

2020 Sustainability Report

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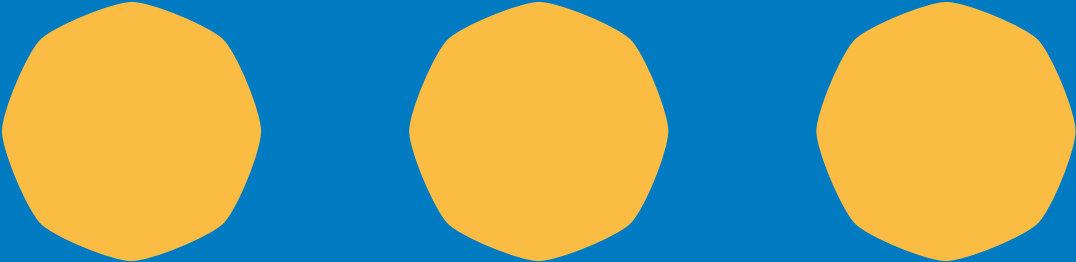
Means of contact www.pigna.it

Website www.pigna.it

Chairman, CEO and legal representative Massimo Fagioli

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Letter from the Chairman



“ We inspire individuals to discover their own uniqueness by creating everyday objects for timeless ideas.

Pigna is a historic Italian company, with an iconic Made in Italy brand. Since 1839, even before the advent of television, it has accompanied Italians' creativity every day, at school, in the office and in their free time.

A symbol of timeless beauty, Pigna's contemporary style is recognisable and loved the world over. The notebooks and the entire product range are part of the collective imagination, thanks to the graphics, design, quality and attention to detail in well-made products.

It is a wonderful history that looks to the future, the changing world and new generations, without ever losing its identity, always mindful of the extraordinary heritage of the brand, which is fundamental to remain a point of reference for customers, employees and suppliers.

Pigna is a company with an inseparable bond between continuity and change. With the help of constant technological evolution, we seek to reduce our impact on the environment and innovate our production processes, together with products that embrace increasing integration of sustainability topics.

Our business and values are guided by a vision: to pursue what we believe in, in a way that inspires everyone, from children to adults, to rediscover, express and reflect their own uniqueness, every day. This aspiration goes hand in hand with a path for development that has seen Pigna grow in the last three years despite a market in constant contraction.

The new challenges we face embrace digitalisation, entry into new markets beyond the school market and internationalisation.

Challenges that we face from a sustainability standpoint as a way of doing business in everyday life.

Made in Italy, Historical Heritage, Sustainability and Design. These are the key points on which we are building the evolution of our Company.

We are doing this within internationally recognized guidelines, such as the United Nations Global Compact, and adhere to the fundamental principles and enshrining them through compliance with the 2030 Agenda and the Sustainable Development Goals.

Specifically, to date, our commitment to sustainability focuses on achieving six of the 17 Sustainable Development Goals.

With our first Sustainability Report, we wish to provide a comprehensive and transparent overview of what sustainability means to us. It is a snapshot that captures the actions, results, approaches and strategies we will rely on to create widespread and lasting value that is consistent with the needs of all stakeholders and ecological balance. We are aware that the path to sustainability continuously evolves and requires intense work on a daily basis.






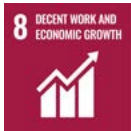


For us, doing business means planning for the future, listening to the world and a vast community of knowledge to distribute value within a vision and a path that has lasted for over 181 years.

Massimo Fagioli

Chairman and Chief Executive Officer
Cartiere Paolo Pigna S.p.A.

...

Pigna and the 4 pillars of its development model

4 PILLARS OF THE DEVELOPMENT MODEL	SDGS
Innovation and design	
Environmental sustainability	  
Social responsibility	  
Made in Italy	

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Who we are

1.1 Pigna's Profile

➔ CARTIERE PAOLO PIGNA SpA was founded in 1839, with Gruppo Buffetti as its sole shareholder, based in Alzano Lombardo (Bergamo). Since the beginning, its mission has been to create the best “Made in Italy” notebooks for people who study and work. Since the 1950s, Pigna has gradually expanded its product range to include pencil cases, diaries, children’s colours, backpacks and, recently, collections for paper and writing enthusiasts under the new PdiPigna brand. Today Pigna is a leader in “Made in Italy” stationery which, with a vision of motivating everyone, from children to adults, to rediscover, express and reflect their own uniqueness, is inspired by timeless beauty and modernity. Every day.

“Made in Italy” craftsmanship is in Pigna’s DNA, with certified Italian products, which ensures utmost respect for the environment and the highest quality. The Company has always believed in projects which make it possible – today as in the past – to contribute to the community’s education and awareness of important topical issues, such as sustainability.

The Company’s shareholder structure has been a significant part of the Company’s recent history. In 2016, the Court of Bergamo was monitoring the Company, when IDeA Capital Funds SGRpA, on behalf of the Loans Division of the Fondo IDeA CCR I [IDeA CCR Fund I] (De Agostini Group), purchased debts owed to several credit institutions (thus becoming a 51% shareholder) and launched a composition plan proposing a recovery plan for the Company, that was accepted by 80% of creditors. Subsequently, Gruppo Buffetti’s becoming a shareholder also provided stability and concreteness to the composition plan that was already underway.

This transaction allowed Pigna to exit the arrangement procedure at the beginning of December 2019, more than two years ahead of the deadline in the composition plan (31 December 2021), thus demonstrating the intrinsic value of the Pigna brand and rewarding the efforts of all the stakeholders involved. The Company’s recovery was then consolidated by the sale of 100% of the shares to Gruppo Buffetti, which expanded the range of Pigna products in its shops and invested

in the launch of new production lines in addition to relaunching the brand.

Specifically, Pigna’s development, launched with the most recent business plan, is part of a business model that is increasingly focused on sustainability issues, with the use of eco-sustainable materials, and opening new distribution channels and development of e-commerce in Italy and abroad. At the same time, Pigna has gained new market assets by continuing to diversify its products: in the school sector, with the introduction of pencil cases, diaries, backpacks and coloured [writing lines]; and in the “beyond school” sector, with the launch of the new PdiPigna brand and new collections of *bleisure* products for adults. These developments are helping to enhance the Company’s historical heritage of high-quality products and strong roots in Italy, and have made a significant relaunch possible after the financial difficulties of recent years.

PIGNA BY THE NUMBERS

1	Alzano Lombardo plant
46	Millions of notebooks produced in 2020
88	Employees
400	thousands of EBITDA in euros in 2020
12	Countries where the products are sold



1.2 Our history



From the era of the domination by the Serenissima Republic of Venice, the province of Bergamo had numerous paper mills, producing paper for everyday use but also for works of great value. After the fall of the Venetian Republic, the number of “cartare [paper mills]” – the name given to these mills by the community of Alzano – declined, and by the first half of the 19th century only nine mills remained, four of which were located in Alzano Maggiore.

On **30 April 1839**, the engineer Paolo Pigna, together with Tommaso Pastori, signed the memorandum of association to establish the “Cartiere Paolo Pigna”, a paper manufacturing company with the firm of Turati e Radice as its limited partner.

In 1850 Paolo Pigna founded the original nucleus of his paper mill in Alzano Maggiore, in the area occupied by a cereal mill, which from then on became the company’s headquarters. The first continuous cycle paper machine in Italy was installed in Alzano Lombardo in 1860.

The perception that the time had come to mechanise production processes and modernise antiquated manual production methods was the key to Pigna’s success. In 1870 it absorbed the Ghisalberti, Milesi and Sonzogni paper mills and set up a limited partnership under the name of “Cartiere Paolo Pigna”. In the same year, Cartiere Paolo Pigna won the silver medal in the “Paper and stationery – leather and hides” division at the Bergamo Industrial Exposition “for the fine and good quality of its coloured and uncoloured machine-made paper”.

Encouraged by its success, the Company continued to develop, **in 1875 installing the first continuous cycle** machine driven by hydraulic turbines – instead of wheels – with a production increase of 25 quintals of paper per day.

Following the death of Carillo Pigna, the founder’s son, the Company passed by inheritance to his daughter Giuseppina Pigna and her husband Daniele Pesenti. Within a few years, Cartiera Pesenti was also absorbed by Cartiere Pigna, which became an enormous industrial complex that was capable of producing all varieties of paper. In 1881 it won another silver medal at the Italian Industrial Exposition in Milan, surpassed only by Cartiera Milani in Fabriano, Cartiera Binda in Milan and the Cartiera Italiana in Turin.

After a period of crisis during the First World War, the Company regained its competitiveness thanks to the **introduction in 1929 of a modern papermaking plant** that prepared paper obtained from the processing of wood pulp and manufactured various products for daily use, such as writing paper, envelopes, notes, registers and notebooks, but also confetti and streamers. The new plant gave a decisive boost to a business that is still the Company’s hallmark in the national and international markets: the production of school exercise books.

During the **Second World War**, Cartiere Pigna’s production did not come to a halt, **employing primarily women and gaining new market shares**. During this period, Pigna was faced with the need to redefine its editorial and commercial strategies, for example by choosing neutral subjects for the covers of its notebooks (such as landscapes and monuments).

Starting in the **1950s**, Pigna began focusing on the **covers of its notebooks**, which reflect the spirit of the period (the American Dream) and hearken to the youth literature of the great classics. For the first time, production was divided into age groups (images of fairy tales for children, comics and sports for adolescents) and, more generally, into different consumer groups – including escapism and entertainment themes. The covers dedicated to “nature and its wonders”, taken from American popular science documentaries, which sought to capture the imagination of young people, also proved popular.





Women engaged in the production of streamers. In the 1930s at Pigna in Alzano Lombardo.

Pigna in 10 milestones

1960

The Company begins to expand its business to other categories in the school world beyond notebooks, such as diaries, pencil cases and folders.

1993

Registration of the Monocromo brand and launch of the iconic Monocromo paper line.

2012

Cartiere Paolo Pigna's new headquarters was opened in Alzano Lombardo.

1985

Creation of the Quablock ring binder that quickly becomes a nationwide success.

2007

The Bergamo businessman Giorgio Jannone becomes a Pigna shareholder, becoming the sole shareholder in later years. The Company concentrates on the development of paper products.

Pigna in 10 milestones

2015

Cartiere Paolo Pigna S.p.A. enters into an arrangement procedure while continuing operations.

2018

The Gruppo Buffetti becomes a 40% shareholder of the Company and Massimo Fagioli is named Chairman of the Board of Directors and Chief Executive Officer (having come from the De Agostini Group)

2017

Through one of its funds, DeA Capital (De Agostini Group) becomes a 51% shareholder of Pigna.

2019

Cartiere Paolo Pigna S.p.A. exits the arrangement procedure while continuing operations two years earlier than envisaged by the composition plan. Pigna opens up to new markets beyond the school market, entering the adult stationery market and opening new channels, such as e-commerce and foreign markets.
Its positioning as the Italian “love brand” is strengthened with international transactions such as the collaboration with the MoMa Design Store in New York on the occasion of the brand’s 180th anniversary. The Gruppo Buffetti acquires 100% of the Company’s shares.

2020

For the first time in its history, Cartiere Paolo Pigna, based in Alzano Lombardo, one of the worst-hit municipalities in Italy and emblematic of the emergency, was forced to close its plant for 40 days in response to the Covid-19 emergency. The Company reopened and quickly cleared its production backlog, closing the worst year in the Italian economy with the best performance in its industry. The new “PdiPigna” brand was launched.



Pigna recognised as a historic brand of national interest by the Italian Ministry of Economic Development

The historic Pigna trademark with the iconic “P” of the 1950s was added to the Special Register of Historic Trademarks of national interest, a register set up by the Ministry of Economic Development in collaboration with Unioncamere (Italian Union of Chambers of Commerce, Industry, Craft Trades and Agriculture). The aim of the initiative is to protect the industrial property of historic Italian companies, valorising “Made in Italy” production with a view to innovation, sustainability and international competitiveness. The registration of a trademark in the special “historic trademark” register, which can only be obtained for trademarks that have been registered for at least 50 years, entails a series of measures aimed at guaranteeing stability and security for Italian companies. As of March 2021, there are only 119 brands recognised as historic throughout Italy.

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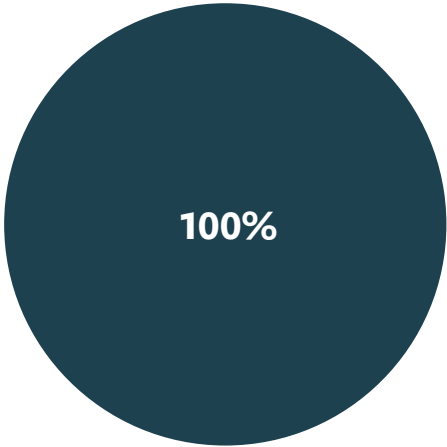
Responsibility when conducting business

2.1 Governance and organisation

- The Company adopted a functional composite business model, intended to achieve its objectives and pursue a strategic plan that seeks to significantly develop the Company.
 - Pigna is committed to actions that are oriented towards the utmost fairness, integrity and transparency, consistent with the ethical values that are the foundation of the Company’s identity and are expressly set out in the Code of Ethics.
 - In line with guidelines provided on the subject by trade associations and the relevant best practices (Confindustria), the Code, approved by the Board of Directors on 8 March 2019, sets forth clear and consistent rules of conduct that reflect the fundamental principles on which Pigna’s growth and development are based: respect for rules, individuals, competition, confidentiality of information, nature and the environment. Observance of these rules makes it possible to counter and prevent the commission of offences and any conduct that conflicts with the shared ethical values that Pigna intends to promote.
 - Its governance model is of the “traditional” type and is structured as described below.

Shareholders’ Meetings – Share ownership

Gruppo Buffetti S.p.A.



Board of Statutory Auditors	Board of Directors	Auditing Firm
Number of members: 3 Chairman: Bruno Enrico Arsuffi Statutory Auditor: Laura Milesi Statutory Auditor: Fabio Bombardieri	Number of members: 3 Chairman and Chief Executive Officer: Massimo Fagioli Director: Rinaldo Ocleppo Director: Giorgio Jannone Single-person Supervisory Body: Roberto Galdino	Crowe Bompani S.p.A.

2.2 Risk management

- In conducting its business, as well as in its relations with customers, suppliers and third parties, Pigna has adopted a risk containment policy based on the following guiding principles.
 - **Respect for rules**
 - **Respect for individuals**
 - **Attention to safety**
 - **Respect for competition**
 - **Respect for privacy**
 - **Prohibition of conflicts of interest**
 - **Combating corruption**

1 The members of the Board of Directors are appointed at the Ordinary Shareholders’ Meeting in accordance with the procedures and requirements laid down in the Articles of Association. The powers of the Chief Executive Officer (CEO) were granted by a resolution of the Board of Directors and are updated or revised based on organisational changes in the Company’s structure. In particular, the CEO, jointly with the Board of Directors, is responsible for approving and revising the aims, statements of values or intent, and strategies, policies and objectives relating to economic, environmental and social issues.



In order to enhance its ability to prevent crimes from being committed and increase awareness of the soundness and ethical integrity on which Pigna's business is based within the Company and in dealings with third parties, the Board of Directors also voluntarily adopted an Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 (the "Organisational Model"), which constitutes an essential element and integral part of the Code of Ethics (documents available on the company website www.pigna.it).

Pigna has committed itself to ensuring a programme to inform and increase awareness of the provisions of the Code and its application to the individuals covered by the Code, so that directors, employees and all those who work for the Company can carry out their activities and/or duties in continuous and strict compliance with the principles and values set forth therein.

The tasks of the Supervisory Board will be described in the specific Governance section of this document, to which reference should be made for further details.

Identification and control of risks

Pigna does not tolerate or condone conduct that is contrary to the principles that inspire the Company's business activities and that are cited in the Code of Ethics, as well as unlawful conduct of any kind (criminal, administrative and civil), regardless of its purpose.

The Organisational Model under Italian Legislative Decree no. 231/2001 is the tool used by Pigna to monitor and manage processes that are potentially at risk, prevent unlawful conduct, and sanction, discourage and counter possible violations of Company rules and principles.

Specific feedback mechanisms, specifically identified in the 231/2001 model, to which reference should be made, also require the Supervisory Board to report annually to the Board of Directors on the implementation of the Model, the emergence of any problems and the outcome of the activities performed when completing assigned tasks.

The table summarises the main potential risks of a non-financial nature, in line with the results of periodic monitoring of risk assessment. Pigna's Organisational Model is continuously updated, based on new offences, to maintain its effectiveness.



Risks related to non-financial topics	Main controls	Pigna's main concerns
Risks related to health and safety in the workplace	Model adopted pursuant to Italian Legislative Decree 81/2008, as amended Risk assessment document Respect for the principles of professionalism, transparency, integrity, honesty and diligence Certification of the Occupational Health and Safety Management Systems (OHSMS) and recognition of OHSAS 18001:2007 compliance Anti-COVID protocols	Product quality and safety Selection and management of suppliers and the sales network
Risks related to personnel management, diversity and dialogue with social partners	Human Rights Code of Ethics Organisation, Management and Control Model under Italian Legislative Decree 231/01 Monitoring by the Supervisory Body	Attention to and protection of the health and well-being of human resources Valuing employees and their development
Environmental risks mainly related to the use of raw materials, consumption of energy resources, atmospheric emissions and water consumption and compliance with environmental regulations	Environmental certification in compliance with UNI EN ISO 14001:2004 standards Code of Ethics Organisation, Management and Control Model under Italian Legislative Decree 231/01 Monitoring by the Supervisory Body	Environmental management and proper consumption and disposal of natural resources Water consumption Consumption of energy resources
Risks related to corruption	Diligent verification of information on counterparties in advance Prohibition of engaging in transactions that could encourage unlawful or criminal activities Organisation, Management and Control Model under Italian Legislative Decree 231/01 Monitoring by the Supervisory Body	Ethics and integrity in managing the business Selection and management of suppliers and the sales network
Reputational risk	Clear and effective communication	Strengthening relations with stakeholders and the territory
Investment risks	Dissemination of information and focus on economic and financial performance	Sustainability and economic soundness

2.3 Economic sustainability: added value generated and distributed

Economic value generated and distributed (GRI [Global Reporting Initiative] 201-1)

✱ In order to explain the determination and distribution of the Economic Value directly generated by Pigna, a reclassification of the economic data taken from the financial statements for the last three financial years is shown below.

KPI	2020	2019	2018
<i>Directly generated economic value</i>			
Revenues from operations	25.382	28.248	27.939
Revenues from financing activity	30	31	404
Other revenues	267	2.298	2.232
Total directly generated economic value (A)	25.679	30.576	30.575
<i>Economic value distributed</i>			
Operating costs	21.107	24.327	24.393
Employee wages/salaries and benefits	3.867	4.303	4.503
Providers of capital	653	467	236
Governmental Agencies ²	- 49	278	- 254
Other costs	590	849	1.648
Total economic value distributed (B)	26.168	30.224	30.526
Economic value retained (A-B)	- 489	352	49

(data in thousands of euros)

Economic value represents the overall wealth created by Pigna, that is, its ability to generate value for the Company's internal and external stakeholders, such as suppliers (operating costs), personnel (employees' wages/salaries and benefits), lenders and shareholders (providers of capital) and public institutions (governmental agencies).

² The figures shown reflect not only current taxes, but also prepaid and deferred taxes and various indirect taxes paid by the Company (e.g., stamp duty, IMU [imposta municipale unica (single municipal tax)], concession fees, etc.).

Although the situation shows an approximate 16% decrease in the economic value generated over the past three years, to properly analyse the performance in recent years, the 2020 figures must be shown net of the inevitable negative consequences related to the COVID-19 pandemic. This allows a direct comparison of the data at an economic level.

Sales slowed down sharply in March and April 2020, months in which the Company was forced to shut down production and most of its customers, such as stationers, wholesalers and stationery departments, including those in large retail stores, were closed. However, during the summer months the Company partially recovered the loss in revenues and closed financial year 2020 with a drop in sales of 8.2%, with revenues reduced by only EUR 2.2 million compared to the previous year. Of particular note is the exponential growth of the e-commerce channel, confirming the trend seen in previous years.

Extending the trend analysis to the last four years, despite the slowdown, the Company increased its net revenues by more than 10% (+2.3 mln) from 2017 to 2020.

If the reduction in revenues during the lockdown and the forced closure of March to May 2020 are eliminated, the upward trend in revenue would have been over 20%, given that from 2017 to 2019 it had already reached +20% (+4.6 mln).

The foregoing shows the market's renewed confidence in the Pigna brand, after the exit from the arrangement, as well as the Company's ability to win back its target customers and launch new offerings.

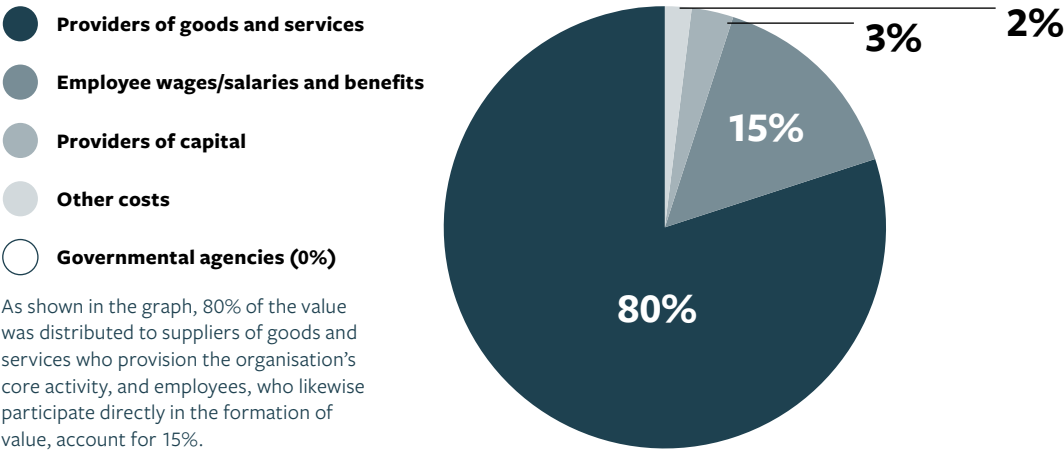
The most interesting result achieved in 2020 is associated with the Company's operating profitability, i.e., its ability to generate profits from operations (EBITDA).

If the EBIT in the financial statements (difference between revenues and costs of production) is shown without amortisation/depreciation and the extraordinary income/losses in Pigna's financial statements during the arrangement period while continuing operations, the result is a positive EBITDA in 2020 of more than €400K (+1.62% vs. revenues), in sharp contrast with EBITDAs from 2017 to 2019, which were almost all negative except for 2018, when it was positive by only EUR 28K (+0.11% vs. revenues).

The positivity is an expression of the fact that the Company has made a clear change of direction in terms of the balance between operating costs and revenues, demonstrating its ability to create wealth from what it produces and sells.

As regards the distribution of value recorded in 2020, see the situation below.

2020 economic value distributed



The size of the organisation (GRI 102-7)

The main figures showing Pigna’s balance sheet and income statement status are set out below. For further details, see the financial statements.

	2020	2019	2018
ASSET AND LIABILITY DATA			
Intangible non-current assets	3.017	3.023	3.238
Tangible non-current assets	679	749	903
Financial non-current assets	1.180	1.210	1.184
Total non-current assets	4.877	4.982	5.325
Inventories	8.657	8.637	8.488
Trade and other receivables	11.250	9.982	10.842
Trade and other payables	-13.835	-12.569	-17.301
Other current assets and liabilities	859	949	1.200
Net working capital	6.931	6.999	3.229
Net financial position	5.393	4632	1062
Total assets	30.002	26.508	29.064
INCOME STATEMENT DATA			
Revenues from operations	25.298	27.559	25.333
Gross operating margin	408	-383	-956
Results of financing activity	30	31	404
Results for the year	-489	352	49

(data in thousands of euros)

Pigna did not prepare consolidated group financial statements, based on the exemption from this obligation where the Parent Company's (i.e., Cartiere Pigna's) subsidiaries, individually and collectively, are irrelevant for the purposes set forth in Article 29, paragraph 2, Italian Legislative Decree no. 127 of 9 April 1991. The data of the subsidiary, namely, Pigna Australia Pty Ltd, thus made it possible to rely on this exemption in accordance with the law.



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Sustainability at the centre of our development model

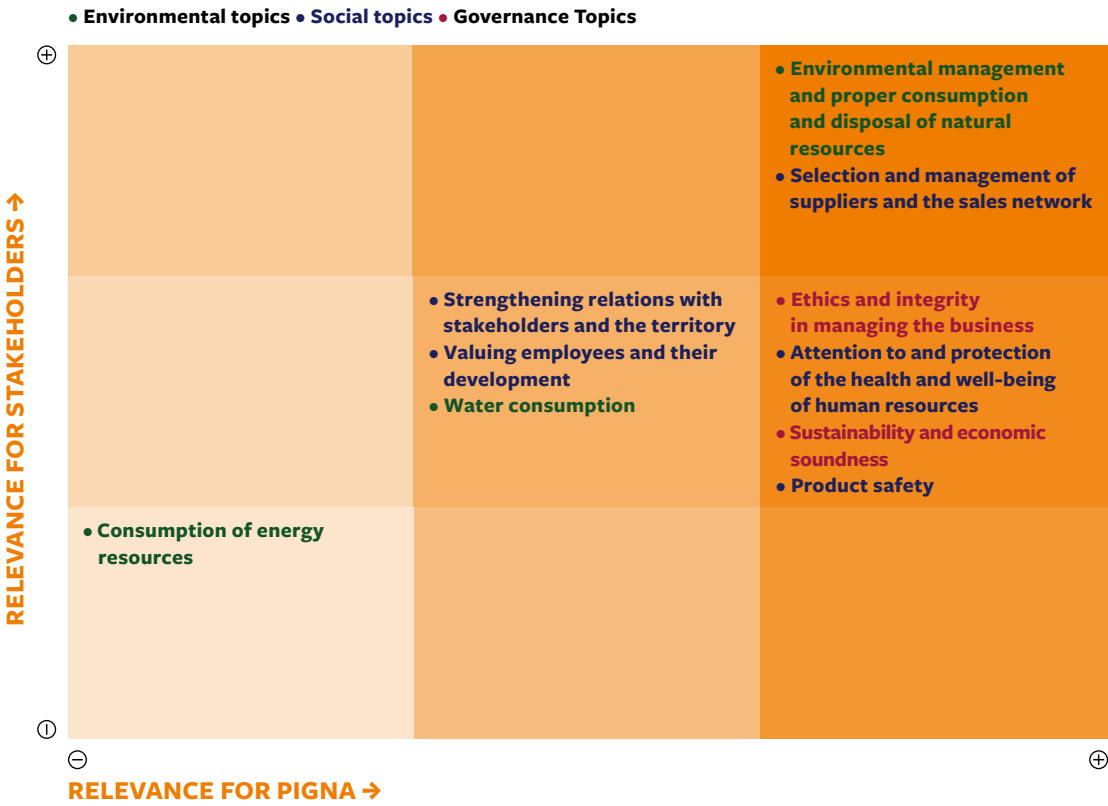
3.1 Analysis of materiality and stakeholder involvement

During 2020, Pigna developed a process to involve its main internal and external stakeholders, with the aim of identifying the most important issues for sustainability and business development.

The identification and definition of sustainability issues for the materiality analysis followed a structured path, consisting of the following stages:

- 1) identifying relevant issues, starting from an analysis of the external context in line with Pigna’s 2020-2022 Three-Year Strategic Plan, which identifies a vision, positioning and growth prospects and other relevant documents for the Company;
- 2) prioritising the relevant issues by analysing the relations with the various stakeholders;
- 3) reworking of the themes and creating a materiality matrix.

The materiality matrix is set forth below, with the main results of the analysis. The analysis pointed out that environmental issues, particularly proper and responsible management of raw materials, is one of the key issues for the Company’s development, in addition to its ability to ensure product safety and strengthen relations with all stakeholders, starting with suppliers of goods and services.



Stakeholders are all interested individuals and organisations with whom Pigna interacts and whose involvement is fundamental for addressing the complexity of the environmental, social and economic topics arising from its actions and for ensuring continuous improvement.

The chosen path for growth undertaken includes the ability to listen to each Stakeholder, the dialogue put in place and an ability to provide answers that help the entire Pigna system, meaning the Company as a whole and the communities connected to it, to create an enterprise that is more sustainable economically, socially and environmentally

Individuals	Market	Governance	Environment	Community
<ul style="list-style-type: none">– Employees– External collaborators– Agents	<ul style="list-style-type: none">– Customers– Suppliers– Partners in initiatives– Competitors– Institutional investors	<ul style="list-style-type: none">– Buffetti– Governance and social bodies	<ul style="list-style-type: none">– Local community– Future generations	<ul style="list-style-type: none">– Teachers– Students– Governmental agencies– Media– Consumer associations– Supervisory authorities– Financial communities

3.2 The development model: quality, innovation and environmental sustainability

£ The strength of the brand and the focus on quality, together with its strong national roots, have always been hallmarks of Pigna. Despite the difficult financial crises of recent years, Pigna has managed to stay in business by innovating its range of school and commercial stationery products and quickly regaining solvency.

Starting from a new brand vision, Pigna has relaunched its school proposition by expanding the range of collections beyond notebooks, its core product from the beginning, developing pencil cases, diaries and coloured [writing lines], always with a focus on choosing sustainable materials.

The PdiPigna brand was created to satisfy the contemporary tastes of lovers of paper, writing and “Made in Italy” stationery, with the goal of opening to foreign markets on the strength of the “Made in Italy” cachet and the excellence of Italian culture promoted through well-made products with Italian design.

The challenge is to make Pigna’s brand ecosystem relevant to the coming years and for new generations of customers, thanks to innovation, with a focus on sustainability oriented towards environmental, educational and social issues.

In 2020, despite the operational complexities associated with the pandemic, the Company decided to launch an ambitious strategic plan as a guide to its development over the next few years.

The business plan also relaunches a new vision for the Company, which revolves entirely around individuals:

“We inspire everyone, from children to adults, to rediscover, express and reflect their own uniqueness. Every day.”

Pigna’s development and business model is based on some primary pillars:

Innovation and design

oriented to the development of new products, pursuit of new materials and sustainable solutions, but also the construction of a bridge between analogue and digital in the products (e.g., patented lines of the “Umano digitale [Digital Human]” notebooks linked to a dedicated app) to meet the new educational challenges (e.g., coding). Innovation will be the leverage for expansion into new channels and markets, opening Pigna to the process of internationalisation in the coming years. Valuable partnerships are part of this, such as the partnership entered into with Chiara Ferragni, the most famous Italian digital entrepreneur in the world, with whom the first Chiara Ferragni for Pigna stationery collection will be launched in 2021.

Environmental sustainability

oriented towards the conscious choice of recycled and environmentally friendly raw materials and efficient use of resources during production processes.

Social responsibility

towards all stakeholders, especially the world of education and schools. This is why Pigna has launched important edutainment projects in schools on relevant topics such as sustainability and inclusiveness, starting with the project “Words for the Planet - children talk about sustainability”.

Made in Italy

with the construction of a strong link with Italy as a distinctive feature of belonging and a guarantee of quality. Through its products, and in particular the new PdiPigna brand, the Company seeks to reinterpret Pigna’s cultural heritage in a contemporary way and bring it forth into the world.

Pigna: the words most associated with the brand

From 2018 to 2019, for the first time in its history, Pigna commissioned qualitative and quantitative market research with the aim of investigating current and potential customers' perception of the Pigna brand. The research was also intended to uncover potential opportunities for developing the brand in new geographic areas and markets.

The research, conducted with the institutes Eumetra and GfK Italia, involved over 1,200 mothers, students and professionals nationwide with focus groups and online interviews.

The results made it possible to map the Pigna's brand perception through the words and concepts most commonly associated with the brand (see graphic), as well as to identify the strengths and areas for improvement of the main Pigna product categories.

The analysis of the research results was used as the basis for the brand marketing and communication plan for the next three years. It is significant that the public perception of Pigna as a sustainable and quality-conscious brand is already very high. This brand positioning thus confirms the validity of the strategy to build the three-year development plan focusing on design, "Made in Italy" and sustainability, in Italy and abroad.

THE TERRITORY OF THE PIGNA BRAND

The words most associated with Pigna by Italians



3.3 Sustainability at Pigna

Pigna has incorporated the United Nations’ Sustainable Development Goals into its strategy and business and offers an integrated vision of the sustainable development dimensions of the 2030 Agenda.

Through the involvement of external and internal stakeholders, the Company selected the objectives closest to its business activities to be used as a basis for a concrete commitment.



GOAL	Pigna’s commitment	2020 KPI / Highlights
Goal 3: Good health and well-being	Encourage physical activity and healthy outdoor living for all employees	Ensure that employees have peace of mind and safeguard their health during the Covid-19 pandemic Organise recreational/sporting activities for the mental and physical well-being of employees working at the Alzano Lombardo plant
Goal 4: Quality education	Promote sustainability education at all levels	Educational products Projects with schools
Goal 7: Affordable and clean energy	Minimise emissions from production	One efficiency system installed Emission offset projects
Goal 8: Decent work and economic growth	Ensure a fair workplace that values the diversity and skills of each individual	Employee satisfaction
Goal 9: Industry, innovation and infrastructure	Promote social innovation in the approach to school Invest in the analogue to digital bridge	Umanodigitale notebook project
Goal 12: Responsible consumption and production	Control and manage raw materials responsibly Launch new products consistently with environmental sustainability requirements	4% of products recycled in the market with a steady growth trend 28% of raw materials purchased from certified sources

3.4 Social responsibility: projects for the world of education

a Parole Ostili

Project to raise awareness against word violence involving 10 educational notebooks with various graphics and entertainment content (such as games, quizzes and crosswords) created by the non-profit association *Parole Ostili* [Hostile Words] in collaboration with Pigna. Starting from the *Manifesto della Comunicazione non Ostile* [Manifesto of Non-Hostile Communication], which has become an educational platform used by thousands of schools in Italy, as well as by companies and institutions, the Pigna - Parole Ostili notebook collection with edutainment content was born. Ten notebooks, one for each principle of the Manifesto, to be adhered to in online communication. The aim is to disseminate a positive attitude towards language among students, emphasising the importance of choosing words with care. The Manifesto was distributed to Italian primary and secondary schools with an administrative circular, the result of collaboration with MIUR (Italian Ministry of Education, Universities and Research) in the spring of 2017.

The very successful collection of notebooks was followed by the launch of the first Pigna Parole Ostili diary, an agenda diary with educational content and many links to the digital world.



Words for the planet. Children talk about sustainability.

This contest was launched by Pigna in October 2020 for Italian primary schools. Children were encouraged to discover the nuances and meanings of words related to sustainability and to use them to talk about their commitment in the change and to protect the environment in which they live.

The project involves 1,800 Italian primary school classes, children and 3,600 teachers. The initiative involved the entire teaching team, with a particular focus on civics education teachers, in relation to the centrality of language in technical and scientific areas, for an in-depth study of environmental topics. Each class received a dedicated kit for each pupil with educational content and Pigna products made of recycled materials, such as notebooks, felt-tip pens, pencils and sketchbooks, to be used during the creative workshops.

The project ends in May 2021 with a winning class that will win the whole school a supply of Pigna Back to School products for the 2021-2022 school year.



Monocromo green made of 100% recycled paper

The iconic Monocromo notebook collection, the best-selling line in Italy, has always reflected the spirit of the times, evolving in colour and often anticipating trends. Sustainability has guided the latest evolution of the Monocromo range, with the launch in 2020 of a new collection of notebooks of recycled paper, with new colour pantones, which also extend to the range of school diaries, which are also made out of recycled materials. In particular, the *Parole per il pianeta* (Words for the Planet) project is developed from the product “monochrome exercise book in 100% recycled paper”, available in 6 different colours. Each colour in the range is associated with an area of sustainability to stimulate children’s creative work, supervised by teachers and parents: the world of water, the world of vegetation, the world of living things in the oceans and the earth, the world of circular recycling, the world of clean air and sustainable mobility, and the world of energy.



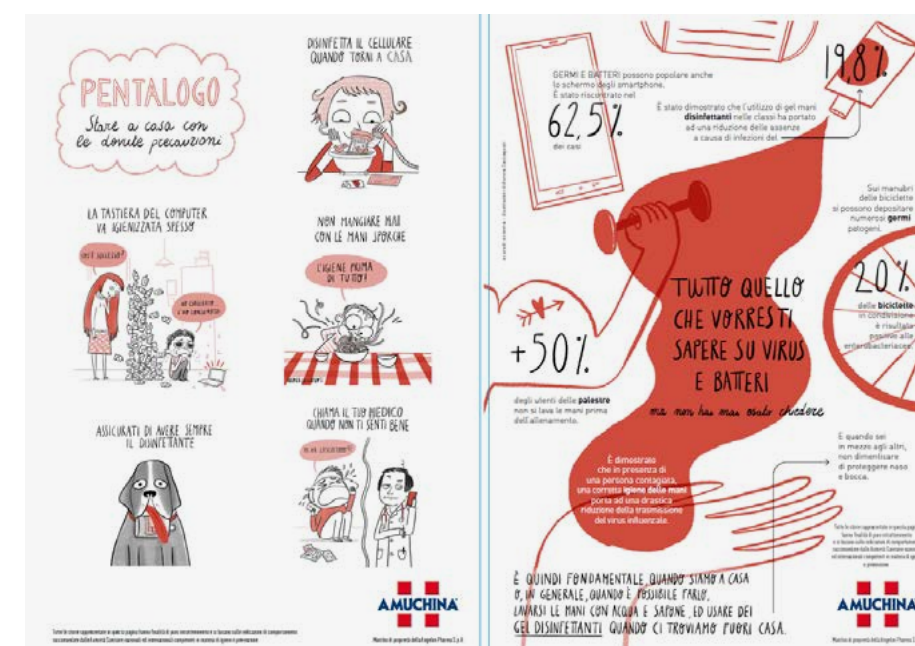
Back to school notebook covers

For the third consecutive year, Pigna is making available the inside covers of millions of its school notebooks sold in packs at large retail stores to selected brands, with the goal of providing edutainment content on topics relevant to students and society. In addition to being a tool for expression and study, the Pigna notebook becomes a platform for conveying educational messages about sustainability, inclusiveness, gender equality, proper practices for protection from viruses and the digital divide. Pigna's partners were **Ferrero-Kinder** in 2019 and **Amuchina** in 2020, while in 2021 the partners will be **BIC**, **De Agostini** and **Giunti Scuola**.

A virtuous example of companies from different industries working together on a mutual project with value for the community, in line with the positioning of their respective brands.

Cover Amuchina

Pigna and Amuchina have created a special series of notebooks for schools, on sale in the main large retail store chains, with Amuchina's edutainment content on the inside covers. The target audience is primary and middle/high school students. The educational theme, made playful with original illustrations, is focused on the good hygiene rules outside and inside school to protect against bacteria.



Umano Digitale [Digital Human] Notebooks

In response to the growing educational need in Italian schools to teach new languages, such as coding, the Umano Digitale Notebooks project was launched in collaboration with Prof. Alessandro Bogliolo of the University of Urbino and Campus Store (a leader in the development of educational projects for the digital world in schools of all levels). The collection of notebooks has a new system of lines, created to provide primary school students with the first rudiments of the logic of digital language. With the system of lines on the notebooks and a dedicated app that interacts with the notebook, each student can make and share digital creations from his or her own drawings, written in the notebook.



School projects during the pandemic

Confindustria Molamia

Pigna participated in a Confindustria Bergamo project for over 8,500 students of Bergamo schools who were preparing to take their high school examinations in June 2020, just before the first peak of the COVID-19 pandemic. On their return to class for the oral examination, the 8,500 students found the #maturitàmolamia kit. Molamia is an imperative that in Bergamo dialect means “don’t give up” and it has become the name of the chain of kilometre zero masks, which, at Confindustria Bergamo’s initiative, was created to meet the strong demand for protective devices. The association of companies in the province of Bergamo, in synergy with the local School Department, decided to relaunch and offer the #maturitàmolamia kit to high school students, which included a certified mask, hygiene products, a big Pigna notebook and a notepad. The essentials to get through the day of the big test in the best possible way.

Happiness Package

During the first days of the national lockdown in March 2020, Pigna, in collaboration with Deliveroo Italia and the social community of “Un terrone a Milano [A southerner in Milan]”, organised the “Happiness Package” project.

Objective: to deliver to the homes of 200 university students away from home in Milan, subject to the lockdown, a complimentary “happiness package” with:

- Pigna writing kit (notebooks, pencil case, pencils, pens)
- Selected food with delicacies from the south

The parcels were delivered over the course of a day with the help of Deliveroo drivers and were an opportunity not only to share a smile, but also to create social interaction among the student community at a very stressful time for our country. The operation generated thousands of interactions, with positive sentiment for several days.





PdiPigna

The **concept of design**, through the launch of the new “PdiPigna” brand, designed by the designer Matteo Ragni, winner of two “Compasso d’Oro [Golden Compass]” awards, gives space to the universe of emotions on paper and becomes crucial in the conquest of new markets beyond Italian borders, aiming mainly at areas overseas. Innovation intersects with tradition: the return to “**slow writing**” invites us to rediscover ourselves and deep values that are whispered and not shouted, with a return to slow, thoughtful narration, which gives consistency to everyday things. PdiPigna’s vision is to showcase the excellence of Italian culture in different areas, from design to architecture and fashion, interpreted on stationery, by seeking out ecological materials (e.g., cotton paper in natural colours, bound with cotton thread – Singer thread, without staples or plastic). This universe represents a new identity for Pigna in a new market. Maintaining its roots in its own history, its design and culture for elegance, and its love for language, made it possible to win a place in the prestigious design store of the MoMa in New York in 2019.

The “PdiPigna” brand includes a collection of Italian Types notepads and diaries, a collection of Your Sign notebooks with zodiac signs and, lastly, a Xilo pen and pencil model in natural mahogany and walnut.

PdiPigna also launched a Manifesto of Values which contains 8 points inviting a “slow” approach to writing and, more generally, to life in order to reconnect with one’s emotions and tactile experience with a view to daily sustainability.



Xilo pen and pencil in walnut and mahogany, PdiPigna notebook in paper made from organic fibres.

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PdiPigna is:

- 1. Being timeless.
Never outdated.**

- 2. Loving touch.
Only if human.**

- 3. Doing one thing at a time.
And doing it well.**

- 4. Writing by looking inside ourselves.
To better interpret the world.**

- 5. Being moved by words.
And sharing them.**

- 6. Paying attention to commas.
Beauty is in the details.**

- 7. Never erasing mistakes.
Because errors too are life.**

- 8. Finding happiness between the lines.
Our own lines.**

← PidiPigna Capsule collection for Enzo Mari - Danese Milano

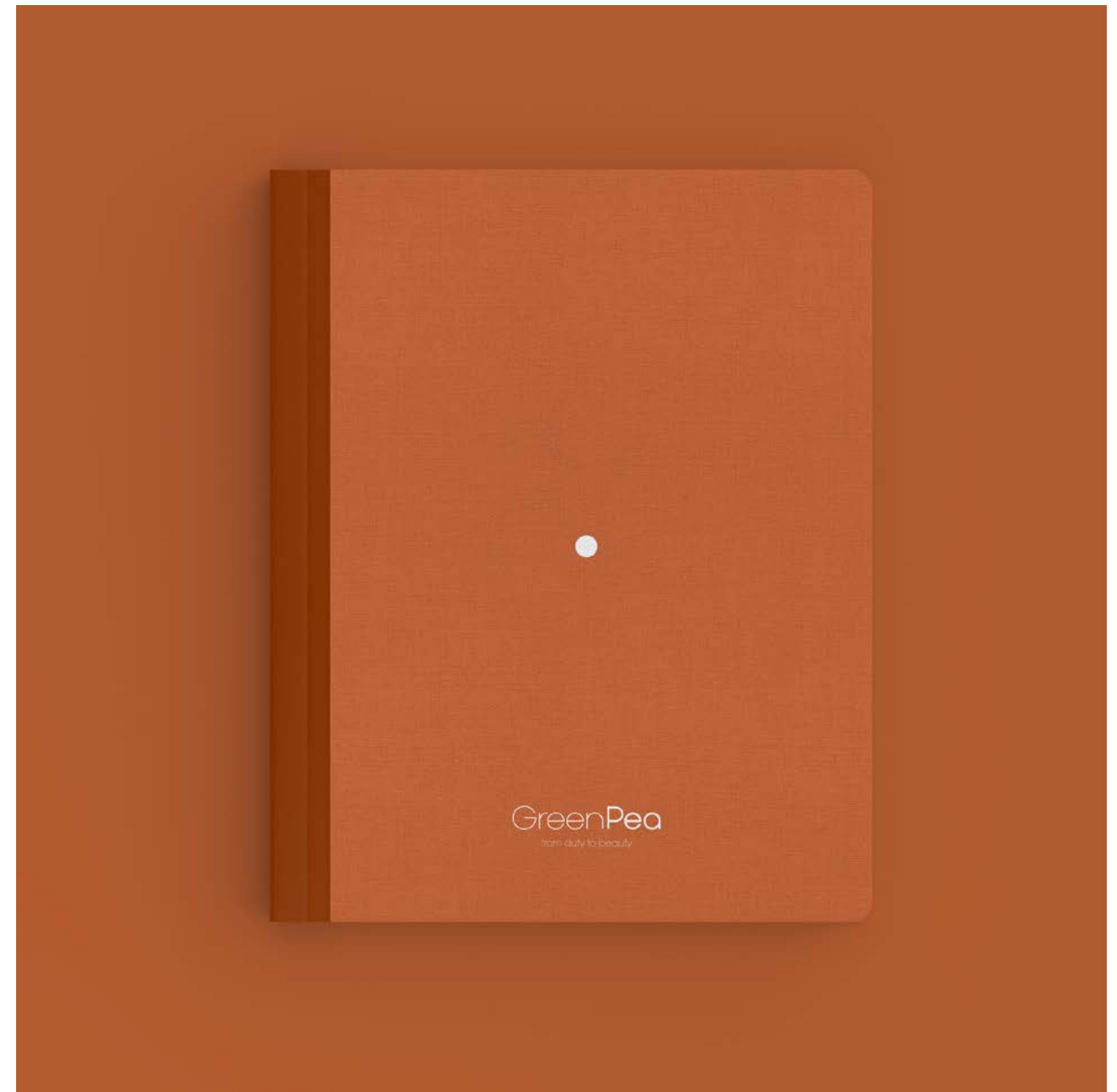




Green Pea is the Eataly Group's first sustainable multi-store, which opened in the Lingotto area of Turin in December 2020 and was conceived of by Oscar Farinetti (former founder of Eataly). The building, which reaches four floors for a total of 15,000 square metres, was built using entirely ecological and recycled materials. Inside, it houses shops as well as bars and restaurants, a swimming pool and a gym - all with a view to an industrial conversion to sustainability. These features make Green Pea the first Green Retail Park in Italy, with tremendous prospects for development abroad.


Pigna was chosen as the official stationery brand for Green Pea. The Green Pea by Pigna project, launched in February 2020, includes a collection of Monocromo products consisting of A4 and A5 format notebooks in recycled paper, A5 format binders with covers made from food processing waste (e.g., recycled paper from coffee, kiwi fruit and oranges) and pages of organic cotton fibre. The goal of the cobranded Pigna/Green Pea project is to encourage a zero-emission circular economy, based on the concept of reuse.

In the coming months the partnership will also involve leading media partners in sustainability communication, such as Lifegate.



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The value of human resources to Pigna

 The Company recognises the central importance of human resources, because it believes that the main factor in the success, growth and development of any business is the professional contribution of the people who work for it, within a framework of loyalty and mutual trust. Pigna is therefore committed to guaranteeing respect and dignity to each employee, in order to create a calm Company environment and ensure high standards of wellbeing at work.

The Company has always believed that human resources have fundamental value in terms of intellectual assets and potential for business growth and development. The focus placed on its human capital is reflected in the Company’s adoption of policies to protect and promote the value of employees and collaborators, aimed at increasing and enhancing the knowledge and skills of each individual in the organisational context of the Company.

Building a shared identity which each employee can identify with also involves training to increase the professionalism and skills of human resources.


The values that guide Pigna in the management of human resources, in full compliance with the Code of Ethics in force since 28.03.2019, can be summarised as follows:

- creation of a calm working environment
- dignity and respect guaranteed to every employee and collaborator
- prohibition of exploitation, isolation, harassment and discrimination
- prohibition of discrimination based on race, language, colour, faith and religion, opinion and political orientation, nationality and ethnicity, age, gender and sexual orientation, and marital status.



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4.1 Organisation and structure

 The relationship between the Company and its employees in recent years was unavoidably affected by the Company’s deep crisis, which led to a reduction in the number of personnel employed at Pigna plants from approximately 600 to less than 90. In recent years, after the acquisition by Gruppo Buffetti S.p.A., the number of human resources has remained essentially stable, and the Company intends to reverse the trend with new hires as revenues and product lines grow.

At the end of 2020, Pigna had 88 employees, with a decrease of 8 units from 2018 to 2020 due to retirements.

As regards the type of contract, 82% of employees have a full-time contract; the remaining 18%, mostly women, have a part-time contract. There is a certain stability in the percentage of female employees with part-time contracts; in both 2019 and 2020, the number stands at 69%.

In 2020, the number of employees with an average age of over 50 years decreased slightly, from 54% in 2019 to 52% in 2020. In terms of classification, approximately 63% of the workforce is made up of blue-collar workers, 28% of white-collar workers and 9% of management staff (7 supervisors and one senior manager, a classification added in 2020). All employees work at the Alzano Lombardo site.

As indicated above, Pigna’s entire organisational system is structured to ensure that the Company implements its strategies and achieves its objectives.

In 2020, the organisational chart was revised and officially provided to all personnel in organisational notices, in which the specific mission, summarising the relevant goals, was given for each department and the main areas of responsibility were outlined for the organisational units.

Relationships with social partners are based on the utmost transparency and participation, which include periodic meetings not only with the internal RSU (unitary labor union delegation) representatives but also with the delegates of the provincial trade union associations, to maintain ongoing mutual communication about the Company’s operations and the current labour climate.

On 14 January 2020, after a series of meetings to build paths and objectives so that the second-level bargaining issues could be addressed in constructive, transparent and participatory terms in accordance with the national collective bargaining agreement for paper manufacturers, and after the Company provided detailed information on its production, investment and employment prospects, and during an in-depth examination of these topics, a decision was made to emphasise the goals of increasing the efficiency and effectiveness of the company system and profitability and worker participation as a fundamental factor in improving the Company's image and competitiveness by establishing a variable gross remuneration called a "result bonus". Its payment is based on the EBITDA-linked results and can be paid in the form of goods and services in kind, reflecting an openness to a company welfare remuneration system.

The problem of turnover of personnel nearing retirement was addressed, and a decision was made to give young people without experience the opportunity to be included in an apprenticeship scheme alongside experienced machine operators, in order to ensure Company production continuity. Hiring is expected to take place in 2021.

In 2020, turnover (the net effect of new personnel hires and departures) resulted in the loss of 3 units. There were 6 departures (4 blue-collar workers and 2 white-collar workers) and 2 new hires (1 white-collar worker and 1 senior manager). There was a promotion at the supervisor level.



4.2 Growth and development of individuals



Training is one of the main tools with which the Company supports and develops its employees. Topics are chosen specifically to promote implementation of the Company's strategies, which in the future envision internationalisation and the search for new production materials and innovations. Foreign languages and computer courses have been added to the training plans. Changes in the labour market in 2020 made it necessary for employees to learn how to manage work remotely with training sessions on working from home.

Like all other activities, implementation of the training plan planned

for 2020 was greatly affected by the health emergency, with a drastic reduction in the training hours provided. Those hours amounted to approximately 54% of the hours provided in 2019. With regard to training on anti-corruption and anti-money laundering topics relating to the Company's 231 model, the training plan scheduled for 2020 will begin to be implemented in the first half of 2021.

In order to fairly and concretely promote employees' commitment and contribution to the Company's success, Pigna offers equal opportunities to all employees based on their professional qualifications and individual skills, without discrimination, and has committed to base its selection, hiring, compensation and management of human resources on merit and expertise, in strict adherence to current collective bargaining.

The Company is also committed to combating all types of discrimination and engages in continuous monitoring. As at 31 December 2020, it received no complaints relating to discriminatory actions.

The skills and uniqueness of each individual are also recognised by a variable remuneration system, applied to certain functions, and the existence of a "result bonus", which entails a variable economic payment that is determined based on the annual achievement of predetermined results and participation. All employees are also covered by the National Collective Bargaining Agreement.



4.3 Employee health and safety



For Pigna, safeguarding health and safety in the workplace is an essential aspect of proper business operations. The Company has adopted a corporate Health and Safety Policy and an Environmental and Occupational Health and Safety Management System in accordance with the UNI EN ISO 14001 and OHSAS 18001 standards, along with a Quality Management System in accordance with the UNI EN ISO 9001 standards. The certification systems cover all of Pigna's employees.

Company management has fully committed to proper implementation of the Quality, Environment and Safety Management System, and that commitment is pursued by all members of the organisation, aware of their personal contribution.

The risk assessment activities are conducted by a work team under the Employer's direct responsibility and includes the Prevention and Protection Service (RSPP), the responsible Doctor, Supervisors and any other Company figures, with the advice of the Workers' Safety Representative, staff participation and potentially the support of consulting firms. The main risks associated with health and safety in the workplace concern the handling of goods and the use of machinery. During 2020, there was only one injury to employees, which was minor, and no injuries to contractors. The absenteeism rate was just over 6%, slightly down from the rate in 2019 (7.2%), amid signs of the Company's pursuit of efficiency and consolidation of its organisation.

During 2020, as in the rest of Italy and the world, the issue of health and safety in the workplace took on a new meaning, when the Company had to respond to the health emergency that is still ongoing. It worked to ensure a reopening, after the forced closure during the early months, with total safety for workers and compliance with all regulations. This reopening also had a symbolic value for the Alzano Lombardo area, one of the areas in Italy most affected by the first wave of the epidemic.

The Company's response consisted of a Protocol and an emergency plan, the result of work shared with the stakeholders concerned, starting with the RSU and Provincial Trade Union Confederations.

The document identified all the measures for employee entry/exit, supplier access, and protection and safety measures for all those who interact with the Company. The Company also took out an insurance policy for all employees and collaborators, providing coverage and assistance in the event of infection, and made it possible to perform molecular and antigen swab tests in the event of contact with virus-positive individuals, while covering the related expenses.

The remote working tool was also introduced, used by employees during the emergency, but also afterwards, with a view to reconciling personal and work needs. In 2020, around 20% of total hours were worked remotely.

The evolution of the emergency is constantly monitored in order to minimise the social, occupational health and safety, as well as economic impacts, through the definition and implementation of flexible and timely action plans.

Over the last three years a significant decrease occurred in the number of accidents occurring to employees: the total frequency index has fallen from 19.93% in 2018 to 7.97% in 2020 (see GRI accident health and safety table 403-9 b).

The trend in days of absence over the three-year period is mainly attributable to accidents and illness. The absenteeism rate (total number of days of absence/annual number of employees) is 9 days per employee in 2020, compared to 15 days per employee in 2019 and 13 days per employee in 2018.

4.4 Equal opportunity



Gender diversity is one of the priorities enshrined in the Code of Ethics adopted by Cartiere Paolo Pigna. As part of the process of enhancing the value of personnel undertaken by the Company, gender diversity is an element of cultural and professional enrichment. The Company is committed to combating any kind of discrimination, ensuring constant monitoring. As at 31 December 2020 there were no reports of discrimination.

The presence of women in the company is 24%, distributed mainly among office workers and middle managers. In particular, among middle managers, women represent 43% of the company population. As regards equal opportunities in the composition of Pigna's management and control bodies, the Board of Directors consists of 3 members, the Board of Statutory Auditors is represented by 1 woman and 2 men.



4.5 Future prospects and commitments



Human capital: the Restructuring Plan underway, as shown by the trend in human resources, envisions the departure of employees through retirement and the hiring of young people who can bring human capital to the Company with skills and know-how to face the new requirements of the market.

Change and improve: in order to be successful, the new strategy and the three-year plan must be understood and experienced in day-to-day actions and decisions by the people who work at Pigna.

Goal-based remuneration policies: meritocracy and an aptitude for goal-based work will be the key directives of the HR plans for the next three years.

Training: investments will be made in training for all key functions, in order to create an effective team that can understand the needs of customers and the market and tell the story of a historic brand that is evolving.

Focus on teamwork: time and dedicated plans will be invested in promoting a new way of working within the Company, based on intra-functional and intracompany collaboration, to optimise business effectiveness and efficiency.



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Attention to and respect for the environment



Historically, the paper industry has been linked to significant environmental impacts, such as water consumption associated with the production and supply of raw materials, and especially deforestation in some areas of the world. Over the years, in part due to technological innovation, the entire paper chain, especially in Europe, has moved substantially to minimise the environmental impacts of production and consumption. Given some of its characteristics, the paper industry has significant potential to achieve the EU goals for sustainable finance and the transition to a bio-based economy.

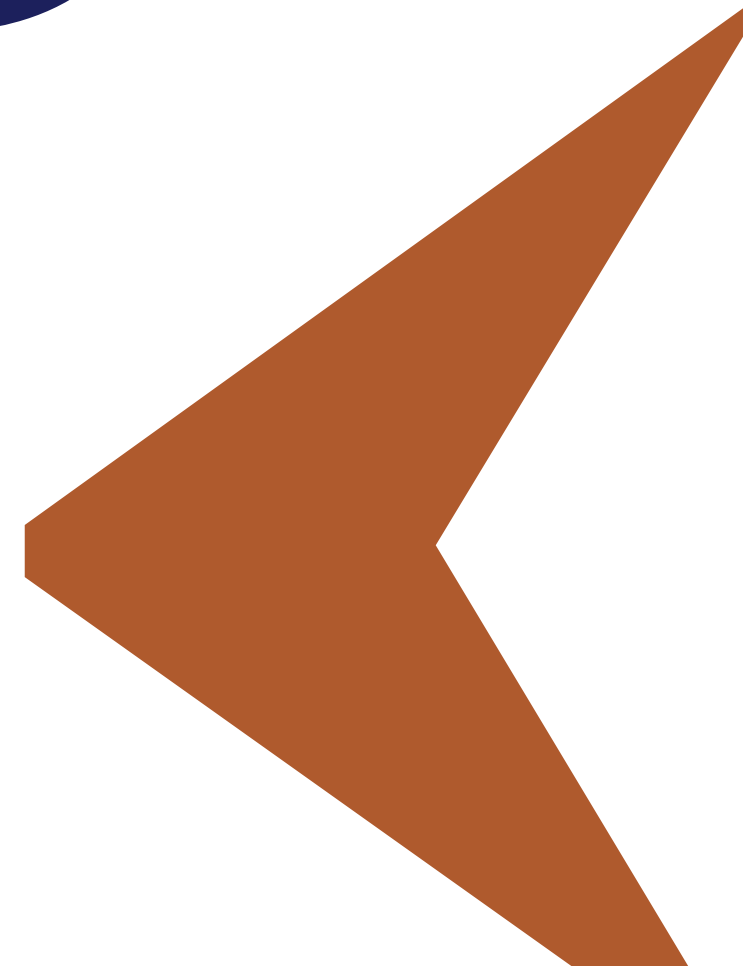
In particular, the emergence of environmental certifications for paper, such as the *FSC (Forest Stewardship Council)* and the related Chain of Custody, and also the *PEFC (Programme for the Endorsement of Forest Certification schemes)*, have contributed to creating a reliable system for tracking raw materials while respecting the environment and the ecosystem. Moreover, in Europe, the paper industry also leads the industrial cycles in the production and use of renewable energy in the European Union, with over 60% of biomass-based fuels³, demonstrating the commitments made by the entire supply chain. Furthermore, the paper industry is also covered by the ETS [Emissions Trading System] and is therefore required to limit CO₂ emissions in line with environmental targets.

Lastly, the material's recyclability makes it possible to pursue a circular economy model by reusing the same material several times, without having to resort to virgin raw materials. In Italy, for example, the target set by the European Union for recycling paper and cardboard by 2025 has already been reached, with a materials recycling rate of 81% in 2020⁴. This is also why the use of paper and cardboard in the packaging industry has been increased, replacing plastic, a material that is more polluting and more difficult to recycle.

³ Food and Agriculture Organization of the United Nations (FAO), 2005-2015 Global Forest Resources Assessment.

⁴ Source: 25th Annual Report of Comieco (Consorzio Nazionale Recupero e Riciclo degli Imballaggi a base Cellulosica [Italian National Consortium for Recovery and Recycling of Cellulose-based Packaging])

The industry is now focusing on the new EU Green Taxonomy Regulation to carry out low environmental impact investments for sustainable and inclusive growth, particularly regarding sustainable use of water resources, pollution prevention and control, and recycling of resources. The paper industry is not currently among the businesses regulated by the Taxonomy but, as recommended by the TEG (Technical Expert Group on Sustainable Finance), it is likely to be included in the near future.



Primary certifications of materials

For Pigna and all companies in the paper and wood industries, certifications are the main tools for tracing the materials supplied. Certification of materials is intended to ensure respect for workers and the environment and prevent intensive exploitation of resources.

FSC® - Forest Stewardship Council®

FSC® is an international, independent, third-party certification for the forestry sector and wood and non-wood products. The purpose of the FSC® is to promote and support management worldwide that is beneficial and responsible, i.e., that respects the rights of workers and local populations while being economically acceptable at the same time.

Chain of Custody

Chain of Custody is the traceability process that makes it possible to certify the origin of a forestry product.

In order for products made of pulp from certified forests or recovered pulp to be declared FSC® and bear the FSC® logo, all processing and handling stages must be verified and identified, from the forest or other source of recovered material to the end consumer. Only when all links have been Chain of Custody certified can the product be declared and sold as FSC®-certified. Chain of Custody certification therefore ensures that the wood (or wood-derived products, such as paper) in the end product comes from a properly managed certified forest or from pre- or post-consumer recovered material.

PEFC- Programme for Endorsement of Forest Certification Schemes

The certification scheme is based on three fundamental principles:

- compliance with the criteria and indicators defined at the Ministerial Conferences on the Protection of Forests in Europe (Helsinki 1993, Lisbon 1998), which initiated the “Pan-European Process”;
- application at the regional or group level (individual membership is also possible);
- inspections and certification conducted by an independent accredited third party.

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5.1 Pigna's commitment to the environment

In this context, Pigna works to pursue a growth model that is circular, inclusive and has a lower environmental impact.

Protecting the natural environment when conducting and developing its business is not the result of merely complying with applicable laws, but is a central value enshrined in the Company's Policy, which explicitly establishes environmental protection as a fundamental principle of its conduct. The Company is adopting policies and measures to minimise environmental impacts, such as using renewable raw materials and recycled fibre, making its production cycles more energy efficient and reducing CO2 emissions.

For Pigna, the last few years have borne witness to the launch of numerous product lines made of recycled material, from notebooks made of recycled paper and food waste to backpacks and felt-tip pens.

The Company, doing business in the “paper” industry, which has always been sensitive and subject to criticism on environmental issues, in its day-to-day operations fully complies with the **“Precautionary approach”** introduced by Principle 15 of the United Nations Rio Declaration. In following this principle, Pigna ensures that, where there is a threat of serious or irreversible damage, lack of full scientific certainty will not be used as a rationale to postpone cost-effective measures to prevent environmental damage.

For Pigna, compliance with environmental laws is an indispensable aspect in the development of its business model. The internal control system and the implementation of the ISO 14001 quality system, the latest certification of which was renewed in 2019, seek to ensure compliance with environmental laws with a view to full transparency. These are measures taken to mitigate the possible risks of non-compliance and lack of and/or incomplete knowledge of applicable environmental laws and regulations. In 2020, no fines were imposed as a result of non-compliance with environmental laws.

The Alzano Lombardo plant is subject to the environmental protection law set forth in Italian Legislative Decree no. 152 of 3 April 2006, the Consolidated Environmental Act, which lays down provisions

on waste management, cleanup of contaminated sites, protection of water from pollution, soil protection, management of protected areas, compensation for environmental damage, procedures for assessing environmental impact and reducing atmospheric emissions and noise pollution.

Cartiere Paolo Pigna inaugurated an environmental certification plan for its plant in 2002, and its Environmental Management System is currently ISO 14001 certified.

5.2 Use and procurement of raw materials

➤ The main raw materials used in Pigna's production process are papers of various basis weights and technical specifications, packaging materials, metal spirals and mechanisms, and plastic material.

The use of certified raw materials grew steadily in 2020: +20% compared to 2018 and +7% compared to 2019.

Responsible and conscious selection of raw materials is a key aspect of environmental sustainability for Pigna. For this reason, in recent years it has undertaken the process of "Chain of Custody" certification of its bags and other paper packaging with the Forest Stewardship Council (FSC) by joining the Programme for Endorsement of Forest Certification schemes for economically sustainable forest management.

These certifications guarantee the use of certified components in the manufacture and marketing of paper products (notebooks, pads, file folders, envelopes), namely, production with paper that comes from forests or plantations certified according to the FSC® Principles and Criteria for responsible forest management or from pre- and post-consumer recycling. Pigna has stipulated that all forestry-derived material (paper/cardboard) used for FSC® processing/marketing must be certified FSC® 100%, Mix or Recycled and purchased from companies certified for the Chain of Custody from the moment the order is placed with the supplier.

Pigna also always focuses on the quality and safety of its products, especially the few that can be classified as toys. This is why all products intended for children are certified, in accordance with EU Commission directives, for the safety of everything that is part of a child's universe that they interact with on a daily basis.

Pigna achieves 100% reclamation for paper, wood, iron and plastic.

5.3 Water consumption and waste disposal

≈ Because the Company no longer produces paper internally, it does not use huge amounts of water directly. Water resources are used mainly for washing the rollers, cooling the hydraulic control units of the production machines, and civil uses. The substantial reduction in the use of water (-51% in 2019 compared to 2018 and a further 19% in 2020 compared to 2019) is largely tied to works to optimise the systems and monitor leaks in the distribution system, which in Pigna is highly complex. It is, in fact, the plant inherited from the historic paper mill.

Almost all waste produced is non-hazardous waste. By type of waste, the main item is clearly paper (85%) as it is closely linked to manufacturing, followed by wood, which accounts for only 4%.


5.4 Energy and emissions

☾ Pigna is experiencing a continuous reduction in the consumption of energy resources due to process optimisation, and a decreasing trend can be observed, of 8% from 2018 to 2019 and 13% from 2019 to 2020, reaching an overall reduction of 21% over the three-year period.


These savings are due to the installation of systems that can meter and remotely monitor energy performance. The goal is to reduce its electricity consumption, thanks to an integrated energy services company that performs actions that result in energy savings and efficiency. The power quality systems, equipped with an energy metering system and remote monitoring of the fundamental electrical parameters (Efficiency Devices), allow significant savings in the energy consumption of an electrical installation, in full compliance with the law, thanks to a comprehensive energy audit together with a project feasibility study.

In regard to thermal energy, used for heating at the Company, there was a reduction of 19% in 2019 compared to 2018, and 22% between 2020 and 2019, achieving an overall reduction of 41% over the three-year period.

5.4 Future prospects and commitments

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Quality: updating the ISO:9001 Quality System
- Packaging:** during 2020, the Company carried out demonstrative research into the possibility of using non-plastic product packaging. The first results are expected in 2021 and the Company will choose the most suitable packaging system.
- Fundraising:** all resources made available by national and international public funds will be explored as primary leverage for funding future development plans with a view to sustainable finance, in coordination with Gruppo Buffetti.





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Appendices

Primary non-financial indicators of performance

Composition of Personnel			2020			2019			2018		
Type of contractual relationship	GRI Standard	UM	M	W	Tot.	M	W	Tot.	M	W	Tot.
Full-time contract	102-8	no.	62	10	72	66	12	78	69	13	82
Part-time contract			5	11	16	4	9	13	5	9	14
Tot.			67	21	88	70	21	91	74	22	96
%			76%	24%	100%	77%	23%	100%	77%	23%	100%
Employees by category	GRI Standard	UM	M	W	Tot.	M	W	Tot.	M	W	Tot.
Blue-collar workers	405-1	no.	48	6	55	52	6	58	53	6	59
White-collar workers			13	12	25	15	12	27	17	13	30
Supervisors			4	3	7	3	3	6	4	3	7
Senior managers			1	-	1	-	-	-	-	-	-
Tot.			67	21	88	70	21	91	74	22	96
Employees by age group	GRI Standard	UM	M	W	Tot.	M	W	Tot.	M	W	Tot.
< 30 years old	405-1	no.	-	1	1	-	1	1	-	1	1
30-50 years old			30	11	41	30	11	41	30	11	41
> 50 years			37	9	48	40	9	49	44	10	54
Tot.			67	21	88	70	21	91	74	22	96

Turnover			2020			2019			2018		
Hires and turnover by gender	GRI Standard	UM	M	W	Tot.	M	W	Tot.	M	W	Tot.
Employees as of 1 January	401-8	no.	70	21	91	74	22	96	74	21	95
Hires			2	-	2	-	-	-	1	1	2
Departures			6	-	6	4	1	5	1	-	1
Career advancement			1	-	1	-	-	-	-	-	-
Tot.			67	21	88	70	21	91	74	22	96
Hires and departures by age group	GRI Standard	UM	M	W	Tot.	M	W	Tot.	M	W	Tot.
Employees as of 1 January	401-8	no.	1	41	49	1	41	54	1	40	54
Hires			-	2	-	-	-	-	-	2	-
Departures			-	-2	-4	-	-	-5	-	-1	-
Career advancement			-	-	1	-	-	-	-	-	-
Tot.			1	41	46	1	41	49	1	41	54

Health and safety			2020	2019	2018
Accidents - employees	GRI Standard	UM			
Total accidents	403-9 a	no.	1	1	3
Fatal accidents			0	0	0
Serious accidents (with absence from work exceeding 180 days)			0	0	0
Hours worked			125.476	146.740	150.531
Total frequency index (total accidents per million hours worked)			7,97	6,81	19,93
Accidents - contractors	GRI Standard	UM			
Total accidents	403-9 b	no.	0	0	0
Fatal accidents			0	0	0
Serious accidents (with absence from work exceeding 180 days)			0	0	0
Total frequency index (total accidents per million hours worked)			0,00	0,00	0,00
Health and safety policies and management systems	GRI Standard	UM			
Employees covered by health and safety policies or management systems	403-8	%	100	100	100
Contractors covered by health and safety policies or management systems			100	100	100

Training			2020			2019			2018		
Training hours	GRI Standard	UM	M	W	Tot.	M	W	Tot.	M	W	Tot.
Total training hours		no.	307	57	364	500	380	800	222	22	244
Health and safety			188	9	197	304	188	412	126	22	148
Soft skills			64	32	96	96	32	128	-	-	-
Technology and IT			55	16	71	20	80	100	96	-	96
Foreign languages			-	-	-	80	80	160	-	-	-
Hours of training by classification			M	W	Tot.	M	W	Tot.	M	W	Tot.
Blue-collar workers		no.	154	9	163	246	28	274	90	14	104
White-collar workers			141	48	189	254	272	526	132	8	44
Supervisors			12	-	12	-	-	-	-	-	-
Senior managers			-	-	-	-	-	-	-	-	-
Tot.			307	57	364	500	300	800	222	22	148
Hours of training by classification											
Blue-collar workers	403-2	no.	3	2	3	5	5	5	2	2	2
White-collar workers			10	-	7	18	23	19	9	1	1
Supervisors			3	-	2	-	-	-	-	-	-
Senior managers			-	-	-	-	-	-	-	-	-
Tot.			5	3	4	7	14	9	3	1	2

Waste			2020	2019	2018
Waste by type	GRI Standard	UM			
Hazardous waste	306-1	Kg	304	5.995	–
Non-hazardous waste			932.730	1.035.378	980.497
Total			933.034	1.041.373	980.497
Hazardous waste		%	0%	1%	0%
Non-hazardous waste			100%	99%	100%
Total			100%	100%	100%
Waste by type	GRI Standard	UM			
Paper	306-1	Kg	795.960	916.500	844.740
Wood			37.000	57.880	55.640
Plastic			8.080	9.440	7.840
Iron			46.180	0	0
Aqueous Solutions			19.520	20.180	28.180
Other			26.294	37.373	44.097
Total			93.034	1.041.373	980.497
% reclaimed	GRI Standard	UM			
Paper	306-1	%	100%	100%	100%
Wood			100%	100%	100%
Plastic			100%	100%	100%
Iron			100%	100%	100%
Aqueous Solutions			2%	4%	7%
Other			47%	51%	56%
Total waste sent for reclamation			96%	96%	95%

Energy resources			2020	2019	2018
Energy consumption	GRI Standard	UM			
Electricity	302-1	MWH	2.279	2.616	2.835
Thermal energy		Mega Joule	2.210.400	2.833.000	3.499.000
Steam		Mega Joule	0	0	0
Reduction of consumption	GRI Standard	UM			
Electricity	302-1	%	-13%	-8%	–
Thermal energy			-22%	-19%	–

GRI 301 - materials

Type	Class	2018		
		Quantity	Of which certified	Certification type
1 Raw Materials	1B OTHER RAW MATERIALS	5.102	–	
1 Raw Materials	1E CARDBOARD PACKAGING	933.538	19.170	FSC
1 Raw Materials	1F PACKAGING	1.192.773	–	
1 Raw Materials	1G PACKING MATERIALS	1.788.063	–	
1 Raw Materials	1I SPIRALS	50.268	–	
1 Raw Materials	1K MECHANISMS AND ACCESSORIES	3.884.316	–	
1 Raw Materials	1M PLASTIC MATERIAL	818.638	–	
1 Raw Materials	8L SLURRY 1	815.016	800.100	FSC
1 Raw Materials	8M SLURRY 2	13.715.231	2.162.381	FSC/PEFC
1 Raw Materials	8O SLURRY 5	358.403	–	
1 Raw Materials	8Q COATED	812.266	8.756	FSC/PEFC
1 Raw Materials	8R SINGLE- COATED PAPER	1.436.997	6.701	FSC/PEFC
Other Materials	3C FOR PRINTING	200	–	
Other Materials	3D FELT	16	–	
Other Materials	4A CHEMICAL PRODUCTS	50	–	
Other Materials	4B WATER TREATMENT	2.100	–	
Other Materials	4C INKS	598	–	
Other Materials	4D GLUES	4.425	–	
Other Materials	4E STRING	8.652	–	
Other Materials	4F OF PRODUCTION	2	–	
Other Materials	5A MECHANICAL	922	–	
Other Materials	5B ELECTRIC	4	–	
Other Materials	5C INSTRUMENTATION	4	–	
Other Materials	6B LUBRICANTS	26	–	
Other Materials	6C WEAR MATERIAL	1.783	–	
Other Materials	7A CLEANING	782	–	
Other Materials	7B EDP	48.000	–	
Other Materials	7C SAFETY	326	–	
Other Materials	7E MISCELLANEOUS	15.412	–	
Other Materials	7F MAINTENANCE	8	–	

2019			Year 2020 31/12/2020		
Quantity	Of which certified	Certification type	Quantity	Of which certified	Certification type
5.250	–		4.175	–	
900.728	14.100	FSC	520.648	14.287	FSC
1.235.942	–		946.718	–	
2.545.860	–		1.719.048	–	
36.043	–		43.070	–	
1.885.200	–		2.317.900	–	
797.520	–		504.840	–	
452.592	441.818	FSC	128.252	116.342	FSC
12.104.591	2.995.206	FSC/PEFC	11.618.899	3.650.223	FSC/PEFC
316.889	–		624.787	15.015	FSC
845.110	45.316	FSC	506.445	32.600	FSC
1.136.723	594.873	FSC/PEFC	1.248.131	556.419	FSC
290	–		310	–	
6	–		6	–	
600	–		600	–	
–	–		–	–	
650	–		481	–	
5.400	–		4.500	–	
8.297	–		7.747	–	
4	–		–	–	
1.970	–		2.056	–	
2.004	–		20	–	
6	–		2	–	
243	–		3	–	
3.575	–		2.648	–	
1.023	–		853	–	
72.000	–		40.000	–	
278	–		72	–	
2.920	–		900	–	
–	–		4	–	

GRI 302-4

Initiatives taken to reduce energy consumption

Type of initiative	Amount	Effect achieved
2019 Three-phase voltage optimiser		Savings 7.75% out of 80% total energy efficiency

GRI 305-7

Other significant emissions

	2020	2019	2018
Persistent organic pollutants (POPs)			
Volatile organic compounds (VOCs)	<20 mg/Nm3	<20 mg/Nm3	<20 mg/Nm3
Hazardous air pollutants (HAPs)	0	0	0
Particulate matter (PM)	0	0	0

GRI 303-1

Water consumption

Water withdrawal	Unit of measurement	2020	2019	2018
Surface water		-	-	-
Ground water		-	-	-
Rainwater collected directly and stored		-	-	-
Water from municipal/public supply	MC	2046	2517	5099
Waste water from other organisations		-	-	-

Methodological note



Cartiere Paolo Pigna S.p.A.’s Sustainability Report provides information to its various stakeholders about the activities it has developed, its business approach, the policies it has adopted with regard to sustainability, and the results achieved in 2020, highlighting its economic, social and environmental performance.

The Report is prepared on an annual basis in compliance with the GRI Standards published by the Global Reporting Initiative (GRI) in accordance with the “core” option used by Pigna as reference standards that are widely accepted internationally for reporting non-financial information. The indicators analysed and reported are briefly presented in the GRI Content Index at the end of the document. 2020 is the first year of reporting and the data was compared with 2019 and 2018 data, where available and comparable.

The reporting principles set out in the GRI Standards that were applied in the preparation of this Report were developed with a view to stakeholder inclusiveness, sustainability and materiality of environmental, economic and social issues.

In addition, the information contained was assessed in relation to the principles of completeness, accuracy, balance, clarity, reliability and timeliness. The reporting process is structured on a system of data collection and information relating to the Areas involved in the preparation of the Report.

In the process of drafting this Report, the heads of Pigna’s various corporate functions were involved in order to identify, for each material aspect, processes, results, risks and improvement actions where paths to growth in terms of efficiency are identified.

The Working Group was led by Francesco Cavagna Trivulzio, Head of Pigna Legal and Corporate Affairs, and Andrea Ferrero, Pigna’s RSPP (Prevention and Protection Service Officer) and Andrea Carnevale, Marketing and Communications Director, participated in relation to their roles.
The Sustainability Report was supervised by Massimo Fagioli, Pigna’s Chairman and Chief Executive Officer.

For further information please contact Francesco Cavagna Trivulzio – www.pigna.it

Scope of reporting

The reporting scope is the same as that of Cartiere Paolo Pigna S.p.A.’s 2020 financial statements, supported by all other useful, comparable and necessary information for understanding the Company, its results and the impact of its business.

The use of estimates has also been avoided in order to provide a careful representation of the sustainability performance achieved, with preference given to the inclusion of directly measurable quantities.

External control

The Sustainability Report was voluntarily subject to external audit by the audit firm CROWE BOMPANI S.p.A.

CROWE BOMPANI S.p.A. audited the preparation of the Report and issued an attestation regarding the conformity of the information provided with the Global Reporting Initiative (GRI) Standards and in accordance with the reporting standard International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the Auditing and Assurance Standard Board.

The attestation is attached at the end of this document.

GRI content index

GRI	INFORMATION REPORTED BY THE ORGANISATION	CORE OPTION	DOCUMENT	NOTES
PROFILE OF THE ORGANISATION				
102-1	Name of the organization	Core	Front cover	
102-2	Activities, brands, products, and services	Core	Chap. 1.1 - 3.2	
102-3	Location of headquarters	Core	Back cover	
102-4	Location of operations	Core	Back cover	
102-5	Ownership and legal form	Core	Chap. 2	
102-6	Markets served	Core	Chap. 1.1 - 3.2	
102-7	Scale of the organization	Core	Chap. 2.3	
102-8	Information on employees and other workers	Core	Chap. 4	
102-9	Supply chain	Core	Chap. 5.2	
102-10	Significant changes	Core	Chap. 4.5 Methodological note	
102-11	Precautionary principle or approach	Core	Chap. 2.2	
102-12	External initiatives	Core	Chap. 3.3 - 3.4	
102-13	Membership in associations	Core	Chap. 2	
STRATEGY				
102-14	Statement from person responsible for the report	Core	Methodological Note	
102-15	Principali impatti, rischi e opportunità	Core	Cap. 2-45	
ETHICS AND INTEGRITY				
102-16	Values, principles, standards, and norms of behaviour	Core	Chap. 2.2 - Chap. 4	
102-17	Mechanisms for advice and communication about ethics issues	Core	Chap. 2.2	
GOVERNANCE				
102-18	Governance structure	Core	Chap. 2.1	
102-21	Consulting stakeholders on economic, environmental, and social topics	Core	Chap. 3.1 - Chap. 4 - Chap. 5	
102-22	Composition of the Board of Directors and its committees	Core	Chap. 2.1	
102-23	Chair of the highest governance body	Core	Chap. 2.1	

102-24	Nominating and selecting the highest governance body	Core	Chap. 2.1	
102-26	Role of highest governance body in setting purpose, values, and strategy	Core	Chap. 2.1 - 3	
102-32	Highest governance body's role in sustainability reporting	Core	Methodological note	
102-37	Stakeholders' involvement in remuneration	Core	Chap. 4.1 - 4.2	

STAKEHOLDER ENGAGEMENT

102-40	List of stakeholders	Core	Chap. 3.1	
102-41	Collective bargaining agreement	Core	Chap. 4.1	
102-42	Identifying and selecting stakeholders	Core	Chap. 3.1	
102-43	Approach to stakeholder engagement	Core	Chap. 3.1	
102-44	Key topics and concerns raised	Core	Chap. 3.1 Methodological note	

REPORTING PRACTICE

102-45	Entities included	Core	Methodological note	
102-46	Defining report content and topic boundaries	Core	Methodological note	
102-47	List of material topics	Core	Chap. 3.1	
102-48	Restatements of information	Core	Methodological note	
102-49	Changes in reporting	Core	Methodological note	
102-50	Reporting period	Core	Methodological note	
102-51	Date of most recent report	Core	Methodological note	
102-52	Reporting cycle	Core	Methodological note	
102-53	Contact point for questions regarding the report	Core	Methodological note	
102-54	Claims of reporting in accordance with the GRI Standards	Core	Audit report	
102-55	GRI INDEX	Core	GRI Content Index	
102-56	External assurance	Core	Audit report	

GRI 103: MANAGEMENT APPROACH

103-1	Boundary of the material topic	Core	Methodological note	
103-2/3	Management approach	Core	Methodological note	

GRI 201: ECONOMIC PERFORMANCE

201-1	Table of economic value generated, retained and distributed	Core	Chap. 2.3	
201-3	Benefits under retirement plans	Core	N/A	

201-4	Grants, subsidies, awards and funding received from government	Core	N/A	
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GRI 202: MARKET PRESENCE

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Core	Chap. 4	
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GRI 203: INDIRECT ECONOMIC IMPACTS

203-1	Infrastructure investments and services supported	Core	N/A	
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GRI 204: PROCUREMENT PRACTICES

204-1	Proportion of spending on local suppliers	Core	Chap. 2.3 - Chap. 5.2	
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GRI 205: ANTI-CORRUPTION

205-2	Communication and training about anti-corruption policies and procedures	Core	Chap. 4.2	
205-3	Confirmed incidents of corruption and actions taken	Core	Chap. 4 - Chap. 5	

GRI 300: ENERGY, WATER, BIODIVERSITY, EMISSIONS, WASTE, COMPLIANCE

GRI 301 MATERIALS

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
301-1	Materials used by weight or volume	Core	Appendix	

GRI 302 ENERGY

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
302-1	Energy consumption	Core	Chap. 5 - Appendix	
302-4	Reduction of energy consumption	Core	Chap. 5 - Appendix	

GRI 303 WATER

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
303-1	Water consumption	Core	Chap. 5.3 - Appendix	

GRI 305 EMISSIONS

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
305-1	Direct (Scope 1) emissions	Core	Chap. 5.4	
305-2	Indirect (Scope 2) emissions	Core	Chap. 5.4	

305-6	Emissions of ozone-depleting substances (ODS)	Core	Chap. 5.4	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant emissions	Core	Chap. 5.4	

GRI 306: EFFLUENTS AND WASTE

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
306-1	Water discharge by quality and destination	Core	Chap. 5.3	
306-2	Waste by type and disposal method	Core	Chap. 5.3	

GRI 307 ENVIRONMENTAL COMPLIANCE

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
307-1	Non-compliance with environmental laws and regulations (Scope 2)	Core	Chap. 5.1	

GRI 308 SUPPLIER ENVIRONMENTAL ASSESSMENT

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
308-1	New suppliers screened using environmental criteria	Core	Chap. 5.2	

GRI 400: EMPLOYMENT, LABOR/MANAGEMENT RELATIONS, HEALTH & SAFETY, TRAINING & EDUCATION, DIVERSITY & EQUAL OPPORTUNITY, LOCAL COMMUNITY

GRI 401 EMPLOYMENT

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
401-1	New employee hires and employee turnover	Core	4.1 - Appendix	
401-2	Benefits provided to full-time employees that are not provided to employees who are part-time or with temporary contracts	Core	Chap. 4.1	
401-3	Parental leave	Core	Appendix	
402-1	Minimum notice periods regarding operational changes	Core	Chap. 4.2	

GRI 403 OCCUPATIONAL HEALTH AND SAFETY

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
403-2	Type of incidents and rate of incidents at work, illness, days of work lost, absenteeism and total number of deaths	Core	Front cover	

GRI 404 TRAINING AND EDUCATION

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
404-1	Average hours of training per year per employee	Core	Chap. 4.2 - Appendix	

GRI 405 DIVERSITY AND EQUAL OPPORTUNITY

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
405-1	Diversity of governance bodies and employees	Core	Chap. 2.1-4.4	

GRI 406 NON DISCRIMINATION

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
406-1	Incidents of discrimination and corrective actions taken	Core	Chap. 4.4	

GRI 407 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
407-1	Risk associated with lack of freedom of association	Core	Chap. 4.2	

GRI 409 FORCED OR COMPULSORY LABOR

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Core	Chap. 5.2	

GRI 412 HUMAN RIGHTS ASSESSMENT

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
412-1	Significant investment agreements and contracts that include human rights clauses	Core	Chap. 4	

GRI 413 LOCAL COMMUNITIES

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
413-1	Local community engagement and impact assessment	Core	Chap. 3.4	

GRI 414 SUPPLIER SOCIAL ASSESSMENT

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
414-1	New suppliers that were screened using social criteria	Core	Chap. 5.2	

GRI 416 CUSTOMER HEALTH AND SAFETY

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
416-2	Incidents of non-compliance concerning the health and safety [impacts] of products	Core	Chap. 5	

GRI 417 MARKETING AND LABELING

103-1	Boundary of the material topic	Core	Chap. 3.1 Methodological note	
103-2/3	Management approach	Core	Methodological note	
417-1	Requirements for product information and labelling	Core	Chap. 1.2 - Chap. 3	
417-2	Incidents of non-compliance concerning labelling	Core	Chap. 1.2 - Chap. 3	
417-3	Incidents of non-compliance concerning marketing communications	Core	Chap. 3	

GRI 418 PRIVACY

418-1	Breaches of privacy: complaints, thefts and losses of data	Core	Chap. 2.2	
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GRI 419 COMPLIANCE WITH SOCIAL AND ECONOMIC LAWS AND REGULATIONS

419-1	Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of number, value and context	Core	Chap. 4.1	
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To the Board of Directors of Cartiere Paolo Pigna S.p.A.

We conducted a limited assurance engagement of the Sustainability Report of Cartiere Paolo Pigna S.p.A. (hereinafter the “Company”) for the year ended 31 December 2020.

Board of Directors’ responsibility for the Sustainability Report

The Company’s Board of Directors is responsible for the preparation of the Sustainability Report in accordance with the “GRI - Sustainability Reporting Standards” created in 2016 by the GRI - Global Reporting Initiative, set out in the “Methodological Note” section of the Sustainability Report, and for that portion of the internal control they consider necessary to enable the preparation of a Sustainability Report that does not contain any significant errors, whether due to fraud or unintentional actions or events. The Board of Directors is also responsible for determining Cartiere Paolo Pigna S.p.A.’s objectives in relation to sustainability performance and reporting the results achieved, as well as for identifying stakeholders and significant matters to be reported.

Responsibility of the auditing firm

We are responsible for preparing this report on the basis of the procedures we performed. We conducted our work in accordance with the criteria set forth in the “International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information” (hereinafter the “Revised ISAE 3000”), issued by the International Auditing and Assurance Standards Board for limited assurance engagements.

This standard requires us to comply with the principles of ethics and independence set out in the laws and regulations applicable in Italy and in current auditing standards, maintain an ISCQ (Italy) 1 overall quality control system and plan and perform our work in order to gain limited assurance that the Sustainability Report is free from material misstatements.

These procedures included interviews, mainly with the Company personnel responsible for preparing the information presented in the Sustainability Report, document analyses, recalculations and other procedures aimed at obtaining evidence we deemed useful.

CARTIERE PAOLO PIGNA S.p.A

Assurance Letter

**Report of the independent auditing firm on the Sustainability Report of
CARTIERE PAOLO PIGNA S.p.A. as at 31 December 2020**

The procedures performed on the Sustainability Report concerned compliance with the principles of the “GRI 101: Foundation 2016” Standard, and are summarised below:

- comparison of the economic and financial data and information reported in the Sustainability Report with the data and information set out in the Company’s financial statements as at 31 December 2020;
- analysis, through interviews, of the governance system and of the management process of issues related to sustainable development inherent to the Company’s strategy and operations;
- analysis of the process of defining the significant aspects reported in the Sustainability Report, with reference to the methods of identification in terms of their priority for the different categories of stakeholders and the internal validation of the results of the process; and
- analysis of the functioning of the processes underlying the generation, collection and management of quantitative data included in the Sustainability Report. Specifically, we conducted:
 - interviews and discussions with Cartiere Paolo Pigna S.p.A. management personnel to gather information about the IT, accounting and reporting system in place for the preparation of the Sustainability Report and the internal control processes and procedures that support the collection, aggregation, processing and transmission of data and information to the department responsible for preparing the Sustainability Report; and
 - sample analysis of the documentation supporting the preparation of the Sustainability Report, in order to obtain evidence of the processes in place, their adequacy and the functioning of the internal control system for the proper handling of data and information in relation to the objectives described in the Sustainability Report;
- analysis of the conformity and internal consistency of the qualitative information reported in the Sustainability Report with the guidelines set out in the “*Board of Directors’ responsibility for the Sustainability Report*” section of this report;
- analysis of the stakeholder engagement process regarding the methods used, by analysing the summary minutes of all other existing documentation on the salient issues that came out of discussions with stakeholders; and
- obtaining an attestation letter signed by the legal representative of Cartiere Paolo Pigna S.p.A., attesting that the Sustainability Report complies with the guidelines set out in the “Board of Directors’ responsibility for the Sustainability Report” section and the information and data it contains are reliable and complete.

As required by the “GRI Sustainability Reporting Standards”, the data and information subject to the limited review are reported in the “GRI Content Index” table included in the 2020 Sustainability Report.

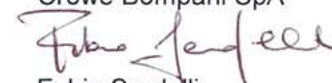
Our review involved less work than would be required for a full review in accordance with the Revised ISAE 3000 (“reasonable assurance engagement”), and as a result, we cannot be certain that we are aware of all significant facts and circumstances that might be identified in such a review.

Conclusions

On the basis of the work carried out, nothing has come to our attention that would lead us to believe that the Sustainability Report of Cartiere Paolo Pigna S.p.A. as at 31 December 2020 has not been prepared, in all significant aspects, in accordance with the “GRI Sustainability Reporting Guidelines” standards defined in 2016 by GRI - Global Reporting Initiative as described in the “Methodological note” section of the Sustainability Report.

Rome, 7 June 2021

Crowe Bompani SpA



Fabio Sardelli
(Auditor)

