NEUBERGER BERMAN

# NB Renaissance Partners

## Portfolio ESG Spotlight

## April 2020

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Neuberger Berman ("NB") has longstanding experience in responsible investing, considering environmental, social and governance ("ESG") factors as important drivers of long-term investment returns from both an opportunity and a risk mitigation perspective. NB also understands that for many of its clients the impact of their portfolio is an important consideration in conjunction with investment performance.

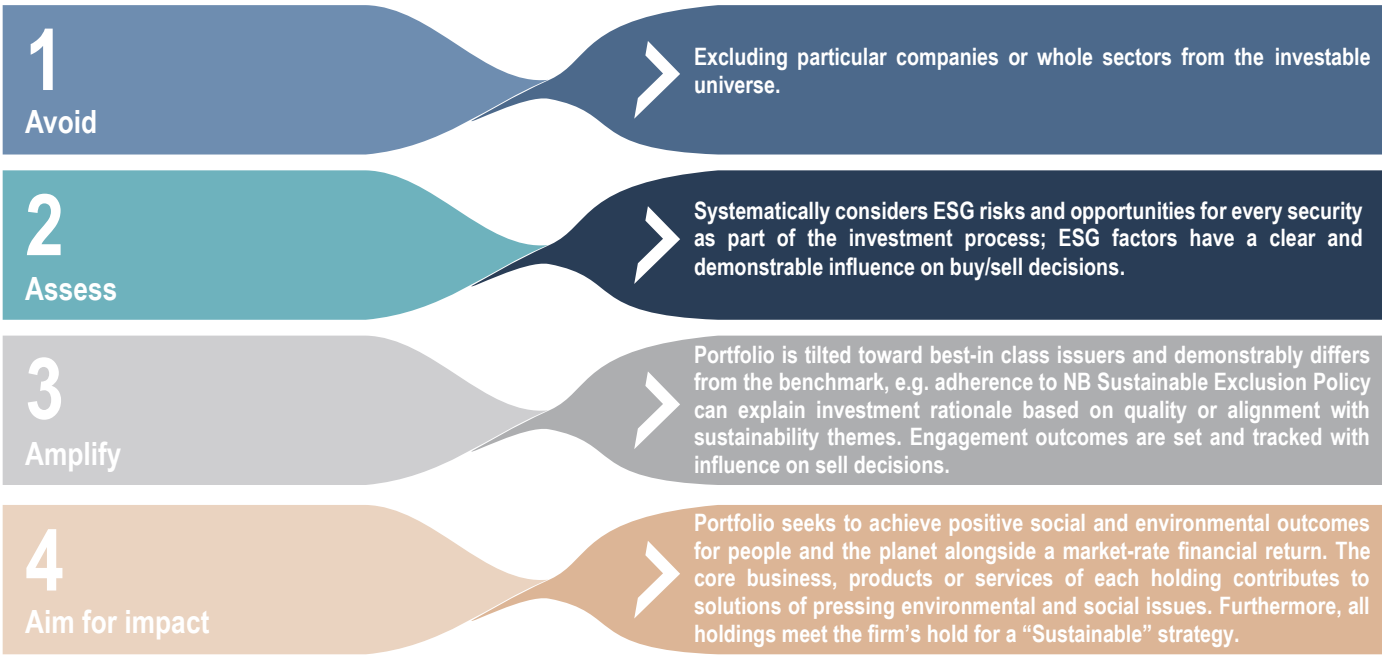
As consequence, NB believes that material ESG factors, like any other factor, should be incorporated in its investment decision-making process. ESG investing can be employed in a variety of ways to help generate enhanced returns as well as to implement non-financial objectives within a portfolio. NB believes its approach not only benefits its clients but can also support better-functioning capital markets and generate positive impacts for people and planet as a whole.

On this basis, NB has defined an ESG policy which provides a broad framework for its approach to ESG integration. The Policy is reviewed annually by the ESG Committee and Neuberger Berman's Board of Directors, which is responsible for overseeing NB ESG integration efforts, setting goals, and reporting on the firm's performance.

The ESG Policy is disclosed to the public on NB website at www.nb.com/esg.

## NEUBERGER BERMAN ESG INTEGRATION FRAMEWORK

PRI Principles for Responsible Investment




Neuberger Berman became a signatory of the UN Principles for Responsible Investment in 2012 and has reported to the PRI since 2014. In its most recent PRI Assessment, NB has obtained the highest score in every category, A+, for its overarching approach to ESG strategy and governance. In addition, NB has earned an A+ for ESG integration across each of the four asset classes that it manages as a firm. Neuberger Berman is also a member of the PRI Private Equity Advisory Committee, which is a collaborative group that advises the Principles for Responsible Investment on its private equity initiatives. The PEAC is a group of asset owners and managers at the forefront of exploring the possibilities of ESG integration within private equity investing and advises the development of industry knowledge-sharing and resources.

Building upon the firm-level commitment to ESG investing, NB Renaissance Partners ("NBRP") recognizes that investing by taking into account ESG factors has a relevant impact on the long-term value it will generate and the shared value created for all stakeholders, building a resilient portfolio in the long-term.

**As a result, NBRP believes it has the opportunity and responsibility to integrate ESG factors in its decision-making process in order to support sustainable investing and to foster ESG best practice across the business community, from the investing sector to its portfolio companies.**

### WHAT NB MEANS BY ESG

**Environmental** factors include organizations' contribution to **climate change** through **greenhouse gas emissions, along with waste management, energy efficiency, water consumption and biodiversity**. With renewed efforts to combat global warming, emissions reduction and decarbonisation become more important.

**Social** aspects include **human capital management** and development and retention of **talents,** as well as **health and safety**. It also includes aspects related the interaction with the **local community** and the **value chain** (e.g. human rights and labour conditions in the supply chain). It also relates to **research and development activities to foster innovation.**

**Governance** refers to a set of rules or principles that define **rights, responsibilities and expectations** among different stakeholders in corporate governance. In particular, it is important for organizations to have in place a **governance able to manage sustainability issues** in order to monitor and control such topics.

### A COMMON GOAL: UNITED NATIONS GLOBAL COMPACT

Neuberger Berman is a signatory of the UN Global Compact and is committed to aligning its operations with universal principles on human rights, labor, environment and anti-corruption, and to taking actions that advance societal goals.
By incorporating the ten principles into the firm's business practices – including its corporate strategy, policies and procedures, and maintaining its culture of integrity – NB joins other companies in not only upholding its basic responsibilities to people and the planet, but also in setting the stage for long-term success.

ESG principles are deeply rooted within NBRP operations, from a thorough due diligence process on potential investments, to the promotion and integration of ESG best practice in its investments.

ESG is incorporated into the due diligence process as one of the key factors that must be considered for identifying and understanding potential ESG risks and related opportunities. NBRP's diligence process includes a review of a potential portfolio company's compliance with ethical business guidelines and sustainability framework as well as ESG factors.

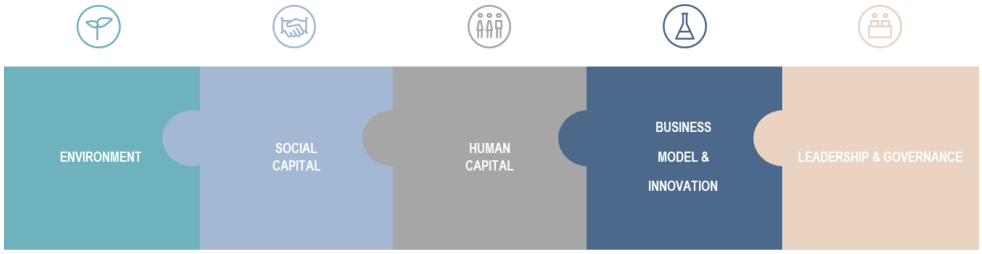
In particular:

- **Environmental**: potential environmental issues are addressed; if potentially material risks are identified, a specific environmental due diligence is conducted, with the assistance of specialized environmental consultants. The scope of environmental due diligence is based on the nature of the business and the potential issues identified;

- **Social**: it is ascertained whether a company adheres to the CSR standards that are required, establishing and maintaining relationships based on mutual respect, loyalty and trust with all its stakeholders;

- **Governance**: the focus is on the systems, processes and practices governing a company's interaction with all its constituencies to ensure that they enable adequate transparency, accountability and inclusiveness.

Below it is reported the 5 areas of the analysis included in NBRP's Investment Evaluation Process:




From an investment standpoint, NBRP believes that ESG analysis should be based on materiality and customized by asset class and investment style. Neuberger Berman has a proprietary view of sustainability issues by industry, using the Sustainability Accounting Standards Board (SASB) as a starting point and leveraging the expertise and insights of its in-house sector experts, summarized in its NB Materiality Matrix. Many of its portfolio companies based in Europe use the Global Reporting Initiative (GRI) Sustainability Reporting Standards as the basis for their sustainability initiatives, and as such, NBRP factors in GRI guidance in its ESG efforts and communications as well.

NBRP believes that integrating ESG considerations throughout its investment process can lead to more consistent and better investment outcomes – by helping to identify both material risks and opportunities to drive value. NBRP is focused on long-term partnerships and engage with its partners to promote ESG integration best practices and resources. NBRP's commitment is rooted in the involvement and engagement with companies to strengthen their ESG commitment and help filling the gaps, with a view to continuous improvement. ESG criteria influence the investment decisions and critical issues and material unmitigated risk constitutes a "no-go" for an investment.

Since its establishment, NBRP has actively promoted the integration of ESG best practice across its portfolio, as demonstrated by a number of its portfolio companies that have already embarked on a path of long term commitment to ESG:

**ENGINEERING**

- Corporate Social Responsibility Report in accordance with Global Reporting Initiative Sustainability Reporting Standards

**NOVAMONT**

- Sustainability Report in accordance with Global Reporting Initiative Sustainability Reporting Standards
- SDGs commitment

**RINA**

- Sustainability Report
- Participants of the UN Global Compact
- SDGs commitment

**Guala Closures** *Safety Closures*

- Sustainable Development Annual Report in accordance with Global Reporting Initiative Sustainability Reporting Standards
- Sustainability targets

**MECAER | AVIATION | GROUP**

- Integrated Annual Report, including non-financial disclosure referenced to the Global Reporting Initiative's G4 Guidelines

**PIRELLI**

- Integrated Annual Report, including non financial disclosure in accordance with Global Reporting Initiative Sustainability Reporting Standards
- Participants of the UN Global Compact
- Company-level contributions to United Nations Sustainable Development Goals (SDGs), as appropriate
- Included in the Climate A List of the CDP (Carbon Disclosure Project) and other climate-related company disclosure initiatives (e.g. TCFD)

In 2019, NBRP took an additional relevant step in its ESG sustainability path by deploying a challenging ESG roadmap for all of its controlling investments, which include:

**Biolchim S.p.A.** top player in the special fertilizers market, in particular Biostimulants

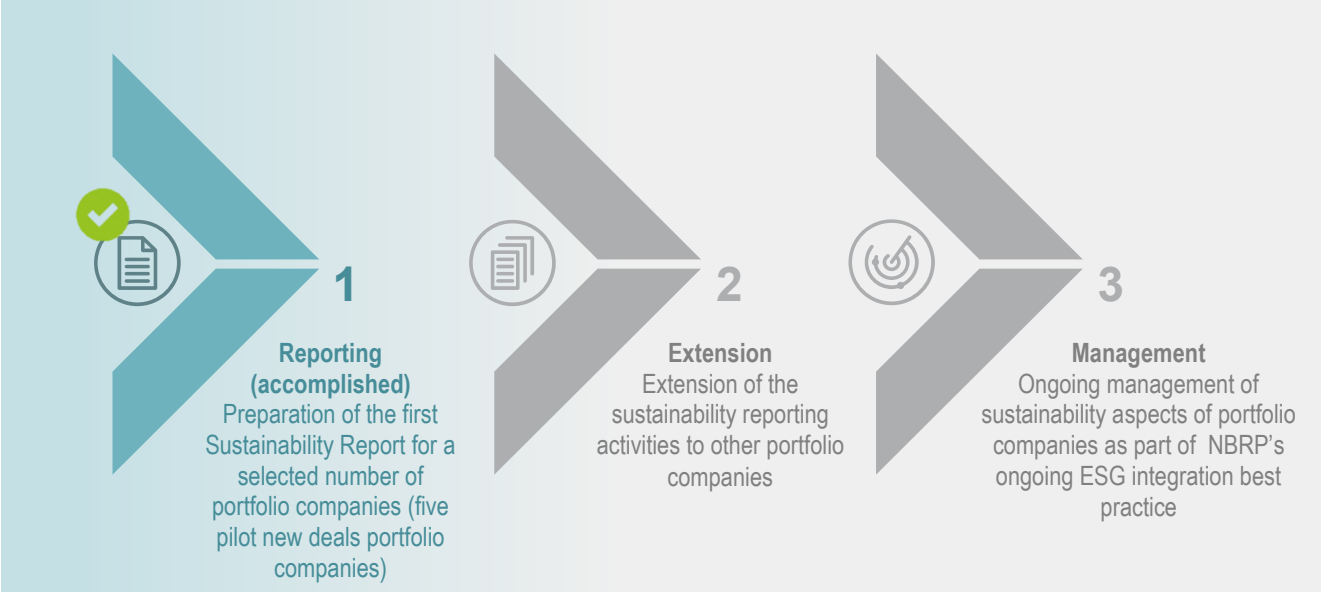
**Comelz S.p.A.** leader in the production of cutting machines for footwear and leather goods industries

**Hydro Holding S.p.A.** leading manufacturer of hydraulic components

**Rino Mastrotto Group S.p.A.** leader in the tanning and leather industry

**Uteco Converting S.p.A.** leader in the production of printing and converting machines

In its effort to support its portfolio companies to improve their ESG and sustainability practices and communications, NBRP is committed to a portfolio-wide ESG initiative that is summarized by a three-step roadmap:




**NBRP expects that this ESG portfolio initiative will continously enhance NBRP's ESG disclosure and improve transparency and accountability to its stakeholders.**

After having successfully completed the first step, which consider the five pilot new deals portfolio companies that didn't have a Sustainability Report in place, NBRP will continue to pursue its ESG and sustainability commitment focusing on the other steps of its roadmap and sharing regular updates on its progress.

## STEP 1 REPORTING: MATERIALITY ANALYSIS

The abovementioned five pilot portfolio companies already had ESG related data and information available, but a consistent ESG-related reporting framework aligned with Neuberger Berman's standards was needed. Given its unique positioning in the private equity ecosystem, NBRP engages with its partners and portfolio companies to share and promote best practices and resources related to ESG integration and sustainability.

NBRP believes that by integrating ESG factors with a focus on materiality in its diligence, it may achieve a more consistent outcome and stronger financial returns. NB leverages industry standards for materiality of ESG factors, specifically utilizing the Sustainability Accounting Standards Board (SASB) as a starting point for its analysis, and leveraging the expertise and insights of its in-house sector experts, summarized into its NB Materiality Matrix. Many of NB's portfolio companies based in Europe use the Global Reporting Initiative (GRI) Sustainability Reporting Standards as the basis for their sustainability initiatives, and as such, NBRP factors in GRI guidance in its ESG efforts and communications as well.

The GRI Standards requires companies to identify the most relevant topics by implementing a materiality analysis process. This process enables the company to determine the material topics, i.e. those economic, social and environmental aspects on which a company has a significant effect (positive or negative) and which could substantially influence stakeholders assessments and decisions. Moreover, the analysis has been integrated with a benchmarking activity on sustainability issues reported by the main sector peers.

Relevant ESG topics have been translated into common Key Performance Indicators (KPIs) for all selected portfolio companies ("cross portfolio KPIs") and in customized metrics for each portfolio company ("company-specific KPIs"). Both cross portfolio KPIs and company-specific KPIs are included in the Sustainability Reports of each pilot portfolio company.

The cross portfolio KPIs related to the ESG topics identified within the materiality analysis process are:

Environmental:

- Energy (GRI 302-1)
- Emissions (GRI 305-1; GRI 305-2)

Social:

- Information on employees and other workers (GRI 102-8)
- Occupational health and safety (GRI 403-9)
- Diversity and equal opportunities (GRI 405-1)
- Employment: (GRI 401-1)

Governance:

- Diversity and equal opportunities (GRI 405-1)

The following are extracts from the Sustainability Reports of the five pilot portfolio companies (Biolchim, Comelz, Hydro Holding, Rino Mastrotto Group and Uteco) and the two most relevant portfolio companies that already had their Sustainability Reports (Engineering and Novamont). This set of seven portfolio companies represents 73% of the unrealized NAV[1,2] for Fund I, 84% for Annex Fund and 100% for Fund III.

| | Biolchim | COMELZ | ENGINEERING | HYDRO | NOVAMONT | RINO MASTROTTO GROUP | UTECO | % of Unrealized NAV |
|---|---|---|---|---|---|---|---|---|
| NBRP Fund I | ✓ | ✓ | | | ✓ | | ✓ | *73%*[1] |
| NBRP Annex | ✓ | ✓ | | | ✓ | | ✓ | *84%*[1] |
| NBRP Fund III | | | ✓ | ✓ | | ✓ | | *100%*[2] |

1. Unrealized NAV excludes realized and partially realized investments (including recent monetizations of Alfasigma, Engineering, Farnese Vini, Guala Closures and Pirelli).
2. Unrealized NAV includes the recently signed investment in Engineering.

The Group

Founded in 1972, **Biolchim** is a leading company for the **production and commercialization of special fertilizers in particular Biostimulants**, a range of products composed by **innovative raw materials and with high agronomical performances**.

Based in Italy, where the production lines and the extraction units are located, Biolchim operates in more than eighty countries worldwide. In some countries the Group is present with subsidiaries or representative offices through which it is able to build very close partnerships with its local distributors and provide continuous technical and sales support on the territory. In the other countries, the company acts through commercial partnerships with a capillary network of importers and distributors.

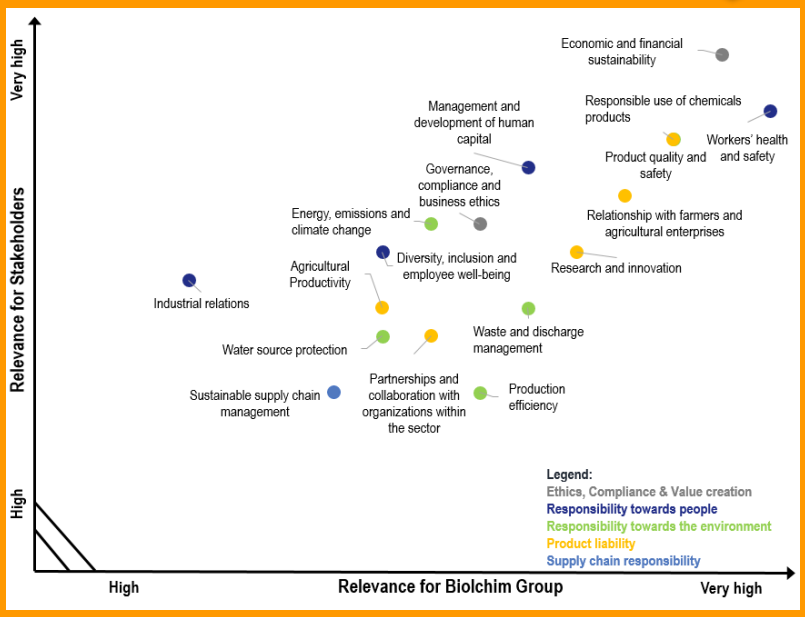
## VISION

Biolchim aims to provide innovative, sustainable and eco-friendly technical solutions to meet the needs of modern agricultural production.

## STRATEGY

- Organic growth
- Growth by acquisition
- Investment in Human Resources
- Constant investments in R&D

Materiality Analysis




**Relevant ESG topics:**

**ENVIRONMENTAL:**
- Energy, emissions and climate change
- Waste and discharge management

**SOCIAL**
- Workers' health and safety
- Product quality and safety
- Research and innovation
- Management and development of human capital
- Diversity, inclusion and employee well-being

**GOVERNANCE:**
- Governance, compliance and business ethics

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1 — **179,720 GJ** energy consumptions (-3% vs 2018)

GRI 305-1, GRI 305-2 — **10,833 $tCO_2$** scope 1 and scope 2 (-3% vs 2018)

GRI 303-4 — **58 Ml** water consumption (-2% vs 2018)

GRI 306-2 — **2,222 t** of waste (-14% vs 2018) of which **10%** sent to recycling

**ISO 14001** certificate for italian productive companies

### SOCIAL

GRI 102-8, GRI 405-1 — **391** employees of which **90%** with permanent contract of which **32%** women

GRI 401-1 — **18%** rate of new employee hires **9%** rate of employee turnover

GRI 404-1 — **2,700** training hours

GRI 403-9 — **4.6** rate of employees' recordable work-related injuries

**OHSAS 18001** certificate for Biolchim and Cifo

**99** International partnership for innovation and **more than 20** research projects

### GOVERNANCE

GRI 405-1 — **6%** of board members are women

**40%** of board members are 30-50 years

**Ethic Code**

**Organisation and Management Model ex decree 231/01** for Italian companies

**European Biostimulant Industry Council (EBIC) founder**

GRI 205-3, GRI 206-1, GRI 307-1, GRI 419-1 — No confirmed incidents of corruption
No legal actions for anti-competitive behavior, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmental laws

### Potential improvements

- Manteining ISO 14001 certificate for Biolchim, Cifo and ILSA.
- Move to ISO 45001 Certificate in 2020 for Biolchim and Cifo.
- Continue to improve learning from process safety events with high potential impact.

COMELZ

The Group

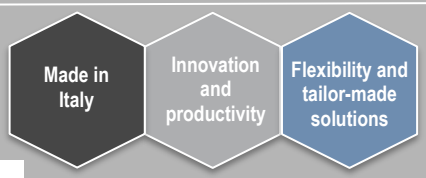
Founded in 1943, **Comelz** is one of the pioneers generation of Italian companies that understood the needs of a fast growing national footwear and leather goods market at that time, and created a shoe-machinery sector of international excellence. Today it is **globally recognized as a technology leader for its innovation and capability of rethinking the way to cut and model leather and fabrics.**

Comelz is headquarted in Vigevano, Italy, one of the most renowned footwear districts in Europe. Comelz started an internationalization process that, so far, led to the establishment of branch offices in Europe, India, China, Vietnam, Myanmar and Brazil. To date, the Group has built a strong international network of partners, dealers and distributors to offer support and post-sales assistance.

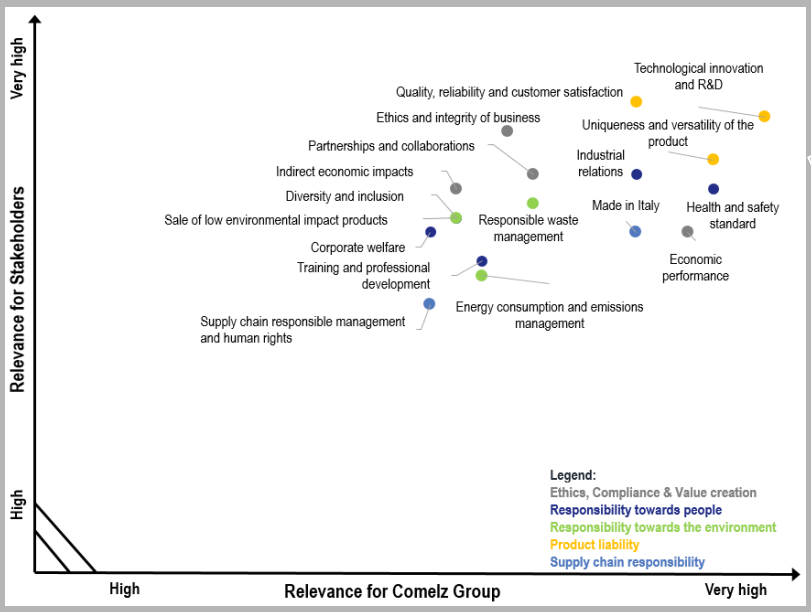
## MISSION

Comelz aims at growing every day worldwide as a leading Italian company providing to its customers high quality, innovative and reliable solutions.

## STRATEGY




Materiality Analysis




**Relevant ESG topics:**

**ENVIRONMENTAL**
- Energy consumptions and emissions management
- Responsible waste management

**SOCIAL**
- Technological innovation and R&D
- Quality, reliability and customer satisfaction
- Health and safety standard
- Training and professional development
- Diversity and inclusion

**GOVERNANCE**
- Ethics and and integrity of business

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1
**9,044 GJ** energy consumptions (+4% vs 2018)
of which **2%** from renewable sources

GRI 305-1
GRI 305-2
**710 $tCO_2$** scope 1 and scope 2 (+6% vs 2018)

**Green Label Certification by ASSOMAC**
**TUV Product Certification**

### SOCIAL[1]

GRI 102-8
GRI 405-1
**293** employees
of which **96%** with permanent contract
of which **9%** women

GRI 401-1
**6%** rate of new employee hires
**8%** rate of employee turnover

GRI 404-1
**3,618** training hours (+54% vs 2018)

GRI 403-9
**2.1** rate of employees' recordable work-related injuries in Italy

**9 patents** as at 31 december 2019

1. Data excludes Camoga Machinery Manufacturing Nanjing Ltd.

### GOVERNANCE

GRI 405-1
**43%** of board members are 30-50 years

**Ethic Code**
**Procedures inspired by the Organisation and Management Model ex decree 231/01** for Italian companies

GRI 205-3
GRI 206-1
GRI 307-1
GRI 419-1
No confirmed incidents of corruption
No legal actions for anti-competitive behavior, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmetal laws

**Potential improvements**

- Extension of the Green Label to more Italian machinery by 2021.
- Adoption of the Organizational, Management and Control Model pursuant to Legislative Decree 231/2001 for Comelz S.p.A by 2020.
- Supporting GreenApes, the B-Corp whose objective is to spread sustainable behavior among communities and companies.

The Group

**Engineering** is one of the leading players in the **digital transformation of companies and public and private organisations**, with an innovative offer targeted at the main market segments. With about 11,500 professionals in 65 locations (in Italy, Belgium, Germany, Norway, Republic of Serbia, Spain, Sweden, Switzerland, Argentina, Brazil and the USA), the Engineering Group designs, develops and manages innovative solutions for the business areas where digitalization is having the biggest impact, including Digital Finance, Smart Government & E-Health, Augmented City, Digital Industry, Smart Energy & Utilities, Digital Media & Communication. One of the group's key strategic assets is its employees' know-how, to whose training it dedicates a multidisciplinary School, which provided 17,235 days of training last year.

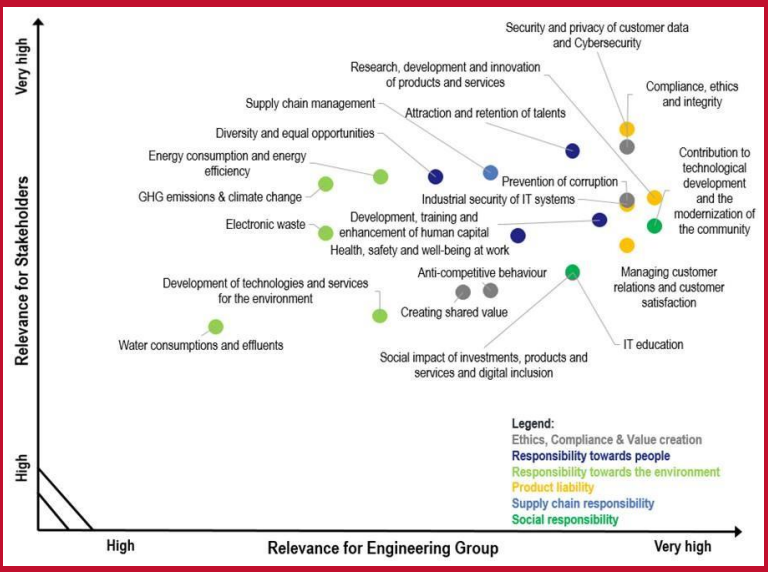
## MISSION

The Group aims to help change the way in which the world lives and works, by combining technological infrastructures organized in a single hybrid multicloud, the capability to interpret new business models and specialist competences in all next-generation technologies: Artificial Intelligence, Advanced Data Analytics, Cyber Security, Robotics, Digital Twin, IoT, Blockchain.

## STRATEGY

- **40 million euros invested in research**
- **80 ongoing research projects**
- **7 development laboratories**
- **420 researchers and data scientists**

Materiality Analysis




**Relevant ESG topics:**

**ENVIRONMENTAL**
- Emissions & climate change
- Energy efficiency

**SOCIAL**
- Cybersecurity
- Social impacts of services
- Diversity and equal opportunities
- Clients relationship and customer satisfaction
- Development of human resources
- Research, Development & Innovation
- Supply Chain management

**GOVERNANCE**
- Compliance, ethics & integrity
- Anti-corruption

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1
**20.13 GJ/person** energy consumptions per employee (+0.2% vs 2018)
**1.68** Power Usage Effective (+2% vs 2018)

GRI 305-1
GRI 305-2
**1.72 t $CO_2$/person** scope 1 and scope 2, Location based, per employee (-1.3% vs 2018)

GRI 303-4
**1,070 Ml** of water discharged (- 4% vs 2018)

GRI 306-2
**4.1 t** of electronic waste

**ISO 14001** certificate (Engineering Ingegneria Informatica, Municipia, Engineering D.HUB, Nexen, Webresults)

### SOCIAL

GRI 102-8
GRI 405-1
**11,445**[1] employees (+7% vs 2018) of which 31% women

GRI 401-1
**16%**[1] rate of new employee hires
**10%**[1] rate of employee turnover

GRI 403-9
**4.97** rate of employees' recordable work-related injuries [included commuting incident

GRI 416-2
No incidents of non-compliance concerning the health and safety impacts of products and services

GRI 404-1
**137,880** training hours

**ISO 45001** certificate (Engineering D.HUB)

1. Data refers to the Group at worldwide level.

### GOVERNANCE

GRI 405-1
**33%** of Board of Statutory Auditors and Supervisory Board members are women; **45%** of Board of Directors members are 30-50 years

GRI 205-3
GRI 206-1
GRI 307-1
GRI 419-1
No confirmed incidents of corruption, any legal actions for anti-competitive behavior, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmental laws

**ISO 37001** anti-bribery management system certificate, **ISO/IEC 27001** and I**SO/IEC 20000** Information Security Management S.
**Ethic Code, Organisation and Management Model ex decree 231/01** for Italian companies

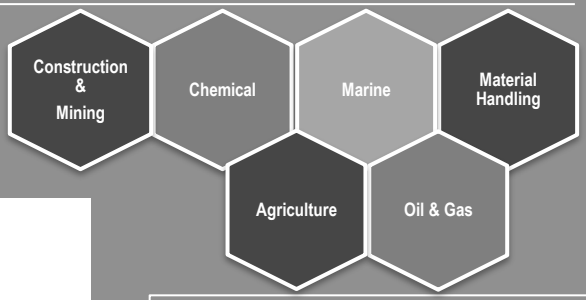
### Potential improvements

- Extension to the whole Group companies of the ISO 45001:2018 standard.
- Increase the integration of Corporate Social Responsibility into the policies, processes and activities of our company as an essential element to ensure the competitiveness and sustainability of our business.
- Increase in the number of smart working days per week granted to employees.
- Increase in female hiring.
- Strengthen research areas in the sustainability field (Environmental, Energy Waste, etc).

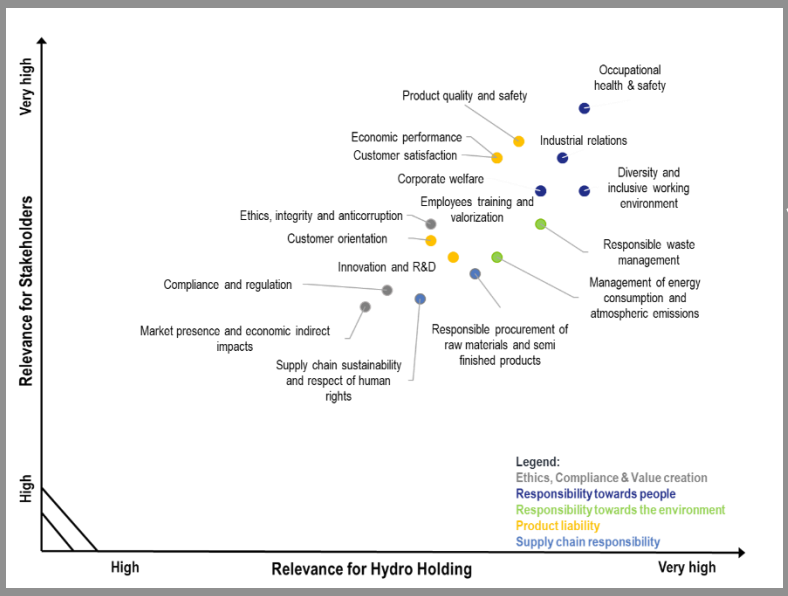
The Group

Quality, innovation and technical excellence are among **Hydro Holding**'s key corporate values. Born in 2015, Hydro Holding boasts a group of extremely experienced Italian companies, all specializing in the **manufacturing of high quality hydraulic fittings and cold formed ferrules,** namely Tieffe (one of the largest European producers of carbon steel fittings), FB Hydraulic (leader in the production of hose fittings and in the assembling of flexible hoses and rigid pipes), MCS Hydraulics (specialized in the production of stainless steel fittings) and Raccorfer (a cold forming technology specialist). **Hydro Holding** is the **largest independent manufacturer of hose fittings** in Europe and **enjoys a comprehensive product offering with a full range of fittings for flexible hoses, adaptors, assembled hoses and rigid pipes for high-pressure hydraulic systems with main applications in agriculture, construction, mining, material handling and transportation.**

## STRATEGY




Materiality Analysis




### Relevant ESG topics:

**ENVIRONMENTAL**
- Responsible waste management
- Management of energy consumption and atmospheric emissions

**SOCIAL**
- Occupational health & safety
- Industrial relations
- Diversity and inclusive working environment
- Product quality and safety

**GOVERNANCE**
- Ethics, integrity and anticorruption
- Compliance and regulation

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1 — **13,506 GJ** energy consumptions (-32% vs 2018)
of which **8%** from renewable sources

GRI 305-1
GRI 305-2 — **1,033 $tCO_2$** scope 1 and scope 2 (-34% vs 2018)

GRI 306-2 — **1,306 t** of waste (-17% vs 2018)
of which **100%** sent to recycling

### SOCIAL

GRI 102-8
GRI 405-1 — more than **300** Employees **at** a Group level
**247** Employees in U.K. and Italy
of which **98%** with permanent contract
of which **40%** women

GRI 401-1 — **9%** new employee hires
**10%** rate of employee turnover in U.K. and Italy

GRI 102-41 — **98%** of employees in U.K. and Italy covered by collective bargaining agreements

GRI 403-9 — **12.62** rate of employees' recordable work-related injuries in Italy

**ISO 9001** certificate for all Italian production sites

### GOVERNANCE

GRI 405-1 — **44%** of board members are 30-50 years

GRI 205-3
GRI 206-1
GRI 307-1
GRI 419-1 — No confirmed incidents of corruption
No legal actions for anti-competitive behavior, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmental laws

### Potential improvements

- Adoption of a common 231 model and code of ethics by the end of 2020.
- All plants ISO 14001 and ISO 45001 certified by 2022.
- Implementation of walfare initiatives by 2020:
  - Laundry service
  - Affiliation with gyms and medical centers

**Novamont** is an Italian company, **global leader in the production of biodegradable bioplastics from renewable sources and in the development of other bioproducts and biochemicals**. Novamont Group counts three production sites and two research centers in Italy, four commercial subsidiaries, a representative office in Brussels and a global network of distributors to promote sales in more than 40 countries around the world.

The Group

Since 2008 Novamont publishes its Sustainability Report in order to:

- Communicate its vision and mission
- Communicate its strategy and efforts on economic, social and environmental sustainability
- Provide quantitative information about economic, social and environmental impacts of its business
- Communicate with all the stakeholders

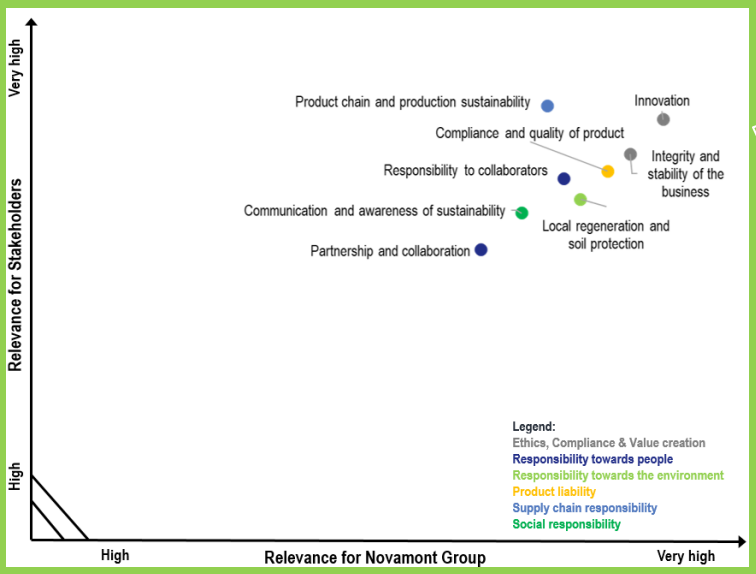
## VISION

Novamont wants to encourage the transition from a product-based economy to a system-based economy. This new sustainable development model is rooted in local areas with soil, water and their regeneration at its core.

## STRATEGY

- Development of new applications and bioproducts from renewable sources
- Products conceived as sustainable solutions for specific ESG issues
- Regeneration of deindustrialized sites and exploitation of marginal lands
- Continuous focus on R&D activities

Materiality Analysis




**Relevant ESG topics:**

**ENVIRONMENTAL**
- Product chain and production sustainability
- Local regeneration and soil protection

**SOCIAL**
- Responsibility to collaborators
- Compliance and quality of products
- Communication and awareness of sustainability
- Innovation

**GOVERNANCE**
- Integrity and stability of the business

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1 — **1,176,338 GJ** energy consumptions (-3% vs 2018)

GRI 305-1, GRI 305-2 — **74,062 $tCO_2$** scope 1 and scope 2[1] (- 4% vs 2018)

GRI 303-4 — **10,710 Ml** of water discharged (-6% vs 2018)

GRI 306-2 — **10,778** t of waste (- 3% vs 2018)

**ISO 14001** for all Italian sites
**ISO 9001** for all Italian sites
**ISO 45001 e OHSAS** 18001 for all Italian sites

1. GHG emissions have been determined according to the *location-based* methodology.

### SOCIAL

GRI 102-8, GRI 405-1 — **458** employees
of which **23%** Women
of which **10%** Under 30

GRI 401-1 — **6%** rate of new employee hires
**4%** rate of employee turnover

GRI 403-9 — **0.8** rate of employees' recordable work-related injuries in Italy

**5%**[2] of revenue invested in R&D

GRI 404-1 — **>20%**[2] of people dedicated to R&D
**>13,000** Training hours

2. Data refers to 2018.

### GOVERNANCE

GRI 405-1 — **22%** of board members are 30-50 years

GRI 205-3, GRI 206-1, GRI 307-1, GRI 419-1 — No confirmed incidents of corruption
No legal actions for anti-competitive behavior, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmental laws

### Potential improvements

- Group B-Corp certified by 2020.
- Participation to UN Global Compact by 2020.

The Group

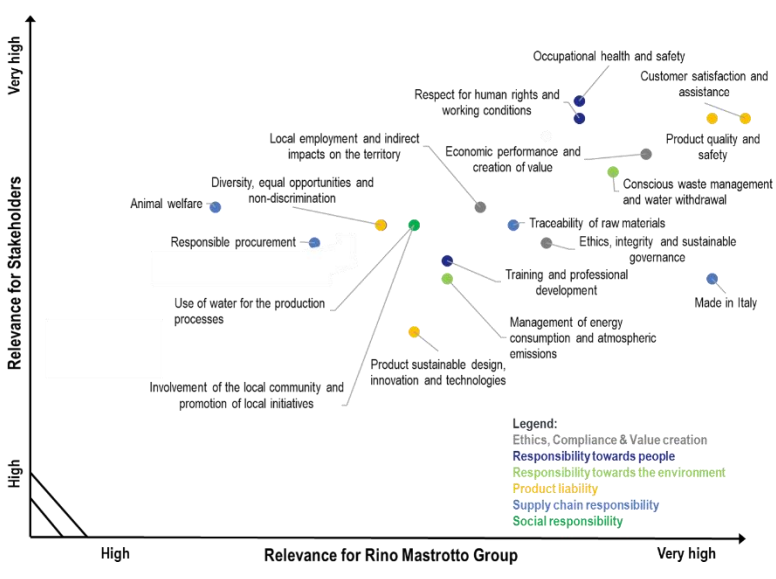
Over its seventy years of history, **Rino Mastrotto Group** has established itself as a **renowned brand in the field of tanning hides**. With a well-organized and sustainable production, it **satisfies the complete cycle of tanning from the purchasing of selected raw materials to the wide and specialized production of customized products for the leather good, footwear, furniture and car upholstery segments**.

The Group's headquarter is located in Trissino, in one of the main leather processing districts nationwide. Made up of several production divisions (Calbe-Brusarosco, Basmar, Pomari, Area Fashion) and with two production sites in Brazil and Sweden, Rino Mastrotto Group satisfies the entire tanning cycle and serves the international market. In particular, 69% of sales are generated in Europe and this percentage further increases on a see-through basis as many clients are fashion brands which produce in Italy, but sell most of their goods in the global market.

## STRATEGY

- High quality products
- Innovation and anticipate market
- Listen to customer needs

Materiality Analysis




**Relevant ESG topics:**

**ENVIRONMENTAL**
- Conscious waste management and water withdrawal
- Management of energy consumptions and atmospheric emissions

**SOCIAL**
- Occupational health and safety
- Customer satisfaction and assistance
- Product quality and safety
- Training and professional development

**GOVERNANCE**
- Ethics, integrity and sustainable governance

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1 — **411,842 GJ** energy consumptions (-3% vs 2018)

GRI 305-1 GRI 305-2 — **24,902 $tCO_{2e}$** scope 1 and scope 2 (-2% vs 2018)

GRI 303-4 — **1,369 Ml** of water discharged (in line with 2018)

GRI 306-2 — **20,178 t** of waste (-25% vs 2018)

**ISO 14001:2015** for all Italian divisions and Elmo Sweden AB
**Traceability** Policy (Basmar Division only)
Chemical Management project by **Zero Discharge Hazardous Chemicals**

### SOCIAL

GRI 102-8 GRI 405-1 — **873** employees of which **23%** women of which **19%** under 30

GRI 401-1 — **16%** rate of new employee hires
**15%** rate of employee turnover

GRI 404-1 — **4,418** training hours

GRI 403-9 — **14.3** rate of employees' recordable work-related injuries

**+ 15** innovation projects

### GOVERNANCE

GRI 405-1 — **14%** of board members are women
**57%** of board members are 30-50 years

**Code of Ethics and Code of Conduct applied** to all entities within Rino Mastrotto Group

**Organisation and Management Model ex decree 231/01** for Italian companies

GRI 205-3 GRI 206-1 GRI 307-1 GRI 419-1 — No confirmed incidents of corruption
No legal actions for anti-competitive behavior, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmental laws

**Potential improvements** (before 2022)

- Implement the Chemical Management project by Zero Discharge Hazardous Chemicals to the whole Group.
- Traceability system to all divisions.
- Consume energy only from renewable sources.
- Upgrade the canteen, bathrooms and changing rooms in Pomari division as already implemented for the Area Calbe-Fashion and Basmar divisions.

The Group

**Uteco** is a global leading company in the **design, engineering and production of printing machines for flexible packaging**. It offers a complete range of printing machines - from **flexographic** machines for which it is leader in Italy and in US, to rotogravure and digital machines - as well as of **coating and laminating machines**. The Group sells to packaging companies worldwide, which print plastic film, paper and tissue mainly **for applications in consumer staples**. The Group's headquarter, based in Colognola ai Colli (Verona, Italy) and founded in 1985, covers an area of 75,000 square meters of production space, counting 4 plants. The Group has also a commercial office in Atlanta (GA) of about 1,000 square meters, which guarantees technological support, a spare parts warehouse and an area. dedicated to machinery demonstrations to all North American customers. Uteco operates worldwide thanks to local branches in the major markets along with a good sales network strategically placed around world.

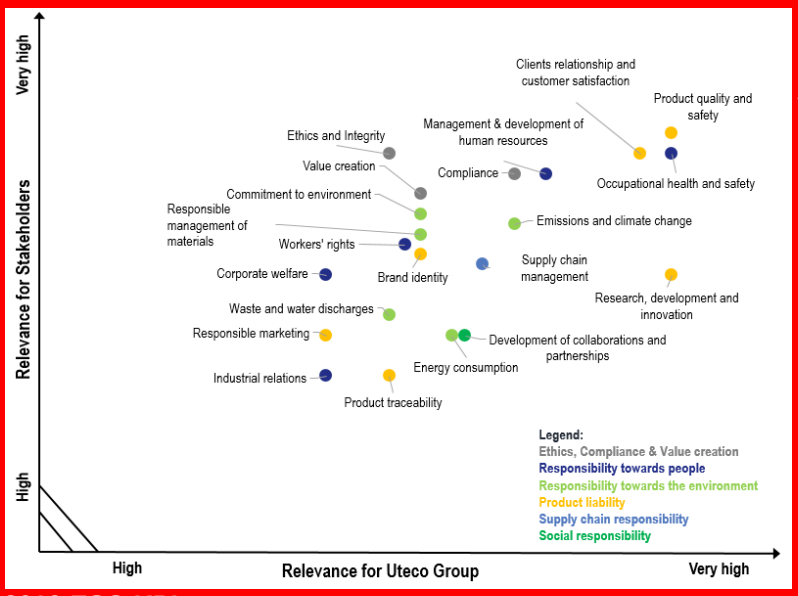
## VISION

Regardless of passing adverse media campaigns, packaging will increasingly be a fundamental and indispensable element in the food sector to support the improvement of living conditions and social growth in all areas of the world for future generations. Packaging technologies will contribute to this future development of the planet and Uteco aims at taking part in this process as key player.

## STRATEGY

- Investing and operating in the main fields of Industry 4.0
- More than 100 machines manufactured every year
- Global customer service
- Continuous investments in Innovation and R&D

Materiality Analysis




**Relevant ESG topics:**

**ENVIRONMENTAL**
- Emissions and climate change
- Commitment to environment

**SOCIAL**
- Product quality and safety
- Occupational health and safety
- Clients relationship and customer satisfaction
- Management and development of human resources

**GOVERNANCE:**
- Ethics and integrity
- Compliance
- Value creation

## 2019 ESG KPIs

### ENVIRONMENTAL

GRI 302-1 — **28,982 GJ** energy consumptions (-9% vs 2018)

GRI 305-1, GRI 305-2 — **2,010 $tCO_2$** scope 1 and scope 2 (- 8% vs 2018)

GRI 303-4 — **690 Ml** of water discharged (in line with 2018)

GRI 306-2 — **1,145 t** of waste (- 4% vs 2018)

### SOCIAL

GRI 102-8, GRI 405-1 — **315** employees of which **13%** women of which **12%** Under 30

GRI 401-1 — **8%** rate of new employee hires **5%** rate of employee turnover

GRI 403-9 — **13.40** rate of employees' recordable work-related injuries

GRI 416-2 — Any incidents of non-compliance concerning the health and safety impacts of products and services

### GOVERNANCE

GRI 405-1 — **33%** of board members are 30-50 years

GRI 205-3, GRI 206-1, GRI 307-1, GRI 419-1 — No confirmed incidents of corruption
No legal actions for anti-competitive behaviour, anti-trust, and monopoly practices
No fines and non-monetary sanctions for non-compliance with social and environmental laws

**Etich Code**
**Organisation and Management Model ex decree 231/01** for Italian companies

### Potential improvements

- Proactively contribute to the green development of the new frontiers of packaging, to minimize its ecological impact on the environment and in the service of preserving food for the health of consumers of the new millennium.
- Continuous R&D development of products and technologies, starting from the enhancement of historical know-how vs. continuous innovation.
- Implementation of professional, technologically advanced, motivated and determined teams.