



eurosuole spa

SUSTAINABILITY REPORT
2020

EUROSUOLE S.P.A.

Production of rubber and polyurethane soles

CIVITANOVA MARCHE (MC)- ITALIA

SUSTAINABILITY REPORT 2020



Message from the CEO [102-14, 102-20, 102-26, 103-2]

In one of the most historically and economically difficult periods we have ever faced, I would like to present the Company's Sustainability Report, now in its sixteenth edition, giving everyone the opportunity to assess the commitment, objectives and results we have achieved in this very difficult year, as evidence of the solidity of our technical, financial, and operational structure.

The Company has demonstrated its ability to withstand adverse conditions with determination and without sacrificing its potential for future growth. In the first part of the year, we suffered the closure of production activities because of the restrictive measures in the Western world and their effects on outlet markets; starting from the second half of the year we returned to business volumes in line with the pre-pandemic period.

Since the beginning of the pandemic, the company has adopted safety protocols aimed at preserving the health of employees so that they can go to work with peace of mind. The emergency made it our priority to protect employees by guaranteeing the performance of activities: to this day, safety procedures are in place according to agreed protocols that are periodically updated.

However, even in the year of the pandemic, we kept our staff intact. At the same time, we put in place measures to support our client companies, to help them during the health and economic crisis with contributions, deferment of payment terms and discounts.

In such a problematic year, we also continued the process of developing our governance, in fact we implemented the Organization, Management and Control Model pursuant to Legislative Decree 231/2001. This choice, common to few other players in the world of rubber and polyurethane soles for footwear manufacturers, is aimed at ensuring greater stability and solidity in relations with all stakeholders (customers, suppliers, banks, public bodies, and the community) who will be able to appreciate the tangible commitment made by the Company and the equally tangible added value acquired.

The Company keeps confirming its sensitivity to issues related to the protection and preservation of the environment. Our business model is designed to provide customers with products of the highest quality, made in Italy in a responsible manner. Since July 2004, the Company has maintained its environmental certification in accordance with the ISO 14001 standard.

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EUROSUOLE S.p.A. – Responsible Passion

Our company

Eurosuole was founded in 1976 and it is one of the most important Italian companies for the production of rubber and polyurethane soles for footwear. The work ethic, the perseverance, and the tenacity that can be breathed in our company environment led to a constant growth for over 40 years. The company and our administrator have characterized:

- The essence of the city's industrial culture,
- the diplomacy applied day by day
- the philosophy of profit, reinvested in research and development and innovation, terms that have become fashionable over time but that were used and applied in our firm from the beginning.

Our workforce is characterized by a lively enthusiasm and a strong desire to achieve the business' goals. Without these determining features, we would not be where we are today. Our big success stems from the glowing passion for our job that we all feel within the company. Eurosuole is made of people and we therefore reckon that human relationships within the organization are of crucial importance. It follows that all of those who contribute to the success of our firm can count on a relationship of absolute respect. We make sure that each individual feels included and is treated fairly, without any discrimination concerning gender, religion or place of origin. We also strive to create a work environment where interpersonal relationships and friendships thrive. The homely atmosphere that can be perceived within our firm fosters the rapid development among our employees of a strong sense of belonging toward Eurosuole. Our workers thus feel an integral part of a project with the aim of becoming leaders in our field.



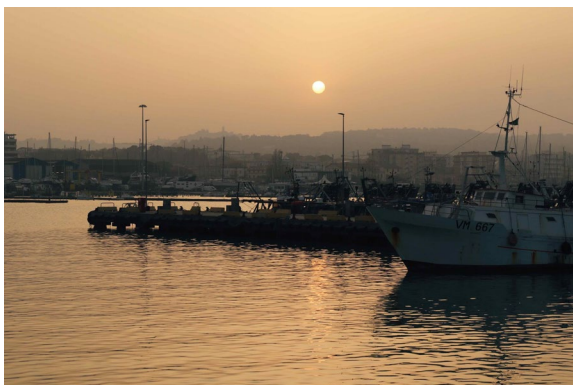
What sustainability means to us

We live in a delicate moment for our planet, we find ourselves facing phenomena threatening the health and safety of the ecosystems and of the people. We believe that it is our duty as a company, but not only, to take concrete action in order to preserve the world we live in and to protect the people. Nowadays, making business cannot solely be driven by profit: we must ask ourselves what our impact on the world is and we must always pursue our economic goals taking into consideration high ethical standards.

From our perspective, sustainability means being an integral part of the system we live in, drawing the best energies from it and then contributing to society by spreading them around. It also means to satisfy the needs of the current generations without compromising the ability of the coming generations to do the same with their own needs. We deem that it is our responsibility to have a positive impact on the surrounding environment and to set a good and inspiring example for our community, promoting sustainability culture.

Lately, the word “sustainability” has had a staggering increase in its usage and this theme is one of the currently most discussed. However, it is frequent that words are not actually translated into actions. For us, this is not the case. Eurosuole is sensible to the demands of the context in which it operates and it has always been committed to give value back to its community and territory. Our society has grown through time according to a path of innovation, investments and selection of raw materials always oriented towards respect. Our commitment can be attested by the ISO14001 Certification, that we obtained in 2004.

We believe that a firm can consider itself sustainable if it is able to create durable value while including sustainability in its business strategy and modifying the governance model, the products and their communication, and the supply chain accordingly. Since 2005, our company undertakes to publish annually a Sustainability Report. It represents for us a tool to share the projects we are working on and the actions we took to become more and more sustainable. Moreover, it gives us a chance to provide to our stakeholders a transparent, truthful and extensive description of who we are and what we do.





Governance [102-18, 102-20, 102-22, 102-23, 102-24, 102-26, 102-29, 102-32, 202-2]

The top management is composed of the Sole Administrator, who makes the most important economic, environmental and social decisions. In line with the Italian Civil Code, the Shareholders' Meeting elects every three years the Sole Director of the company. After 45 years, the Sole Administrator remains of fundamental importance for every decision, given his entrepreneurial spirit and his ability to think long term. The top management is involved in the decision-making process, conveying the company's fundamental values every day, both inside and outside the company. At the second level of the governmental structure, and at the top of the functional areas, we have three managers who are all competent and motivated to work in line with the company's mission and values. They are the industrialization manager, engineer, who controls and organizes the entire production at the machinery level, the product manager and human resources manager, as well as RSPP, and the administrative, finance and control manager.

At the third level we find other functional areas:

- Purchasing and sustainability with executive role in environmental matters.
- Production, divided into various departments; each department has its own department manager.
- Informatics and Production Planning.
- Sales, divided between an Italian team and a foreign team, customer service.
- Research and development, prototyping samples, and modeling.
- Ordinary and extraordinary maintenance.
- Personnel management.
- Administration and Treasury.

The typical business model of the joint-stock company is composed of a CEO, shareholders' meeting and board of auditors who also acts as statutory auditor.



CEO – Germano Ercoli



Administration, finance and control manager - Piergiorgio Polenti



Product manager and human resources manager - Giorgio Ruffini



Industrialization manager – Marco Cognigni

Key data [102-4, 102-9, 102-10]

DESCRIPTION	DATA
Organization name <small>[102-1]</small>	Eurosuole S.p.A
Ownership structure <small>[102-5]</small>	Joint stock company
Headquarters location <small>[102-3]</small>	Civitanova Marche, Italia
Tax code	00252600432
Brands, products and services <small>[102-2]</small>	Rubber and polyurethane soles
Share capital	5.000.000 €
Employees <small>[102-7]</small>	213*
Surface area (sqm) <small>[102-7]</small>	55.000
Quantity of soles produced in 2020 <small>[102-7]</small>	11.500.000 pairs

*administration contracts are excluded

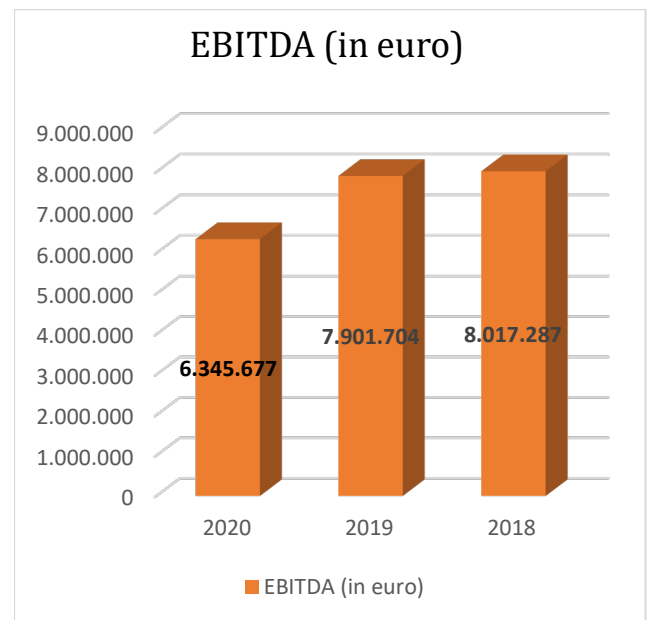
NAME AND SURNAME	SHARE %
Ercoli Germano	20,19%
Alessandri Elvidio	20,13%
Mozzoni Gabriella*	15,32%
Renzi Matteo	8,01%
Renzi Paola	8,01%
Ercoli Raffaella	4,00%
Ercoli Silvia	4,00%
Pecorari Maria	3,14%
Alessandri Agnese	2,80%
Alessandri Federica	2,80%
Alessandri Francesco	2,80%
Alessandri Lorenzo	2,80%
Cattoglio Domenico	2,00%
Cattoglio Chiara	1,00%
Cattoglio Claudia	1,00%
Cattoglio Angela	1,00%
Cattoglio Francesco	1,00%

SALES REVENUE (IN EURO):

36.890.869

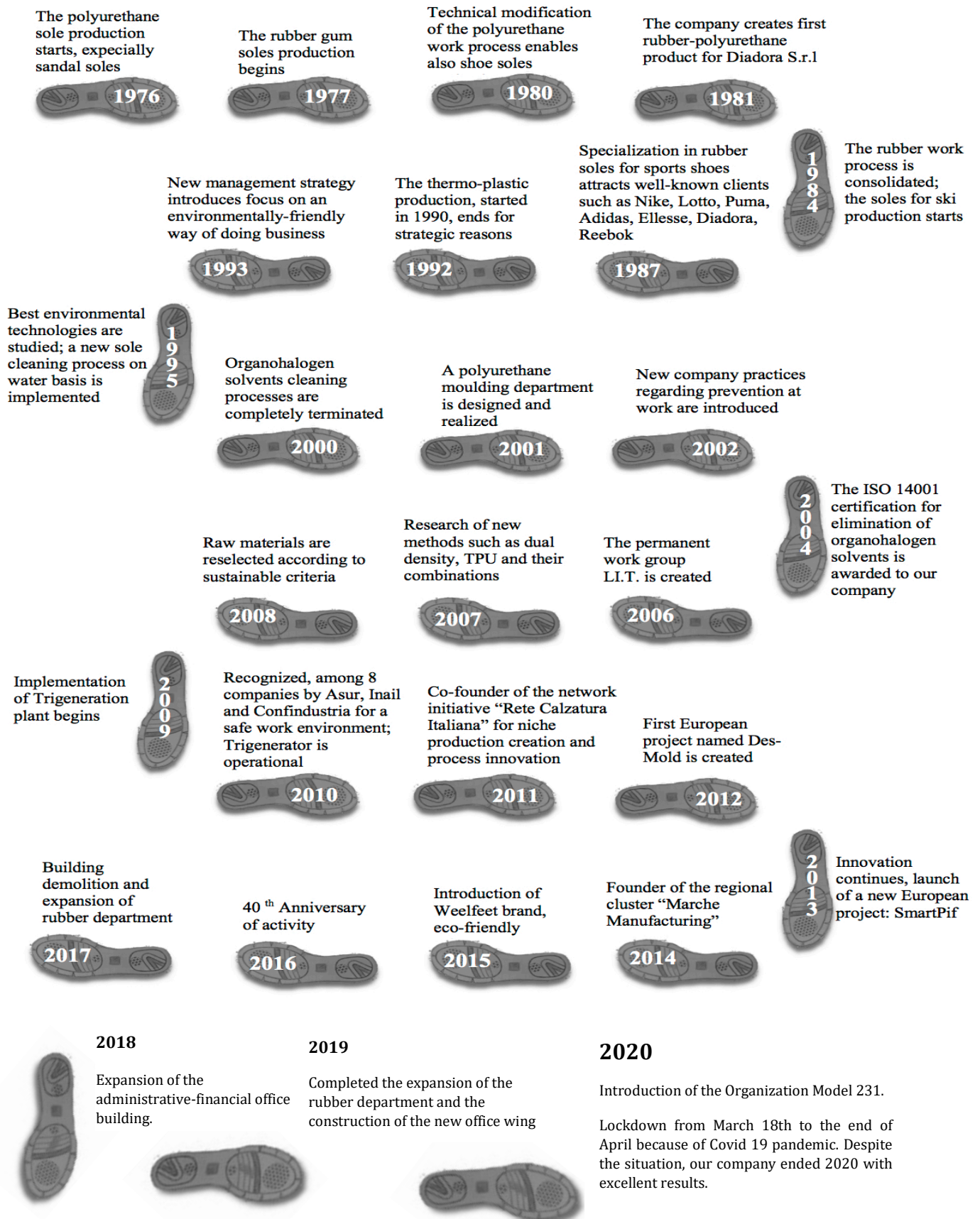
NET PROFIT (IN EURO):

3.133.847



* The share held by this shareholder is the result of the sum of the registration in the Chamber of Commerce of the property with a nominal value of 365,553 euros and the participation of the aforementioned shareholder for 1/3 of the property with a total value of 1,201,111 euros, whose 2/3 residuals coincide with the shares owned by Renzi Paola and Renzi Matteo.








Historical background



Our mission [102-16]

- Become the leader in the production of rubber and polyurethane soles for footwear
- Create value by offering high quality, innovative, and sustainable soles, tailored to the needs of our customers
- Respect future generations; use more and more advanced technologies, without losing sight of respect for the environment

Our values [102-16, 103-2]

-  **Community:** Support development and initiatives in our community
-  **Innovation:** Always challenge and improve our business practices and processes
-  **Integrity:** Act with honesty, reliability, and transparency
-  **Team:** Working together in an open and fair way, helping each other
-  **Sustainability:** Consider the economic, environmental, and social impacts of our actions
-  **Safety:** Ensure the protection of our employees, customers, and the environment
-  **Performance:** Meet the expectations of our shareholders

Our ambitions [102-16, 103-2]

- Being by **2025** the most important soles factory in Europe



- Producing our soles with a higher and higher percentage of **recycled** material and with non-fossil based raw materials



- Increase our workforce by **20%** by 2025

Management Report

Operating performance [102-30, 102-31, 102-48, 103-2]

In 2020 we continued to work in the production of soles for footwear (polyurethane, rubber, rubber/polyurethane) and compounds and systems based on resins and synthetic polymers. The activity is carried out in the industrial complex owned by the company located in Civitanova Marche (MC), industrial area "A" in Via S. Pertini n.8. From a legal point of view, the company does not directly or indirectly control other companies that carry out activities complementary and/or functional to its core business. **Sustainability** has been an integral part of our business model for **16 years** now. We draw up our Sustainability Report in accordance with the **GRI Sustainability Reporting Standards** which is internationally recognized. Once a year, all the economic, environmental, and social issues are communicated to the CEO and consequently included in the management report. The report presents our performance over the previous year, the strategic objectives, the stakeholders, and details of our employees, community, and product practices. As in the past years, we have emphasized research and development of new sustainable products and technologies. The Sustainability report is audited annually by the Statutory Auditor, who, in accordance with the Italian Civil Code, is represented by the Board of Statutory auditors. The financial statement has been prepared according to the rules of the Italian Civil Code and national accounting standards, also known as GAAP (Generally Accepted Accounting Principles).

The 2020 financial statement closes with a net profit of Euro **3.133.847**, a decrease compared to the previous year. The obtained result should however be regarded as favorable, considering that it refers to a year burdened by the weight of the COVID-19 Pandemic. The economic damage caused by the virus is represented by a lost revenue of 19,37%, amounting to Euro 8.859.609. The number is doubtlessly significant, but it is considered one of the lowest among the Italian productive context. The economic crisis led by the pandemic made it increasingly challenging to run an entrepreneurial activity in a healthy and profitable way. Nevertheless, our company, toughened by the investments made in recent years and by the rationalization of production, is stable enough to operate in this environment.

Corporate reputation [102-16, 102-25, 103-2, 205-1, 206-1, 307-1, 406-1]

Every decision we make and every action we take directly and indirectly influences society, the environment, the economy and our reputation linked to these three aspects. The milestones achieved by the company and the professionalism of our employees and collaborators are reflected in the idea that people have of them. These people can be our direct interlocutors, financial institutions, the state, the local community or potential customers that we meet in the supply chain. For this reason, we work every day to achieve the best performance, respect the rules and, consequently, maintain an excellent reputation. We always operate in compliance with national and international environmental laws: we are **certified ISO 14001: 20041 since 2004**.

- We have not faced any legal action of unfair competition, anti-trust or monopolistic practices;
- We have not detected any activities considered by law a risk factor related to corruption;
- There have been no cases of discrimination;
- We have 25-year contracts with many of our customers. The loyalty of our customers and employees is proof of our integrity and fairness.

Political-economic development ^[102-15]

Throughout 2020, the outbreak of the pandemic and the first complete lockdown has indelibly marked the mental health of many people. The daily habits and routines have been upset and the commercial, artisanal and professional activities, together with the artistic and cultural events have been suspended for months. From an economic point of view, many activities struggled and at the end of the year the national GDP decreased by almost 10%. The number of unemployed people rose by about a million and, in particular, unemployment among young people grew up to more than 30%. These very discouraging data add up to an already weak Italian situation. In the last twenty years, in fact, Italy has only grown by 2,1%, a poor performance, especially compared to Germany (+25,4%), Spain (+24,5%), or the United Kingdom (+31,9%). Doubtlessly, it is very challenging to run an entrepreneurial activity in a healthy and profitable way in such an environment. The vibrant social and economic environment of the 80s and 90s is merely a memory. Nevertheless, our company, toughened by the investments made in recent years and by the rationalization of production, is stable enough to operate in this environment. The lost revenues in 2020 are almost entirely limited to the complete shutdown of our activity, which took place from March 18th to the end of April, and to the very few orders received in May, right after the reopening. From the month of June to the end of 2020, our firm got back on the regular pace of 2019 and even surpassed it in the first few months of 2021.

Risk management ^[102-15, 102-29, 103-2]

Pursuant to Article 2428, paragraph 2, point 6-bis of the Italian Civil Code, the following information is provided regarding the use of financial instruments, useful for the purposes of assessing the company's balance sheet and financial situation.

1. Our company has not carried out any purchase or sale or financing transactions with temporary transfer of assets and the consequent obligation of retrocession on a forward basis.
2. The company has not issued financial instruments and has not used derivative financial instruments either for speculative purposes or for hedging purposes.

CREDIT RISK: The credit risk is mitigated by the fact that the exposure is spread over a large number of customers and the company has an insurance policy in place that covers a large part of its customers against the risk of insolvency. As far as the company's financial assets are concerned, it must be considered that they have an excellent credit quality.

LIQUIDITY RISK: The company has short-term financial assets and deposits with credit institutions that are more than appropriate to meet its liquidity needs.

MARKET RISK: The company mainly supplies products for the footwear sector, a mature market that has been in crisis for years. In order to face the difficulties of the market, the Company has for some time now undertaken an intense research and development activity aimed at creating innovative products with a high technological content to meet the growing needs and demands of customers. This, together with high standards of quality and service, is an important requirement that we fondly believe will let us be appreciated and preferred over our competitors.

Our stakeholders [102-21, 102-40, 102-42, 102-43, 102-44, 103-2]

Despite the decrease in net profit compared to the previous year, 2020 ended with positive results. We present a sustainability plan that is increasingly integrated into our corporate strategy.

Throughout 2020 we have sought to satisfy all of our stakeholders, respecting all of the commitments that we had made. We have pursued growth and development in order to best meet the needs of the current generations, while keeping in mind the wellbeing of the future generations. The way we work and the choices we make are guided by the strong sense of responsibility that we feel towards all of those who have a direct or indirect interest in the company's business, and therefore towards all of those with whom Eurosuole maintains relations. We desire to create a process in which the exploitation of resources, the direction of the investments, and the orientation of technological development will lead to an increasing present and future potential. We believe this to be not only a legal, but primarily a moral responsibility that we owe to all of our stakeholders: from customers/consumers to future generations, from suppliers to employees, from citizens to shareholders, from creditors to supervisory authorities. Exactly for this reason, we have created a specific messaging system which allows immediate communication with all the concerned individuals. Our website plays a central role in the communication process: we keep our audience constantly up to date through the section "News". The same updates are also available on our Facebook and LinkedIn pages.



INTERNAL

Shareholders
Employees
Managers

EXTERNAL

Foundations
Customers
Suppliers
Banks and Insurance Companies
Associations
Communities
Municipalities, Provinces and Regions



Materiality analysis [102-46, 102-47, 102-49, 103-1, 103-2]

2020 is the sixth year that our Sustainability Report is prepared in compliance with the internationally recognized GRI standards of the Global Reporting Initiative. Once again this year, we have placed a strong emphasis on research and development of new sustainable products and technologies; we have also strengthened our focus on the training and health of our employees.

In this section we explain the process of defining the content and materiality of the report. First, we have identified the relevant issues in terms of the economic, environmental and social impacts we cause and to which we contribute.

Since not all material topics are of equal importance, they are distributed within the matrix so that their position reflects their priority.

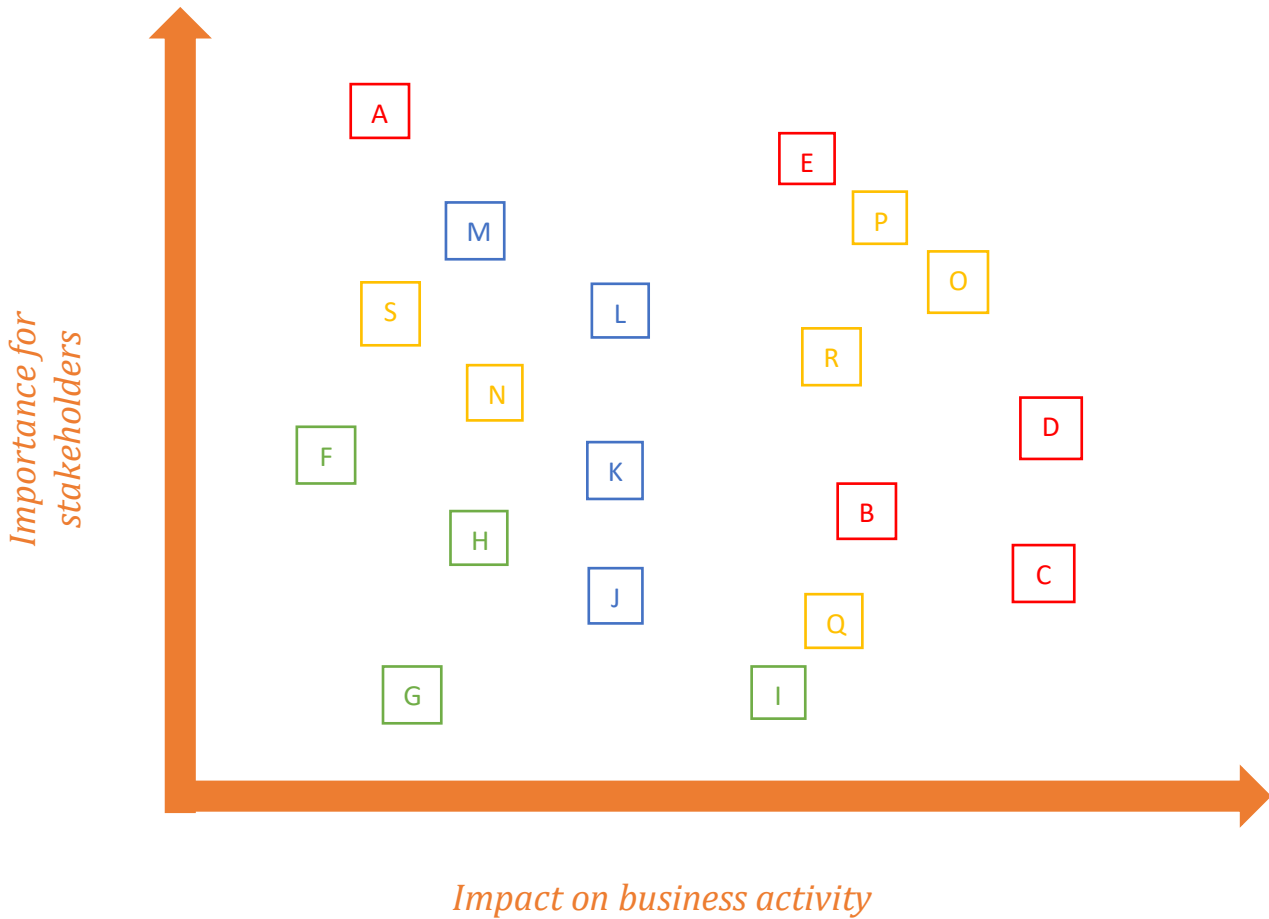
In evaluating material topics, we have taken internal and external factors into account:

- Stakeholder expectations;
- Expectations of international bodies (14001 certification)
- CEO objectives;
- Strategic plans of the highest governing body;
- The needs of the local community;
- Respect for the environment;
- Economic growth.

We have divided our material topics into four macro-areas: social, security, environmental and economic/governance.

The first area refers to the human aspect, both internal (CEO, shareholders and employees) and external (local community). The second area underlines the importance we attach to safety: the safety of our employees and our products. The "environment" area, as in the previous year, is composed of the following material topics: emissions, waste, water and energy. The last area concerns governance values and the economic aspects that most influence our corporate success.

We selected the essential themes for the content of the report and then inserted them in a matrix to explain how the principle of materiality has been applied. [102-46](#), [102-47](#), [102-49](#), [103-1 environmental](#), [103-1 social](#), [103-1 economic](#), [103-2](#)



<p>Economic/governance</p> <p>A Shareholders' satisfaction B CEO leadership C Employee training D Employee welfare E Commitment to local community</p>	<p>Environment</p> <p>F Reduction of emissions G Waste management optimization H Responsible use of water resources I Energy efficiency</p>	<p>Safety</p> <p>N Infrastructure investment O Risk prevention P Ethics and transparency Q Industry and research networking R Corporate reputation S Creation of long-lasting value</p>
<p>Social</p> <p>J Safety in the workplace K Product and production process research and innovation L Responsible sourcing of raw materials M Product quality</p>		

Our suppliers [102-9, 103-2, 204-1, 308-1, 308-2, 414-1, 414-2]

Our strategy towards our suppliers is to offer the best deals in economic terms while guaranteeing quality, safety, and respect for the environment. Sustainability, quality, and ethics are indeed our principles. We reckon that it is essential to carefully choose our suppliers and our raw materials so as to maintain our position on the international scene and to ensure compliance with safety regulations.

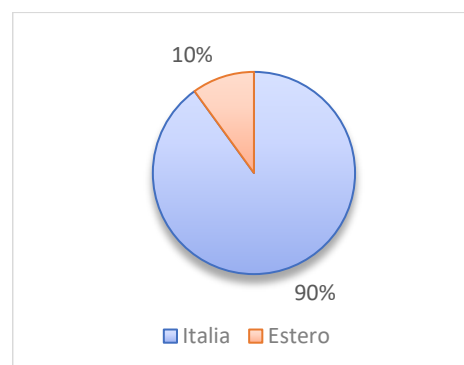
We strive to guarantee a fair sourcing process. We select our suppliers based on defined standards and we follow a formal procedure for their management. We have established precise rules on waste management, pointing out the danger points, the current safety standards, and the prevention and emergency measures. In case of unwillingness of the supplier to comply with the norms presented in Eurosuole's Ethical Code, we will not finalize or further carry on any kind of relations with it. At the end of each year, during the management review, an evaluation of the suppliers is carried out and according to the result we decide whether or not it is worth continuing the relationship. We always try to improve the management of our suppliers and the sustainability of our sourcing process. Throughout 2020, two cases of non-compliance among our suppliers were detected. Specifically, in December internal audit there was no evidence of the report of control procedure for leaks of fluorinated gases. We proceeded by contacting the suppliers of the maintenance service for Fgas equipment and asking for all the reports.

For what concerns the geographical distribution of our suppliers, our strategy is "Think global, act global". In 2020, 90% of our suppliers were in Italy, while 10% abroad. Many of our suppliers are intermediate distributors that interpose themselves between us and big multinationals, to which they are linked through agreements. Thanks to the clarity and seriousness of our policies, as of today, the company has no open disputes with suppliers.

DISTRIBUTION OF EXPENDITURE TO SUPPLIERS

SUPPLIERS BY GEOGRAPHICAL LOCATION AND AMOUNT (in euro)

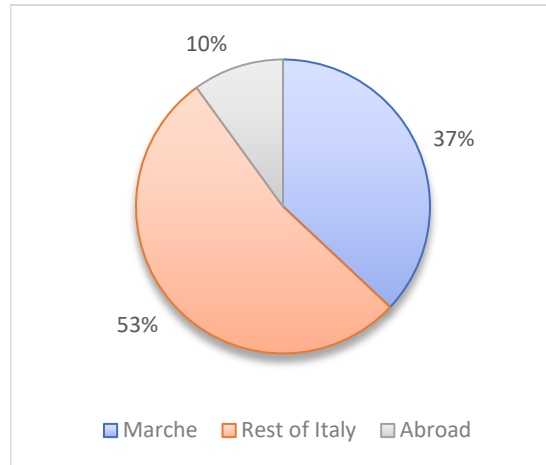
ITALY	21.188.438
ABROAD	2.388.622



DISTRIBUTION OF EXPENDITURE TO SUPPLIERS BETWEEN MARCHE AND REST OF ITALY

ITALIAN SUPPLIERS BY REGION AND AMOUNT (in euro)

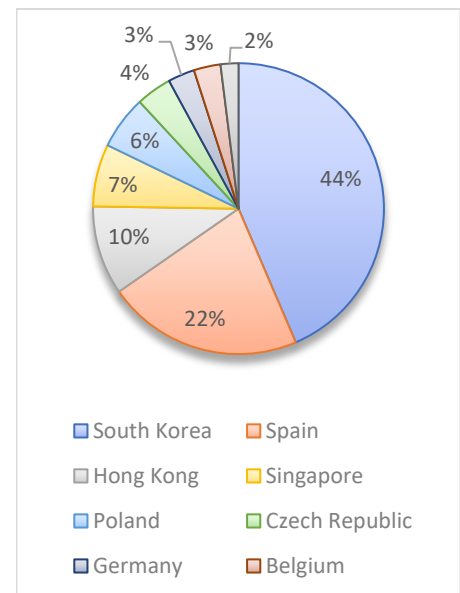
MARCHE	8.622.833
REST OF ITALY	12.565.605



EXPENDITURE FOR FOREIGN SUPPLIERS BY REGION AND AMOUNT (in euro)

South Korea	1.040.186
Spain	529.433
Hong Kong	240.021
Singapore	159.360
Poland	137.339
Czech Republic	97.315
Germany	73.560
Belgium	64.015
Netherlands	36.279
Romania	7938
France	1047
United States	590

Slovakia	347
Ireland	290
Bulgaria	270
Serbia	183
Denmark	165
Moldova	159
Great Britain	96
Austria	30



Our customers [102-2a, 102-6, 102-9, 412-3]

Customers are the lifeblood of the company, since they allow to work profitably and encourage improvement. In our firm we do our best to preserve the already existing customers and at the same time we try to broaden our horizon towards new potential customers. It is thus very important to keep our products of a high quality level and to therefore represent at best the “Made in Italy”.

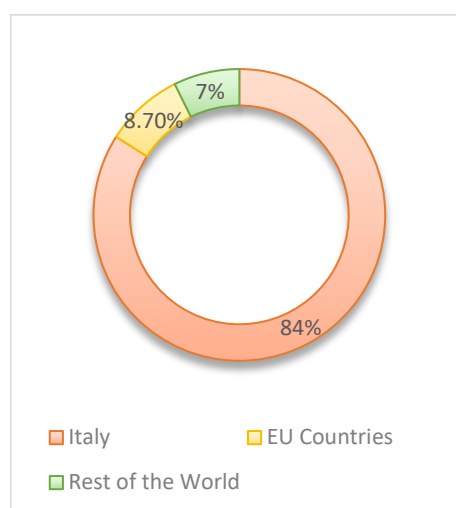
We operate in business-to-business. In order to fully comprehend the needs of our customers, we regularly analyze the specific demands and the current developments of our sector. Concentration is one of the typical characteristics of our market. In fact, our customers are about 650, a low number if compared to “business-to-consumer” markets. It is relevant to share the fact that our first twenty-five customers represent about 75% of total profit.

The relationship between the supplier and the customer tends to involve not only the purchasing or sales staff, but also production, logistics, R&D, and administration. Thanks to the better management quality, we could notice an elevated level of customer loyalty: we can boast business relationships lasting more than 20 years. We put all of our effort into providing an excellent service. For this reason, we decided to start following the Customer Relationship Management (CRM) approach in 2010. CRM allows to regulate new contracts and to deepen relationships with customers with whom Eurosuole maintains relationships. It also makes it possible to monitor purchasing behavior and to segment the customer base more effectively and rationalize its management, reducing errors and the risk of decision-making activities. The sales staff can safely access the program from mobile devices anytime and anywhere. Information and data related to a customer can be updated real-time and are visible from all the accounts. The major perks are: simpler and faster processes, a reduction in management costs, and a greater use and sharing of the information. Customers receive new information through our product cards, that provide a detailed description of each product and an aid to the customer in its purchasing decision.

In order to maintain our elevated standards, we always perform quality tests at the end of the production process. We have received a very positive feedback from our suppliers and we do our best to keep the satisfaction level as high as possible. Every year our company is audited directly by our clients’ ESG (environment, security, and governance) auditors and we pass successfully every check.

DISTRIBUTION OF REVENUES BY GEOGRAPHICAL AREA

ITALIA	31.079.808
EU COUNTRIES (except Italy)	3.223.227
REST OF THE WORLD	2.587.834
TOTAL	36.890.869



Capital and financial solidity

CRIBIS D&B, a company specialized in providing business information on Italian companies, has awarded EUROSUOLE the **CRIBIS Prime Company Rating 1**, giving it the **highest level of reliability as a counterparty to a B2B business transaction**.

The CRIBIS Prime Company Rating, assigned every year to only about 6% of the more than 6 million Italian companies, represents the highest level of evaluation of commercial reliability of an organization and is issued exclusively to companies that constantly maintain a high economic and commercial reliability and are virtuous in payments to suppliers.

The certification is based on CRISIS Rating, a dynamic and constantly updated indicator of the company's reliability which, based on a statistical algorithm, measures the probability that a company generates serious commercial insolvencies. Numerous variables are used for the calculation, including biographical information, indices and balance sheet data, company seniority, payment experience, presence of negative information.

The evaluation carried out by CRIBIS D&B, a company born from the alliance between CRIF, European leader in credit information systems and Dun & Bradstreet, world leader in business information, certifies the high level of stability of our company and represents a guarantee for all companies that have chosen EUROSUOLE as a partner.



Corporate administrative responsibility [102-17, 102-33, 103-3 economic, 205-2, 103-3 social, 412-1, 412-2]

Our company adopted an organization, management and control model (**Model 231**), in order to prevent crimes committed in the interest or for the benefit of the company, and an Ethical Code, pursuant to Legislative Decree no. 231 of June 8th 2001.

The Organization Model 231 prepared by Eurosuole is composed by:

- a General Part, in which the aims and principles of the model are described and its essential components (Eurosuole's Sensitive Processes, the Supervisory Body, and the adopted Disciplinary System) are identified and regulated;
- the Ethical Code, which is the gathering of the values, the principles, and the line of conduct that our company commits to comply with;
- four Special Parts, each deeply examining one of the four areas of crime risk identified for Eurosuole (Crimes relating to the Health and Safety of Workers, Crimes Against the Public Administration, Environmental Crimes, Self-laundering), highlighting the corporate roles involved, possible methods of commission and existing controls.

Our company has appointed a Supervisory Body with autonomous powers of initiative and control, in accordance with the law. In fact, Legislative Decree 231/2001 provides that this Body is endowed with a series of characteristics, such as autonomy and independence, professionalism, understood as adequate specialist competence in inspection and consultancy activities, and continuity of action, to be achieved through timely and constant control of the implementation of the Model. The staff, administrators and all Recipients are required to promptly inform the Supervisory Body when they are aware of even potential violations of the law or regulations of the Model, the Code of Ethics and/or internal procedures.

Eurosuole informed the employees about the adoption of the new management model and the Code of Ethics. Given that to ensure that the measures introduced are effective it is necessary that everyone fully understands what it is about, we asked our employees to follow a training course on the contents of the Organization, Management and Control Model, at the end of which it was necessary to fill in a verification test.

Fiscal transparency [207-1, 207-2, 207-3]

Our company manages taxation according to the principles of **honesty, integrity, and transparency**, as stated in our **Ethical Code**, which was introduced in January 2020. Respecting the laws, the regulations, and, generally, the legislation of all of the countries in which we operate is for us a fundamental element. All of the Recipients of the **Model 231** (the Sole Administrator, the Employees and all of those who, even if external to the company, act directly or indirectly for Eurosuole S.p.A.) are therefore required to comply with the current regulations. In no case is it allowed to pursue or realize the interest of Eurosuole S.p.A. in violation of the laws. This principle must be considered effective both with regard to the activities carried out within the Italian territory, and to those related to relations with international operators.

For honesty, we intend to be aware of the ethical significance of one's actions and not to pursue personal or corporate profit in violation of the laws and the rules of the Code of Ethics; by integrity, we mean that Eurosuole does not approve or justify any act of violence or threats aimed at obtaining conduct contrary to the law and/or the Code of Ethics; finally, the principle of transparency is based on the truthfulness, accuracy and completeness of information, both inside and outside the company.

One of our main goals is the proper management of tax risk, meant as risk of incurring the violation of tax laws or the abuse of the principles and purposes of the tax system. The Recipients have the express obligation to behave in a correct, transparent and collaborative manner, in compliance with the law and internal company procedures, in all activities aimed at issuing invoices and the related handling and preparation of financial statements. Besides, they are required to make sure that the corporate accounting management process is conducted in a transparent and documentable way.

With the adoption of the Organization, Management, and Control Model, which took place in 2020, the risk of committing crimes in the interest or to the advantage of the company decreases significantly. This is made possible by the identification of the Sensitive Processes, i.e. the areas of crime risk identified for Eurosuole (Crimes relating to the Health and Safety of Workers, Crimes Against the Public Administration, Environmental Crimes, Self-laundering), and their consequent regulation. Moreover, the new management model contemplates the establishment of an internal Supervisory Body which has the task of promoting the effective and correct implementation of the Model. All of the Recipients are responsible for promptly reporting to the Supervisory Body any violations, irregularities and/or conduct contrary to the provisions contained in the Model.

Products and Innovation



Our products [102-2, 102-9, 103-2, 416-1]

Our company boasts of being able to offer products in high quantity, while maintaining a high quality; at the same time Eurosuole successfully promotes the true "Made in Italy". The company is able to offer its customers a versatile product able to meet different standards in terms of customer expectation. There is a great commitment to quickly and continuously renew our samples.

We pay a lot of attention to issues concerning environmental impact and eco-sustainability, since we are aware of the possible consequences on present and future generations. For this reason, our products do not only respect the environment, but also EEC safety standards and they are TUV ISO 140001certified.

the range of our products:

- **POLYURETHANE SOLES:** A new generation non-toxic polyurethane is used, which, through particular chemical-physical processes, can be more or less expanded. This characteristic allows to obtain lightweight, flexible and insulating soles. The formulations meet every requirement of footwear production, from slippers to sandals, from fashion shoes to safety shoes.
- **RUBBER SOLES:** For the production of rubber soles, we use non-toxic elastomers of natural or synthetic origin. This material allows the production of high quality products with high performance in terms of abrasion resistance, grip and durability. Rubber soles are particularly suitable for casual, fashion, safety, and trekking shoes.
- **RUBBER/POLYURETHANE SOLES:** A product made with two different materials, the rubber tread and the upper part in polyurethane that on the one hand, guarantee lightness due to the foam material, on the other hand ensure resistance because of a high quality material with strong technical characteristics such as rubber. They are specifically indicated for highly technical footwear.
- **DUAL DENSITY POLYURETHANE SOLES:** It is a product consisting of a compact polyurethane tread in a color that guarantees grip and durability, combined with a polyurethane foam in another color to offer comfort and lightness. These peculiarities allow to satisfy the highest stylistic requirements dictated by the fashion world.
- **THERMOPLASTIC-POLYURETHANE:** A product made with two different materials and an endless series of colors and combinations that also include inserts. The flexibility and the possibility to create infinite effects and infinite variations make them specifically suitable for footwear in the luxury segment.



Our brands [102-2, 103-2]



The **EUROSUOLE QUALITY** brand represents, as the name suggests, the quality we ensure both through our soles and the way we work. We deeply believe that quality wins over any other strategy. We try to offer quality in every aspect of our work: from the moment we answer the phone, to the research in our laboratory, to the relationship with our customers.

GLE (LIGHT RUBBER EUROSUOLE) The GLE brand represents our lightweight vulcanized foam rubber soles. With the GLE soles we have been able to overcome the many limitations of vulcanized foam rubber related to the dimensional control of the product obtained through the molding process. The technology used for this type of sole is definitely innovative in the field of soles production: it gives the possibility to create shapes of any kind and reduce waste, and consequently, time and costs, moreover it ensures maximum lightness to the sole.



The **WELLFEET** brand represents our soles made of materials resistant to hydroses and climatic conditions of various kinds, including humidity. They are manufactured with a special polyurethane compound. Its technical qualities and, at the same time, its young and comfortable style allow us to satisfy even the most demanding customers. Wellfeet is a sole designed for the total well-being of the foot, a part of the body stressed every day. "The walking pleasure", slogan of the brand, communicates the effect of soft foot massage. Wellfeet soles are 100% Made in Italy.

Investments [102-10, 103-2, 203-1]

The last significant modification realized by Eurosuole was concluded in 2019 and it concerned the renovation and reorganization of the departments and lines started in 2015. In 2020 we did not have any meaningful modifications or changes. This is also because the company, as every other business organization, had to face the emergency created by the COVID-19 pandemic starting from February 2020.

In 2020 investments were made in the following areas:

FIXED ASSETS	AMOUNT
Land and buildings	100.283
Plant and machinery	980.552
Industrial and commercial equipment	938.774
Other assets	15.671
In fixed assets under construction and advances	369.488
TOTAL	2.404.768

Throughout 2021, the investments started in the previous year will be completed. Routine investments aiming to maintain and improve the functionality of the existing fixed assets will add up to these.

Research and development [103-2, 201-4, 203-1]

The coordination works for the development of the following projects are assigned to a special group established within the company and called **L.I.T. (Laboratorio Innovazione Tecnologica)**.

The related costs are detected in the income statement in the relevant financial statements. The work also includes the activities carried out for the ordinary and periodic changes made to the products and the production process, kept properly separated as analytically indicated for each project.

From time to time and according to the area concerned in the specific project, this group is integrated with technicians and internal specialized personnel and supported by specially activated **collaborations with European universities and research centers**. The work of the group is conducted following the policies that, for years now, have been adopted by Eurosuole as a competitive edge for future development: the **high quality** of the product, the **respect for the customer's needs** and the maximum attention to the **environment**.

- **PROJECT "NEW PRODUCTS – PU SOLES – ECO-SUSTAINABLE"**

PU eco-sustainable sole is an internal research and development project carried out independently by Eurosuole. The project was launched in January 2019 and was concluded at the end of 2020. The general objective of the project is to develop a polyurethane sole using raw materials derived from plants, i.e. from renewable and non-fossil sources as in the case of standard polyurethane (completely derived from oil). In 2020, the activities concerned in particular the selection of raw materials to be used, the development of innovative polyol recipes based on renewable raw materials, the measurement of the renewable material content, and finally the realization of some soles with the new material.

- **ECO-SUSTAINABLE RUBBER SOLES**

It is an internal research and development project carried out independently by Eurosuole. The project was launched in January 2019 and ended at the end of 2020. The main goal of the project is to develop an eco-friendly rubber sole going through different procedures:

- 1) rubber to be vulcanized in which the percentage of products of fossil origin is as low as possible;
- 2) rubber with a significant percentage of recycled material coming from recovered materials such as used tires or tennis balls.

In 2020, the activities focused on the formulation of a set of first compounds that could be suitable in the soles sector.

- **COMPOUNDS FOR THIRD PARTIES**

It is an internal research and development project carried out independently by Eurosuole. The project started in January 2019 and ended at the end of 2020. The general objective of the project is to develop rubber compounds for applications in sectors other than the footwear sector in which Eurosuole usually operates. The idea comes from a market analysis of rubber products. This led to focus on the market of colored compounds, which represents about 20% of the total and has an estimated turnover of about 800 million euros. The choice to verticalize on a niche, even if important in the market of the compounds, is justified by the fact that for colored compounds there

is no need to use carbon black (also called lampblack or black carbon). Such an ingredient is instead fundamental for black compounds and it leads to considerable issues at production level: it requires the cleaning of the plant of the compound at the end of each production batch of black compounds. The final aim of the project is also to saturate the production capacity of the plant and to conquer new market slices even in completely different sectors. More specifically, compounds are being developed for the following firms:

- Footwear companies that do not internally own a compound plant or do not have the sufficient production capacity to internally produce compounds;
- Companies producing industrial tubes;
- Gasket manufacturers;
- Pharmaceutical companies.

In 2020, activities focused on the development and characterization of compounds for the application of industrial tubes, and to a lesser extent for the gasket sector, and the first product sampling.

- **PROJECT “THE LUXURY SOLE “**

It is an internal research and development project carried out independently by Eurosuole. The project was launched in 2018 and is still in progress. The initial goal was to open up a new business line dedicated to the production and marketing of luxury soles, thanks to the purchase and implementation of an innovative printing carousel for polyurethane soles. Differently from what we were hoping, the polyurethane soles realized in the first few months of 2020 did not meet the required standards. This led Eurosuole to broaden the project by modifying it and making the realization of a new sole composed partly by polyurethane and partly by rubber the new goal. After accurate studies, we decided to purchase two extremely important machines with the aim of completing and enabling the operation of the production cycle of luxury soles. Specifically, these two machines will complete the production line in two of its crucial parts:

- CUT of raw material (rubber);
- PRESSURE of the rubber to create the sole

Despite the initial difficulties, both machines are now operative and implemented in the production process. This allowed Eurosuole to concretely experiment the realization of a rubber sole suitable for the luxury sector. The project is now proceeding as hoped. Two interns, under the supervision of the department managers, are currently dedicated to the project. In 2020, the principal activities concerned:

- Industrial analysis and research for the coordination of the operation of the new machines;
- Experimental product development for testing the adequacy of the physical-technical characteristics of the soles;
- Market research for a thorough comprehension of the actual market implementation potential.

The pandemic has had a considerable impact on the flow of the project, especially because of the shutdown over spring 2020. It, however, allowed for an even more accurate assessment of the results during the realization and for a more precise and punctual planning of the consulting involvements that are going to take place next year.

- **HD3FLAB: HUMAN DIGITAL FLEXIBLE “FACTORY OF THE FUTURE” LABORATORY**

HD3FLAB is a research and development project carried out through the cooperation of 19 companies, of which 4 LE and 15 SME, 3 Research Organizations, i.e. Università Politecnica delle Marche, Università di Camerino, and Meccano. The project is financed by Regione Marche in the context of the notice “POR MARCHE FESR 2014-2020 – Asse 1- OS 2- Azione 2.1 Development of collaborative research technological platforms, development of innovative systems and approaches for flexible and user-centered production”. The final aim of the project is to create a Laboratory of excellence for what concerns the study and development of innovative systems and approaches for flexible and user centered production. The sub-topic in which our company has been involved appears to be product traceability with the goal of automating and tracing Eurosuole’s rubber soles. At the moment, only the activities related to O.R.1 "analysis of the state of the art of rubber soles" are underway. Over this first part of the project, the company went through a phase of research and analysis of the current traceability and also used the raw material in order to analyze its operational development in detail and to identify the critical concerns on which to intervene. Naturally, given the complexity of the production process, further assessments taking place next year will be necessary.

Throughout 2020, the project continued in its phase of data acquisition and traceability analysis in the rubber sole sector. Activities entered in OR2, aiming to identify the most functional and suitable solutions in order to guarantee the traceability of rubber soles. Nevertheless, because of the pandemic, the project had to slow down, since it could only start again in September 2020.

- **PU ISLANDS MOLDING PLANT**

It is a project autonomously pursued by Eurosuole over 2020 in order to get over the struggle caused by the Covid19 pandemic. The health crisis has, indeed, reduced customer orders and decreased revenues by 20%. This put Eurosuole in a delicate condition, in which constant innovation, research, and technological investments became a fundamental part of our come-back strategy, albeit with the appropriate attention in light of the period of financial constraint. Therefore, the need has emerged to equip ourselves with a new technology falling within the standards of 4.0, following the entry in the Spanish market and the obtaining of important orders that have represented oxygen in a period of such high restriction. The company has found the need to equip itself with a molding plant for PU islands in order to be able to produce large quantities of the type of polyurethane soles required by the market. In the market for the production of PU soles, molding plants for islands are a consolidated technology that successfully satisfies the needs of customers of various types. For this project, Eurosuole has decided to equip itself with a system with a high technological content and with such peculiarities that it can be included in the category of industry 4.0 machines present in the company. In detail, the system consists of three elements, each of which has its own cutting-edge technological characteristics. The most technologically advanced component, which distinguishes the system from others currently on the market, is the Single-Component Mixer. The project therefore turned its attention to the following objectives:

- respond to the moment of profound socio-economic crisis, through the 4.0 enhancement of the molding systems for polyurethane soles;
- enter the Spanish market with the PU soles product.

From the objectives described, important results were obtained during 2020 which constituted an important moment within the project arc:

- insertion in the Polyurethane department of a new PU ISLAND molding plant;
- production of at least 10,000 PU ISLANDS per month (starting from September 2020);
- conclusion of a supply contract with at least one Spanish customer.

The project ended its life cycle in 2020, in any case representing a milestone in the growth measures proposed by the company in a period of such high difficulty.

- **SUSTAINABLE FACTORY FOR ECOCOMPATIBLE LIGHTWEIGHT SOLES**

It is a project conducted independently by Eurosuole starting from 2018 and completed in September 2020. During 2020, the expected results of the project were crystallized, arriving at their verification and implementation. In particular, the major objective of the project - to achieve a level of sustainability in the production section - was achieved through the implementation of major investments within the item of expenditure on Tools and Equipment. The latter covers the item of expenditure with the greatest weight within the investment plan and therefore a central role in the coherent implementation of the project. In detail, the effort in terms of industrialization carried out in 2020 has allowed the project objectives to assume greater roundness than the objective of environmental sustainability, having had the company have to equip itself with a greater number of machineries that have an even greater impact in the renewal of the rooms of compound production that the company is equipped with. Below are the objectives achieved with the realization of the project:

- molding of a light sole characterized by a density between 0.7 and 0.85 gr/cm³ while maintaining the other physical-mechanical characteristics unaltered;
- greater efficiency from an energy point of view for the same tons of compound processed with a lower consumption of kWh. By defining a performance index that relates the kWh of energy consumed to the tons of processed material, we intend to obtain an improvement with respect to the current situation of at least 5%;
- greater control at the dimensional level of the sole, as the cutting or milling operations on the sole itself will no longer be necessary. The sole printed in this way will instead have a minimized burr which represents a waste. The goal is to reduce this waste by at least 5%;
- replacement of the tangential mix with an interpenetrating mix with a variable air gap, so as to allow for more efficient and faster batch processing cycles compared to the current state of the art.

Eurosuole continues to show its openness to all external interested parties. We are always making ourselves available to accept requests for company visits and for hosting training meetings, providing internal staff. Continuous innovation is one of the most important foundations of our business model.

Our Impact on the World



Environmental sustainability [102-15, 102-19, 103-2, 103-3 environmental]

For 16 years sustainability has been an essential element of our business model. Throughout our 45 years of activity, we considerably improved our sourcing and production processes for what concerns eco-compatibility, safety, and sustainability. We carry on researching so as to implement more and more sustainable practices, both for the environment and for our workers' safety. In 2020 the main activities related to sustainability can be divided into five areas: employees, research and development, environment, distribution chain, and community. Eurosuole's sustainability projects and initiatives are supervised by Raffaella Gibellieri.



RAFFAELLA GIBELLIERI – *Environmental Management System Manager (SGA)*

In 2000 she began to follow the aspects related to environmental issues, for which Eurosuole had an increasingly strong interest. This is how Raffaella became responsible for the environmental system, attending courses that gave her the chance to deepen her knowledge in the field of environmental protection. Today RSA coordinates and guarantees the continuous adequacy, effectiveness and validity of the system.

OUR ECO-SUSTAINABLE JOURNEY

Our production processes have improved considerably during our years of business, especially with regard to the eco-compatibility and sustainability of our practices. Among the main results achieved in the area of sustainability and safety we find:

- ISO 14001
- Recognition from ASUR, INAIL and CONFINDUSTRIA for a safe working environment.
- Construction of a trigeneration plant, which contributes to greater energy efficiency.
- Introduction of a single cleaning process based on water, eliminating dangerous chemicals.
- Creation of company policy, ensuring that every single product is free from carcinogenic, mutagenic and teratogenic substances.
- Closed-circle production system, constantly reusing water for cooling.
- Various initiatives and activities to support our employees and the community.

We are currently working on several projects with the aim of developing more sustainable soles, using recycled materials. We also want to increase the consistency of our reporting practices with international standards. For over 5 years, we have been preparing the integrated report in accordance with GRI STANDARDS.

Water [103-2, 303-1, 303-2, 303-3, 303-4, 303-5]

For the water supply, we use well and aqueduct water. The meters placed at the withdrawal points directly measure the volume of water extracted from the two types of sources. The well derives its water from the Chienti river; the company is specifically authorized to draw the water by the Marche region. For some years now, we have been equipped with a closed cycle production system, which constantly reuses the water for cooling. This means that well water is used exclusively for recharging the closed cycle system and for the irrigation of the green areas of the company. The consumption is not relevant ($\text{m}^3/\text{pair of soles} = 0,0007$). Since 2010 we have been using well water for our trigeneration plant.

As for aqueduct water, its consumption is not attributable to the production process, but to the toilets, and therefore not correlated to parameters related to the production activity. In 2020 the value of aqueduct water consumption has significantly decreased compared to 2019.

WATER CONSUMPTION (m^3)	2020	2019	2018
Total well water consumption	7.010	7.260	8.210
Total aqueduct water consumption	4.392	7.251	3.735
TOTAL WATER CONSUMPTION	11.402	14.511	11.945

WATER CONSUMPTION ($\text{m}^3/\text{produced pair of soles}$)	2020	2019	2018
Total well water consumption (internal acceptability level: 0,0005)	0,0007	0,0006	0,0006
Total aqueduct water consumption (internal acceptability level: 0,0003)	0,00043	0,00059	0,0003
TOTAL WATER CONSUMPTION	0,00113	0,00119	0,0009

Energy [103-2 environmental, 302-1, 302-2, 302-3, 302-4, 302-5, 303-2]

Year after year we are committed to efficiently use energy. We buy **electric energy from renewable sources** and we optimize energy consumption through a **tri-generator that produces its own energy**. The plant is powered by the methane we buy. In fact, part of the methane we buy is used for the trigenerator, while the rest of the methane is used for heating. The thermal energy produced by our tri-generator is also used for heating during the winter season. The heating is generated by our heating system and is mainly used for production machinery. The heating of offices, on the other hand, comes from heat pumps powered by electricity. To avoid the voids caused by the tri-generator, such as insufficient heating of production plants, we have created a back-up line powered by diathermic oil and with an adequate heat exchanger, which comes into operation when there is a need for heating and the trigeneration line breaks down. All electrical and thermal vectors made available by trigeneration are used. When they are not sufficient to meet the demand of the plants, the thermal power plants and the electricity withdrawals purchased externally are automatically activated. Thermal power stations minimize their use on weekends thanks to a mechanism that was started four years ago.

The production of soles requires high energy consumption. The tri-generator has proven to be an optimal solution for the efficient supply of hot and cold electricity on an annual basis. All these efforts show that, despite being a company that needs a high amount of energy, we are able to follow environmental policies that make our business sustainable. Our trigeneration plant has obtained the CAR certification issued by the Italian institute GSE (which manages the national energy services).

The monitoring program of energy consumption is carried out with data collection through monthly readings and billing documents. As far as trigeneration is concerned, the work profile identified in previous years has been modified, as new machinery, which required greater electrical and thermal consumption and remodulation in the use of cogenerators, has been introduced. Therefore, the 2 time slots have been abolished and the cogenerators are active 24 hours a day, thus making available about 1200 kW hourly, on an average demand of 1400 kWh.

In 2020, even though the absolute value of consumption decreased, the ratio on produced sales increased by about 6%. This is linked to the production drop experienced because of the Covid-19 pandemic. The start-up operations of the plant at the beginning of the working week require a large consumption of energy resources which, spread on a smaller quantity of soles produced, has affected the value of the indicator. We have also received from our electricity supplier, Dolomiti Energia S.p.A., a declaration highlighting the CO₂ that, thanks to the production of clean energy, we have avoided emitting into the atmosphere. In fact, thanks to the use of energy from renewable sources by our supplier, **Eurosuole avoided the emission of 1400,0675 tons of CO₂ for the year 2020.**

ENERGY CONSUMPTION (GJ)	2020	2019	2018
Electricity (purchased+self produced)	78.411,86	98.138,592	92.796,814
Heating	29.900,28	30.019,356	35.696,078
TOTAL ENERGY CONSUMPTION	108.312,14	128.199,816	128.492,892
ENERGY CONSUMPTION (GJ)	2020	2019	2018
Methane consumption	64.644,192	86.541,156	85.536,324
Electricity consumption	43.249,644	41.616,792	42.956,568
TOTAL ENERGY CONSUMPTION	107.893,836	128.157,948	128.492,892
Methane consumption (GJ/1000 pairs of soles produced)	6.314	6,983	6,100
Energy consumption (GJ/1000 pairs of soles produced)	4.224	3,358	3,060
TOTAL ENERGY CONSUMPTION (GJ/1000 pairs of soles produced)	10.538	10,341	9,160



ABBIAMO SCELTO DI RISPETTARE L'AMBIENTE!

Per produrre un chilowattora elettrico vengono bruciati combustibili fossili e di conseguenza emesse in atmosfera importanti quantità di CO₂.
La produzione di energia pulita evita l'emissione di CO₂ in atmosfera.
Grazie per aver scelto di utilizzare energia proveniente da fonte rinnovabile, stai contribuendo a migliorare l'ambiente nel quale viviamo e a garantire un futuro migliore alle nuove generazioni.

EUROSUOLE SPA

Grazie a "100 % Energia Pulita Dolomiti Energia" ha evitato 1.400,0675 tonnellate di CO₂

MESE	ANNO	KWH	CO ₂ EVITATA (T)
Gennaio	2020	0	0 tonnellate
Febbraio	2020	0	0 tonnellate
Marzo	2020	0	0 tonnellate
Aprile	2020	211.863	67,3724 tonnellate
Maggio	2020	398.614	126,7593 tonnellate
Giugno	2020	466.799	148,4421 tonnellate
Luglio	2020	925.795	294,4028 tonnellate
Agosto	2020	348.668	110,8764 tonnellate
Settembre	2020	866.690	275,6074 tonnellate
Ottobre	2020	490.844	156,0884 tonnellate
Novembre	2020	355.464	113,0376 tonnellate
Dicembre	2020	337.991	107,4811 tonnellate
			1.400,0675 tonnellate



Our tri-generator

Waste [103-2 environmental, 306-1, 306-2, 306-3, 306-4, 306-5, 303-2]

The total amount of waste produced over total soles produced ratio decreased compared to last year, as shown by the indicator that evaluates dangerous waste. The percentage of waste sent for recovery is unchanged compared to 2019 and previous years.

INDICATORS	2020	2019	2018
Waste production (gr/pairs of soles produced)	169,79	186,96	144,53
Dangerous waste production (gr/pairs of soles produced)	35,57	37,82	31,45
Waste sent for recovery (% waste sent for recovery)	37,55	35,45	34,07
WASTE (kg)	2020	2019	2018
Total dangerous waste	364.170	468.661	441.069
Total non-dangerous waste	1.374.041	1.848.190	1.585.966

The decrease in these indices can be interpreted by analyzing which waste decreased: powder (CER070214) and emulsified waters (130105). In fact, in 2020, following an environmental improvement project regarding powders abated in the compounds department, we managed to reintroduce the powders into the productive cycle. This decreased the amount of waste to be disposed by 70%. For what concerns the emulsified waters (130105), we have carried out more preventive maintenance on the production plant of the rubber presses in order to reduce losses and breakages.

Emissions [305-7 a-iv, 103-2]

From the analysis of the internal reports that refer the records of the ordinary maintenance interventions of the abatement systems of atmospheric emissions, no emergency situations come up at the plants. In 2020, however, the usual extraordinary preventive maintenance operations were carried out on the abatement systems in order to avoid malfunctions during the year:

-Engines and impellers: control of all suction motors and balancing of the impellers to service all emission chimneys.

-Mixtures division: control of the efficiency of the bag plant for the abatement of the dusts of the dosing and mixing plant.

-PU molding: cleaning of pipes and precipitation towers for the abatement and recovery of silicone,

-Finishing: cleaning the pipes of the painting dust abatement system

The indices relating to emissions into the atmosphere are related to solvent consumption and are deduced from raw material consumption data managed with a four-monthly solvent plan and summary for the whole calendar year. The comparison is always made with the previous year.

The first index evaluates the quantity of total solvents used compared to the entire production volume. This ratio is slightly up compared to 2019. This is due to the shutdown imposed in March 2020 for the pandemic: all the printed soles stayed in the depot semi-finished, without receiving any surface treatment preparatory to the subsequent painting. With the reopening, the soles were completely washed with solvent to remove the patina that had been created and which prevented the adhesion of the paint, thus leading to an increase in consumption.

The second index accounts for the number of hours worked for maintenance interventions. In 2020, the hours decreased slightly since the company was closed for about two months and that, upon recovery, production remained much lower than the standard. Fewer hours of maintenance activities were therefore required for the emission lines.

The table below shows the VOC content in raw materials used during 2020. [305-7 a-iv]

RAW MATERIALS (kg)	2020		2019		2018	
	Quantity	VOC	Quantity	VOC	Quantity	VOC
Additives	6.181	4.119	6.203	4.218	6.575	4.218
Dyes	270	6	332	13	509	13
Pigments	9.688	3.974	9.295	5.283	13.398	5.283
Resins	64.500	55.844	66.895	58.101	75.900	61.313
Solvents	144.015	144.015	143.416	143.416	175.281	175.281
Paints	11.080	9.145	7.856	5.459	5.133	3.353
Detachers	16.656	10.483	21.805	14.002	25.867	17.245
Paint sold to third parties	59.305	51.609	67.455	53.564	80.680	61.290

INDICATORS	2020	2019	2018
Quantity of solvent used in gr/pairs of soles produced	22,23	18,45	17,71
Scheduled maintenance on emission abatement plants (in working hours)	502,5	678	660

Materials [102-9, 103-2 environmental, 301-1, 303-2, 417-1]

We want to provide full access to information about the characteristics of our products. Our purchasing and waste department provides customers with the origin of components, composition and destination of products.

For the identification and labeling of our products, we provide:

- The manufacturing date;
- The batch;
- The traceability of the product;
- The name of the product.

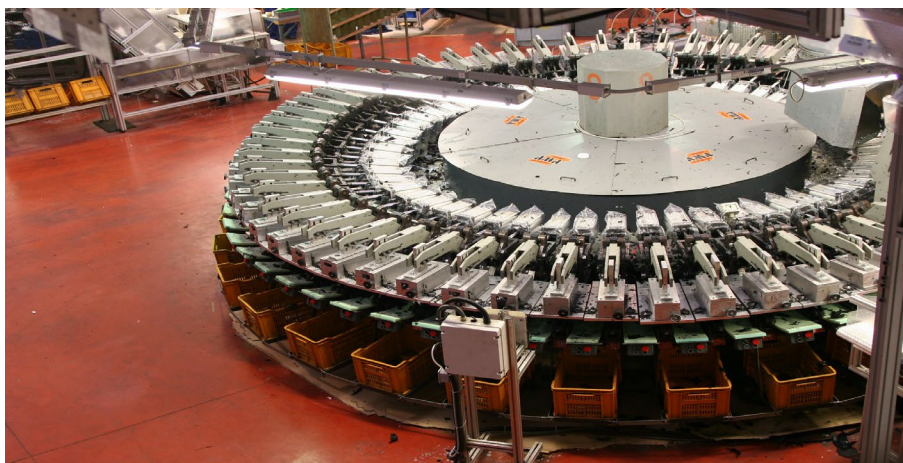
In line with the values of **transparency, integrity, and responsible sourcing of raw materials**, we are able to offer a clear life cycle assessment of the soles to our customers, if required. It is necessary to emphasize that our soles are an intermediate product and therefore it is a job of the shoe manufacturer, who assembles the shoes and sell the finished product, to take care of properly informing the final consumer. We are committed to control and we evaluate every type of sole we produce. We are able to state that they do not determine significant environmental impacts in the distribution chain.

TOTAL PRODUCTION MATERIALS (KG) Non-renewable

2020	2019
6.039.385	7.838.177

TOTAL PACKAGING MATERIALS (KG) Non-renewable

2020	2019
378.115	202.503



Social sustainability

Our employees [102-8, 102-41, 405-1, 103-2]

We strongly believe that investing in skills development and specific human resources training is the key to corporate success, especially in such a competitive sector like ours. We strive to create a welcoming and pleasant working environment, because we reckon it boosts productivity and enhances the employees' **sense of belonging** to Eurosuole. Hence, it contributes to reaching the desired social and economic results. In this context, **trust** is essential: our company is, in fact, the result of high managerial skills together with **respect** and appreciation of each employee. The individuals in directive positions daily contribute in creating a fair and open working environment in which employees work together and support each other.

We are convinced that dialogue is the most effective method to overcome conflicts, consequently we try to solve personally or on the phone the issues we go through. We organize training and ensure that our employees attend courses regularly. Furthermore, we distribute informative material to them so that they can increase and deepen their general knowledge as well as a healthy lifestyle, promoting the right habits, even in the workplace. In fact, we have joined the program "Workplaces that promote Health" - Marche Region WHP Network, whose objective is to encourage the health and correct lifestyles of workers and thus spread the culture of well-being. The added value we create through our business is primarily used for employee compensation, training and well-being.

Eurosuole is close to its employees also through active welfare policies: it takes the working conditions of its employees seriously and offers voluntarily and free of charge some services to improve the balance between work and private life (free annual cancer screening, convention and discounts for visits and diagnostic services at Villa dei Pini Nursing Home, free summer camps for children).

Our incentive system has so far proved adequate, as it has encouraged employees to limit absenteeism and to focus their efforts on achieving the corporate mission. The company has no significant changes in employees based on their seasonality. The company has no non-employee workers.

Starting from February 2020, we had to face the emergency created by the COVID-19 pandemic. From the very beginning we nominated the Covid Committee, which approved the anti-contagion policies. The first measures taken were providing information for employees and external people, reorganization of work schedules and breaks of the different departments, distribution of protective tools such as masks, splash-proof eye goggles, and disposable gloves, alcohol and sanitizing gel were made available, division of facilities between employees and external people.

Our company had to face a shutdown imposed by the national government, which lasted from March 17th to April 20th, and we had to resort to social safety nets, vacation days and permits, guaranteeing the most favorable remuneration method for the employees. Remote working was activated where possible, especially for employees working in administration, accounting, and sales.

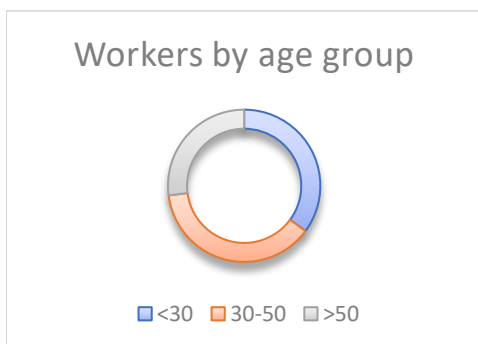
We have an on-going cleaning and sanification schedule for the common areas and tools. In May 2020 our firm carried out a screening with PCR tests to all the people working in it; we did the same in September, after summer holidays. We have a specific health protocol, in particular for fragile workers, and we mandatorily ask for a negative test to new workers and workers coming back from sick days. In compliance with the regional and national rules, we kept our preventive measures in place and integrated them in our corporate procedures and monitored the health of our workers.

In 2020 our workforce decreased by 8 units. This is because of the drop in production due to the pandemic and particularly to the lockdown. [405-1]

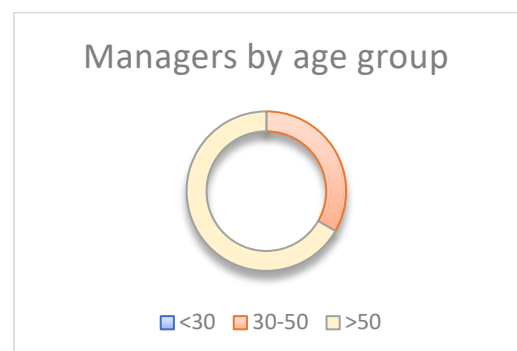
Employees (with temporary workers)			2020	2019	2018
	M	F	TOTAL	TOTAL	TOTAL
Employees with fixed-term contract	55	2	57	67	70
Employees with permanent contract	168	35	203	201	178
Full-time employees	221	35	256	264	245
Part-time employees	2	2	4	4	3
TOTAL	223	37	260	268	248

EMPLOYEES BY CATEGORY AND GENDER

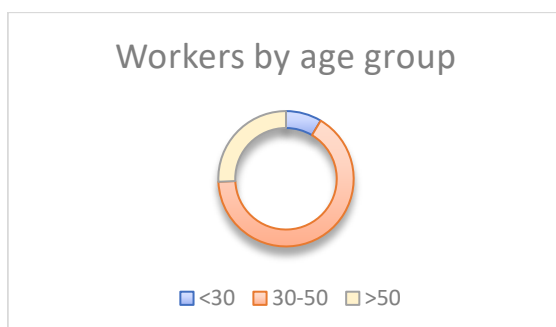
	ABSOLUTE		PERCENTAGE	
	MALE	FEMALE	MALE	FEMALE
Workers	193	28	87,33%	12,67%
Employees	27	9	75%	25%
Managers	3	0	100%	0%



<30: 78 (35,29%)
30-50: 84 (38,01%)
>50: 59 (26,70%)



<30: 0 (0%)
30-50: 1 (33,3%)
>50: 2 (66,7%)



<30: 3 (8,33%)
30-50: 23 (63,89%)
>50: 10 (27,78%)

Diversity in the workplace [102-38, 401-1, 401-2, 405-1]

Particular attention is paid, as far as human resources are concerned, to the enhancement of diversity, in order to guarantee equal opportunities.

The issue of integration and equal opportunities for all citizens is a very current topic, considering the numerous migrations throughout Europe: we are aware of the difficult employment situation in Italy, in which Italian citizens themselves struggle to find a job; however, we also recognize the need to give equal opportunities and the possibility of a dignified life to all, for the benefit of society.

Since the beginning of our activity, we have pursued a non-discrimination policy: as you can see in the table below, our team is very "international", obviously considering the size of our company. Thanks to the respectful behavior among employees and management, we have been able to create a very friendly working environment, where people feel part of a family. We believe that the enhancement of diversity in terms of age, gender, culture and physical abilities brings many advantages for the working atmosphere, and it can be a good example for other companies.

COUNTRY OF ORIGIN BY TYPE OF CONTRACT		
	Fixed-term contract	Permanent contract
Albania	1	0
India	0	5
Italy	48	177
Kosovo	1	0
Macedonia	1	0
Morocco	0	1
Nigeria	0	1
Pakistan	3	9
Romania	0	2
Senegal	3	8

NEW ASSUMPTIONS by gender	
Male	61
Female	2
TOTAL	63

NEW ASSUMPTIONS by age group	
<30	46
30-50	14
>50	3

NEW ASSUMPTIONS by country of origin	
Italy	54
Pakistan	5
Senegal	3
Kosovo	1

From the table of hiring by age group it can be seen that we have hired mainly young people to whom we have provided initial general safety training that they had not previously received.

In 2020, the company benefited from the facilities provided by Law 190/2014 and subsequent amendments and additions, regarding the hiring of young people for a total of 62.247 euros. The main reason for the lack of balance between female and male employees is closely related to the type of activity we carry out.

TURNOVER

Throughout 2020 we recorded a turnover compensation rate of 0,91%.

Remuneration [102-35, 102-36, 202-1, 405-2]

All of our employees, regardless of their contractual status, enjoy the same benefits. In Italy there is no minimum wage, or rather, the minimum wage is that provided for by the national collective labor agreement for the specific category. The CCNL is a type of employment contract stipulated at national level between the respective social partners, i.e. the organizations representing employees and the associations representing employers. It lays down the basic parameters and rules to be followed by individual employment contracts. Our company adheres to the National Rubber and Plastics Contract, which presents the salary scales with the various levels, from the basic level to the maximum level.

PERFORMANCE BONUS

Since 1994, in addition to the national collective agreement, we have established a second level contract. This contract, among various elements, also provides for a bonus related to collective and individual productivity increases. The premium is divided into two components. The first is linked to the "first semester turnover trend" indicator to be broken down according to attendance, while the second component refers to quality and it is calculated on the basis of goods returns in relation to months of work, for a total of 880 euro.

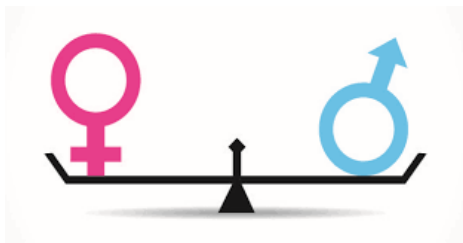
In calculating the hours worked, the following hours are included:

- Ordinary hours actually worked;
- Rest hours for blood donation;
- Rest hours for bone marrow donation;
- Hours of work injury not caused by worker negligence;
- Compulsory maternity hours;
- Hours allowed per hour ex law 104/92;
- Hours of union leave and union assemblies.

In 2020, unfortunately, no bonus was paid because of the failure to achieve the profitability target. However, the management decided to give each employee a Conad €200 prepaid card.

EQUALITY OF REMUNERATION FOR MEN AND WOMEN

We support gender equality and equal opportunities: we ensure equal remuneration and equal grading.



Safety [103-2 social, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10]

We believe that all investments to improve safety in the workplace, from training courses to advanced safety mechanisms and equipment, are essential. At least once a year, safety professionals (RSPP, ASPP, RLISA, the competent doctor, the external consultant, the supervisors and the management) meet to analyze the risk assessment document and the general trend of safety in the workplace. The company invests in updating its employees, who are trained in the application of new production techniques in order to prevent possible risk situations. A training and information policy is in place; it takes place at the time of recruitment, at each change of job, and at the introduction of new chemical agents and plants. The company is equipped with an occupational health and safety management system. Eurosuole signs every year a collective bargaining agreement which includes all matters share, in concordance with trade unions. During the year, there was no damage to the environment and no sanctions or penalties were imposed for environmental offences or damage. During the year, there were no workplace deaths or serious accidents that resulted in serious or very serious injuries to employees; there were no charges for occupational illnesses of employees or former employees, nor causes of mobbing.

ACCIDENTS AND ABSENTEEISM	2020	2019	2018
Number of work accidents	2	3	2
Number of commuting accidents	2	1	1
Days of absence due to a work accident	28	65,25	30
Days of absence due to a commuting accident	85	5	4
Frequency index of work accidents*	4,79	5,89	4,37
Frequency index of commuting accidents*	4,79	1,97	2,18
Severity index of work accidents **	0,0067	0,0128	0,0063
Severity index of commuting accidents **	0,0204	0,0010	0,0009
Hours worked per capita	1605	1899	1.847
Total hours worked	417.415	509.049	458.019
Average hours of illness per capita (employees/ workers)	20,44/71,54	42,68/48,83	30,97/49,72
Absenteeism rate due to illness (employees/ workers) in %	1/3,49	2,25/2,57	1,68/2,2
Average hours of work accidents per capita (employees/workers)	0/1,01	0/2,28	0/1,12
Absenteeism rate due to work accidents (employees/workers) in %	0/0,049	0/0,12	0/0,060
* number of accidents per one million hours worked			
** number of lost working days due to accidents per hundred hours worked			

During the year, there were no workplace deaths or serious accidents that resulted in serious or very serious injuries to employees; there were no charges for occupational illnesses of employees or former employees, nor causes for mobbing.

Training [102-27, 103-2, 404-1, 404-2]

Investing on employee training is deemed essential in our company. Eurosuole spends a lot on training its employees in various relevant corporate aspects such as workplace safety, environmental management (moreover, in 2020 we especially focused on raising awareness among our employees on the greenhouse effect and its consequences), training for loading/unloading packaging personnel, with a practical test for raw material handlers. Environmental training takes place in stages. In the first stage, information on the various general environment aspects that concern the company is provided by RSA; in the second phase the function managers are responsible for updating all the concerned employees, so as to deal specifically with topics such as waste management, emissions regulations, chemical product management, labeling, transport of dangerous substances and hazard symbols as required by the function in which the work is carried out.

In 2020, 5287 hours of training were provided, a greater number compared to the previous year despite the health emergency and the lockdown. Some of the training activities that were scheduled for 2020 could not be carried out due to the Covid19 pandemic. Where possible, the training has been provided in e-learning.

Throughout the year, an employee training course was undertaken with the goal of acquiring or improving the relevant skills for the digital and technological transformation envisioned by the National Business Plan 4.0. Furthermore, the company has undergone the "Analysis of the Business Climate and the Potential of Organizational Innovation" and "Analysis and of the Managerial and Leadership Potential" services, with the aim of improving the skills of the human resources and optimize the corporate organization.

	2020	2019
AVERAGE TRAINING HOURS	20,33	15,20



Family [103-2 social, 401-3]

We have always been trying to foster balance between family life and work and we thus decided to offer concrete help to our employees. In 2020, 7 employees requested and obtained a parental leave: 6 men and a woman; two employees, a man and a woman, were granted a special leave, pursuant to Law no. 151/2001.

In order to improve working conditions and ease returning to work, we have been offering for several years a free summer camp to our employees with kids in schooling age. This is possible thanks to our agreement with **Le Tate**, an association that is specialized in leisure activities for children and summer camps. Children are offered educational and recreational activities, guaranteeing a quality learning program over the Summer as well. This service clearly aims to help our employees with children that may have trouble in combining working and looking after their kids when the schools are closed.

Health [103-2 social, 102-12]

The health of our employees is a key element. In 2020 we renewed the agreement stipulated with Villa dei Pini-Sanatrix Gestioni nursing home, belonging to the Kos Group, giving all employees, or alternatively a family member of their own, the possibility to carry out instrumental diagnostic examinations, mainly related to cancer screening, such as: lung CT, mammary ultrasound and MRI of the prostate, as well as preventive dental and dermatological examination and up to a 20% discount on all other visits and diagnostic testing, including laboratory tests and COVID related tests.

In 2020, we reconfirmed our membership in the **Workplace Health Promotion (WHP) program**. The program, introduced by the World Health Organization, aims to reduce the risk factors most implicated in the genesis of chronic non-communicable diseases, promoting healthy lifestyles in the workplace. The program is the result of a collaboration between the Marche Region, Asur Marche, Regional Health Agency (ARS) and local companies, and is implemented at regional level. The Workplace Health Promotion Program of the Marche Region provides for the development of activities (good practices) in 5 thematic areas: nutrition, physical activity, tobacco smoking, alcohol and cancer screening programs.

The goal is to:

- Increase the consumption of fruit and vegetables.
- Reduce excessive salt consumption.
- Reduce the number of smokers.
- Extend the protection of passive smoking.
- Reduce the consumption of alcohol at risk.
- Increase people's physical activity.
- Promote adherence to cancer screenings.



Unfortunately, the activities were suspended due to the health emergency. However, our company took care of sending emails throughout the year to all of the employees with the aim of fostering a healthy and balanced lifestyle. The topics we decided to address in our emails are smoking, eating habits and mental health, a very relevant topic in this unusual time period. Moreover, we kept encouraging physical activity, in particular by pointing out the local initiative “La Salute in Cammino”.

Society [102-12, 102-13, 103-2, 413-1]

We strongly believe in the potential of young people and we are convinced that it is possible to build a healthy and happy society. Step by step, through small initiatives, we will contribute to create a culture of safety and health, made of good habits.

Our company is, in fact, socially committed: we support the local community by giving our contribution to sports, culture, non-profit and social utility associations, such as O.N.L.U.S. Eurosuole promotes:

ANFFAS (National Association of Families of Children with Intellectual and/or Relational Disabilities);

ANT (National Cancer Association);

ADMO (Bone Marrow Donors Association).

Besides, our contributions are also addressed to the various dioceses in our territory. For what concerns the sports associations, Eurosuole sponsors ACF Fiorentina, Serie A soccer team and Lube Volley, Serie A volleyball team. Among sports associations, we also support Anthropos, which organizes sports activities for young people with disabilities. Our company annually bears the costs of the means of transport that they use to go practice their sports activities.

Due to the extraordinary emergency situation caused by the pandemic, throughout 2020 we deemed necessary to contribute more significantly to our society, especially offering our support to families in distress and to the local health system. In fact, our contribution towards social utility associations and O.N.L.U.S. grew by Euro 47,700 compared to the previous year. In particular, we donated a Samsung WS80 ELITE ultrasound system to the gynecology department of Civitanova Hospital, which did not have one. We had started with the aim of buying some ventilators for patients affected by Coronavirus, but the managers of the Vasta 3 Area strongly recommended to buy the Ecograph because it is of vital importance when a pregnant woman gets infected by Coronavirus.

Social and relationship capital is one of the most important in our business model. This is why we do not only make investments strictly related to our sector, but we foster the general development of the community through various projects. In line with our goals of prosperity and growth, we are aware of the responsibility we have towards our stakeholders and our society. Our strategy is therefore developed according to their needs, including social, cultural, and educational initiatives to improve the living conditions of the local population and to protect the weakest groups. We wish for our employees' children and for the future generations to grow up in a sustainable reality, which is why our contribution to society represents, for us, a great value and a positive sign of commitment to build a better future, starting from today.

(*) Altre contribuzioni	2020	
Associazioni di utilità sociale	24.000	20%
Associazioni sportive	61.348	52%
O.N.L.U.S.	32.400	28%
TOTALE	117.748	



Eurosuole & Sustainable Development Goals

In September 2015, the General Assembly of the United Nations approved **Agenda 2030 for Sustainable Development**, consisting of the **17 Sustainable Development Goals (SDGs)**. The goals to be achieved by all countries in the world by 2030 are economic, environmental, social, and institutional. They constitute a global reference framework for the international community. The adoption of Agenda 2030 originates from the unsustainability of the current development model and the need to undertake a new path, both at global and national level, that virtuously combines **environmental protection, economic growth, and human rights**.

In 2020, once the analysis phase was completed, our company identified seven sustainable development goals that represent a priority for the Group:

- Number 3: “Good Health and Well-being”;
- Number 5: “Gender Equality”;
- Number 7: “Affordable and Clean Energy”
- Number 8: “Decent Work and Economic Growth”;
- Number 9: “Industry, Innovation and Infrastructure”;
- Number 10: “Reduced inequalities”;
- Number 12: “Responsible Consumption and Production”

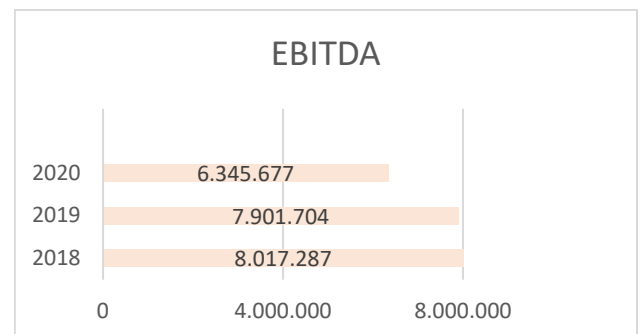
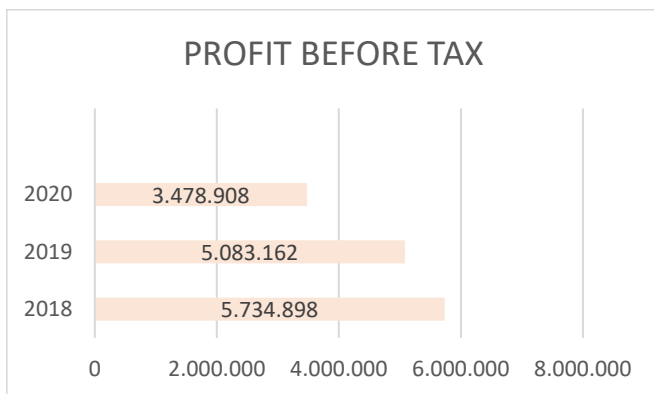
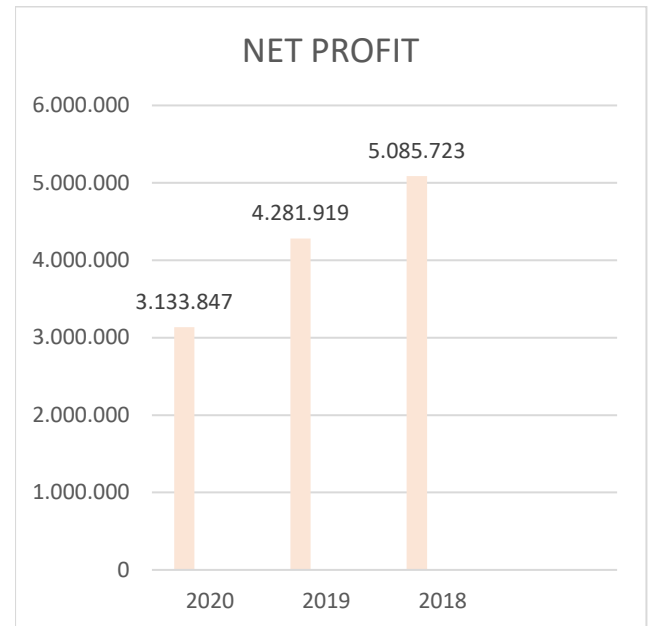
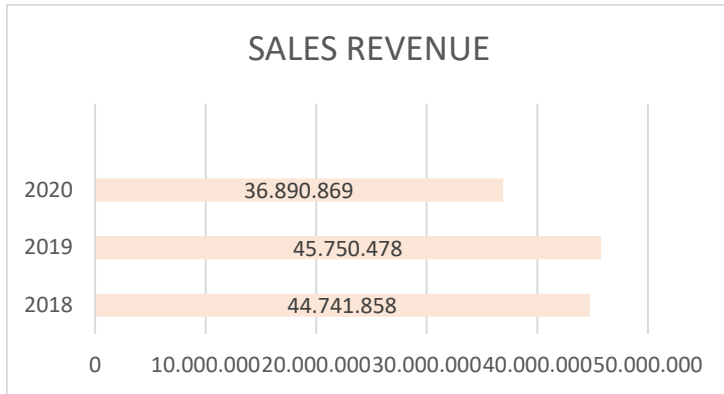


Financial Profile



Financial highlights [102-7, 102-45, 103-2]

The 2020 financial statement closes with a net profit of €3.133.847. Even though the profit is lower compared to the previous year, we regard it as an excellent result, considering that it refers to a year characterized by the COVID-19 Pandemic. (The company has no controlling interests in other companies and therefore does not prepare a consolidated financial statements).



PROFITABILITY

	2020	2019	2018
Net ROE	0,08	0,13	0,17
Gross ROE	0,09	0,15	0,19
ROI	0,06	0,10	0,10
ROS	0,09	0,11	0,13
EBITDA	6.345.677	7.901.704	8.017.287
Profit (loss) before taxes	3.478.908	5.083.162	5.734.898

LIQUIDITY

Primary liquidity	2,90	2,13	1,77
Secondary liquidity	3,31	2,54	2,09

FINANCIAL SOLIDITY

Debt	0,48	0,39	0,54
Coverage rate of fixed assets	2,24	1,95	1,92
Primary structural margin	19.691.269	17.327.572	15.612.097
Primary structural quotient	1,88	1,84	1,79
Secondary structural margin	28.054.002	19.839.118	18.490.940
Primary structural quotient	2,25	1,96	1,94

Evaluation criteria ^[102-11]

(Rif. Art.2423, C.ce art.2423-bis C.c)

The valuation of the items in the financial statements was made on the basis of general criteria of prudence and accrual, in view of the continuation of the business activity.

The application of the principle of prudence has led to the individual valuation of the elements making up the individual asset or liability items, in order to avoid offsetting losses that had to be recognized and profits that should not be recognized because they were not realized.

In compliance with the accrual principle, the effect of the transactions and other events has been recognized in the accounts and attributed to the year to which these transactions and events refer, and not to the year in which the related cash movements (receipts and payments) materialize.

In application of the principle of relevance, the obligations in terms of recognition, evaluation, presentation and disclosure were complied with when their observance had significant effects in order to give a true and correct representation.

The valuation criteria adopted are unchanged with respect to previous years; the continuity over time of their application represents a necessary element for the comparability of the financial statements in the various financial years.

The recognition and presentation of the financial statement items was made taking into account the substance of the transaction or the related contract.

Balance sheet – Assets (in euro) ^[102-7]

FIXED ASSETS	2020	2019	2018
Intangible fixed assets			
Industrial patents and intellectual property rights	1.999	17.208	39.841
Concessions, licenses, trademarks and similar rights	4.487	6.029	7.570
TOTAL INTANGIBLE FIXED ASSETS	6.486	23.237	47.411
Tangible fixed assets			
Land and buildings	11.838.125	12.144.810	9.421.421
Plant and machinery	9.341.600	7.476.793	7.506.984
Industrial and commercial equipment	325.552	246.109	279.002
Other assets	228.742	326.932	157.486
Assets under construction and advances	369.488	346.669	2.215.160
TOTAL TANGIBLE FIXED ASSETS	22.103.507	20.541.313	19.580.053
TOTAL FIXED ASSETS	22.109.993	20.564.550	19.627.464
CURRENT ASSETS			
Inventories			
Raw, ancillary and consumable materials	2.640.040	2.373.326	3.089.834
Work in progress and semi-finished goods	688.683	960.983	710.307
Finished products and goods	1.643.916	1.872.830	1.532.999
TOTAL INVENTORIES	4.972.639	5.207.139	5.333.140
Receivables			
From customers due within one year	14.726.478	14.980.760	15.280.702
Tax receivables due within one year	690.806	1.711.339	2.457.158
Tax receivables due beyond one year	340.934	-	77.991
Deferred tax assets	283.149	370.159	409.061
Receivables from others due within one year	775.482	680.714	851.992
Receivables from others due beyond one year	4.900	7.351	-
TOTAL RECEIVABLES	16.821.749	17.750.323	19.076.904
Financial assets other than fixed assets other titles			
	7.979.495	-	-
Cash and cash equivalent			
Bank and postal deposits	10.616.906	9.487.831	10.759.435
Cash and valuables on hand	13.433	4.527	9.776
Checks	6.017	-	-
TOTAL CASH AND CASH EQUIVALENT	10.636.356	9.492.358	10.769.211
TOTAL CURRENT ASSETS	40.410.239	32.449.820	35.179.255
Accruals and deferrals			
Accruals and deferrals	17.485	68.783	25.287
TOTAL ASSETS	62.537.717	53.083.153	54.832.006

Balance sheet – Liabilities (in euro) ^[102-7]

Equity	2020	2019	2018
Share capital	5.000.000	5.000.000	5.000.000
Valuation reserves	2.722.375	399.225	399.225
Legal reserve	1.000.000	1.000.000	1.000.000
Extraordinary reserve	25.450.247	22.368.329	18.982.606
Difference from rounding off to the nearest euro unit	(4)	-	(2)
Reserves in tax suspension	2.336.107	2.336.107	2.336.107
Other reserves	2.513.893	2.513.893	2.513.893
Profit (loss) for the year	3.133.847	4.281.919	5.085.723
TOTAL NET EQUITY	42.147.096	37.899.473	35.317.552
Provisions for risks and charges			
Provisions for pensions and similar obligations	204.661	311.146	295.811
Passive derivative financial instruments	12.328	-	-
TOTAL PROVISIONS FR RISKS AND CHARGES	216.989	311.146	295.811
Employee termination indemnity			
Employee termination indemnity	772.964	783.528	964.633
TOTAL SEVERANCE INDEMNITIES	772.964	783.528	964.633
Liabilities			
Payables to banks due within one year	2.320.550	211.527	105.132
Payables to banks due beyond one year	7.324.880	1.416.872	1.628.399
Payments on account due within one year	12.365	10.405	1.000
Trade payables due within one year	6.693.695	9.458.151	13.020.109
Tax payables due within one year	770.497	468.680	511.366
Tax payables due beyond one year	47.900	-	-
Payables to social security institutions due within one year	752.008	845.760	793.577
Other payables due within one year	1.351.066	1.677.288	2.204.427
TOTAL LIABILITIES	19.272.961	14.088.683	18.264.010
Accruals and deferrals	127.707	323	-
TOTAL EQUITY AND LIABILITIES	62.537.717	53.083.153	54.832.006

Income statement^[102-7]

Production value	2020	2019	2018
Revenues from sales and services	36.890.869	45.750.478	44.741.858
Change in inventories of work in progress, semi-finished and finished goods	(501.214)	590.506	47.475
Grants related to income	711.840	943.356	805.828
Other	131.477	173.396	141.539
TOTAL VALUE OF PRODUCTION	37.232.972	47.457.736	45.736.700
Production cost			
For raw, ancillary and consumable materials and goods for resale	13.859.676	18.759.339	20.416.768
For services	7.053.365	8.060.737	7.146.567
For use of third-party assets	37.979	21.164	3.024
Wages and salaries	7.004.375	8.381.691	7.520.009
Social security contributions	2.205.664	2.741.360	2.443.587
Severance indemnity	434.219	413.853	421.201
Other personnel costs	199.239	260.372	163.931
Amortization of intangible fixed costs	16.750	27.506	48.189
Depreciation of tangible fixed assets	2.884.689	2.820.583	2.300.494
Impairment losses on receivables included in current assets – cash and cash equivalents	37.847	39.501	37.794
Change in inventories of work in progress, semi-finished and finished goods	(266.714)	716.508	(589.302)
Other operating charges	321.645	161.507	155.834
TOTAL PRODUCTION COSTS	33.788.734	42.404.121	40.068.096
Difference between value and production cost	3.444.238	5.053.615	5.668.604
Other financial income	47.800	35.523	50.607
Other financial charges	25.496	14.059	-
Foreign exchange gains and losses	12.366	8.083	15.687
TOTAL INCOME AND EXPENSES	34.670	29.547	66.294
Profit before taxes	3.478.908	5.083.162	5.734.898
Current taxes	255.092	762.342	839.765
Taxes relating to previous years	-	-	(261.374)
Deferred and prepaid taxes	89.969	38.901	70.784
PROFIT (LOSS) FOR THE YEAR	3.133.847	4.281.919	5.085.723

Cash flow statement

	2020	2019	2018
Profit (loss) for the year	3.133.847	4.281.919	5.085.723
Income taxes	345.061	801.243	649.175
Interest payable (receivable)	(22.304)	(21.464)	(50.607)
(gains) losses on disposal of assets	(30.728)	(74.888)	(32.335)
1) Profit (loss) for the year before income taxes, interest, dividends, and gains/losses on disposal	3.425.876	4.986.810	5.651.956
<i>Adjustments for non-monetary items that did not have a balancing entry in the net working capital</i>			
Allocation to provisions	33.844	28.519	33.485
Depreciation of fixed assets	2.901.439	2.848.089	2.348.683
Other upward (downward) adjustments for non-monetary items	81.147	2.271.124	(86.336)
TOTAL ADJUSTMENTS FOR NON-MONETARY ITEMS THAT DID NOT HAVE A BALANCING ENTRY IN THE NET WORKING CAPITAL	3.016.430	5.147.732	2.295.832
2) cash flow before changes in net working capital	6.442.306	10.134.542	7.947.788
<i>Changes of the net working capital</i>			
Decrease (increase) in inventories	234.500	126.001	(636.775)
Decrease (increase) in trade receivables	254.282	299.942	(371.267)
Increase (decrease) in trade payables	(2.764.456)	(3.561.958)	3.151.444
Decrease (increase) in accrued income and prepaid expenses	51.298	(43.496)	42.350
Decrease (increase) in accrued expenses and deferred income	127.384	323	-
Other decreases (increases) in net working capital	411.402	(118.650)	516.008
TOTAL CHANGES IN NET WORKING CAPITAL	(1.685.590)	(3.297.838)	2.701.760
3) cash flow after changes in net working capital	4.756.716	6.836.704	10.649.548
<i>Other adjustments</i>			
Interest received (paid)	22.304	21.464	50.607
(income taxes paid)	(12.341)	(220.152)	(1.684.183)
(use of funds)	(138.565)	(184.289)	(262.369)
TOTAL OTHER ADJUSTMENTS	(128.602)	(382.977)	(1.895.945)
CASH FLOW FROM OPERATING ACTIVITIES (A)	4.628.114	6.453.727	8.753.603
<i>Tangible fixed assets</i>			
(investments)	(2.358.597)	(6.007.798)	(8.860.303)
Disposals	36.944	85.682	32.335
<i>Intangible fixed assets</i>			
(investments)	-	(3.332)	(26.485)
Disposals	-	-	-
<i>Short term financial assets</i>			
(Investments)	(7.979.495)	-	-
CASH FLOW FROM INVESTMENT MANAGEMENT (B)	(10.301.148)	(5.925.448)	(8.854.453)
<i>Resource of others</i>			
Raising of loans	8.228.558	-	1.733.531
Repayment of loans	(211.527)	(105.132)	-
<i>Own resources</i>			
(dividends and interim dividends paid)	(1.200.000)	(1.700.000)	(1.200.000)
CASH FLOW FROM FINANCIAL MANAGEMENT (C)	6.817.031	(1.805.132)	533.531
NET INCREASE DECREASE IN CASH AND CASH EQUIVALENTS (A ± B ± C)	1.143.997	(1.276.853)	432.681
Initial bank and postal deposits	9.487.831	10.759.435	10.333.537
Initial cash and cash equivalent	4.527	9.776	2.993
TOTAL CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9.492.358	10.769.211	10.336.530
depositi bancari e postali finali	10.616.906	9.487.831	10.759.435
Checks	6.017	-	-
Final cash and cash equivalents	13.433	4.527	9.776
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10.636.356	9.492.358	10.769.211

Added value creation [102-12, 103-2, 201-1]

ADDED VALUE CREATION	2020	2019	2018
Production revenues			
Revenues from sales and services	36.890.869	45.750.478	44.741.858
Changes in inventories of work in progress, semi-finished and finished goods	(501.214)	590.506	47.475
Other revenues	843.317	1.116.752	947.367
TOTAL PRODUCTION VALUE	37.232.972	47.457.736	45.736.700
Intermediate production costs			
Costs of raw materials and services	20.622.958	27.483.542	26.885.584
Other operating costs	156.550	44.830	39.028
TOTAL INTERMEDIATE COSTS OF PRODUCTION	20.779.508	27.528.372	26.924.612
CHARACTERISTIC GROSS VALUE ADDED	16.453.464	19.929.365	18.812.088
Extraordinary and accessories components			
Financial income	34.670	29.547	66.294
TOTAL EXTRAORDINARY COMPONENTS AND ACCESSORIES	34.670	29.547	66.294
TOTAL GROSS VALUE ADDED	16.488.134	19.958.912	18.878.382
Amortization and depreciation	2.939.286	2.887.590	2.386.477
TOTAL NET VALUE ADDED	13.548.848	17.071.322	16.491.905
DISTRIBUTION OF VALUE ADDED			
Staff	9.843.497	11.797.276	10.548.728
Public administration (taxes)	345.061	801.243	649.175
Company remuneration (profit)	3.133.847	4.281.919	5.085.723
Community			
Membership fees	20.893	20.175	20.934
Local taxes	87.802	87.802	87.802
Other contributions (*)	117.748	82.906	99.543
TOTAL VALUE OF COMMUNITY CONTRIBUTION	226.443	190.883	208.279
TOTAL NET GLOBAL VALUE DISTRIBUTED	13.548.848	17.071.322	16.491.905

*see table on page 52

Methodology

GRI STANDARDS REFERENCE:

This report has been prepared in accordance with the GRI Standards: Core option [102-54]

PRINCIPLES DEVELOPED EXTERNALLY THAT WE ENDORSE:

GRI Rules, Italian Civil Code (from art. 2423 to art. 2435), I.Re.M. (Responsible Companies in the Marche region), OIC (Italian Accounting Organization) [102-12]

REPORTING PERIOD:

January 1st 2020 – December 31st 2020 [102-50]

REPORTING CYCLE:

Annual [102-52]

DATE OF PREVIOUS REPORT:

Sustainability Report 2019 [102-51]

CONTACT FOR QUESTIONS REGARDING THE REPORT OR ITS CONTENT:

bilancio.integrato@eurosuole.com [102-53]

ROLE OF THE HIGHEST GOVERNANCE BODY IN SUSTAINABILITY REPORTING:

The CEO decides the materiality matrix and verifies that all material topics are included in it; he supervises the preparation of the Sustainability Report and finally approves it. [102-32]

The attestation of the Board of Statutory Auditors of the 2020 Sustainability Report is linked to this document. [102-56]



For the GRI Content Index Service, GRI Services reviewed that the GRI content index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

GRI Content Index [102-55]

GRI STANDARD	Page number	Notes	Omissions
GRI 101: FOUNDATION 2016			
GRI 102: GENERAL DISCLOSURES 2016			
PROFILE OF THE ORGANIZATION			
102-1 <i>Name of the organization</i>	10		
102-2 <i>Activities, brands, products and services</i>	10,27,28		
102-3 <i>Location of headquarters</i>	10		
102-4 <i>Location of operations</i>	10		
102-5 <i>Ownership structure and legal form</i>	10		
102-6 <i>Markets served</i>	22		
102-7 <i>Scale of the organization</i>	10,55,57,58,59		
102-8 <i>Information on employees and other workers</i>	45		
102-9 <i>Supply chain</i>	10,20,22,44		
102-10 <i>Significant changes to the organization and its supply chain</i>	10,29		
102-11 <i>Precautionary Principle or approach</i>	56		
102-12 <i>External initiatives</i>	51,52,61,62		
102-13 <i>Membership of associations</i>	52		
STRATEGY			
102-14 <i>Statement from senior decision-maker</i>	3		
102-15 <i>Key impacts, risks and opportunities</i>	16,36		
ETHICS AND INTEGRITY			
102-16 <i>Values, principles, standards and norms of behavior</i>	12,13,14,15		
102-17 <i>Mechanisms for advice and concerns about ethics</i>	24		
GOVERNANCE			
102-18	9		

<i>Governance structure</i>			
102-19 <i>Delegating authority</i>	36		
102-20 <i>Executive level responsibility for economic, environmental & social topics</i>	3,9		
102-21 <i>Consulting stakeholders on economic, environmental and social topics</i>	17		
102-22 <i>Composition of the highest governance body and its committees</i>	9		
102-23 <i>Chair of the highest governance body</i>	9		
102-24 <i>Nominating and selecting the highest governance body</i>	9		
102-25 <i>Conflicts of interest</i>	15		
102-26 <i>Role of the highest governance body in setting purposes, values and strategy</i>	3, 9		
102-27 <i>Collective knowledge of the highest governing body</i>	50		
102-28 <i>Evaluating the highest governance body's performance</i>			<u>Information unavailable</u> At the moment we do not have any evaluating process of the highest governance body regarding economic, environmental, and social topics.
102-29 <i>Identifying and managing economic, environmental and social impacts</i>	9,16		
102-30 <i>Effectiveness of the risk management processes</i>	15		
102-31 <i>Review of economic, environmental and social topics</i>	15		
102-32 <i>Highest governance body's role in sustainability reporting</i>	9,62		
102-33 <i>Communicating critical concerns</i>	24		
102-34 <i>Nature and total number of critical concerns</i>			<u>Not Applicable</u> We did not register any criticalities in 2020.
102-35 <i>Remuneration policies</i>	48		
102-36 <i>Process for determining remuneration</i>	48		
102-37 <i>Stakeholder's involvement in remuneration</i>			<u>Information unavailable</u> At the moment the governance of the company does not foresee a remuneration committee since it is not mandatory for not listed companies as Eurosuole according to Italian Code Law.
102-38 <i>Annual total compensation ratio</i>	47		
102-39			<u>Information unavailable</u> At the moment the governance of the company does not foresee

<i>Percentage increase in the annual total compensation ratio</i>			remuneration committee since it is not mandatory for not listed companies as Eurosuole according to Italian Code Law.
STAKEHOLDER ENGAGEMENT			
102-40 <i>List of stakeholder groups</i>	17		
102-41 <i>Collective bargaining agreements</i>	45		
102-42 <i>Identifying and selecting stakeholders</i>	17		
102-43 <i>Approach to stakeholder engagement</i>	17		
102-44 <i>Key topics and concerns raised</i>	17		
REPORTING PROCESS			
102-45 <i>Entities included in the consolidated financial statements</i>	55		
102-46 <i>Defining report content and topic boundaries</i>	18,19		
102-47 <i>List of material topics</i>	18,19		
102-48 <i>Restatements of information</i>	15		
102-49 <i>Changes in reporting</i>	18,19		
102-50 <i>Reporting period</i>	62		
102-51 <i>Date of most recent report</i>	62		
102-52 <i>Reporting cycle</i>	62		
102-53 <i>Contact point for questions regarding the report</i>	62		
102-54 <i>Claims of reporting in accordance with the GRI standards</i>	62		
102-55 <i>GRI Content Index</i>	63		
102-56 <i>External Assurance</i>	62		

GRI STANDARD	Page number	Notes	Omissions
MATERIAL TOPICS			
ECONOMIC TOPIC			
GRI 103: MANAGEMENT APPROACH 2016 -> This reference to the management approach and its disclosures (103-1, 103-2, 103-3) cover all the material topics of GRI 201, GRI 202, GRI 203, GRI 204, GRI 205, GRI 206, GRI 207			
103-1 <i>Explanation of the material topic and its boundary</i>	18,19		
103-2 <i>The management approach and its components</i>	3,13,14,15,16,17,20,28,29,30,55,61		
103-3 <i>Evaluation of the management approach</i>	24		
103-1 <i>Explanation of the material topic and its boundary</i>	18,19		
GRI 201: ECONOMIC PERFORMANCE 2016			
201-1 <i>Direct economic value generated and distributed</i>	61		[201-1b] Not applicable Added value by country, region, market is not relevant.

201-2 <i>Financial implications and other risks and opportunities due to climate change</i>			Information unavailable: The company is planning to implement in the next few years a system to assess relevant risks and opportunities due to climate change, for example temperature rise, illnesses of the workforce ecc.
201-3 <i>Defined benefit plan obligations and other retirement plans</i>			<u>Not applicable</u> Italian labor law does not foresee pension plans.
201-4 <i>Financial assistance received from government</i>	30		
GRI 202: MARKET PRESENCE 2016			
202-1 <i>Ratios of standard entry level wage by gender compared to local minimum wage</i>	48		
202-2 <i>Proportion of senior management hired from the local community</i>	9		
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
203-1 <i>Infrastructure investments and services supported</i>	29,30		
203-2 <i>Significant indirect economic impacts</i>			<u>Not applicable:</u> The company has not implemented a structured method of environmental impact assessment, because it has not evaluated effective it as cost/beneficial.
GRI 204: PROCUREMENT PRACTICES 2016			
204-1 <i>Proportion of spending on local suppliers</i>	20		
GRI 205: ANTI-CORRUPTION 2016			
205-1 <i>Operations assessed for risks related to corruption</i>	15		
205-2 <i>Communication and training about anti-corruption policies and procedures</i>	24		
205-3 <i>Confirmed incidents of corruption and actions taken</i>			<u>Not Applicable:</u> The company has had zero corruption incidents.
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016			
206-1 <i>Legal actions for anti-competitive behaviour, anti-trust and monopoly practices</i>	15		
GRI 207: TAX 2019			
207.1 <i>Approach to tax</i>	25		
207.2 <i>Tax governance, control and risk management</i>	25		

207.3 <i>Stakeholder engagement and management of concerns related to tax</i>	25		
207.4 <i>Country by country reporting</i>			<u>Not Applicable:</u> Country by country reporting is not relevant for our company since we only operate in Italy.

ENVIRONMENTAL TOPIC

GRI 103: MANAGEMENT APPROACH 2016 -> This reference to the management approach and its disclosures (103-1, 103-2, 103-3) cover all the material topics of GRI 301, GRI 302, GRI 303, GRI 304, GRI 305, GRI 306, GRI 307, GRI 308.

103-1 <i>Explanation of the material topic and its boundary</i>	18,19		
103-2 <i>The management approach and its components</i>	15,20,37,38,39,41,42,44		
103-3 <i>Evaluation of the management approach</i>	36		

GRI 301: MATERIALS 2016

301-1 <i>Materials used by weight or volume</i>	44		
301-2 <i>Recycled input materials used</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
301-3 <i>Reclaimed products and their packaging materials</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.

GRI 302: ENERGY 2016

302-1 <i>Energy consumption within the organisation</i>	39		
302-2 <i>Energy consumption outside of the organisation</i>	39		
302-3 <i>Energy intensity</i>	39		
302-4 <i>Reduction of energy consumption</i>	39		
302-5 <i>Reduction in energy requirements of products and services</i>	39		

GRI 303: WATER AND EFFLUENTS 2018

303-1 <i>Interactions with water as a shared resource</i>	38		
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303-2 <i>Management of water discharge-related impacts</i>	38,39,41,44		
303-3 <i>Water withdrawal</i>	38		
303-4 <i>Water discharge</i>	38		
303-5 <i>Water consumption</i>	38		
GRI 304: BIODIVERSITY 2016			
304-1 <i>Operational sites owned, leased, managed in, or adjacent to, protected areas and area of high biodiversity value outside protected areas.</i>			<u>Not applicable</u> We do not own nor our operations are placed in areas of importance for biodiversity.
304-2 <i>Significant impacts of activities, products and services of biodiversity</i>			<u>Not applicable</u> We do not own nor our operations are placed in areas of importance for biodiversity.
304-3 <i>Habitats protected or restored</i>			<u>Not applicable</u> We do not own nor our operations are placed in areas of importance for biodiversity.
GRI 305: EMISSIONS 2016			
305-1 <i>Direct GHG emissions (Scope 1)</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
305-2 <i>Indirect GHG emissions (Scope 2)</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
305-3 <i>Other indirect GHG emissions (Scope 3)</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
305-4 <i>GHG emission intensity</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
305-5 <i>Reduction of GHG emissions</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in

			the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
305-6 <i>Emissions of ozone-depleting substances (ODS)</i>			<u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.
305-7 <i>NOx, SOx, and other significant emissions</i>	42,43		[305-7 a – i] [305-7 a – ii] [305-7 a – iii] [305-7 a – vi] [305-7 a – vii] [305-7 b] [305-7 c] <u>Information unavailable</u> The company is going to implement this kind of ratio in the next assessment of ISO 14001 - We will address the full project to a professional external consultant and expect to have the information on a yearly basis.

GRI 306: WASTE 2020

306-1 <i>Waste generation and significant waste related impacts</i>	41		
306-2 <i>Management of significant waste related impacts</i>	41		
306-3 <i>Waste generated</i>	41		
306-4 <i>Waste diverted from disposal</i>	41		
306-5 <i>Waste directed to disposal</i>	41		

GRI 307: ENVIRONMENTAL COMPLIANCE 2016

307-1 <i>Non-compliance with environmental laws and regulations</i>	15		
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GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

308-1 <i>New suppliers that were screened using environmental criteria</i>	20		
308-2 <i>Negative environmental impacts in the supply chain and actions taken</i>	20		

SOCIAL TOPIC

GRI 103: MANAGEMENT APPROACH 2016 -> This reference to the management approach and its disclosures (103-1, 103-2, 103-3) cover all the material topics of GRI 401, GRI 402, GRI 403, GRI 404, GRI 405, GRI 406, GRI 407, GRI 408, GRI 409, GRI 410, GRI 411, GRI 412, GRI 413, GRI 414, GRI 415, GRI 416, GRI 417, GRI 418, GRI 419.

103-1 <i>Explanation of the material topic and its boundary</i>	18,19		
103-2	15,17,18,20,27,29,30,42,		

<i>The management approach and its components</i>	45,49,50,51,52,61		
103-3	24		
<i>Evaluation of the management approach</i>			
GRI 401: EMPLOYMENT 2016			
401-1	47		
<i>New employee hires and employee turnover</i>			
401-2	47		
<i>Benefits provided to full-time employees that are not provided to temporary or part-time employees</i>			
401-3	51		
<i>Parental leave</i>			
GRI 402: LABOR/MANAGEMENT RELATIONS 2016			
402-1		On a quarterly basis	
<i>Minimum notice period for operational changes</i>			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018			
403-1	49		
<i>Occupational health and safety management system</i>			
403-2	49		
<i>Hazard identification, risk assessment, and incident investigation</i>			
403-3	49		
<i>Occupational health services</i>			
403-4	49		
<i>Worker participation, consultation, and communication on occupational health and safety</i>			
403-5	49		
<i>Worker training on occupational health and safety</i>			
403-6	49		
<i>Promotion of worker health</i>			
403-7	49		
<i>Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</i>			
403-8	49		
<i>Workers covered by an occupational health and safety management system</i>			
403-9	49		
<i>Work-related injuries</i>			
403-10	49		
<i>Work-related ill health</i>			
GRI 404: TRAINING AND EDUCATION 2016			
404-1	50		
<i>Average hours of training per year per employee</i>			
404-2	50		
<i>Programs for upgrading employee skills and transition assistance programs</i>			
404-3			Information unavailable Internal procedures to assess employees and to plan their development are in progress. The company will have this information in the next reporting period.
<i>Percentage of employees receiving regular performance and career development reviews</i>			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
405-1	45,46,47		
<i>Diversity of governance bodies and employees</i>			
405-2	48		

<i>Ratio of basic salary and remuneration of women to men</i>			
GRI 406: NON-DISCRIMINATION 2016			
406-1 <i>Incidents of discrimination and corrective actions taken</i>	15		
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016			
407-1 <i>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</i>			<p style="text-align: center;"><u>Not Applicable</u></p> <p>All employees are covered by a collective bargaining at national level. This agreement shows that the violation of freedom of association and collective bargaining is not at risk (art. 39 of Italian Constitution); we have, moreover, a company internal agreement that gives additional benefits for all employees. https://www.brocardi.it/costituzione/parte-i/titolo-iii/art39.html</p>
GRI 408: CHILD LABOR 2016			
408-1 <i>Operations and suppliers at significant risk for incidents of child labour</i>			<p style="text-align: center;"><u>Specific legal prohibitions</u></p> <p>We do not hire minors. Reference law: -Law number 977 of October 17th 1967 -Law number 296 of December 27th 2006 -Article number 37 of the Italian Constitution</p>
GRI 409: FORCED OR COMPULSORY LABOR 2016			
409-1 <i>Operations and suppliers at significant risk for cases of forced or compulsory labor</i>			
GRI 410: SECURITY PRACTICES 2016			
410-1 <i>Security personnel trained in human rights policies or procedures</i>			
GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016			
411-1 <i>Incidents of violations involving rights of indigenous peoples</i>			
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
412-1 <i>Operations that have been subject to human rights reviews or impact assessments</i>	24		
412-2 <i>Employee training on human rights policies or procedures</i>	24		
412-3 <i>Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</i>	22		
GRI 413: LOCAL COMMUNITIES 2016			
413-1 <i>Operation with local community engagement, impact assessment and development programs</i>	52	Every year we support the local community and we developed our strategy according to its needs through social, cultural and educational initiatives in order to improve the living conditions of local people and to protect vulnerable groups; 1.7% of the total added value was distributed to local communities in 2020.	

413-2 <i>Operations with significant actual and potential negative impacts on local communities</i>		The company does not carry out activities that have significant negative, potential and current impacts on local communities	
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016			
414-1 <i>New suppliers that were screened using social criteria</i>	20		
414-2 <i>Negative social impacts in the supply chain and actions taken</i>	20		
GRI 415: PUBLIC POLICY 2016			
415-1 <i>Political contributions</i>			<u>Not applicable</u> The company does not make political contributions.
GRI 416: CUSTOMER HEALTH AND SAFETY 2016			
416-1 <i>Assessment of the health and safety impacts of product and service categories</i>	27		
416-2 <i>Incidents of non-compliance concerning the health and safety impacts of products and services</i>			<u>Not applicable</u> During the year 2020, there were no cases of non-compliance in the company regarding the health and safety impacts of products and services, in fact the company has never received any type of fine or sanction, there have never been cases of non-compliance with the regulations that lead to a warning and even cases of non-compliance with the codes of self-regulation.
GRI 417: MARKETING AND LABELING 2016			
417-1 <i>Requirements for product and service information and labeling</i>	44		
417-2 <i>Incidents of non-compliance concerning product and service information and labeling</i>			<u>Not applicable</u> The organization has not found any non-compliance regarding product and service information and labelling
417-3 <i>Incidents of non-compliance incidents concerning marketing communications</i>			<u>Not applicable</u> The organization has not found any non-compliance incidents involving marketing communications
GRI 418: CUSTOMER PRIVACY 2016			
418-1 <i>Substantiated complaints concerning breaches of customer privacy and loss of customer data</i>			<u>Not applicable</u> No violation of customers' privacy occurred because we did not receive any complaints regarding privacy
GRI 419: SOCIOECONOMIC COMPLIANCE 2016			
419-1 <i>Non-compliance with laws and regulations in the social and economic area</i>			<u>Not applicable</u> The organization has not detected any cases of non-compliance with laws and regulations in the social and economic area.



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