



**2020
Sustainability
Report**

NEOLITH®



Cover / Portada

**BANK OF GUIZHOU OFFICES
GUI YANG (CHINA)**

Wall Cladding: Estuario E06 Silk, Estuario
E07 Silk & Estuario E08 Silk 6mm

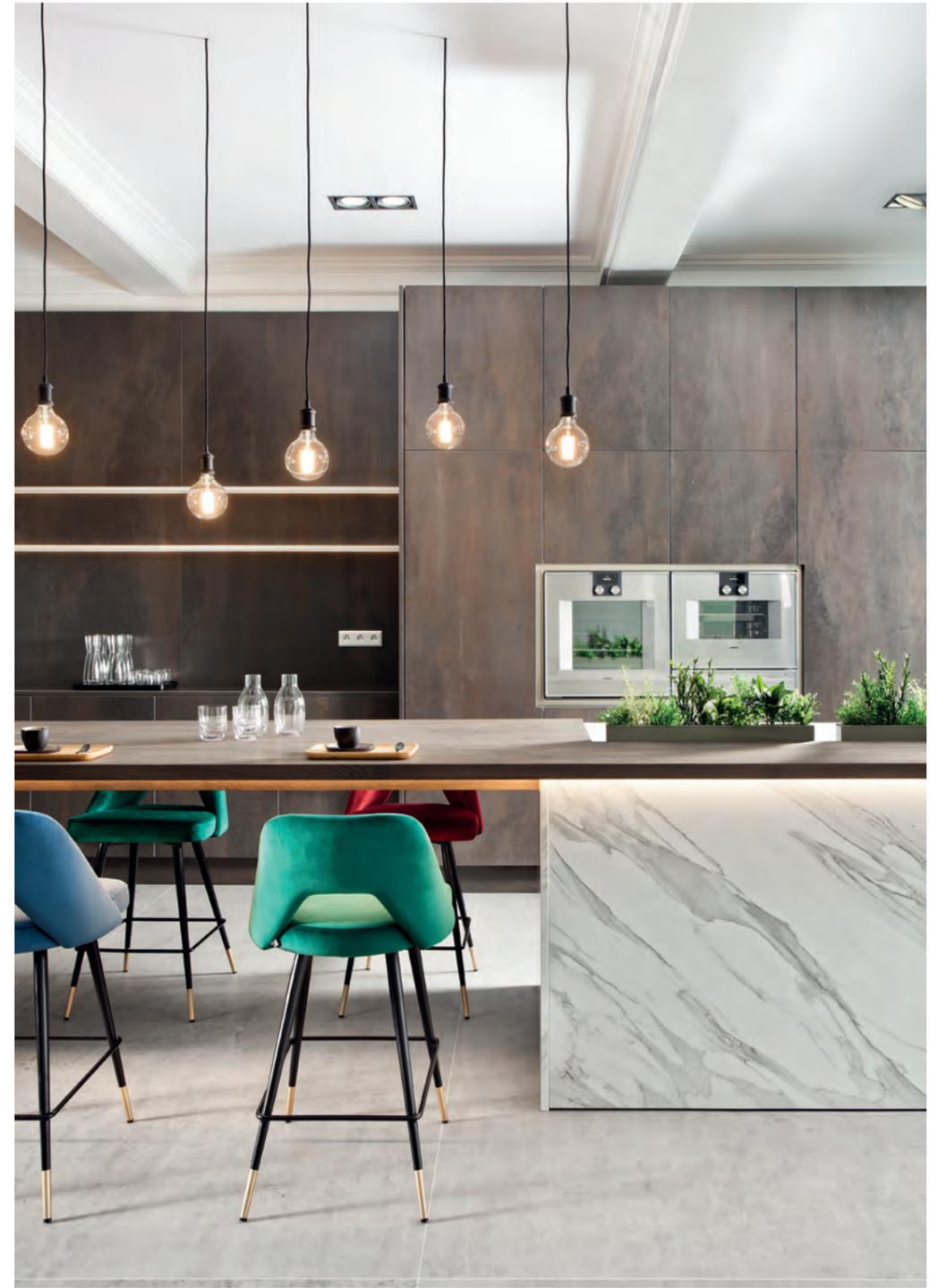
Designed by: Gold Mantis

Images: Lephoto

NEOLITH



NEOLITH URBAN BOUTIQUE AMSTERDAM
Designed by Giuliana Barandiarán, Neolith Branding Team



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NEOLITH URBAN BOUTIQUE MILAN
Designed by Héctor Ruiz Velázquez



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To Our
Stakeholders

24,440
2020

39,940
2019

NEOLITH

NEOLITH



Letter from the Chairman of the Board

It is my pleasure to present the Neolith sustainability report for 2020, which summarizes our main initiatives and progress in meeting current and future challenges and opportunities.

From a general perspective, this year started with a substantial health issue due to the Covid-19 pandemic. Multiple challenges arose in different countries and forced us to be nimble, in order to overcome the pandemic circumstances. Despite this complex environment, during 2020 we have achieved a remarkable performance. Watching events unfold throughout

the year, we were keenly focused on what we, as a corporation, could do to serve. I am proud of what our company and our hundreds of employees around the world achieved, collectively and individually, as a global, coordinated and diversified organization. Neolith has demonstrated its ability to help our end customers to enhance their own spaces through a high-value surface which allows them to create beautiful places in which to spend their time.

In 2020, we dedicated much of our efforts in continue innovating, not only in product but in services, increasing efficiency in operations and international growth, that will set the foundations of the tomorrow's Neolith. And because a better future is not possible without an intense focus on sustainability issues as well as neighborhoods and communities, we aligned our ESG (Environmental, Social and Governance) strategy with the vision of being a pioneer in the building materials industry becoming a key aspect of our brand positioning.

This means that our contribution to the UN Sustainable Development Goals (SDGs) is one of the most important topics we cover in our Sustainability report for 2020. The world's economic and political issues, the scarcity of natural resources, and the increase in global disasters resulting from climate change require the roadmap of governments, businesses, and civil society to be urgently adapted. Aligned with this initiative, Neolith performed an internal and external evaluation of ESG concepts over 2020, where we defined certain specific actions to ensure sustainable growth and the company's long-term future. Evaluating our ESG strategic plan in the context of the SDGs, we found our business to be in support of nine of the goals with a significant contribution to climate change, decent work, and responsible consumption and production.

I would like to end this introduction by expressing my sincere gratitude for the employees, management, distributors, partners and shareholders' efforts in supporting and contributing to our business project, and the exciting transformation our company will undergo in the coming years.

Sagi Cohen

Chairman of the Board



Letter from the CEO

As my first year as Neolith CEO, I wanted to dedicate all my experience and energy to sustainability matters in order to unleash the Group potential to stand out.

At Neolith, our aim is to improve quality of life by providing functional, sustainable products that make people feel good, both indoors and outdoors.

In terms of social actions, we have made amazing progress on our zero-accidents goal and have seen an outstanding improvement, moving us closer to our target. We have also identified opportunities to support our social environment through donations to hospitals and charitable institutions: organisations working with those most in need in our various markets around the world.

Initiatives such as Neolith Six-S, an all-new collection that we launched in the middle of the pandemic, offers enhanced design, high-tech features and advanced hygiene. We achieved this without sacrificing sustainability, and maintained our commitment to building a better world.

The fight against climate change requires coordinated efforts between countries and businesses alike. Neolith must play an active role in this transition, and so in 2019 we achieved Carbon Neutrality, once again leading the way within our industry. We are constantly demonstrating our firm commitment to the de-carbonizing our products and striving for the ultimate goal: a circular economy.

Environmental management plays an essential role in our operations, and I would like to highlight the noteworthy progress achieved. We now manufacture using 52% recycled materials, and we are using 100% renewable electricity and recycling 100% of our water resources with 0% discharge. I must also emphasize the major corporate initiatives that have been undertaken in the area of biodiversity, such as 'Neolith Forest' and the 'Guatemalan Conservation Coast Project'.

This year, for obvious reasons, there has been huge challenges in all our markets globally. Neolith operates in over 100 countries directly or with partners, and it would be remiss of me not to thank our customers for their trust in us and allowing us to partner in their projects and success. I must also thank the Neolith employees for their commitment, efforts and flexibility as we made 2020 another record year – surpassing the sales threshold, increasing our operating profit by 4.8% and reducing our net debt; this has all contributed to building a solid position looking to the future, as always.

Ever since its founding, Neolith has proven its capacity to continuously grow and, considering how strong our team is, I have no doubt that we have the best professionals and positioning to continue moving

forward. I am pleased to announce that we will continue accelerating our international expansion plan both directly, and with close collaboration with our network of partners. We must always strive for market-leading levels of service while being sensitive to the needs of the local market.

Innovation has always been present since Neolith began, and as pioneers we must lead this category; I am therefore delighted to announce that we have doubled our investment in R&D, while matching our production capacity to meet global demand. Such is our firm promise to keep on boosting the Neolith brand, which is synonymous with design and innovation, that we endeavour to be constantly evolving and developing its potential for various uses in all international markets.

Finally, I would like to mention our ambitious strategic plan that has been established for the coming years. This plan comprises more than a hundred actions, covering Environmental, Sustainability and Corporate Governance. The strategic plan is the driving force behind the business, and we have linked a portion of the executive team's compensation to its achievement.

I invite you to enjoy reading this first Sustainability Report on the events that have allowed us to make progress in our corporate mission. Our customers, opinion leaders, distributors, suppliers, employees, shareholders and society at large have all had significant input regarding who we are and how we do it. I wish to express my gratitude for the trust placed in us and our ability to maximize our shared values. I would also like to express my admiration for everyone who has embarked on this journey with us.

José Luis Ramón
CEO Neolith





Letter from the CFO

I am very honoured to address our stakeholders regarding sustainability activities during 2020.

Let me start by saying that this past year has been dominated by the COVID-19 pandemic, which generated not only a world health crisis, but also lockdowns of our main national and international markets all over the world mostly during first half of 2020.

As Neolith leaders, the Senior Leadership Team, we realized that a daily Crisis Management Committee was needed to address our “safety first” commitment to our employees and stakeholders, and to protect company value for our shareholders by assuring business continuity and access to liquidity. With that aim, we worked to develop new products (Six-S

collection) which are contributing to a more sustainable way of producing and considering social campaigns embedded, like our “kilo donation program” to NGOs dedicated to providing food for deprived people.

We were very conscious of problems generated by COVID-19, so we decided to donate money to Castellón hospitals to help them buying materials to fight against the pandemic. We also became a carbon neutral company, we revisited our Authority Matrix for decisions and compliance cycle and improved important procedures. We also helped financially to some customers who returned this with gratitude in the second half of the year.

With all these efforts, we managed to overcome a very difficult first half, where sales dropped more than 10%, to end a remarkable 2020 with record of sales (€ 124m) and EBITDA (€ 39m / +4.8% growth versus 2019). Such achievement wouldn't have been possible without the contribution of our employees who have worked tirelessly, our customers and rest of stakeholders who constitute what we call our “Neolith Family”.

Sustainability was set as an important part of our strategic pillars and we have established the path we want to follow in the next years as it is shown, as a sample of this commitment, in our first Sustainability Report you are about to read.

Truly yours,

José Manuel Romero
CFO Neolith

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Who We Are and What We Do



What is Neolith?

Neolith, is a market leading sintered stone brand offering a high performance architectural surface made of a 100% natural material.

Since its establishment in 2009 by the founders with decades of experience in the natural stone industry, Neolith has become the surfacing material choice of a vast range of interior and exterior applications. Composed of over 50 strikingly colored and patterned models, suitable for any sort of application as furniture, kitchen countertops, flooring, cladding and facades.

Neolith is all about design, versatility, durability and sustainability with a mission to offer pioneer innovative products along with the highest quality service, to meet the needs and demands of the architecture and interior design worlds.

A brand that strives to continue creating a sustainable, ecological and recyclable product, with the vision to position itself as the leading brand that best serves demands in the industry globally.

At the end of 2020, Neolith facilities covered a surface of 169.500 sqm in Castellón, Spain.



NEOLITH MUSEUM, SHENZHEN (CHINA)
Designed by Willow Design Co. Ltd

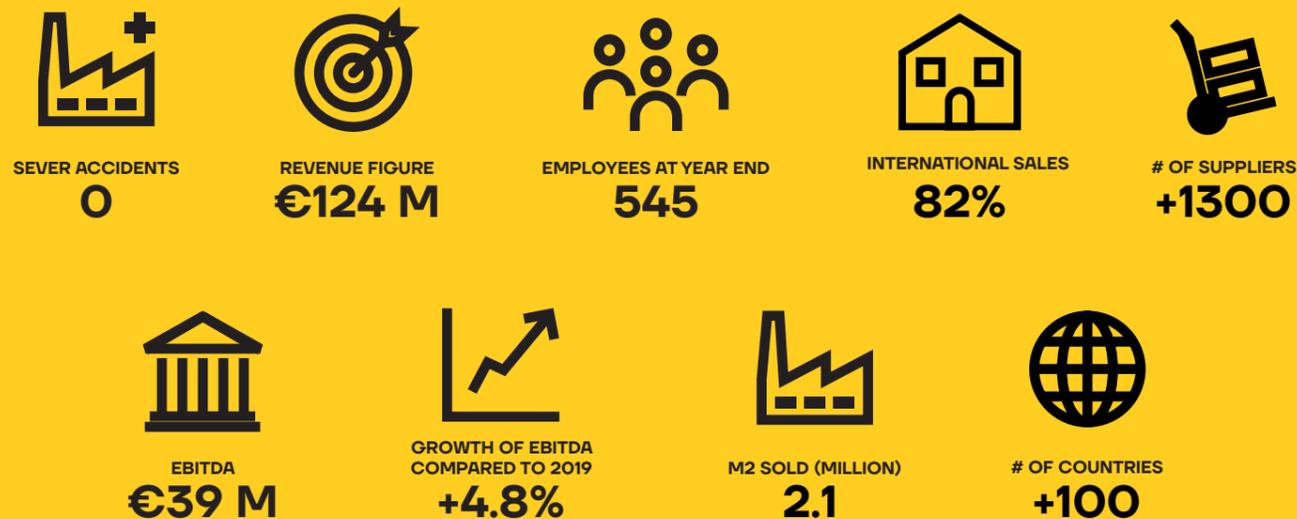


NEOLITH GROUP HEADQUARTERS
Castellón, Spain

Key Milestones 2020

Neolith bases its business practices on sustainability and environmental respect.

Despite the impact of COVID-19 2020, has been a record year for Neolith as we have achieved the following results:



Main milestones achieved in corporate governance and developing the business model



Neolith was able to continue growing in 2020 as a result of active management of the situation resulting from COVID-19. Proof of this is having increased our EBITDA by +4.8% in comparison to 2019, in addition to increasing turnover and reducing net debt despite the disruption caused by the pandemic. Neolith uses natural resources to manufacture its sintered stone. Aware of the importance of treating these resources with care, the Neolith Group reached Climate Neutrality in 2019 for carbon footprint scopes 1 and 2. Moreover, emissions from its value chain were calculated, as reflected in scope 3 of the GHG Protocol standard. This

demonstrates a real commitment to mitigating climate change. This is why the company analyzed its climate risks in 2020 in line with the TCFD (*Task Force on Climate related Financial Disclosures*), which will enable the impact of climate change to be gradually adapted and reduced over the next few years.

Presenting Neolith

Neolith has consolidated its position in the international market as the pioneering sintered stone brand and a industry leader, with Neolith becoming a global company present in more than 100 countries.

The dynamics of a young company on the cutting edge of technology with in-depth knowledge of the industry in which it operates, not to mention an obsession for excellence ever since it was founded, have allowed Neolith to maintain stable growth with a view to creating long-term value.

Neolith's Mission and Vision



MISSION

Generate a positive impact on people's daily lives by offering innovative and sustainable architectural solutions with the desire to be truly global and a benchmark for clients anywhere in the world.



VISION

Create through innovation and design the best user experience for our clients with our architectural and interior design solutions.

Neolith's Values



PASSION

We are passionate about what we do and feel proud being part of Neolith Group. We behave as Brand ambassadors of our organisation and aim to create a work place for enjoying and have fun.



INNOVATION

We are pioneers in sintered stone, but keep fresh, agile, and proactive. We are always thinking on improvement and challenge ourselves in order to keep competitive and disruptive. We aim to create a sustainable organization through Innovation & development.



INTEGRITY

We are honest people, honour what we say and keep our commitments. We behave according to our values and respect our code of conduct.



PARTNERING

We are relationship builders and care about our people, customers, community and environment. We aim to make our organisation and community a better place to work and live. We truly believe that a real success is only possible though creating strong bounds with our partners and stakeholders.

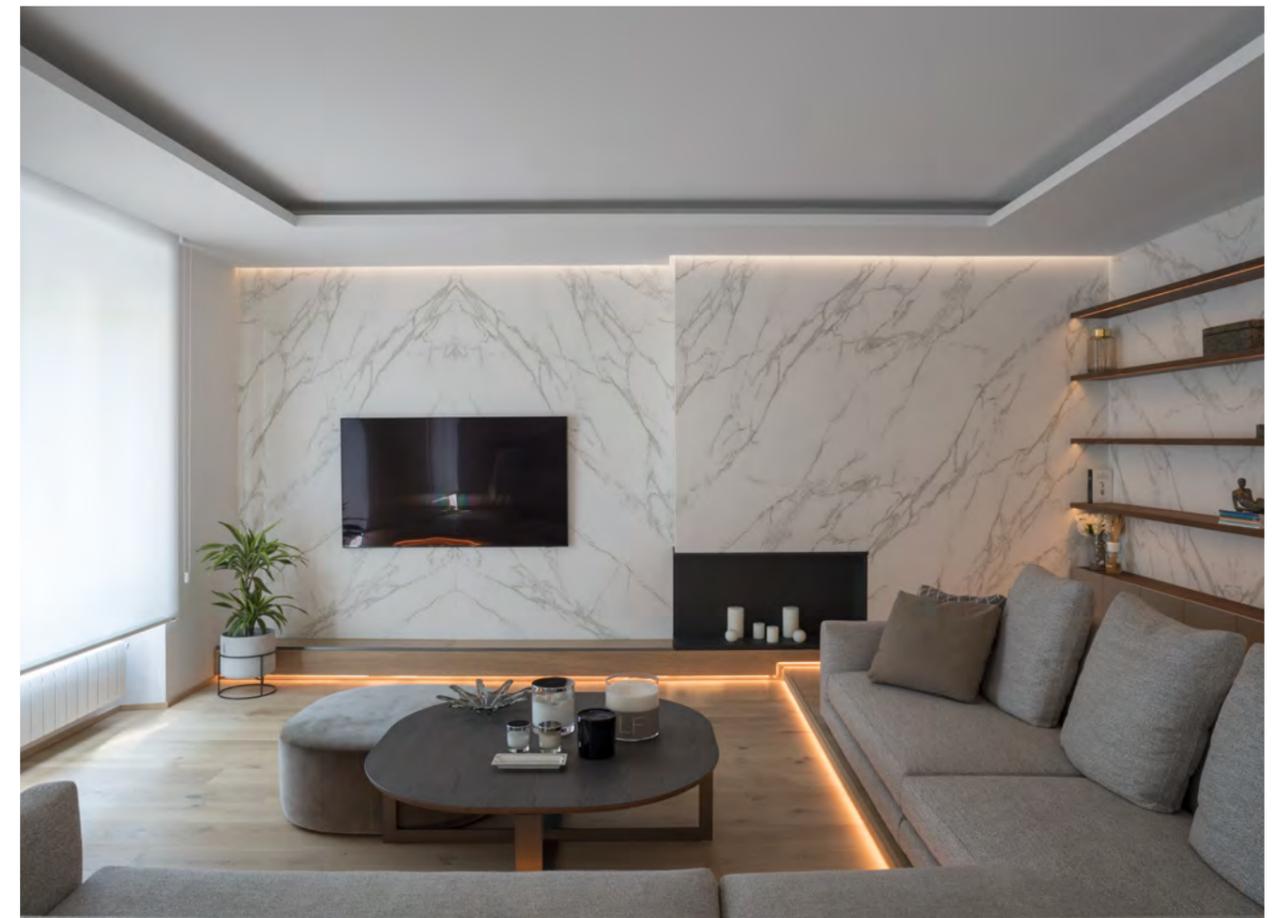
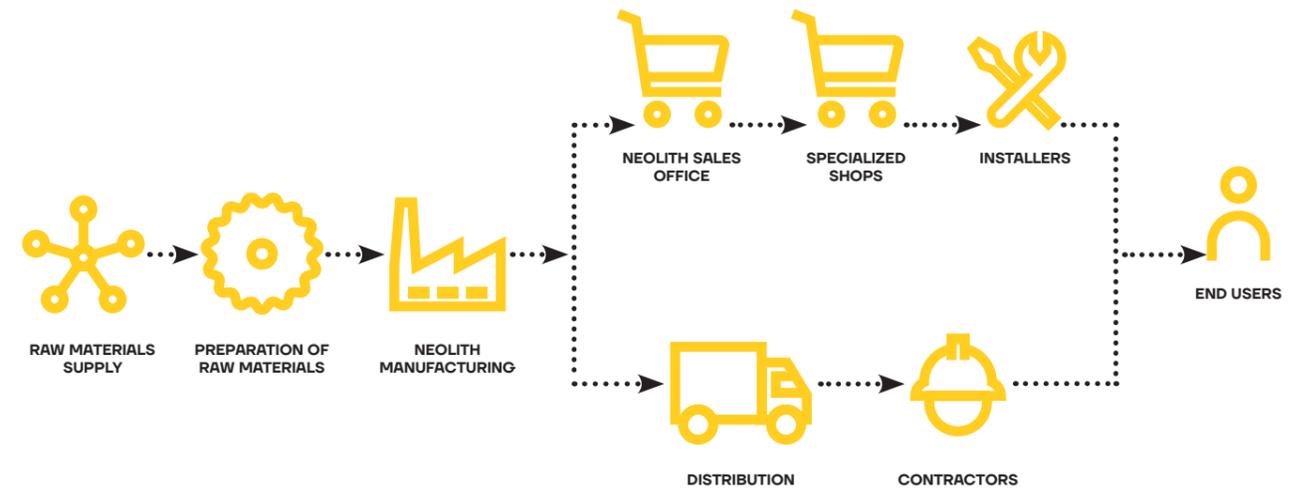


INSPIRATION

We love what inspires us. Brands who inspire are able to understand well the consumers and help them reach their goals. We want to help our clients build the world they want to see.

Neolith's main value chain

The group's value chain begins with the raw-material extraction phase, and ends with the distribution and assembly of its finished products for use by end customers.



PRIVATE RESIDENCE
Pamplona, Spain

Neolith applications

The range of uses for Neolith products continues expanding. Since its founding in 2009, the number of different uses has been gradually increasing. Close relationships with end customers, its distributors' market knowledge and the group's capacity to innovate all make it possible to evolve each year and introduce new ones to the market.

Various collections have been developed for use. These collections stand out from each other because of the final features, allowing end customers to adapt the best design to the intended use.



KITCHENS



BATHROOMS



FURNITURE



FAÇADES



INTERIORS



ACCESSORIES

Main Neolith collections

The various collections provide customers a whole range of possibilities, textures, colors and finishes to best adapt to the desired design.

The different collections are based on textures and materials from nature. Each collection is characterized by different finishes, which can be adapted to different design types. Given its extensive offer of collections, Neolith can respond to a large variety of styles and aesthetic criteria among end customers.



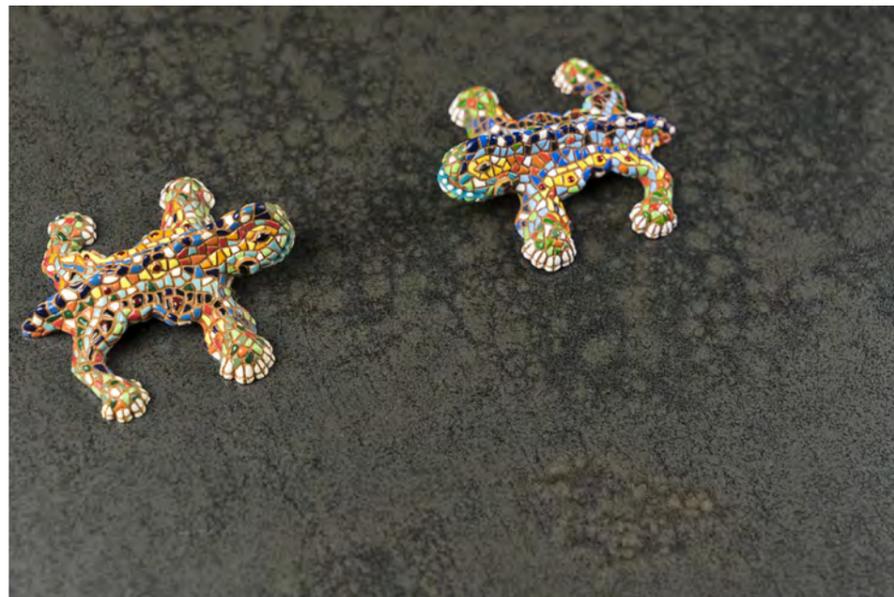
CLASSTONE



FUSION



IRON



STEEL



TIMBER



COLORFEEL

Case Studies

Neolith wants to recognize the work done by its distributors in 2020 highlighting some of the Best Projects of the Year.

Shenzhen's Sintered Stone Showstopper

Neolith®'s surfaces are specified throughout a special exhibition space dedicated to the brand in Shenzhen, China

Shenzhen, China is one of the world's most exciting and vibrant contemporary design destinations, and one in which Neolith, the pioneering brand of sintered stone, is making its mark.

Recently applied across the entirety of distributor TechSize's flagship showroom, both companies have collaborated again, launching a museum dedicated to Neolith®. The space not only celebrates the material and its unique properties, but also its myriad uses for interior and exterior surfacing.

The overall vision for the 166m2 attraction is to simulate the look and feel of the modern Chinese home, the aspirations of their owners and an overarching desire to embrace the natural world within residential interior design.

The designer, Shenzhen-based firm, Willow Design, wanted their concept to communicate Neolith's ongoing commitment to ecology and its highly sustainable qualities.

Further, they sought to highlight the challenge of delivering both form and function simultaneously, and demonstrate how Neolith seamlessly achieves this balance.

As Willow Hu, from Willow Design says, "Often, when we receive a brief, its specific requirements mean we usually have to prioritise either performance or looks. However, Neolith offers the best of both worlds: not only is it ultra-hygienic and low maintenance, which is important in the home setting, it's also available in a wide range of highly-detailed patterns. This offers essential flexibility and inspires greater creativity. As you will see, the results speak for themselves. The material was pivotal in allowing our imaginations to run wild, creating a space which truly showcases Neolith's potential."



Continue reading this Case Study here:



A Façade Fit for a Warrior

Neolith brings its A game to Chase Center

A well-planned arena offers so much to a community beyond access to sporting events. It also serves as a music venue, supports local vendors and artists, creates jobs, provides social spaces and draws in tourists in turn supporting local businesses. So, when the Golden State Warriors looked to move to San Francisco from their previous home venue in Oakland, ensuring smooth integration within the Mission Bay locale was a top priority.

While the team was based in San Francisco for a brief stint in the 1960s, the city they were returning to was much changed. Mission Bay is a modern neighborhood, characterized by large, hard-edged buildings the size of city blocks, creating a dense urban environment.

When David Manica, lead designer and architect at Manica Architecture, was brought on the project, the brief from the city and the Warriors was clear: the building needed to be sympathetic to and in contrast with the area. It had to be simultaneously futuristic and timeless in its aesthetic. Crucially, the client also wanted a 360° design with no back entrance or rear façade. This way, the arena would feel inviting from every angle.



Continue reading this Case Study here:

Neolith® clads the best restaurant in the world: El Celler de Can Roca

Neolith®, knows the luxury hospitality sector well. Its surfaces have already been used in several Michelin-starred restaurants around the world.

This time, it was chosen to clad El Celler de Can Roca, the three times awarded "Best Restaurant in the World" with Three Michelin Stars.

"Neolith® is a serious company, a reliable material supplier, committed to excellence in every detail and with an unrivalled social conscience. The surfaces look great and our chefs are lucky enough to work with them on a daily basis."

Continue reading this Case Study here:



Six.S

Six-S was launched onto the market in the middle of the pandemic, with the following attributes considered:

Solidary. Born in the midst of a world health and economic crisis, Six-S is a collection inspired by the theme of solidarity, resilience and bravery of global society. A percentage of the collection sales will therefore be donated to a Covid-19 related charity.

Strong. A combination of high-strength and ultraresistance make Neolith a material suitable for interior and exterior applications, remaining unchanged over time.

Stylish. All Neolith slabs are a unique combination of style and substance, influenced by evolving global design trends and tastes, offering hyper-realistic decoration.

six.s
NEOLITH®

Sensory. The new Six-S collection has been specifically designed to provide a multi-sensory experience. This is thanks to the state-of-the-art technology and development of a unique range of special textures and finishes which creates tactile appeal.

Sustainable. Neolith is a 100% natural surface, and a “carbon neutral” company that continually invests in eco-friendly production technology, as well as other green innovations.

Sanitary. Good hygiene is a requirement essential for maintaining physical well-being. Neolith offers an ultra-hygienic and easily disinfected surface.



ABU DHABI WHITE



HIMALAYA CRYSTAL



SUMMER DALA



AMAZONICO



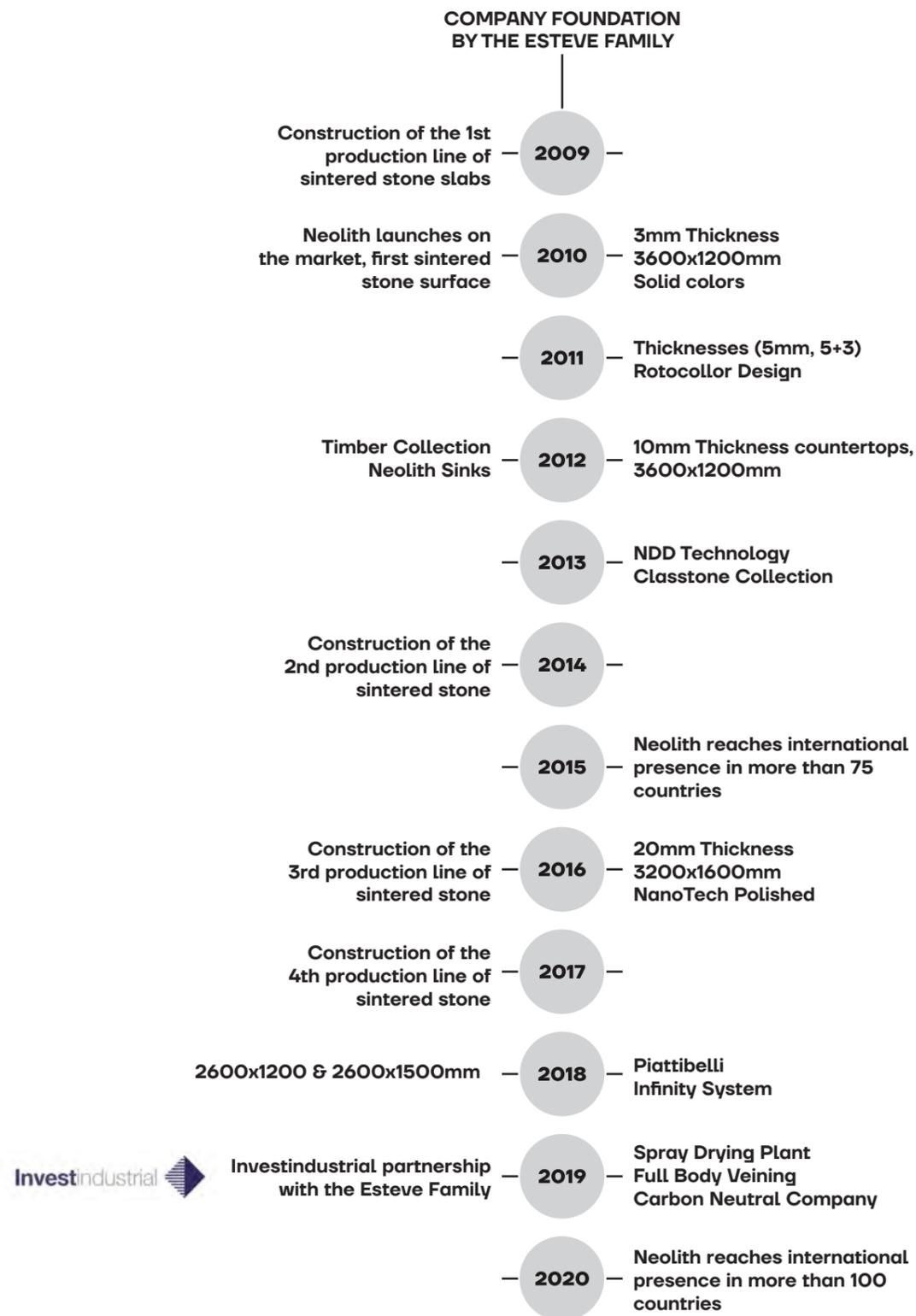
LAYLA



WINTER DALA

History and Key Milestones

Ever since it was founded in 2009, Neolith has been growing exponentially by offering new products and expanding to new countries, as a result of its passion for natural materials. Below are some of the main milestones in the history of Neolith since it was created.



Neolith®, an international industry leader.

The group's production center and main offices are located in Castellón, Spain: a strategic location considered one of the world's main tile industrial regions.

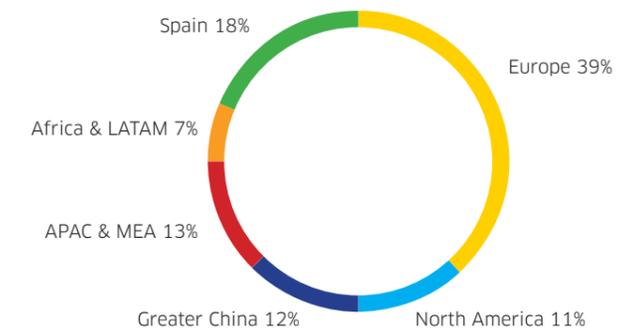
International presence



Main showrooms

Italy: Milan	Spain: Madrid Castellón	Colombia: Medellín
United States: Atlanta San Francisco Dallas New York Phoenix Salt Lake City	Germany: Düsseldorf	Coming soon: Cape Town
United Kingdom: London	Japan: Tokyo	
	China: Shenzhen	
	Netherlands: Amsterdam	

Revenue breakdown by Geography



The Economic and Social Environment

Globally, COVID-19 has clearly been one of the main external factors making a mark on the year. The drop in demand during the pandemic was mainly due to the partial closure of not only the company, but also a general slowdown in economic activities in most countries. Despite this context, Neolith was nevertheless able to maintain positive business growth as reflected by a +4.8% increase in its EBITDA over 2019.

Neolith's response to the situation caused by COVID-19 has focused on two main aspects: people's safety, and active managing the supply and demand

Climate change and the emission-rights market have been a key factor in the strategy. Neolith achieved Climate Neutrality in 2019 thanks to its scope 1 and 2 compensation projects calculated pursuant to the GHG Protocol. Moreover, emissions associated with its value chain were calculated for the first time ever in 2020, including emissions associated with suppliers and distributors, corresponding to scope 3 of the GHG Protocol calculation standard. The Group has thus demonstrated a decisive commitment to helping mitigate climate change and actively working to reduce associated risks. This aspect is further developed in the chapter on the environment with an assessment of the climate risk analysis and main mitigation measures.

With respect to the regulatory framework, a change in regulations is expected to restrict the concentration levels of certain airborne compounds. Neolith engages in a proactive approach to manage and improve the health-and-safety conditions of its production process. This change is being driven by its management team, consistently involving in workers' health and safety.

Finally, considering the future outlook, the construction and architecture industry has been able to continue its activities given that most of its work takes place in outdoor areas, where high levels of protection against COVID-19 as well as physical distancing between people can be maintained.

Business strategy and evolution

The international expansion plan is supported by various strategic pillars, particularly collaboration with distributors, the expansion of corporate-owned centers, the construction of new production lines and a product innovation plan.

For proper supervision of this expansion and growth plan, an expansion committee has been created to meet monthly with a view to accelerating growth, conducting a strategic review of the market and adequately monitoring the market in each one of the countries where expansion is underway. This monitoring of center openings is to be back up with lean management and door tracking, reducing the risks of opening and allowing strategy to be deployed more rapidly.

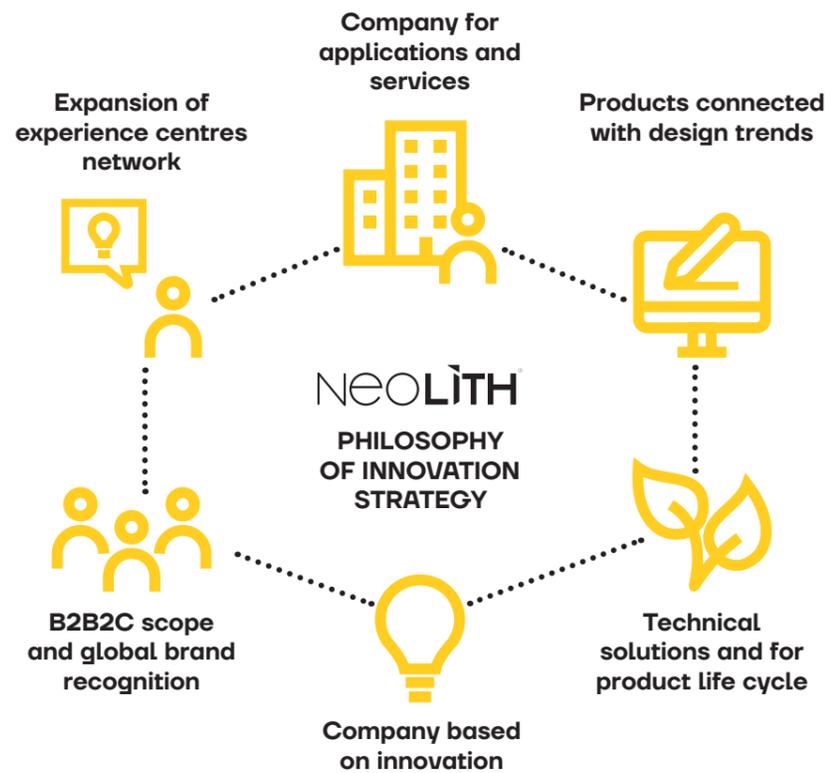
In addition, and associated with the financial growth and internationalization strategy, is the development of the ESG strategy and action plan. These non-financial aspects serve a dual purpose in the strategy: on the one hand, they help reduce the risks in the coming years relating to these aspects and, on the other, they make it possible to take advantage of market opportunities where a demand for sustainable products exists. The ESG action plan is divided into five strategic pillars, three temporary phases and five years of implementation. This plan is explained in detail further on in this document.



ENIGMA RESTAURANT
Barcelona, Spain
Designed by RCR Arquitectes

Philosophy of the Neolith Group's innovation strategy

The innovation strategy will be one of the basic cornerstones of the company's growth over the next several years. This strategy is based on a new corporate philosophy which underlines the following six aspects as the basic elements of the direction the Group will take as it moves forward:



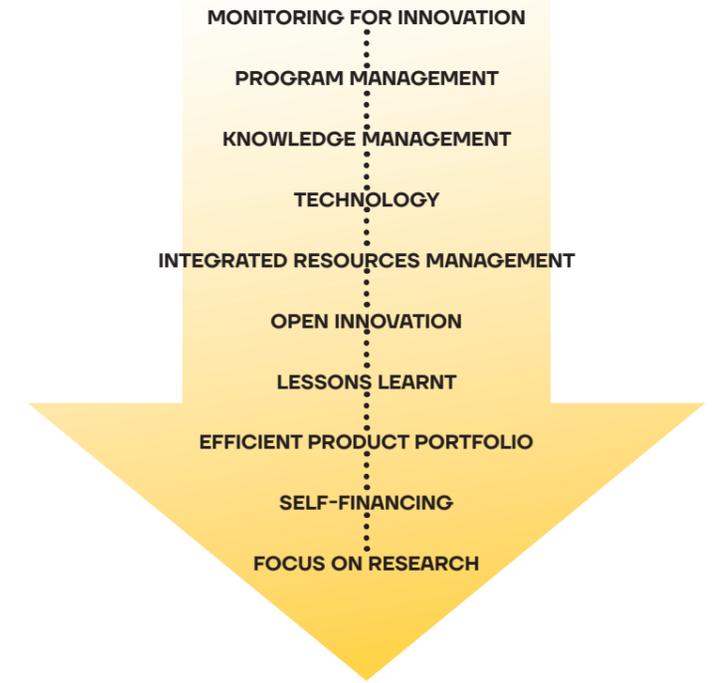
The innovation strategy comprises a double approach to innovation processes: incremental and breakthrough. The incremental development will improve current solutions and products, while the breakthrough approach will provide the company and industry solutions quite different from what has been seen to date, so as to create an advantage over competitors in certain business areas.

The approved 2021 budget for research, innovation and industrial program is €13.6 M

The organization plans to incorporate the organizational and cultural changes related to incremental innovation first. The primary initiatives to be undertaken in line with these incremental innovation processes include consolidating internal and external resources for research and development in order to become a self-financed department. This company approach to being capable of generating breakthrough innovations will be created by strengthening the organization's know-how in innovation and developing main areas of excellence to make progress in its knowledge of these areas.

There are 10 strategic lines to this strategy which, as a whole, and through a series of carefully designed and meticulously planned actions, will allow the Group to bolster its leadership position as a solid corporation in market innovation.

Strategic lines for innovation in the company



Lines of innovation-strategy development

The innovation strategy currently focuses on four main areas of excellence. The creation of these areas of excellence is in line with developing this type of knowledge within the organization, eventually making it possible to move from incremental innovations to breakthrough innovations. These current areas of innovation are as follows:



In order to achieve this, a "Go to Market Strategy" has been designed based on a clear synchronization between product development processes and marketing with end customers. It will thus be possible to test with customers in order to move decisively forward with each of the steps. This market strategy will enable guaranteed end-product quality, while also reducing the time taken for finished products to reach customers.

Corporate governance model

Neolith has been a family business since its founding in 2009. However, the entry of International Design Surfaces Opportunities S.à.r.l. into the company's capital in the 2019 financial year brought about a change in the Group's shareholding structure as well as a boost to its growth and international expansion strategy. The Esteve family, the Group's former owners, have remained on the Board of Directors to continue offering their experience and knowledge of the business and the Group's operation.

BOARD OF DIRECTORS

The Board meets at least quarterly to perform its administrative, supervision and management team control duties. In 2020, the Board of Directors met five times face-to-face and online. Likewise, four additional out-of-session board meetings were held in writing to pass resolutions which were urgent due to the relevance and interest for the company.

Under its motto "Safety First", Board meetings always began with the management team first reporting on issues related to the health and safety of the Group's stakeholders (in particular, its employees and customers). Secondly, they would cover aspects related to "ESG" such as investments in energy efficiency, enhancing product sustainability and strategies for reducing its carbon footprint. Thirdly, they would review financial, operational, sales and marketing and investment plan aspects.

AUDIT COMMITTEE

The Audit Committee has been one of the main new developments concerning good corporate governance in 2020. This Committee was created by decision of the Board of Directors, and assigned certain tasks regarding which it must report to the Board on a regular basis.

Another significant milestone for Neolith in 2020 was the creation of the ESG Committee to discuss issues relating to non-financial information. This ESG Committee is assigned the duties of supervising and monitoring environmental, social and corporate governance aspects in day-to-day operations. Likewise, it must meet periodically and report to the Audit Committee at least once every three months, or on a case-by-case basis for particularly relevant matters.

Senior Leadership Team. On the organization's executive side, the *Senior Leadership Team* is the team of people with the highest authority within Neolith. There are various corporate roles led by these executives as detailed below:

Senior Leadership Team. Executive team at the end of 2020



José Luis Ramón
Chief Executive Officer



José Manuel Romero
Chief Financial Officer



Mar Esteve
Chief Marketing & Strategy Officer



Daniel Sánchez
Chief Commercial Officer & Vice President



David Bueno
Chief Transformation & Innovation Officer



Antonio Quereda
Chief Operations Officer



James Amendola
Vice President of North America



Óscar Sanchis
Chief People Officer



Francisco Mateu
Chief Legal Officer

-  Environmental, Social and Governance Committee
-  Regulatory Compliance Body
-  Audit Commission + 2 Board Members
-  Health & Safety Committee

ESG supervision and control structure

In order to carry out the duties described above, three main roles have been defined with power of scrutiny and the ability to act on the aspects mentioned. This composition is in line with best practices in differentiating between supervising and integrating ESG aspects, while also assigning the roles the capacity to implement actions the responsibility for the corresponding results. The ESG Committee is therefore comprises the following roles:

- The Chief People Officer (CPO), with the power to monitor social aspects including those relating to the Group’s workforce and human capital.
- The Chief Innovation and Transformation Officer (CIO&CTO) to whom the areas of safety, health, quality and sustainability must report.
- The Chief Legal Officer (CLO) who is responsible for good corporate governance and, according to the role as Compliance Officer, sees to compliance with external regulation and internal policies and codes (e.g. the Code of Ethics).

The primary ESG management instrument is the ESG Action Plan which is described further below. This ESG Action Plan includes actions, indicators and objectives to be monitored periodically. The Committee must furthermore conduct a quarterly evaluation of ESG indicators regarding their alignment with the overall strategy. Finally, ESG issues are discussed every month at *Senior Leadership Team meetings*.

ESG Committee Duties



Risk management and control

Main Risks from Neolith Activities

The Neolith organization – and –governance model envisages risk management as a key planning tool.

Potential risks are identified on a daily basis by the Senior Leadership Team, which reports these to the Board of Directors for them to perform their supervisory duties properly. The corresponding mitigation measures are also identified. Risk control and monitoring is conducted by each department director as part of their duties.

The main risks identified for Neolith are as follows:

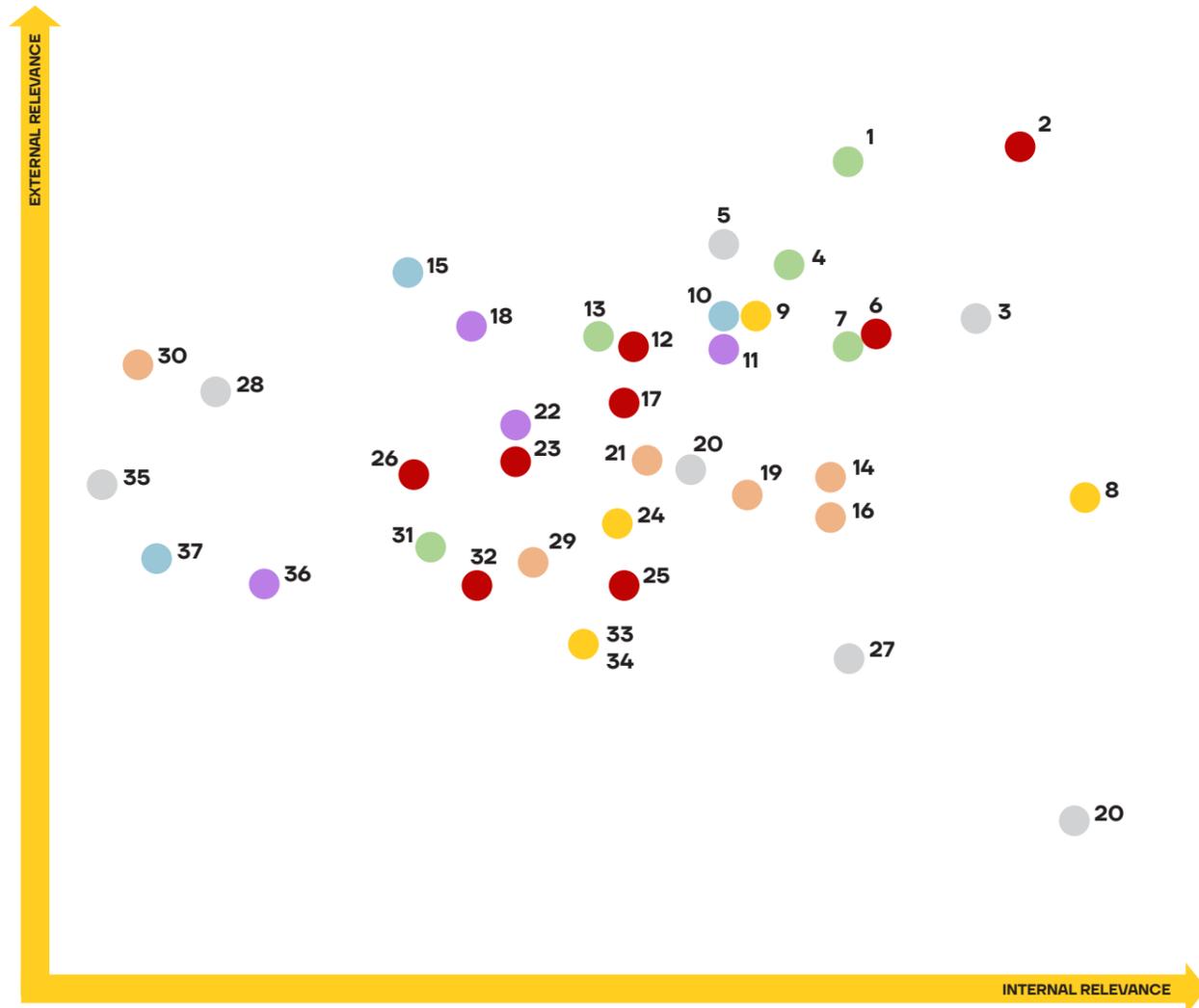
CLASSIFICATION	RISKS
Market risks (context)	<ul style="list-style-type: none"> • Risks deriving from COVID-19: market closings, mobility restrictions, etc. • Market risks due to the impact of price increases and drops. • Risks related to new regulatory changes.
Financial risks	<ul style="list-style-type: none"> • Currency exchange variation risks. • Credit interest variation risks. • The risk of defaulting on current financing agreements.
Strategic risks	<ul style="list-style-type: none"> • Commercial and industrial risks arising from possible delays in the expansion plan (openings, new markets, etc.)
Operational risks	<ul style="list-style-type: none"> • Operational risks due to possible manufacturing shutdowns. • Risks of cyberattacks and security gaps in information systems. • Legal noncompliance risks.
ESG risks	<ul style="list-style-type: none"> • Risks related to the supply of materials due to supply-chain availability and the impact on prices. • Risks of human rights violations and unfair labor conditions in the supply chain. • Risks related to workers' health and safety. • Risks related to the implementation of the good corporate governance model in the corporate expansion process.

As part of the efforts to update and manage risks, the criminal risk matrix was updated in 2019 and 2020, and appropriate procedures were created to manage each business area. To do so, an external consultant specializing in criminal risks was contracted to conduct an exhaustive study of the Group, analyzing 12 different corporate departments and nine different jurisdictions of application for Neolith. This criminal-compliance risks assessment process identified 102 controls, and work was carried out on 77 applicable conducts that might lead to some type of risk. The result was a consistent enhancement of the procedures followed by the Group.

The various risks are associated with specific mitigation measures, which are monitored by the Management Committee member responsible as well as the corresponding department directors.

Materiality Study

The materiality study carried out in 2020 considered a total of 37 relevant issues of external and internal relevance in three areas: governance, the environment, and social impact. These issues were prioritized through a process that included a two-sided assessment (external and internal), respectively resulting in answers from the companies' leaders, key distributors, and investors, as well as consideration of the main industry and sustainability trends nationwide and internationally in order to obtain a true and accurate representation of their relevance for the various stakeholders. The result of this process has been prioritizing the issues and placing them in a materiality matrix.



Materiality of the Neolith

- Corporate Governance Management
- Climate change and biodiversity
- Strategic vision
- Supply chain
- Value chain
- Environmental management
- Staff

List of material aspects for Neolith

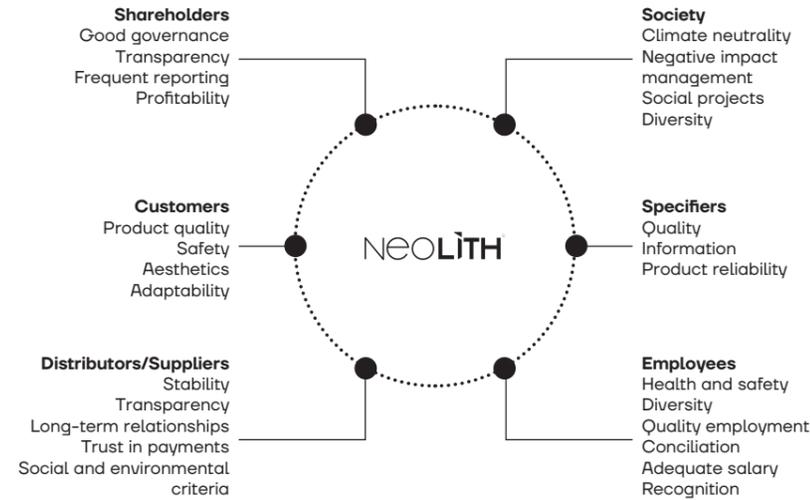
The list of material issues arranged by order of relevance for Neolith is displayed in the following table. These issues are handled by the company's management through the ESG strategy created in 2020. This strategy, which is explained in detail further below, defines specific actions to ensure each of the matters relevant to the company and managed appropriately. Responses to each of the material issues are provided throughout this report. An indication of the issues approached is provided at the beginning of each chapter.

#	ASPECT	#	ASPECT	#	ASPECT
1	Environmental compliance	14	Money laundering, corruption and bribery	27	Collaborating partner loyalty
2	Employee health & safety	15	Climate change	28	Creation of local wealth: employment, suppliers, economic development
3	Customer satisfaction	16	Compliance	29	Board of Directors assessment
4	Waste and a circular economy	17	Human capital development	30	Diversity of the Board of Directors
5	Impact of the product on health	18	Supply chain and environmental impact	31	Water management
6	Employee working conditions and human rights	19	Good corporate governance practices	32	Social dialog
7	Consumption of energy and materials	20	Communication with stakeholders	33	Data protection and cybersecurity
8	Reputation, positioning, and brand image	21	Integrating ESG aspects in the strategy and decision making	34	Conflict-of-interest management
9	R&D&I Programs and Investment	22	Supply chain control	35	Dialogue processes with local communities
10	Product sustainability	23	Diversity and equality	36	Supply chain and biodiversity impact
11	Human rights in the supply chain	24	Transparency	37	Protecting biodiversity and protected natural areas
12	Talent attraction and retention	25	Corporate culture and engagement		
13	Integrated Environmental Management System	26	Employee benefits		

Stakeholders

Value generated, distributed and retained by Neolith.

Neolith has identified the key stakeholders surrounding its value chain. A series of shared values is defined for each group which the company sees as key to maintaining relations with them. These values can be viewed in the following graph.



Recognizing the values shared with its stakeholders allows Neolith to strengthen these relations with each of them in the long term. This exercise is part of the ESG strategy and the company's strategy for seeking sustainable long-term profitability, benefiting everyone involved in the value chain.

This recognition of shared values is further seen in the distribution of revenue among the different stakeholders with which Neolith Group maintains a relationship. The revenue distribution indicates the importance of these groups to Neolith's activities.

ESG strategy and sustainability commitment

Neolith's primary objective is to continue growing over the next few years. There is huge potential for its products to reach new markets, and to increase the type of solutions provided to end customers.

**In this expansion process,
Neolith
believes Environmental, Social
and Governance (ESG)
are the cornerstones required
for its growth**

To support its global strategy, five ESG pillars have been defined that are fully in line with the Group's overall strategy.

PILLAR 1



ORGANIZATION AND GOVERNANCE ESG

Creation of an ESG governance structure that assigns responsibilities, roles and processes that enable integrating and supervising the actions of this plan.

PILLAR 2



HUMAN CAPITAL

Growth is only possible if we manage to attract the best talent and that their work is of the highest quality. Recognizing diversity, talent and leadership as a value within the organization.

PILLAR 3



SUSTAINABLE PRODUCT AND MANUFACTURING

Sustainable product demand is driven both by customer preference and by new and stricter regulations. Improving the product environmentally and social development are decisive factors increasingly present, able to generate new income lines.

PILLAR 4



SUPPLY CHAIN CONTROL

A large share of ESG risks are in the supply chain. Having traceability and control of the supply chain will allow us to reduce risks and to have strong suppliers in the long run.

PILLAR 5



COMPLIANCE AND TRUST

Traceable regulatory compliance and information reports which are verified and rigorous are important to the Neolith stakeholders. This allows us to create long-term valued relationships.

These pillars are integrated through an Action Plan. This Action Plan has two objectives: (i) to take advantage of market opportunities and trends as well as manage and (ii) monitor operational, reputational and business risks in the current environment. The Action Plan will make it possible to enhance products, market them and potentially generate new lines of revenue. At the same time, managing and monitoring ESG risks makes it possible to reduce operational costs, reduce reputational risks and reduce the possibility of legal procedures against the company.

Short, medium and long-term implementation of the ESG strategy

The ESG Action Plan is organized in three phases. In Phase 1, work will be carried out on two fundamental aspects: defining the necessary structure to integrate ESG management and implement actions considered a priority.

In Phase 2, the focus of the actions will be on enhancing positioning, taking advantage of market opportunities and increasing the competitive edge on ESG aspects.

Finally, Phase 3 is aimed at implementing best market practices and becoming a leading company in ESG with a solid foundation for managing, supervising and monitoring the key indicators.

2021

PHASE 1

Consolidating the ESG structure and implement greater impact actions

- Defining the necessary structure to integrate ESG management
- Policy preparation
- Risk analysis
- Implementing those actions deemed a priority in each area

2022-23

PHASE 2

Improving Neolith's ESG positioning

- Improving positioning
- Taking advantage of market opportunities
- Improving competition difference in ESG aspects

2024-25

PHASE 3

Implementation of better practices

- Implement the best market practices
- Become a leading ESG company
- Solid management base, supervising and monitoring key indicators.

SDGs in Neolith's Activities

The Action Plan links the Group's strategy to the SDGs. The United Nations (UN), along with the 193 Member States of its General Assembly, agreed in 2015 to 17 Sustainable Development Goals (SDGs) necessary for achieving progress and the wellbeing of people, the environment and the economy. The SDGs came about in 2015 as part of the Agenda 2030 for Sustainable Development. These goals also feature 169 specific targets and 232 official indicators for measuring the progress achieved. Their purpose is to promote education, equality and inclusion, fight climate change and eradicate poverty around the world, among others.

An evaluation of the contribution of the actions in the ESG Action Plan to each one of the SDGs was conducted to analyze the possibilities of Neolith coming into alignment with these.

The SDGs on which Neolith has a greater positive impact are SDGs 8, 12 and 13 (Decent Work and Economic Growth, Responsible Consumption and Production, and Climate Action)

The contribution to the achievement of the SDGs was assessed only considering the actions involving an additional impact beyond what the company is already doing in order to align the ESG Action Plan with the Agenda 2030.

Contribution to the Sustainable Development Goals



The impact principle is thus followed, whereby the results achieved through the Action Plan seek to maximize the company's positive impact in the short, medium and long term. This first action mapping with the SDGs made it possible to identify areas in which Neolith will have the greatest impact over the five years the strategy will be implemented. Over the next year, the Group will be working to identify the indicators most relevant to each one of the SDGs, and establish a procedure for tracking the evolution thereof.

Certificates and Awards

Since its founding in 2009, Neolith has been acknowledged with international design and architecture awards for its innovative and cutting-edge approach, as well as the high quality of its products and processes. The company and its products have garnered a series of international awards recognizing product quality and sustainability.

These accolades demonstrate the company's evolution and Neolith's spirit of innovation and sustainability from the very beginning. It has always been a constantly evolving company, seeking to meet the needs and expectations of current and future customers.



World Wildlife Fund



OK Kosher Certification



Fundación Vicente Ferrer



European Commission Certification



Fundación RCR



NSF Certifies that Neolith is totally suitable for contact with food.



Member of the US Green Building Council (USGBC)



ICC-ES Certification for the Strongfix System for ventilated facades



Audited by KPMG



Designed and produced by TheSize Surfaces in Spain

Sustainability and Installation Awards



Materialica Gold Award



Installation Awards



Money-Saving Products Winner



Edison Awards

Product Design Awards



Alfa De Oro



Red Dot Award



Architectural Record Award



A+ Award Architizer



Red Dot Award



Architectural Record



Edison Awards



Architectural Record



Red Dot Award



German Design Award



Pia Awards



Pia Awards



Pia Awards



A'design Award



Producto del año en Innovación y Tecnología



Interzum Award



A'design Award



Product Innovation Awards



A'design Award



Architectural Record Award



Muuuzz Awards



Best Of Kbis



Muuuzz Awards



Muuuzz Awards



AP50 Readers Choice



Muuuzz Awards



Interior Design Best of the Year



Muuuzz Awards



Interior Design Best of the Year



Kbb Readers Choice Award



30 More innovative Products



Best of Houzz



KB Culture Awards



Great Design AD 2017



Premio Interiores



Great Design AD



Idea Awards



Great Design AD 2019



Kbb Readers Choice Award



Kbb Readers Choice Awards



IDC Innovation Awards



Plus X Award



Plus X Award



D Award



Plus X Award



Plus X Award

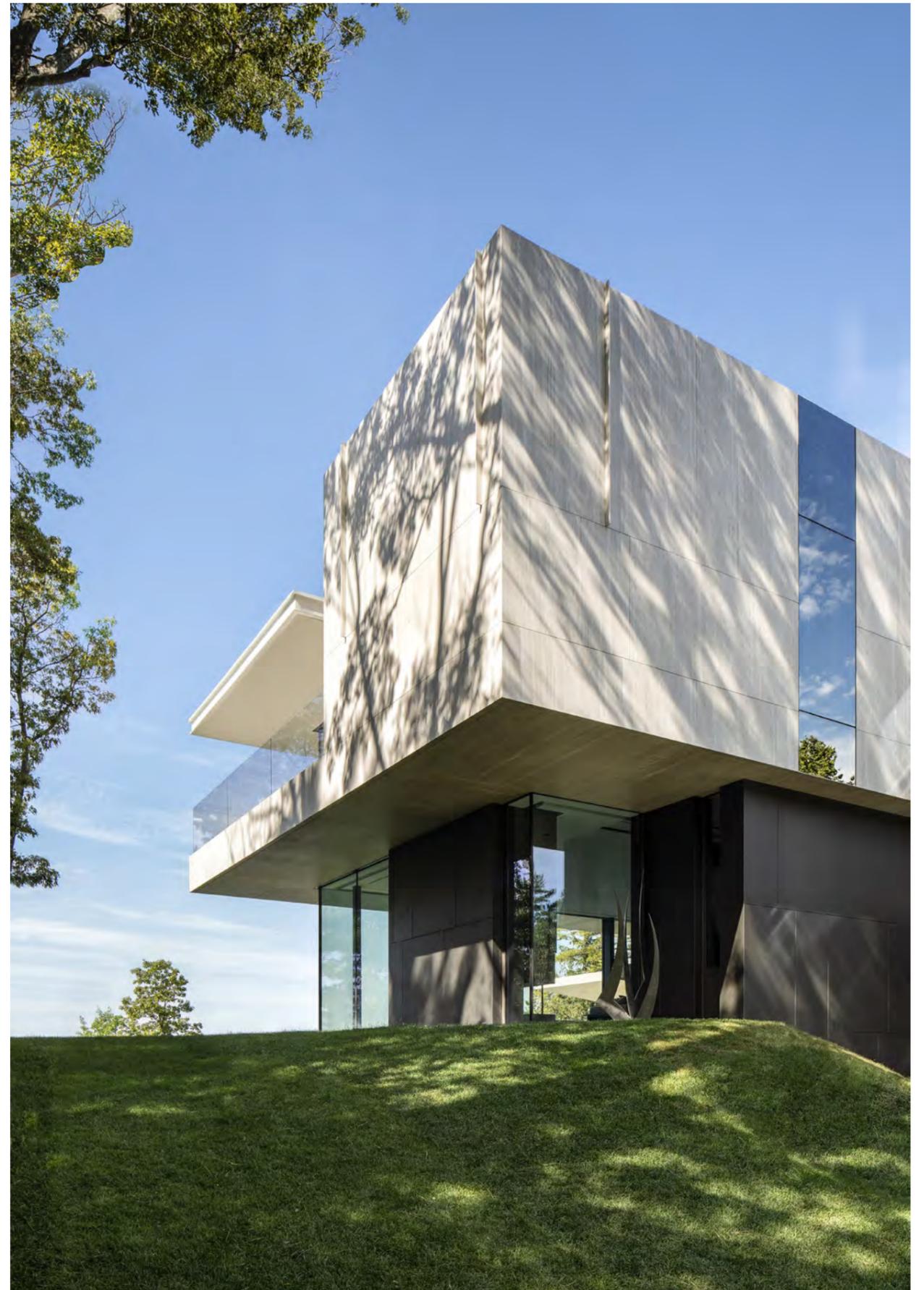


Edison Awards



PRIVATE RESIDENCE, LAKE HURON (CANADA)
Designed by Saota & Matter Architectural Studio

056



PRIVATE RESIDENCE, LAKE HURON (CANADA)
Designed by Saota & Matter Architectural Studio

057





EL CELLER DE CAN ROCA, GIRONA (SPAIN)
Best Restaurant in the World by 50 Best in 2013, 2015, 2019





NEOLITH HQ SHOWROOM, CASTELLÓN (SPAIN)

062

NEOLITH HQ SHOWROOM, CASTELLÓN (SPAIN)



063



2 /
Our
Contribution
to the
Environment

Key Milestones 2020

Main impact on the stages of the product life cycle.



CARBON NEUTRAL COMPANY

100% emissions compensated



RAW MATERIALS SUPPLY

Impact on biodiversity
Ground change of use
Consumption of raw materials



MANUFACTURING

Greenhouse gas emissions
Energy and water consumption
Residue generation



DISTRIBUTION AND TRANSPORT

Greenhouse gas emissions
Impact on local air quality



END OF LIFE

Residue generation
Energy consumption in grinding and recycling processes

Neolith is aware of the impact of its activities on the environment. These activities focus on producing and distributing products manufactured from aggregate and natural stone. This impact and the consumption of resources not only occur as part of Neolith's activities, but also throughout the value chain. Neolith thus takes a lifecycle approach to the management of its environmental impact.

In 2020, Neolith reduced the CO₂ total emissions by 13%

Key environmental figures and milestones



CARBON NEUTRAL
100%



RISK ANALYSIS
TCFD



ENVIRONMENTAL PROTECTION
352.000€



WASTE SENT TO
RECYCLING CENTRES
89%



RECYCLED CONTENT
IS UP TO:
52%



WASTE GENERATION
VS 2019
-20%



WATER RECYCLED
100%



TREES PLANTED
425



CO₂ TOTAL EMISSIONS
-13%

Neolith seeks maximum efficiency in the use of resources and is committed to cleaner technologies. The main resources needed for the Group's activities are the raw materials required to produce Neolith as well as energy, which is mainly supplied by electricity and gas. The consumption of water resources within the Group is not high given the small amount of water used in the manufacturing processes and the initiatives implemented for internal re-use.

In 2020, the model Textil White was produced with 52% recycled content.

Environmental Management and Certifications

The Environmental Affairs Department was created in 2018, and work has been done from the outset to implement an Integrated Environmental Management System in order to achieve ISO 14001 certification. All the systems and procedures are aligned with international standards and certification is expected in 2021.

Moreover, the department sees to managing environmental risks associated with its activities and receives a budget to meet the environmental needs projected by the department.

Neolith is certified as reviewed by a third party pursuant to standard ISO 14021 on the recycled content of Neolith products as proof of its commitment and progress toward a waste reduction and circular economy strategy. Neolith currently has the following environmental acknowledgements and certificates:

GREENGUARD CERTIFICATION



It certifies that Neolith meets the established chemical emission limits which contributes to a healthier environment.

GREENGUARD GOLD CERTIFICATION



It certifies that Neolith is suitable for use in locations such as schools and medical centres.

EC (EUROPEAN COMMISSION) CERTIFICATION



It ensures that Neolith meets the European health and safety environmental protection requirements.

LEED POINTS EARNER



LEED, Leader in Energy and Environmental Design, is a program providing third-party verification of sustainable buildings. Neolith meets the preliminary safety requirements and earns points to help consumers reach the desired level of certification for their home or commercial project.

U.S. GREEN BUILDING COUNCIL (USGBC)



The USGBC, a council which is supervised by LEED, brings together defenders of sustainable policies and practices.

HEALTH PRODUCT DECLARATION



Neolith has a declaration of product components showing they have no health impact.

FRIENDLY MATERIALS (SILVER)



This certifies that Neolith is free of substances on the Alert List and free of VOC emissions (zero emissions).

Environmental Management in the Supply Chain

Neolith is aware that raw-materials extraction has a high impact on biodiversity, soil degradation and erosion in addition to risks of a breach of ILO standards. The Procurement Department therefore ensures new suppliers pass an environmental self-assessment before signing any contracts.

These self-assessment sheets include aspects relating to ISO 14001, and require that the companies report their objectives, environmental

Sustainable Use of Resources

CONSUMPTION OF RAW MATERIALS

Furthermore, when selecting raw materials, Neolith again reflects its commitment to sustainability by using packaging made from FSC certified wood as well as other sustainable procurement criteria.

RAW-MATERIALS CONSUMPTION	2020 (TONS)
Minerals	79.356
Plastic	990
Refractory minerals	1.324
Wood	1.043
Metal	1.226
Cardboard	15
Other	2.200
TOTAL	84.834

ENERGY CONSUMPTION

Improving its energy efficiency is one of Neolith's major objectives. The main energy consumption in the production process involves natural gas (87%), followed by electricity (13%). Bottles of propane and diesel fuel are also used.

ENERGY CONSUMPTION ¹	2020
Electricity consumption	21.687.045 kWh
Gas consumption	144,297,739 kWh
Diesel-fuel consumption	52,219 liters
Propane consumption	1,408 kg
TOTAL ENERGY CONSUMPTION²	166,575,951 KWH

Energy consumed by Neolith

Note 1
All the centers of the group except Ireland are included, due to it not having the means to carry out the report

Note 2
the diesel conversion factor is 10.96 kwh/l and the propane factor is 13,386 kwh/kg

An energy audit was conducted in 2020 to better manage the consumption of energy and establish measures to reduce such consumption. Some of the projects to be undertaken at its facilities to enhance energy efficiency include:

- Installing systems to recover heat from the kilns to the drying chamber.
- Installing variators on several pieces of equipment in the spray drying plant.

As Neolith has certified 100% renewable energy for the electricity consumption for its headquarters (in Castellón).

CONSUMPTION OF WATER

A share of the water used during the production process is re-circulated for more efficient use. 100% of the industrial water consumed at its facilities is re-used internally or by a third party meaning Neolith discharges zero water.

Consumption of Water by Neolith¹⁹

CONSUMPTION OF WATER	2020 (m ³)
Water from the mains	18.752,2
Water tank purchased	220
TOTAL	18.972,2

There are three water purifiers treating the water consumed at its facilities. These water purifiers collect the water used for the different production processes and recover the water following physical/chemical treatment to be re-used in the process. Any water that cannot be purified or re-used is managed externally by management authorities that revalorize it. This leads to zero industrial discharge. Water consumption is monitored with tracking lists that include total quarterly consumption and the ratio of water consumed per ton of production.

The Neolith facilities where the manufacturing process takes place are mainly located on industrial estates, meaning this causes no impact on protected areas. All other activities are carried out at logistics or distribution centers in the city, meaning there is no impact on biodiversity or protected areas due to the Group's direct activities.

The Group's activities do not cause any direct impact on biodiversity or protected areas

Nonetheless, it collaborates on a Guatemala Coast Conservation project which helps preserve biodiversity in that area through the carbon footprint compensation program. The coast of Guatemala is affected by deforestation on 65% of its original forest land. An environmental impact study was conducted this year, and a project was commenced to plant the company's own forest through an initiative carried out aiming to give each supplier the gift of a tree planted for Christmas. The initial planting of 300 trees will boost biodiversity in the area where they were planted and will be useful for offsetting CO2 emissions.

Protecting biodiversity

Fight Against Climate Change

2019 was the first year Neolith achieved carbon neutrality based on scope 1 and 2 emissions as defined by the GHG protocol. This achievement was possible thanks to offsetting efforts through two initiatives: purchasing renewable electricity certificates, and the offset project involving the planting of 425 trees

In order to adapt to climate change, Neolith believes information on climate risk management must be effectively included in the organization. A TCFD risk analysis was therefore conducted in June 2020, which revealed certain climate-change risks where Neolith is working to implement actions that minimize such risks.

One of the key milestones in 2020 was creating a tool to calculate its complete carbon footprint, including all the categories applicable to the Group from scope 3 emissions (13 of 15 categories). Using this tool, Neolith is able to quantify, assess and track its impact on the environment and its contribution to climate change. The group's total carbon footprint dropped by 13% in 2020 in comparison to the year 2019.

Neolith Carbon Footprint

Note 3
Included are all Neolith sites except Ireland, since it lacks reporting capability. Equivalent CO2 emissions were calculated using the MITECO (Version 15, June 2020) and DEFRA (2019, 2020) emission factors as well as by following the GHG Protocol calculation standard

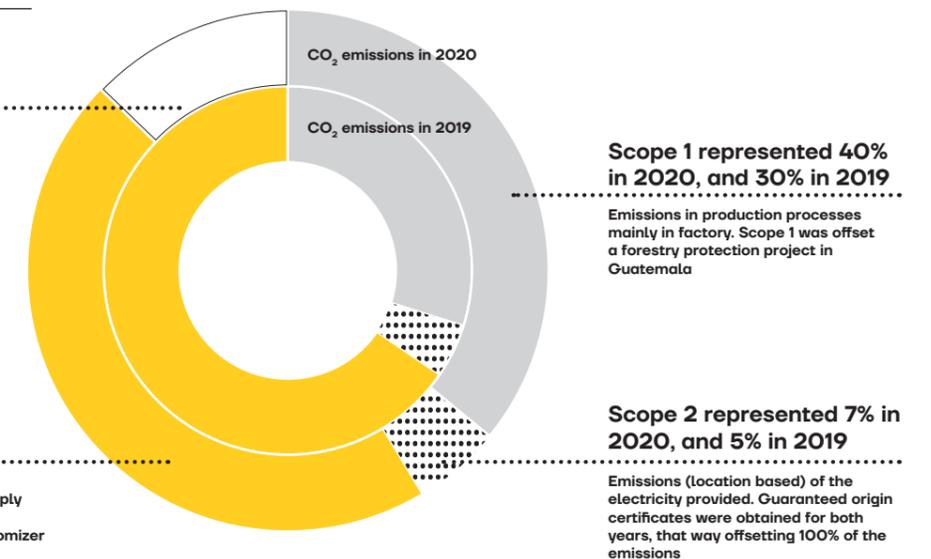
SCOPE ³	2019 (ton CO ₂ eq)	2020 (ton CO ₂ eq)	VARIACIÓN FY19 vs FY20
Scope 1: Direct GHG emissions	24.304	29.382	21%
Scope 2 (market based): Indirect GHG emissions associated with electricity	0	0	0%
Scope 2 (location based): Indirect GHG emissions associated with electricity	4.131	4.743	15%
Scope 3 (market based): Other indirect emissions from the value chain	52.714	36.621	-30%
Scope 3 (location based): Other indirect emissions from the value chain	53.782	37.797	-31%
TOTAL (MARKET BASED)	77.018	66.007	-14%
TOTAL (LOCATION BASED)	82.217	71.926	-13%

Neolith Group carbon footprint

In 2020, Neolith reduced the CO2 total emissions by 13%

Scope 3 represented 53% in 2020, and 65% in 2019

Scope 3 emissions are mainly produced by the purchase and transport of materials in the supply chain. In 2019, scope 3 increased due to the materials used in the construction of a new atomizer



In 2020, Neolith took one step further in establishing the carbon footprint from the company's value chain by calculating all categories applicable as per the international GHG Protocol greenhouse gas-emissions calculation standard. This was relevant for the group because it made it possible to identify which parts of the value chain produce the highest emissions.

Neolith's scope 3 GHG emissions

Note 4
Equivalent CO2 emissions were calculated using the MITECO (Version 15, June 2020) and DEFRA (2019, 2020) emission factors as well as by following the GHG Protocol calculation standard.

	SCOPE 3 CATEGORIES ⁴	2019 (ton CO ₂ eq)	2020 (ton CO ₂ eq)
3.1	Products and services purchased	6.893	10.675
3.2	Capital goods purchased	26.196	1.987
3.3	Related to fuel and energy (market based)	6.842	8.166
3.3	Related to fuel and energy (location based)	7.897	9.320
3.4	Transportation and distribution (upstream)	3.698	5.736
3.5	Waste generated during operations	176	177
3.5	Business travel	583	569
3.6	Employee transportation	22	23
3.7	Assets leased (upstream) (market based)	100	49
3.8	Assets leased (upstream) (location based)	113	71
3.9	Transportation and distribution (downstream)	8.015	8.821
3.10	Processing of products sold	15	16
3.11	Use of products sold	53	56
3.12	End-of-life of products sold	187	419
3.13	Assets leased (downstream)	0	0
3.14	Franchises	0	0
3.15	Investments	0	0

Neolith is working toward a circular economy; the environmental department thus measures the most relevant waste generation indicators and consumption at its facilities every month. With respect to the management of the waste generated at its facilities, Neolith applies measures to improve management known as the 3R's (Reduce, Recycle and Re-use).

The waste generated directly by product manufacturing at the production and spray drying plant are mainly reject (raw as well as in powder or solid form), shard with and without mesh, mud from the purification plants, aqueous suspensions, cardboard, plastic and wood. On the other hand, the least common waste generated include catalyzed resin, contaminated plastic/cardboard/metal packaging, plastic and rubber, ink waste, organic solvents, used oil, isocyanates, calcium hydroxide, furnace wool and other contaminated material. Most of the waste generated corresponds to the product manufacturing process. The waste continues to be managed during maintenance shutdowns as exhaustive cleaning of the area reserved for it is done.

REDUCE



Neolith Group reduces waste generation optimizing raw materials used in the production process.

RECYCLE



The residues generated are classified according to their LER code, all those residues that can be recycled or valued are processed by a specialized authorized processor. Neolith Group has a self-declaration certificate of the percentage of recycled material.

REUSE



The recent opening of the atomizer plant has allowed the residues generated to be re-used by the production line. This way, the white material residue has passed from 26% to 16% of waste. With the new investment plan, black material will also be recovered.

In addition, one of the ESG initiatives, is the creation of a new product line called EcoNeolith. This line will be produced by recycling the unused/waste materials after the production process. The feature is that the final product varies its color hues according to the material used.

ELIMINATE



Those residues that have not been recovered or managed by recycling or valuation are sent to a controlled dump. Neolith continues to seek out alternatives for those residues that are currently disposed of.

Non-Hazardous and Hazardous Waste Generated

Note 5
Excluded is the Ireland site since it lacks reporting capability.

Note 6
Included in this category: cardboard, paper, mud, industrial waste and plastic.

Note 7
Included in this category: isocyanates, calcium hydroxides, waxes and fats, used oil, etc

	WASTE GENERATED ⁵	2020 (tons)
Non-hazardous waste	Reject	13.454
	Shard with mesh	3.092
	Shard without mesh	5.239
	Aqueous suspensions	5.215
	Other waste ⁶	1.055
	Total	28.055
Hazardous waste	Adhesives and sealants	64
	Contaminated IBCs	72
	Other ⁷	36
	Total	172
TOTAL		28.370

In line with the list of valorization or elimination operations proposed by Spanish Law 22/2011 on waste and contaminated soil, the waste generated by Neolith is managed as follows:

Waste treatment pursuant to Spanish Law 22/2011 on waste and contaminated soil

WASTE TREATMENT	2020
Revalorized waste (R5, R12, R13)	89%
Waste sent to dumps (D5, D13, D15)	11%

No actions are taken to fight food waste as it not considered a material aspect.

Top Global Architects already trust Neolith for their projects



RCR Arquitectes,
Pritzker Prize, 2017



Gansam Architects + Partners



Gensler



Martín Zanotti



Jaime Beriestáin



Marcio Kogan



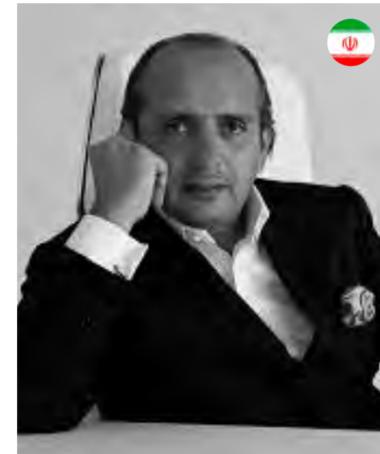
Estudio OAB Carlos Ferrater,
Premio Nacional de Arquitectura, 2009



Guilherme Torres



Héctor Ruiz-Velazquez



Hadi Teherani



Carlos Rossi



Lázaro Rosa-Violán



Estudio Juan Herreros



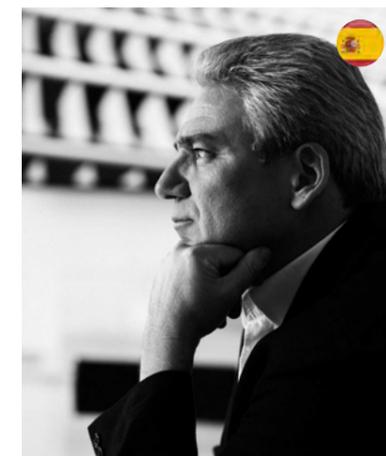
Ricardo Bofill



César Pelli



Ricardo Rossi



Estudio Luis Vidal + Architects



Manica Architecture

Some of the best chefs in the world have included Neolith in their renowned restaurants.



Germans Roca - El Celler de Can Roca, Girona , 3* Michelin



Cedric Grolet - World Best Pastry Chef 2018 (The World's 50 Best), Paris



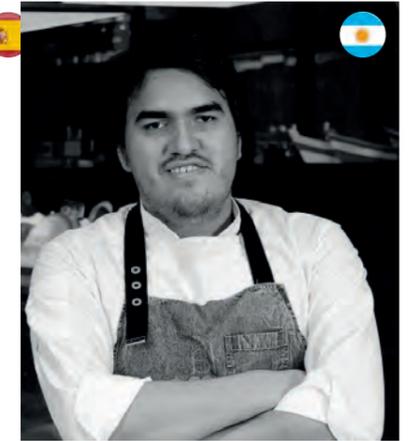
Jean Pierre Pastor - Meltemi, Parma, 1* Michelin



Grant Achatz - Alinea, Chicago 3* Michelin



Jordi Cruz - ABaC, Barcelona 3* Michelin



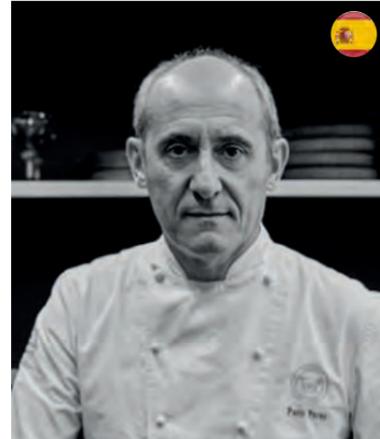
Anthony Vazquez - Tanta, Buenos Aires



Alessandro Borghese - AB, Il Lusso della Semplicità, Milan



Herman den Blijker - Goud, Rotterdam



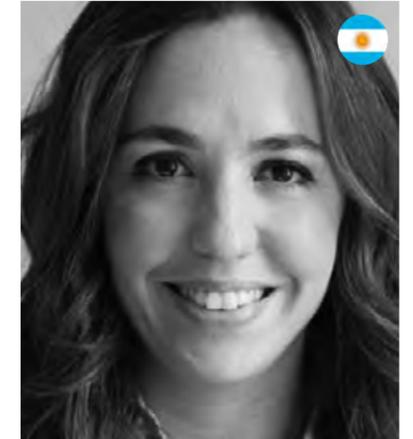
Paco Pérez - Miramar, Llançà 2* Michelin



Italo Bassi - Confusion, Porto Cervo, 3* Michelin



Albert Adrià - Enigma, Barcelona 3* Michelin



Narda Lepes, Buenos Aires



Juan Amador - Amadors Wirtshaus und Greißlerei, Viena, 2* Michelin



Ann-Sophie Vidal, Paris



Eneko Atxa - Azurmendi, Bilbao 3* Michelin



Karlos Arguiñano - TV Star



Hans van Wolde - Beluga Loves You, Maastricht, 1* Michelin



Fernando Trocca - El Mostrador de Sta. Teresita, Uruguay

3 / Positive Impact on Society



Key Milestones 2020

Neolith actively participates in the economic, social and cultural development of the countries where it operates.

The actions carried out include promoting local employment when hiring staff and new suppliers, continuous training for employees and support for sustainable development through its products.

Thanks to the KILO x M² campaign in 2020, Neolith will donate €106,000 throughout 2021

Kilo x M² campaign

In 2020, Neolith launched a worldwide charity initiative through the KILO x M² campaign in order to highlight one of its six fundamental values: solidarity. The Six-S campaign was developed in response to two unprecedented world phenomena: the COVID-19 pandemic and the climate emergency. Under this campaign, Neolith is committed to making significant donations to food banks all over the world, donating 1 kg of food for every m² sold of the Six-S Collection to feed the poorest and most vulnerable communities in the world. Throughout 2020, this charity initiative has particularly focused on the people whose lives have been severely affected by the COVID-19 pandemic.

In collaboration with its partner distributor network, Neolith will donate groceries to local food banks across the planet to ensure the spread of its message of solidarity and extend it internationally



Carbon offset projects

Neolith Global Forest

Thanks to Neolith Global Forest, 425 trees have been planted in damaged areas around the world.

This reforestation campaign is being carried out through Freedom to recognize the great work by Neolith's partners by planting a tree on behalf of each of them in regions in Kenya, Cameroon, Haiti and Ecuador.

This project will foster a major environmental change, and will fund small agroforestry projects in planting areas, among many other varied benefits such as protecting the flora and fauna and fighting soil erosion.

With this initiative, Neolith has been contributing since late 2020 to planting a forest that will help offset its carbon footprint throughout 2021, and get a total of 18 farmers involved in the project, thereby contributing to the local communities' self-sufficiency with direct funding for local farmers, training to diversify their capabilities and the possibility of being able to benefit from other sustainable opportunities.

Guatemalan Conservation Coast

This Projects consists on works to protect the remaning forests of the Guatemalan Conservation Coast región by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives.

As a direct result of the Project activities, a REDD+, VCS, and CCB Standards certified Project with a Gold Level status for biodiversity, over four million tCO₂e will be avoided by 2021, the equivalent of taking over 440,000 homes off the grid for a year. When considering the lifetime of the Project over 30 years, the tCO₂e avoided will be closer to approximately 22 million.

There are also important biodiversity benefits. Over 400 species of birds have been documented in the Project area and 120 species depend on the corridor to sustain their great journeys.

Great Bear Forest

The Great Bear Forest Carbon Project is an Improved Forest Management Project.

The Project activities include changes in land - use legislation and regulation that result in increased carbon stocks by converting forests that were previously designated, and coastel wolves sanctioned, or approved for comercial logging to protect forests.

Emissions caused by harvesting, road building and other forestry operations are also prevented. It is a landmark Project for balancing the human well-being and ecological integrity through carbon finance, and it is the first carbon Project in North America on traditional Aboriginal Righthst and Title.

Responsible Product Management

Neolith understands responsible product management as a comprehensive product value-chain process combining its inherent features, the process of marketing and distribution as well as after-sale services offered to customers and the Group's capacity to respond to any type of incident that may occur. Close relationships with customers and collaborators, quick services and product quality are thus some of the reasons why customers choose Neolith.

Having continuous product availability at the plant and at its own distribution centers boosts Neolith customer loyalty and satisfaction, meaning availability and the continuity of the supply of sintered stone is a key factor for success, particularly for the Group's growth strategy.

Neolith also engages in direct sale and distribution. In this case, Neolith assumes the role of third-party distributor and handles the logistics involved with distributing Neolith and Granith slabs, sales to marble workers and promotion through opinion leaders. Through the ESG strategy being developed by the Group, the product could be distributed in a much more streamlined and direct way to each of the stakeholders in the chain.

The supply chain is comprised of the following.



Having control over each of the links in the chain of sale allows Neolith to more efficiently work on a strategic level and transmit its message in a more fluid and direct manner. The Group's expansion policy is therefore aimed at expanding the percentage of direct distribution sales.

MEASURES FOR CONSUMER HEALTH & SAFETY

Neolith bases its quality management system on standard ISO 9001:2015 and is working to earn the corresponding certification, which is expected for 2021. Likewise, all of its products undergo strict quality controls implemented by the Group to ensure compliance with the features specified on the technical data sheets, and in the health and safety standards required by regulations to which Neolith is committed in addition to ensuring a positive impact with its products on customer health and wellbeing.

At present, the Group is engaged in several product innovation processes to enhance its properties leading to a positive impact on indoor and outdoor air pollution, in addition to receiving the Health Product Declaration Certificate (UK).

In the current context, one key aspect of its measures protecting consumer health and safety is related to restricting customer and

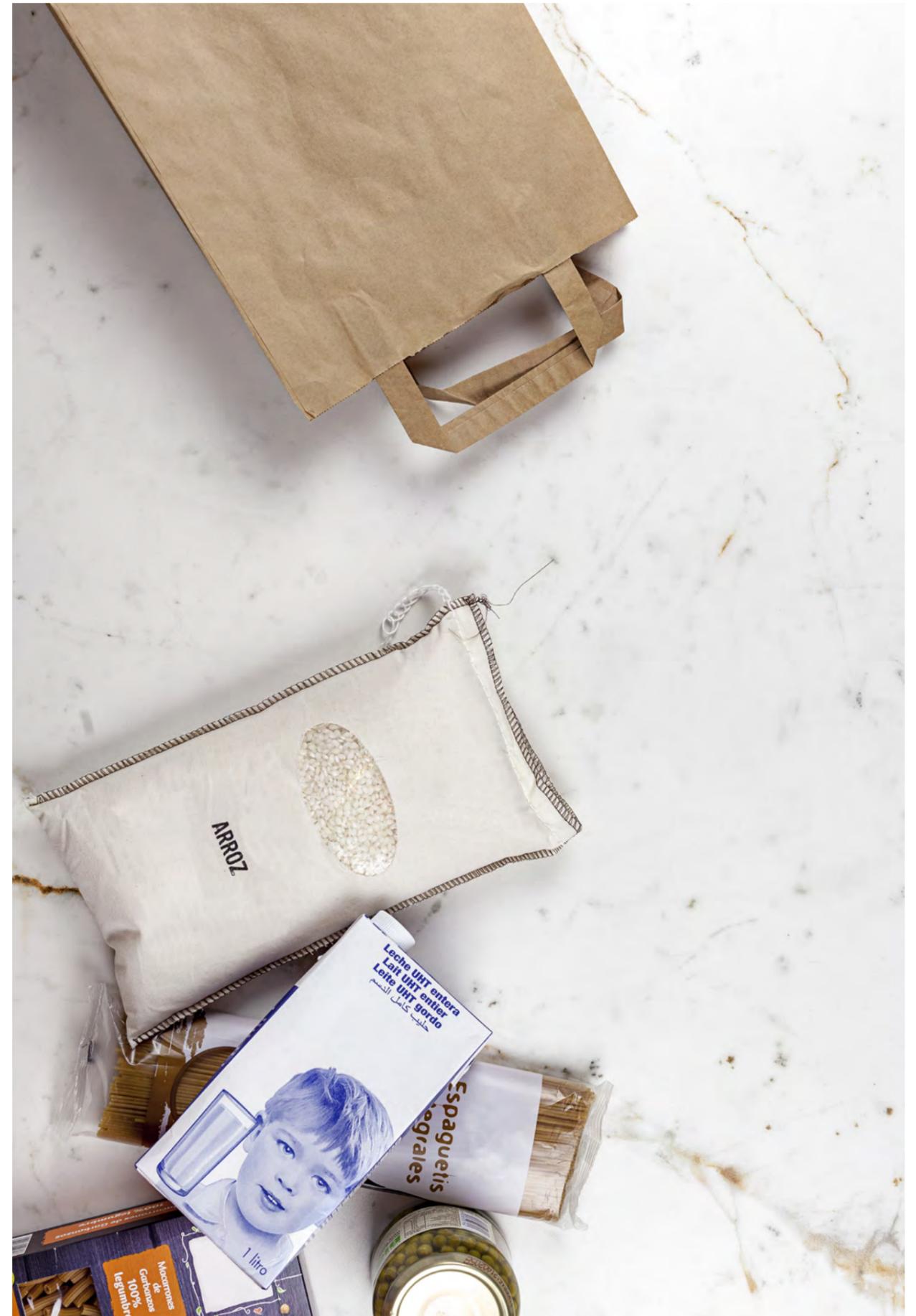
employee exposure to possible COVID-19 contagion. Although personal sales relations have had to be restricted, Neolith has promoted the use of videocalls and other electronic means of contact to continue remaining close to its customers in a safe manner.

Taxes Paid

Despite the difficult situation caused by COVID-19, Neolith maintained and reinforced its position in the world market in 2020 thanks to its commitment to excellence and continuous improvement. This achievement is due to the Group's commitment to sustainability, R&D and financial strength. Due to these cornerstones, the Group was able to prepare its new International Expansion Plan, accompanied by an Industrial Plan, both of which are designed to find a balance between product development and commercial expansion.

Concerning financial management, Neolith periodically holds meetings dedicated to analyzing and interpreting the evolution of financial figures and the Group's economic situation. Alongside this, a sales forecast has been performed weekly since the outset of the COVID-19 pandemic, for further enhanced financial predictability. This forecast, which is presented to the entire Senior Leadership Team, covers current trading, backlog orders, estimated future sales and negative budget behavior.

KILO X M2 CAMPAIGN
Neolith Donated more than €100,000 with this initiative in 2020



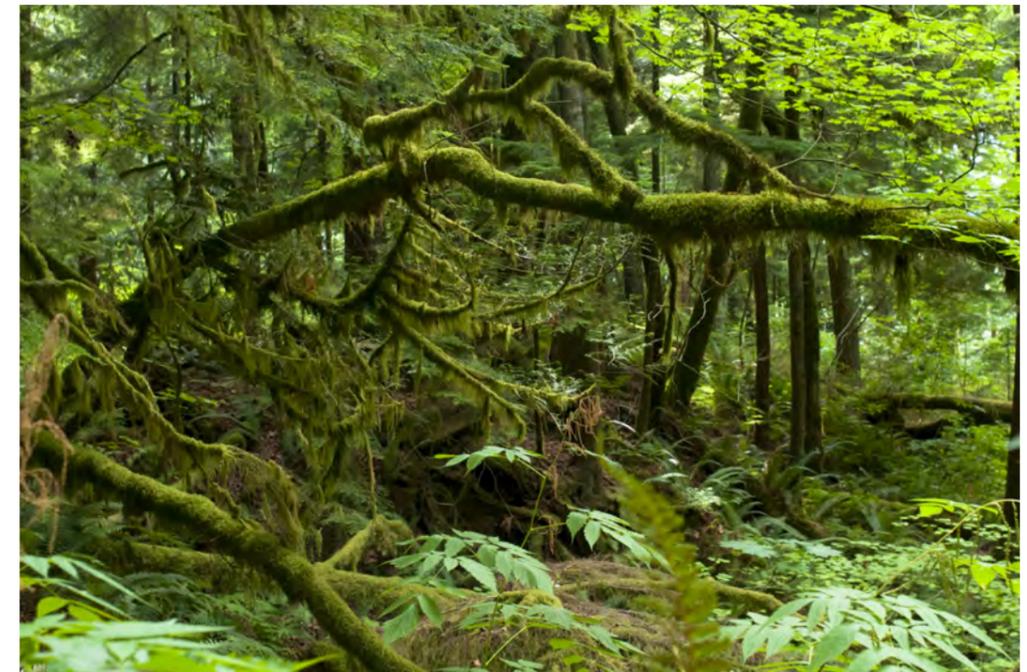


NEOLITH GLOBAL FOREST
425 trees were planted in African, South and Central American countries





GREAT BEAR FOREST CARBON PROJECT
Improving forest management



GUATEMALAN CONSERVATION COAST PROJECT

4 / People



Key Milestones 2020

Neolith's core labor principles



Significant reduction in accidents with leave in 2020 due to an important increase in the H&S actions

Health and safety measures against COVID-19



Key Employment Figures.



Key figures in Health and Security



In order to ensure safety measures at the workplace for all employees, the Group spent an extra 160,000 euros on prevention in 2020, with 20% of this figure earmarked for employee testing during mass detection campaigns or in individual cases as per the criteria applied at all given times

People management

Fostering commitment and professional development among the people who are a part of the Neolith teams is one of the organization's key goals. People committed to the company's mission, values and strategic goals are the Group's main asset.

Concerning the labor-management issues prioritized by Neolith, these are based on the following three fundamental principles which are integrated in all areas of the Group's corporate culture:

Employment

The Neolith's development has been accompanied by the growth and development of its workforce. It was in this context – and in order to equip the company with a solid management team to be able to take on the challenges of the future, improve its processes and procedures and take advantages of all opportunities ahead – that the Group reinforced its management team in 2020 by recruiting 11 highly-qualified professionals.

Neolith comprised 545 professionals at the end of 2020, classified under these professional categories: Directors, managers and middle management, technicians and line supervisors, and administrative staff and operators. They are divided among the following areas: Operations, Innovation and Transformation, Sales, Marketing and Strategy, Finance and Administration, HR and Legal Affairs. This organizational structure design makes it possible to meet the Group's needs efficiently and in a stable manner.

Key Employment Figures.



Due to the company's origins and the fact that the production plant is located in Castellón, Spain, 88% of all Group employees are in Spain. The remaining 12% come from locations in Italy, Poland, the United Kingdom, South Africa, Hong Kong, United Arab Emirates, India, Sweden and the US, mainly operating in the areas of product distribution and commercialization.

Neolith is committed to continuity and stability, which is clearly reflected in the types of contracts the company signs where 90% were indefinite at the end 2020.

Due to the type of jobs done within the Group, 98% of all contracts in 2020 were full-time, with the remaining 2% due to reductions in working hours to care for children.

Due to the low seasonality of Neolith activities, no high variations have been observed in the number of contracts at year end and the annual average, as reflected in the following tables with the corresponding breakdowns at year end.

Regarding dismissals in 2020, Neolith dismissed 27 employees, mostly due to disciplinary reasons. However, the Group was not in a situation

requiring any type of temporary layoffs due to the pandemic caused by COVID-19. The following tables show the breakdown of dismissals by age, gender and professional category.

As part of the analysis of average pay received by the workforce for all employees in 2020, the Group calculated the pay gap with a result of 15.1%.

This figure can mainly be accounted by the organization type where, given the industry and geographic location of the production plant, most applications received for higher-paid positions are submitted by men.

Number of employees as of the end of the year, broken down by gender, age, country and professional category

Note 8
Headcount as of December 31st, 2020.

	NUMBER OF EMPLOYEES ⁸	2020
Gender	Female	146
	Male	399
Age	Under 30	86
	30 - 50	402
	Over 50	57
Country	Spain	478
	South Africa	17
	United Kingdom	13
	US	12
	Hong Kong	9
	Poland	7
	Italy	6
	United Arab Emirates	1
	India	1
	Sweden	1
Professional category	Directors	10
	Managers and supervisors	58
	Technicians and Line coordinators	146
	Administrative staff and Operators	331
TOTAL		545

Caring for its employees' health and safety is one of Neolith's priorities. In line with the company's motto "Safety First", Neolith has had an Internal Prevention Service since February 2020 which handles workplace safety, ergonomics and applied psychology.

One of the Group's goals for health and safety in 2021 entails preparing a health and safety policy which will allow the company to outline its commitments in this area and uniformly communicate to all stakeholders the way in which the Group works to ensure a safe atmosphere for its employees.

Regarding health-and-safety risks, one of the main risks relating to the Group's activities is employee exposure during the production process to crystalline silica. Neolith is aware of the importance of active management in this area in order to mitigate as much as possible the likelihood of such risks occurring. Therefore, in order to minimize the risk of employee exposure to silicWa powder, a series of mitigation measures have been implemented including:

- Continuously analyzing and identifying substances and processes that generate risks due to exposure to silica. A search for feasible alternatives from a technical and economic perspective for substances used and processes followed.
- The preparation of a Best Practice Guide for handling crystalline silica for all employees as well as courses and awareness workshops on exposure to this agent.
- The provision of FFP3 respiratory protection pursuant to standard UNE-EN-143 to employees directly exposed to crystalline silica.
- Measuring silica exposure measuring in the work areas identified as exposed and assessing these in order to implement improvement actions in areas where results were unfavorable, in addition to subsequent verification of the efficacy of such measures.
- Not considering workers from temporary employment agencies for work with silica-exposure risks based on Spanish Royal Decree 216/1999, on minimum occupational health and safety provisions for temporary employment agencies.
- Medical check-ups with specific medical protocols for each position by the external prevention service .
- Plans to contract an industrial wash service to wash and decontaminate work clothing in addition to installing air cabins for body washing.
- Plans to install enclosures around the silo and press sections, as well as around the hopper within the silo section to prevent dust spreading.

In addition to having implemented the measures mentioned above.

Neolith is working to optimize its processes to eliminate employee exposure to silica in line with the regulations in effect

Regarding accident rate and incident data in relation to the Group's workforce, quantitative data is provided below which allow the Group to monitor the effectiveness of the procedures implemented by the company in the area of health and safety.

As concerns workplace accidents, Neolith has been registering positive cases since the beginning of the COVID-19 pandemic separately from the workplace accident and common illness records. The number of leaves caused by COVID-19 is reported weekly to the Management Committee, separating positive cases and leaves due to isolation because of close contact.

Neolith has responded to the COVID-19 pandemic by implementing a series of measures and setting up specific protocols.

A contingency plan was communicated to all workers and the Works Council to raise aware of the measures implemented. Moreover, Group employees were given a QR code with all the information on all measures implemented to facilitate access to the information, thus guaranteeing compliance with it and ensuring both the offices as well as the production plant would be COVID-19 controlled areas.

In order to ensure safety measures at the workplace for all employees, the Group spent an extra 160,000 euros on prevention in 2020, with 20% of this figure earmarked for employee testing during mass detection campaigns or in individual cases as per the criteria applied at all given times.

€160,000 on COVID-19 prevention in 2020.

Besides offering a response to the needs of its employees deriving from the pandemic caused by COVID-19, Neolith wished to share its commitment with its customers and other stakeholders as well. And so came the Six-S Collection which combines the six attributes it is named after: *Solidary, Sanitary, Strong, Stylish, Sensory and Sustainable*.

Key Health and Safety indicators

Note 9

Accidents with sick leave occurring in the financial year 2020, excluding in transit

Note 10

The frequency index was calculated using the following formula: number of work accidents multiplied by 1,000,000 and divided by the number of hours worked

Note 11

The severity index was calculated taking into account the following formula: number of days lost multiplied by 1000 and divided by the number of hours worked

	HEALTH & SAFETY	2020 DATA
Number of workplace accidents ⁹	Female	0
	Male	2
	Total	2
Frequency rate ¹⁰	Female	0
	Male	2,69
	Total	2,06
Severity index ¹¹	Female	0
	Male	0,04
	Total	0,03
Number of occupational diseases	Female	0
	Male	0
	Total	0
Absenteeism hours	TOTAL	41.227

Organization of work

The organization of working hours and time off for those working for Neolith in Spain is determined by three collective bargaining agreements the Group has signed, covering 88% of the Group's employees worldwide:

- A national collective bargaining agreement for extraction industries, glass industries, ceramic industries and for exclusive retailing using the same materials for 7.9% of its employees.
- A regional collective bargaining agreement for the glazed tile, paving stone and ceramic tile industry in the autonomous region of Valencian Community for 78.3% of its employees.
- A provincial collective bargaining agreement for construction and plumbing wholesalers for 1.7% of its employees.

For cases of employees exceeding the standard working hours set forth in the collective bargaining agreement, Neolith compensates those hours with extra time off or overtime hours. Vacation days and compensated time off are scheduled by mutual agreement between the company and the employee.

Key Figures on Organization of Work.



Neolith is developing a management framework and policy associated with the right to disconnect from work

Regarding measures aimed at facilitating a work/life balance, Neolith is firmly committed to offering a flexible work environment that helps enhance its employees' personal and professional performance. For this reason, Neolith is working on a digital disconnection policy aimed at all Group employees.

Moreover, any additional request by employees related to work/family balance or the organization of working hours is reviewed individually and discretionally.

Neolith complies with labor laws on all matters related to work/family balance measures.

Social relations

Neolith acknowledges and defends the importance of collective bargaining which is reflected in the percentage of its workforce covered by collective bargaining agreements. Worldwide, 88% of its employees are covered by a collective bargaining agreement (see the collective bargaining agreements signed by the Group in section 5.4). This figure corresponds to employees in Spain where most of the Group's workforce reside and where 100% of the employees covered by such an agreement reside. As for employees located in other countries, the Group complies with local labor laws and relevant provisions in the area of collective negotiations and representation.

Worldwide, 88% of all employees are covered by a collective bargaining agreement

With regard to formal communication channels with employees, Neolith engages in ongoing and fluid communication with the workers' representatives. Pursuant to Spanish Organic Law 11/1985, of 2 August, which guarantees employees' right to freely organize in order to promote and defend their economic and social interests, a Works Council was established within the organization comprising one union member and eight company employees. This Council periodically and as needed meets with the Group's representatives in order to debate any concern raised by employees in relation to the company's social and/or labor environment.

Besides this formal communication channel, Neolith employees have a suggestion box and ethics channel or whistleblowing channel available to them through which they may report their concerns anonymously. Employees are invited to freely express their opinions and interests directly to the Human Resources manager in a safe and trustworthy environment, as part of the open communication offered by the Group.

In order to have two-way company/employee communication, the Group engages in active communication on initiatives carried out by the different areas of the company through a quarterly publication exclusively for internal use and communication purposes known as *Neospaper*.

With multiple communication channels, the Group has decided to formalize its procedures relating to communication with employees in an internal communication policy which is currently being drafted.

In 2021, Neolith will be establishing a system for measuring employee satisfaction and the work climate

Additionally, Neolith plans to implement processes in 2021 to periodically measure employee satisfaction and the work climate in order to better understand their concerns and add them to the company's strategy. The next step after measuring employee satisfaction will be evaluating the corporate culture so as to ensure this ties in with the Group's future challenges and is adequate for this new Neolith growth phase.

Training and Talent Management

Neolith believes its employees' training and professional development are one of the essential principles of its activities. This is also set out in its Code of Ethics, which declares the Group's commitment to promoting its employees' and collaborators' training so as to facilitate equal opportunities and career development.

Regarding training management, the Group has a procedure for defining non-standard training programs which consists of supervisors defining the training needs. Those responsible for the different teams send their requests for training to the HR Department, which evaluates and approves the proposals as appropriate. This procedure is ongoing throughout the year. In 2020, much of the training planned had to be postponed or cancelled due to the pandemic.

For 2021 financial year, Neolith established the milestone of producing a training plan for employees in order to foster their professional development in a structured manner, and not only enhance their technical competencies required specifically for their positions, but also to boost their leadership and innovation skills so they may progress alongside Neolith towards achieving the goals set.

Career development within the company is a key aspect for the Group

	TRAINING	2020 GLOBAL DATA
Training hours	Directors	4
	Managers and supervisors	323,5
	Technicians and line coordinators	122
	Administrative staff and operators	2.260,5
	TOTAL	2.710

In this context, Neolith has set up a performance management system (PMS), the aim of which is to maximize employees' capacity to make an impact on the organization through their development and skills enhancement, to successfully perform their responsibilities and grow within the Group.

It is worth mentioning that, as established in the Code of Ethics and placing high importance on the performance evaluation process, promotions to new roles and positions within Neolith are carried out considering each professional's skills and capacities with no nepotism allowed and always when compatible with general job efficiency.

Training Hours by Professional Category

Equality, diversity and accessibility

Neolith firmly believes in creating professional atmospheres based on equal opportunities, diversity and non-discrimination.

The Code of Ethics is the authoritative document which sets out the principles by which everyone at the company must conduct themselves on all levels

Through this document, Neolith undertakes to promote non-discrimination as concerns race, color, nationality, social origins, age, gender, marital status, genderual orientation, ideology, political opinions, religion or any other personal, physical or social conditions affecting its professionals.

Besides having expressed a commitment to conducting all personnel evaluations and assessments respecting the principle of equal opportunities for all stakeholders and at all times respecting candidates' privacy and opinions, as well as avoiding favoritism in recruitment and hiring processes in order to strengthen its position and ensure equality in recruitment processes, the Group has established the preparation of a hiring policy as one of its priority objectives for 2021. This policy will define the guidelines that will consistently govern all hiring processed carried out by the Group. By integrating this policy, which will include equality and non-discrimination criteria, the Group will integrate responsible hiring in its management model in line with its strategic objectives and Code of Ethics.

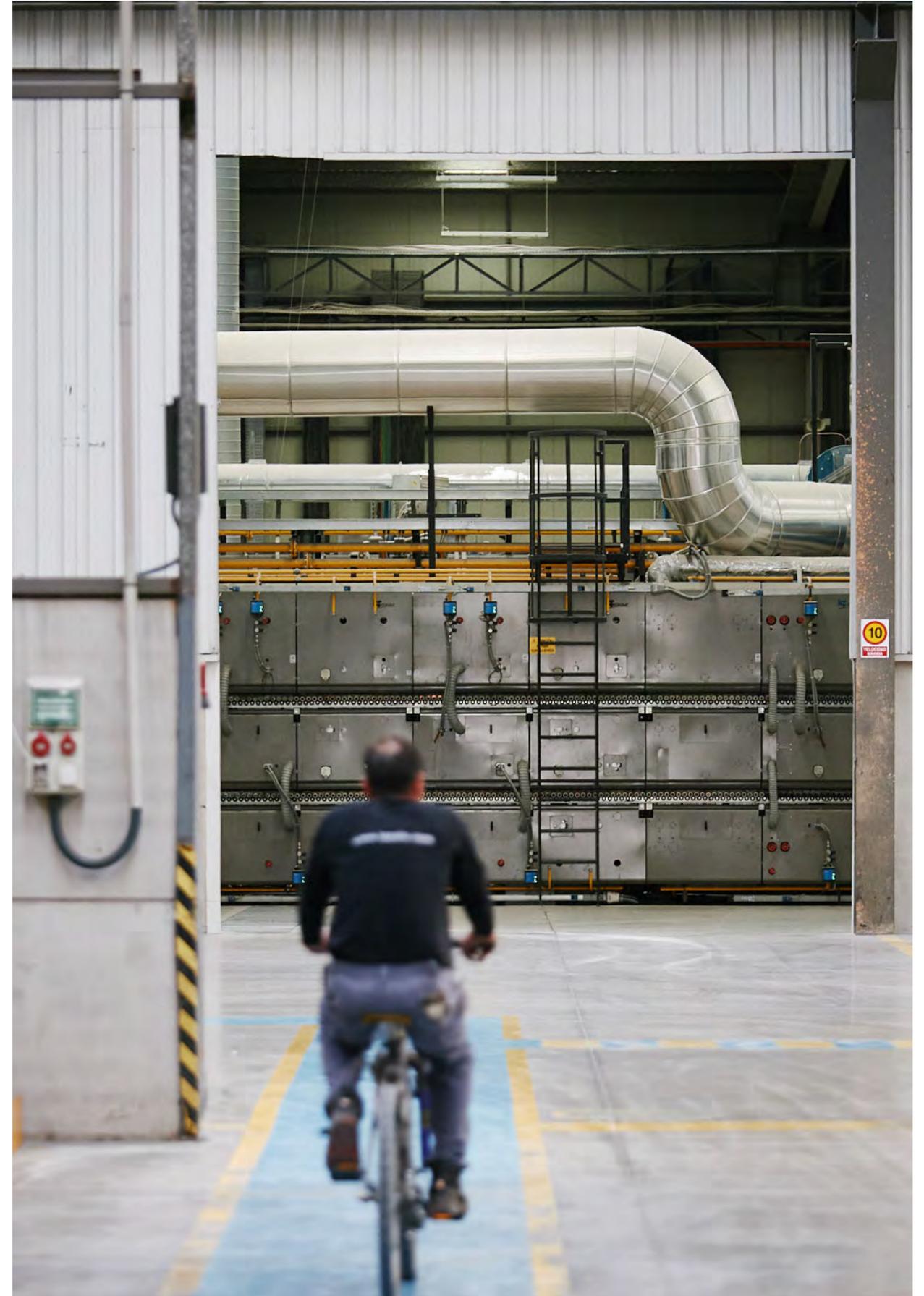
In compliance with the Spanish General Law on the rights of the disabled and their social inclusion, Neolith hires people with a disability through special employment centers. Two people with a disability are currently included in its workforce. Regarding accessibility at the Group's facilities, the offices are designed for access by the disabled. The physical accessibility measures in place include adaptation of entrances, mobility and orientation within the building as well as the ability for the disabled to use shared facilities (elevators, climate control systems, lighting, etc.).



Spray Drying Plant Lab
Neolith HQ Facilities in Castellón (Spain)



Quality Control, Slab Production Plant
Neolith HQ Facilities in Castellón (Spain)



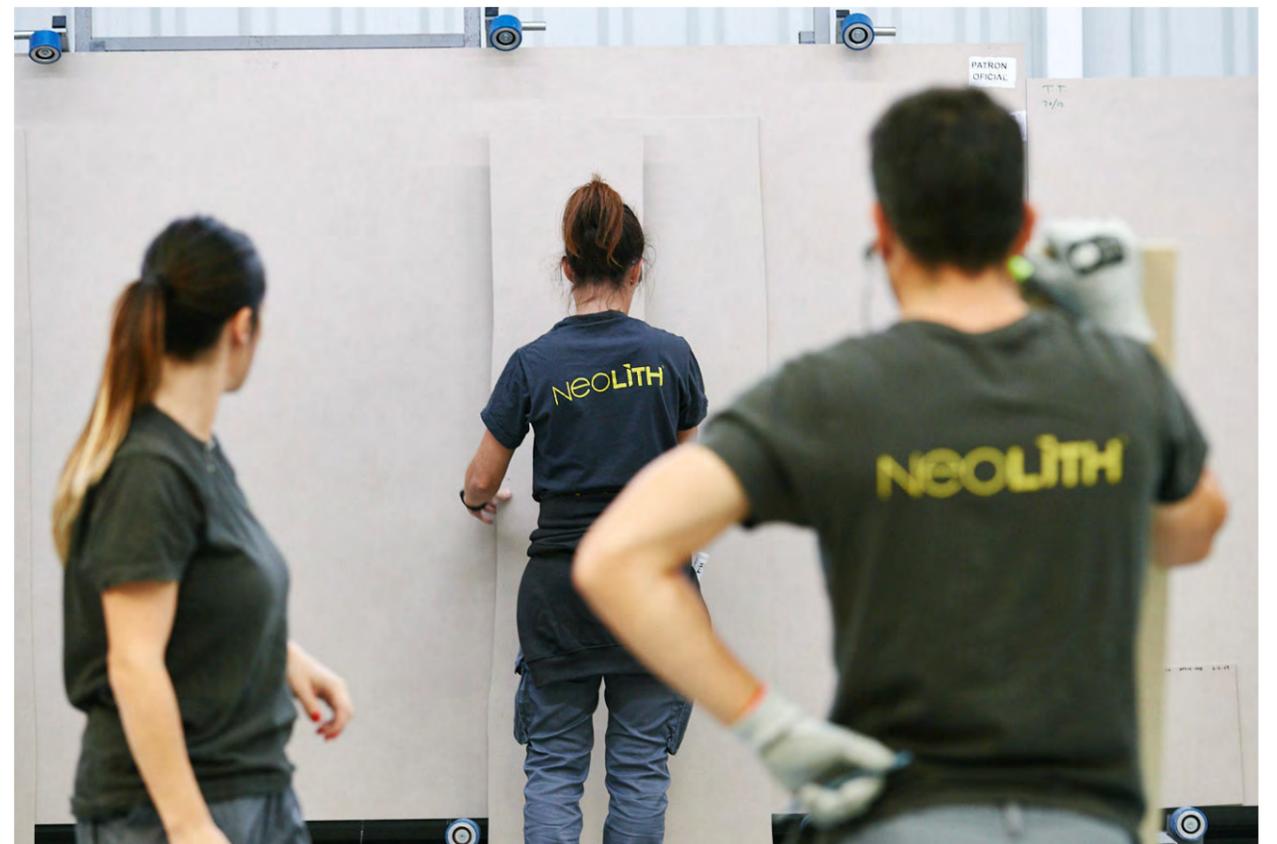
In the background, one of the Neolith kilns. Slab Production Plant
Neolith HQ Facilities in Castellón (Spain)



Spray Drying Plant Lab
Neolith HQ Facilities in Castellón (Spain)



Slab Production Plant
Neolith HQ Facilities in Castellón (Spain)



Quality Control, Slab Production Plant
Neolith HQ Facilities in Castellón (Spain)



5 /
Respect for
Human Rights

Principle of Prevention

Neolith encourages its employees and suppliers to comply with human and labor rights as recognized by Spanish and international law, committing to comply with all regulations in effect in this area.

An initial assessment of the impact on human rights is planned for next year, so as to get ahead of the future European Directive on due diligence processes in the supply chain. There is currently no due diligence process on Human Rights; nonetheless, the Code of Ethics sets forth guidelines for employee behavior.

Promotion and Compliance with ILO Provisions

Relating to promotion and compliance with the provisions of essential ILO conventions on respecting freedom of association and the right to collective bargaining, Neolith recognizes this employee right and provides the resources required for guaranteeing this freedom and non-discrimination of professionals deciding to exercise this, in addition to having a Works Council in direct communication with the company.

The Code of Ethics establishes the principles governing the Group's activities and compliance with the principles of equality, the eradication of forced labor and collective bargaining

With respect to the provisions of essential ILO conventions related to non-discrimination on the job and in employment, section 4.6 describes how the Code of Ethics establishes principles governing the Group's activities as concerns equality as well as the measures implemented and to be implemented from now until the year 2023 under the Equality Plan. Furthermore, the company is currently in the process of preparing a hiring policy that will establish the rules for non-discrimination in recruitment processes.

Regarding the eradication of forced or mandatory labor and the effective abolition of child labor, the Group still has not implemented policies or procedures in this area. Nonetheless, Neolith complies with local labor laws in all countries where it operates, and is not involved in operations nor maintains commercial relations with suppliers at risk of forced-labor or child-labor situations.

There were no incidents in 2020 related to discrimination or harassment.

Ethics or Whistleblowing Channel

Ethics management is one of the fundamental pillars on which Neolith supports its presence in the market, and the Code of Ethics is a cornerstone of its commitment to regulatory compliance and ethical behavior within the Group.

The Group bases its activities on the principles and lines of action established by the Code of Ethics. In addition, compliance with this is mandatory for all employees and third parties who enter into a commercial relationship with the Group. Neolith has enabled an ethics or whistleblowing channel in order to comply, enforce, reinforce and supervise compliance with the Code of Ethics.

One of the tools for transparency and communication with stakeholders Neolith has is an ethics or whistleblowing channel

Neolith believes the ethics or whistleblowing channel is a tool not only allowing it to monitor compliance with the Code of Ethics, but also a way to express the Group's commitment to responsible management and transparency so that it can continue growing within a culture based on trust, integrity and professionalism.

Complaints filed through this channel are received and processed by the Compliance Officer, who treats the identity of the person communicating the anomaly as confidential information, and possibly anonymously if so decided by the whistleblower. The rights of privacy, defense and presumed innocence of investigated parties are guaranteed in all processes investigating the complaints received.

Complaint management follows a written and formal procedure. This procedure, which standardizes management and offers trust in all actions, is published and accessible for stakeholders (www.thesize.es/es/empresa/canal-denuncias/procedimiento). The Compliance Officer is the person who receives complaints and periodically reports them to the Audit Committee without the identification details of the whistleblower. Any facts that may be very serious and criminal will be subject to extraordinary submission. Cases that may be criminal are reported to the authorities in accordance with local law.

As concerns the number of Human Rights complaints, Neolith did not receive any complaint related to this issue in 2020

6 / Fight Against Corruption and Bribery



Measures to prevent corruption and bribery

Through the Code of Ethics, the company declares its firm commitment to the principles that govern a policy of preventing crime and fraud, and particularly in those relating to money laundering, anti-corruption and anti-bribery.

As measures to prevent corruption and bribery, Neolith provides preventive guidelines to all subsidiaries through its Code of Ethics. As defined in the Code of Ethics, no Neolith collaborator may directly or indirectly offer, promise, grant, request or accept illegal payments or other benefits, favors or compensation of any kind to or from any authority or civil servant. The only exception to this rule are low-value gifts and offerings that are proportionate and reasonable in accordance with local practice, delivered for a legitimate reason that is socially acceptable and sporadic so that there is no doubt about the collaborator's or the company's good faith. Cash gifts are expressly prohibited.

There are also procedures and forms which are used in each of the phases of contact with risky customers. The following scenarios have thus been defined in relation to customers in order to conduct a series of prevention checks: first commercial operation, non-face-to-face operations and control as well as monitoring measures.

Neolith explicitly prohibits collaborators from making any type of payment to any court authority, public administration or official organization irrespective of the method or justification.

The Group updated its criminal risk matrix in 2019 and 2020, and appropriate procedures were created for adequate risk management in each business area. An external consultant who specializes in criminal risks was contracted this year and 12 different corporate departments and nine different jurisdictions of application for Neolith were analyzed. As a result, 102 possible controls were identified and work was done on 77 applicable conducts to reduce the risks. This process enhanced the procedures followed by the Group.

A complaint was received through the ethics channel in 2020 in relation to this chapter for possible fraud; however, the case was closed following a rigorous study and investigation

Measures to fight money laundering

Money Laundering and Terrorism Financing measures are defined in the internal prevention and control procedure which describes action that might indicate irregularity, and control guidelines are established for the prevention, mitigation and monitoring thereof.

Along with the finance team, the Compliance Officer coordinates and supervises all activities relating to preventing these practices with the following duties assigned:

- Centralizing and managing all incidents that may arise in relation to prevention of money laundering and terrorism financing.
- Keeping personnel punctually informed of these issues.
- Reporting any circumstance that may or should alter or modify this prevention procedure.

Neolith uses a set of procedures to help the company mitigate the risk of participation in activities that may involve a money laundering or terrorism financing crime. The primary mechanisms include supervising and ethically assessing the Group's new and historical customers – Know Your Client (KYC). As part of this procedure, all employees and collaborators must provide specific documentation to identify customers as a reliable natural person or legal entity, obtain general trade information on the taxpayer, obtain information on the management and shareholding structure for legal entities in addition to documentation on the characteristics and commercial circumstances of the potential customer.

Moreover, the Group's organizational structure is based on a joint-and-several management model including the CEO and CFO in a view to good corporate governance practices and increased supervision and control.

In 2020, considering the health crisis at the start of the pandemic,

Neolith donated a total of €300,000 to hospitals to fight COVID-19

These donations were made to the regional health department for use at three hospitals: Hospital General Universitari, Hospital Provincial and Hospital Universitario de La Plana located in the area around Neolith headquarters and production center. This donation was preferentially used to purchase personal protective equipment (PPE) for the healthcare workers involved in the fight against the COVID-19 pandemic.

In addition, Neolith contributed €32,000 to industry associations during the year.

Donations to Foundations and Non-Profit Entities



Annex

About this report

Annex

General Areas

Contents required by Spanish Law 11/2018 on non-financial information and diversity

AREAS		REPORTING FRAMEWORK	REFERENCE	COMMENTS/REASON FOR OMISSION
Business Model	Description of the business model: Business environment Organization and structure Markets in which it operates Aims and strategies Primary factors and trends that may affect its future evolution	GRI 102-2 Activities, brands, products and services GRI 102-4 Location of operations GRI 102-6 Markets served	029-039	
Risks	The main risks related to these issues associated with the Group's activities including, when pertinent and proportionate, its commercial relations, products or services that may have negative effects on these areas, and: 1) How the group manages such risks. 2) Explaining the procedures used to detect and assess them in accordance with national, European and international frameworks of reference for each matter. 3) Information on impacts detected, offering a breakdown thereof; particularly on the main short, medium and long-term risks.	GRI 102-15: Key impacts, risks, and opportunities	038-043	

Environmental issues

AREAS		REPORTING FRAMEWORK	REFERENCE	COMMENTS/REASON FOR OMISSION
Environmental management	Current and expected effects from the company's activities	GRI 102-11 Precautionary Principle or approach	058-065	
	Environmental assessment or certification procedures			
	Resources dedicated to preventing environmental risks			
	Application of the principle of precaution			
	Quantity of provisions and environmental-risk guarantees			
Pollution	Measures to prevent, reduce or repair carbon emissions (also including noise and light pollution)	103: Emissions Emissions of ozone-depleting substances (ODS) GRI 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	063-065	

The Circular Economy and Waste Management	Measures for prevention, recycling, re-use, other means of recovery and elimination of waste	103: Effluents and waste GRI 306-2 Waste by type and disposal method	064-065	Food waste is considered a material aspect due to the company's activities.
	Actions to fight food waste		N.A.	
Sustainable Use of Resources	Consumption of water and water supply pursuant to local limits	103: Water GRI 303-1 Interactions with water as a shared resource	062	
	Consumption of raw materials	103: Materials GRI 301-1 Materials used by weight or volume	061	
	Measures taken to improve the efficiency in the using them	103: Materials	061	
	Direct and indirect consumption of energy	103: Energy GRI 302-1 Energy consumption within the organization	061	
	Measures taken to improve energy efficiency	GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in energy requirements of products and services	061	
	Use of renewable energy	GRI 302-1 Energy consumption within the organization	061	
Climate change	Important elements of greenhouse gas emissions generated	103: Emissions GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-3 Other indirect (Scope 3) GHG emissions	063-064	
	Measures taken to adapt to the consequences of climate change	GRI 201-2 Financial implications and other risks and opportunities due to climate change	063-065	
	Reduction goals voluntarily established	GRI 305-5 Reduction of GHG emissions	060-065	The group currently has no established goals, but is working on this in 2021.
Protecting biodiversity	Measures taken to preserve or restore biodiversity	103: Biodiversity GRI 304-3 Habitats protected or restored	062	
	Impact caused by activities or operations in protected areas	GRI 304-2 Significant impacts of activities, products, and services on biodiversity		

	AREAS	REPORTING FRAMEWORK	REFE-RENCE	COMMENTS/REASON FOR OMISSION
Employment	Total number and distribution of employees broken down by gender, age, country and professional category.	GRI 102-8 Information on employees and other workers GRI 405-1 Diversity of governance bodies and employees	083	
	Total number and distribution of employment contract types		083	
	Annual average of indefinite, temporary and part-time contracts by gender, age, and professional category	GRI 102-8 Information on employees and other workers	082-083*	
	Number of dismissals by gender, age and professional category	401-1 New employee hires and employee turnover	082-083*	
	Pay gap	405-2 Ratio of basic salary and remuneration of women to men	082-083*	
	Average pay by gender, age, and professional category		082-083*	
	Average director pay by gender	405-2 Ratio of basic salary and remuneration of women to men	082-083*	
	Average senior management pay by gender		082-083*	
	Implementing right to disconnect policies	103: Employment	082-083*	
	Employees with a disability	GRI 405-1 Diversity of governance bodies and employees	082-083*	
Organization of work	Organization of working hours	103: Employment	086	
	Number of absentee hours	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	086	
	Measures aimed at facilitating work/family balance and foster the co-responsible exercise of such by both parents	103: Employment	086	
Health & safety	Health and safety at the workplace	103: Health and safety and the workplace	084-085	
	Number of workplace accidents and diseases by gender, frequency rate and severity by gender	GRI 403-2: 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	084-085	
Social relations	Organization of social dialog	103: Employee/employer relations	087	
	Percentage of employees covered by collective bargaining agreements by country	GRI 102-41 Collective bargaining agreements	087	
	List of collective bargaining agreements, particular in the area of occupational health and safety	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	087	

* Complementary information available in Non Financial Information Report 2020 published on www.neolith.com

Information on compliance with human rights

Training	Policies implemented concerning training	GRI 404-2 Programs for upgrading employee skills and transition assistance programs 103: Training and education	088	
	Total quantity of training hours by professional category	GRI 404-1 Average hours of training per year per employee	088	
Universal accessibility for the disabled		GRI 404-1 Average hours of training per year per employee		
Equality	Measures taken to promote equal treatment and opportunities for men and women	103: Diversity and equal opportunities	089	
	Equality plan measures taken to promote employment, protocols against gender harassment and gender harassment			
	Integration and universal accessibility for the disabled			
	Policy against all types of discrimination and, as applicable, diversity management			

AREAS	REPORTING FRAMEWORK	REFE-RENCE	COMMENTS/REASON FOR OMISSION
Application of due diligence procedures in the area of human rights	GRI 102-16 Values, principles, standards, and norms of behavior GRI 102-17 Mechanisms for advice and concerns about ethics GRI 412-2 Employee training on human rights policies or procedures	096-097*	
Prevention of the risk of human rights violations and, as applicable, measures to mitigate, manage, and make amends for possible abuses committed	GRI 102-16 Values, principles, standards, and norms of behavior GRI 102-17 Mechanisms for advice and concerns about ethics GRI 412-2 Employee training on human rights policies or procedures		
Complaints of human rights violations	GRI 102-17 Mechanisms for advice and concerns about ethics		
Promoting and compliance with the provisions of essential ILO conventions on respect for freedom of association and the right to collective bargaining, eradication of workplace and occupational discrimination, the eradication of forced or mandatory labor and effective abolition of child labor	GRI 102-16 Values, principles, standards, and norms of behavior GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk GRI 408-1 Operations and suppliers at significant risk for incidents of child labor GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		

* Complementary information available in Non Financial Information Report 2020 published on www.neolith.com

Information on the fight against corruption and bribery

AREAS	REPORTING FRAMEWORK	REFE-RENCE	COMMENTS/ REASON FOR OMISSION
Measures to prevent corruption and bribery	GRI 102-16 Values, principles, standards, and norms of behavior GRI 102-17 Mechanisms for advice and concerns about ethics	100-101	
Measures to fight money laundering	GRI 102-16 Values, principles, standards, and norms of behavior GRI 102-17 Mechanisms for advice and concerns about ethics		
Donations to Foundations and Non-Profit Entities	413-1: Operations with local community engagement, impact assessments, and development programs		

Information on Society

AREAS	REPORTING FRAMEWORK	REFE-RENCE	COMMENTS/ REASON FOR OMISSION
Company's commitments to sustainable development	The impact of the company's activities on local employment and development	070-072	
	The impact of the company on local populations and throughout the territory		
	Relations with local stakeholders and types of dialogue with them Association or sponsorship actions		
Subcontracting and suppliers	Inclusion of social issues on gender equality and the environment in the procurement policies	060-061	
	Consideration of social and environmental responsibility in relations with suppliers and subcontractors		
	Systems of supervision and audit as well as the results thereof		
Consumers	Measures for Consumer Health & Safety	072*	
	Claim systems		
	Complaints received and their resolution		
Información fiscal	Profits earned country by country	073*	
	Profit tax paid		
	Public subsidies received*		

* Complementary information available in Non Financial Information Report 2020 published on www.neolith.com

About this Report

This Sustainability Report was prepared using the Task-force on Climate-related Financial Disclosure (TCFD) as a reference, in addition to the guidelines established in the Global Reporting Initiative (GRI) Guide.

This Sustainability Report includes information the performance of the dominant company International Design Surfaces Investments, S.L. and its subsidiaries. This company is the head of a group of companies that, along with it, comprise Neolith (hereinafter, the Group). The perimeter of information reported coincides with the perimeter of the financial information found in the Group's annual accounts and the Non Financial Information Report. The period covered by this report is the 2020 financial year, the horizon of which includes the milestones achieved since January 1, 2020 until December 31 of the same year. This is the first Sustainability Report disclosed by the company. It will now be published annually; however, this first report does not include any data from prior years. Any questions related to the content of this report may be addressed by email to ESG@neolith.com or the company's primary place of business, which is Polígono Industrial Camí Fondo, Supoi 8. C/Ibers 31, 12550 Almazora, Spain.

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