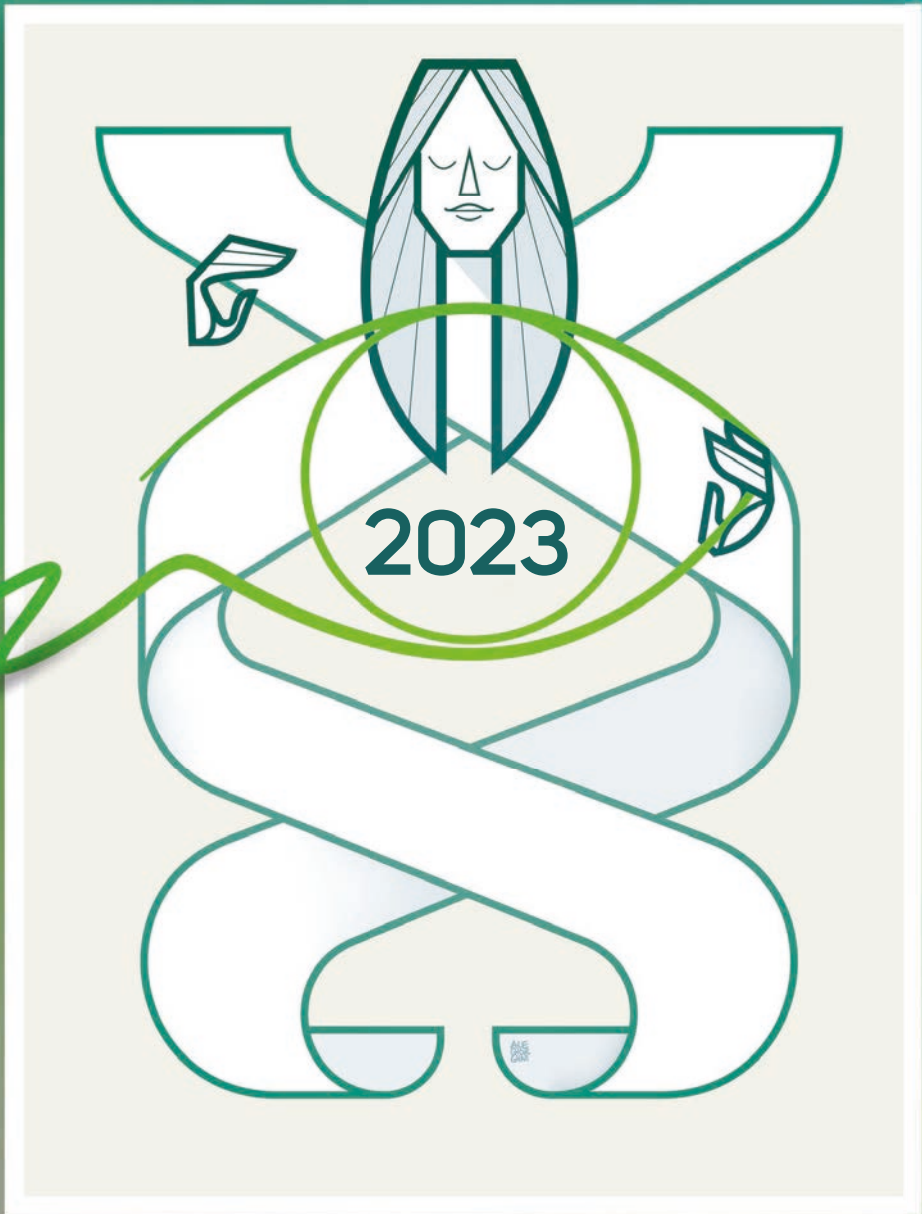


Sustainability Report



Sustainability Report

2023

LETTER TO STAKEHOLDERS

We are very pleased to present the Lucart Group's **2023 Sustainability Report**, now in its nineteenth edition, and share the results of a long journey and the improvement targets that we are committed to achieving in the near future with all our stakeholders.

We began to reap the benefits of our previous investments in plants and organisational changes in 2023 and we ended the year with a **7% growth in revenue** compared to 2022. Even more importantly, our EBITDA more than doubled compared to the previous year. The year ended with the best result in the Group's history also because of much less fluctuating trends in the costs of major production factors than in 2021 and 2022.

We are especially proud of these results, because they are the most tangible demonstration of how a company can achieve excellent economic performance and a very high level of environmental and social commitment at the same time. We are approaching the 2025 goal of reducing specific water consumption by 36% compared to 2013. We have **reduced energy intensity by 25%** compared to 2014, **reduced specific Scope 1 emissions by 7% and specific Scope 2 emissions by 33%** compared to 2021 and **increased waste sent for recovery to 84%** of the total waste produced. Now, **80% of our packaging has a recycled content of more than 30%**. We can also reconfirm that all our packaging can be recycled or composted.

Back in 1997, we were the first to believe that a true value proposition for customers had to start with the environmental sustainability of our products, and we launched the first recycled, Ecolabel-certified toilet paper with compostable packaging.

Since then, we have never stopped in our quest for maximum sustainability in our products and in our industrial processes as well. However, we pushed even further and realised that we had to adopt real business models that would help us preserve and increase economic, natural and social capital. We achieved this with the **EcoNatural project**, one of the most comprehensive and mature applications of circular economy principles in Europe today that closes the life cycle of beverage cartons. In 2023, we opened a plant in partnership with CPR System capable of moulding more than 250,000 pallets made of recycled plastic derived from this virtuous recovery project in Ferrara per year.

GRI

2-22

We adapted our organisational and governance structures to be able to meet and, where possible, anticipate stakeholder expectations in the face of the environmental and social challenges that a major company has to face. In the environmental field, **we joined the Science Based Target Initiative (SBTi)** to develop a decarbonisation process that meets scientifically validated criteria along the entire value chain, and we started a process that will lead to us adopting the Code of Conduct of the **AMFORI Business Social Compliance Initiative (BSCI)** in the field of ethical and social accountability, again along the entire value chain. This is why we have recently created a function, called Sustainable Supply, which will manage the sustainable transition with a focus on the entire production chain.

Finally, for the second year in a row, we were awarded the highest rating for corporate social accountability by the **independent rating agency Ecovadis** and were awarded with the **Platinum medal**.

We have the skills and vision to look to the future aware of the challenges ahead and we are confident in our ability to meet them.



A handwritten signature in black ink, appearing to read 'Massimo Pasquini', written in a cursive style.

Massimo Pasquini
President and Chief Executive Officer

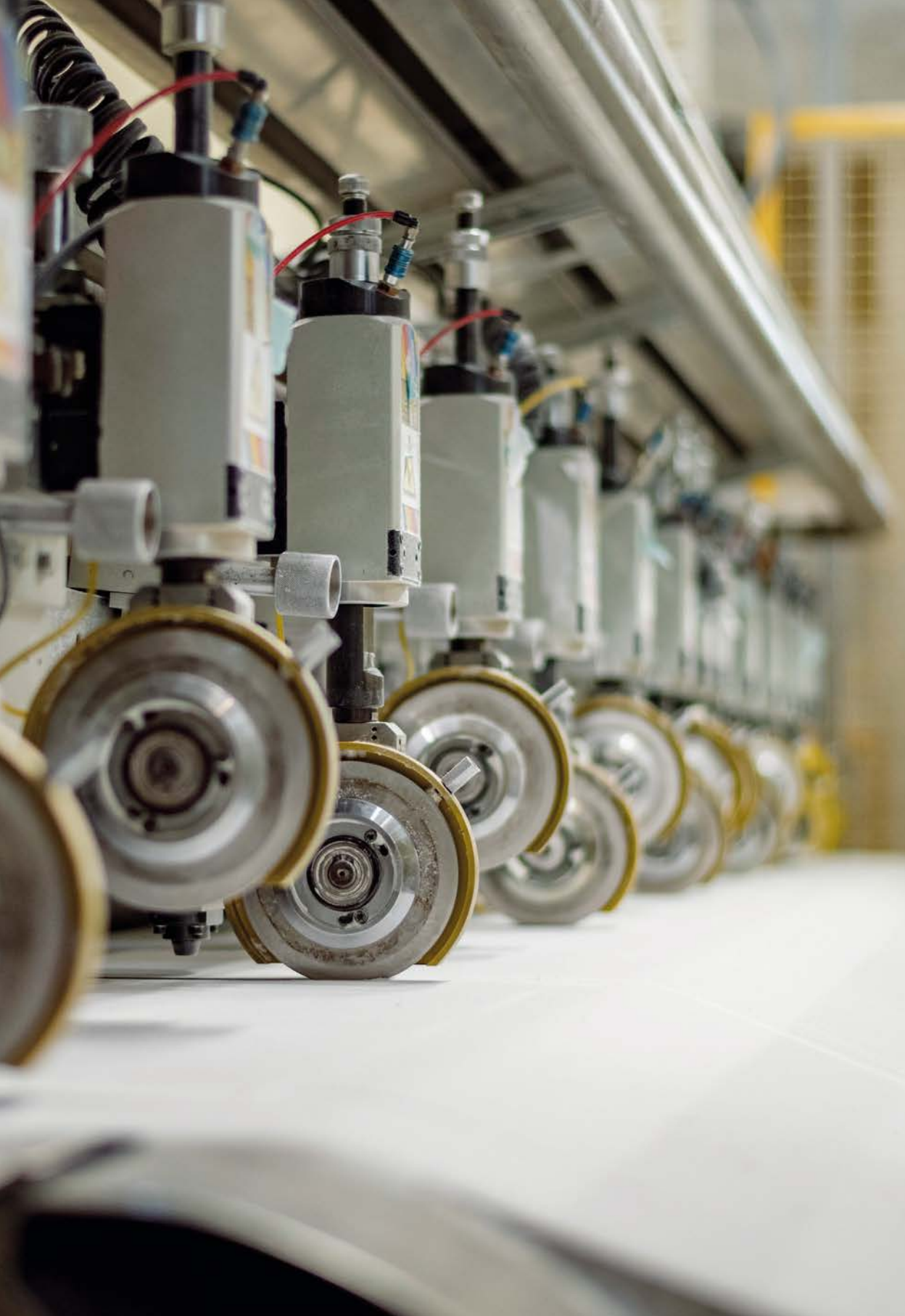


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3

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LUCART

AT A GLANCE

THE GROUP



1,700+
People employed



12 Paper machines



10 Production facilities



2 Logistics centres

PRODUCTION

PAPER SECTOR



396,000
Tonnes/Year
production capacity

SKIN CARE SECTOR



12 mln
Liters/Year
production capacity

BUSINESS AREAS



AWAY FROM HOME

LUCART
PROFESSIONAL

FATO

Velo



CONSUMER

Tenderly

Grazie
EcoNatural

Tutto

Smile



BtoB



Tissue paper



Mg paper

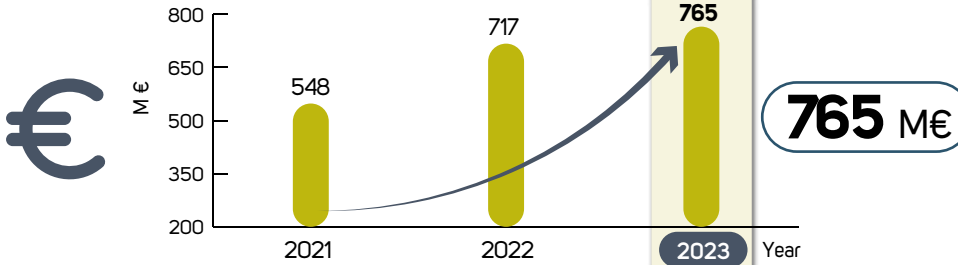


Airlaid paper

GRI

2-6
201-1
203-1
301-2

TURNOVER



COUNTRIES SUPPLIED



70+

RAW MATERIALS



55%
Paper for recycling



45%
Virgin cellulose

DISTRIBUTED ECONOMIC VALUE



2021
551 M€

2022
748 M€

2023
687 M€

SHARED ACROSS:



80.8%
Purchase of goods
and services



15%
Staff
costs



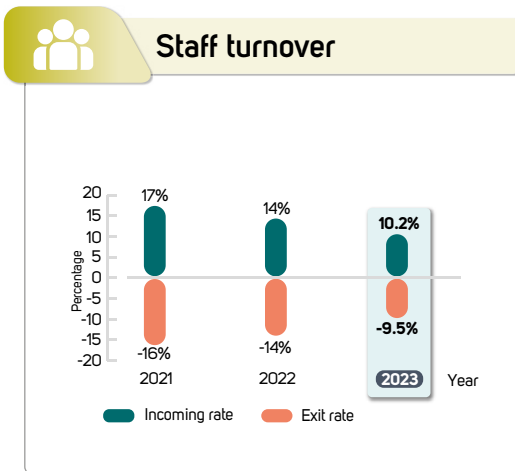
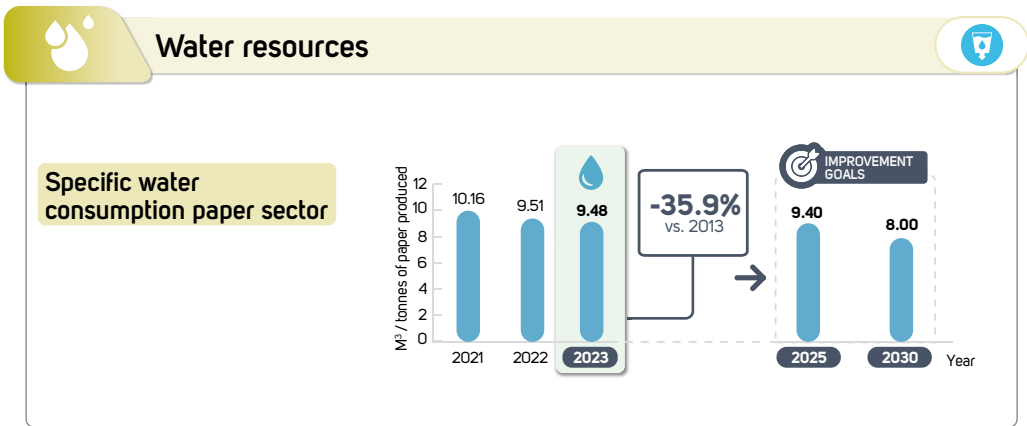
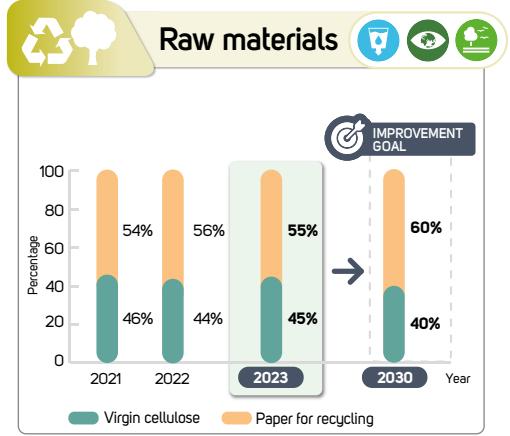
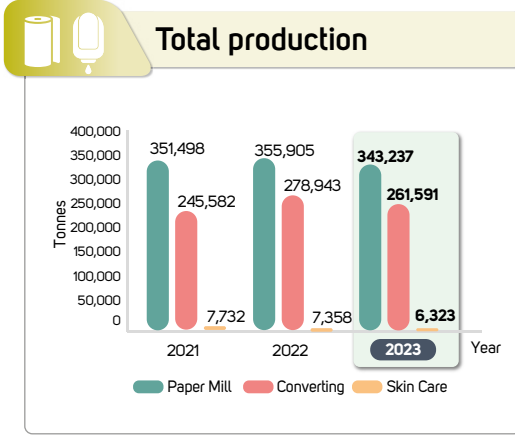
2.8%
Financial



1.4%
State

The financial data related to revenue (net revenue) and the economic value distributed stakeholders refer to the parent company Pasfin S.p.A. The total value generated (net revenue, stock changes and other revenue) was EUR 794 million, against a retained value of EUR 107 million. The item concerning the value distributed to the community will be integrated in future reports.

RESULTS AND IMPROVEMENT GOALS

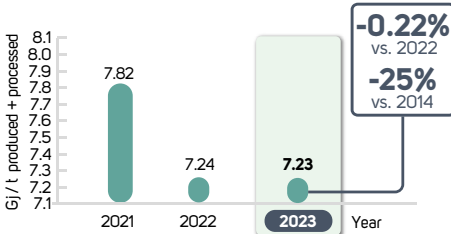




Energy resources



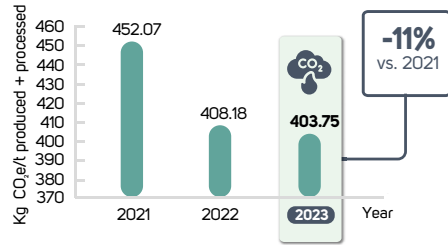
Specific energy consumption (intensity)



Emissions into the atmosphere



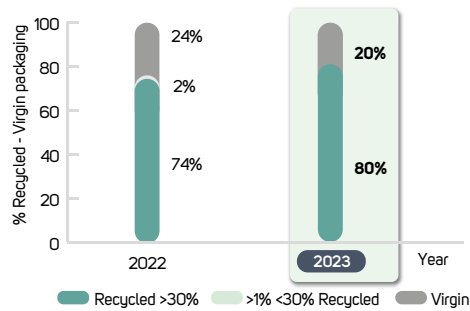
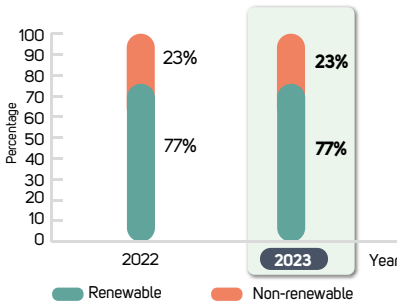
Specific CO₂e emission (intensity)



Packaging paper sector



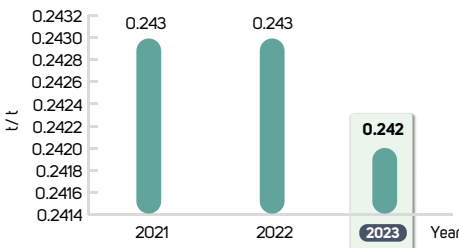
AGAIN IN 2023 **100%** OF PACKAGING USED IN THE LUCART GROUP IS **RECYCLABLE OR COMPOSTABLE**



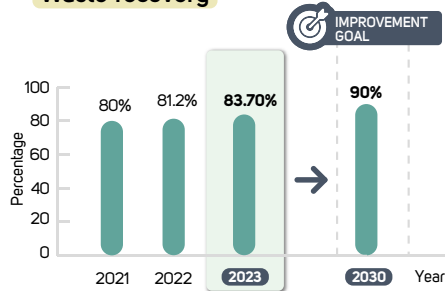
Waste



Waste produced per tonne of paper produced



Waste recovery



The calculation methodologies for specific emissions into the atmosphere and packaging in the paper sector have been strengthened to achieve greater accuracy compared to previous years. For more details, see Chapter 3.

VISION, MISSION AND OBJECTIVES



VISION

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



MISSION

We take care of people and the environment in which they live and work, with solutions for improving hygiene and products protection. We want to build a better future using the sustainability as the inspiring ingredient of our innovations and the key factor in the relationship with our stakeholders.



OBJECTIVES



SUSTAINABILITY

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

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



QUALITY

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

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



INNOVATION

IMAGINING THE FUTURE AND CREATING SOLUTIONS TO IMPROVE IT.

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



INTEGRITY

ACCOUNTABILITY AND TRANSPARENCY IN BUSINESS.

To create value in a responsible and transparent way, strengthening the integrity of the Group to ensure today's results tomorrow.

GRI
2-23

VALUE CHAIN AND SUSTAINABLE DEVELOPMENT GOALS



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

Lucart's sustainability strategy fits perfectly in the action framework set out in the SDGs. Lucart officially joined the United Nations Global Compact Network Italy in 2020 to reassert this commitment.

Self-production of energy and heat

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



Integrated management systems

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



GRI

2-23
2-24

Our goal is to create value for all our stakeholders

Partnership

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

17 PARTNERSHIPS FOR THE GOALS



Sustainable raw materials

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

6 CLEAN WATER AND SANITATION



13 CLIMATE ACTION



15 LIFE ON LAND



Following a process conducted in-house to identify our contribution towards attaining the 17 goals, we selected the following priority objectives:

3 GOOD HEALTH AND WELLBEING



4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS



Sustainable production

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

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

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Sustainable mobility

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

13 CLIMATE ACTION



Education and research

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

4 QUALITY EDUCATION



17 PARTNERSHIPS FOR THE GOALS



THE GLOBAL COMPACT PRINCIPLES

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

WE SUPPORT



GRI

2-23
2-24

COMMITMENT

Human Rights

- ▶ We promote and respect universally recognised human rights and ensure that we are never complicit in human rights abuses, even indirectly.



Employment

- ▶ We support the freedom of association of workers and recognise the right to collective bargaining.
- ▶ We reject forced, compulsory and child labour.
- ▶ We eliminate all forms of discrimination in employment and occupation.



Environment

- ▶ We advocate a preventive approach to environmental challenges and undertake actions that promote greater environmental responsibility.
- ▶ We encourage the development and dissemination of environment-friendly technologies.



Fight against corruption

- ▶ We are committed to fighting corruption in all its forms, including extortion and bribery.



PLATINUM

Top 1%

ECOVADIS RATING

2023
ecovadis
Sustainability
Rating

Again in 2023, Lucart was awarded the highest corporate social accountability rating (Platinum level) by the independent agency Ecovadis.

Only 1% of the over 90,000 companies analysed by Ecovadis worldwide can boast such a result.

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

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

Only 1% of the
over **90,000**
companies analysed by
Ecovadis worldwide
can boast such a result.

GRI

2-23
2-24

SBTi



At the beginning of 2024 Lucart partnered with the Science Based Target Initiative (SBTi) to reassert the commitment to sustainability and develop a greenhouse gas reduction strategy based on the latest scientific evidence and validated by a third-party body.

By joining the programme, Lucart commits to setting specific reduction targets by 2026 a present for directly controlled emissions (Scope 1), indirect emissions from the production of electricity, steam or heat (Scope 2) and indirect emissions from the company's value chain (Scope 3). In particular, Lucart will focus on identifying and developing Near-Term Reduction Targets, which are the essential starting points for defining of even more challenging climate strategies.

Launched in 2015 from the agreement between CDP (Carbon Disclosure Project), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), SBTi supports companies in defining best practices and setting evidence-based targets in line with the 2015 COP21 Paris Agreement on climate warming (limiting global warming to below 2 °C compared to the pre-industrial temperature levels by pledging to limit it to 1.5 °C). SBTi independently assesses the targets set by companies to increase their competitive advantage in the transition towards a low-carbon economy.

Amfori BSCI



By 2025, Lucart is committed to joining the Amfori Business Social Compliance Initiative (Amfori BSCI), which is a global benchmark for monitoring and improving ethical and social accountability performance both within the company boundaries and in its supply chain.

Amfori BSCI is a global initiative, founded in 2003, with the aim of improving working conditions in global supply chains. BSCI certification is based on a Code of Conduct, which includes the principles of the International Labour Organisation (ILO), as well as ethical and environmental criteria.

MATERIALITY ANALYSIS

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

Material issues were identified through the materiality analysis, which was renewed this year to increase alignment with the latest version of the GRI standards, effective from January 2023.

The Lucart materiality analysis is based on mapping and assessing the organisation’s impacts on the economy, the environment, people and human rights, following the GRI guidelines:



The Materiality Analysis process carried out in 2023 was based, first and foremost, on the identification of the current, potential, positive and negative impacts most relevant to the company and the context within which it operates, divided into the three dimensions of sustainability – economic and governance, social and environmental. A questionnaire was submitted to the ESG committee set up by corporate management to assess which impacts were most significant. A level of significance was defined, based on the aspects of importance and likelihood attached to it for each identified impact.

Based on the resulting scores, a list of priority topics was compiled, the order of which reflects the level of significance for the Group. The list of material topics and related impacts was validated by corporate management in the Committee ESG on 20 October 2023.

The need to update and reorganise some material themes emerged although the analysis did not indicate the urgency to add new topics. In greater detail:

- ▶ the “Responsible sourcing and use of resources” and “Human rights” themes were merged into one considering the environmental and social sustainability of the supply chain: **“Responsible sourcing of resources along the supply chain”**;
- ▶ the “Work-life balance” theme was incorporated into the broader theme of **“Human capital development and management”**;
- ▶ the “Sustainable product development” theme was renamed **“Product and process sustainability”** and now includes the management of consumption and emissions (excluding greenhouse gases) related to processes and products, and actions to reduce their impacts;
- ▶ explicit statement that the **“Business integrity and sustainability”** theme considers anti-corruption, unfair competition, data security and privacy;
- ▶ the “Covid-19 impact” theme was removed because it was already considered non-priority in 2022, in line with the evolution of pandemic-related impacts from 2020 to the present day;
- ▶ the “Stakeholder Relations” theme was removed as it was part of the methodological approach for the identification of material topics.

GRI

2-29
3-1
3-2

The material topics updated as a result of the analysis conducted are as follows:

SCOPE	THE LUCART MATERIAL THEMES
GOVERNANCE	<p>Business integrity and sustainability</p> <p>Conducting business and stakeholder relations with a view to legality, ethics and transparency, paying attention to preventing corruption and ensuring fair competition, data security and privacy.</p>
	<p>Responsible sourcing of resources along the supply chain</p> <p>Procurement of goods and services based on environmental, social and governance indicators, respecting human rights and consistent with corporate values.</p>
	<p>Product safety</p> <p>Respect of reference market regulations, including health and safety risks associated with product use.</p>
	<p>Customer and End-Consumer Satisfaction</p> <p>Willingness to meet or exceed the expectations of customers and end consumers (e.g. product quality, retention policies, etc.).</p>
SOCIAL	<p>Health and safety of workers</p> <p>Respect of the current regulations in the matter of occupational health and safety (e.g., compliance with regulations, accident monitoring, prevention measures, health and safety education and training, etc.).</p>
	<p>Development and management of human capital</p> <p>Corporate strategies on training and skills development programmes, including gender equality and non-discrimination policies and implementation of a corporate welfare close to employees' needs, oriented towards improving well-being and achieving a better work-life balance.</p>
	<p>Support of the local community</p> <p>Consider a redistribution of wealth through the involvement of strategic partners of the reference local community (e.g. relations with the local community for specific projects, etc.).</p>
ENVIRONMENT	<p>Research, development and innovation</p> <p>Investing in research and development activities involving local authorities, such as universities, schools, research centres, etc.</p>
	<p>Combating Climate Change</p> <p>Adoption of technical and plant policies and interventions to reduce and optimise direct and indirect emissions, energy and water consumption and waste from business activities (e.g. production and purchase of energy from renewable sources, water recycling, recovery plants, reduction in the availability of water resources, etc.).</p>
	<p>Product and process sustainability</p> <p>Production of products respecting responsible management of economic, environmental and social resources, with a focus on responsible use of water resources and reducing the impact of waste production.</p>

The list of significant impacts can be found in the “Analysis of impacts related to material topics” chapter on page 135. The need to add the “Strategic partners for circularity” category to map priority stakeholders, as a strategic category for initiating sustainable development projects, which requires specific ways of engaging and listening, also emerged in the reporting year.

Stakeholder Categories for Lucart

- ▶ Customers and final consumers
- ▶ Shareholders and financiers
- ▶ Employees
- ▶ Suppliers
- ▶ Local communities
- ▶ Regulatory bodies
- ▶ Media
- ▶ Schools, Universities and Research Institutions
- ▶ Trade associations
- ▶ Trade Unions
- ▶ NGOs
- ▶ Strategic partners for circularity

The material issues were submitted to the Lucart Group’s stakeholders for evaluation in several ways. A questionnaire was sent to all stakeholders, with the exception of regulators and those in the new “Strategic partners for circularity” category, focusing on the impacts Lucart’s activities cause or may cause on the environment and people to determine their significance from a stakeholder perspective.

A cycle of interviews was dedicated this year to representatives of the local community of the French plant to expand stakeholder listening internationally. Lucart’s approach to sustainability is perceived positively by the local community, which generally assesses the management of production processes as responsible and attentive to environmental impacts related to these themes. The interest of the community representatives in the development of the company’s social role in the area and its possible strengthening in the near future also emerged.

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

The engagement activities described so far have allowed us to understand the point of view of Lucart’s priority stakeholders and how far external expectations and demands are aligned with the company’s point of view on the priority and most urgent themes that Lucart should manage.

Product and process sustainability is the issue most frequently addressed by Lucart’s stakeholders, followed by **Responsible sourcing of resources along the supply chain** and **Research, development and innovation**. **Worker health and safety**, on the other hand, ranked as a relatively lower priority issue, probably due to the specific European context in which Lucart operates because these aspects have long been monitored also at the regulatory level and for which there is no particular urgency to undertake further improvement actions.

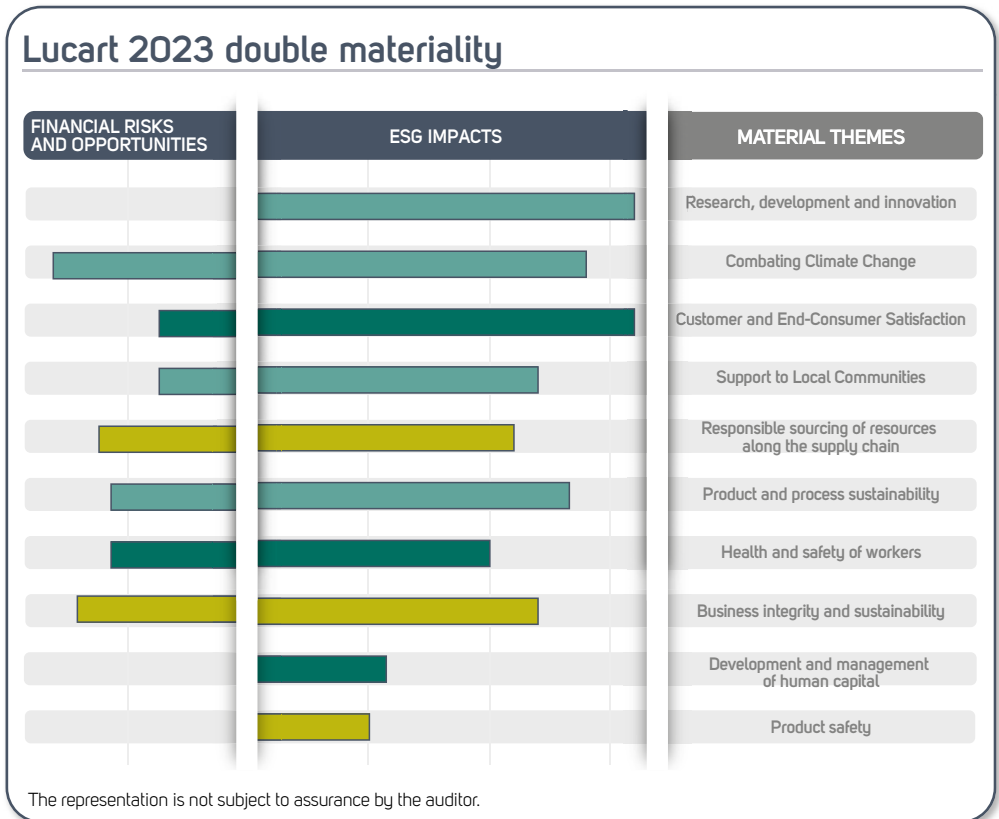
Preliminary development of financial materiality analysis

Starting in 2023, the company conducted a preliminary financial materiality analysis exercise inspired by European Sustainability Reporting Standards (ESRS), in particular with the concept of double materiality included in them. This exercise was not considered in the definition of the material issues related to this Sustainability Report. Therefore, the exercise and the corresponding disclosure are not subject to assurance by the auditor.

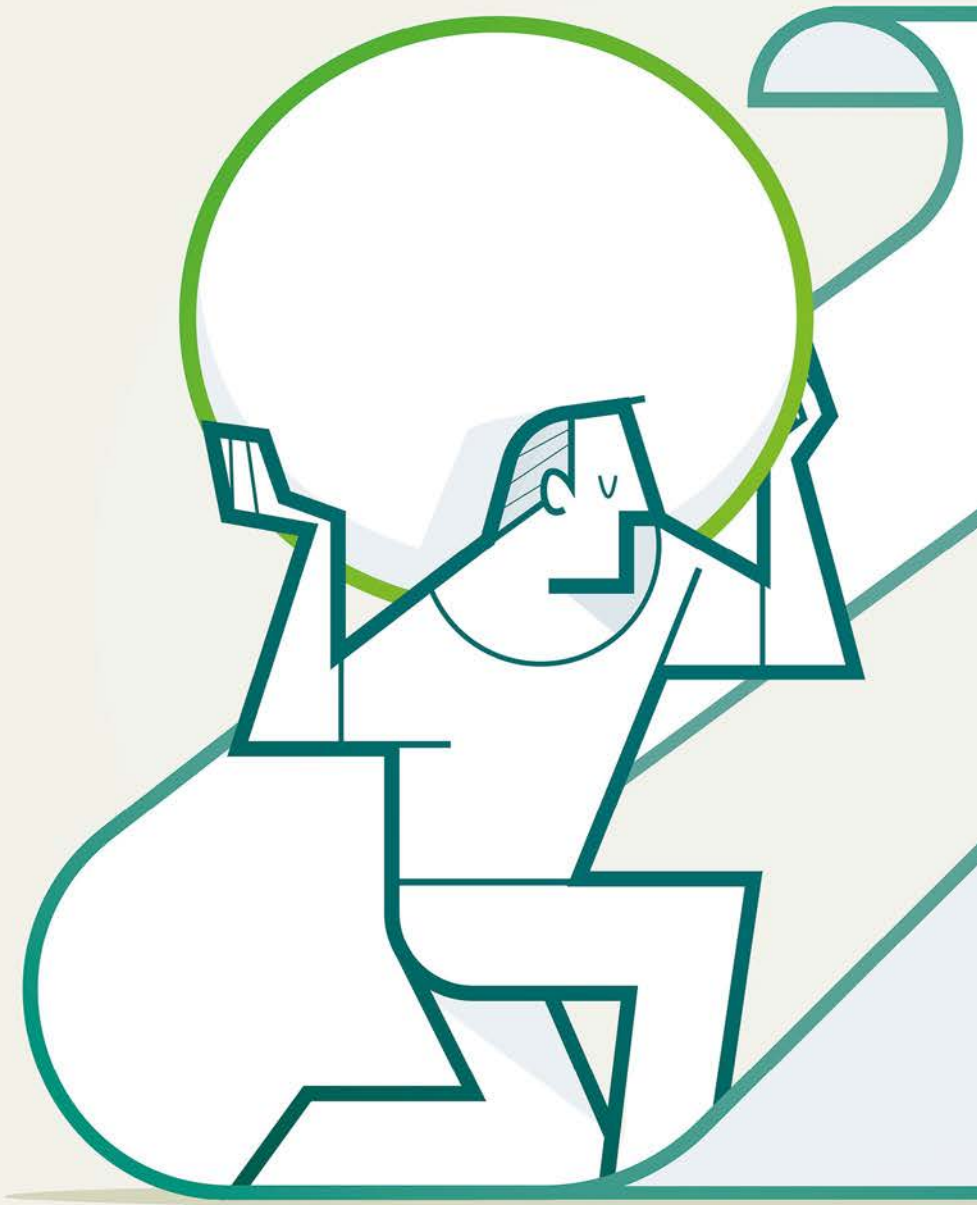
Lucart identified and assessed the relevance of significant financial risks and opportunities for the Group, as a first step towards implementing the financial materiality analysis.

Similarly, financial risks and opportunities related to sustainability issues were identified, with the cooperation of the Group Risk Committee, which were also subject to the same significance assessment by the ESG Committee and the Risk Committee.

The resulting materiality analysis is shown in the graph below.



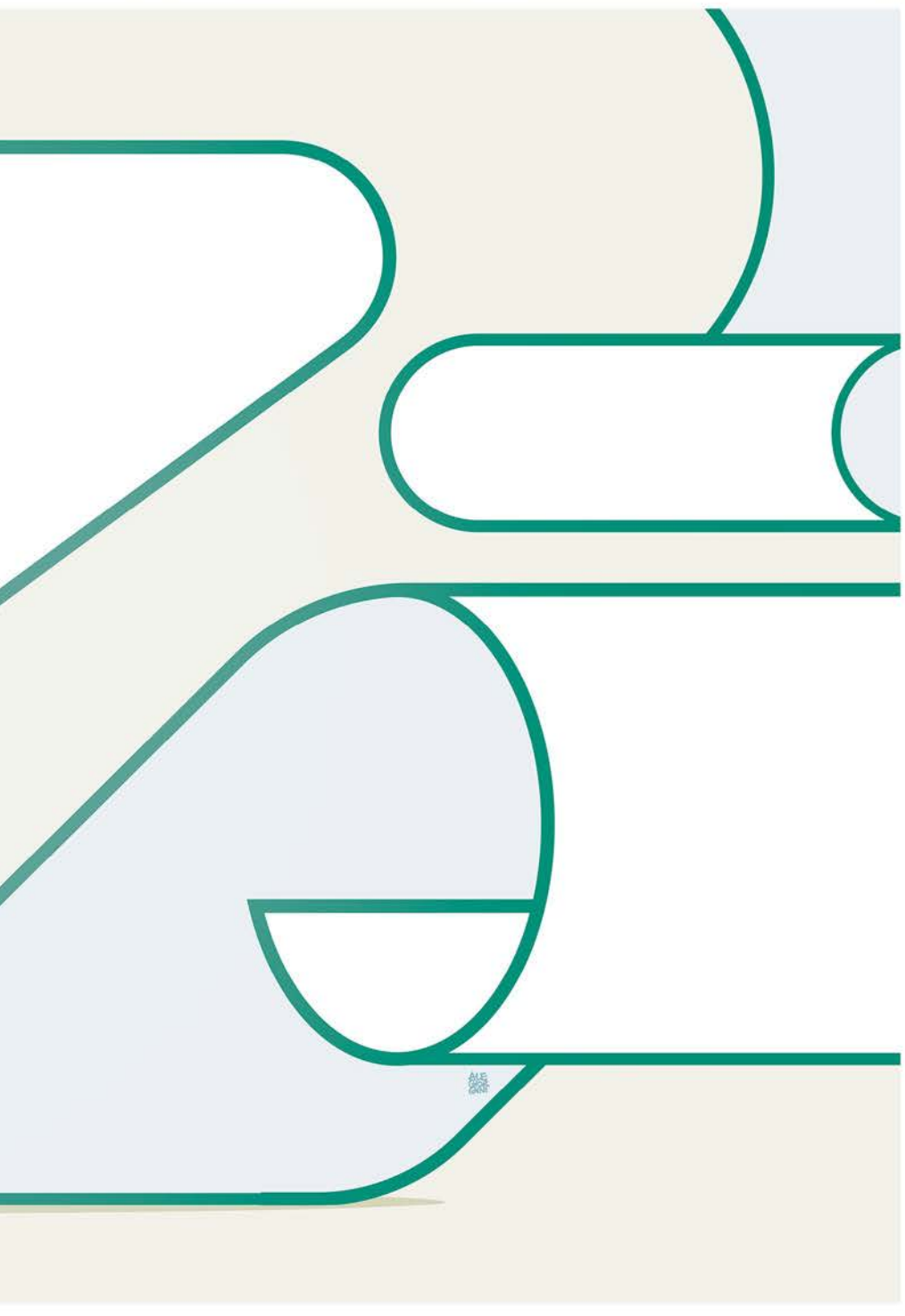




RESPONSIBILITY

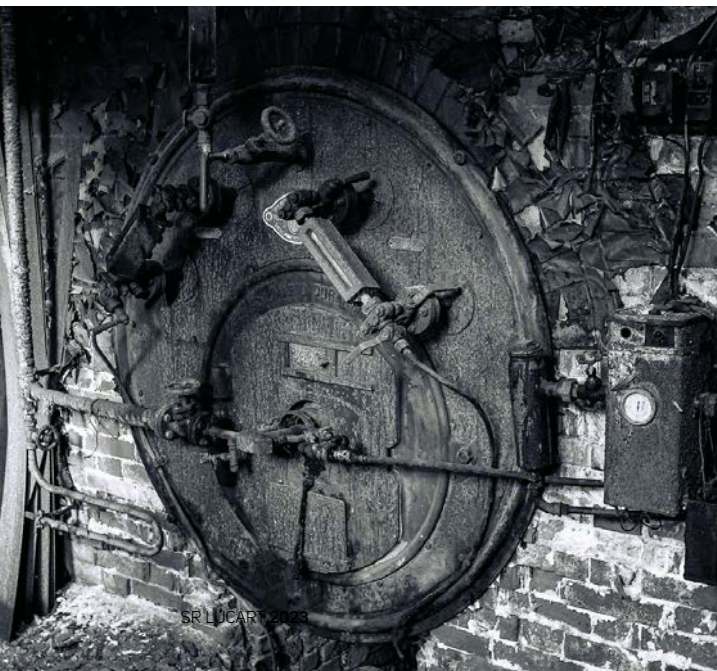
SDGs





We take care of people with global hygiene and product protection solutions. We are committed to an ethical and effective governance model because we want to be a reference point on sustainability issues.

➔ GOVERNANCE



1.1

LUCART GROUP, THE HISTORY

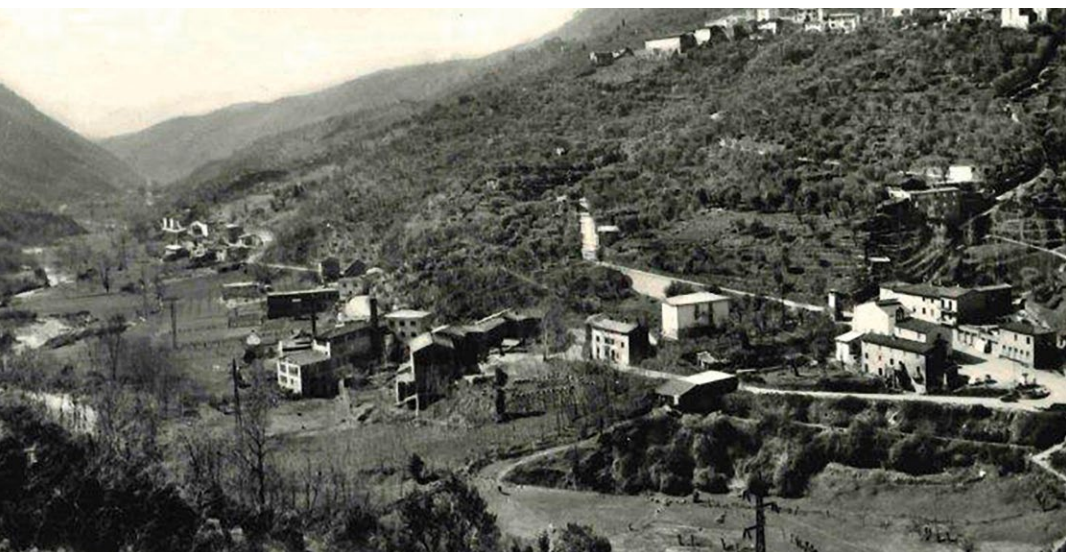
Innovation is the attitude that has distinguished the Group from the beginning and today translates into cutting-edge products, through the creation of innovative solutions to better live the future and respond to new market challenges.

1953 Cartiera Lucchese dei F.lli Pasquini: the foundation

The Pasquini family has been officially making paper since 1953, when brothers Alessandro, Eliseo, Fernando, Raffaello and Tarcisio founded the "Cartiera Lucchese dei F.lli Pasquini" in a small village on the hills around Lucca called Villa Basilica, though they had already been making paper since the 1930s. The history of the Pasquini family and Lucart is intertwined with that of the local area because it was in Villa Basilica between 1830 and 1840 that pharmacist Stefano Franchi invented a process for manufacturing paper from straw, a material that was locally available and abundant.

The production of straw and wrapping paper, which began in the Pasquini brothers' first plant in Botticino and then continued in the "Cartierino" in Biecina di Villa Basilica, was further refined in the Lucca plant located in the city centre, where the water-powered millstones were the state-of-the-art of the time.

Today, we would speak of a circular economy because waste from agriculture was used as a raw material for manufacturing. Although pure cellulose or recycled paper is now used instead of straw, it was for this historical reason that the papermaking district active mostly in paper for packaging and paper for hygienic and sanitary use manufacturing developed in the province of Lucca.



GRI

2-1
203-1

OUR INDUSTRIAL AND MARKET HISTORY

1966
1983 Development and consolidation of the MG paper sector for flexible packaging

1988 Establishment and development of the integrated plant in Borgo a Mozzano
1996 Introduction of recycled paper tissue products in Italy

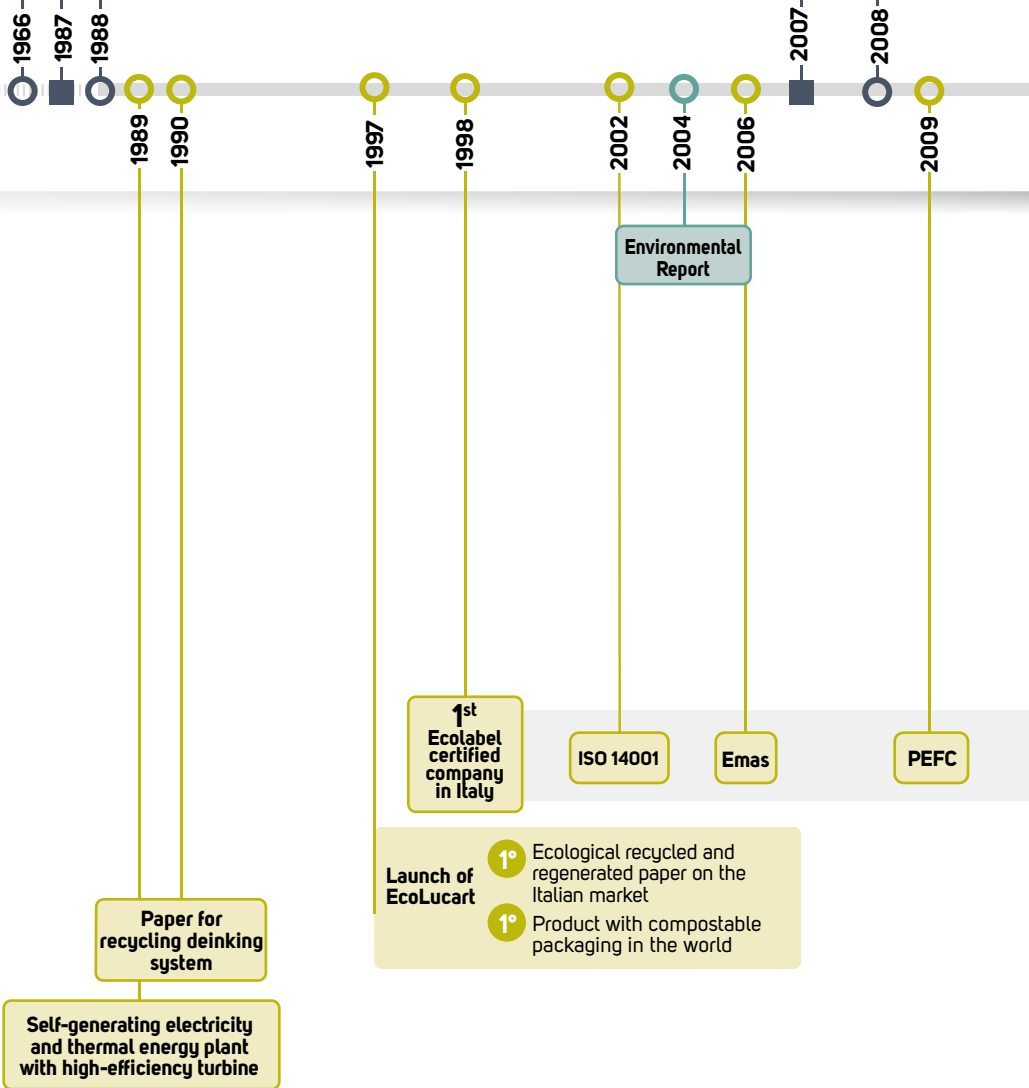
Entry into the market for "tissue" papers for sanitary use

Acquisition of Fato, a leading tableware brand. Strengthening in the Ho.Re.Ca. sector

2008
2021

1953

ESTABLISHMENT OF
CARTIERA LUCHESE



OUR SUSTAINABILITY HISTORY

● Social themes
 ● Governance themes
 ● Environment themes

MARKET POSITION



1ST LARGEST MANUFACTURER OF RECYCLED MG PAPERS IN EUROPE



1ST LARGEST AFH MANUFACTURER IN ITALY



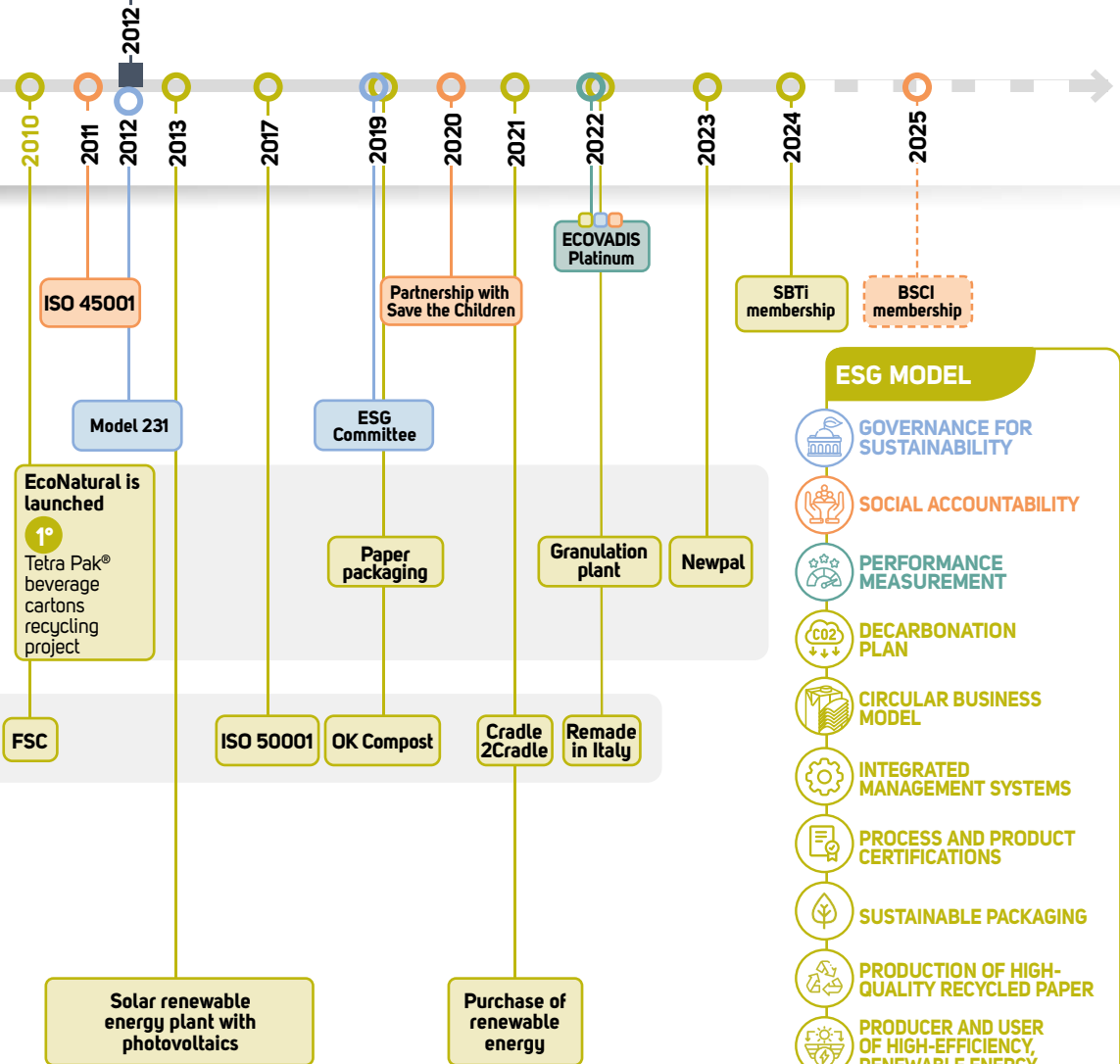
1ST LARGEST MANUFACTURER OF RECYCLED TISSUE PAPER IN SOUTHERN EUROPE



2ND LARGEST AFH MANUFACTURER IN EUROPE

Acquisitions in France (2008), Hungary (2016), Spain (2018), UK (2021)
Development of the Lucart Professional Brand

Growth in the Consumer market in Italy.
Acquisition of the Tenderly and Tutto Pannocarta brands



ESG MODEL



GOVERNANCE FOR SUSTAINABILITY



SOCIAL ACCOUNTABILITY



PERFORMANCE MEASUREMENT



DECARBONATION PLAN



CIRCULAR BUSINESS MODEL



INTEGRATED MANAGEMENT SYSTEMS



PROCESS AND PRODUCT CERTIFICATIONS



SUSTAINABLE PACKAGING



PRODUCTION OF HIGH-QUALITY RECYCLED PAPER



PRODUCER AND USER OF HIGH-EFFICIENCY, RENEWABLE ENERGY

1.2

PLANTS OF THE GROUP

On 31 December 2023



(United Kingdom)

BLACKMORE PARK**Lucart Hygiene Ltd.**

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

Converting lines 5



(France)

LAVAL SUR VOLOGNE**Lucart SAS**

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

Paper machines 2
Converting lines 9



(France)

SAINT-DIÉ-DES-VOSGES**Lucart SAS**

Automated Logistics Hub dedicated to Away from Home products. Located in the commercial area of Hellieule, it covers an area of more than 22,000 square metres. It was acquired in 2023 and will be operational in 2024. For this reason, it is outside the reporting scope of this Sustainability Report.



(Spain)

ARTZINIEGA**Lucart Tissue & Soap S.L.U.**

Plant dedicated to hygiene products. The tissue jumbo reels produced at the Aranguren plant are converted into finished products. Cosmetic products, such as soaps, detergents and sanitisers for the Away from Home market, are made here.

Paper converting lines 4
Skin care converting lines 2



(Spain)

ARANGUREN**Lucart Tissue & Soap S.L.U.**

Paper mill for the production of tissue paper jumbo reel from virgin cellulose and paper for recycling.

Paper machines 2



LJUBLJANA (Slovenia)

Circular Shield D.o.o.



FRANKFURT (Germany)

Commercial Offices



(Hungary)

NYERGESÚJFALU**Lucart Kft.**

A converting-only factory dedicated to the production of articles for the Away from Home sector specialising in serving Central and Eastern European markets.

Converting lines

4

GRI

2-1



(Italy)

TORRE DI MOSTO

Lucart S.p.A.

A converting-only factory dedicated to the Fato brand, Italy's leading tableware brand. It produces printed, decorated and customised paper products, mainly for the Ho.Re.Ca. market.

Converting lines 18



(Italy)

CASTELNUOVO DI GARFAGNANA

Lucart S.p.A.

Integrated plant with a paper mill department and a paper converting department mainly dedicated to the production of Tenderly and Tutto branded articles.

Paper machines 1
Converting lines 4

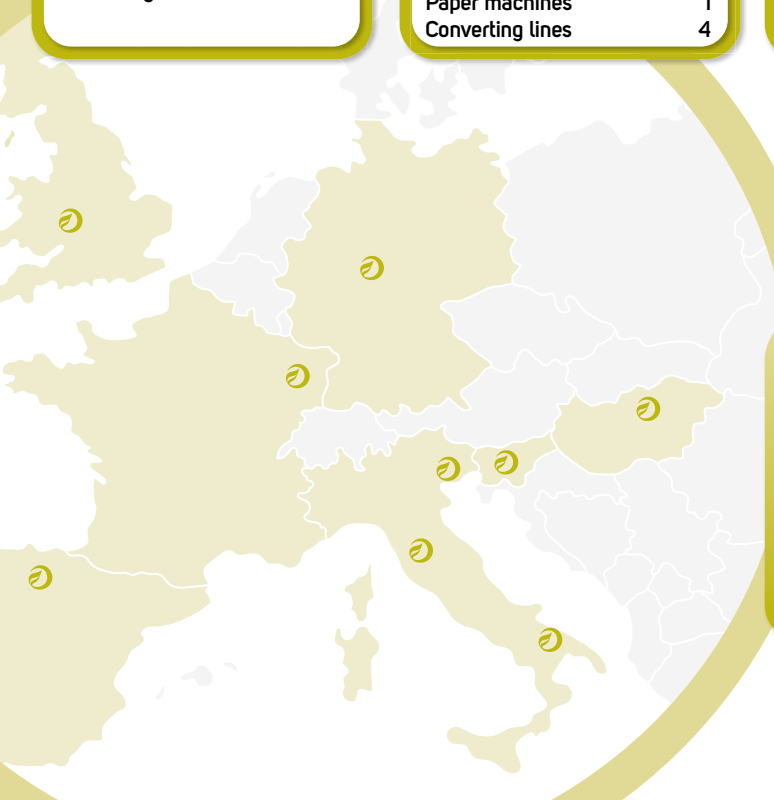


(Italy)

ALTOPASCIO

Lucart S.p.A.

Automated Logistics Hub dedicated to Away from Home products. Located near the A11 Firenze-Mare motorway, it covers an area of more than 24,000 square metres.



(Italy)

PORCARI

Lucart S.p.A. (Headquarter)

Headquarters of the Group since 1966, the plant produces jumbo reels of white and coloured tissue paper and MG paper for flexible packaging from pure virgin cellulose, paper for recycling and mixes of the two.

Paper machines 3

(Italy)

BORGO A MOZZANO DIECIMO

Lucart S.p.A.

The Group's largest integrated plant: it produces and converts jumbo reels into tissue paper from pure virgin cellulose and from paper for recycling for its own brand and for organised large-scale retailers. It is the benchmark in Italy for the recycling of the bonded material for the production of Fiberpack® tissue paper. It is also equipped with a granulator for the complete recovery of polyethylene and aluminium in beverage cartons.

Paper machines 3
Converting lines 19



(Italy)

AVIGLIANO

Lucart S.p.A.

Integrated plant for the production and processing of airtaid paper. Airtaid paper stands out for an innovative waterless production technology and is used to make super-absorbent products.

Paper machines 1
Converting lines 4

1.3 TYPE OF PAPER MADE

Three different types of paper are produced in the Group's plants:

MG paper

Paper made using paper to be recycled, virgin cellulose or a mix of the two as raw material.



Tissue paper

White and coloured papers made using paper to be recycled, virgin cellulose or a mix of the two as raw material.



Airlaid paper

Paper made with long-fibre "fluff" cellulose with a production process that does not involve the use of water to bond the fibres. The paper thereby obtained is particularly resistant and can be reused several times.



1.4

PRODUCTION CAPACITY

Paper sector production capacity

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



396,000

Tonnes/Year production capacity

	Line	Company	Production facility	Production capacity (t)			
MG PAPER	PM3	Lucart S.p.A.	Porcari	50,000	50,000		
	PM4	Lucart S.p.A.	Porcari	25,000			
	PM5	Lucart S.p.A.	Borgo a Mozzano - Diecimo	25,000			
	PM6	Lucart S.p.A.	Borgo a Mozzano - Diecimo	25,000			
	PM7	Lucart S.p.A.	Borgo a Mozzano - Diecimo	60,000			
	PM9	Lucart SAS	Laval sur Vologne	23,000			
	TISSUE	PM10	Lucart SAS	Laval sur Vologne		38,000	331,000
		PM11	Lucart S.p.A.	Castelnuovo di Garfagnana		50,000	
		PM12	Lucart S.p.A.	Porcari		35,000	
		PM13	Lucart Tissue&Soap S.L.U.	Aranguren		25,000	
		PM14	Lucart Tissue&Soap S.L.U.	Aranguren		25,000	
	AIRLAID	AM01	Lucart S.p.A.	Avigliano		15,000	15,000
	TOT.					396,000	396,000

Skin care sector production capacity

The Artziniega plant has two production lines for making cosmetic products for the Away from Home sector, including soaps, detergents and sanitisers.

The production capacity is about 12 million litres/year.

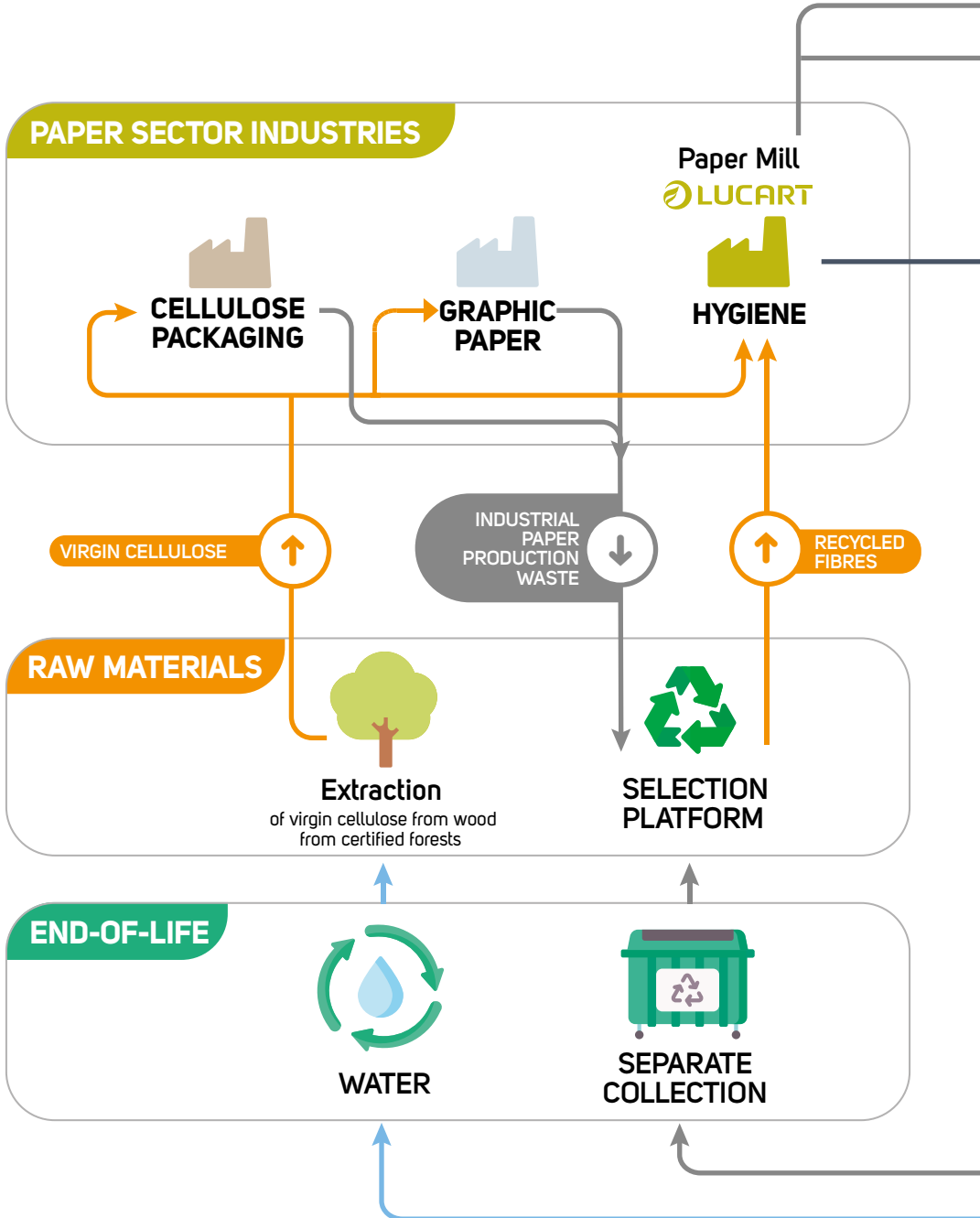


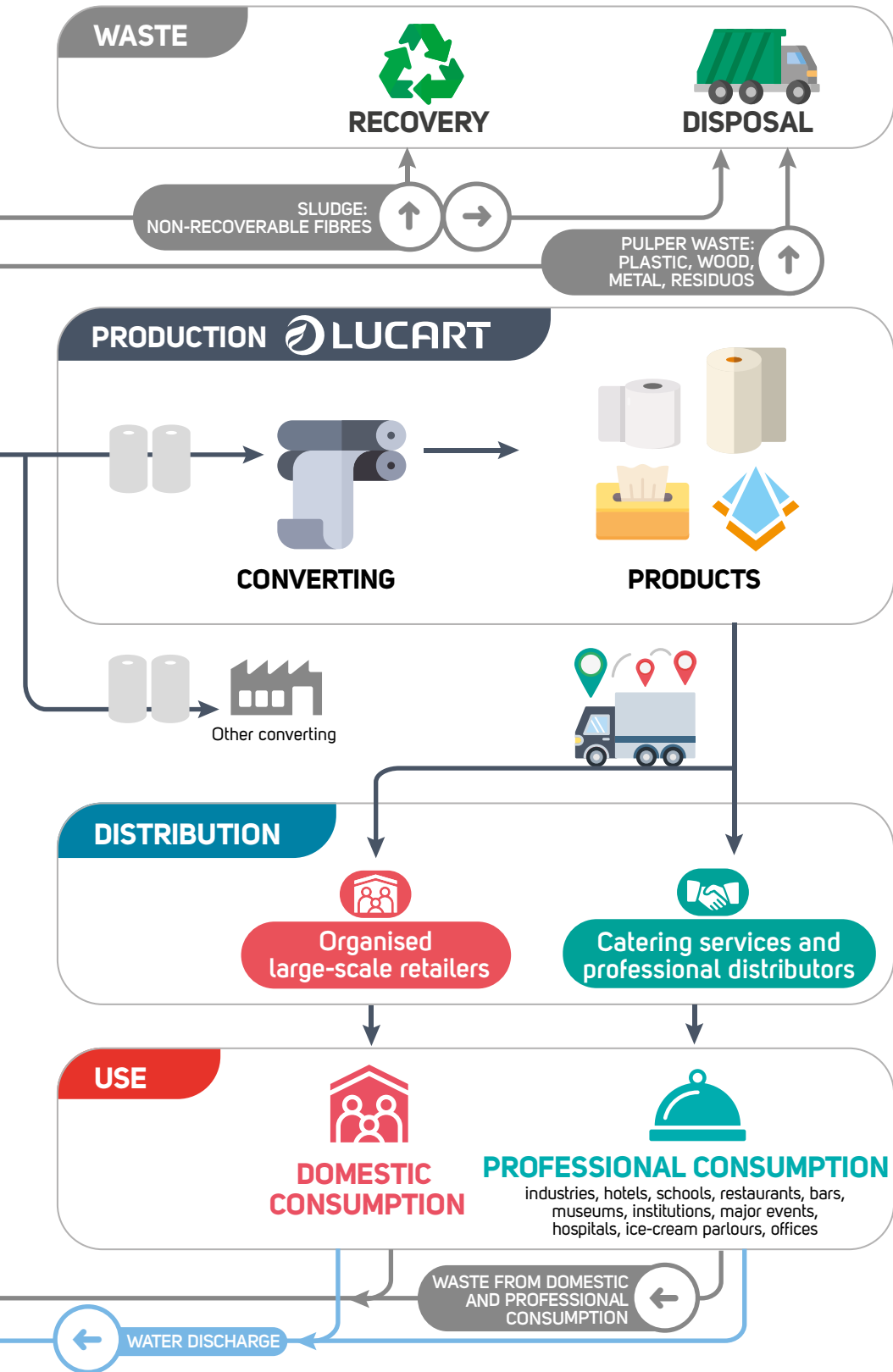
12 million

Litres/Year production capacity

1.5

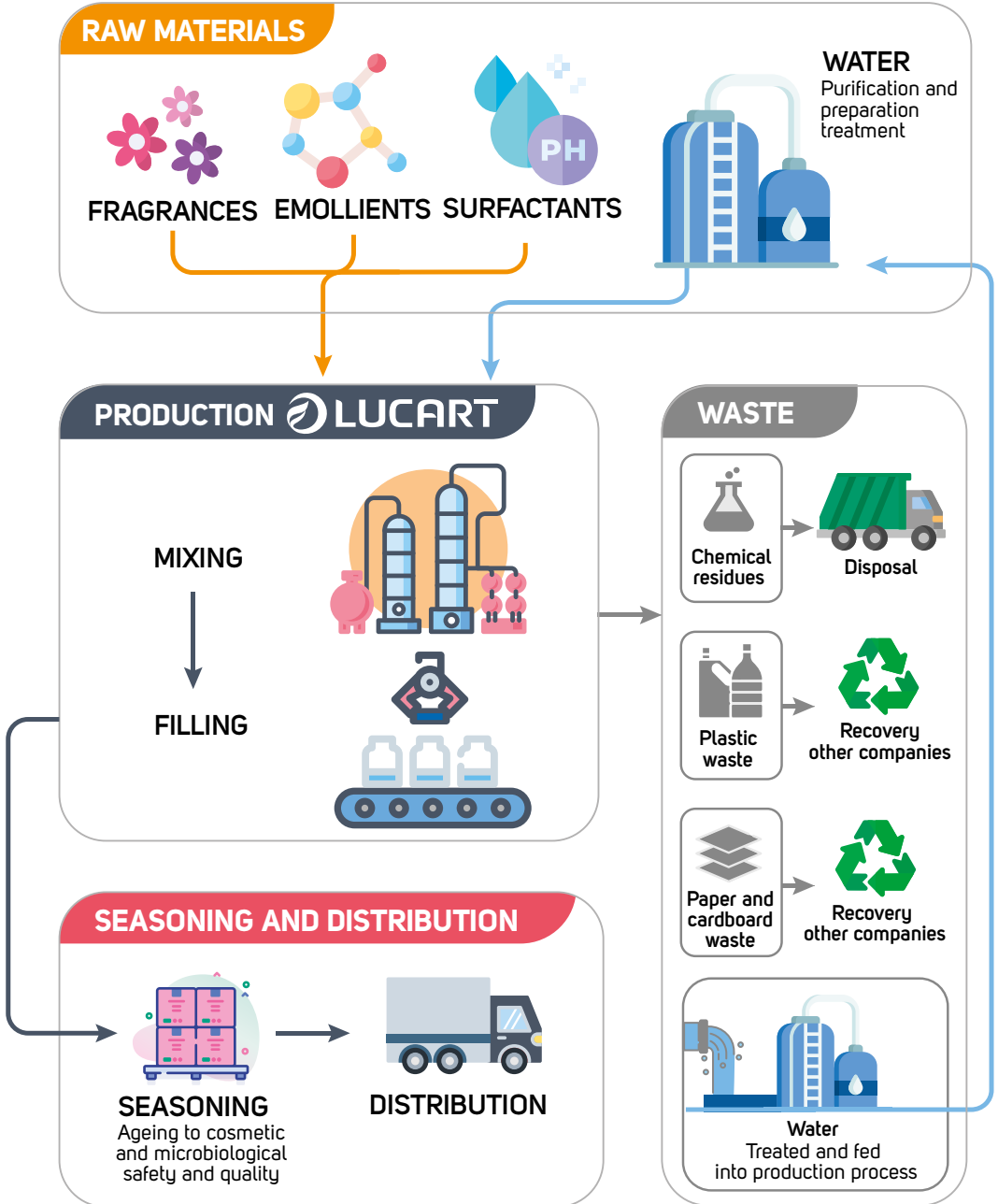
PRODUCTION PROCESS AND LIFE CYCLE OF TISSUE PAPER PRODUCT





1.6

PRODUCTION PROCESS AND LIFE CYCLE OF COSMETIC PRODUCT





1.7

BUSINESS AREAS

The Group's commercial offer is organised to meet the needs of three different business areas:



AWAY FROM HOME

PAPER HYGIENE PRODUCTS AND SOAPS FOR NON-DOMESTIC CONSUMPTION

Innovative hygiene solutions consisting of dispensed products made of tissue paper, obtained from virgin, recycled and regenerated fibres, and airlaid paper, dispensing systems and soaps for use in communities, restaurants, industries, cleaning companies, etc.



CONSUMER

PAPER HYGIENE PRODUCTS FOR HOUSEHOLD CONSUMPTION

Tissue and airlaid paper products, such as toilet paper, kitchen paper and napkins, for use at home.



BtoB

JUMBO REELS, MG PAPER
TISSUE PAPER JUMBO REELS
AIRLAID PAPER JUMBO REELS

Jumbo reels in large formats for other paper converting industries producing bags, gift wrapping paper, paper laminated with polyethylene or aluminium, tablecloths and other flexible packaging or converting tissue or airlaid paper.

The Group's products satisfied the needs of business partners and end-users in over 70 countries worldwide in 2023.

% breakdown of revenues by geographical area

Geographical Area	Percentage
Italy	49%
Other EU	15%
Iberia	12%
France	12%
UK	8%
Others	4%

GRI

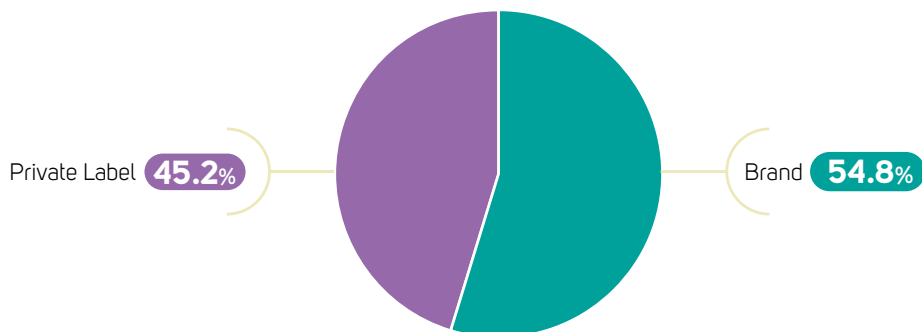
2-6

36

SR LUCART 2023

 LUCART

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



MARKET POSITION



AWAY FROM HOME



2ND European PLAYER
in terms of tissue product volumes



market **LEADER** in Italy



CONSUMER



LEADER in Italy
for ecological tissue papers



Tenderly and Tutto
among top brands in Italy



BtoB



LEADER at the **European** level in the MG papers
and partner of the leading European tissue and airlaid paper
converting industries

1.8

BUSINESS AREA AWAY FROM HOME (AFH)



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

The division's brands are positioned as partners for sector operators, guaranteeing the highest service quality for the full satisfaction of end users.

LUCART
PROFESSIONAL

A leading brand in Italy and rapidly expanding in international markets, Lucart Professional is an innovative brand able to bring concrete and tangible sustainability to the Away from Home market with a complete range of tissue and airlaid products, soaps and innovative dispensing systems.



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

The circular economy model of the EcoNatural line, Sustainable Packaging Programme, patented Cardboard Core of the Identity line were backed up by sustainability education projects in schools and collaborations with local municipalities and businesses to improve recycling processes.

The commitment to sustainability is certified by concrete results and proven by the Environmental Product Declaration (EPD®) on recycled paper products.

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

GRI

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2-6



Sustainable Packaging Programme

At Lucart Professional, technology and environmental accountability combine harmoniously with the aim of improving the well-being of people and the planet.

This has always been the case for the products. And today, it also applies to the packaging. The Sustainable Packaging

Programme expresses the Lucart Professional's commitment to increasingly sustainable packaging through the use of techniques and materials with reduced environmental impact in both primary and secondary packaging.

Continuous research aimed at adopting recycled plastic packaging (min. 60%) or, where technically possible, recycled paper, the use of recycled and recyclable cardboard cores, thinner packaging material and process waste reduction, to increasingly limit the environmental impact of its products.



Velo

A combination of environmentally certified papers and dispensing systems, unbeatable in reducing consumption, distributed by selected dealers throughout Italy. The Velo brand is a guarantee of quality, professionalism and service in the Away from Home market.



During 2023, the Velo brand underwent a significant transformation, with a complete redesign involving every aspect of its identity. From the logo to the payoff, every element was revisited to strengthen the link with dealers and consolidate market presence.

The restyling was an important step for the brand as a reliable and dynamic partner for dealers. The new logo summarises the brand's values, embodying corporate strength and its commitment to fast and effective relations.

With the change of logo and payoff, the brand identity of Velo was also refreshed, with a complete rebranding of all product lines and the development of consistent and distinctive communication materials. This commitment to renewing the brand image strengthens its market presence and testifies to its dedication to providing dealers with the tools and support they need to achieve success.



Identity: a step forward in sustainability with the Cardboard Core system

The Identity range of the Lucart Professional and Velo dispensing systems combines performance, hygiene, reliable construction and reduced costs in use and maintenance time, with sustainability using the new patented Cardboard Core system, which uses a 100% recycled and recyclable cardboard core for toilet paper and handtowels.



EcoNatural becomes Climate Neutral and renews its packaging

The year 2023 marked a major milestone in EcoNatural's sustainability journey, with the achievement of product climate neutrality, respecting the guidelines defined by the PAS2060 standard, for all EcoNatural Lucart Professional and Velo toilet papers and handtowels, produced in the Laval sur Vologne and Borgo a Mozzano plants. Obtaining Climate Neutral certification was also an opportunity to renew the packaging of the EcoNatural line, now characterised by a strong emphasis on all the certifications and certificates that the line can boast through the inclusion of a specific section on the front of the pack. In particular, Lucart's commitment to the fight against climate change is highlighted in the packaging of all Climate Neutral products in the line, by means of a QR code that allows you to quickly connect to the dedicated landing page that will allow you to learn all the details of the project.

FATO

Style and sophistication embellish tissue and airlaid tableware products. Made in Italy sartorial craftsmanship allows the creation of unique and customised products for the Ho.Re.Ca. sector.

Fato has continued exploring and innovating by focusing on the development of original decorations that reflect distinctive Italian style and craftsmanship. The year 2023 was one of remarkable growth and innovation during which the brand celebrated its signature originality and style with the development of new decorations and the introduction of cutting-edge digital tools.



GRI

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1.9

BUSINESS AREA CONSUMER



The Consumer Division positions Lucart as one of the leading players in Italy and as a partner of European retailers for pure pulp and recycled paper products.

Our brands accompany the lives of millions of people every day with tissue and airlaid paper products, such as toilet paper, kitchen paper, napkins and handkerchiefs.

Tenderly®

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



Toilet paper

The new Tenderly toilet paper range, was improved softness performance and new graphics was launched in 2023. The range offering communicates the advantages of the different Tenderly sub-families clearly and quickly to the consumer. Created from the synergy between the Castelnuovo di Garfagnana factory and the R&D team, Tenderly comes in three different versions to meet the needs of customers and consumers in terms of features and price:

Tenderly Kilometrica very long, compact yet soft rolls;

Tenderly Carezza di Latte uses an innovative fibre blend to offer lots of softness at an affordable price;

Tenderly Ultra Comfort combines the softness of 3-ply with the comfort of a larger tear. Wider and longer than other Tenderly branded tissue products.



Handkerchiefs

Tenderly also refreshed the Handkerchief range in the second half of 2023.

Tenderly Comfort are the extra-strong 4-ply tissues, ideal for colds. Available in 12 and 30 packets and in "Box" format.

Tenderly Carezza is the new line designed to maximise paper softness with an innovative 3-ply, high grammage handkerchief.

A carton of themed handkerchiefs was launched for Christmas with festive graphics depicting the most famous Disney characters in Christmas attire – Mickey, Minnie, Pluto, Donald and Daisy – in the format containing 10 packets.

In 2023, the Tenderly range under **Disney Classics** licence was relaunched with new graphics and the addition of Winnie the Pooh characters for the wet wipes and the rectangular box of 50 tissues.

GRI

2-1
2-6

Tutto[®]



Brand specialising in home care and the only one in its market to offer airlaid products offering remarkable absorbency and resistance performance that can be reused several times, either dry and wet. Today its offer is completed with the Tutto Cucina tissue paper line and the brand-new Napkin line.

Kitchen towels

Tutto Pannocarta Facile, a special roll format able to exploit the potential of airlaid paper with a convenient new size of single sheets that maximises the occasions of use in the kitchen and everywhere in the house was launched in the first half of the year following the investments made in the Avigliano plant.



Two new Disney-licensed products featuring characters from the film Ratatouille were also launched for the Tutto brand: **Tutto Cucina Monorotolo** with decorated sheets and **Tutto Cucina in sheets**. Both are ideal kitchen products with two practical sizes and fun graphics.

Red napkins was launched for Christmas with dedicated graphics depicting the most famous Disney characters in festive attire – Mickey, Minnie, Pluto, Donald and Daisy – in the format containing 30 pieces.

Grazie[®] EcoNatural



A leading brand in the ecological segment, it is the first tissue product line for the consumer market made by recycling the cellulose fibres contained in Tetra Pak[®] beverage cartons. All products in the Grazie EcoNatural line are Ecolabel and FSC[®] Recycled certified.

Grazie Natural is transformed into Grazie EcoNatural to tell the story of the recycling project, derived from beverage cartons, in an even more synergetic way with the Group's other brands. The name change took place in parallel with a restyling of the pack graphics, reinforcing the values of the project related to the product, certifications and the environment.

In 2023, we started a major project that will lead to certifying Grazie EcoNatural toilet paper as a "Climate Neutral" product.



For several years, Smile has represented the range proposal that combines consumer needs with Lucart innovation. The new ranges of toilet paper, kitchen towels and rolls exploit "hybrid" technology by combining pure cellulose plies with 100% recycled paper. The paper is PEFC certified and the packaging is made from a minimum of 30% recycled plastic.

1.10

BUSINESS AREA BUSINESS TO BUSINESS (BTOB)



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

The main types of papers produced in the plants of the Group



Tissue paper

White and coloured papers made using paper to be recycled, virgin cellulose or a mix of the two as raw material, to be converted into hygiene paper products, such as kitchen towels, toilet paper, handtowels, napkins, handkerchiefs, wipers and medical sheets.



Airtaid paper

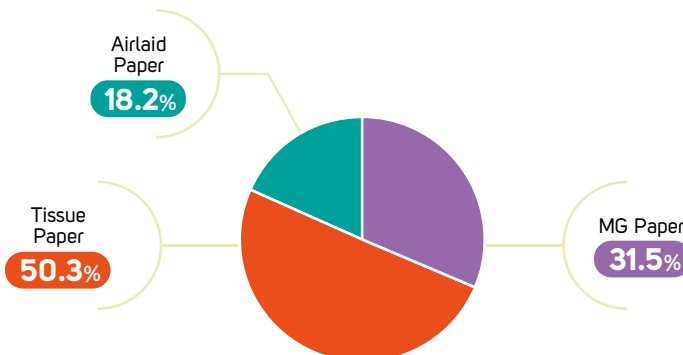
Paper made with long-fibre "fluff" cellulose with a production process that does not involve the use of water to bond the fibres. The paper thereby obtained is particularly resistant and can be reused several times. The jumbo reels are used for other paper converting companies for use in the production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



MG Paper

Paper made using paper to be recycled, virgin cellulose or a mix of the two as raw material and intended for other paper-converting industries for making bags, gift wrapping paper, paper laminated with polyethylene or aluminium, tablecloths and other types of packaging.

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



GRI

2-1
2-6

1.11

CERTIFICATIONS

The quality of our products is confirmed by important certifications. (Updated to 31 December 2023)

ECOLABEL

A quality marking issued by the European Union that distinguishes products and services with low environmental impact throughout their entire life cycle.



Lucart was the first company to achieve Ecolabel certification in Italy in 1998 and in Hungary in 2020.

PEFC e FSC®

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

PEFC
(Programme for the Endorsement of Forest Certification)



FSC®
(Forest Stewardship Council®)



The mark of responsible forestry

ISO

The Group's plants in Italy were among the first in Europe to obtain ISO 9001 Quality Management System certification and ISO 14001 Environmental Management System certification for the specific sector of tissue and MG products.

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

ISO 14001 is a voluntary international standard which defines how an efficient Environment Management System should be developed.

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

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

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

EMAS (Eco-Management and Audit Scheme)

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

**GRI**

2-23
2-24

Der Blaue Engel

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



OK Compost

This mark certifies that the product is compostable in industrial composting plants.



IFS HPC (International Featured Standard Household and Personal Care)

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

CRADLE TO CRADLE™

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



ReMade In Italy®

The certification attesting to the recycled/subproduct content within a product or material.



CHSA

Accreditation scheme for companies manufacturing cleaning and hygiene products in the UK.



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

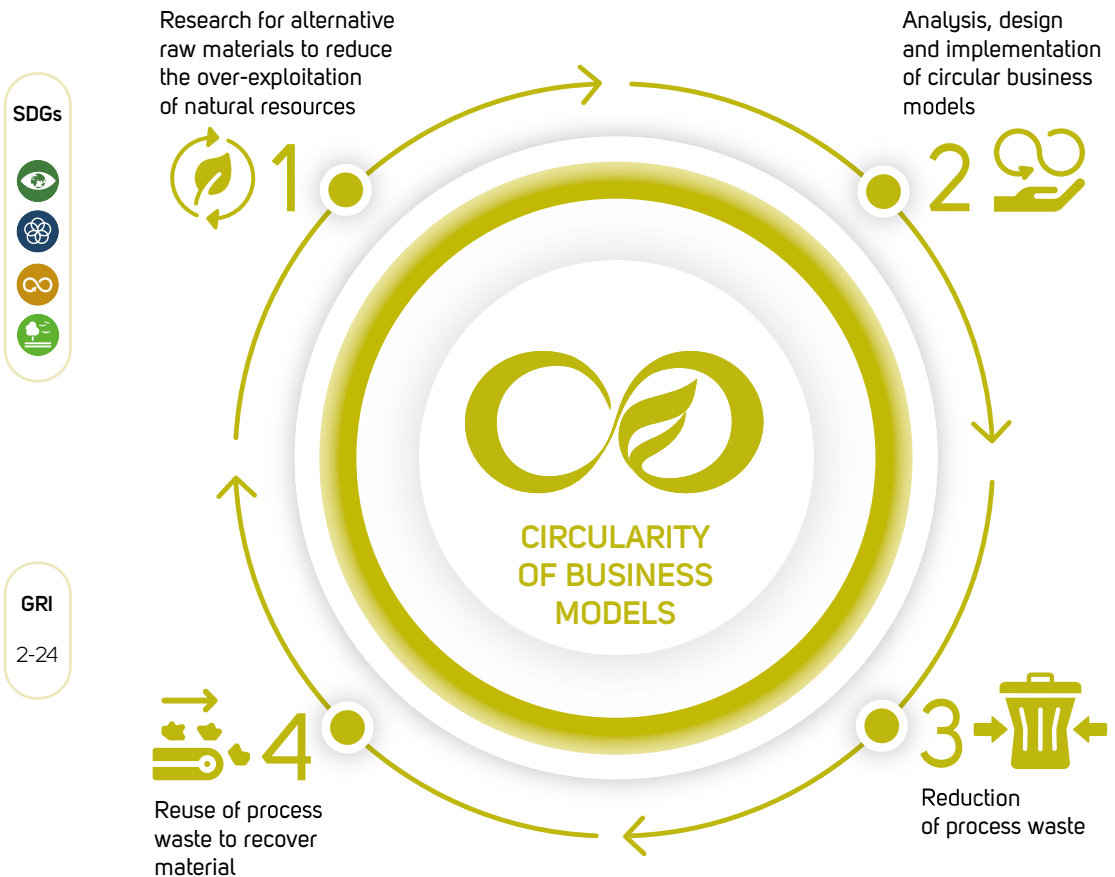
● certificate ○ ongoing process

1.12

CIRCULARITY AND SUSTAINABILITY AS STRATEGIC BUSINESS LEVERS

Lucart is firmly determined to speed up the transition from a linear to a circular economy.

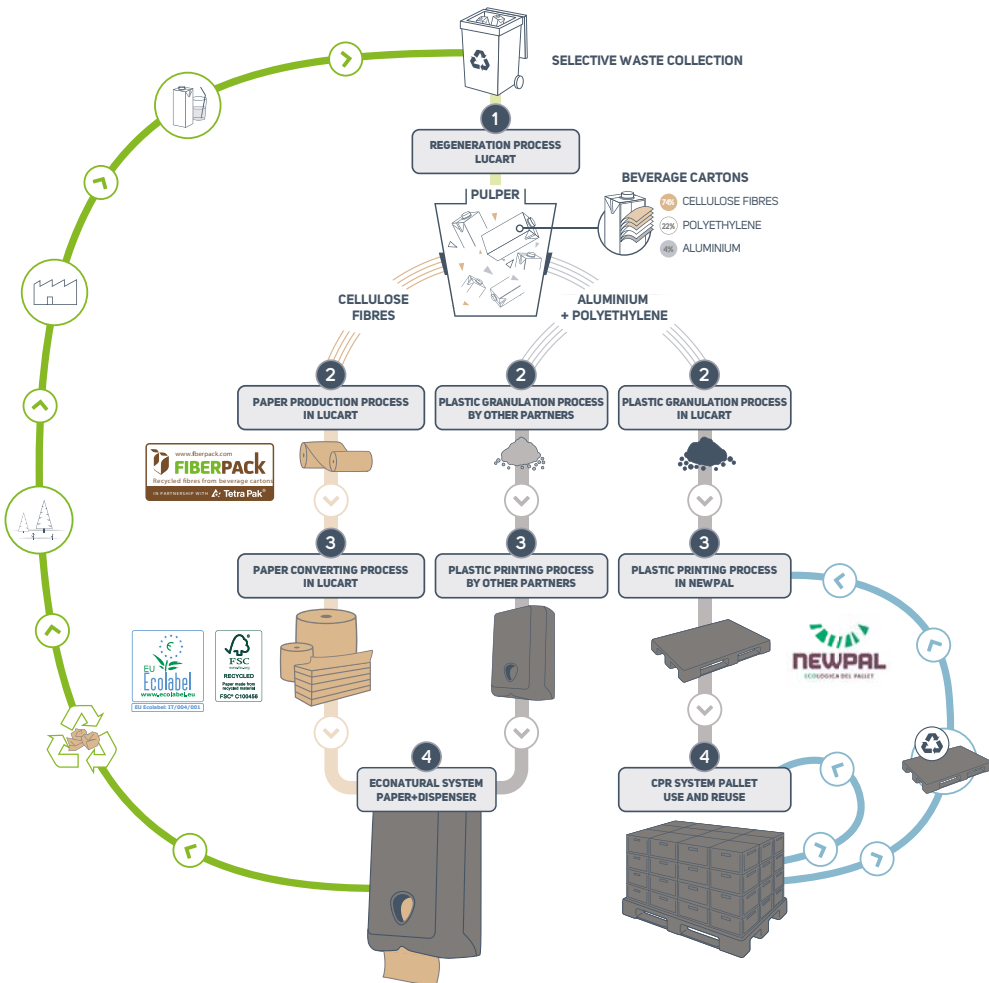
The Lucart strategy places the circularity of business models at the centre of business activities and, in particular, encourages:



The EcoNatural Project

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

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



Project phases

1

The New Reclaimed Raw Materials

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



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



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

2

The Paper + Dispenser System

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



3

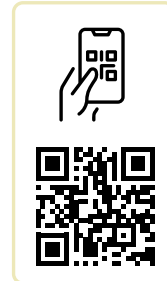
Industrial symbiosis

The third stage consisted in the establishment of Newpal S.p.A., the joint venture with CPR System, dedicated to the moulding of high-quality recycled pallets. In the Borgo a Mozzano plant, a new plant has been installed that is able to obtain a plastic granule from the homogeneous material composed of polyethylene and aluminium obtained from the recycling process of beverage cartons. The granule, called GranPlast, becomes the raw material for Newpal S.p.A., which moulds recycled plastic pallets with a plant specially designed to use non-virgin plastics. The project will close the recycling loop of Tetra Pak® beverage cartons, creating major benefits for the environment and new business opportunities.

Pallets made by Newpal are used by CPR System, a leader in Italy in the production, handling and recycling of collapsible plastic packaging and pallets. CPR System **recovers** and **reuses pallets** which, at the end of their life and after multiple uses, are not disposed of in landfills but are reintroduced into the industrial process.

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

- ▶ it makes full use of production waste and creates shared value;
- ▶ it produces a reusable product in the circuit managed by CPR System, which at the end of its life is actually recycled to make new pallets;
- ▶ it offers the market a quality recycled plastic pallet at a highly competitive price.

**Infinity**

Infinity, the plant pot line born from the collaboration between Lucart and Pasquini & Bini and with the contribution of the Department of Agricultural, Food and Agro-Environmental Sciences of the University of Pisa, was launched in 2023.

The pots are made from GranPlast material, the polyethylene and aluminium separated in the beverage cartons process at the Borgo a Mozzano plant.

In addition to finding further applications in various fields, it was found that the characteristics of the material help plant growth because it regulates root temperature and promotes phytostimulation.

The absence of carbon black simplifies disposal at the end of cultivation.



The MMC® Circular Business Model

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



For this purpose, the Circular Shield D.o.o. and the MMC® (Municipal Material Cycle) model were created, which was first put to the test in the city of Novo Mesto in Slovenia. The aim of the model is to involve both residents and city institutions to promote the circular culture and help create true sustainability. The project requires the coordination of many local actors. Used beverage cartons are collected in existing packaging collection systems by residents. After the mixed packaging is sorted at the local waste disposal company, the used beverage cartons are sent to Lucart, which converts them into new products in the Lucart Professional EcoNatural line. The products are delivered to a local partner for distribution to the toilets of offices, schools, public companies and sports centres in the area from where the collected cartons originated. In Slovenia MMC® is active in many municipalities covering 22% of the national population.

The export of the virtuous Slovenian model to Slovakia has allowed MMC® to be implemented in several municipalities, reaching 5% of the population, with continued expansion to other countries, including France. Used beverage cartons leave municipalities as waste and return as useful high quality toilet paper products, allowing residents to see the result of their proper waste disposal efforts when they use the public facilities in their town.

EcoNatural is not just a range of sustainable toilet papers, it is a true culture of sustainability that involves communities by making them conscious protagonists of a fully circular virtuous process.

Overall results of the EcoNatural project

In the 2013-2023 period, Lucart, considering the tonnes of Fiberpack® paper produced, has contributed to:



¹ Considering 1-litre beverage cartons

² Considering the cartons stacked one on top of the other

³ United Nations Environment Programme, Report 2011: Towards a Green Economy

⁴ European Union Life Cycle Database (ELCD)

EcoNatural achieves climate neutrality

The year 2023 marked a major milestone in EcoNatural's sustainability journey, with the achievement of product Climate Neutrality, respecting the guidelines defined by the PAS2060 standard, for all EcoNatural Lucart Professional and Velo toilet papers and handtowels in the Laval-sur-Vologne and Borgo a Mozzano plants and for the Grazie EcoNatural toilet paper made in the Italian plant⁵. All greenhouse gas emissions generated during the life cycle of the product in a given period have been reduced and offset to zero.

According to the PAS2060 standard, the process takes place in 3 steps:

1 MEASUREMENT



In this first phase, Product Carbon Footprint, the CO₂ emissions of the entire product life cycle are measured. The collaboration with Carbonsink, a company specialising in climate strategy, is crucial.

2 REDUCTION



This stage involves studying the reduction of CO₂ emissions by optimising production processes, using sustainable raw materials, and switching to alternative energy sources.

3 COMPENSATION



Finally, CO₂ emissions are calculated and offset through the support of specific climate action projects with positive environmental, social and economic impacts.



The company has decided to support projects in Uganda and Malawi to facilitate the access of families and local communities to clean and safe drinking water by promoting environmentally friendly water purification technologies⁶.

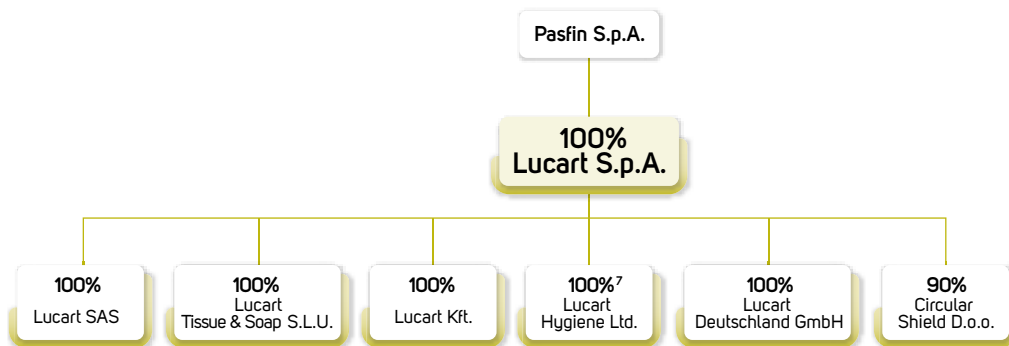
⁵ The calculation of the product-level carbon footprint was performed in compliance with ISO 14067 and in accordance with PCR 2011:05 on tissue products (version 3.0.1).

⁶ Offsetting includes all residual greenhouse gas emissions from all stages of the product life cycle (including distribution and end-of-life treatments). For offsetting total residual emissions, Lucart purchases certified carbon credits (CDM Registry projects with ID 5962 and PoA 5658; <https://cdm.unfccc.int/Registry/index.html>).

1.13 ORGANISATION

Corporate structure of the Group and the percentage of ownership

On 31 December 2023



⁷ Lucart S.p.A. sold a minority stake (37%) in Lucart Hygiene Ltd. in 2022 to SIMEST S.p.A., the Italian government agency supporting the internationalisation of Italian companies. The support of SIMEST S.p.A. was implemented by buying forward a minority shareholding. SIMEST S.p.A. is a silent partner and on Lucart S.p.A.'s balance sheet the SIMEST participation is accounted for as "other debt" and not as a transfer of "capital".

Board of directors

The **Board of Directors** of Lucart S.p.A., the operating company leading the Lucart Group, with its headquarters in Porcari (Italy), is appointed by the Shareholders' Meeting and has six members⁸ with the necessary expertise for responsible management of the Company, concerning the strategic plan drawn up and approved by the Shareholders' Meeting. The non-executive directors have the requirements of independence required by Art. 148(3) of Italian Legislative Decree 58/1998.

Massimo Pasquini	(President and CEO)	67 years old	Executive
Sandro Pasquini	(Councilor)	56 years old	Executive
Alessandro Pasquini	(Councilor)	47 years old	Executive
Francesco Pasquini	(Councilor)	44 years old	Executive
Massimo Innocenti	(Councilor)	61 years old	Non executive
Guido Carissimo	(Councilor)	68 years old	Non executive

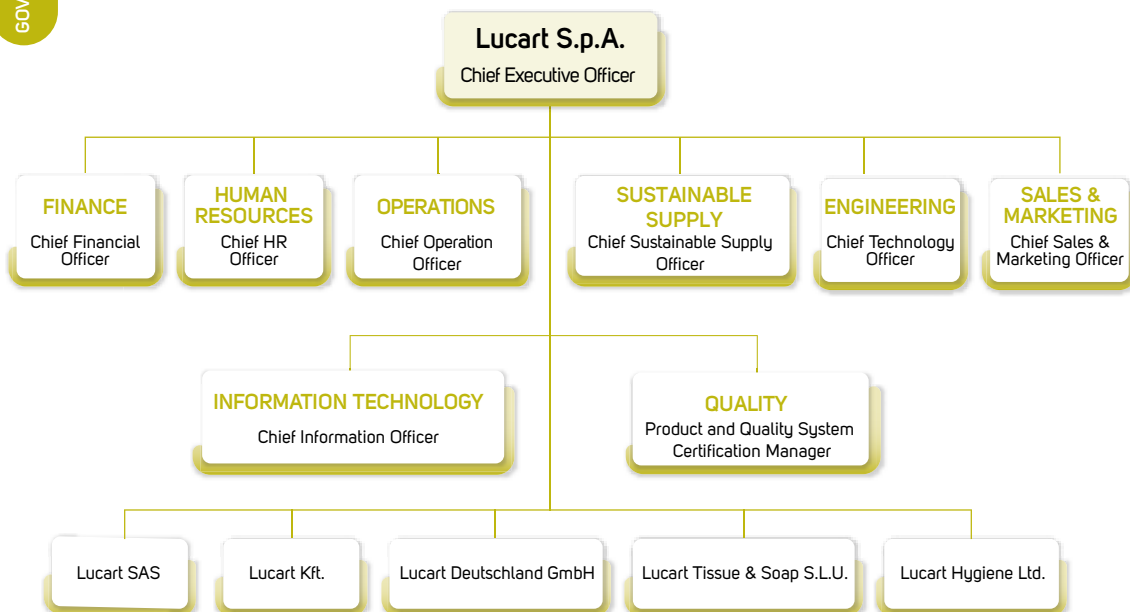
The BoD of Lucart S.p.A. is supported by a **Board of Statutory Auditors** consisting of three professionals.

⁸ The members of the Board of Directors of Lucart S.p.A. are six men: 33% aged between 30 and 50, of which 67% are over 50 in age. In 2023, the President and Chief Executive Officer did not hold any other positions within the group or at other subsidiary companies. The members of the Board of Directors, elected by the Shareholders' Meeting, unless resolved otherwise, hold office for three financial years and their term of office expires on the date of the Shareholders' Meeting called to approve the financial statements for the last financial year of their office. Directors are eligible for re-election.

GRI

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Organisation Chart



Committees

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

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

1.14

ORGANISATIONAL MODEL

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

The model is aimed at preventing the possibility of committing offences according to the decree – including those related to conflict of interest – and, consequently, at reducing the company’s administrative liability. The implemented model, based on an accurate analysis of company activities to identify those potentially at risk, is a set of general principles, rules of conduct, control instruments and organisational procedures, training and informational activities and disciplinary system aimed at assuring, as far as possible, crime prevention.



Supervisory Board

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

The Chairman of the Supervisory Board and the other members are chosen for their particular expertise in the field of administrative liability, corporate processes, governance corporate and in environmental and safety matters. The Supervisory Board has its own budget to independently manage its activities and periodically reports to the Board of Directors of Lucart S.p.A. The Board regularly exchanges information with the Board of Statutory Auditors and the auditing firm.

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

GRI

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1.15

CODE OF ETHICS



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

Legality rating



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

In keeping with the best international practices, the latest revision of the Code of Ethics defines the fundamental principles and core values of corporate ethics, the rules of conduct and relevant implementation regulations and was approved in August 2023.

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

The Code of Ethics is an integral part of the "Organisational, Management and Control Model" introduced to prevent company liability under Legislative Decree 231/2001. It is an essential tool to counter any risks of abuse of fundamental human rights and all forms of active and passive corruption. Ethics in entrepreneurial activity is a key element for a company's success and credibility. It is the factor that identifies and strengthens the company's values, to turn them into the foundations and drive for competitive socio-economic development over time. The principles that have always driven and guided our way of doing business lie at the basis of the Code of Ethics: fairness, good faith, transparency, fidelity and loyalty.

GRI

2-23
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Whistleblowing

All Recipients of the Code of Ethics can notify in writing through protected information channels of any breach or suspected breach of the Code of Ethics of Professional Conduct. Notifications can also be anonymous but all of them will be assessed by the bodies responsible which, in guaranteeing anonymity to the person making the notification, will judge on a case-by-case basis whether it is appropriate to institute an investigation given the actual circumstances. The confidentiality of the person making the notification is assured, subject to legal obligations.



To this end, the Group has made available an alternative reporting channel (Digital PA) suitable for guaranteeing, by computerised means, the confidentiality of the reporter's identity, available at the following address: <https://Lucartgroup.segnalazioni.net>

In 2023, the Supervisory Board received a report of a breach through the Digital PA platform and, with the support of the internal functions, carried out the necessary investigations.

The Supervisory Board suggested that the company strengthen some health and safety procedures and remind the entire organisation of the importance of respecting the ethical principles contained in the company's Code of Ethics.

Relations with Public Authorities

In relationships with government agencies, Lucart pays special attention to maintaining full compliance with national and international regulations in force. Lucart also commits to fulfil all bureaucratic procedures related to every action, behaviour, agreement or negotiation/ assignment procedure, so that all Lucart conduct focuses on maximum transparency, fairness and legality. A specific Anti-Corruption Policy was also approved by the Board of Directors in February 2022.

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

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

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

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

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

1.16

RISK MANAGEMENT

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



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

- 1) risks and uncertainties related to the business, organisation and context;
- 2) financial risks.

BUSINESS, ORGANISATIONAL AND CONTEXT-RELATED RISKS AND UNCERTAINTIES

Risks Associated with Global Economic Trends

RISKS

(Description of risk)

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

The Group's target market is indirectly dependent on the economic availability and spending propensity of consumers, as well as the general economic trend. Political instability and/or economic recession in a significant geographic market for the Group's sales could adversely affect our economic, financial and asset situation.

ACTIONS

(Actions implemented for risk reduction)

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

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

GRI

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Competition Risks

RISKS

(Description of risk)

The Group, like any other company operating in the industry, is subject to the actions of other manufacturers that could cause its market share to shrink.

This risk relates to the possibility that competitors bring new products onto the market that compete with those of the Group.

ACTIONS

(Actions implemented for risk reduction)

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

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

Geopolitical Risks

RISKS

(Description of risk)

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

As the Russian-Ukrainian conflict and the situation in the Gaza Strip have unfortunately shown, this risk can also extend significantly to energy costs and/or intercontinental sea trade.

ACTIONS

(Actions implemented for risk reduction)

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

As far as energy costs are concerned, reference may be made to that expressed regarding climate change, but it must be said here that any interruption of gas or electricity supplies would inevitably bring the involved production plants to a standstill.

It should be noted, however, that Group companies have no exposure in the areas affected by ongoing conflicts and that the majority of raw and auxiliary materials consumed do not transit the Suez Canal.

Climate Change Risks

RISKS

(Description of risk)

Climate change could, first and foremost, cause damage to our production facilities due to catastrophic weather events.

It is also very likely that the fight against climate change will lead to higher energy costs.

ACTIONS

(Actions implemented for risk reduction)

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

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

The Group has also had an Environmental Committee for years, one of whose prerogatives is the analysis of the environmental, climatic and hydrogeological situation in the geographical areas where the production plants are located.

Weather damage is also covered by a specific insurance policy.

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

RISKS

(Description of risk)

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

ACTIONS

(Actions implemented for risk reduction)

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

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

In early 2022, the model was revised to update it to organisational changes and the latest case law and doctrine.

It should be noted that to ensure the proper behaviour of its employees in all contexts, a Group code of ethics and anti-corruption policy has been drawn up and adopted.

Risks Associated with Disputes and Potential Liabilities

RISKS

(Description of risk)

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

ACTIONS

(Actions implemented for risk reduction)

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

Cyber Risks

RISKS

(Description of risk)

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

ACTIONS

(Actions implemented for risk reduction)

The Group, through its IT department, has identified the main risk areas and implemented appropriate protection tools. As this is an evolving issue, the monitoring of cyber risks is done on an ongoing basis.

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

Product Risks

RISKS

(Description of risk)

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

ACTIONS

(Actions implemented for risk reduction)

The Group has defined the scope of its quality, environmental and product safety management systems, within which it applies risk management processes to identify and assess the relevant risks.

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

FINANCIAL RISKS

Market Risk

RISKS

(Description of risk)

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

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

ACTIONS

(Actions implemented for risk reduction)

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

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

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

Price Risk (or *commodity risk*)

RISKS

(Description of risk)

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

ACTIONS

(Actions implemented for risk reduction)

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

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

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

Exchange Rate Risk

RISKS

(Description of risk)

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

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

ACTIONS

(Actions implemented for risk reduction)

The Lucart Group adopts an exchange rate risk hedging policy aimed at both protecting budget margins (hedging expected flows) and protecting outstanding assets and liabilities denominated in a currency other than the reporting currency.

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

Interest Rate Risk

RISKS

(Description of risk)

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

Changes in market interest rate levels influence the cost and yield of various forms of financing and employment, with effects on financial expenses and income.

ACTIONS

(Actions implemented for risk reduction)

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

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

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

Credit Risk

RISKS

(Description of risk)

The Lucart Group is exposed to credit risk arising from its business activities with its customers.

The risk is the potential effects that would arise if one of the counterparties were temporarily or permanently unable to meet its obligations.

ACTIONS

(Actions implemented for risk reduction)

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

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

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

For the sake of completeness, it should be noted that no significant credit losses were incurred in 2023.



Liquidity Risk

RISKS

(Description of risk)

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

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

Significant **external factors** that may affect the availability of adequate financial resources for the Group include international credit market trends, which are closely related to the trends of the global economy and the international geo-political situation.

ACTIONS

(Actions implemented for risk reduction)

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

With regard to external factors, although geopolitical uncertainties persisted and interest rates rose during the year to counter rising inflation, the company's good profitability levels and the continuous monitoring and prudent management of working capital and investments meant that the company ended the year with more than EUR 80 million in cash.

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

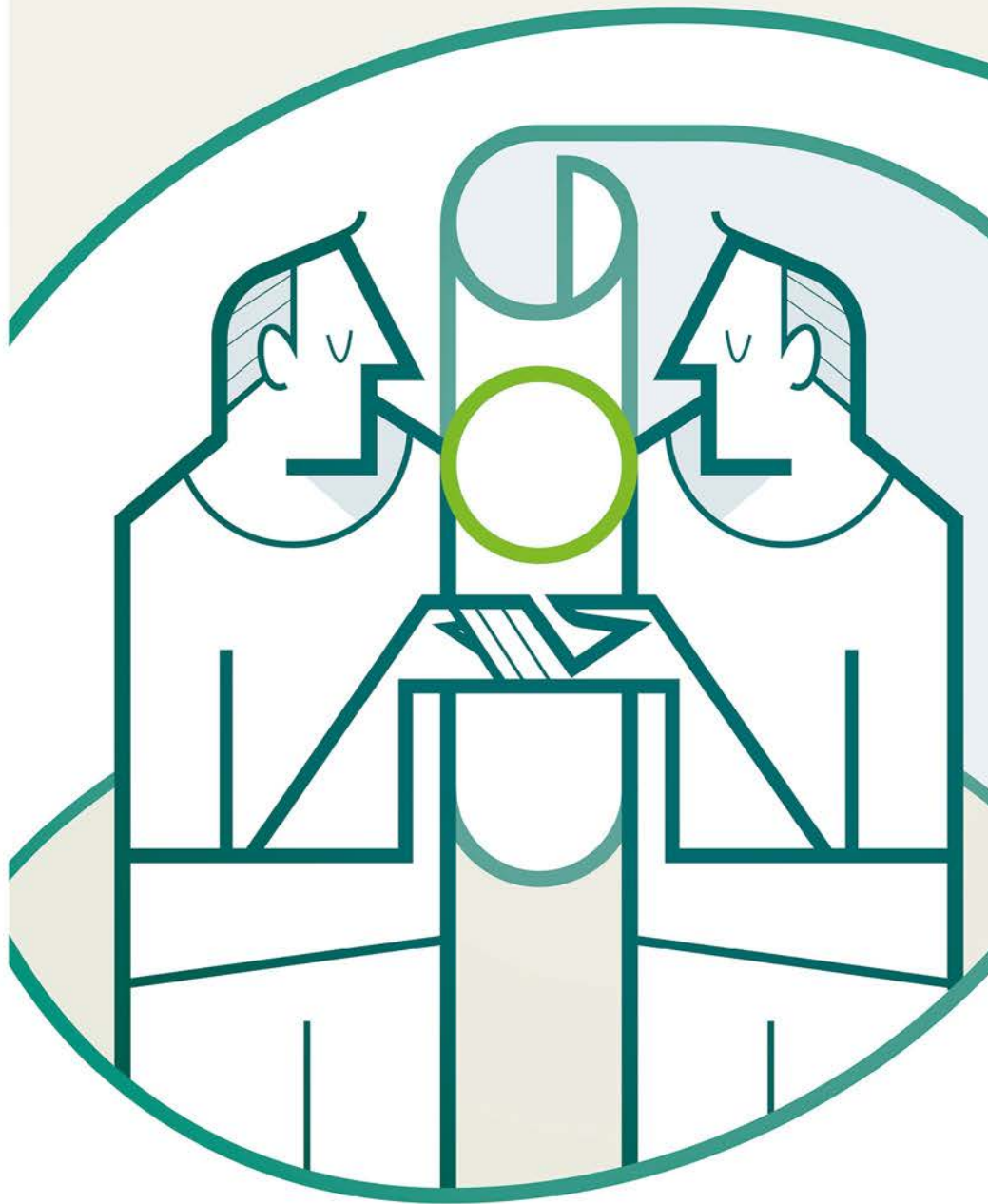
Finally, it should be noted that to date, the Group has credit lines with different banks that are adequate for its liquidity needs, also in light of the Group's capital structure and the balance between short- and medium/long-term sources and loans.

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

Personal Data Protection and Privacy

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





SDGs



SHARING



We engage people by sharing our ideal for a better future with everyone. We are made of people who work together following an organisational model based following principles: sharing, caring, responsibility and vision.

2 COMPANY AND PEOPLE

2.1

PRINCIPLES

**SHARING**

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

**CARING**

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

**RESPONSIBILITY**

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

**VISION**

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

GRI

2-23

2.2

COMMUNICATION PLAN WITH STAKEHOLDERS

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
CUSTOMERS AND FINAL CONSUMERS	Newsletter	• Sales Division	Monthly	Analytics
	Conventions	• Marketing Division	Yearly	Q&A
	Meetings	• Sales Division	Miscellaneous	Q&A
	Survey	• Marketing Division • Sales Division	Yearly	Analytics
	Website	• Marketing Division • Corporate Communication	Continuous	Analytics
	Agents	• Sales Division	Miscellaneous	Q&A
	Mobile App	• Marketing Division	Continuous	Analytics
	Social Networks	• Marketing Division • Corporate Communication	Continuous	Analytics
	Guided Facility Tours	• Sales Division • Corporate Communication	Yearly	No. of Visitors
	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Trade Shows	• Sales Division • Marketing Division • Corporate Communication	Miscellaneous	Q&A
	Free-Phone Number	• Marketing Division	Continuous	No. of Calls
	Product Packaging	• Marketing Division	Continuous	_
	Catalogues	• Marketing Division	Yearly	_
	Sales Communication	• Marketing Division	Miscellaneous	_
	Certifications	• Q&E Division	Continuous	_
Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads	
SHAREHOLDERS AND INVESTORS	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Direct Contacts	• BoD/Finance Division	Miscellaneous	Q&A
	Website	• Corporate Communication	Continuous	Analytics
	Social Networks	• Corporate Communication	Continuous	Analytics
	Dedicated Meetings	• BoD/Finance Division	Miscellaneous	Q&A
	Survey	• Corporate Communication • Finance Division	Miscellaneous	Analytics
Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads	

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
EMPLOYEES <ul style="list-style-type: none"> Business Integrity and Sustainability Combating Climate Change Health and Safety of Workers Responsible sourcing of resources along the supply chain Development and management of human capital 	Newsletter	• Corporate Communication	Monthly	Analytics
	Notice Boards and Billboards	• Plant Division • Corporate Communication • HR Division	Continuous	—
	Working Groups	• All Departments	Miscellaneous	Q&A
	Surveys	• HR Division • Corporate Communication	Yearly	Analytics
	Social Networks	• Corporate Communication	Continuous	Analytics
	Intranet	• HR Division	Continuous	Analytics
	Website	• Corporate Communication	Continuous	Analytics
	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads

SUPPLIERS <ul style="list-style-type: none"> Business Integrity and Sustainability Combating Climate Change Product and process sustainability Responsible sourcing of resources along the supply chain 	Website	• Corporate Communication	Continuous	Analytics
	Social Networks	• Corporate Communication	Continuous	Analytics
	Dedicated Meetings	• Purchasing Division	Miscellaneous	Q&A
	Direct Contacts	• Purchasing Division	Miscellaneous	Q&A
	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Survey	• Corporate Communication • Purchasing Division	Miscellaneous	Analytics
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads

LOCAL COMMUNITIES <ul style="list-style-type: none"> Business Integrity and Sustainability Combating Climate Change Health and Safety of Workers Responsible sourcing of resources along the supply chain Support to Local Communities 	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads
	Website	• Corporate Communication	Continuous	Analytics
	Social Networks	• Corporate Communication	Continuous	Analytics
	Direct Contacts	• Plant Division • Corporate Communication	Miscellaneous	Q&A
	Survey	• Corporate Communication	Miscellaneous	Analytics
	Guided Facility Tours	• Corporate Communication	Yearly	No. of Visitors

REGULATORY BODIES <ul style="list-style-type: none"> Business Integrity and Sustainability Responsible sourcing of resources along the supply chain Health and Safety of Workers Product Safety Support to Local Communities Combating Climate Change 	Direct Contacts	• Operation Division	Miscellaneous	Q&A
	Dedicated Meetings	• Operation Division	Miscellaneous	Q&A
	Website	• Corporate Communication	Continuous	Analytics
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads
	Audit	• Operation Division • Plant Division	Yearly	Report

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
MEDIA	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Social Networks	• Corporate Communication	Continuous	Analytics
	Business Integrity and Sustainability	• Corporate Communication • Marketing Division	Miscellaneous	Q&A
	Combating Climate Change	• Corporate Communication • Marketing Division	Miscellaneous	Q&A
	Product Safety	• Corporate Communication • Marketing Division	Continuous	Analytics
	Support to Local Communities	• Corporate Communication	Miscellaneous	Analytics
	Responsible sourcing of resources along the supply chain	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads

SCHOOLS/ UNIVERSITIES & RESEARCH ORGANISATIONS	Direct Contacts	• Operation Division • Corporate Communication	Miscellaneous	Q&A
	Dedicated Meetings	• Operation Division • Corporate Communication	Miscellaneous	Q&A
	Business Integrity and Sustainability	• Operation Division • Corporate Communication	Miscellaneous	No. of Visitors
	Combating Climate Change	• Corporate Communication	Miscellaneous	Analytics
	Development and management of human capital	• Corporate Communication	Continuous	Analytics
	Support to Local Communities	• Operation Division	Miscellaneous	Project Objectives
	Research, Development and Innovation	• Corporate Communication	Continuous	Analytics
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads

TRADE ASSOCIATIONS	Direct Contacts	• Operation Division • Corporate Communication	Miscellaneous	Q&A
	Dedicated Meetings	• Operation Division • Corporate Communication	Miscellaneous	Q&A
	Business Integrity and Sustainability	• Corporate Communication	Miscellaneous	Diffusion
	Combating Climate Change	• Corporate Communication	Continuous	Analytics
	Development and management of human capital	• Corporate Communication	Continuous	Analytics
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads
	Working Groups	• Operation Divisions	Miscellaneous	Q&A

TRADE UNIONS	Dedicated Meetings	• HR Division • Plant Division	Miscellaneous	Q&A
	Business Integrity and Sustainability	• Corporate Communication	Miscellaneous	Diffusion
	Combating Climate Change	• HR Division	Miscellaneous	Q&A
	Health and Safety of Workers	• HR Division	Miscellaneous	Q&A
	Development and management of human capital	• Corporate Communication • Sustainability Division	Miscellaneous	No. of Downloads
	Responsible sourcing of resources along the supply chain	• HR Division	Miscellaneous	_
	Noticeboards	• HR Division	Miscellaneous	_

Type of stakeholder & material topics	Medium	Owner	Frequency	Verification type
NGOs • Business Integrity and Sustainability • Combating Climate Change • Responsible sourcing of resources along the supply chain • Support to Local Communities	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Website	• Corporate Communication	Continuous	Analytics
	Social Networks	• Corporate Communication	Continuous	Analytics
	Direct Contacts	• Corporate Communication	Miscellaneous	Q&A
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads
	Guided Facility Tours	• Corporate Communication	Yearly	No. of Visitors
STRATEGIC PARTNERS FOR CIRCULARITY • Business Integrity and Sustainability • Combating Climate Change • Research, Development and Innovation	Press Releases	• Corporate Communication	Miscellaneous	Diffusion
	Website	• Corporate Communication	Continuous	Analytics
	Social Networks	• Corporate Communication	Continuous	Analytics
	Direct Contacts	• Corporate Communication	Miscellaneous	Q&A
	Sustainability Report	• Corporate Communication • Sustainability Division	Yearly	No. of Downloads
	Guided Facility Tours	• Corporate Communication	Miscellaneous	No. of Visitors
	Dedicated Meetings	• Corporate Communication	Miscellaneous	Q&A
	Working Groups	• Corporate Communication	Miscellaneous	Q&A
	Survey	• Corporate Communication	Yearly	Analytics
	Trade Shows	• Corporate Communication • Marketing Division	Miscellaneous	No. of Visitors

Main stakeholder communication types and channels

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

2.3

RELATIONS WITH PERSONNEL

At its core, Lucart Group is geared towards people.

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

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

In 2023, the ratio of the maximum total annual salary to the median salary of the other employees (excluding the person receiving the maximum salary) was 5.03. It should also be noted that the ratio of the percentage increase in total annual remuneration to that of the median remuneration of other employees was 7.36⁹.



Training and horizontal technical skills

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

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

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

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

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

Both technical and language training and refresher courses continued in 2023, as did training activities related to occupational safety.

With the restrictions on face-to-face meetings finally over, management training resumed with the activation of three new workshops for middle management and employees. As in the pre-Covid editions, this programme will be entirely face-to-face over several years, with the aim of developing management meta-skills in line with the corporate Vision.

SDGs



GRI

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

During the onboarding weeks, the newly hired person is given a practical insight into the company's vision, our commitment to sustainability, and the specifics and challenges of our business through direct reports from managers and colleagues in the various business units.

⁹ Data for Hungary are excluded, as they are not available.

With regard to ESG issues, strategic training was also provided to the entire Management Committee in 2023, while a course on Diversity, Equity & Inclusion was implemented for all employees.

Finally, among the major training projects, a joint high-level training course on demand planning was set up with LIUC Carlo Cattaneo University, involving the Supply Chain, Sales & Marketing and Purchasing functions.

Skills assessment



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

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

Skill Mapping is the process by which we assess the soft and technical skills of Lucart employees to identify both potential areas of improvement and strengths to be enhanced. It is also used as a guide for people to the company's strategic behaviours (Evaluation and Improvement).

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

The implementation of the new Human Capital Management (HCM) software in its core HR module was completed during the first half of the year, and in its place the Group-wide Performance module was implemented in the second half of the year, which will enable a standardised Group-wide process for the assessment of all internal employees. The process is scheduled to go live in the first four months of 2024 with a view to 2023.

It was decided to activate the performance management process at Group level during the year.

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

Qualification	Year	M	W
MANAGERS	2021	13%	5%
	2022	28%	61%
	2023	38%	68%
WHITE COLLARS	2021	14%	6%
	2022	23%	20%
	2023	40%	31%
BLUE COLLARS	2021	9%	30%
	2022	21%	54%
	2023	21%	68%

Smart working



After extensive experimentation with different Smart Working 2020s, Lucart currently has a defined Smart Working system in which all office workers can work from home one day a week, subject to individual agreement as provided for in Decree-Law 81/2017.

Internal communications



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

Ten issues of the Newsletter were sent in 2023 and the opening rate in various languages stood at around 50%, reaching the objectives set for the tool.

The main news concerning the Group is posted on company notice boards located in the production departments of plants, on information screens and on the "Zucchetti" web portal available to Lucart S.p.A. workers in Italy.



2.4

LUCART PERSONNEL STRUCTURE

The data in the following tables refer to the company's structure as of 31 December 2023.

Total number of employees by gender

Year	M	W	TOT
2021	1,475	228	1,703
2022	1,477	234	1,711
2023	1,490	231	1,721

Total number of employees per legal entity

Year	Italy	France	Spain	UK	Hungary	Slovenia	Germany	TOT
2021	981	324	221	83	85	3	6	1,703
2022	985	337	214	92	74	4	5	1,711
2023	1,000	326	220	90	75	4	6	1,721

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

Contract type ¹⁰	Year	M	W	TOT
FIXED TIME	2021	83	21	104
	2022	55	18	73
	2023	53	15	68
PERMANENT	2021	1,392	207	1,599
	2022	1,422	216	1,638
	2023	1,437	216	1,653

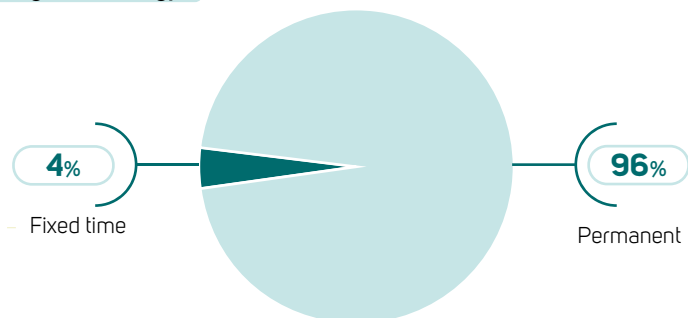
GRI

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In 2023, the number of non-employee workers in the Lucart Group is 84, of whom 76 are on temporary contracts, 7 on traineeships and 1 collaborator.

¹⁰ There are no zero-hour contract employees in Lucart facilities.

% employees by contract type



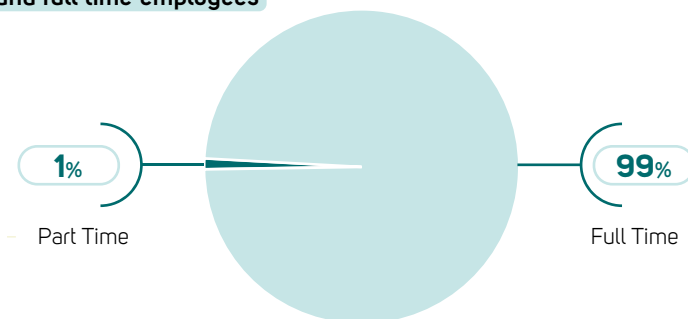
Geographical distribution of employees by contract type¹¹

Contract type	Year	Italy	France	Spain	UK	Hungary	Slovenia	Germany	Europe (other countries)	Rest of the World	Tot
PERMANENT	2023	960	285	199	76	75	2	4	29	23	1,653
FIXED-TIME	2023	11	39	16	0	0	0	0	1	1	68

Total number of employees with relevant breakdown by type and gender

Contract type	Year	M	W	TOT
PART TIME	2021	9	17	26
	2022	6	13	19
	2023	6	12	18
FULL TIME	2021	1,466	211	1,677
	2022	1,471	221	1,692
	2023	1,484	219	1,703

% part time and full time employees



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

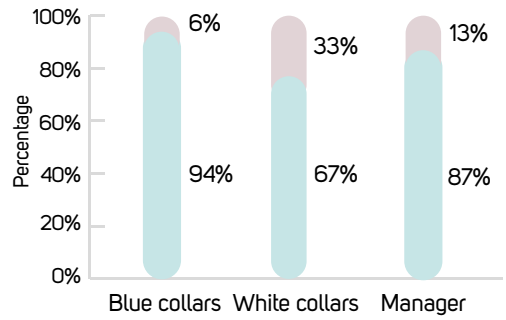
¹¹ From the year 2023 onwards, the nationalities of each employee were mapped, unlike in previous reporting. Consequently, it is not possible to provide a comparison over the three-year period 2021-2022 and 2023. Senior managers working in the companies are 98% from the local community.

Breakdown of employees by age, qualification, gender

Qualification	Year	<30 Years old		>30 <50 Years old		>50 Years old		TOT
		M	W	M	W	M	W	
MANAGERS	2021	0	1	75	15	59	7	157
	2022	1	0	60	15	72	6	154
	2023	1	0	59	15	71	4	150
WHITE COLLARS	2021	18	14	147	86	90	31	386
	2022	23	10	149	87	91	34	394
	2023	28	10	142	88	108	39	415
BLUE COLLARS	2021	79	21	558	37	442	23	1,160
	2022	86	12	518	44	477	26	1,163
	2023	77	9	502	37	502	29	1,156

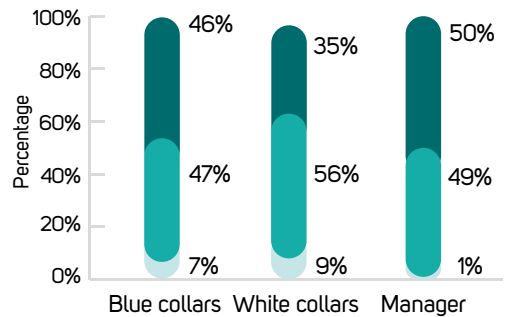
Percentage of men and women by qualification (year 2023)

- Women
- Men

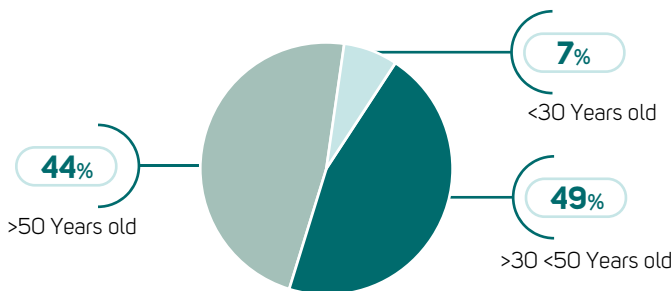


Percentage of age groups by qualification (year 2023)

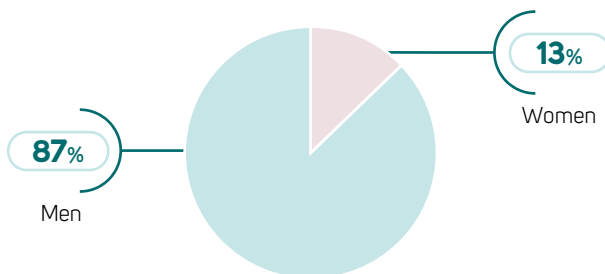
- <30 Years old
- >30<50 Years old
- >50 Years old



Breakdown of employees by age



Breakdown of employees by gender



New recruitments by age and gender¹²

Years	Gender	2021		2022		2023	
<30 YEARS OLD	M	80	82.5%	71	64.5%	53	50.0%
	W	29	80.6%	23	100%	12	63.2%
>30 <50 YEARS OLD	M	102	13.1%	79	10.9%	67	9.5%
	W	21	15.2%	32	21.9%	16	11.4%
>50 YEARS OLD	M	31	5.2%	28	4.4%	23	3.4%
	W	8	13.1%	6	9.1%	4	5.6%
TOTAL RECRUITMENT		271	15.9%	239	14.0%	175	10.2%

Terminations by age and gender¹³

Years	Gender	2021		2022		2023	
<30 YEARS OLD	M	66	68.0%	55	50.0%	33	31.1%
	W	25	69.4%	21	95.5%	10	52.6%
>30 <50 YEARS OLD	M	86	11.0%	76	10.5%	46	6.5%
	W	20	14.5%	24	16.4%	17	12.1%
>50 YEARS OLD	M	62	10.5%	62	9.7%	50	7.3%
	W	12	19.7%	8	12.1%	8	11.1%
TOTAL TERMINATIONS		271	15.9%	246	14.4%	164	9.5%

¹² All percentages reported are calculated using total employees by age group and gender as the denominator, except for the percentage referring to total hires, which is calculated using total employees as the denominator.

¹³ All percentages reported are calculated using total employees by age group and gender as the denominator, except for the percentage referring to total terminations, which is calculated using total employees as the denominator.

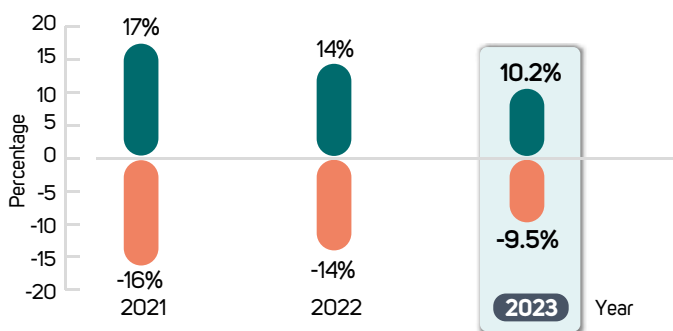
Turnover by geographical area¹⁴

INCOMING RATES						
Geographical area	2021		2022		2023	
ITALY	88	9.0%	51	5.2%	62	6.2%
SPAIN	34	15.4%	42	19.6%	24	10.9%
FRANCE	114	35.2%	106	31.5%	42	12.9%
UK	15	18.1%	14	15.2%	34	37.8%
HUNGARY	18	21.2%	25	33.8%	11	14.7%
SLOVENIA	0	0.0%	1	25.0%	1	25.0%
GERMANY	2	33.3%	0	0.0%	1	16.7%

EXIT RATES						
Geographical area	2021		2022		2023	
ITALY	95	9.7%	52	5.3%	37	3.7%
SPAIN	39	17.6%	42	19.6%	24	10.9%
FRANCE	78	24.1%	93	27.6%	53	16.3%
UK	23	27.7%	25	27.2%	36	40.0%
HUNGARY	35	41.2%	33	44.6%	13	17.3%
SLOVENIA	0	0.0%	0	0.0%	1	25.0%
GERMANY	1	16.7%	1	20.0%	0	0.0%

Staff turnover

- Incoming rate
- Exit rate



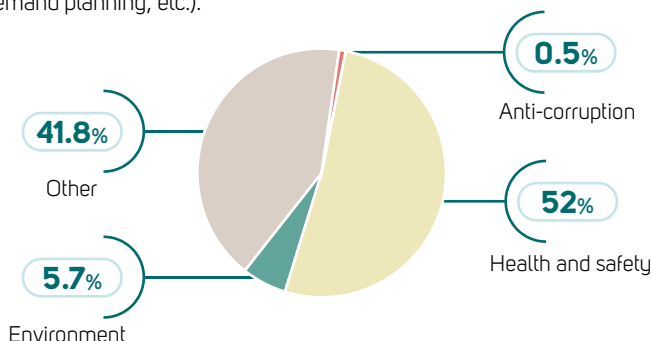
¹⁴ The rates reported by geographic area are calculated using the total number of employees per *legal entity* of the Group as the denominator.

Average training hours per capita for employees by qualification and gender

Qualification	Year	M	W	TOT
MANAGERS	2021	13.4	11.7	13.1
	2022	16.5	19.1	16.9
	2023	19.6	17.6	19.3
WHITE COLLARS	2021	13.0	10.3	12.1
	2022	12.7	6.9	10.8
	2023	17.5	15.0	16.7
BLUE COLLARS	2021	6.7	1.3	6.3
	2022	7.1	16.8	7.8
	2023	5.9	7.9	6.1

Topics covered in trainings

From the year 2023 onwards, an initial detail of the topics that were the subject of the training provided to its employees is reported: 1) anti-corruption (as required by GRI 205-2); 2) health and safety; 3) environment (e.g. waste management, environmental management system, etc.); 4) other (e.g. management and leadership courses, language courses, courses on ESG issues, specific training on Diversity & Inclusion, training on demand planning, etc.).



Training topics

Maternity/paternity leave

Years	2022			2023		
	M	W	TOT	M	W	TOT
Total number of employees with a right to parental leave	1,479	232	1,711	1,490	231	1,721
Total number of employees who used their parental leave	24	6	30	25	7	32
Total number of employees who returned to work during the reporting period at the end of their parental leave	24	6	30	25	5	30
Total number of employees who returned to work at the end of their parental leave and who are still employed, 12 months after returning	26	2	28	24	5	29
Percentage of employees who returned to work after their parental leave	100%	100%	100%	100%	71%	94%
Retention rate	100%	50%	93%	100%	83%	97%

2.5

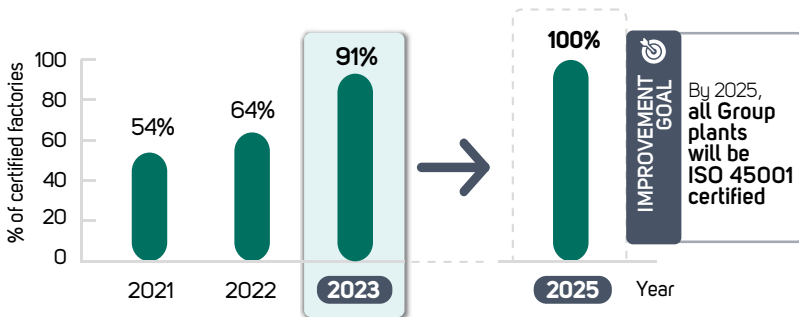
OCCUPATIONAL
HEALTH AND SAFETY

Lucart is committed to minimising work-related accidents and occupational illnesses, assuring a healthy and safe workplace for its employees and anybody working in its plants and offices. Structured and integrated systems have been implemented to achieve this target, within which the Lucart Safety Policy is laid out, implemented and monitored. Since 2020, all of the Group's Italian plants have had ISO 45001:2018 multisite certification. The Blackmore Park plant in the UK achieved ISO 45001:2018 certification in 2022. In 2023, the plants in Laval Sur Vologne, Artziniega and Nyergesújfalú also achieved this important result.

For Lucart, the involvement of the workers and their constant awareness of safety issues in the company, together with the consolidation of positive relations with the company and local trade union organisations, are key. All this has made it possible, by mutual agreement, to pursue increasingly ambitious occupational health and safety targets.

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

ISO 45001-certified plants



GRI

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Occupational safety training

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

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

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

The Facility Protection and Prevention Department informs the Human Resources Department of the activities that the new employee will carry out.

The company has identified Safety Roles that are associated with a specific training course that the Human Resources Department will activate for the specific employee. Therefore, employees receive both basic mandatory training and refresher courses according to current law.

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



A **Safety Committee** periodically meets with the participation of all key players¹⁵, including the employer. The committee reviews all results, compares them with the objectives and defines the necessary strategic and operative actions. Each production facility is also equipped with clearly-defined analysis and control tools such as the **Safety Meetings**, department and area **Audits, Improvement and Training Programmes**. Trade Union Representatives of the individual plants also take part in the Safety Meetings.

In particular, accidents are monitored in all the production facilities of the Group by recording the reference indicators, such as NUMBER of ACCIDENTS¹⁶ during the examined period, FREQUENCY INDEX¹⁷ and SEVERITY INDEX¹⁸.

Particular attention is devoted to recording and analysing near-misses to design and implement the necessary corrective actions following the principle of prevention.

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

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

Number of Accidents and Accident Indices¹⁹ 2023- employees

Production plant	Total number of accidents	Number of accidents > 180 days	FI	SI
ITALY	17	1	10.6	0.62
FRANCE	21	2	41.3	3.93
SPAIN	12	0	40.4	0.00
HUNGARY	1	0	7.41	0.00
UK	1	0	7.39	0.00
TOTAL	52	3	19.43	1.12

It is worth noting that, for 2,676,610 hours worked by Group employees, the accident rate >180 days was 1.12. For non-employees there were 3 accidents, one of which was serious, for 153,400 hours worked (accident rate of 19.56; accident rate >180 days of 6.52). There were no deaths among either employees or non-employees.

"Zero Objective"

In recent years, all the Italian plants have been considerably successful in reducing work-related accidents and Lucart S.p.A. retained excellence in this area also in 2023 with the Torre di Mosto plant that has achieved the prestigious "Zero Objective".



Avigliano: 10 accident-free years*

The Avigliano plant achieved 3,652 accident-free days in 2023, setting a new Group record for accident-free days

* One accident was recorded the Avigliano plant in 2023.

"Segui la Sicurezza" Campaign

As a result of the collaboration between the Group's Prevention and Protection Service, the Human Resources Department and the Communication Office, a communication campaign will be designed in 2021 and launched in the first quarter of 2022, dedicated to individual responsibility in the prevention of occupational risks. Stars of the campaign were some colleagues and their children who were invited to take part in a special photoshoot to highlight the fundamental role of prevention in ensuring well-being and tranquillity at work, at home and during leisure time.



¹⁵ The Safety Committee members are the Directors of the Group companies, the Chief Operations Officer, the Safety Delegates, the Health and Safety Service Managers/Health and Safety Service Operatives (RSPP/ASPP) in the Italian plants, the Safety Representatives of the other Group companies, the Chief HR Officer, the Legal Counsel, the Chief Technology Officer and the Supervisory Board, HSE, HS.

¹⁶ From 2023 onwards, the method for calculating accidents has been adapted to the requirements of GRI Standard 403, which requires that all accidents with a medical certificate are counted, regardless of the number of days of absence involved, in contrast to Italian law, which considers three days of absence to be an accident (approach used until 2022). For this reason, the last three years are not shown.

¹⁷ Frequency Index (FI): Number of accidents/working hours x 1,000,000.

¹⁸ Severity Index (SI) (as of the year 2023, the calculation of this index has been adjusted to the requirements of GRI 403-9): Accident-related missed days > 180gg/working hours x 1,000,000.

¹⁹ The accident count takes into account accidents with a medical certificate, regardless of the number of days of absence associated with them. Accidents en route are considered only when the trip is organised by the company. Commercial branches in Germany and Slovenia are excluded from the accident count. The main types of injuries are contusions, wounds, fractures and crush injuries.

2.6

RELATIONSHIPS WITH OTHER STAKEHOLDERS

The regulatory system of the Code of Ethics, with its principles of legality, loyalty, transparency, impartiality and independence, governs all relationships with Company stakeholders (customers, end consumers, shareholders and investors, employees, suppliers, local community, media, trade unions, regulatory bodies, non-government organisations, trade associations, schools, universities, research organisations and strategic partners for circularity).

Dialogues with stakeholders focus on relevant issues as identified by the Materiality Analysis described in "Corporate identity and performance indicators" chapter.

Customers and final consumers



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

The main objectives are customer satisfaction and protection, receptiveness to specific requests, product quality improvement and the offer of new business prospects. All this within a logic of partnership geared towards innovative, value-creating solutions that are stable over time and user-friendly.

The communication activities with customers and end consumers focused on issues identified as relevant according to the Materiality Analysis and therefore concerned in particular business integrity and sustainability, combating climate change, sustainable product and process development, responsible sourcing along the supply chain, product safety and customer satisfaction.

Away from Home area

Tree Challenge

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

The international competition is aimed at the salespeople of our main partners by rewarding the most effective in saving trees and providing at the same time the possibility for participants to request sustainable awards or more based on their level.

Counting the saved trees is the calculation method of the incentive plan that preserves the fundamental characteristic of the product range on which it is based, i.e., sustainability. The vendors of participating partners can increase their personal number of saved trees by competing with each other. They are encouraged to earn an **Environmental Savings Certificate** that in addition to the trees saved also considers the CO₂ not emitted and the number of recovered beverage cartons.

With the Tree Challenge campaign, Lucart saved more than 66,002 trees and avoided more than 3 million kg of CO₂e emissions into the environment in 2023.



From 01 April 2023
to 31 December 2023



66,002.7
saved trees



128,004,136
cartoons for
recycled drinks



-3,347,258.5
kg of CO₂e

GRI
2-29

LAN – Lucart Accelerator Network

The yearly meeting with Lucart “Accelerators”, a network of worldwide distributors, who are great supporters of Lucart and always ready to actively and proactively take on-board new developments and stimuli from the Company, was held in Seville from 9 to 11 October 2023. Sustainability, innovation and partnership were the main themes of the meeting. Lucart’s 70th anniversary celebrations in 2023 were an opportunity to highlight the strength and potential of the LAN network. Thanks to it, Lucart has grown over the years to become one of the world’s leading players in the tissue paper industry. The days alternated between moments of high professionalism, such as the LAN preview of the forthcoming Lucart Professional innovations, the sharing of success stories by the Accelerators or the innovation competition, and moments of fun and conviviality, which further strengthened the climate of mutual respect and trust.



Velo Convention

The customary convention dedicated to Velo dealers was held in the Dominican Republic from 4 to 12 February 2023. Velo dealers have been the long-time, loyal supporters of Lucart in Italy. The trip was an opportunity to share the company’s new product launches and projects, followed by an evaluation of the previous year’s results and the announcement of goals for the new year. They also enjoyed themselves and relaxed in beautiful Bayahibe. This formula aims to reinforce the value of the partnership. Customers recognise our commitment to their trust and, in turn, commit to maintaining a close relationship with Lucart, which confirms and even increases the Velo business year after year. This process creates a virtuous circle.



Consumer area

Tenderly

The “Così morbida, così Tenera Tenderly” (“So Soft, So Tenderly”) campaign was launched at the beginning of 2023 to support the new Tenderly products taking the consumer on a sensory journey through the audiovisual elements that characterise Tenderly.



The 20-second TV advert was followed by a social media campaign that conveyed the same values by using the specific language of the various media channels and, for the first time in several years, Tenderly was also featured on the main Italian national radio stations.

The objective is to maintain strategic coherence between all the marketing levers, from product development to communication with the end consumer, with the aim of maintaining and consolidating the Tenderly brand's leadership in softness, both real and perceived.

Tutto

In the run-up to the re-launch of Tutto Cucina, communication continues to focus on the Tutto Pannocarta range, highlighting its versatility and exceptional performance. The “Grazia, Graziella and Grazie al Panno” campaign takes an ironic look at the many ways in which the product can be used in 2023.

Four “cleaning influencers” were selected to speak directly to potential users and reinforce the concepts of the campaign, in addition to videos and static posts.

In the last quarter of 2023, the campaign was further reinforced with the “Grazia and Graziella Digital Cookbook” produced in collaboration with Food Labs, which can be downloaded free of charge by followers of the Tutto brand.



Grazie EcoNatural

Grazie EcoNatural took centre stage on Italian and French social channels in 2023, with a different tone of voice than in the past and an editorial slant that made users aware of a more sustainable lifestyle.



Shareholders and investors



Lucart has always stood out for its constant and transparent relationship with financial stakeholders, promoting an active financial partnership based on a constant sharing of corporate and investment strategies to agree on the most appropriate and advanced solutions to support financial needs and more.

Today, the Group's financial stakeholders can also be defined as custodians of some of the ESG objectives to which Lucart is committing. In 2023, new loans were signed in which the Group has committed itself to certain ESG KPIs. At the end of 2023, almost 50% of financing is *sustainability linked*.

Suppliers



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

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

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

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

Purchases are mostly concentrated in Italy, France, Spain, Hungary and the UK, the countries that currently host the production facilities of the Group. In the following table, we have considered all purchases made within the home country of the company as local purchases.

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

Geographical distribution of purchases

The method of reporting the following information has been revised in order to improve the clarity of presentation. The following items are included: cost of raw materials, consumables and other goods; cost of services and use of third party assets. The method for reporting the following information has been revised to further strengthen the overview.

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

Lucart S.p.A.		Lucart SAS		Lucart Tissue & Soap S.L.U.		Lucart Kft.		Lucart Hygiene Ltd.	
Italy	61%	France	58%	Spain	61%	Hungary	13%	UK	44%
Abroad	39%	Abroad	42%	Abroad	39%	Abroad	87%	Abroad	56%



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

Student visits to the various plants resumed in 2023, after a break due to the Covid-19 pandemic. Contacts with schools in the Lucca area, aimed in particular at developing a culture of recycling and conscious use of products, were also maintained by supporting the participation of schools in the "Clean up the World" initiative organised by Legambiente.

Lucart donated paper hygiene products to local institutions and the Misericordie, in addition to its usual financial support for the Meyer Foundation in 2023. Products for hygienic and sanitary use were donated to associations active on the territory to support families in need. Educational computers and paper products were donated to local schools. Many paper products were donated through the Protezione Civile and Misericordia to support activities following the flooding emergency in Emilia-Romagna and Prato.

As every year, in compliance with the company's Code of Ethics, gifts sent by suppliers to the employees of the Group were collected and donated to local associations.



OPENING OF THE DISTRICT HEATING SYSTEM - CASTELNUOVO DI GARFAGNANA PLANT

In December 2023, a district heating system was inaugurated in Castelnuovo di Garfagnana that uses waste heat from the Lucart plant's high-efficiency cogeneration plant to heat the facilities of the local sports centre. This is a tangible demonstration of how active collaboration between the company and the local community can make the most of available resources and maximise their potential. Specifically, a 1,500 metre loop was built between the paper mill and the adjacent sports centre, bringing hot water from the heat exchanger installed near Lucart's CHP turbine.

Technicians of the municipality have calculated that the project should lead to a saving of approximately 40% of the current methane gas consumption with a simultaneous reduction in emissions of 66 tonnes of CO₂ per year.



Media



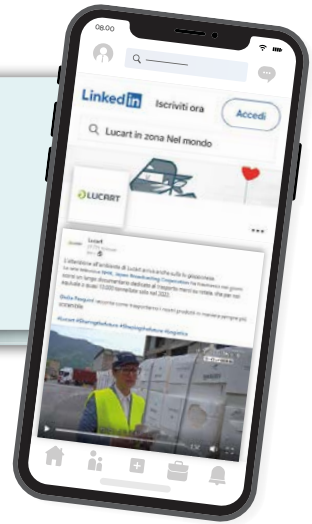
Media relations are based on the principles of transparency and collaboration and are managed by the Corporate Communication Office, which collects requests for information from journalists and provides the requested information. The Lucart Press Office actively informed the media with particular attention to issues relating to sustainability, the circular economy, investments and activities with a social purpose carried out locally in 2023.

- ▶ Coverage in the Italian media in 2023 increased by 13% over the previous year with more than 800 mentions in major local and national newspapers.
- ▶ Media relation activities were also carried out in France, Hungary and Spain, with good results in terms of positioning.

+13%
coverage in the
Italian media
compared
to 2022

DOCUMENTARY ON JAPANESE TELEVISION

The television network NHT, Japan Broadcasting Corporation, broadcast a long documentary on rail freight transport. Giulia Pasquini talked about how Lucart transports its products in an increasingly sustainable way, favouring the use of rail over heavy road transport.



Trade Unions

SDGs 

GRI

2-30

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

There were no meetings of the European Works Council in 2023 because, although there is an agreement in place, the role of international union representative has become vacant and the unions have not yet appointed a replacement.

The national collective bargaining agreement for the paper and paper converting industry is applied in the Italian companies of the Group in addition to second-level company agreements, whose objective is to manage, in agreement with the representatives of the various plants, the growing business challenges and workers' needs.

Negotiations were concluded for the renewal of the supplementary contract at the Porcari plant, with a duration until 31 December 2025, in July 2023. In the Group's foreign affiliates, the employment relationship is governed by collective bargaining in France and Spain (for all employees) and by an individual one in other countries.

The new second-level collective agreement of the Spanish subsidiary, which will be valid until 2027 was signed, in June 2023.

Non-Governmental Organisations



Lucart supports non-governmental organisations with which it shares principles and values.

These include:



Save the Children

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



Fiocchi in Ospedale

The "Fiocchi in Ospedale" is a Save the Children project that was started in 2012 to promote the health of girls and boys and their parents during the first 1000 days of the infant's life, to listen to and accompany future and new parents in a crucial period for the development of baby's cognitive and relational abilities. The programme offers targeted services to continuously respond to the needs of future and new parents, identifying vulnerabilities that require emergency action, such as psychosocial pressure that may lead to anxiety and disorientation for which adequate and timely response is often not available.

The "Fiocchi in Ospedale" project is implemented in cooperation with local health authorities, hospitals, university polyclinics and local associations in nine Italian cities: Turin, Milan, Pescara, Rome, Naples, Bari, Sassari, Brindisi and Ancona.



Spazi Mamme

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



SDGs



GRI

2-28



Punti Luce

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

PLANT TOURS

The children of the Punti Luce in Prato and Potenza were invited to visit the Borgo a Mozzano and Avigliano plants on an educational and training tour.



Tenderly supports Make a Wish and has made 44 wishes come true from 2016 to 2023. Make a Wish's mission is to make life-changing wishes come true for girls and boys suffering from serious illnesses.

Trade Associations and other organisations

Lucart actively participates in numerous trade associations and other institutes, including:

Trade Associations



²⁰ Massimo Pasquini, President and CEO of Lucart S.p.A., served as Vice-President in 2023.

²¹ Francesco Pasquini, Chief Sales & Marketing Officer of the Lucart Group, served as Vice President in 2023.

Sustainable development Associations

WE SUPPORT



Other Associations



CONFINDUSTRIA VENETO EST SUSTAINABLE DEVELOPMENT MODELS PROJECT

The collaboration with the “Progetto Modelli di Sviluppo Sostenibili” (“Sustainable Development Models Project”) promoted by Confindustria Veneto Est and coordinated by Mario Paronetto and Silvia Dal Cin continues. Through dedicated meetings and visits to companies, the 70 members illustrated their practices in the fields of sustainability and corporate social accountability.



Schools, Universities and Research Institutions



Internships

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

In this sense, many collaborations have put in place with technical schools, in Italy, France, Hungary, Spain and the UK, to guide young people by promoting training courses on skills that may be used in the paper industry.

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

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

Technical High Schools (ITS)

In 2019 Lucart, together with Assocarta, Confindustria and other companies in the Lucca area, completed the design and start-up of the first ITS - Paper school in Tuscany, in the scope of the Foundation that oversees the provision of courses authorised by Regional authorities. Specifically, the course aims to train highly qualified people for operating in production in the paper industry.

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

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

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

The Paper Master Course was flanked and partly replaced by the new Master's Degree Course in Paper and Cardboard Technology and Manufacturing at the University of Pisa in 2020. Lucart contributes to the development of the university course through donations, teachers and dedicated technical tables. In the process of continuous training of its employees, it also sponsors participation in specific training modules.

Away from Home Area School Project

The objective of the School Project is to prepare youngsters and motivating them to work in favour of the circular economy.

The project aims at:

- ▶ developing a circular economy curriculum for schools;

- ▶ developing a circular economy teaching kit;
- ▶ train the trainers on teaching the circular economy;
- ▶ raise students' awareness of sustainability and the circular economy through active participation in practical activities.

The project was first implemented in 66 schools between Slovenia and Latvia and has been replicated and adapted in several countries. It was particularly successful in 2023 in the UK, with the cooperation and support of a network of 12 distributors who strongly believed in the project and helped Lucart spread sustainability and circular economy education to as many as 163 institutions.



Regulatory bodies

They are the essential organisations for the regulation and development of society and the market. These are both the Regulatory Authorities at national and international level and the Agencies and Organisations supporting them.

Lucart is committed to daily compliance with the main national and international regulatory obligations, as well as to continuous research towards the adoption of increasingly innovative and effective management tools, in order to proactively anticipate future legislative obligations.

Over the years, Lucart has built a constructive relationship with authorities (e.g. municipal, provincial and regional councils and ministries) and Regulatory Authorities (e.g. the Regulatory Authority for Energy, Networks and the Environment - ARERA), the Supervisory Authorities (e.g. Regional Agency for Environmental Protection Tuscany - ARPAT) and Public Safety bodies (e.g. State Forestry Corps, Customs Offices) a constructive relationship for an increasingly concrete transition towards Sustainable and Circular Development, as well as effective collaboration for business development to guarantee ethical and transparent conduct. Dialogue with authorities and regulators took place primarily through meetings and technical tables.

Strategic partners for circularity

For the proper creation and management of circular business models Lucart maintains relationships with a number of strategic stakeholders outside the typical paper industry chain. These relations are managed with the continuous involvement not only of the General Management, but also of the Research and Development, Communication, Commercial, Purchasing, Technical and Legal areas. The topics to be addressed may cover many different aspects and require careful and continuous management of many different stakeholders.

2.7

MULTI-STAKEHOLDER COMMUNICATION ACTIVITIES

Digital communication

Web Communication

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

www.lucartgroup.com

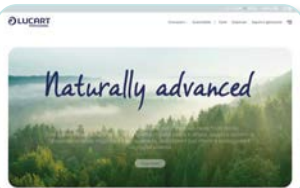
The [Lucart corporate website](http://www.lucartgroup.com) is the main source of information of the Group. The Newsroom section, in particular, shared the main events in the Lucart world with all stakeholders.

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



CORPORATE WEBSITES

www.lucartprofessional.com



www.fato.com

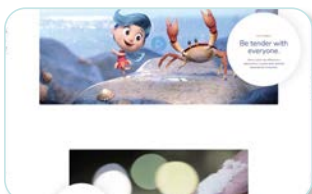


www.veloweb.it



AWAY FROM HOME

www.tenderly.it



www.tuttoxtutto.it



www.grazie.it



CONSUMER

Grazieshop.it

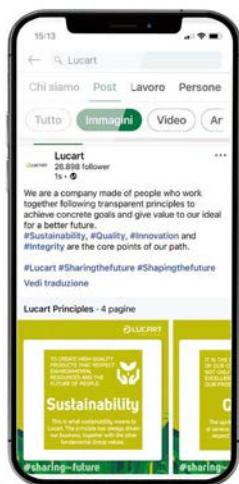
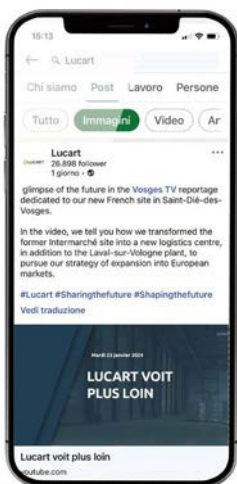


ONLINE PURCHASES

Social Network

The LinkedIn account of the Lucart Group grew considerably in terms of contacts and interactions in 2023: + 18% more followers.

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



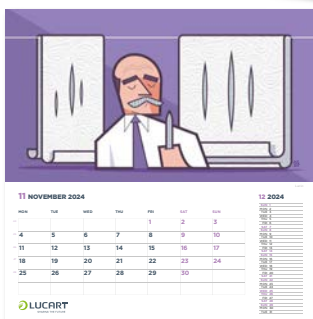


Other Communications and Public Relations activities

Lucart calendar

For the eighth year running, Lucart wanted to tell its story and identity through the creativity of an internationally renowned designer and illustrator. For 2024, Lucart turned to the pencil of [Ale Giorgini](#).

The 2024 art calendar is a tribute to some of the greatest artists of all time and an invitation to look at the world as a magical synergy of logic and creativity.



Conferences

Lucart Managers were invited to speak at many conferences and other events, including:

- ▶ Sustainability Week – Treviso
- ▶ Legambiente EcoForum - Rome
- ▶ EnterPRIZE - Budapest
- ▶ Green Transition Hub - Varese
- ▶ MIAC - Lucca
- ▶ Presentation 28th Comieco Report - Genoa
- ▶ Green Heroes National Gathering - Rome
- ▶ FSC Italy Annual Meeting - Florence
- ▶ Macfrut Fair - Rimini
- ▶ Ecomondo Fair - Rimini
- ▶ Sustainability Conference, Chamber of Commerce - Budapest
- ▶ Conferences on Welfare, Health, Manufacturing and Human Resources, Chamber of Commerce - Hereford and Worcester



Trade Shows

In 2023, the Group attended the most important sector events with its own exhibition area.

Corporate

Ecomondo
Rimini, Italy



BtoB Fair

Index
Geneva, Switzerland



AFH

Hygienalia
Madrid, Spain



The London Cleaning Show
London, United Kingdom



ISSA Pulire
Milan, Italy



Consumer

Marca
Bologna, Italy



Vivaness
Nuremberg, Germany



PLMA
Amsterdam, Netherlands



Events

70th Anniversary

The 70th anniversary of the Group was celebrated in 2023 with a packed calendar of events.

Corporate Video and Pop-Up Book

a celebratory video and a Pop Up book with exclusive images by artist Nicolò Canova told the story and values of the company.



Family Day

each plant celebrated a day of guided tours of production departments, games and many activities to share with family and co-workers.



Gala evening with customers, suppliers and other stakeholders to thank all partners who helped shape the future of the company.



TEDx Lucca event open to all citizens where 8 speakers shared their ideas and experiences on the theme "Collaboration vs. Competition".



San Giuseppe Jato Project - #GreenHeroes

At the beginning of 2023, the social justice initiative promoted and financed by Green Heroes to create an urban park on land confiscated from the Mafia in the town of San Giuseppe Jato (Palermo) took shape with the planting of 260 fruit trees and the opening of the area.



Presentation of the 2022 Sustainability Report

Lucart presented the Group's 18th Sustainability Report at the Auditorium del Suffragio in Lucca in the presence of many stakeholders. The event, hosted by environmental journalist Tessa Gelisio, was enriched by the presence of key speakers and strategic project partners who shared their vision of the future of social, environmental and economic sustainability with the audience.



10 years without accidents - Avigliano plant

The Avigliano plant celebrated this important milestone with a ceremony in the presence of employees, company representatives and local and regional institutions.



Riciclo Aperto

Lucart opened the doors of the plant in Borgo a Mozzano with "Riciclo Aperto", an initiative of the paper chain conceived by Comieco, as part of the third edition of Paper Week.

An information and awareness day where schools, individuals and citizens can discover the world of paper recycling at the only Italian tissue mill able to recycle Tetra Pak® beverage cartons.



M'illumino di Meno

In line with its strategies, Lucart has joined M'illumino di Meno, the Italian national day for energy saving and sustainable lifestyles, promoted by the popular radio programme "Caterpillar" on Rai Radio 2, and has drawn up a decalogue of actions to help save energy and protect the environment through small daily gestures at the office and at home.



IL TUO CONTRIBUTO PER RISPARMIARE ENERGIA E AIUTARE L'AMBIENTE

Piccoli gesti, grandi risultati.

LUCI

- Spegni le luci quando il tuo schermo è spento
- Spegni le luci e il monitor quando ti allontani dalla tua postazione

COMPUTER

- Riduci la luminosità dello schermo, il esempio per la tua vista e per l'ambiente
- Chiudi i programmi che non usi
- Controlla i documenti tramite un link a folder condiviso anziché inviarli
- Spegni il PC anziché metterlo in standby
- Utilizza una penna multiple con interruttore per riorganizzare computer e periferiche così puoi spegnere tutto in una volta sola

ASCENSORE

- Prendilo in scala all'ascensore. Ti tieni in forma e risparmi energia

STAMPANTI

- Stampa solo ciò che serve veramente
- Raggruppa i documenti e stampali in una volta sola
- Spegni fotocopiatrici e stampanti alla fine dell'orario di lavoro

CLIMATIZZAZIONE

- Climatizza solo gli ambienti dove lavori
- Spegni l'impianto a fine giornata
- Chiudi porta e finestra quando l'impianto è acceso
- In inverno mantieni la temperatura a 19-20°C per la tua salute e quando possibile utilizza la deumidificazione
- Per cambiare aria alla stanza bastano solo pochi minuti

MOBILITÀ

- Spegni la bicicletta se la strada è sicura
- Condividi il mezzo di trasporto con i colleghi: socializzi e risparmi

Visit of the Ambassador of Uruguay

Uruguay's Ambassador to Italy, His Excellency Ricardo Varela, accompanied by the Prefect of Lucca, Dr. Francesco Esposito, visited the Borgo a Mozzano plant to learn more about a company representative of the Italian paper industry.



Inauguration of Newpal

The new plant of Newpal, a company jointly owned by Lucart and Cpr System, dedicated to the production of recycled plastic pallets for the food industry was inaugurated in the spring.



Visit to the Italian Ambassador in Hungary

The Italian Ambassador to Hungary, His Excellency Manuel Jacoangeli, visited the Nyergesújfalu plant accompanied by delegates of the Italian Chamber of Commerce for Hungary.



Sponsorships



Let's clean the world

For the third year, Lucart supported the initiative promoted by Legambiente, which involves groups of volunteers to rid the city of waste and neglect. Our contribution supported the collection initiatives promoted by the primary schools of Borgo a Mozzano.



EcoForum

The EcoForum was created by Legambiente to stimulate a debate and discussion between government, national, regional and local institutions, businesses, supply chain consortia, sector operators and associations. The company sponsored the event as Main Partner.



Porcarese Summer - The Children's Village

Organised by the Municipality of Porcari, the event is aimed at the younger generation and provides an opportunity to have fun, but also to raise awareness among primary school children about recycling and waste. Lucart, as main sponsor, awarded a prize to the most creative contribution on the subject of recycling.



40th Anniversary of the Castelnuovo di Garfagnana Traders' Association

Lucart wanted to contribute to the most important event in the area that hosts one of the Group's plants on the occasion of the celebration of the 40th anniversary of the Traders' Association.



► TEDx Lucca

Lucart fully sponsored the TEDx Lucca, choosing the Teatro del Giglio as the stage to contribute to the cultural offer of the city of Lucca. TEDx is a global information programme led by thousands of people and organised in major cities around the world.

The eight speakers addressed the “Collaboration vs. Competition” topic by reflecting on two behaviours that are so important inside and outside the work environment.



► Pizzorne Christmas Market

Lucart sponsored the traditional Christmas market organised in the mountains of Villa Basilica, where all the associations in the area give life to a Christmas experience of fun and charity.



► Grace Kelly Children's cancer trust

Lucart supported the charity through sponsorship of the Christmas Gala and a fund-raising event held at the Blackmore Park plant.



► Kemp Hospice

The British establishment organised various events to raise funds for this important charity based in Wyre Forest.



► Hereford and Worcester Chamber of Commerce

Lucart sponsored the health and wellness forums held quarterly at the Herefordshire & Worcestershire Chamber of Commerce.





Ailes de Cristal

Lucart was awarded at the prestigious Crystal Wings ceremony, held annually in Nancy, France, for excellence in the field of economics and for its important growth plan in the Vosges area.



B2B beautyToBusiness Award and Hc Home Care Award

Lucart won the b2B beautyToBusiness with the "Grazie EcoNatural for the planet's needs" integrated communication campaign and the Hc Home Care Award for the "Tutto Pannocarta. Usa Usa Usa e getta" campaign.



Group Supplier Day Lyreco

Lucart was awarded by Lyreco during the Group Supplier Day in Brussels as best supplier 2022 in the hygiene category.



Premios Nacionales de la Limpieza

Lucart was awarded by Limpiezas magazine for its research in the development of the circular economy of the EcoNatural project, where innovation and sustainability are two of the pillars of the company's strategic development.



Farfalla Blu

Francesco Pasquini, Chief Sales & Marketing Officer, accepted the award from Weevo and NWG during the last Impact Marketing Awards for Lucart's tangible commitment as a leader in sustainable transition.

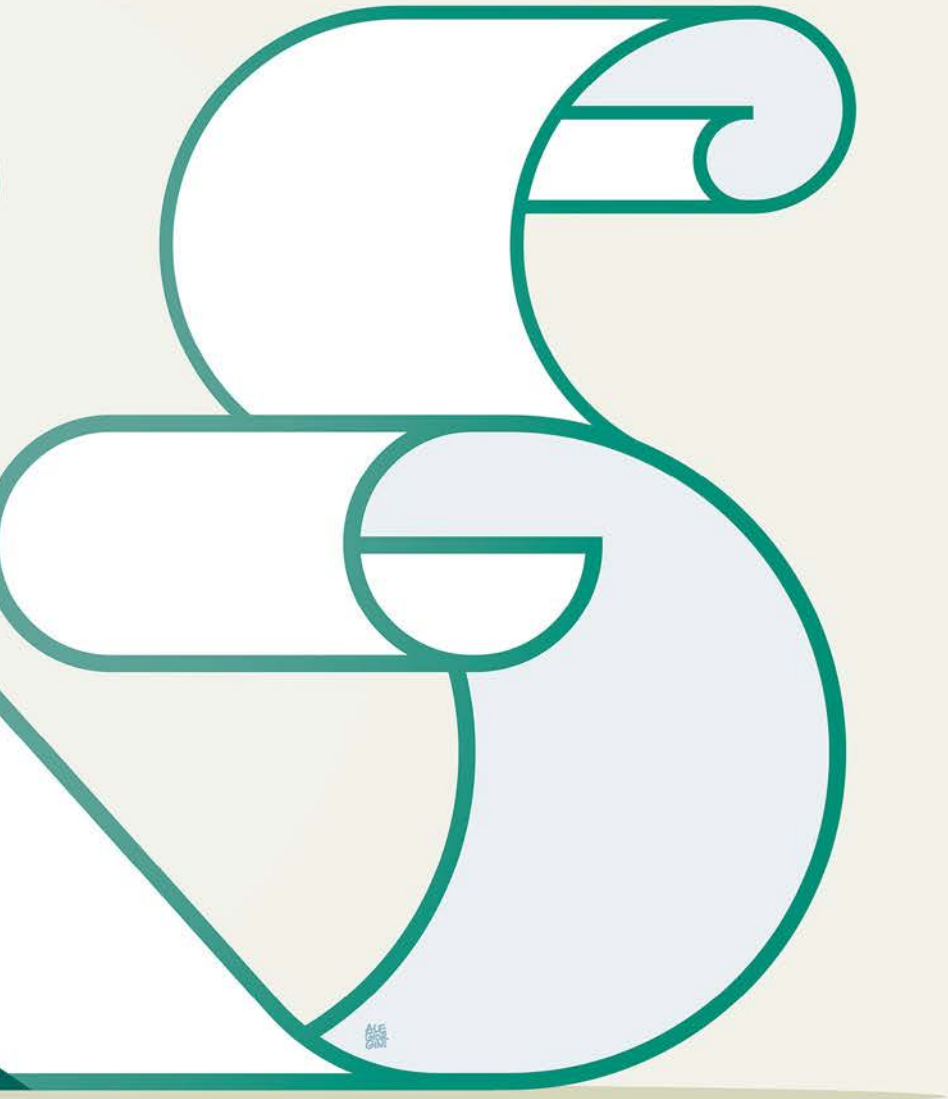




SDGs



CARING



3 ENVIRONMENT

We are committed to creating a circular business model to reduce our impact on the planet and to preserve and foster the growth of our natural, social and economic capital. We believe in the value of sustainability as a commitment to present and future generations.

3.1

ENVIRONMENTAL
IMPACT ASSESSMENT

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

In particular, Lucart pays particular attention to assessing the environmental impacts of its activities to identify significant ones on which to intervene. The company periodically carries out specific product-level Life Cycle Assessments (LCAs), using third-party organisations and following internationally recognised standard methods to minimise the impacts. Analyses consider the entire life cycle, from the procurement of raw materials to the end of life of products, including production and distribution (cradle to grave).



GRI

3-3

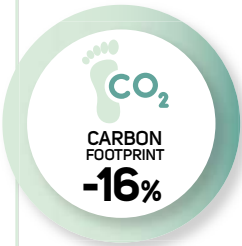
3.2

ENVIRONMENTAL PRODUCT DECLARATION (EPD®)

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

The results updated to December 2023 confirm the better environmental performance of recycled fibre paper compared to virgin cellulose paper.

Environmental performance recycled fibre toilet paper



A **Carbon Footprint²²** which is 16% lower than that of virgin cellulose toilet paper, which corresponds to a **reduction in CO₂** equivalent emissions of 344.4 kg per tonne of paper produced.



A **Water Footprint²³** which is 59% lower than that of virgin cellulose toilet paper, which corresponds to a **lower water consumption** of 222.9 m³ per tonne of paper produced.

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

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

Environmental Product Declaration

The **Environmental Product Declaration (EPD®)** is a voluntary certification scheme, developed in application of the UNI EN ISO 14025:2010 standard. The performance, reported in the EPD®, must be based on Life Cycle Assessment (LCA) following the ISO 14040 standards, which is the methodological basis for the objectivity of the information provided following the Product Category Rules "PCR: TISSUE PRODUCTS. Product Category Classification: UN CPC 32131. PCR 2011:05, VERSION 3.0.1" developed by the International EPD®System (the reference Programme Operator).

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

²² In the associated EPD®, reference is made to the Global Warming Potential (GWP) environmental impact.

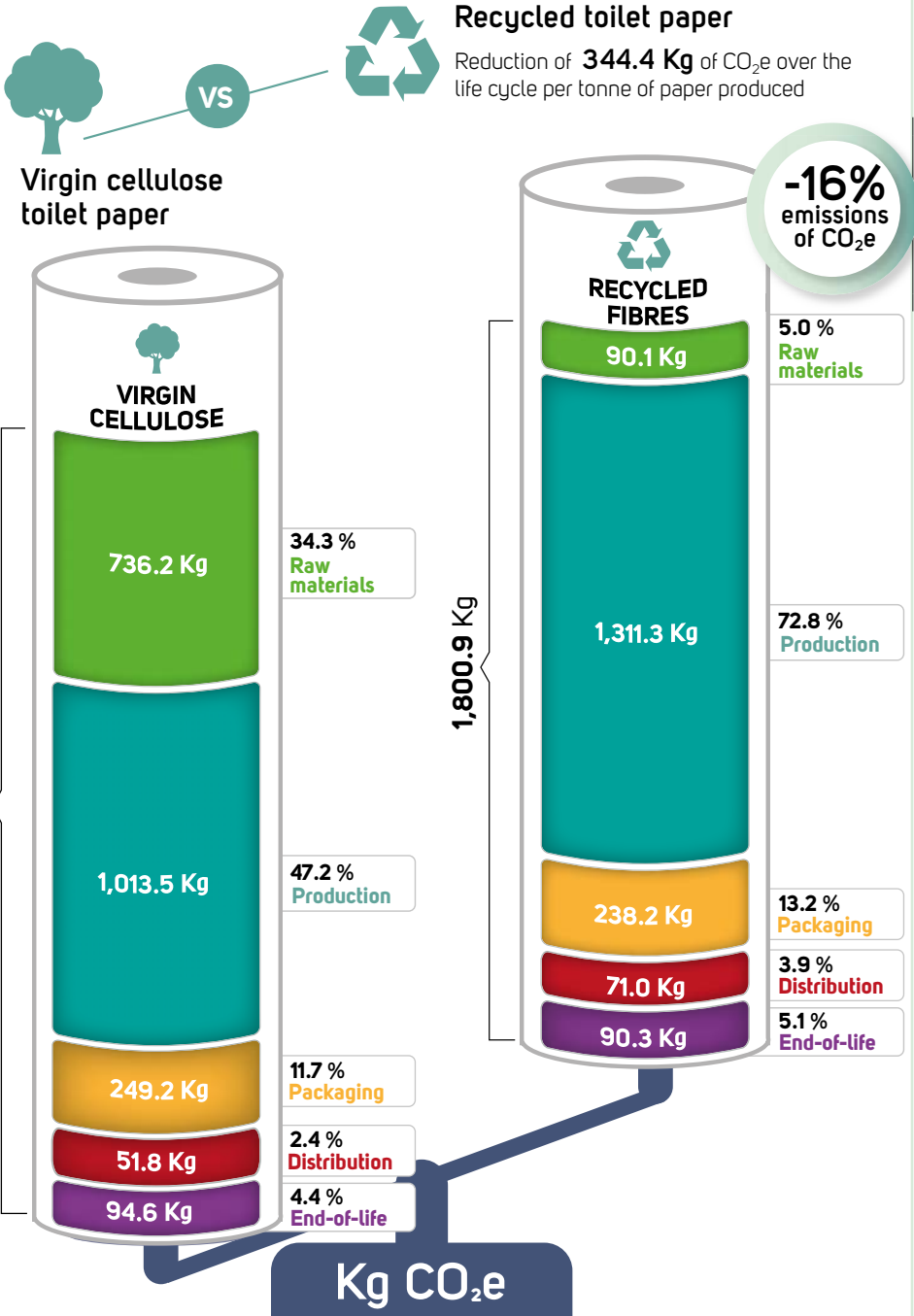
²³ In the associated EPD®, reference is made to the "Water Deprivation Potential" environmental impact.

ENVIRONMENTAL IMPACTS²⁴



Carbon Footprint

(kg of emitted CO₂e)



²⁴ The results for "Global Warming Potential" and "Water Deprivation Potential" are returned by aggregating the contributions related to the different life cycle stages.

Data are calculated on 1,000 kg of paper and respective packaging

ENVIRONMENTAL
IMPACTS²⁴



Water Footprint

(m³ of consumed water)



VS

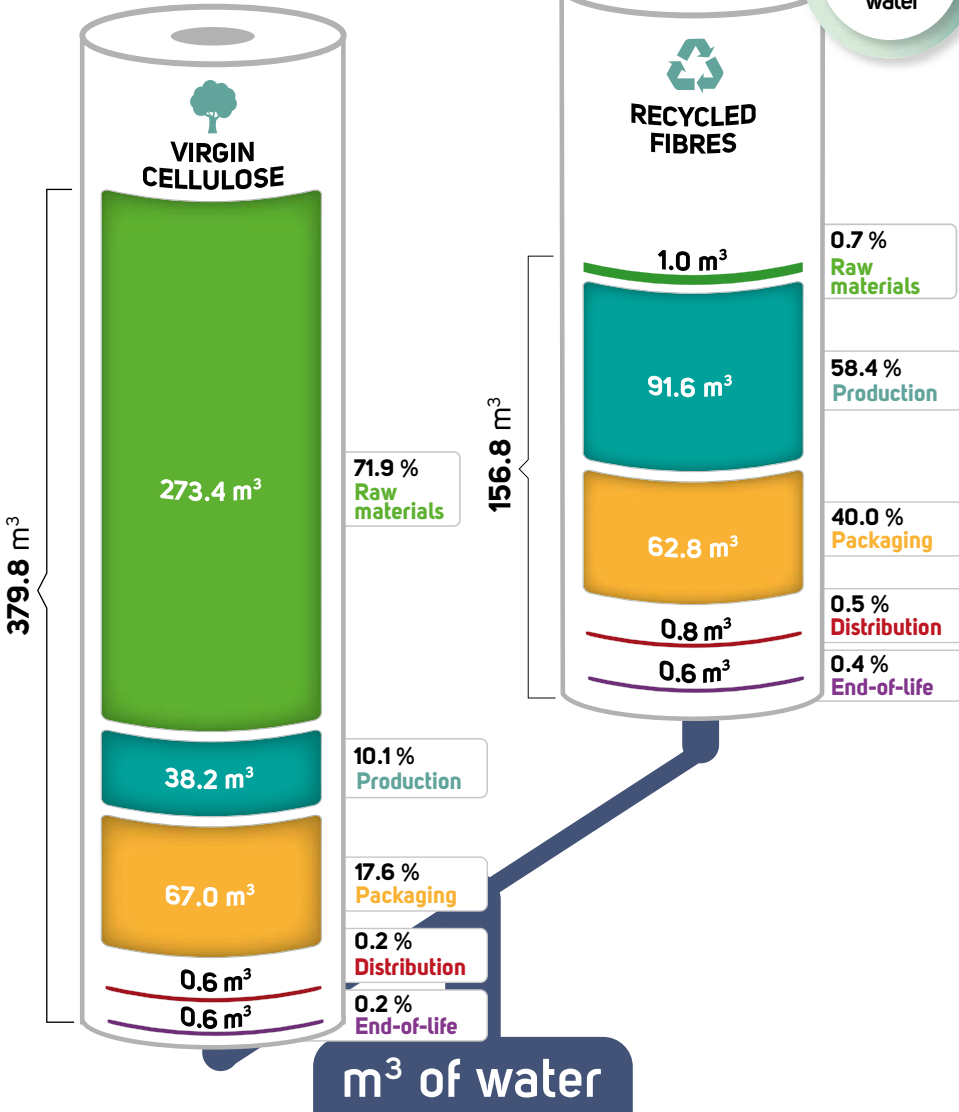


Recycled toilet paper

Reduction of **222.93 m³** of life cycle water consumption per tonne of paper produced

Virgin cellulose toilet paper

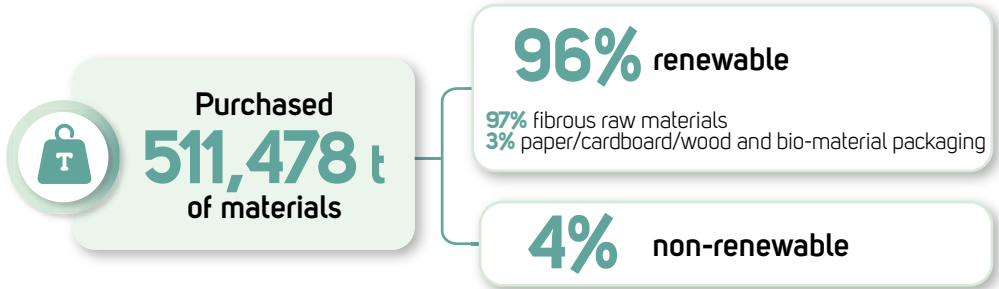
-59%
consumed water



Data are calculated on 1,000 kg of paper and respective packaging

3.3 RAW MATERIALS

During 2023, Lucart purchased a total of 511,478 tonnes of materials²⁵ for use in its production process, of which 96% were renewable (fibrous raw materials 97% and paper/cardboard/wood and bio-material packaging 3%) and 4% were non-renewable (plastic packaging and other process materials²⁶).



Eco-Sustainable and Certified Raw Materials

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

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

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

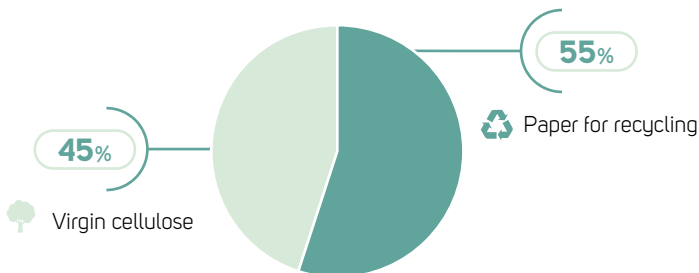
The Torre di Mosto, Nyergesújfalu, Artziniega and Blackmore Park facilities are dedicated exclusively to converting.

SDGs



Breakdown by type of fibrous raw materials consumed by the organisation

The Company pursues the line of sustainability of its paper and commits to gradually increasing the percentage of paper for recycling used compared to virgin cellulose, compatibly with market demands. The results achieved in 2023 were constant compared to 2022, further reasserting the company's commitment to reach the target of using 60% recycled paper as raw material input by 2030.



GRI

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²⁵ The data refer to materials purchased for the paper industry. Products and raw materials that are purchased by Lucart but given to customers for use are excluded. Tertiary packaging does not include pallets. Lucart is preparing to report on materials purchased for the skin care sector in the future.

²⁶ Chemicals, lubricants, latex, etc. (note that they arrive at the factory already diluted). It is conservatively assumed that all chemicals are non-renewable. Lucart is setting up to be able to track this type of information internally for this category of auxiliary materials as well.



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

Virgin cellulose

The virgin cellulose used in the company comes from supply chains managed according to eco-sustainable criteria, i.e. produced by companies that adopt **sustainable forest management systems** complying with internationally recognised certification schemes, thus ensuring the continuity of the forest ecosystem without altering its balance.

The choice of suppliers, carefully selected according to Lucart standards and the procedures set up by the company management systems, means that the company avails of producers who follow recognised **sustainable forest management standards** (PEFC, FSC®, SFI®, etc.) in compliance with EU Timber Regulation (Reg. n. 995/2010 as amended and supplemented) and international regulations. Again in 2023, 100% of virgin cellulose supplied by the Group was certified according to FSC® or PEFC and/or Controlled Wood standards.

Paper for recycling

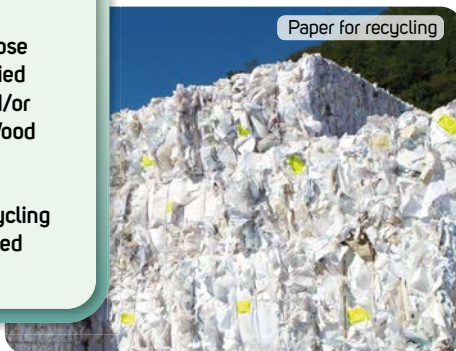
Paper recycling ensures better use of available resources and a lower overall environmental impact.

The recycling paper undergoes **state-of-the-art pulp mixing and deinking processes without the use of polluting substances**. The separation processes are mainly mechanical and thermal to make high-quality paper. The paper for recycling used in Lucart production facilities meets the requirements of the standards recognised by the PEFC and FSC® certification systems, and UNI-EN 643 standards. In 2023, 70% of the recycled paper procured by the Group was certified according to FSC® or PEFC standards.



100%
virgin cellulose
FSC® certified
or PEFC and/or
Controlled Wood

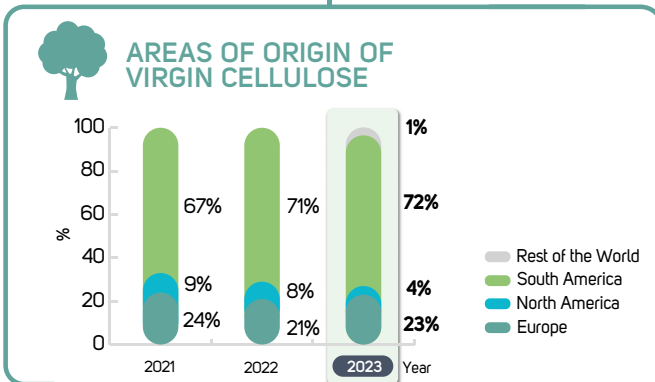
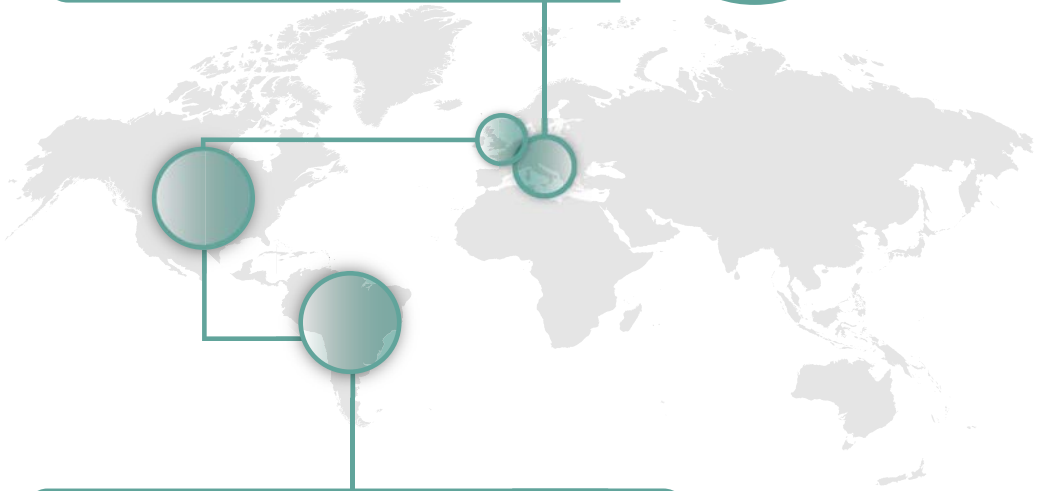
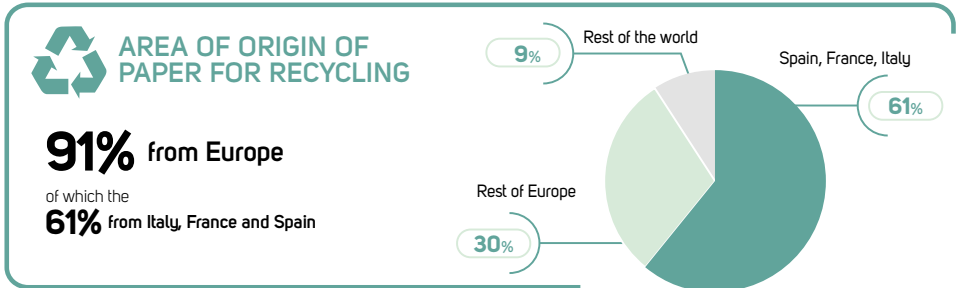
70%
papers for recycling
FSC® certified
or PEFC



Area of origin of the virgin cellulose and paper for recycling

The main producers of virgin cellulose are located in South America and Europe.

With regard to paper for recycling, procurement takes place primarily locally scale. In 2023²⁷, 91% of the papers for recycling supplied by Lucart came from Europe. It is worth noting that more than 60% came from Italy, France and Spain, the countries where the Group's most dimensionally significant operations are located.



²⁷ From 2023, the headings describing the source areas of paper for recycling have been revised to provide a more appropriate representation. For this reason, no history is given for the last three years.

3.4 PACKAGING

Sustainable Packaging Guidelines

Lucart has adopted a circular vision in which packaging used in the paper sector never becomes waste a development plan with a 2020-2030 time horizon, pivoting on the implementation of five key points:



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

Packing is considered problematic or unnecessary if:

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

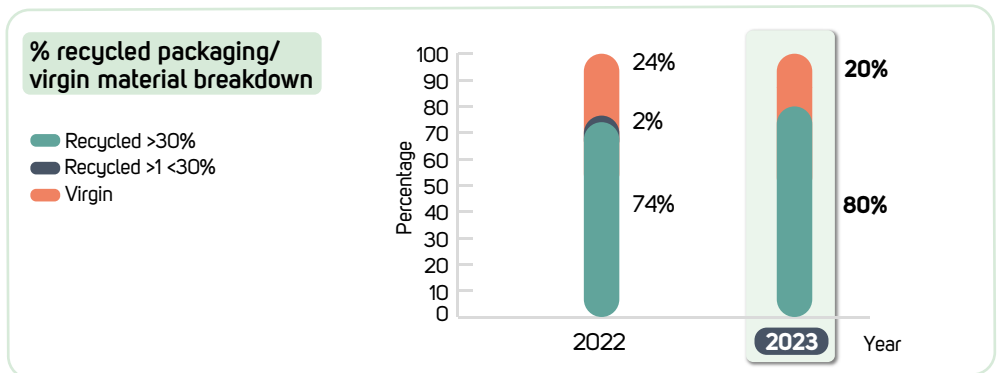
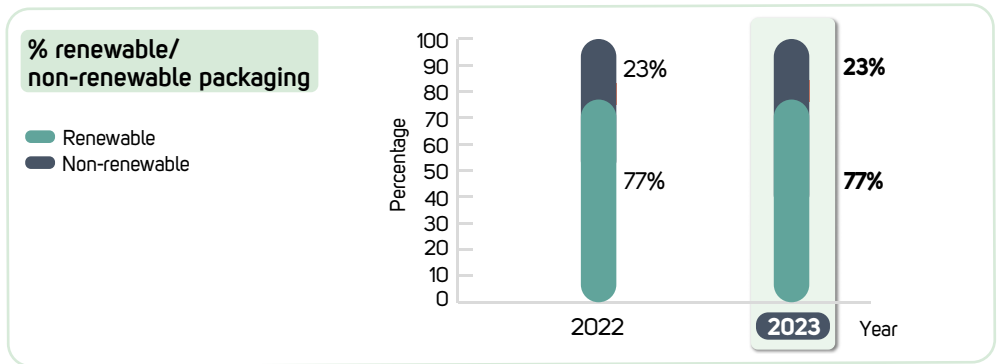
Lucart prioritised the packaging used in the Group's plants in Italy, France and Spain, and from 2022 also those used in the plants in England and Hungary. All primary, secondary and tertiary packaging, used for paper production and for converting it into finished products and shipping, was analysed. The packaging was then divided into categories according to the materials of which it was composed, with particular attention to:



The results of the analysis and the actions taken in recent years to replace polyethylene packaging with paper packaging, reduce the thickness of packaging while ensuring the same level of performance and introduce packaging made either entirely or partly of recycled raw materials, are well represented by the following numbers²⁶, consistent with the adopted guidelines. Of particular note is the significant increase achieved in 2023 in the use of packaging with a recycled raw material content of more than 30% (8% increase over 2022) and the consequent reduction in the use of virgin packaging (-15% over 2022).

TARGET CONFIRMED AGAIN


All (100%) of the packaging used in the Lucart Group's paper business was found to be reusable or recyclable or compostable by 2023.




²⁶The analyses for 2023 refer to the purchase of all primary, secondary and tertiary packaging used in the paper industry by Lucart in its paper mills in Italy, Spain, France, the United Kingdom and Hungary, and do not include pallets for transporting and shipping goods. All the Group's plants adopted the same management system in 2022, which made it possible to perfect the analysis of packaging according to the method described above also for the year 2022. On the other hand, no adjustment was possible for the year 2021.

3.5 WATER RESOURCES


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




Seeking solutions for ever greater recovery of process water



Monitoring the quality of wastewater



Monitoring consumption in the various stages of the productive process

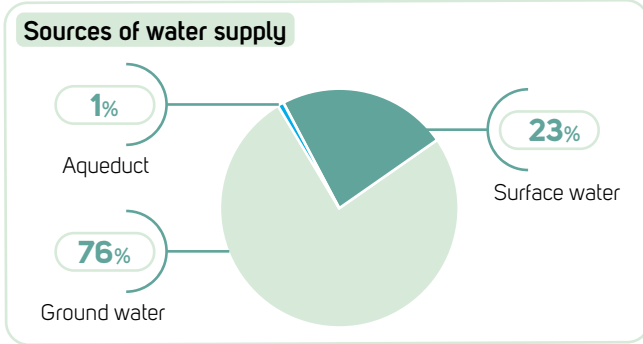


Optimising water consumption in all stages of the productive process

Water supply sources

The paper production process generally requires large amounts of water.

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

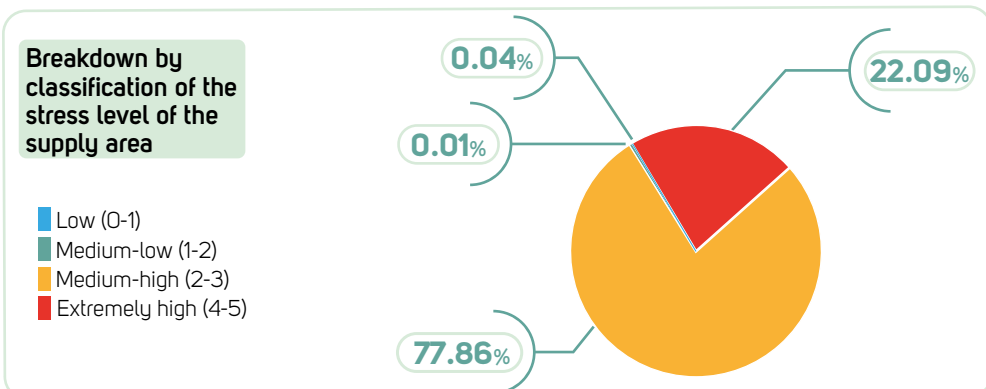


SDGs



Water stress analysis

Lucart used the tool provided by the Aqueduct Water Risk Atlas²⁹ to analyse the water stress of the areas in which its production plants are located. Water stress refers to the ability, or lack thereof, to meet human and ecological demand for fresh water and may refer to the availability, quality or accessibility of water.



GRI

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²⁹ <https://www.wri.org/aqueduct>

Production facility ³⁰	Risk	Production facility ³⁰	Risk
Porcari	Extremely High	Laval Sur Vologne	Medium-High
Borgo a Mozzano	Medium-High	Aranguren	Medium-High
Castelnuovo di Garfagnana	Medium-High	Artziniega	Medium-High
Avigliano	Extremely-High	Niergesüßfalu	Low
Torre di Mosto	Medium-High	Blackmore Park	Medium-Low

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

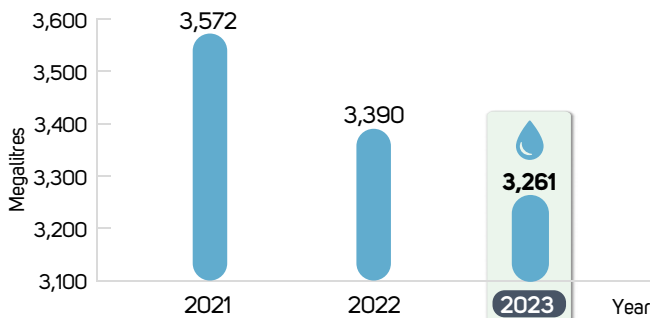
Water stress level	Total 2023	Surface water	Wells	Aqueduct	Water category (fresh water ³¹ /other water types ³²)
			(aquifer)		
Low (0-1)	1.33	0	0	1.33	100% fresh water
Medium-Low (1-2)	0.26	0	0	0.26	100% fresh water
Medium-High (2-3)	2,543.71	546.63	1,985.42	11.66	100% fresh water
High (3-4)	0	0	0	0	100% fresh water
Extremely High (4-5)	721.58	192.57	493.95	35.06	100% fresh water
TOTAL MEGALITRES WITHDRAWN	3,266.87	739.20	2,479.37	48.30	

Optimisation of water consumption³³

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

Total water consumption paper sector

The total water consumption³⁴ varies mainly according to the tonnes of paper produced. There is a reduction consistent with the decrease in production shown in the year in 2023.



³⁰ Following the update of the Aqueduct Water Risk Atlas (version 4.0) launched in August 2023, which takes into account more accurate and up-to-date hydrogeological models, a worsening of the water stress level can be observed in many areas where the plants are located in Italy (Avigliano, Porcari, Borgo a Mozzano and Castelnuovo di Garfagnana) and abroad (Artziniega, Aranguren and Laval Sur Vologne), consistent with the trend also highlighted by ISPRA (<https://www.isprambiente.gov.it/istituto-informa/comunicati-stampa/anno-2023/disponibilita-dacqua-raggiunto-il-minimo-storico-deficit-massimi-in-sicilia-sardegna-e-nel-distretto-del-fiume-po>) and from Enea (<https://www.eai.enea.it/archivio/sos-acqua/water-resources-across-europe-confronting-water-stress.html>).

³¹ Fresh water with a total dissolved solids level of less than 1,000 mg/L.

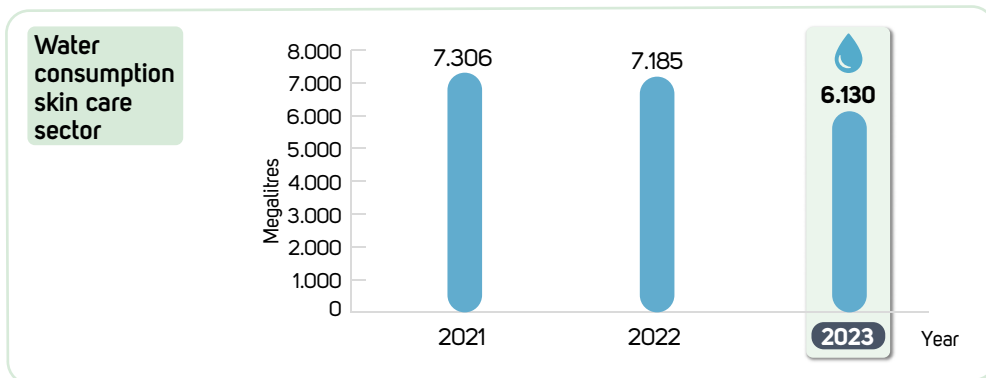
³² Other water types with a total dissolved solids level above 1,000 mg/L.

³³ The water consumption discussed in the following section refers to: (1) for plants with in-house paper mill (Castelnuovo di Garfagnana, Borgo a Mozzano, Porcari, Aranguren, Laval Sur Vologne) to consumption for industrial use only. For these, it was not possible to collect reliable data on withdrawals for civil use, which were therefore excluded from this count. According to the available information, this share amounts to less than 1% of the total taken. (2) for the Torre di Mosto, Altopascio, Avigliano, Artziniega, Blackmore Park and Niergesüßfalu plants to total water consumption (civil and industrial uses).

The total water consumption 2021 and 2022 was adjusted to the assumptions described above, and therefore, the previously reported consumption values are adjusted.

³⁴ This refers to the total water consumption for paper production.

Although minimal compared to the total water consumption for paper production, the company shows a constant consumption of water resources in 2023 specifically in the Skin Care sector. As a result of the measures taken to optimise water consumption, the specific water consumption of the *Skin Care* sector decreased by 1% compared to 2022.



Water recycling

Reusing water produces a lower environmental impact, namely:

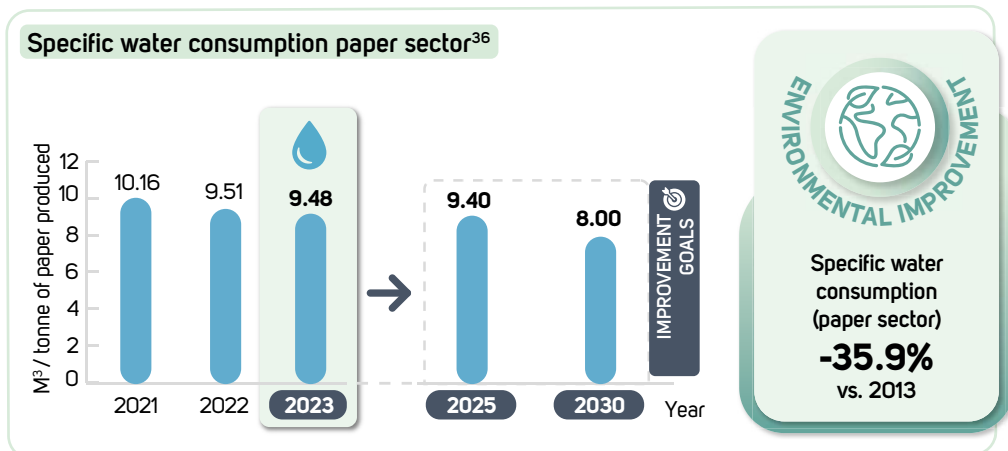
- reduction of the extraction of aquifer water resources;
- reduction of the extraction of surface water resources;
- resource consistency and reliability as a result of purified water produced on an ongoing basis;
- reduction in wasting natural resources.

Lower consumption

Lucart has focused particularly on actions aimed at reducing the specific consumption of water for production purposes to achieve a consumption of 9.4 m³ of water per tonne of paper produced by 2025 and of 8 m³ of water per tonne of paper produced by 2030.

Compared to 2022, specific water consumption was further reduced by 0.4%, by adopting a policy of recycling and rational use of the resource at all production facilities. With this result, Lucart demonstrates that it is getting closer to the improvement target set for 2025.

Specific water consumption is well below the average values for the sector³⁵.



³⁵ According to the Asscarta 2020 Environmental Report, the industry average is approximately 26 m³ per tonne of paper produced.

³⁶ Specific water consumption is given by the ratio of m³ of water withdrawn to tonnes of paper produced at the paper mill. Tonnes of paper converted into stationery are not taken into account as they are not relevant and respective water consumption.



Actions were implemented at the Borgo a Mozzano, Laval Sur Vologne, Aranguren and Artziniega plants in 2023 to recover part of the final discharge treated water for re-introduction into the production process instead of fresh water top-ups. These actions resulted in the following reductions:

- 3%
specific water consumptions
vs. 2022
for Borgo a Mozzano

- 3%
specific water consumptions
vs. 2022
for Laval Sur Vologne

- 1%
specific water consumptions
vs. 2022
for Aranguren

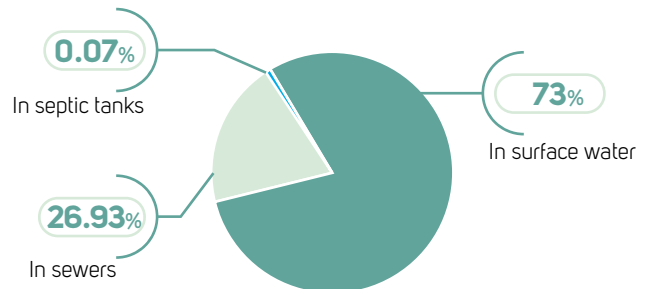
- 1%
specific water consumptions
vs. 2022
for Artziniega
(Skin Care Sector)



Water discharges³⁷

Furthermore, most of the Lucart facilities are equipped with wastewater treatment plants that guarantee the quality of the water fed into the receptors in compliance with the authorised limits. The main water discharges occur mainly in surface water or sewage and to a minimum extent in septic tanks.

Total water discharges



³⁷ Total water discharges for the year 2023 amounted to 2565 ML (of which 1875 ML in surface water, 688 ML in sewers and 2 ML in septic tanks). It should be noted that the data is collected from 2023 onwards, which is why data from previous years are not presented.

3.6

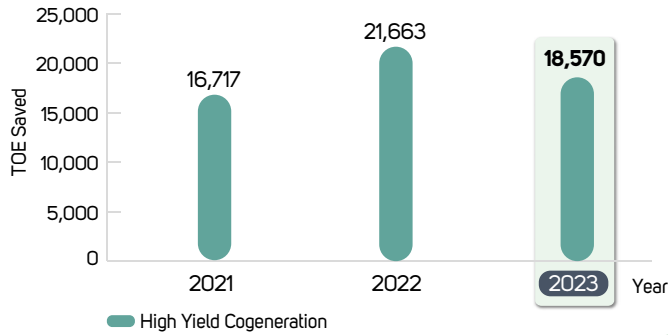
ENERGY
RESOURCES

Lucart was one of the first paper manufacturing groups in Europe to focus on systems to self-generate electricity and heat through high-efficiency cogeneration plants powered by methane gas, which today have a total installed electrical power of 32.5 MWe corresponding to a total thermal power of 92 MWt.

TOE Saved from Primary Source with High Yield Cogeneration

Thermal energy is indispensable for paper drying in the production cycle, so the simultaneous use of electrical and thermal energy means that the operation of the plants under optimal conditions allows high overall efficiency (on average around 85%), which expresses considerable benefits in terms of primary source savings, represented below and expressed in Tons of Oil Equivalent Saved.

It can be seen that the trend in the graph can be superimposed on the trend in the Group's production, as the cogeneration mode is closely correlated.



SDGs



Total energy consumption (direct + indirect)

Stationary combustion and self-generation of ee from renewable sources³⁸

		2021	2022	2023
PURCHASED EE	GJ	643,749	622,774.49	590,361.45
EE PURCHASED OF RENEWABLE ORIGIN	GJ	134,616.57	178,189.80	185,018.85
DIESEL FUEL	GJ	102.37	110.01	185.83
FUEL OIL³⁹	GJ	3,140.14	4,208.23	3,180.67
NATURAL GAS	GJ	4,052,314.10	4,010,529.76	3,794,092.00
EE PRODUCED FROM RENEWABLE SOURCES	GJ	4,302.98	4,706.64	13,794.32
EE PRODUCED BY COGENERATION	GJ	868,517.19	919,513.95	860,191.94
TRANSFERRED EE	GJ	-32,275.33	-45,161.92	-31,485.81
TOTAL	GJ	4,668,192.75	4,592,958.98	4,366,947.79
TOTAL + FUEL OIL⁴⁰		4,671,332.89	4,597,167.21	4,370,128.46

GRI

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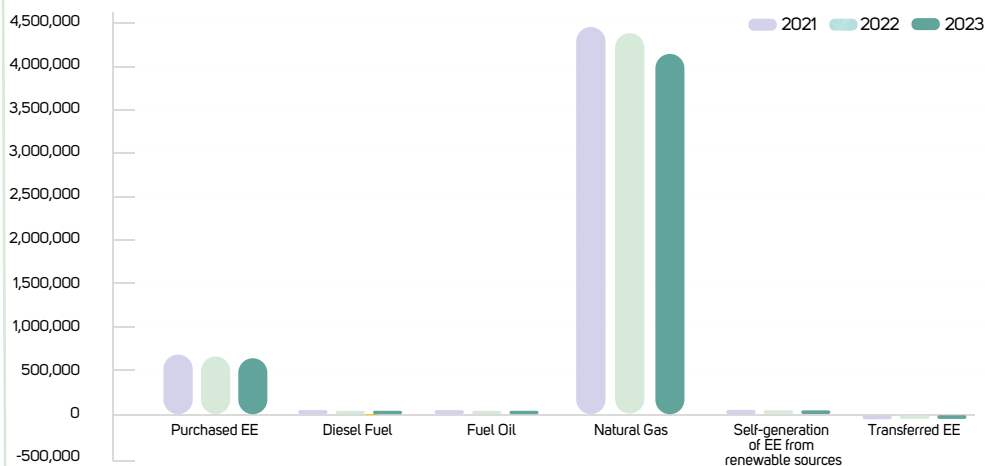
Mobile combustion⁴¹

		2021	2022	2023
DIESEL - INTERNAL MOBILITY	GJ	15,156.47	13,984.52	14,141.84
LNG - INTERNAL MOBILITY	GJ	1,681.73	1,744.85	1,191.20
DIESEL - COMPANY VEHICLES	GJ	6,249.26	7,984.94	8,200.43
PETROL - COMPANY VEHICLES	GJ	0.06	270.91	453.65
TOTAL	GJ	23,124.03	23,889.51	23,987.12

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

Energy consumption related to internal mobility (e.g. forklifts) and the company car fleet is primarily represented by the consumption of diesel, petrol and LNG.

In 2023, total energy consumption – for process purposes – showed a reduction consistent with production trends. Overall, specific consumption remains constant compared to 2022, although there is a slight decrease of around 0.22%. This is an indication of the virtuous circle that the company has been following for a long time to improve its energy efficiency.

Energy Consumption (Direct and Indirect) (GJ)*

* Energy consumption at industrial process level: direct (stationary combustion and self-generation of electricity from renewable sources) and indirect (purchase of electricity)

³⁸ Electricity from cogeneration is not counted in the total because it is already included under the "Natural Gas" heading. Purchased renewable electricity is one of which of the total purchased electricity.

³⁹ Fuel oil consumption refers only to the Artziniega plant for space heating. It is noted that it is integrated on the reporting of the entire three-year period 2021-2022 and 2023

⁴⁰ The value of the Group's energy consumption - for process purposes - is provided, also considering the GJ related to the fuel oil consumed at the Artziniega plant for the entire three-year period 2021-2022 and 2023.

⁴¹ It should be noted that energy consumption related to fuel consumption for internal mobility and the Lucart fleet is reported for the first time. For the year 2021, fuel consumption related to company vehicles applies only to Lucart S.p.A., Lucart SAS and Lucart Tissue&Soap. The three-year period 2021-2022 and 2023 is reported.



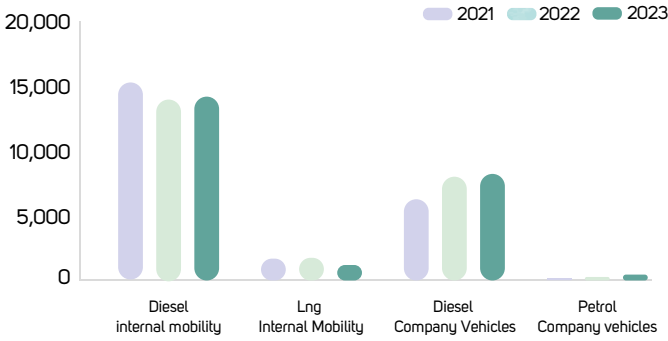
-0.22%
energy intensity
vs. 2022

-25%
energy intensity
vs. 2014

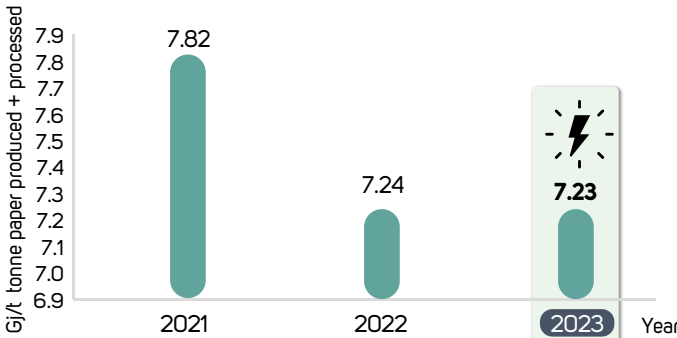
+4%
electricity purchased
from renewable sources
vs. 2022

+66%
self-generated
electricity from
renewable sources
vs. 2022

Mobile combustion (GJ)



Specific energy consumption (intensity)⁴²



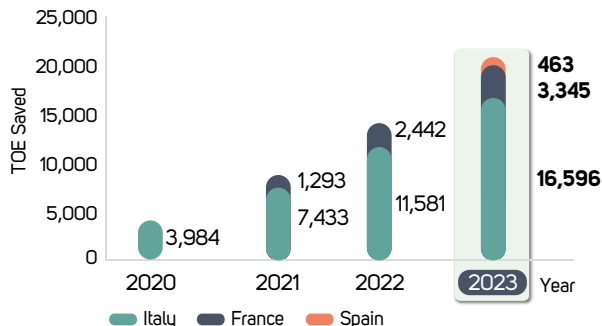
Energy efficiency in the production processes

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

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

TOE Saved with ISO 50001 system

The implementation of the ISO 50001 management system in almost all of the Group's paper mills, with a view to continuous improvement, makes it possible to identify energy efficiency measures in the plants and in the management, the benefits of which in terms of energy savings are cumulatively quantified in the figure and expressed in Tonnes of Oil Equivalent (TOE). The quantification of savings is based on a standardised methodology and refers to a multi-year baseline for each plant, taking into account only the years in which the 50001 system has actually been implemented.



Sustainable data centres

In 2021, Lucart moved its internal data centres, previously located at the Borgo a Mozzano and Porcari plants, to the TIM data centre in Acilia (Rome), which is ISO 27001 certified for its information security management system.

-44 tCO₂e/year
emissions avoided
through the adoption
of the new data centre

The move improved performance and safety levels but also brought savings in terms of energy and CO₂ emissions. The Acilia data centre is powered exclusively by renewable sources. Compared to the use of in-house data centres, the computational capacity doubled but energy consumption decreased by 50%. Today, around 80% of the Group's computing capacity is powered by renewable energy.

Renewable Sources

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

In detail, particularly noteworthy are the two installed photovoltaic systems⁴³, one in the Avigliano plant (active since 2013), and one recently commissioned in the Borgo a Mozzano plant (operational since December 2022), which have avoided the atmospheric emissions of 2,088 tCO₂e⁴⁴ in 2023. The photovoltaic installations at the Avigliano and Borgo a Mozzano plants were further expanded during 2023⁴⁵ to consolidate Lucart's commitment to reducing its environmental impact. The official connection is pending.

Since 2021, Lucart has been on a path towards purchasing green electricity (Guarantees of Origin). In 2023, this commitment was further strengthened by expanding the purchase of certified electricity from renewable sources. In 2023, about 31% of the total electricity purchased by the company was of renewable origin⁴⁶.



-2,088 tCO₂e
Total emissions
avoided in 2023 by the
photovoltaic plants in
Avigliano and Borgo a
Mozzano

⁴² Specific energy consumption is the ratio of total energy consumption – for process purposes – to tonnes of paper produced and converted in the plants of the Group. It is worth noting that the specific consumption for the years 2021 and 2022 has been realigned with the energy consumption values supplemented with fuel oil consumption shown in the overall summary table at the beginning of the “Energy Resources” section.

⁴³ The Salanetti platform was sold at the end of 2023. It is not included in this section because, as it is not a production plant, it was not considered strategic to include it in the reporting of the Group's own renewable electricity generation.

⁴⁴ Source data “AIB European Residual Mix 2022 IT” for the Avigliano plant; for Borgo a Mozzano the tCO₂e was calculated using the specific emission factor referred to the self-production of EE (methodology for calculating avoided emissions from self-production of EE from renewable sources: Location Based).

⁴⁵ The final output for the Avigliano photovoltaic plant is estimated to be 999 kWp + 1972.355 kWp = 2971.355 kWp, corresponding to an annual production forecast - once fully operational - of 3,192.07 MWh. The final output for the Borgo a Mozzano photovoltaic plant is estimated at 2,421.21 kWp + 1,555.54 kWp = 3,976.75 kWp, corresponding to an annual production forecast - once fully operational - of 4,314.32 MWh.

⁴⁶ 18.624 GWh purchased with certificates by Lucart S.p.A under a PPA entered into with Plenitude; 25.934 GWh purchased with Guarantees of Origin by Lucart SAS; 1.592 GWh purchased with Guarantees of Origin by Lucart Hygiene Ltd.; 5.252 GWh purchased with Guarantees of Origin by Lucart Tissue&Soap.

3.7

EMISSIONS INTO THE ATMOSPHERE

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

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

All atmospheric emission plants are managed in compliance with the Integrated Environmental Authorisations (IEAs) issued by the competent authorities and, where applicable, constantly monitored through suitable Continuous Emission Monitoring Systems (CEMS).

Combustion plants use methane gas, which is the fossil fuel with the lowest environmental impact both in terms of energy efficiency and because it avoids the release of secondary pollutant compounds, such as SO₂ and H₂S.

CO₂e emissions

The following graph shows direct and indirect CO₂ emissions produced by Lucart in 2023⁴⁷.

According to the accounting rules provided by GHG Protocol⁴⁸, direct GHG emissions (Scope 1) are all CO₂e emissions from assets owned by the company or that the company operationally controls. In the calculation specific to the Lucart context, direct emissions from the combustion of fuels (mainly natural gas and a small part diesel/fuel oil) for industrial uses and from combustion for both internal and company car fleet mobility were considered⁴⁹. Indirect GHG emissions (Scope 2) are CO₂ emissions deriving from the purchase of electricity from the national power grid⁵⁰.

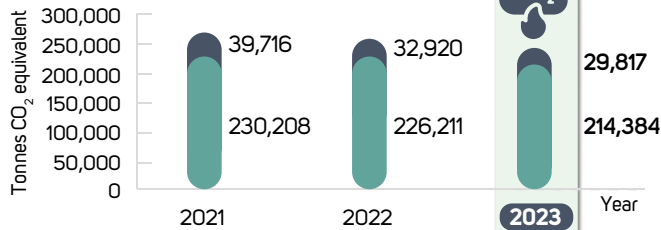
SDGs



Total CO₂e emissions (direct + indirect)

(Scope 1 + Scope 2 market based)

- Scope 1 (direct)
- Scope 2 (indirect)



GRI

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305-5

⁴⁷ The calculation method was revised from the Sustainability Report 2022 to fully align it with the GHG protocol and ISO 14064 calculation method for direct and indirect Scope 1 and Scope 2 emissions. Scope 1 was integrated, taking into account all emission items related to stationary combustion and mobile combustion (unlike previously reported).

⁴⁸ WBCSD and WRI, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard revised edition" (2004).

⁴⁹ Scope 1 emissions calculated for the years 2021 and 2022 were realigned by also integrating emissions from internal mobility and the company car fleet into these.

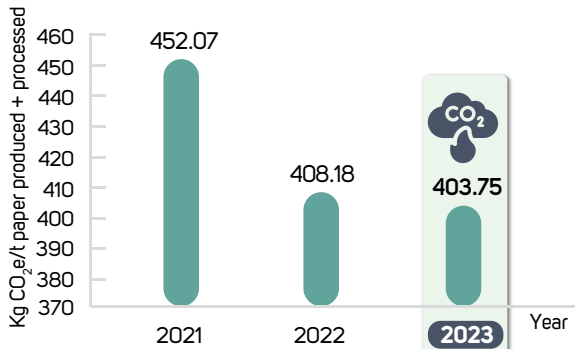
⁵⁰ The calculation of emissions for the purchase of electricity (Scope 2) from the power grid can be carried out using two different approaches. **Location-based:** this emission calculation method involves the use of average emission factors relating to specific national power generation mixes. **Market-based:** this approach involves the use of emission factors defined on a contractual basis with the electricity supplier. In the absence of specific contractual instruments, the emission factor related to the electricity supplier's residual mix is used after the removal of the component linked to energy traceability systems, such as Guarantees of Origin (GO) or other renewable energy certification systems (RECS). The national average emission factors used by the location-based approach are usually lower than the corresponding ones calculated based on the residual mixes required by the market-based methodology.



Direct emissions derived from combustion at production plants (Scope 1) were computed following the European Union Emissions Trading Scheme (EU ETS) regulates CO₂ emissions in Europe for high-emitting industry sectors^{51,52}.

Scope 1 emissions from non-ETS installations were estimated using the appropriate conversion coefficient for the various consumed fuel type⁵³. Scope 1 emissions related to mobility under direct control of Lucart were also calculated using specific conversion factors⁵⁴. The *Market based*⁵⁵ method was adopted for calculating indirect Scope 2 emissions.

Specific CO₂e emissions (intensity)⁵⁶



-11%
specific CO₂e emissions
vs. 2021

-7.4%
absolute Scope 1 emissions
vs. 2021

-33.2%
absolute Scope 2 emissions
vs. 2021



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SBTi Commitment

At the beginning of 2024 Lucart partnered with the Science Based Target Initiative (SBTi) to reassert the commitment to sustainability and develop a greenhouse gas reduction strategy by the end of 2025 based on the latest scientific evidence and validated by a third-party body.

⁵¹ EU EUTS Directive 2003/87/EC et seq.

⁵² For the plants subject to ETS, the tonnes of CO₂ correspond to those declared to the national body (MISE for Italy) and validated by a third-party certifying body. They were corrected by appropriate correction factors to include all GHG and not just CO₂.

⁵³ DEFRA, 2023 (Diesel-average biofuel blend; fuel oil and Natural Gas).

⁵⁴ DEFRA, 2023 (Diesel-average biofuel blend and LNG).

⁵⁵ Scope 2 *Market Based* emissions were calculated with the coefficients of the residual mixes (AIB European Residual Mix 2022). Scope 2 emissions calculated using *Location Based* method amount to 26,511 tCO₂e for the same perimeter. For this calculation, emission factors for national mixes were used (for coherence the following source was used: AIB European Residual Mix 2022).

⁵⁶ The numerator is the sum of *market based* Scope 1 and Scope 2: The denominator is the sum of the paper produced and converted in the paper mills of the group. It should be noted that the calculated Scope 1 emissions for the years 2021 and 2022 have been realigned by also incorporating emissions from internal and fleet-related mobility. Skin care productions are not included in the denominator.

3.8 LOGISTICS

Sustainable mobility

The “Sustainable Mobility: transferring transport of raw materials from road to rail” project to use the railway network to significantly reduce road transport of raw materials and end products. The project was presented in 2015 and continued in 2023. The project involves the Borgo a Mozzano facility, which has an internal railway station that we have been using for years, and the production facility in Castelnuovo di Garfagnana.

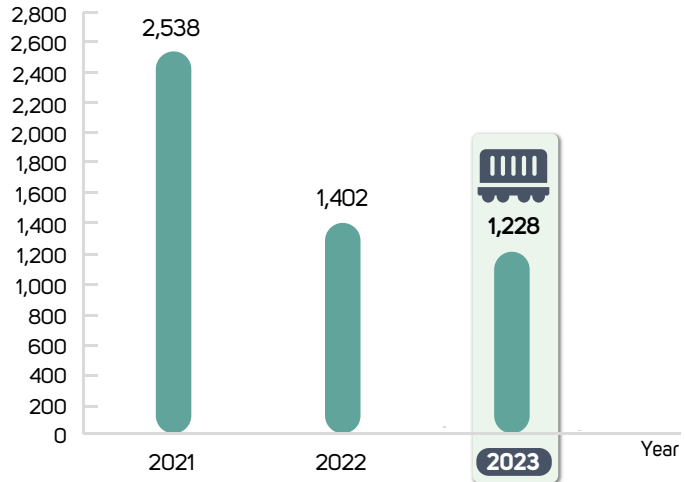
Lucart entered into an agreement with the Municipality of Castelnuovo di Garfagnana, the Region of Tuscany and RFI to restore the railway yard in April 2019. Work is currently in progress.

The tons of finished and semi-finished products transported last year suffered from the deteriorated quality of the offered service, motivating the company to use conventional means of transport to guarantee delivery deadlines agreed with the customers. However, the emission of **475 tCO₂e** into the atmosphere was avoided during 2023 by using the railway.

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



Total freight cars used (n)



IMPROVEMENT GOAL

REDUCTION TO ZERO OF PARTICULATE EMISSIONS



-95%⁵⁷ of tCO₂e
for transporting goods
to and from the
Altopascio Logistics Hub.

In 2023, the company started a new project to replace LNG (Liquid Natural Gas) with BIO-LNG (Liquid Natural Gas generated by the recovery process of pig slurry and animal by-products) in cooperation with the shuttle service provider to and from the Altopascio Logistics Hub. In the past year, 100% of the trips made to and from the Altopascio hub were made by BIO-LNG fuelled vehicles. These trips avoided the release of **130.2 tCO₂e** (BIO-LNG vs EURO VI) into the atmosphere.

⁵⁷ https://www.ansa.it/canale_ambiente/notizie/mobilita/2019/05/09/con-qnl-meno-smoggas-taglia-emissioni-e-costi-dei-trasporti_0b064ff4-a72d-41c8-a09e-d37ceb80f3c3.html e <http://www.freightleaders.org/wp-content/uploads/2019/05/Q28-impaginato-LOWxWEB.pdf>

3.9

WASTE MANAGEMENT

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

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

As of 2023, the Group has set up the **Circular Management and Development Committee** to support the identification of the most virtuous ways of managing the residues and waste generated in the plants and the most virtuous ways of managing water resources.

Committee include EHS Manager, CEO, CFO, COO, CTO, Sustainability Programme Sr. Advisor, Chief Sustainable Supply Officer, Group Waste and Water Management & Strategic Project Engineer, Borgo a Mozzano and Porcari Plant Managers.



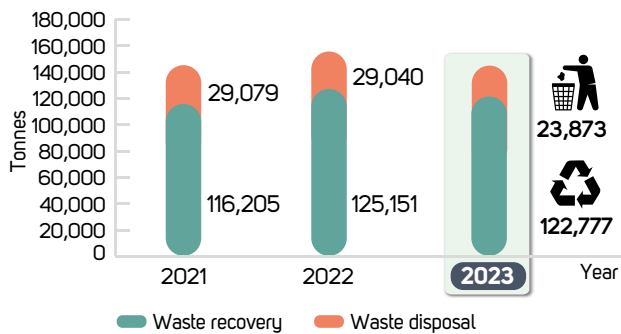
The Committee is informed about the management of waste and industrial residues and water resources. It monitors the progress of new research or industrial projects aimed at maximising waste recovery, recovering residues as by-products and reducing the specific consumption of the water resource. It examines market dynamics and related regulatory changes, in line with the Company's circular development strategies.

SDGs



Waste generation per tonne of paper produced remained constant, decreasing slightly by 0.2% compared to 2023. The percentage of waste sent for recovery increased by +3.0% (83.7%) in 2023⁵⁸.

Generated waste⁵⁹



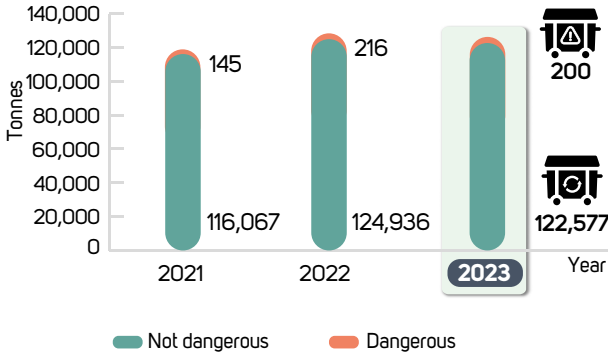
GRI

306-3
306-4
306-5

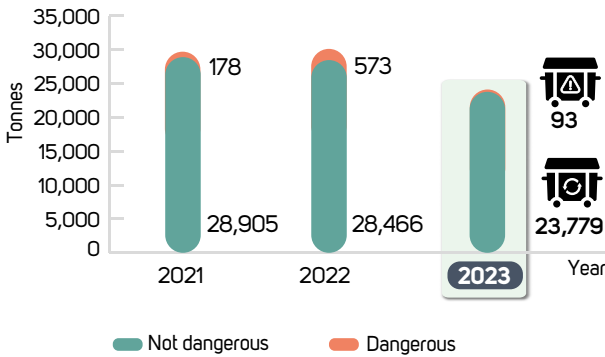
⁵⁸ The share of waste sent to energy recovery operation (R1) was also counted in the calculation of waste sent for recovery coherently with the company's internal monitoring methods. An increase in waste sent for recovery by Lucart in 2023 of +3.6% (80.1% waste sent for material recovery in the reporting year is confirmed even including operation R1 in disposal operations, as required by GRI 306-4.5. In 2022, according to GRI 306-4.5, the percentage was 77%.

⁵⁹ Note that waste is expressed as such and not as dry.

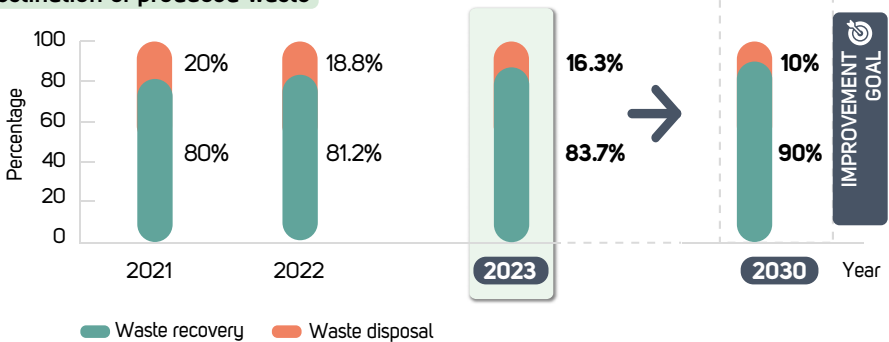
Waste recovery



Waste disposal



Destination of produced waste



In the Borgo a Mozzano facility:

there was a significant increase in pulper and sludge waste sent to recovery operations

74% in 2023

vs.

63% in 2022

It is reported that in 2023 only 3% of sludge was sent to disposal operations

In the Porcari plant:

there was a further increase in pulper and sludge waste sent to recovery operations

86% in 2023

vs.

84% in 2022

It is reported that in 2023 only 7% of sludge was sent to disposal operations

Waste generated per category

Waste category and composition	Waste generated	Waste recovery	Waste recovery (excluding R1) ⁶⁰	Waste disposal	Waste disposal (including R1) ⁶¹
03 Waste from wood processing and the production of panels, furniture, pulp, paper and cardboard	136,949.26	114,689.70	109,463.55	22,259.56	27,485.71
06 Waste from organic chemical processes	0.53	0.49	0.49	0.04	0.04
07 Waste from organic chemical processes	68.26	0.03	0.03	68.23	68.23
08 Waste from the manufacture, formulation, supply and use of coatings (paints, varnishes and glazes), adhesives, sealants and printing inks	931.34	20.24	20.24	911.10	911.10
10 Waste from thermal processes	0.31	0.00	0.00	0.31	0.31
12 Waste from physical and mechanical surface treatment and processing of metals and plastics	576.87	548.81	548.81	28.06	28.06
13 Spent oils and liquid fuel residues	37.72	27.54	27.54	10.18	10.18
14 Organic solvents, refrigerants and waste propellants	0.26	0.24	0.24	0.02	0.02
15 Packaging waste, absorbent material, rags, filter materials and protective clothing	5,377.91	5,351.70	5,327.70	26.21	50.21
16 Waste not otherwise specified	269.82	160.54	160.54	109.28	109.28
17 Waste from construction and activates	550.03	544.95	544.95	5.08	5.08
18 Waste generated by the health and veterinary sector or related research activities	0.004	0.000	0.000	0.004	0.004
19 Waste from waste treatment plants, off-site waste water treatment plants and water treatment and preparation for industrial use	39.14	38.89	38.89	0.25	0.25
20 Municipal wastes (household waste and similar commercial, industrial and institutional wastes) including separately collected fractions	1,848.85	1,394.36	1,374.46	454.49	474.39
TOTAL	146,650.30	122,777.49	117,507.44	23,872.81	29,142.86
		83.7%	80.1%	16.3%	19.9%

⁶⁰ As required by GRI 306 - 4.5.

⁶¹ As required by GRI 306 - 4.5.

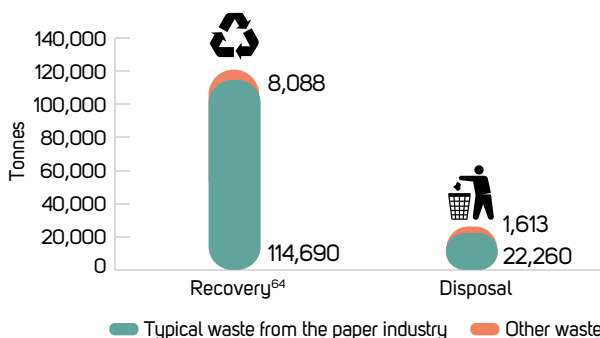
End-of-life waste management detail at Group level

Recovery (R) or Disposal (D) operation	% of total generated waste
R1 Use principally as a fuel or other means to generate energy	3.59%
R2 Solvent regeneration/recovery	0.0001%
R3 Recycling/reclamation of organic substances which are not used as solvents (including composting and other biological transformation processes)	40.97%
R4 Recycling/reclamation of metals or metal compounds	0.13%
R5 Recycling/reclamation of other inorganic materials	1.83%
R9 Oil re-refining or other reuses of oil	0.004%
R10 Spreading on soil for the benefit of agriculture	8.36%
R12 Exchange of waste for submission to any of the operations numbered R 1 to R 11	0.86%
R13 Storage of waste pending any of the operations numbered R 1 to R 12 (excluding temporary storage, pending collection, on the site where the waste is produced)	27.97%
D1 Deposit into or onto land (e.g. landfill, etc.)	1.63%
D5 Specially engineered landfill (e.g. placement into lined discrete cells which are capped and isolated from one another and the environment, etc.)	7.60%
D9 Physical-chemical treatment not specified elsewhere in this Annex which results in final compounds or mixtures which are discarded by means of any of the operations numbered D 1 to D 12 (e.g. evaporation, drying, calcination, etc.)	0.87%
D13 Blending or mixing prior to submission to any of the operations numbered D 1 to D 12	2.42%
D15 Storage pending any of the operations numbered D 1 to D 14 (excluding temporary storage, pending collection, on the site where the waste is produced)	3.76%

	Total produced waste	Rifiuti a recupero	Waste recovery (excluding R1) ⁶²	Waste disposal	Waste disposal (including R1) ⁶³
Typical waste from the paper industry	136,949	114,690	109,464	22,260	27,486
Other waste	9,701	8,088	8,044	1,613	11,657
TOTAL	146,650	122,777	117,507	23,873	29,143

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

Typical waste from the paper industry





















⁶² As required by GRI 306 - 4.5.

⁶³ As required by GRI 306 - 4.5

⁶⁴ The share of waste sent to energy recovery operation (R1) was also counted in the calculation of waste sent for recovery coherently with the company's internal monitoring methods.

3.10

FINAL QUANTITY
BALANCE

	Units of measurement	2021	2022	2023	Sustainable development goals	
Total production						
	PAPER MILL	t	351,498	355,905	343,237	
	PAPER CONVERTING	t	245,582	278,943	261,591	
Water resources						
	WATER PER TONNE OF PAPER PRODUCED	m ³ /t	10.11	9.51	9.48	
Energy resources						
	ENERGY INTENSITY	Gj/t	7.82	7.24	7.23	
Emissions into the atmosphere						
	CO₂e EMISSIONS INTENSITY	Kg CO ₂ e/t	452.07	408.18	403.75	
Waste						
	WASTE PRODUCED PER TONNE OF PAPER	t/t	0.243	0.243	0.242	
	PERCENTAGE OF WASTE FOR DISPOSAL OUT OF TOTAL GENERATED WASTE	%	20.00	18.80	16.28	 
	PERCENTAGE OF WASTE FOR DISPOSAL OUT OF TOTAL GENERATED WASTE (INC R1)⁶⁵	%	21.66	22.78	19.87	 
Rail handling						
	TOTAL TONS TRANSPORTED BY RAIL	t	17,156	12,777	11,031	 
Skincare sector						
	TOTAL PRODUCTION	t	7,732	7,358	6,323	
	TOTAL WATER CONSUMPTION	m ³	7,306	7,185	6,130	
	SPECIFIC WATER CONSUMPTION	m ³ /t	0.94	0.98	0.97	

⁶⁵ According to GRI Standard 306-4.5.

GRI

302-3

METHODOLOGICAL NOTE

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

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

The analysed reporting period goes from **1 January 2023** to **31 December 2023**. The detailed list of GRI Standards in the text is summarised in the Content Index at the end of the document.

The Group follows the reporting principles required by GRI Standards:

- | | | |
|-----------------------------|-----------------|---------------------------|
| ▶ Stakeholder Inclusiveness | ▶ Completeness | ▶ Accuracy |
| ▶ Sustainability Context | ▶ Balance | ▶ Timeliness |
| ▶ Materiality | ▶ Comparability | ▶ Clarity and reliability |

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

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

The Report contains qualitative and quantitative information on issues considered "material" for Lucart and its stakeholders and identified through a materiality analysis. Data was calculated promptly based on the results of the general accounting and other information systems used. Specifically, the data and information in the document were collected by the contact persons of the company departments involved, through data collection forms filled in with data extracted from the IT systems and other working tools of the Group's companies.

Data for previous periods (2021 and 2022) are provided - when available - in the Sustainability Report for comparative purposes, to enable stakeholders to assess the performance of activities over time. To ensure the reliability of the data, the use of estimates and boundary limitations was limited as much as possible and, if present, these are appropriately reported and based on the best available methodologies.

This document was drawn up by the Corporate Communications Team and the Sustainability Team collecting the reported data by involving all the relevant executive roles.

This Sustainability Report was submitted for subsequent approval by Lucart's Board of Directors on 30 May 2024. The Sustainability Report 2023 was subjected to a brief review by PricewaterhouseCoopers Business Services S.r.l. to improve the effectiveness of the reporting process and to guarantee the reliability of the reported information to all stakeholders. This activity ended with the release of the "Independent Reviewer's Report on the 2023 Sustainability Report". The report, referenced in the final section of the document, describes the adopted principles, the performed activities and their conclusions.

For further information about the data, please contact us at: communication@lucartgroup.com

GRI

2-2
2-3

ANALYSIS OF IMPACTS RELATED TO MATERIAL TOPICS

MATERIAL TOPIC	IMPACTS	PERIMETER
RESEARCH, DEVELOPMENT AND INNOVATION	Contribution to the creation of new material recycling opportunities	Local communities Customers and final consumers Strategic partners for circularity
COMBATING CLIMATE CHANGE	Direct and indirect contribution to climate change through greenhouse gas emissions	Local communities Shareholders and investors Suppliers
CUSTOMER AND END-CONSUMER SATISFACTION	Distribution of wealth and value in the local community	Customers and final consumers
SUPPORT TO LOCAL COMMUNITIES	Improving the local socio-economic environment for quality employment opportunities	Local communities
	Support of the local economy	Local communities
	Distribution of wealth and value in the local community	Local communities
	Damage to the local community from activities that could generate conflicts over the use of resources, such as soil and water, landscape depletion, pollution, etc.	Local communities
RESPONSIBLE SOURCING OF RESOURCES ALONG THE SUPPLY CHAIN	Consumption/depletion of material resources	Local communities
	Generation of negative impacts along the supply chain	Suppliers
PRODUCT AND PROCESS SUSTAINABILITY	Consumption of non-renewable energy resources	Local communities
	Contribution to the creation of new material recycling opportunities	Local communities
	Consumption of renewable energy resources	Local communities
	Competition in the use of water resources	Local communities
	Depletion of water resources	Local communities
	Generation of waste	Local communities
	Air pollution	Local communities
HEALTH AND SAFETY OF WORKERS	Damage to workers' safety - accidents	Employees
	Damage to workers' health - occupational illnesses	Employees
BUSINESS INTEGRITY AND SUSTAINABILITY	Developing a more ethical society	Local communities Employees Suppliers
	Improving the local socio-economic environment for quality employment opportunities	Local communities Employees Suppliers
	Distribution of wealth and value in the local community	Local communities Employees Suppliers
DEVELOPMENT AND MANAGEMENT OF HUMAN CAPITAL	Skills development	Employees
	Developing a more inclusive society	Employees Local communities
PRODUCT SAFETY	Generation of negative impacts along the supply chain	Customers and final consumers Local community (in the supply chain)
	Damage to the health and safety of customers	Customers and final consumers

GRI CONTENT INDEX

"Declaration of use"	Lucart prepared a report in accordance with GRI Standards for the period from 1 January 2023 to 31 December 2023
GRI 1 used	GRI 1: Foundation 2021
GRI Sector Standard	Not applicable

TOPIC / GRI STANDARDS	DISCLOSURE	PAGE	OMISSION		
			Requirement omitted	Reason	Explanation
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organisational details	25-29, 53			
	2-2 Entities included in the organisation's sustainability reporting	134			
	2-3 Reporting period, frequency and contact point	134			
	2-4 Restatements of information	116, 118, 124-126, 129			
	2-5 External assurance	142-145			
	2-6 Activities, value chain and other business relationships	6, 7, 30-43			
	2-7 Employees	76, 77			
	2-8 Workers who are not employees	76			
	2-9 Governance structure and composition	53, 54			
	2-10 Nomination and selection of the highest governance body	53			
	2-11 Chair of the highest governance body	53			
	2-12 Role of the highest governance body in overseeing the management of impacts	58-64			
	2-13 Delegation of responsibility for managing impacts	58-64			
	2-14 Role of the highest governance body in sustainability reporting	53			
	2-15 Conflicts of interest	55			
	2-16 Communication of critical concerns	53			
	2-17 Collective knowledge of the highest governance body	53			
	2-18 Evaluation of the performance of the highest governance body	No formal performance evaluation procedures of the governing body are in place to date			
	2-19 Remuneration policies	No formal policies on the remuneration of governing bodies and senior managers are in place to date			
	2-20 Process to determine remuneration	No formal procedures for determining remuneration are in place to date			
	2-21 Annual total compensation ratio	73			

TOPIC / GRI STANDARDS	DISCLOSURE	PAGE	OMISSION		
			Requirement omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	2, 3			
	2-23 Policy commitments	10-16, 44, 45, 56, 68			
	2-24 Embedding policy commitments	8, 9, 12-16, 44-52, 56			
	2-25 Processes to remediate negative impacts	58-64			
	2-26 Mechanisms for seeking advice and raising concerns	96, 97			
	2-27 Compliance with laws and regulations	There were no significant cases of non-compliance and no penalties were paid for non-compliance with laws and regulations during the reporting period. With reference to the disputes in which the company is involved, please refer to the notes to the financial statements, in the section of provisions for risks and charges.			
	2-28 Membership associations	91-93			
	2-29 Approach to stakeholder engagement	17, 19, 69-72			
2-30 Collective bargaining agreements	90				
MATERIAL THEME					
GRI 3: Material topics 2021	3-1 Process to determine material topics	17-20, 134			
	3-2 List of material topics	18			
PRODUCT SAFETY					
GRI 3: Material topics 2021	3-3 Management of material topics	60			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no significant instances of non-compliance concerning impacts on the health and safety of products and services during the reporting period			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	The information on product labelling complies with the respective national legislation			
	417-3 Incidents of non-compliance concerning marketing communications	No significant cases of non-compliance concerning marketing communication occurred during the reporting period			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints regarding privacy breaches and loss of customer data	No cases of breaches of customer privacy occurred during the reporting period			
BUSINESS INTEGRITY AND SUSTAINABILITY					
GRI 3: Material topics 2021	3-3 Management of material topics	55-57			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	7			
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	77			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and anti-corruption procedures	81			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	25-27			

TOPIC / GRI STANDARDS	DISCLOSURE	PAGE	OMISSION		
			Requirement omitted	Reason	Explanation
HEALTH AND SAFETY OF WORKERS					
GRI 3: Material topics 2021	3-3 Management of material topics	82-84			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	82			
	403-2 Hazard identification, risk assessment, and incident investigation	83			
	403-3 Occupational health services	82			
	403-4 Worker participation, consultation, and communication on occupational health and safety	83			
	403-5 Worker training in occupational health and safety	83			
	403-6 Promotion of worker health	84			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	84			
	403-9 Work-related injuries	83			
COMBATING CLIMATE CHANGE					
GRI 3: Material topics 2021	3-3 Management of material topics	16, 59, 108, 125, 126			
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	125			
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	125			
	305-4 GHG emissions intensity	126			
	305-5 Reduction of GHG emissions	126			
DEVELOPMENT AND MANAGEMENT OF HUMAN CAPITAL					
GRI 3: Material topics 2021	3-3 Management of material topics	28-75			
GRI 401: Employment	401-1 New hires and turnover	79, 80			
	401-3 Parental leave	81			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	81			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	73			
	404-3 Percentage of employees receiving regular performance and career development reviews	73			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	53, 54			
GRI 406: Non-Discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases of discrimination were reported during the reporting period			

TOPIC / GRI STANDARDS	DISCLOSURE	PAGE	OMISSION		
			Requirement omitted	Reason	Explanation
RESPONSIBLE SOURCING OF RESOURCES ALONG THE SUPPLY CHAIN					
GRI 3: Material topics 2021	3-3 Management of material topics	88			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	114			
RESEARCH, DEVELOPMENT AND INNOVATION					
GRI 3: Material topics 2021	3-3 Management of material topics	46-52			
PRODUCT AND PROCESS SUSTAINABILITY					
GRI 3: Material topics 2021	3-3 Management of material topics	108-133			
GRI 301: Material 2021	301-1 Materials used by weight or volume	112			
	301-2 Recycled input materials used	7, 112-114			
GRI 302: Energy 2016	302-1 Energy consumed within the organisation	121-123			
	302-3 Energy intensity	123			
	302-4 Reduction of energy consumption	123			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	118, 119			
	303-2 Management of water discharge-related impacts	118, 119			
	303-3 Water withdrawal	117			
	303-4 Water discharge	120			
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	129			
	306-3 Waste generated	131			
	306-4 Waste diverted from disposal	130			
	306-5 Waste directed to disposal	130			
CUSTOMER AND END-CONSUMER SATISFACTION					
GRI 3: Material topics 2021	3-3 Management of material topics	85-87			
LOCAL COMMUNITY SUPPORT					
GRI 3: Material topics 2021	3-3 Management of material topics	89			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	89			



Independent auditor's report on the Sustainability Report 2023

To the Board of Directors of Lucart SpA

We have undertaken a limited assurance engagement on the Sustainability Report of Lucart SpA (hereinafter the "Company") and its subsidiaries Lucart Sas, Lucart Tissue & Soap SLU, Lucart Deutschland GmbH, Lucart Kft, Lucart Hygiene Ltd and Circular Shield Doo (hereinafter also the "Group" or "Lucart Group") for the year ended 31 December 2023 and approved by the Board of Directors on 30 May 2024.

Responsibilities of the Directors for the Sustainability Report

The Directors of Lucart SpA are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), as illustrated in the "Methodological note" section of the Sustainability Report.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for defining the sustainability performance targets of the Lucart Group, as well as for identifying its stakeholders and material topics to be reported on.

Auditor's Independence and Quality Management

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers Business Services Srl

Società a responsabilità limitata a socio unico

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Società soggetta all'attività di direzione e coordinamento della PricewaterhouseCoopers Italia Srl

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Auditor's Responsibilities

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the Sustainability Report with the requirements of the GRI Standards. We conducted our work in accordance with “International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (hereinafter also “ISAE 3000 Revised”) issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the Sustainability Report is free from material misstatement.

Therefore, the procedures performed were less in extent than those performed in a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgement and included inquiries, mainly of personnel of the Company responsible for the preparation of the information presented in the Sustainability Report, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the process of definition of the material topics reported on in the Sustainability Report, with reference to the method applied in the analysis and understanding of the Group's environment, the identification and prioritisation of the actual and potential impacts, and the internal validation of the results of the process;
2. comparison of the financial information reported in the “Lucart at a glance” section of the Sustainability Report with the information included in the parent company Pasfin SpA annual consolidated financial statement;
3. understanding of the processes underlying the generation, collection and management of significant qualitative and quantitative information included in the Sustainability Report.

In detail, we held meetings and interviews with the management personnel of Lucart SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, aggregation, processing and submission of non-financial information to the function responsible for the preparation of the Sustainability Report.

Moreover, for material information, considering the activities and characteristics of the Group:

- at corporate level
 - a. with reference to the qualitative information presented in the Sustainability Report, we carried out interviews and obtained supporting documentation to verify its consistency with available evidence;
 - b. with reference to quantitative information, we performed both analytical procedures and limited tests to verify, on a sample basis, the accuracy of data aggregation.
- for the following entities Lucart Sas, Lucart Tissue & Soap SLU, Lucart SpA (Porcari site), which we selected on the basis of their activities, their contribution to performance indicators at a consolidated level and their location, we met the persons in charge and obtained documentary evidence, on a sample basis, regarding the correct application of the procedures and calculation methods applied for the indicators.



Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Lucart Group for the year ended 31 December 2023 is not prepared, in all material respects, in accordance with the requirements of the GRI Standards as illustrated in the “Methodological note” section of the Sustainability Report.


Milan, 4 June 2024

PricewaterhouseCoopers Business Services Srl

Signed by

Paolo Bersani
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the Sustainability Report 2023 translation.

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Photography
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Printing
Pacini Editore Srl

The Corporate Communication Team, which oversaw the preparation of the document, thanks all the colleagues who actively collaborated in its drafting and the colleagues who kindly made themselves available for the photo shoot.

Printed on recycled paper
"Oikos extra white"



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