



NB Aurora

Portfolio ESG Spotlight

October 2021

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RISK FACTORS

Market Risk

The risk of a change in the value of a position as a result of underlying market factors, including among other things, the overall performance of companies and the market perception of the global economy. In addition, as the Fund invests in businesses that are connected with less advanced countries and economies, certain risks exist.

Counterparty Risk

The risk that a counterparty will not fulfil its payment obligation for a trade, contract or other transaction, on the due date.

Operational Risk

The risk of direct or indirect loss resulting from inadequate or failed processes, people and systems including those relating to the safekeeping of assets or from external events.

Concentration Risk

The fund typically invests in a concentrated portfolio of investments and should a particular investment decline in value, this will have a pronounced effect on the overall value of the fund.

Smaller Companies Risk

Small capitalisation companies risk investing in the securities of smaller, lesser known companies may involve greater risk due to the less certain growth prospects, the lower degree of liquidity (see liquidity risk) of such shares and the greater sensitivity of small companies to changing economic conditions.

Single country risk

Where a Fund invests primarily in a single country, it may be subject to greater risk and above average market volatility than an investment in a broader range of securities covering multiple countries.

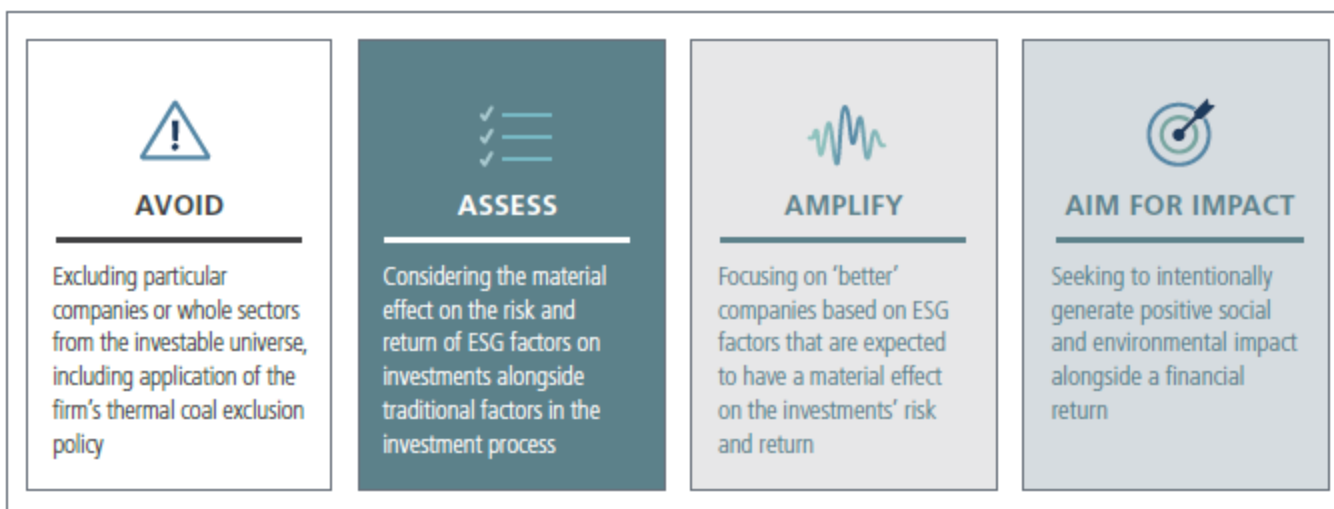
Neuberger Berman (“NB”) has a longstanding history of responsible investing, considering environmental, social and governance (“ESG”) factors as important drivers of long-term investment returns from both an opportunity and a risk mitigation perspective. We also understand that for many of our clients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

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

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

The ESG Policy has been reviewed in February 2021 and is disclosed to the public on NB website at www.nb.com/esg.

NEUBERGER BERMAN ESG INTEGRATION FRAMEWORK



Neuberger Berman became a signatory of the UN Principles for Responsible Investment in 2012 and has reported to the PRI since 2014. In its most recent PRI Assessment, NB obtained the highest score in every category, A+, for its overarching approach to ESG strategy and governance. In addition, NB earned an A+ for ESG integration across each of the four asset classes that it manages as a firm. In 2020, Neuberger Berman was named to the PRI Leaders Group for its efforts to assess, manage and disclose climate risk and opportunity across its investment strategies. Only 20 of the 2,400 investment manager PRI signatories were awarded this designation.

Neuberger Berman is also a member of the PRI Private Equity Advisory Committee, which is a collaborative group that advises the Principles for Responsible Investment on its private equity initiatives. The PEAC is a group of asset owners and managers at the forefront of exploring the possibilities of ESG integration within private equity investing and advises the development of industry knowledge-sharing and resources. In 2021, Neuberger Berman joined the ILPA Diversity in Action Initiative, and is part of a working group focused on diversity and inclusion metrics to help advance efforts in the private equity industry.

Building upon the firm-level commitment to ESG investing, NB Aurora (“NBA”) believes that integrating ESG considerations throughout the investment process has a relevant impact on long-term value creation for its investors, portfolio companies and all stakeholders.

As long-term partner, NB Aurora believes it has the opportunity and responsibility to integrate ESG factors in its decision-making process in order to support responsible and sustainable investing and to promote ESG integration best practice not only within the investing industry, but also across its portfolio companies and the business community at large.

WHAT NBA MEANS BY ESG

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



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



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



A COMMON GOAL: UNITED NATIONS GLOBAL COMPACT

Neuberger Berman is a signatory of the UN Global Compact and is committed to aligning its operations with universal principles on human rights, labor, environment and anti-corruption, and to taking actions that advance societal goals.

By incorporating the ten principles into the firm’s business practices – including its corporate strategy, policies and procedures, and maintaining its culture of integrity – NB joins other companies in not only upholding its basic responsibilities to people and the planet, but also in setting the stage for long-term success.



ESG principles are deeply rooted within NB Aurora operations, from a thorough due diligence process on potential investments, to the promotion and integration of ESG best practice in its investments. Deal teams are responsible for conducting the ESG analysis and the Investment Committee generally evaluates ESG considerations as a part of their overall investment evaluation.

ESG is incorporated into the due diligence process as one of the key set of factors that must be considered for identifying and understanding potentially material risks and related opportunities. NB Aurora’s due diligence process includes a review of a potential portfolio company’s compliance with ethical business guidelines and sustainability framework as well as an assessment of material and industry-specific ESG factors.

In particular, for each dimension, NB Aurora focuses on the following:

- **Environmental:** potential environmental issues are addressed; if potentially material risks are identified, a specific environmental due diligence is conducted, with the assistance of specialized environmental consultants. The scope of environmental due diligence is based on the nature of the business and the potential issues identified by the deal team;
- **Social:** it is ascertained whether a company adheres to sustainability standards that are required, establishing and maintaining relationships based on mutual respect, loyalty and trust with all its stakeholders;
- **Governance:** the focus is on the systems, processes and practices governing a company's interaction with all its constituencies to ensure that they enable adequate transparency, accountability and inclusiveness.

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



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

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

NB MATERIALITY MATRIX

FACTOR	ENVIRONMENTAL		SOCIAL		WORKFORCE		SUPPLY CHAIN		LEADERSHIP AND GOVERNANCE	
	Emissions	Water Management	Data Privacy & Security	Pricing Transparency	Health and Safety	Human Capital Development	Product Safety & Integrity	Materials Sourcing	Innovation	Policy & Regulation Risk
Consumer Goods										
Extractives/Minerals										
Financials										
Food & Beverage										
Health Care										
Infrastructure										

Represents a subset of factors for illustrative purposes only.

Since its establishment, NB Aurora has actively promoted the integration of ESG best practice across its portfolio, as demonstrated by its portfolio companies that in 2019 published their first sustainability reports giving disclosure of their environmental, social and governance performances.

In 2020, NBA took an additional relevant step in its ESG sustainability path by deploying a challenging ESG roadmap for all of its investments, which include:



Club del Sole S.p.A.
leader operator in Italy in the open-air hospitality sector



Dierre S.p.A.
leader in the production of machine guarding and safety systems and soundproofing solutions

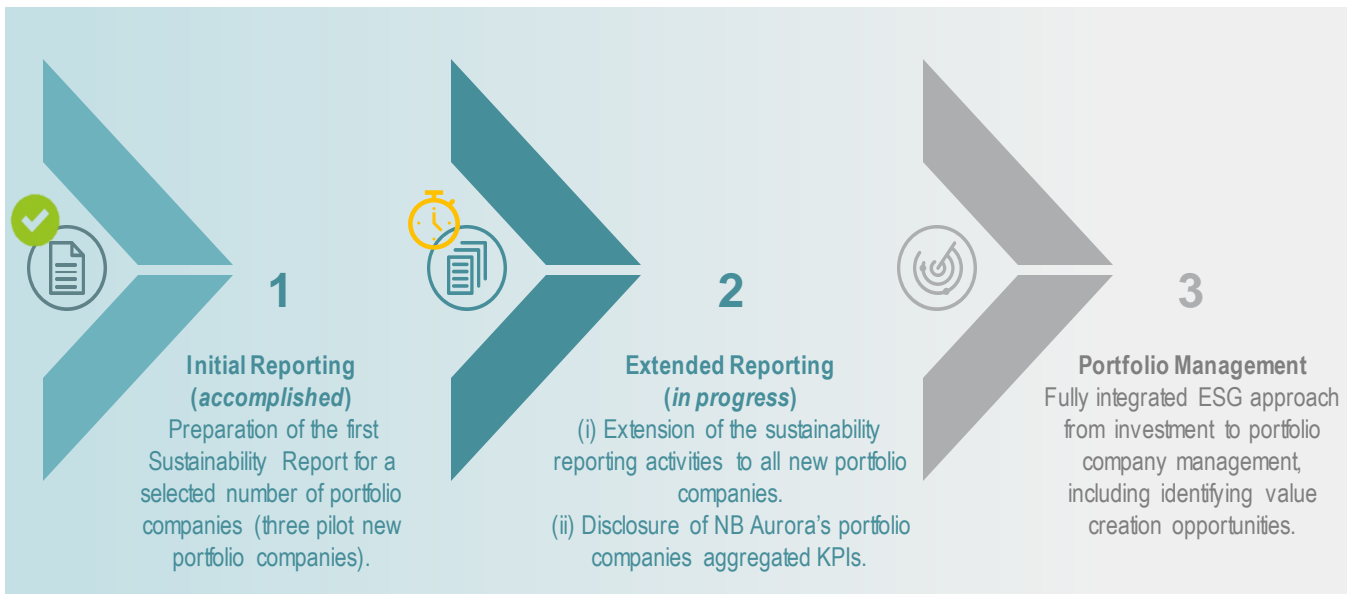


Rino Mastroto Group S.p.A.
leader in the tanning and leather industry



Engineering Ingegneria Informatica S.p.A.¹
Leader in IT services, software development and digital platforms

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



NB Aurora expects that this ESG portfolio initiative will continuously enhance NB Aurora's ESG disclosure and improve transparency and accountability to its stakeholders.

After having successfully completed the first step, which consisted in the preparation of the first Sustainability Report for the three new portfolio companies, NB Aurora will continue to pursue its ESG and sustainability commitment focusing on the other steps of its roadmap which envisages the extension of the sustainability reporting to the new portfolio companies (PHSE in late 2021/2022, and the others in 2022), and the disclosure of NB Aurora's portfolio aggregated KPIs. The first three portfolio companies, after having successfully completed the preparation of the first sustainability report¹, together with NB Aurora will continue to pursue its ESG and sustainability commitment focusing on the other steps of its roadmap and sharing regular updates on its progress.

Notes: 1. Engineering already prepared CSR report according to GRI standard before NB Aurora investment

STEP 1 INITIAL REPORTING: ESG ANALYSIS & REPORTING

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

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

The GRI Standards requires companies to identify the most relevant ESG topics by implementing a specific analysis process. This process enables the company to determine the material topics, i.e. those economic, social and environmental aspects on which a company has a significant effect (positive or negative) and which could substantially influence stakeholders assessments and decisions. Moreover, the analysis has been integrated with a benchmarking activity on sustainability issues reported by the main sector peers. Rino Mastrotto Group and Engineering carried out a more structured analysis in accordance with the GRI Standards, while the other companies undertook a specific analysis using a simplified approach.

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

Environmental	Social	Governance
<ul style="list-style-type: none"> • Energy (GRI 302-1) • Water (GRI 303-3)¹ • Emissions (GRI 305-1; GRI 305-2) • Waste (GRI 306-2)² 	<ul style="list-style-type: none"> • Information on employees and other workers (GRI 102-8) • Employment (GRI 401-1) • Occupational health and safety (GRI 403-9) • Training and education (GRI 404-1) • Diversity and equal opportunities (GRI 405-1) 	<ul style="list-style-type: none"> • Anti-corruption (GRI 205- 3) • Anti-competitive behavior (GRI 206-1) • Environmental compliance (GRI 307-1) • Diversity and equal opportunities (GRI 405-1) • Socioeconomic compliance (GRI 419-1)

In the following pages, we report the extracts from the Sustainability Reports 2020 of Club del Sole, Dierre Group, Rino Mastrotto Group, and Engineering Ingegneria Informatica³. This set of four portfolio companies represents more than 50% of NB Aurora’s invested capital as of 30 September 2021.



Notes: 1. Not reported for Dierre; Rino Mastrotto Group reports GRI 303-4 Water discharged
 2. Not reported for Club del Sole
 3. Engineering already prepared CSR report according to GRI standard before NB Aurora investment
 4. NBA invested capital as of 30/09/2021

STEP 2 EXTENDED REPORTING: DISCLOSURE OF AGGREGATED PORTFOLIO COMPANIES KPIS

Below are reported the aggregated ESG KPIS of NB Aurora’s relevant portfolio companies which have been identified as part of the specific analysis process:

NBA’s Relevant Portfolio Companies



GRI	KPI	UoM	2020	2019	Δ	Δ%
ENVIRONMENTAL						
GRI 302-1	Energy consumption within the organization ¹	GJ	556,728	672,921	(116,193)	-17%
GRI 305-1	GHG emissions (Scope 1 and Scope 2) ²	tCO _{2e}	38,228	48,429	(10,201)	-21%
GRI 305-2						
SOCIAL						
GRI 102-8	Number of employees as of 31.12	n.	13,161	12,988	173	+1%
	➢ of which with permanent contract ³	%	97	96	1	n.m.
GRI 401-1	Number of new employee hires	n.	1,420	2,201	(781)	-35%
	Rate of new employees hires ⁴	%	11	17	(6)	n.m.
	Rate of employees turnover ⁵	%	9	11	(2)	n.m.
GRI 404-1	Training hours	n.	139,476	150,973	(11,497)	-8%
GRI 405-1b	Diversity of employees as of 31.12					
	➢ women ⁶	%	29	30	(1)	n.m.
	➢ <30 years old ⁷	%	15	14	1	n.m.
GRI 403-9	Rate of employees' recordable work-related injuries or fatalities	n.	44	51	(7)	-14%
GOVERNANCE						
GRI 405-1a	Diversity of board members as of 31.12					
	➢ women ⁸	%	12	12	0	n.m.
	➢ 30-50 years old ⁹	%	34	41	(7)	n.m.
GRI 205-3	Any confirmed incidents of corruption	n.	- ¹⁰	-	-	n.m.
GRI 206-1	Any legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	n.	-	-	-	n.m.
GRI 307-1	Any fines and non-monetary sanctions for non-compliance with environmental laws	n.	-	-	-	n.m.
GRI 419-1	Any fines and non-monetary sanctions for non-compliance with laws in the social and economic area	n.	-	-	-	n.m.

- In reporting energy consumption within the organization, local conversion factors were used to convert fuel to GJ (Source: National Inventory Report 2020 Annex 6 National Emission Factors and UK Government GHG Conversion Factors for Company Reporting 2020). The fuel consumption (t) is multiplied by its calorific value (GJ/t) to obtain the GJ of energy consumed by that fuel.
- The overall GHG emissions have been calculated including Scope 1 emissions and Scope 2 «location-based» emissions. To calculate SCOPE 1 emissions, direct emissions from combustion sources, including stationary, mobile, from process and fugitive sources, were considered. The emission factors used for the calculation are those published by ISPRA - National Inventory Report 2020 and UK Government GHG Conversion Factors for Company Reporting 2020. For the calculation of SCOPE 2 emissions, emissions from energy consumption have been considered. The reporting standard used (GRI Sustainability Reporting Standards 2016) provides two different approaches to calculating SCOPE 2 emissions: 'Location-based' and 'Market-based'. The 'Location-based' approach uses a national average emission factor relative to the specific national energy mix for electricity production (Source: ISPRA 2020 and Tema 2018).
- Percentage of permanent contracts computed as total number of permanent contracts divided by number of employees.
- Rate of new employees hires computed as number of new employee hires divided by number of employees.
- Rate of employees turnover computed as number of employees who left the companies divided by number of employees.
- Percentage of women employees computed as number of women employees divided by number of employees.
- Percentage of under 30 years old employees computed as number of under 30 years old employees divided by number of employees.
- Percentage of women board members computed as average of women board members across portfolio companies.
- Percentage of 30-50 years old board members computed as average of 30-50 years old board members across portfolio companies.
- There is an ongoing investigation for improper benefits provided by employees of eight companies, including Engineering, related to public tenders for Azienda Trasporti Milanesi S.p.A. ("ATM"). Considering that the investigation is still in its preliminary phase and that at this time it is not possible to predict when the final verdict, if any, will emerge, as of December 31, 2020, Engineering reported no confirmed incidents of corruption.



CLUB DEL SOLE - OVERVIEW

Club del Sole is the main operator in Italy in the open-air hospitality sector, with 20 camping-villages in 7 Italian regions and an accommodation capacity of over 20,000 beds.

The Group offers its guests the experience of a holiday in contact with nature in the most renowned Italian tourist and naturalistic locations.

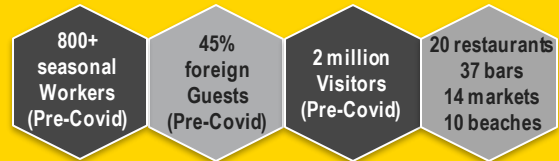
The Group's accommodation facilities consist of mobilhomes, bungalows, tent lodges and pitches for tents, campers and caravans. The campsites offer services including swimming pools, water parks, sports facilities, fitness centres, theatres and other free services, as well as restaurants, bars, minimarkets and bathing establishments.

MISSION



Club del Sole aims to become one of the leader in the en plain air European industry, combining the style and the eco-sustainability of a traditional campsite holiday with the comfort, the level of services and quality of a modern village resort.

STRATEGY



Relevant ESG Topics



ECONOMIC RESPONSIBILITY

- Economic performance
- Governance
- Ethics and compliance



RESPONSIBILITY TOWARDS CUSTOMERS

- Quality and reliability of services
- Customer relationship
- Sustainable tourism eco-design



RESPONSIBILITY TOWARDS PEOPLE

- Health and safety of employees
- Diversity and inclusion
- Welfare in the work-place



ENVIRONMENTAL RESPONSIBILITY

- Energy Consumption and emission
- Water consumption
- Protection of land and biodiversity



SOCIAL RESPONSIBILITY

- Supply chain management
- Development of social initiatives and partnership



CLUB DEL SOLE – ESG PERFORMANCE



ENVIRONMENTAL

GRI	KPI	UoM	2020	2019
GRI 302-1	Energy consumption within the organisation	GJ	33,290	38,344
GRI 305-1	Direct GHG emissions (Scope 1 and Scope 2)	tCO ₂	2,256	2,907
GRI 305-2				
GRI 303-3	Water withdrawal	ML	251	311
-	Mobilhomes with low environmental impact and no cementification	n.	1,781	1,577

MAIN POLICIES AND PROCEDURES IN PLACE

ISO 14001 certificate¹
Carbon footprint
Mobilhomes with low environmental impact and no cementification



SOCIAL

GRI	KPI	UoM	2020	2019
GRI 102-8	Average FTE employees	n.	308	389
	Employees with permanent contract	%	39	23
GRI 405-1b	Women employees	%	44	43
	Employees under 30 years old	%	37	40
GRI 401-1	Rate of new employee hires	%	43	46
	Rate of employees turnover	%	14	24
GRI 404-1	Training hours	n.	4,138	3,900
	Voluntary training, not required by law	%	66	88
GRI 403-9	Rate of employees' recordable work-related injuries or fatalities	n.	2.8	4.2

MAIN POLICIES AND PROCEDURES IN PLACE

Quality management
Training
Work-life balance. Welfare and Safety
TÜV certificate to manage Covid-19 cases in the villages
Active involvement in social projects to promote local territories



GOVERNANCE

GRI	KPI	UoM	2020	2019
GRI 405-1 a	Men in the Board	%	100	100
	30 - 50 years old in the Board	%	40	40
GRI 205-3	Confirmed incidents of corruption	n.	-	-
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practice	n.	-	-
GRI 307-1	Fines and non-monetary sanctions for non-compliance with environmental laws	n.	-	-
GRI 419-1	Fines and non-monetary sanctions for non-compliance with laws in the social economic area	n.	-	-

MAIN POLICIES AND PROCEDURES IN PLACE

Code of Ethics, Organisation and Management Model ex decree 231/01 for Italian companies

POTENTIAL IMPROVEMENTS

Extension of the company's welfare and incentive plan, implemented for first and second level management, to other employees

In progress

Continue replacing traditional lodge and pitches with new mobilhomes

In progress

1. ISO 14001 certificate is valid only for Spina Camping Village located in Ferrara. The other camping villages have implemented an environmental management system structured according to ISO 14001.

DIERRE GROUP - OVERVIEW

Dierre is a group with 14 manufacturing sites located in Emilia Romagna, Lombardy, Veneto and Tuscany, whose common mission is to protect lives in the industrial environment through their products and systems. 87% of sales are generated in Italy.

Dierre designs, manufactures and sells technologically advanced protections and components with high aesthetic impact for industrial automation in the most diverse sectors.

In a short time Dierre has been able to renew itself by creating a network of companies, sharing the same passion for quality and excellence with the aim for the future to continue to grow, diversifying the offer to gain new market shares abroad and be recognized as the main player in the field of protections and components for automatic machines.

The constant attention to safety, combined with creativity and innovation, has made the Group a leader in the production of safety protections, conveyor systems and industrial robotics.

MISSION



Dierre aims to become one of the leader in Europe for the production of protection systems for industrial automation.

STRATEGY



Relevant ESG Topics



PRODUCT RESPONSIBILITY

- Product quality and safety
- Innovation, research and development
- Responsible marketing
- Brand Identity



SOCIAL RESPONSIBILITY

- Supply chain management



ETHICS & COMPLIANCE

- Ethics, integrity and transparency
- Compliance
- Value creation



ENVIRONMENTAL RESPONSIBILITY

- Energy Consumption
- Emissions and climate change
- Waste and packaging



RESPONSIBILITY TOWARDS PEOPLE

- Health and safety of employees
- Human resources management and development
- Employees' rights

DIERRE GROUP – ESG PERFORMANCE

ENVIRONMENTAL

GRI	KPI	UoM	2020	2019
GRI 302-1	Energy consumption within the organisation	GJ	11,911	12,734
GRI 305-1	Direct GHG emissions (Scope 1 and Scope 2)	tCO ₂	806	935
GRI 305-2				
GRI 305-7	Particulate matter	kg	63.08	66.88
GRI 306-2	Waste	t	514	264
	Hazardous waste	%	0.5	1.35
GRI 301-1	Steel	t	1,578	2,778
	Aluminium	t	1,218	1,325

MAIN POLICIES AND PROCEDURES IN PLACE

Production of renewable energy (3 plants which implies a saving of ~74tCO₂)

SOCIAL

GRI	KPI	UoM	2020	2019
GRI 102-8	Average FTE employees	n.	281	280
	Employees with permanent contract	%	98	97
GRI 405-1b	Women employees	%	16	16
	Employees under 30 years old	%	24	24
GRI 401-1	Rate of new employee hires	%	12	18.2
	Rate of employees turnover	%	11	12.5
GRI 404-1	Training hours	n.	3,989	5,065
	Voluntary training, not required by law	%	-	-
GRI 403-3	Employees receiving regular performance reviews	%	49	49
GRI 403-9	Rate of employees' work-related injuries or fatalities	n.	28.2	27.4

MAIN POLICIES AND PROCEDURES IN PLACE

Training
Work-life balance. Welfare and safety
Active involvement in social projects to promote local territories

GOVERNANCE

GRI	KPI	UoM	2020	2019
GRI 405-1a	Men in the Board	%	100	100
	30 - 50 years old in the Board	%	20	20
GRI 205-3	Confirmed incidents of corruption	n.	-	-
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practice	n.	-	-
GRI 307-1	Fines and non-monetary sanctions for non-compliance with environmental laws	n.	-	-
GRI 419-1	Fines and non-monetary sanctions for non-compliance with laws in the social economic area	n.	-	-

MAIN POLICIES AND PROCEDURES IN PLACE

Code of Ethics, Organisation and Management Model ex decree 231/01 for Italian companies

POTENTIAL IMPROVEMENTS

Use of recycled materials and certified suppliers

In progress

Installation of 3 photovoltaic systems to meet the energy needs of Fiorano and Bologna offices

Achieved

Obtaining the ISO 9001:2015 standard for all the companies of the Group and, in the medium-long term, the ISO 45001 and ISO 14001 standard

In progress

Increase employees welfare by implementing conventions for services

In progress

Strengthen research and development

In progress

RINO MASTROTTO GROUP - OVERVIEW

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

The Group's headquarter is located in Trissino, in one of the main leather processing districts nationwide. Made up of several production divisions (Calbe-Brusarosco, Basmar, Pomari, Area Fashion) and with two production sites in Brazil and Sweden, Rino Mastrotto Group satisfies the entire tanning cycle and serves the international market. In particular, 59% of sales are generated out of Italy and this percentage further increases on a see-through basis as many clients are fashion brands which produce in Italy, but sell most of their goods in the global market. In 2020, as a sign of trust in Italian craftsmanship and excellences, the Group acquired Nuova Osba, a leader company in the leather sector and a symbol of made in Italy manufacturing¹.

MISSION



Rino Mastrotto Group aims at enhancing the value proposition of the industry through high-quality products, services and processes with innovative features, sustainably manufactured.

STRATEGY



RINO MASTROTTO GROUP – 2020 MATERIALITY MATRIX



RELEVANT ESG TOPICS

ENVIRONMENTAL

- Conscious waste management
- Management of chemical products and water discharge
- Management of energy consumption and atmospheric emissions

SOCIAL

- Customer satisfaction, assistance and privacy
- Product quality and safety
- Made in Italy

GOVERNANCE

- Indirect impacts on the territory and value creation
- Ethics, integrity and sustainable governance

1. For the purposes of this Report the company Nuova Osba has not been included in 2020 reporting perimeter.

RINO MASTROTTO GROUP – ESG PERFORMANCE



ENVIRONMENTAL

GRI	KPI	UoM	2020	2019	2018
GRI 302-1	Energy consumption within the organization ¹	GJ	364,964	391,455	424,014
GRI 303-4	Water discharge	ML	1,358	1,369	1,362
GRI 305-1	Direct GHG emissions (Scope 1 and Scope 2) ¹	tCO _{2e}	22,836	24,902	25,233
GRI 305-2					
GRI 306-2	Waste by type and disposal method	t	16,570	20,178	26,736

MAIN POLICIES AND PROCEDURES IN PLACE

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



SOCIAL

GRI	KPI	UoM	2020	2019	2018
GRI 102-8	Information on employees and other workers as of 31.12 ¹	n.	940	874	873
	➤ of which women	%	22	23	23
GRI 401-1	Rate of new employees hire	%	22	16	18
GRI 403-9	Rate of employee turnover	%	15	15	15
GRI 403-9	Rate of employees work-related injuries	n.	10.7	14.3	12.6
GRI 404-1	Training hours	n.	5,953	4,128	11,745
GRI 405-1	Diversity of employees (percentage of employees under 30 years old in the company as of 31.12)	%	23	20	20

MAIN POLICIES AND PROCEDURES IN PLACE

+15 Innovation projects up to now



GOVERNANCE

GRI	KPI	UoM	2020	2019	2018
GRI 205-3	Confirmed incidents of corruption	n.	-	-	-
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	n.	-	-	-
GRI 307-1	Fines and non-monetary sanctions for non-compliance with environmental laws	n.	-	-	-
GRI 405-1	Diversity of governance bodies as of 31.12				
	➤ Women in the Board	%	14	14	14
	➤ 30-50 years old in the Board	%	43	57	57
GRI 419-1	Fines and non-monetary sanctions for non-compliance with laws in the social and economic area	n.	-	-	-

MAIN POLICIES AND PROCEDURES IN PLACE

Code of Ethics and Code of Conduct applied to all entities within RMG, with reference to their commitment to fight deforestation
Organisation and management model ex decree 231/01 for Italian companies

POTENTIAL IMPROVEMENTS

Implement the Chemical Management project by Zero Discharge Hazardous Chemicals to the whole Group.

In progress

Traceability system to all divisions.

In progress (by 2021)

Consume energy only from renewable sources.

Achieved

Implement well-being initiatives (e.g. green living wall) in the Pomari division as already implemented for the Area Calbe-Fashion and Basmar divisions.

In progress (by 2021)

Conduct studies to quantify environmental impacts related to the lifecycle of seven products through Life Cycle Assessments (LCA) on selected sites.

In progress (by 2021)

Evaluate the extension of Leather Working Group (LWG) certification to all the Group's production sites.

In progress

Define a model for sustainability risk management with reference to ISO 26000 "Guide to Social Responsibility" and ISO 31000 "Risk Management, Principles and Guidelines".

In progress

1. As a result of improved data mapping, the 2019 data has been restated from those published last year.

ENGINEERING - OVERVIEW

With approximately **12,000 professionals** in 40+ locations (in Italy, Belgium, Germany, Norway, Serbia, Spain, Switzerland, Sweden, Argentina, Brazil, Mexico and the USA), the Engineering Group designs, develops, and manages innovative solutions for the areas of business where **digitalisation** generates major change, such as digital finance, smart government & e-health, augmented cities, digital industry, smart energy & utilities, and digital media & communication. With important investments in R&D, Engineering plays a leading role in research, coordinating national and international projects with a team of **450 researchers and data scientists** and a network of scientific and academic partners throughout Europe. One of the Group's strategic assets is the expertise of its employees, whose development is promoted by a dedicated multi-disciplinary training school that provided more than **19,000 training days** over the last year.

MISSION

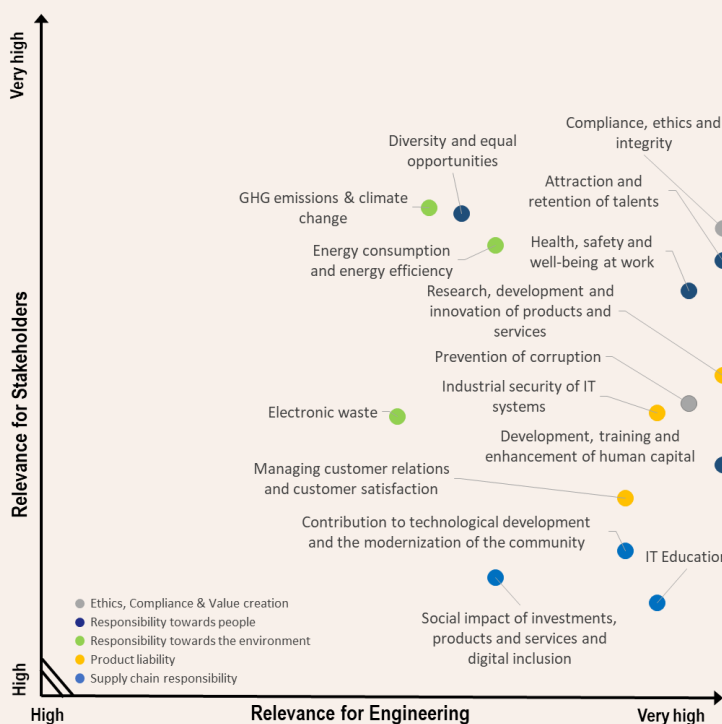


The Group helps its partners achieving their goals, co-designing innovative solutions and leveraging the opportunities of a continuous technology evolution. Engineering helps them transforming their business based increasingly on new core values and digital-sustainable ecosystems.

STRATEGY



ENGINEERING – 2020 MATERIALITY MATRIX



RELEVANT ESG TOPICS

ENVIRONMENTAL:

- GHG emissions & climate change
- Energy consumption and energy efficiency
- Electronic waste

SOCIAL

- Attraction and retention of talents
- Health, safety and well-being at work
- Diversity and equal opportunities

GOVERNANCE:

- Compliance, ethics and integrity
- Prevention of corruption

ENGINEERING – ESG PERFORMANCE



ENVIRONMENTAL

GRI	KPI	UoM	2020	2019	2018
GRI 302-1	Energy consumption within the organization	GJ	146,563	230,388	188,848
GRI 303-3	Water withdrawal	ML	708	1,070	1,110
GRI 305-1	Direct GHG emissions (Scope 1 and Scope 2)	tCO _{2e}	12,330	19,685	15,237
GRI 305-2					
GRI 306-2	Waste by type and disposal method (electronic waste)	t	10.4	4.1	26.2

MAIN POLICIES AND PROCEDURES IN PLACE

ISO 14001 certificate (Engineering II, Municipia, Engineering D.HUB, Nexen, Webresults)

Carbon footprint



SOCIAL

GRI	KPI	UoM	2020	2019	2018
GRI 102-8	Information on employees and other workers as of 31.12	n.	11,632	11,445	10,730
	Rate of new employees hire	%	9	16	13
GRI 401-1	Rate of employee turnover	%	8	10	9
GRI 403-9	Rate of work-related injuries	n.	1.9	4.9	4.6
GRI 404-1	Training hours	n.	125,396	137,880	130,584
GRI 405-1	Diversity of employees (percentage of women in the company as of 31.12)	%	30	31	31
GRI 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	n.	n.a.	n.a.	n.a.

MAIN POLICIES AND PROCEDURES IN PLACE

ISO 45001 certificate (Engineering II, Engineering D.HUB, Municipia)

Smart working

Work-life balance: welfare,

New Performance Evaluation System



GOVERNANCE

GRI	KPI	UoM	2020	2019	2018
GRI 205-3	Confirmed incidents of corruption ¹	n.	-	-	-
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	n.	-	-	-
GRI 307-1	Fines and non-monetary sanctions for non-compliance with environmental laws	n.	-	-	-
	Diversity of governance bodies as of 31.12				
GRI 405-1	> Women in the Board ²	%	33	33	33
	> 30-50 years old in the Board	%	33	45	45
GRI 419-1	Fines and non-monetary sanctions for non-compliance with laws in the social and economic area	n.	-	-	-

MAIN POLICIES AND PROCEDURES IN PLACE

ISO 37001 anti-bribery management system certificate, ISO/IEC 27001 and ISO/IEC

ISO 20000 Information Security Management System

Ethic Code, Organisation and Management Model ex decree 231/01 for Italian companies

Legality Rating (Municipia)

POTENTIAL IMPROVEMENTS

New CSR function reporting to CEO has been created

Achieved

Gap analysis for SA8000 certification

In progress

Joint to United Nation Global Compact (UNGC) and to CDP disclosure on climate change

In progress

Strengthen research areas in the sustainability field (Environmental, Energy Waste, etc).

Achieved

Extension to other Group companies of the ISO 45001:2018 standard

Achieved

Obtain ISO 14064 certification

In progress

Joint to "Valore D" Association for Gender balance and to the Digital Transformation Institute

In progress

Increase in the number of smart working days per week granted to employees

Achieved

1. There is an ongoing investigation for improper benefits provided by employees of eight companies, including Engineering, related to public tenders for Azienda Trasporti Milanesi S.p.A. ("ATM"). Considering that the investigation is still in its preliminary phase and that at this time it is not possible to predict when the final verdict, if any, will emerge, as of December 31, 2020, Engineering reported no confirmed incidents of corruption.

2. Women in Statutory Auditors and Supervisory Board.