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Angelini Industries
P&G



Sustainability
Report
2022

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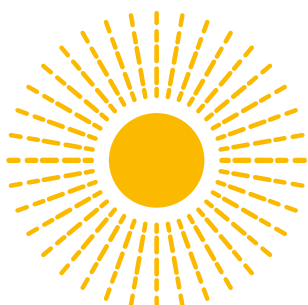


Angelini Industries
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EVERYDAY MATTERS

Sustainability
Report
2022

CONTENTS



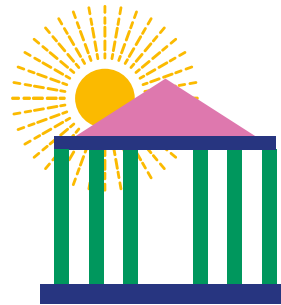
▶ **Everyday Sustainability**

Fater Group	12
Our brands	14
History	16
Governance Framework	18
Sustainability at Fater	20
Sustainability Governance	21
Fater sustainability strategy	22
Stakeholder engagement and materiality analysis	24
Fater sustainability KPIs and targets	29



▶ **Everyday Climate Protection**

Commitment to fight climate change	34
Energy consumption	39
Water resources	42
Waste generated	45
Current plans and lines of development	47
Innovation and ecodesign	48
Sustainable packaging	52
Sustainable logistics	53



▶ Everyday a Better Society

People first: strategic resource management	56
Diversity and inclusion	59
Recruiting process	61
Compensation policies	62
Employees	64
Training and skill development	70
Health and safety	73
Corporate welfare processes and initiatives	78
Relationship with the local community	80
Brand purpose	82
Associations	88

▶ Everyday Responsibility

Business ethics and transparency	92
Protection of human rights	94
Management and certification systems	95
Economic growth and financial performance	96
Responsible supply chain management	100
Product quality and safety	103

LETTER TO STAKEHOLDERS

Dear Stakeholders,

It is with great pleasure that we present Fater S.p.A.'s new sustainability report, which shows what we have learned and achieved in fiscal year 2021/2022 and the changes put in place to maximize our commitment to sustainable growth.

As you will read, it was a year when we made significant strides in our vision of sustainable growth, combining the company's development plans with environmental protection and a focus on social impacts and always doing the right thing.

It all starts with people first, which has always been our ultimate goal as an enterprise. Every day we strive to make a positive impact on the people on our team and to transfer this value outside the company for the public and those who choose our products.

Here are some aspects of our journey over the past year which I consider particularly important:

- ▼ We developed a materiality analysis by listening to relevant stakeholders to define the issues to work on.
- ▼ Based on the results of the materiality analysis, we strengthened our work program to protect the environment and to generate positive change in society.
- ▼ We defined clear medium and long-term goals (Sustainable Development Goals) to ensure the clarity and transparency of our commitment.
- ▼ We've set up a governance that is consistent with the commitments

undertaken, and this report - Fater's first with reference to GRI standard - is the first step in this direction.

In June 2022, Fater celebrated thirty years as an equal joint venture between its two shareholders Angelini Industries and Procter & Gamble. An amazing milestone, but most importantly a starting point for looking to the future of the company and its impact in the world.

As you will read, we have summarized what we want to accomplish and be in our claim "everyday matters". The reason we did this is to emphasize the enthusiasm that drives us every day to support people, not only with our products, but also by acting responsibly for the planet and society.

We hope this Report will serve as a new opportunity to receive feedback and suggestions to better direct our course. Because, even to listen and improve, "everyday matters".

Enjoy your reading

Antonio Fazzari
General Manager
and Chief Operating Officer Fater S.p.A.



METHODOLOGY NOTE

Fater Group (hereinafter “Company” or “Organization” or “Fater Group” or “Fater”) is publishing this **first edition of the Sustainability Report** on a **voluntary basis**, marking a new step towards a transparent and structured communication with our stakeholders. The goal not only is to report on economics and financials, but also on non-financial performance relating to the set of environmental and social impacts that our multiple business areas have.

Reporting Period

This Report covers the year **July 1st, 2021 – June 30th, 2022**. In addition, where deemed possible or useful, the figures from the latest year were compared against the information from FY 2020-2021 (FY: fiscal year from July 1st to June 30th) so that the stakeholders can monitor performance over time.

Reporting Scope

The scope of this Report includes the Italian Headquarters and production plants in Italy owned by Fater S.p.A., as well as the production plants located in Portugal and Turkey, respectively owned by the companies Fater Portugal Unipessoal Lda and FaterTemizlikUrunleri Limited Sirketi, both fully-owned subsidiaries of Fater S.p.A. With this first edition of the Report, Fater has focused on production sites and headquarters, keeping the sales offices based Romania and Russia out of scope as their impact in terms of production, human resources and environment appears to be less relevant.

More specifically, the reporting scope on quantitative data includes:

- ▼ Headquarter, Via Mare Adriatico, 122 - 65010 Spoltore (PE) Italy;
- ▼ Campochiaro Plant, Via Zona Industriale, 1, 86020 Campochiaro (CB) Italy;
- ▼ Pescara Plant, Via Raiale 108, 65128 Pescara (PE), Italy;
- ▼ Porto Plant, R. Monte dos Pipos 105, 4460-865 Custòias, Portugal;
- ▼ Gebze Plant, İnönü Mah. Yolu Üzeri GEPOSB, Atatürk Blv., 41400 Gebze/Kocaeli, Turkey.

There are two exceptions to the above:

- ▼ The information relating to the Economic value (GRI201-1) refers to Fater SpA only. Including values referring to Fater Portugal Unipessoal Lda and FaterTemizlikUrunleri Limited Sirketi would have been irrelevant to determining the economic value generated, retained and distributed.
- ▼ Data concerning the supply chain (including the type of materials purchased), energy and water consumption, waste, and Scope 1 and 2 emissions refer to the four production plants. Headquarters was therefore left out of scope.

Reporting Standards

The technical and methodology standards adopted by the Organization in this Sustainability Report are the GRI Universal Standards published on 5 October 2021 by the Global Reporting Initiative (GRI), using the option **“with reference to the GRI Standards”**.

Data Collection Process and Report Structure

The information and data in this Report were collected and consolidated using data and quality information collection cards, duly expanded to include the Companies abroad. The data and information collection process for the year 2021-2022 involved the representatives of Fater S.p.A., who in turn coordinated the data collection of the Companies abroad.

Data were computed accurately based on the outcomes from general accounting and the other IT systems used. For estimates, the method used to quantify them was specified when determining indicators.

Disclosure is based on the Materiality Principle (or Relevance Principle). As a matter of fact, the topics covered in the Sustainability Report are those considered “material” (relevant) in that they can reflect the social and environmental impacts of the Company’s activities or influence the decisions of their stakeholders. These material ESG issues were identified by conducting a materiality analysis designed using the approach described in the section “Stakeholder engagement: materiality analysis”.

The Report’s structure is inspired by the core pillars of the Group’s Sustainability Strategy

and it is split into the four major chapters below:

1. Everyday Sustainability; 2. Everyday Climate Protection; 3. Everyday a Better Society; 4. Everyday Responsibility.

Before these chapters, the opening section comes with the Letter to Stakeholders, this Methodology Note and Highlights from the Period. The Appendix contains the GRI Contents and the Auditing Firm’s Report.

External Assurance

Fater’s top managers decided to submit this Sustainability Report to an auditing process in order to make sure the Report’s information is correct.

This Sustainability Report underwent a limited review (“limited assurance engagement” according to the criteria outlined in the ISAE 3000 Revised standard) by the Auditing Firm BDO Italia S.p.A. After that, the “Auditing Firm’s Report” was issued, as attached at the end of this document.

For more details, please use the following communication channels:

www.fatergroup.com

HIGHLIGHTS 2022 FROM THE PERIOD



Everyday Sustainability

**3 out of 4 Italian
households**
use at least one
of Fater products

**Invested
in innovation**
4% of turnover

**Sustainability
Strategy**
Planet, Society
and Governance



Everyday Climate Protection

**Scope 1, 2, 3,
Carbon Footprint**
for the last two years

**Science Based
Target at 2030**
& Net Zero 2040

Green line-up launch
ACE green, Lines Natura
and Pampers Green
Generation

**Recycled plastics
packaging**
for Lines Seta Ultra,
ACE Detergent
and Pampers Baby Dry



Everyday a Better Society

People First strategy
putting people's wellbeing first

+1.9% staff
(over FY 2020/2021)

32,400 training hours*
marking a +57% over
the previous fiscal year

**10 local community
engagement activities by
Fater Group**
(+6 over FY 2020/2021)



Everyday Responsibility

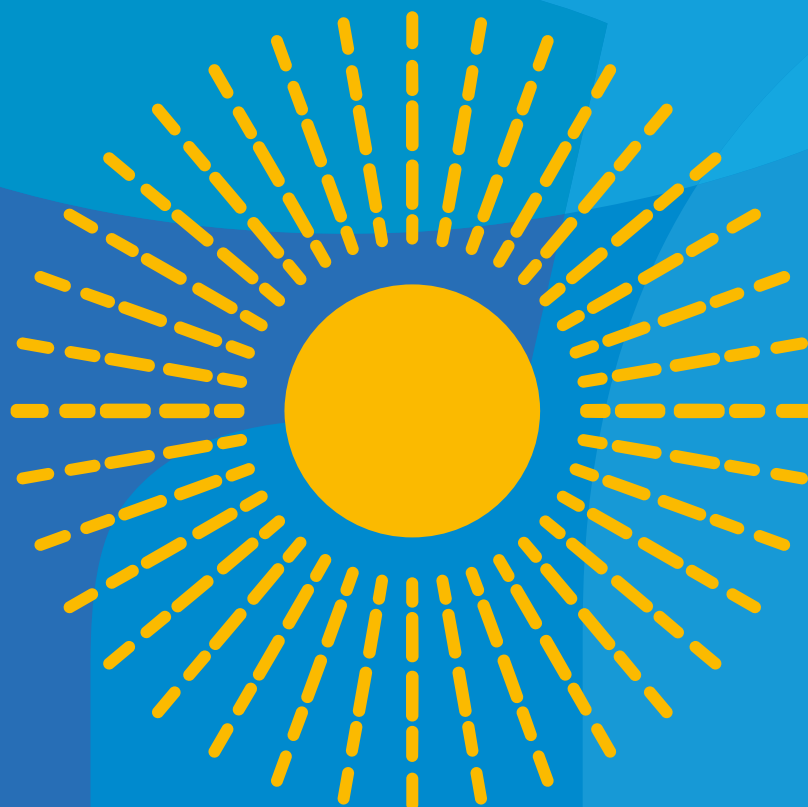
Certification
SA 8000:2014

Over 1 billion euro
of economic value distributed
to stakeholders

110 suppliers
screened against environmental
and social criteria

Local suppliers
46% of budget spent

* The Health and Safety training hours are excluded from the value.



EVERYDAY SUSTAINABILITY

We work for
a better tomorrow
by protecting what
matters, every day

Everyday matters

FATER GROUP

Fater is an Italian company established back in 1958 in Pescara by Francesco Angelini. In 1992 it became a 50-50 Joint Venture between Angelini Industries and Procter & Gamble.

Fater operates in the FMCG industry and is a **leader in the Italian market for personal absorbent products**, with brands such as Lines, Tampax, Lines Specialist and Pampers. We are also a key player in the European market for home care products with the ACE, Neoblanc and Comet brands, sold in Italy and 37 more Countries worldwide. Since 2020 Fater has been distributing Hero products in Italy (baby food category).

Fater Group



**1,500
employees**



**4 production
plants**



**38 Countries
served**



**House and tissue cleaning
products manufacturing.**
Italy - Campochiaro/Porto -
Portugal/Turkey - Gebze



**Absorbency products
manufacturing.**
Italy - Pescara

The equal shareholders of Fater S.p.A. Joint Venture are Angelini Industries and Procter & Gamble.

Angelini industries

Angelini Industries is a multinational industrial group established in Ancona in 1919 by Francesco Angelini. Angelini Industries engages in pharmaceuticals, FMCG, industrial technology, perfumery and skin care, and winemaking. An investment strategy focused on growth, the constant commitment to research and development, and deep knowledge of markets and business industries make Angelini Industries **one of Italy's premium companies in their areas.**

Procter & Gamble

P&G products are used by almost 5 billion people in the world. **Procter & Gamble has one of the largest portfolios of quality brands** including: Dash®, Fairy®, Lenor®, Mastro Lindo®, Swiffer®, Viakal®, AZ®, Kukident®, Oral B®, Olaz®, Pantene®, Head&Shoulders®, Gillette®, Venus®, Braun®. P&G has operations in 70 Countries around the world and has been in Italy since 1956. For further information visit the website <https://it.pg.com>, follow pages on Instagram (@proctergambleit), LinkedIn (@Procter&GambleItalia), Youtube (@proctergambleit).

Where we are



International product penetration (Fater International)

Fater is a key player in the European home care products market with its ACE, Neoblanc and Comet brands, sold in 38 Countries worldwide.

THE INTERNATIONAL SALES AND DISTRIBUTION NETWORK



3 subsidiaries serving as Regional Hubs

EECAR HUB (Area Eastern Europe)
CENTRAL EUROPE HUB
TURKEY HUB

OUR BRANDS

Fater wants to deliver innovative products that improve people's lives, with constant focus on understanding and anticipating new trends while combining innovation and sustainability.



Innovation investments

4% of yearly turnover

Fater product line-up is extremely wide and deep to meet the needs of consumers and distribution partners. **Innovation is what drives the company's development, and being constantly attentive to people's needs leads to continuous improvements and new product concepts.** The Company is investing about 4% of yearly turnover on innovation.

In the past two years, Fater brands have embraced a social purpose to really help society and contribute to build a better world.



Lines

is committed to building a world free of gender discrimination



Pampers

wants to support parenting

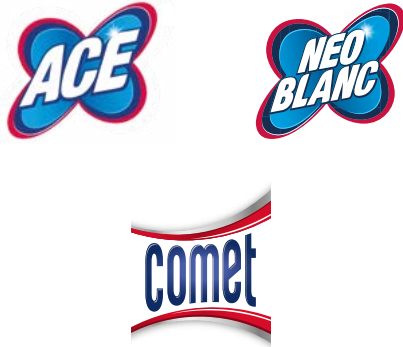


Ace

is promoting awareness on taking care of public spaces



HOME AND FABRIC CARE



INCONTINENCE
PRODUCTS

LINES
SPECIALIST

INTERNAL
TAMPONS

TAMPAX

BABY FOOD DISTRIBUTION



BABY
DIAPERS
AND WIPES



FEMALE
SANITARY
PADS



Fater's social responsibility projects and brands are outlined in the third chapter of the Report
Everyday a Better Society.



HISTORY

For more than 60 years, the company has experienced the evolution of society, the change in customs and languages, and the growth of environmental and social awareness of citizens and consumers. Fater has been able to anticipate these changes by constantly listening to consumers and keeping a strong focus on innovation.

1958



The pharmaceutical entrepreneur Francesco Angelini founds the Company in Pescara

1963



Fater creates baby diaper market

1979



Linidor to return a full and dynamic lifestyle to those suffering from incontinence

2002



Increasingly complete range: Tampax and Dignity enter the Fater offer

Stilla eye drops is Fater's first hit



1960

It's the turn of the LINES feminine tampons: comfort, safety and discretion



1965

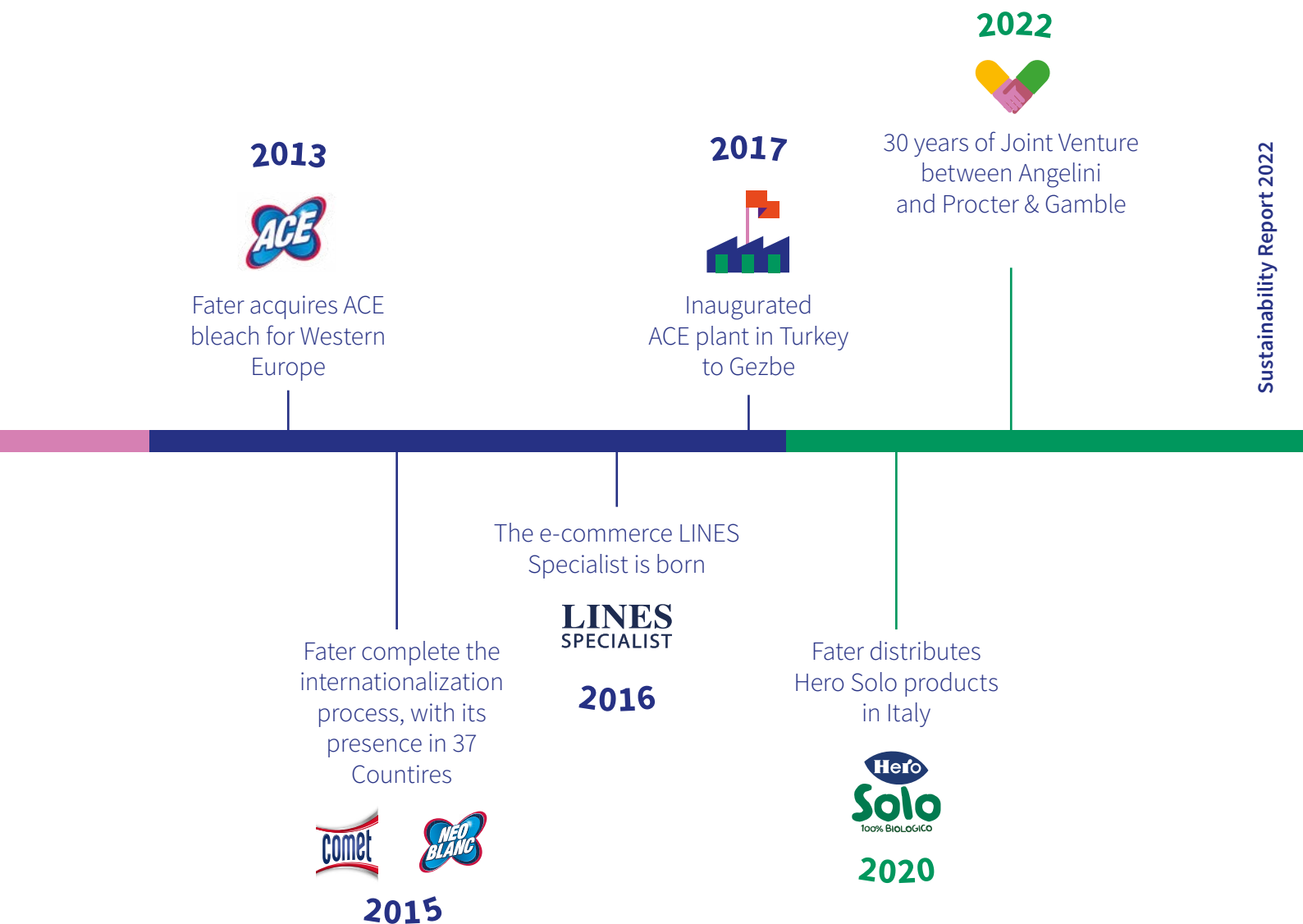
The first absorbent feminine Lines Ultra thin

Fater becomes a joint venture between Angelini Industries and Procter & Gamble



1992

There has always been a bustling atmosphere at Fater that has led the company's brands to be part of Italians' daily lives. Three out of four Italian households today use at least one of Fater products.



GOVERNANCE FRAMEWORK

Corporate Bodies of Parent Company Fater S.p.A.

Board of Directors

The Board of Directors consists of six members chosen by the two Shareholders. The Chairman of the Board of Directors and Board members have no operational role within Fater organization. The Board of Directors delegates part of their responsibilities to an Executive Committee consisting of two members from the Board (for more details, see the document “Fater Group Governance”).

BOARD OF DIRECTORS¹

Chairman	Giovanni Ciserani
Vice Chairman	Roberto Talamo
Director	Nicola Lopez
Director	Francesca Sagramora
Director	Antonio Bruno
Director	Massimo Marin
General Procurator	Antonio Fazzari
General Procurator	Marco Piscicelli

Executive Committee

The Executive Committee consists of two directors appointed and chosen by the Board of Directors (see document “Fater Group Governance”) and meets regularly to review the Group’s economic and financial performance. Specifically, operating performance in relation to the approved budget, projects on new product lines, investment projects on tangible and intangible assets, and restructuring projects. In turn, the Executive Committee reports periodically to the Board of Directors and the Board of Auditors on the Organization’s major operations.

The current members of the Executive Committee are Massimo Marin and Roberto Talamo.

General Manager

The General Manager is chosen and appointed by the Board of Directors. The current General Manager and Chief Operating Officer is Antonio Fazzari.

¹ Appointed on 19 October 2022, and in office until approval of Financial Statements as at 30 June 2023

Board of Auditors and Supervising Body

The Board of Directors is supported by a Board of Auditors and a Supervising Body appointed by the Shareholders' Meeting. According to the Law and the corporate bylaws, the institutional task of the Board of Auditors is to make sure laws and bylaws are complied with and to protect the integrity of the Group's assets as a guarantee to shareholders and any third parties, by interacting with Directors, shareholders, the Auditor, the Supervising Body and Control Functions.

BOARD OF AUDITORS²

Chairman	Fabrizio Marchetti
Statutory Auditor	Marco Massa
Statutory Auditor	Luigi Mandolesi
Substitute Auditor	Lorenzo Barbone
Substitute Auditor	Giuliano Mandolesi

The Supervising Body is responsible for regularly monitoring and verifying the effectiveness of the Group's Organization, Management and Control Model, as well as updating the Model following changes in the regulations or the organization.

SUPERVISING BODY³

Permanent Member	Daniele Del Monaco
Permanent Member	Riccardo Scurti
Permanent Member	Giuseppe Emiliano Vaciago

AUDITING COMPANY

Deloitte & Touche SpA

Breakdown by Gender

The following table breaks down the people belonging to the corporate bodies described above by gender, for the current fiscal year and the one before:

	FY 2020/2021 FY 2021/2022		
	women	men	total
Board of Directors	1	5	6
Board of Auditors	-	5	5
Supervising Body	-	3	3

In Fater Group's current organizational structure, the Parent Company Fater S.p.A. is also responsible for providing strategy and functional coordination to the other affiliates of the Group.

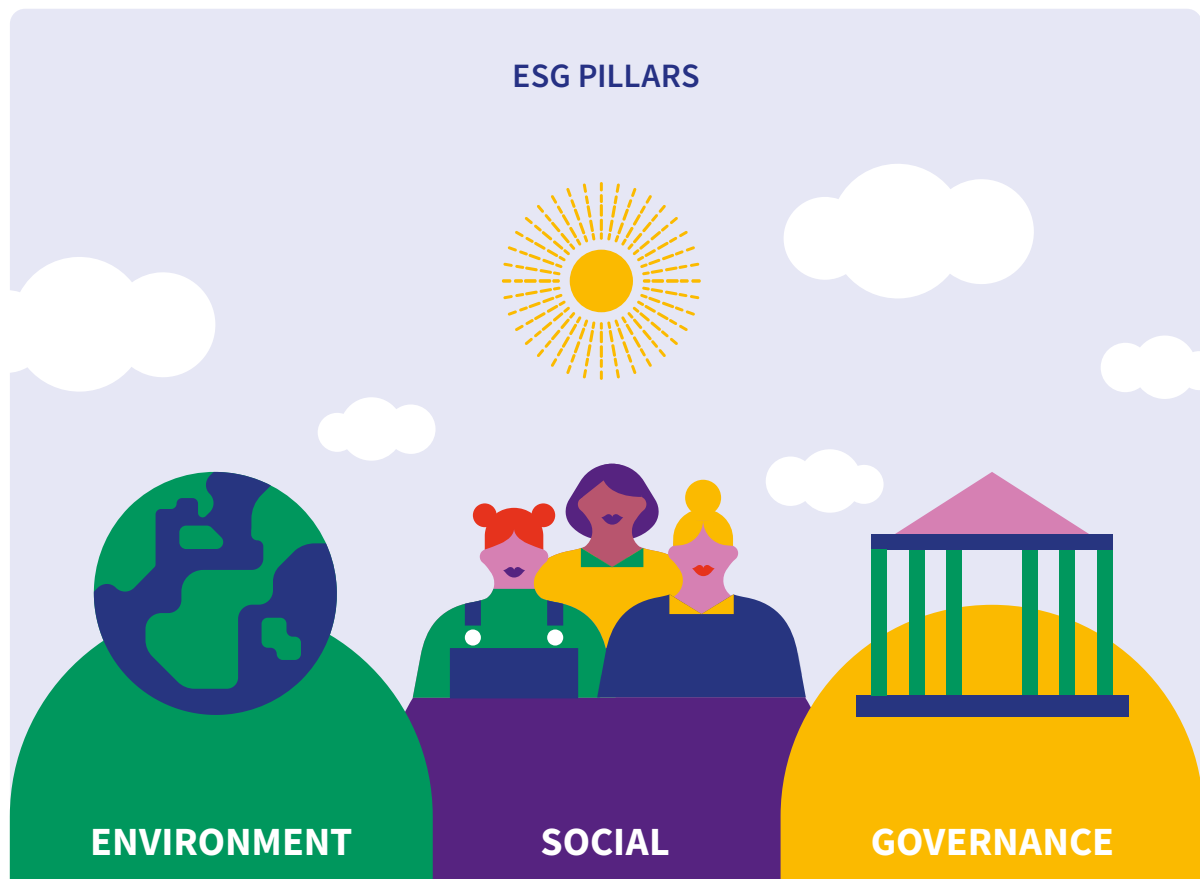
² Appointed on 14 October 2022, and in office until approval of Financial Statements as at 30 June 2024

³ Appointed on 19 October 2022, and in office until approval of Financial Statements as at 30 June 2023

SUSTAINABILITY AT FATER

Fater believes that supporting people development within the company and in society, making your own contribution to protecting the planet, and working transparently is the best way to go for sustainable growth of the Group and its brands.

Sustainability at Fater is a core element which defines the Group's industrial strategy. The aim is to grow the present and future value of the Group and its brands using a multi-stakeholder approach.



Each of these areas has annual and multi-year projects, has clear leadership and dedicated teams, and is subject to regular monitoring to check progress against goals.

SUSTAINABILITY GOVERNANCE

Fater's focus on sustainability can count on a well-defined organizational structure consisting of:



LEADERSHIP TEAM

The Leadership Team, led by the General Manager and the Directors of all functions, which approves the ESG strategy, the plans and targets proposed by teams guiding ESG reference areas (People First, Net Zero, Governance, see below).



CORPORATE SUSTAINABILITY TEAM

The Corporate Sustainability Team, part of the Corporate & Sustainability Communication Department, whose main tasks are: i) spreading ESG culture and knowledge across the organization, ii) reconciliation of different activities done in ESG teams, iii) monitoring KPIs.

Sustainability approach is cross the entire Organization and concerns all its departments. Cross- functional teams or teams in specific departments have been structured to develop sustainability areas and projects and with which Corporate Sustainability interacts:



ENVIRONMENT

Net Zero Team, aiming to lead the Company on the path to decarbonization.



SOCIAL

People First and DE&I Team, whose purpose is generating a positive business environment and an inclusive organization that values diversity; **Marketing Team** developing projects in favor of the communities, with different projects for each brand.



GOVERNANCE

Governance Team, designed to set up the conditions for responsible and transparent business management on a daily basis.

Also, the Corporate Sustainability Team supports all other corporate functions in creating the processes and skills needed to implement projects in ESG area. In collaboration with the Internal and External Communications functions, it proposes and develops engagement plans on ESG issues.

Once a month, a **ESG Drumbeat meeting** is held where the CS Team keeps the Leadership Team up to date with the projects being developed and targets monitoring and shows the latest benchmarks and any new regulations on sustainability and materiality analysis and assessment.

FATER SUSTAINABILITY STRATEGY

Fater's sustainability journey has evolved over the years. First, the company approached the environmental aspects of sustainability, then began focusing on each stage of the life cycle (upstream, corestream, downstream) and eventually gained an overall vision of sustainability as described below.

During 2021-2022, the Group took an organic approach to Corporate Sustainability and

built an organizational structure, decision-making, planning and monitoring processes based on the goals set.

Over the same year, Fater developed the materiality analysis helped by consultants with relevant stakeholders involved, defined the scope of its action (Fater Sustainability Framework) and the roadmap with medium- and long-term objectives.

**THERE ARE 3 AREAS FATER
INTENDS TO FOCUS ON**



“For You”

the people at the center, as the driver for all ESG actions.

Although Fater has already defined corporate commitments that include sustainability and launched projects about it, **developing a formal framework with clear ambitions and goals is a key step in the Group's sustainability journey.**

By leveraging the outcomes of the materiality assessment and workshops with selected leaders, managers and ambassadors within the Group, Fater aimed to strengthen the bond between sustainability strategy and business.

This vision has been translated into Fater's ambition **"We work for a better tomorrow by protecting what matters, every day"**, which contains the element of time as commitment to the future and the concept of tangibility conveyed by the verb "to work".

Our commitment wants to be real, starting right from the sense of protection generated by the very product categories Fater specializes in.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

The materiality analysis was the first step in the development of the sustainability strategy and allowed us to identify the environmental, social, and governance (ESG) aspects that are most relevant to Fater and its stakeholders by actively listening to them.

We used the new “**double materiality**” approach introduced by the CSRD (Corporate Sustainability Reporting Directive), which considers **impact materiality** and **financial materiality**.



Double materiality

Based on this methodology, an issue is considered to be material from an impact standpoint (impact materiality) if the organization may cause actual or potential impacts on it on the short or long run. Impacts can either be those caused directly or indirectly by the organiza-

tion, as well as those related to the value chain.

Similarly, an issue is financially relevant (financial materiality) if it can generate financial effects, either immediate or future, on the organization.



Stakeholders mapping

- ▼ **Mapping** and assigning priorities to **stakeholders**
- ▼ **Selecting the groups of stakeholders** to engage in the materiality analysis



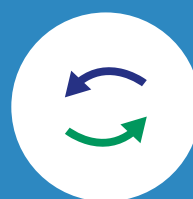
Stakeholder engagement

- ▼ **Benchmark** analysis to identify the ESG issues to analyze
- ▼ **Surveying**
- ▼ Interviewing Leadership Team members and stakeholders



Synthesis and interpretation

- ▼ Analysis based on the survey and interview outcomes
- ▼ **Sharing results with the Sustainability Team**



SDGs SYNC

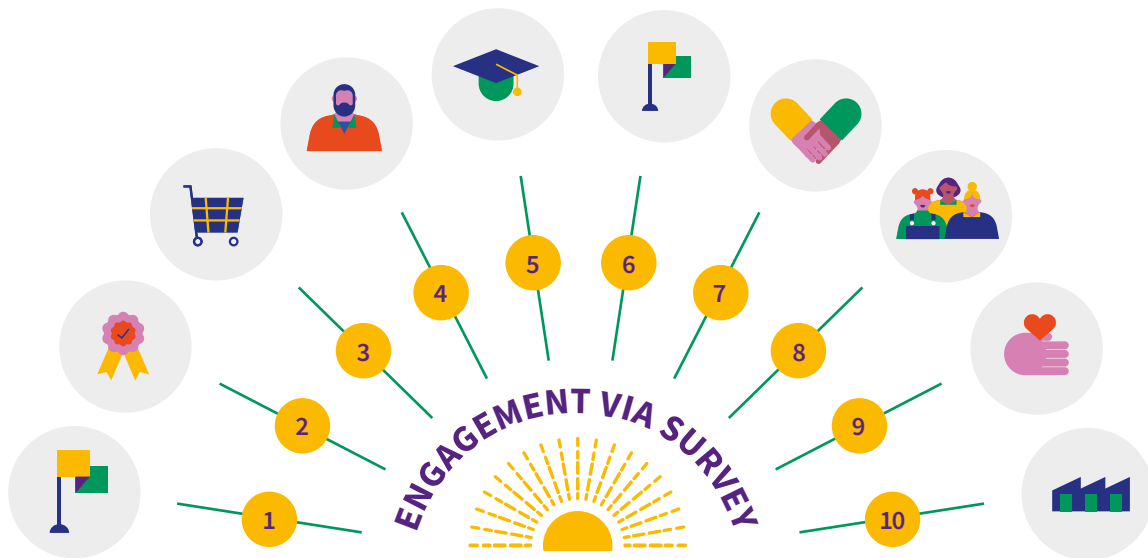
- ▼ **Synching with the most relevant SDGs**, consistently with materiality analysis results

The materiality analysis was carried out in four steps.

1° Identification and mapping of most relevant stakeholders



2° Survey modelling and stakeholders engagement



1. LEADERSHIP TEAM
2. SHAREHOLDERS (2)
3. CUSTOMERS (26)

4. CONSUMERS (41)
5. ACADEMIA (8)
6. EMPLOYEES (84)

7. SUPPLIERS (22)
8. COMMUNITIES (3)
9. NGOs/ONLUS (4)

10. INDUSTRIES,
BUSINESS PARTNER,
ASSOCIATIONS (7)

OUR SURVEY NUMBERS

10 stakeholder categories involved

60% redemption rate achieved

269 separate responses broken down by category

3° Individual interview on same themes about of ESG Survey

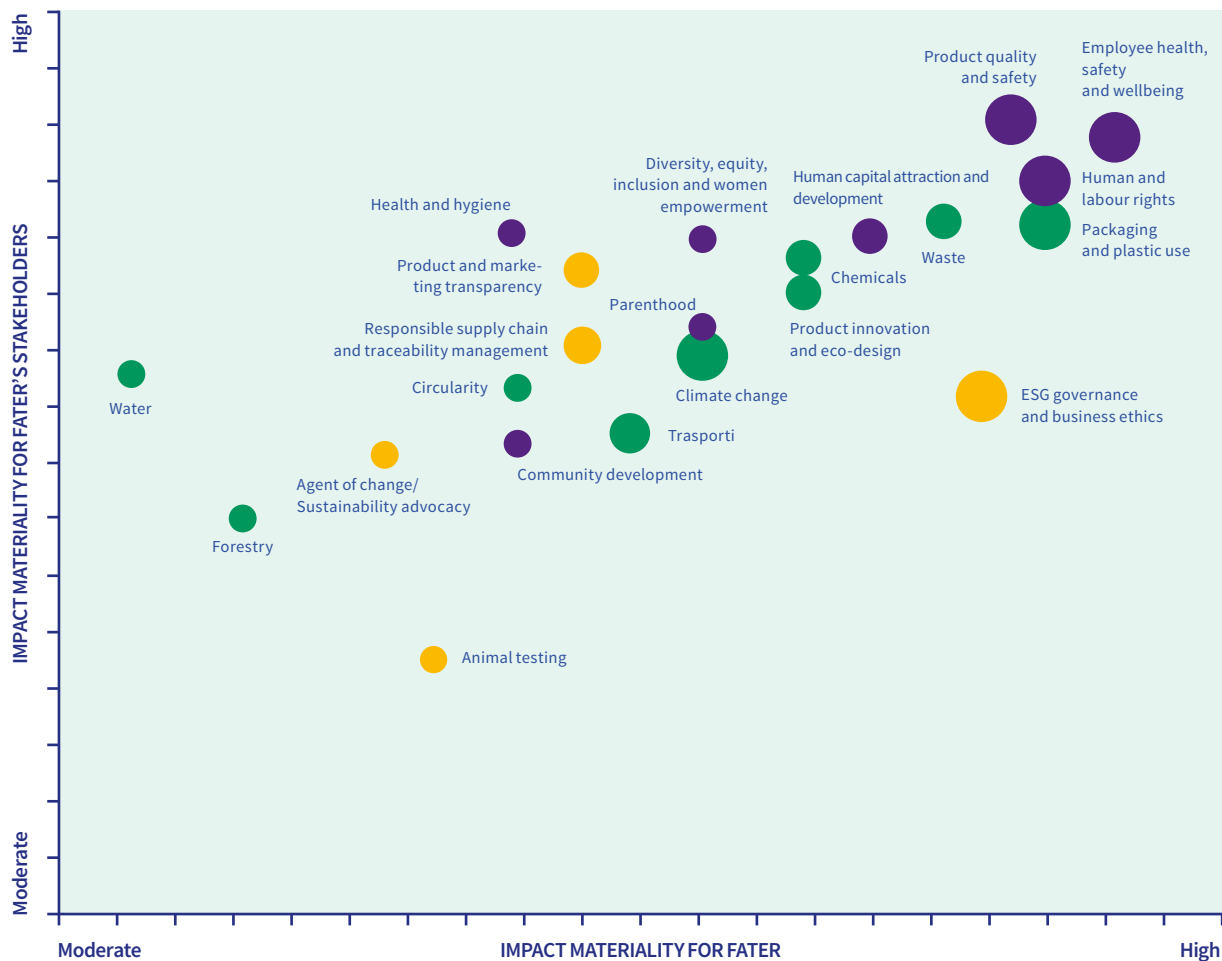
MATERIALITY TOPICS EVALUATED BY RESPONDENTS



4° Clusterization of analisys themes and matrix creation



Below, the final matrix shows the issues ranked on the x-axis by relevance expressed by Fater leaders and shareholders, while the y-axis shows the perceptions of other stakeholders. Instead, the size of the spheres indicates the financial relevance of that specific issue, as assessed by Fater leaders and shareholders.



ENVIRONMENTAL

- Packaging and plastic use
- Waste
- Product innovation and eco-design
- Chemicals
- Climate change

SOCIAL

- Product quality and safety
- Employee and labour rights
- Human and labour rights
- Human capital attraction and development
- Diversity, equity and inclusion
- Parenthood
- Community development

GOVERNANCE

- ESG Governance and business ethics
- Product and marketing transparency

The bubble size represents the ESG topic financial materiality

- Low
- Medium
- High

The 30 ESG issues assessed in the survey were selected through a benchmark analysis with companies comparable to Fater and major industry trends. Therefore, they all came up as moderately to highly relevant.

Specifically, here are the thoughts about those issues considered as the most relevant, which are therefore included in quadrant in the top right corner. The materiality analysis revealed some specific red flags for each of the three aspects considered:



ENVIRONMENTAL

Packaging and Waste are the most relevant issues and this fits in well with the product being at the core and with its quality recognized by customers and consumers. Packaging and waste materiality comes precisely from the daily use and dissemination of our brands. Similarly, we also found high relevance of chemical components, typical of the Home and Fabric Care category, and product innovation, which has always been considered a strength of Fater.

Climate Change comes up as very relevant, especially financially - and interviews revealed that as a cross-cutting topic intertwined with the other major environmental issues. Climate change, which is less tangible by nature, is in fact the common thread that ties all the other issues together.



SOCIAL

Social issues turned out to be highly relevant to stakeholders both inside and outside the Group. In particular, **product safety and quality and employee wellbeing and safety appear to be the most material** issues from a financial perspective as well.



GOVERNANCE

"ESG Governance" and "Business Ethics" are strategically relevant for Fater's materiality impacts. In their interviews, the Leadership Team confirmed to be as attentive to transparency and acting responsibly as the external stakeholders.

FATER SUSTAINABILITY KPIs AND TARGETS

To actually pursue its ambition Fater has worked in defining medium- and long-term goals consistent with the most relevant issues that emerged from the materiality analysis.

Not only does Governance guide tracking of Actual data, but it will also serve as the foundation to gauge progress and achievement of future goals.

Contribute to a better Society	Diversity & inclusion	3.8% Gender pay gap		0% gender pay gap	
		78% satisfaction Internal survey	≥ 80% satisfaction Internal survey		
		36.5% women management level			Gender-balance at Mgmt level
	Giving back	140k positively impacted people	≥ 600k positively impacted people		
FOCUS AREA	DRIVERS	FY 21/22	2025	2030	2040
Climate Protection	Science Based Target			-42% Scope 1&2 emissions ⁴	Net Zero target
				-25% Scope 3 emissions ⁴	
	Sustainable by design	Process to be defined	100% New launches w/ ≤ CO ₂ emissions		
	Responsible use of resources	-5.2% virgin plastic in packaging ⁴ Policy to be defined	-50% virgin plastic in packaging 80% weighted suppliers with a commitment consistent with Fater ESG targets	-75% virgin plastic in packaging 100% suppliers ESG policy compliant	
	Disruptive innovation	0.3% volume sales from disruptive innovations		25% of volume sales from disruptive innovations	

⁴ vs base FY 2020/2021. For scope 3, consider the Categories of GHG Protocol 3.1, 3.3, 3.4.



GENDER PAY GAP

Including all permanent contracts within the workforce; actual value 38 (difference in percentage between men and women) calculated as pay gap arithmetic mean on each contract (Top managers, Middle managers, Junior managers and white collar), taking into account seniority effect.



INTERNAL SATISFACTION SURVEY

Satisfaction about workers' wellbeing measured yearly through an anonymous internal survey, managed by an external company.



GENDER BALANCE AT MANAGEMENT LEVEL

Equal number of women and men having managerial positions considering the current CCNL contractual positions First-line Managers, Middle Managers and Top Managers (including the Leadership Team).



POSITIVELY IMPACTED PEOPLE

Includes the number of people who received a positive impact from the social responsibility projects described later in the report (Lines WeWorld, Lines Domande Scomode, Pampers Heart4Children, Ace Retake, Banco Alimentare food bank).

Target of 600k to 2025, it is considered as a year on year cumulative data of the people impacted.



SCIENCE BASED TARGET INITIATIVE (SBTi) GOALS AT 2030 AND 2040

Will be illustrated following in the paragraph "Carbon Footprint and SBTi targets".



LESS VIRGIN PLASTIC IN PACKAGING

Reduction of virgin plastics purchased tons based on MSUs produced on FY base 2020/2021.



ESG POLICY FOR SUPPLIERS

This policy includes the most relevant ESG issues which our suppliers must comply with.



NEW LAUNCHES WITH LOWER CO₂ EMISSIONS

All new product launches must have lower or equal CO₂ emissions without worsening the overall LCA (*Life Cycle Assessment*).



BREAKTHROUGH INNOVATIONS

Breakthrough innovations having significant positive environmental impact, while generating new business models for Fater able to lead consumers to new usage habits.

The **2030 Agenda for Sustainable Development** is a plan of action for people, planet and prosperity signed on September 25, 2015 by the governments of the 193 United Nations member states and approved by the UN General Assembly.

17 SUSTAINABLE DEVELOPMENT GOALS - SDGS



SUSTAINABLE DEVELOPMENT GOALS

169 targets to be achieved by 2030

The sustainable development goals set have a global scope, affect and involve all the countries and members of society, from private companies to governments, civil society to information and culture players.

The 17 Goals cover a set of important development issues that consider the three dimensions of sustainable development – economic, social and environmental – in a balanced way, aiming to end poverty, fight inequality, tackle climate change, build peaceful societies that respect human rights.

Based on those 17 goals, Fater has identified the most appropriate SDGs relating to its strategy and the materiality analysis.





EVERYDAY CLIMATE PROTECTION

Innovation takes many forms and directions. Ours travels Everyday further toward a sustainable future. Fater's contribution to the planet is focused on the consistent reduction of our environmental impact. We are committed to taking action now to ensure the well-being of all both today and for generations to come.

Everyday matters

FUTURE IS BUILT EVERY DAY

GOALS 2025



-50% virgin plastic in packaging



80% weighted supplier with a commitment consistent with Fater ESG target



100% new launches with \leq CO₂ emissions

GOALS 2030



-75% virgin plastic in packaging



100% suppliers ESG policy compliant



25% of volume sales from disruptive innovation



-42% Scope 1&2⁵



-25% Scope 3⁵

GOALS 2040



Net Zero⁶

⁵ vs base FY 2020/2021. For scope 3, consider the Categories of GHG Protocol 3.1, 3.3, 3.4.

⁶ vs base FY 2020/2021.

COMMITMENT TO FIGHT CLIMATE CHANGE

The environmental priority that Fater has set is the commitment to fight climate change.

There are a number of elements that made us make this choice:

URGENCY

The climate crisis is the greatest challenge ahead of humanity. Average global temperatures have increased by about 1.2° since pre-industrial times due to higher concentrations of carbon dioxide in the atmosphere resulting from human activities. This has already caused a significant increase in the frequency and intensity of extreme weather events, impacting the lives of millions. The hotter the climate gets, the bigger the impacts. We need to act now;

RELEVANCE FOR STAKEHOLDERS

The actions aiming to cut CO₂ emissions are a response to the most relevant issues brought up by stakeholders during the materiality analysis. The scientific approach to measuring the impact of the Organization's activities, both inside (scope 1&2) and outside (scope 3) of its direct scope of action allows to hit all stages of the value chain, from the use of raw materials (ecodesign, materials and packaging) to the end of the product's life, through production and logistics;

COOPERATION WITH PARTNERS

The direct connection between all the players along the value chain Extractor - Supplier - Company - Customers - Consumers results in multiple linkages which help cascade the benefits of lower emissions down to the players downstream. **Because climate change is a global challenge** embraced also by **business partners, joining it means actively engaging in a major team effort.**



March 2022

Commitment to Science Based Target Initiative

Since March 2022 Fater Group has therefore joined the **Science Based Target Initiative** aiming to set scientifically calculated **decarbonization targets** in line with the Paris Agreement's decisions and fight climate change and the resulting rise in the Earth's temperature.

BY THE FISCAL YEAR 2029/30, FATER COMMITS TO REACH THE FOLLOWING GOALS VS FY 2020/2021



Reducing Scope 1 and 2 emissions by 42%

in order to help keep global warming within +1.5 °C compared to pre-industrial times



Reducing Scope 3 emissions by 25%

in target categories to keep global temperature rise well under 2 °C

Therefore, Fater has set even more challenging goals for Scope 1 and 2 emissions, as they are caused both directly – for Scope 1 – and indirectly by the use of electricity purchased from the grid – for Scope 2 – in its own production processes, where the actions should be even more vigorous.

Looking at the big picture, these mid-term targets are a key milestone on the path to becoming a **Net Zero company by 2040**. Hitting these targets requires the overall reduction of Scope 1, 2, and 3 emissions by over 80% and compensation for unavoidable emissions by purchasing carbon sequestration certificates⁸.

Carbon footprint and SBTi targets

In order to define quantitative parameters, timeframes, and actions necessary to achieve the decarbonization target reported to SBTi, a **Carbon Footprint analysis according to the Greenhouse Gas Protocol** (GHG Protocol) parameters was initiated during FY 20/21 to better quantify the total emission impacts generated by the Organization.

The Carbon Footprint gives an estimate of greenhouse gas emissions into the atmosphere caused by an organization, usually expressed in tons of CO₂ equivalent, calculated over the entire life cycle of the system analyzed.

To report its emissions Fater has considered all the emissions of CO₂ equivalent generated throughout the supply chain, from production processes and their energy consumption, to raw materials purchased from suppliers, from investments in capital goods to employees commuting to work, etc. All four production plants of Fater Group were included in the analysis. Based on this analysis, Fater's total Carbon Footprint for the fiscal year 2020/21⁹, within the scope considered, is 600,000 tons of CO₂ equivalent. Fater does not sell any product that results in direct use phase emissions. Hence, in accordance with SBTi guidelines, Fater's indirect use phase emissions were not included in the baseline. This value is the basis to calculating the emission reduction targets that the organization has set itself and it is detailed below.

⁸ Carbon Sequestration means the capture and long-term storage of carbon dioxide (CO₂) in soil and plants. CO₂ is naturally taken from the atmosphere through biological, chemical and physical processes. These changes may be accelerated by alterations in the use of soil and agricultural practices, or artificial processes.

⁹ The data on emissions generated in fiscal year 2020-2021, especially carbon footprint data from July to December 2020, were estimated considering sales volume, as they were originally calculated on the calendar fiscal year (January 2020 – December 2020).



Science Based Target initiatives

BUSINESS AMBITION FOR 1.5°C



The Science Based Target initiative is a collaboration between the Carbon Disclosure Project, the United Nations Global Compact, the World Resources Institute and the World Wide Fund For Nature. SBTi supports companies to define a sustainable path to reduce greenhouse gas emissions. The goal is to help companies contribute to limit the rise in global warming and guide them on a path to sustainable growth in the future.

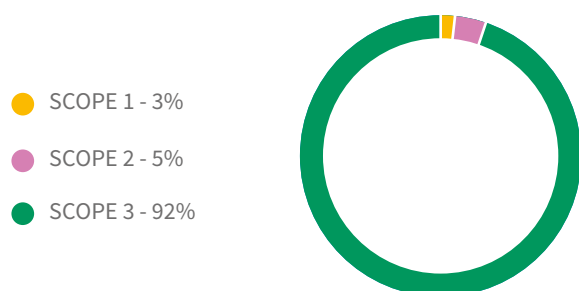
	Baseline FY 2020/2021 (Ktons CO ₂ eq.)	Target FY 2029/2030* (Ktons CO ₂ eq.)	Remarks
Scope 1&2 (natural gas, other fuels and electricity purchased)	31	18 (-42%)	
Scope 3 (raw materials and finished products, packaging, logistics, waste, product end of life, etc.)	569	468 (-18%)	25% reduction on these categories: 3.1 Raw materials 3.3 Inbound and outbound logistics and 3.4 Energy upstream tasks
etc.)	600	486 (-19%)	

*residual emissions

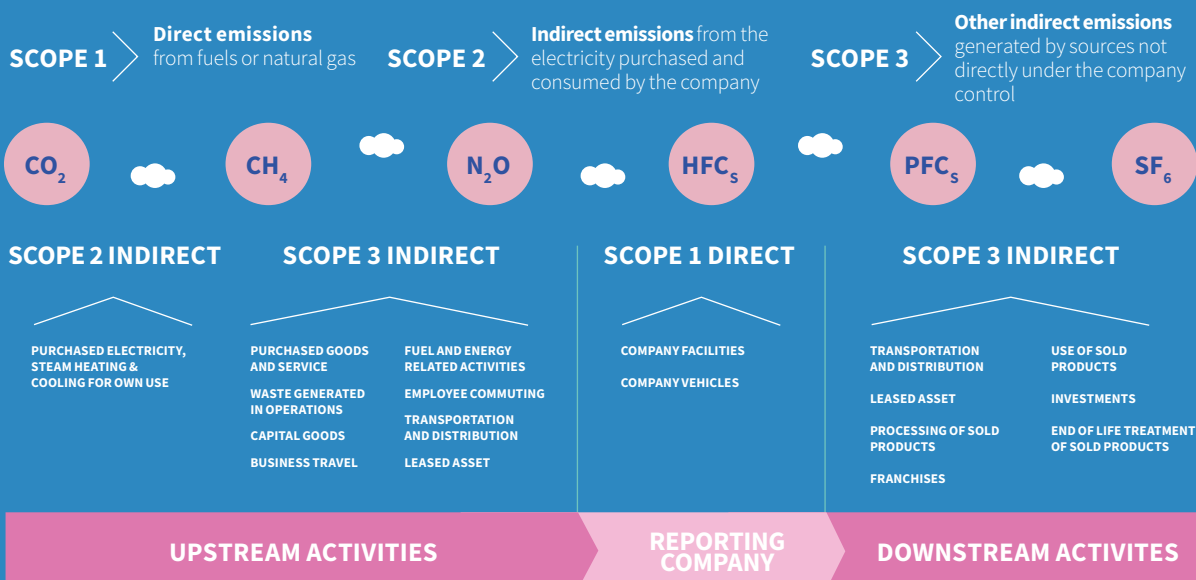
Additionally, over the past few months Fater has updated its Carbon Footprint as it reported on fiscal year 2021/22⁸. According to this analysis, Fater's impact was 616,000 tons of CO₂ equivalent, slightly more than the previous year due to larger production volumes, with a vast majority of Scope 3 emissions.

The rise in Scope 1 emissions in FY 2021/22 over the previous year is caused by increased use of natural gas in cogenerators at the Campochiaro plant. In a general economic situation with strong market tensions along supply chains - including energy - we were able to sell our energy surplus to the grid and meet the needs of other players.

Higher fuel consumption in the FY 2021/22 is due to a return to a normal level of business-related travels after Covid-19 restrictions, especially in the area of handling relationships with our distribution Customers.



GHG (greenhouse gas) Protocol – Scope 1, 2, 3



SCOPE 1 EMISSIONS	FY 2020/2021		FY 2021/2022	
Natural Gas	smc	tonCO _{2e}	smc	tonCO _{2e}
	4,993,067.00	10,146.69	7,642,383.00	15,539.10
Diesel for generators	lt	tonCO _{2e}	lt	tonCO _{2e}
	3,919.00	10.62	3,700.00	9.99
Fuel for vehicles or corporate fleet	lt	tonCO _{2e}	lt	tonCO _{2e}
Diesel	163,155.00	440.90	205,526.00	554.00
Gasoline	405.00	0.95	1,170.00	2.74
LPG	0.00	0.00	0.00	0.00
Fuel oil for emergency pumps	ton	tonCO _{2e}	ton	tonCO _{2e}
	0.27	0.90	0.50	1.60
F GAS	kg	tonCO _{2e}	kg	tonCO _{2e}
HFC-134a ¹⁰	1,438.00	2,056.00	0.00	0.00
TOTAL SCOPE 1		12,655.16		16,105.83

Consistent with DEFRA guidelines, data regarding direct CO₂ emissions from biologically sequestered carbon (e.g., CO₂ from biomass/biofuel combustion) are reported separately from Scope 1.

BIOFUELS	FY 2020/2021		FY 2021/2022	
	ton	tonCO _{2e}	ton	tonCO _{2e}
Biodiesel	28.71	5.00	1.53	0.29
Palm oil	12,820.00	0.00	2,014.00	0.00

Calculations in the table above refer to emissions of CO₂ equivalent. However, as indicated by DEFRA and the GHG Protocol, net CO₂ emissions are to be considered zero.

For full adherence to the GRI Standards, Scope 2 emissions related to electricity purchase and consumption were calculated through both the location-based and market-based approaches. While the location-based methodology considers the average GHG emission intensity of the networks where energy is consumed using mainly data on the network average emission factor, the market-based methodology considers emis-

sions from electricity which the organization has intentionally chosen under a contract.

Please note that for the purposes of the SBTi objectives, the market-based methodology was used, as required by the initiative.

The growth in Scope 2 emissions in FY2021/22 over the previous year is due to more electricity purchased from the grid, which offset lower use of the palm oil-fired cogenerator at the Pescara plant. This change in supply sources reflects the tensions that have impacted the energy industry.

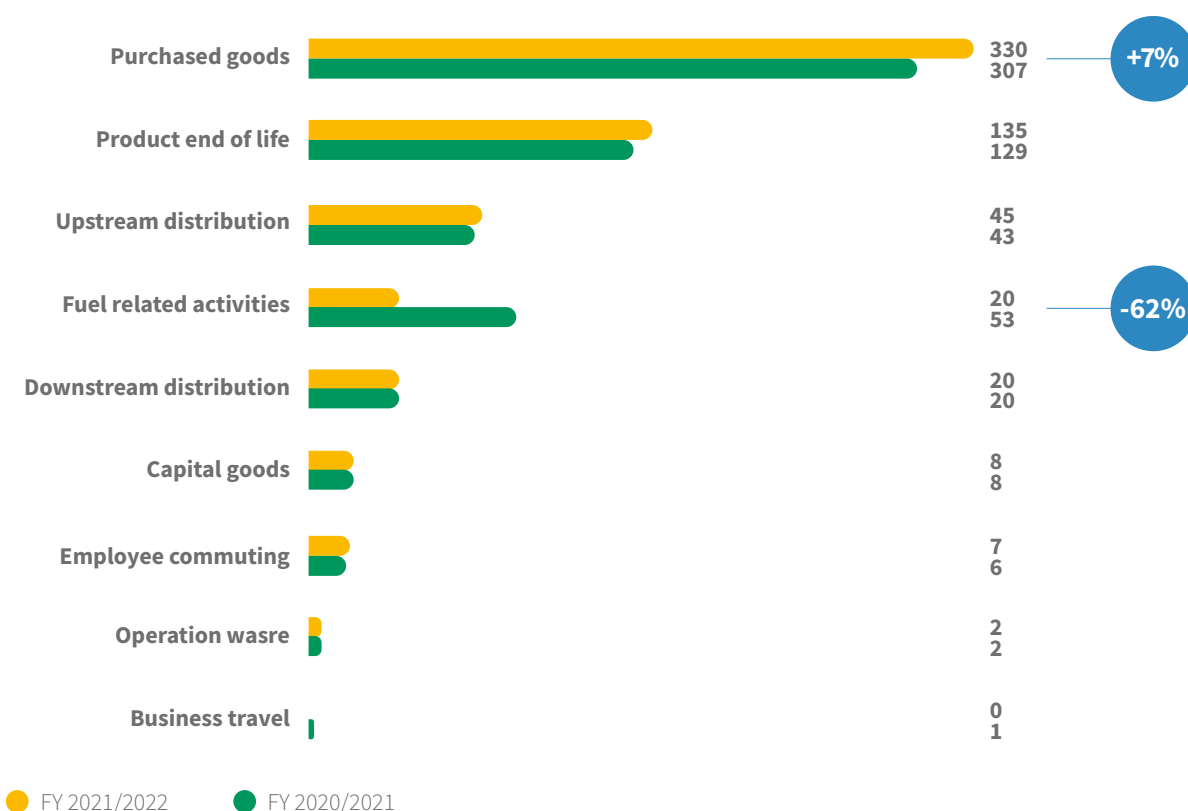
¹⁰ For FY 2020/2021 only F-GAS emissions from the Pescara plant related were calculated because that was the only time when there was a leak of refrigerant gas, consequently generating CO₂ emissions.

SCOPE 2 EMISSIONS	FY 2020/2021		FY 2021/2022	
	Kwh	tonCO _{2e}	Kwh	tonCO _{2e}
Electricity – Location Based	40,823,667.00	13,675.22	73,717,343.00	21,308.00
Electricity – Market Based	40,823,667.00	18,376.06	73,717,343.00	33,131.36

As pointed out above, and similar to other companies operating in FMCG, Scope 3 emissions account for the major share (92%) of total emissions, with 567,000 tons of CO_{2eq} recorded in FY 2021/22.

In terms of variations in total Scope 3 impacts, FY 2021/22 shows a broadly similar figure compared to the previous year, in which emissions had been 569,000 tons of CO_{2eq}, despite production volumes – and thus quantities of raw materials purchased – increasing by 4.8 percent. This was because of the reduction in emissions associated with the lower use of palm oil in the cogenerator at the Pescara plant and because of the early benefits of the plans rolled out on products and packaging (see next section on ongoing plans), which more than offset the effect of rising volumes.

SCOPE 3 EMISSIONS - BREAKDOWN BY CATEGORY (FY 2021/2022 VS FY 2020/2021, IN KTCO₂EQ)



Among the various categories that contribute to Scope 3 emissions, purchased raw materials account for about 58% of the total. This highly relevant value has led – and will increasingly lead – Fater to place sustainability at the core of its interactions with partner suppliers. Fater’s ambitious SBTi goal of reducing CO₂ equivalent emissions can be achieved through the increasingly virtuous collaboration between suppliers and customers within the same value chain, by the principle that “**sustainability is only done together**”.

ENERGY CONSUMPTION

Environmental stewardship is a corporate priority and a key factor in contributing to planet-friendly goals. Fater is therefore committed to applying the highest environmental protection standards.

OUR COMMITMENT TO ENVIRONMENTAL PROTECT



Implementing, maintaining and constantly improving the **Environmental Management System standards set by ISO 50001 - 14001 and EMAS¹¹**, which are voluntary tools developed by the European Community to assess and improve the environmental performance of a business;



Always focusing on **reducing waste generated by business operations and cutting emissions in the atmosphere**;



Implementing a **monitoring and control plan** aimed at an increasingly efficient use of the energy, materials and water needed to run production processes.

THE MAIN ENERGY CONSUMPTIONS AFFECTING FATER INCLUDE



Electricity, used in production plants and for office lighting.



Natural gas, used in co-generation plants in Campochiaro and for plant heating.



Fuel for the corporate fleet.

In the last fiscal year, Fater Group consumed **359.853,02 GJ** of fuel, of which **22% from renewable sources**.

Remaining part is represented by natural gas for 76% and fuel for the corporate fleet for about 2%.

¹¹ ISO 9001, ISO 14001 and EMAS rolled out in Campochiaro and Pescara; ISO 45001 rolled out in Pescara and Porto.

FUEL CONSUMPTION	Unit of Measurement	FY 2020/2021	FY 2021/2022	GJ Conversion Factors	FY 2020/2021	FY 2021/2022
Natural Gas		4,993,067	7,642,383	GJ/Sm3	179,175.37	274,245.61
For heating	smc	320,426	914,273	GJ/Sm3	11,498.43	32,808.53
For cogenerator and other	smc	4,672,641	6,728,110	GJ/Sm3	167,676.94	241,437.08
Diesel for generators	lt	3,919	3,700	GJ/lt	140.90	133.03
Fuel for vehicles/ corporate fleet		163,560.00	206,696.00	-	5,897.44	7,450.42
Diesel ¹²	lt	163,1555	205,526	GJ/lt	5,854.64	7,412.42
Gasoline	lt	405	1,170	GJ/lt	13.15	38.00
LPG	lt	-	-	GJ/lt		
Fuel oil for emergency pumps	ton	0.27	0.50	GJ/lt	12.48	23.11
TOTAL NON-RENEWABLE SOURCES		5,160,546.47	7,852,779.50		185,226.18	281,852.17
Biomass (palm oil)	ton	12,820.00	2,014.00	GJ/ton	496,134.00	77,941.80
Biodiesel	ton	28.71	1.53	GJ/ton	1,111.23	59.06
TOTAL RENEWABLE SOURCES		12,848.71	2,015.53		497,245.23	78,000.86

In 2021-2022, 28% of 369,226 GJ of electricity consumed¹³ comes from vegetal biomass. Over 34 million kWh were self-generated by the Fater Group through a vegetable oil biomass-fired cogeneration system at the Pescara plant and methane gas-fired cogeneration system at the Campochiaro (CB) plant. Of these, 15% were sold to third-party companies.

The increase in purchased electricity, which rose from 146,965 GJ to 265,382 GJ in the last fiscal year, over self-generated energy, is mainly a result of the company's need to ensure business continuity of operations. Just as in the general international economic scenario of utilities, there have indeed been tensions over the continuity of supply of the vegetable oil biomass supply chain.

CONSUMPTION OF PURCHASED ELECTRICITY (in kWh)	Unit of Measurement	FY 2020/2021	FY 2021/2022	GJ Conversion Factors	FY 2020/2021	FY 2021/2022
Electricity purchased from non-renewable sources	Kwh	40,823,667	73,717,343	GJ/KWh	146,965	265,382
Electricity purchased from renewable sources	Kwh	-	-	GJ/KWh	-	-
TOTAL ELECTRICITY PURCHASED	Kwh	40,823,667	73,717,343	GJ/KWh	146,965	265,382

¹² The figure for diesel fuel used in the Campochiaro and Pescara business fleets was equally divided between the two plants (50%-50%) because the exact consumption of the two plants could not be calculated.

¹³ Sum of total purchased electricity and the amount of self-generated and consumed electricity.

CONSUMPTION OF SELF-GENERATED ELECTRICITY (in KWh)	Unit of Measurement	FY 2020/2021	FY 2021/2022	GJ Conversion Factors	FY 2020/2021	FY 2021/2022
Total self-generated electricity	Kwh	75,563,500	34,019,200	GJ/KWh	272,029	122,469
of which tot. electricity consumed	Kwh	63,723,628	28,845,496	GJ/KWh	229,405	103,844
of which tot. electricity sold	Kwh	11,839,872	5,173,704	GJ/KWh	42,624	18,625
TOTAL SELF-GENERATED ELECTRICITY	Kwh	75,563,500	34,019,200	GJ/KWh	272,029	122,469

Below is an overview of electricity consumption trends at the Pescara and Campochiaro plants.

CAMPOCHIARO ENERGY CONSUMPTION TRENDS ¹⁴	Unit of Measurement	FY 2020/2021	FY 2021/2022
Electricity	GJ	134,687.52	147,589.20
ENERGY CONSUMPTION TRENDS		134,687.52	147,589.20

PESCARA ENERGY CONSUMPTION TRENDS ¹⁵	Unit of Measurement	FY 2020/2021	FY 2021/2022
Electricity	GJ	207,380.01	209,779.80
ENERGY CONSUMPTION TRENDS		207,380.01	209,779.80

Finally, in line with the previous fiscal year, refrigerant gas consumed by Fater Group stood at **2,792 kg**, of which 79% is hydrofluorocarbon 134-a, mainly used as a refrigerant in compression refrigeration systems.

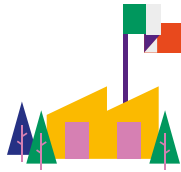
F-GAS (in Kg)	Unit of Measurement	FY 2020/2021	FY 2021/2022
R404A	Kg	80	80
R407C	Kg	167	167
R410A	Kg	179	179
R417A	Kg	90	90
R422D	Kg	44	44
R22	Kg	2	2
R32	Kg	7	7
HFC-134a	Kg	2,225	2,225
TOTAL COOLANT GASES	Kg	2,792	2,792

¹⁴ The baseline was set to the FY 20-21 Kwh/MSU consumption values set at 3315.01 Kwh/MSU. Although more MSUs were produced vs FY 20-21 (12011 MSUs produced), Kwh/MSU consumption remained stable at 3413.29 Kwh/MSU.

¹⁵ The baseline was set on the number of MSUs expected upon definition of FIRM 21-22.

WATER RESOURCES

Each production plant adopts a number of measures and procedures to monitor water consumption, which is the basis for identifying new ways to use water more efficiently.



CAMPOCHIARO PLANT

Fater pulls industrial water from wells owned by the Campobasso-Bojano Industrial Development Consortium (*Consorzio per lo Sviluppo Industriale Campobasso-Bojano*). The extra water coming from the production process is delivered to the wastewater system of the Industrial Consortium for treatment in their own sewage treatment plant. Both water pumped from the wells and wastewater are undergo chemical analysis according to the **Monitoring and Control Plan (MCP)** defined in agreement with the competent authorities and in compliance with the Integrated Environmental Authorization (AIA) No. 4614 dated September 29, 2016 as amended, and the EIA, Environmental Impact Assessment. We have also designed **projects to lower water consumption**, such as developing more concentrated formulas, reducing the number of rinses, etc.



PESCARA PLANT

Likewise, the Pescara plant monitors water withdrawal and discharge within the constraints set by the Single Environmental Permit. Specifically, the plant uses:

- ▼ **Potable water**, drawn from the municipal grid using two points of withdrawal, to supply the plant's civil uses (sinks, showers, cafeteria, etc.).
- ▼ **Groundwater**, which is withdrawn from 3 artesian wells and then undergoes iron removal, filtration, chlorine-disinfection and purified using osmosis. It is used in industrial plants (cooling towers, closed circuit make-up, departmental humidification system, etc.).
- ▼ **Reclaimed water**, withdrawn from a delivery point from the consortium and used for irrigation and fire-fighting pumping stations.



PORTO PLANT (PORTUGAL)

As far as foreign plants, the Porto (Portugal) plant uses two main water sources: groundwater, which is used in the production process, and the public water supply grid, which is used for toilets in the social areas. The plant also has an **Environmental Impact Statement** in place providing an annual report on the results of hydrogeological analyses conducted on all water withdrawn and discharged to verify its quality and compliance with the limits required by law.



GEBZE PLANT (TURKEY)

Water used in the Gebze (Turkey) production plant is supplied exclusively from the city grid. The plant in Turkey generates industrial wastewater, which are treated by a supplier and are not discharged directly by the Gebze plant. Domestic wastewater is discharged directly into the sewage system of the industrial area.

As shown in the tables below, 73.7% of the water withdrawn by Fater Group comes from third-party water networks, 25.8% from groundwater and the remaining 0.5% from surface water, totaling **744.37 megaliters** of water withdrawn in the last fiscal year (+3% vs 2020-2021) and **243.58 megaliters** of water discharge (+2% vs 2020-2021).

WATER WITHDRAWAL BY SOURCE AND TYPE (in megaliters)	FY 2020/2021		FY 2021/2022	
	total	Of which: from water stress areas	total	Of which: from water stress areas
Surface water	13.60	-	3.51	-
Of which: Fresh water ($\leq 1,000$ mg/l Total Dissolved Solids)	-	-	-	-
Of which: Other water ($>1,000$ mg/l Total Dissolved Solids)	13.60	-	3.51	-
Groundwater	196.02	-	192.19	-
Of which: Fresh water ($\leq 1,000$ mg/l Total Dissolved Solids)	7.09	-	24.00	-
Of which: Other water ($>1,000$ mg/l Total Dissolved Solids)	188.94	-	168.19	-
Seawater	-	-	-	-
Of which: Fresh water ($\leq 1,000$ mg/l Total Dissolved Solids)	-	-	-	-
Of which: Other water ($>1,000$ mg/l Total Dissolved Solids)	-	-	-	-
Water produced	-	-	-	-
Of which: Fresh water ($\leq 1,000$ mg/l Total Dissolved Solids)	-	-	-	-
Of which: Other water ($>1,000$ mg/l Total Dissolved Solids)	-	-	-	-
Water resources from third parties - water suppliers	506.82	-	548.68	-
Of which: Fresh water ($\leq 1,000$ mg/l Total Dissolved Solids)	506.82	-	548.68	-
Of which: Other water ($>1,000$ mg/l Total Dissolved Solids)	-	-	-	-
TOTAL WATER WITHDRAWAL (in megaliters)	716.44	-	744.37	-

WATER WITHDRAWALS FROM THIRD PARTIES (WATER SUPPLIERS) BY SOURCE (in megaliters)	FY 2020/2021		FY 2021/2022	
	total	Of which: from water stress areas	total	Of which: from water stress areas
Surface water	127.98	-	108.93	-
Groundwater	-	-	-	-
Seawater	378.840	-	439.740	-
Groundwater	-	-	-	-
Water produced	-	-	-	-
TOTAL	506.82	-	548.68	-

WATER DISCHARGE BY SOURCE AND TYPE (in megaliters) ¹⁶	FY 2020/2021		FY 2021/2022	
	total	Of which: from water stress areas	total	Of which: from water stress areas
Water resources from third parties - water suppliers	238.54	-	243.58	-
Of which: Fresh water ($\leq 1,000$ mg/l Total Dissolved Solids)	-	-	-	-
Of which: Other water ($>1,000$ mg/l Total Dissolved Solids)	238.54	-	243.58	-

Water consumption, calculated as the difference between the amount of water withdrawn and water discharged, is **441.64 megaliters** in 2021-2022, about 7% higher than the previous year mainly due to the increased production volumes of home care products characterized by “liquid formulas” (e.g. bleach and laundry detergent). In fact, the water consumption calculated per unit of standard volume is reduced by about 1% from the fiscal year 2020/2021 to 2021/2022.

TOTAL WATER CONSUMPTION (in megaliters) ¹⁷	FY 2020/2021		FY 2021/2022	
	total	Of which: from water stress areas	total	Of which: from water stress areas
Total water consumption	412.75	-	441.64	-



¹⁶ The table on water discharge shows the following omission: data are not currently available for the Gezbe plant because there is no monitoring system capable of properly measuring the amount of water discharged.

¹⁷ The table takes into account the scope limitation given in the previous Note.

WASTE GENERATED

Fater has always been committed to guarantee a virtuous waste management, enlarging during years its responsibility to the entire waste supply chain. Thanks to the huge effort so that the supplier in charge of waste first treatment do not confer waste to landfill, Fater records a percentage of waste to landfill between 0 and 0.5%.

In the last fiscal year, Fater Group generated **11.159,84 tons of waste, 78% of which is not hazardous**. The total amount of waste generated in FY 2021/2022 grew by 3.8%, while production volumes increased by 4.8%, thus showing a reduction in the amount of waste calculated per standard volume unit by about 1%. Like in 2020-2021, **81%** of the Organization's waste (9.012,36 tons) was **recycled or recovered**, while the remainder was disposed of.

The Gebze plant uses incineration processes with and without energy recovery to dispose of its hazardous waste. All waste produced by Fater's plants is disposed of and/or recycled at external facilities.

WASTE GENERATED (in tons)	FY 2020/2021	FY 2021/2022
Non-hazardous waste	8.468,57	8.683,901
Directed to disposal	107,98	92,51
of which: incineration with energy recovery	-	-
of which: incineration without energy recovery	-	-
of which: landfilling	-	-
of which: other disposal operations	107,98	92,51
Diverted from disposal	8.360,59	8.591,40
of which: preparation for reuse	-	-
of: recycling	7.051,36	7.301,12
of which: other recovery operations	1.309,23	1.290,28
Hazardous waste	2.283,81	2.475,93
Directed to disposal	1.824,42	2.054,97
of which: incineration with energy recovery	24,36	60,82
of which: incineration without energy recovery	0,04	-
of which: landfilling	-	-
of which: other disposal operations	1.800,02	1.994,15
Diverted from disposal	459,39	420,96
of which: preparation for reuse	-	-
of: recycling	47,19	51,30
of which: other recovery operations	412,19	369,66
TOTAL WASTE GENERATED	10.752,39	11.159,84

With regard to the Italian plants in Campochiaro and Pescara, waste tracking is done using an **electronic Load/Unload record** which monitors and keeps track of waste quantities, allows handling of the fourth copy of waste disposal forms and consequent cost management.

Before giving their waste to a carrier, plants shall **verify the technical and professional**

qualification of the carrier under Article 26 of Legislative Decree 81/08 and make sure they hold a valid transport permit. The same check for a valid authorization is carried out for the receiving plant, whose **technical and professional health, safety, and environmental requirements** are checked on documents and, occasionally, with an inspection on- premise.



CURRENT PLANS AND LINES OF DEVELOPMENT

Looking at the ambitious targets of CO₂ equivalent emission reduction that Fater has set for itself by joining the Science Based Target Initiative, we created the **“Net-Zero Team”**. It is a **special cross-functional team whose purpose is defining and implementing the necessary decarbonization actions**. The Team meets on a regular basis to develop plans, share on their progress, and make decisions. Periodically, the Team briefs the Leadership Team on project progress, bringing recommendations and incorporating its input into project development.

The cross-functional nature of the Team reflects the multiple business areas involved in decarbonization: mainly technology and product innovation, logistics, and purchasing; other functions are involved whenever useful or necessary. **Overall supervision and coordination of the Team’s activities rest with the Corporate Sustainability**, with the sponsorship of the Technical Innovation Director.



Reduce

less use of resources



Recycle

use of recycled materials



Replace

replacement with new
lower-impact materials



PaRtner

lower impact on existing materials
thanks to chain optimization

In terms of projects directed at reducing **Scope 1** emissions, the strategy defined by the Action Plan and rolled out in the plants focuses **on reducing energy consumption by optimizing self-generation of electricity and heat, and transitioning to renewable energy sources**.

There are multiple activities already in place aimed at energy efficiency, such as the installation of LED lights in the production department, and the revamping of compressors with more innovative and efficient technologies.

At Campochiaro, the goal is to optimize the use of the existing multiple cogeneration system.

As regards **Scope 3** emissions, which account for 92% of total emissions, **the red flag areas because of their carbon impact are raw materials, packaging and logistics**. Given the systemic nature of these types of emissions, **increasingly close collaboration with Fater’s supplier partners will be a necessary condition** for achieving decarbonization goals. Later chapters will outline the most relevant projects for each of these areas.

INNOVATION AND ECODESIGN

Fater's business philosophy is rooted in combining product and innovation with the aim of designing and making sustainable products with lower environmental impact that meet the evolving needs of consumers by removing any trade-off between performance and reduced environmental footprint.

THE STRATEGIES PURSUED IN THIS FIELD ARE:



Less impactful packaging and circularity



Designing products having lower environmental impact



Environmental footprint analysis of innovations

These strategies inspire constant dialogue between the company, suppliers, customers, citizens and the other stakeholders in order to create a sustainable system able to promptly respond to current social and environmental challenges.

In recent years, through the study of new

raw materials and the development of new production processes and technologies, the Group has established a **pipeline of green projects** for brands by completely rethinking product design and considering the most appropriate ways to reduce end-of-life impacts. Fater's commitment to sustainable innovation covers all product categories.



ACE Green



Packaging made of 100% recycled cardboard or plastic

The **ACE Green** line, launched in fiscal year 2020-2021, saw the creation of detergent products with packaging made of **100% recycled cardboard or plastic** with the aim of meeting three main needs:

- ▼ Reducing use of virgin plastic in packaging;
- ▼ Cutting CO₂ emissions;
- ▼ Engaging consumers in a more sustainable user experience

The Ace Green line is made up of **two major types of products**:

A line of home cleaning bottles made of **100% recycled plastic** and paper labels.

A line of **100% virgin plastic-free** single doses and eco-refills **packed in recycled cardboard**.



LINES Natura



Biodegradable and compostable Raw material to produce Lines Natura

In January 2022, Lines launched **Lines Natura**, the first **biodegradable and compostable** Lines product line according to UNI EN 13432. The line-up is composed of pads and liners made from plant based raw materials (cotton, corn, cellulose) that are biodegradable and compostable and allow to bring all Lines quality and absorbency in an eco-friendly way.

The line **UNI EN 13432**-certified, which defines the requirements that packaging must meet in order to be recovered by composting and biodegradation.

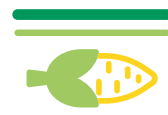
Also, prior to launch the Group successfully tested the products at a composting facility to further verify their composting properties.



Cotton filtering



Certified PEFC cellulose core



Protective layer from corn starch



PAMPERS Green Generation



Untill to 30% reduction of raw materials use

with Pampers Green Generation

Pampers Green Generation is Fater's latest innovation in sustainable product, launched in June 2022.

Pampers Green Generation product was completely **redesigned to reduce post-use impact**. Its structure has two parts: a soft, washable fabric panty, with a disposable core on the inside

The combined use of the reusable panty and its Pampers Green Generation insert **lowers the use of raw materials by up to 30%** when using the normal insert and up to 20% when using the extra insert, compared to Pampers Baby Dry, with a decrease in waste after use in the percentages indicated, if used continuously from 4kg until the end time of the use of diapers.

▼ THE DISPOSABLE ABSORBENT

Core is skin tested and provides all the absorbency and quality of Pampers.

▼ THE WASHABLE PANTY

Gently adjusts to the baby's body, as the waistband can be adjusted as appropriate using buttons on the front, and can be reused several times.

Product packaging is made from 100% recycled and FSC-certified cardboard, while the bags containing the inserts were designed using plant fibers.



SUSTAINABLE PACKAGING

Fater wants to do its part using less virgin plastic, contributing both to the reduction of emissions generated by its production cycles and the fight against plastic pollution.



100% of Fater's primary packaging is already recyclable

This is why today 100 percent of Fater's primary packaging is already recyclable in the personal care absorbent products category, as well as home and fabric care.

In addition, starting in fiscal year 2021/22, Fater began marketing packages with increasing percentages of recycled plastic within the packaging of its best-selling products, such as: Lines Seta Ultra, Pampers Baby Dry, ACE laundry detergent.

Overall, in FY 2021/22 the percentage of recycled plastic out of the total primary packaging of personal care products was 10%, 5% for home and fabric care products.



SUSTAINABLE LOGISTICS

If you look at the picture of FY 20/21, logistics accounts for 10% of Fater's overall Carbon Footprint. About two-thirds of that is upstream logistics, followed by the flows of raw materials and finished product coming from suppliers (inbound flow) and of finished product delivered to customers' warehouses (outbound flow).

The remainder is related to last-mile emissions in the supply chain (CO₂ emissions of consumer trips from the store to their homes) where Fater's main contribution rests in the ability to make products in more efficient sizes. Of course, this adds to the possible indirect actions on the reduction of CO₂ in consumer trips. **Outbound logistics of finished products has historically been virtuous on our path to sustainability.** In fact, the reduction of circulating vehicles, which has always been a condition in the search for cost efficiencies, was possible through the implementation of numerous plans aimed at loading trucks as much as possible. The results we have already achieved in this area (maximum saturation of volumes on paper and weight on fabric) call for a new way of thinking for the future. We have defined 3 main strategies with a view to 2030:

▼ DEVELOPING INTERMODAL TRANSPORT

Italy is a country where the railway system is still to be fully developed in terms of lines and train frequency, and is deficient in the regions where our plants are. **We have already adopted intermodal railway-road transport to transfer our finished products from the Pescara plant to customers in Piedmont and Lombardy** on the only route currently available from our facilities: Pescara-Novara. We are preparing to leverage the new opportunities being discussed about the upgrade of commercial railway

network in terms of routes served and train frequencies.

▼ TECHNOLOGICAL TRANSITION OF CIRCULATING VEHICLES

We promote continuous upgrade of the fleet used by our partners also by adopting transition technologies before electric vehicles which, for road transport, does not provide a solid base on which to design a medium-term plan yet. We were one of the first Italian companies to introduce Bio Methane to replace traditional fossil-based methane to power LNG trucks with a decrease in emissions. Financial support policies for fleet conversion combined with our drive will be crucial to accelerate the transition.

▼ DESIGNING INITIATIVES ABLE TO MODIFY PACKAGING AND PRODUCT EFFICIENCY

We carry out **secondary and tertiary packaging optimization projects** to improve logistics efficiency. We also work on product design to make it more efficient volume-wise. In inbound logistics, which is predominantly related to direct raw material purchase flows to plants, the equation of cost and logistics sustainability appears to have limited validity. In fact, although loading efficiency is optimized in vehicles, suppliers are chosen based on broader considerations, which cause the geography of supply flows to be determined not necessarily by shorter distance as the main criteria. So, this is also something that Fater's strategy will try to approach differently: **partnering with suppliers on the overall sustainability of the raw materials purchased by adding supply logistic flows to the equation.**



EVERYDAY A BETTER SOCIETY

A beating heart, a thoughtful mind, a thought that in turn becomes an action. Our people are at the center of the change to come. It's our talent our skill and our passion that will move the world, inspiring each of us to grasp our full potential. Everyday means creating a better society: for us and for you!

Everyday matters

FUTURE IS BUILT EVERY DAY

GOALS 2025



≥ 80 %
satisfaction internal survey



600.000 of positively impacted people
through initiatives giving back for
community

GOALS 2030



0% gender pay gap

GOALS 2040



Gender-balance at Mgmt level

PEOPLE FIRST STRATEGIC RESOURCE MANAGEMENT

“People First” is Fater’s main strategy for its people to live the best possible work experience. Our ambition is to enhance people talents to create a climate of trust and happiness able to go outside Organization’s boundaries to reach clients, consumers and citizens.

To bring the People First strategy to life, Fater conducted an early survey and held focus group meetings to get an understanding of the atmosphere in the company and employees’ expectations, the areas for improvement and excellence, and to identify concrete actions that could contribute to people’s wellbeing. Based on the feedback received and the will of our top managers to elevate everyone’s contribution to increase the company’s competitive ability, we have set the **5 core pillars laying at the foundation of the People First strategy**: *Listen, Growth & Impact, Enjoy, Inspire, Include*.

PEOPLE FIRST PILLARS

LISTEN

**GROWTH
& IMPACT**

ENJOY

INCLUDE

INSPIRE



LISTEN

Is the starting point for People First, as active listening helps you map the effectiveness of actions already taken and drive those for the future

The Group runs an annual survey aimed at understanding the internal atmosphere, wellbeing level, work-life balance, and the areas to work on. The General Manager and the Leadership Team promoted informal meetings where, by talking and listening to people, they could delve into the issues to work on to build the best possible work experience together. In order to encourage listening and dialogue beyond any hierarchical vision we created the **InTouchWith program**, which involves the Directors or all business functions, who are members of the Leadership Team. Every month, one or more members of the Leadership Team meet up informally with people who wish to talk with, ask questions or give suggestions to them.



GROWTH & IMPACT

Growth & Impact aims to enhance the strengths of Fater's people by expressing their own talents. To fully understand how this People First pillar is implemented, it should be clarified that Fater adopts a development model called "70-20-10", which is described in paragraph "Training and Skill Development", consisting of: 70% experience, 20% coaching and 10% training, to create a full and effective talent development experience.

Again, listening drives later actions: the annual *Talent Development Review* was launched as early as 2020. Here managers and employees engage in a formal dialogue where the motivations of each Fater person are exposed and the potential of people is analyzed, so that they can cover higher responsibility roles over time.

The Talent Development Review is profoundly different from the performance evaluation process, which aims to analyze whether the goals assigned at the start of every fiscal year were achieved or not and the acted behaviors referred to corporate shift triggers:

- ▼ **Openness:** embracing challenges, intentionally enlarging people vision;
- ▼ **Simplicity:** focusing on concreteness, with the idea that "done" is better than perfect;
- ▼ **Customer First:** aiming to gratitude of customers and consumers.

This tool is part of the reasons why, in the last two years, 70% of people in managerial positions have been able to change assignments within the company. This enabled people to meet their professional and work- life balance expectations and gave them the opportunity to enrich their skills.



ENJOY

Through the "Enjoy" program Fater is committed to designing an engaging work environment based on open discussion, delegation, focus on results and the concept of trust. We also run **social and entertainment initiatives** for employees at the Campus, and we have improved the employee welfare plan, which gives our people many opportunities, such as gym grants.



INCLUDE

Fater wants to be a place where all the people feel welcome, valued, and respected. **The priority of this pillar is to make the Group open to dialogue and willing to value each person as unique.** Fater is committed to removing any kind of barrier by creating an internal system and culture that make everybody feel free to express themselves and safe in reporting any discrimination suffered, or any inappropriate behaviors so that Fater can take action against those.

Although this is outside the scope of this report, in 2022 Fater hired an association specialized in **Diversity & Inclusion** to conduct a specific survey on inclusion to have a better look on this topic. During 2021, Fater placed special emphasis on parenting as well: all employees who become fathers get three months of 100% paid paternity leave to help their families take care of the new needs that come with a baby. This initiative is also intended for same-sex couple households.

Maternity-wise, the Group has set up a process to help employees: one month before the maternity leave begins a meeting is held to arrange the handover with the reference people manager, who will remain available to provide support throughout the leave period. Upon return, an update meeting will be held on processes within the organization that may have changed during the period of absence. In addition, one month after returning to work and until the child's first year of life, we offer a monthly coaching session to improve work-life balance management for new parents, to those who wish to receive it. Finally, Fater schedules a specific Talent Development Review focusing on their expectations upon returning from maternity leave.



INSPIRE

The fifth and final pillar of the People First strategy aims to be inspired to pass on experiences and knowledge within Fater. Inspire truly emphasizes the company's natural openness to the world outside in a relationship of mutual exchange that enriches grows skills and the system as a whole. The **Uxel Academy is the main tool for promoting inspiration:** it consists of online and in-person meetings with opinion leaders who come and discuss on a variety of topics not necessarily related to work, such as women's leadership, innovation, sustainability. The Uxel Academy is open to all employees but, in some cases, also to some schools our Group is partner with.

DIVERSITY AND INCLUSION

As described in the previous section, Diversity & Inclusion is extremely relevant to Fater, as it is one of the 5 pillars of the People First strategy. Fater is aware of the current situation - as shown in the table - of a male prevalence in the organization, which is why the company has set the goal of bridging the gender gap aiming to 50% of women in management positions by 2040, by adopting gender balance policies that allow everyone equal opportunities for growth.



50%
of women in
management
positions by 2040

EMPLOYEES BY PROFESSIONAL PROFILE AND GENDER

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Top Managers	8	60	68	11	62	73
Middle Managers	72	162	234	83	161	244
White Collars	207	375	582	213	395	608
Blue Collars	13	580	593	15	566	581
TOTAL	300	1,177	1,477	322	1,184	1,506

PERCENTAGE OF EMPLOYEES BY PROFESSIONAL PROFILE AND GENDER

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Top Managers	1%	4%	5%	1%	4%	5%
Middle Managers	5%	11%	16%	6%	11%	16%
White Collars	14%	25%	39%	14%	26%	40%
Blue Collars	1%	39%	40%	1%	38%	39%
TOTAL	20%	80%	100%	21%	79%	100%

The female population in the company has increased in the past two years, from 20% of the workforce in 2021 to 21% in 2022. The number of female top and middle managers in FY 2021/2022 went up by 17.5% over 2020/2021, from 80 to 94 units.

During the same period, the Group employed **23 employees belonging to one of the protected** categories defined by current regulations. In detail, 22 men and one woman: they cover blue-collar and white-collar positions and are all over 30 years old.



+ 17.5%
Female top and
middle managers
vs. 2021

In our effort to constantly build concrete actions for diversity and inclusion, we have activated **6 multifunctional networks** with 140 employees on issues regarding inclusion. Listening, as a fundamental People First pillar, is therefore constantly used to bring out needs and projects on which the company will focus in the near future. As explained in the previous section, Fater is committed to the **parenting topic** by supporting new mothers and new fathers.

Fater also takes part in initiatives promoted by third parties to inspire and be inspired on diversity and inclusion. The 4Weeks4inclusion event is one worth mentioning, with more than 200 companies participating and a packed schedule of digital events aimed at raising awareness and sharing experiences as well as best practices to enhance diversity as an enriching element for companies.

The tables below show data regarding the use of parental leave by Fater employees, broken down by gender.

PARENTAL LEAVE	FY 2020/2021			FY 2021/2022		
	Women	Men	Total	Women	Men	Total
Employees who were entitled to parental leave	13	20	33	17	23	40
Employees who used parental leave	11	-	11	22	20	42
Employees who returned to work during the reporting period, after using the parental leave	11	-	11	17	20	37
Employees who should have returned to work during the reporting period, after using the parental leave	11	-	11	17	20	37
Employees who returned to work after taking parental leave and are still employed in the organization in the 12 months following their return	ND	ND	-	17	-	11

The **return-to-work rate**¹⁸ of those who took parental leave during the fiscal year 2021-2022 is 100%.



¹⁸ The return-to-work rate is the percentage of employees who, after taking parental leave, returned to work.

RECRUITING PROCESS

Staff selection and recruitment is a primary tool to support the organizational development and competitiveness of Fater Group in the market.

Staff selection and recruitment is a primary tool to support the organizational development and competitiveness of Fater Group in the market.

Applicants are selected by the human resource department and then hired by the company. As a joint venture between Angelini Industries and Procter & Gamble, in some cases there are opportunities for an interchange of people between the shareholding companies aimed at promoting a diversified career for employees to grow their skills.



500 students and 15 universities involved in Fater Award project

In order to foster access to employment, Fater Group carries out a bunch of activities

intended for involving and integrating young people, either graduates or undergraduates, within the business organization. One example is the **Fater Award** initiative, a project that involves university students from different universities split into work groups to develop business cases designed by the Group on topics such as sustainability and digitization relevant to the markets in which Fater operates. The Fater Award - second edition in 2022 involving about 500 students from 15 universities - ends with a Hackathon at Fater's Campus, where the teams winning the stage held at the universities are confronted with a new business game in a contest to eventually proclaim the winning side.

The Organization's intent is to build a bridge between the reality of a large corporation and the world of academia, and to stimulate students to put the skills they have learned into practice.



COMPENSATION POLICIES

Fater has a structured policy to determine compensation for members of the Leadership Team and senior managers.

They are entitled to a fixed salary based on pay curves, calculated on:

- ▼ responsibilities in the company;
- ▼ market level;
- ▼ individual performance;
- ▼ potential growth of the resource.

In fact, the fixed salary is based on annual performance indices (IPA), determined by behaviors and company goals, both in teams and individually, and on Talent Maps (TMs), which measure three-year performance and the potential performance.

As pointed out in targets presented in the Sustainability targets and KPIs¹⁹ paragraph, compensation policies represent a Fater strategic lever with the aim of eliminating gender pay gap, through actions starting from new talents remuneration, where this gap does not exist. Same actions are intended to reduce gender pay gap at management level as well. On the other hand, variable pay components are determined by company results and individual performance: in the short term, it is calculated on MBOs (Management By Objectives), based on the individual IPA (Individual Performance Analysis) and company scorecards, based on economic/financial KPIs with the corresponding multiplier.

In addition to this, there is a Welfare Prize based on economic and financial KPIs with the corresponding multiplier. In the long term, LTIs (Long Term Incentive plans) are considered, which in Italy are based on quantitative company indexes linked to business performance, including also clawback²⁰ clauses.

As far as foreign Companies, both MPOs and LTIs are based on quantitative company indices and on IPA. The economical indices of the two incentive systems are not overlapping. The salary offer upon hiring does not include any sign-on bonuses and the Severance Pay complies with current legislation and Group procedures.

The evaluation of management roles regarding fixed salary is carried out by an external consulting firm, based on official company documents and interviews with function Directors to collect quantitative and qualitative data. Compensation review is approved by the shareholders (Angelini Industries, P&G) who are responsible for deciding the General Manager and Leadership Team's compensation plan and business goals. Regarding variable compensation (MBO, LTI), the company's indexes are summarized by the F&A department, and then approved by the Executive Committee.

¹⁹ View KPIs and Target on page 29.

²⁰ Clawbacks are contractual clauses that allow companies to reclaim all or part of the funds previously paid to employees as variable paid component. Clawback is a system used to offset corporate bonuses to recoup them when undeserved.

Overall, **Fater's compensation salaries are positioned at the high end of the market, with an increasing trend in all the countries it is based.** Variable compensation (MBOs and Welfare) has remained constant over the past two years, but has increased in absolute value due to growth in fixed compensation. The same happens abroad, with local business results supported by corporate results. Regarding LTI-related variable compensation, the results achieved met the targets set in Italy and were slightly lower abroad.

The tables below show data about the total annual salary ratio and the total annual compensation increase ratio. Total annual salary means the gross annual remuneration (fixed pay components), while total annual compensation²¹ includes both fixed and variable pay components based on merit (MBO, LTI, Sales, Profit sharing). The information on the highest salary would violate the law constraint of personal data confidentiality as it can be traced back to an identifiable person. For this reason, the tables below only show data relating to the median of employees.

TOTAL ANNUAL SALARY RATIO	FY 2020-2021	FY 2021-2022
Total annual salary of the highest-paid person in the Organization ²¹	Not available	Not available
Median of total annual salary of all employees (excluding the highest-paid person)	45,000	45,800
Total annual ratio	N/A	N/A

TOTAL ANNUAL COMPENSATION INCREASE RATIO	FY 2020-2021	FY 2021-2022
Total annual compensation of the highest-paid employee in the Organization ²²	N/A	N/A
% increase in total annual compensation of the highest-paid employee in the organization	N/A	N/A
Median of total annual compensation of all employees (excluding the highest-paid person)	51,300	51,400
Median % increase in total annual remuneration of all employees (excluding the highest-paid person)	1.2%	1.6%
Total annual ratio	N/A	N/A



The increase in fixed salary is due to pay rises in contracts and the company's merit budget, while variable pay rises depend on business results.

²¹ The total gross annual compensation only includes variable components based on merit (incentive plans), with the exclusion of contractual allowances (overtime, travel, shifts).

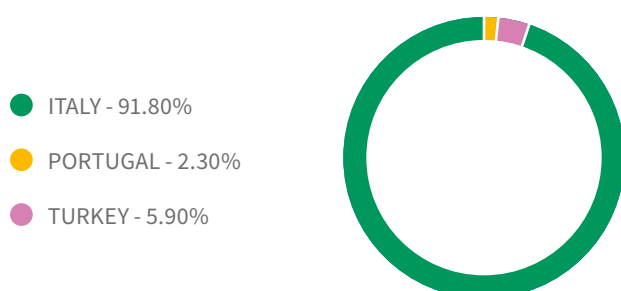
²² This figure is not applicable in Italy because it would violate the law on personal data confidentiality, as it can be referred to one identifiable person only.

EMPLOYEES



As at June 30, 2022, Fater Group's workforce totaled 1,506 people, marking a slight positive growth (+1.9%) over fiscal year 2020/2021. **91% of the company's population is employed in the Italian plants and at Fater Campus (headquarters), while the remaining 9% is distributed over the facilities in Portugal and Turkey.**

BREAKDOWN OF BUSINESS POPULATION BY REGION AS AT 06.30.2022



EMPLOYEES BY PROFESSIONAL PROFILE AND GENDER

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Top Managers	8	60	68	11	62	73
Middle Managers	72	162	234	83	161	244
White Collars	207	375	582	213	395	608
Blue Collars	13	580	593	15	566	581
TOTAL	300	1,177	1,477	322	1,184	1,506

PERCENTAGE OF EMPLOYEES BY PROFESSIONAL PROFILE AND GENDER

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Top Managers	1%	4%	5%	1%	4%	5%
Middle Managers	5%	11%	16%	6%	11%	16%
White Collars	14%	25%	39%	14%	26%	40%
Blue Collars	1%	39%	40%	1%	38%	39%
TOTAL	20%	80%	100%	21%	79%	100%



ITALY

EMPLOYEES BY CONTRACT TYPE BROKEN DOWN BY GENDER AND REGION

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Permanent contract ²³	279	1,050	1,329	286	1,060	1,346
Fixed-term contract	4	28	32	6	31	37
TOTAL	283	1,078	1,361	292	1,091	1,383
Full-time contract	252	958	1,210	263	985	1,248
Part-time contract	31	120	151	29	106	135
Variable hours contracts	-	-	-	-	-	-
TOTAL	283	1,078	1,361	292	1,091	1,383

PORTUGAL

EMPLOYEES BY CONTRACT TYPE BROKEN DOWN BY GENDER AND REGION

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Permanent contract	10	23	33	10	21	31
Fixed-term contract	1	4	5	1	3	4
TOTAL	11	27	38	11	24	35
Full-time contract	11	27	38	11	24	35
Part-time contract	-	-	-	-	-	-
Variable hours contracts	-	-	-	-	-	-
TOTAL	11	27	38	11	24	35

TURKEY

EMPLOYEES BY CONTRACT TYPE BROKEN DOWN BY GENDER AND REGION

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Permanent contract	5	63	68	16	54	70
Fixed-term contract	1	9	10	3	15	18
TOTAL	6	72	78	19	69	88
Full-time contract	6	72	78	19	69	88
Part-time contract	-	-	-	-	-	-
Variable hours contracts	-	-	-	-	-	-
TOTAL	6	72	78	19	69	88

TOTAL

EMPLOYEES BY CONTRACT TYPE BROKEN DOWN BY GENDER AND REGION

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Permanent contract	294	1,136	1,430	312	1,135	1,447
Fixed-term contract	6	41	47	10	49	59
TOTAL	300	1,177	1,477	322	1,184	1,506
Full-time contract	269	1,057	1,326	293	1,078	1,371
Part-time contract	31	120	151	29	106	135
Variable hours contracts	-	-	-	-	-	-
TOTAL	300	1,177	1,477	322	1,184	1,506

²³ Internship contracts were considered as permanent contracts.

At the end of the latest fiscal year there were 188 workers not employed by Fater, about 11% of the total workforce. They were basically two categories of workers: interns and leased staff. Interns are generally introduced through direct recruiting channels to consider employment opportunities at the end of the period. Lease staff are employees of staffing firms (APLs).

TOTAL

NON-EMPLOYEE WORKERS BY CONTRACT TYPE BROKEN DOWN BY GENDER

	As at 6/30/2021			As at 6/30/2022		
	Women	Men	Total	Women	Men	Total
Interns and trainees	31	49	80	30	57	87
Leased staff	26	66	92	21	80	101
TOTAL	57	115	172	51	137	188



+50

Employees aged
between 30 and 50

Over 50% of the Group's population is aged between 30 and 50, and about 13% of employees are aged under 30. In the two reporting years covered there were no significant changes in these figures.

PERCENTAGE OF EMPLOYEES BY PROFESSIONAL PROFILE AND AGE GROUP

	As at 6/30/2021				As at 6/30/2022			
	< 30 y/o	30 - 50 y/o	> 50 y/o	Total	< 30 y/o	30 - 50 y/o	> 50 y/o	Total
Top Managers	-	41	28	69	-	43	30	73
Middle Managers	3	150	80	233	6	162	76	244
White Collars	114	245	223	582	121	247	240	608
Blue Collars	81	340	172	593	78	327	176	581
TOTAL	198	776	503	1,477	205	779	522	1,506

PERCENTAGE OF EMPLOYEES BY PROFESSIONAL PROFILE AND AGE GROUP

	As at 6/30/2021				As at 6/30/2022			
	< 30 y/o	30 - 50 y/o	> 50 y/o	Total	< 30 y/o	30 - 50 y/o	> 50 y/o	Total
Top Managers	-	2.8%	1.9%	4.7%	-	2.9%	2.0%	4.8%
Middle Managers	0.2%	10.2%	5.4%	15.8%	0.4%	10.8%	5.0%	16.2%
White Collars	7.7%	16.6%	15.1%	39.4%	8.0%	16.4%	15.9%	40.4%
Blue Collars	5.5%	23.0%	11.6%	40.1%	5.2%	21.7%	11.7%	38.6%
TOTAL	13.4%	52.5%	34.1%	100.0%	13.6%	51.7%	34.7%	100.0%

The tables below report Fater's turnover data from the last two fiscal years, broken down by gender and age group. Data is available both for each country in the reporting scope and as an aggregate value.

ITALY

NEW HIRES AND TURNOVER

As at 6/30/2021

As at 6/30/2022

	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate
Women	283	15	6	5.30%	2.12%	292	17	8	5.82%	2.74%
< 30 y/o	58	15	1	25.86%	1.72%	49	9	6	18.37%	12.24%
30 - 50 y/o	161	-	3	-	1.86%	67	8	1	11.94%	1.49%
> 50 y/o	64	-	2	-	3.13%	176	-	1	-	0.57%
Men	1,078	72	30	6.68%	2.78%	1,091	45	32	4.12%	2.93%
< 30 y/o	118	45	9	38.14%	7.63%	120	31	16	25.83%	13.33%
30 - 50 y/o	561	23	5	4.10%	0.89%	538	14	11	2.60%	2.04%
> 50 y/o	399	4	16	1.00%	4.01%	433	-	5	0.00%	1.15%
TOTAL	1,361	87	36	6.39%	2.65%	1,383	62	40	4.48%	2.89%
Total <30 y/o	176	60	10	34.09%	5.68%	169	40	22	23.67%	13.02%
Total 30 - 50 y/o	722	23	8	3.19%	1.11%	605	22	12	3.64%	1.98%
Total > 50 y/o	463	4	18	0.86%	3.89%	609	-	6	-	0.99%

PORTUGAL

NEW HIRES AND TURNOVER

As at 6/30/2021

As at 6/30/2022

	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate
Women	11	-	-	-	-	11	-	-	-	-
< 30 y/o	1	-	-	-	-	-	-	-	-	-
30 - 50 y/o	3	-	-	-	-	4	-	-	-	-
> 50 y/o	7	-	-	-	-	7	-	-	-	-
Men	27	2	-	7.41%	-	24	-	3	-	12.50%
< 30 y/o	2	-	-	-	-	1	-	-	-	-
30 - 50 y/o	10	2	-	20.00%	-	9	-	1	-	11.11%
> 50 y/o	15	-	-	-	-	14	-	2	-	14.29%
TOTAL	38	2	-	5.26%	-	35	-	3	-	8.57%
Total <30 y/o	3	-	-	-	-	1	-	-	-	-
Total 30 - 50 y/o	13	2	-	15.38%	-	13	-	1	-	7.69%
Total > 50 y/o	22	-	-	-	-	21	-	2	-	9.52%

TURKEY

NEW HIRES AND TURNOVER

	As at 6/30/2021					As at 6/30/2022				
	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate
Women	6	3	2	50.00%	33.33%	19	13	7	68.42%	36.84%
< 30 y/o	4	2	2	50.00%	50.00%	8	5	5	62.50%	62.50%
30 - 50 y/o	2	1	-	50.00%	-	11	8	2	72.73%	18.18%
> 50 y/o	-	-	-	-	-	-	-	-	-	-
Men	72	16	22	22.22%	30.56%	69	21	17	30.43%	24.64%
< 30 y/o	36	10	14	27.78%	38.89%	27	10	11	37.04%	40.74%
30 - 50 y/o	36	6	8	16.67%	22.22%	41	11	6	26.83%	14.63%
> 50 y/o	-	-	-	-	-	1	-	-	-	-
TOTAL	78	19	24	24.36%	30.77%	88	34	24	38.64%	27.27%
Total <30 y/o	40	12	16	30.00%	40.00%	35	15	16	42.86%	45.71%
Total 30 - 50 y/o	38	7	8	18.42%	21.05%	52	19	8	36.54%	15.38%
Total >50 y/o	-	0	0	-	-	1	0	0	-	-

TOTAL

NEW HIRES AND TURNOVER

	As at 6/30/2021					As at 6/30/2022				
	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate	No. of employees	No. of new hires	No. of terminated	Positive turnover rate	Negative turnover rate
Women	300	18	8	6.00%	2.67%	322	30	15	9.32%	4.66%
< 30 y/o	-	17	3	-	-	-	14	11	-	-
30 - 50 y/o	-	1	3	-	-	-	16	3	-	-
> 50 y/o	-	-	2	-	-	-	-	1	-	-
Men	1,177	90	52	7.65%	4.42%	1,184	66	52	5.57%	4.39%
< 30 y/o	-	55	23	-	-	-	41	27	-	-
30 - 50 y/o	-	31	13	-	-	-	25	18	-	-
> 50 y/o	-	4	16	-	-	-	-	7	-	-
TOTAL	1,477	108	60	7.31%	4.06%	1,506	96	67	6.37%	4.45%
Total <30 y/o	198	72	26	36.36%	13.13%	205	55	38	26.83%	18.54%
Total 30 - 50 y/o	776	32	16	4.12%	2.06%	779	41	21	5.26%	2.70%
Total >50 y/o	503	4	18	0.80%	3.58%	522	-	8	-	1.53%

In the last fiscal year, Fater Group hired a total of 96 new employees, marking a positive turnover of over 6%. The **positive turnover rate of women in the company was over 9%**, almost four percent more than males and higher than the previous reporting period, which reflects the implementation of the gender balance policy in place.



+96

new employees
vs. 2021

The **positive turnover rate of those younger than 30, approximately 27%**, is quite remarkable, to confirm Fater's investment in young people. In fact, the same rate for employees in the 30-50 age group is 5%, while there were no new hires for those over 50 in fiscal year 2021-2022.

Finally, the Group's negative turnover rate for resources that have left the Organization stands at 4%, with no significant change over the previous year, which shows a certain degree of stability of Fater's staff and an excellent level of retention.

In 2021-2022, 94% of Fater's employees, corresponding to employees in the Italian facilities and the Porto plant, are covered by collective bargaining agreements. Employees abroad are hired in compliance with local laws and collective or individual agreements.

The formal agreements between the company and unions provide for the following issues:



Accident **reduction**.



Participation rewards for training days
(Safe Start project, Seveso regulations) with welfare credit.



All Covid-related **reporting** for prevention and organization



TRAINING AND SKILL DEVELOPMENT

Within Fater's People First strategy, resource training becomes paramount and is developed under the "Growth & Impact" pillar.

The standard training path for managerial positions is outlined below. The purpose is to help future leaders value people and their talents and lead projects efficiently.



The training program kicks off when the new resource joins the company with the onboarding and then continues through specific courses of both technical and soft-skills development.

Fater's training offer follows the 70/20/10 scheme, which aims to create a comprehensive development experience:



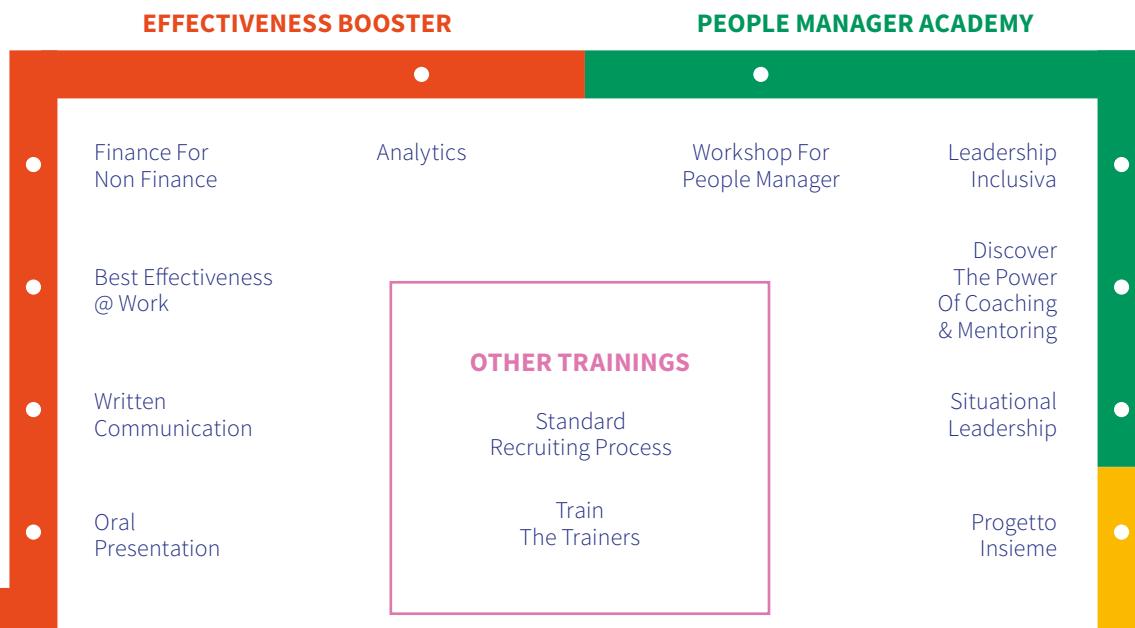
70% EXPERIENCE

Fater believes that hands-on experiences are the most important part of the development of its people, who learn by doing. The strategy promoted by the company over the last two years allows people to live different experiences within the same organization, as they have the opportunity to change assignments: in the last two years **70% of people in managerial positions have changed assignment to enable horizontal career growth and learning diversified skills**. To get an even deeper look into this, we will also start the "In Your Shoes" program, which will allow people to experience a few days in another department and learn new skills, as well as to better connect their work with that of other colleagues.



20% COACHING & MENTORING

This part of the model aims to create personalized paths for people to support them in their development. **Each Fater person can choose to have their own reference coach to help unleash their potential**. Coaches are qualified through an appropriate training program. Parallel to coaching, which is focused on work-related issues, Fater has developed a mentoring program. The mentor is a person



of trust, a role model who puts their knowledge and experience to the **service of the mentee** to provide support both on personal issues and on how to approach to others, as well as on professional areas.



10% TRAINING

Fater's new training catalog includes a wide range of courses available (e.g., confidence, leadership, written communication, oral presentation, coaching, mentoring, etc.), selected from the world's top Business Schools. The catalog aims to **develop soft skills with tailored paths** depending on one's role and business function, with a high degree of customization. For example, speaking of corporate training, we deliver courses for the entire company population and courses intended for specific figures. The latter can get ad hoc training such as "hiring manager" and "people manager" courses. All Fater courses available to employees can be found on the **"EasyTraining" platform**.

In addition to the Fater training catalogue, our people also have access to the **Angelini Academy**, the Corporate University of Angelini Industries, which has been providing training programs for employees for 10 years, supporting them in their path of personal and professional growth. The Academy's pathways include:

- ▼ **Leadership model:** Leadership Team and senior managers with seven different programs
- ▼ **Advanced managerial skills:** people managers based on some requirements of their talent map
- ▼ **Community Empowerment:** includes all employees and their families. The goal is to provide tools, skills and knowledge to people to cope with the evolution of the scenario in which companies operate.

The table below reports Fater's average training hours delivered to Fater employees over the last two fiscal years, broken down by gender and professional profile.

AVERAGE TRAINING HOURS ²⁴	FY 2020/2021			FY 2021/2022		
	Women	Men	Total	Women	Men	Total
Top Managers	9.6	5.9	6.3	11.5	9.4	9.7
Middle Managers	6.5	19.7	15.6	20.1	36.8	31.1
White Collars	4.8	37.8	26.1	6.1	49.2	34.1
Blue Collars	23.6	1.8	2.3	66.3	4.2	5.8
TOTAL	6.2	15.9	13.9	12.7	23.9	21.5

- ▼ Compared to the previous year, there was a general trend of growth in average training hours among all Fater employees: in fact, the average figure is more than **22 hours of training per employee, up by 60%** vs 2020-2021. Overall, in 2021-2022 Fater delivered a total of **32,400 training hours, marking a +57%** over the previous fiscal year.
- ▼ To contribute to training costs, some projects are funded using training funds (e.g., fondimpresa, findirigenti).

With the aim of properly developing the skills and abilities of its resources and with a view to dialogue and transparency, the Group conducts performance reviews at the end of each fiscal year. Here managers meet their direct reports to formally assess employees' work performance and the extent to which their behavior meets three "shift trigger", above described. They go over the strengths and weaknesses, as well as the training and experiences needed to express the talent of the employee. Also, the goals (projects assigned) for the next year are set and discussed. Below are the percentages of employees who received performance review.

PERCENTAGE OF EMPLOYEES WHO RECEIVED PERIODIC PERFORMANCE REVIEW BY GENDER AND JOB CATEGORY	FY 2020/2021		FY 2021/2022	
	Women	Men	Women	Men
Top Managers	75%	90%	91%	100%
Middle Managers	90%	88%	94%	99%
White Collars	85%	86%	87%	89%
Blue Collars	77%	86%	67%	88%

Fater fosters the protection and training of those who leave the company as well: in 2020-2021 a Social Plan was in place, with the Organization giving incentives for early retirement. We are also partners with major Outplacement firms that enable those who are not eligible for retirement to get reskilled and transitioned to new jobs.

²⁴ It should be noted that the average hours of training were calculated by dividing the total number of training hours provided by the total number of employees in the reporting year, considering the breakdown by occupational category and gender.

HEALTH AND SAFETY

Fater Group guarantees the protection of the health and safety of all its workers in the workplace, and is committed to improving surveillance and coordination of those who are responsible for enforcing prevention rules.

To do that, the Group adopts a series of measures and policies aimed at achieving health and safety goals for its workers:

- ▼ Take and support all actions necessary to protect the health and safety of its employees;
- ▼ Identify, assess and classify risks for employee's health and safety, the environment and product quality;
- ▼ Minimize the possibility for accidents, injuries and occupational diseases to occur;
- ▼ Train and inform staff to make them aware of and able to keep proper behaviors in the field of health and safety, environmental and quality protection;
- ▼ Inform and train contractors and visitors on proper behaviors in work areas;
- ▼ Set annual goals for continuous improvement in health, safety, environment and quality.

In the plants of Campochiaro (CB), Pescara (PE) and the HQ in Spoltore (PE) an **Occupational Health and Safety Management System** was implemented according to the **ISO 45001:2018** standard. Management systems are applicable to all activities carried out at certified facilities and to staff working there (employees and non-employees), under ordinary and emergency operating conditions, according to the tasks specified in the Risk Assessment Document (DVR) approved by the executive committee (employers). Yearly checks are conducted on security systems through internal and external audits. As for foreign production sites, currently the Porto plant is ISO 45001 certified.

Also, the Campochiaro plant falls under Seveso regulations as required by Law 105/2015, which aims to minimize the risk of major accidents within facilities.

The Group also has formal committees that include managers and workers, such as:

- ▼ **COVID COMMITTEE:** designs a Covid protocol along the lines of the national protocol. The frequency of meetings varies depending on how the pandemic progresses. There were times where it would meet monthly, but currently it has been suspended. It includes workers' union representatives and the Group Physician.
- ▼ **REVIEWS WITH MANAGERS:** they address topics such as DVR, ISO 14001, 45001, the Improvement plan, SEVESO regulations, training, healthcare protocol on a continuous basis and as needed, in any case in meetings held at least yearly. They involve the Group Physician, the relevant Plant Manager, the Prevention and Protection Service Officer (ASPP) and the Prevention and Protection Service Manager (RSPP).
- ▼ **SAFETY MEETING:** the HS&E group meets monthly with the site leaders to review the plant's health and safety measures.

Risk assessment is done through the Job Safety Analysis (JSA), Job Safety Practice (JSP) and in the DVR (Risk Assessment Document), which specifies the actions to take to reduce any residual risks and the improvement plan required.

The main hazards and risks that workers may encounter while doing their job can be generally summarized into three categories:

- ▼ Health risks from exposure to chemicals or physical agents;
- ▼ Safety risks from traumatic contact with a tool or moving equipment in the Organization (mechanical hazards, hot surfaces, etc.);
- ▼ Organizational risks (risk of work-related stress).

Workers may freely report any deviations from or behaviors not in line with the safety rules using specific forms (OFSs, BOSs, VONs).

- ▼ OFSs (Ongoing Feedback Systems) are anonymous and give workers the opportunity to provide actual positive and negative feedbacks on what they see.
- ▼ BOSs (Behavior Ongoing Systems) are observations related to one's department of belonging and report on a checklist any critical behaviors identified, which should then be monitored.
- ▼ VONs (Online Surveillance) are a tool to formalize surveillance to both firms and workers by supervisors.
- ▼ QRP (Quick Risk Predictions) guide workers to identify and report any work practice - with no procedure in place for it - that pose health and safety risks.

Similarly, Near Misses are used to analyze non-harmful events to identify any actions that may solve the problem at the root, with injury prevention in mind. For each event a "Why-Why Analysis" form is filled in, describing the investigations conducted and the Action Plan. Workers are encouraged to use these tools by reward systems to spot and solve any hazardous situations.

H&S TRAINING

The Health & Safety training provided by Fater to all its employees is key to make sure all procedures are followed, to keep all its workers safe.

Starting from fiscal year 2020-2021, training has been managed on an online portal (**EasyTraining**) that allows accurate tracking of the courses taken for each worker. As a consequence of Covid, many more courses were delivered using video conferencing, allowing an increase in the number of training hours.

H&S training is delivered in Italy to all workers (including interns, temps, trainees, etc.) within the first three days after hiring based on the risk class and according to Legislative Decree 81/08 and the State-Regions Agreement 21/12/2011 currently in force. In particular:

- ▼ Office workers receive general training (4 hours), specific low-risk training (4 hours) and training on internal safety rules and procedures (4 hours);
- ▼ Engineering or Lab workers receive general training (4 hours), specific high-risk training (12 hours), training on safety rules, internal and lab procedures (8 hours), and on-the-job training on any machinery to be used;
- ▼ Workers with special assignments or tasks, such as forklift driving and first responders, get appropriate training and refresher training;
- ▼ Workers with defined roles in the safety organizational chart (Training as Manager, Supervisor, RSPP, ASPP) receive appropriate training and constant refreshing;
- ▼ The entire corporate population get workers' refresher training every 5 years.

Workers are also required to read Fater's **45001:2018 - 14001:2015 - 9001:2015 Integrated Policy Document**.

The table below shows the total hours of Health and Safety training - and the number of participants - delivered to the entire Fater population over the past two fiscal years.

TYPE OF HEALTH & SAFETY TRAINING	FY 2020-2021		FY 2021-2022	
	Hours	Participants	Hours	Participants
General training	1,590	717	1,100	476
Specific training	8,216	951	10,979	1,065
Other:	19,850	1,306	57,303	1,875
TOTAL²⁵	29,656	2,974	69,381	3,416



69.381
hours of
Health&Safety
Training

In fiscal year 2021-2022, Fater delivered a total of **69.381 hours** of Health & Safety **training** to its workers, nearly 134% more than the previous year thanks to the digitization of the training platform, which allowed for greater use and growth of the offer. At the same time, training participants also increased by 15%, from 2,974 employees in fiscal year 2020-2021 to 3,412 in 2021-2022. The “Other” category includes all specific training courses for people depending on their role. This includes all the courses that enable people to work safely, so you have departmental rules, rules for the person’s assignments, environmental training, training on general plant rules, and more. It also includes courses on procedures, on-the-job training, emergency team training, additional training for Supervisors, courses for contract work reference people, use of PPE, policies and workers’ expectations, as well as a smart work course.

For Fater, the safety of its people is crucial both inside and outside the workplace. This is why we kicked off the **Safe Start** program to involve employees and families to transfer the attitude to safety into their private life as well.

Injuries

The tables below show aggregate data for all Fater’s production plants on workplace injuries, broken down by employees and non-employees.

During the latest fiscal year 2021-2022 no accidents at work with serious consequences were recorded. The rate of recordable injuries went slightly up from 2.27 in 2020/2021 to 4.53 in 2021-2022, calculated on the basis of 1 million hours worked, however marking a value that reflects the great attention that the Group pays to safety.

²⁵ The total number of participants is higher than Fater’s total workforce because some of the employees may have taken part in more than one type of training course and thus were counted multiple times.

Recorded injuries were mainly caused by the use of machinery and lifting loads, as well as distractions and failure to follow procedures. Other types of injuries we found include: cutting, tripping and contact with chemical agents.

WORKPLACE INJURIES (EMPLOYEES)	FY 2020/2021	FY 2021/2022
No. of deaths as a result of workplace injuries	-	-
Death rate as a result of workplace injuries ²⁶	-	-
No. of workplace injuries with severe consequences (excluding death)	1	-
Rate of workplace injuries with severe consequences (excluding death) ²⁷	0.32	0
No. of recordable workplace injuries	7	14
Rate of recordable workplace injuries ²⁸	2.27	4.53
No. of hours worked	3,082,369	3,089,032

TYPE OF WORKPLACE INJURY (employees)	FY 2020/2021	FY 2021/2022
Number of injuries due to use of machinery	3	2
Number of injuries due to lifting loads	-	-
Other	4	12
TOTAL	7	14

NEAR MISSES (employees)	FY 2020/2021	FY 2021/2022
No. of near misses	270	347

WORKPLACE INJURIES (non-employees)²⁹	FY 2020/2021	FY 2021/2022
No. of deaths as a result of workplace injuries	-	-
Death rate as a result of workplace injuries	-	-
No. of workplace injuries with severe consequences (excluding death)	-	-
Rate of workplace injuries with severe consequences (excluding death)	-	-
No. of recordable workplace injuries	3	5
Rate of recordable workplace injuries	13.82	18.43
No. of hours worked	217,003	271,273

TYPE OF WORKPLACE INJURY (non-employees)	FY 2020/2021	FY 2021/2022
Number of injuries due to use of machinery	1	-
Number of injuries due to lifting loads	-	-
Other (please specify)	2	5
TOTAL	3	5

NEAR MISSES (non-employees)	FY 2020/2021	FY 2021/2022
No. of near misses	167	188

²⁶ The death rate as a result of workplace injuries was calculated as follows: number of work-related deaths over worked hours times 1,000,000. A rate based on 1,000,000 hours worked indicates the number of workplace deaths per 500 full-time workers over a span of one year.

²⁷ The rate of workplace injuries with severe consequences is calculated using the same method reported in the previous Note.

²⁸ The rate of recordable workplace injuries is calculated using the same method reported in Note 26.

²⁹ It does not include data about non-employees in Porto plant, as data is not available. This mistake was found while collecting data for this year, and will be fixed from the next fiscal year.

The hierarchy of controls is the key principle for assessing and selecting appropriate prevention and protection measures to reduce risk exposure.

Underlying Fater's risk mitigation strategy is the goal of **eliminating any threat to health of employees** and, if that is not possible, trying to prevent and contain the hazard. In cases where it is not possible to go and prevent hazards from occurring, the Organization will take action in order to establish operational procedures, considering the adoption of personal and collective protective equipment. An example of this is the installation of sound-absorbing panels near the loudest sources of noise at the Campochiaro plant, following the implementation of a project that resulted in an increased noise level on one line (>85 dB). This implementation allowed to contain noise and use hearing protections with lower attenuation rate (from 32 SNR to 20 SNR).

The hazard analysis of employees' risk of injuries is reported in the company's Risk Assessment Document (DVR), which assesses the specific probability of occurrence and the harm severity of a certain event. After the assessment, an action plan is designed containing the measures to adopt in order to remove or reduce the current hazard. For example, an accident involving exposure to chemicals happened at the Gebze plant with no serious consequences. Following this event, the operation that caused the injury was automatized to prevent direct exposure of the operator.

As with accidents, the analysis of hazards related to the risk of occupational disease is also incorporated within the company's DVR: these hazards may potentially be physical agents (noise >85 dB), chemical agents, video terminals, manual handling of loads, and mechanical vibration. The DVR also contains the health protocol, which designs a control plan for all categories of exposed workers. It should be underlined that no occupational diseases were found during the reporting period covered.



CORPORATE WELFARE PROCESSES AND INITIATIVES

Fater's People First strategy also translates into welfare initiatives intended for its employees. These are aimed at contributing to increase staff wellbeing through work-life balance and helping to develop a supportive culture in the company.

In this context, Fater provides all its employees with the following benefits:



LIFE INSURANCE



HEALTHCARE ASSISTANCE



DISABILITY AND INCAPACITY COVERAGE



PARENTAL LEAVES

For full-time employees of Fater in Italy.



SERVICES WITH CONTRACTED FACILITIES

Babysitting services are available for the children of employees, who preferred this initiative over the creation of a special company childcare center. Actually, hybrid work allows Fater people to manage their time better with no need to use a facility inside the company. Medical check-ups for people at different intervals.



GYM CONTRIBUTION AND SUBSCRIPTION TO FITPRIME

A platform that delivers online customized workouts and eating plans, and has partnerships with thousands of sports facilities. This benefit can also be extended to the employee's household.



FAMILY SUPPORT

Free diapers are given to all employees who have had a child.



PSYCHOLOGICAL SUPPORT

We provide psychological support through a third company with qualified professionals, ensuring full confidentiality, to all those who may ask for it.

Fater was one of the first companies in Italy to use hybrid work, giving the opportunity to work from home even 5 days out of 5, thanks to the trust that the relationships with our people are based on.

From October 2021, the new work model was incorporated in the collective bargaining agreement and cascaded into individual agreements. This formula is applicable to all company positions compatible with remote work.

Employees have maximum flexibility to work from home or any location they may consider comfortable to meet their personal needs and increase their wellbeing.

At the same time, the Organization is convinced of the value of having a physical place to strengthen connections and exchange experiences, so the Campus is open at all times to welcome employees and allow them to choose the right mix of in-person and remote work. Hybrid work is essentially a matter of trust between Organization and employees, which marks a paradigm shift for Fater, moving away from a control-based approach.

The welfare activity launched by Fater also values the concept of solidarity among employees. Some *ad hoc* initiatives were implemented, such as:

- ▼ The **CareGiver** initiative, with the company asking employees whether they are willing to use some of their time during the day to cover for their coworkers, who may then use that time to take care of their dear ones in need;
- ▼ **Solidarity fund for holidays**, which allows every employee to donate part of their holidays to their colleagues, depending on the needs and the situation;
- ▼ **Solidarity fund for expenses**: this initiative aims to help those employees who may have to face some unexpected major expenses they cannot afford. The fund is available to all those who may be in difficult situations, and no repayment whatsoever is required of them.



RELATIONSHIP WITH THE LOCAL COMMUNITY

Fater is an integral part of the local communities in which it operates and runs its business responsibly to generate value and minimize the impact of its operations.

As part of its approach to sustainability and to achieve the targets it has set for itself, the Group has developed a Carbon Footprint analysis that, among the parameters investigated, assessed the impacts on the areas where the plants are located. Additionally, when conducting the materiality analysis outlined in Chapter Everyday Sustainability, Fater has also involved local stakeholders. The Organization normally shares the results of its environmental and social impact assessments during meetings at universities or by publishing specific papers.



SA 8000
Certification
achieved in 2021

The vision of the Group is **consolidating dialogue with local communities and institutions** in terms of value creation and social support, as well as sharing the outcomes of its activities. Therefore, this Sustainability Report lays the foundation for developing the ongoing and structured relationship that Fater strives for. This dialogue is already underway in accordance with the SA 8000 certification the company achieved in 2021, and in the form of dissemination of the previous social responsibility reports prepared by the company and shared with institutional stakeholders and third sector stakeholders. Fater's intention is to evolve these relationships toward active engagement of key stakeholders aimed at incorporating feedback and concerns about what is represented in the annual Sustainability Report. The table below shows the activities implemented by Fater to engage local communities and how their impact on them was evaluated. The engagement of local communities should be understood as stated above.

OPERATIONS ENGAGING LOCAL COMMUNITIES, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS	FY 2020/2021		FY 2021/2022	
	No.	% on total	No.	% on total
Environmental impact assessments	1	25%	1	10%
Local community development programs	2	50%	5	50%
Stakeholder engagement activities	-	0%	3	30%
Formal procedures to manage complaints from local communities	1	25%	1	10%
TOTAL	4	100%	10	100%

The total number of such activities in 2022 amounts to 10, a sharp increase over the initiatives taken in the previous fiscal year.

Fater's creation of value for the community means, first and foremost, keeping employment levels (see the positive coming/leaving ratio on previous table), sustaining allied industries in Abruzzo and Molise - the regions where the Italian facilities are located -, and being a multiplier of managerial and technical knowledge that enriches the backgrounds of those who come

into contact with Fater: suppliers, leased and job-on-call staff, young undergraduates and graduates.

As part of the Social pillar, notably the projects for the community, the Organization supports corporate initiatives that normally aim to value and enjoy the environment and culture. In the past two years Fater has conducted a number of local community development programs:

- ▼ **Generazione d'aMare:** The Group contributed to the recovery and restoration of a beach in Pescara, by building specific walkways to facilitate access for the frailest and installing children's play facilities made of eco-friendly materials and designed as to have no impact on the landscape. We also recreated the typical dunes of Pescara's beaches and planted native plant species. The dune garden also serves as an educational device by presenting a description of the plant species existing there.
- ▼ In collaboration with Legambiente Abruzzo, Fater has promoted an awareness campaign in Pescara schools to raise awareness of younger generations on **respecting and protecting the sea**, having its ambassadors share the ongoing projects on the reduction of environmental impacts. This initiative involved **more than 1,000 students** and we were able to discuss with them about a number of topics around preservation of the sea ecosystem, such as use and disposal of plastics and how to prevent generating marine debris.
- ▼ In the summer of 2021, Fater sponsored the **Pescara Jazz**, a cultural event in Pescara that has been part of the city for over 50 years. Supporting this event was an important step for Pescara on its way back to normal after the pandemic.
- ▼ For many years Fater has been collaborating with **Banco Alimentare** in the Abruzzo and Molise regions to give out to the community any personal absorbent products, home and fabric care products that were discontinued. With Fater products, Banco Alimentare helps meeting the needs of 180 charities and third sector associations in the two regions.

Finally, Fater is promoting corporate volunteering: **eight paid hours are provided for employees who want to volunteer in some of the associations operating in the local community that were previously suggested by the employees.** To Fater, being a company also means team up with citizens and institutions to help build a better society: the Group pursues this goal also through its brands, which carry specific Corporate Social Responsibility plans that will be described in the following section.

BRAND PURPOSE

Lines, Lines Specialist, Pampers and Ace brands are among Italian households' favorites. In fact, 3 out of 4 households use at least one of the company's products. Therefore, obviously they are also a powerful communication channel that Fater can use to take concrete actions for consumers, the planet and the community.

Each Fater brand has developed a purpose **defining the area of social intervention on the long run and an annual CSR (Corporate Social Responsibility) plan that deploys specific projects in the defined areas.** Below are the brand purposes and projects to help make a positive change in society.



ACE, united by clean

We stand by all those who think that the front yard, the neighborhood square, and every public space deserves the same care and respect we give our homes. We want to make our contribution in promoting a new culture of clean, where we can all team up and take care of our common spaces. Because if our neighborhood is cleaner and cared for, it will be nicer to meet and experience it together. Ace. United by clean.



Retake projects



Project: Ace, the expert in home and fabric cleaning, wants to transfer its care for the environments into the protection of public spaces as well and wants to promote a proactive consumer movement on this matter. **Ace has partnered with Retake, which has been raising public awareness on the importance of caring for and recovering urban spaces for more than a decade.**

Together with this association we have promoted the “**Scendiamo in Piazza**” (Let’s Take to the Streets) project in **12 Italian cities** to restore urban spaces such as squares, public gardens, and parks.



New clean culture
promoted by Ace



**“Scendiamo in piazza”:
12 Italian cities**
engaged to the project



**Movement
to recovery of
urban spaces**
thanks to the partnership
with Retake





Close to families

We want to be by the side of families in the most exciting but difficult as well journey of their life, that is the raising a child to support and help new mothers and new fathers to overcome doubts and uncertainties.



Heart4Children Project

Pampers has partnered with **Heart4Children**, an association committed to promoting and **organizing activities locally that serve as a tangible help for the growth of young people.**

Along with **Heart4Children** developed the **“Pampers Village” project**, a digital platform that offers services to support parents facing everyday difficulties in managing children, with podcasts where experts give their advice and the personal experiences of other parents are shared, and a number of topics are explored, including adoption and integration, the importance of playing with kids and creating a

strong relationship between parents and their children, as well as practical tips for everyday life. For more specific needs, Pampers and Heart4Children provides to the new parents a counseling desk and meetings with expert psychologists. Heart4Children and Pampers partnership is reinforced by the Coccole Pampers app, through which services are available for the new mothers and fathers.



Podcast

providing support to new parents

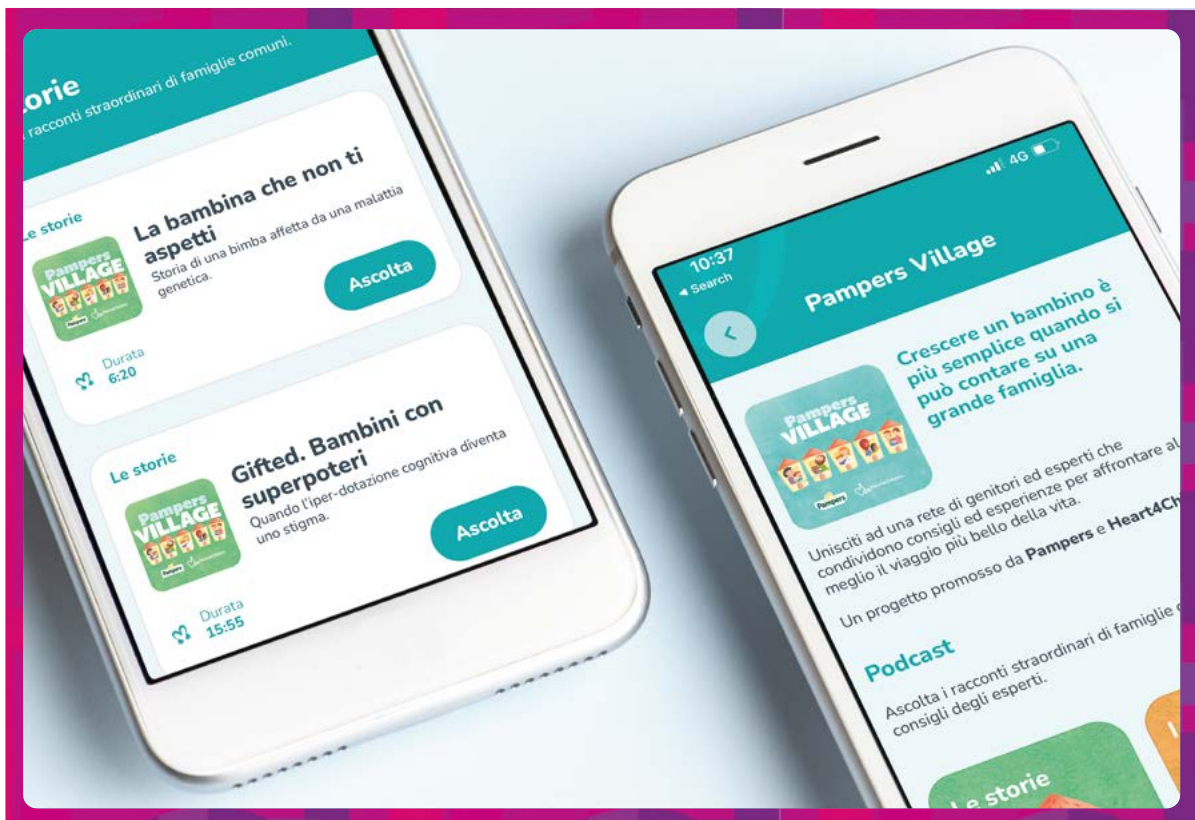


Counseling service

individual for moms and dads



App Coccole Pampers





LINES

A free world

Lines is committed to building a world free of gender stereotypes and discrimination, where every woman can be herself.



Lines purpose is developed through two pillars:

- ▼ awareness;
- ▼ actual projects for women.

AWARENESS

The brand has promoted multiple campaigns to keep attention high on clichés that hold back women in society, and has called up women with two communication campaigns, “**Un Passo Avanti**” (and “**Che Donna Essere**

Dipende da Te”, to draw attention on stereotypes and discriminations that still affect the life of many women. The brand has also been active on social media with the campaign “**Il lavoro nobilita l’uomo... e la donna?**” (Work ennobles man... how about woman?) which allowed some Fater employees to share their stories and their experience in embarking on education and professional paths that are still considered mainly for men.

Finally, with the **Domande Scomode@School** initiative Lines wants to share with the youth the values and behaviors that fight gender inequalities. Fater's goal is to bring **over 100,000 middle and high school students (during two years)** on an education program

fostering **respect between genders**, delving with experts into the joys and uncertainties of kids during adolescence. Different Fater women managers have taken part to this initiative in many Italian schools.

WeWorld Projects



Lines has been working with the WeWorld association for more than 50 years to protect the rights of women and children in 25 Countries all over the world. The brand has contributed to opening the "Spazio WeWorld" in Bologna, which has already welcomed 400 women. What WeWorld specialists do revolves around women's empowerment, prevention of gender violence and support to women in need. The collaboration with the association continues with the opening of more counseling centers in Italy. One opened in November 2022 is in Pescara.

In addition, Lines Specialist promotes TV communication campaigns and in point of sales through client's collaboration, aimed at normalizing incontinence issue. This issue is related to millions of women in Italy over 55 years old and it is now treated with a higher confidence thanks to Lines Specialist communication, prevention and technological innovation.



400 welcomed women
into the space of Bologna



Opening Spazio Donna
in Pescara in November 2022



Women empowerment promotion
and gender violence prevention



ASSOCIATIONS

As a company, Fater is a member of a number of associations. Below is a list of the main ones Fater partners with:

▼ AIAS

AIAS was established in 1975 to disseminate and entrench the culture of safety in all work and living places. Since then it has been focusing on Safety integrated with Health and Sustainability and the management of all “physical” risks within organizations.

▼ AILOG

AILOG, Italian Association of Logistics and Supply Chain Management, it has been the cultural and professional reference point in Italy about logistics and Supply Chain management for Companies, industry Players and Institutions since 1978.

▼ ASSIDAL

Association of employers established in 2014 under Article 39 of the Constitution. ASSIDAL brings together companies, service firms, professionals, individuals and provides training advice and assistance to those who work in production and services

▼ ASSOCASA

It represents manufacturers of cleaning, maintenance and hygiene products: detergents for homes, communities and industries, laundry soaps, detergent boosters, disinfectants and pesticides (biocides), waxes, car care products, air fresheners and general cleaning and maintenance products.

▼ ASSOLOGISTICA

Assologistica is the association of logistics companies, general and refrigerated warehouses, port, freight terminal and airport terminal operators. Thanks to its network of local representatives and by bringing together the managers of logistics infrastructures and third-party operators who use them, Assologistica ensures complete logistics integration.

▼ CONAI

National Packaging Consortium, it is a private non-profit consortium. It is a system that is the response of private companies to a collective problem such as the environment, in compliance with the guidelines and targets set by the political system. Approximately 760,000 companies which produce or use packaging have joined the Consortium System.

▼ **CONFINDUSTRIA**

It groups 149,288 companies of all sizes on a voluntary basis, for a total of 5,516,975 workers. It represents the confederation before international, EU, national and local bodies.

▼ **CONFINDUSTRIA DISPOSITIVI MEDICI**

It is Confindustria's Federation that gathers together, represents and develops medical device companies operating in Italy.

▼ **EDANA**

The leading global association and voice of the nonwovens and related industries.

▼ **GS1**

GS1 is a non-profit association that develops the world's most widely used standards for business-to-business communication. In Italy, there are as many as 40 thousand enterprises under GS1 Italy.

▼ **UPA**

UPA is the Association that brings together the major industrial, commercial and service companies that invest in advertising and communication in Italy.

▼ **SUSTAINABILITY MAKERS**

Born in 2006, the Italian association collecting the professionals working on developing sustainability strategies and projects in firms and other organizations: it works to qualify and promote those professionals with the aim of improving skills and leadership, through training, networking, research and workshops..



EVERYDAY RESPONSIBILITY

Fater's first commitment is to ensure a well-defined, substantial and transparent governance whilst nurturing and promoting a culture of sustainability within the Group.

A responsible and proactive approach with actions as a result of policy continuity and principles of conduct, capable of involving and inspiring our entire organization.

At all levels, up to you.

Everyday matters

BUSINESS ETHICS AND TRANSPARENCY

The Governance Team, led by the CFO and with representatives from all corporate functions, analyzes Fater's compliance from a legal and regulatory perspective, and proposes interventions to the Leadership Team. A select committee made of CFO, Legal, HR and GM analyzes potential issues and implements defined strategies for resolution involving the necessary departments.

The social responsibility policy ensures the Company's commitment to apply due diligence to verify that its suppliers and subcontractors, private employment agencies and sub-suppliers comply with the SA8000 Standard.

Fater has adhered to the international standard SA8000:2014 and complies with its requirements which are based on ILO (International Labor Organization) documents³⁰ and on the Universal Declaration of Human Rights.

According to the adopted policy, the organization gives priority to the following issues: ensuring equal opportunity and rejecting all forms of discrimination in hiring, remuneration, access to training, promotion, dismissal, and retirement of workers, based on race, social class or national origin, caste, birth, religion, disability, sex, sexual orientation, family responsibilities, marital status, union membership, political opinions, age, or any other condition that may give rise to discrimination.

The SA8000 due diligence is done by drafting the **Social Risk Assessment Document**.

On the HSE side (Health, Safety, Environment), Fater's health, safety and environmental policy commits the Organization to implement safe activities to prevent environmental pollution, protect the health of its employees, third-party service providers and the communities around its facilities, to provide products of higher quality and value in order to improve the life of consumers and the environmental quality of its products and the operations necessary to manufacture them, in compliance with all applicable laws. Due diligence is incorporated in specific health and safety procedures that take into account the Risk Assessment Document for activities to prevent and protect the health of workers and work environments, as well as to monitor the general health status of workers through health surveillance protocols.

You can find the policies adopted by Fater on the Group's website under the transparency, policies and certifications section at: <https://www.fatergroup.com/it/trasparenza-politiche-e-certificazioni>

³⁰ The International Labor Organization is a specialized United Nations agency whose mandate is to advance social justice and internationally recognized human rights, with special reference to those regarding labor in all its facets.

Model 231 and Code of Ethics

Fater has adopted an Organization, Management and Control Model as required by Legislative Decree 231/2001 (hereinafter “Model 231”) and has a Code of Ethics, both available at: www.fatergroup.com.

The Model 231 is a coherent set of principles, rules and provisions that:

- ▼ **A)** affect the internal functioning of the Group and how it interacts with the world outside;
- ▼ **B)** govern the diligent management of a control system for sensitive activities, aimed at preventing the commission, or attempted commission, of the offenses referred to in Legislative Decree 231/2001;
- ▼ **C)** ensure transparent and fair business conditions to protect its own and its subsidiaries’ reputation and image, the interests of its shareholders and the work of its employees;
- ▼ **D)** prevent any crimes that may be committed by top managers as well as the people under them, by relieving the organization from any liability in case one of the crimes in Legislative Decree 231/2001 were to be

It is constantly updated over time following the introduction of any new predicate offenses by resolutions of the Board of Directors.

In order to effectively implement the Model 231, Fater ensures proper dissemination of its contents and principles both within and outside the organization. In particular, the content and principles of the Model are communicated not only to employees, but also to those who work to achieve Fater’s goals under contracts, even if they are not formal employees. Communication and training are diversified depending on recipients, but it is generally imbued by principles of completeness, clarity, accessibility and continuity in order to transmit to the several recipients the full awareness of the corporate provisions that they are expected to comply with and the ethical rules they must follow.

To make sure the Model 231 is fully functional and effective, the Shareholders’ Meeting of Fater S.p.A. appointed the **Supervising Body**, consisting of three members. The Supervising Body reports semi-annually to the Board of Directors on its activities.

The Code of Ethics is an essential part of the Model 231, as we believe that ethics in doing business is a paramount value to be pursued as a condition of business success. The general principles and rules of conduct set forth in the Code of Ethics apply, without exception, to corporate bodies, managers, employees and third parties.

PROTECTION OF HUMAN RIGHTS

Regarding human rights, the abovementioned SA8000 policy applied reflects the Declaration of Human Rights and the ILO documents on respect of workers, as well as ensures compliance with the State laws on occupational safety, minimum age for employment, fair salary and social security contributions, as well as hours of rest between shifts. On all these aspects, the Organization is subject to annual certification and audits by an accredited third-party organization.

In addition to Fater Group's employees, the SA8000 International Standard and its principles are also applied to all categories of workers who contribute to the company's productive life, including workers who collaborate with the Organization and any stakeholders such as suppliers of goods and providers of services and their employees, non-profit organizations and associations.

The ways Fater Group incorporates each one of its commitments at various levels of the Organization for responsible business conduct in all its operations and business relationships include assigning roles and responsibilities (power of attorneys signed by the Employer, HSE organizational chart and job descriptions, HSE expectations signed by all workers), action plans, individual work objectives, operating procedures, supplier qualification, and mandatory Health, Safety and Environmental education and training to all employees.

Fater has a distinctive feature, which is open dialogue with stakeholders and, more generally, with the world outside, to be inspired and channel its action in the right way. Supported by the Senior Managers, the first step in this approach is active listening. Beginning with consumers and customers, this mindset applies at all stages of the Group's operations, from conceiving initiatives to post-sale through consumer service (see

below for operation). Fater fosters listening and discussion also with other categories of external stakeholders, although in less structured ways than the former, through the External Relations function. We hold direct meetings with institutional stakeholders to delve into their needs and concerns. Any complaints and/or reports may be sent to that function, which will analyze them, discuss them with the departments involved in the specific issue at hand and give a response to the external subject who made the query.

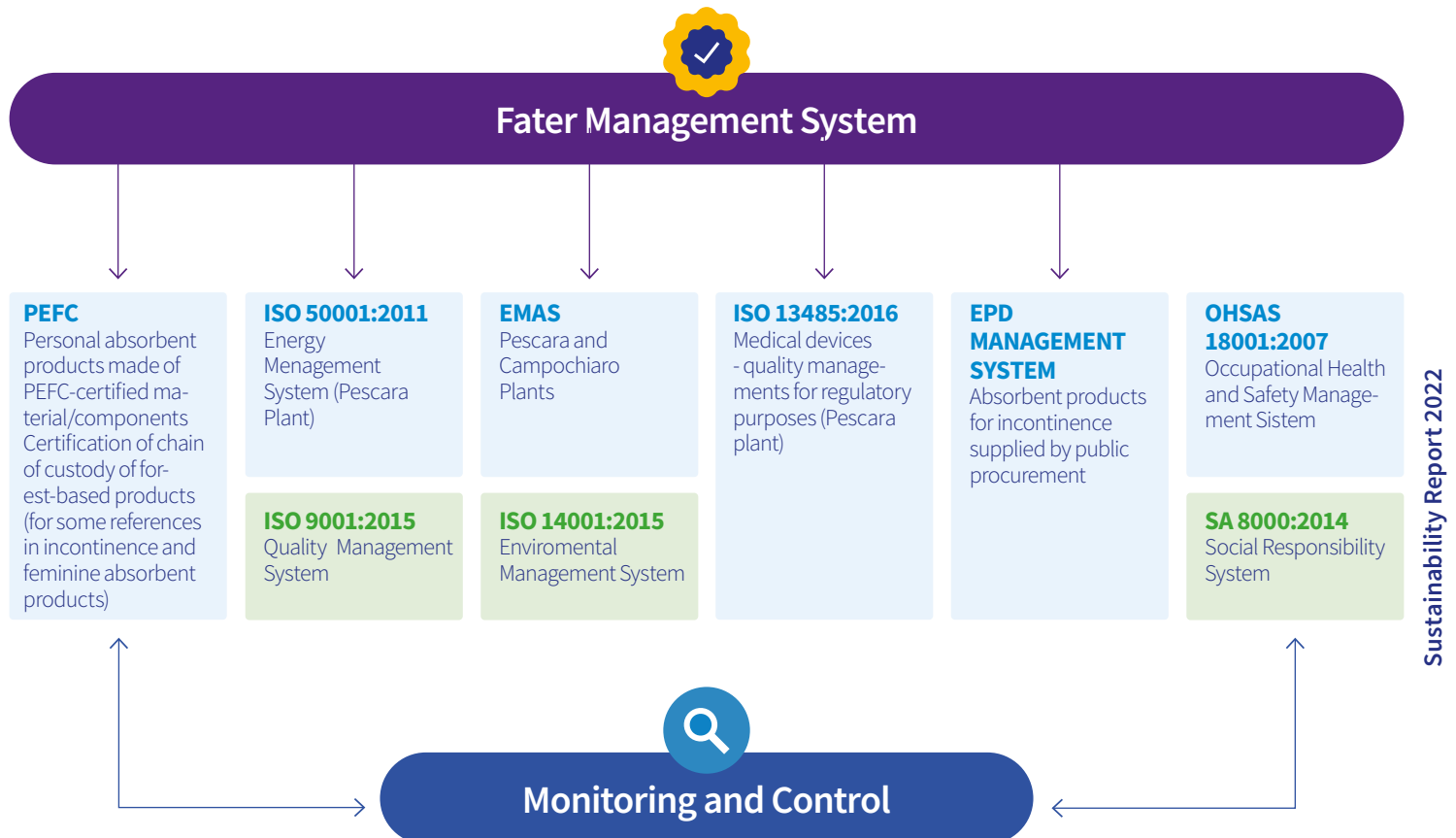
As for the dialogue with consumers, it is provided by our consumer service, with grievance mechanisms and other remedial procedures delivered through outsourced call centers and the use of digital platforms³¹. The steps in the process adopted are the creation of tickets for each contact, a systematic analysis by internal specialized figures on a monthly and weekly basis of the reports received, and involvement of the departments responsible for providing answers to consumers who access the service. Consumers' opinion is expressed quickly via the App Store, with a score of 4.7 out of 5 in fiscal year 2021-2022, and 4.3 in fiscal year 2020-2021, or through an after-call survey (survey after phone call or questionnaire sent via e-mail) with a score of 4.4 (out of 5) in 2020-2021. Dialogue with our consumers is 100% part of the Group's approach toward continuous improvement, as evidenced by the policies covered in the previous paragraph.

As regards any reports about any crimes committed or illegal conducts under Legislative Decree 231/2001 or conducts against the Code of Ethics and the Organization, Management and Control Model under Legislative Decree 231/2001, the Supervising Body carries out constant monitoring to ensure corporate compliance.

³¹ The following platforms are used for Consumer Service data: wasabi-DVR Italy (Ace), Salesforce (absorbent products), App Store rating data.

MANAGEMENT AND CERTIFICATION SYSTEMS

Over the years, Fater has obtained the Certifications shown in the chart below, in order to manage operations effectively and efficiently and as continuous improvement.



Note: Sites where each Certification is valid:

- ▼ ISO 9001:2015: HQ (Spoltore), Pescara Plant, Campochiaro Plant
- ▼ ISO 14001:2015: HQ (Spoltore), Pescara Plant, Campochiaro Plant
- ▼ ISO 50001:2011: Pescara Plant
- ▼ ISO 13485:2016: HQ (Spoltore), Pescara Plant
- ▼ ISO 27001:2013: HQ (Spoltore)
- ▼ ISO 45001: 2018: HQ (Spoltore), Pescara Plant, Campochiaro Plant
- ▼ SA 8000:2014: HQ (Spoltore), Pescara Plant, Campochiaro Plant

ECONOMIC GROWTH AND FINANCIAL PERFORMANCE

Business progress

With regard to business performance, it should be noted that also in FY 21/22 some of Fater's target markets were affected by demographic factors that negatively impacted on their size, particularly absorbent products for babies and feminine hygiene products. On the contrary, the home care and laundry detergent market has kept growing at a fast pace.

As a consequence of the effects caused by the Covid-19 pandemic and since January 2020, Fater has taken extraordinary measures to handle the operations of Group companies also during the last fiscal year, abiding to the regulations of all the Countries where it operates. The Organization has implemented all **measures to ensure the continuity of the Group's business**, as well as the safety of people and work environments. Thanks to the adoption of these policies, the plant operations of all Group companies were not interrupted, ensuring the continuity of operations necessary to support essential supply chains, as well as administrative operations. As a result, the Group companies did not apply for any layoff treatments and did not use any economic and financial aids related to the current emergency.

All Fater Group companies operate in their respective markets with **an appropriate cost optimization policy and a special focus on both the quality level of products and the level of market expectations**. In addition, the Group did not find any particular risk factor in the credit and financial positions, which are being constantly monitored as the emergency continued.

Despite the challenging macroeconomic situation, Fater's revenues in the last two fiscal years have remained stable, as shown in the table below.

REVENUES BY REGION (thousands of €)	FY 2020/2021	FY 2021/2022	% Variation
Italy	829,285	861,787	3.9%
International	45,309	52,672	16.3%
TOTAL	874,594	914,459	4.6%

(Source: Fater S.p.A. Financial Statements as at June 30, 2022)

Also, please note that **94% of Fater's revenues come from the Italian market**.

Regarding the Group's outlook for the near future, it should be considered that the first months of operation of the current fiscal year (2022-2023) are still being affected by a **structurally complex market environment**, with the economy being impacted by the prolonged difficult geopolitical events underway and a resurgence of the Covid-19 pandemic with uncertain and unpredictable outcomes. Notably, **the geopolitical situation continues to adversely affect**

the trend in energy, gas and fuel prices which, along with a shortage of raw material supply, pushes inflation to over 8%, which affects negatively consumption trends of households.

Given this context, in addition to the actions already in place, the Group's companies are committed to identifying and taking all the necessary actions aimed at safeguarding economic results.

Economic value generated and distributed

The economic value generated and distributed is a company's ability to create wealth and distribute it among all its stakeholders.

As a matter of fact, most of the Economic Value Generated by Fater is distributed to the stakeholders the Company interacts with to run its business, in order to ensure economic stability on the medium and long run and meet stakeholders' expectations from the Group.

Thus, the **Economic Value Distributed** is the portion of the economic value generated that Fater distributes to all its stakeholder categories, such as:

- ▼ **OPERATING COSTS:** these are all the costs on purchase resources, materials, goods and services that the Fater pays to their suppliers;
- ▼ **EMPLOYEE WAGES AND BENEFITS:** this item includes salaries, wages, social security and welfare charges of Fater's employees;
- ▼ **PAYMENTS TO PROVIDERS OF CAPITAL:** it includes interests and other financial charges that the Group is paying to its providers of capital;
- ▼ **PAYMENTS TO SHAREHOLDERS:** it includes the share of dividends from the profit for the year that Fater distributes to its shareholders;
- ▼ **PAYMENTS TO GOVERNMENT:** this item includes all current taxes³² paid by Fater, in compliance with tax regulations of the Countries it operates in;
- ▼ **COMMUNITY INVESTMENTS:** this is the share of economic value generated by Fater and given to the local community, and includes any donations, investments, sponsorships and collaborations.

The **Economic value retained** resulting from the difference between the economic value generated and the economic value distributed, is the set of financial resources used to ensure economic growth and asset stability of the Group, as well as to create new wealth for the benefit of stakeholders.

In the two reporting years under review the Organization has generated economic growth, with an increase of both economic value generated and economic value distributed.

³² Only current taxes are reported, not deferred taxes or advance tax payments, in compliance with the accrual-based principle required by the GRI standard.

VALUE ADDED (thousands of €)	FY 2020/2021	FY 2021/2022
Production value	883,535	912,261
Other revenues and income	37,663	30,870
Financial income	11,080	134,160
Total economic value generated	932,278	1,077,290
Operating costs	647,863	681,154
Employee wages and benefits	119,503	119,527
Payments to providers of capital	743	566
Payments to shareholders	78,205	199,818
Payments to government	25,588	16,665
Community investments	388	578
Total economic value distributed	872,290	1,018,308
Amortization, depreciation and adjustments	57,997	59,261
Provisions for risks and other provisions	1,992	280
Fiscal year result allocated to reserves (Profit - distributed dividends)	-	-
Economic value retained	59,989	58,982

In fiscal year 2021-2022, the economic value generated was **1,077,290,310 euro**, while the economic value distributed was over **1,018,308,459 euro**: therefore, Fater has **distributed 94.5% of the wealth it generated to its stakeholders**. In fiscal year 2021-2022, the economic value retained by the company, which is aimed, as mentioned earlier, at maintaining Fater's business and ensuring its economic growth and stability, was **59,981,851 euro**.

Approach to tax

Fater is committed to managing taxation by ensuring full compliance with current regulations. The approach taken is based on the **principles of prudence, accountability and transparency toward tax administrations and all stakeholders**.

More specifically, Fater's objectives in its approach to taxation are controlling tax risks and safeguarding the company's reputation, properly quantifying and timely fulfilling tax obligations, disseminating corporate culture on tax compliance, and training and developing the skills of people involved in business processes associated with tax risks.

At the Organizational level, the tax area is led by the CFO (Chief Financial Officer), who is the Group's legal representative in tax matters. The corporate unit dealing with taxation is constantly updated on changes in the relevant regulations and, in case of doubts about the correct interpretation of the relevant regulations, it is supported by leading professional firms identified by the Company.

The corporate tax function is constantly involved in ordinary business operations and extraordinary business operations (M&A), both in contract negotiation and execution, in order to ensure that operations are carried out in compliance with the relevant tax regulations. Thus, the organization has adequate control systems in place based on the principles of segregation, traceability, and execution of audits.

The **Organization, Management and Control Model** the Company has adopted **was duly updated** with the introduction of tax and customs offenses, following regulatory changes that have introduced the administrative liability of companies for the aforementioned offenses as well. Fater has therefore developed an accurate internal control system to prevent tax crimes relevant to the administrative liability regime under Legislative Decree 231/2001, based on its risk profile.

The Company has also planned a specific refreshing course for employees, excluding blue-collars, about the scope of the model to tax and customs offenses. Likewise, the Organization offers a number of ways of reporting: it is always possible to send reports directly to the e-mail address of the Supervising Body, and a special “whistleblowing” platform was also set up, which guarantees anonymity. Reports submitted through the platform are taken up by a small multifunctional team and then handled according to an ad hoc policy.

Fater also has well-established operational processes to make sure statements are always true in both form and substance, that they are promptly submitted and that the content of statements matches the accounting figures. These processes define the methods to verify the activities prior to the processing of tax returns, including complementary analyses conducted on the items to be entered in the tax return. A separate authorization process for approving the content of tax return and payment forms, and for filing them to Tax Administration. Tax returns are pre-checked and signed by a leading auditing firm before being transmitted electronically.

As Group, Fater is subject to annual tutoring and monitoring by the Italian Revenue Agency. This instrument allows the Organization to engage in continuous and transparent communication with the Tax Administration to fully comply with tax obligations.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

In carrying out its operations, Fater is aware of the possible indirect effects its choices may have throughout the supply chain. As a matter of fact, product sustainability cannot be measured only by considering the impact of its production and disposal. In fact, it all starts with a conscious choice of materials and raw materials that make up the product.

Based on this awareness, the Organization interfaces with suppliers, distributed all over the world, and over the years has built solid and transparent relationships that allow Fater and its partners to generate value, taking into account also social and environmental aspects.

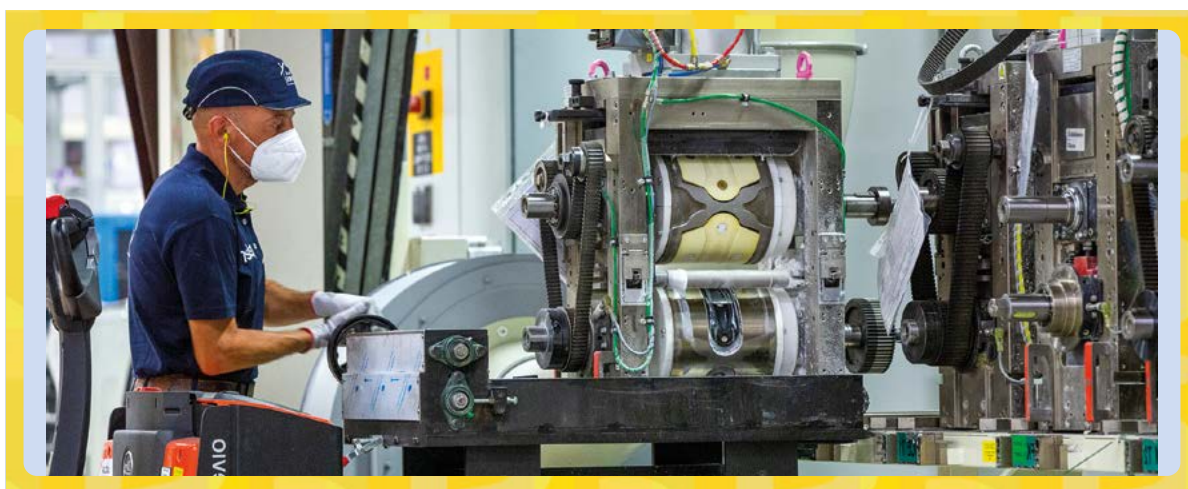
In fact, also for the choice of new suppliers, Fater prescribes those that guarantee high standards of quality and reliability. The company focuses on issues related to the respect of human rights, health and safety and the fight against corruption, also in line with the values and principles expressed in the company's Code of Ethics.

On top of that, the Company has embarked on a virtuous journey to also use certain **environmental indicators**³³ when selecting

suppliers. The first significant example is sourcing of cellulose, a material that is key to the Group's core business. Fater has chosen to source only from **PEFC-certified suppliers**³⁴. Similarly, Fater purchases high-quality recycled plastic for its products.

The integration of further environmental criteria in the selection of its suppliers will represent for Fater one of the main pillars to give concreteness to its actions. This is to achieve the ambitious decarbonisation targets. In this perspective the indicators, set out in the ESG Strategy regarding supplier involvement, should be considered.

The table below shows the number of raw material and packaging suppliers screened by Fater against to social and environmental criteria.



³³ Based on SA 8000 certification, The Company makes a selection.

³⁴ Programme for the Endorsement of Forest Certification schemes: is a worldwide organization promoting sustainable forest management through certification.

NUMBER OF SUPPLIERS	2020/2021	2021/2022
TOTAL SUPPLIERS (No.)	226	223
of which TOTAL NEW SUPPLIERS (No.)	7	7
Number of suppliers screened against ENVIRONMENTAL CRITERIA	7	7
of which Number of new suppliers screened against ENVIRONMENTAL CRITERIA	-	-
Number of suppliers screened against SOCIAL CRITERIA	109	117
of which Number of new suppliers screened against SOCIAL CRITERIA	4	3
PERCENTAGE OF SUPPLIERS SCREENED AGAINST ENVIRONMENTAL CRITERIA	3%	3%
PERCENTAGE OF NEW SUPPLIERS SCREENED AGAINST ENVIRONMENTAL CRITERIA	-	-
PERCENTAGE OF SUPPLIERS SCREENED AGAINST SOCIAL CRITERIA	48%	45%
PERCENTAGE OF NEW SUPPLIERS SCREENED AGAINST SOCIAL CRITERIA	57%	43%

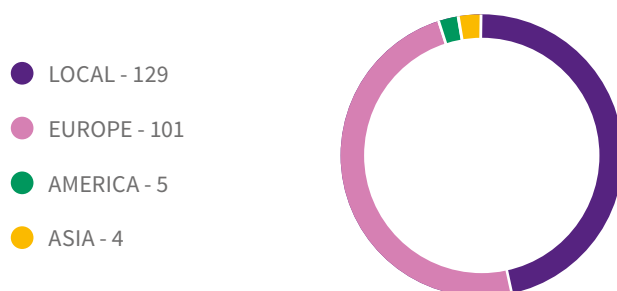


223
suppliers
2021

The number of Fater's active suppliers in the fiscal year 2021-2022 are **223**. Seven suppliers codified for the first time by Fater also contributed to this increase. Of the total suppliers, 59% are considered local suppliers based on plant location, while 46% are based in Europe. Therefore, 4% of Fater suppliers come from outside Europe.

NUMBER OF SUPPLIERS	FY 2020/2021		FY 2021/2022	
	No.	% on total	No.	% on total
Number of LOCAL suppliers ³⁵	125	55.31%	129	53.85%
Number of suppliers based in EUROPE ³⁶	88	38.94%	101	42.69%
Number of suppliers based in AMERICA	8	3.54%	5	1.92%
Number of suppliers based in ASIA	5	2.21%	4	1.54%
Number of suppliers based in the REST OF THE WORLD	-	-	-	-
TOTAL SUPPLIERS	226	100%	239	100%

SUPPLIERS BY REGION IN 2021-2022



³⁵ Local suppliers are those based in the countries where Fater's production plants are located, meaning: Italy, Portugal and Turkey.

³⁶ This value does not include suppliers from Portugal and Turkey, as they have already been classified as local.

BUDGET SPENT ON SUPPLIERS	FY 2020/2021		FY 2021/2022	
	(thousands of €)	% on total	(thousands of €)	% on total
Budget spent on LOCAL suppliers ³⁷	96,219	47%	116,060	44%
Budget spent on suppliers based in EUROPE (excluding local suppliers)	101,740	49%	138,427	52%
Budget spent on suppliers based in AMERICA	6,259	3%	7,775	3%
Budget spent on suppliers based in ASIA	1,735	1%	2,541	1%
Budget spent on suppliers based in the REST OF THE WORLD	-	-	-	-
TOTAL BUDGET	205,952	100%	264,803	100%

As far as budget spent by the Group, in the last fiscal year 44% percent of it went to local suppliers, 52% to Europe, and the remaining 4% to America and Asia. Total spending to local and European suppliers increased by 20% and 36% respectively, also due to a general increase in prices. Overall, Fater spent a total of **264,802,567 euro** in the procurement process related to production in fiscal year 2021-2022

Responsible procurement of materials

Fater purchases a diversified amount of materials from selected suppliers to carry out production and sales. With regard to the last fiscal year, raw materials and materials purchased amounted to **264,802,567 euro**, **44%** of which was purchased from local suppliers, as mentioned in the previous section.

TYPE OF GOODS/MATERIALS/RAW MATERIALS/SEMI-FINISHED PRODUCTS/COMPONENTS PURCHASED (thousand of €)	FY 2020/2021	FY 2021/2022
Finished products	56,976	57,136
Raw materials/packaging	205,952	264,803
TOTAL PURCHASED	262,928	321,939

Including purchases of finished goods, the Group spent 321,939,017 Euro, up by about 22% over 2020-2021.

³⁷ See note 35.

PRODUCT QUALITY AND SAFETY

Fater products have always been part of every Italian's daily life, as a symbol for care, protection and a trust. A "heritage" gained over time that tells of a deep understanding of the evolving needs of people: a constant communication that has enabled the Group to become a reliable interlocutor with partners, institutions and citizens in every area of its business.

The Group's focus on **product quality and safety in all operations** covers all stages, from design to engineering, from procurement of raw materials and packaging materials to production, as well as after-sales surveillance. To this end, Fater is committed to:

FATER COMMITMENT



Ensure their processes and **products comply with all applicable laws and regulations**, both mandatory and voluntary



Support the engagement of its own people and third partners to achieve quality and safety targets by constantly providing procedures and training, while ensuring compliance with rules and regulations throughout the whole value chain



Use a **risk-based approach** when making strategic decisions about safety and quality

Product performance and quality are guaranteed right from research and development, which define the **technical specifications** that describe finished product features, the process conditions needed to obtain them and the analytical methods to check them. All Fater products undergo quality checks to ensure proper operations and the safety of production lots released to the market. These checks seek to:

- ▼ **Identify the critical parameters to monitor and check the performance of Management Systems**, either monthly, quarterly or annually, and discuss with workers about the results and areas of improvement;
- ▼ **Check risks related to operations**, along with the corrective and preventive plan, and verify the effectiveness of facilities;
- ▼ **Reduce use of substances hazardous for the environment**, the health and safety of staff and third-party companies;
- ▼ **Ensure specific maintenance of facilities**, as well as inform, educate and train people to prevent any accidents that may cause consequences to property and people;
- ▼ **Analyze accidents and injuries**, identify root causes, implement countermeasures, and verify their effectiveness.

We also ensure product safety for consumers through the information provided on **product labels**. Fater's types of products fall under three main categories, governed by the following regulations:



COSMETICS

With reference to the production of wipes: Regulation (EC) No. 1223/2009 of the European Parliament and of the Council of November 30, 2009 on cosmetic products;



MEDICAL DEVICES

Concerning incontinence products: Regulation (EU) No. 745/2017 of the European Parliament and of the Council of April 5, 2017 on medical devices;



DETERGENTS

With reference to Home Care products: Regulation (EC) 648/2004 on detergents, Regulation (EC) 1272/2008 CLP on classification, labelling and packaging of substances and mixtures, Law no. 690 dated October 25, 1978, Metrology regulations (Incorporation into national legislation the Directive of the Council of the European Communities no. 76/211/EEC relating to the making-up by weight or by volume of certain prepackaged products), and finally Legislative Decree no. 206 of September 6, 2005 applicable for the general approach to claims.

Every piece of regulation specifies the mandatory information to be put on product labels about product type, use, lot number, instructions for use, list of ingredients (where applicable), any instruction on specific storage and/or handling conditions, warnings or precautions to be taken that should be brought to the immediate attention of the user and any other person, etc. In addition to regulations is Legislative Decree No. 152 of April 3, 2006 concerning "Environmental Regulations", which requires the nature of packaging materials used to be indicated regardless of the type of product.

At its production plants in Italy (Campochiaro and Pescara) and abroad (Porto and Gebze), the Company adopts a responsible production approach aimed at ensuring **product quality, respect for the environment and the safety of workers and consumers**. One example is the Campochiaro plant where 100% of production is electronically controlled to ensure:

- ▼ Caps and labels are applied correctly;
- ▼ Bottles are clean;
- ▼ Production lot printing quality for product traceability;
- ▼ Printing quality on secondary packaging and pallet labels.

The formulas are prepared using software to ensure the exact compliance of the product. Similarly, production at the Pescara plant is subject to in-line and continuous inspections through vision systems, metal detectors, software-guided lasers and automatic rejection in order to detect nonconformities in the company's quality and safety parameters. Currently, two of Fater's four production plants hold ISO 45001:2018-14001:2015-9001:2015 certifications:

the Campochiaro plant and the Pescara plant. As for foreign sites, currently the Porto plant is ISO 45001-14001-certified.

Research and development at Fater are managed at a central level using in-house specialists who work on multiple categories, as well as with the constant communication with Procter & Gamble for feminine absorbent and baby care product categories.

Fater's **Consumer Service** plays a key role in coordinating customer relationship activities, especially in sales.

The Consumer Service takes care of the relationship with consumers for matters related to reports on the use of products, information about them, and information about promotional activities.

Consumer claims are collected by an external company through operators over communication channels (e mail, phone, app). The Organization has internal people responsible for managing the relationship with the call center company, and decides what information is required for handling claims on every potential topic customers may inquiry about and shares them with the call center company by delivering training and providing materials.

This always happens for new product launches and promotional initiatives. Call center operators work on a digital platform, which employs a ticket system to keep track of every interaction between consumers and the company for smart handling. In case of complaints resulting from the use of products (performance, product structure, health-related cases), the system allows Fater managers to promptly inform those business functions that, depending on the nature of the complaint, can help clarify it based on their expertise, e.g., R&D, Regulatory, Quality assurance, Marketing.

The Consumer Service may also offer to pick up the product at the consumer's place to let Fater run the technical analysis necessary to troubleshoot the case. Regular reports of Consumer Service activities are constantly analyzed by the company with a view to continuous improvement. Finally, Fater has implemented a **system for measuring and monitoring the level of satisfaction of end consumers**.

The assessment is done through a voluntary and anonymous survey to consumers after their interaction with Consumer Service. Consumer Service people within the organization have the level of consumer satisfaction to achieve in their annual goal card.



GRI PERFORMANCE INDICATORS

GRI PERFORMANCE INDICATORS

Statement of use	This Fater's non-financial document reports the information contained in the GRI Content Index for the period July 1, 2021 - June 30, 2022 using the option "with reference to GRI Standards"
GRI 1	GRI 1: Foundation 2021

GRI SUSTAINABILITY REPORTING STANDARD			P.	NOTES
General disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	p. 6	
	2-2	Entities included in the organization's sustainability reporting	p. 6	
	2-3	Reporting period, frequency and contact point	p. 6	
	2-4	Restatements of information		Sustainability report published for the first year
	2-5	External assurance	p. 112	
	2-6	Activities, value chain and other business relationships	p. 12	
	2-7	Employees	p. 64	
	2-8	Workers who are not employees	p. 66	
	2-9	Governance structure and composition	p. 18	
	2-10	Nomination and selection of the highest governance body	p. 18	
	2-11	Chair of the highest governance body	p. 18	
	2-12	Role of the highest governance body in overseeing the management of impacts	p. 21	
	2-13	Delegation of responsibility for managing impacts	p. 21	
	2-14	Role of the highest governance body in sustainability reporting	p. 21	
	2-15	Conflicts of interest		The Code of Ethics prohibits to operate in conflict of interest
	2-17	Collective knowledge of the highest governance body	p. 21	
	2-18	Evaluation of the performance of the highest governance body	p. 62	
	2-19	Remuneration policies	p. 62	
	2-20	Process to determine remuneration	p. 62	
	2-21	Annual total compensation ratio	p. 63	
	2-22	Statement on sustainable development strategy	p. 4	
	2-23	Policy commitments	p. 92-94	
	2-24	Embedding policy commitments	p. 92-94	
	2-26	Mechanisms for seeking advice and raising concerns	p. 99	
	2-28	Membership associations	p. 88	
	2-29	Approach to stakeholder engagement	p. 24	
	2-30	Collective bargaining agreements	p. 69	

Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	p. 24
	3-2	List of material topics	p. 24
ECONOMIC PERFORMANCE			
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	p. 97
PROCUREMENT PRACTICES			
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	p. 101
ETHICAL PRACTICES			
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Code of Ethics and Model 231 in place as approved by the Board of Directors, including the relevant mandatory information
	205-3	Confirmed incidents of corruption and actions taken	No corruption incidents were reported during the reporting period at hand
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No legal action for anti-competitive behavior or violation of anti-trust laws and regulations
TAX			
GRI 3: Material Topics 2021	3-3	Management of material topics	p. 98
GRI 207: Tax 2019	207-1	Approach to tax	p. 98
	207-2	Tax governance, control, and risk management	p. 98
	207-3	Stakeholder engagement and management of concerns related to tax	p. 98
ENERGY			
GRI 302: Energy 2016	302-1	Energy consumption within the organization	p. 39
	302-4	Reduction of energy consumption	p. 39
WATER AND EFFLUENTS			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	p. 42
	303-3	Water withdrawal	p. 42
	303-4	Water discharge	p. 42
	303-5	Water consumption	p. 42
EMISSIONS			
GRI 3: Material Topics 2021	3-3	Management of material topics	p. 34

GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	p. 37	GRI partially covered, because biogenic CO ₂ was not calculated as the GHG Protocol does not require so.
	305-2	Energy indirect (Scope 2) GHG emissions	p. 38	
	305-3	Other indirect (Scope 3) GHG emissions		
WASTE				
GRI 3: Material Topics 2021	3-3	Management of material topics	p. 45	
	306-2	Management of significant waste-related impacts	p. 45	
	306-3	Waste generated	p. 45	
	306-4	Waste diverted from disposal	p. 45	
	306-5	Waste directed to disposal	p. 45	
SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	p. 101	
EMPLOYMENT				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	p. 68	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time	p. 78	
	401-3	employees	p. 60	
OCCUPATIONAL HEALTH AND SAFETY				Parental leave
GRI 3: Material Topics 2021	3-3	Management of material topics	p. 73	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	p. 73	
	403-2	Hazard identification, risk assessment, and incident investigation	p. 73	
	403-3	Occupational health services	p. 73	
	403-4	Worker's participation, consultation, and communication on occupational health and safety	p. 73	
	403-5	Worker training on occupational health and safety	p. 74	
	403-9	Workplace injuries	p. 76	
	403-10	Work-related ill health	p. 77	
TRAINING AND EDUCATION				
GRI 3: Material Topics 2021	3-3	Management of material topics	p. 70	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	p. 72	
	404-2	Programs for upgrading employee skills and transition assistance programs	p. 70	
	404-3	Percentage of employees receiving regular performance and career development reviews	p. 72	

DIVERSITY AND EQUAL OPPORTUNITY

GRI 3: Material Topics 2021	3-3	Management of material topics	p. 59
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GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	p. 59
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LOCAL COMMUNITIES

GRI 3: Material Topics 2021	3-3	Management of material topics	p. 80
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GRI 413: Local Communities 2016	413-1	Operations engaging local communities, impact assessments, and development programs	p. 80
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SUPPLIER SOCIAL ASSESSMENT

GRI 3: Material Topics 2021	3-3	Management of material topics	p. 100
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GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	p. 101
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INDEPENDENT AUDITING FIRM'S REPORT

Fater Group

Independent Auditors' Report on
"Sustainable Report 2022"

RC036892022BD1498





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Independent Auditors' Report on "Sustainable Report 2022"

To the Executive Committee of Fater S.p.A.

We were engaged to carry out a limited assurance ("limited assurance engagement") of the Sustainability Report of the Fater Group (hereinafter also the "Group") for the year ended June 30, 2022.

Responsibility of the Members of the Executive Committee for the Sustainability Report

Members of the Executive Committee are responsible for the preparation of a NFS in accordance with "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified as the reporting standard.

Members of the Executive Committee are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Members of the Executive Committee are also responsible for defining the objectives of the Fater Group in relation to sustainability performance, as well as for identifying stakeholder and significant aspects to be reported.

Auditors' Independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies the International Standard on Quality Management (ISQM1) and, accordingly, maintains a system of quality control that includes directives and procedures concerning compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

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

Therefore, our examination resulted in an extension of work less than that required to conduct a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, consequently, does not allow us to have the confidence to have become

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Pag. 2 di 3



aware of all the significant facts and circumstances that could be identified by the conduct of such an examination.

The procedures performed on the NFS are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence, as appropriate.

Specifically, we carried out the following procedures:

- Analysis of the process of defining the relevant issues reported in the Sustainability Report, with reference to the ways of identifying them in terms of their priorities for the different categories of stakeholder and the internal validation of the results of the process.
- Comparison of the economic and financial data and information contained in the paragraph "Economic and financial performance of the Group and of consolidated companies" of the Sustainability Report and the data and information included in the consolidated financial statements of the Group.
- Understanding the processes underlying the generation, collection and management of the quantitative data included in the Sustainability Report.
- Specifically, we carried out interviews and discussions with the management of Fater S.p.A. and we also performed limited documentary verifications, in order to gather information on the processes and procedures supporting the collection, aggregation, processing and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, with respect to significant information, taking into consideration the Group's business and characteristics:

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

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Fater Group as of June 30, 2022 has not been prepared, in all material respects, in accordance with "Global Reporting Initiative Sustainability Reporting Standards" established by GRI.

Other aspects

The comparative data presented in the Sustainability Report for the year ended June 30, 2021 have not been verified.

Milano, April 19, 2023

Signed by
BDO Italia S.p.A.

Vittorio Leone
Socio

*This report has been translated into English language
solely for the convenience of international readers.*

Editorial Project Coordination:
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