

Conveying Ideas,
Inspiring Solutions,
Building Success!



Sustainability Report

2021



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Letter to the stakeholders

"I am delighted to be able to present our second Sustainability Report, the continuation of a path that we will continue to pursue with ever greater commitment and foresight, albeit in a historical context of great political, social and economic uncertainty.

With this document we intend to give substance to our actions in the ESG (Environmental, Social and Governance) areas and, above all, make them known to all our employees, customers, partners and suppliers, with a view to transparency and sharing.

This last year has seen the achievement of important objectives for our company: we have obtained the ISO 45001 certification and significantly improved our ranking – from Bronze to Silver – on EcoVadis, one of the main international platforms for assessing the sustainability of companies and supply chains.

We have also continued in the transversal process of digitising business processes, with the aim of making our activities more efficient, reducing resource management errors and waste.

2021 was also the year of the installation of our photovoltaic system: officially commissioned in 2022, it will enable us to support part of our consumption thanks to solar energy.

In the field of innovation, we have expanded and strengthened our Research and Development hub, the NTE Scientific Hub, a unique entity in Italy in our sector.

The achievement of these results is nothing other than the fruit of the efforts made by our people and partners: aware of this, we place our employees and those of our entire supply chain at the centre of this journey, with the will to help protect their well-being. Not only that: with the aim of supporting the territory in which we operate, we have strengthened our support to local communities, activating new synergies with institutions and associations.

At the basis of all our endeavours, there are always our values, those on which our company was founded and which over the years have taken root and at the same time evolved, forming the pillars of our corporate culture".


Fabio Novelli
President & CEO



1. NTE Process



1.1 About us

NTE Process is a single source provider specialized in all phases of design, supply and innovation of industrial plants.

NTE Process provides the most cutting edge technologies of process and Industry 4.0.



70+
EMPLOYEES



+80%
GRADUATES



3500m²
OFFICES/WORKSHOP



+4000
PLANTS



6
PATENT



HEADQUARTERS

PARTNER

SALES OFFICE



History

It was the year 1998 when the founders of the company, Albino Novelli and his son Fabio, decided to put their engineering and business management experiences to good use by founding Nol-Tec Europe in a joint venture with Nol-Tec System Inc., an American company that deals with the design and construction of integrated bulk

material handling and process automation systems in various industrial sectors. In 2004, Fabio's sister Roberta Novelli joined the company, taking the role of CFO and Head of Human Resources. Since 2016, the company has established itself with the NTE Process brand precisely to communicate to the market the expansion

and consolidation of its business to process solutions (atomisation, drying, etc.). In this phase, the company best expresses the original idea of the founders of creating a highly innovative reality: thanks to the design of many patents and the success of the proposed solutions, it comes into contact and becomes a technological

partner of companies of global importance. In these years of growth, NTE Process goes through a path of change from a family business to a managerial company. Operational management is currently guaranteed by a governance with the main function of implementation and control of management processes.

1.2 Mission, vision, valori

MISSION

Our mantra is "SERVICE, QUALITY & COMPETENCE": we want to be a reliable and trusted partner, promoting quality within every area of our business underwritten by a technical and innovative approach. We want to actively participate in our partners growth from the project concept, providing tailored industrial solutions. We propose unique process solutions, using our engineering heritage endorsed through our "Made in Italy" brand but maintaining a global viewpoint through our strategic alliances and international partnerships.

VISION

Being a "Pioneer" company, creating unique and innovative solutions for equipment and industrial processes, through continuous R&D and creation of industrial patents. We will provide our partners with unique and innovative solutions that have a positive impact on the Planet by helping them produce in a more sustainable way.

VALUES

Courage	Creativity
Experience	Passion
Honesty	Trust
Fairness	Perseverance
Collaboration	Folly
Loyalty	Integrity



Conveying Ideas,
Inspiring Solutions,
Building Success!

1.3 Sustainability for NTE Process

1.3.1 The path to sustainability

Process solutions and Industry 4.0 play a crucial role in **sustainable and digital transition paths**, as they support a variety of industrial sectors in improving process efficiency and reducing the use of natural resources. NTE Process is at the centre of the industrial machinery supply chain, which is increasingly diversified and internationalised. Similarly to the entire supply chain, NTE Process is interested in raising customer expectations, as far as the environmental and social sustainability profiles of the activities and the effectiveness of governance models are concerned. In turn, as a customer itself, the company is called upon to carefully monitor the **sustainability** of its **supply chain**.

To respond effectively to these expectations, in recent years NTE Process has increasingly enriched its actions on issues related to sustainability. For example, by joining the EcoVadis platform, one of the main international platforms for assessing the sustainability of companies and supply chains, and formalising the company policies related to social, environmental and governance issues.

In 2020, this path took the form of an action plan that aims at:

- strengthening and extending sustainability initiatives already implemented by the company in the past
- initiate reporting on its social and environmental performance to stakeholders
- identifying strategic objectives for sustainable development.

The path has already achieved the first results: in addition to obtaining the **ISO 45001** certification, in 2021 the company saw its ranking significantly improved – from Bronze to Silver – on **EcoVadis**. At the moment, the company is also engaged in the preparatory activities to obtain the **ISO 14001**, international standard for environmental management systems.

The publication of a **voluntary Sustainability Report** allows NTE Process to give full visibility to its **sustainability policies and actions** and to monitor its performance over time.

Thanks to the activities carried out in recent years, NTE Process contributes to the achievement of the **Sustainable Development Goals (SDGs)** defined by the UN within the 2030 Agenda for Sustainable Development. In the future, the company intends to intensify its contribution through the implementation of further initiatives, some already planned.



ISO 9001:2015 since 1999



ISO 45001:2018 since 2021



ECOVADIS 2021



Actions already implemented

- Provision of in-depth and refresher courses aimed at strengthening technical, digital, administrative and commercial skills, for a total of 1,204 hours of training in 2021 (+22% compared to 2020), of which 80% is voluntary.

Scheduled Action

- Participation in Pathways for Transversal Competencies and Orientation
- Organisation of training events on sustainable development in high schools
- Fair play education initiatives in collaboration with the sports association

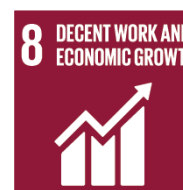


Actions already implemented

- Adoption of transparent and impartial procedures for the selection and remuneration of employees and collaborators, preventing any form of gender discrimination
- Gradual increase in female presence in the company population thanks to new hires (+7% from 2020 to 2021)

Scheduled Action

- In order to further reduce the inequality towards the female gender in the corporate population, NTE Process is committed to fostering the entry of female talent in STEM (Science, Technology, Engineering and Mathematics) disciplines in the coming years



Actions already implemented

- 52 employees, all hired indefinitely
- Occupational Health and Safety Management System certified pursuant to the ISO 45001 standard
- No accidents in the two-year period 2020-2021
- Performance appraisal process and bonus incentive linked to an MBO system for those with organisational responsibilities

Scheduled Action

- Extension of the incentive system to all those determined to actively contribute to the company's growth and their own professional development



Actions already implemented

- Investment of 4% (of the value of production) per year in research and development activities
- NTE Scientific HUB: Research and Innovation Centre
- Air Assist® M533 patent with ECO-DENSE TRONIC® registered trademark which allows a reduction of up to 70% in emissions of energy and CO₂ emitted into the environment.
- Development of a range of technologies identified with the "Powering A Greener World" brand, including the dry injection of sorbents (DSI) - a consolidated system for the reduction of harmful emissions deriving from the combustion of coal, biomass, waste and other fossil fuels - and dry and wet filtration technologies for the control of solid particulate matter emitted into the environment and the control of odours

- Installation of automated vertical warehouses

Scheduled Action

- Completion of the warehouse digitisation process



Actions already implemented

- Energy requalification of the administrative offices of the Gorgonzola headquarters completed in 2018 through the replacement of lighting fixtures with LED lights and the renovation of heating, cooling and ventilation systems with low-consumption solutions.

- Installation of a generation plant powered by photovoltaic panels at the headquarters of Gorgonzola, the workshop, the warehouse and the NTE Scientific Hub headquarters in Pessano con Bornago, capable of satisfying approximately 30% of the company's electricity needs through self-consumption

Scheduled Action

- Compensation initiatives for residual CO₂ emissions



1.3.2 Stakeholders and relevant sustainability issues

Relationships with the main stakeholders represent an essential element in this process. NTE Process is engaged in **constant dialogue with customers, suppliers and commercial partners**, which is aimed at identifying innovative solutions and managerial practices capable of promoting sustainability in the supply chain, and in the involvement of its employees and collaborators, with the aim of addressing innovative potential of the **human, social and intellectual capital** which they lead to sustainable development goals.

STAKEHOLDER

DIALOGUE APPROACHES

CUSTOMERS



- Qualification and evaluation processes
- Audits and Code of conduct acceptance
- Participation in exhibitions and sector events
- Website
- Social media
- Newsletter

EMPLOYEES



- Intranet
- Events dedicated to employees
- Training initiatives
- Informal consultation procedure
- Workers' Health and Safety Representative

LOCAL COMMUNITIES



- Media relations
- Participation in and support for projects and initiatives in the area
- Dialogue with local institutions

SUPPLIERS



- Qualification and evaluation processes
- Audits
- Website
- Visits and inspections
- Dissemination of the Code of Conduct for Suppliers

NTE Process's commitment focuses primarily on the issues that emerged as relevant from the materiality analysis (see 5.2 Materiality analysis).

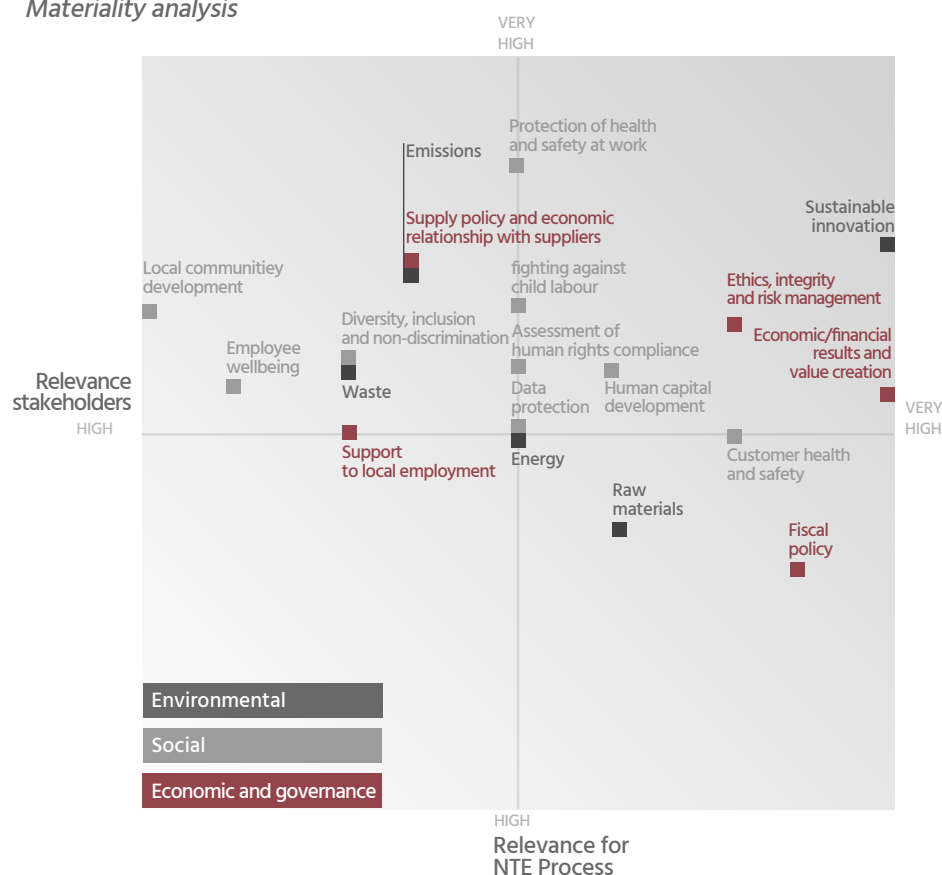
Sustainable innovation directly expresses the heart of NTE Process's mission and its main contribution to sustainable development.

Among the **economic and governance aspects**, the sharing of economic results with stakeholders and the safeguard of business ethics and integrity, also through proper risk management, represent essential conditions for the exercise of business activities.

At **environmental level**, the reduction of energy consumption and greenhouse gas emissions, the conscious consumption of materials and waste management are particularly important.

In the **social field**, attention to workers is expressed primarily in maintaining high standards of health and safety at work, in the development of human capital and in the protection of human rights along the value chain. Customer requests are incorporated into product quality and safety standards and data protection policies.

Materiality analysis



1.3.3 The sustainability policy

In 2021 NTE Process adopted its corporate **Sustainability Policy**, which summarises its commitments towards stakeholders in relation to these priority issues:

- ethics, integrity and lawfulness
- environmental responsibility and protection of natural capital
- protection of health and safety at work
- protection of human and workers' rights
- development and enhancement of human capital
- relationship with the community.

The Sustainability Policy is supported and integrated by a **system of company policies** relating to specific matters: environmental responsibility, health and safety at work, responsible purchasing, human and workers' rights.

These policies are applied in NTE Process's activities through constant information of employees and business partners and is subject to the supervision of the Governance Committee.



NTE Process, as a member of ANIMA-Confindustria Meccanica Varia, contributed to the Manifesto della Meccanica per il 2020 (Bill of Mechanics for 2020), which addresses to institutions a set of proposals aimed at improving the sustainability of industrial supply chains through investment in decarbonisation, technological innovation, Industry 4.0 and in the training of new digital skills.

1.4 Governance and organisational model

NTE Process is a limited liability company, wholly owned by NTE Holding Srl, an investment company referring to the Novelli family.

NTE Process has adopted the **traditional governance model** envisaged by Italian law. The **Board of Directors**, made up of the Chairman and the Chief Executive Officer, holds the powers of ordinary and extraordinary administration and plays a supervisory role with regard to issues relating to sustainability and internal control systems.

At managerial level, the **Governance Committee** has been identified, which regularly brings together the main company functions: Organisational Management, Administrative Area, Technical Area, Commercial Area and Purchasing Department. The Committee has the task of coordinating and controlling the implementation of management processes, analysing company and individual performance indices and supporting the Board of Directors in evaluating the opportunities for new investments. The Committee also includes the definition and updating of company

policies and codes of conduct relating to sustainability issues, as well as the identification of objectives for improving social and environmental performance. As part of its strategic functions, the Committee meets periodically to analyse and evaluate the economic-financial, social, environmental and geopolitical risks which may affect the company's activity.

The participation of key functions in the Governance Committee and its close colla-

boration with the BoD guarantee constant and effective coordination of strategic plans, allowing NTE Process to respond promptly to customer needs and market dynamics. Thanks to this management model, NTE Process obtained the **Best Managed Company award in 2020 and in 2021 again, assigned by Deloitte Private** to companies that stand out for "strategy, skills and innovation, commitment and corporate culture, governance and performance, internationalisation and sustainability".



Massimo Congedi
Corporate Technical Manager



Emanuele Fratto
Corporate Sales Manager



Valentina Penatti
Customer Service Manager
& Executive Assistant to CEO



Alessandro Nasca
Supply Chain Manager



Roberta Novelli
Corporate CFO

Governance members



Fabio Novelli receives the Deloitte Best Managed Companies Award

"The composition of the Governance reflects that of the collaborators: the 5 members - 2 of whom (40%) are female - are aged between 30 and 50 years with more than ten years of working experience in the company. I chose to train and enhance internal staff and make them fill managerial roles precisely to underline how much our company is founded on the sharing not only of business objectives but above all of shared values".

Fabio Novelli

1.5 Ethics and integrity

NTE Process actively contributes to the development of a socio-economic system based on **lawfulness** and operates on the market in a responsible and transparent way, in full compliance with all the regulations in force in the jurisdictions in which it operates. This commitment is explicitly stated in the Sustainability Policy approved in 2021.

Through its Administrative Department, the company acts in order to prevent any risk of violation of the anti-corruption regulations, fight against fraud and money laundering, fair competition and fairness of information to the market by all personnel and stakeholders, and to investigate any suspicious behaviour.

The **Code of Business Ethics, approved in 2021**, provides NTE employees and collaborators with indications aimed at avoiding situations of possible conflicts of interest

and behaviour that may unduly influence the company's action or expose it to legal risks.

The company is in the process of completing, in autumn 2022, the implementation of a **whistleblowing channel** that will allow employees and stakeholders to report, anonymously and confidentially, suspected violations of the legislation and the Code of Business Ethics to top management. Employees will be appropriately informed and trained on how to use this channel.

The solidity of the **business integrity safeguarding measures** adopted by the company is confirmed by the fact that even in 2021 no cases of non-compliance with the anti-corruption and competition legislation or, in a broader sense, with the laws and social, economic and environmental regulations applicable to the activity of NTE Process.

in infrastructure, research and innovation. NTE Process has benefited from tax credits for its investments in research and development, for the purchase of capital goods and for incremental advertising investments and has access to grants allo-

cated through public tenders. With regard to transfer pricing practices, the company owns a single subsidiary company located in Chile, with which commercial transactions have been established at normal market conditions.

% of economic value (2021)	
Economic value retained	11,39%
Distributed economic value	88,61%
Suppliers	68,58%
Collaborators	15,92%
Lenders	0,45%
Shareholders	0,00%
Public administration	3,61%
Community	0,05%

1.6 Economic performance and sharing of value

In 2021 the company withheld 11.4% of the economic value generated for amortising the past investments and allocations to funds and reserves. At the same time 88.6% was distributed to the stakeholders with whom NTE Process deals on a daily basis in the following ways:

- suppliers: expenses for the purchase of goods and services

- collaborators: wages and salaries, contributions and severance indemnities
 - Lenders: interests on loans
 - Public Administration: income taxes and tax charges
 - community: donations to Third Sector entities and sponsorships to sports associations

As in 2020 and 2019, the profits were not distributed, but used for feeding investments

2. Innovation and Quality



2.1 Process Solutions

NTE Process is a single source provider, specialised in **bulk material handling** and in **process solutions** compatible with the European Industry 4.0 digital transition plan.

It offers high-tech machinery for bulk handling, conveying and mixing, as well as dosing, storage and bagging when necessary, for powders and granules used in many industrial sectors: food, chemical, animal feed, nutraceutical, rubber, glass, batteries, ceramics, concrete, steel, power generation and others.

NTE Process uses **patented technologies** thanks to the experience of the best technological partners on the international market, offers process solutions and a path of innovation and development tailored to every need. Operating with different types of products, it is able to borrow best practices from one sector to another and combine experience and the wealth of skills already successfully tested, in order to guarantee innovation and efficiency to all customers.



Animal feed



Battery



Building products



Chemical



Environment



Food



Foundry/Steel



Glass/Fiberglass



Mining/Ceramic



Petrochemical



Pharmaceutical



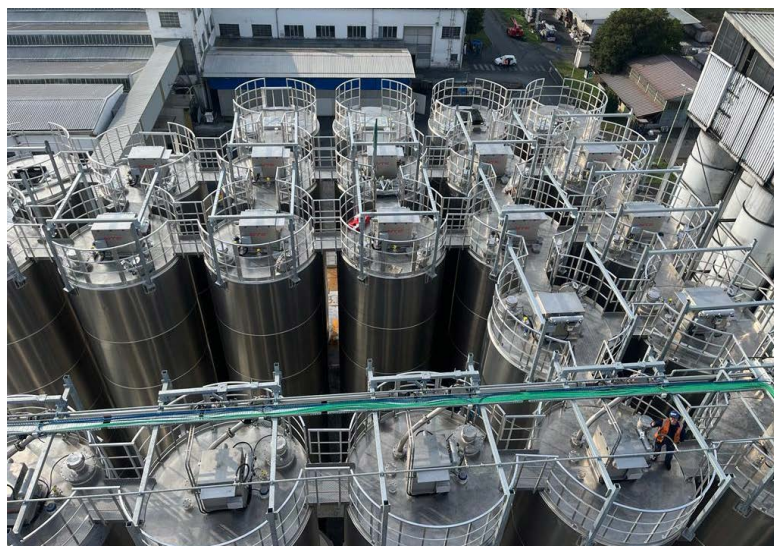
Plastic



Power and Energy



Rubber/Tire



Bulk Material Handling
Pneumatic Conveying
Air Pollution Control
Liquid Concentration & Dissolving
Pneumatic Blending
Dosing & Weighing
Parallel Processing
In-Line Mixing
Automation & Control
Spray Drying
Process Engineering
Drying
Test Plant & Research Centre
Packing Machine
Integrated Grinding Solutions



2.2 Research and innovation to build our success

Our patents and certifications valid all over the world are obtained thanks to the continuous commitment to technological innovation as well as our important **investment in Research & Development, which represents about 6% of our annual turnover.**

The commitment of NTE Process in this sector takes its shape in the NTE Scientific Hub, a Research and Innovation Centre located in Pessano con Bornago, in the province of Milan. Equipped with a laboratory and a 1:1 scale pilot plant unique in Italy and among the few in Europe and in the world for the completeness of the technologies available, it is an Italian excellence based on advanced tech-

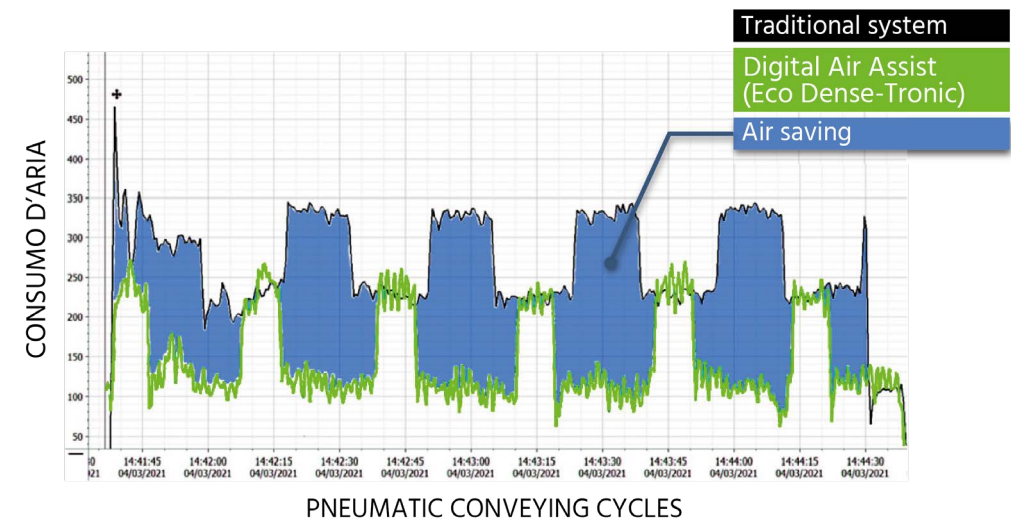
nologies, entrepreneurial vision and typical Italian creativity. The company has recently released a new technology for dense phase pneumatic conveying designed and built to improve the sustainability of our customers. This is the Artificial Intelligence Air Assist® M533 patent with registered trademark ECO-DENSE TRONIC®, which allows, on particular system configurations, a reduction of **up to 70% in the emissions of energy consumption and CO₂** emitted into the environment, equivalent to 3,000 new trees planted every year for each plant that uses this technology. A result that brings economic benefits to our customers and priceless environmental benefits for our planet.



Rate +20%

Air saving up to 70%

Efficiency +40%



The awareness of the complexity involved in managing environmental aspects has led the company to develop a range of eco-friendly technologies identified with the "Powering A Greener World" brand, which also includes dry sorbent injection (DSI) technology: a consolidated system for the reduction of harmful emissions

deriving from the combustion of coal, biomass, waste and other fossil fuels (including SO_x, NO_x, CO₂, HCl, mercury and dioxins). In addition to this are the dry and wet filtration technologies (scrubber) for the control of the solid particulate matter emitted into the environment and the control of odours.

2.3 Product quality and safety

The guarantee of the quality and safety of products is a fundamental commitment that NTE Process assumes towards customers, taking action to incorporate their specific needs and standards.

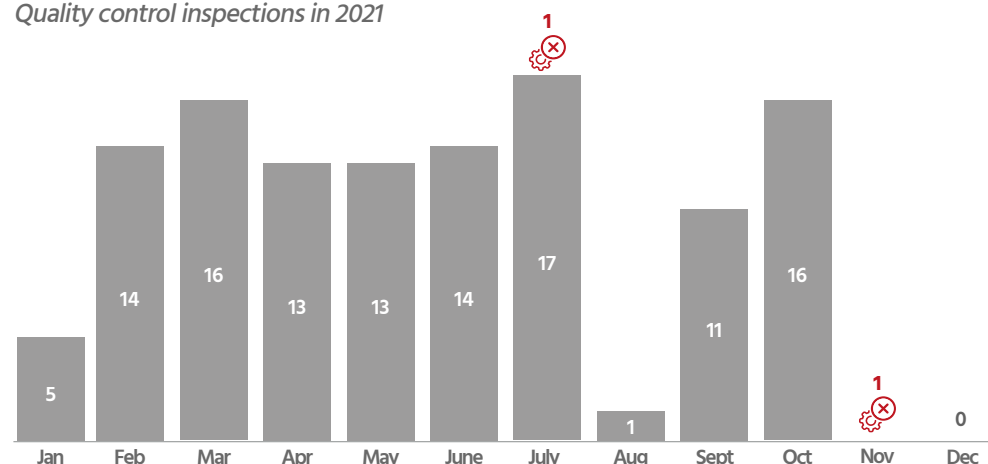
For components built or engineered on a NTE Process drawing (pressure tanks, structures, carpentry, etc.), the company has defined its own **quality standard**, whose compliance is verified on the basis of the Quality Control Plan and a specific protocol. The **inspections to verify the conformity** of the materials are carried out directly at the supplier's premises, even in the presence of the customer.

The components not designed by NTE Process (rotary valves, augers, dosing units, fans, etc.) are accompanied by the sup-

plier's Quality Control Plan and are subject to **checks at the suppliers' premises and/or at the entrance**, of a visual, functional and documentary nature. If the customer identifies further technical specifications for the individual order, NTE Process draws up a dedicated **Quality Control Plan**. Inspections are coordinated by the Quality Control Manager; 120 were carried out in 2021, an increase of 26% compared to the 95 in 2020 and a good 90% compared to the 63 in 2019. In 2021, 36 supplier non-conformities were detected: of these 34 were appropriately corrected and closed, two are being verified.

Each product delivered is accompanied by a **user and maintenance manual** which contains the certifications required by the standards and specifies the regulations for the safe operation of the system.

Quality control inspections in 2021



Number of inspections carried out

Non-conformity received from customers on products inspected by NTE Process' Quality Department

Through the **complaints procedure**, customers are invited to report to NTE Process any incidents of non-conformity of products with respect to performance, quality standards or identification of hazards to workers' health and safety due to plant operation. NTE Process analyses the causes of the problem encountered and implements recovery actions, such as the restoration or rejection of the malfunctioning object, and preventive actions aimed at addressing the root causes through a review of the processes and tools. The non-conformity procedure also has the same function for the analysis and resolution of problems deriving from suppliers and/or internal processes.

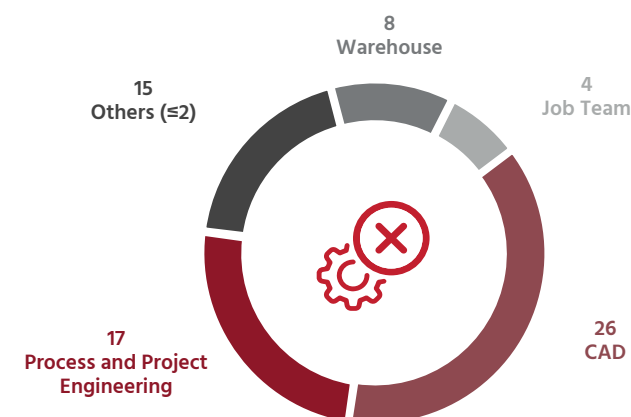
As regards internal **non-compliance procedures**, 70 were recorded in 2021, exactly as in 2020: compared to 16 in 2019, this data confirms the important process of "cultural change" that the company is going through. In fact, people are increa-

singly aware that the reporting of internal non-conformities makes it possible to highlight, in a clear and precise manner, the potential risks that the company may encounter, but above all to guarantee better service performance and efficiency. Of these 70, 67 have been closed and 3 are being analysed for resolution. The departments contributing to the detection of nonconformities are CAD office, project engineering, and warehouse. The 80% of the departments (12 of 15) did not receive any nonconformities.

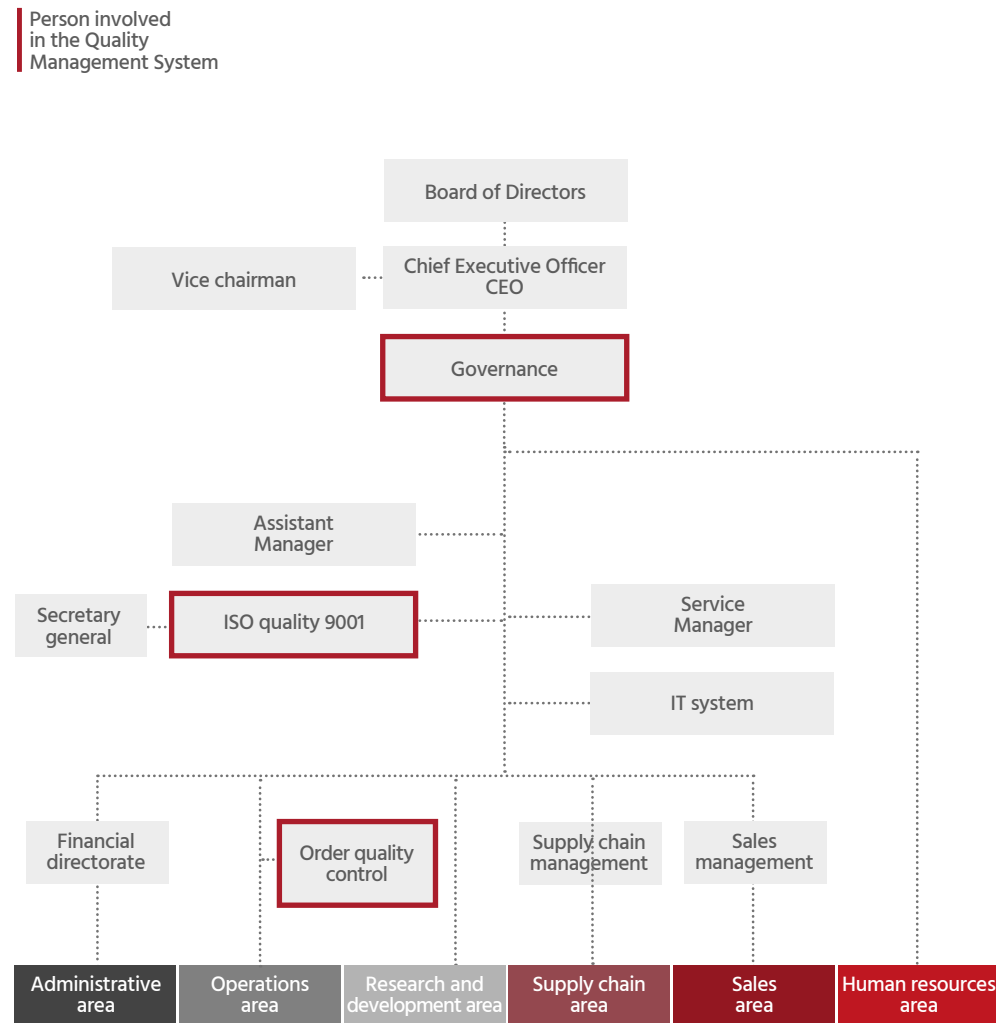
But, importantly, in 2021, as in the previous two years, **no cases of non-compliance** with product safety regulations were found.

Inspections almost doubled from 2019 to 2021, non-compliances attributable to the department are 1.6%. In addition, the process of revising "Form 70" related to supplier qualification also began in 2021 with the aim of improving monitoring.

Internal non-compliances by department



NTE Process S.r.l. Flow Chart



2.4 Data protection

The ability to protect corporate data from external attacks is an essential condition for safeguarding the intellectual property and the very continuity of NTE Process's business.

For this reason, the company has adopted a system of organisational systems aimed at minimising the risk of data loss within and outside the company perimeter. The use of mobile devices is governed by an **encryption policy**; remote connectivity is only granted to internal staff via a Virtual Private Network configured with double encryption and passwords that comply with complex identification criteria. The staff is made aware of possible cyber threats and the behaviours necessary to avoid them through constant **information and awareness-raising activities**. The Code of Conduct, defined in 2021, summarises the rules on the subject which all employees must follow.

In the event of external attacks or outages

of IT services, the presence of a backup system based on synchronisation between two storage devices - one on site and the other located in a remote location - and a Disaster Recovery plan based on replicas of the servers present on site, are able to ensure the prompt resumption of business activities.

NTE Process pays the same attention to the protection of the information and personal data of its employees, customers and partners. Collection and processing of data for the purposes of internal and external communication activities (Intranet, newsletter, website) are carried out in compliance with Legislative Decree 196/2003 on privacy and the European Regulation 679/2016 – **GDPR**.

To confirm the effectiveness of the measures taken, **in the three-year period 2019-2021 no leaks of sensitive data or complaints for acts performed in violation of privacy were detected**.

2.5 Management of the supply chain

The design, assembly and installation activities carried out by NTE Process typically represent the last production phase within the supply chain of its products.

For the implementation of internally designed solutions, the company relies on specialised suppliers for the procurement of carpentry materials, tanks, machinery, instruments and components. For their installation, NTE subcontracts part of the engineering and assembly activities.

Technical and economic conditions being equal, preference is given to the choice of **Italian suppliers**, in order to shorten the value chain and response times, and maximise new business on the national territory. As at 31 December 2021, active suppliers based in Italy made up 90% of the total 361 and generated 78% of the annual expenses for purchases and services.

Proportion of expenditure on domestic against foreign suppliers



NTE Process is aware of the fact that the industrial automation supply chain, given its strong complexity, high degree of internationalisation and dependence on the extraction of metal raw materials, is exposed to environmental and social risks, in particular relating to safety and workers' rights. In this context, it is the firm intention of NTE Process to strengthen its analytical and management tools to obtain greater knowledge and better management of the supply chain, progressively involving the upstream phases, up to the extraction of raw materials.

At present, in the process of qualifying new suppliers, production capacity, material management and tracking procedures, quality control systems and workplace health and safety management policies are evaluated. Possession of **workplace safety** (ISO 45001), environmental management (ISO 14001) and social responsibility (SA 8000) certifications is a rewarding criterion. The evaluation criteria extend to the sub-suppliers and sub-contractors involved in the order. In the future, the qualification requirements relating to the environmental and social area will be extended and strengthened.

In 2021, there were 3 direct suppliers in countries (People's Republic of China and India) with a high risk for workers' rights², with a lower spending volume of only 0.4 % of the total, down from 2020 (5 suppliers in risk countries with a spending volume of 0.9 % of the total). For these suppliers, the qualification takes place after a visit in situ and only in the case of difficulties in finding alternative suppliers.

The analyses carried out in the preparation of this Report did not reveal a significant presence, in the materials and semi-finished products purchased by NTE Process, of minerals from areas of the world where affected by conflicts (tin, tantalum, titanium and gold).

In 2021, NTE drew up its own **Code of Conduct for Suppliers**, which specifies the principles and rules of conduct expected by the partners in the matter of:

- **ethics, integrity and lawfulness** (fighting money laundering, unfair competition and corruption, commercial regulations, conflict of interest, data protection and intellectual property protection, product safety and compliance)
- **environmental responsibility** (monitoring of impacts and efficiency in consumption, reduction of greenhouse gas emissions, treatment of hazardous materials and waste)
- **occupational health and safety**
- **human and workers' rights** (fight against child and forced labour, working hours, fair wages, diversity and inclusion, absence of discrimination, freedom of association, tracking of materials that fuel conflicts and privacy).

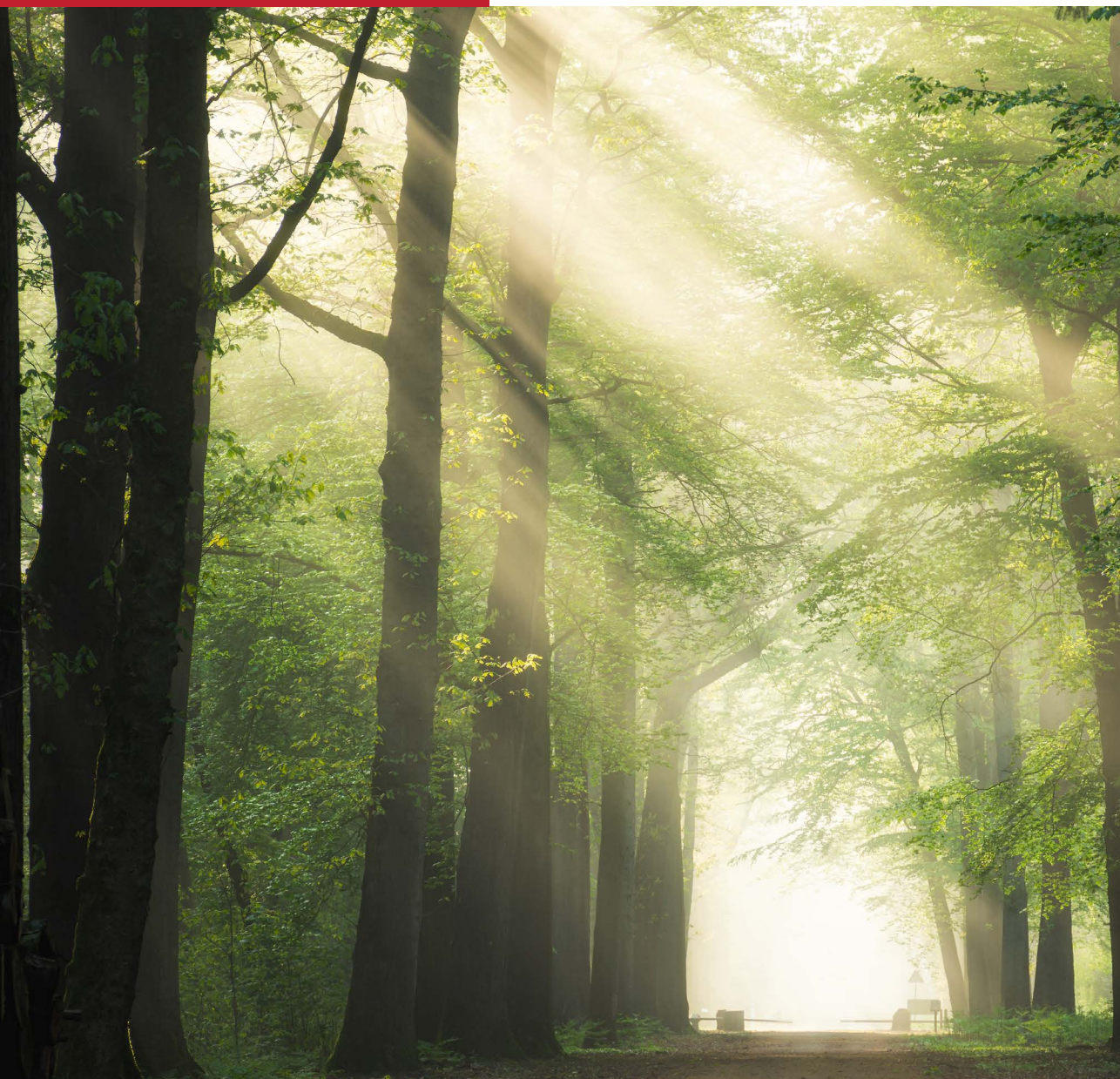
The signing of the document is required at the time of signing new contracts and participants are invited to transmit the Code to their suppliers, sub-suppliers and sub-contractors. NTE Process reserves the right to carry out the appropriate checks on compliance with the principles and rules contained therein by collecting and analysing information and documents, audits carried out directly or by third parties and on-site inspections. The identification of behaviours contrary to the Code of Conduct or such as to generate significant damage to the environment and to people during collaboration may result in the interruption of the relationship and the exclusion of the supplier from the register.

A purely selective and sanctioning approach, however, would risk excessively penalising some suppliers and guiding the company towards choices that are incompatible with market dynamics. For this reason, NTE Process is committed in parallel to sensitising and proactively supporting its partners, especially small ones, towards a progressive improvement of their environmental and social performance.

Already in 2021, out of 145 invitations, 62 suppliers adhered to the code, representing about 18% of the total spending volume.

² High-risk countries are those characterised by a level of labour market regulation below the global average, as measured by the Human Freedom Index 2021, and by the absence of adequate labour rights guarantees according to the Global Rights Index 2021 of the International Trade Unions Conference.

3. Respect for the environment



3.1 Energy management and fight against climate change

NTE Process is active in fighting climate change through the development of technological solutions that allow companies to reduce their energy consumption and their environmental impacts (see par. 2.2).

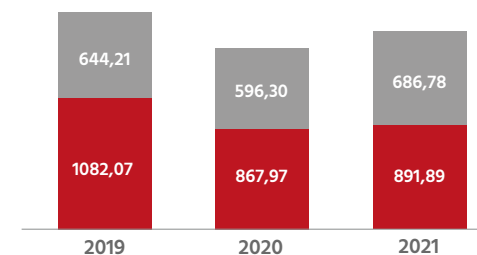
At the same time, the company is aware of the impacts generated along the industrial automation value chain, which includes activities with a high contribution of emissions such as metal extraction, logistics and plant disposal. In the current phase, **NTE Process is committed to monitoring and reducing greenhouse gas emissions** generated by the company's production activities and facilities (Scope 1) and by the supply of electricity (Scope 2). During the three-year period 2022-2024, NTE Process will launch initiatives aimed at **offsetting its Scope 1 and 2 emissions**.

NTE Process consumes methane gas to power and heat production plants and

diesel to power the company's fleet of 20 vehicles, including 3 hybrids. Consumption of electricity is mainly due to the cooling and lighting of the offices. Between 2015 and 2018, the administrative offices of the Gorgonzola head office underwent a redevelopment process that saw the replacement of the lights with **LED lights and the renovation of the heating, cooling and ventilation systems with low-consumption solutions**. NTE Process also achieves the reduction of energy consumption through small daily gestures: for this reason, our personnel is constantly made aware of respecting rules of responsible behaviour, such as turning off lights and printers at the end of the day, which can make a significant impact over the course of the year.

Between 2020 and 2021, fossil fuel consumption for the company fleet increased by 2.8%, leading to a slight growth in direct Scope 1 greenhouse gas emissions (+3.8%). This result is attributable both to

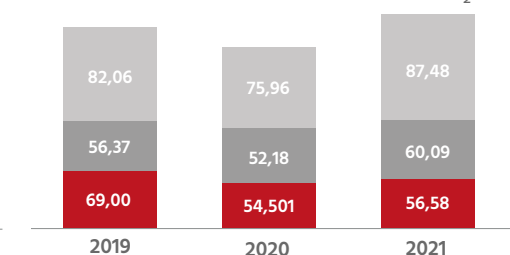
Energy consumption (GJ)



Electricity

Fossil fuels

Greenhouse gas emissions (tons of CO₂)



Market-Based Scope 2 - Indirect emissions

Location-Based Scope 2 - Indirect emissions

Scope 1 - Direct emissions

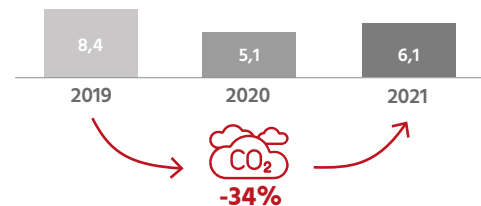
the resumption of business trips after the critical phase of the health emergency, and to the improvement of the monitoring of consumption relating to vehicles for mixed use. On the other hand, methane consumption for the operation of plants decreased (-4.4%).

Electricity consumption also increased, contributing to a slight increase in indirect Scope 2 greenhouse gas emissions (+15%), after the significant reduction in 2020, due in part also to the resumption of activities with a greater presence in the office.

The most significant indicator to measure the actual progress achieved is that of the intensity of emissions in relation to annual turnover, equal to 6.1 tons of CO₂ per million Euro in 2021, up compared to 2020, but still significantly improved compared to 2019 (-34%).

The activities carried out directly by the com-

Intensity of emissions
(tons of CO₂/million Euros)



pany do not generate significant emissions of sulphur and nitrogen oxides or other pollutants.

2021 marks an important step forward for NTE Process in the direction of autonomy and energy transition thanks to the installation of a generation plant powered by **photovoltaic panels** at the headquarters of Gorgonzola, the workshop, the warehouse and the NTE Scientific Hub headquarters in Pessano con Bornago, with a total power of 143 kWp, capable of satisfying approximately 30% of the total needs through self-consumption. The plant became operational starting in 2022.

SCOPE 1 EMISSIONS

Greenhouse gas emissions generated directly by the Organisation, deriving from fossil fuel combustion plants used for the operation of plants and from the company car fleet.

SCOPE 2 EMISSIONS

Indirect emissions of greenhouse gases from the generation of electricity purchased. **Location Based:** refers to the emissions deriving from the emission factors related to the national energy mix.

Market Based: refers to the emissions deriving from the electricity provider that the organisation has specifically chosen. Should an Organisation decide to source 100% from renewable sources with a Guarantee of Origin, the Market Based emissions are equal to zero. Otherwise, they are calculated with emission factors representing the residual mix, i.e. unmonitored and unclaimed energy and emissions from renewable sources.

3.2 Efficient use of resources

With the aim of limiting its negative impacts on the environment, NTE Process is committed to reducing the consumption of natural resources, aiming at maximum efficiency through awareness-raising initiatives and specific interventions on company activities.

NTE Process's production activity mainly concerns the assembly of elements for the construction of plants; the main categories of materials treated in carrying out this activity are therefore not represented by raw materials in the strict sense, but by **semi-finished products, metal carpentry materials and components**.

In view of the different product categories

used depending on the orders and the complexity of the supply chain that affects these products, to date NTE Process does not have accurate data relating to the environmental impacts of the raw materials used by suppliers and related mitigation actions, such as recycling of metal and plastic components. The company is committed in the future to involving its direct partners in the disclosure of this information.

In addition to the semi-finished components and raw materials that are part of the final product, the production inputs also include the **packaging materials** of the products, which are **almost exclusively of renewable origin**.

Consumption of packaging materials and office paper (quantity expressed in tons)

Material	2019	2020	2021
Cardboard	1,1	1,6	2,4
Wrapping paper	n.d.	0,2	0,0
Office paper ³	n.d.	0,8	0,3
Plastic	0,4	0,9	1,5
Wood	77,9	84,7	99,5
Iron	0,02	0	0
TOTAL PACKAGING MATERIALS	79,4	87,4	103,4
<i>of which renewable</i>	<i>79,00</i>	<i>86,4</i>	<i>101,9</i>
<i>of which non-renewable</i>	<i>0,4</i>	<i>1,0</i>	<i>1,4</i>
TOTAL	79,4	88,2	103,6
<i>of which renewable</i>	<i>79,00</i>	<i>87,2</i>	<i>102,2</i>
<i>of which non-renewable</i>	<i>0,4</i>	<i>1,0</i>	<i>1,4</i>

³Tons of paper consumed were estimated from the number of prints made, assuming that 80% of them were done in duplex mode. The weight of an A4 sheet of paper is estimated to be 5 grams.

The **MRP (Material Requirement Planning)** project is aimed at the digitisation and optimisation of the processes and mainly concerns the Purchasing Department: the main objective is, in fact, the automatic planning of purchases.

It starts with an analysis of material purchasing requirements, generated automatically via the company ERP: the software reads all requests coming in from orders received and analyses them according to the requirements expressed in terms of quantity, date of requirement and minimum purchase lot. The system also allows for the automatic selection of the optimal supplier based on parameters such as best price or shortest supply lead time. Thanks to the MRP system, it is possible to know at a glance what equipment and components are needed and to know the exact stock in the warehouse.

In addition, depending on the minimum stock defined by the Purchasing Department, the MRP allows for the **automatic replenishment of components** that one decides to keep permanently in stock. The system, therefore, not only identifies exactly what will need to be replenished but also when to proceed with the order.

Optimising purchasing processes by limiting the number of shipments also has among its effects the **reduction of fuel consumption** and thus of harmful emissions into the environment as well as the reduction of both incoming and outgoing packaging and its disposal.

In addition to the MRP project, in 2021, NTE Process installed its first **automatic vertical warehouse**, implemented during 2022.

The vertical warehouse contains a specific software that communicates with the company ERP, allowing to manage 49 shelves over 7 meters high, while an internal robot brings to human height the drawer required for the picking or the expected loads.

Oltre al progetto MRP, nel 2021 NTE Process ha installato il suo primo magazzino automatico verticale, implementato nel corso del 2022. Il magazzino verticale contiene un software specifico che dialoga con l'ERP aziendale, permettendo di gestire 49 ripiani su oltre 7 metri di altezza, mentre un robot interno porta ad altezza d'uomo il cassetto richiesto per i prelievi o i carichi previsti.

In 2021, also from the viewpoint of logistics optimisation, the **Bar-Code project** was launched, which allows to achieve a high level of digitisation in the management of warehouse materials. The incoming goods are loaded into the warehouse through a terminal thanks to the use of bar codes, improving the time and reliability of the process. In 2022 this project will also be implemented in the part that concerns production: integrating the project and thus making it fully operational.

At the same time, the company has paid special attention to reducing the impacts of its production activities by **purchasing paper, folders and binders made of recycled material** or even pens and writing material with reduced plastic content or made of environmentally sustainable material. All employees were provided with water bottles, reusable cups and fabric bags in order to drastically **reduce the use of plastic**. The glasses and dishes available in the water and coffee dispensers are reusable or made of compostable materials.

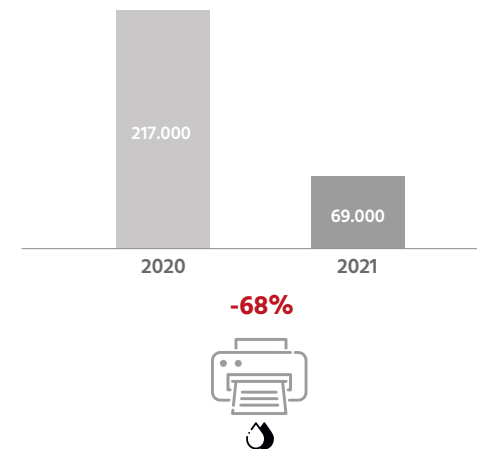
NTE Process also organises annual campaigns dedicated to reducing the origin of waste and limiting the use of printers.

In this context, programs such as Wildix (electronic switchboard), Documenta (a tool that allows to digitise the management of orders), Intranet and, more generally, all the investments made in the IT sector have resulted in a tangible reduction in

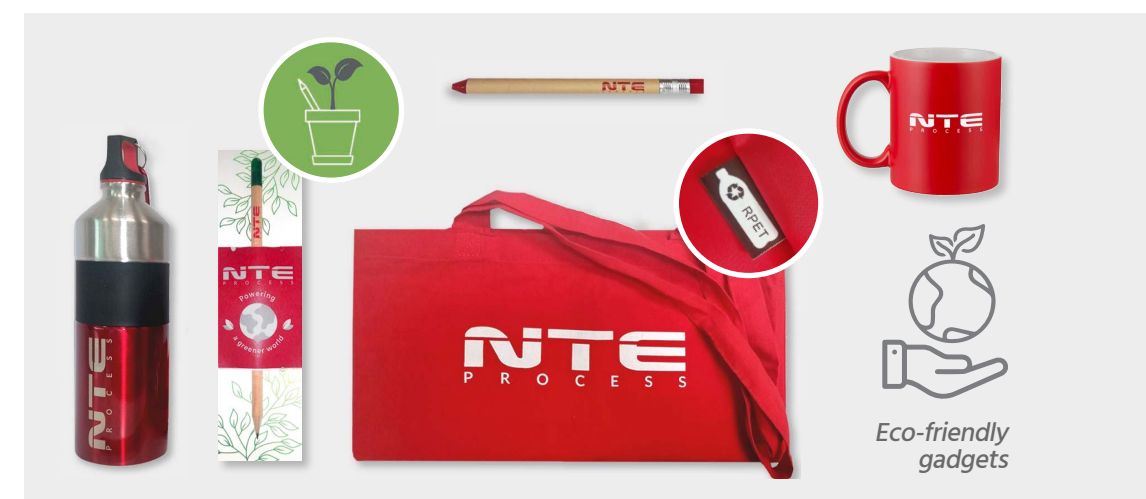
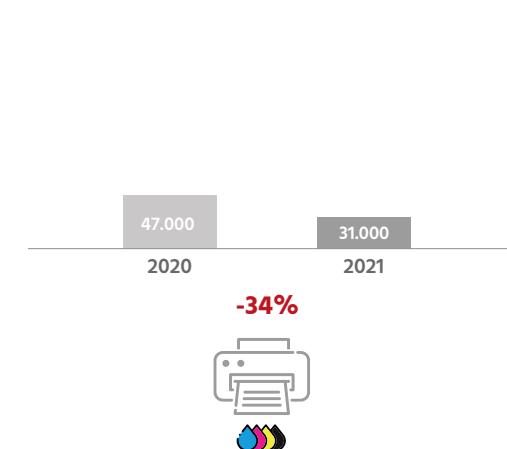
paper consumption.

From 2020 to 2021, black and white prints were **reduced by 70%** and **colour prints by 35%**. Data to be read in an even more positive key considering that in 2020, during the lockdown, the staff worked remotely. The company went from an average of 27 prints per head per day to 10, a significant decrease.

Number of B/W print



Number of colour print



3.3 Waste management

As NTE Process has no direct production activities, it generates a limited volume of industrial waste. These originate from three main sources: **testing activities, purchased packaging materials and plant disposal.**

In 2021, NTE generated **65.5% less waste** than in 2020. In addition to a considerable difference in quantity, there is a difference in the nature of the waste: this result is due to the fact that a significant part of the waste consists of **products sent by customers for testing on the pilot plant**, which can vary significantly from year to year. In 2021, about 4 tons of unusable waste were generated, sent for energy recovery. The test activity on the pilot plant also results in residual quantities of non-differentiable (dust, cartridges and filters) and hazardous waste, which are sent for disposal. It is precisely in order to reduce these impacts that the company's policy favours the return of sample products to the customer: only if the shipment is more costly for the recipient (in about 10% of cases) are the test products entrusted to specialised suppliers for processing.

The **packaging materials of the products and semi-finished products purchased** generally consist of plastic films and polyurethane foam, cardboard boxes, ferrous materials and wooden pallets. The latter, in particular in 2021, represented the predominant item of discarded packaging. They are reused for the storage of goods and, once they have deteriorated, are entrusted to a specialised disposal company that takes care of their recovery. The same is true for ferrous materials, when present.

Plastic and cardboard packaging, when necessary, is also sent for recovery through the municipal separate collection service. In 2021, 220 kg of mixed packaging was generated, used at the end of its life as fuel to produce energy.

Industrial plants built for customers can generate waste when, at the end of their life cycle, they need to be decommissioned. The long service life of the fittings, between 30 and 40 years, and the modular design that allows the replacement of individual components, significantly reduce the occurrence and extent of such impacts. Since this has not yet occurred, NTE Process does not have information about the disposal procedures of the decommissioned plants: as a future objective it undertakes, therefore, to develop relationships with customers to extend control over its products until the end of their use.

NTE Process entrusts the management of its waste to a small number of **qualified subjects**, who hold at least ISO 9001 certifications and, in some cases, legality ratings, ISO 45001 certifications for health and safety at work and ISO 14001 or EMAS environmental certifications. Among these is Vestisolidale, a non-profit social cooperative based in Cinisello Balsamo (MI) which since 1998 has operated in the field of environmental and social services, favouring job opportunities for disadvantaged people.


NTE Process water withdrawals and discharges are residual and connected exclusively to the use of toilets.


Waste category (quantity expressed in tonnes)

Waste category	2020	2021
Unusable waste	2,5	4,2
Wooden packaging	7,0	3,0
Inorganic waste	0,7	2,1
Iron and steel	12,3	0,0
Liquid waste	5,1	0,0
Others	0,7	0,5
TOTAL WASTE	28,3	9,8
of which dangerous	6,3	2,3
of which not dangerous	22,0	7,5


76%
Not dangerous

Waste by destination (tonnes)

52%

Stored for submission to any of the operations numbered R1 to R12 (R13)

46%

Used as a fuel or other means to generate energy (R1)

2%

Sent for disposal (D1-D15)

4. Attention to people and communities



4.1 Protection and development of people

NTE Process is aware that its **people are indispensable for the success and the very existence of the company**; therefore, it puts them at its centre, committing itself to provide professional training and guaranteeing them employment stability and safety, within a company climate based on listening and the enhancement of each talent. NTE Process selects, hires and remunerates its employees and collaborators according to transparent and impartial procedures, **preventing any form of discrimination or favouritism**.

As at 31 December 2021, NTE has **52 employees**,

all hired indefinitely and 92% with a full-time contract, pursuant to the national collective agreement of the metalworking sector. In addition to these there are **28 self-employed** workers, including freelancers and temporary workers.

During 2021, **11 new people** (5 of whom were women) joined NTE against 5 terminations, resulting in an increase in staff of 13% compared to 2020. The turnover rate is 9.6%, a rather low figure and lower than the rate of new hires which stands at 21.2%; this result reflects the company's ability to attract people and retain their loyalty.

With an incidence of 86.5%, the category most represented among employees is that of office workers, followed by middle managers (7.7% of the total); however, there are no executive positions.

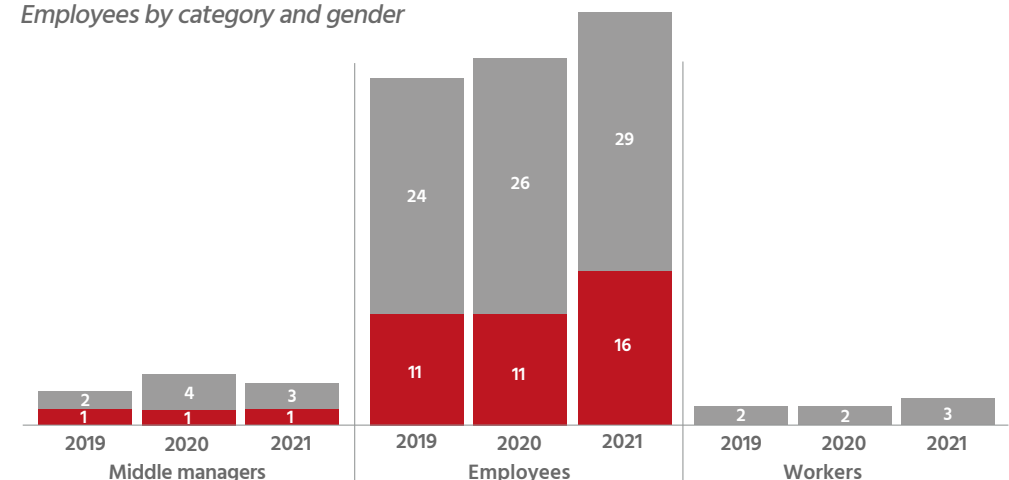
Number of hires and terminations in 2021



Employees by category



Employees by category and gender



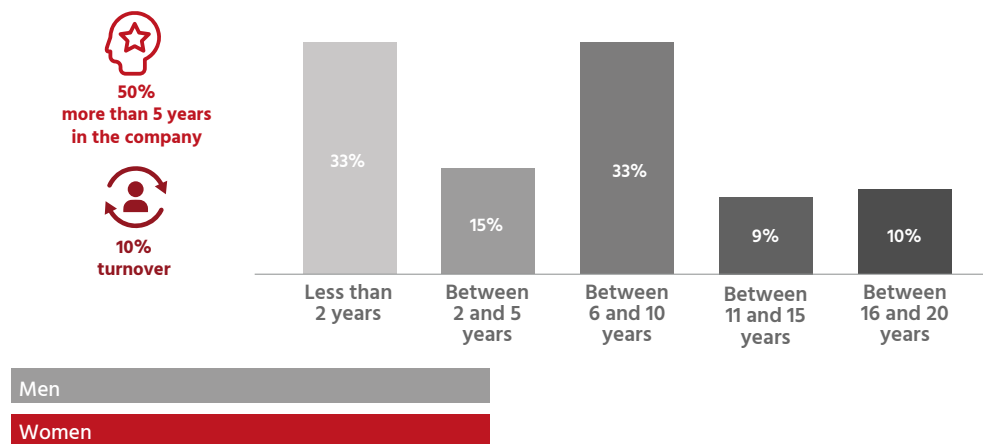
With regard to company seniority, the staff is essentially divided between 50% who have been in the company for more than 5 years and the other half hired by a shorter period, an indicator of organic growth in the last 5 years in which the new entrants have gradually enriched a consolidated team.

The company population sees a prevalence of the male gender (67%), in line with the average values of the business sector. The disparity between women and men is still improving compared to 2020, when the ratio was 74% vs 26%. In order to reduce this

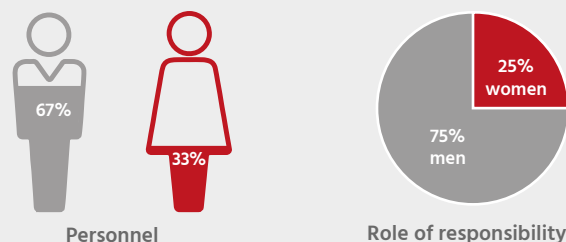
majority over time, NTE Process is committed to **encouraging, in the years to come, the entry of female talents into STEM disciplines** (Science, Technology, Engineering and Mathematics).

The attention and sensitivity to the **values of inclusion and diversity** are nurtured through communication and socialisation initiatives, such as the annual days dedicated to Women and the Family: an opportunity to share experiences among employees and to recognise their role carried out by each, through a tribute symbolising the corporate values.

Team seniority 2021



Gender balance 2021



4.1.1. Training and development and performance evaluation

The personal and professional growth of employees through specific training courses is a central theme for NTE Process. For this reason, in addition to the courses required by law on occupational health and safety, the company provides for the provision of in-depth and refresher courses in four main areas:

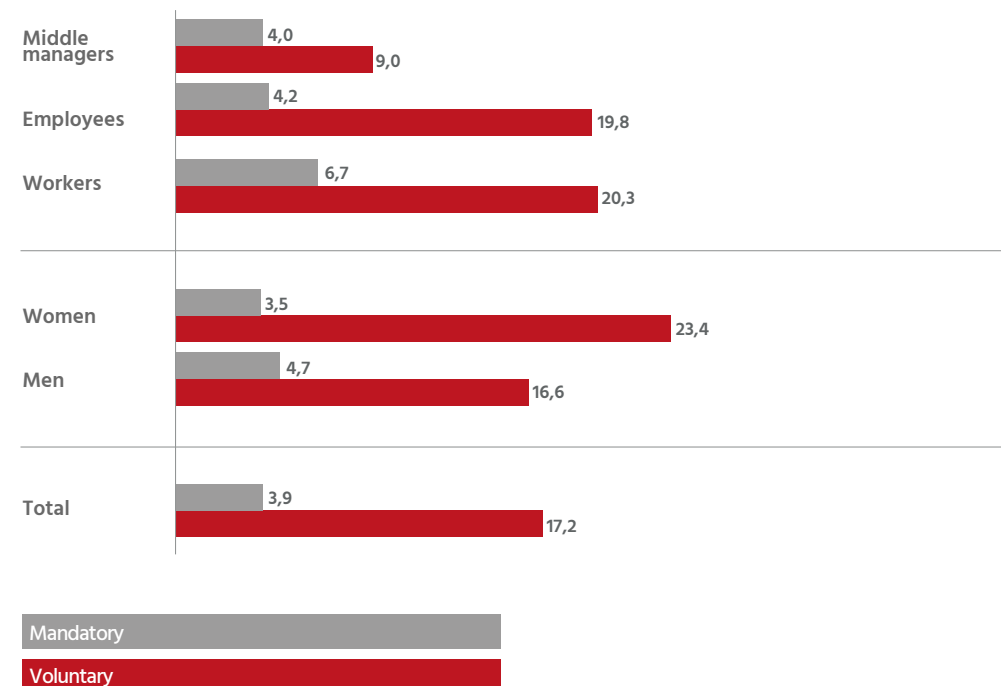
- technical skills, relating to the knowledge of the solutions developed by NTE and suppliers, the use of specific tools and equipment and quality management
- digital skills related to the use of software applications
- administrative skills

- commercial and marketing skills.

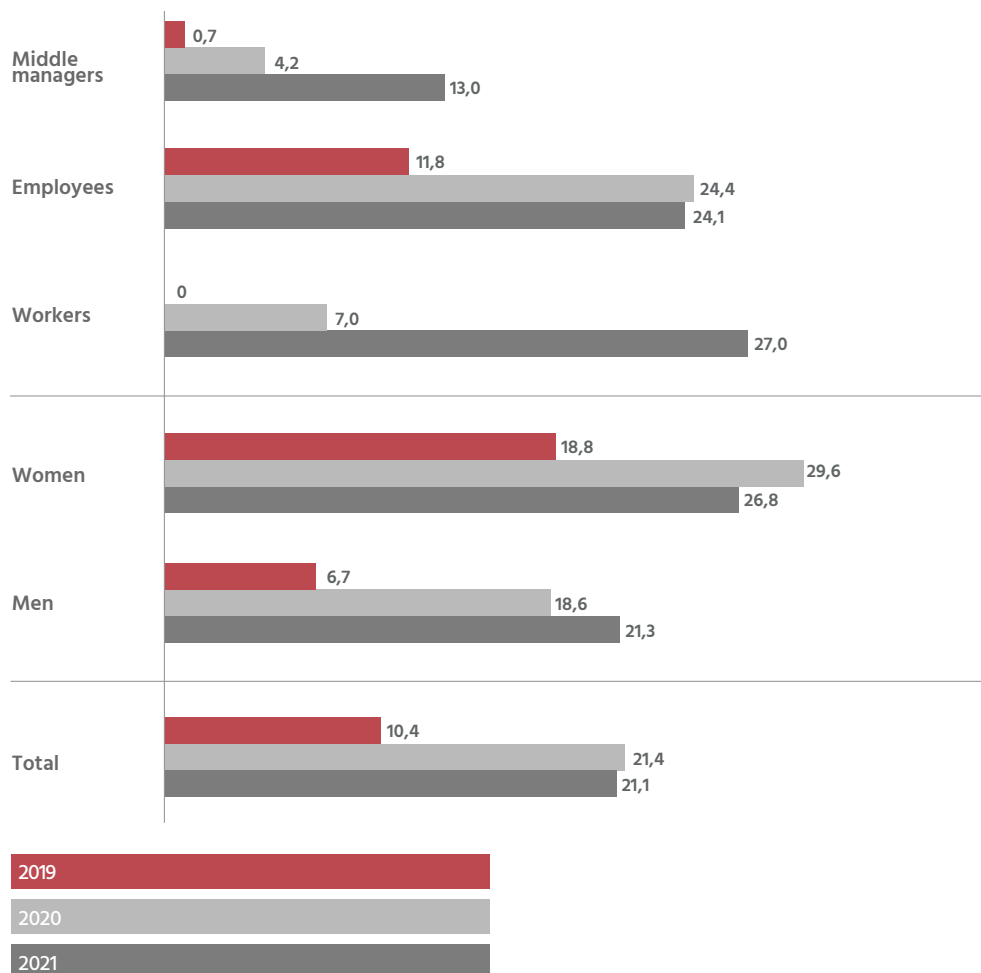
Overall, in 2021 NTE provided **1204 hours of training (+22% compared to 2020), of which as much as 80% voluntary.**

The category most trained in 2021 is that of workers, whose average hours of training per capita rose from 7 in 2020 to 27 in 2021. Even the hours dedicated to the junior managers have seen a considerable increase. These results are largely due to the increase in training on health and safety issues, **as a result of the ISO 45001 certification and the expansion of the emergency team.**

Annual average hours of training by category and gender in 2021



Average annual training hours by category and gender



Similarly to training, NTE recognises staff evaluation as a fundamental tool for facilitating discussion and dialogue between managers and employees, enhancing the role and contribution of each individual and improving the organisational climate through the sharing of objectives. For this reason, a company climate and organisation survey was commissioned from I-AER, the Institu-

te of Applied Economic Research, and the **Performance Management Programme**, an annual performance evaluation programme for company employees, was initiated.

The **PMP** begins with the “**observation period**”, in which work performance is observed and measured. During this period, the project manager actively monitors, gives

appropriate ongoing specific feedback and collects, where appropriate, concrete cases and examples of performance.

The central stage of the process is the “review period”, which focuses on establishing a dialogue with each employee.

The interview preparation stage provides that:

- the collaborator prepares, guided by a form, their self-assessment
- the manager prepares his/her pre-assessment of the collaborator by filling in the “General evaluation form” and the “Skills evaluation form”, based on his/her assessments of the facts.

An interview will then be scheduled, which will be attended by the manager and collaborator with the duly completed forms.

The main topics addressed during the interview concern the review of the role and specific personal goals, the goals achieved, the strengths and areas for improvement, as well as ideas and development projects. At the end, the manager draws up the Dialogue Report, which summarises what was discussed during the interview. The PMP

ends with the “planning period”, for which the manager plans developments and improvement actions.

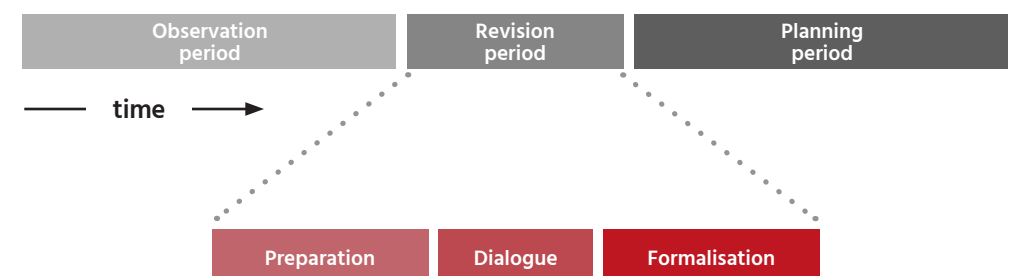
In 2021, the PMP involved 32 employees, representing 56.1% of employees, approaching the goal of doubling the number of people involved compared to 2020.

For some positions of responsibility, the performance appraisal process is linked to an **MBO (Management by Objectives) system**: during the PMP meeting, objective and measurable individual objectives are identified, the achievement of which determines the disbursement of a bonus payment defined as a percentage of the Gross Annual Salary.

The MBO has been tested in departments already accustomed to working for objectives and incentives (Sales & Marketing and Service), to be then extended to services and figures of general interest for the company (Quality, Project Management of special projects, Research and Development).

In the coming years, NTE intends to further expand the incentive system by involving all those determined to actively contribute to the company’s growth and their own professional development.

The Performance Management Program Process



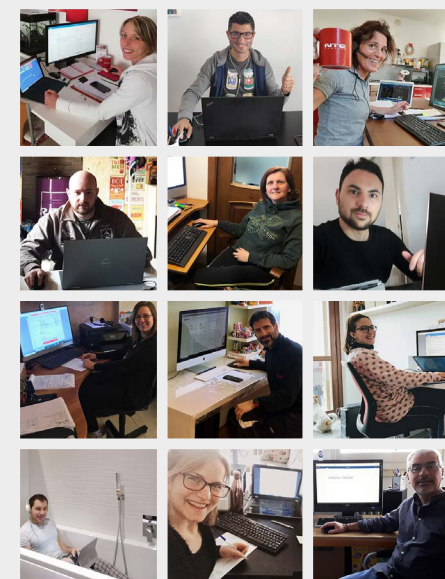
4.1.2 Employee welfare practices

NTE Process is committed to establishing and maintaining a positive work environment over time that allows and promotes the well-being of all collaborators. All employees on permanent contracts, under apprenticeship contracts and under fixed contracts with at least 3 months of service can benefit, as metalworkers, from the welfare system and health insurance envisaged by the **National Collective Labour Agreement of Metalworkers**.

The recent renewal of the national contract has introduced new welfare tools for workers. The main one is represented by

the so-called **flexible benefits**, which are a set of non-monetary goods or services that companies provide to employees in addition to the fixed remuneration component. Embracing this opportunity, NTE Process took steps to provide each employee with €200 per year for goods and services.

Following its activation, which had the purpose of dealing with the health emergency, all employees were able to work in smartworking mode one day a week. Parents of school-age children, if necessary, can use additional days.



Smartworking



Gift voucher for employees

4.2 Health and safety at the centre

The **protection of the health and safety of workers and of all persons** who carry out activities at the company's sites or during external intervention activities represents an indispensable principle for NTE Process. As proof of this, over the last two years there has been no accident, either among employees or external staff, further improving compared to 2019, the year in which there was only one accident

This is certainly the result of the efforts made in the context of the development of the **Company's Occupational Health and Safety Management System (Gestione della Salute e Sicurezza sul Lavoro, SGSL)**, applied to all employees present in the two offices, which systematises and documents plans, procedures, roles and responsibilities related to:

- periodic analysis and assessment of risk factors;
- reporting of dangerous situations and the management procedures of the aforementioned;
- identification, analysis, control and assessment of accidents and occupational injuries, unusual facts, dangerous events and near misses and the necessary measures to reduce their recurrence;
- medical aids and devices available to workers;
- training plans of employees, managers and other subjects operating on NTE Process sites (suppliers, business partners, agents, visitors);
- methods of consulting and involving workers in the implementation, updating, im-

provement and evaluation of the SGSL.

For the SGSL the certification in compliance with the **ISO 45001:2018** standard was obtained in November 2021.

In compliance with Legislative Decree 81/2008 and 106/2009, NTE Process carries out a careful risk assessment, reported in the Risk Assessment Document RAD, prepared in collaboration with the external Health and Safety Officer (HSO), the external occupational physician and the Workers' Safety Representative (RLS) within the company. The risk assessment is based on the identification of hazards and on the estimation of the probability of occurrence and the severity of the effect of negative events. Particular attention is paid to the possible presence of dangerous substances capable of determining health hazards or occupational diseases. For this purpose, NTE Process selects and rejects product samples containing these substances supplied by customers to carry out tests at the pilot plant.

Appropriate prevention measures are identified for each source of danger, which include the definition of specific procedures and rules of conduct for specific activities aimed at reducing the level of risk, as well as sign systems and protection measures. These measures are subject to continuous improvement, thanks to the regular updating of the RAD.

The management of injuries, accidents and near misses is formalised in a specific procedure that defines the rules of con-

duct and the actions to be taken should an injury, an accident or a near miss occur. All workers who witness an event among those just mentioned or any dangerous situation have the responsibility to report the event immediately, using the methods and tools defined. If critical events for safety and health in the workplace are ascertained or become known, even though they have not had a negative outcome in terms of damage to persons or property (near miss), it is essential to carry out an analysis, which takes into consideration the causes

and possible effects that would have arisen, in order to identify any shortcomings and, above all, implement the appropriate measures to avoid another accident in the same context.

The company has developed a specific training plan to fulfil the safety training obligations envisaged by Legislative Decree 81/08.

The company has developed a specific training plan to fulfil the safety training obliga-

	2019	2020	2021
Number of recordable injuries	1	0	0
of which occurred to employees	1	0	0
of which occurred to self-employed workers and contractors present in the operational offices of NTE Process	0	0	0
Number of accidents with serious consequences (more than 6 months of absence)	0	0	0
of which occurred to employees	0	0	0
of which occurred to self-employed workers and contractors present in the operational offices of NTE Process	0	0	0
Number of deaths at work	0	0	0
of which occurred to employees	0	0	0
of which occurred to non-employees workers and contractors permanently present in the operational headquarters of NTE Process	0	0	0



	2019	2020	2021
Recordable work-related injury rate*	14,6	0	0
employees	15,7	0	0
self-employed workers and contractors	0	0	0



*Number of accidents per thousand hours worked

tions envisaged by Legislative Decree 81/08.

- involving workers during the risk assessment process, explaining the purpose of the assessment and the reasons why they are asked for information on how to carry out their work activities;
- creating an internal communication system that takes into account the corporate hierarchy for reporting situations useful for improvement;
- consulting the Workers' Health and Safety Representative prior to the risk assessment process to provide information about the programme defined by the company;

- collecting useful observations from the Workers' Health and Safety Representative for improving the health and safety of workers;
- establishing a programme of meetings between company safety figures to discuss health and safety issues.

The commitment to maintain a healthy and safe work environment also applies to external visitors: the pilot plant is provided with a sign reporting the sources of danger and at the access information is provided on the rules of conduct to be adopted during their stay.

4.3 At the side of the local community

Aware of its influence, through its business, on the social and economic development of the context in which it is inserted, NTE Process is committed to establishing a balanced and positive relationship with the surrounding community, which allows it to generate shared value. In this perspective, **NTE Process demonstrates its closeness** to the community through support to local institutions and third sector bodies, especially those active in the social, health and sports sectors.

In particular, in 2021 NTE Process supported:

- **FAST Italia**, an association committed to

raising awareness and assistance to people living with Angelman syndrome, a rare genetic disease that affects the nervous system causing physical-motor and intellectual

- the sports association **Giana Erminio of Gorgonzola**, a football club with over 100 years of history currently playing in Serie C, which represents both a sports success and an experience of social inclusion. In addition to being a sponsor of knitwear, for the 2021/2022 season, NTE has established the "Fair Play Award", a cash recognition for the youth team that stood out for the lower number of penalties obtained during the championship and the respect of the values of "fair play" on the field.

- LILT, Italian League against Cancer
- **PizzAut**, a pizzeria run by autistic children and a social inclusion laboratory that offers

work and dignity to autistic people. NTE Process on the occasion of Christmas, gave all employees a solidarity “panettone” and a voucher to enjoy a dinner.



Women's Day, 2021. Support for Campagna Nastro Rosa, promoted by LILT



Christmas 2021, Panettoni PizzAut



5. Methodological Note



5.1 Reporting

This NTE Process Sustainability Report is drawn up in compliance with the GRI (Global Reporting Initiative) Standards, according to the Core option. This document contains information relating to the issues of economic, social and environmental sustainability identified as relevant to understanding the business and the impacts of the company in the materiality analysis process.

The reporting scope includes all the operational offices of NTE Process Srl. This document contains data and information referring to the fiscal year ended 31 December 2021. Since this is the first edition of the Report, in order to allow the temporal

comparability of the most significant indicators, the values relating to the year 2021 have been compared with those relating to the previous year.

The document was drawn up by the Marketing Department of NTE Process with the collaboration of the Governance Committee and with the methodological support of ALTIS – Catholic University of the Sacred Heart of Milan, and was approved by the Board of Directors on 15th September 2022.

For more information on the Report, you can send an email to the address info@nte-process.com.

5.2 Materiality analysis

The materiality analysis aims at identifying the most relevant sustainability issues ("materials") for the company, whose reporting is necessary in order to allow an adequate understanding of the performance of the business and its impacts on stakeholders.

This analysis was conducted by adopting the principle of the so-called double materiality, affirmed by the European Commission in the Corporate Sustainability Reporting Directive proposal currently under approval.

A list of sustainability issues potentially relevant to NTE Process, identified on the

basis of the GRI Standards and an analysis of the industrial machinery sector, was subjected to the assessment of the company's front-line management. The proposed topics were assessed, first of all, on the basis of their association with potential negative and positive impacts of NTE Process's activity on the environment, society and the economy. In order to assess the likelihood and extent of such impacts, the managers took into consideration the elements that emerged in the relationships with the company's priority stakeholders (customers, employees and local communities). Secondly, the same issues were assessed on the basis of the significance of the potential financial im-

pacts associated with them. In this regard, the impacts of NTE Process's managerial approach to sustainability issues on revenue trends, access to new customers and credit were analysed in particular.

The materiality matrix, shown in paragraph 1.3.2, groups the issues that have obtained an assessment of relevance above the average value in relation to the impacts on stakeholders and financial impacts.

GRI Content Index

GRI Standard	Disclosure	Reference	Comments
General Disclosure			
102-1	Name of the organization	Cover	
102-2	Activities, brands, products, and services	1.1; 1.2; 2.1	
102-3	Location of headquarters	1.1	
102-4	Location of operations	1.1	
102-5	Ownership and legal form	1.1	
102-6	Market served	1.1	
102-7	Scale of the organization	1.6; 2.1; 4.1	
102-8	Information on employees and other workers	4.1	
102-9	Supply chain	2.5	
102-10	Significant changes to the organization and its supply chain	2.5, 4.1	
102-11	Precautionary Principle or approach	3.1	
102-12	External initiatives	1.3	
102-13	Membership of associations	1.3	
102-14	Statement from senior decision-maker	Letter to stakeholders	
102-16	Values, principles, standards, and norms of behavior	1.2	
102-18	Governance structure	1.4	
102-40	List of stakeholder groups	1.3.2	

GRI Standard	Disclosure	Reference	Comments
102-41	Collective bargaining agreements	4.1	
102-42	Identifying and selecting stakeholders	1.3.2	
102-43	Approach to stakeholder engagement	1.3.2	
102-44	Key topics and concerns raised	1.3.2	
102-45	Entities included in the consolidated financial statements	5.1	
102-46	Defining report content and topic Boundaries	5.1	
102-47	List of material topics	1.3.2	
102-48	Restatements of information		The 2020 Scope 1 emissions data were restated due to an improved fuel consumption monitoring system for the auto fleet. The 2019 and 2020 distributed and retained value allocations were adjusted in light of an incorrect accounting entry.
102-49	Changes in reporting		
102-50	Reporting period	5.1	
102-51	Date of most recent report		February 2022, based on 2020
102-52	Reporting cycle	5.1	
102-53	Contact point for questions regarding the report	5.1	
102-54	Claims of reporting in accordance with the GRI Standards	5.1	
102-55	GRI content index	GRI Content Index	

GRI Standard	Disclosure	Reference	Comments
103-1	Explanation of the material topic and its Boundary	1.6	
103-2	The management approach and its components	1.6	
103-3	Evaluation of the management approach	1.6	
201: Performance economiche			
201-1	Direct economic value generated and distributed	1.6	
Material topic: Local community development			
103-1	Explanation of the material topic and its Boundary	4.3	
103-2	The management approach and its components	4.3	
103-3	Evaluation of the management approach	4.3	
GRI 203: Indirect economic impacts			
203-1	Infrastructure investments and services supported	4.3	
Material topic: Procurement practices			
103-1	Explanation of the material topic and its Boundary	2.5	
103-2	The management approach and its components	2.5	
103-3	Evaluation of the management approach	2.5	
GRI 204: Procurement practices			
204-1	Proportion of spending on local suppliers	2.5	
Material topic: Ethics, integrity and risk management			
103-1	Explanation of the material topic and its Boundary	1.5	
103-2	The management approach and its components	1.5	
103-3	Evaluation of the management approach	1.5	
205: Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	1.5	

GRI Standard	Disclosure	Reference	Comments
206: Anti- competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and mono-poly practices	1.5	
307: Environmental compliance			
307-1	Non-compliance with environmental laws and regulations	1.5	
419: Socioeconomic compliance			
419-1	Non-compliance with socioeconomic laws and regulations	1.5	
Material topic: Conscious consumption of materials			
103-1	Explanation of the material topic and its Boundary	3.2	
103-2	The management approach and its components	3.2	
103-3	Evaluation of the management approach	3.2	
301: Materials			
301-1	Materials used by weight or volume	3.2	The data reported relate to the packaging materials; monitoring of the weight of the semi-finished products purchased will be implemented in subsequent years.
Material topic: Energy management			
103-1	Explanation of the material topic and its Boundary	3.1	
103-2	The management approach and its components	3.1	
103-3	Evaluation of the management approach	3.1	
302: Energy			
302-1	Energy consumption within the organization	3.1	

GRI Standard	Disclosure	Reference	Comments
Material Topic: Emissions			
103-1	Explanation of the material topic and its Boundary	3.1	
103-2	The management approach and its components	3.1	
103-3	Evaluation of the management approach	3.1	
305: Emissions			
305-1	Direct (Scope 1) GHG emissions	3.1	
305-2	Energy indirect (Scope 2) GHG emissions	3.1	
305-4	Other indirect (Scope 3) GHG emissions	3.1	
Material Topic: Waste management			
103-1	Explanation of the material topic and its Boundary	3.2	
103-2	The management approach and its components	3.2	
103-3	Evaluation of the management approach	3.2	
306: Waste			
306-1	Waste generation and significant waste-related impacts	3.3	
306-2	Management of significant waste-related impacts	3.3	
306-3	Waste generated	3.3	
Material topic: Employee wellbeing			
103-1	Explanation of the material topic and its Boundary	4.1	
103-2	The management approach and its components	4.1	
103-3	Evaluation of the management approach	4.1	
401: Employment			
401-1	New employee hires and employee turnover	4.1	

GRI Standard	Disclosure	Reference	Comments
Material topic: Protection of health and safety at work			
103-1	Explanation of the material topic and its Boundary	4.2	
103-2	The management approach and its components	4.2	
103-3	Evaluation of the management approach	4.2	
403: Occupational health and safety			
403-1	Occupational health and safety management system	4.2	
403-2	Hazard identification, risk assessment, and incident investigation	4.2	
403-3	Occupational health services	4.2	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.2	
403-5	Worker training on occupational health and safety	4.2	
403-6	Promotion of worker health	4.1.2	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	2.5	
403-8	Workers covered by an occupational health and safety management system	4.2	
403-9	Work-related injuries	4.2	
Material topic: Human capital development			
103-1	Explanation of the material topic and its Boundary	4.1.1	
103-2	The management approach and its components	4.1.1	
103-3	Evaluation of the management approach	4.1.1	
404: Training and education			
404-1	Average hours of training per year per employee	4.1.1	
404-2	Programs for upgrading employee skills and transition assistance programs	4.1.1	

GRI Standard	Disclosure	Reference	Comments
404-3	Percentage of employees receiving regular performance and career development reviews	4.1.1	
Tema materiale: Diversity, inclusion, and non-discrimination			
103-1	Explanation of the material topic and its Boundary	4.1	
103-2	The management approach and its components	4.1	
103-3	Evaluation of the management approach	4.1	
405: Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	4.1	
406: Non discrimination			
406-1	Incidents of discrimination and corrective measures		No incidents of workplace discrimination were reported during the reporting period.
Material topic: Human and workers' rights			
103-1	Explanation of the material topic and its Boundary	2.5	
103-2	The management approach and its components	2.5	
103-3	Evaluation of the management approach	2.5	
GRI 408: Child Labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	2.5	No risky activities or incidents of child labor within the workplace were reported during the reporting period
GRI 409: Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	2.5	No risky activities or incidents of child labor within the workplace were reported during the reporting period


GRI Standard	Disclosure	Reference	Comments
GRI 412: Human rights assessment			
412-1	Operations that have been subject to human rights reviews or impact assessments	2.5	
Material topic: Customer health and safety			
103-1	Explanation of the material topic and its Boundary	2.3	
103-2	The management approach and its components	2.3	
103-3	Evaluation of the management approach	2.3	
GRI 416: Customer health and safety			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2.3	
Tema materiale: Data Protection			
103-1	Explanation of the material topic and its Boundary	2.4	
103-2	The management approach and its components	2.4	
103-3	Evaluation of the management approach	2.4	
GRI 418: Customer privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.4	
Material topic: Sustainable innovation			
103-1	Explanation of the material topic and its Boundary	2.2	
103-2	The management approach and its components	2.2	
103-3	Evaluation of the management approach	2.2	


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