

FAVINI

**SUSTAINABILITY REPORT
2024**



LETTER FROM THE CEO

DEAR STAKEHOLDERS.

I AM PLEASED TO PRESENT OUR 2024 SUSTAINABILITY REPORT, A DOCUMENT THAT SPRINGS FROM THE DESIRE TO RAISE AWARENESS OF FAVINI, OUR ACTIVITIES AND OUR COMMITMENT TO ENSURING THAT OUR BUSINESS IS SUSTAINABLE FOR THE ENVIRONMENT, PEOPLE, LOCAL COMMUNITIES AND ALL THE OTHER STAKEHOLDERS WITH WHOM WE WORK.

[GRI 2-22]

The first few months of 2025 have drastically changed the political and economic context underpinning the evolution of the entire global economy in recent decades. It is still too early to say what the impact of these profound changes will be, and whether they will have long-term consequences on future dynamics, but one effect is already clear: sustainability and climate change have been dropped from the agenda of priorities being discussed on a global level. The tariffs imposed by the government of the world's largest economy and the ongoing conflicts in Ukraine and Palestine are capturing the interest of governments and the media, and environmental issues have lost the attention they rightly received until a few months ago.

In addition, the explicit refusal of the US government to recognise the environment as a priority for action raises the concern of those who deem essential reducing the impact of human actions on the ecosystem for the future of the planet.

In this worrying landscape, Favini confirms its commitment to strengthening long-term sustainability as a fundamental reference point for its economic activity and reaffirms its support for the goals set out by the United Nations.

The economic and financial performance in 2024 was very satisfactory: we strengthened our improved commercial positioning in the

markets of reference and the profits achieved in 2023. Furthermore, we reinforced the Group's capital structure by redefining its financial structure, which puts us in a favourable position for the future. In June 2024, Favini entered into a sustainability-linked loan with a pool of banks in which the cost of the loan is linked to performance in certain indicators reported among the objectives of this document: improving ESG performance is becoming increasingly linked to the Group's fundamental goals!

We can confirm the medium- to long-term goals of sustainable value creation and respect for all of our stakeholders: these are our solid and clear reference points in defining long-term strategies as well as in our everyday actions. Financial and capital strength is the basic prerequisite for pursuing sustainability goals. On this basis, investments can be made, be they technical or organisational, to achieve environmental and social sustainability. While from a social point of view we believe we have reached quite an advanced stage of applying best standards, from an environmental viewpoint and more specifically in terms of energy, it is worth reiterating that there is still a long way to go due to the current technical-scientific context.

We are pleased to report an improvement in the rating obtained from Ecovadis, a sustainability performance monitoring platform, in the review carried out in December 2024: we achieved a rating of 80/100,

confirming the Gold rating already obtained the year before. We can also note our achievement of the sustainability goals we had set ourselves for 2024, but we are fully aware that they are partial goals in a long and challenging journey that will still require considerable effort.

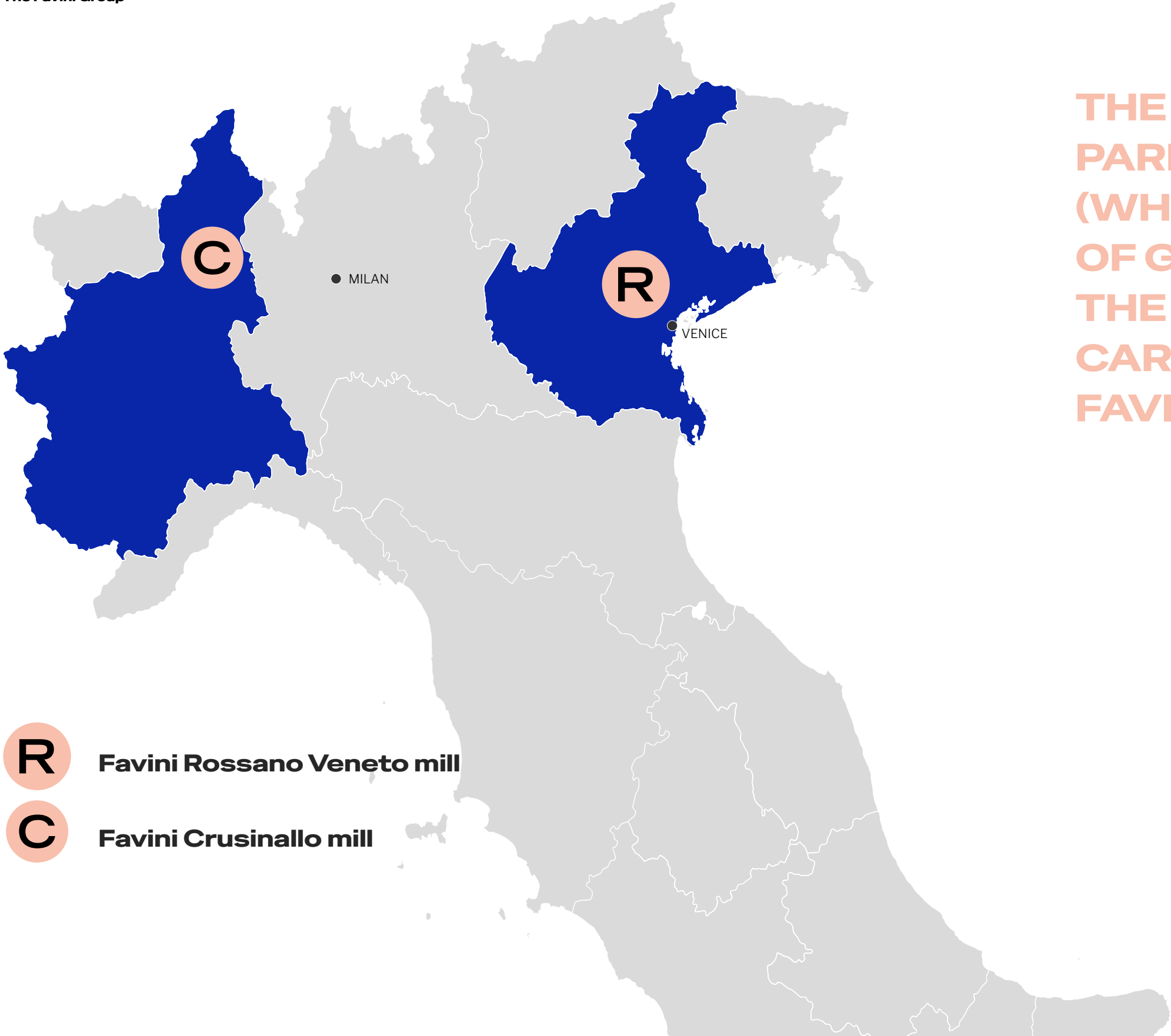
This year's Sustainability Report completes the evolution of the reporting document referencing the 2021 GRI Standards, started three years ago, and allows us to obtain assurance from an auditing firm. Worthy of special attention among the various areas for improvement is the review of material issues based on management assessments: there are no significant changes in the issues that impact the group's activities and performance, but we represent the implications related to the material issues themselves in a broader and more accurate sense.

Eugenio Eger



THE FAVINI GROUP





THE GROUP COMPRISES THE PARENT COMPANY FAVINI S.R.L. (WHICH GENERATES ABOUT 90% OF GROUP TURNOVER) AND THE SUBSIDIARIES CARTOTECNICA FAVINI S.R.L. AND FAVINI DO BRASIL LTDA.

1 The Favini Group

[GRI 2-1] [GRI 2-2]

As shown in the previous organisational chart, Favini S.r.l. is controlled by Paper Midco Sarl, which acts as a holding company for the sole purpose of managing the investment in Favini.

Favini S.r.l.'s registered office is in Rossano Veneto (VI). Its production facilities are based in Italy, at the Rossano Veneto (VI) and Crusinallo plants in the municipality of Omegna (VB). In 2024, the Group generated turnover of €194.2 million.

- R Favini Rossano Veneto mill**
- C Favini Crusinallo mill**

ORGANIZATIONAL CHART



1.1 Geographical context

The Italian production sites of the Favini Group are located in Veneto and in Piedmont, two areas of particular natural beauty along strategic road networks connecting with the rest of Italy and with Europe.

The Veneto site, the paper mill and the adjoining converting unit, cover an area of 75,909 sqm, of which 61,403 sqm are covered by buildings and loading yards, in an industrial district in the municipality of Rossano Veneto, a small town of roughly 8,200 inhabitants in the north-east of the province of Vicenza.

Geographically, the production site is located just downstream from water resurgences, in an area made up of the alluvial deposits of the water courses coming from mountain basins. Here, the highly permeable soils, typical of the area, guarantee the significant and constant replenishment of the underground aquifers thus allowing the site to exploit the abundant water contained in the alluvial mattress of the upper Po Valley.

Environmental protection of this area is of great importance, in accordance with the guidelines of the PRGC (Piano Regolatore Generale Comunale - General Municipal Regulating Plan) and forming part of wider-ranging projects: pollution prevention, the reclamation and redevelopment of the “drainage basin” of the Venice lagoon, where drainage basin refers to the area where the network of surface canals conveys rain and river water into the lagoon, along with pollution produced by urban and industrial sites as well as by agricultural activities; the municipality of Rossano Veneto forms part of this basin as a groundwater replenishment site. Preserving the site thus means contributing to the

safeguarding of the natural heritage in the lagoon and to the preservation of the groundwater by maintaining the quality necessary for human use.

The socio-economic context of the paper mill can count on a network of highly specialised and competitive small and medium businesses, spread throughout the region.

The Piedmont site of Favini Group covers an area of 114,151 sqm, of which 35,762 sqm are covered by buildings, in the suburb of Crusinallo in the municipality of Omegna (with a population of 14,100 inhabitants), north of Lago d’Orta, in the province of Verbano Cusio Ossola; the area is an important intersection connecting the site with the Swiss, French and German territory to the north, and to Po river and Lombardy valley to the south.

From a geographical viewpoint the production facility is located in an alluvial plain formed by the River Toce.

The protection of the site from pollution is part of a project to safeguard the river and lake heritage developed in conjunction with the local Agenda 21 process launched in 2001 by the provincial administration of Verbano Cusio Ossola.

With regard to socio-economic aspects, the paper mill is located within a highly active and specialised manufacturing context which characterises the entire province of Verbano-Cusio-Ossola.

THE WORLDS OF FAVINI

1.2 [GRI 2-6] THE FAVINI GROUP OPERATES IN THREE BUSINESS SECTORS: CASTING RELEASE DIVISION, GRAPHIC SPECIALITIES DIVISION AND THE PAPER CONVERTING DIVISION. EACH BUSINESS SEGMENT OFFERS VARIOUS PRODUCTS AND SOLUTIONS FOR DIVERSE MARKETS.

INDUSTRIES THAT CHOOSE US

FASHION & ACCESSORIES

DESIGN & TECH

COSMETICS

FOOD. WINE & SPIRITS

PACKAGING

HIGH-END PRINTING

FURNITURE

SUSTAINABILITY & LUXURY

AUTOMOTIVE

BRAND PROTECTION & SECURITY

SCHOOL & OFFICE

HOBBY & ART

THE WORLDS OF FAVINI

CASTING RELEASE

Favini is the global leader in the design and production of release paper, namely creative and technical moulds used in the production processes of numerous materials for the fashion, design, automotive and technical-sportswear sectors. Release papers allow the imprinting of a surface texture, on a range of different products creating the final visual effect and tactile feel.

In addition to smooth surfaces with different degrees of opacity, the Favini Release catalogue includes close to 300 original designs with leather, patterned, textile, geometric, and three-dimensional effects.

GRAPHIC SPECIALITIES

Favini is one of the world’s leading companies for innovative graphic specialities based on mainly natural raw materials (cellulose, algae, fruit and nuts, cotton and wool etc) for printed communication and product packaging for luxury and fashion groups.

In particular, the Graphic Specialities division includes designing and producing high-added-value paper solutions for various applications, the most important of which are packaging, high-end publishing, as well as technical and creative uses.

This division has established a powerful ecological identity in the market. Since the 1990s, it has been known for papers created from circular economy processes and industrial symbiosis. The R&D laboratory constantly searches for eco-innovative ingredients, such as algae, agro-industrial, textile and leather by-products.

PAPER CONVERTING

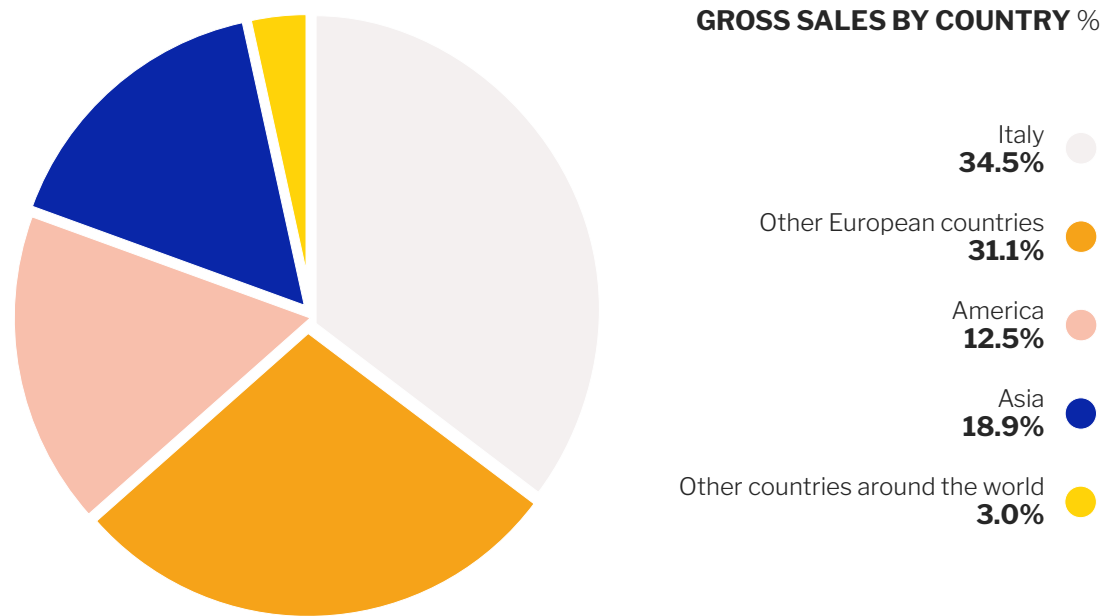
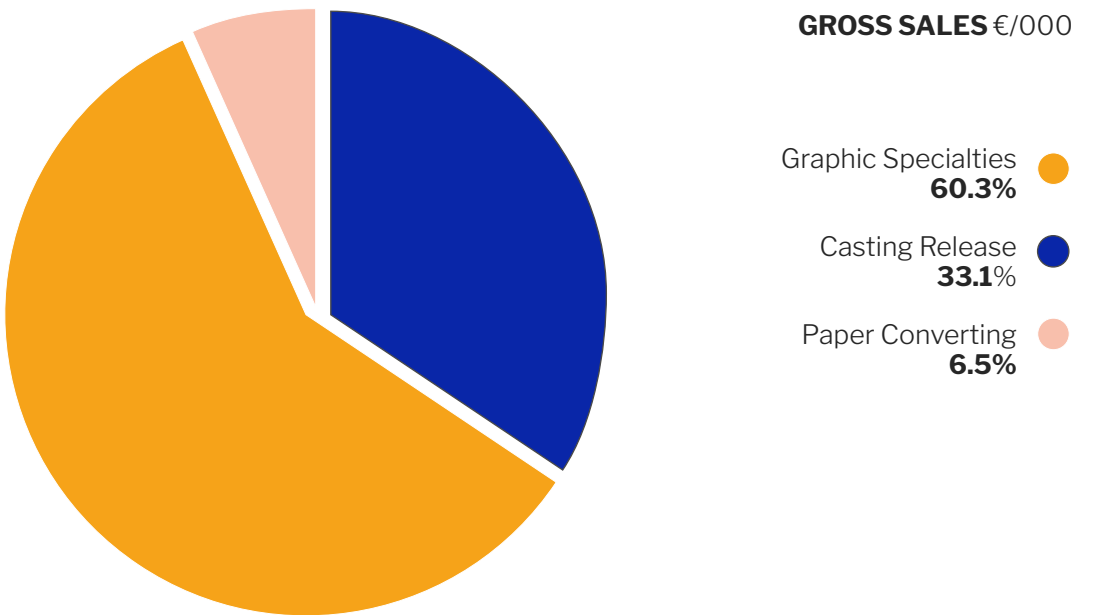
Favini includes a Paper Converting division, specialising in activities related to creating and producing stationery for educational, office and craft uses.

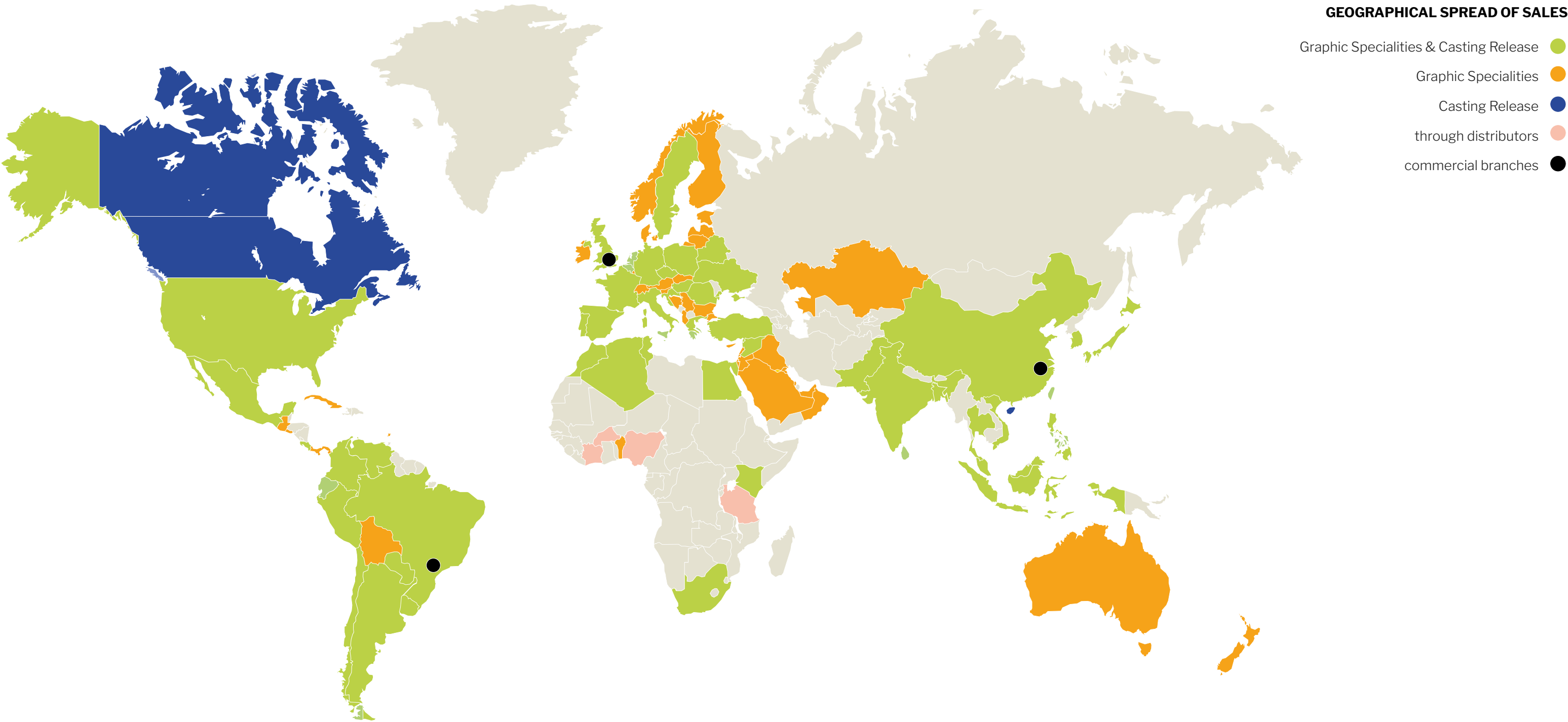
The Paper Converting division’s product offering ranges from reams of coloured paper - its flagship product - to notebooks, sketchbooks, envelopes and cards. This segment is also known as School, Office and Creativity to emphasise the areas of product use.

Favini uses fibrous (cellulose) and non-fibrous raw materials (mainly chemical products) principally sourced from the European and South American market to make its products, as described in more detail in the financial statements section dedicated to the supply chain (1.8) and to material consumption (3.1.3).

**FAVINI SELLS ITS PRODUCTS
IN OVER 100 COUNTRIES. AC-
COUNTING FOR 65.5% OF THE
GROUP’S TOTAL EXPORT REVE-
NUES.**

There are three commercial branches in Brazil, China and the United Kingdom, where resources mainly focus on marketing products in their respective markets and supporting promotion of the Group’s brand awareness and trademarks.





1.3 Governance

[GRI 2-9] [GRI 2-10] [GRI 2-11] [GRI 2-15] [GRI 2-17] [GRI 2-18]

1.3.1 Board of Directors

The Company’s Articles of Association provide a transparent definition of the Group’s governance structure.

The governing body is the Board of Directors (BoD), comprising three members: the Chairman, the Chief Executive Officer (CEO) and a Director.

The BoD handles the Group’s strategic guidance and management, with the Chairman setting strategic guidelines. The Chairman of the Board does not have an operational role within the Organisation but liaises with the CEO to manage issues that fall outside ordinary business activities.

The CEO is responsible for ordinary management, with his/her powers defined in detail by the Board of Directors and made public in the Register of Companies. The CEO also acts as General Manager, taking a fully operational role in managing the Organisation, including handling economic, environmental and social impacts.

In terms of sustainability, measures to increase the collective skills of the Board of Directors have not yet been adopted, apart from the CEO, to whom the board has delegated the development of the necessary skills.

Additionally, the CEO assumes the role of Employer with respect to worker safety and environmental protection. There is no predefined frequency for the Chief Executive Officer to communicate to the Board of Directors regarding the disclosure of an Anti-Corruption Policy on corporate management issues, including those relating to the Organization’s economic, environmental, and social impacts. At Board level, management reporting occurs quarterly.

The third Director has no operational powers.

The Company’s Articles of Association stipulate that the Shareholders’ Meeting shall appoint a person to carry out the statutory audit. The primary tasks of the statutory auditor are: 1. to express an opinion on the annual and consolidated financial statements in a report; 2. during the financial year, to verify that the company’s accounts are properly kept and that operating events are correctly recorded in the accounting records.

The Articles of Association reserve certain ordinary management matters for resolutions of the Board of Directors, while other issues of particular strategic importance are reserved for the Shareholders’ Meeting.

There are no committees within the BoD and no independent directors. Directors serve a three-year term. The current directors are all male and are, indirectly, shareholders in the Company.

The Articles of Association regulate the appointment of Directors, stipulating that the majority shareholder shall appoint two directors and the minority shareholder shall appoint one. Other than the competence and experience acquired at the Company and other high-level organisations, there are no specific criteria for selecting Directors.

The BoD, or when necessary, the Shareholders’ Meeting, handles any conflict of interests, even if only potential or suspected, adopting the necessary measures to solve the conflict.

1.3.2 The Board of Statutory Auditors

[GRI 2-11] [GRI 2-12] [GRI 2-13]

The Articles of Association specify that the Board of Statutory Auditors, comprising three members appointed by the Shareholders’ Meeting, is responsible for verifying compliance with the law and the Articles of Association. The verification of legitimacy performed by the Board of Statutory Auditors includes supervising compliance with all provisions of the Articles of Association, the laws and regulations governing the functioning of the Company’s bodies and its relations with institutional bodies, the regulatory provisions governing the Company’s operating sector and the existence of the authorisations required to perform its activities.

The Italian Civil Code states that directors must adopt adequate organisational, administrative and accounting structures and that the Board of Statutory Auditors shall supervise the adequacy of the Company’s organisational structure. The Board of Statutory Auditors’ verifications focus on the processes governing executive actions, meaning the adequacy of the set of directives and procedures designed to ensure appropriate competence and responsibility in allocating functions. The Board of Statutory Auditors assesses the appropriateness of a company’s organisational structure by evaluating, for example, compliance with the company’s size, the nature and methods of achieving the corporate purpose, the organisational chart and the documentation of company directives and procedures.

1.3.3 The remuneration and incentive policy

[GRI 2-18] [GRI 2-19] [GRI 2-20] [GRI 2-21]

Board members are remunerated with a fixed fee, agreed upon by the Shareholders. In addition to remuneration as a director, the CEO receives additional remuneration as General Manager. Like the other Group managers, this remuneration comprises a fixed component and by a variable component linked to annual targets and results. These targets are primarily tied to the Group’s economic performance. The fixed component, governed by Italian law and the collective agreement for managers of industrial companies, also includes a severance payment, supplementary pension and health benefits. The company has not yet developed a formal procedure for assessing the results achieved by the highest governing body and collectively evaluates its economic, environmental and social performance.

The ratio of the total annual cost of the highest-paid person in the Organisation to the average yearly total cost of all other employees is 9, with a variation of about 3 on 2023.

1.3.4 Sustainability Governance

[GRI 2-12] [GRI 2-13] [GRI 2-14]

Sustainability reporting is under the responsibility of the CEO, who reviews and approves the reported information, including material issues. The CEO has delegated some responsibilities to a few Delegated Employers, who must ensure the Organisation manages occupational safety and environmental protection issues properly.

The CEO coordinates a working team known as the Susteam, which collects data and information relevant to reporting and actively identifies material issues. The Susteam has two levels: the first is an expanded group of compa-

ny managers, which meets once a year to collect proposals for targets to set and actions to be taken to achieve them, and to verify the achievement of the previous year’s targets. This work culminates in an annual statement of ESG objectives, actions and results, which is then presented to the BoD. The second level comprises a select committee of managers, also coordinated by the CEO, which meets bimonthly to examine ESG issues in detail and manage various aspects of their reporting.

The Company’s streamlined structure limits the possibility of setting up specific issue-focused Committees; instead, topics are addressed collectively or delegated to the Chairman or CEO. The CEO reports critical issues, objectives and actions taken in the sustainability area annually to the BoD.

1.4 Business ethics and integrity

[GRI 2-15] [GRI 2-16] [GRI 2-23] [GRI 2-25] [GRI 2-26] [GRI 3-3] [GRI 205-3] [GRI 415-1]

Favini constantly strives to create shared value for the Group and its stakeholders, prioritising the respect for and development of environmental and social responsibility principles in its decision-making and operational processes.

Transparency, integrity and fairness are the cornerstones of our long-term development, which we pursue through the adoption of the Code of Ethics, the Organisation and Management Model provided by Italian law (DL 231) and various policies and procedures ensuring compliance with current legislation and rules, such as the Anti-Corruption Policy and the Human Rights Policy. The latter focuses on protecting workers’ health and safety and respecting individual and collective rights.

All Group companies have adopted the Code of Ethics, while companies operating in Italy have also adopted the DL 231.

The BoD has appointed a Supervisory Board with the task of monitoring the correct implementation of the DL 231 and its updating. The Supervisory Board

meets quarterly to interview various responsible parties to verify the integrity of the company’s actions, and to maintain a regular exchange of information with the BoD and the Board of Auditors.

The Code of Ethics sets forth principles for the correct and fair management of corporate activities and is integrated with the DL 231 with the ultimate aim of preventing and reducing offences, the risk of corruption and conflicts of interest. The DL 231/2001 aims to prevent the commission of specific relevant offences, including corruption, bribery, fraud, corporate offences, receiving stolen goods, violation of accident prevention regulations, environmental offences, market manipulation, unfair competition, conflicts of interest and more. These documents are the main tools for the development and maintenance of a transparent and honest business conduct to prevent abuse of basic human rights and any form of corruption.

The induction programme for new employees, formalised by a specific procedure, includes basic training on legal issues, preventing corruption, human rights, environmental responsibility and the company’s Code of Ethics. General staff training on the 231 Organisational Model and the Code of Ethics has been provided during previous periods. The organisation of decision-making and authorisation processes, with the separation of duties and responsibilities among decision makers, those who carry out activities, and those who verify them, contributes to ensuring transparent and fair operations.

In 2023, Favini joined the UN Global Compact, a strategic corporate citizenship pact promoting the adoption of sustainable policies and practices, recognising it as a key step in developing its ESG responsibility.

We also ensure transparency in stakeholder participation in corporate activities, who can send general reports also by email to a special company address. The Whistleblowing system, recently updated as per Italian Legislative Decree 24/2023, follows a formal procedure and has a well-defined reporting channel where it is possible to report, even anonymously, illegal behaviour and

actions prohibited by Favini’s Code of Conduct and values. According to company policy, Favini does not provide contributions and/or funding to organisations with which there may be conflicts of interest or to associations carrying out activities or playing significant roles in determining political matters.

In 2024, a report was received through the Whistleblowing channel, which with the support of internal functions, was investigated and properly resolved. No other reports or complaints from stakeholders were received during the reporting period. As part of normal business management, quality complaints were received from customers. However, these did not give rise to particular concerns but were instead used as opportunities to improve on products.

1.5 Policies and Certified Management Systems

[GRI 2-23] [GRI 2-30]

The company has published a set of policies to precisely implement the principles enshrined in the 231 Organisation and Management Model and the Code of Ethics and developed procedures to define its commitments to responsible business conduct with respect to its most important stakeholders. Documents on environmental policy, procurement policy, labour and human rights policy and anti-corruption policy can be consulted and downloaded from the website www.favini.com in the Sustainability section.

The CEO implements the policies and supervises the activities of the relevant functions to ensure their practical application. The Human Resources (HR) Department oversees labour and human rights issues and liaises with workers’ representatives, addressing their requests and any complaints, as required by current legislation and national and company collective agreements. The quality, environment and safety systems apply the processes of risk identifi-

cation and assessment and monitoring possible disputes with management.

Worker safety and environmental issues are managed by the delegated employer and the HSOs (Health and Safety Officers) appointed for each facility, who, in turn, interact with the workers’ safety representatives, as required by law and collective agreements. They also liaise with local authorities to define and enforce safety and environmental requirements in the workplace.

All employees in the Italian Group’s companies are covered by the National Collective Labour Agreement for companies operating in the paper and cardboard industries; all managers are covered by the National Collective Labour Agreement for managers of companies producing goods and services. In addition, the company has been certified UNI EN ISO 45001 since 2011, UNI EN ISO 14001 since 2009 and 2010, respectively for the Rossano Veneto and Crusinallo plants, and EMAS since 2015, and undergoes annual audits.

1.6 Stakeholder involvement

[GRI 2-29]

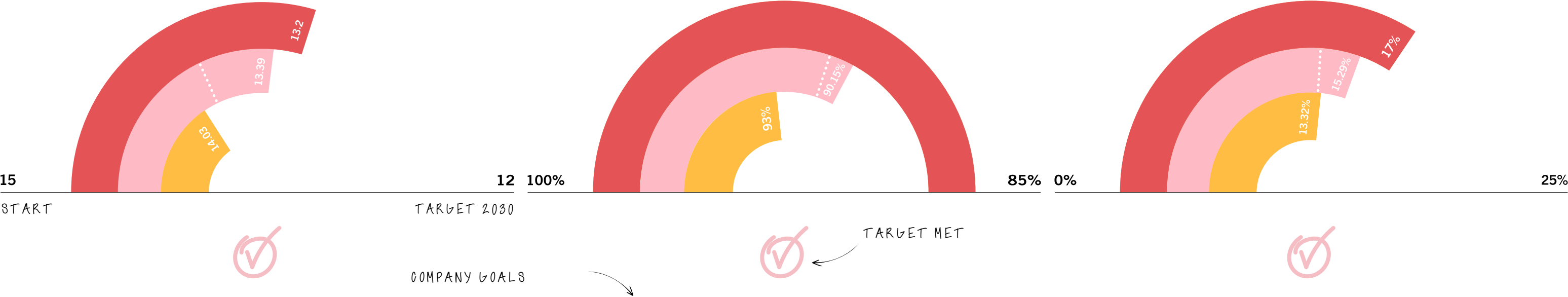
Favini values the opinion of its stakeholders and has developed various engagement strategies. The group’s employees are involved through in-house organisational communications, corporate events, meetings with trade unions and safety representatives, the company intranet, the Quality, Environment and Safety portal and the guidelines, policy and procedure website. It asks its customers and external contractors to assess its products and services through a regular satisfaction survey and specific meetings; it dialogues with universities and local communities by taking part in fairs and events and by opening up the doors to its plants for educational visits and it engages with suppliers, customers, employees, shareholders and research bodies to identify the most important sustainability issues in order to plan future corporate commitments. The heads of the various areas meet regularly with workers’ representatives to review the situation and address their concerns.

1.7 Favini's sustainability strategy and goals

ENERGY EFFICIENCY AND EMISSIONS

- 2023 RESULT
- 2024 RESULT
- 2024 OBJECTIVE
- 2025 OBJECTIVE

relevant SDGs



INCREASING ENERGY EFFICIENCY

GJ/T PAPER

We focus our efforts on maximizing energy efficiency, measured in terms of tonnes of paper produced from high-efficiency cogeneration plants, waiting for more structural alternatives to gas usage.

REDUCING CARBON INTENSITY (SCOPE 1 AND 2 EMISSIONS)

%(CARBON INTENSITY 2024/CARBON INTENSITY 2009)

We consider an aspirational goal to reduce carbon intensity, TCO₂/Tpaper, but a significant emissions abatement (Scope 1) is extremely difficult in the present scientific and technical context and in our geographical position.

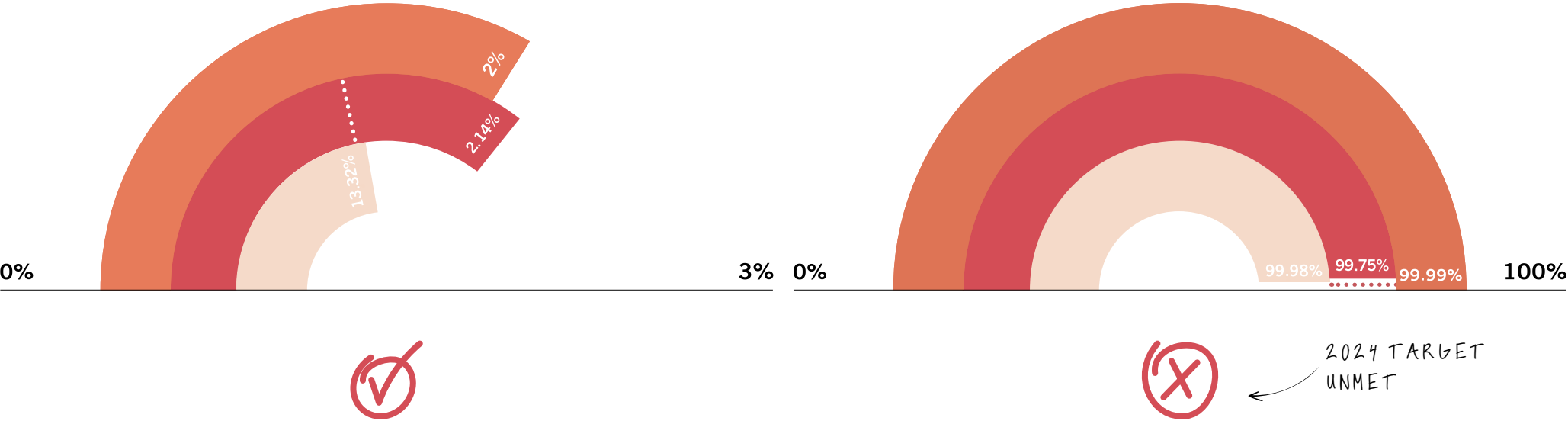
INCREASING THE SHARE OF REVENUES FROM CARBON NEUTRAL PRODUCTS - GRAPHIC SPECIALITIES

%

At Favini, we are committed to developing products with a low carbon impact throughout the manufacturing chain and through CO₂ offsetting projects.

CIRCULAR ECONOMY AND RESPONSIBLE MANAGEMENT OF RESOURCES

- 2023 RESULT
- 2024 RESULT
- 2024 OBJECTIVE
- 2025 OBJECTIVE



INCREASING THE USE OF ALTERNATIVE FIBRES
- ROSSANO VENETO MILL

%

At Favini we are constantly looking for developing highly innovative products in terms of creative re-use of waste arising from other sectors and of alternative fibres.

NO WASTE FOR DISPOSAL

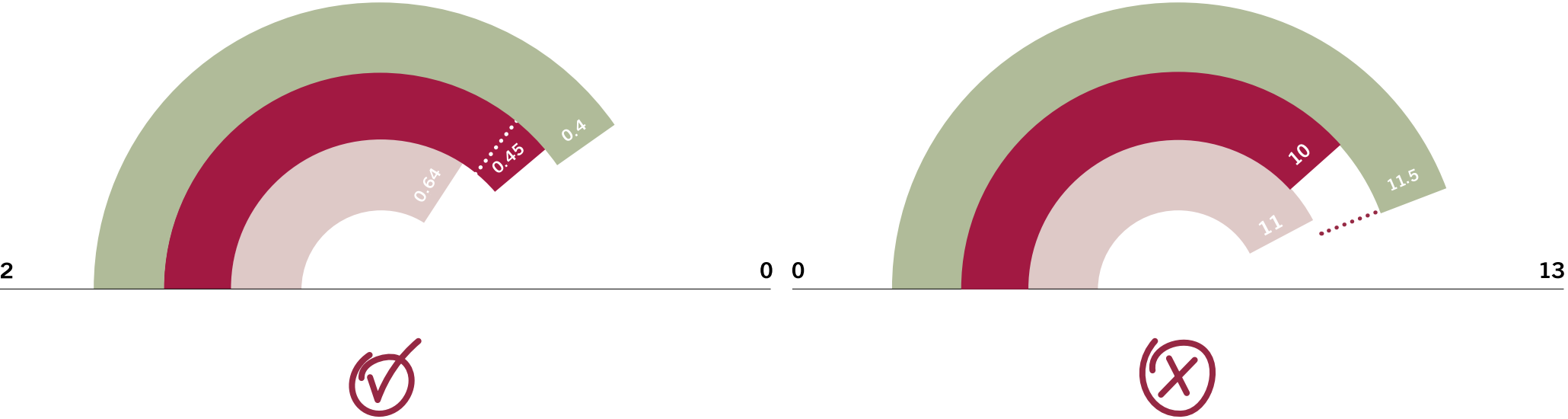
% TO RECOVERY

Waste originating from manufacturing process is internally reused or sent for recovery. Only a minimal part related to maintenance process is destined for disposal.



STAFF HEALTH. TRAINING AND WELL BEING

- 2023 RESULT
- 2024 RESULT
- 2024 OBJECTIVE
- 2025 OBJECTIVE

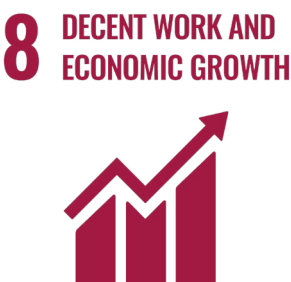


REDUCING THE ACCIDENT SEVERITY INDEX (SI)
DAYS OF ABSENCE DUE TO ACCIDENTS >3 DAYS/TOTAL HOURS WORKED X1.000

The Accident Severity Index is the most suitable tool for reporting the seriousness of injuries occurring in the working environment. Despite the efforts made, we are still behind in reaching “zero accidents” objective.

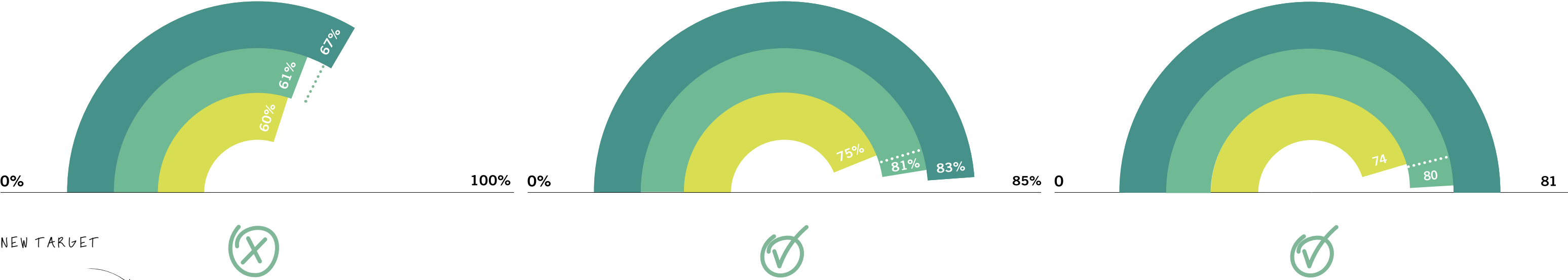
INCREASING THE PRO CAPITA HOURS OF TRAINING PROVIDED TO EMPLOYEES
H PRO CAPITA

At Favini, we believe that an increased number of training hours is core to a safer and healthier workplace.



SUSTAINABLE SUPPLY CHAIN

- 2023 RESULT
- 2024 RESULT
- 2024 OBJECTIVE
- 2025 OBJECTIVE



PURCHASES OF FSC™ - COC VIRGIN FIBRE MATERIALS VS. FSC-CW FIBRE MATERIALS

%

Since many years Favini sources 100 percent of pulp from FSC certified suppliers. Our goal is to maintain such level and to achieve a higher level of FSC CoC certified pulp.

INCREASING THE VALUE OF PURCHASES FROM QUALIFIED SUPPLIERS

%

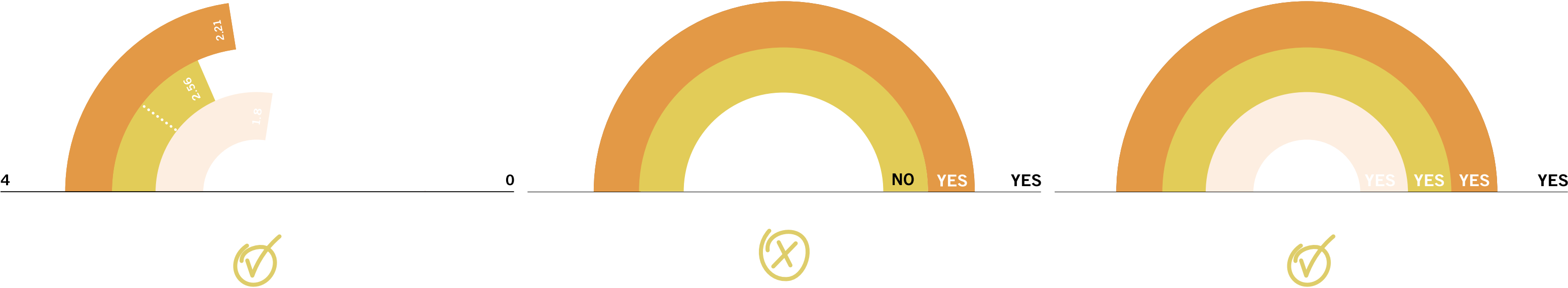
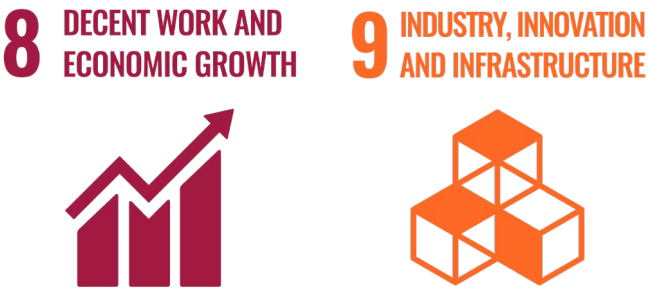
The ESG qualification of the production chain is one of our challenging targets and the next year's aspirational goal is to widen it to minor suppliers and to improve the performance of those certified.

IMPROVING ECOVADIS' RATING

Favini is committed to improving its level of sustainability through concrete actions, the results of which are evaluated by Ecovadis (a global provider of corporate sustainability ratings).

SHARED VALUE

- 2023 RESULT
- 2024 RESULT
- 2024 OBJECTIVE
- 2025 OBJECTIVE



GUARANTEEING THE FINANCIAL STRENGTH OF THE COMPANY
NET FINANCIAL DEBT / EBITDA

The Net Financial Debt/EBITDA ratio is an important parameter to assess economic and financial sustainability of a company. We at Favini are committed to progressively reduce our debts towards zero in the coming years.

INTEGRATING ESG OBJECTIVES INTO THE CORPORATE INCENTIVE SYSTEM

As of today, ESG targets are only partially included in the employees’ incentive system. The 2025 goal is to integrate such targets in the variable component of the remuneration of part of the employees.

ADHERING TO THE PRINCIPLES OF THE UN GLOBAL COMPACT

Our participation in UN Global Compact emphasizes Favini’s commitment to ESG issues. We joined in 2023, and we are proceeding in the adhesion process.

1.8 Responsible management of the value chain

[GRI 2-6] [GRI 416-2] [GRI 417-2] [GRI 417-3]

1.8.1 Customer relations

[GRI 2-28] [GRI 416-2] [GRI 417-2] [GRI 417-3]

The customer portfolio is a critical asset in Favini’s generation of long-term value and respect for our customers is a fundamental value in our way of doing business. Favini aims to build lasting customer relationships by regularly supplying products based on fairness, loyalty and transparency. This commitment is evident in the fact that over 90% of our customers maintain stable, long-term relationships with us. Specifically, 94% of turnover generated in the three-year period 2022-2024 comes from customers with whom we have already had a business relationship in the previous three-year period, while approximately 6% comes from new clients. Conversely, around 97% of the turnover in 2019-2021 was generated with customers with whom we also had relations in the following three years.

Favini’s facilities are certified according to UNI EN ISO 9001:2015. Our ecological and sustainable identity is reflected in the quality and innovation of our product range, which is characterised by limited risks regarding potential problems of quality, harmfulness and hazards in use. The internal system for collecting and managing reports from business partners is precise and continually evolving to improve the timeliness of interventions and effectively manage any product quality issues. The company has a well-established operating method for handling customer complaints, with technical staff responsible for receiving and processing reports.

All products are developed following careful and meticulous controls to guarantee quality assurance, consumer health and safety and conformity in terms of labelling, information and marketing communications. During 2024, there were no instances of non-compliance related to product health and safety, information, labelling or violation of customer privacy.

A Management Review is held annually, during which the results achieved are analysed with respect to the targets set for all relevant areas, and new objectives set for the coming year. The Group is a member and active contributor to trade associations such as Confindustria, Asso-carta and Aticelca.

1.8.2 Supply chain management

[GRI 2-6] [GRI 204-1]

Favini considers it crucial to integrate sustainability throughout the supply chain, interacting with suppliers to purchase goods and services responsibly.

Responsible supply chain management, based on the principles of corporate social responsibility, allows us to obtain economically, socially and environmentally sound products, thus creating value for the company and its stakeholders.

In 2022 the company defined a code of conduct for its suppliers, setting out specific standards and ethics to be followed to guarantee that the entire chain respects the company’s basic sustainability and integrity values. To date, the code of conduct has been signed by 75% of Favini suppliers out of the total distributed economic value.

In 2023, the company adopted a sustainable sourcing policy detailing the sustainability principles and practices of the phases of the purchasing process, in order to communicate Favini’s commitment to sustainable sourcing to all suppliers.

In 2024, an annually updated procedure was also developed for supplier approval based on questionnaires to assess their ESG performance.

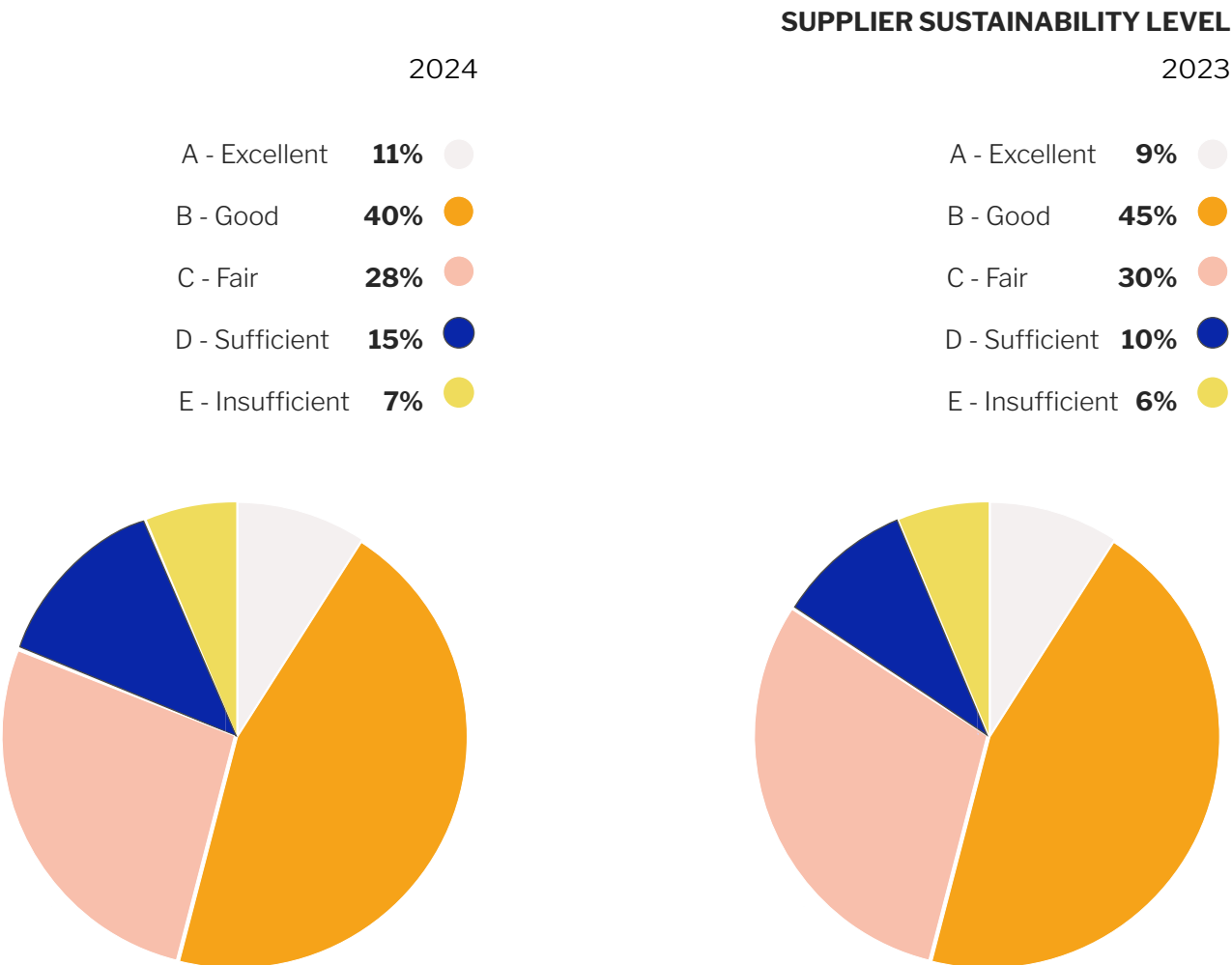
Supplier assessment questionnaire

[GRI 414-1] [GRI 308-1]

Favini uses an in-house qualification questionnaire to assess the sustainability of its suppliers.

The questionnaire is sent to the following supplier categories: fibrous and non-fibrous raw materials, external processing, transport and other services. The questionnaire allows us to assess five aspects of supplier performance: business management, human rights and working conditions, environment, business ethics and responsible supply chain management. Through these assessments, we can monitor regular suppliers with whom we have established relationships and select new ones, ensuring our supply chain is as sustainable as possible.

By completing the questionnaire and following the assessment of the responses, each supplier receives a rating from A to E. By processing the results, suppliers are grouped according to their ESG performance.

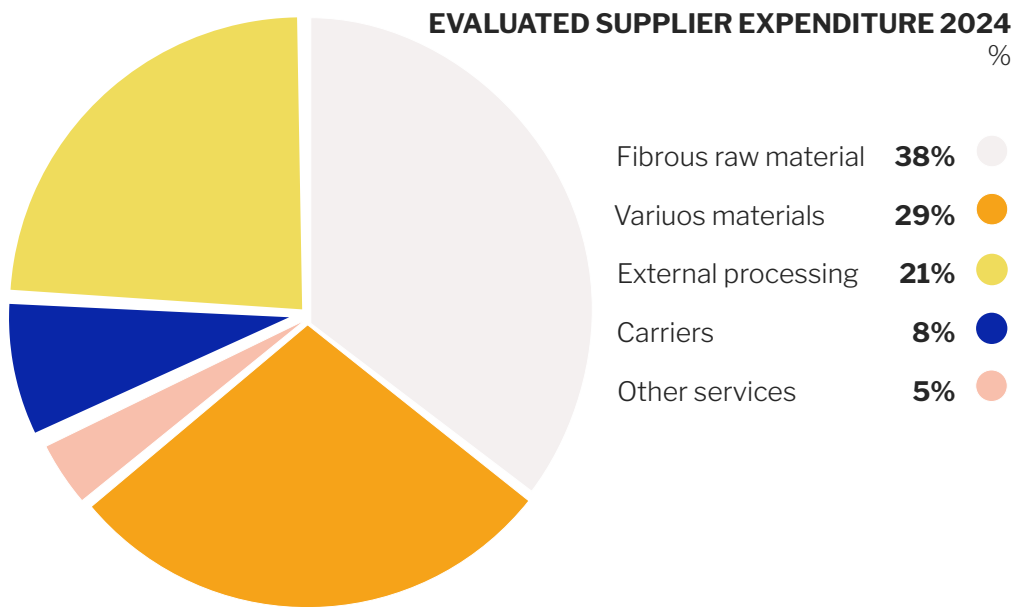


The results showed that over half of commercial partners pay high attention to ESG issues in their daily production and performance (A-B-C). 15% have sufficient coverage (D) and 7% have almost no positive ESG practices (E).

For the latter (with an 'E' ranking), Favini conducts investigations (e.g. audits, collection of additional information, etc.), to guarantee the actual possibility of continuing a collaborative relationship and signing a purchase contract with them.

Monitoring
[GRI 308-1]

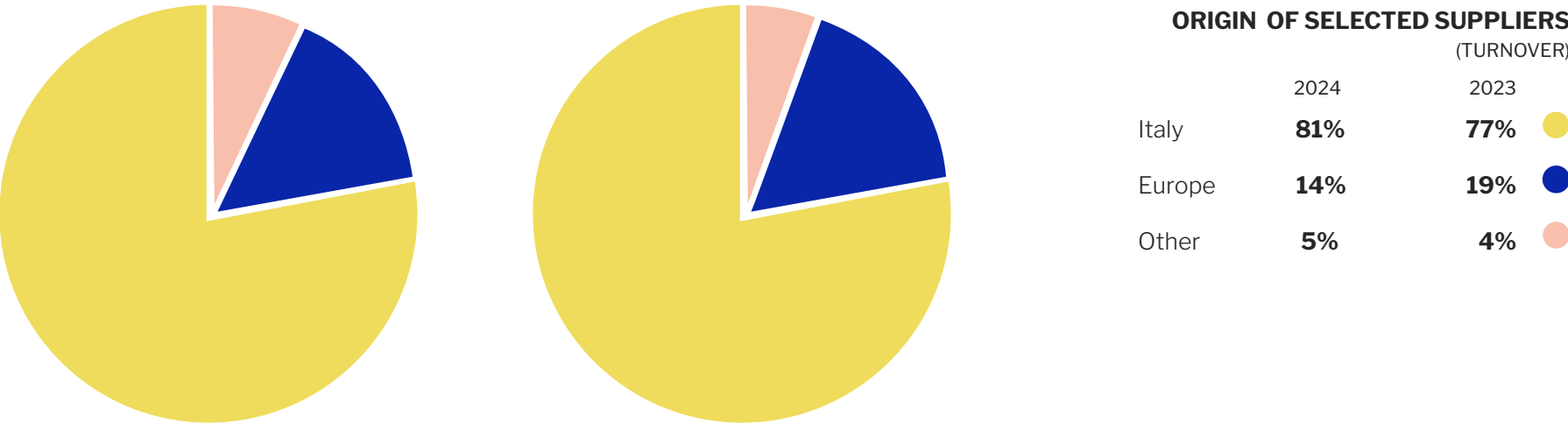
THE EFFECTIVENESS OF THE MONITORING IS DEMONSTRATED BY THE RATIO OF EXPENDITURE ASSESSED WITH THE QUESTIONNAIRE TO TOTAL EXPENDITURE. THROUGH THE QUESTIONNAIRE, 149 SUPPLIERS WERE ASSESSED (OF WHICH 55 NEW SUPPLIERS ASSESSED ACCORDING TO ESG ENVIRONMENTAL AND SOCIAL CRITERIA IN 2024 ON 2023), 95% OF THE SELECTED SAMPLE, COVERING 81% OF TURNOVER.



The selected suppliers were classified according to the industrial sectors to which they belong: supply of fibrous raw materials (cellulose), non-fibrous raw materials (chemicals and others), contract manufacturing, transport and other services (e.g. maintenance and energy). This subdivision enabled more accurate analyses, such as positioning the evaluated supplier with regard to the average of other companies in the relevant sector and the maximum obtainable score.

Expenditure on local suppliers

[GRI 204-1]
Lastly, where possible, Favini establishes partnerships with suppliers based in Italy to foster the development of local areas and create value in the national economy. However, when choosing a supplier, we must also consider the product category, which is not always available locally, and the quality of the product purchased. In 2024, the company availed of 1,685 suppliers, mainly based in Italy (83%) and equivalent to 64% of distributed value.



Geographical origin of selected Favini Group suppliers

no. selected suppliers	UdM	2023	2024
no. selected suppliers	N	114	161
Other	N	5	8
Europe	N	21	22
Italy	N	88	131
Grand Total	€	106,976,105.60	118,486,475.36

By cross-referencing the data of the supplier country and the ESG level reached by assessed suppliers, it emerged that the decision to avail of local suppliers, typically small or medium service providers, results in a higher number of unsatisfactory scores. These companies are part of the local network in which Favini operates and provide excellent services in terms of quality and flexibility but are less structured and equipped to obtain sustainability certifications.

1.8.3 Risk analysis along the value chain

[GRI 2-24] [GRI 418-1]

CORPORATE ACTIVITY IS CHARACTERISED BY MANAGING A SERIES OF VERY DIFFERENT RISKS ARISING, MORE OR LESS DIRECTLY, FROM THE CONTEXT IN WHICH THE ORGANISATION OPERATES. FAVINI HAS IDENTIFIED THE TYPES AND THE RISKS THAT ARE RELEVANT TO THE DEVELOPMENT OF ITS SUSTAINABILITY STRATEGY AND TO THE IMPACT ON THE VALUE CHAIN AND HAS DEFINED HOW TO MANAGE AND MITIGATE THEM. THE RISK CATEGORIES IDENTIFIED ARE DETAILED BELOW.

Supply chain risks

Cellulose raw materials are the greatest risk factor for ongoing product quality and for the sustainability goals along the supply chain of a paper mill. Favini does not use fibres obtained from the illegal cutting of virgin forests and only uses chlorine- and acid-free cellulose, FSC CoC or CW certified. It rejects the exploitation of workers and perseveres in its search for alternative solutions in the use of by-products as raw materials for the production of low environmental impact paper. It also uses recycled fibres from pre- and post-consumer waste. All plants and the subsidiary Cartotecnica are ISO 9001, ISO 14001 and FSC certified.

As regards all types of supply, ISO certifications help to manage supply chain risks, also through regular and careful in-house audits conducted by the Quality and Environment Systems department and by the scheduled maintenance audits conducted by external auditors.

The Supplier Code of Conduct, the Environmental Policy and Procurement Policy, together with managerial proce-

dures enable the Group to assess the sustainability performance of its key suppliers and are the tools that monitor the commitments undertaken.

Risks linked to emissions, energy transition and climate change

In 2023 we defined the short- and medium-term goals for the coming years, evaluated and approved by the BoD and contained in the 2023 report. The indicators developed for the achievement of the goals are constantly monitored. In order to further investigate the technological and energy evolution options offered by operators in the sector, Favini has intensified its collaboration with trade associations and with sustainability experts.

Its commitment to reducing impacts deriving from production processes is constant, trusting in the progressive development of technological options, as yet inaccessible, to reduce dependence on gas and its relative emissions. The productions sites in Rossano and Crusinallo are subject to controls required by the IPPC (Integrated Pollution Prevention and Reduction) for air, water and soil emissions, with regular audits on site and sampling, and

they have been in possession of the EMAS for some time. The company applies its Environmental Policy in an integrated manner for the transition towards a circular and sustainable economy.

The Rossano and Crusinallo plants are situated in medium and low water risk, respectively¹. Although there are no immediate and significant risks connected to climate change, Favini undertakes to reduce those risks with careful management of the water resources used and with insurance coverage for damage caused by weather conditions.

Product quality risks

Keeping product quality and innovation requirements constant is fundamental. Reducing the risk of non-compliance involves the entire organisation: all plants and the subsidiary Cartotecnica are ISO 9001 certified, the Group Quality and Safety Policy is integrated with the management system in monitoring product quality and customer satisfaction.

Cybersecurity risks

We operate with care to protect personal data and to mitigate cybersecurity risks. The management model developed to comply with Privacy regulations and the GDPR refers to the external figure of the DPO (Data Protection Officer), as required by law, who collaborates with the company in monitoring, updating and in reducing privacy management risks.

The information technology risks are constantly monitored by IT management, which holds regular meetings with the CEO to assess the results of the audits carried out by external professionals and to share strategies and investments. Access to the network and the risks involved with security and company image are regulated by the Company Regulations for the Use of Computer Data. To raise awareness among staff about cyber risks the company has also launched an ongoing training course through an e-learning platform. No breaches of customer privacy or loss of their data were recorded in 2024.

¹ According to data collected by the World Resources Institute AQUEDUCT Water risk atlas

Worker health and safety and human rights risks

The risk of accidents and the protection of workers’ health is one of the most important issues in manufacturing. The Group has adopted the ISO 45001 Standard and has developed in all plants and at the subsidiary Cartotecnica a constantly updated risk assessment document (RAD). It conducts ongoing audits and inspections, offers training and information programmes, constantly updates security systems, and adopts the best possible techniques for adapting or replacing equipment. Special attention is paid to the organisation of information and training courses about safety and to encourage the involvement of every single employee, from all levels of the organisation, in first aid teams.

One risk we believe intersects with health and safety regards the shortage or inadequacy of human capital. Adequate human resources, in terms of both numbers and skills, are crucial to achieving business objectives.

The risks arising from poor management of human rights are coordinated by applying the Labour and Human Rights Policy, which brings together the principles on which the culture and the development of company strategies are based. The company has a Whistleblowing platform to allow all those who, in their various capacities, have working or collaborative relationships to report illegal acts, violations or misconduct, with a guarantee of confidentiality for the whistleblower.

Risk of reduction in paper consumption and dependence on one raw material

Global paper consumption shows a risk of a structural decrease because of the continuing replacement of paper

with digital media. The Group tackled this risk through a niche strategy in two paper market segments; one for special paper for graphic/packaging use and the other for special Casting Release paper. These market sectors highlight positive trends and allow the Group to achieve a higher-than-average margin in the paper sector. As these niches are relatively small, they are less sensitive to fluctuations in sales prices, thus ensuring more stable results. Paper production in the two facilities largely depends on the supply of different types of pulp, which is a significant part of the make-up of the finished product. The availability of pulp in the market is influenced by factors that are difficult to predict in advance, such as climatic conditions and demand in the various markets. These factors can have a huge impact on both availability and purchase prices, with significant effects also on business profitability. The Group manages availability risk through contracts with suppliers that define annual quantities; a constant and careful analysis of order profitability aims to keep the risk derived from purchase price fluctuations under control.

Risk of dependence/fluctuation in energy resources

Paper production is commonly referred to as ‘energy-intensive’, i.e. it consumes a lot of energy resources, specifically gas and electricity. The functioning of the production process is therefore dependent upon the availability of these resources. Similarly, the profitability of the business can be affected by any fluctuation in the cost of energy. The Group has equipped its plants with highly efficient technologies which, by using gas, supply the electricity, steam and hot water necessary for their production processes. Through careful monitoring of this specific market, when deemed convenient, the company may some-

times sign annual contracts that guarantee the supply and price of the resource. Particularly high or sudden changes in prices can also be reversed on the selling price of the products to preserve business profitability.

Credit risk

The Group normally conducts sales by granting credit to its customers at standard terms applied in the different markets it operates in. The risk deriving from the non-collection of these receivables is managed internally through a procedure involving granting the customer an advance credit limit, which is constantly monitored with the support of the sales force. The existence of an essentially stable customer portfolio over time has historically reduced the amount of losses on receivables.

Exchange rate fluctuation risk

The Group handles a significant amount of foreign currency, meaning it is exposed to potential fluctuations in exchange rates (especially the USD), which could impact company profitability. The Group has adopted an adequate policy for managing the exchange rate risk that defines the guidelines, rules, roles and responsibilities of the actors involved as well as the operating limits of the risk management process applied to the core business of the Favini Group. More specifically, the Group minimises the risk with respect to the USD through the natural offsetting of sales and purchases in currency, which considerably reduces the exposure. Furthermore, for the hedging of currency risks on transactions, during the year derivative contracts were concluded with leading domestic credit institutions.

Liquidity risk

Liquidity risk is the risk of the Group not being able to fulfill its financial and commercial obligations. The Group

manages this risk through the constant analysis of its current and prospective financial position, taking account of the cash flows expected on the basis of already known credit and debit positions, supplemented by budget forecasts. The Group is equipped with both short and long-term lines of credit to meet financial commitments that are reasonably foreseeable within the current operational structure.

Interest rate fluctuation risk

The Group has significant exposure with the banking system. In spite of this, the risk deriving from the fluctuations in interest rates is limited. The Group hedged 70% of its long-term loan lines with “IRS” and “COLLAR” clauses, to reduce the risk of adverse effects stemming from fluctuations in interest rates. The impact on the Company of the short-term credit facilities, where the rate is limited by their low share on total debts, is subject to market fluctuations.

1.8.4 Materiality Analysis

[GRI 2-25] [GRI 2-26] [GRI 3-1] [GRI 3-2] [GRI 3-3]

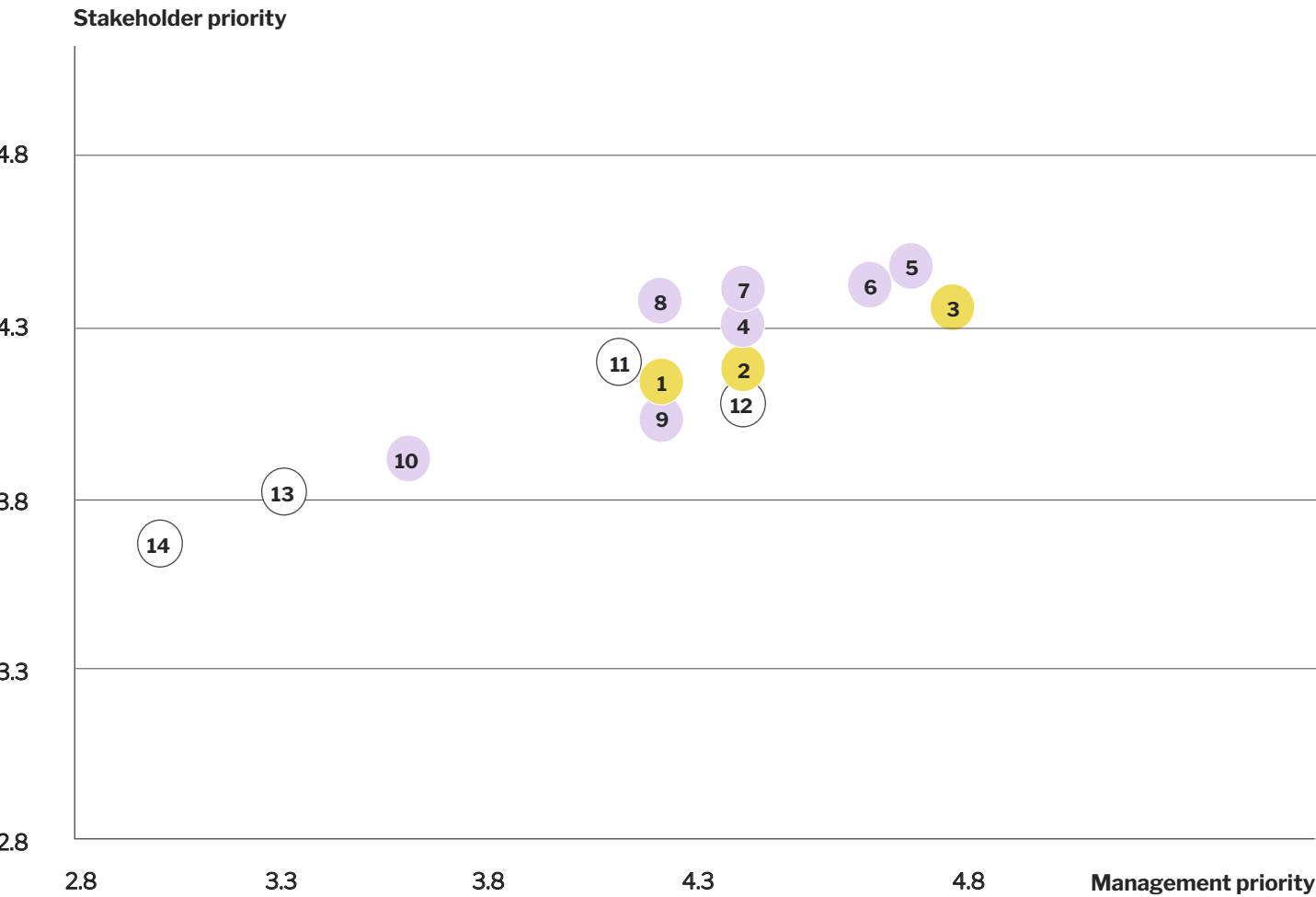
For its first Sustainability Report, Favini analysed material issues for the Group and its stakeholders in the three ESG areas (Environmental, Social and Governance). In the first stage, it conducted an internal and external context analysis using a risk-based approach to identify and assess the factors that influence or could influence the Group during its activities and business relations. It then classified the issues according to the associated risk level and through a specific benchmark with companies in the sector.

In a subsequent stage, Favini involved its stakeholders in formulating its materiality analysis. The stakeholders involved included suppliers, customers, employees, trade union representatives, management, shareholders, the local community, universities and research centres, financial and credit institutions and supervisory and certification bodies. It selected a representative sample for each of the above categories to receive an online questionnaire. The questionnaire asked various stakeholders to rate the relevance of each issue in relation to the Organisation’s work, giving a score from one (not at all relevant) to five (extremely relevant) from the perspective of the specific category. It also sent the same assessment to the Organisation’s top management to examine their sustainability strategy priorities. It processed the results using a weighted average according to the size of each stakeholder group.

The data collected from this survey, combined with the data obtained from the context analysis, made it possible to create the materiality matrix below, which brings together the topics with an average score above three (considering that the score of two is not representative on average).

IN 2024, AFTER RENEWED INVOLVEMENT FROM TOP MANAGEMENT AND THE SUSTEAM, THE CONCLUSION WAS THAT THE MATERIALITY ANALYSIS CONDUCTED IN 2022 WAS STILL REPRESENTATIVE OF THE ORGANISATION’S INTERNAL AND EXTERNAL CONTEXT. THEREFORE, FOR EACH RELEVANT ISSUE, THE IMPACTS WHICH THE COMPANY HAS OR MAY HAVE IN THAT RESPECT WERE ANALYSED, ALONG WITH THE ACTIONS TAKEN TO MITIGATE THE NEGATIVE IMPACTS AND THE METHODS USED TO MONITOR EFFECTIVENESS.

Materiality matrix



- 1

Economic performance and shared value
- 2

Ethics and integrity
- 3

Research. development and innovation
- 4

Responsible sourcing and use of resources
- 5

Energy consumption management
- 6

Responsible management of water resources
- 7

Reduction of air emissions
- 8

Management of waste generated by production
- 9

Circular economy
- 10

Conservation of biodiversity
- 11

Health and safety of workers
- 12

Development and formation of human capital
- 13

Inclusion and management of equal opportunities
- 14

Support to the local community

1 ECONOMIC PERFORMANCE AND SHARED VALUE				8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION			
Inside-out impacts • Creation of long-term value, shared correctly and equally with all stakeholders	Outside-in impacts • Increase in equity and financial soundness • Guarantee of long-term economic and financial sustainability • Improved general and credit rating of the company	Policies and actions • Business Plan and Company Budget • Quality and security policy • Code of Ethics • Anti-corruption policy • Adoption Mod.231 • Corporate profit management • Investments policy	Monitoring • In-house and external reporting • Board activities Associated GRIs • 201-1 Direct economic generated and distributed value • 204-1 Proportion of expenditure on local suppliers				
Activities that generate or may generate impacts: All company processes and management processes in particular							
2 ETHICS AND INTEGRITY				8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS			
Inside-out impacts • Guarantee of a transparent and responsible governance thanks to clarity in the decision-making structure, in roles and in reporting of activities • Protection of human and workers’ rights • Prevention of corruption and misconduct • Legal compliance	Outside-in impacts • Improved general and credit rating of the company • Improved reputation • Risk of administrative penalties • Suspension and/or interruption of business continuity	Policies and actions • Anti-corruption policy • Code of Ethics • Adoption Mod.231 • Labour and human rights policy • UNGC membership	Monitoring • Board activities Associated GRIs • 205-3: Confirmed instances of corruption and measures taken • 415-1: Political contributions				
Activities that generate or may generate impacts: All company processes and management processes in particular							
3 RESEARCH. DEVELOPMENT AND INNOVATION				3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND			
Inside-out impacts • Creation of new eco-compatible products and launch of innovative processes also for the benefit of workers • Reduction in consumption of polluting raw materials	Outside-in impacts • Increase in corporate know-how • Increase in intangible corporate value • Reduction in sourcing costs	Policies and actions • Investments plan • Quality and Security Policy • Environmental Policy • Collaborations with external bodies and in-house processes to build and transmit know-how • Replace polluting/hazardous raw materials with lower impact alternatives	Monitoring • Monitoring of investments • Analysis of product innovation results				
Activities that generate or may generate impacts: research and development, collaborations with universities and research bodies. sourcing							

4 SOURCING AND USE OF RAW MATERIALS				9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	15 LIFE ON LAND
Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring	  		
• Increase in use of renewable resources and reduction in non-renewable raw materials	• Dependence of company results on fluctuating resource prices	• Procurement policy • FSC certification • ISO 14001 certification • Consumption of FSC COC certified cellulose • Replacement of cellulose with alternative raw materials • Supplier ESG assessment	• Monitoring of sales of FSC certified articles and/or containing non-virgin fibrous materials • ongoing monitoring of consumption of cellulose and other materials Associated GRIs • 301-1 Materials used by weight or volume			
Activities that generate or may generate impacts: paper production						
5 ENERGY CONSUMPTION MANAGEMENT				7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring	  		
• Consumption of non-renewable fuels and electricity during the production process • Consumption of fuel for transport	• Dependence of company results on fluctuating energy and fuel prices	• Environmental Policy • ISO 14001 certification • Use of new high efficiency systems to generate energy • Installation of renewable energy production systems • Revamping of systems to increase energy efficiency • Supplier assessment requesting ESG requirements	• Regular monitoring of consumption Associated GRIs • 302: Energy			
Activities that generate or may generate impacts: paper production, purchasing and sales logistics						
6 WATER CONSUMPTION MANAGEMENT				6 CLEAN WATER AND SANITATION	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring	 		
• Water withdrawal from available local bodies of water • Water discharge into bodies of water	• Risk of suspension in the event of drought • Risk of administrative penalties due to failure to comply with requirements	• Environmental Policy • ISO 14001 certification • Reduction of water consumption in relation to production (water recirculation in production) • Increased efficiency of water purification processes	• Regular monitoring of well water withdrawal • Monitoring of waste water analysis results Associated GRIs • 303: Water and effluents			
Activities that generate or may generate impacts: paper production						

7 EMISSIONS INTO THE ATMOSPHERE 13 CLIMATE ACTION  7 AFFORDABLE AND CLEAN ENERGY 			
Inside-out impacts • Emission of pollutants into the atmosphere • Production of CO₂ emissions	Outside-in impacts • Costs of purchasing CO₂ quotas • Risk of administrative penalties due to failure to comply with requirements	Policies and actions • Environmental Policy • ISO 14001 certification • Technological investments to optimise processes and reduce greenhouse gas emissions	Monitoring • Constant monitoring of emissions into the atmosphere Associated GRIs • 305 - Emissions
Activities that generate or may generate impacts: paper production			
8 9 WASTE MANAGEMENT AND CIRCULAR ECONOMY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  15 LIFE ON LAND 			
Inside-out impacts • Pollution of the soil/subsoil by non-recyclable waste • Contribute to the creation of new recycling opportunities of materials from other production chains	Outside-in impacts • Risk of administrative penalties due to failure to comply with requirements • Improved reputation • Opportunities to generate positive customer perception and increase orders	Policies and actions • Environmental Policy • ISO 14001 certification • Constant focus on reducing waste sent for disposal • Partnerships for making bio products and for upcycling • Increase use of waste from other production chains • LCA analyses of new ecological products	Monitoring • Monitoring of the quantities of waste sent for disposal compared to paper produced • Monitoring of partnerships for refits/remakes • Monitoring of consumption of recycled materials • LCA analyses of new products Associated GRIs • 306 - Waste
Activities that generate or may generate impacts: paper production			
10 BIODIVERSITY 2 ZERO HUNGER  11 SUSTAINABLE CITIES AND COMMUNITIES  15 LIFE ON LAND 			
Inside-out impacts • Significant use of water may impact the balance of ecosystems • The procurement of cellulose, if not carefully controlled, may contribute to the impoverishment of forests and important ecosystems	Outside-in impacts • Possible damage to reputation and resulting damage to company stability	Policies and actions • Environmental Policy • ISO 14001 • EMAS • FSC certification	Monitoring • Monitoring of the relationship between FSC-certified cellulose consumption and total cellulose consumption Associated GRIs • 304-1: Sites operating in (or near) protected or high biodiversity areas
Activities that generate or may generate impacts: paper production			

11

WORKER HEALTH AND SAFETY



Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring
• Damage to worker safety, either employees or contractors • Possibility of accidents occurring and occupational illnesses arising	• Risk of administrative penalties due to failure to comply with requirements • Possible damage to reputation and resulting damage to company stability • Loss of supply due to suspension of business and production delays • Loss of business profitability	• Quality and security policy • ISO 45001 certification • Code of Ethics. Model 231 • Whistleblowing • Procurement policy • Suppliers' Code of Conduct • Investments to eliminate or reduce safety risk • Employee information and training campaign • Sharing of code of ethics and conduct • Supplier and contractor audit • Development of new soft skills training projects	Monitoring • Monitoring of health and safety system indicators • Monitoring of supplier compliance with code of conduct • Monitoring and analysis of auditing non-compliance • Hours of non-compulsory training during the year Associated GRIs • 403: Health and safety

Activities that generate or may generate impacts: All company processes

12

HUMAN CAPITAL



Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring
• Maintenance and development of skills • Job protection and creation • Focus on workers' physical and psychological health	• Loss of business profitability • Risk of administrative penalties	• Labour and human rights policy • Development of new soft skills training projects • Interaction with schools • Application of corporate welfare	Monitoring • Hours of non-compulsory training during the year • Number of school visits during the year Associated GRIs • 401-1 New employee hires and employee turnover • 401-3: Parental leave • 404-1: Average hours of training per year per employee • 404-2: Skills updating programmes for employees and transition support programmes

Activities that generate or may generate impacts: All company processes

13

INCLUSION AND EQUAL OPPORTUNITIES MANAGEMENT



Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring
• Potential to contribute to salary discrimination with regard to diversity	• Possible damage to reputation and resulting damage to company stability • Loss of supply due to suspension of business and production delays	• Labour and human rights policy • FSC certification • Completion of 231 training programme • Company values definition project • Sharing of code of ethics and conduct • Participation in the Voiala project	Monitoring • Monitoring of annual number of reports • Monitoring of compliance with code of conduct • Monitoring of progress of the Voiala project Associated GRIs • 405- 1: Diversity in governance bodies and among employees • 405-2: Ratio of basic salary and pay between women and men

Activities that generate or may generate impacts: All company processes

14

SUPPORT FOR LOCAL COMMUNITIES



Inside-out impacts	Outside-in impacts	Policies and actions	Monitoring
• Support for communities in the FSC/CW forestry chain • Growth of local supply chain (small and medium businesses) • Recruitment from local communities	• Continuity in supply of fibrous raw materials • Reduction in delivery costs and times • Greater loyalty building	• FSC certification • Procurement policy • Labour and human rights policy • Participation in the Voiala project	Monitoring • Monitoring of progress of the Voiala project • Analysis of supply portfolio Associated GRIs • 413-1 Operations with local community engagement. impact assessment and development programmes

Activities that generate or may generate impacts: All company processes

ECONOMIC RESPONSIBILITY



2. Economic responsibility

2.1 Income Statement

€/000	2023	2024
Gross sales	188,554	194,240
Variable cost of goods sold	(113,800)	(119,198)
Industrial added value	74,754	75,042
Total fixed costs	(45,938)	(49,885)
Gross operating margin (EBITDA)	28,816	25,157
Operating profit from ordinary operations	19,506	17,308
Net profit	12,084	8,214

The two-year data represent Favini’s soundness in generating value for its shareholders.

2.2 Generating value over time

Favini dedicates a significant portion of its financial and organisational resources to renewing and improving its production structure to preserve and increase value generation over time. It pursues this goal by allocating appropriate resources to ordinary and extraordinary maintenance and taking measures to increase the productivity and efficiency of the plants. Each year, some of this investment goes into improving workplace safety conditions.

Overall, the resources dedicated to the above goals averaged 5,47% of turnover over the three years.

2.3 Statement of distributed value

[GRI 3-3] [GRI 201-1]

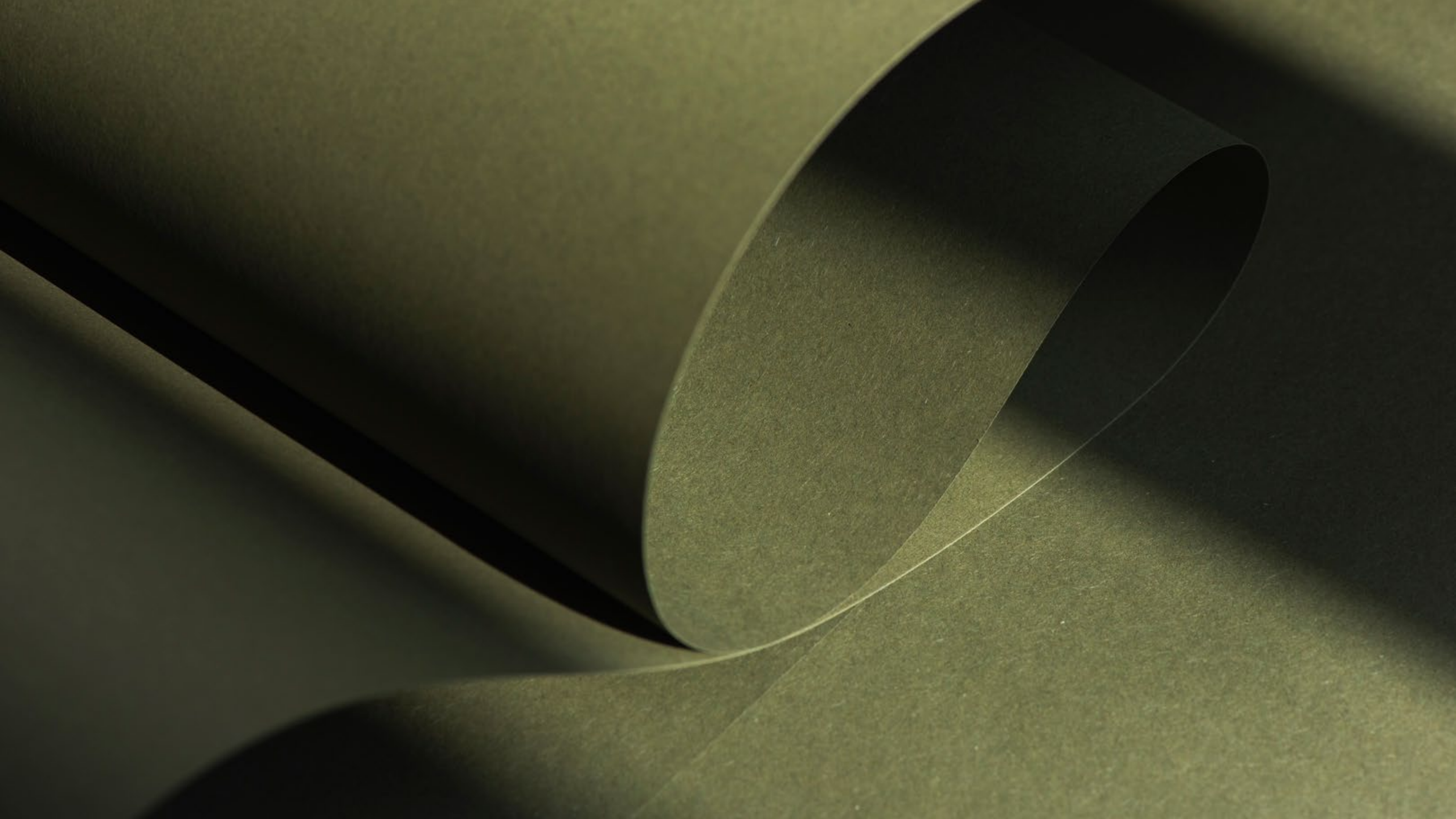
The distributed economic value, comprising the sum of operating costs, employee wages and benefits, contributions to capital providers, and contributions to the government and community investments, amounted to €180,132 million in the reporting period.



Favini did not distribute any dividends to its shareholders during the reporting period. The distribution of the value generated among the various stakeholders did not change significantly over the years 2023-2024.

Description (in thousands of Euro)	2023	2024
Economic value generated	193,363	195,584
Economic value distributed	172,127	180,132
Operating costs (suppliers)	130,556	134,302
Value distributed among employees	32,920	34,983
Value distributed among capital suppliers (Banks and Shareholders)	4,163	6,688
Value distributed to the PA	4,461	4,132
Value distributed to the community	27	27
Economic value retained	21,236	15,453

ENVIRONMENTAL RESPONSIBILITY



3. Environmental responsibility

3.1 Materials

[GRI 3-3] [GRI 301-1]

Favini’s commitment to saving natural resources belongs to the company’s environmental strategy. The production process requires the use of fibrous and non-fibrous raw materials. The fibrous raw material is the most consistent component from a quantitative viewpoint, representing 70% of the raw materials used (virgin fibre, recycled raw material, production and transformation cut-offs and waste). Non-fibrous raw materials such as colours, mineral fillers, chemical additives give the paper its required technological characteristics (e.g. weight, thickness, smoothness, permeability, colour, gloss, printability etc).

3.1.1 Cellulose procurement

Forests are home to 70% of the Earth’s biodiversity, from small species of insects to large predators, providing oxygen and contributing to climate mitigation by absorbing greenhouse gases. They are also the home and source of livelihood for many Indigenous peoples.

Favini has decided to contribute to preserving the planet’s green areas in line with its principles of sustainability and ethics, by selecting and using only cellulose from well-managed forestry cultivations.

By using 100% FSC™ (Forest Stewardship Council), COC (Chain of Custody) or CW (Controlled Wood) certified cellulose in its papers (certification number: FSC-C001810), Favini categorically rejects the use of raw materials from illegally logged forests or areas where human or employee rights have been violated and where the principles of the ILO (International Labour Organisation) have not been respected.



The main areas of origin of the cellulose used by Favini are Europe and Latin America.



3.1.2 Alternatives to vergin cellulose

AS AN ADDITIONAL COMMITMENT TO THE ENVIRONMENT, FAVINI REUSES PRE-CONSUMER WASTE FORMED DURING THE MANUFACTURING PROCESS IN ITS PRODUCT LINES. THE ULTIMATE RECYCLED ECOLOGICAL LINE IS SHIRO ECHO, 'GREEN' PAPER THAT CONTAINS 100% RECYCLED FIBRES, CERTIFIED FSC™ RECYCLED. IT ALSO FOCUSES VERY STRONGLY ON ALTERNATIVE RAW MATERIALS. OVER THE YEARS, THE COMPANY'S COMMITMENT TO THE CIRCULAR ECONOMY AND UPCYCLING HAS LED IT TO LOOK FOR ALTERNATIVE WAYS TO USE BY-PRODUCTS AS ALTERNATIVE RAW MATERIALS TO PRODUCE ENVIRONMENTALLY FRIENDLY PAPERS. ALGA CARTA, CRUSH, REFIT AND REMAKE ARE THE LINES RESULTING FROM THIS COMMITMENT.

Alga Carta which contains algae, Crush made from agro-industrial by-products, Refit which contains wool and cotton textile residues, Remake made from hide and leather goods processing. These product lines are joined by Tree Free, made entirely from alternative fibres from annual plants. Due to their environmental credentials, all these product ranges have been grouped together under the "Paper from our Ecosystem" brand and share the following requirements:

• **UPCYCLED OR RECYCLED FIBRES**

As an alternative or in addition to the recycled fibre content, they are made from upcycled materials such as textile or agro-industrial waste and alternative annual fibres such as bamboo.

• **PCW AND/OR PRE-CONSUMED FIBRE**

Using 40% to 100% PCW (post-consumer recycled material) and/or pre-consumer fibre.

• **RENEWABLE ENERGY**

They are produced exclusively with 100% renewable energy such as EKOenergy-certified and self-generated hydro-electric energy or energy from renewable sources such as water, sunlight, wind and heat from the earth with supplier GDO.

• **NEUTRALISED EMISSIONS**

Unavoidable CO₂ emissions are fully offset through the purchase of carbon credits and participation in specific environmental projects.

• **BIODEGRADABILITY AND RECYCLABILITY**

They are recyclable and also biodegradable. This means they do not damage the environment if disposed of accidentally.

• **SUSTAINABLE PRODUCTION**

They are FSC™ certified and are manufactured in plants where the production process is monitored to reduce water and energy consumption and CO₂ emissions. This ensures a focus on continuous improvement and an ever-decreasing environmental impact.

3.1.3 Consumption of materials

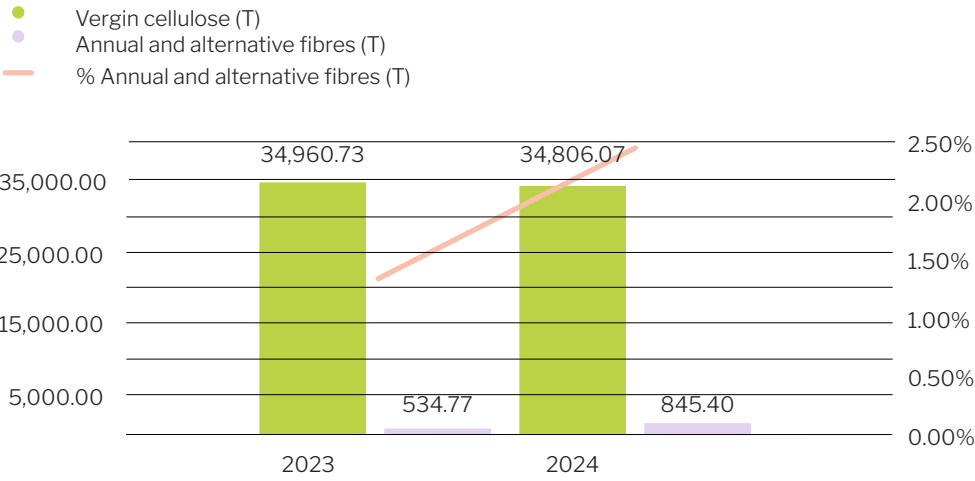
[GRI 3-3] [GRI 301-1]

Favini uses different types of materials in its production processes, which can be classified into two groups:

- Renewable material: material derived from abundant resources that are rapidly replenished through ecological cycles or agricultural processes.
- Non-renewable material: material that does not regenerate over short periods.

The table shows the quantities used for each type of raw material.
All quantities are expressed in tonnes.

Below in detail is the quantity of annual and alternative fibres used in the process, excluding packaging, for the Rossano Veneto site only, compared to the quantity of virgin raw materials used:



	2023		2024	
	Renewable	Non-renewable	Renewable	Non-renewable
VIRGIN CELLULOSE	53,734	-	56,954	-
RECYCLED CELLULOSE	3,180	-	2,964	-
FIBRES FROM ANNUAL PLANTS	328	-	458	-
ALTERNATIVE FIBRES	207	-	387	-
PAPER*	1,026	-	575	-
CARDBOARD*	79	-	94	-
STARCHES	4,231	-	4,990	-
KAOLIN	-	1,396	-	1,838
CARBONATES	-	13,391	-	13,214
CHEMICALS	-	6,257	-	6,732
OTHER MATERIALS	-	37	-	95
PAPER AND CARDBOARD**	595	-	634	-
STEEL **	-	1	-	1.7
WOOD**	1,510	-	1,585	-
PLASTIC**	-	365	-	405
TOTAL PER CATEGORY	64,889	20,447	68,641	22,286
TOTAL	85,336		90,927	
PERCENTAGE OF THE TOTAL	76.04%	23.96%	75.49%	24.51%

* Materials consumed by the Converting Division. which buys some of its consumables from third parties.

** Materials used for packaging.

3.2 Water resources

[GRI 3-3] [GRI 303-1] [GRI 303-2]

Water conservation is a goal which Favini pursues with conviction. Water is an important resource for the production cycle of a paper mill. It enables the handling and distribution of the fibres that will form the structure of the paper sheet. Subsequently, it is also used in various operations, such as coating, which aims to change the surface appearance and printing qualities of paper. Therefore, water is one of the primary raw materials in a paper mill’s production process, and its correct and responsible management is essential. Favini has been investing for years in policies to reduce water consumption, working to ensure the correct management of water withdrawals and discharges².

3.2.1 Water withdrawals

[GRI 303-3]

To reduce water consumption and improve efficiency, Favini firstly distinguished the source of the resource according to its uses: for factory processing, it uses only well water, a less valuable resource with a lower community impact, while for personal uses (such as toilets), it uses drinking water from the aqueduct. The latter makes up a tiny part of the Group’s water consumption, about 1% of the total.

The table here shows the quantities of water withdrawn by the Group broken down according to the withdrawal source. Only water taken from aqueducts is fresh water (≤1,000 mg/L total dissolved solids).

	Unit of measurement	2023	2024
Surface water	ML	0	0
Groundwater (from well)	ML	2,268.67	2,376.92
Seawater	ML	0	0
Water produced	ML	0	0
Third-party water (from aqueduct)	ML	6.56	6.58
Total water withdrawals	ML	2,275.23	2,383.49
Paper Machine and Converting Production	T	72,593	77,174
Intensity of water withdrawals	ML/T	0.0313	0.0309

t is worth emphasising that the intensity of water withdrawals in the two production plants is significantly different; in particular, the Crusinallo plant, which, alongside paper production, extensively uses water for coating activities, has higher water withdrawals than Rossano Veneto. Cartotecnica Favini does not use well water for its production but only mains water principally for sanitary facilities or for washing the rollers of the notebook machine.

The specific consumption levels achieved to date represent a result difficult to improve, especially given energy costs that are still heavily dependent on fossil fuels, making further improvements unsustainable.

3.2.2 Water discharges

[GRI 303-4]

For water discharges, all water leaving the process goes to efficient purification plants within the facilities. This allows for the restoration of optimal water quality in compliance with legal parameters, thus safeguarding the ecosystem of the watercourses into which it is released.

Favini has also implemented a closed water cycle system that enables the recovery and reuse of process and cooling water after treatment whenever possible. The main water leaving the plant comes from:

- Favini and Cartotecnica production process.
- cooling water from the thermal power plant.
- stormwater.
- water deriving from civil discharges and fed into the sewer connecting to the public sewerage network or sub-irrigation.

The table below shows the total volumes of water discharged into the water body, including the volumes of dirty water from Cartotecnica, following proper purification treatment. All discharged water is not fresh water (it contains more than 1,000 mg/L of total dissolved solids).

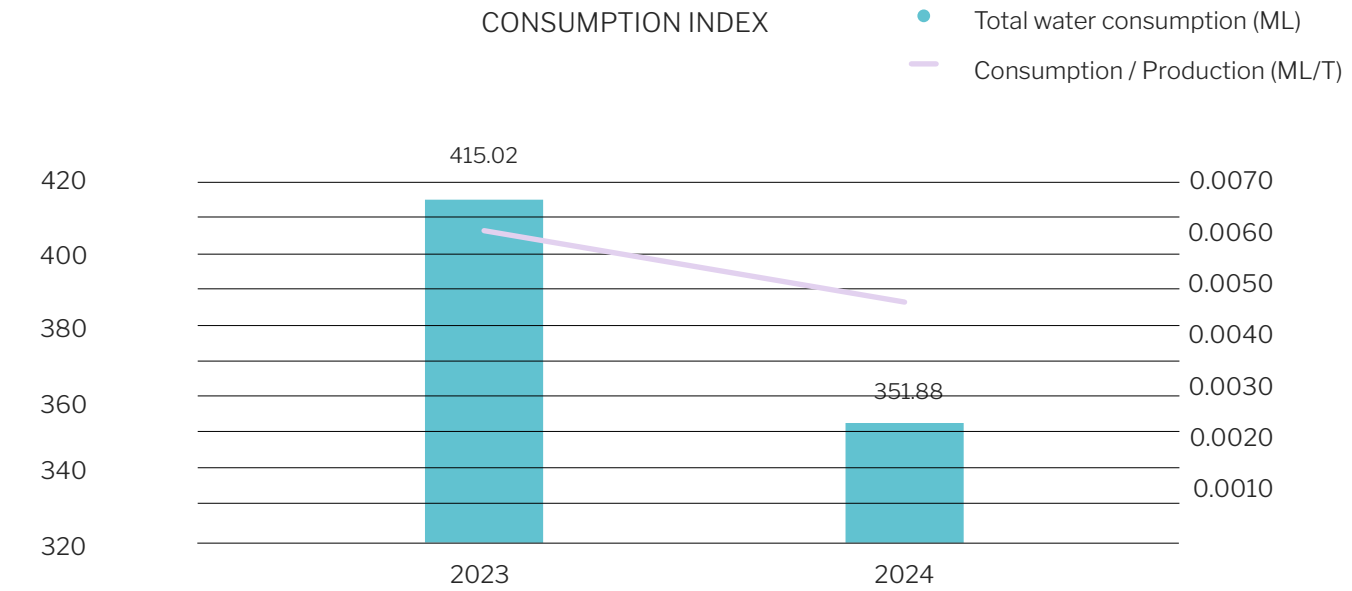
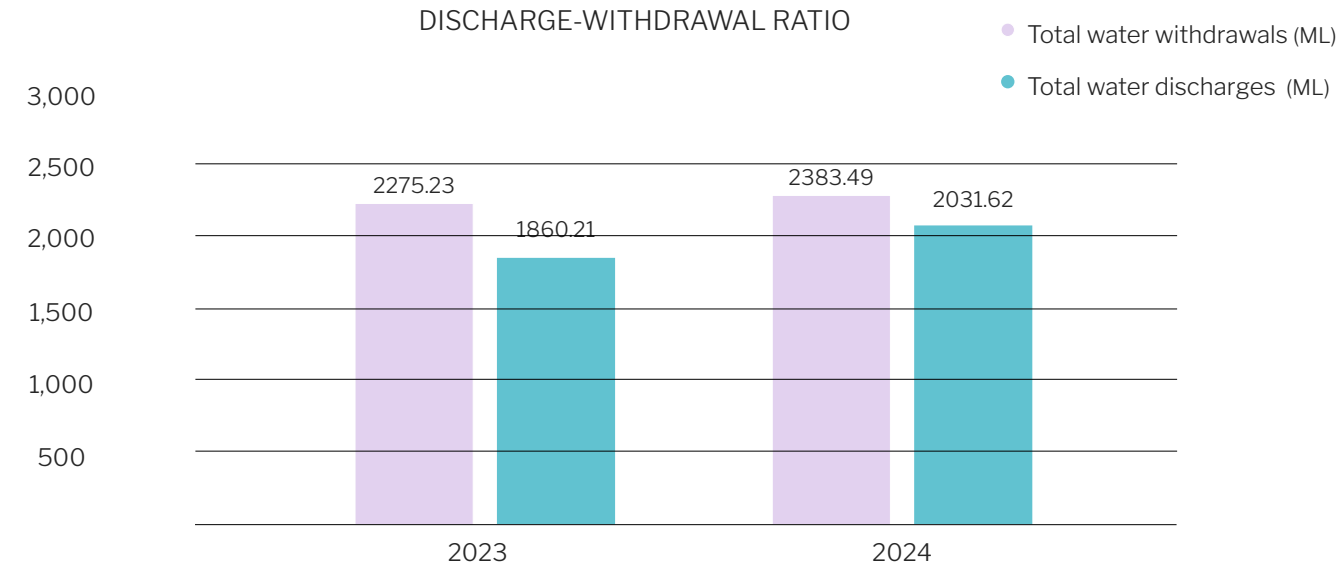
²According to the Aqueduct Water Risk Atlas, the areas affected by withdrawal, discharge and consumption have low to medium water stress levels (Crusinallo production plant) and medium to high water stress levels (Rossano Veneto). Water stress is calculated as the ratio between the demand for water (industrial, domestic, agricultural uses) and the supply of groundwater. High values indicate that the quantity of available water is highly contested among users.
Source: Aqueduct Water Risk Atlas.

	Unit of measurement	2023	2024
Total water discharges	ML	1,860.21	2,031.62

3.2.3 Water consumption

[GRI 303-5]
The company is aware that it uses an asset that is precious to the entire community and has intensified in recent years its efforts to minimise the quantity of water in relation to the paper produced and to reduce its water consumption index.

	Unit of measurement	2023	2024
Total water withdrawals	ML	2,275.23	2,383.49
Total water discharges	ML	(1,860.21)	(2031.62)
Total water consumption	ML	415.02	351.88
Intensity of water consumption	ML/T	0.0057	0.0047



3.2.4 Wastewater analysis

[GRI 303-2]
It is essential to ensure that the quality of the treated wastewater is the highest possible and complies with all legal limits to prevent a negative impact on the ecosystem. For this reason, to monitor the quality of wastewater discharge, certain parameters are carefully checked at different intervals: constantly, daily or weekly.

The table below lists the values of various pollutants assessed as significant and averaged from analyses of wastewater samples performed by internal and external laboratories.

All values comply with legal limits at all times, and no incidents of non-compliance have ever been recorded.

	Unit of measurement	2023	2024
COD	T	60.47	90.38
Suspended solids	T	20.74	19.47
Total nitrogen	T	19.78	13.82
Total phosphorus	T	0.59	0.67

Below are the pollutants in relation to production (Tonnes of Continuous Post-Winder Machine Production) and the B.A.T._AEL³. of reference which show full compliance with the prescribed limit.

³ (Best Available Techniques (BAT) Reference Document for the Production of Pulp, Paper and Board - Industrial Emissions Directive 2010/75/EU (Integrated Pollution Prevention and Control))

	Unit of measurement	2023	2024	Reference values BAT-AEL
COD	Kg/T	0.8330	1.1711	0.3 - 5
Suspended solids	Kg/T	0.2857	0.2523	0.10 - 1
Total nitrogen	Kg/T	0.2725	0.1790	0.015 - 0.4
Total phosphorus	Kg/T	0.0081	0.0087	0.002 - 0.04

3.3 Energy

[GRI 3-3] [GRI 302-1] [GRI 302-2] [GRI 302-3] [GRI 302-4]

Energy consumption is one of the most significant and impactful aspects in paper production and is a critical point in terms of the environmental results of a paper mill, both from an overall performance as well as from an efficiency perspective. Paper mill processing activities require a lot of energy, in the form of electricity and heat.

Favini’s factories have in-house cogeneration plants, allowing them to generate both types of energy needed, with lower atmospheric emissions of greenhouse gases than with the separate production of electricity and heat. These plants also produce 30% more energy than conventional power plants for the same natural gas consumption.

While recognising the negative impact of emitting CO₂ into the environment, the cogeneration plant used constitutes one of the most efficient ways of using natural gas as an energy source. The current state of technical knowledge and the absence of biomass available in neighbouring areas do not allow for alternative sources or plants to cover Favini’s overall energy needs.

Specifically, cogeneration plants meet 95% of the Group’s electricity needs. The remaining 5% is purchased from the grid, choosing energy produced from 100% renewable sources (as per the Guarantees of Origin provided by the supplier). However, thermal energy in the form of steam is completely self-generated internally.

3.3.1 Total energy consumption

[GRI 302-1] [GRI 302-2] [GRI 302-3]

The table below shows the total consumption of purchased and self-produced energy for the period under review. The data was collected monthly by reading the meters.

Total energy consumption comes from the sum of energy consumption from non-renewable and from renewable sources, reduced by electricity from the grid.

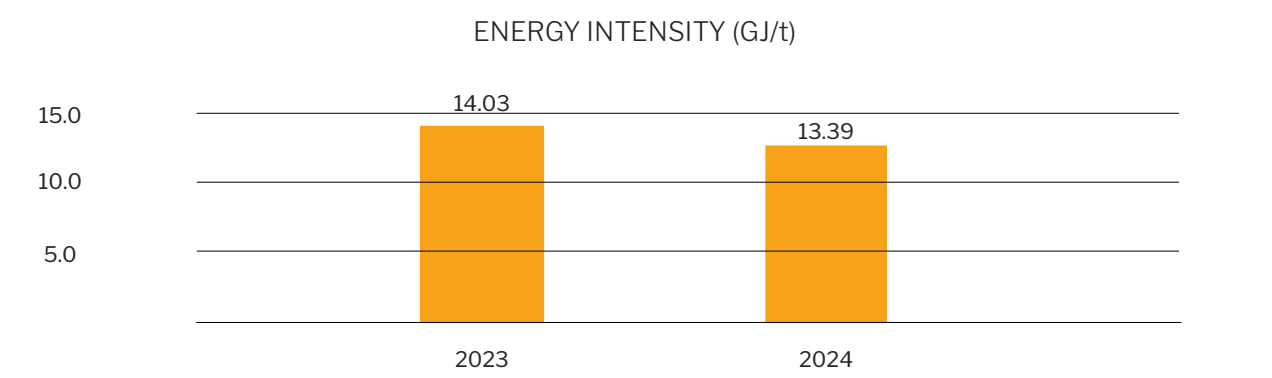
Favini has had electricity contracts from renewable sources since 2021. In 2023, the purchase of green energy covered by the Guarantee of Origin was 43% of resources purchased, 88% in 2024 and in 2025 the supply of electricity will be entirely from renewable sources.

Energy consumption (GJ) ⁴		
Sources	2023	2024
Methane	1,002,864.19	991,011.47
Fuel for the company fleet	1,596.60	1,943.21
EE purchased from non-renewable sources	13,770.56	5,905.27
Total energy consumed from non-renewable sources	1,018,231.35	998,859.95
Percentage of energy consumed from non-renewable sources	99%	96%
Hydroelectric energy self produced and consumed	1,242.00	946.88
EE purchased from renewable sources (GO)	10,383.49	45,093.60
Total energy consumed from renewable sources	11,625.49	46,040.48
Percentage of energy consumed from renewable sources	1%	4%
Electricity transferred to the grid (from natural gas)	(11,189.37)	(11,405.17)
TOTAL ENERGY CONSUMPTION	1,018,667.47	1,033,495.26

⁴ The conversion factors used to transform energy consumption into GJ are taken from the document UK Government GHG Conversion Factors for Company Reporting (2024 version), published by the United Kingdom Department for Energy Security and Net Zero (previously developed by DEFRA). This document is recognised for its regular updates, high quality data and broad coverage of energy sources, which is why it is widely adopted even outside of the United Kingdom to calculate energy consumption and Scope 1 emissions.

	2023	2024
Energy intensity (GJ/T)		
Energy intensity (total energy consumption / paper production)	14.03	13.39
Self-produced energy (GJ)		
Hydroelectric energy self-produced and consumed	1,242	947
Electricity from non-renewable sources transferred to the grid	-11,189	-11,405
Electricity from renewable sources transferred to the grid	-1,732	-4,933

The Group’s energy intensity, calculated as the ratio between total energy consumption within the organisation and the net production of Favini paper and Cartotecnica finished products, was greatly reduced in 2024.



Favini’s company fleet is limited to the cars used by employees and 2 trucks for short-range handling of goods. The Group does not use its own means of transport for shipping finished products to its customers. Since 2022, 38% of company vehicles have been converted to hybrid power. Below is the company fleet as at 31.12.2024 divided by type of fuel.

TYPE OF FUEL	NO. OF VEHICLES
Petrol	1
Diesel	20
Hybrid/Petrol	2
Hybrid/Diesel	6
Hybrid: electric/petrol	5
Grand Total	34

3.3.2 Hydroelectric energy

Besides using cogeneration plants, Favini can also rely on self-production of renewable energy thanks to two hydro-electric plants that harness the power of the waterways near its facilities (Maglio and Mulino plants). In 2024, hydro-electric power was produced by its two hydro-electric plants for a total of 5,880 GJ, of which a part is used in-house while the rest is sold directly to the grid.

3.3.3 Reduced consumption and energy efficiency

Since 2009, Favini has had a system to analyse and monitor its energy efficiency and strives to reduce its consumption through an ongoing investment plan. The Group’s energy efficiency improvement programme focuses on replacing obsolete or inefficient technical systems and equipment with more energy-efficient versions.

Continuous investments in energy efficiency have enabled Favini to obtain White Certificates (or Energy Efficiency Certificates), which have subsequently been fully reinvested in new energy efficiency projects. In 2024, it had accrued 4,608 EECs.

Since December 2024, the Rossano Veneto site has started producing the energy needed for its production cycle through a high efficiency turbogas power plant, the main lever to achieve the short-term goals of improving energy intensity.

- Increase the total energy efficiency of the energy generation process (electric and thermal) vital for the production process of the paper mill.
- Reduce polluting emissions from the natural gas combustion process compared to the previous situation using the best available technologies on the market (BAT).
- Achieve total independence in the self-production of electricity; in fact, the new turbogas, with the exception of rare cases, will always be able to meet 100% of the electrical power required by the paper mill; any surplus energy will be sold to the national electricity market.
- Increase reliability and safety of the steam generation process without which production would cease. In fact, the two separate sources of steam generation, with an integrated boiler and the gas turbines, will be able to cover the paper mill’s maximum demand for steam.

3.4 Emissions

[GRI 3-3] [GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5] [GRI 305-7]

For GHG emissions monitoring, Favini follows the classification proposed by the GHG Protocol standard:

- Scope 1: direct emissions generated by the company, or owned or controlled by the company.
- Scope 2: indirect emissions generated by energy purchased and used by the company.
- Scope 3: emissions that are not under Favini’s management and control (e.g. those regarding the production of raw material and transport).

To date, Favini monitors direct Scope 1 emissions and indirect Scope 2 emissions. As regards Scope 1, the group produces CO₂ emissions mainly linked to the consumption of fuel for the company fleet and of natural gas for industrial uses, the latter being calculated according to the EU Directive ETS 2018/410. Other direct emissions from combustion are NO_x, while those related to the production cycle are mainly dust, considered insignificant given the low concentration found over the years, and process emissions such as VOC emissions. managed according to the Integrated Environmental Authorisation. All emissions are within the limits set by current legislation. Emission point monitoring, performed annually by an accredited laboratory, complies with Integrated Environmental Authorisation.

3.4.1 CO₂ emissions

[GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5]

The Group’s direct and indirect CO₂ emissions are shown below. As regards emissions, Scope 1 identifies emissions from sources owned and controlled by Favini, including the company fleet, while Scope 2 refers to emissions deriving from the production of purchased energy.

According to the GHG Protocol calculation guidance, Scope 2 emissions are those related to the purchase of electricity, steam or other energy flows for heating or cooling. Calculating these emissions for the purchase of electricity from distribution grids can be carried out with two different approaches.

Location-based: this emissions calculation method involves the use of average emissions factors relating to specific national energy mixes for the production of electricity. Market-based: this approach involves the use of emission factors defined on a contractual basis with electricity providers. In the absence of specific contractual tools, the emission factor related to the residual mix of the electricity supplier is used, having removed the component linked to energy traceability systems, such as Guarantee of Origin or other renewable energy certification systems (RECS). The national average emissions factors used by the location-based approach are usually lower than those calculated according to the residual mixes of the market-based method.

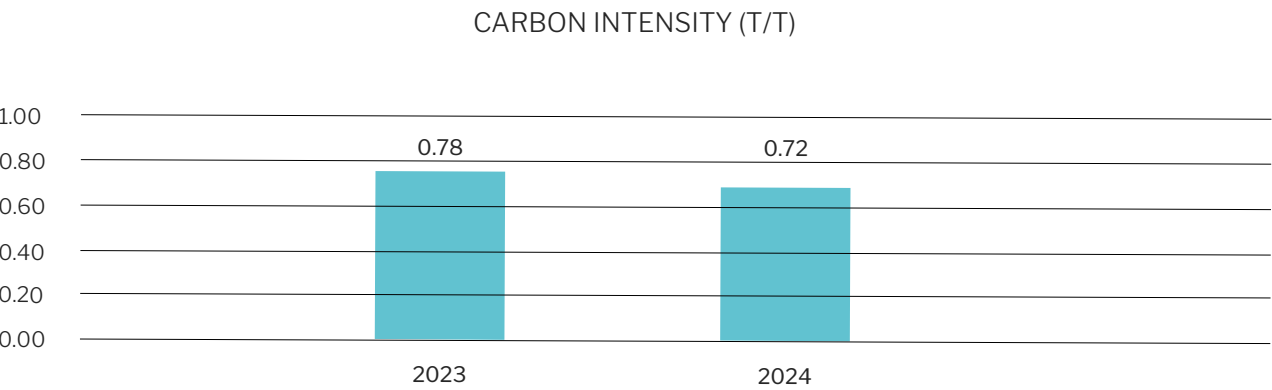
	2023	2024
Emissioni GHG (t CO ₂ eq/t) ⁵		
Scope 1	54,996.29	55,019.81
Scope 2 (LB)	1,721.65	3,635.09
Scope 2 (MB)	1,914.76	723.72
Total emissions (Scope 1+Scope 2 MB)	56,911.05	55,743.54
Percentage of Scope 1 emissions	97%	99%
Percentage of Scope 2 (MB) emissions	3%	1%
Intensity of emissions (t CO ₂ eq/t)		
Intensity of emissions (LB)	0.78	0.76
Intensity of emissions (MB)	0.78	0.72

⁵ The emission factors used to calculate Scope 1 tCO₂e are taken from the document UK Government GHG Conversion Factors for Company Reporting (2024 version), published by the United Kingdom Department for Energy Security and Net Zero (previously developed by DEFRA). This document is recognised for its regular updates, high quality data and broad coverage of energy sources, which is why it is widely adopted even outside of the United Kingdom to calculate energy consumption and Scope 1 emissions. The emissions factors used to calculate Scope 2 tCO₂e are taken from the following sources: Report 404/2024 published by ISPRA (2024) and “European Residual Mixes” by AIB (2023, 2024).

In order to reduce polluting emissions from company vehicles used for travel and transport, Favini has been running a vehicle selection project for years, with the aim of increasing the use of Euro 5 and Euro 6 vehicles.

As regards procurement logistics, Favini is committed to pursuing a supply strategy that is as close as possible to its production facilities so as to optimise both the level of service as well as sustainability by reducing distances from its suppliers.

As can be seen from the table above, in absolute terms, CO₂ emissions fell in 2024 as did carbon intensity, due to the reduction of methane gas in 2024 as a result of the modernisation of cogeneration plants.



3.4.2 NO_x emissions

[GRI 305-7]

NO_x emissions are calculated through a direct monitoring process using flue gas analysers and regular analyses with authorised external laboratories.

	Unit of measurement	2023	2024
NO _x	T	39.37	38.20
Production of paper	T	72,593	77,174
NO _x per tonne of paper	T/T	0.00054	0.00049

3.4.3 Reduction of emissions

[GRI 305-5]

The Group’s decision to pursue energy self-sufficiency through cogeneration has enabled it to reduce the emissions associated with its activities. The energy source used is natural gas, which is less polluting than other fossil fuels because it only generates water and carbon dioxide during combustion and not potentially carcinogenic substances such as harmful hydrocarbons or particulate matter.

Opportunities to use alternative renewable energy sources to natural gas, which would reduce emissions, are being assessed for the future. However, the achievable benefits are currently limited given the available technologies, the location of the plants and the energy configuration of our production activities.

3.4.4 Environmental projects for offsetting emissions

[GRI 305-5]

In parallel with structural measures, Favini has also decided to address the unavoidable greenhouse gas emissions generated by producing its Paper from our Ecosystem paper lines. These emissions are fully offset by the purchase of carbon credits for certified air emission reduction projects. Favini has joined a project to protect forests in the Madre de Dios region in the Amazon to compensate for the residual CO₂ emissions generated in 2023 and 2024. Forest protection projects are registered according to international standards to ensure that the chosen forest areas are preserved long-term and provide greater value than their deforestation. The Amazonian forests are not only among the most important carbon reserves on the planet but are also home to an enormous diversity of species and support many people living in and around them. However, global forest areas have decreased dramatically in recent decades due to increased settlement, agricultural use, illegal logging and mining. The project region is part of the Vilcabamba-Amboró corridor, one of the areas with the highest biodiversity in the world.

In 2024 10,141 tonnes of equivalent CO₂ were compensated.

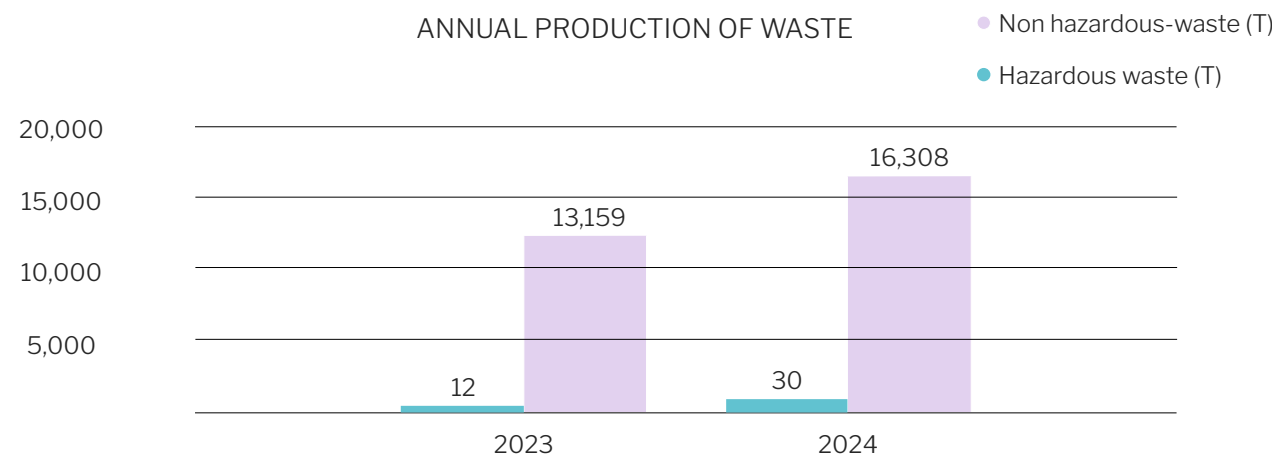
3.5 Waste

[GRI 3-3] [GRI 306-1] [GRI 306-2] [GRI 306-3] [GRI 306-4] [GRI 306-5]

As part of the general objective of saving resources, the reduction in landfill waste has been one of the group’s most important goals achieved.

The operations of the Group’s plants and related processes generate various types of waste, most of which are classified as non-hazardous.

	Unit of measure- ment	2023	2024
Non-hazardous waste	T	13,158.91	16,307.74
Hazardous waste	T	11.85	30.27
Total waste	T	13,170.76	16,338.00



The main types of non-hazardous waste produced are:

- sewage sludge from the process water treatment plant.
- paper, cardboard and mixed packaging from production processes, logistics and administrative departments.

Hazardous waste from maintenance operations (e.g. waste oil) is disposed of with a preference for maximum material recovery. In 2024 the quantity of hazardous waste produced was limited (less than 0.2% of the total) although it was double that of the previous year. This increase was due to various plant modernisation and structural expansion works carried out during the year. Therefore, it is hoped that once these works are finished, the figures will return to those of previous years.

Within the Company, waste is stored according to its intended use and physical state in external skips or areas with a waterproof base. Authorised external companies then dispose of it. Most of it is included in a recovery cycle, which sends it to other supply chains or industrial sectors for recycling or reuse in new products. The rest goes to landfill. Favini’s goal is to gradually decrease the percentage of waste sent for disposal to zero.

The tables below show the quantities of hazardous and non-hazardous waste sent for recovery and disposal.

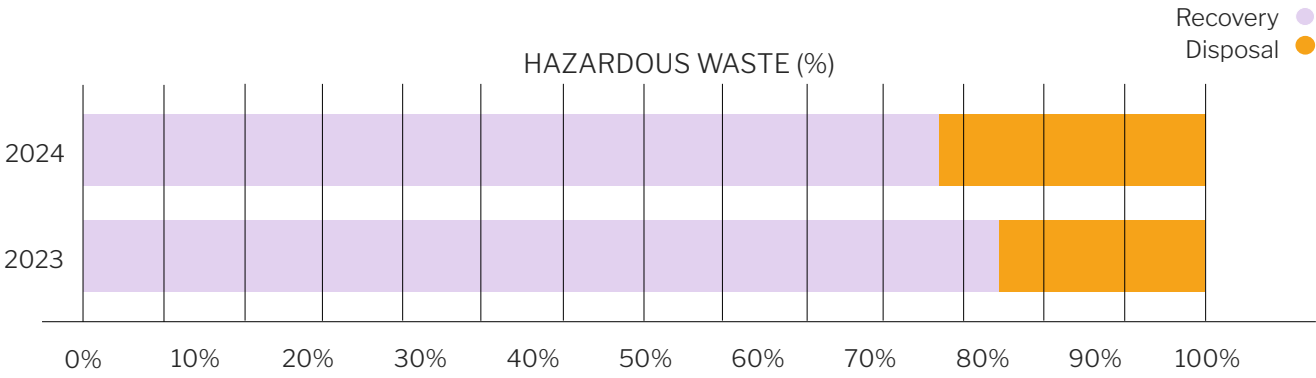
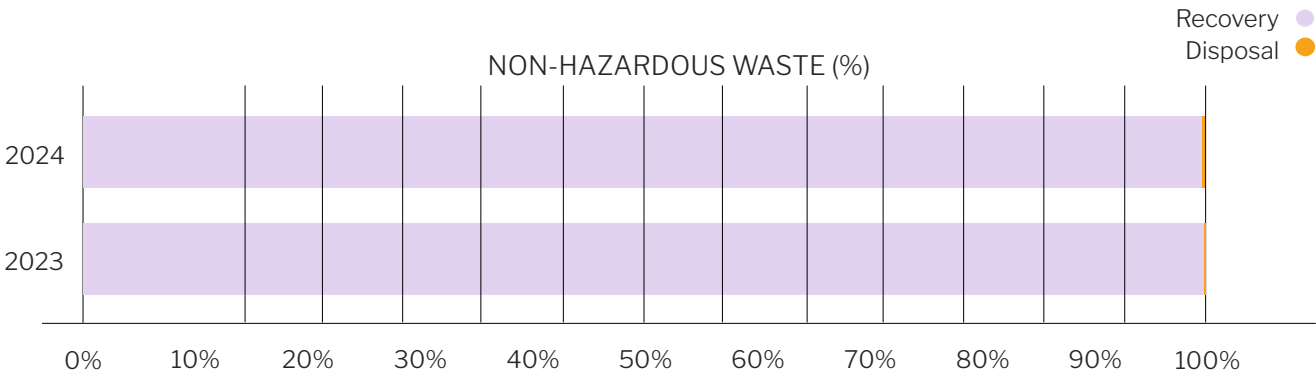
3.5.1 Waste sent for recovery and disposal

[GRI 306-1] [GRI 306-3] [GRI 306-4] [GRI 306-5]

Below is a breakdown of waste by destination, with separate indications of waste destined for recovery and disposal.

		2023			2024		
	Unit of meas- urement	On-site	Off-site	Total	On-site	Off-site	Total
Preparation for re-use (R13)	T	0	10,661	10,661	0	14,074	14,074
Recycling (R4)	T	0	343	343	0	334	334
Other recovery operations	T	0	2,165	2,165	0	1,890	1,890
Total	T	0	13,168	13,168	0	16,297	16,297

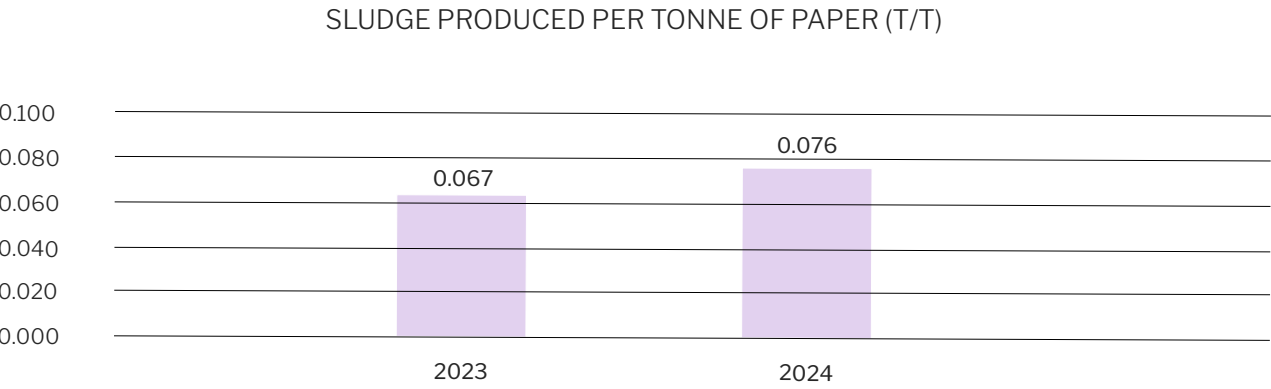
		2023			2024		
	Unit of measurement	On-site	Off-site	Total	On-site	Off-site	Total
Incineration (with energy recovery)	T	0.00	0.00	0.00	0.00	0.00	0.00
Incineration (without energy recovery)	T	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to landfill (D01)	T	0.00	0.00	0.00	0.00	0.00	0.00
Other disposal operations (D15-D08)	T	0.00	2.64	2.64	0.00	40.90	40.90
Total	T	0.00	2.64	2.64	0.00	40.90	40.90



3.5.2 Sludge

[GRI 306-3]
Non-hazardous waste includes sludge from wastewater treatment. This goes entirely for recovery to composting plants or by spreading in agriculture.

The table below shows the trend in the production of sludge in relation to tonnes of paper produced by the mill, excluding Cartotecnica products which do not generate sludge.



3.5.3 Biodiversity

[GRI 304-1]

Within the regulatory context of sustainability, the issue of protecting biodiversity and natural ecosystems takes on increasing importance. Favini is also considering the impacts that manufacturing can have on biodiversity and ecosystems and at the same time the possible consequences and effects on its business.

Based on the public databases of Sites of Community Importance (SCI) and Special Protection Areas (SPA), made available by the Ministry for the Environment and the Region of Veneto and Piedmont, Favini has seen that both production sites situated in Rossano Veneto and Crusinallo are not on the Rete Natura 2000 list of areas yet are nonetheless next to areas of high biodiversity. The Rossano Veneto production site, situated in the region of Veneto, is next to the SCI/SPA IT3230022 Massiccio del Grappa, IT3240026 Prai di Castello di Godego, IT3260022 Palude di Onara situated north, east and south respectively; the production site in Crusinallo, in the municipality of Omegna, in Piedmont, is situated approximately 5 km from the SCI/SPA IT1140013 - IT1140001 Lago di Mergozzo - Fondo Toce and IT1140017 Fiume Toce. The group has a voluntary certified environmental management system ISO 14001 and has subjected its sites to appropriate environmental impact assessment, ruling out any impact on protected areas or on typical habitats for local fauna. Each production site is also equipped with procedures and devices for managing any emergencies or accidents that may result in local environmental pollution.

IN ADDITION TO THOSE ALREADY IMPLEMENTED AT ITS SITES, FAVINI HAS TAKEN BROADER STEPS TO PROTECT BIODIVERSITY AND ECOSYSTEMS THROUGH ITS WORK WITH THE VOIALA PROJECT AND REFORESTATION ACTIVITIES IN MADAGASCAR.

SOCIAL RESPONSIBILITY



4. Social responsibility

4.1 Labour and Human Rights Policy

[GRI 2-23] [GRI 2-24]

Respect for human rights and valuing of labour are fundamental principles in Favini’s corporate culture and strategy. These values are an essential part of the Company’s Code of Ethics. The Group also recognises and respects the Universal Declaration of Human Rights issued by the United Nations and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

To formalise this commitment, in 2022, Favini prepared and published a Corporate Policy for Labour and Human Rights. This aimed to summarise in a document the responsibility taken on the following issues: protecting the health and safety of personnel in the workplace, providing working conditions that comply with current legislation and collective agreements, freedom of association and dialogue with social partners, enhancement of skills and professional development, combating all forms of forced labour, child labour, discrimination and harassment in the workplace.

4.2 Human capital

[GRI 3-3] [GRI 2-7]

Human capital is the backbone of any Organisation. Each person within the Company not only plays an essential role in its optimal functioning but also contributes to developing our corporate culture and is thus fundamental to maintaining a positive organisational and relational climate. Through their diversity, people bring unique skills and experience to every workplace and can contribute to innovation, creativity and progress for the Company. Favini considers the growth and well-being of its workers of vital importance and works every day to provide a safe, fair, stimulating and inclusive work environment.

4.2.1 Workforce

[GRI 2-7] [GRI 2-8] [GRI 401-1] [GRI 405-1]

All the information presented in this paragraph, unless otherwise specified, refers to the date of 31 December of the respective year.

The company workforce did not undergo any significant changes in the three-year period of 2022-2023-2024, either in its overall size or in terms of its composition by age group.

By geographical area. age and gender

		2023			2024			
Region	Age (years)	M	W	Total		M	W	Total
Veneto	< 30	20	5	25	8.65%	22	4	26
	between 30 and 50	119	47	166	57.44%	115	48	163
	> 50	84	14	98	33.91%	90	14	104
	Total	223	66	289		227	66	293
Piedmont	< 30	18	2	20	6.49%	14	2	16
	between 30 and 50	164	15	179	58.12%	151	13	164
	> 50	98	11	109	35.39%	114	12	126
	Total	280	28	308		279	27	306
Abroad	< 30	0	0	0	0.00%	0	0	0
	between 30 and 50	1	4	5	55.56%	1	4	5
	> 50	2	2	4	44.44%	2	2	4
	Total	3	6	9		3	6	9
Total	< 30	38	7	45	7.43%	36	6	42
	between 30 and 50	284	66	350	57.76%	267	65	332
	> 50	184	27	211	34.82%	206	28	234
	Total	506	100	606		509	99	608
		83.50%	16.50%			83.72%	16.28%	

Workforce by status and age

		2023			2024		
Status	Age (years)	M	W	Total	M	W	Total
Executives	< 30	0	0	0	0	0	0
	between 30 and 50	2	0	2	2	0	2
	> 50	7	0	7	8	0	8
	Total	9	0	9	10	0	10
White collars	< 30	4	7	11	5	6	11
	between 30 and 50	54	58	112	55	55	110
	> 50	37	21	58	43	22	65
	Total	95	86	181	103	83	186
Blue collars	< 30	34	0	34	31	0	31
	between 30 and 50	228	8	236	210	10	220
	> 50	140	6	146	155	6	161
	Total	402	14	416	396	16	412
Total	< 30	38	7	45	36	6	42
	between 30 and 50	284	66	350	267	65	332
	> 50	184	27	211	206	28	234
	Total	506	100	606	509	99	608

Workforce by type of contract and gender

	2023			2024		
	Open-ended	Fixed-term	Total	Open-ended	Fixed-term	Total
Men	487	19	506	492	17	509
Women	98	2	100	95	4	99
Total	585	21	606	587	21	608
	96.5%	3.5%		96.5%	3.5%	

2023			2024			
	Full-Time	Part-Time	Total	Full-Time	Part-Time	Total
Men	504	2	506	506	3	509
Women	83	17	100	83	16	99
Total	587	19	606	589	19	608
	96.9%	3.1%		96.9%	3.1%	

The standard form of employment contracts is open-ended.

Fixed-term contracts may be used to replace absent workers or structure pathways to permanent induction into the company. They represent a residual share of the total (3.5%), which is always well within the legal limits. [GRI 2-8]

In 2024 21 people worked in Favini through temporary contracts of which 20 were blue collars and 1 white collar.

During the same period, Favini hosted six trainees, five of whom were part of PCTO (“Percorsi per le competenze trasversali e l’orientamento”) projects set up with secondary schools and one as part of a training and guidance project set up with the University of Padua.

Moreover, in 2024 Favini availed of collaboration with 7 consultants, whose employment was regulated by as many professional freelance contracts.

The workforce also includes, with employment contracts, 16 people belonging to protected categories, of which 15 have a disability.

4.2.2 Turnover

[GRI 401-1]

In 2024 Favini’s workforce remained basically unchanged (+ 2 units, equal to 0.3%), by way of 40 new hires (+ 6.6%) and 38 people leaving (-6.3%). The new hires were concentrated in the 30 to 50 age group, the young age group (under age 30) remained basically unchanged, while in the over-50 age group the number of workers leaving was higher than that hired.

		NEW HIRES				TERMINATIONS				BALANCE			
Region	Age (years)	M	W	TOT	%	M	W	TOT	%	M	W	TOT	%
Veneto	< 30	8	0	8	30.8%	5	0	5	19.2%	3	0	3	11.5%
	between 30 and 50	9	5	14	8.6%	7	3	10	6.1%	2	2	4	2.5%
	> 50	5	1	6	5.8%	7	2	9	8.7%	-2	-1	-3	-2.9%
	Total	22	6	28	9.6%	19	5	24	8.2%	3	1	4	1.4%
Piedmont	< 30	2	0	2	12.5%	5	0	5	31.3%	-3	0	-3	-18.8%
	between 30 and 50	8	0	8	4.9%	4	1	5	3.0%	4	-1	3	1.8%
	> 50	2	0	2	1.6%	4	0	4	3.2%	-2	0	-2	-1.6%
	Total	12	0	12	3.9%	13	1	14	4.6%	-1	-1	-2	-0.7%
Abroad	< 30	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
	between 30 and 50	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
	> 50	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
	Total	0	0	0	0.0%	0	0	0	0.0%	0	0	0	0.0%
Total	< 30	10	0	10	23.8%	10	0	10	23.8%	0	0	0	0.0%
	between 30 and 50	17	5	22	6.6%	11	4	15	4.5%	6	1	7	2.1%
	> 50	7	1	8	3.4%	11	2	13	5.6%	-4	-1	-5	-2.1%
	Total	34	6	40	6.6%	32	6	38	6.3%	2	0	2	0.3%
% on staff		6.7%	6.1%	6.6%		6.3%	6.1%	6.3%		0.4%	0.0%	0.3%	

The increase in the total number of people over 50 (up from 211 to 234) is the combined result of the natural ageing of the company workforce, together with high employee loyalty. In fact, as at 31/12/2024 the average length of service of Favini employees is 14 years and the average age is 46.2 years old.

Average length of company service

Region	Status	M	W	Total
Veneto	Blue collars	12	9	12
	White collars	15	14	14
	Executives	19	n.a.	19
	Total	13	13	13
Piedmont	Blue collars	16	24	16
	White collars	17	15	17
	Executives	4	n.a.	4
	Total	16	16	16
Abroad	Blue collars	n.a.	n.a.	n.a.
	White collars	14	13	13
	Executives	n.a.	n.a.	n.a.
	Total	14	13	13
Total	Blue collars	14	12	14
	White collars	16	14	15
	Executives	16	n.a.	16
	Total	15	14	14

Average age

Region	Status	M	W	Total
Veneto	Blue collars	45.5	45.4	45.5
	White collars	45.3	42.8	44
	Executives	55.1	n.a.	55.1
	Total	45.8	43.3	45.2
Piedmont	Blue collars	46.9	53	47
	White collars	48.3	46.3	47.6
	Executives	46	n.a.	46
	Total	47.1	47	47.1
Abroad	Blue collars	n.a.	n.a.	n.a.
	White collars	55.3	48.5	50.8
	Executives	n.a.	n.a.	n.a.
	Total	55.3	48.5	50.8
Total	Blue collars	46.3	46.8	46.3
	White collars	47	43.9	45.6
	Executives	53.3	n.a.	53.3
	Total	46.6	44.6	46.2

The figure for personnel leaving, analysed by considering only cases of voluntary resignation (excluding retirees), is an important indicator of the company's retention capacity. In 2024, this indicator was globally 2.63%, which is very low in absolute terms and lower than the labour market averages.

Voluntary resignation 2024

Region	Age (years)	M	W	Total	%
Veneto	< 30	0	0	0	0.00%
	between 30 and 50	5	2	7	4.29%
	> 50	1	0	1	0.96%
	Total	6	2	8	2.73%
Piedmont	< 30	5	0	5	31.25%
	between 30 and 50	1	2	3	1.83%
	> 50	0	0	0	0.00%
	Total	6	2	8	2.61%
Abroad	< 30	0	0	0	0.00%
	between 30 and 50	0	0	0	0.00%
	> 50	0	0	0	0.00%
	Total	0	0	0	0.00%
Total	< 30	5	0	5	11.90%
	between 30 and 50	6	4	10	3.01%
	> 50	1	0	1	0.43%
	Total	12	4	16	2.63%
% on staff		2.36%	4.04%	2.63%	

At Favini, we believe that a low voluntary turnover, besides being an indicator of a good internal climate and our staff's level of loyalty, is also a key factor in company competitiveness. It ensures that the specialised skills developed by our employees remain within the company and are not lost to competitors. Historical data, both in absolute terms as well as in terms of stability over time, show an excellent result.

	2023	2024
Turnover due to voluntary resignations	2.15%	2.63%

4.2.3 Training

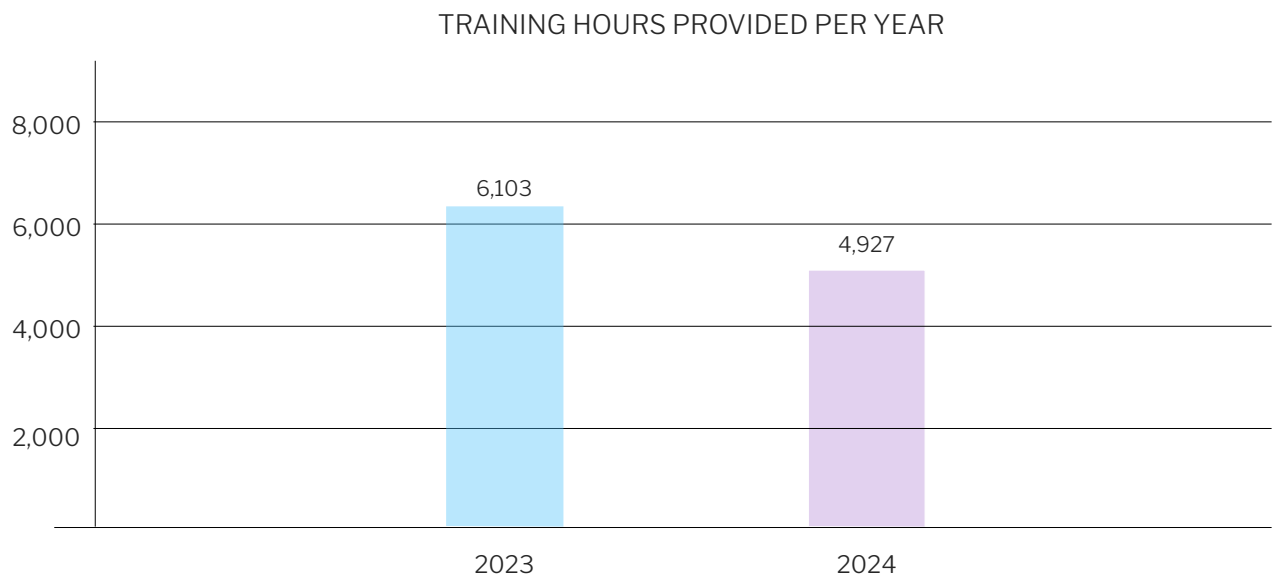
[GRI 403-5] [GRI 403-6] [GRI 404-1] [GRI 404-2]

Employee training is critical to the success and growth of any Organisation. By investing in this, companies can ensure that their employees have the skills and knowledge required to meet the ever-changing demands in the industry and, ultimately, perform their roles with greater awareness and effectiveness.

Training is also an important sign of focus on employees and thus contributes to improving their satisfaction. From this perspective, it is an important lever for the attraction and retention of human resources.

Favini considers investing in training in both technical-professional topics (how to ‘do’ your role) and acquiring cross-cutting or interpersonal skills (how to ‘be’) essential. This commitment is achieved through numerous training activities.

It is also essential to offer training opportunities to all employees, regardless of role, to foster a culture of constant learning, continuous improvement and openness to change at all levels.



It should be noted that, since 2021, there has been a significant increase in the number of hours of training provided to employees, a tangible sign of the company’s commitment to investing in human capital. Training in 2024 had a temporary drop mainly due to organisational reasons and it returned to its normal trend in 2025.

2024		PARTICIPANTS				HOURS OF TRAINING			AVERAGE HOURS PER CAPITA		
Region	Age	M	W	Total	%	M	W	Total	M	W	Total
Veneto	< 30	22	4	26	100%	307	88	395	14.0	22	15.2
	between 30 and 50	81	48	129	79%	657	428	1,085	5.7	8.9	6.7
	> 50	57	13	70	67%	393	107	500	4.4	7.6	4.8
	Total	160	65	225	77%	1,357	623	1,980	6.0	9.4	6.8
Piedmont	< 30	14	2	16	100%	585	11	596	41.8	5.5	37.3
	between 30 and 50	130	12	142	87%	1.311	128	1,439	8.7	9.8	8.8
	> 50	97	11	108	86%	871	41	912	7.6	3.4	7.2
	Total	241	25	266	87%	2,767	180	2,947	9.9	6.7	9.6
Abroad	< 30	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	between 30 and 50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	> 50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Total	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	< 30	36	6	42	100%	892	99	991	24.8	16.5	23.6
	between 30 and 50	211	60	271	82%	1,968	556	2.524	7.4	8.6	7.6
	> 50	154	24	178	76%	1,264	148	1.412	6.1	5.3	6.0
	Total	401	90	491	81%	4,124	803	4.927	8.1	8.1	8.1
% of workforce		78.8%	90.9%	80.8%							

2023				2024		
Status	Workforce	Hours of Training	Average Hours Per Capita	Workforce	Hours of Training	Average Hours Per Capita
Executives	9	81	9.0	10	107	10.7
White collars	181	3,480	19.2	186	2,359	12.7
Blue collars	416	2,542	6.1	412	2,461	6.0
Total	606	6,103	10.1	608	4,927	8.1

The data presented here show the extent to which Favini is committed to providing training and development opportunities for all employees, with the most significant beneficiaries being white-collar workers. At the same time, the organisation of production work on a continuous cycle limits the more extensive provision of training to blue-collar workers.

In 2024, 80.8% of the company workforce had the chance to take part in training activities and on average each Favini employee had the chance to benefit from 8.1 hours of training per head. An analysis by gender shows that the share of female staff in training is greater than the company average (90.9% on 80.8%).

It is also evident that Favini has primarily invested in training young people, with 100% of people trained, an average of 23.6 hours per capita.

Training hours

Topics	2023	2024
Security	2,975	2,888
Environment	154	146
Quality	7	133
Technical-Professional	2,151	1,224
Soft skills	164	344
Wellness	652	192
TOTAL	6,103	4,927

Analysis of the training hours broken down by topic shows that safety is certainly an important topic, and Favini constantly invests considerable resources here. Just as important for the growth of its staff are non-compulsory training activities, which count for 53% on average.

Topics	2023		2024		Media	
	Hours	%	Hours	%	Hours	%
Compulsory Training	2,975	49%	2,514	51%	2,744	47%
Voluntary Training	3,128	51%	2,413	49%	3,081	53%
Total	6,103	100%	4,927	100%	5,826	100%

The training project related to staff well-being for all employees of both facilities merits special mention. During this initiative. launched in 2023. and continued in 2024. 6 main issues were addressed:

- Healthy and conscious eating
- Principles of safe driving
- Basic life support for non-first-aiders
- Health at work
- Cancer prevention
- Digital wellness

4.2.4 Parental leave

[GRI 401-3]

Favini guarantees legal parental leave to all its employees. In 2024, 16 people of parental leave and 100% returned at the end of such leave.

	Employees availing of Pa- rental Leave in 2024	Employees returning after Parental Leave	Rate of return to work
Men	7	7	100%
Women	9	9	100%
Total	16	16	100%

The rate of employee retention in the last three-year period, equal to 90%, is a positive measure of Favini’s ability to offer parental leave to its employees.

	Still in service after 12 months		Retention rate	
	2022	2023		
Men	3	1	6	100%
Women	7	3	13	87%
Total	10	4	19	90%

4.2.5 Gender Pay Gap

[GRI 405-2]

We have calculated the Gender Pay Gap for 2024 for employees in Italian sites with reference to the effective basic gross salary and the company cost in 2024. The data are divided by status (for both) and age group (only for basic salary).

Gender Pay Gap

Category	Company cost	Basic Salary
Blue collars	-23%	-8%
White collars	-30%	-16%
Managers	-8%	-8%
Executives ⁶	n.a.	n.a.
Total	-12%	5%

The total figure for Basic Pay shows a Gender Pay Gap in favour of women (5%) which is reversed in favour of men at a company cost level (12%). The difference between the two figures is explained by the significant impact of variable pay components linked to shift work in production cycles (24 hours a day, 7 days a week) in the industrial structure, which is largely covered by male employees.

An analysis of the Gender Pay Gap by age group at the basic salary level shows that the gap in favour of women increases with age, but we believe that the differences are not significant.

Age (years)	Gender Pay Gap
< 30	3%
between 30 and 50	5%
> 50	8%
Total	5%

⁶ All executives are men

4.2.6 Workplace safety

[GRI 3-3] [GRI 403-1] [GRI 403-2/a] [GRI 403-3] [GRI 403-4] [GRI 403-5] [GRI 403-6] [GRI 403-7] [GRI 403-8] [GRI 403-9] [GRI 403-10]

Health and safety at work has always been a cornerstone for Favini.

This commitment translates into the adoption of a Health and Safety Management System certified according to the ISO 45001 standard, fully compliant with that set forth by the Italian Legislative Decree 81 of 9 April 2008, which establishes the regulatory framework for Health and Safety at Work for all Favini workers.

The Management System covers all figures who have access to the company for guided tours (schools and local organisations), sales relations (customers and suppliers) and contractors, ensuring the consistent application of the same risk prevention and control rules along the entire chain.

The system is based on a solid in-house structure which involves, also using specific software:

- Identification of hazards;
- risk assessment;
- the identification, appointment and training of figures provided for by the Italian Legislative Decree 81 of 9 April 2008, namely the Health and Safety Officer, the Doctor in Charge, the Workers’ Health and Safety Representatives and the emergency officers;
- the adoption of proper PPE, the application of specific procedures and the proposal of targeted investments in line with the “best available practices”.

With the goal of reducing accidents and injuries to a minimum, of making the workplace as safe as possible and of improving worker involvement by sharing safety information, Favini adopts concrete actions such as:

- Structured management of accidents, incidents and near-misses, with analysis of the causes, identification of the necessary actions or safety recommendations and if deemed appropriate, posting on noticeboards or publishing on monitors located in refreshment points;
- constant monitoring of safety indicators to identify the possible need to update/change procedures, or during the budgeting phase, to identify proposals for modifying company systems/ machinery/equipment;
- health surveillance, with the company doctor visiting the company sites on a weekly or fortnightly basis scheduled according to a health protocol developed on the basis of the specific risk

exposure of the various tasks; each worker is informed of their state of health by the company doctor who ensures that this information is confidential (in paper format in a locked cabinet in the company infirmary and in digital format on a PC subject to regular antivirus checks and backups);

- the processing and distribution of operational information for high-risk activities in electronic format, integrating requirements of Italian Legislative Decree 81/08 on working at heights, manual handling of loads, and the use of hazardous chemical substances.

In order to ensure that the company takes into consideration all of the reports and to guarantee the anonymity of workers who fear any personal repercussions, Favini has a website to which employees can send their observations/complaints without fear of reprisals.

As also shown in the tables in point 4.2.3, safety is the area of greatest commitment in staff training. Training, tailored according to the risk level of each job, focuses on:

- Specific training for new hires, carried out by in-house personnel perfectly aware of the hazards, risks and the specific characteristics of the workplace, of the machinery and of the substances used in the processes;
- special training for high-risk activities (e.g. electrical jobs, work at heights, use of forklift trucks) or for emergency personnel (first aid, fire prevention), provided by qualified trainers, with practical tests and regular updating.

As preventive measures for long-term health protection, to minimise the possible development of occupational disease related to noise, vibrations, exposure to chemical substances and manual load handling, Favini pays special attention to:

- The selection and testing of high performance and portable Personal Protective Equipment (PPEs), to ensure comfort and protection during the entire working day, such as the creation of personalised ear protectors, modelled according to the anatomy of each worker, for a more efficient reduction of noise;
- regular updating of lifting and transport machinery, in order to maintain high standards of safety, reliability and to minimise vibrations;
- use of air extraction and re-introduction systems, to control airborne pollutants and the recirculation of clean air in workplaces and control microclimatic conditions;
- automation of processes, where possible, to reduce the manual handling of loads and strain on upper limbs.

The ISO 45001 standard and Italian Legislative Decree 81/08 also encourage a participatory approach. In addition to the usual annual meeting provided for by Italian Legislative Decree 81 of 9 April 2008, to stimulate active worker involvement, regular meetings are organised with key safety figures (Health and Safety Officer, Workers’ Health and Safety Representative, Company Doctor) and visits to workplaces, during which proposals and observations are collected to be translated into concrete improvements.

The significant participation of employees in emergency teams is proof of a high level of awareness and a strong sense of shared responsibility, in line with the principle of “prevention” enshrined in the Consolidated Law.

Number of accidents. Injury Index and Injury Type

[GRI 403-9] [GRI 403-10]

The following table shows the number of accidents and accident indicators. Specifically, the frequency index (FI)⁷ and the severity index (SI)⁸ regarding accidents lasting over three days.

During the three-year period, no cases of occupational disease or deaths due to occupational accidents occurred.

	2023	2024
Commuting accidents	0	0
Injuries <3 days	3	1
Injuries >3 days	19	13
of which serious injuries	0	0
Total injuries	22	14
Total hours lost due to injury	4,616	3,424
Total hours worked	894,791	952,384
IF	21.23	13.65
IG	0.63	0.45

⁷ Frequency Index (FI): Number of accidents >3 days/Total hours worked x 1.000.000.

⁸ Severity Index (SI): Days of absence due to accidents >3 days/Total hours worked x 1.000.

The steady reduction in the Severity Index over the past three-year period reflects the positive trend which is confirmed by the fact that the 2024 FAVINI accident index is lower than that of reference for the Paper sector.

The main types of injury in the company were bruises/sprains from impacts/slips, cuts, fractures and crushing injuries.

4.3 External partnerships

[GRI 3-3] [GRI 413-1]

Our sites in Rossano and Crusinallo have been welcoming students of all ages for many years. Taking the utmost focus on the safety of visiting routes and careful organisation involving at least 40 employees across the two facilities, we welcome school children every two weeks upon request. In 2024, 1,400 students and their accompanying chaperones visited our mills. The doors of our facilities are also open to our customers, who can appreciate the chance to see first-hand how their products are made and talk to our technicians. We have also welcomed delegations from various associations such as FAI, COMIECO, and CROSSabili, local no profit association for events and for the world of disabilities.

The Company has strong ties with the local social structure and maintains excellent cultural exchanges with various associations in the area. These include Radici Future, which focuses on sustainability, the circular economy and business ethics; and Win-Win, an annual sports tournament involving many local companies, with the participation of employees and their families, to raise funds for non-profit associations. Primary and secondary schools in the Vicenza and Verbano area receive free paper materials for educational activities. Our technicians and experts are invited to presentations on the circular economy and sustainability, and workshops on paper production, inspiring and contributing to the education of future generations on sustainability and the circular economy.

Our contribution to Posterheroes, the international graphic design, illustration and social communication competition, continues: the 2024 edition, entitled “Making Mistakes”, stimulated discussion about the collective aversion to mistakes in order to promote a more authentic version and to celebrate imperfections, which are useful in the common feeling. A selection of the best works lead to the creation of a special calendar with pages printed using different techniques and on particular types of paper we produce. The Salce Collection National Museum in Treviso,

which houses Italy's largest collection of graphic advertising posters, organised an exhibition of the works collected by the Posterheroes competition, visited by 3,500 people.

Our contribution to the development of an industrial culture marked by respect for the environment is constant: we support a historical paper-training institution, the San Zeno Salesian Institute, with our young technicians attending their courses. Alongside Aticelca, an Italian network of paper industry technicians and experts, we help to develop an industrial culture for the circular economy and recycling applied to paper production.

Over the years Favini has forged and maintained various partnerships with research institutes and universities, such as CNR Milan, the CNR Institute for Water Research in Taranto, the University of Milan, the University of Padua, the Ca' Foscari University of Venice and the University of Cambridge. The company also maintains constant dialogue with companies and brand owners who want to find new uses for their by-products, and it collaborates in studying the reactions of bio products and upcycling to the paper-coating process, with the aim of replacing fossil-based resins and plastics in the textile and leather goods industry.

For the next three years, Favini has also renewed its support for the Voiala project in Madagascar to reforest a destroyed part of the forest, resulting in soil degradation and loss of flora and fauna. We support a local community in the district of Androy, in the north-east of the island, in raising environmental awareness and education among its inhabitants. We contribute to sustainable agriculture and promote planting strategies and ecotourism in the area. To date, 75 hectares have been planted with around 150,000 trees, all native species suitable for supporting the reconstitution of the local ecosystem.

4.4 Research. development and innovation for innovation

[GRI 3-3]

Environmental considerations have always been a constant point of reference in product policy: all Favini paper and card are made from selected cellulose-based mixtures, free from chlorine (ECF) and not from virgin forests. This proactive approach has favourably oriented company environmental research towards innovative concepts of eco-compatible industrial development: rather than focusing on recycling, Favini has preferred prevention, seeking alternative raw materials to cellulose from trees in the waste and agro-industrial pollutants of other industrial sectors.

The results of its environmental research have materialised in:

- The filing of a patent for the production of paper from leather residues;
- the identification of the manifest and non-manifest needs of the target market;
- market analyses that may culminate in the feasibility of developing a new product;
- the creation of new variants of paper belonging to the “Paper from our Ecosystem” range;
- the stipulation of new agreements for the use of industrial by-products.

The group's contribution to the field of scientific promotion and dissemination is demonstrated by numerous participations in conventions, workshops, trade fairs, round table discussions and seminars.

Favini Group's commitment to technological innovation and scientific dissemination has fostered the development and consolidation of partnerships, at different levels, with universities, schools and other organisations and institutions active in the field of research and education.

Methodological note

GRI 2-1] [GRI 2-2] [GRI 2-3] [GRI 2-4] [GRI 2-5]

This Report aims to provide all stakeholders with a clear and transparent account of its performance in terms of environmental and social issues.

At the date of writing this document, Favini Group is not subject to sustainability reporting requirements in compliance with the European Sustainability Reporting Standards (ESRS) provided for by the Italian Legislative Decree 125 of 6 September 2024 – which transposed the EU Directive 2022/2464 (Corporate Sustainability Reporting Directive or CSRD) into Italian law. The Sustainability Report is prepared annually on a voluntary basis, adopting the Standards published by the Global Reporting Initiative (GRI) in the updated 2021 version in accordance with the option “in accordance with GRI Standards”. We summarise the standards listed in the document in a GRI Content Index, designed to make it easier to find and understand the information reported.

Furthermore, the information contained in the document is associated, where pertinent, to the Sustainable Development Goals or SDGs developed with the UN Agenda 2030.

The scope of the Report, detailed in Chapter 1, covers the entire Favini Group, including its subsidiaries, in the consolidated financial statements. Therefore, references in this document to “Company” or “Group” or “Favini” or “Organisation” refer to the companies taken as a whole. By contrast, when a figure does not refer to the Group as a whole but to a subsidiary or a specific facility, this is highlighted. The quantitative and qualitative information regarding the commercial sites and the subsidiary Favini do Brasil Ltda is not included in the Sustainability Report. An exception is made for the information regarding personnel, which includes employees working at foreign locations.

The reporting period is the same as the Group’s Consolidated Financial Statements, covering 1 January 2024 to 31 December 2024. The indicators representing the results reflect the measurement of performance, regardless

of whether it is positive or negative. Furthermore, the data contained in this document have been processed by department managers. In addition, data have been provided from periods preceding the reporting period to enable stakeholders to compare Favini’s performance in different years and assess the performance of its activities over time.

The Report presents qualitative and quantitative information on issues ‘material’ to the Group and its stakeholders. These issues have been identified by conducting a materiality assessment, illustrated in the dedicated paragraph.

Data collection and processing was managed by creating a work team composed of the managers from all of the areas involved and falling within the scope of reference. The process that led to the drafting of the document involved all areas of the Group. The contact persons of the various corporate functions collected the data in the Report and subsequently processed it in compliance with the GRI Standards. We calculated the indicators accurately and promptly based on data from general accounting, internal data collection and other available information systems. No estimates were used to calculate the indicators.

At each stage of the process, the reporting principles set out in the GRI Standards for quality sustainability reporting were also followed, namely: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

It should be noted that, following an improvement in data collection methods, it was necessary to revise some environmental indicators compared to those published in the previous Sustainability Report. Specifically:

▪ Energy consumption quantification has included fuel consumed by the company fleet; in addition, the factors published by DEFRA have been used to convert all fuels used into GJ;

- the tonnes of CO₂ equivalent produced in 2023 have been recalculated using the emissions factors published by ISPRA and AIB;
- the “intensity” indicators (energy consumption intensity, emissions intensity etc.) have been recalculated by using the net amount of paper produced by the three production units as the denominator (previously, the tonnes of paper delivered to the warehouse were used). This made it possible to provide a more accurate and realistic figure;
- the quantities of waste produced refers to the tonnes weighed at disposal.

Lastly, it should be noted that the Group supplemented the presentation of its objectives in terms of environmental, social and governance sustainability by providing an update on the status of each of them as of 2024.

This Sustainability Report, signed by the Group CEO, was submitted to Favini’s Board of Directors for approval on 4 July 2025 and is subject to external assurance by BDO S.p.A. as an independent auditor.

**For further information. please write to:
cristina.massignan@favini.com**



GRI Index

STATEMENT OF USE Favini Group has drafted this non-financial document in accordance with the GRI Standards for the period 01.01.2024-31.12.2024
GRI 1 GRI 1: Foundation 2021

GRI SUSTAINABILITY REPORTING STANDARD				OMISSIONS		
				REFERENCE / NOTES	REQUIREMENTS OMITTED	REASON
GRI 2: GENERAL DISCLOSURES 2021	2-1	Organisational details	Methodological note Chapter 1. The Favini Group			
	2-2	Entities included in the organisation's sustainability reporting	Methodological note Chapter 1. The Favini Group			
	2-3	Reporting period, frequency and contact point	Methodological note			
	2-4	Information restatements	Methodological note			
	2-5	External assurance	Methodological note			
	2-6	Activities, value chain and other commercial relations	1.2 The worlds of Favini 1.8 Responsible management of the value chain 1.8.2 Supply chain management			
	2-7	Employees	4.2 Human capital 4.2.1 Workforce			
	2-8	Non employees	4.2.1 Workforce			
	2-9	Governance structure and composition	1.3 Governance			
	2-10	Appointment and selection of the highest governance body	1.3.1 Board of Directors			
	2-11	Chairman of the highest governing body	1.3.1 Board of Directors 1.3.2 Board of Statutory Auditors			
	2-12	Role of the highest governing body in overseeing the management of impacts	1.3.2 Board of Auditors 1.3.4 Sustainability Governance			
	2-13	Delegation of responsibility for managing impacts	1.3.2 Board of Auditors 1.3.4 Sustainability Governance			
	2-14	Role of the highest governing body for sustainability reporting	1.3.4 Sustainability Governance			
	2-15	Conflicts of interest	1.3.1 Board of Directors 1.4 Business ethics and integrity			
	2-16	Communication of critical concerns	1.4 Business ethics and integrity			
	2-17	Collective knowledge of the highest governing body	1.3.1 Board of Directors			
	2-18	Performance assessment of the highest governing body	1.3.1 Board of Directors 1.3.3 The remuneration and incentive policy			
	2-19	Remuneration Policies	1.3.3 The remuneration and incentive policy			
	2-20	Process for determining remuneration	1.3.3 The remuneration and incentive policy			
	2-21	Ratio of total annual remuneration	1.3.3 The remuneration and incentive policy			
	2-22	Statement on sustainable development strategy	Letter from the CEO			

GRI SUSTAINABILITY REPORTING STANDARD			REFERENCE / NOTES	OMISSIONS	
				REQUIREMENTS OMITTED	REASON
	2-23	Policy commitments	1.4 Business ethics and integrity 1.5 Policies and Certified Management Systems 4.1 Labour and Human Rights Policy		
	2-24	Integration in policy commitments	1.8.3 Risk analysis along the value chain 4.1 Labour and Human Rights Policy		
	2-25	Processes to remedy negative impacts	1.4 Business ethics and integrity 1.8.4 Materiality Analysis		
	2-26	Mechanisms for consultation and expressing doubts	1.4 Business ethics and integrity 1.8.4 Materiality Analysis		
	2-27	Compliance with laws and regulations	Non cases of non compliance with laws and regulations were found during the reporting period		
	2-28	Associations	1.8.1 Customer relations		
	2-29	Stakeholder engagement approach	1.6 Stakeholder involvement		
	2-30	Collective bargaining agreements	1.5 Policies and Certified Management Systems		
GRI 3: MATERIAL TOPICS 2021	3-1	Process of determining material topics	1.8.4 Materiality Analysis		
	3-2	List of material topics	1.8.4 Materiality Analysis		
	3-3	Management of material topics	1.8.4 Materiality Analysis		
MATERIAL TOPIC: ECONOMIC PERFORMANCE AND SHARED VALUE					
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 2.2 Statement of Distributed Value		
GRI 201: ECONOMIC PERFORMANCE 2016	201-1	Direct economic value generated and distributed	2.2 Statement of Distributed Value		
GRI 204: PROCUREMENT PRACTICES 2016	204-1	Proportion of spending on local suppliers	1.8.2 Supply chain management		
MATERIAL TOPIC: ETHICS AND INTEGRITY					
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 1.4 Business ethics and integrity		
GRI 205: ANTI-CORRUPTION 2016	205-3	Confirmed instances of corruption and measures taken	No cases of corruption were recorder in 2024		
GRI 415: PUBLIC POLICY 2016	415-1	Political contributions	No political contributions were made during 2024		
MATERIAL TOPIC: RAW MATERIAL PROCUREMENT AND USE. CIRCULAR ECONOMY					
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 3.1 Materials 3.1.3 Consumption of materials		
GRI 301: MATERIALS 2016	301-1	Materials used by weight or volume	3.1 Materials 3.1.3 Consumption of materials		
MATERIAL TOPIC: ENERGY CONSUMPTION MANAGEMENT					
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 3.3 Energy		

GRI SUSTAINABILITY REPORTING STANDARD			REFERENCE / NOTES	OMISSIONS		
				REQUIREMENTS OMITTED	REASON	EXPLANATION
GRI 302: ENERGY 2016	302-1	Energy consumption within the organisation	3.3 Energy 3.3.1 Total energy consumption			
	302-2	Energy consumption outside of the organisation	3.3 Energy 3.3.1 Total energy consumption			
	302-3	Energy intensity	3.3 Energy 3.3.1 Total energy consumption			
	302-4	Reduction of energy consumption	3.3.3 Reduced consumption and energy efficiency No significant reduction in energy consumption was recorded in 2024 since the high efficiency power station (installed in 2024) will produce tangible results as of 2025.			
MATERIAL TOPIC: WATER CONSUMPTION MANAGEMENT						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 3.2 Water resources			
GRI 303: WATER AND WASTEWATER 2018	303-1	Interaction with water as a shared resource	3.2 Water resources			
	303-2	Management of water discharge-related impacts	3.2 Water resources 3.2.4 Wastewater analysis			
	303-3	Water withdrawal	3.2 Water resources 3.2.1 Water withdrawals			
	303-4	Water discharge	3.2.2 Water discharges			
		Water consumption	3.2.3 Water consumption			
MATERIAL TOPIC: BIODIVERSITY						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 3.5.3 Biodiversity			
GRI 304: BIODIVERSITY 2016	304-1	Operational sites owned, leased, managed in (or next to) protected areas and areas of high biodiversity outside of protected areas	3.5.3 Biodiversity			
MATERIAL TOPIC: EMISSIONS INTO THE ATMOSPHERE						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 3.4 Emissions			
GRI 305: EMISSIONS 2016	305-1	Direct (Scope 1) GHG emissions	3.4.1 CO ₂ emissions			
	305-2	Energy indirect (Scope 2) GHG emissions	3.4.1 CO ₂ emissions			
	305-3	Other indirect (Scope 3) GHG emissions	3.4.1 CO ₂ emissions			
	305-4	GHG emissions intensity	3.4.1 CO ₂ emissions			
	305-5	Reduction of GHG emissions	3.4.1 CO ₂ emissions 3.2.3 Reduction of emissions; 3.4.4 Environmental projects for offsetting emissions			
		Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	3.4.2 NO _x emissions			
MATERIAL TOPIC: WASTE MANAGEMENT						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 3.5 Waste			

GRI SUSTAINABILITY REPORTING STANDARD				OMISSIONS		
				REFERENCE / NOTES	REQUIREMENTS OMITTED	REASON
GRI 306: WASTE 2020	306-1	Waste production and significant impacts related to waste	3.5 Waste 3.5.1 Waste sent for recycling and to landfill			
	306-2	Waste production and significant impacts related to waste	3.5 Waste			
	306-3	Waste generated	3.5 Waste 3.5.1 Waste sent for recycling and to landfill 3.5.2 Sludge			
	306-4	Waste diverted from landfill	3.5 Waste 3.5.1 Waste sent for recycling and to landfill			
	306-5	Waste sent to landfill	3.5 Waste 3.5.1 Waste sent for recycling and to landfill			
MATERIAL TOPIC: HUMAN CAPITAL						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis Chapter 4.2 Human capital			
GRI 401: EMPLOYMENT 2016	401-1	New employee hires and employee turnover	4.2.1 Workforce 4.2.2 Turnover			
	401-3	Parental leave	4.2.4 Parental leave			
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee	4.2.3 Training The training hours provided only concern the Italian perimeter			
		Skills updating programmes for employees and transition support programmes	4.2.3 Training			
MATERIAL TOPIC: WORKER HEALTH AND SAFETY						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 4.2.6 Workplace safety			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-1	Occupational Health and Safety Management System	4.2.6 Workplace safety			
	403-2	Hazard identification, risk assessment and incident investigation	4.2.6 Workplace safety			
	403-3	Occupational medical services	4.2.6 Workplace safety			
	403-4	Worker participation and consultation and communication on occupational health and safety	4.2.6 Workplace safety			
	403-5	Worker training on occupational health and safety	4.2.3 Training 4.2.6 Workplace safety			
	403-6	Worker health promotion	4.2.3 Training 4.2.6 Workplace safety			
	403-7	Prevention and mitigation of occupational health and safety impacts in trade relations	4.2.6 Workplace safety			
	403-8	Workers covered by an Occupational Health and Safety Management System	4.2.6 Workplace safety			
	403-9	Accidents at work	4.2.6 Workplace safety			
	403-10	Occupational disease	4.2.6 Workplace safety			
		Skills updating programmes for employees and transition support programmes	4.2.3 Training			

GRI SUSTAINABILITY REPORTING STANDARD			REFERENCE / NOTES	OMISSIONS		
				REQUIREMENTS OMITTED	REASON	EXPLANATION
INCLUSION AND EQUAL OPPORTUNITIES MANAGEMENT						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis Chapter 4.2 Human capital			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITIES 2016	405-1	Diversity in governance bodies and among employees	4.2.1 Workforce			
		Ratio of basic salary and pay between women and men	4.2.5 Gender Pay Gap			
MATERIAL TOPIC: SUPPORT FOR LOCAL COMMUNITIES						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	4.3 External partnerships			
GRI 413: LOCAL COMMUNITIES 2016	413-1	Operations with local community involvement. impact assessments and development programmes	4.3 External partnerships			
MATERIAL TOPIC: RESEARCH. DEVELOPMENT AND INNOVATION						
GRI 3: MATERIAL TOPICS 2021	3-3	Management of material topics	1.8.4 Materiality Analysis 4.4 Research. development and innovation			
OTHER KPIS REPORTED AND NON ASSOCIATED WITH MATERIAL TOPICS						
GRI 308: ENVIRONMENTAL ASSES- SMENT OF SUPPLIERS 2016	308-1	New suppliers assessed using environmental criteria.	1.8.2 Supply chain management			
GRI 414: SOCIAL ASSESSMENT OF SUPPLIERS 2016	414-1	New suppliers assessed using social criteria.	1.8.2 Supply chain management			
GRI 416: CUSTOMER HEALTH AND SAFETY 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	1.8 Responsible management of the value chain 1.8.1 Customer relations During 2024, there were no non-compliance incidents concerning product health and safety impacts			
	GRI 417: MARKETING AND LABEL- LING 2016	417-2	Incidents of non-compliance concerning product and service information and label- ling	1.8 Responsible management of the value chain 1.8.1 Customer relations No incidents of non-compliance with product information and labelling occurred during 2024		
417-3		Cases of non-compliance regarding marketing communications	1.8 Responsible management of the value chain			
GRI 418: CUSTOMER PRIVACY 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	1.8.3 Risk analysis along the value chain			
			No incidents of breaches of customer privacy and loss of customer data occurred during 2024			



Independent Auditors' Report on the Sustainability Report 2024

To the Board of Directors of
Favini S.r.l.

We have been engaged to perform a limited assurance engagement on the Sustainability Report of Favini Group for the year ended on 31 december 2024.

Responsibilities of the Directors for the Sustainability Report

The Directors of Favini S.r.l. are responsible for the preparation of the Sustainability Report in accordance with the “GRI Sustainability Reporting Standards (GRI Standards)” issued by the GRI - Global Reporting Initiative, as described in the paragraph “Methodology” of the Sustainability Report identified by them as reporting standards.

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 misstatements, whether due to frauds or errors.

The Directors are also responsible for the definition of the objectives regarding the sustainability performance and the reporting of the achieved results, as well as for the identification of the stakeholders and the significant matters to report.

Auditors’ independence and quality control

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

Our firm applies International Standard on Quality Management 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.

Auditors’ responsibility

Our responsibility is to express, based on the procedures performed, our conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. We carried out our work in accordance with the criteria established in the *International Standard on Assurance Engagements 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”)*, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the Sustainability Report is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with company’s personnel responsible for the

preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

Specifically, we carried out the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholder categories and to the internal validation of the process results;
2. comparison of economic and financial data included in the specific paragraph of the Sustainability Report with those included in the Financial Statements of Favini S.r.l.;
3. analysis of processes that support the generation, collection and management of data and information to the department responsible for the preparation of the Sustainability Report.

In particular, we have performed interviews and discussions with the management of Favini S.r.l. to gather information about the accounting and reporting systems used in preparing the Integrated Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, taken into consideration the activities and the characteristics of the Company:

- a) with reference to the qualitative information contained in the Sustainability Report, we carried out interviews and we have acquired supporting documentation to verify its consistency with the available evidence;
- b) with reference to quantitative information, we carried out both analytical procedures and limited checks to ascertain, on a sample basis, the correct aggregation of data.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Favini Group. for the period ended on 31 december 2024 is not prepared, in all material respects, in accordance with the “GRI Sustainability Reporting Standards (GRI Standards)” issued by the GRI - Global Reporting Initiative, as described in the paragraph “Methodology” of the Sustainability Report.

Padova, 8 july 2025

Signed in the original by

BDO Italia S.p.A.

Francesco Ballarin
Partner

This report has been translated into English language from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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