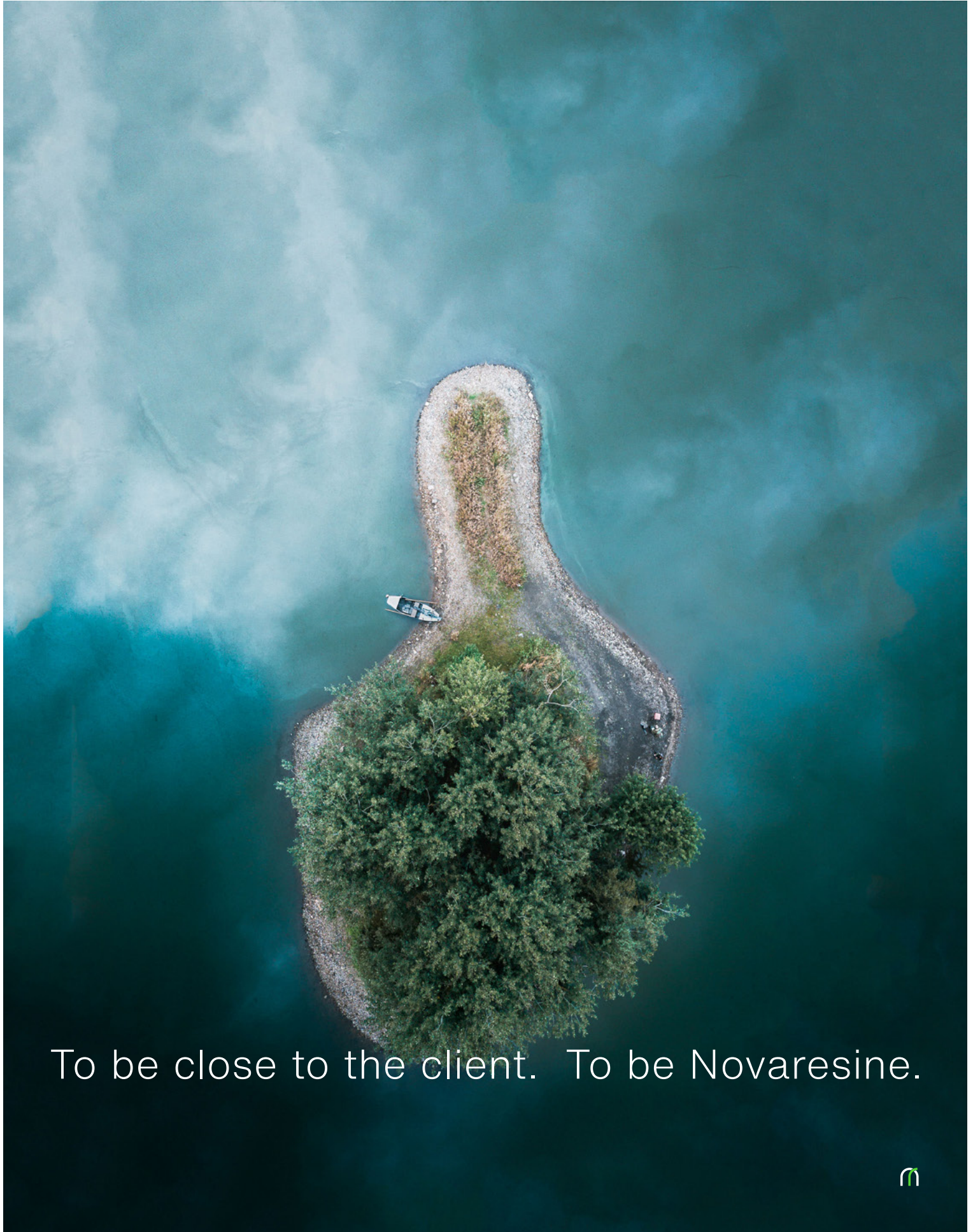


Sustainability
Report
23



To be a team. To be for the environment.

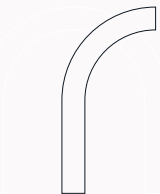


To be close to the client. To be Novaresine.

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1 Preliminary Remarks



Novaresine is a medium-sized chemical company located in Colà di Lazise, a short distance from Lake Garda, in Italy. It consists of a single production unit, to which this report refers.

The reporting period, coinciding with the financial year 2022, ran from January 1 to December 31. This Report has been drawn up in-house in compliance with the GRI (Global Reporting Initiative) standards. It is not certified by authorized third parties, yet. It was published on The methods used are similar to those implemented in previous reporting activities.

For questions about this Report or any information included, please refer to Barbara Magalini, Novaresine's HR-Quality & Environment Manager (magalini.b@novaresine.com) **[GRI 2-1; 2-2; 2-3; 2-4; 2-5]**



2 1.

Statement by a senior manager to stakeholders [GRI 2-22]

Dear stakeholders,

Once again, we would like to tell you about another leg in Novaresine's journey towards becoming an increasingly sustainable chemical company, capable of integrating sustainability principles into the management of its processes and products throughout their entire life cycle and thus generating value for all its stakeholders.

Our Sustainability Report, the cornerstone of this company's strategic vision, is now in its fourth edition. It describes all the efforts, actions, difficulties, and projects already or still to be undertaken to meet present and future challenges.

Although in 2023, the global chemical industry was affected by weakened demand due to various factors, including wars and instability, Italy in general and Novaresine in particular remained resilient and reached the same production volumes as in 2022, although admittedly with a drop in revenues.

Plant revamping efforts continued, and we acquired a new reactor for producing a different type of resin and ultimately expanding our product portfolio.

We also achieved another important goal: ISO 50001:2018 certification. This was an important step towards continuously improving our plants' efficiency and a concrete way to apply the sustainability policies that inspire our actions. Obtaining ISO certification was possible through teamwork and the involvement of several departments, once again proving that we are a tight-knit team.

We are continuing with the construction of our new resin production plant in Mexico through a joint venture with Metlac, our major customer, which will project our

company into broader and more challenging contexts.

At the same time, we remain focused on our priorities by continuously striving to protect the health and safety of our employees and ensure a safe and comfortable workplace. We adopt the highest environmental quality standards while preparing to transition to a circular economy-based approach.

As always, none of this would have been possible without the support of our holding company, Tajan, which has been instrumental in realising our strategic vision. Therefore, a heartfelt thank you for it is also in order on behalf of the entire company, which I am pleased to represent.

Now, let us focus on the future – full of opportunities to be seized with hard work, passion, and perseverance – while continuing to grow and improve.



1990

1995

Historical overview

1979 -

Novaresine S.p.A., part of the IVM Group, establishes a new polyester and alkyd resin production plant in Colà di Lazise

1990 -

IVM sells the Colà di Lazise plant to ICS, the owner of the Sant'Albano Stura plant

1991 -

In July, lightning strikes the plant's production area during a thunderstorm. Only the offices and laboratories are saved

1992 -

Transformation of ICS into Syntech S.p.A., including the Sant'Albano Stura and Colà di Lazise sites



2000

2005

2010

2015

2010 –

The Tenax Group acquires Hexion Specialty Chemicals Srl and changes its name to NOVARESINE Srl

2018 –

The holding company Tajan Srl is established and becomes the sole owner of NOVARESINE S.r.l.

Historical overview

1997 –

The US group McWhorter Technologies Inc. acquires the plants, establishing McWhorter Technologies S.p.A.

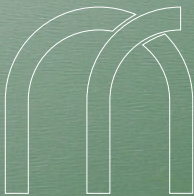
2000 –

The McWhorter Group sells its Italian company to Eastman Group in July

2005 –

Resolution Specialty Materials S.p.A. becomes Hexion Specialty Chemicals Srl





4 2.

General information

[ESRS 2 – general disclosures]

[GRI 2-2/2-3/2-4/2-5]

This Report is about Novaresine Srl and covers the reporting period 01/01/2023-31/12/2023, corresponding to one financial year. It has been written in accordance with the Global Reporting Initiative (GRI) standards and – in anticipation of the future obligation to comply with the European Sustainability Reporting Standards (ESRS), which the European Financial Reporting Advisory Group (EFRAG) developed to implement the Corporate Sustainability Reporting Directive (CSRD) – it provides relevant, comparable, verifiable, and comprehensible information that is as representative of reality as possible, aligned with the requirements that will be mandatory from the financial year 2025.

In particular, the general principles and thematic standards of ESRS specify the information a company must communicate on environmental, social, and governance

sustainability issues. For each area, the information provided must cover the topics of governance (GOV), business strategies (SBM), impact, risk, and opportunity management (IRO), and performance metrics and targets (MT) to enable the recipients of the sustainability statement itself to fully understand the company's impact.

Although the reporting period coincides with the financial year, in line with Chapter 6 of ESRS 1, this Report assesses such impact factors over short, medium, and long-term horizons, integrating a past, present, and future comparison.

For questions about any information reported, please refer to Barbara Magalini, HR-Quality & Environment Manager at Novaresine (magalini.b@novaresine.com) **[GRI 2-2/2-3/2-4/2-5]**

Governance and sustainability risk management

by the due diligence criterion

[GRI 2 -1/2-9/2-10/2-11– ESRS 2 - GOV-1]

5

Novaresine S.r.l. produces RESINS of various types (solvent- and water-saturated polyesters, thixo alkyd resins, UV resins, unsaturated polyesters, bio-based resins) intended for the manufacture of paint products, for the Italian, European, and non-European markets, in particular Latin America, in its only production plant located in Colà di Lazise (Verona, Italy), in the so-called Bisavola Plain. The company is administered by a pro-tempore sole director appointed by the holding company, Tajan S.r.l., currently in office for an indefinite term since 2013. The sole shareholder is the holding company, Tajan S.r.l. The corporate governance structure also includes two legal representatives: the Plant Manager, with the authority to take on the role of factory manager and employer, and the H.R.-Quality & Environment Manager, responsible for managing environmental issues

[GRI 2-1/2-9/2-10/2-11]. There are also some Executives, each with expertise in specific sustainability-related topics.

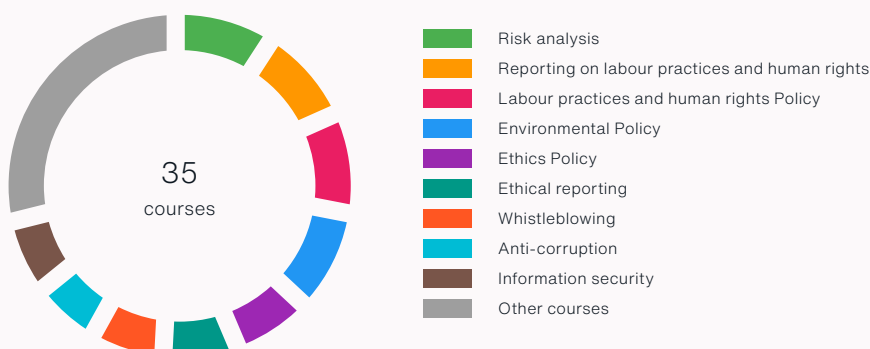
The board's awareness, focus, and strategic vision have fostered a unanimous approach to sustainability, in which all players, from employees to external collaborators but also customers and suppliers, are involved in achieving objectives.

Demonstrating the management's attention to sustainability issues, the graph below illustrates the courses started in 2023 at Novaresine.

¹ ESRS 2 "General disclosure" GOV-1 "The role of the administrative, management and supervisory bodies"

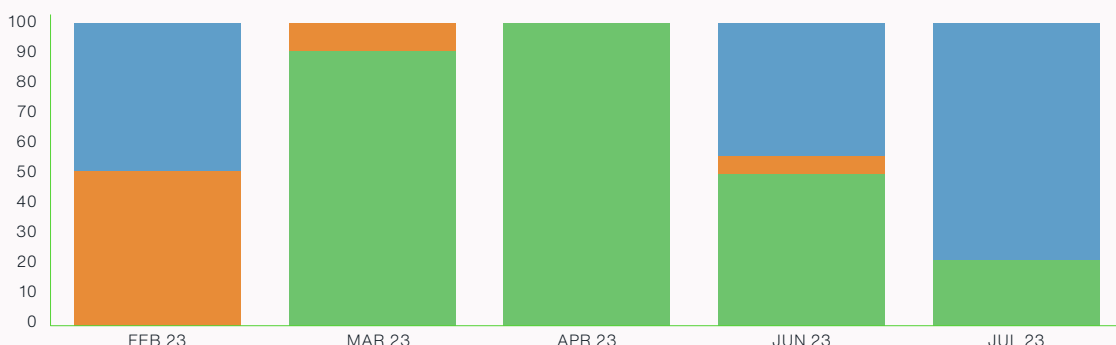
Participation at a Glance

View the courses with the most enrollments.



Percentage of Course Statuses by Month

View the percentage of learners enrolled on a month basis. Learners only appear in a month's bar if they were enrolled that month



To increase this approach's effectiveness, Novaresine relies on various mandatory and voluntary control bodies, which ensure regulatory compliance and promote continuous improvement. Mandatory control bodies include the statutory auditor and the independent auditor, who perform essential supervisory and audit functions.

The statutory auditor (Alessandro Ederle) monitors compliance with the law and the company's Articles of Association, proper administration, and the adequacy of the company's organisational, administrative, and accounting system. The statutory auditor also ensures that corporate management respects the principles of transparency and integrity by monitoring the accounting data's reliability and the transactions' correctness.

The independent auditor (Virevi Srl) carries out the

statutory audit of our financial statements, verifying that the accounting documents give a true and fair overview of the company's economic, asset, and financial situation. Through the in-depth analysis of financial statements and accounting documents, the independent auditor contributes to providing all stakeholders with assurance of the reliability of the financial information provided.

These mandatory control activities are supplemented by those of certifying bodies chosen voluntarily by our company. In particular, Certiquality certifies Novaresine's management systems for quality, environment, safety, and energy, whereas EcoVadis assesses its corporate sustainability performance by assigning a rating based on the verification of specific requirements [ESRS 2 GOV -1 parag. 20] ²

Corporate sustainability strategies

6

[SBM -1, SBM-2; SBM-3]

Over the years, Novaresine has been implementing an integrated management system that allows for the virtuous and systematic management of aspects such as the quality of products and services offered to customers, the environment, safety, workers' health, and efficient energy use.

All these aspects have a twofold significance: on the one hand, Novaresine's actions could have a negative impact on them; on the other hand, if not managed correctly, they could adversely affect Novaresine's development, performance, and continuity of production, potentially resulting in economic damage. In addition to protecting our company from the risk of negative impacts, proper and virtuous management of these aspects can create opportunities that, if seized, can significantly improve its performance and ability to create value for itself and its stakeholders.

The pillars of the integrated management system already in place include above all the company's Policy, which sets out the strategic direction to pursue. It is periodically disseminated so that everyone inside and outside Novaresine is aware of it. It consists of the principles permeating our actions and, in turn, all of our company's activities are structured and organised to ensure these are implemented. To this end, we have developed management procedures regulating the general processes, specific procedures governing the operations into which the processes are divided, and work instructions defining the single actions that make up these operations – all of which form Novaresine's set of business processes.

Our management system's effectiveness is periodically checked, as is the proper management of individual processes to ascertain their suitability for implementing the Policy's principles. Some objectives and their related metrics were identified to this end. To achieve this, Novaresine's organisation and activities both upstream and downstream of the production workflow were analysed by considering the environmental, social, and economic context in which the company operates and the stakehol-

ders with whom it interacts.

Although this method is characteristic of the ISO standards governing the implementation of management systems, we believe the same approach should be adopted to address sustainability topics. Issues such as the environment, safety, energy efficiency, and to some extent, quality (all already managed through specific systems adopted by Novaresine) entirely belong to the theme of sustainability. This approach is critical because environmental and social sustainability should be harmoniously integrated with economic sustainability, essential to guarantee production continuity.

As a result, context analysis, environmental analysis, risk assessment, energy diagnosis, and double materiality assessment are linked by a common thread: to a greater or lesser extent, they all aim at identifying actual or potential, positive and negative impacts on sustainability aspects (environment, people, society), while also helping identify risks and opportunities arising from such sustainability-related topics.

6.1

Our innovative products

Our plant produces various types of resins: alkyd resins (including long, short, and medium, thixo-alkyd, and urethane alkyd types), bio-based resins, and solvent- and water-based saturated polyesters: these are all binders for the manufacture of paint products for the can and coil coating industries.

In 2023, we increased our production volumes for all product types, except for a slight contraction in oil-free resins. Also noteworthy was the reversal of the trend for alkyd resins, which, from a decrease of over 5% in 2022, saw an increase of more than 6%. Similar considerations can be made for intermediate products, although manufactured in small volumes. In terms of overall production, we maintained the previous year's volumes.

Percentage variation

The principle of sustainability guided the research and development of new products.

This general concept has been implemented in three different ways:

- development of products with improved performance and a longer life cycle
- development of products with recycled raw materials (e.g. R-PET)
- development of products with non-fossil feedstock.

For the coil coating sector (pre-painted metal), high-performance resins have been added to the Novasynt line, with improved yield (the coverage in m² per kilogram of paint) by up to 20% compared to previous systems, thus saving paint during application on steel or aluminium coils. The resulting savings are both cost- and energy-related.

Another series of projects for the coil coating sector entailed using recycled and/or non-feedstock raw materials. Focusing on recycled materials allowed us to de-

velop two R-PET-based resins for top coat applications. These resins will be subject to further development as R-PET suppliers manage to offer higher and high-quality products (e.g. in terms of colour), perhaps in liquid form for easier use. Further progress has been made with Natures resins, made from raw materials not derived from traditional feedstocks, commonly called bio-based. We currently offer resins with an organic content ranging from 46% to 54%, up to 100%.

The new Novasynt Q range, developed for the metal packaging sector, particularly for food canning applications, is worthy of special mention. This new range of High Size and High Molecular Weight resins has received initial positive market feedback, rewarding both the efforts made by our laboratory and the economic resources we invested in installing a new reactor specially developed for their production. These resins will be the subject of further development because they are intended to replace the current paint systems based on resins containing BPA, the use of which has recently been subject to further restrictions in the metal packaging sector. The Novasynt Q range is also of interest to the coil coating sector, especially for applying paint systems on surfaces that may come into contact with foodstuffs, e.g. high-end household appliances such as hobs or refrigerators. Finally, we have also introduced several new Novaqua water-based resins for external OPV applications in the can coating sector, ensuring superior performance and lower environmental impact.

Produzione resine 2023



7 Double materiality assessment

[GRI 3_1 – ESRS 1 cap. 3 ESRS 2 sez. 4.1, IRO-1]

7.1 Assessment criteria

In its Report for the year 2020, Novaresine conducted and published a materiality analysis aimed at identifying the sustainability issues that were a priority for the company and its stakeholders according to the most significant – positive and negative, current and potential – impact factors generated by it on the economy, environment, and people, including on human rights, in accordance with the provisions of the GRI Universal Standards. For the reporting year 2023, we updated this materiality assessment by implementing the first **DOUBLE MATERIALITY model (Chapter 3.3)** in accordance with Article 19 of Directive 2013/34/EU, as amended by Directive 2022/2464, and the European Sustainability Reporting Standards (**ESRS**) published by the European Financial Reporting Advisory Group (**EFRAG**). Thus, we moved from the traditional materiality analysis to the first draft of our **IMPACT (Chapter 3.4) and FINANCIAL (Chapter 3.5) MATERIALITY analysis**.

This approach enables us to assess both the effects (outside-in) of sustainability issues on corporate development and performance (financial materiality) and the impact of the company (inside-out) on society and the environment (impact materiality). In this document, we explore the dimension of impact materiality. We will deal with financial materiality more succinctly, with a more in-depth analysis planned for the next Report.

The external (outside-in) and internal (inside-out) factors considered in the double materiality assessment are listed below.

Potentially significant environmental, social, and governance aspects considered to assess Novaresine's external impact and their effects on Novaresine

Environmental aspects [SBM-3³; IRO-1⁴]

- Climate change and greenhouse gas (GHG) emissions **ESRS E1**;
- Pollution (emissions and discharges) **ESRS E2**;
- Natural resource management: use of water as a natural resource **ESRS 3**;
- Circular economy: waste production and management **ESRS E5**;
- Biodiversity conservation and land use **ESRS E4**;
- Insurance policies and guarantees of payment.

Social aspects [SBM-3⁵; IRO-1⁴]

Workforce management **ESRS S1**.

- Staff working conditions and productivity **ESRS S1**;
- Safety and health at work;
- Recruitment, remuneration, and rewards;
- Gender equality, non-discrimination, and inclusion of people with disabilities;
- Training and professional development;
- National and corporate collective bargaining, representation, and social dialogue **ESRS S1**.

Human rights and working conditions in the supply chain **ESRS S2**;

Local communities **ESRS S3**.

- Economic, social, and cultural rights of the community;
- Civil and political rights of the community;
- Rights of Indigenous peoples;
- Customer management **ESRS S4**.

Governance aspects [SBM-1; SBM-2; SBM-3]

Board structure: role of the administration, management, control, and transparency bodies **[GOV-1]**

Business ethics;

- a. Stakeholders engagement and responsibility;
- b. Adoption of strategic decisions;
- c. Supervision and control;
- d. Ethics, transparency, and communication and ESG (Environmental, Social, Governance) reporting;
- e. Integration of sustainability into business management;

Materiality analysis, impact management, risk management **[IRO-1];**

Corporate culture **[G1-1];**

Regulatory compliance;

- Supplier relationship management **[G1-2];**
- Prevention of corruption and bribery **[G1-3];**
- Political influences and lobbying **[G1-5];**
- Payment practices **[G1-6];**

Materiality assessment method

The significance of the issues related to impact materiality and financial materiality was assessed by considering both the company's and the stakeholders' point of view. In terms of method, separate risk matrices were created: MATRIX 1: for assessing financial materiality and impact materiality from the company's perspective.

MATRIX 2: for assessing financial materiality and impact materiality from the stakeholders' perspective.

The values contained in this second matrix were identified through a complex process, taking into account these issues' relevance for stakeholders, the extent to which the stakeholders believe that sustainability issues can have a financial impact on Novaresine, and the extent to

which they believe that Novaresine can have a positive or negative effect on these issues.

MATRIX 3: for assessing the significance of sustainability aspects for Novaresine.

This third matrix combines the results of the first two.

This approach required the involvement of stakeholders, as stipulated in Chapter 3, par. 3.1 of ESRS 1 "Stakeholders and their relevance to the materiality assessment process".

Stakeholders were engaged in different ways.

We asked our suppliers to complete an evaluation questionnaire on their sustainability-related activities through the EcoVadis platform, thus obtaining a score. We sent our customers a satisfaction questionnaire to receive an evaluation of our performance. Finally, we actively responded to a number of questionnaires sent by our stakeholders themselves, aimed at assessing Novaresine by assigning it a rating.

³ Material impacts, risk and opportunities and their interaction with strategy and business model

⁴ Description of the processes to identify and assess material impacts, risks and opportunities

⁵ Material impacts, risk and opportunities and their interaction with strategy and business model

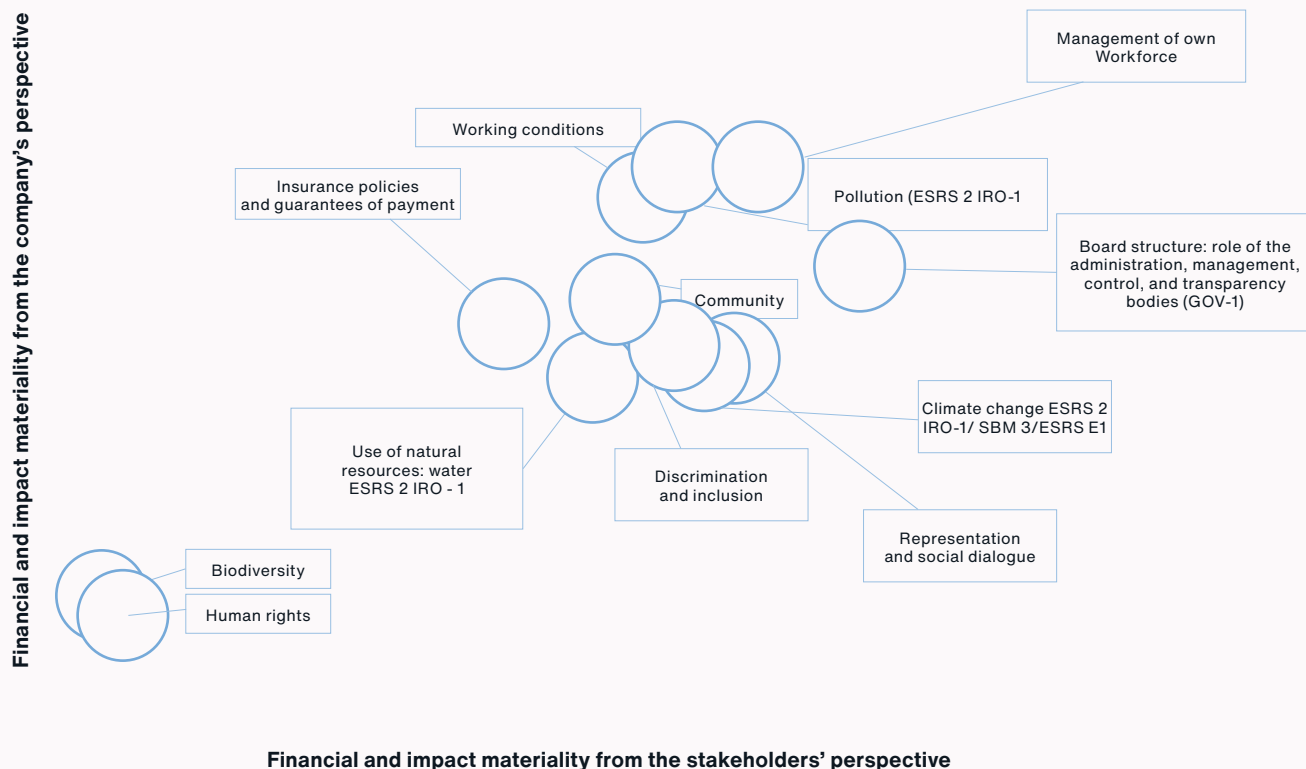
⁶ Description of the processes to identify and assess material impacts, risks and opportunities

7.2

Financial significance and impact for the company and its stakeholders



The bubbles in this graph represent the meeting point between the company's and its stakeholders' perspectives, which in turn determines the significance of each issue for Novaresine.

Relevance of sustainability aspects for NOVARESINE






7.3

Policies and actions taken to prevent, mitigate, and correct actual and potential relevant impact factors, address risks, or seize opportunities [MDR-M MDR-T]






SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine's current situation	Actions and goals for 2024-2027
Governance aspects	Board structure: role of the various bodies (GOV-1)	Adoption of strategic decisions 	●	●	A well-structured board, with a balanced combination of skills, experience, and independence degrees, can improve the quality of strategic decisions and positively affect the company's ability to achieve its sustainability goals. This directly affects the company's financial performance and ability to generate value in the long term. Strategic decisions are also crucial for stakeholders. Customers, as well as suppliers, are increasingly interested in the soundness of strategic decisions in terms of risk management and long-term value creation and distribution, whereas employees are interested in how strategic decisions can influence corporate culture and growth opportunities. A board made up of short-sighted people with poor skills and an old mentality can have a very negative impact on the company.	Novaresine has a future-oriented vision and a strategic and global approach. Its board is dynamic and focused on innovation, and it intends to integrate new, young, and highly qualified resources. We have initiated an ambitious LCA project on our products aimed at progressively reducing the impact they generate. Our stakeholders have shown they share our strategic choices and appreciate the ambitious sustainability goals we are pursuing with commitment and determination. We modernised our IT systems, plants, and machines, integrating them with 4.0 technologies. Since its issue, Novaresine has taken action to implement the provisions of European Directive NIS2 by conducting an in-depth analysis of the existing IT infrastructure to identify vulnerabilities and weak points. Adequate security measures are in place, without which the company would be exposed to external attacks by malware, ransomware, etc. that could lead to operational disruptions and legal and reputational issues.	-Direct participation of owners in the company's governance with the integration of new generations -Presentation of the new See You 2027 business plan, whose main theme will be sustainability -Continued collaboration with customers to develop sustainable products -Continued collaboration with suppliers to obtain more sustainable raw materials -Completing the adoption of cybersecurity measures to protect corporate infrastructure in compliance with the NIS2 directive.
		Supervision and control 	●	●	Efficient supervisory bodies (e.g. the board of auditors and the independent auditor) and certifying bodies ensure that transactions comply with laws and regulations, reducing the risk of sanctions or financial losses resulting from unfair practices. In addition, a sound internal control system can prevent fraud or mismanagement of resources, protecting the interests of the company's owners. Although meticulous and rigorous controls may initially seem burdensome and require a significant amount of time and both human and financial resources, they offer important advantages for the company in the long run.	Novaresine employs expert and highly professional control bodies. Currently, the company is working to raise its management's awareness of the importance of devoting material and human resources to process verification and certification. Such commitment is not limited to mere formal compliance but aims to ensure effectiveness in controls.	-Achieving UNI/PdR 125:2022 certification on gender equality.
					Effective supervision and management of business practices not only improves transparency and accountability but also promotes sustainable growth and the protection of corporate value.	This process is part of a continuous growth path aimed at constantly improving the quality and reliability of Novaresine's practices, ensuring the highest level of integrity and transparency. Stakeholders particularly appreciate the presence of certifications issued by third parties, which attest to the soundness of the company's performance. Maintaining certifications is a challenge for Novaresine, both economically and in terms of commitment to continuous improvement.	-Starting the procedure for obtaining ISCC certification for saturated polyesters.



SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine's current situation	Actions and goals for 2024-2027	
Governance aspects	Board structure: role of the various bodies (GOV-1)	Ethics, transparency, and communication and ESG (Environmental, Social, Governance) reporting			Transparent management that clearly communicates its strategy and performance to investors and stakeholders can improve market confidence, reduce the cost of capital, and increase the company's valuation. The board of directors plays a key role in the oversight and transparency of ESG reporting practices, providing detailed information on how the company manages sustainability-related risks and opportunities. Communication must be clear, transparent, and balanced. While it is natural to emphasise strengths and minimise weaknesses, it is crucial to avoid providing data and information that (while accurate) is either "sugar-coated" or completely conceals information that is less favourable to the company. This principle applies both to the information that the company provides to its stakeholders and to the information that the various company departments pass on to management. Honest and complete communication is essential for executives to make informed decisions based on a truthful overview of the company's situation. Stakeholders have a strong interest in dealing with a company that adopts ethical business practices.	Novaresine's transparent communication	Continuous update of the Code of Ethics.	
							Novaresine is committed to maintaining clear and transparent communication with all its external and internal stakeholders.	Distribution of the Code of Conduct to suppliers, requiring them to sign it.
							Bank relations and sustainability reporting	
							Recently, we have filled-in some sustainability assessment questionnaires required by banks to be assigned a rating. This process reflects our commitment to sustainable practices and relationships based on trust.	Integration of ESG clauses into contracts, including the mandatory signing of the Code of Conduct for business partners.
							A key tool of our transparency-oriented approach is our Sustainability Report , which provides an honest overview of our performance, highlighting both our strengths and improvement areas. For us, being transparent means not only valuing successes but also recognising the challenges we face.	
							Product documentation	Extension of the EcoVadis assessment beyond raw material suppliers and carriers to include other suppliers of goods and services.
							Our documentation is fully compliant with current regulations, with particular reference to Environmental Product Declarations, ecolabelling, and other communications relating to the environmental impact of products. These documents include but are not limited to:	
							Product labels , which ensure regulatory compliance and provide clear information.	Use of the whistleblowing channel to receive suggestions and proposals from employees.
							Safety Data Sheets (SDS) to ensure the proper handling of our products, promoting safety and sustainability.	
							Certificate of Analysis (COA) , certifying that a product complies with quality standards.	
				To foster a collaborative and transparent work environment, we have implemented various forms of internal communication, including:				
			Regular meetings and committees to share information and strategic decisions.					
			Digital channels , such as the Microsoft Teams platform, to facilitate real-time information exchange.					
	Risk and opportunity management (GOV-5)			Management that assesses and handles risks can seize opportunities and preempt or mitigate events that could negatively affect the company's finances, contributing to long-term stability and growth.	Novaresine's board is made up of attentive and knowledgeable people who are able to seize opportunities for growth and development. Thanks to their strategic vision, they invest in human and material resources in a targeted and fitting manner, ensuring that the company is always ready to face the challenges of the market and make the most of the opportunities that arise. Their ability to anticipate trends and innovations is key to Novaresine's success.	The See You 2027 industrial project calls for changes in the board's composition, aiming to enrich it with new skills, including those related to sustainability issues.		
	Integration of sustainability into business management			If executives attach importance to sustainability and integrate it into the company's overall strategy, they can steer the business towards more sustainable practices, improving its reputation and contributing positively to society and the environment. This long-term vision is often vital for attracting sustainable investment and business resilience.	Integrating sustainability performance into business processes (GOV-3) is a crucial step Novaresine is taking to ensure that all of its internal and external resources are aligned towards achieving sustainability goals. To achieve these goals effectively, resistance must be overcome so that everyone, from internal staff to external partners, moves in the same direction. Without this alignment, there is the risk that some individuals or groups will drift away, jeopardising the full adoption of sustainable practices.	Inclusion of sustainability objectives in the incentive plans of specific company roles.		
					We are aware that implementing a unanimous approach to sustainability, in which everyone is involved and encouraged, is essential. This includes not only employees at all company levels but also suppliers, partners, and external stakeholders. Corporate management integrated with sustainability goes beyond mere policies: it requires that behaviours and operational decisions are constantly oriented towards a positive environmental, social, and economic impact.	Awareness-raising programmes, such as educational events, on sustainability issues.		

SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine’s current situation	Actions and goals for 2024-2027
Governance aspects	Board structure: role of the various bodies (GOV-1)	Stakeholders engagement and accountability 	●	●	A board of directors sensitive to the needs of stakeholders (customers, employees, local communities, environment) can implement policies that reduce the company's negative impact on the environment and society while promoting sustainable growth. Interaction with local communities and the territory is constant, just as is interaction with customers and collaboration with them in ambitious research and development projects to offer new products that meet user needs.	Novaresine has implemented several ways to involve its stakeholders, including the EcoVadis platform, used to investigate its suppliers' sustainability commitment. It started with raw material suppliers and was then extended to carriers.	We will extend this assessment through the EcoVadis platform to suppliers of services other than transport and goods other than raw materials.
		Compliance with environmental and social regulations 	●	●	Sustainability-conscious supervisory bodies ensure that the company complies with environmental and social regulations, avoiding potential reputational damage or penalties that could have a financial impact.	Regulatory compliance is crucial for Novaresine, as any violations of current legislation could result in significant damage to it both in financial terms (e.g. fines) and in the event of measures to suspend production activities. Stakeholders themselves have a high interest in this. This applies to suppliers, customers, owners, supervisory bodies, employees, etc.	We are considering making an agreement pursuant to Article 14 of Italian Law 687/99 to hire two people facing disadvantage through a type B social cooperative by entrusting it with some work orders.
Environmental aspects	Climate change ESRS 2 IRO-1/ SBM 3/ESRS E1	Physical risks	●	●	Ongoing climate change means measures must be taken to mitigate its possible adverse effects.	While recognising the need to adopt a plan to mitigate climate change, developing a parallel strategy to address its effects is equally crucial. The possible consequences of climate change, such as floods or periods of drought, require a strategic business plan to reduce potential negative impacts with a purposeful and timely approach.	We will continue to develop business procurement plans that take into account the effects of events associated with climate change, such as floods, droughts, fires, and rising temperatures, on the production and availability of raw materials.
						Specifically, we believe that drought is a primary risk to our business. Water scarcity could make the production of water-based resins more difficult. As mentioned in the “Water management” section, it might be helpful to implement a rainwater collection and storage system.	
		Use of electricity and natural gas	●	●		As far as the flood risk is concerned, we have already built a lamination tank. This structure allows water to be collected in the event of heavy rainfall, thus preventing it from being discharged directly into the Bisavola River, helping to reduce the risk of overflowing. The consequences of climate change on our supply chain also cannot be underestimated. Floods can delay or even prevent the delivery of raw materials and destroy crops. Similarly, drought can compromise the production of raw materials of agricultural origin and disrupt the normal functioning of our production facilities, causing interruptions or reductions in production capacity. Every four months, our purchasing manager draws up a business continuity plan that also considers these issues and submits it to our management.	Installing meters to collect actual consumption data. Replacing older machines and equipment with more energy-efficient ones. Exclusive use of green, self-generated (in minimal part) electricity.
						In recent years, we have revamped several machines and pieces of equipment, ensuring reduced electricity and natural gas consumption. Among the works carried out, we changed the boilers for heating thermal oil and replaced the old thermal burner with a new generation system that is more efficient despite its higher capacity. We also installed new, more technologically advanced reactors to replace obsolete ones.	



SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine's current situation	Actions and goals for 2024-2027
Environmental aspects	Climate change ESRS 2 IRO-1/ SBM 3/ESRS E1	climate change mitigation: GHG Emissions  	●	●	The production of greenhouse gases is one of the leading causes of climate change, as they lead global temperatures to rise. Taking 1990 as a baseline, the European Green Deal calls for a 50% reduction in emissions by 2030 and carbon neutrality by 2050. In addition to direct GHG emissions, other factors can promote climate change, such as anthropisation. As plants are like CO2 reservoirs, reducing their number in favour of overbuilding reduces the stored CO2 remaining in the atmosphere. Reduced biodiversity may also contribute to climate change, as many insects and animals better distribute carbon dioxide storage.	Novaresine will plan appropriate actions to reduce emissions. However, since Novaresine is an energy-intensive business (in terms of gas and electricity) and has recently revamped its plants, some emissions are currently considered locked-in emissions, as their reduction would entail implementing drastic solutions incompatible with business sustainability and social sustainability. A decrease in Scope 3 emissions would be possible if the spread between the cost of traditional raw materials and those from recycled sources was not too high. Engaging its stakeholders and initiating collaborative projects with customers could lead to meaningful opportunities for Novaresine.	Our R&D laboratory is developing new formulations for producing resins from recycled raw materials according to the "mass balance" approach. Through an engineer from its sustainability team, Novaresine is part of the ECCA Working Group promoting the mass balance approach as a chain of custody model. Completing the LCA study of the resins we produce, including data on CO2 emissions. In addition, we will improve the existing studies, progressively replacing secondary data with primary data.
		Emissions into the air 	●	●	During production processes, gases can be emitted that require special attention, not only because they belong to the greenhouse gas (GHG) family and thus contribute to global warming but also because they can cause air pollution, being dangerous to the health of people who inhale them. These include, for example, volatile organic compounds (VOC).	We have a thermal burner to remove the emissions generated in our production process. From an environmental point of view, this system contributes to preventing air pollution by fulfilling the requirements of the Best Available Techniques (BAT) specific to the organic chemical sector. From an economic point of view, its installation required a significant investment. Also not to be underestimated are the annual costs needed for routine maintenance, extraordinary interventions, and periodic analyses of emissions from the chimney connected to the abatement system. That is why it also is considered a relevant issue for Novaresine from a financial and economic point of view. On the other hand, our stakeholders consider it more significant in terms of our impact on the environment, especially neighbouring municipalities and their communities.	Emission monitoring. Periodic maintenance of abatement equipment.
	Pollution (ESRS 2 IRO-1)	Use and handling of hazardous products and their release into the soil 	●	●			Automation of loading operations will continue, reducing manual ones. Specifically, a tank containing 1,6-Hexanediol will be installed.
		Water discharge 	●	●		Our factory has two drains: one for rainwater, discharged into a consortium after de-oiling and de-sanding, and the second for the cooling tank's water overflow generated during level restoration. An external laboratory conducts analyses of our waste water every six months. So far, we have never exceeded the limits established by law, as reported in the Table attached to the Consolidated Text of Italian Legislative Decree no. 152/06 and in the Water Protection Plan of the Veneto Region, Attachment B, Table 1. We also have a lamination tank for collecting second rainwater.	
	Use of natural resources: water ESRS 2 IRO-1	Use of water resources	●	●		Water is used for the production of water-based resins and plant cooling. The water used to cool the machines flows in a closed loop and is cooled by cooling towers. That reduces water consumption in this phase, which is limited to supplementation to compensate for evaporation. The highest consumption rate is reached when producing water-based resins.	



SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine’s current situation	Actions and goals for 2024-2027
Environmental aspects	Circular economy	Waste and incineration   	●	●		Waste disposal is a relevant issue for both the company and its stakeholders, with financial and environmental implications. From the economic point of view, the high disposal costs mainly affect the company’s ownership and board of directors. Any penalties resulting from improper waste management or soil pollution due to inadequate storage can lead to significant expenses, which may jeopardise production continuity. Poor waste management can also damage the company’s reputation, which could reduce business volumes. Waste incineration is an opportunity, as it saves money compared to the costs incurred for disposal by third-party companies, but it also presents a risk, as its related running costs are high and must be constantly monitored to avoid compromising the investment. As far as stakeholders are concerned, the greatest interest comes from Novaresine’s owners, whereas this theme does not appear particularly significant for other stakeholders. For the company, on the other hand, it is relevant both from a financial point of view and in terms of potential environmental impact. Through the incineration of reaction water and spent solvents, we produce heat that is used to heat production lines and storage tanks.	
		Biodiversity		●		The territory surrounding Novaresine’s premises is rich in native animal and plant species. The green area is prevalent compared to the artificial one – out of a total area of approximately 130,000 square metres, the built portion accounts for 22%. The strip of land bordering the Bisavola River, located along the eastern boundary of our factory, is protected. A technician was commissioned to carry out a biodiversity report and found no problems. In any case, Novaresine is aware of the importance of safeguarding biodiversity: insects, birds, and mammals, as pollinators and disseminators, can contribute to storing carbon more efficiently, directly or indirectly. Novaresine has taken out an environmental liability insurance Policy with an insurance company following the completion of a questionnaire and the submission of extensive documentation proving not only its compliance with current legislation but also the presence of structured and sound systems to prevent potential harmful events for the environment.	
		Insurance policies and guarantees of payment. Reduction in the diversity of animal and plant species due to chemicals released into the environment or changes in the territory	●		Insurance premiums for coverage against environmental damage are not solely determined by the ecological hazard of a company’s activity, i.e. the inherent potential to cause damage to the environment related to the nature of its operations or the type of substances stored, but a fundamental role is played by the environmental protection measures adopted by the company. Insurance companies assess not only the inherent risks associated with a business but also the degree to which it prevents and mitigates them. Companies that invest in sustainable practices, advanced monitoring systems, and technologies to reduce their environmental impact can benefit from lower insurance premiums. Indeed, protective measures, such as adopting protocols for the safe storage of hazardous substances, implementing waste management systems, or regularly maintaining plants, reduce the perceived risk for insurance companies. Adopting recognised environmental certifications (e.g. ISO 14001) and complying with current sustainability and environmental management regulations can further lower the risk profile. These factors contribute to an image of reliability and responsibility, directly reflected in insurance costs.	Novaresine has taken out an environmental liability insurance Policy with an insurance company following the completion of a questionnaire and the submission of extensive documentation proving not only its compliance with current legislation but also the presence of structured and sound systems to prevent potential harmful events for the environment.	



SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine's current situation	Actions and goals for 2024-2027
Social aspects	Management of own workforce	Recruitment 	●	●		In recent years, we have hired many new people, mainly in production. The number of Novaresine employees in 2024 may appear to be decreasing, but this is not the case: two executives will be transferred to Tajan, the holding company, and one new employee will be hired directly by the parent company.	Recruitment with a secondment contract of six Mexican engineers, two of them women, in production. Although these are not direct hires, this is significant progress for Novaresine towards gender equality in manufacturing.
		Remuneration and benefits 	●	●		Remuneration is calculated by supplementing the minimum values provided for by the National Collective Agreement with the more favourable conditions introduced through company bargaining, while also adding benefits set on the basis of objective criteria, such as the degree of responsibility and skills, and bonuses for individuals or homogeneous groups of workers upon the achievement of objectives established annually.	
		Training and professional development 	●	●		The initial training of the production and warehouse personnel and any further training activities aimed at professional growth and the acquisition of greater responsibility, especially for production staff, are conducted by in-house personnel, particularly the Production Manager and the Process Support team. Our laboratory and administration teams attend technical courses to update and improve their skills.	Technical and English language training courses. Annual energy efficiency training.
	Human rights	Child labour Forced labour	● ●	● ●		It should be noted that given the location of Novaresine and the presence of strict legislation on the subject, the issue of child labour, forced labour, and slavery is not to be considered a material topic.	The assessment of these aspects in relation to stakeholders, particularly suppliers located in countries where factors such as forced labour and child labour are relevant, is carried out through the EcoVadis platform.
	Working conditions	Health protection Safety protection 	● ●	● ●		Novaresine attaches great importance to protecting the health and safety of employees. Task-specific risk assessments are regularly carried out and prevention and protection measures are adopted that are effective in safeguarding the employees and promoting their well-being in the workplace, in line with the latest technologies and best practices.	Continuous training in occupational safety. Quarterly training on major incident hazards. Adoption of advanced technical measures: the company adopts constantly updated prevention and protection measures in line with technical and technological advancements, ensuring that the solutions implemented are always effective in minimising risks and guaranteeing a safe work environment. We will draw up a plan to cope with an ageing workforce.



SUSTAINABILITY aspects	Significant topics and UN Sustainable Development Goals	Sub-topics	Impact materiality	Financial materiality	Considerations on the management of negative and positive impact factors, risks, and opportunities	Novaresine's current situation	Actions and goals for 2024-2027
Social aspects	Discrimination and inclusion	Inclusion of people facing disadvantage	●	●		There are currently two people facing disadvantage in our company. We are partially exempt from including others as the activity carried out by Novaresine is incompatible with disability.	We are considering making an agreement pursuant to Article 14 of Italian Law 68/99 to hire two people facing disadvantage through a type B social cooperative by entrusting it with some work orders.
		Gender equality and diversity 	●	●			Achieving UNI/PdR 125:2022 certification on gender equality.
	Representation and social dialogue	Collective bargaining	●	●		There are three trade union representatives (RSU) in the company. The company contract, which supplements the collective agreement, is renewed every two years following consultation between the trade union representatives and the Employer. Employees are engaged through the Joint Committee and the workers' safety representative, who participates monthly in the Environment and Safety Committee meeting and annually in a regular meeting.	Renewing the company collective agreement in agreement with the trade union representatives.
		Employee engagement 	●	●			Achieving greater involvement of workers, including through training and skills development.
	Community	Dialogue with surrounding and/or affected communities	●	●			Open factory: inviting the public to visit our plant. Sustainability park: creating a park open to citizens.
		Compensation works 	●	●			



Metrics and objectives (ESRS 2 mdr-m mdr-t)

8

The Sustainability Report is a fundamental tool for Novaresine to have an overview of its management practices from a sustainability perspective, actively involving various departments. Together with the Management Review, it is the primary means of reporting on sustainable development, also including a summary of actions taken to mitigate or prevent impacts related to material issues. The Sole Director plays an active role in this process, performing an initial check, approving the material topics during the Management Review, and finally signing the Sustainability Report.

The Sole Director, legal representatives, executives, and employees participate actively and continuously in managing the company's impacts, using various internal and external communication tools. These include as follows:

- External certifications/audits;
- EcoVadis ratings;
- Voluntary completion of the Responsible Care questionnaire;
- Environment and safety committees;
- Quality committees;
- Joint committees (among the Sole Administrator, Plant Manager, HR Manager, and trade union representatives) with meetings planned at least four times a year.

These tools reinforce consistent and transparent communication, promoting a collaborative and shared approach to sustainability.

ach to sustainability.

Annually, a Management Review is conducted (according to internal procedure PGI 3) in which the managers of the different business functions participate, coordinated by the Sole Administrator. During this meeting, the results of the previous year are reviewed and actions for the following year are planned, with an in-depth assessment of the performance indicators (KPIs). It is then decided whether to confirm or modify the KPIs in order to ensure their full adequacy, and due diligence is performed on the entire system. Finally, any critical issues are communicated to the Sole Administrator.

Below is the dashboard of indicators used by Novaresine.

KPI	Description	2023 target	Result
Plant reliability	% hours lost to maintenance / available hours	0.25%	Objectiv not achieved
Returns	Kg returned / kg produced	0.15%	Objective achieved
Complaints	% kg complained about / gg produced	0.15%	Objective achieved
Compliant Products (QI1)	% kg QL1/ kg produced	100% >99	Objective achieved
Non-Compliant Products (QI3)	% kg QL3/ kg produced	<=0,25%	Objectiv not achieved
Productivity	tons / FTE / month	39.00	Objective achieved
Purchases	2022 average purchase price trend MP vs ABP (moving average) €/ MT	1,128 €/MT	Objectiv not achieved
Sales Volume	tonnes	25000	Objective achieved
MoM	Euros	12,000,000	Objective achieved
Approval-related economic advantage	Savings attributable to new approved suppliers	45000	Objective achieved
Effective Improvement Actions	Effective improvement actions / total over 24 months	80%	Objectiv not achieved
Moc	% closed MoCs over open MoCs	80%	Objective achieved
Closed R&D Projects	Approved and closed projects / open projects	50%	Objective achieved

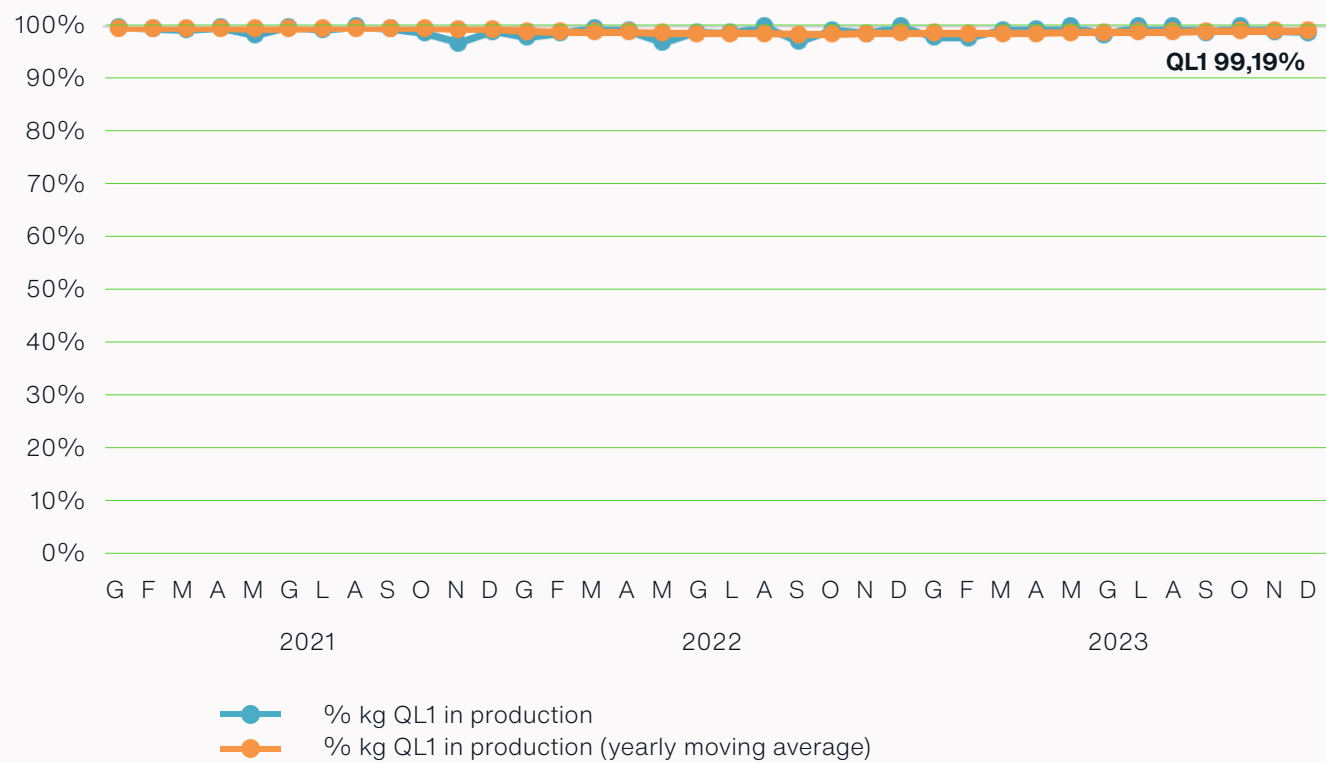
Sustainability **Report 2023**

KPI	Description	2023 target	Result
Injuries (gri 403-9)	hours of absence due to injuries out of the total hours worked	100% <1.05	Objective achieved
Emergency drills	No. of emergency drills (Seveso Top Event)	2	Objective achieved
Major incidents	% Seveso major incidents / workplace incidents in the last 5 years	0	Objective achieved
Incidents/near-misses trend	% incidents / near-misses over hours worked per employee	0.02%	Objective achieved
Employee training (gri 404-1)	Training hours per employee	4	Objective achieved
Safety and environment-related employee training (gri 403- 5; 404-1)	Safety and environment-related training hours per employee	12	Objective achieved
Trade union relations (403-4)		>=4	Objective not achieved
Holidays and working hours reductions (rol)	Holidays and working hours reductions taken / accrued holidays and working hours reductions * 100	>90%	Objective not achieved
Walk through inspections (gri 403-4)	No. of WTIs carried out in the year / no. of planned WTIs	>=12	Objective achieved
Lockout-tagout (loto)	Total no. of LOTO procedures applied in the month	As much as suffices	Objective achieved

KPI	Description	2023 target	Result
Waste (gri 306- 3)	% waste disposed of / total production	100% <1.15	Obiettivo non raggiunto

Although water, gas, and electricity consumption data are not yet included in our KPI dashboard, they are collected and monitored. From 2024, tonnes of oil equivalent (**TOE**) will be added to the dashboard, as this parameter allows consolidating different energy sources (electricity, gas, and diesel) into a single element. This change will help simplify our analysis of overall consumption, making it easier to understand our company's energy intensity. In future, we plan to introduce a further indicator, the Global Warming Potential (**GWP**), which will enable us to monitor our impact in terms of greenhouse gas emissions. This parameter will contribute to making the KPI dashboard more comprehensive and balanced, responding more effectively to growing sustainability needs. A concrete example of how we use the dashboard illustrated above is given below:

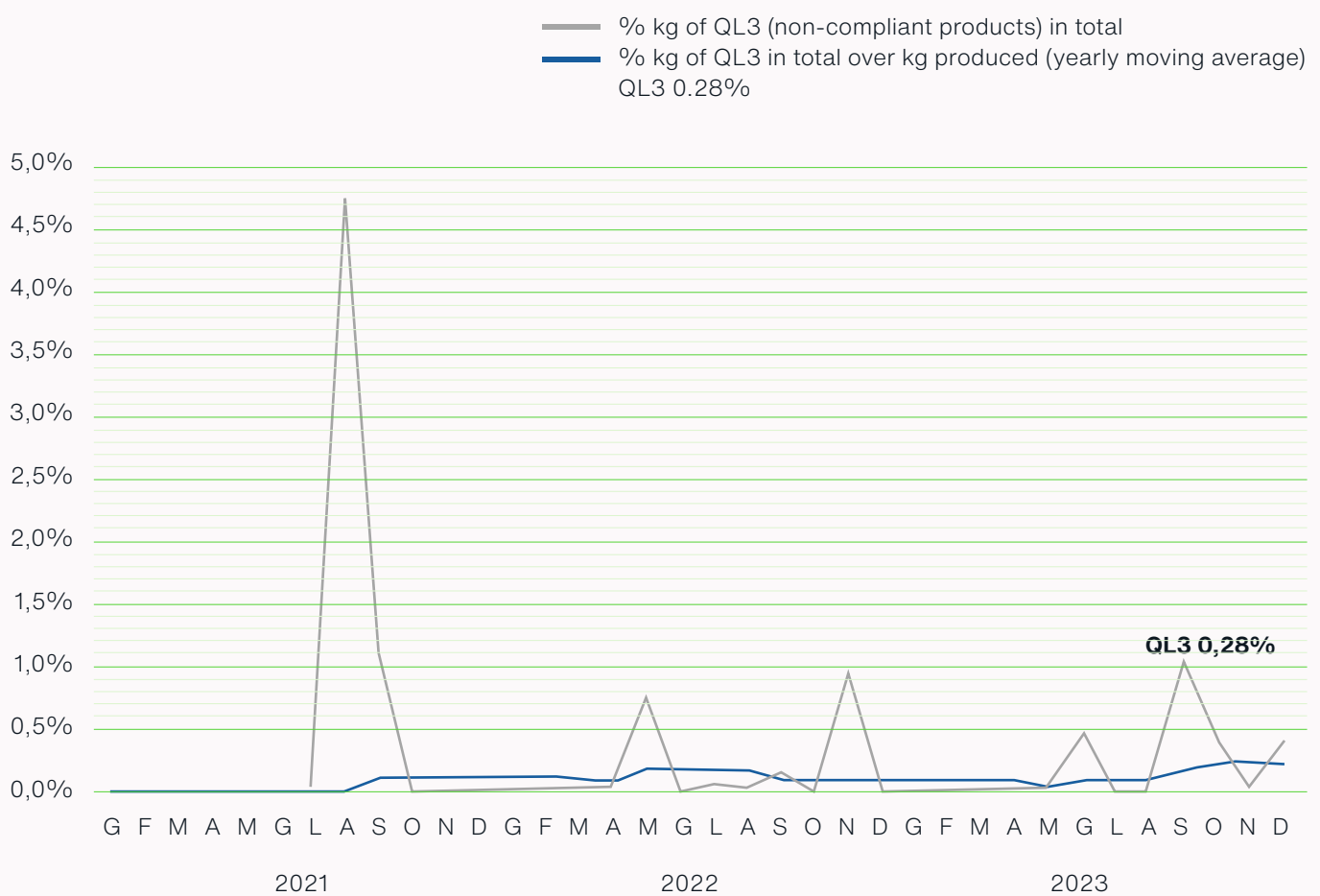
1. Percentage of finished products that fully passed quality controls and percentage of finished products that did not pass quality controls and were therefore classified as non-compliant. These values correspond to indicators QL1 and QL3, respectively.



As can be seen, although the value fluctuates slightly over the years, the yearly moving average shows a conformity rate of 99.19%. As a confirmation of the very high quality level of our pro-

ducts, the graph below illustrates the moving average of non-compliant finished products (0.28%), i.e. those that did not pass quality controls and were therefore considered non-compliant.

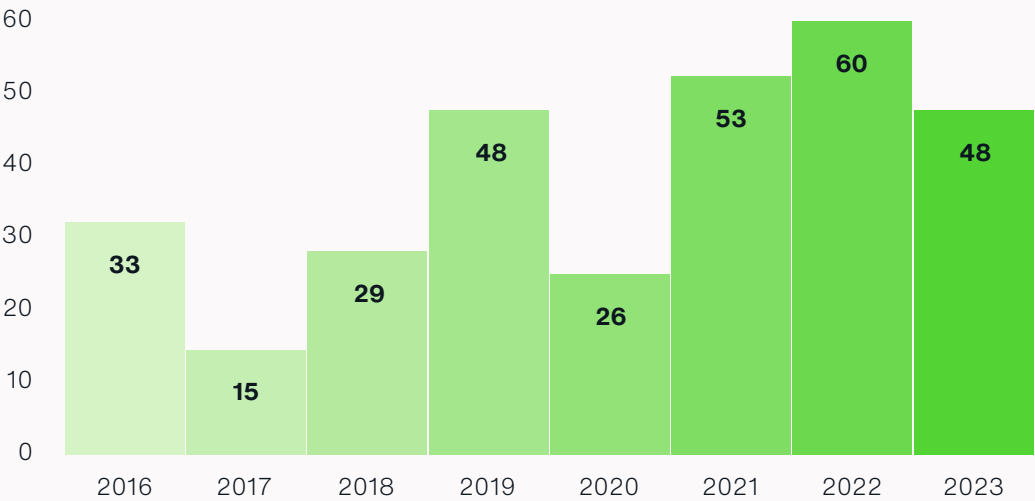




Non-conformity actions included in our system may concern, for example, transport services, reception of raw materials, process anomalies, protection of employees' health and safety, environmental protection, etc.

The graphs below compare our past and present non-conformity rates. Please note that these are absolute values, not related to production volumes.

Total number of NC



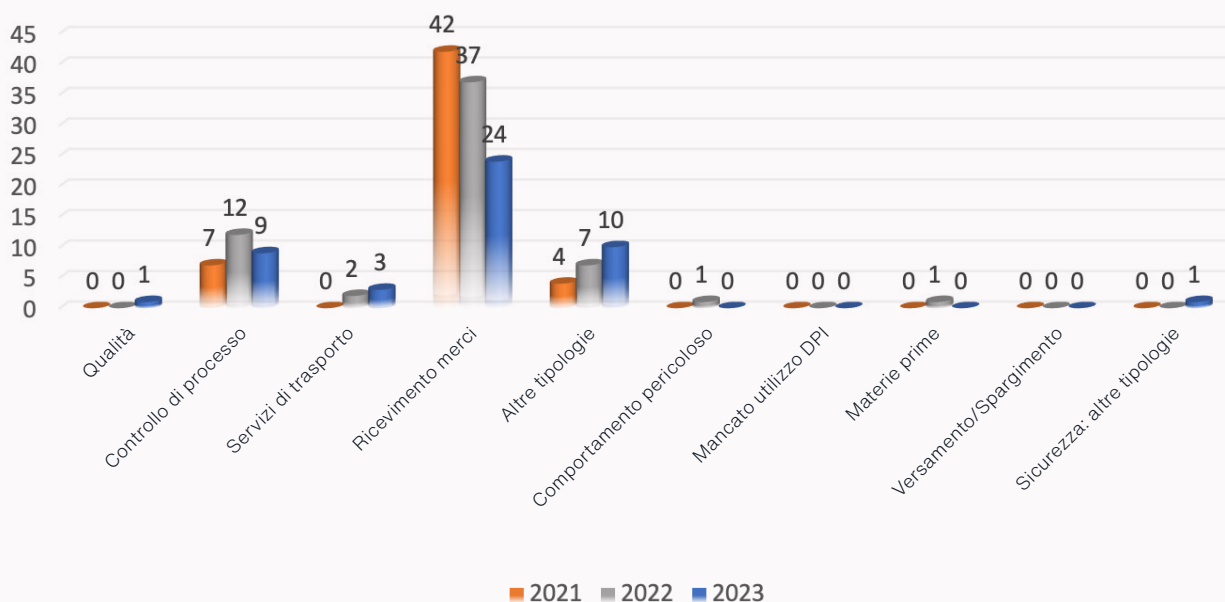
Over the last three years, we managed to reverse the trend: from 53 non-compliances detected in 2021, this figure rose to 60 in 2022 but then saw a reduction to 48 in 2023. It is important to note that, out of these 48 non-conformities, 4 belonged to our new energy mana-

gement system, which is still being implemented. The fact that all non-conformities were closed and the absence of further critical issues detected in the audits conducted by Certiquality, in any case, confirm the soundness of our system.



Below is a comparison of different categories of non-compliance over the years.

2021 - 2022 -2023 comparison



Such a comparison between years is useful to check whether the situation has improved, worsened, or remained stable.

It should be noted that the number of non-conformities related to our suppliers (i.e. found at the goods receipt stage) has decreased over the years thanks to the constant involvement of stakeholders, which have always shown a high level of cooperation.

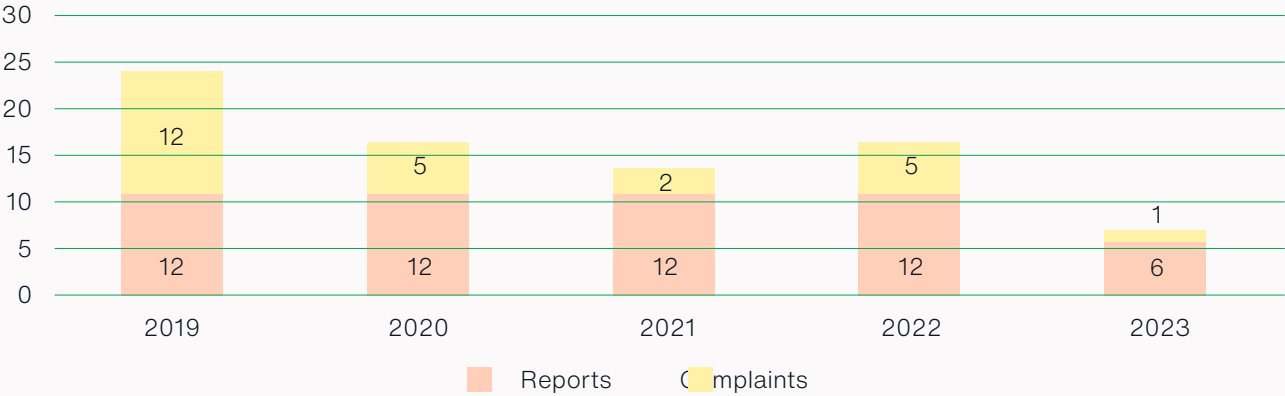
Indeed, we consider stakeholders engagement essential in ordinary management. We promote it in different ways, including as follows [GRI 2-29 ESRS 2 SBM-3]:

- Employees: through the trade union representatives (RSU) and the Joint Committee that meets four times a year.
- Suppliers: through the EcoVadis shared platform.
- Public bodies such as the municipality and the province: through meetings.
- Customers: through satisfaction questionnaires and the analysis and management of reports/complaints.

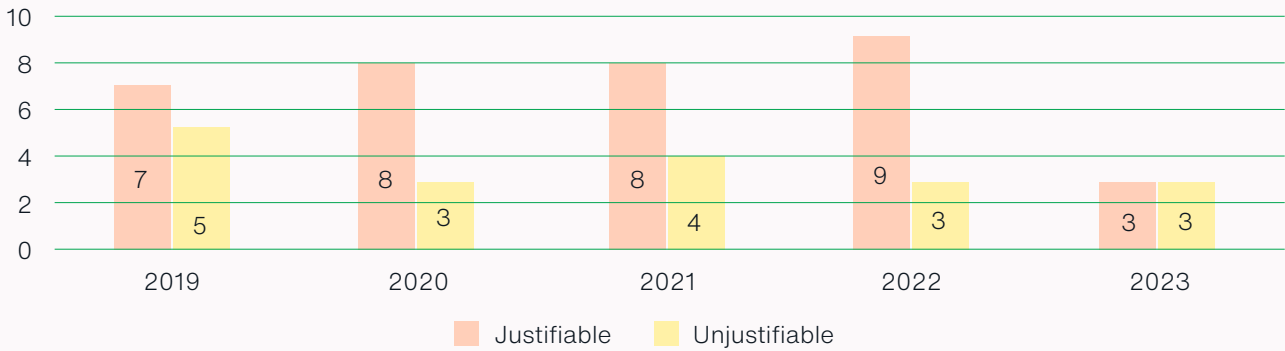
With regard to reports and complaints, Novaresine takes a diligent approach and promptly initiates an investigation process whenever a customer submits a report or complaint.

In 2023, 6 reports were registered, of which 1 was a complaint; out of them, only 3 were deemed justifiable. It is interesting to compare these figures with those of previous years:

Reports / Complaints



Reports / Complaints



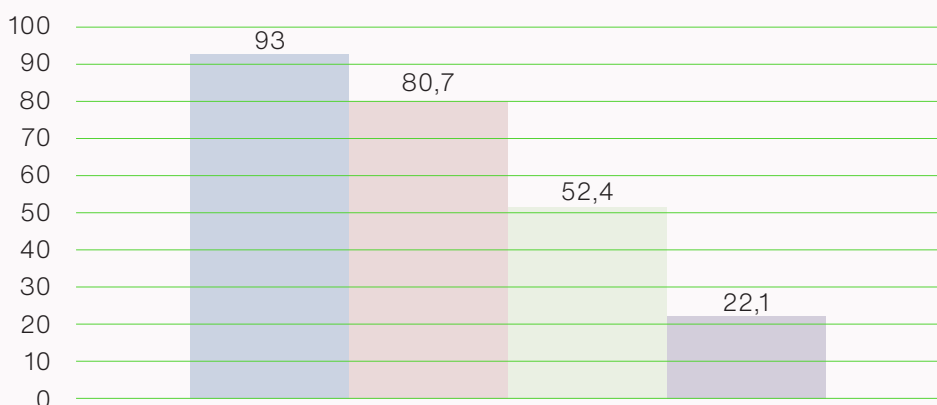
A very encouraging figure concerns returned products, which decreased in 2023 compared to previous years. The only return made was considered unjustifiable but was nevertheless accepted in a spirit of cooperation with the customer.

RETURNS (T)

2020	93
2021	80,7
2022	52,4
2023	22,12

■ 2020
■ 2021
■ 2022
■ 2023

RETURNED PRODUCTS



The comparison of the quantity of returned finished products with our total production volume shows an extremely ratio of 0.0006%.

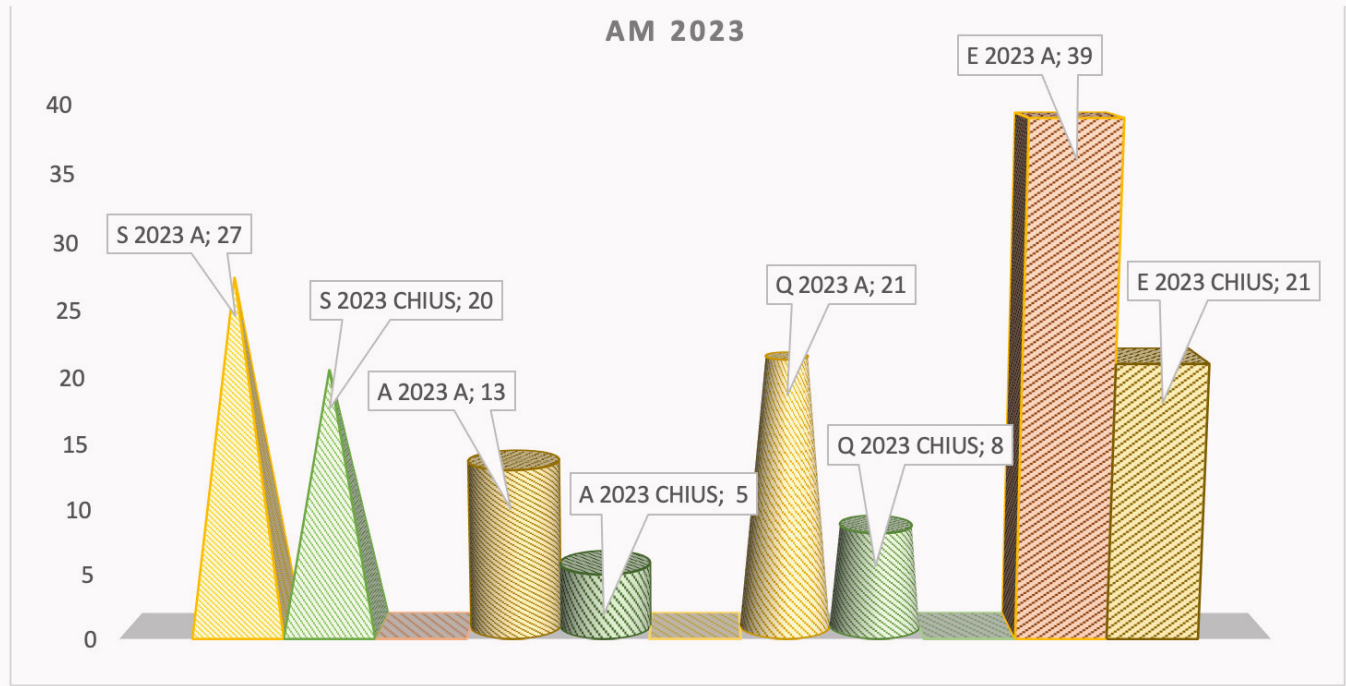
100 improvement actions were initiated in 2023, of which 54 were closed by 31 December.

The monitoring of improvement actions covers a period of 24 months. In total, **135 improvement actions** were ini-

tiated in the last two-year period, of which 94 were completed, i.e. 69.6%. Although satisfactory, this result did not match our target of 80%. Improvement actions relate to various areas, such as product and service quality, employee health and safety, environmental protection, energy efficiency, and corporate social responsibility.

The need or choice to undertake improvement actions may result from employees' suggestions, decisions by the Environment, Safety, and Energy Committee, observations made during monthly walk-throughs, or recom-

mendations by inspection and certification bodies such as Certiquality and EcoVadis; they may also be the consequence of non-compliances or customer reports.



Other metrics not illustrated here but mentioned in the KPI dashboard will be dealt with in the related Chapters.



9 environmental topics

ESRS 2 – ESRS e

The integrated Policy adopted by Novaresine also includes environmental management principles. These permeate our daily actions, structuring and organising our activities aimed to implement them.

Recently, we also added energy-efficiency principles to the Policy, for the implementation of which we have an Energy Management System in line with the ISO 50001:2018 standard.

9.1

Climate change [ESRS E1-1]

The **double materiality assessment** (see Annex 2) showed that climate change is a significant topic in terms of both financial and environmental impact.

The Policy developed by Novaresine [**ESRS E1-2**] does not contain a clear reference to the issue of climate change, but it does enshrine the company's commitment to quantifying its GHG emissions – also involving its stakeholders, who are asked to commit to reducing GHG emissions, reducing waste production, and actively participating in sustainable development programmes, e.g. EcoVadis.

In addition to direct GHG emissions, other factors contribute to climate change, including anthropisation and biodiversity loss [**ESRS E4**].

The development of a transition business plan [**ESRS E1-**

1; ESRS E1-3] to mitigate climate change and make the company more resilient is planned for the coming years; it will be integrated into the See You 2027 business plan. In preparation for this and to set sustainable targets for our company, we are already quantifying our greenhouse gas (GHG) emissions at an organisational level and analysing the carbon footprint of our products using the cradle-to-gate approach.

In addition, we are focusing on energy efficiency to reduce consumption. We have identified our critical equipment and installed analytical monitoring tools to quantify consumption and plan targeted interventions to reduce it in a conscious manner.

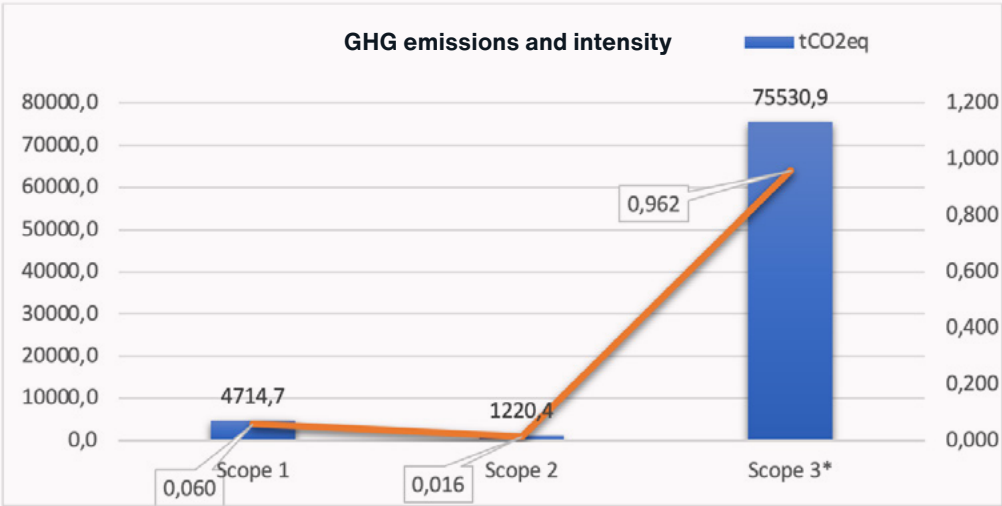
9.2

Quantifying and reducing greenhouse gases (GHG) [GRI 305-1/305-2/305-3] [ESRS E1-6 par. 44, 45]

In 2023, Novaresine emitted a total of 4,714.68 tCO₂eq Scope 1 and 1.220,44 tCO₂eq Scope 2 greenhouse gases (GHG) according to the GHG Protocol, as calculated using the tool EcoVadis_Carbon_Calculator_2023. To calculate our Scope 3 emissions, we performed a life cycle assessment on our products using LCA for Expert software provided by Sphera and, for data not available in primary form, the Sphera Professional and Ecoinvent databases. Following the cradle-to-gate approach, information on raw material production and transport was collected at our plant and processed together with our resin production data. The results obtained include the Global Warming Potential value (GWP of 100 years, kgCO₂eq), which we used to determine our Scope 3 emissions. Combining GHG data with turnover data placed in the

denominator gives us our intensity value **[GRI 305-4] - [ESRS E1-6 par. 53]**:

	tCO2eq	Intensity kgCO2eq/€
Scope 1	4714,7	0,060
Scope 2	1220,4	0,016
	24	
Scope 3*	75530,9	0,962
Total	81466	1,038



Novaresine will plan appropriate actions to reduce emissions [ESRS E1-4 “Targets related to climate change mitigation and adaptation”]. However, since Novaresine is an energy-intensive business (in terms of gas and electricity) and has recently revamped its plants, some emissions are currently considered locked-in emissions. These are generated by recently upgraded structures and technologies that will continue to produce emissions over their service lives.

Reducing them would require drastic solutions (e.g. the premature replacement of plants or the adoption of technologies that are not yet mature or affordable) that could be incompatible with **business sustainability**, as they could jeopardise the company’s economic competitiveness, and with **social sustainability**, as they could have negative impacts on employment and local communities. There are, however, some opportunities for **Scope 3 emission reduction** [ESRS E1-4, ESRS 2 MDR-T] as the supply of raw materials with a lower environmental im-

pact, derived fully or partially from recycling processes, is gradually increasing.

However, the big challenge here concerns their possible financial impact: if the spread between the costs of traditional and recycled raw materials remains too high, and the downstream supply chain is not yet mature enough to absorb and distribute these additional costs, the adoption of recycled raw materials may remain economically unsustainable.

In 2023, practically no recycled raw materials were used. We consumed non-renewable materials amounting to 35,000.00 T [GRI 301-1] and renewable materials amounting to 6,450.00 T [GRI 301-2]. Product recovery, understood as resin/solvent/raw material waste re-processing, can be estimated at 0.3-0.5% [GRI 301-3].

9.3

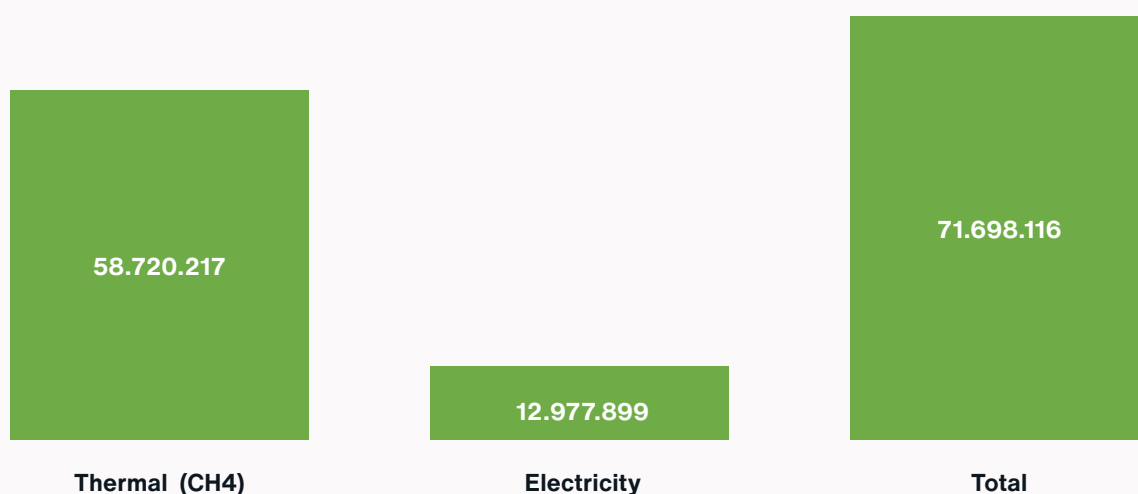
Energy [ESRS E1-5] [GRI 302-1/302-3/302-4/302-5]

With regard to energy consumption, Novaresine used about 1,700,000 standard cubic meters of methane gas from the network, which, considering a lower calorific value of 13.9 kWh/kg (https://www.engineeringtoolbox.com/fuels-higher-calorific-values-d_169.html), is equal to an energy stream of about 58,720,000 MJ. Electricity supply from the grid was approx. 3,600,000 kWh, equal to approx. 12,600,000 MJ.

The total internal energy consumption of the organization was thus approx. 71,700,000 MJ [GRI 302-1].

Energy consumption within the organisation

■ Energy [MJ]



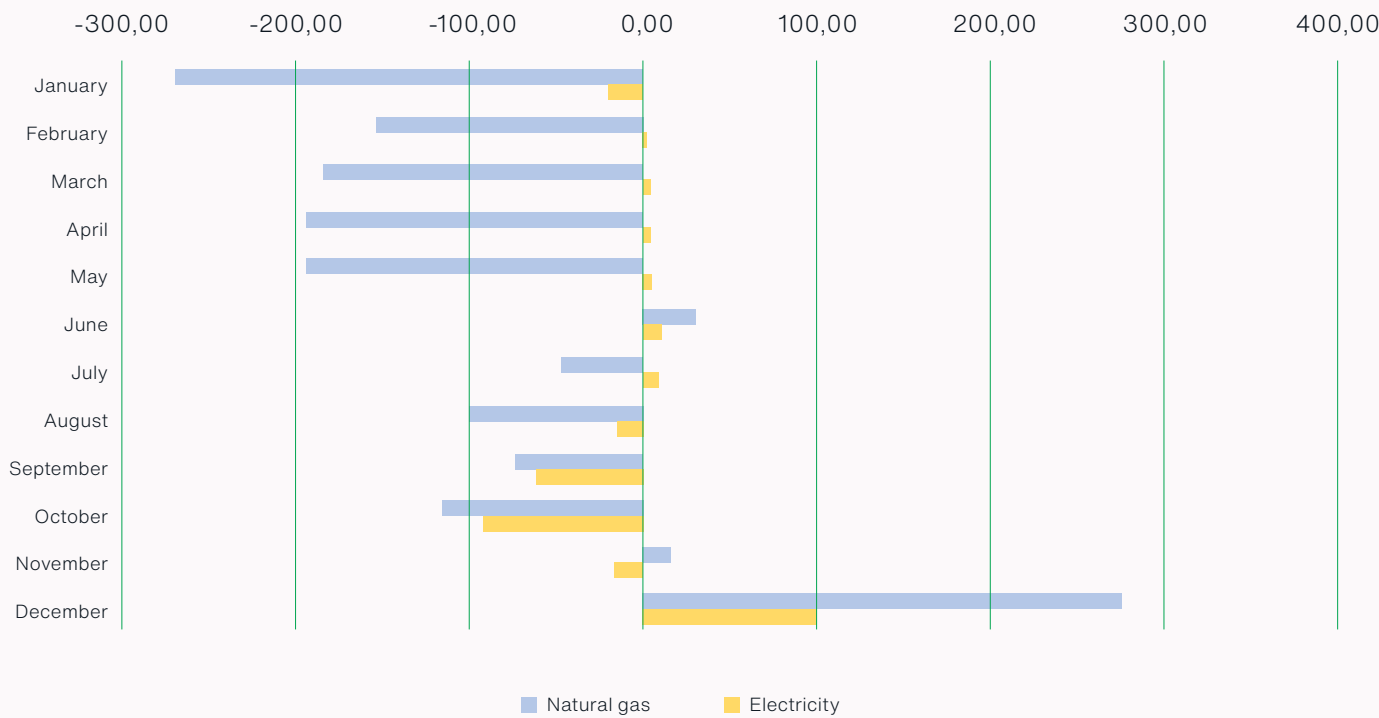
Considering commuter transportation alone, the organisation’s external energy consumption was 178,375 MJ [GRI 302-3].

Therefore, our energy intensity, understood as the ratio of total internal energy consumption within the organisation to its turnover, was 0.914 MJ/€ [GRI 302-3]. Also see

Income Statement - Revenues from sales and services [ESRS E1-5 par. 40].

A comparison with the previous year can be interesting: below are the energy savings per tonne of resin produced for 2023 compared to 2022.

2023 vs 2022 energy gain [MJ/tonne]



Such reduction in consumption can be due to the replacement of an old reactor with a new-generation one equipped with an inverter-driven stirrer and of our old thermal burner with a more modern and more efficient plant.

The values measured in December deviated from the general trend due to a predictable and physiological drop in production volumes. All this was also reflected in a decrease, though not quantifiable, in greenhouse gases (GHG)

emitted [GRI 302-4/305-5].

Of course, lower energy consumption also results in the reduction of the CO2 produced and a relative economic benefit for the company [GRI 302-5].

There are also plans to install a small photovoltaic system with a capacity of 25 kW that will cover our laboratory’s needs.



9.4

Pollution [ESRS E2-4 “Pollution of air, water and soil” – AR 25]

Novaresine owns an Integrated Environmental Permit, issued with Provincial Determination no. 2083 of 13/07/2023, for the IPPC activity identified in Annex VIII to Part Two of Italian Legislative Decree no. 152/06, IPPC 4.1 b) as “production of organic chemicals and in particular [...] epoxy resins”, which requires compliance with several specific Best Available Techniques (BATs) for air, water, soil, waste management, and noise pollution.

The integrated assessment of the pollution generated by Novaresine’s operations was carried out by combining the relevant steps and techniques adopted by the company with reference to the BATs. In particular, the techniques adopted by the company for its resin production activity were compared with the provisions of the Commission Implementing Decision (EU) 2017/2017 21/11/17 establishing Best Available Techniques (BAT) conclusions for the production of Large Volume Organic Chemicals.

The techniques adopted and applied were also assessed considering the “cross-sectoral” BAT conclusions in the Commission Implementing Decision (EU) 2016/902 of 30/5/16 establishing Best Available Techniques (BAT) conclusions pursuant to Directive 2010/75/EU of the European Parliament and of the Council on common waste gas management and treatment systems in the chemical sector, but also the European Commission’s Emission from Storage BREF of July 2006 (ref. LG2) and the European Commission’s Industrial cooling systems BREF of December 2001 (ref. LG3).

9.5

The results confirmed the Novaresine factory's compliance with the requirements of the above-mentioned BATs

By way of example, the following systems comply with the requirements of the Best Available Techniques:

1. Reduction in the concentration of pollutants in the waste gases conveyed to the thermal oxidiser through condensation aimed to recover and recirculate the solvents;
2. Regenerative thermal oxidiser (RTO). This is an abatement plant for the VOCs produced in the resin synthesis process, during the loading of storage tanks and tankers. Emergency exhausts are also routed to the blow-down device and from there to the thermal oxidiser;
3. Vapour recirculation in the tankers during loading;
4. The emissions from the storage tanks' vents are sent to the RTO to avoid diffuse emissions;
5. Flange protection with a collar to prevent fugitive emissions;
6. Bag or cartridge filters to abate the emissions generated by the powder storage silos' vents, the transport of raw materials in powder form, and the incinerator's boiler;
7. In-house disposal of liquid waste by incineration and heat recovery in the form of steam;
8. Catalytic gas sensors for leak detection.

To prevent soil and deep water pollution, the double-walled underground tanks are equipped with leak detectors, and the storage areas for raw materials, finished products, and waste are equipped with containment basins. The loading bays have sumps connected to a blind pit downstream where any spillage is collected to be pum-

ped into an emergency tank. At the same time, operating procedures and work instructions have been drawn up, explained, and made available to workers to avoid spills. The vehicle movement areas are connected to the first rainwater collection and treatment network by a de-oiling system.

In accordance with European Regulation No. 166 of 2006 concerning the establishment of a European Pollutant Release and Transfer Register, an E-PRTR declaration is submitted annually for the off-site transfer of waste, as this is produced in quantities exceeding the threshold indicated in Article 5 of the Regulation.

Pollution is also a material topic for our stakeholders. The evaluation of 31 suppliers of raw materials and transport services, accounting for more than 80% of turnover, shows that most of them provide information on the negative impact their activities may have on the environment, indicating risks and opportunities but also actions aimed at achieving virtuous objectives.

Aggregate information is given below.

E2-2. Actions and resources related to pollution

16. The undertaking shall disclose its pollution-related actions and the resources allocated to their implementation

Related to: DR 18, ESRS 2 MDR-A

Answer:

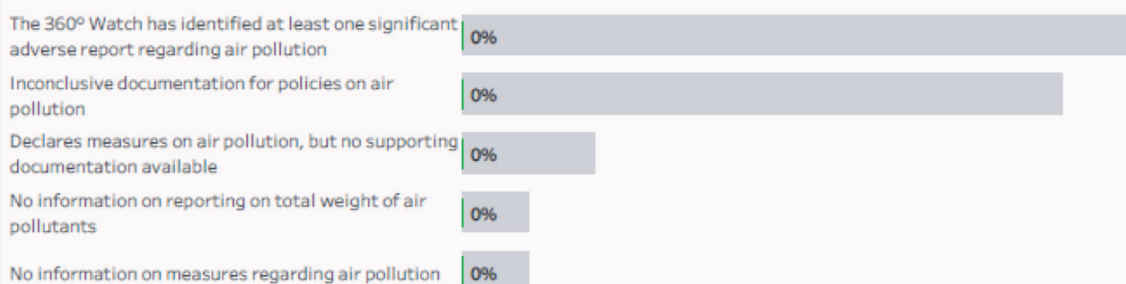
Source: EcoVadis Ratings



You can disclose data on the corrective actions related to pollution that you have requested from your suppliers. These actions aim to address the improvement areas identified to minimize their impact on your pollution-related policy objectives and targets

Requested corrective actions by percentage of partners

- ☐ Partners with improvement area
- ☒ Corrective actions requested by my company

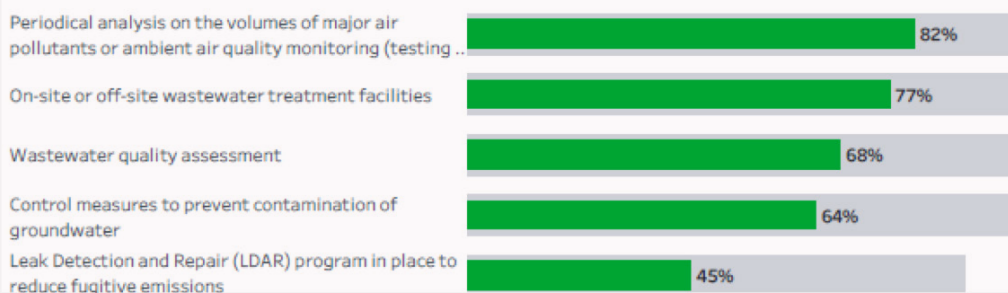


Source: EcoVadis Ratings

EcoVadis Ratings help identify suppliers who have already taken specific steps to reduce air pollution. These actions aim to address improvement areas and minimize the supply chain's impact on air pollution. The chart below shows the top 10 most common actions that aim to tackle air and water pollution, as well as reduce the impact on biodiversity.

Top strengths by percentage of partners

- ☐ Partners eligible for strengths
- ☒ Partners with existing strengths



9.6

Emissions [ESRS E2-4 – GRI 305-6/305-7]

Specific operations performed within our company, such as the storage of raw materials in liquid and powder form, the synthesis of resins, and the storage of finished products, may result in the release of dust and volatile organic compounds into the atmosphere.

In compliance with the BATs set out in the Commission Implementing Decision (EU) 2016/902 of 30/5/16 establishing Best Available Techniques (BAT) conclusions pursuant to Directive 2010/75/EU of the European Parliament and of the Council on common waste gas management and treatment systems in the chemical sector, we have installed hazardous substance abatement systems and carry out periodic monitoring of chimney pollutants, except some pollutants emitted by chimney E49 connected to the incinerator, which, due to the type of plant, are monitored continuously through an EMS [GRI 305-7 ESRS E2-4 AR 25].

Below is a summary table showing our emission points (chimney number, abatement system adopted, and average emission level for 2023).

In accordance with current legislation, in 2021, Novaresine submitted a specific report on Substances of Very High Concern (SVHC) as two substances on this list are used in our production process, totalling approximately 1,875 tonnes [ESRS E2-5 par. 32- 35]. For one of these substances, we installed an automatic loading tank with a suction system connected to the afterburner to avoid emissions into the atmosphere; this solution avoids operator exposure. On the other hand, the second substance continues to be manually loaded by the operator; therefore, although under control, exposure is not avoided.



Emission point	Description of the abatement system	Monitored parameters	2023 average emission [kg]
E7	Dust collector filter	Total dusts	0,76
E48	Combustor	Nitrogen oxides (e.g. NO ₂)	35,74
		Carbon monoxide	263,50
		Total VOC (e.g. TOC)	26,90
		Nitrogen oxides (e.g. NO ₂)	52,81
ET01	Boiler BONO 1	Carbon monoxide	296,77
		Nitrogen oxides (e.g. NO ₂)	3,48
ET02	Boiler BONO 2	Carbon monoxide	387,75
		Nitrogen oxides (e.g. NO ₂)	5,03
ET06	Boiler GAVARDO 1	Carbon monoxide	46,19
		Nitrogen oxides (e.g. NO ₂)	36,13
ET08	Boiler GAVARDO 2	Carbon monoxide	46,19
		Total dusts	36,13
rimaneE49	Incinerator	HCl	7,99
		HF	4,40
		NH ₃	4,57
		CO	11,26
		NO _x expressed as NO ₂	7,56
		SO ₂	1.122,59
		TOC	11,81
		PCDD/PCDF	5,06
		dIPCB	0,003
		IPA	0,001
		Cd and TI and their compounds	0,003
		Other metals (Sb, As, Pb, Cr, Co, Cu,	0,11
		Mercury and its compounds	0,93
			0,11

No ozone-depleting substances (ODS) are emitted [**GRI 305-6/ ESRS E2-5**].

⁷ ESRS E2-4 – Pollution of air, water and soil

9.7

Water discharge

[GRI-303-2/303-4/303-5... .. ESRS
E2-4 – Pollution of air, water, and soil]

The reaction waters produced during our manufacturing activities are not discharged but collected and treated as waste. Only first rainwater and the cooling tank's overflow water are discharged into the surface watercourse, which is also available to the fire brigade if necessary. Therefore, our factory has two draining points: one for first rainwater, which is discharged into a consortium after de-oiling and de-sanding, and the second for the cooling tank's water overflow generated during level restoration. An external laboratory conducts analyses on our waste water every six months. So far, we have never exceeded the limits established by law as reported in the Table attached to the Consolidated Text of Italian Legislative Decree no. 152/06 and in the Water Protection Plan of the Veneto Region, Attachment B, Table 1) **[GRI-303-2/303-4/303-5]** nor the limits set by the Integrated Environmental Permit.

9.8

Waste

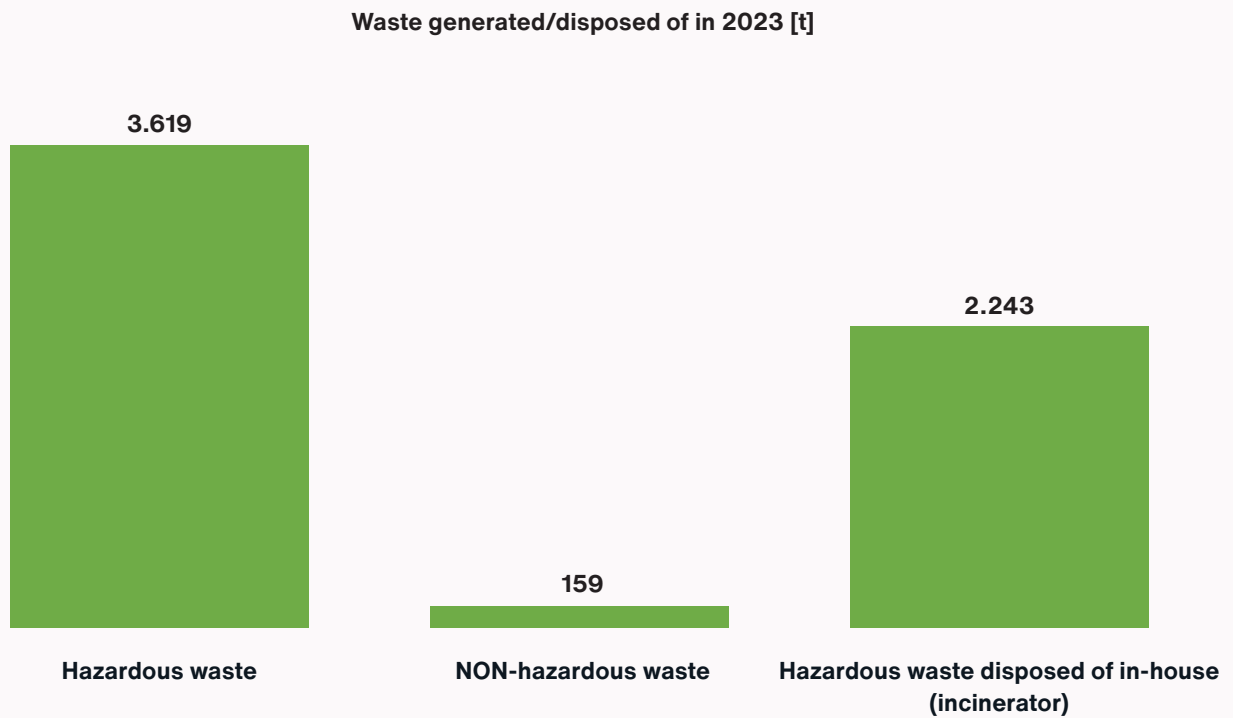
[ESRS E2-4 – Pollution of air, water, and soil]

Compared to the volume of raw materials brought into the plant, the waste generated amounts to 0.1%.

The reaction water generated during product synthesis and by packaging soiled with hazardous substances and sent for recovery accounts for most of the waste generated. Our activity is organised and managed in such a way that fewer and fewer out-of-standard products are generated and those generated are recovered in subsequent production operations [**GRI 306-1**], as stated in the BAT 13 of the Commission Implementing Decision (EU) 2016/902 of 30/5/16 on common waste gas management and treatment systems in the chemical sector.

Novaresine produced and/or disposed of waste amounting to as follows [**GRI 306-3 ESRS E5**]:

⁸ BAT 13: In order to prevent or, where this is not practicable, to reduce the quantity of waste being sent for disposal, BAT is to set up and implement a waste management plan as part of the environmental management system (see BAT 1) that, in order of priority, ensures that waste is prevented, prepared for reuse, recycled or otherwise recovered.



In compliance with the Commission Implementing Decision (EU) 2016/902 of 30/5/16 establishing Best Available Techniques (BAT) conclusions for the production of Large Volume Organic Chemicals pursuant to Directive 2010/75/EU of the European Parliament and of the Council, Novaresine has an incineration plant that allows for the discharge of reaction water and spent solvent after combustion, equipped with a system for steam generation through heat recovery. The solvent is used as the primary fuel, supplemented by methane gas if production is insufficient to guarantee the correct temperature inside the combustion chamber.

In-house disposal of one's waste, especially when combined with heat reuse, is considered a best practice. However, as this system is small compared to Novaresine's needs, the reaction water that cannot be incinerated is disposed of outside the company, as is all the remain-

ing waste [**GRI 306-4/306-5 ESRS E5 par. 37**].

To reduce the amount of waste downstream, we prefer to buy in bulk rather than in packages. For our laboratory activities, we make micro-purchases to further reduce waste.

Most waste sent to external companies for treatment is subject to recovery.

Novaresine monitors the entire supply chain upstream by checking permit orders and downstream by collecting and verifying waste transport forms [**GRI 306-2**].

Care and diligence, as well as compliance with procedures, ensured there were no significant spills [**GRI 306-3**].



9.9

The water resource [GRI 303-1] - ESRS 2 - ESRS E3

Water consumption is considered a significant issue for our company (see Annex 2 - Double materiality assessment), as our product portfolio includes many water-based resins. The demand for water-based resins is growing strongly, as they are less hazardous to health than solvent-based ones. However, it is crucial to recognise that there can be no real benefit to people's health and safety without considering that water is a depletable natural resource to be used and managed responsibly, virtuously, and far-sightedly.

With this in mind, one of the measures that we could take is creating rainwater basins. Although the Colà di Lazise territory is a medium- to low-risk area for water stress according to the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas [GRI 303-3], ongoing climate change, with alternating periods of heavy rainfall and drought, forces us to consider water as a precious, non-exhaustible resource that must be managed with care and respect.

The summer of 2023 was particularly long and characterised by a severe drought. Aquifers were significantly depleted, to the point where it was suggested that water consumption by companies should be restricted to prioritise supplying the population.

This potential administrative decision caused concern, prompting us to look for alternative external procurement solutions, although certainly entailing a cost increase.

Our water consumption is divided between groundwater

– taken from a well and used for steam production and for replenishing the cooling water tank, but also intended for use in case of a fire – and aqueduct water – used for the production of water resins after treatment by reverse osmosis.

Water-related impacts are assessed through consumption data, which are recorded and monitored periodically. An increase in consumption cannot be justified as mere waste.

In 2023, Novaresine used 12 ML (megalitres) of aqueduct water and 22 ML of well water (**ESRS E3-4**). Our water intensity, which is the ratio of total water consumption (in m³) to net revenue (in millions of EUR), is 0.00043 (**ESRS E-4 par. 29**). Well water withdrawal is authorised by the Civil Engineering Office and entails the payment of an annual fee determined according to the maximum permitted volume of water extraction.

⁹ BAT 10: In order to reduce channelled emissions of organic compounds to air, BAT is to use one or a combination of the techniques given below. [...] An incinerator may be used for the combined treatment of liquid waste and the waste gas.

BAT 17: Use of residues as a fuel.

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Water withdrawal [GRI 303-3 ESRS E-4]	All areas [ML]	Areas with water stress [ML]
Water withdrawal by source		
Surface water (total)	0	0
Drinking water	0	0
Other water	0	0
Groundwater (total)	34	0
Drinking water	12	0
Other water	22	0
Seawater (total)	0	0
Drinking water	0	0
Other water	0	0
Produced water (total)	0	0
Drinking water	0	0
Other water	0	0
Third-party water withdrawal by source		
Surface water	0	0
Groundwater	0	0
Seawater	0	0
Produced water	0	0
Total water withdrawal		
Surface water (total) + Groundwater (total) + Seawater (total) + Produced water (total) + Third-party water (total)	34	0

9.10

Biodiversity and environmental impact (ESRS E4) [GRI 304-1/304-2/304-3/304-4]

Novaresine's factory sits on a large green space surrounded by vast agricultural areas in which there are crops of high landscape importance, such as vines and olive trees, as well as a few elements of environmental importance, i.e. wooded areas on the moraine reliefs and the native riparian vegetation along the Bisavola River. The area is affected by waterway-related landscape constraints (as is the whole area along the Bisavola River) precisely due to the presence of rich riparian vegetation.

However, despite the presence of the Natura 2000 IT3210018 Basso Garda site within its same municipality, the specific site on which Novaresine is located does not fall within protected natural areas subject to landscape constraints.

The riparian vegetation remains among the most important elements to be mentioned from a naturalistic point of view.

Wild species such as White Willow (*Salix alba*) and Black Poplar (*Populus nigra*) can be found on the banks of streams, together with Field Elm (*Ulmus minor*), Dogwood (*Cornus Sanguinea*), Blackthorn (*Prunus spinosa*), Mahaleb Cherry (*Prunus mahaleb*), Barberry (*Berberis vulgaris*), Buckthorn (*Rhamnus sp.*), and Hawthorn (*Crataegus monogyna*), but also Robinia (*Robinia pseudoacacia*) and some *Carex elata*, *Carex acutiformis*, *Lythrum salicaria*, and so on. The area is inhabited by native animal and plant species that the presence of our factory has not harmed.

In fact, it is not uncommon for us to see hares or squirrels jumping from tree to tree. A varied avifauna is present, as well as some snakes that, despite being less pleasant to encounter, contribute to the balance of the ecosystem.

As well as not falling within the perimeter of any Natura 2000 area, our factory's surroundings do not belong to ecological corridors or other elements of Ecological Networks, nor do they contribute to the increased fragmentation and isolation of valuable biotypes.

There are no other constraints or zones with specific rules related to respect for the natural environment, flora, and fauna around the production area where our plant is located. In fact, our distance from the nearest Site of Community Importance (SCI) or Special Protection Area (SPA), i.e. Basso Garda and Laghetto del Frassino, is about 3 and 6 km, respectively, making the possibility of altering or fragmenting protected habitats nil [GRI 304-1/304-2/304-3/304-4].



Social Topics

10

[ESRS 2- ESRS S1, S2]

10.1

Policies related to own workforce

[ESRS 2 MDR-P / ESRS S1-1]

We consider our employees a fundamental resource, employing them to the best of their skills and inclinations and promoting their professional development.

Employees are formally engaged through the Joint Committee and the Environment, Safety, and Energy Committee. In addition, more informal and convivial events are organised to encourage greater involvement in a more relaxed setting.

Novaresine has an integrated quality, environment, oc-

cupational health, safety, and energy Policy, a major incident prevention Policy, a human rights Policy, and a Code of Ethics. The latter deal with issues such as forced labour, discrimination, child labour, harassment, and equal opportunities.

Below is a summary of our human rights Policy and Code of Ethics.

¹⁰ ESRS 2 MDR-P "Policies adopted to manage material sustainability matters"

Domain	Policy description	Actions implemented	People in charge	Objectives
Human rights	The company ensures respect for human rights in all its operations and business relations	Regular monitoring of suppliers	HR office and management	Promoting a respectful and inclusive environment
Forced labour	All forms of forced, compulsory, or involuntary labour are prohibited	Periodic checks and internal audits	HR office and management	Ensuring respect for workers' rights
Discrimination	The company is committed to preventing any form of discrimination based on race, gender, age, or religion	Awareness and training programmes	Management and HR office	Promoting equal opportunities
Child labour	Prohibiting the employment of minors at any production stage	Age verification of employees	HR office	Protecting the rights of minors
Harassment	Zero-tolerance policy towards any form of harassment in the workplace	Procedures for reporting and supporting victims	Management and HR office	Ensuring a safe work environment
Equal opportunities	Promoting diversity and inclusion in all recruitment and staff management practices	Mentorship programmes and career support	Management and HR office	Ensuring fairness and inclusion

Policies and procedures: all employees receive mandatory training on these issues during onboarding, when they are explained our Code of Ethics.

Audits and controls: our Policies are monitored through regular audits to ensure compliance with our standards.

Contact points: an anonymous reporting line is available to report any violations of the Code of Ethics.

10.2

Own workforce

[GRI 2-7/2-8/401-1/405-1-ESRS S1/S2]

Novaresine hires almost exclusively employees with subordinate work contracts. Only one IT consultant is hired with a service contract.

Operators are hired on a fixed-term basis for one year at the E3 level instead of a lower E4 level, and a training plan is drawn up for each one of them for professional growth and progression to higher levels.

At the end of this first year, the parties move to a permanent work relationship unless the employee has proved unsuitable for the job or has freely chosen not to stay in the company.

The analysis of risks and opportunities related to workforce management led us to identify some possible improvement actions.

One critical issue concerns the absence of female staff in our production department. Although the type of work and the presence of certain risk factors may make some operations less suitable for female workers, it is important to note that there has been significant progress in this respect compared to the past. Many operations used to require the manual handling of heavy loads, whereas in recent years, thanks to the implementation of automatic loading systems, the number of activities entailing exposure to such risks has been significantly reduced.

Therefore, with the adoption of a few specific measures, we believe that in the short and medium term, we will be

able to facilitate the integration of female workers into our production lines alongside the male personnel already present.

The second critical issue concerns the recruitment of young staff with appropriate qualifications.

The professionals we seek to place in our production department are chemists, particularly difficult to find on the labour market. This problem could depend on two main factors:

1. the scarcity of technical institutes with a focus on chemistry in our area;
2. the growing trend among graduates to continue their studies by going to university.

Although people with a degree in chemistry or some related disciplines are also of interest to us, we mainly consider them for roles in our Research and Development (R&D) laboratory.

Therefore, we need to implement targeted policies to increase the attractiveness of our company and minimise negative turnover. That could include initiatives to make work in production more attractive for chemists and offer career development paths that encourage them to stay in the company.

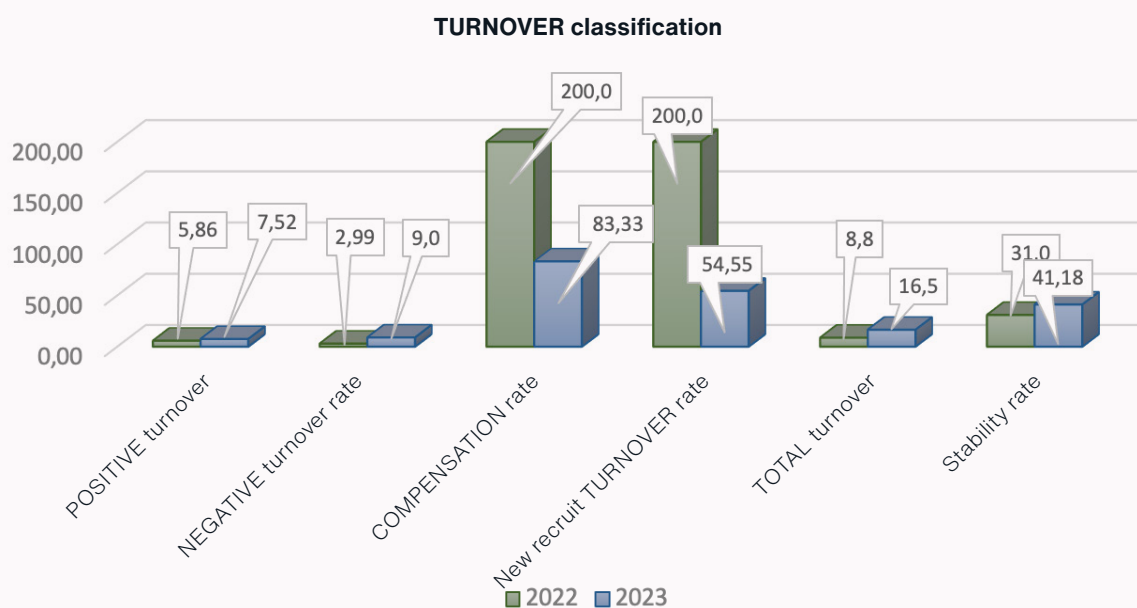
As at 31 December 2023, Novaresine had 68 employees, as follows:

BY GENDER			Turnover	Remark
	Male empl.	Female empl.		
	57	11		
By Age				
< 30 anni	11	2		Average age: 43,25
30-50 anni	26	5		
> 50 anni	20	4		
Full-Time	56	7		
Part-Time	1	4		
Open-Ended Contract	52	11		
Fixed-Term Contract	4	0		

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The following Table shows our turnover data. Please note that the turnover rate measures the intensity with which the labour force replacement process occurs within a company during a year. This indicator represents the share of the workforce that has changed over 12 months as a result of either new workers joining or people leaving the company [ESRS S1-6 RA 57/RA 59].

TUNOVER				
KPI			Risultato	Commento
Number of hires	5			In 2023, we hired some new employees, two of which directly with fixed-term contracts.
Number of resignations	6			Including 1 retirement and 1 death.
Overall turnover rate		0	16.5%	Our turnover rate for 2023 was significant but not pathological. On the contrary, it represents our company's dynamism. It should also be considered that resignations are not an expression of corporate malaise but rather the result of personal choices more in line with one's qualifications and aspirations. The retirement of a person who was then re-hired with a fixed-term contract was not taken into account.
Negative turnover rate		0	9%	In 2023, the negative turnover was higher than in previous years. This was due to the fact that some employees hired on fixed-term contracts in 2022 decided not to complete their first year, having found job opportunities more suitable and in line with their aspirations and qualifications.
Positive turnover rate		0	7.52%	In 2023, anyway, we still hired some new employees.
Compensation rate			83.33%	5 people entered the company and 6 left it, of which 1 retired, 1 deceased, and 4 resigned for personal reasons.
New recruit turnover rate			54.55%	In 2023, 3 employees hired in 2022 (thus to be considered new hires) left the company. It is to be assumed that most of the recruitments made in 2022 were unsuccessful. The reasons, however, are related to the personal choices made by these employees, who found other jobs more in line with their aspirations thanks to the wider job offer on the market.
Stability rate	24	4	41.1%	28 out of 68 employees have more than 10 years' seniority. Average seniority has decreased as a result of the hiring of several young people and the retirement of a worker with very high seniority.
Shift workers	28	0		



There were no incidents of discrimination and no need for courses on human rights practices

or procedures [**GRI 406-1/410-1/411-1**].

10.2.1

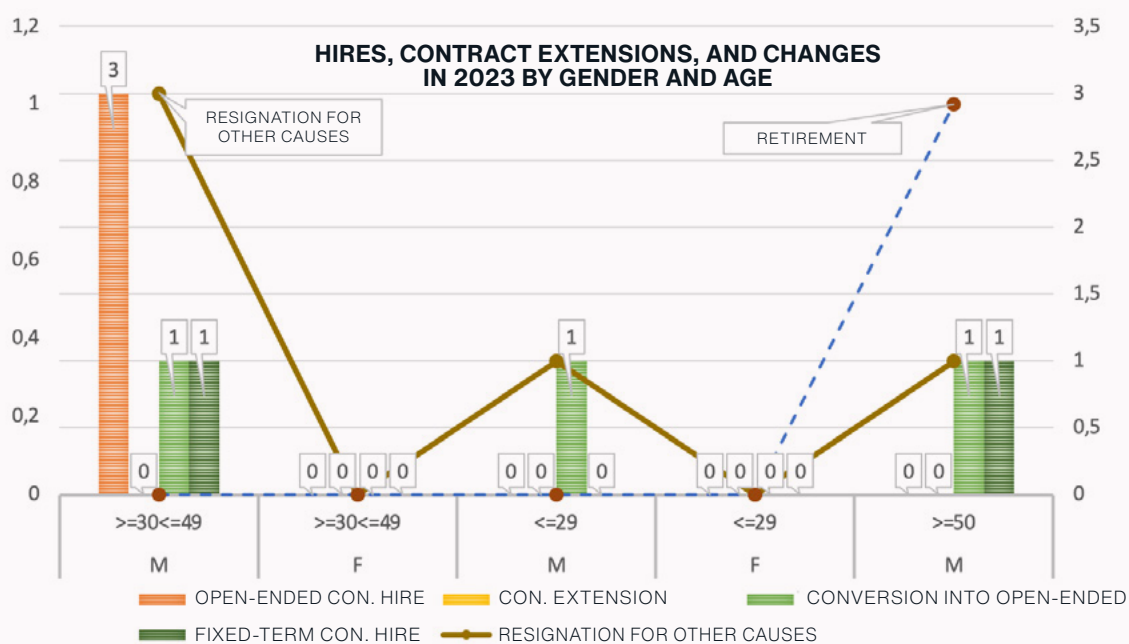
Type of contracts and employment status as at 31/12/2023

	Open-ended contracts(FTE)	of which part-time	Fixed-term contracts	of which part-time (fix.)	TOTAL no. of employees	di cui Part Time (totale)	Hours worked	of which overtime
Executives M+F	4	0	0	0	4	0	7285	0
Executives F*	0	0	0	0	0	0	0	0
Middle Managers M+F	6	0	1	1	7	1	10415	70
Middle Managers F*	1	0	0	0	1	0	1826	0
Office Workers M+F	26	4	1	0	27	4	40756	637
Office Workers F*	10	4	0	0	10	4	14912	48
Production Workers M+F	27	0	3	0	30	0	45752	477
Production Workers F*	0	0	0	0	0	0	0	0
Total M+F	63	4	5	1	68	5	104208	1184
Total F*	11	4	4	0	11	4	16738	48

Disabled and protected categories M+F	1	0	1		2	0	2803	3
Disabled and protected categories F*	0	0	0		0	0	0	0

It should be noted that there are no intermittent workers, apprentices, or temporary workers. No worker is currently furloughed.

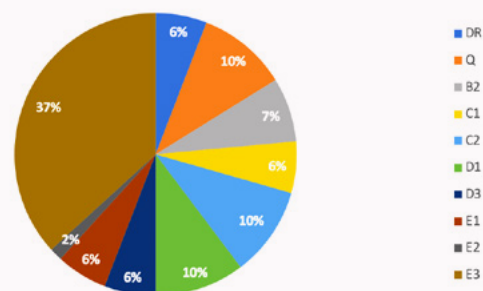
Gender	Age	Fixed-term contract	Open-ended contract	Contract extension	Conversion into open-ended contract	Retirement	Resignation for other causes
M	>=30<=49	3	1	0	0	0	3
F	>=30<=49	0	0	0	0	0	0
M	<=29	0	0	0	1	0	1
F	<=29	0	0	0	0	0	0
M	<=50	0	1	0	1	1	1



**Classification of personnel according to
the National Collective Agreement**

Level	No. of employees
DR	4
Q	7
B2	5
C1	4
D1	7
D3	4
E1	4
E2	1
E3	25

No of. workers by contractual level



10.2.2

Social protection, defined benefit, and other pension plans [GRI 201-3/ESRS1 S1-11]

Without prejudice to the fact that the law in force in Italy protects employees in the event of a loss of income due to illness, involuntary unemployment, accident at work, acquired disability, parental leave, and retirement, the National Collective Labour Agreement for employees of the chemical and chemical-pharmaceutical industry promotes company-level bargaining. The social partners opted to share some socially responsible choices, such as joining FASCHIM (health care fund for chemical industries) and FONCHIM (complementary contribution pension fund for chemical industries).



When hiring them, we inform all employees of the possibility of joining FONCHIM by depositing their severance pay and a supplementary contribution provided for by the National Collective Agreement, equal to 1.2% of their basic salary.

The employees' contribution is supplemented by the company, paying 2.35% of their basic salary increased by 0.6%, as stipulated in the Consolidated Text of Company Agreements. In addition, the excellence incentive awarded annually to each employee is increased by 35% if they deposit it into the pension fund. As of October 2022, the company's supplementary contribution increased to 3.65% of each employee's basic salary.

FASCHIM membership is promoted for our employees and their families to provide health care services in addition to those offered by the public health care system [GRI 403-6].



The annual FASCHIM dues are € 318 per employee, of which € 270 have always been borne by the company. In November 2022, the employees' dues were zeroed out,

and the company now bears the entire sum.

FASCHIM membership is provided for both employees and their family members. Contributions for family members remain each employee's responsibility. Dues are lowered in the case of multiple family members joining.

The Consolidated Text of Company Agreements also stipulates that the company will continue to make contributions in case they are suspended, if the employee wishes to reinstate or continue making contributions.

FASCHIM and FONCHIM are eligible for membership for everyone with an employment contract, including fixed-term contracts. By the fund's statute, membership in FONCHIM is precluded only during the probationary period. Executives are enrolled in different funds, i.e. FASI and FASDAPI for health care and PREVINDAPI as a social security integration fund.

Having made these general remarks, our figures for 2023 are given below:

Number of employees as at 31 December 2023: 64 + 4 executives

Number of employees enrolled in FONCHIM: 47

Number of employees enrolled in an open pension fund: 4

Percentage of employees enrolled in FASCHIM out of the total: 78.3%

Number of employees enrolled in FASCHIM: 46

Percentage of employees enrolled in FASCHIM out of the total: 71.8%

In addition to its employees' voluntary contributions, in 2023, Novaresine paid 111,662.08 Euros to FONCHIM and 18,120 Euros to FASCHIM.

Our goal is to reach 100% of employees enrolled in both FONCHIM and FASCHIM.

From our company's risk and opportunity assessment, it is clear that certain aspects of production activities, such as night shifts and manual handling of loads, may pose a greater risk to older workers: with advancing age, the human body becomes more vulnerable to the adverse effects of physically demanding work and irregular hours, increasing the risk of injury, fatigue, and health problems.

10.3

Business strategies for the future

Managing an ageing workforce is a social sustainability topic since a responsible company should ensure the safety, well-being, and health of all its employees regardless of age. Investing in strategies to support older workers can also contribute to the company's economic sustainability by reducing costs related to absenteeism, occupational injuries, and turnover.

We are currently going through an in-depth evaluation phase to identify the most effective solutions for managing our ageing workforce, particularly regarding the potential risks associated with night shifts and manual handling of loads. We are closely monitoring the technological innovations available on the market and analysing some solutions implemented by other companies to understand which approaches can be adapted to our specific context.

Our focus is to explore both technical and organisational solutions to improve the well-being of our employees and ensure more sustainable working conditions in the long run. In addition, we are considering possible additional health measures or prevention programmes that can be integrated to support the health of older workers. This exploratory phase will allow us to identify and define a strategic intervention plan aligned with industry best practices and the specific needs of our workforce.

10.4

Salaries, remuneration, and benefits [GRI 2-20/GRI 2-30/GRI 202-2/ESRS S1-8]

The National Collective Labour Agreement for employees of the chemical and chemical-pharmaceutical industry applies to Novaresine's employees. The National Collective Bargaining Agreement for executives of companies producing goods and services applies to Novaresine's executives [GRI 2-30 ESRS S1-8].

Through company-level bargaining, however, salaries paid to our employees are, on average, higher than those provided by the National Collective Agreement, which, in the absence of a minimum wage set by law, is taken into account for determining pay equity [GRI 202-1 ESRS S1-10]. Remuneration is calculated by supplementing the minimum values provided for by the National Collective Agreement with the more favourable conditions introduced through company bargaining and by adding benefits based on objective criteria such as the degree of responsibility and skills, but also bonuses for individuals or homogeneous groups of employees upon the achievement of objectives established annually [GRI 2-20].

It is prohibited to provide different wages or treatment based on sex, nationality, or other discriminatory elements; therefore, it is to be considered that there is no gender pay gap issue [ESRS S1-16 RA 98].

Our entire workforce originates from Italy (as does the whole management), with some foreigners resident in Italy [GRI 202-2].

Other employee benefits are meal vouchers, daily allowances, an attendance bonus, and a pre-holiday bo-

nus. These fixed benefits have been supplemented in recent years by an extra bonus in the form of gasoline vouchers, demonstrating the company's appreciation for its employees' commitment to coping with periods of intense and complicated work.

It should also be noted that no welfare platform was activated because our workers did not consider it a suitable solution to meet their needs despite the tax benefits it would bring. However, the production bonus, the result of an agreement between Novaresine and the trade union representatives, remains a point of excellence. The amounts disbursed upon achieving the agreed targets are significant and testify to our shared commitment.

¹² ESRS S1-8, "Coverage of collective bargaining agreements and social dialogue"

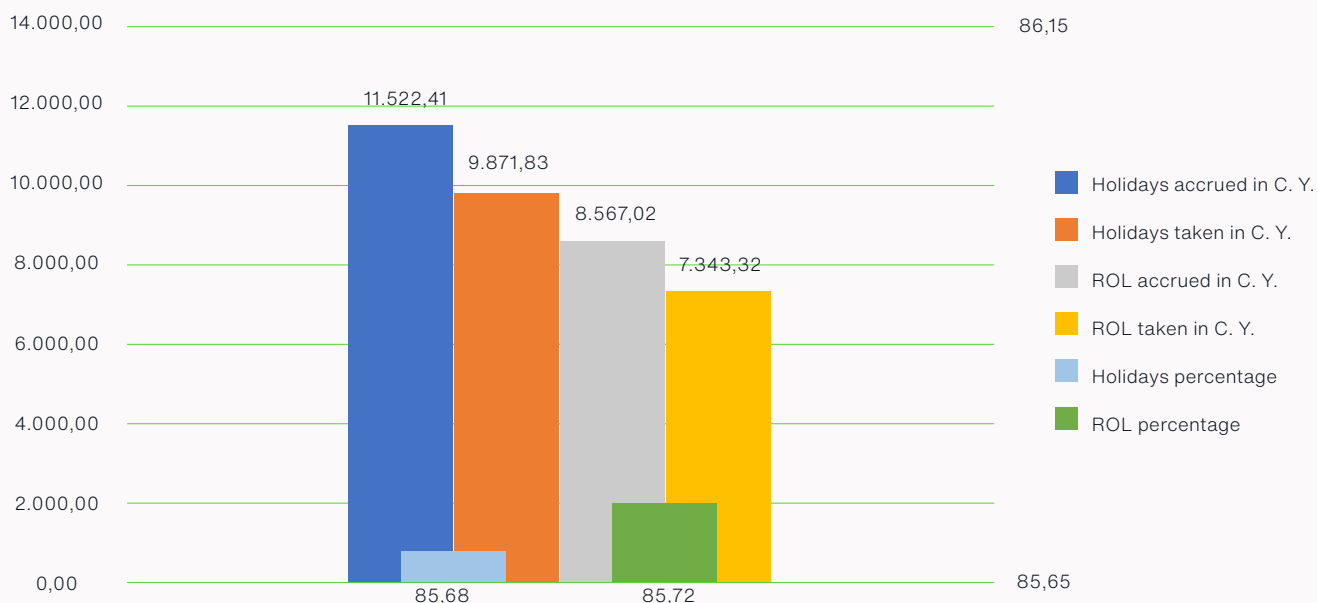
¹³ ESRS S1-8, "Coverage of collective bargaining agreements and social dialogue"

10.5

Holidays and leaves

Holidays are fundamental periods of rest needed by every employee to recover mental and physical energies. We consider taking them essential as it promotes personal well-being, helping reduce the risk of injury and exposure to work-related stress. In addition, rested employees are placed in a position to express their potential and skills to the fullest, increasing the overall quality of work.

Working hours reductions (ROL) and holidays accrued and taken in 2023



Compared to 2022, in 2023, there was a decrease in the amount of leaves and holidays taken compared to the amount accrued.

The value expressed as a percentage exceeds 85%, far from our set target of 90%.

The most critical situation relates to our administrative employees, who tend to take far fewer hours of holidays and leaves than they have accrued. Production workers are more virtuous in this respect.

¹⁴ ESRS S1-10, "Adequate wages"

10.6

Employee engagement

On June 11, 2020, the Joint Committee was formally appointed by a deed of ascertainment filed with the provincial labour directorate. The Committee comprises all trade union representatives and three company representatives: the Sole Administrator, the Employer, and the HR Manager. In 2022, the Committee met 2 times, during which key decisions in favour of employees were jointly made. Since its related KPI's target value is 4 meetings per year, it is to be assumed that the target was not met. A delegate of the CISL-FEMCA association participated in the most important meetings. In the same period, under the National Collective Labour Agreement and the Statute of Workers' Rights (Law 300/70), the CISL-FEMCA association also organised two paid assemblies in which all workers in the company were asked to participate. The Environment, Safety, and Energy Committee holds

monthly meetings attended by the managers of the different business functions, the Employer, and the workers' safety representative. The energy team coordinated by the Energy Management System (EMS) Manager meets on the same occasion.

The analysis of risks and opportunities highlighted the importance of improving the integration and engagement of staff from different departments. Making employees more involved in the company's objectives and the management's decisions is a strategic action that aims to achieve several benefits in terms of both production and employee well-being.

Objective	Actions	Timeline	People in charge	Expected results
Increasing staff participation	Organising regular meetings between managers and departments	Short-term	HR manager and department managers	Better understanding of corporate objectives
Increasing involvement in decisions	Creating a sustainability committee	Medium-term	Project managers	Increased collaboration between departments
Improving product quality	Implementing training programmes on collaboration	Medium-term	Training manager	Less production errors
Increasing employees' well-being	Promoting informal meetings and team building activities	Short-term	HR management	Increased motivation and job satisfaction

In addition to fostering a more collaborative working environment, this strategy will also contribute to the con-

tinuous improvement of our production processes, with positive effects on Novaresine's competitiveness.



Occupational health and safety

People are the main asset of Novaresine's corporate strategy. Taking care of their well-being is a priority for us. Our employees are the architects of our success, and their professionalism and commitment are our company's strengths.

The guiding principles of Novaresine's commitment to occupational health and safety are described in our Integrated Policy and our Policy on preventing major incidents, available on our website and posted on our physical and digital notice boards. It aims to regulate our company's activities not only in compliance with legislative and regulatory requirements on occupational health and safety but also to continually improve performance, primarily by raising people's awareness of these fundamental issues. Novaresine has long adopted an occupational health and safety management system complying with the requirements of Italian Legislative Decree no. 105/2015 and standard ISO 45001:2018 [ESRS S1-14] ¹⁵.

11.1

Risk assessment and identification of opportunities [GRI 403-2/ESRS 2 S1-17 GRI 403-4/403-7 ESRS S1-2 , par. 25-29]

The work environment, equipment, plants, activities, and processes in our factory are subject to risk assessment. Our employees are subject to health surveillance, and a doctor draws up a specific protocol according to the risks they are exposed to.

Incident and near-miss analyses and risk assessments are periodically updated and, in any case, revised in the event of changes to processes or plants that may impact safety and/or the environment, as set out in PGI 8 “Non-conformity–Incidents–Near-misses–injuries” and PGI 18, respectively [GRI 403-2/ESRS 2 S1-17]. The Environment and Safety Committee holds monthly meetings attended by the managers of the different business functions, the Employer, the head of the Prevention and Protection Service, and the workers’ safety representa-

tive. Minutes are taken at the end of each meeting [GRI 403-4/403-7 ESRS S1-2 , par. 25-29].

In the case of new activities, plants, substances, and processes or substantial changes, expansions, or modifications of areas or departments, changes in regulations, etc., a Management of Change (MoC) procedure is activated.

Any hazards or dangerous situations can be reported by the employees anonymously with the use of dedicated mailboxes. A special computer system is available to our staff to enter any maintenance requests (INFOR-EAM).

11.2

Injuries, incidents, near-misses, and occupational diseases [GRI 403-9, GRI 403-10, ESRS S1-17]

During 2023, 1 injury occurred, resulting in the employee's absence from work of 20 working days.
7 INCIDENTS were reported.

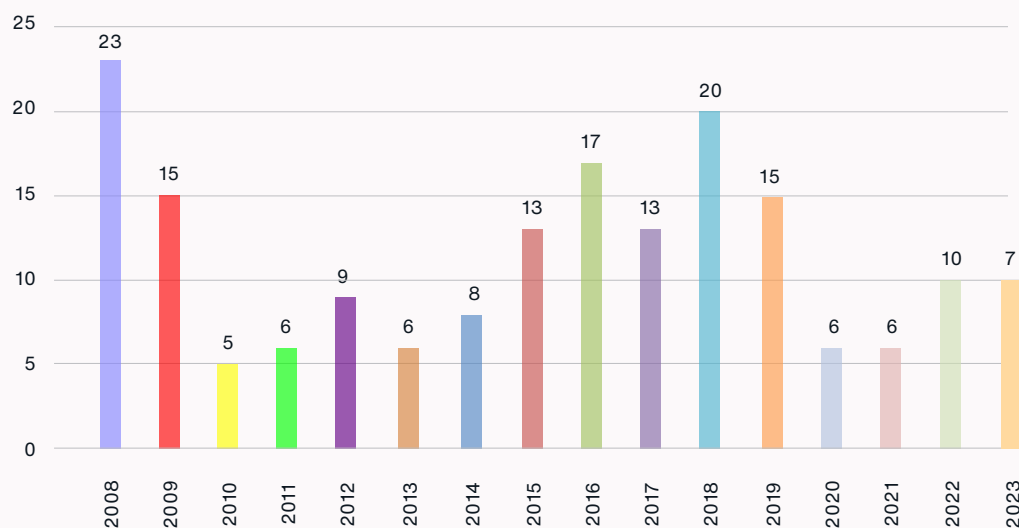
All events were dealt with through appropriate activities whose effectiveness was then assessed.

The following graphs show the trend of the incidents that occurred at our premises from 2008 to the present day and the injuries that occurred from 2005 to the present day.

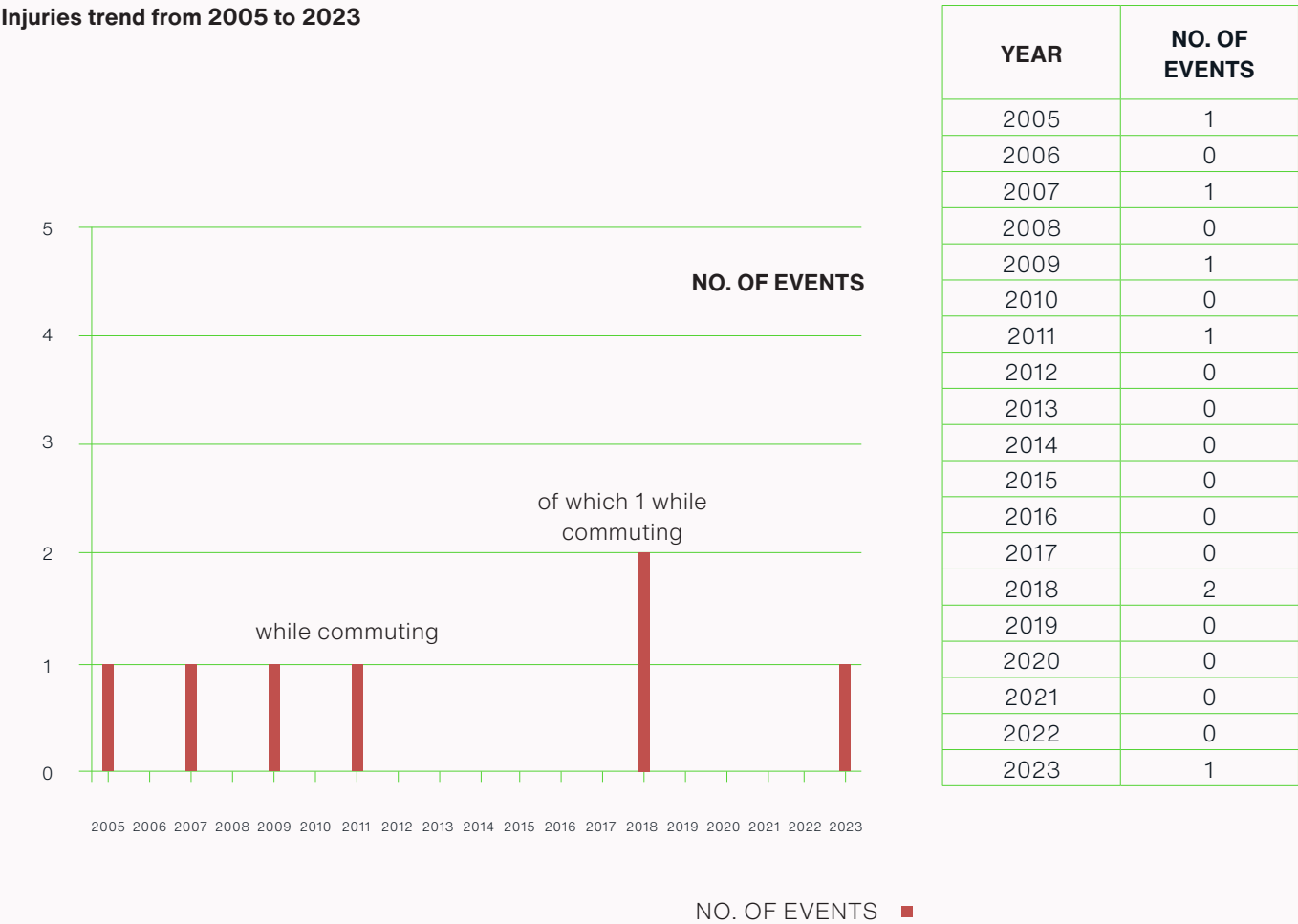
¹⁶ ESRS S1-2 "Processes for engaging with own workforce and workers' representatives about impacts"

¹⁷ ESRS S1-2 "Processes for engaging with own workforce and workers' representatives about impacts"

**NUMBER OF INCIDENTS RECORDED
YEARS 2008-2023
Colà di Lazise plant**



Injuries trend from 2005 to 2023



There was a decrease in the number of incidents, from 10 in 2022 to 7 in 2023 – an obviously positive result.

Following is a Table listing the causes of the incidents occurred in 2023.



12 Training [GRI 403-5/404-1/404-2 ESRS S1-13]

total of 742.4 hours of technical training were provided, or 11.16 hours per worker. Most of the courses consisted of webinars or otherwise remote courses.

The course organisers/teachers verified learning outcomes in the manner they deemed most appropriate (tests, exercises, etc.); not all courses ended with a learning test. As technical courses, their aim was to increase the knowledge and thus the skills of the employees, who were then called upon to apply what they had learnt in their ordinary work activities. The effectiveness of the training was therefore verified by the manager/coordinator or project leader during the activity for which the course was organised.

New recruits are briefed and trained by the head of the department/function, who records the topics covered and their effectiveness.

742 hours

of technical training

In addition, a total of 1,209 hours, or 17.8 hours per worker, of training were provided on the subjects of safety, environment, and plants with major incident hazards. The courses organised under the Safety-Related Corporate Training Plan included a closed multiple-choice test, which was corrected by the head of the Prevention and Protection Service and/or teacher. The analysis of their results revealed no critical issues. The employees received sufficient scores, so there was no need to either repeat the training courses or cover some of the topics again.

Beyond the test results, the effectiveness of the training is checked daily by the function managers, who immediately intervene in case of non-compliant behaviours by adequately instructing the employee and reporting the incidents to the head of the Prevention and Protection Service, who assesses the need to place those specific topics on the agenda of the subsequent training course, in collaboration with the Employer.

At the end of the year, the managers of the different business functions compile a document evaluating the ef-

fectiveness of the training received by the employees, distinguishing between safety-, environment-, and Seveso-related topics, and making a judgement. In the event of a negative assessment, the head of the Prevention and Protection Service plans training for the following year for those individuals who received an insufficient assessment, focusing on the subjects in which they were found to be deficient.

Individual training is tracked on Individual Training Path forms, whereas collective training is tracked on Internal Collective Training Attendance Record forms.

Training events at all levels are planned and tracked by the HR Manager or the head of the Prevention and Protection Service by entering the required data.

When necessary, training is extended to the staff of external firms.

In the specific case of a long absence, understood as a period of >6 months, the manager of the employee who has been absent has to assess the need for an appropriate refresher plan. Such training must be completed in the shortest possible time, but no later than 2 months after the employee's return.

1209 hours

of training on safety, environment, and plants with major incident hazards

Objective	Actions	Timeline	People in charge	Expected results
Helping employees improve their ability to focus, reduce distractions, and develop a stronger intrinsic motivation towards achieving professional goals	Development of a specific training course	2024-2026	HR Manager	Improved stress management, better time organisation, and greater recognition of personal value



1311.

Corporate culture and values

[ESRS 2 GOV-1 / ESRS G1]

Novaresine has adopted a series of Policies aimed at ensuring high standards of **social, environmental, and safety responsibility**. Among these, in addition to its **human rights Policy**, the company has developed an **Integrated Policy** covering **quality, environment, safety, and energy management**. This integrated approach optimises business operations, improving efficiency and minimising environmental impact while complying with current regulations.

In line with its commitment to **industrial safety**, Novaresine has also implemented a specific Policy for the managing **major incident hazards**, as required by the **Seveso Directive**. This directive aims to prevent serious incidents that could affect both the company and its surrounding communities, thus ensuring maximum protection of our employees and the environment.

At the same time, we have adopted a **Code of Ethics** that sets out clear guidelines to prevent **corruption, bribery, and embezzlement [GRI 205-1; ESRS G1-3]**. Novaresine also constantly monitors its suppliers through collaboration with the EcoVadis platform, ensuring they share the same ethical standards and minimising the possibility of corruption incidents **[GRI 205-1; ESRS G1-6]**. Our management and administrative staff regularly participate in training courses on corporate integrity and corruption prevention. In addition, all raw material suppliers are sent the company's **Code of Conduct [GRI 205-2; ESRS G1-2]**, although we do not currently require them to sign it.

Objective	Actions	Timeline	People in charge	Expected results
Engaging and monitoring our suppliers to ensure that they share Novaresine's ethical standards	Sending our Code of Conduct to suppliers, asking them to sign it	2024-2026	Responsabile	Migliore comprensione degli obiettivi aziendali

13.1

Risk management and compliance Policies

Novaresine has chosen not to implement an Organisational and Management Model (OMM) under Italian Legislative Decree no. 231/2001 because we deem our current integrated management system based on internal audits and control procedures sufficient to mitigate legal and operational risks. Our company closely monitors regulatory compliance through a sound system of regular audit procedures and employee training courses [**GRI 2-23; ESRS G1-1**]. The validity of this choice is confirmed by the fact that there have been no cases of conflict of interest, incidents of corruption, or anti-competitive behaviours. In addition, no sanctions were received for non-compliance with laws and regulations [**GRI 2-15, 2-27, 205-3, 206-1; ESRS G1-6**], violation of labour rights, protection of personal data, unfair business practices (e.g. bribery and corruption), and non-compliance with tax regulations [**GRI 2-12, 2-13, 2-16; ESRS G1-1, S4-5**].

Despite the formal absence of an OMM, Novaresine demonstrates an ongoing commitment to transparency and integrity by taking preventive measures to avoid conflicts of interest and unethical behaviours. The company has activated a whistleblowing channel accessible to all stakeholders from its website to report possible violations anonymously and securely [**ESRS G1-5**].

Adopting an integrated Policy and a Policy for managing major incident hazards according to the Seveso Directive also underlines Novaresine's commitment to promoting a safe and sustainable work environment. The holistic approach to corporate policies aims to ensure regulatory compliance and create added value for all stakeholders, contributing to the well-being of local communities and the protection of the environment.

In this context, even without a formal OMM, the company has proven capable of preventing incidents of non-compliance and maintaining high standards of ethics and transparency in its operations [**GRI 2-12, 2-16; ESRS G1-4**].

Novaresine does not use aggressive tax policies, strictly complying with regulations and cooperating with the authorities with utmost transparency [**GRI 207-2/207-3**]. Most payments are made upon receipt of the invoice, unless otherwise agreed with suppliers. In addition, we have only took advantage of the benefits brought by the Italian 4.0 and R&D-related tax credit regulations after having verified and sworn the paperwork to obtain them. Such tax credit has enabled Novaresine to keep its plants efficient and take advantage of the latest technology on the market [**GRI 207-1**].

13.2

Supply chain players, engagement, and distribution of the value created [ESRS G1]

13.2.1

Stakeholders engagement and assessment

Stakeholders engagement is an essential requirement for the effective conduct of the **double materiality assessment** as required by the **Corporate Sustainability Reporting Directive (CSRD)** and detailed in the **European Sustainability Reporting Standards (ESRS)**. This is due to the need to adopt a holistic approach to sustainability, which calls for the active collaboration of all players, including suppliers and supply chain partners. In this context, sustainability is not an isolated corporate objective but a process shared by all the parties that can contribute directly or indirectly to the achievement of sustainability goals.

The regulatory framework adopted by the European Union, in particular through the **ESRS 1 - General Requirements**, requires companies to involve their stakeholders, including those in their **supply chain**, in the definition of their sustainability strategies. A company's supply chain is not simply an operational element but an interconnected ecosystem that can positively or negatively affect its ability to achieve its environmental, social, and governance (ESG) targets. Such engagement is particularly crucial for identifying and managing risks and opportunities arising from collaboration with external parties, such as suppliers, logistics partners, and distributors.

Every company operates in different economic and social contexts, but all are called upon to manage their responsibilities towards each player with which it has business and professional relationships. The **supply chain** thus becomes a **driver for the creation and distribution of value**, where each party not only contributes to achieving corporate goals but also benefits from the collective growth resulting from the adoption of sustainable practices.

Over the years, we have established a structured supplier management process aimed at developing stable and lasting relationships, improving our competitiveness in the market. However, a critical issue found is our dependence on a limited number of suppliers, sometimes even on a single supplier, which can lead to risks of business continuity and flexibility.

However, many of Novaresine's suppliers are actively engaged in sustainability initiatives. For example, some provided **greenhouse gas (GHG)** reports containing data on their **carbon footprint**, highlighting their commitment to reducing emissions.

In 2023, Novaresine made **43% of its purchases from domestic suppliers** and **57% from EU and non-EU suppliers**. In addition, it approved **21 new raw materials**, of which **4 (19%) fall into specific innovation and sustainability categories [GRI 204-1; ESRS S2-5]**.

The supplier assessment procedure is based on parameters such as the presence of a Certified Environmental System (weight 5/100) and the EcoVadis rating (up to 30/100) [GRI 308-1, 308-2; ESRS E2-4, E4-1]. Novaresine itself undergoes an annual assessment by the **EcoVadis platform** – it scored 83/100, thus obtaining the Platinum medal.

As a complement to the evaluation procedure we have been developing and implementing for years, the **EcoVadis platform** plays a key role in this process, providing a concrete tool for assessing our suppliers' sustainability performance. Considering criteria such as environment, labour practices, ethics, and sustainable procurement, this approach helps Novaresine assess its main suppliers of raw materials and transport services regarding **environmental, social, and governance topics**. This enables it to avoid partnerships with companies that violate environmental standards or association freedom rights or present risks of forced or child labour [GRI 308-2, 2-24, 414-1, 414-2; ESRS E2-2 AR 13, S1-16, S1-17].

This assessment system complies with the requirements of the ESRS, particularly those relating to supply chain transparency and ESG risk management.

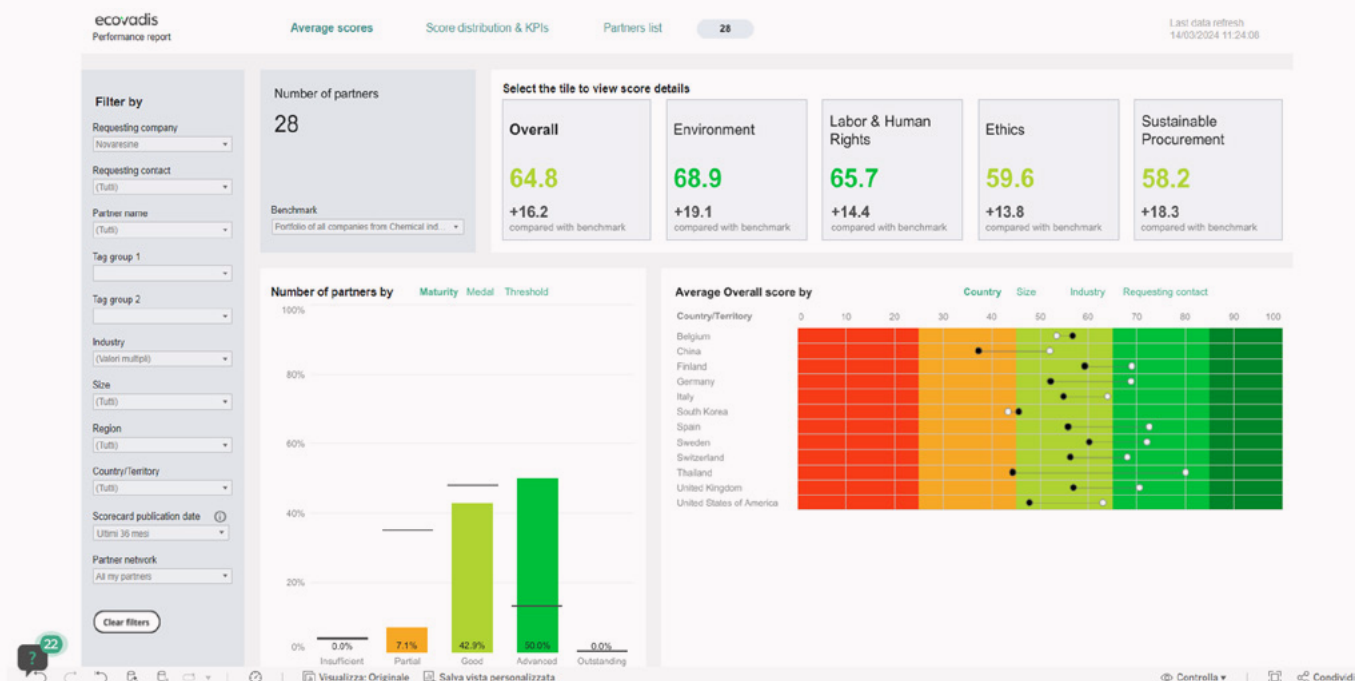
In line with the requirements of **ESRS 2 - General Disclosures**, the adoption of the EcoVadis platform allows companies to transparently report on their **supplier rela-**

tionship management system, facilitating the continuous monitoring of environmental and social performance throughout the value chain. It also helps ensure that the **value created** is distributed fairly and sustainably among all players in the supply chain, thus reinforcing the concept of shared sustainability.

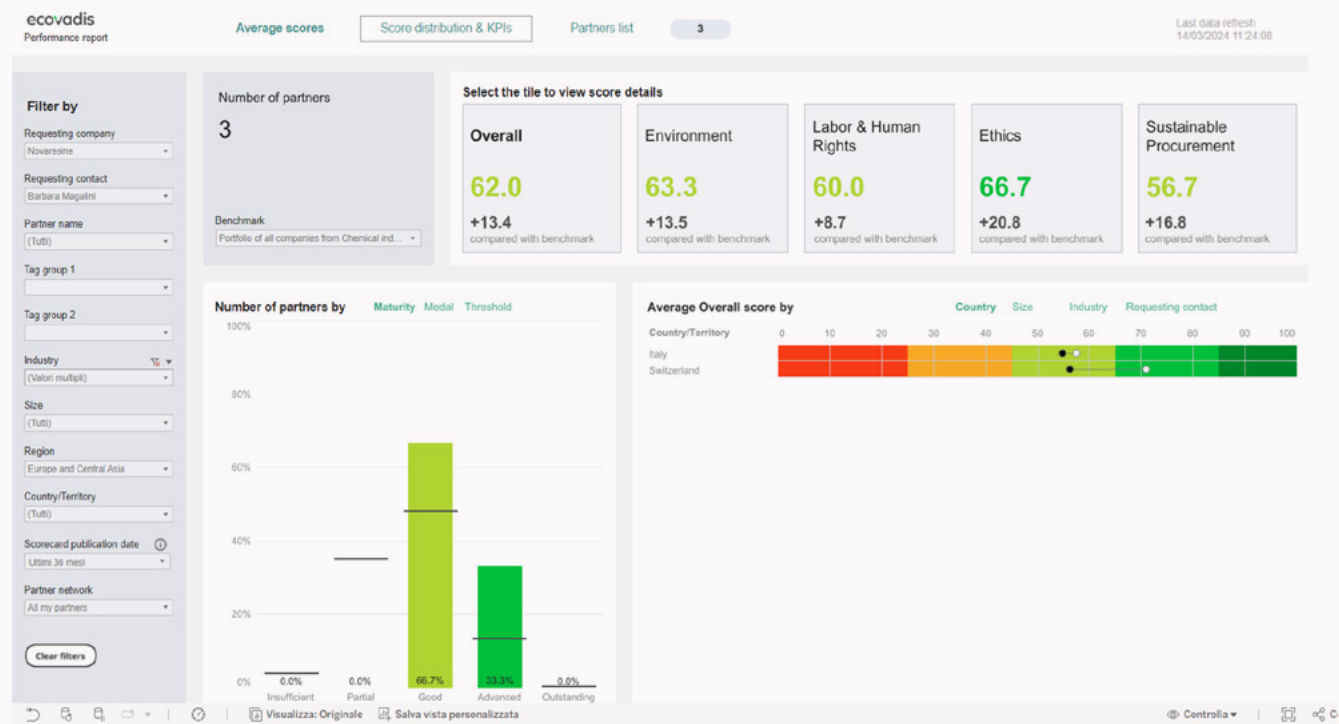
Finally, the active involvement of stakeholders and suppliers makes it possible to systematically address mutual expectations and responsibilities. This not only strengthens corporate resilience but also promotes inclusive and sustainable growth in line with the principles of **double materiality** and the **regulatory expectations** defined by the European framework.

To date, we have assessed about 30 suppliers of raw materials and transport services, and we found no significant (actual or potential) negative environmental impacts. Novaresine aims to consolidate and grow business relationships, especially with suppliers oriented towards continuous performance improvement, including raw material quality, respect for the environment, safety in the workplace, and attention to relevant social issues. We also aim to get involved in product innovation processes with these strategic partners. In some cases, we purchase raw materials jointly with customers to better meet the needs of both and foster a more integrated and efficient supply chain.

As can be seen, 31 suppliers were subjected to the EcoVadis assessment, 3 of which were transport service providers. 42.9% of our raw material suppliers achieved a good rating, and 50% an excellent one. No company received an insufficient rating. The Table below shows that the rating obtained by our partner companies exceeds the benchmark by several points



Sustainability **Report 2023**



13.3

Value distribution

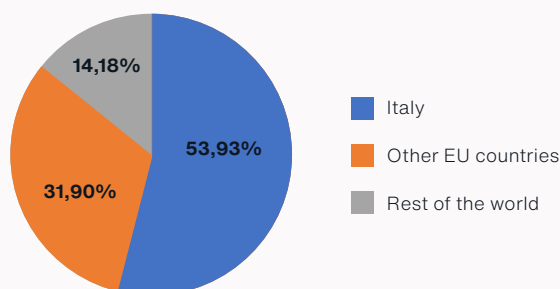
Value distribution is a crucial element of corporate sustainability because it is not only an indicator of financial performance but also a reflection of the company's commitment to the **economic, social, and environmental well-being** of the communities and stakeholders with which it interacts.

Novaresine is committed to ensuring fair distribution of the value generated through fair remuneration of suppliers, compliance with labour standards, and the involvement of local communities. Our Policy is based on ethics and respect for human rights, ensuring that no form of exploitation occurs along our supply chain. Through strategic partnerships with suppliers that share our sustainability values, we are promoting innovative practices to reduce environmental impact and improve social conditions in the areas where we operate.

In 2023, Novaresine achieved revenues equal to 78,485,758 Euros, broken down by geographic area as follows:

Geographical area	Value created during the current financial year
Italy	42.326.024
Other EU countries	25.033.410
Rest of the world	11.126.324
TOTAL	78.485.758

Geographical distribution of the value created

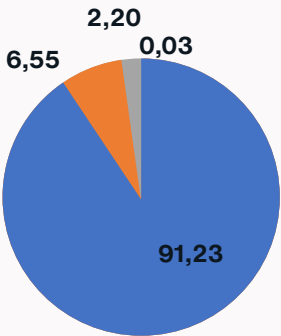


The economic value distributed amounted to 72,233,563 Euros, broken down as follows:

Operating costs	67.375
Salaries and employee benefits	4.834.467
Pagamenti ai Governi-Tassazione	1.623.087
Investimenti nella comunità	23.366
Totale	72.233.563

- Costi operativi
- Salari e benefit dipendenti
- Payments to governments (taxes)
- Investments in the local community

Distribution of operating costs



Therefore, the undistributed economic value was equal to 4,629,108 Euros [GRI 201-1].

A part of it will be reinvested in 2025 to continue re-vamping our plants and complete our plant construction project in Mexico [ESRS G1-6].

Although Novaresine is firmly rooted in its geographical area and has invested 23,366 Euros in community-based initiatives [GRI 203-1] in line with its See You 2025 industrial development programme [GRI 413-1], its small size and the non-critical territorial context in which it operates suggest that no significant indirect economic impact was made [GRI 203-2 ESRS G1-4].

At the same time, our company’s economic performance takes on further relevance when one considers that no financial assistance was received from the Italian Government during the reporting period [GRI 201-4], nor were any political contributions of any kind made [GRI 415-1 / ESRS G1-5 - Political influence and lobbying activities]. However, it is important to point out some critical issues that could have negatively affected Novaresine’s economic performance, had they not been managed with foresight as they were.

The main critical issues impacting our operating environment certainly include the various geopolitical crises that are affecting the whole world. One of the most significant ones was the escalation of the conflict between Russia

and Ukraine, which led to a sharp increase in the cost of natural gas in 2022, with significant consequences on the prices and the availability of raw materials essential for our production cycle. The sanctions imposed on Russia have further aggravated this situation, contributing to a generalised increase in costs and a reduction in the availability of resources.

Despite these difficulties, through careful planning and the adoption of alternative procurement strategies, we managed to mitigate the potential negative impacts on our economic performance.

In addition, we demonstrated maturity and pragmatism in managing geopolitical and financial risks, not only related to the conflict between Russia and Ukraine but also to the deteriorating situation in the Middle East following the 7 October Hamas-led attack on Israel. The temporary interruption of the Suez Canal forced ships from the Far East to circumnavigate Africa, which increased transport times and costs.

Avoiding making emotional decisions, our company was able to lucidly assess the resulting risks [ESRS 2 IRO-1], integrating mitigation measures into its business strategies and taking advantage of the opportunities that arose. The strategic choices made, together with well-established partnerships with leading global manufactu-

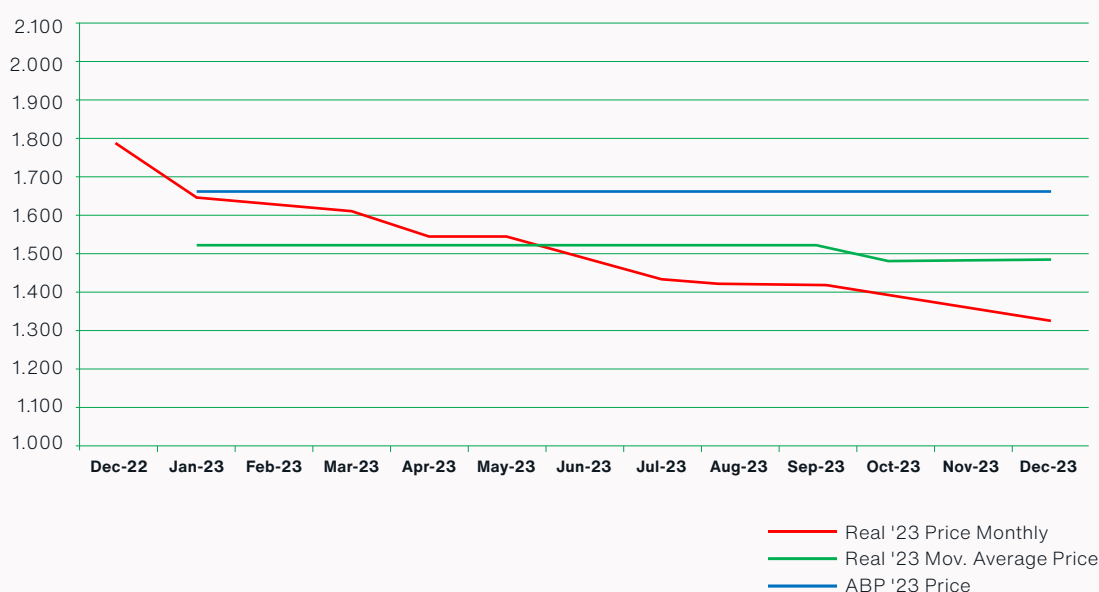


rers and a long-term procurement strategy, ensured the continuity of raw material supply, enabling us to meet customer orders and avoid the shortage issue that hit the market in 2022.

In addition, our company expanded its customer portfolio, seizing new market opportunities that emerged in such a challenging environment [ESRS 2 GOV-1; ESRS G1-2 - Management of relationships with suppliers].

In the second half of 2023, some of these problems were gradually alleviated, and prices reversed their trend, falling to lower levels than budgeted.

2023 Basket-Index



In 2022, there had been an **average annual increase of +37%** in the procurement costs of raw materials (with the same quantities purchased) compared to the average prices in 2021; in 2023, there was an **average annual decrease of -20%** in the procurement costs of raw materials (with the same quantities purchased) compared to the average prices in 2022.

Significant investments were also made during the year, in line with our five-year business plan called See You 2025, approved in late 2020. These included the repla-

cement of a reactor together with some related services to produce resins with different characteristics [GRI 416-1].

Of particular note was also the progress of our project to build a new resin manufacturing plant in Mexico, developed in joint venture with one of Novaresine's most important customers, which already has its own production unit in Mexico.

13.4

Other players in the supply chain: customers and business relations [GRI 2-6]

Novaresine produces several types of resins, including solvent- and water-based saturated polyester, unsaturated polyester, and thixo-alkyd, UV, and bio-based resins, which are all intermediate products for the manufacture of paint products for the can and coil coating industries. Production is carried out in 9 multi-purpose plants consisting of 9 reactors, diluters, and accessory devices.

As regards the alkyd resin market, Novaresine sells mainly in Italy, with 48 customers, but also has a presence abroad, with 16 customers. In contrast, in the polyester resin market, our company concentrated its sales mainly abroad, serving 19 customers in addition to 15 in Italy. These relationships are predominantly long-term and generally arise from tolling projects or customised collaborations with customers [GRI 102-9; ESRS S2-2].

1412. Consumers and end users: health, safety, and communication regulatory compliance [ESRS S4]

The products and services distributed/supplied comply with safety standards [GRI 416-2]. Each product is labeled in compliance with current regulations and accompanied by a safety data sheet under Regulation (EC) no. 1272/2008 [**GRI 417-1 ESRS S4-5**].

We are particularly attentive to providing accurate, verifiable, and non-misleading information in compliance with current legislation (Regulation (EC) no. 1272/2008) on mandatory labelling, as well as standards ISO 14020:2022 and ISO 14021:2016 for environmental labels and declarations [**ESRS E5**]. In addition, we are committed to maintaining the utmost objectivity in our marketing communications [**GRI 417-3**]. No non-conformities were reported about labelling, product and service information [**GRI 417-2**], or marketing communications [**GRI 417-3 ESRS G1**].

Data protection and information security [ESRS S4]: consumers and end users [ESRS G1]

Novaresine is committed to protecting privacy and ensuring confidentiality in the processing of the personal data it collects, with the utmost regard to sensitive data, in compliance with the current legislation. In particular, a personal data protection impact risk assessment was conducted, and a specific report was written in compliance with Article 35 of the related European Regulation.

The collection, use, processing, and storage of sensitive information and data of employees and other stakeholders, such as suppliers or customers, are carried out in compliance with internal procedures, European Regulation no. 679/2016, and the Personal Data Protection Impact Risk Assessment Document (**see Attachment 11 to PGI 4, “Assessment on data protection”**). In particular, we only collect data necessary for managing contractual relations and providing the agreed goods and services. If different and additional data are to be collected or for purposes other than managing the employment relationship, the employee is informed fully and immediately in order to give their consent.

Each employee is asked to make every effort to respect the privacy of all people in the company.

It is expressly prohibited to narrate or post on Facebook or other social media photos or videos taken in the company unless authorised by the management and with the other employees' prior consent if people are portrayed. Utmost care is taken not to leave in view or disclose documents that carry personal information and not to divulge news about services or activities of the company. Appropriate cybersecurity measures have been taken to protect corporate secrets from possible attacks. In particular, Novaresine is progressively taking appropriate measures to comply with the NIS2 Directive .

Compliance with NIS2 reflects the company's commitment to sustainable and responsible practices.

Investing in secure and resilient IT infrastructures contributes to achieving UN Sustainable Development Goals, especially those related to innovation (Goal 9) and building resilient infrastructures. Specifically, Novaresine implemented several activities geared towards these objectives:

- **Risk assessment:** we conduct regular analyses to understand and mitigate cyber risks.
- **Technological improvement:** we have adopted and continue to look for next-generation firewalls, monitoring tools, and threat detection solutions.
- **Access management:** we have implemented identity and access management (IAM) and multi-factor authentication (MFA) systems to protect sensitive information.
- **Business continuity plans:** we have developed contingency processes to ensure resilience in the event of incidents.

It should also be noted that during the reporting period, Novaresine received no complaints about data loss or violation of data protection regulations [**GRI 418-1**].

Novaresine has always been certified for quality according to ISO 9001:2015. In 2014, the company obtained **occupational safety certification** in accordance with **OH-SAS 18001** and **environmental certification** in accordance with **ISO 14001:2015**, thus completing the creation of an **integrated management system (IMS)**. This was then integrated with the **post-implementation review (PIR) management system** required by the legislation transposing the **Seveso Directive**.

In 2020, the security certification was **renewed** and aligned with the new **ISO 45001:2018** standard. On 14 **November 2023**, our company reached a further milestone by obtaining **ISO 50001:2018 certification**, making a significant step towards **sustainability** by rationalising and making **energy consumption more efficient** in the short and long term.

Our factory is classified as a **major incident hazard** according to the Seveso Directive. As an upper-tier plant, we have prepared a **safety report**, also sent to the Regional Technical Committee, which is subject to review every 5 years [GRI 413-2].

Internal audits are conducted at least annually on all four management systems.

The audit plan is agreed upon during the Management Review meeting. The processes to be audited are identified so that all of them are subjected to auditing within 3 years, prioritising processes with ongoing critical issues, critical issues identified in previous audits, particularly relevant processes, and special stakeholders needs.

The plan for audits on suppliers is also drawn up on the occasion of the Management Review. The suppliers to be audited are identified on the basis of the critical issues

and anomalies recorded during the previous year.

Audits may identify one or more non-conformities, including descriptions of the issue and actions to be implemented. These actions are shared with the relevant function(s) while agreeing on a date to resolve the non-conformities.

At the end of the audit, a report is issued containing a review of the current situation in the various areas/processes, their strengths, and any recommendations for improvement.

The safety and environment audit report is discussed at the Safety and Environment Committee meeting to assess any observations and recommendations for improvement and define the necessary actions to resolve the non-conformities detected [GRI 403-8].

¹⁸ (see Attachment 11 to PGI 4, "Assessment on data protection", meeting the ESRS G1 standard insofar as it requires companies to identify, manage, and communicate the risks associated with their operations, including critical and technological infrastructure)

¹⁹ ESRS S1-2, Processes for engaging with own workforce and workers' representatives about impacts
S1-14, Health and safety metrics
E4-2, Policies related to biodiversity and ecosystems

Novaresine is a member of Federchimica (the Italian National Federation of the Chemical Industry) and of industry association AISPEC. In 2020, it also joined RESPONSIBLE CARE, a voluntary global sustainable development initiative that requires periodic monitoring and reporting on specific environmental and social performance data through a Performance Indicators Questionnaire [**GRI 2-28**].

The Policy-related commitment is not subject to due diligence, but the system is monitored with audit procedures. It should be noted that employees are engaged in special training courses, also organised by EcoVadis itself [**GRI 2-23**].

We have activated a channel for whistleblowing reports accessible by stakeholders directly from our website.

In 2023, there were no reports of violations of compliance, including in terms of protection of workers' rights, protection of personal data, fairness and loyalty in the conduct of business practices (e.g. bribery and corruption), and tax rules [**GRI 2-12; 2-13; 2-16**].

¹ ESRS E5-4 on environmental product declarations, eco-labelling, and other communications relating to the environmental impacts of products



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