in the non-woven sector.



### Copacel

French association representing companies in the paper industry.



### Papest

Association of paper mills in eastern France.



### Revipac

French organisation for collecting and recycling paper and cardboard packaging.



### ReviGraph

French organisation for collecting graphic papers.



### Group'Hygiène

French association of manufacturers of personal care, health and cleaning products.



### Aspapel

Spanish association of cellulose and paper manufacturers.



### Cluster Papel

Basque association of paper manufacturers and ancillary industries.



### Make a Wish

An NGO that grants wishes of children aged between 3 and 7 years with serious illnesses.



### Mus.e

Association that promotes the heritage of the Civic Museums of Florence and of the city as a whole.



### Meyer foundation

Foundation that supports communication, marketing and fund-raising activities for the Meyer Children's Hospital in Florence, Italy.



### Francesca rava foundation

A foundation that helps children in destitute conditions in Italy and around the world.



### Aused

An independent, non-profit association of users of information systems and technologies that brings together companies operating in the industrial, manufacturing and service sectors, as well as a number of public entities.



### Ippr

Institute for the promotion of recycled plastic for manufacturers and retailers of recycled plastic and relative products.



### Cciu

The Italian chamber of commerce for Hungary is a non-profit association based in Budapest where the Italian-Hungarian business community meets, comes together and evolves.



### Italian Cultural Institute

The objective of the Italian Cultural Institute of Budapest is to promote and disseminate Italian language and culture by organising cultural events that facilitate the circulation of ideas, arts and science.



### Chsa

Association that represents manufacturers and distributors of industrial hygiene and cleaning products in Great Britain.





## SCHOOLS, UNIVERSITIES AND RESEARCH INSTITUTIONS

### Internships

Lucart is convinced that the quality of processes and products is closely linked to that of its people's skills. This is why we plan and implement internal programmes of development and partnership with external training organisations to facilitate and consolidate the development of our employees' skills and help young people build professional skills that they can use in our production plants and in the local economy.

In this sense, many collaborations have put in place with technical schools, in Italy, France, Hungary

and Spain, to guide young people by promoting training courses on skills that may be used in the paper industry.

Furthermore, many of our collaborators bring their knowledge directly to the schools, holding lessons and organising seminars on the production and transformation of paper. The goal is to help students understand and recognise the practical application of the theoretical concepts they learnt during their studies.

In addition to offering careers

guidance in schools, Lucart collaborates in preparing technical syllabuses and inviting students to join internship programmes. The latter step is fundamental for consolidating the theoretical skills acquired at school and integrating them with direct experience in our company's production plants and laboratories. These exchanges represent, among other things, a unique opportunity for the company to come into contact with many potential interested candidates who, in the future, will become our best-qualified technicians.

### Technical High Schools (ITS)

In 2019 Lucart, together with Assocarta, Confindustria and other companies in the Lucca area, completed the design and start-up of the first ITS - Paper school in Tuscany, in the scope of the Foundation that oversees the

provision of courses authorised by Regional authorities. Specifically, the course aims to train highly qualified people for operating in production in the paper industry.

After having contributed to the design and organisation of the

course, Lucart will continue its partnership in ITS training also with day-by-day activities, specific lectures by technical managers and training in the company to students through specific internships.

### Paper Master Course and Master's Degree Course in Paper and Cardboard Technology and Manufacturing

Lucart has been a partner of the Master Carta Celsius in Lucca for many years and has always contributed to the organisation with its employees as classroom teachers.

The Paper Master Course was flanked and partly replaced by the new Master's Degree Course in Paper and Cardboard Technology and Manufacturing at the University of Pisa in 2020. Lucart contributes to the development

of the university course through donations and dedicated technical tables. In the process of continuous training of its employees, it also sponsors participation in specific training modules.

### Polo Tecnologico Lucchese

The company partnered with Logic Way, a start-up belonging to the Polo Tecnologico Lucchese, to develop highly innovative

technologies in the supply chain field. This collaboration led to the installation of a fully automatic system for managing the incoming

and outgoing vehicle flows at the Castelnuovo di Garfagnana plant in 2020.



#

save  
the  
planet



# The Environment

WE ARE COMMITTED TO CREATING A CIRCULAR BUSINESS MODEL TO REDUCE OUR IMPACT ON THE PLANET AND TO PRESERVE AND FOSTER THE GROWTH OF OUR NATURAL, SOCIAL AND ECONOMIC CAPITAL

*We believe in the value of sustainability as a commitment to present and future generations*

## SUSTAINABLE DEVELOPMENT GOALS (SDGs)

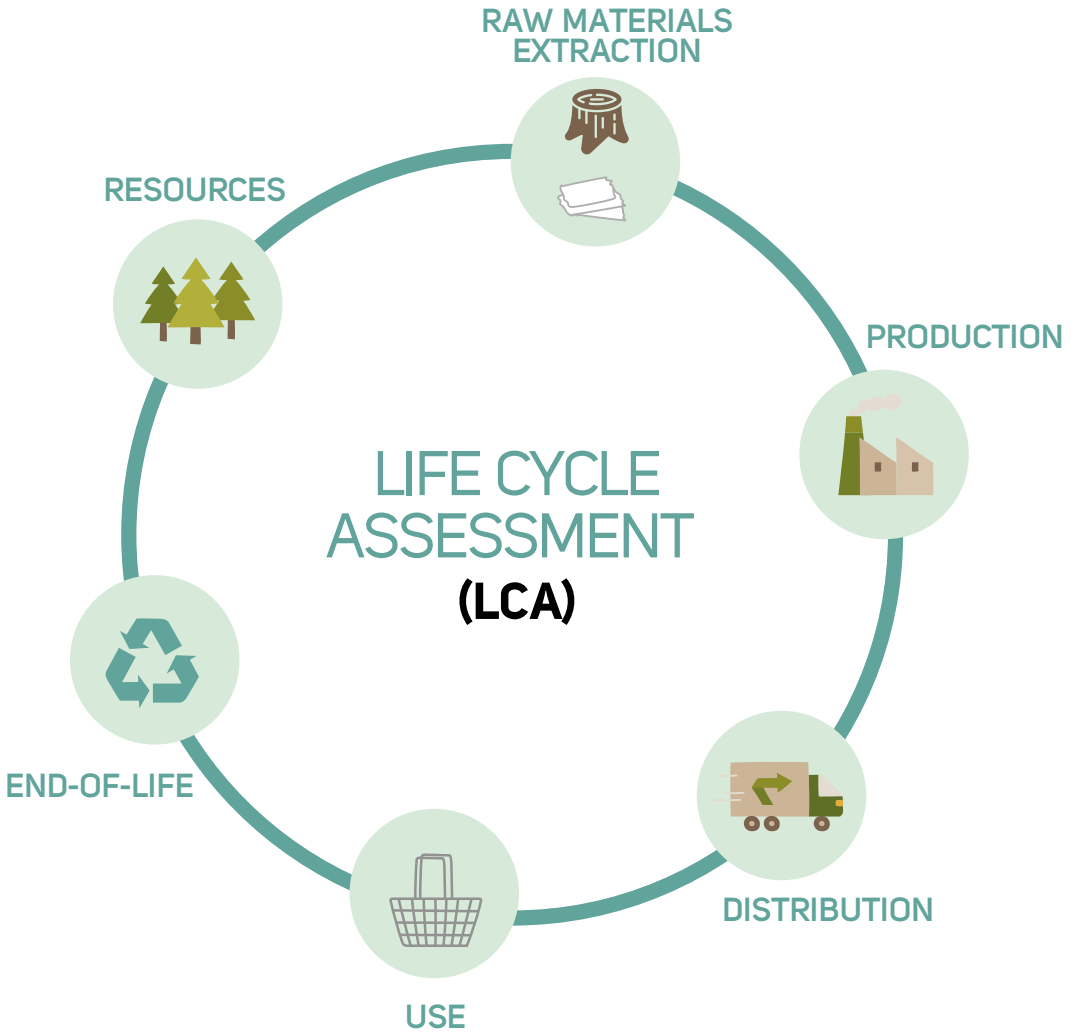


# 3.1 ENVIRONMENTAL IMPACT ASSESSMENT

To pursue the continuous improvement of the environmental performance of its plants, Lucart has implemented an accurate Environmental Management System and constantly monitors compliance with the procedures defined by the system itself.

Lucart pays particular attention to assessing the environmental impacts of its activities to identify significant ones on which to intervene. The company periodically carries out specific product-level Life Cycle Assessments (LCAs), using third-party organisations and following internationally

recognised standard methods to minimise the impacts. Analyses consider the entire life cycle, from the procurement of raw materials to the end of life of products, including production and distribution (cradle to grave).



## 3.2 ENVIRONMENTAL PRODUCT DECLARATION (EPD®)

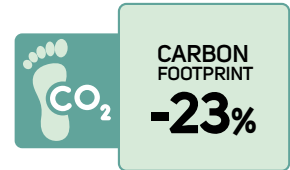
Lucart has been conducting and annually updating the EPD® (Environmental Product Declaration) analysis, based on LCA (Life Cycle Assessment) study of two types of toilet paper, both made by the company and comparable in terms of grammage, number of plies, numbers and tear lengths, one of which is made from pure **virgin cellulose fibres** one and made from **recycled fibres** since 2018. The LCA method quantifies the resource consumption and potential environmental impacts on the environment at various stages of the life cycle associated with the examined product.

The results updated to October 2022 confirm the better environmental performance of recycled fibre paper compared to virgin pulp paper.

During the process for writing the EPD® declaration and the LCA study on which it is based, Lucart S.p.A. sought the technical and methodological support of **Ergo s.r.l.**, a spin-off company of **Scuola Sant'Anna di Pisa**. The analysis was certified by a third-party body.

### Life cycle consumption of recycled toilet paper

⦿ A **Carbon Footprint**<sup>1</sup> which is 23% lower than that of virgin cellulose toilet paper, which corresponds to a **reduction in CO<sub>2</sub>** equivalent emissions of 518.82 kg per tonne of paper produced.



⦿ A **Water Footprint**<sup>2</sup> which is 42% lower than that of virgin cellulose toilet paper, which corresponds to a **lower water consumption** of 292.26 m<sup>3</sup> per tonne of paper produced.



To read the Declaration in full, please see: <https://www.environdec.com/library/epd6894>

## Environmental Product Declaration

The **Environmental Product Declaration (EPD®)** is a voluntary certification scheme, developed in the application of UNI EN ISO 14025:2010. It is a tool for communicating objective, comparable and credible information on the environmental performance of products and services. The

performance, reported in the EPD®, must be based on Life Cycle Assessment (LCA) following the ISO 14040 standards, which is the methodological basis for the objectivity of the information provided following the Product Category Rules "PCR: TISSUE PRODUCTS. Product Category

Classification: UN CPC 32131. PCR 2011:05, VERSION 3.0.1" developed by the International EPD® System (the reference Programme Operator).

**The main objective of an EPD® is to provide relevant, verified and comparable information on the environmental impact of a product or service.**

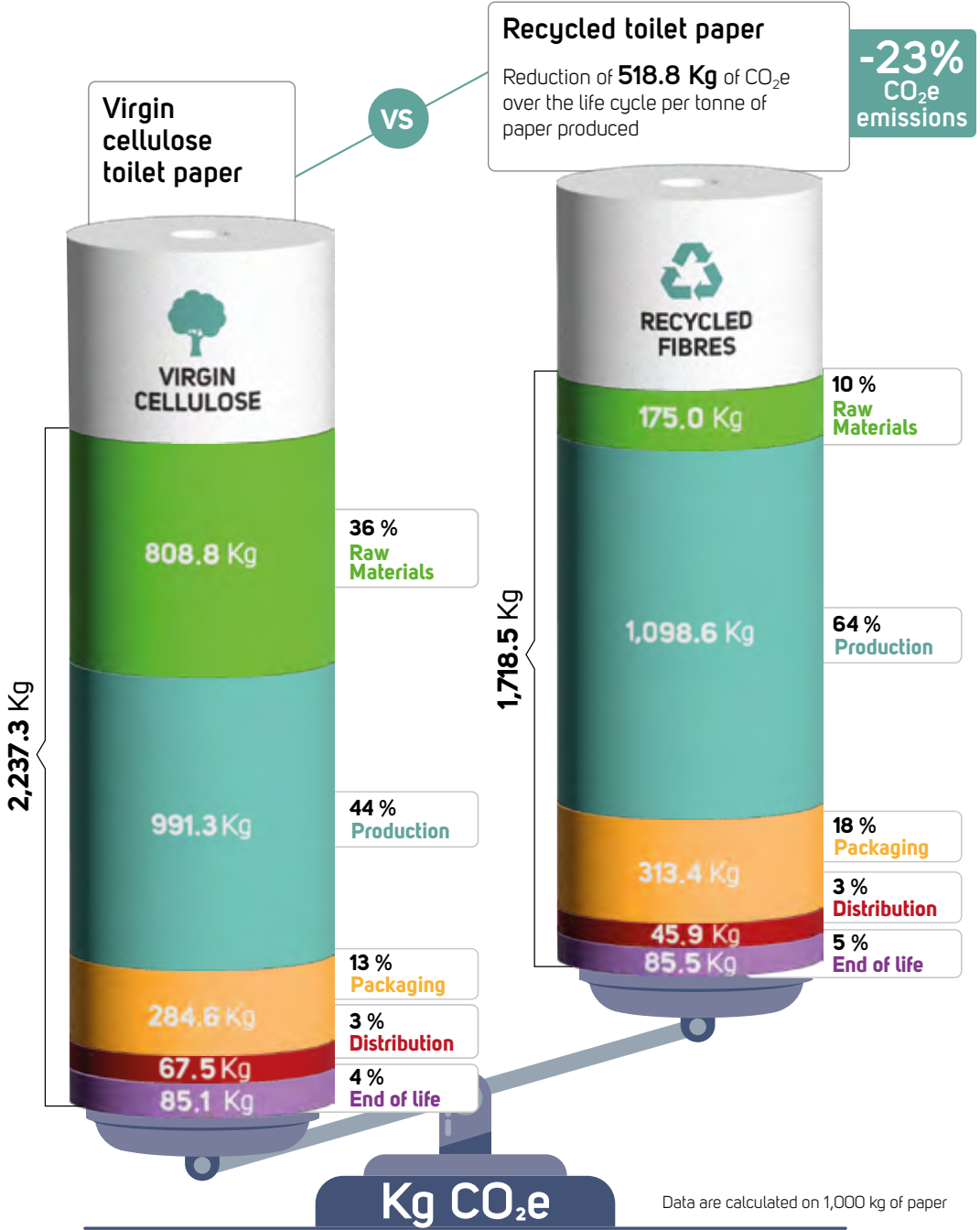
<sup>1</sup> In the associated EPD®, reference is made to the Global Warming Potential (GWP) environmental impact.

<sup>2</sup> In the associated EPD®, reference is made to the "Water Deprivation Potential" environmental impact.



ENVIRONMENTAL IMPACTS

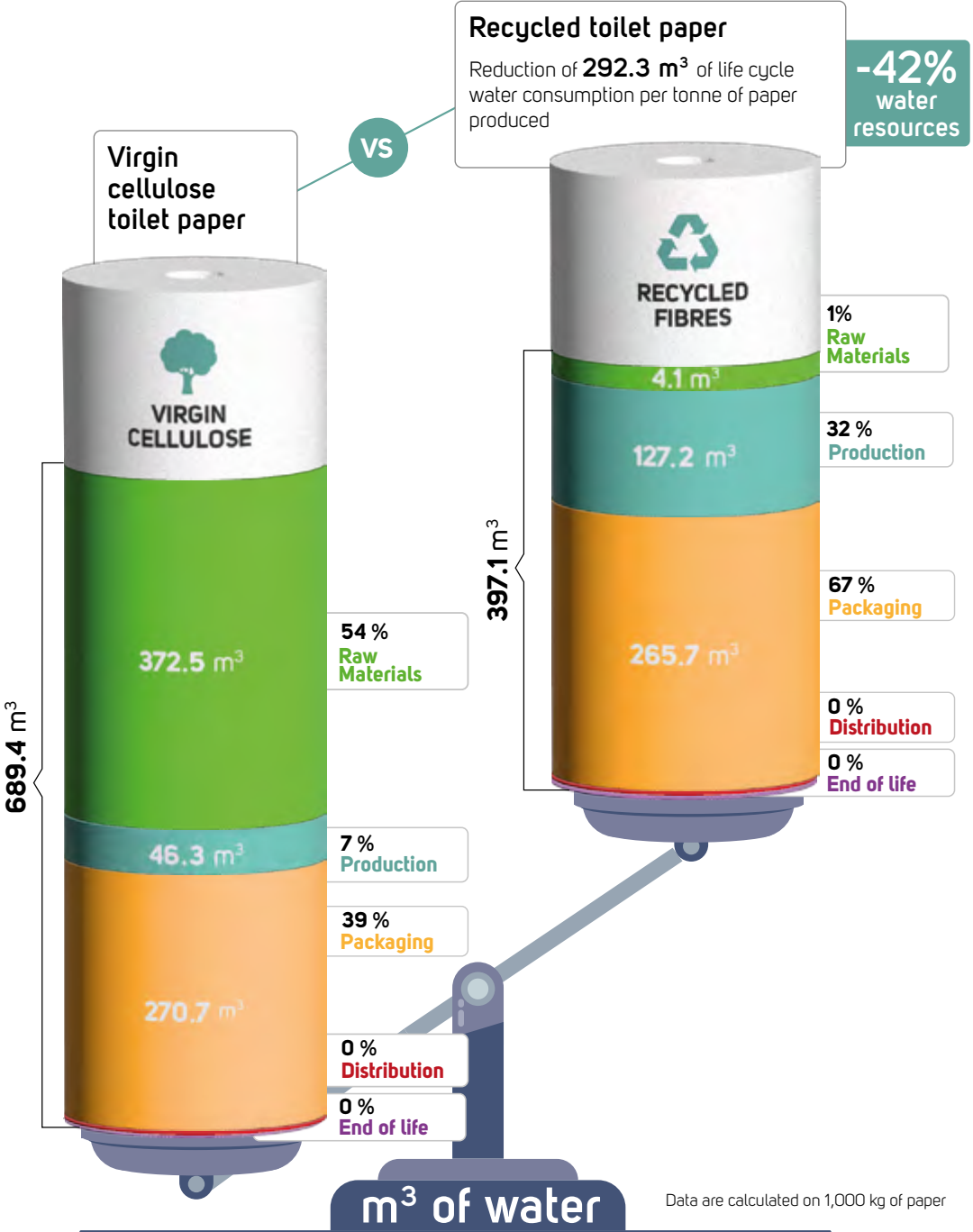
**Carbon Footprint** (kg of emitted CO<sub>2</sub>e)





ENVIRONMENTAL IMPACTS

**Water Footprint** (m<sup>3</sup> of consumed water)



# 3.3 RAW MATERIALS

Lucart makes paper from both virgin cellulose and paper for recycling.

In the Porcari, Borgo a Mozzano, Laval sur Vologne and Aranguren facilities, paper is made from paper for recycling and virgin cellulose. The plant in Castelnuovo di Garfagnana processes mainly virgin cellulose and small percentages of top-quality paper for recycling.

The Avigliano plant uses only virgin cellulose for the manufacture of airlaid paper.

The Torre di Mosto, Nyergesújfalu, Artziniega and Blackmore Park facilities are dedicated exclusively to converting.



## Paper for recycling and virgin cellulose

- ◊ Porcari
- ◊ Aranguren
- ◊ Borgo a Mozzano
- ◊ Castelnuovo di Garfagnana
- ◊ Laval sur Vologne



## Virgin cellulose

- ◊ Avigliano



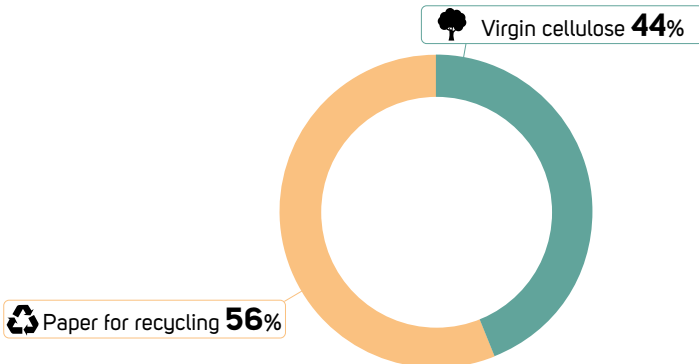
## Jumbo reels

- ◊ Torre di Mosto
- ◊ Artziniega
- ◊ Nyergesújfalu
- ◊ Blackmore Park

## Breakdown by type of raw material

The Company pursues the line of sustainability of its paper by gradually increasing the percentage of paper for recycling used compared to virgin cellulose, compatibly with market demands.

The results achieved in 2022 further reinforce the company's commitment to reach the target of using 60% recycled paper as raw material input by 2030.



The processes and technologies implemented in the plants make it possible to use a wide range of recycled materials including cellulose fibres in food-grade cartons (EcoNatural Project). The success of EcoNatural lines saves virgin fibres by giving new life to the fibres present in bonded material containers.





## ECO-SUSTAINABLE AND CERTIFIED RAW MATERIALS

### Virgin cellulose

The virgin cellulose used in the company comes from supply chains managed according to eco-sustainable criteria, i.e. produced by companies that adopt **sustainable forest management systems** complying with internationally recognised certification schemes, thus ensuring the

continuity of the forest ecosystem without altering its balance.

The choice of suppliers, carefully selected according to Lucart standards and the procedures set up by the company management systems, means that the company avails of

producers who follow **recognised sustainable forest management standards** (PEFC, FSC®, SFI®, etc.) in compliance with EU Timber Regulation (Reg. n. 995/2010 as amended and supplemented) and international regulations.

### Paper for recycling

Paper recycling ensures better use of available resources and a lower overall environmental impact.

The recycling paper undergoes state-of-the-art **mixing and**

**deinking processes without the use of polluting substances.** The separation processes are mainly mechanical and thermal to make high-quality paper. The paper for recycling used in Lucart production

facilities, meets the requirements of the standards recognised by the PEFC and FSC® certification systems, and UNI-EN 643 standards.

## Areas of origin of the main raw materials



### Areas of origin of virgin cellulose

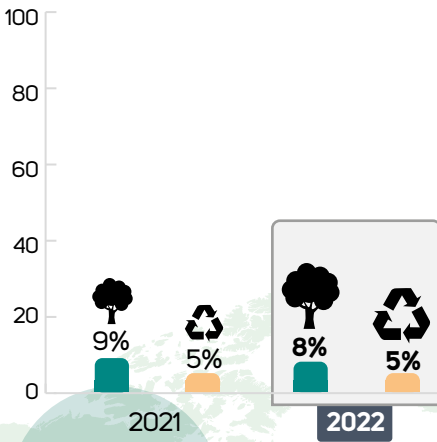
In 2022, 54% of European cellulose originated in Italy, France and Spain, the three countries where the largest operating facilities are located.



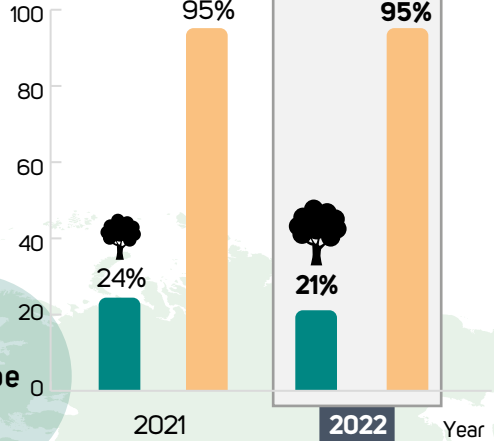
### Area of origin of the paper to be recycled

In 2022, 81% of paper for recycling procured in Europe originated in Italy, France and Spain, the countries where the largest operating facilities are located.

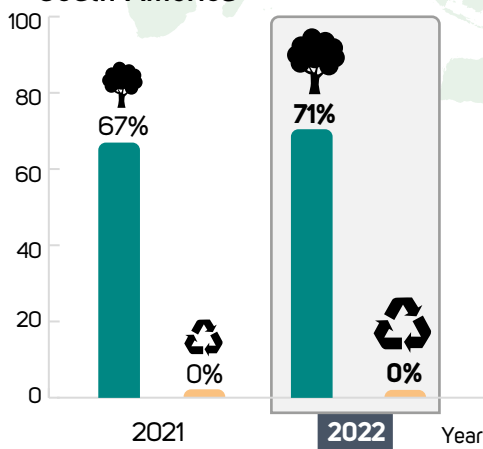
### North America



### Europe



### South America



VIRGIN CELLULOSE  
 PAPER FOR RECYCLING

# 3.4 WATER RESOURCES

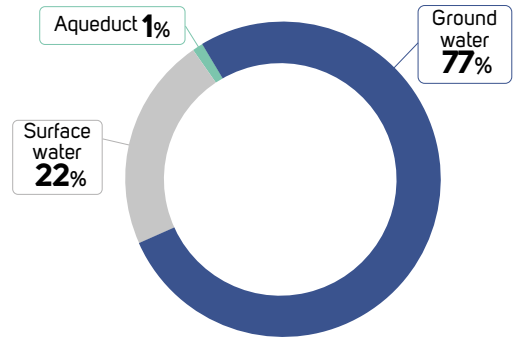
In terms of water resources, Lucart has always been committed to:



## Water Supply Sources

The paper production process generally requires large amounts of water.

Lucart plants use, for their own industrial production, water taken from wells located within the perimeter of the facility and, in some cases, also taken from surface water upon authorisation by the competent Authorities.

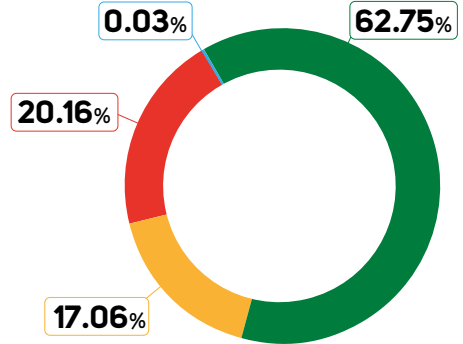


## Water stress analysis

Lucart used the tool provided by the Aqueduct Water Risk Atlas<sup>1</sup> to analyse the water stress of the areas in which its production plants are located. Water stress refers to the ability, or lack thereof, to meet human and ecological demand for fresh water and may refer to the availability, quality or accessibility of water.

### Breakdown by classification of the stress level of the supply area

- Low (0-1)
- Medium-low (1-2)
- Medium-high (2-3)
- High (3-4)



Production facility	Risk
Porcari	High
Borgo a Mozzano	Medium-low
Castelnuovo di Garfagnana	Medium-low
Avigliano	High
Torre di Mosto	Medium-high

Production facility	Risk
Laval Sur Vologne <sup>2</sup>	Medium-high
Aranguren	Medium-low
Artziniega	Medium-low
Niergesújfalú	Low
Blackmore Park	Medium-low

<sup>1</sup> <https://www.wri.org/aqueduct>

<sup>2</sup> For the French plant, this rectifies the information contained in the 2021 sustainability report, in which a low-to-medium risk was incorrectly stated.

The following table details the different sources of supply used by the company together with an indication of the water category withdrawn for each level of water stress.

Water stress level	Total 2022	Surface water	Wells	Aqueduct	Water category (fresh water <sup>1</sup> /other water types <sup>2</sup> )
			(aquifer)		
Low (0-1)	1			1	100% fresh water
Low-Medium (1-2)	2,129	549	1,573	7	100% fresh water
Medium-High (2-3)	579		577	2	100% fresh water
High (3-4)	684	178	466	41	100% fresh water
<b>TOTAL MEGALITRES WITHDRAWN</b>	<b>3,393</b>	<b>727</b>	<b>2,616</b>	<b>51</b>	

<sup>1</sup> Fresh water with a total dissolved solids level of less than 1,000 mg/L.  
<sup>2</sup> Other water types with a total dissolved solids level above 1,000 mg/L.

### Optimisation of water consumption<sup>3</sup>

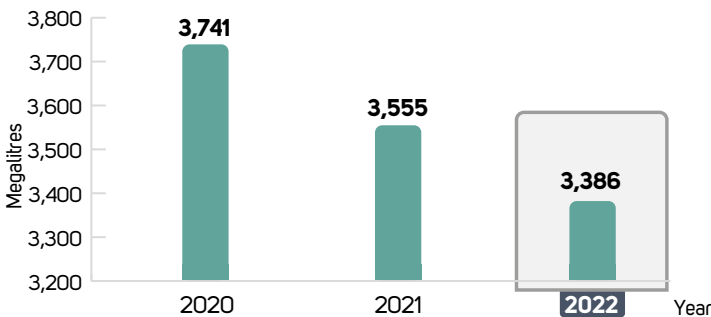
The desire to protect water resources, combined with the production needs of the paper manufacturing process, has led the Company to invest in processes aimed at optimising consumption, encouraging the recovery of process water for reuse for industrial purposes.

Furthermore, most of the facilities are equipped with wastewater treatment plants that guarantee the quality of the water fed into the receptors in compliance with the authorised limits.

The total water consumption<sup>4</sup> shown in the graph below varies

mainly according to the tonnes of paper produced. The total volumes consumed decreased in 2022 as a result of the measures taken to optimise water consumption, despite a slight increase in the tonnes of paper produced and converted.

### Total water consumption



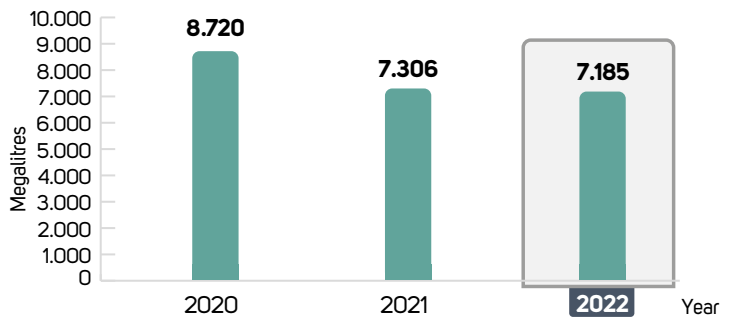
<sup>3</sup> As introduced in the previous paragraph, the water consumption discussed in the following section refers to water consumption for industrial use. Civil water consumption is excluded from the perimeter, as it is of little relevance in the overall calculation. However, the company is structuring to integrate them as of the next report. It should also be noted that the organisation is working to be able to report from next year on "GRI 303-4 Water Discharge"

<sup>4</sup> This refers to the total water consumption for paper production.



Although minimal compared to the total water consumption for paper production, the company shows a constant consumption of water resources in 2022 specifically in the Skin Care sector.

### Water consumption Skin Care sector



### Water Recycling

Reusing water produces a lower environmental impact, namely:

- ⦿ reduction of the extraction of aquifer water resources;
- ⦿ reduction of the extraction of surface water resources;
- ⦿ resource consistency and reliability as a result of purified water produced on an ongoing basis;
- ⦿ reduction in wasting natural resources.


## Lower consumption

Lucart has focused particularly on actions aimed at reducing the specific consumption of water for production purposes to achieve a consumption of 8 m<sup>3</sup> of water per

tonne of paper produced by 2030. A significant reduction in value compared to the previous years can be observed in 2022 as the

result of a recycling policy and the rational use of the resource in all production sites. Specific water consumption is well below the average values for the sector<sup>1</sup>.

## Specific water consumption - paper sector<sup>2</sup>

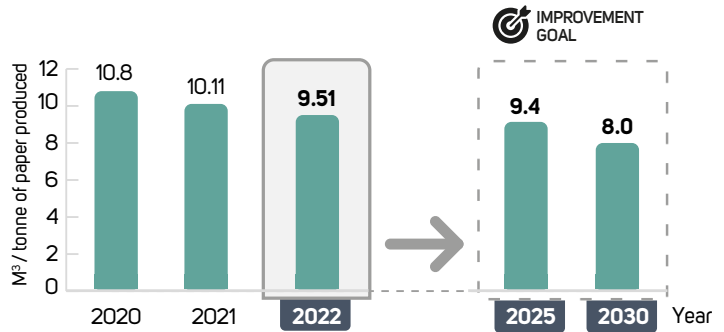


**ENVIRONMENTAL IMPROVEMENT**

Specific water consumption (paper industry)

**-5.9%** vs. 2021

**-27.9%** vs. 2013



## BEST PRACTICE

Actions were implemented at the Avigliano, Castelnuovo di Garfagnana, Borgo a Mozzano, Laval Sur Vologne, Artziniega and Aranguren plants in 2022 to recover part of the final discharge treated water for re-introduction into the production process instead of fresh water top-ups. These actions resulted in the following reductions:

<p><b>- 8.6%</b></p> <p>specific water consumptions vs. 2021 for Avigliano</p>	<p><b>- 4.5%</b></p> <p>specific water consumptions vs. 2021 for Castelnuovo di Garfagnana</p>	<p><b>- 1%</b></p> <p>specific water consumptions vs. 2021 for Borgo a Mozzano</p>	<p><b>- 4%</b></p> <p>specific water consumptions vs. 2021 for Laval sur Vologne</p>	<p><b>- 29.2%</b></p> <p>specific water consumptions vs. 2021 for Artziniega e Aranguren</p>
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<sup>1</sup> According to the Assocarta 2020 Environmental Report, the industry average is approximately 26 m<sup>3</sup> per tonne of paper produced.

<sup>2</sup> Specific water consumption is given by the ratio of m<sup>3</sup> of water withdrawn to tonnes of paper produced at the paper mill. Tonnes of paper converted into stationery are not taken into account as they are not relevant.



## 3.5 ENERGY RESOURCES

Lucart was one of the first paper manufacturing groups in Europe to focus on systems to self-generate electricity and heat through high-efficiency cogeneration plants powered by methane gas.

### Self-generation of electricity and thermal energy

Thermal energy is indispensable for paper drying in the production cycle.

Production facility	Installed electrical power	Installed thermal power
PORCARI	12.5 Mw <sub>e</sub>	35.3 Mw <sub>t</sub>
BORGO A MOZZANO	12.5 Mw <sub>e</sub>	35.3 Mw <sub>t</sub>
CASTELNUOVO DI GARFAGNANA	7.5 Mw <sub>e</sub>	21.4 Mw <sub>t</sub>
<b>TOTAL</b>	<b>32.5 Mw<sub>e</sub></b>	<b>92 Mw<sub>t</sub></b>



#### NovaLT12 gas turbine

The **NovaLT12** gas turbine developed and produced in Italy by Baker Hughes- Nuovo Pignone is one of the more technologically advanced cogeneration systems with an electrical power of 12.5 Mw<sub>e</sub> with a cogeneration efficiency (electric + thermal) of 85%.

## Total energy consumption (direct + indirect)

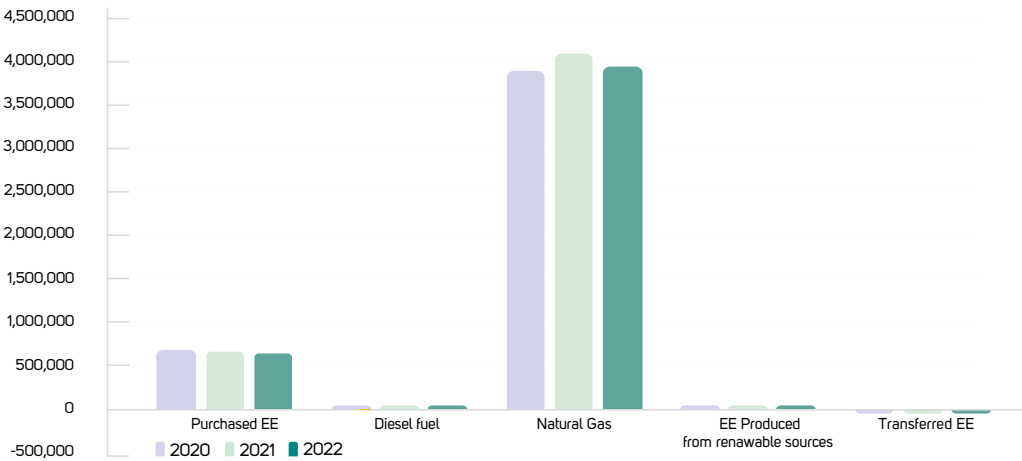
The energy balance of the Group is made up of electricity purchased from the grid, diesel fuel consumed for industrial purposes, methane purchased from the network, electricity produced from renewable sources and electricity sold to the grid. Electricity is mainly purchased by production facilities that do not have an in-house methane gas-fired cogeneration plant.

In 2022, compared to 2021, total energy consumption decreased due to energy efficiency measures,

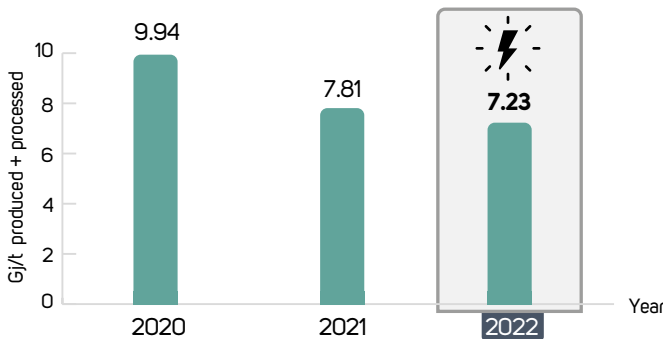
even though the tonnes of paper produced and processed increased. This reduction is further evident

when analysing specific energy consumption.

		2020	2021	2022
<b>PURCHASED EE</b>	GJ	649,949.84	643,749	622,774.49
<b>EE PURCHASED OF RENEWABLE ORIGIN</b>	GJ	0	134,616.57	178,189.80
<b>DIESEL FUEL</b>	GJ	142.40	102.37	110.01
<b>NATURAL GAS</b>	GJ	3,940,346.51	4,052,314.10	4,010,529.76
<b>EE PRODUCED FROM RENEWABLE SOURCES</b>	GJ	4,024.30	4,302.98	4,706.64
<b>EE PRODUCED BY COGENERATION<sup>1</sup></b>	GJ	828,642.31	868,517.19	919,531.95
<b>TRANSFERRED EE</b>	GJ	-27,891.18	-32,275.33	-45,161.92
<b>TOTAL</b>	GJ	<b>4,566,571.87</b>	<b>4,668,192.75</b>	<b>4,592,958.98</b>



## Specific energy consumption (intensity)<sup>2</sup>



**ENVIRONMENTAL IMPROVEMENT**

Energy intensity

**-7.4%** vs. 2021

**-19.6%** vs. 2014

<sup>1</sup> Electricity from cogeneration is not counted in the total because it is already included under the "Natural Gas" heading.

<sup>2</sup> Specific energy consumption is the ratio of total energy consumption to tonnes of paper produced and converted in the plants of the Group.



## Energy efficiency in the production processes

The significant energy consumption, typical of the paper industry, is essentially due to the requirements of operating paper machines.

One of the goals of Lucart is to constantly improve the energy efficiency of its production processes.



**Replacement of traditional lights with high-efficiency, low-consumption LED lamps** in the Altopascio logistic hub and the Laval sur Vologne and Porcari facilities, together with the operation of the lighting system at the Torre di Mosto plant, during 2022, which resulted in annual savings of over 121,803 kWh (438 GJ/y) corresponding to a total of -42,95 tCO<sub>2</sub>e<sup>1</sup>.

### ENVIRONMENTAL IMPROVEMENT

**-121,803 kWh**  
annual savings

**-42.95 tCO<sub>2</sub>e**  
avoided emissions



## Further improvement actions

### Optimisation in electricity consumption<sup>2</sup>

- ⦿ **Replacement of a paper machine refiner** with one with lower energy consumption and higher efficiency at the Borgo a Mozzano plant, resulting in energy savings of approximately 237 MWh for the first 7 months of operation, corresponding to a saving of **128.57 tCO<sub>2</sub>e**. The optimisation of pulper operation and some pumps at the Laval Sur Vologne plant, resulted in annual savings of 213 MWh, corresponding to 10.22 tCO<sub>2</sub>e;
- ⦿ several consumption **optimisation and machinery replacement actions** (e.g. installation of inverters and variable speed drives, replacement of transformers) in the Spanish factories for a total saving of 1,809 MWh corresponding to **335.42 tCO<sub>2</sub>e**.
- ⦿ **Modernisation of lighting** in production departments and decommissioning of lamps not in use in the Hungarian factory, which led to a saving of 68 MWh corresponding to **20.95 tCO<sub>2</sub>e**.

**-495.16**  
tCO<sub>2</sub>e

of avoided emissions  
from energy saving  
measures

<sup>1</sup> Saving with respect to the consumption using conventional lights. Calculation of tCO<sub>2</sub>e carried out using the specific emission factor referring to self-generation of electricity for Porcari and the emission coefficients of the national power grid for the other sites (*location-based* calculation method: data source "Ecoinvent 3.9.1, market for electricity, medium voltage, Scope 2").

<sup>2</sup> Calculated using the ETS formula for ETS installations. For the Hungarian plant, the UNFCCC 2021 coefficient of the Italian national inventory was used (ISPRA, National Standard Coefficients Table 2022).

### Gas consumption optimisation<sup>3</sup>

- ③ **Replacement of the burners** with a new type of system (of equal power) with modulating combustion air and optimisation of the distance of the PM 5 hoods in the Borgo a Mozzano plant. In addition to an improvement in combustion and emission quality, as a consequence, the action led to a reduction in gas consumption of 44,966 Smc in the first three months of operation in 2022. This implied a saving of about **89 tCO<sub>2</sub>e**;
- ③ **adjustment of the heating temperature** in the French factory, which led to a reduction in gas consumption of 47,127 Smc. This implied a saving of about **92.91 tCO<sub>2</sub>e**;
- ③ **actions on the process**, including lowering the humidity of the paper and extending the steam line at the Laval sur Vologne plant, which resulted in a saving of 392,096 Smc of gas, corresponding to **772.99 tCO<sub>2</sub>e**;
- ③ **several actions to optimise the consumption** of paper machines and machinery replacements (e.g., moving the hoods closer, humidity adjustments) in the Spanish factories, which resulted in savings of 1,060,732 Smc of gas, corresponding to **2,217.06 tCO<sub>2</sub>e**;
- ③ **management actions on heating systems**, including timers, thermostat protection in the Hungarian factory with annual savings of 13,600 Smc corresponding to **27.08 tCO<sub>2</sub>e**.

**-3,198.71**  
tCO<sub>2</sub>e  
emissions avoided  
by optimising gas  
consumption

### Sustainable data centres

- ③ In 2021, Lucart moved its internal data centres, previously located at the Borgo a Mozzano and Porcari plants, to the TIM data centre in Acilia (Rome), which is ISO 27001 certified for its information security management system.
- ③ The move improved performance and safety levels but also brought savings in terms of energy and CO<sub>2</sub>e emissions. The Acilia data centre is powered exclusively by renewable sources. Compared to the use of in-house data centres, the computational capacity doubled but energy consumption decreased by 50%. Today, around 80% of the Group's computing capacity is powered by renewable energy.

**-44**  
tCO<sub>2</sub>e/year  
emissions avoided  
through the adoption of  
the new data centre

<sup>3</sup> Calculated using the ETS formula for ETS installations. For the Hungarian plant, the UNFCCC 2021 coefficient of the Italian national inventory was used (ISPRA, National Standard Coefficients Table 2022).

## Renewable Sources

The company also supports its environmental commitment through the increasing use of renewable energy sources.

In detail, particularly noteworthy are the three installed photovoltaic systems, one in the Capannori area (active since 2011), one in the Avigliano plant (active since 2013), and a third one recently commissioned in the Borgo a Mozzano plant (operational since December 2022), which have avoided the atmospheric emissions of 519 tCO<sub>2</sub>e<sup>1</sup> in 2022. The photovoltaic installations at the Avigliano and Borgo a Mozzano plants will be further expanded during 2023 to consolidate Lucart's

commitment to reducing its environmental impact.<sup>2</sup>

The electrical component of the production phases of the EcoNatural lines has come from renewable sources since 2021 (Guarantees of Origin). In 2022, this commitment was further strengthened by expanding the purchase of certified electricity from renewable sources. In 2022, about 29% of the total electricity purchased by the company was of renewable origin<sup>3</sup>. This avoided the emission into the atmosphere of about 7.253 tCO<sub>2</sub>e<sup>4</sup>.

Furthermore, Lucart attained white certificates again in 2022 as

the result of the various energy-saving measures implemented over the years. White certificates, also known as "Energy Efficiency Credits", are tradeable commodities that certify the achievement of **energy savings in the end-use of energy** through measures and projects to increase energy efficiency.

A certificate is equivalent to saving one equivalent tonne of oil (TOE).<sup>5</sup>



### ENVIRONMENTAL IMPROVEMENT

**-7,772 tCO<sub>2</sub>e**

Total emissions avoided in 2022 by the photovoltaic plants in Capannori, Avigliano and Borgo a Mozzano together with the purchase of electricity with Guarantees of Origin (Lucart S.p.A.; Lucart S.a.s. and Lucart Hygiene Ltd.)



<sup>1</sup> Source data "Ecoinvent 3.9.1, market for electricity, medium voltage, Scope 2, IT" for the Avigliano plants and the Salanetti platform; for Borgo a Mozzano the tCO<sub>2</sub>e calculation was carried out using the specific emission factor referred to the self-production of EE. (method for calculating avoided emissions from self-generation of EE from renewable sources: Location Based).

<sup>2</sup> The final output for the Avigliano photovoltaic plant is estimated to be 999 kWp + 2,015 kWp = 3,014 kWp, corresponding to an annual production forecast - once fully operational - of 3,745.20 MWh. The final output for the Borgo a Mozzano photovoltaic plant is estimated at 2,421.21 kWp + 1,555.54 kWp = 3,976.75 kWp, corresponding to an annual production forecast - once fully operational - of 4,310.80 MWh.

<sup>3</sup> 20 GWh purchased with GO by Lucart S.p.A.; 27.762 GWh purchased with GO by Lucart S.a.s. and 1.735 GWh purchased with guarantees of origin by Lucart Hygiene Ltd.

<sup>4</sup> Data source "Ecoinvent 3.9.1, market for electricity, medium voltage, Scope 2, IT/FR/GB" (method for calculating avoided emissions from purchase of EE from renewable sources: Location Based)

<sup>5</sup> Source GSE

# 3.6 EMISSIONS INTO THE ATMOSPHERE

The atmospheric emissions of a paper production facility are necessary for process continuity but, an efficient use of energy, a rational use of raw materials and the presence of technologically advanced abatement plants, that comply with Best Available Technologies (BAT), make it possible to achieve results from the point of view of environmental impact reduction.

The main sources of atmospheric emissions are cogeneration plants, paper drying plants, sludge drying plants and suction points in production areas to protect the health and safety of workers.

All atmospheric emission plants are managed in compliance with the Integrated Environmental Authorisations (IEAs) issued by the competent authorities and, where applicable, constantly monitored

through suitable Continuous Emission Monitoring Systems (CEMS).

Combustion plants use methane gas, which is the fossil fuel with the lowest environmental impact both in terms of energy efficiency and because it avoids the release of secondary pollutant compounds, such as SO<sub>2</sub> and H<sub>2</sub>S.

## CO<sub>2</sub>e emissions

The following graph shows direct and indirect CO<sub>2</sub>e emissions produced by Lucart in 2022<sup>1</sup>.

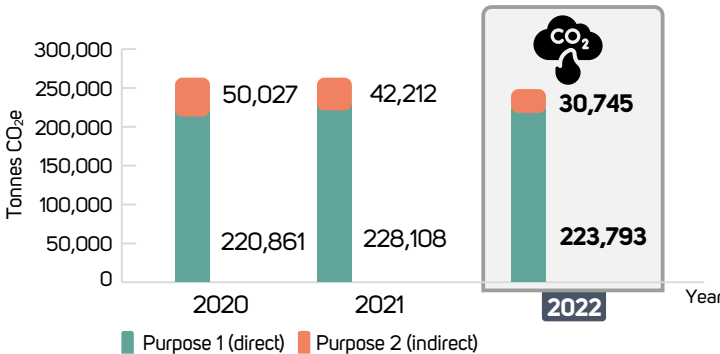
According to the accounting rules provided by GHG Protocol<sup>2</sup>, direct GHG emissions (Scope 1) are all CO<sub>2</sub>e emissions from assets owned by the company or that the

company operationally controls. In the context-specific calculation for Lucart, the direct emissions originating exclusively from the combustion of fuels (mainly natural gas and a small proportion of diesel) for industrial use were taken into account.

Indirect GHG emissions (Scope 2) are CO<sub>2</sub>e emissions deriving from the purchase of electricity from the national power grid<sup>3</sup>.

Direct emissions derived from combustion at production plants (Scope 1) were computed following the European Union Emissions Trading Scheme (EU ETS) regulates CO<sub>2</sub>e emissions in Europe for high-emitting industry sectors<sup>4,5</sup>. Scope 1 emissions from non-ETS installations were estimated using the UNFCCC 2021 coefficient from the Italian national inventory<sup>6</sup>. The *Market based*<sup>7</sup> method was adopted for calculating indirect Scope 2 emissions.

### Total CO<sub>2</sub>e emissions (direct + indirect)



<sup>1</sup> The calculation method was revised from the Sustainability Report 2021 to align it with the requirements of GRI 305, Emissions 2016.

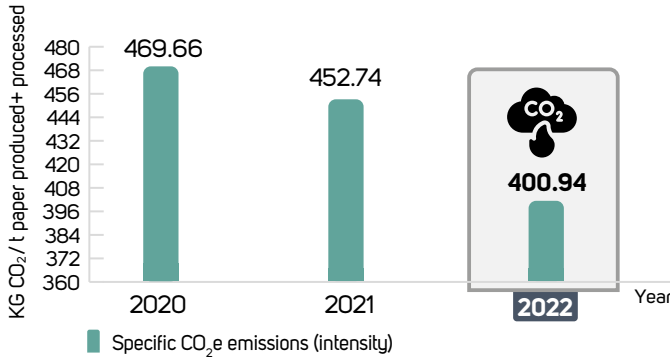
<sup>2</sup> WBCSD and WRI, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard – revised edition" (2004).

<sup>3</sup> The calculation of emissions for the purchase of electricity (Scope 2) from the power grid can be carried out using two different approaches.

**Location-based:** this emission calculation method involves the use of average emission factors relating to specific national power generation mixes. **Market-based:** this approach involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual instruments, the emission factor related to the electricity supplier's residual mix is used after the removal of the component linked to energy traceability systems, such as Guarantees of Origin (GO) or other renewable energy certification systems (RECS). The national average emission factors used by the location-based approach are usually lower than the corresponding ones calculated based on the residual mixes required by the market-based methodology.

<sup>4</sup> EU EUTS Directive 2003/87/EC et seq.

### Specific CO<sub>2</sub>e emissions (intensity)<sup>8</sup>



#### ENVIRONMENTAL IMPROVEMENT

Specific CO<sub>2</sub>e emissions

**-11%** vs. 2021

**-22%** vs. 2014

### NO<sub>x</sub> emissions

NO<sub>x</sub> emissions are generated largely by cogeneration plants and in smaller quantities by burners installed on paper machines.

The pollutant parameter concentrations and flow rates used for emission index calculation, except for the data of plants equipped with continuous monitoring systems, were calculated taking into account the results of periodic analyses carried out by external laboratories in self-monitoring mode under the emission permits.

The significant reductions in NO<sub>x</sub> emissions already highlighted in the previous two years following the installation of an innovative cogeneration turbine at the Borgo a Mozzano production site in 2019, will be further increased in 2022 with the commissioning of a similar type of plant (New LT12) also at the Porcari plant.

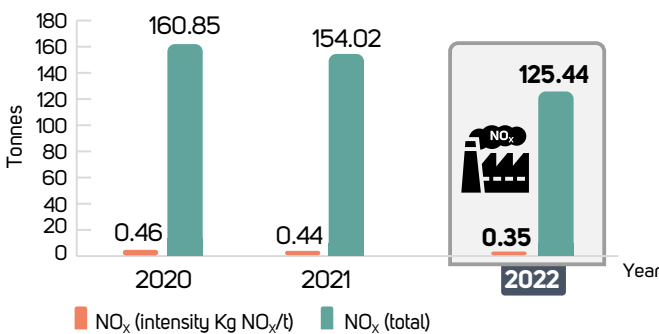


#### ENVIRONMENTAL IMPROVEMENT

Specific NO<sub>x</sub> emissions

**-19.6%** vs. 2021

**-57.6%** vs. 2014



#### BEST PRACTICE

The Porcari plant achieved important results in absolute emissions of pollutants into the atmosphere following the installation of the most efficient gas cogeneration turbine, which halved absolute NO<sub>x</sub> emissions compared to 2021 (approximately 45.8%).

<sup>5</sup> For the plants subject to ETS, the tonnes of CO<sub>2</sub>e correspond to those declared to the national body (MISE for Italy) and validated by a third-party certifying body.

<sup>6</sup> ISPRA, Table of National Standard Coefficients 2022.

<sup>7</sup> Scope 2 Market Based emissions were calculated with the coefficients of the residual mixes. (AIB European Residual Mix 2022). Scope 2 emissions calculated using Location Based method amount to 27,135 tCO<sub>2</sub>e for the same perimeter. For this calculation, emission factors for national mixes were used (Ecoinvent 3.9.1, market for electricity, medium voltage, Scope 2).

<sup>8</sup> The numerator is given by the sum of the Scope 1 and Scope 2 Market Based issues. The denominator is the sum of paper produced and transformed in the Group's plants.

# 3.7 LOGISTICS

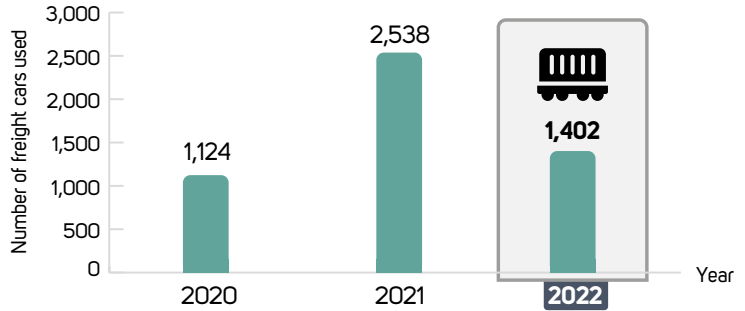
## Sustainable mobility

The **“Sustainable Mobility: transferring transport of raw materials from road to rail”** project to use the railway network to significantly reduce road transport of raw materials and end products. The project was presented in 2015 and continued in 2022. The project involves the Borgo a Mozzano facility, which has an internal railway station that we have been using for years, and the production facility in Castelnuovo di Garfagnana.

Lucart entered into an agreement with the Municipality of Castelnuovo di Garfagnana, the Region of Tuscany and RFI to restore the railway yard in April 2019. Work is currently in progress.

The tons of finished and semi-finished products transported last year suffered from the deteriorated

### Number of freight cars used



quality of the offered service, motivating the company to use conventional means of transport to guarantee delivery deadlines agreed with the customers. However, the emission of **524 tCO<sub>2</sub>e** into the atmosphere was avoided during 2022 by using the railway.

The tonnes of finished product delivered by rail from an external platform were included in the calculation.

### ENVIRONMENTAL IMPROVEMENT

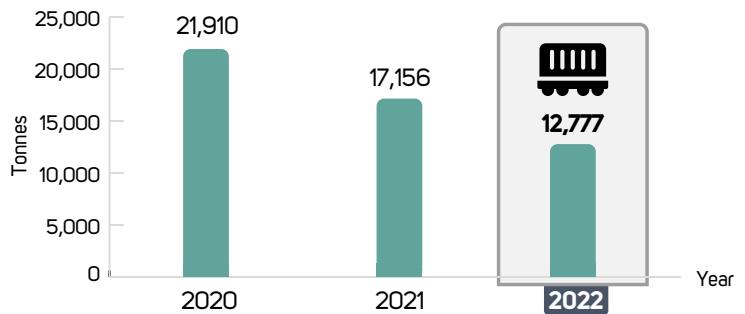


**-524 tCO<sub>2</sub>e**  
avoided emissions

**IMPROVEMENT GOAL**

- REDUCTION TO ZERO OF PARTICULATE EMISSIONS
- REDUCTION OF 15% of tCO<sub>2</sub>e for transporting goods to and from the Altopascio Logistics Hub.

### Tonnes transported by rail



A project for gradually replacing traditional means of transport to and from the Logistics Hub with next-generation vehicles fuelled

by LNG (Liquified Natural Gas) has been implemented. In the past year, nearly 96% of the trips made to and from the Altopascio

hub were made by LNG vehicles. These trips avoided the release of 20.5 tonnes of 20.5 tCO<sub>2</sub>e (LNG vs. EURO VI) into the atmosphere.

<sup>1</sup> [https://www.ansa.it/canale\\_ambiente/notizie/mobilita/2019/05/09/con-gnl-meno-smoggas-taglia-emissioni-e-costi-dei-trasporti\\_Ob064ff4-a72d-41c8-a09e-d37ceb80f3c3.html](https://www.ansa.it/canale_ambiente/notizie/mobilita/2019/05/09/con-gnl-meno-smoggas-taglia-emissioni-e-costi-dei-trasporti_Ob064ff4-a72d-41c8-a09e-d37ceb80f3c3.html)

<http://www.freightleaders.org/wp-content/uploads/2019/05/Q28-impaginato-LOWxWEB.pdf>





# 3.8 PACKAGING

## Sustainable Packaging Guidelines

Lucart intends to adopt a circular vision in which packaging never becomes waste through a development plan with a 2020-2030 time horizon, pivoting on the following five key points:



- 1. all problematic and/or unnecessary packaging must be eliminated by redesigning and innovating;
- 2. all packaging must be reusable or 100% recyclable or compostable;
- 3. all packaging must actually be reused or recycled or composted;
- 4. where possible, the use of renewable resources should be preferred and the use of non-renewable resources should be reduced, if not eliminated, as a consequence;
- 5. all packaging, regardless of the material of which it is made, must comply with current regulations and must respect the health, safety and rights of everyone involved.

Packing is considered as problematic or unnecessary if:



- 1. it cannot be reused or recycled or composted;
- 2. it can be eliminated (or replaced by a reuse model) while maintaining its usefulness;
- 3. it hinders or prevents the recyclability or compostability of other objects;
- 4. it has a high probability of being dispersed or disposed of in the natural environment.





The project primarily involved the packaging used in the plants of the Group in Italy, France and Spain and will be extended during 2022 to plants in England and Hungary. All primary, secondary and tertiary packaging, used for paper production and for converting it into finished products and shipping, was analysed. The packaging was then divided into categories according to the materials of which it was composed, with particular attention to:

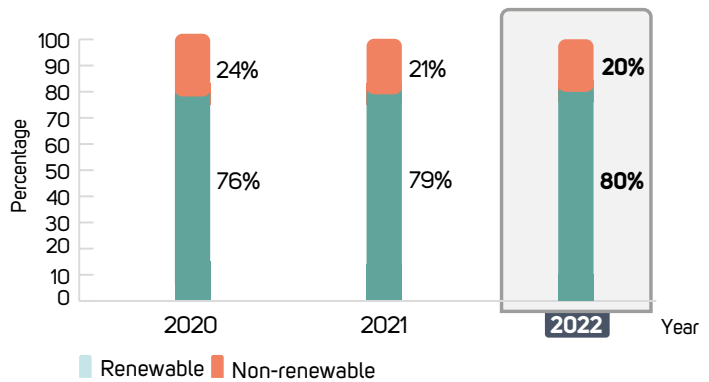


The results of the analysis and the actions taken in recent years to replace polyethylene packaging with paper packaging, reduce the thickness of packaging while ensuring the same level of performance and introduce packaging made either entirely or partly of recycled raw materials, are well represented by the following numbers<sup>1</sup>, consistent with the adopted guidelines.

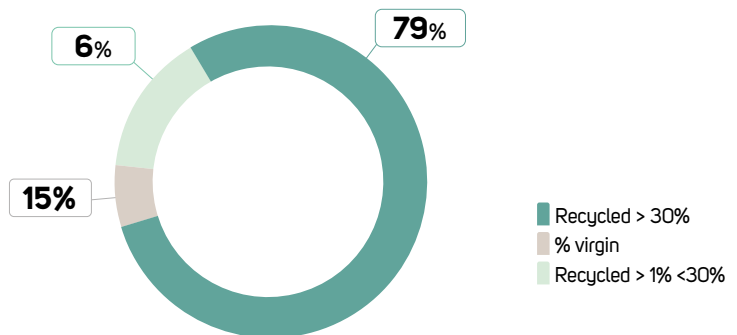
**GOAL ACHIEVED**

**100% of the packaging used in the Lucart Group is reusable, recyclable or compostable.**

**% renewable vs. non-renewable packaging**



**% recycled packaging - virgin material breakdown**



<sup>1</sup> The analyzes refer to purchases of primary, secondary and tertiary packaging from the Lucart plants in Italy, Spain, France and the United Kingdom and Hungary and do not include pallets for transporting and shipping goods and reusable plastic cores from paper mill reels.

# 3.9 WASTE MANAGEMENT

Waste from a paper manufacturing plant mainly consists of pulper waste and paper mill sludge, which is directly derived from the paper manufacturing process and wastewater treatment.

Other waste is generated by paper-converting activities (packaging waste) and auxiliary activities (mainly maintenance, internal logistics).

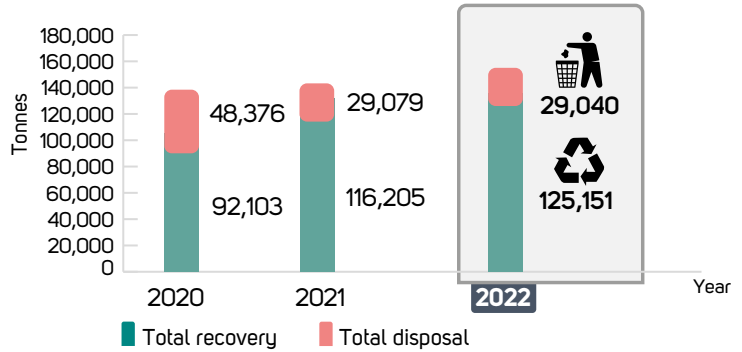
Waste generation per tonne of paper produced remained constant, decreasing slightly by 0.2% compared to 2021.



The percentage of waste sent for recovery increased slightly by 1.5% (81.2%) in 2022.

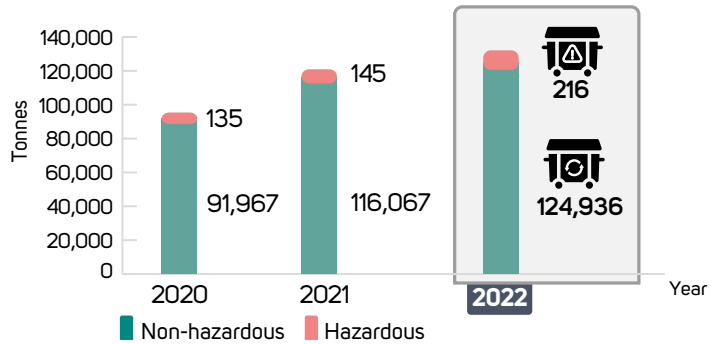


## Waste generated\*

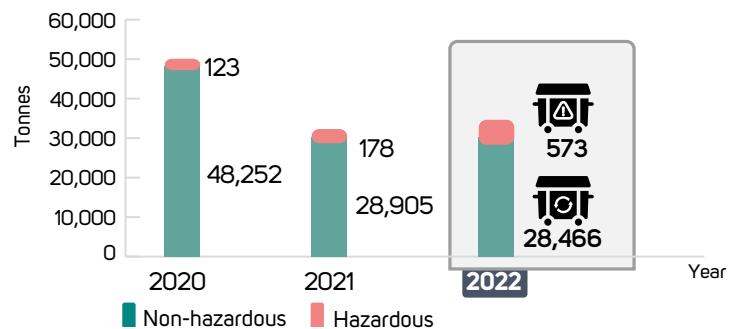


\* Note that waste is expressed as such and not as dry.

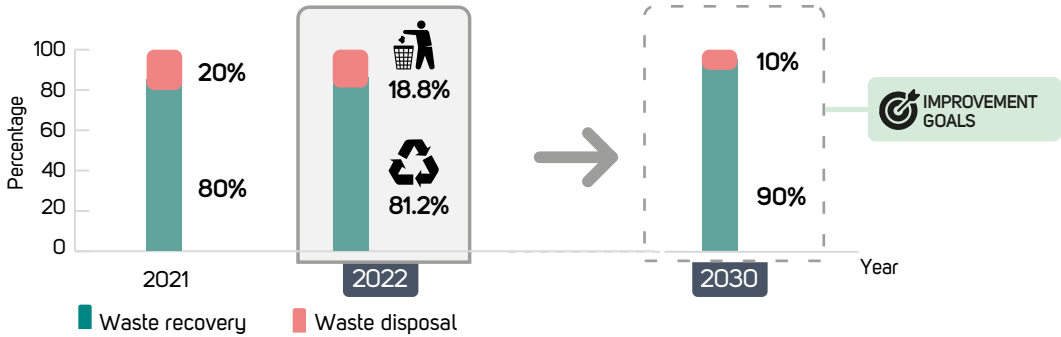
## Waste recovery



## Waste disposal



### Waste produced



### Waste generated per category

GROUP TOTAL 2022

Waste composition <sup>1</sup>	Waste generated	Waste recovery	Waste disposal
Chapter 03 Waste from wood processing and the production of panels, furniture, pulp, paper and cardboard	146,184	119,120	27,064
Chapter 07 Waste from organic chemical processes	138	0	138
Chapter 08 Waste from the manufacture, formulation, supply and use of coatings, adhesives, sealants and printing inks	605	6	599
Chapter 12 Waste from physical and mechanical surface treatment and processing of metals and plastics	316	314	2
Chapter 13 Oil wastes and wastes of liquid fuels (except edible oils and those in chapters 05 and 12)	82	38	44
Chapter 15 Waste packaging, absorbents, wiping cloths, filter materials and protective clothing not otherwise specified	4,037	4,009	29
Chapter 16 Waste not otherwise specified in the list	699	151	547
Chapter 17 Construction and demolition wastes (including excavated soil from contaminated sites)	647	629	18
Chapter 19 Wastes from waste management facilities, off-site wastewater treatment plants and the preparation of water intended for human consumption and water for industrial use	55	55	0
Chapter 20 Municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions	1,427	829	599

<sup>1</sup> European Waste Catalogue (EWC) as per European Commission Decision 2000/532/EC as amended and supplemented.

<b>154,191 t</b> Waste generated	<b>125,151 t</b> Waste recovery <b>81.2%</b>	<b>29,040 t</b> Waste disposal <b>18.8%</b>
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### BEST PRACTICE

In the **Avigliano plant**

**-61%**  
pulper waste sent for disposal vs. 2021

In the **Porcari plant** optimisation of the raw material sorting process, which reduced the production of sludge per unit of paper produced

**24.35%** in 2022  
vs  
**25.03%** in 2021

There was also an increase in sludge sent to recovery operations

**92%** in 2022  
vs  
**81%** in 2021

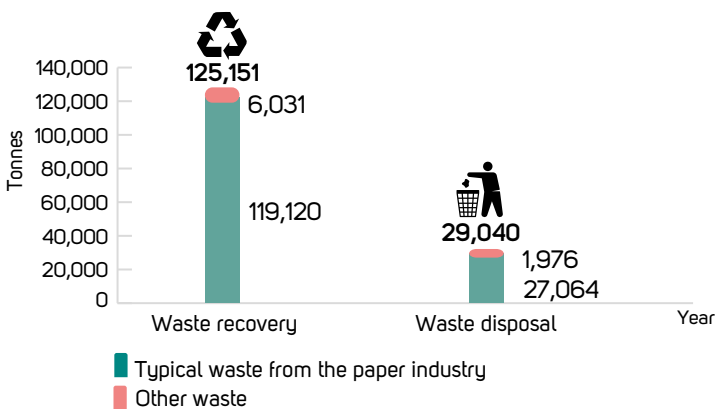
In the **Borgo a Mozzano facility** there was a further increase in sludge sent to recovery operations

**98%** in 2022  
vs  
**96%** in 2021

## End-of-life waste management detail at Group level

Operation Recovery (R) or Disposal (D)	% of total generated waste
<b>R3</b> Recycling/reclamation of organic substances which are not used as solvents (including composting and other biological transformation processes)	<b>43.14%</b>
<b>R13</b> Storage of waste pending any of the operations numbered R 1 to R 12 (excluding temporary storage, pending collection, on the site where the waste is produced)	<b>22.19%</b>
<b>R10</b> Land treatment resulting in benefits to agriculture or ecological improvement	<b>7.75%</b>
<b>D5</b> Specially engineered landfill (e.g. placement into lined discrete cells which are capped and isolated from one another and the environment, etc.)	<b>7.65%</b>
<b>D15</b> Storage pending any of the operations numbered D 1 to D 14 (excluding temporary storage, pending collection, on the site where the waste is produced)	<b>5.27%</b>
<b>R1</b> Use principally as a fuel or other means to generate energy	<b>4.18%</b>
<b>D13</b> Blending or mixing prior to submission to any of the operations numbered D 1 to D 12	<b>3.34%</b>
<b>R5</b> Recycling/reclamation of other inorganic materials	<b>3.21%</b>
<b>D1</b> Deposit into or onto land (e.g. landfill, etc.)	<b>1.79%</b>
<b>D9</b> Physical-chemical treatment not specified elsewhere in this Annex which results in final compounds or mixtures which are discarded by means of any of the operations numbered D 1 to D 12 (e.g. evaporation, drying, calcination, etc.)	<b>0.77%</b>
<b>R12</b> Exchange of waste for submission to any of the operations numbered R 1 to R 11	<b>0.49%</b>
<b>R4</b> Recycling/reclamation of metals and metal compounds	<b>0.19%</b>
<b>D10</b> Incineration on land	<b>0.02%</b>
<b>R9</b> Oil re-refining or other reuses of oil	<b>0.004%</b>

## Typical waste from the paper industry



Typical wastes from the paper industry are those identified by the first two digits 03 of the European Waste Catalogue (EWC) as per European Commission Decision 2000/532/EC as amended and supplemented.

# 3.10 FINAL QUANTITY BALANCE

	Units of Measurement	2020	2021	2022	sustainable development goals
<b>Total production</b>					
	<b>PAPER MILL</b>	t	346,401	351,498	<b>355,905</b>
	<b>PAPER CONVERTING</b>	t	230,377	245,582	<b>278,943</b>
<b>Water resources</b>					
	<b>WATER PER TONNE OF PAPER PRODUCED</b>	m <sup>3</sup> /t	10.80	10.11	<b>9.51</b>
<b>Energy resources</b>					
	<b>ENERGY INTENSITY</b>	Gj/t	7.94	7.81	<b>7.23</b>
<b>Emissions into the atmosphere</b>					
	<b>CO<sub>2</sub>e EMISSIONS INTENSITY</b>	Kg CO <sub>2</sub> e/t	469.66	452.74	<b>400.94</b>
<b>Waste</b>					
	<b>WASTE PRODUCED PER TONNE OF PAPER</b>	t/t	0.244	0.243	<b>0.243</b>
	<b>PERCENTAGE OF WASTE FOR DISPOSAL OUT OF TOTAL GENERATED WASTE</b>	%	34	20	<b>19</b>
<b>Rail handling</b>					
	<b>TOTAL TONS TRANSPORTED BY RAIL</b>	t	21,910	17,156	<b>12,777</b>
<b>Skincare sector</b>					
	<b>TOTAL PRODUCTION</b>	t	9,797	7,732	<b>7,358</b>
	<b>TOTAL WATER CONSUMPTION</b>	m <sup>3</sup>	8,751	7,306	<b>7,185</b>
	<b>SPECIFIC WATER CONSUMPTION</b>	m <sup>3</sup> /t	0.89	0.94	<b>0.98</b>



# # trust me



# Marketing & Communications

OUR COMPANY AND OUR PRODUCTS  
HAVE ALWAYS BEEN A BLEND  
OF INNOVATION AND SUSTAINABILITY

*We communicate to build long-term  
relationships based on mutual trust*

# 4.1 CORPORATE COMMUNICATION ACTIVITIES

The 2022 Corporate Communication plan analysed the stakeholder mapping, the materiality analysis review and the sustainable development goals identified as priorities by the company, described in Chapter 1.

The communication activities in 2022 focused mainly on the major issues of



The media relations strategy led to an increase of approximately 30% in the number of articles dedicated to Lucart in local newspapers and the national mainstream and specialised trade press compared to the previous year. The company was constantly mentioned in scenario articles dedicated to the paper industry with the space and visibility commonly reserved for market leaders. Especially noteworthy were the articles published in the main national economic supplements that contributed to the company's positioning as a leader on sustainability issues in the paper industry and society at large.

Media relation activities were also carried out in France, Hungary and Spain, with good results in terms of positioning.



Scan the QR Code with your smartphone camera to connect to the media files





COMMUNICATION TV, RADIO, WEB, PRESS, PUBLICATION

Presence in the Italian media



Lucart su Rai3

Journalist Federico Monechi dedicated [a segment](#) to the district heating project implemented by the company in collaboration with the Castelnuovo di Garfagnana local authorities for using the excess heat generated by the turbine in the Lucart plant to heat the local sports centre.



Corriere della Sera

The interview with Massimo Pasquini, CEO of the Lucart Group, was published on the front page of [the economy insert of the Corriere della Sera daily paper](#).

In the interview, Mr Pasquini described the projects to be implemented to achieve the Group's sustainability goals.



La Repubblica "Affari e Finanza"

An interview with Lucart's CFO Andrea Fano about the five-year 200-million-Euro investment strategy was published in the "Affari & Finanza" insert of the "La Repubblica" dedicated to business and finance.

## #SustainabiliTALKS

Lucart Corporate Communication Manager Tommaso De Luca was [interviewed](#) by Federico Fioretto to speak about the importance of communicating about sustainability and how Lucart is working to make its business model more sustainable.



## PMI Heroes

Lucart was a guest on the PMI Heroes series, the Banca Ifis podcast series that gives a voice to the companies that have excelled in the ambitious journey to support the sustainable transition of the Italian economic-productive system.

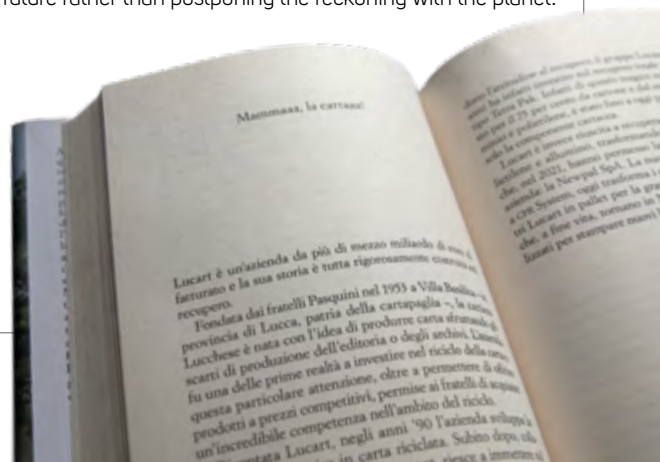
Lucart Corporate Communication Manager Tommaso De Luca [talked](#) about the company's commitment to promoting sustainable models of paper production and consumption to achieve the 2030 Agenda SDG12.



## "The Green Heroes and I. Why I choose to think green"

After being picked by the famous Italian actor Alessandro Gassman and the Kyoto Club as one of the #GreenHeroes in his weekly column in the Friday insert of the daily "La Repubblica", Lucart was also featured among the 100 Green Heroes mentioned by the actor in his autobiography entitled "Io e i Green Heroes. Perché ho deciso di pensare verde" ("The Green Heroes and I. Why I choose to think green").

For Gassman, the #GreenHeroes are courageous men and women who show that it is possible to create value and work while also caring for the environment, investing in the future rather than postponing the reckoning with the planet.



## Presence in the international media

### Presence in the French media

The Laval sur Vologne plant was the subject of several articles published in local and national newspapers when the new investments dedicated to the French market were announced.

The following are particularly noteworthy: [L'Echo des Vosges](#), radio interview on Radio Classique, [Emballages Magazine](#), [Voges Matin](#), Usinenouvelle.



### Presence in the Spanish media

Lucart Tissue & Soap S.L.U. featured in several issues of major trade magazines. Particularly noteworthy was the interview with Daniel Relloso, Commercial Director of Lucart Tissue & Soap, in Limpiezas magazine, Spain's leading hygiene magazine.



### Presence in the Hungarian media

Hungarian trade magazines devoted ample space to Lucart Kft., particularly on the occasion of the publication of the Sustainability Report and the achievement of Ecovadis certification with Platinum level.

Particularly noteworthy are the articles published in [Portfolio](#), [RTVE](#), Store Insider, Dorogi Medence, [TradeMagazin](#), [Üzletem](#), [TermekMix](#).



## 📢 DIGITAL COMMUNICATION

### Lucart corporate website

The [Lucart corporate website](#) was constantly updated throughout the year and has become the main source of information for the group. The Newsroom section, in particular, shared the main events in the Lucart world with all stakeholders.

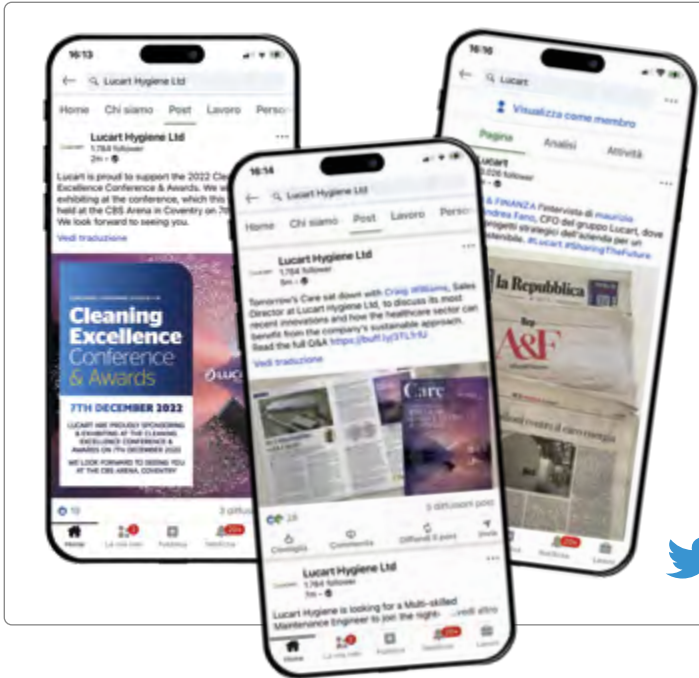
The website is constantly updated in six languages (Italian, English, French, Spanish, Hungarian and German) to facilitate communications and reach out to readers.



### Social Network

The LinkedIn account of the Lucart Group grew considerably in terms of contacts and interactions in 2022, with a 21.6% increase in followers.

The information shared on social media and linked to the newsroom on the corporate website is in Italian and English. The editorial calendar shows the main corporate events, the brand campaigns, the significant investments, the editorial releases, the environmental results of the Group and other activities related to the company and its workforce.





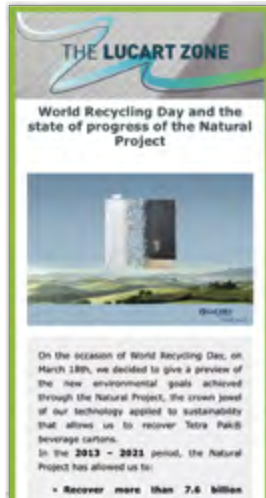
## “The Lucart Zone” Newsletter

The Company Newsletter is now a consolidated tool for sharing internal information within the group. It is written by the Communications Office which, together with the involvement of the various departments, collects important news, collaborations, partnerships and objectives achieved by the various plants.

The opening rate of newsletters in various languages stood at around 50% in 2022, reaching the objectives set for the tool.

Opening rate of approx.

**50%**





## OTHER COMMUNICATIONS AND PUBLIC RELATIONS ACTIVITIES

### Lucart calendar

For the seventh edition of the corporate calendar, Lucart called [Nicolò Canova](#), a creative artist from Turin, to tell about the story of the company and celebrate its 70th anniversary. The artist created twelve exclusive illustrations, one for each month of the year. The calendar tells about the company's history and values, from the origins of the papermaking technological tradition to the attention to ethics and environmental sustainability expressed over the years by the Group and always with an eye to the future.

"Paper is not just a product. It is the starting point of a continuous path of improvement and evolution, as a company and as a family," commented Nicolò Canova. "The various products become an imaginary window to travel through its past, present and future".



### Assindustria Venetocentro Sustainable Development Models Project

The collaboration with the "Progetto Modelli di Sviluppo Sostenibili" ("Sustainable Development Models Project") promoted by Assindustria Venetocentro and coordinated by Mario Paronetto continues. Through dedicated meetings and visits to companies, the 43 members illustrated their practices in the fields of sustainability and corporate social responsibility. The meetings were held in presence again after the end of the pandemic.



# 4.2 AWAY FROM HOME MARKETING AND COMMUNICATION ACTIVITIES



Lucart Professional is a demonstration of how the futuristic vision of a major international group can take shape in a concretely innovative business model.



The circular economy model of the EcoNatural line, the new recycled paper packaging and the energy-saving technology of the Identity line were backed up by sustainability education projects in schools and collaborations with local municipalities and businesses to improve recycling processes.

The commitment to sustainability is certified by concrete results and proven by the Environmental

Product Declaration (EPD®) on recycled paper products.

A focus on economic and environmental sustainability with dispensing solutions that reduce consumption and costs in use.

The global innovation vocation will help the entire business chain achieve excellent results and the world become a better place to live.



## Sustainable Packaging Programme

The brand implemented the use of sustainable solutions for product packaging in 2022.

Primary packaging previously made of virgin polyethene was replaced, where technically feasible, by recycled paper or recycled plastic packaging. Secondary packaging has also adopted recycled plastic materials wherever possible.

In doing so, Lucart Professional further underlines its commitment to reducing the environmental impact of its products.

For further information, please refer to chapter 1.



## EcoNatural Project

EcoNatural has been the byword for sustainable innovation. The project implements **advanced technology that recycles 100%** of the components of beverage cartons, through a one-of-a-kind production process with no peers in the sector.

This virtuous system reduces the weight of waste on the environment and has propelled Lucart to become a **benchmark for the circular economy in Europe**. The electricity used in the production and processing of EcoNatural products has come from 100% renewable sources since 2021.

Furthermore, EcoNatural products made at the French plant in

Laval sur Vologne have been Cradle to Cradle™ certified. The dispensing systems made from the aluminium and polyethene from beverage cartons obtained Remade in Italy® certification, which, through tests conducted by Bureau Veritas accredited laboratories, defines the percentage of recycled material contained in the product.



The range of EcoNatural systems was complemented with the white version of the dispensers, which are also Remade in Italy® certified. The company focused on spreading awareness of the EcoNatural project in 2022 by attending the most important international trade fairs:

Interclean 2022 in Amsterdam, Cleantek in Porto and sponsoring the Forum Pulire event in Milan. A genuine commitment to confirm the constant closeness of the Lucart Professional brand to its customers along the entire supply chain.



## Identity

The Identity range of dispensing systems combines performance, hygiene, reliable construction and low costs for use and maintenance. During 2022, the range was complemented with new products that perfectly reflect these values.

- **Identity Toilet** dispenser with stub-roll is a self-cutting toilet paper dispenser with an innovative internal mechanism that allows the user to use every last tear of the roll in use, for a reduction in waste;
- **Identity Handtowel** dispenser with a smooth cut function guarantees a pleasant user experience thanks to its internal ultra-smooth dispensing system;
- **Identity Touch Free Towel** dispenser is equipped with a motion-sensitive electronic sensor that allows the paper to come out automatically, guaranteeing hygiene and reducing the risk of potential contamination.
- **Identity Soap 1000** is the dispensing system for the new, wide range of 100% Made in Lucart soaps, a guarantee of quality and supply chain control.



## Municipal Material Cycle - MMC® as an example of circular business model

The MMC® (Municipal Material Cycle) project is the new virtuous model of recycling education directly involving the local community.

The aim of the MMC® project, first piloted in Novo Mesto, Slovenia, is to engage citizens and city institutions to contribute to the creation of a true culture of sustainability.

The project requires the coordination of many players. Used beverage cartons are collected by the families of students. The local waste disposal company sends the used

beverage cartons to Lucart which transforms them into new Lucart Professional EcoNatural line products. The products were sold, together with their dispensers, to a

local partner, for distribution to the toilets of offices, schools, public companies and sports centres in the area from where the collected cartons originated.

In Slovenia MMC® is active in four municipalities covering 22% of the national population. Exporting the virtuous Slovenian model to Slovakia allowed MMC® to be implemented in two municipalities, reaching 5% of the population.

Used beverage cartons leave the municipalities as waste and are returned as useful high-quality tissue paper products.



## Tree Challenge

The international Tree Challenge incentive was created to create greater awareness of EcoNatural and greater sensitivity towards environmentally sustainable projects.

The international competition is aimed at the salespeople of its main partners by rewarding, based on their level, the most effective in saving trees with sustainable awards.

Counting the saved trees is the calculation method of the incentive plan that preserves the fundamental characteristic of the product range on which it is based, i.e., sustainability. The vendors of participating partners can increase

their personal number of saved trees by competing with each other. They are encouraged to earn an **Environmental Savings Certificate** that in addition to the trees saved also considers the CO<sub>2</sub>e not emitted and the number of recovered beverage cartons. The Tree Challenge incentive campaign saved more than



68,000 trees and avoided more than 3 million kg of CO<sub>2</sub>e emissions into the environment in 2022.



## Eco-Schools Project Advancing the Circular Economy (E-SPACE)

E-SPACE is a two-year pilot project aimed at preparing youngsters and motivating them to work in favour of the circular economy.

The project was developed with the collaboration of Eco-School.

The project aims at:

- ② developing a circular economy curriculum for schools;
- ② developing a circular economy teaching kit;
- ② providing circular economy training to teachers in using the seven-stage Eco-School learning method through the development of projects;
- ② increasing the stakeholders' awareness of the production cycle, from raw materials to the final product, with a focus on use, reuse, reduction, recycling and reconditioning.



The first results show the extreme interest in the project that now involves 66 schools in two countries (Slovenia and Latvia) on a current issue with the active participation of students in practical activities. Furthermore, the students are encouraged to reflect through concrete examples of situations that put sustainability first. This is to give further motivation and concreteness to the project.

The values of E-SPACE values were exported with an independent project by Lucart Professional in Spain, involving a group of local business partners. Fifty-four more schools will soon be joining to actively implement the circular economy project.

# FATO

YOUR PERSONAL TABLE STYLIST

Certified and eco-sustainable products were the drivers of the Fato activities last year.



In 2022, the Fato brand's plain-colour airlaid products started the procedure for obtaining Ok Compost certification for improving the environmental performance of the range.

New colours and decors have enriched the Tablewear line in dry paper: the new colours in delicate hues are inspired by nature, such as wood and stone. New combinations join the palette

already in the range to create refined combinations and bring an extra green touch to the table.

The Italian flair that distinguishes the Tablewear line guarantees a high-quality user experience comparable to that of fabric.

During the year, all marketing materials supporting retailers were redesigned to facilitate tableware customisation.



# Velo

Growing range, growing sustainability.



The Velo range is expanding with new environmentally friendly and certified products, together with new recycled and recyclable paper packaging. In 2022, after having focused on the product, the brand's commitment turns to the packaging and embarks on a course to reduce virgin plastic in favour of

paper wrappers or packs made of recycled material.

All this is part of the "Sustainable Packaging Programme", which represents the commitment to the environment of the company concerning product packaging.

The Identity dispenser range has been complemented with two new products:

	<p><b>Identity Touch Free Towel Dispenser,</b> which complements the current range by adding an electronic roll towel dispenser with no-touch technology.</p>		<p><b>Identity Soap 1000,</b> a new manual dispenser of the Identity system equipped with a soap refill made in the Artziniega factory in Spain, available in both foam and liquid soap versions.</p>
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## 4.3 CONSUMER MARKETING AND COMMUNICATION ACTIVITIES



A new value-rich range for the consumer to convey:

- more softness;
- raw material and packaging sustainability;
- transparency towards the consumer.

Tenderly is now available in five subfamilies: toilet paper, Carezza di Latte, Vintage Edition, Soft Breeze and Salvaspazio.



### Soft Breeze

New for 2022 and springing from the synergy between the Castelnuovo di Garfagnana factory and the R&D team, **Tenderly Soft Breeze** is a product that combines the softness of the new Tenderly formula with a delicate fragrance ideal for the bathroom.

### Handkerchiefs

**Tenderly** handkerchiefs have accompanied Italian families for years. Available in "Classic" or "Eco-Classic" versions, the latter has an outer wrapper made of recycled paper and a package made of Mater-Bi, effectively eliminating virgin plastic from the packaging. Finally, the **Tenderly Baby** line was created in collaboration with Disney to appeal to kids and completes the range.





## The “Tenderly Academy” campaign

For the second year, the **Tenderly Academy** is contributing to creating a “tenderer” world by helping adults rediscover important values. This time, the teachers are the children, capable of expressing complicated concepts in the words of their innate naivety and innocence. To support this brand, significant investments in communication were made throughout the year on both traditional and digital platforms.

## Partnership with Save the Children



Again in 2022, Tenderly teamed up with Save the Children for the **Spazi Mamme** project to create places where parents are accompanied during the most important stages of their children’s growth. These spaces promote the inclusion of children aged from 0 to 6 from disadvantaged backgrounds equipping them with the right tools for each phase of their growth. The support of Tenderly is more than just economic and expressed through a communication campaign aimed at raising consumer awareness on the brand’s social channels.



© Housedada per Save the Children

## Partnership with Make a Wish

During the year, Tenderly’s trademark tenderness continued to actively support **Make A Wish**, the international non-profit organisation that makes the dreams of children suffering from serious illnesses come true. In that was confirmed and reinforced with eight wishes fulfilled since 2022.



## Chili

Tenderly launched the #CINE-COCLE initiative in collaboration with Chili for Christmas 2022. Every day from 1 to 25 December, Tenderly consumers had the opportunity to purchase a film on the Chili platform at a super-discounted price.



## Partnership with Mus.e

Partnership with museums in Florence, aimed at supporting the initiatives of **Mus.e Firenze** continued in 2022. The non-profit organisation enhances and disseminates the heritage of the city through cultural mediation activities to everyone who wishes to understand and appreciate it and facilitates the approach to the cultural offering to special needs audiences. The support of Tenderly designed to launch a series of initiatives specifically dedicated to special needs audiences did not stop despite the closure of museum facilities. A series of articles and social communication events shared with Mus.e allowed us to channel the interest of Tenderly followers and new contacts.

## Lucca Comics ‘22 “Hope”

Tenderly is also the main sponsor of the 2022 edition of Lucca Comics, which, after having been stopped for the pandemic, was back attracting huge crowds to the time-honoured activities.





# Tutto®

Tutto continues its push for innovation to offer a complete range of products for the home and kitchen.

## Tutto Pannocarta Cube

It is the practical 40-wipe format for cleaning efficiency "cubed". Biodegradable and compostable, it is ideal as a dust catcher, an absorbent sponge or a multipurpose cloth. It is made from 100% photovoltaic energy.



## Tutto napkins

The new line of Tutto napkins in four different versions was launched in 2022: **Tutto a Tavola**, for everyday lunches and dinners, **Tutto Charme** for an eco-friendly table, **Tutto Party** designed for informal get-togethers and **Tutto Elite** for special occasions.



## Tutto 3 in 1 uno per tutto

**1** <sup>/3</sup>  
**Carta**



**FRITTI  
CROCCANTI E  
ASCIUTTI**

**2** <sup>/3</sup>  
**Panno**



**ULTRA  
RESISTENTE  
BAGNATO**

**3** <sup>/3</sup>  
**Spugna**



**ASSORBE IL 50%  
IN PIÙ DEI  
NORMALI ROTOLI**





## “USA, USA, USA...E GETTA” campaign

In 2022, Tutto plays a leading role in communication with a bold social media campaign that achieved significant results in terms of awareness and engagement. The campaign which translates into “Use, use, use... and throw away” in English, highlights the versatility and reuse of Tutto Pannocarta by “educating” consumers on all

its possible uses. The 30” hero video launched at the beginning of the campaign was then broken down into 10” and 15” formats launched on TV in May and December respectively, with two campaigns that worked on brand affinity targets and general public networks to maximise campaign reach.



## #TuComeLoUsi? campaign

The former campaign was expanded in the second half of the year with a new campaign involving loyal Tutto Pannocarta consumers, who with the “how to you use it” hashtag became the spokesperson for all possible uses, even the most unusual, that can be made with the product.

## Product Placement and Telepromotions

The now-time-honoured presence of Tutto Pannocarta as a partner of “Cotto e Mangiato” on Italia 1 was confirmed in both 2022 seasons.

The extensive use of the product has largely consolidated communication on the unique characteristics of a product made with airlaid technology.

In December, for one week, Tutto entered the homes of millions of Italians during the show “Caduta Libera” with an exceptional spokesperson: **Gerry Scotti**. In a 40” long video, the popular TV presenter explained the outstanding features that make Tutto Pannocarta a unique product on the market.





The green credentials of the innovative Grazie EcoNatural range were consolidated with a focus on packaging.

Its commitment of Lucart to seeking ecological and innovative solutions to reduce environmental impact produced new important results in 2022. Besides being made from paper recycled from beverage cartons, the focus of Grazie EcoNatural turned to the exterior packaging and is now available in two versions, one with 60% recycled plastic and one with 100% recycled paper to minimise the use of plastic in its products. All packaging is recyclable.



### E-Commerce

To maximise the distribution of Grazie EcoNatural, Lucart partnered with Probios, a leading Tuscan company in the distribution of ecological products in the second half of 2022. Grazie EcoNatural consumers can now buy directly from the Probios e-commerce with a dedicated Grazie brand page.



### Communication on Social Media

The **"Bisogni"** campaign is now in its fourth year and continues to impress for the way it manages to combine socially important messages with a funny, upbeat tone. To make communication even more impactful in the French market, Grazie EcoNatural has initiated several collaborations with influencers closely linked to the values of eco-sustainability to "explain" the values of Grazie EcoNatural in a consumer-friendly voice.

### Blogs

The [www.Grazie.it](http://www.Grazie.it) website now features a blog focused on environmental education topics. With its advice, Grazie EcoNatural aims to become the go-to green reference for consumers stretching beyond simple consumption habits.



## 4.4 AWARDS

### 30<sup>th</sup> Ecolabel

Ecolabel, on the occasion of its 30th-anniversary celebration, awarded Lucart with a “Special Mention 5th Edition, for the best advertising and marketing campaign”. In 1996 Lucart was the first Italian company to have received the ecological quality mark issued by the European Union, which distinguishes products and services with low environmental impact.



### HC Home Care Awards

Alberto Bochicchio, Lucart's National Account Manager, collected the HC Home Care Awards, an award of excellence organised by Edizioni Turbo by Tespi Mediagroup, awarded by the retail world to companies that have distinguished themselves in the conception and implementation of marketing and communication activities. Grazie EcoNatural received recognition for its packaging made of recycled paper and also an award for its “Bisogni” campaign published on the brand's social media channels.

### CONAI for Packaging Eco-Design

The Lucart Group took part in the “Thinking Future” project created by CONAI (National Packaging Consortium) to promote an eco-design-oriented packaging culture and was awarded, among the companies recognised for investing in prevention activities aimed at the environmental sustainability of their packaging, for paper packaging as the most innovative and eco-sustainable solution introduced to the market in 2020-2021.



## 4.5 PARTICIPATION IN CONFERENCES

Lucart Managers were invited to speak at many conferences and other events.



### Green Talk

Group CEO, Massimo Pasquini took part as a speaker in the Green Talk organised by Rcs Academy “Supply Chain, Industry and Manufacturing: Sustainability of Production Processes” to talk about the sustainability of supply chain and industrial production processes.



### Richmond Future Factory Forum

Chief Information Officer, Massimiliano Bartolozzi participated as a speaker at the most important international event dedicated to innovation in the world of manufacturing and logistics, bringing the example of Lucart.



### Convention Day Harpalis

Group CEO, Massimo Pasquini attended the Harpalis Network Convention Day to talk about the successful case history of the sustainability projects implemented by the Lucart Group.



### Aiman National Conference

Chief Operations Officer, Daniele Nori participated in the Aiman Round Table to talk about maintenance Best Practices for the process industry related to the paper industry.



### Sustainability Week

Tommaso De Luca, Corporate Communication Manager, spoke at the conference organised by Assindustria VenetoCentro on the occasion of Sustainability Week to describe the sustainability strategy adopted by the company.



## Paper Week

Paper Week took place in Genoa, a week dedicated to initiatives aimed at revealing curiosities and secrets about the paper and cardboard recycling process. Senior Sustainability Advisor, Guido Pasquini participated as a Lucart speaker.



## CFO Summit 2022

CFO of Lucart, Andrea Fano spoke at the CFO Summit 2022, an event organised by Business International to open a discussion on the evolution of the CFO's role in the sustainable strategies of the new decade.



## EcoForum

As per tradition, we were among the key players at the 9th edition of EcoForum, the National Conference on the Circular Economy organised by Legambiente, Nuova Ecologia and Kyoto Club, in collaboration with CONAI and CONOU. Two days of debate between the government, institutions, companies, supply chain consortia and sector professionals, to which we had the pleasure of contributing by describing the path that led to the creation of Newpal.



## Forum Issa Pulire

Francesco Pasquini, Chief Sales & Marketing Officer, intervened as a speaker at the plenary conference "The integrated management of the new normal services" during which he told how to support the supply chain in a sustainable and innovative way.



## Forum Alava Objetivo 2023

Daniel Relloso, Commercial Director of Lucart Tissue & Soap, was at the Fórum Alava Objetivo 2023, organised by Diario De Noticias de Álava, intending to focus on the upcoming challenges to enable economic growth in the Álava region.



## 4.6 WEB COMMUNICATION

During the year, the Group continued to develop and update all its websites to use this tool as an effective means of contact and interaction with customers and consumers.

### Corporate websites

🔗 [www.lucartgroup.com](http://www.lucartgroup.com)



### Away from Home

🔗 [www.lucartprofessional.com](http://www.lucartprofessional.com)

🔗 [www.fato.com](http://www.fato.com)

🔗 [www.tenderlyprofessional.com](http://www.tenderlyprofessional.com)

🔗 [www.veloweb.it](http://www.veloweb.it)

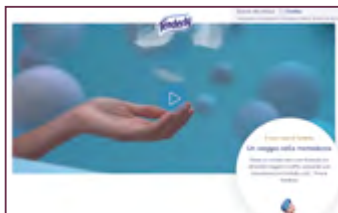
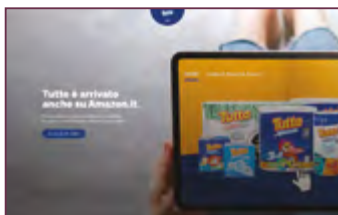


### Consumer

🔗 [www.tenderly.it](http://www.tenderly.it)

🔗 [www.tuttoxtutto.it](http://www.tuttoxtutto.it)

🔗 [www.grazie.it](http://www.grazie.it)



### Online purchases

🔗 [grazieshop.it](http://grazieshop.it)



## 4.7 TRADE FAIRS, EVENTS AND SPONSORSHIPS

In 2022, the Group attended the most important sector events with its own exhibition area.

### TRADE SHOWS



#### Ecomondo – Corporate Trade Fair – Rimini, Italy

For the sixth time, Lucart was at Europe's leading trade fair for ecological transition and circular economy presenting its circular business model and its collaboration with Kyoto Club in the project entitled "Produrre futuro con i piedi a terra – la green economy che cresce con i progetti di sostenibilità sociale" ("Manufacturing future with feet on the ground - the green economy growing with social sustainability projects").



#### Brand - Consumer Fair - Bologna, Italy

Italy's only trade fair dedicated to private labels, a large showcase displaying Italian private label excellence. Lucart attended again bringing sustainability projects combined with innovative certified product lines.



#### PLMA - Consumer Fair - Amsterdam, Netherlands

Lucart took part in the international trade fair that brings together distributors, wholesalers and other professionals along with manufacturers, presenting the company's commitment to the environment with its recycled paper products and innovations.



#### Biofach - Consumer Fair - Nuremberg, Germany

Annual trade fair dedicated to organic products that brings together suppliers and producers on the theme of environmental sustainability. The company had the opportunity to present all the technological innovations of its products.



#### Interclean - AFH Fair - Amsterdam, Netherlands

The ideal international trade fair to meet an audience of industrial cleaning professionals from Central Europe, the Baltic Republics, the Balkans and South-Eastern Europe.



#### Cleanteck - AFH Fair - Porto, Portugal

Lucart participated for the first time at the trade fair dedicated to professionals in the cleaning, professional hygiene, facility services and laundry sectors, presenting all the division's projects and brands.



 EVENTS

**San Giuseppe Jato #GreenHeroes project presentation**

During the Ecomondo fair, Lucart and Kyoto Club presented the social justice initiative promoted and financed by GreenHeroes companies for the creation of a city park on land confiscated from the mafia in the municipality of San Giuseppe Jato in the province of Palermo.



**Presentation of the Sustainability Report 2021**

Lucart presented the 17th Sustainability Report, the first one to be certified by a third party, in the splendid setting of the Botanical Garden and the Baluardo San Regolo in Lucca during the **"Carta Canta - Essere Green Heroes"** event. The event was moderated by environmental journalist Tessa Gelisio and was attended by Francesco Ferrante, Vice-President of Kyoto Club, Annalisa Corrado, coordinator of the #GreenHeroes project, Giuseppe Consentino, Head of National Relations of ERG S.p.A., Monica Artosi, General Manager CPR System, Fulvio Passalacqua, Senior Key Account Manager Enel X, Gian Marco Salcioli, Head of Strategic Marketing IMI Corporate & Investment Banking of Intesa Sanpaolo, and Massimo Medugno, General Manager Assocarta.



**Italian Democratic Party senators' "Avvicina" tour**

The challenges of the paper industry and the opportunities for energy recovery linked to the development of renewable energy, cogeneration plants and the use of production waste as biomass were at the centre of the visit by the delegation of Democratic Party senators to the Lucart plant in Borgo a Mozzano (LU). The meeting



took place as part of the Lucca leg of the "Avvicina" tour that the group of senators of the Partito Democratico organised to discuss with social partners, institutions



and businesses in the area the opportunities of the PNRR and the risks of the current economic and social situation.



## Inauguration of recycled street furniture - Lucca

The synergy between three strategic realities of the territory – the Municipality of Lucca, R3direct and Lucart – created **U.S.E. - Urban Safety Everyday**, a 3D printed street furniture project made from material recovered from Tetra Pak® type beverage cartons supplied by the company. Through this initiative - inaugurated in the historic centre of Lucca on the occasion of **World Recycling Day** - traditional concrete barriers, used to protect crowds in strategic city locations, are turned into real design objects, aesthetically pleasing and equipped with various useful functions for citizens.

## LAN – Lucart Accelerator Network

After the interruption due to the pandemic, Lucart Professional was once again able to meet with its main “Accelerators”, a network of worldwide distributors, who are great supporters of Lucart and always ready to actively and proactively take on-board new developments and stimuli from the Company, in 2022.

Sustainability and the circular economy are the foundations on which joint medium- to long-term projects will be built. The eagerness to meet again and the renewed desire to exchange opinions and share led to the event being a huge success. There was a mixture of presentations of Lucart Professional innovations, activities in which the Accelerators shared their success stories, and workshops.



## Visit of the Minister of Labour and Social Policies to Avigliano (PZ)

Minister of Labour and Social Policies Andrea Orlando stopped at the Lucart plant in Avigliano during a visit to the area. Accompanied by the president of Confindustria Basilicata, Francesco Somma,

and plant director Saverio Sarubbo, the Minister visited our production and converting plant of super-absorbent paper products, and listened to the issues and solutions posed by the plant managers, particularly related to the challenges of the paper industry and the opportunities for relaunching local businesses.





## VELO Convention

The well-established appointment with all VELO dealers is an annual opportunity for teams to present the new products dedicated to them to the dealer network and bolster their partnerships.

The projects presented this year were:



### ENEL X PROJECT

Creating a distribution chain for our products with the lowest possible impact in terms of CO<sub>2</sub> emissions. Through the installation of photovoltaic panels and other related technologies, the aim is to produce solar energy for the light, climate and mobility consumption of our distributors' operations, with the support of partners, such as ENEL X and Intesa San Paolo.



### VELO TEAM SUPPORT PROJECT

The increasingly multichannel nature and the complexities of the market require specialisation of the companies, so a panel of sound and reliable experts was provided to support the dealer in the planning and growth phase.



## SPONSORSHIP



## #GreenHeroes, the community park in San Giuseppe Jato has opened

Lucart participated, together with 19 other companies and associations in the #GreenHeroes network, in the creation of an urban park in the municipality of San Giuseppe Jato in the Province of Palermo. The project, to be inaugurated in January 2023, includes developing the land by planting 260 plants (trees and shrubs of different species, all typical of the area, to protect biodiversity).



## Keep Clean and Run

Lucart sponsored the eighth edition of Keep Clean and Run for Peace (KCR), the plogging eco-marathon that has been crossing Italy since 2015 to raise people's awareness of littering in public spaces. Creator Roberto Cavallo and his co-runners have delivered a powerful message of sustainability and attention to the environment, inspiring clean-up operations in all of the Municipalities the event has passed through. In 2022, the route of the race also touched a section of the Via Francigena passing by the Lucart plant in Porcari, and the company's staff engaged in a joint plogging action with the runners.



### Let's clean the world

For the second year, Lucart supported the initiative promoted by Legambiente, which involves groups of volunteers to rid the city of waste and neglect. Our contribution supported the collection initiatives promoted by the primary schools of Porcari and Borgo a Mozzano.



### Atlas Award

Lucart Kft. was a sponsor of the Atlas Award, the prize dedicated to leaders and companies that have distinguished themselves in the fields of sustainability and innovation, values that Lucart has always cherished and shared.



### World Italian Cuisine Week

Lucart Kft. sponsored the event at the Italian Embassy in Budapest for World Italian Cuisine Week. The annual event created to promote Italian cuisine in the world featured Lucart Professional and Fato paper products.



### ISSA Pulire Forum

Lucart was at the Forum as a Main Sponsor. The event is an interactive container in which the world of manufacturing and services shares improvement projects.



### EcoForum

The EcoForum was created by Legambiente to stimulate a debate and discussion between government, national, regional and local institutions, businesses, supply chain consortia, sector operators and associations. The company sponsored the event as Main Partner.



# ANALYSIS OF IMPACTS RELATED TO MATERIAL TOPICS

Material topic	Impacts	Type of impact	Perimeter
<b>Business Integrity and Sustainability</b>	Penalties for non-compliance with applicable legislation on corruption, competitiveness and taxation	Outside-in	Group
	Support of the economic growth of employees and local communities	Inside-out	Local communities Employees Suppliers
<b>Stakeholder involvement</b>	Increased ability to understand, anticipate and meet stakeholder expectations	Inside-out and outside-in	Group All categories of stakeholders
<b>Customer and End-Consumer Satisfaction</b>	Consolidation of the relationship of trust with the company	Inside-out	End consumers
<b>Product safety</b>	Harm to consumer health	Inside-out	End consumers Customers
	Penalties for consumer damage caused by non-compliance with product safety regulations	Outside-in	Group
	Reputation damage for negative product safety reports	Outside-in	Group
<b>Human Rights</b>	Inadequate assessment of the lack of respect for human rights and other social impacts caused in the upstream stages of the production chain	Inside-out	Suppliers
<b>Work-Life Balance</b>	Loss of workforce and productivity due to unsatisfactory and/or over-stressful working conditions.	Inside-out	Employees
	Inability to attract talent due to unsatisfactory and/or over-stressful working conditions	Inside-out and outside-in	Group
<b>COVID-19 Impact</b>	Risk of generating COVID-19 outbreaks within the company	Inside-out and outside-in	Group Employees Local communities
<b>Health and Safety of Workers</b>	Damage to workers' health	Inside-out	Employees
	Penalties for non-compliance with applicable health and safety regulations	Outside-in	Group
	Damage to corporate reputation in the case of accidents at work	Outside-in	Group
<b>Support to Local Communities</b>	Contribution to the economic and social development of the territory	Inside-out	Local communities
	Conflicts with the territory due to negative perceptions of local communities towards the production activity carried out	Inside-out	Local communities
<b>Development and management of human capital</b>	Human and professional growth of employees	Inside-out	Employees
<b>Combating climate change</b>	Direct contribution to climate change through the emission of greenhouse gases during the production process	Inside-out	Local communities Shareholders and financiers
	Indirect contribution to climate change through greenhouse gas emissions upstream and downstream of the production process	Inside-out	Local communities Shareholders and financiers Suppliers Customers and final consumers
<b>Research, Development and Innovation</b>	Increased competitiveness of the company	Inside-out and outside-in	Group
	Enhancing the company's reputation	Inside-out and outside-in	Group
	Contribution to the transition to a low-carbon economy through the development of sustainable and innovative services/products	Inside-out and outside-in	Group Local communities Customers and final consumers
<b>Procurement and responsible use of resources</b>	Inadequate assessment of the environmental impact generated at upstream stages of the production chain	Inside-out and outside-in	Group Suppliers
<b>Sustainable product development</b>	Depletion of ecosystems and soils through unsustainable use of resources and raw materials (especially forest resources)	Inside-out	Local communities
	Depletion of the water resource or reduction of its availability for other uses	Inside-out	Local communities

# GRI CONTENT INDEX

**Declaration of use** Lucart has drawn up a report in compliance with the GRI Standards for the period 01/01/2022 - 31/12/2022  
**GRI 1 used** GRI 1: Foundation 2021  
**GRI Sector Standard** Not applicable.

Topic / GRI Standards	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
<b>GENERAL INFORMATION</b>					
<b>GENERAL DISCLOSURES</b>					
<b>GRI 2:</b> General Disclosures 2021	2-1 Organisational details	Methodology note (p. 4), 1.2 Group plants (p. 20), 1.14 Organisation (p. 50)			
	2-2 Entities included in the organisation's sustainability reporting	Methodology note (p. 4)			
	2-3 Reporting period, frequency and contact point	Methodology note (p. 4)			
	2-4 Restatements of information	3.6 Atmospheric emissions (p. 110, footnote 1)			
	2-5 External assurance	After GRI Index			
	2-6 Activities, value chain and other business relationships	Lucart at a Glance (p. 8), 1.5 Business Areas (p. 28), 1.8 Value Chain (p. 36), 2.6 Relationships with Other Stakeholders, Suppliers (p. 83)			
	2-7 Employees	2.3 Relations with Personnel (p. 71), 2.4 Lucart Personnel Structure (p. 75)			
	2-8 Workers who are not employees	2.4 Lucart Personnel Structure (p. 75)			
	2-9 Governance structure and composition	1.14 Organisation (p. 50)			
	2-10 Nomination and selection of the highest governance body	1.14 Organisation (p. 50)			
	2-11 Chair of the highest governance body	1.14 Organisation (p. 50)			
	2-12 Role of the highest governance body in overseeing the management of impacts	1.14 Organisation (p. 50)			
	2-13 Delegation of responsibility for managing impacts	1.14 Organisation (p. 50)			
	2-14 Role of the highest governance body in sustainability reporting	1.14 Organisation (p. 50)			
	2-15 Conflicts of interest	1.15 Organisation (p. 50)			
	2-16 Communication of critical concerns	1.14 Organisation (p. 50)			
	2-17 Collective knowledge of the highest governance body	1.14 Organisation (p. 50)			
	2-18 Evaluation of the performance of the highest governance body	No formal performance evaluation procedures of the governing body are in place to date			
	2-19 Remuneration policies	No formal policies on the remuneration of governing bodies and senior managers are in place to date			
	2-20 Process to determine remuneration	No formal procedures for determining remuneration are in place to date			
	2-21 Annual total compensation ratio	2.3 Relations with Personnel (p. 71)	2-21 b	Information unavailable/incomplete	Information on past years not available from all locations. Data collection will be suited starting from the next reporting year.

**Summary Tables**

Topic / GRI Standards	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
<b>GRI 2:</b> General Disclosures 2021	2-22	Statement on sustainable development strategy	Letter to Stakeholders (p. 2)		
	2-23	Policy commitments	1.6 Vision and Mission (p. 32), 1.10 Code of Ethics (p. 39), 1.11 Certifications (p. 40)		
	2-24	Embedding policy commitments	1.6, 1.7, 1.10, 1.11, 1.15, 1.17, 2.6		
	2-25	Processes to remediate negative impacts	1.17 Risk Management (56)		
	2-26	Mechanisms for seeking advice and raising concerns	1.16 Materiality Analysis (p. 53), Marketing and Communication (Ch. 4, p. 121)		
	2-27	Compliance with laws and regulations	There were no significant cases of non-compliance and no penalties were paid for non-compliance with laws and regulations during the reporting period. With reference to the disputes in which the company is involved, please refer to the notes to the financial statements, in the section of provisions for risks and charges.		
	2-28	Membership associations	2.6 Relationships with Other Stakeholders, Non-Governmental Organisations and Trade Associations (p. 86)		
	2-29	Approach to stakeholder engagement	1.16 Materiality Analysis (p. 53), 2.6 Relationships with Other Stakeholders (p. 82)		
	2-30	Collective bargaining agreements	2.6 Relationships with Other Stakeholders, Trade Unions (p. 84)		

**MATERIAL TOPIC**

<b>GRI 3:</b> Material topics 2021	3-1	Process to determine material topics	Methodology Note (p. 4), 1.16 Materiality analysis (p. 53)		
	3-2	List of material topics	1.16 Materiality Analysis (p. 53)		

**PRODUCT SAFETY**

<b>GRI 3:</b> Material topics 2021	3-3	Management of material topics	1.16 Materiality Analysis (p. 53), 1.17 Risk Management (p. 56)		
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**CUSTOMER HEALTH AND SAFETY**

<b>GRI 416:</b> Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no significant instances of non-compliance concerning impacts on the health and safety of products and services during the reporting period		
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**MARKETING AND LABELLING**

<b>GRI 417:</b> Marketing and Labelling 2016	417-1	Requirements for product and service information and labelling	The information on product labelling complies with the respective national legislation		
	417-3	Incidents of non-compliance concerning marketing communications	No significant cases of non-compliance concerning marketing communication occurred during the reporting period		

**CUSTOMER PRIVACY**

<b>GRI 418:</b> Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No cases of breaches of customer privacy occurred during the reporting period		
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**BUSINESS INTEGRITY AND SUSTAINABILITY**

<b>GRI 3:</b> Material topics 2021	3-3	Management of material topics	1.16 Materiality Analysis (p. 53), 1.17 Risk Management (p. 56)		
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**ECONOMIC PERFORMANCE**

<b>GRI 201:</b> Economic Performance 2016	201-1	Direct economic value generated and distributed	Lucart at a glance (p. 8)		
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## Summary Tables

Topic / GRI Standards	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
<b>MARKET PRESENCE</b>					
<b>GRI 202:</b> Market Presence 2016	202-2 Proportion of senior management hired from the local community	Senior managers recruited at operational sites are locals			
<b>INDIRECT ECONOMIC IMPACTS</b>					
<b>GRI 203:</b> Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	1.1 Lucart Group: A History			
<b>ANTI-CORRUPTION</b>					
<b>GRI 205:</b> Anti-Corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	There were no communications on these issues in the reporting period			

## HEALTH AND SAFETY OF WORKERS

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.17 Risk Management (p. 56), 2.5 Occupational Health and Safety			
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## OCCUPATIONAL HEALTH AND SAFETY

<b>GRI 403:</b> Occupational Health and Safety 2018	403-1 Occupational health and safety management system	2.5 Occupational Health and Safety (p. 79)			
	403-2 Hazard identification, risk assessment, and incident investigation	2.5 Occupational Health and Safety (p. 79)			
	403-3 Occupational health services	2.5 Occupational Health and Safety (p. 79)			
	403-4 Worker participation, consultation, and communication on occupational health and safety	2.5 Occupational Health and Safety (p. 79)			
	403-5 Worker training in occupational health and safety	2.5 Occupational Health and Safety (p. 79)			
	403-6 Promotion of worker health	2.5 Occupational Health and Safety (p. 79)			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.5 Occupational Health and Safety (p. 79)			
	403-9 Work-related injuries	2.5 Occupational Health and Safety (p. 79)			

## COMBATING CLIMATE CHANGE

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	1.17 Risk Management (p. 56)			
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## EMISSIONS

<b>GRI 305:</b> Emissions 2016	305-1 Direct GHG emissions (Scope 1)	3.6 Atmospheric Emissions (p. 110)			
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	3.6 Atmospheric Emissions (p. 110)			
	305-4 GHG emissions intensity	3.6 Atmospheric Emissions (p. 110)			
	305-5 Reduction of GHG emissions	3.6 Atmospheric Emissions (p. 110)			
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ) and other significant emissions	3.6 Atmospheric Emissions (p. 110)			

## DEVELOPMENT AND MANAGEMENT OF HUMAN CAPITAL

<b>GRI 3:</b> Material topics 2021	3-3 Management of material topics	2.3 Relations with Personnel (p. 71)			
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**Summary Tables**

Topic / GRI Standards	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
<b>EMPLOYEES</b>					
GRI 401: Employment	401-1 New hires and turnover	2.4 Lucart Personnel Structure (p. 81)			
	401-3 Parental leave	2.4 Lucart Personnel Structure (p. 82)			
<b>TRAINING AND EDUCATION</b>					
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	2.4 Lucart Personnel Structure (p. 75)			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	2.3 Relations with Personnel (p. 71)			
	404-3 Percentage of employees receiving regular performance and career development reviews	2.3 Relations with Personnel (p. 71)			
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	1.14 Organisation (p. 50), 2.4 Lucart Personnel Structure (p. 75)			
<b>NON-DISCRIMINATION</b>					
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination were reported during the reporting period			
<b>PROCUREMENT AND RESPONSIBLE USE OF RESOURCES</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	2.6 Relationships with Other Stakeholders, Suppliers (p. 83), 3.3 Raw Materials (p. 98)			
<b>PROCUREMENT PRACTICES 2016</b>					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	2.6 Relationships with Other Stakeholders, Suppliers (p. 83), 3.3 Raw Materials (p. 98)			
<b>MATERIALS</b>					
GRI 301: Materials 2016	301-2 Recycled input materials used	Lucart at a glance (p. 8), 3.3 Raw materials (p. 98)			
<b>ENERGY</b>					
GRI 302: Energy 2016	302-1 Energy consumed within the organisation	3.5 Energy Resources (p. 105)			
	302-3 Energy intensity	Results and Improvement Goals (p. 10), 3.5 Energy Resources (p. 105), 3.10 Final Quantity Balance Sheet (p. 119)			
	302-4 Reduction of energy consumption	3.5 Energy Resources (p. 105)			
<b>WATER AND EFFLUENTS</b>					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	3.4 Water Resources (p. 101)			
	303-3 Water withdrawal	3.4 Water Resources (p. 101)			
<b>WASTE</b>					
GRI 306: Waste 2020	306-3 Waste generated	3.9 Waste Management (p. 116)			
	306-4 Waste diverted from disposal	3.9 Waste Management (p. 116)			
	306-5 Waste directed to disposal	3.9 Waste Management (p. 116)			

## Summary Tables

Topic / GRI Standards	Disclosure	Page	Omission		
			Requirement omitted	Reason	Explanation
<b>RESEARCH, DEVELOPMENT AND INNOVATION</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	1.8 Value Chain (p. 36), 1.16 Materiality Analysis (p. 53)			
<b>SUSTAINABLE PRODUCT DEVELOPMENT</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	1.8 Value Chain (p. 36), 1.16 Materiality Analysis (p. 53)			
<b>CUSTOMER AND END-CONSUMER SATISFACTION</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	2.6 Relationships with Other Stakeholders, Customers and Consumers (p. 82)			
<b>STAKEHOLDER INVOLVEMENT</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	1.16 Materiality Analysis (p. 53), 2.6 Relationships with Other Stakeholders (p. 82)			
<b>COVID-19 IMPACT</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	1.17 Risk Management (p. 56)			
<b>WORK-LIFE BALANCE</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	2.3 Relations with Personnel (p. 71)			
<b>HUMAN RIGHTS</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	1.10 Code of Conduct (p. 39)			
<b>SUPPORT TO THE LOCAL COMMUNITY</b>					
GRI 3: Material topics 2021	3-3 Management of material topics	4.2 Away from Home Marketing and Communication Activities (p. 129), 4.3 Marketing and Consumer Communication Activities (p. 136), 4.7 Trade fairs, events and sponsorships (p. 145)			



**LUCART SPA**

**LIMITED ASSURANCE REPORT OF THE  
INDEPENDENT AUDIT FIRM ON THE  
SUSTAINABILITY REPORT**

**YEAR ENDED 31 DECEMBER 2022**

## **Limited Assurance report of the independent audit firm on the Sustainability Report**

To the Board of Directors of Lucart SpA

We have been engaged to undertake a limited assurance engagement on the Sustainability Report of Lucart SpA (hereinafter the “Company”) and its subsidiaries Lucart Sas, Lucart Tissue & Soap SLU, Lucart Deutschland GmbH, Lucart Kft, Lucart Hygiene Ltd e Circular Shield Doo (hereinafter the “Group” or “Lucart Group”) for the year ended 31 December 2022.

### **Responsibilities of the Directors for the Sustainability Report**

The Directors of Lucart SpA are responsible for the preparation of the Sustainability Report in accordance with the “Global Reporting Initiative Sustainability Reporting Standards” issued in 2016 and updated to 2021 by GRI - Global Reporting Initiative (the “GRI Standards”), as illustrated in the “Methodological note” section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of the Lucart Group, as well as for identifying its stakeholders and material topics to be reported on.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **PricewaterhouseCoopers Business Services Srl**

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### ***Our Responsibilities***

Our responsibility is to express a conclusion, based on the procedures performed, on whether the Sustainability Report complies with the requirements of the GRI Standards. We conducted our work in accordance with “International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Information” (hereinafter also “ISAE 3000 *Revised*”) issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement. The work performed was less in scope than in a reasonable assurance engagement conducted in accordance with ISAE 3000 *Revised* and, consequently, we did not obtain assurance that we became aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, primarily of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

- 1) We analysed the process of definition of the material topics reported on in the Sustainability Report, with reference to the methods of analysis and understanding of the organization’s context, identification, assessment and prioritization of actual and potential impacts and to the internal validation of the results of the process;
- 2) We compared the financial information reported in the “Lucart at a glance” section of the Sustainability Report with the information included in the consolidated financial statements of the parent company Pasfin SpA;
- 3) We obtained an understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we inquired of and discussed with management personnel of Lucart SpA and we carried out limited analyses of documentary evidence, in order to obtain information about the processes and procedures supporting the collection, aggregation, processing and submission of non-financial information to the corporate function in charge of the preparation of the Sustainability Report.

Furthermore, for significant information, taking into account the activities and characteristics of the Group:

- at corporate level
  - a) with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documents to verify its consistency with available evidence;
  - b) with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.
- for the following entities Lucart Sas, Lucart Tissue & Soap SLU, Lucart SpA (Diecimo site), which we selected based on their activities, contribution to performance indicators at a consolidated level



and location, we met the persons responsible and obtained documentary evidence, on a sample basis, about the correct application of the procedures and calculation methods applied for the indicators.

### **Conclusion**

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Lucart Group for the year ended 31 December 2022 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the “Methodological note” section of the Sustainability Report.

Turin, 8 June 2023

PricewaterhouseCoopers Business Services Srl

*Signed by*

Paolo Bersani  
(Partner)

*This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2022 translation.*



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# We have been sharing the vision of a sustainable future for 70 years.

70  
YEARS

We want to say a special thank you to everyone who has been on our journey with us over the past seven decades, to the partners who believe in us and to the families who choose our products.

Sharing the future has always been our commitment and our promise to deliver sustainable innovations for a better world to live in. We will continue to walk the path of sustainability together guided by our time-honoured vision: **Sharing The Future.**



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