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Net Zero

Decarbonisation Plan

GRUPPO MAURO SAVIOLA
The Eco-Ethical Company

Gruppo Saviola
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Table of contents

Acronyms and abbreviations

AIB	Association of Issuing Bodies
BEIS	Department for Business, Energy & Industrial Strategy
BU	Business Unit
CDP	Carbon Disclosure Project
CEDA	Comprehensive Environmental Data Archive
CSRD	Corporate Sustainability Reporting Directive
DEFRA	Department for Environment, Food & Rural Affairs
EAC	Energy Attribute Certificate
EIA	Energy Information Administration
EIB	European Investment Bank
ESG	Environmental, Social and Governance
	GHG Greenhouse gases
IEA	International Energy Agency
ISPRA	Istituto superiore per la protezione e la ricerca ambientale
LB	Location-based
MB	Market-based
MWh	Megawatt hour
PPA	Power-Purchase Agreement
SBTi	Science Based Targets Initiative
TCFD	Task Force on Climate-Related Financial Disclosures
tCO2e	Tonnes of carbon dioxide equivalent

SAVIOLA GROUP'S NET ZERO PLAN
01 | Introduction

Introduction

The present document has the aim of presenting the Saviola Group Net Zero Plan, an evolution of the Group's Decarbonisation Plan initially developed in 2023. It consists of a public commitment and strategy to reduce the Group's greenhouse gas emissions in line with the Paris Agreement and reach Net Zero emissions by 2050.

In 2025, Saviola Group set emissions reduction and Net Zero targets, which were validated by the Science-Based Targets Initiative (SBTi). The Science Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling companies to set decarbonization targets in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Alongside the target development, the Group designed a Net Zero Roadmap which ranges until 2050. An emissions roadmap consists of a set of internal and external levers to be put in place in order to reduce emissions and reach Net Zero.

The perimeter of the Net Zero Plan covers the Group's own operations and value chain, and, therefore, all emissions Scopes (Scope 1, 2 and 3). The Plan refers all Group's business units: Legno ("Wood", that comprises Gruppo Saviola S.r.l. plant in Viadana (MN), Mortara (PV) Sustinente, (MN), Refrontolo (TV), Premaor di Maine (TV), Montellabate (PU) , Sitech S.r.l. plant in Montecalvo in Foglia (PU), Trasporti Delta S.r.l. and Rheinspan GmbH & CO plant in Germersheim (Germany)), Mobile ("Furniture", that comprises Composad S.r.l. plant in Viadana (MN)), Chimica ("Chemical", that comprises Sadepan Chimica S.r.l. plant in Viadana (MN), Truccazzano (MI), Sadepan Chimica NV plant in Genk (Belgium), Advachem NV plant in Hautrage (Belgium)), Life Science (that comprises Saviolife S.r.l., plant in Radicofani (SI)) and Network Savionet (several plants aggregated Savionet s.r.l.). In terms of geographical coverage it comprises all Group's offices and production plants located in Italy, Germany, Belgium, France and Switzerland.

Benchmarking Analysis

Prior to the development of the Saviola Group's Net Zero Plan, a benchmarking analysis was carried out to assess the Group's performance and plans against peers, regarding the GHG emissions disclosure and the emissions reduction targets and initiatives.
The analysis considered a sample of 13 peers, headquartered in Italy and other countries, selected with the objective to cover the totality of the Group's business units, as illustrated in Table 1.

The methodology applied consisted in assessing the presence and quality of the information disclosed in Sustainability or ESG Reports, Integrated Reports, Annual Reports, corporate websites, Science-Based Targets Initiative website, certifications and other documents such as Company Profiles and Press Kits.
When it comes to emissions disclosure, the presence of data for each of the emission scopes as defined by the GHG Protocol was assessed: Scope 1, Scope 2 and Scope 3; as well as the approach used for calculating the Scope 2 emissions (market-based or location-based) and the Scope 3 categories considered.
On the other hand, when it comes to targets, besides Emissions Reduction targets, it was also analyzed the presence of Renewable Energy, Energy Efficiency, Circular Economy and Net Zero targets.

The analysis shows that none of the companies analyzed currently have a target approved by the Science Based Targets Initiative (SBTi) or fully aligned with the Paris Agreement goal (1.5°C). Companies with a previous SBTi "commitment" did not obtain target validation within the defined two-year period.
The number of companies setting internal targets for emissions reduction or Net-Zero goals has grown in the past years. Five peers currently have emissions reduction targets and four of them have either a Net Zero or a Carbon Neutrality objective. In Italy, Versalis has set targets covering all Scope 1, 2 and 3 emissions, aligning with a sub-2°C ambition and committing to carbon neutrality and Net-Zero by 2050, consistent with its parent company Eni's strategy. Internationally, BASF has also established its own Net-Zero targets by 2050.
When it comes to other targets, 13 companies have Energy efficiency goals, 7 companies pursue Circular economy goals (related to recycled materials and wood), and 3 companies have Renewable energy and electric mobility targets. The commitment in the wood and furniture sectors is evident, with many companies aiming to increase recycled wood use up to 90-100%; while Saviola Group positions itself as the only one utilizing 100% recycled wood (Italian perimeter).

02 | Benchmarking Analysis

Regarding emissions calculation, there are 12 peers disclosing Scope 1 and 2 emissions. In contrast, only five companies report on total Scope 3 emissions and provide a breakdown by category, mainly covering purchased goods and services, transportation, waste, commuting, and fuel/energy-related activities.

Saviola Group's Business Unit	Peer	Country
Legno ("Wood")	Saib (Egger group)	Italy
	Egger	Worldwide
	Sonae Arauco	Worldwide
	Kronospan	Worldwide
	Fantoni	Italy
	Pfleiderer	Worldwide
Mobile ("Furniture")	Tvilum	Worldwide
	Finsa	Spain
	Alvic	Worldwide
	Moretti Group	Italy
Chimica ("Chemical")	Versalis	Italy
	BASF	Worldwide
Life Science	Silvateam	Italy

Table 1: Selected peers for benchmarking analysis

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When it comes to other targets, **13 companies** have **Energy efficiency** goals, **7 companies** pursue **Circular economy** goals (related to recycled materials and wood), and **3 companies** have **Renewable energy and electric mobility** targets. The commitment in the wood and furniture sectors is evident, with many companies aiming to increase **recycled wood** use up to 90–100%; while **Saviola Group** positions itself as the only one utilizing 100% recycled wood (Italian perimeter).
Regarding emissions calculation, there are 12 peers disclosing **Scope 1 and 2 emissions**. In contrast, only **five companies** report on total **Scope 3 emissions** and provide a breakdown by category, mainly covering purchased goods and services, transportation, waste, commuting, and fuel/energy-related activities.

Baseline Emissions

Methodology

As the starting point for developing the Saviola Group's Net Zero Plan, the review of the Scope 1 and 2 emissions inventory and the calculation of Scope 3 emissions was performed, in line with the Greenhouse Gas Protocol and the Science-Based Targets initiative requirements. 2023 was selected as the base year of the Group's Net Zero plan, since it corresponded to the most recent year for which complete data was available.
This activity included a revision of the Group's Carbon Footprint organizational and operational boundaries, in order to cover the whole Group perimeter and all the applicable emissions categories; and of the calculation methodologies, to include Forest, Land and Agriculture (FLAG) and biogenic emissions.
A profound analysis of the specific characteristics of each Saviola Group's business units was carried out to allow the determination of their main emissions sources as defined by the Greenhouse Gas Protocol (GHG Protocol) accounting standard. This assessment was performed through the examination of public documentation from Saviola Group's website, interviews with internal stakeholders, annual reports and ultimately through a site visit to some of the offices and production plants.
This phase helped outlining the data collection process, which involved a series of stakeholders that provided activity and economic data. Thanks to the already present Saviola Group's data collection process, the granularity of the data collected allowed, in the vast majority of cases, the calculation of the GHG emissions broken down by country, business unit and facility. Based on the type of available data, the most appropriate emission factors were selected in order to determine the associated emissions.

Scope 1 emissions

As regards the Scope 1 emissions, also called direct emissions, data was collected for fossil and non-fossil fuels used to generate energy to power production processes and business activities, process emissions and fugitive refrigerant gases.
As aforementioned, the GHG emissions were broken down by country, business unit and facility; and in the case of combustion emissions, it was also possible to break them down by type of fuel. The following list contains the applicable fuels:

- **Diesel**
- **Liquefied petroleum gas (LPG)**
- **Natural gas / Methane**
- **Gasoline**
- **Fuel Oil**
- **Wood waste (100% virgin)**
- **Wood scraps (from waste-in-house processing)**
- **Residue Derived Fuel (RDF) from Municipal Solid Waste**
- **Residue Derived Fuel (RDF) not from Municipal Solid Waste**
- **Screening powder (from waste-internal processing)**
- **Sanding powder (from waste-internal processing)**
- **Screening powder (100% virgin wood feedstock)**
- **Sanding powder (100% virgin wood feedstock)**

For combustion emissions, the primary activity data consisted of recorded energy consumption present in GRI 305-1. For some extremely low consumption sites the energy consumption was estimated based on the squared meters of operational space by using a proprietary emissions calculator, in order to cover the whole Group perimeter. Car fleet emissions were also integrated, with the assumption that 70% of the fuel usage is related to work usage.
The emission fact-:m,ors were selected taking into account the type of fuel, unit of measure and the country in question, following an average-data calculation approach. The emissions factor sources are DEFRA BEIS 2023 and UNFCCC. When it comes to biofuels, the calculation methodology was revised in order to align with the GHG Protocol and SBTi requirements: DEFRA 2023 emissions factors were applied allowing a subdivision between fossil and biogenic emissions. For fuels derived from waste, literature values were applied in order to obtain the subdivision between fossil and biogenic emissions.
The fugitive emissions were also integrated into the Carbon Footprint. They were quantified based on the refrigerant capacity of Saviola Group's cooling systems and by applying a 2% coefficient for estimating annual leakage, as suggested by an UNEP report. The corresponding EFs were obtained from DEFRA 2023 and IPCC AR5. The calculation boundary for fugitive emissions included Kyoto gases but excluded Montreal Protocol gases, as they fall outside the minimum reporting boundary established by the GHG Protocol.

SAVIOLA GROUP'S NET ZERO PLAN
03 | Baseline Emissions

Scope 2 emissions

In the case of Scope 2 emissions, which refer to the indirect emissions from the consumption of electricity acquired from the grid, data on the electricity purchased in MWh were collected from GRI-based sustainability reports for each office and plant. Therefore, the emissions could also be broken down by country, business unit and facility.
In the absence of primary data for some extremely low consumption sites, estimations were performed to account for the electricity consumption emissions, ensuring a comprehensive boundary for Scope 2 emissions. Such emissions were estimated based on the office space area by using a proprietary emissions calculator.
For calculating the Scope 2 emissions, two different approaches were applied, as recommended by the GHG Protocol: market-based and location-based. The emission factors were selected based on the approach and the country in question.
For the **Market-Based** approach, the calculation incorporated supplier-specific emission factors, supplemented by additional factors from the **AIB Residual Mix 2023**. This methodology reflects the contractual arrangements and specific energy purchasing decisions made by the Group.
Conversely, the **Location-Based** approach utilized a standard set of emission factors applied by Saviola Group, specifically sourced from **Ecoinvent**. This method reflects the average emission intensity of the grid where the consumption physically occurred, regardless of the energy contractual arrangements.

Scope 3 emissions

Scope 3 emissions refer to ̀indirect emissions covering both the upstream and downstream Group's value chains. The applicable categories for the Saviola Group's business were identified through a series of interviews with the different functions. More specifically, where possible, the calculation was performed based on physical data, since it allows determining emissions with higher accuracy. However, where primary physical data were not available, estimates were performed based on economic data.
In the case of Scope 3 emissions, the data was collected through a series of internal documentation such as sustainability and financial reports regarding materials consumption, capital goods acquisition, waste generation and leased goods. Besides, Scope 3 emissions were calculated paying attention to excluding double-counting related to intragroup economic flows (purchases and sales of materials and services within the Company boundaries). The Scope 3 emissions were then classified according to the 15 emissions categories defined by the GHG Protocol.
For the **Purchased Goods and Services** category a dual approach was applied. An **average-data** method was used for goods (raw materials, packaging, water) based on volume data (from GRI 301-1, 303-3) with EFs sourced from **Ecoinvent v3.11**, **DEFRA 2023** and **Agri-footprint EF 3.1**. On the other hand, services were calculated using a **spend-based** approach based on the Group's consolidated expenditures, by applying **CEDA 4.01 emissions factors**. The use of consolidated expenditure data meant that a subdivision of emissions by legal entities was not feasible. The Purchased Goods category calculation included both FLAG and non-FLAG emissions, as required by the SBTi.

The **Capital Goods** category was calculated entirely through a **spend-based** method, by using Capex data per legal entity and category and applying emissions factors from CEDA 4.01 database.
Fuel- and energy-related activities were quantified using the **average-data** approach based on Scope 1 and 2 data. The emissions factors applied come from **DEFRA 2023 and IEA 2023 databases and third-party provider proprietary emissions factors.** Emissions related to electricity sold were also included in this category. Well-to-tank emissions associated with wood waste generated and recovered in the Group's sites were zeroed out, as such emissions are already captured within Scope 1 and 2 boundaries. Market-based approach was utilized to account for reductions from the acquisition of Guarantees of Origin.
For **Upstream Transportation and Distribution**, the **spend-based** method was employed due to the unavailability of volume and distance data. The emissions factors applied come from the CEDA 4.01 database. A consolidated Report expenditure data was utilized, therefore a subdivision by legal entity is not present. For international routes, water transportation was assumed, while truck transportation was considered for national trips. The calculation comprehensively included both **well-to-tank** and t**ank-to-wheel** emissions, in line with SBTi requirements.
Waste generated in operations category was calculated using **average-data** on waste volume by treatment type (from GRI 306 and 303-4a), by applying EFs from **Ecoinvent v3.11** and **DEFRA 2023.** The volume of internal wood scrap used for energy generation was removed to prevent double counting. For recycling and energy recovery, only transportation emissions were included as required by the GHG Protocol and SBTi.
Business travel emissions were calculated by utilizing a **spend-based** approach, applying CEDA 4.01 emissions factors to consolidated expenditures; since data on distance and transport modes were unavailable. Emissions subdivision among different transportation modes were extrapolated from a sample and emissions factors were conservatively assumed. Accommodation emissions were excluded as they are not part of the minimum GHG Protocol boundary, in line with SBTi requirements.
Employee commuting was quantified via the **average-data** approach based on headcount, days in office, and residence/work site municipalities. Distances were estimated based on data per employee for residence and work site municipalities and the average per business unit was applied to their respective total headcount. "Car" was assumed as the conservative transport mode. Teleworking emissions were excluded as they are not part of GHG Protocol minimum boundary. DEFRA 2023 emissions factors were applied.
For the **Downstream Transportation and Distribution** category an **average-data** approach was employed, based on origin, destination, and volume data transported by clients. A Saviola-specific average panel density was applied to determine the transported weight. One single transport mode was assumed per route: truck transportation was considered when land transportation was most viable; otherwise, sea transportation was considered for the overall distance. Both well-to-tank and tank-to-wheel emissions were included in line with the GHG Protocol and SBTi requirements. DEFRA 2023 emissions factors were applied.
The **Processing of sold products** category was quantified using the **average-data** method based on product volumes sold. Downstream processes for substances like tannin and fertilizers were assumed manual, resulting in zero emissions. For intermediate products elaborated in the furniture industry, the energy used in the processing was considered.

The average of five different EPDs (Environmental Product Declarations) was considered to estimate the contribution of each material in the final product. Composad Scope 1 and 2 emissions and production volumes were used to estimate the downstream emissions factor related to furniture production.Ecoinvent v3.11 emissions factors were applied.

Use of sold products category applies exclusively to nitrogen fertilizers, since Saviola Group does not sell any products that require a consumption of energy for their utilization. It corresponds to FLAG emissions derived from the release of N2O after the use of nitrogen fertilizers in the fields. The input data corresponds to the amount of nitrogen fertilizers sold split by fertilizer type. For each type the percentage of nitrogen in its composition was obtained directly from Saviola Group's technical sheets allowing the calculation of the quantity of nitrogen present in sold fertilizers. The calculation of the release of N2O after the fertilizer use in the fields based on the methodology described in the Product Environmental Footprint (PEF) method 2021, based on life cycle assessment (LCA), and Arable and vegetable Crops PCR (Product Category Rules) developed by Environdec. The "kg N2O / kg N" factor was obtained from the Technical Report "Suggestions for updating the Product Environmental Footprint (PEF) method" from the European Commission Joint Research Center (JRC). The N2O released was then converted to CO2 equivalent by applying the IPCC 2021 Global Warming Potential from the Sixth Assessment Report (AR6).
For calculating **End-of-life treatment of sold products** emissions an **average-data** method was used, based on sold product volumes. Products were assumed to be treated in the country of sale, with the predominant country identified via the reported revenue streams in Financial Statements.EUROSTAT statistics for Italy and Europe were used to determine the contribution of each waste treatment type for each material and location. Only transportation emissions for recycling and energy recovery were included, as required by the GHG protocol and SBTi. Ecoinvent v3.11 and DEFRA 2023 emission factors were applied.
Finally, the **Investments** category was calculated via the **average-data method, based on** the energy consumption of the Consorzio Interconnector Energy Italia proportional to Saviola Group's share **(1.44%). DEFRA 2023** and **ISPRA 2023** emission factors were applied.

Results

As the result of the application of the mentioned methodology, Saviola Group 2023 emissions were reviewed and are presented in the following sections.

Scope 1 and 2 emissions

Saviola Group 2023 Scope 1 and 2 emissions are illustrated in Table 2 and Chart 1. While the table presents the results for Scope 2 emissions calculated according to both market-based (MB) and location-based (LB) approaches, the charts only present the results for the market-based approach, since it is more recommended for baseline emissions, taking into account that it allows the adoption of EACs (Energy Attribute Certificates) and PPAs (Power-Purchase Agreements) as levers for decarbonisation.

Emissions Scope	Emissions (tCO2e)
Scope 1	**86,286.8**
Scope 2 (location-based)	**90,279.3**
Scope 2 (market-based)	**92,605.0**
Total (location-based)	**176,566.1**
Total (market-based)	**178,891.8**

Table 2: Saviola Group Scope 1 and 2 emissions baseline (market-based and location-based approach)

Total Emissions - Market Based

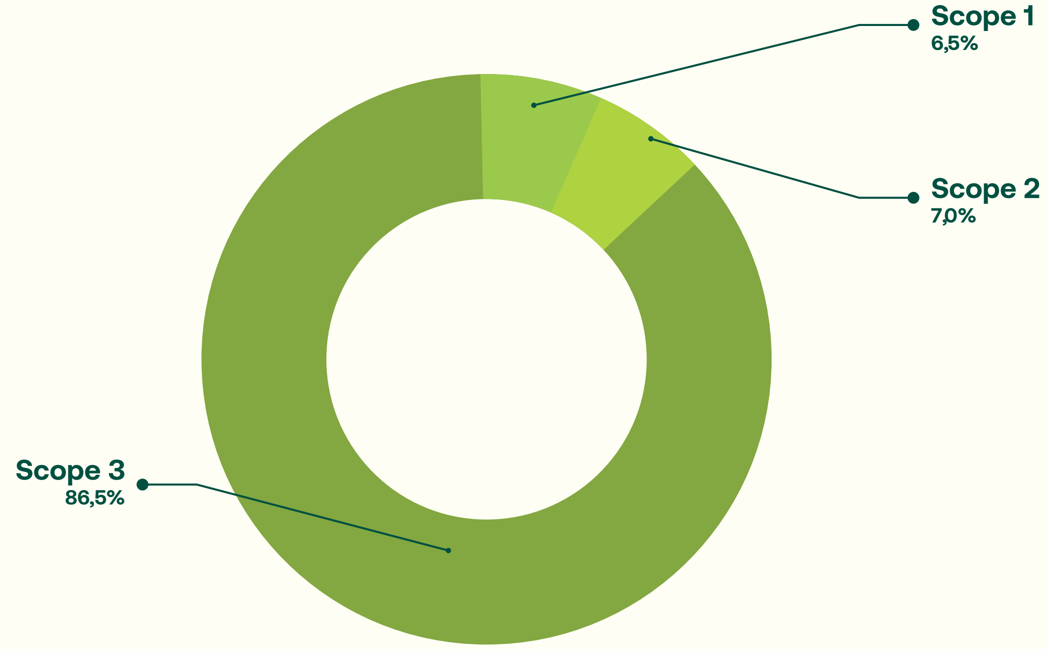

Chart 1: Saviola Group Scope 2 Market-Based emissions

Charts 2 and 3 represent the total Scope 1 and 2 emissions divided by Business Unit to allow a better understanding of the distribution of emissions within the Group.

Saviola Group - Scope 1 emissions by Business Unit (tCO2e)

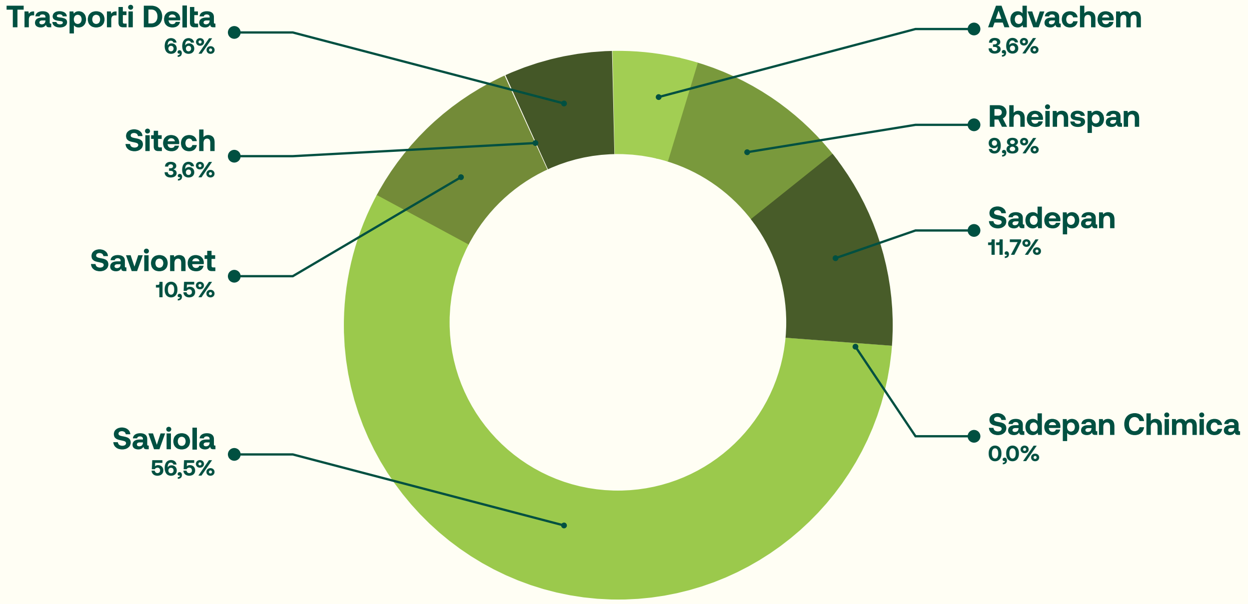

Chart 2: Saviola Group Scope 1 emissions by facility (tCO2e)

As it can be seen from Chart 2, the main hotspots for the baseline Scope 1 emissions are identified as follows:

- **Saviola 56.5%** of Scope 1
- **Sadepan: 11.7%** of Scope 1
- **Savionet: 10.5%** of Scope 1

Saviola Group - Scope 2 (MB) emissions by Business Unit (tCO2e)

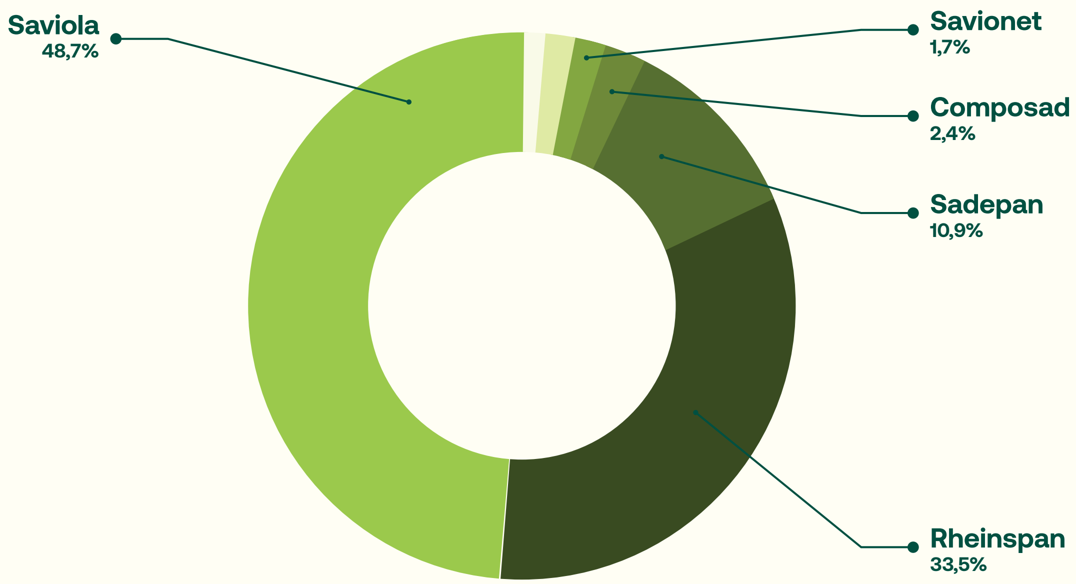

Chart 3: Saviola Group Scope 2 Market-Based emissions by facility (tCO2e)

In Chart 3, the main hotspots for the baseline Scope 2 Market-Based emissions are identified as follows:

- **Saviola 48.7%** of Scope 2 Market-Based
- **Rheinspan: 33.5%** of Scope 2 Market-Based
- **Sadepan: 10.9%** of Scope 2 Market-Based

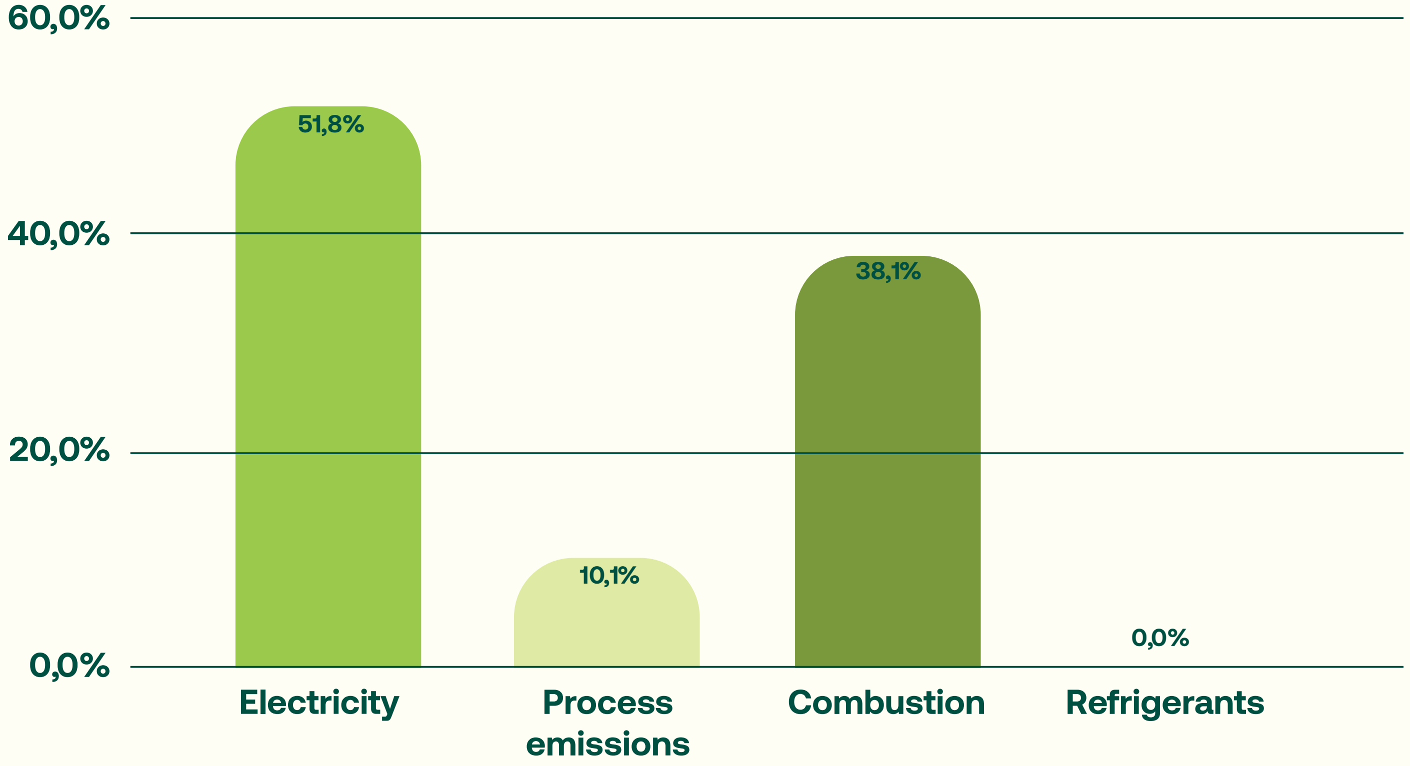

Chart 4: Saviola Group - Scope 1&2 by sources of mission (Market-Based) (tCO2e)

Chart 4 illustrates the energy sources of emissions of the Group. The data clearly indicates that Electricity is the dominant source of emissions, accounting for 51.8% of the total. This means that over half of the Group's energy-related emissions are tied to its electrical consumption.
The second largest contributor is Combustion, which represents a significant 38.1% of the overall emissions profile. When combined with Electricity, these two sources make up over 89% of the Group's total emissions.
The remaining categories contribute much smaller percentages. Process emissions account for 10.1%, while Refrigerants are a negligible source, registering only 0.04% of the total.

Scope 3 emissions

As regards the Scope 3 emissions, the Table 3 and Chart 5 present the total 2023 Saviola Group's emissions broken down by Scope 3 category, determined through an emissions screening:

Scope 3 Category	Emissions (tCO2e)	% Scope 3
3.1 Purchased goods	769,488.4	67.4%
3.1 Purchased services	13,036.4	1.1%
3.2 Capital goods	5,589.8	0.5%
3.3 Fuel- and energy-related activities	78,896.2	6.9%
3.4 Upstream transportation and distribution	46,835.8	4.1%
3.5 Waste generated in operations	4,198.0	0.4%
3.6 Business travel	1,875.6	0.2%
3.7 Employee commuting	2,331.4	0.2%
3.9 Downstream Transportation and Distribution	13,342.6	1.2%
3.10 Processing of sold products	91,471.3	8.0%
3.11 Use of sold products	28,646.9	2.5%
3.12 End-of-life treatment of sold products	85,813.2	7.5%
3.15 Investments	0.1	0.0%
Total	**1,141,525.7**	**100.0%**

Table 3: Saviola Group Scope 3 emissions by category

SAVIOLA GROUP'S NET ZERO PLAN
03 | Baseline Emissions

Saviola Group - Scope 3 emissions (tCO2e)

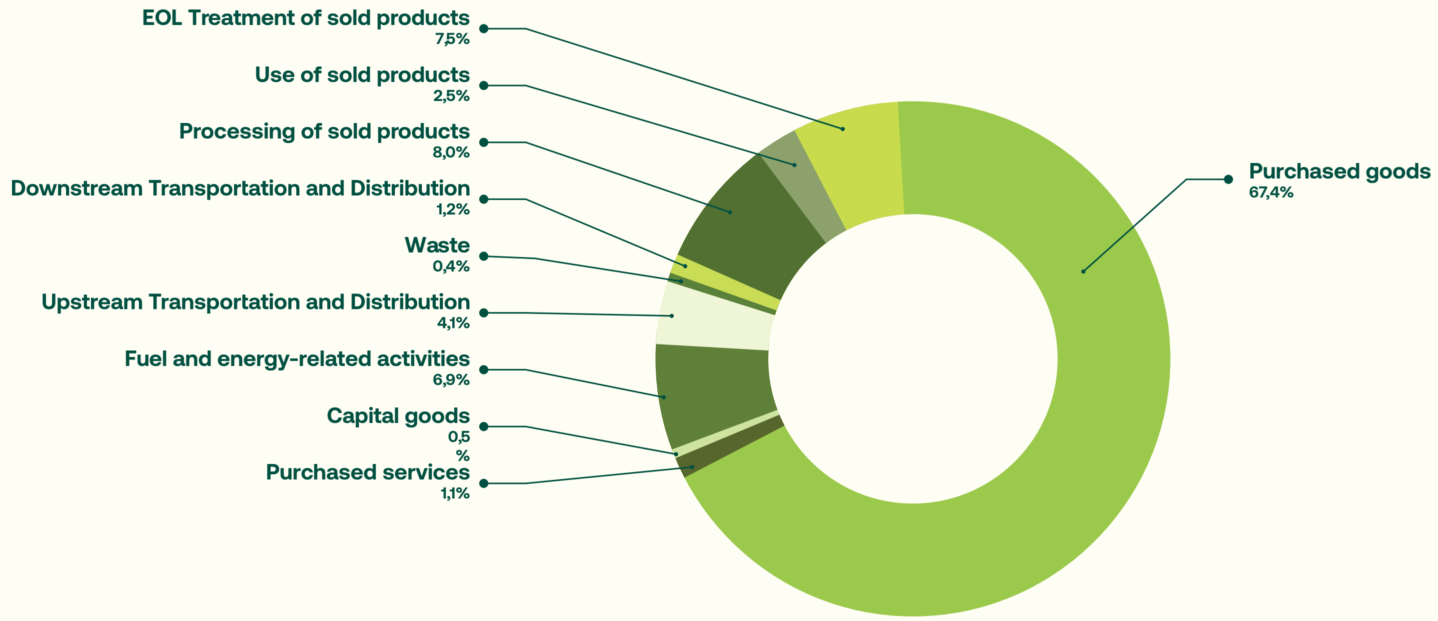

Chart 5: Saviola Group Scope 3 emissions by category

As it can be seen from the Chart 5, the main hotspot for the Scope 3 emissions comes from the Purchased Goods, which represent 67.4% of the total Scope 3. In particular, the most emissions-intensive materials purchased correspond to urea, methanol, melamine and phenol. Therefore, the most relevant decarbonization levers for Scope 3 are related to these raw materials.
The second most impactful category corresponds to the Processing of sold products by clients, that represents 8% of total Scope 3 emissions, followed by End-of-life treatment of sold products emissions accounting for 7.5% of the total.
Fuel and Energy-related Activities emissions account for 6.9 of Scope 3 emissions. This category is intrinsically linked to the Scope 1 and 2 emissions since they correspond to upstream processes to generate and distribute the energy consumed.

SAVIOLA GROUP'S NET ZERO PLAN
04 | Net Zero Plan

Net Zero Plan

A company's Decarbonisation Plan consists of a set of internal and external levers to be put in place in order to achieve the goal of reducing its greenhouse gas emissions and reaching climate targets. The internal levers consist of initiatives taken by the company itself to reduce its emissions, and the external levers are a reflection of possible decarbonisation scenarios, e.g. on the energy sector or the supply chain. The amount of emissions to be reduced are determined by near-term and long-term decarbonization targets. In the case of Net Zero targets, the decarbonization plan delineates the actions required throughout the years to reach Net Zero emissions in the target year.
The definition of a Decarbonisation Plan is an important step for developing a solid Climate Transition Plan, in light of possible future improvements in shaping the overall Saviola Group's climate strategy. As defined by the CDP (ex-Carbon Disclosure Project), a Climate Transition Plan is a time-bound action plan that outlines how an organization will achieve its strategy to pivot its business towards a trajectory aligned with the latest and most ambitious climate science recommendations. Climate Transition Plans are ever more being requested by disclosure frameworks such as the CDP, Transition Plan Taskforce (TPT), Task Force on Climate-Related Financial Disclosures (TCFD), ACT initiative and Corporate Sustainability Reporting Directive (CSRD).

Mid-Term Plan

Saviola Group's decarbonization roadmap outlines an ambitious strategy to achieve Net Zero targets by 2050, with significant milestones set for 2030.

Targets

- **Time horizon**
  The mid-term plan covers a short time horizon, that for the Saviola Group's case is of 7 years (2023-2030). The 2023 Carbon footprint has been selected as the representative base year emissions for the future decarbonization plan development, while 2030 was selected as the target year to align with the Science Based Target initiative's requirements and with the Group's Investment Plan.

- **Targets ambition**
  The ambition of the mid-term targets is aligned with the Science Based Target initiative's minimum requirements for a Net Zero Journey. Following these requirements, Gruppo Saviola commits to reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2023 base year. Gruppo Saviola also commits to reduce absolute Scope 3 GHG emissions from purchased goods and services and fuel- and energy-related activities 25% within the same timeframe

- **Targets boundary**
  The targets cover respectively 99% of Scope 1 and 2 market-based emissions and 75% of Scope 3 emissions, focusing on the relevant emission sources of the Group's carbon footprint and meeting, and even exceeding, the minimum coverage defined by the SBTi's requirements.

- **Governance**
  The targets have been developed by the ESG Committee, with support of external technical experts, and have been agreed by the board and the General Manager of Saviola Holding, to whom reports all business units.

Roadmap

Such targets are supported by the presence of a number of planned investments in emissions reduction initiatives, which are scheduled to be implemented and whose quantification in CO2e allowed the target to be identified.
The reduction roadmap is modelled with a hierarchy that considers:

1. **Saviola Group's efficiency levers, investment plan, energy transition plan**: All the levers for energy efficiency, electrification and renewable electricity procurement increase, affecting Scope 1 & 2 emissions as well as Scope 3 fuel- and energy-related emissions. Some of these levers were already part of Saviola Group's previous decarbonization plan, and were revised and integrated in order to build the current Net Zero plan.

2. **Saviola Group's suppliers decarbonization plan:** Saviola Group's emissions related to purchased goods and services that are affected by suppliers strategy. Among Saviola Group's supply chain, SEQENS has an approved Science Based Target that has been inserted in the decarbonization plan.

3. **External market trends:** The future evolution of carbon intensities of the different sectors linked to Saviola Group's supply chain (e.g. Plastic and Chemicals market, Transportation sector, Manufacturing industries). The decarbonization trends are extracted from the following internationally-recognized sources: "The POTEnCIA Central scenario - an EU energy outlook to 2050" released by JRC (Joint Research Centre) and "Net Zero by 2050 - A Roadmap for the Global Energy Sector" released by IEA (International Energy Agency). An external scenario from the Terna Snam 2024 report (Global Ambition Scenario) for the green gas penetration on the Italian gas network was also considered.

For each initiative in the mid-term plan, a quantitative study was carried out by the Saviola Group and the external technical experts to identify potential energy savings in terms of the amount of electricity and/or fuel saved and other characteristic parameters. Based on these savings figures, the absolute emissions reduction potential of Scope 1 and 2 emissions between 2023 and 2030 was estimated. The potential emissions increase linked to the Group's business growth was also taken into account before the application of the decarbonization levers.

[1] The target boundary includes land-related emissions and removals from biogenic feedstocks.

SAVIOLA GROUP'S NET ZERO PLAN 04 | Net Zero Plan

Long-Term Plan

In addition to the Mid-Term Plan, the present Decarbonisation Plan also envisages a Long-Term Plan to continue pursuing the reduction of the Group emissions and the achievement of Net Zero emissions by 2050.

Targets

- **Time horizon**
  The long-term plan covers a long ambitious time horizon up to 2050. The 2023 Carbon footprint remains the representative base year emissions as in the Mid-term plan, while 2050 was selected as a long-term target year to align with the Science Based Target initiative's requirements for a "Net Zero" journey and CSRD recommendations.

- **Targets ambition**
  The ambition of the mid-term targets is aligned with the Science Based Target initiative's minimum requirements for a Net Zero Journey. Following these requirements, **reduce absolute scope 1 and 2 GHG emissions 90% by 2050 from a 2023 base year. Gruppo Saviola also commits to reduce absolute scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, processing of sold products and end-of-life treatment of sold products 90% within the same timeframe.**

- **Targets boundary**
  The targets cover respectively 99% of Scope 1 and 2 market-based emissions and 95% of Scope 3 emissions, focusing on the relevant emission sources of the Group's carbon footprint and meeting, and even exceeding, the minimum coverage defined by the SBTi's requirements.

- **Governance**
  The targets have been developed by the ESG Committee, with support of external technical experts, and have been agreed by the the board and the General Manager of Saviola Holding, to whom reports all business units.

Roadmap

To determine the possible decarbonisation options in the long-run, the initiatives identified for the Mid-Term Plan were considered as a starting point, and their applicability in a longer timeline have been assessed considering the replicability to other facilities in the future, the possibility to proceed with the mid-term trend and the introduction of new technologies that allow the development of each decarbonization lever.

Similarly to the mid-term initiatives, the overall reduction roadmap is modelled with a hierarchy that considers:

1. **Saviola Group's efficiency levers, investment plan,** energy transition plan: All the mid-term levers have been maintained and developed in a longer time horizon, affecting Scope 1 & 2 emissions as well as Scope 3 fuel- and energy-related emissions.

2. **Additional interventions to reach Net Zero such as:** The substitution of methanol with biomethanol in Italy and Belgium. For Italy, biomethanol procurement from local suppliers on Pianura Padana (resulting in short transportation distances and a more renewable electricity grid compared to the global average). The partial substitution of melamine with other chemical components.

3. **Saviola Group's suppliers decarbonization plan:** SEQENS Science Based Target has been also considered in the long-term plan since this supplier's target has an horizon that covers the 2031 target year.

4. **External market trends:** The future evolution of carbon intensities of the different sectors linked to Saviola Group's supply chain. Decarbonization trends are extracted from the same internationally-recognized sources used for the mid-term decarbonization roadmap.

The following list recaps all the emission reduction levers applied in the mid-term and long-term plan to reach the Scope 1&2 target:

- **Saviola Group's interventions (2024-2036):** Investment Plan, Energy Transition Plan, Efficiency Interventions and other interventions collected. **The optimistic implementation timeline** was considered.

- **Guarantees of Origin:** a gradual increase alligned with near term target by 2030 and 100% by 2050

- **Biomethanol:** a gradual substitution, complete substitution of methanol with biomethanol by 2050

- **Fleet electrification:** Complete electrification of car and camion fleet by 2050

- **Green gas external scenario:** 9% by 2030 and 34% by 2040 of green gas penetration on Italian gas network (Terna Snam 2024 report - Global Ambition Scenario)

- **Biomass:** Complete substitution of natural gas in all sites with biomass (recycled wood) by 2050

- **Electrification:** Complete substitution of diesel in all sites with electricity by 2050

[2]The target boundary includes land-related emissions and removals from biogenic feedstocks.

The following list, recaps all the emission reduction levers applied in the mid-term and long-term plan to reach the Scope 3 target:

- **Scope 3.1 - Urea:** External Net Zero scenario (IEA) for Chemicals industry.
- **Scope 3.1 - Methanol:** Substitution of methanol with biomethanol, with a gradual increase and complete substitution by 2050 in Italy and Belgium. Innovation project and procurement from local suppliers, which allow to account for shorter transportation distances and use the electricity grid factor. External Net Zero scenario (IEA) for Chemicals industry.
- **Scope 3.1 - Melamine**: Partial substitution with other chemical component by 2050. External Net Zero scenario (IEA) for Chemicals industry.
- **Scope 3.1 - Phenol:** Validated near-term science-based target for SEQENS supplier. External Net Zero scenario (IEA) for Chemicals.
- **Scope 3.1 - Wood:** Substitution of virgin wood with recycled wood by 2040.
- **Scope 3.1 - Pallets:** Complete reutilization of pallets.
- **Scope 3.1 - Other products:** External Net Zero scenario (IEA) for Chemicals and Iron & Steel industries.
- **Scope 3.3 (Fuel- and energy-related activities)**: Upstream emissions reduction associated with all Scope 1&2 initiatives mentioned above
- **Scope 3.4 (Upstream Transportation):** External Net Zero scenario (IEA) for Transportation industry.
- **Scope 3.10 (Processing of sold products):** Average external Net Zero scenario (IEA) for Industry.
- **Scope 3.12 (End-of-life treatment of sold products)**: Recycling of sold products as an alternative to landfill and incineration waste treatment (except for Chemicals).

Management of Residual Emissions

In line with SBTi recommendations, Saviola Group plans the possibility to purchase certified and high-quality carbon credits as a beyond value chain mitigation measure. Voluntary climate finance is an essential way to take responsibility for emissions that cannot be reduced in the short-term and to contribute to global GHG reductions in the interim through beyond value chain mitigations, in order to have the elements to create a consistent long-term climate journey. It is worth noting that any possible climate investment from Saviola Group into carbon credits would not to be intended as a replacement for emissions reduction initiatives, but it is a step recommended by standards such as the SBTi Net Zero for companies that want to play a distinctive role by doing some more climate action than simply achieving reductions within their Scope 1, 2 or even 3 emissions.

In addition, in order to achieve Net Zero emissions, Saviola Group plans to neutralize unabated emissions at the Net zero target year (2050) through the purchase of certified and high-quality carbon credits removals.

Plan progress and update

As required by SBTi, progress in achieving the mid-term and Net Zero target will be reported annually within the Saviola Group Sustainability Report, along with the updated Scope 1,2 and 3 emissions inventory. In this way, Saviola Group will ensure transparency in reporting the progress of its target to its stakeholders, who are ever more aware of the importance of climate action. In line with SBTi requirements, Saviola Group commits to update its targets if the base year emissions face a change of more than 5%, as a result of acquisitions or mergers, changes in calculations methodologies, among other factors. It also commits to review the targets at least every 5 years, as required by the SBTi and the EIB PATH framework.

[3]Beyond value chain mitigation is defined by the SBTi as channeling additional climate finance towards mitigation activities outside of their value chains, to compensate for unabated emissions through the use of verified climate contributions. https://sciencebasedtargets.org/beyond-value-chain-mitigation

Conclusions

This Plan meticulously outlines a strategic and ambitious pathway towards achieving **Net Zero emissions by 2050, firmly aligning with the Paris Agreement and the rigorous standards set by the Science-Based Targets Initiative (SBTi).** This comprehensive document reflects a profound commitment to environmental stewardship, building upon the Group's established practices and pushing for significant advancements in sustainability.

A critical analysis of the preceding chapters reveals several commendable strengths that underpin this plan. The Group's dedication to a holistic approach is evident in the **inclusion of all three emission scopes (Scope 1, 2, and 3)** across its diverse business units and geographical operations. The detailed methodology employed for recalculating baseline emissions for 2023, adhering to GHG Protocol and SBTi requirements, establishes a robust and credible foundation for future progress. The identification of specific emission hotspots, such as the "Wood" Business Unit for direct and indirect energy emissions and "Purchased goods" for value chain emissions, demonstrates a data-driven approach to targeting reduction efforts effectively.

The decarbonization roadmap itself is a testament to strategic foresight, integrating internal efficiency levers, planned investments, energy transition initiatives, and the crucial element of supplier decarbonization. This multi-faceted strategy is further bolstered by the consideration of external market trends, indicating an adaptive and forward-thinking stance. Notably, Saviola Group's pioneering use of 100% recycled wood in Italy not only underscores its commitment to circular economy principles but also positions it as an industry leader in sustainable raw material utilization. The plan's emphasis on **strong governance, with the ESG Committee, CEO, and Operations Director actively involved in target setting,** coupled with a commitment to annual reporting and periodic target reviews, ensures transparency and accountability. Furthermore, the acknowledgment of beyond value chain mitigation measures, such as carbon credits, reflects a comprehensive understanding of the broader climate action landscape.

While the plan presents a robust framework, opportunities for further enhancement exist. To implement the identified enhancements, Saviola Group will proceed with improving the granularity and accuracy of Scope 3 calculation, with particular attention to the collection of supplier-specific information for the accurate calculation of "Purchased goods & services" emissions. Moreover, **a strategy for integrating climate-related requirements in the suppliers' selection process and for engaging key suppliers** will be implemented to secure the achievement of the Scope 3 target.

From a financial perspective, a more detailed breakdown of investments and their expected returns will be incorporated into future financial planning documents. **This integrated approach** ensures that Saviola's carbon strategy is not merely an environmental addendum, but a core component deeply embedded within and aligned with its overarching industrial plan, demonstrating a truly robust and sustainable commitment to its future.