



**TOGETHER WE SHAPE THE FUTURE**  
**SUSTAINABILITY-LINKED FINANCING**  
**FRAMEWORK**

**March 2024**



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# 1. Introduction

RDM Group is the leading producer in the recycled cartonboard business and the largest manufacturer in Italy, France, the Netherlands, Scandinavia and in the Iberian Peninsula.

The Group operates in two main cartonboard business areas:

White Lined Chipboard (WLC), coated cartonboard for packaging made of recycled fibers

Solid Board, cartonboard in high grammages well suited for specialty products, luxury packaging and the publishing market.

RDM Group cartonboard is mainly used as packaging for consumer goods; it can also be used for graphical applications, commercial displays, toys, pharmaceuticals & cleanings.

Our identity is built on a clear vision that guides all of our activities, today and tomorrow, and that represents the optimal combination between our business and the expectations of our Stakeholders. Our ambition is to be Partner of Choice of all key Stakeholders with three strategic goals in mind: to offer excellent products and services, to optimize costs and to maximize the satisfaction of our key stakeholders.

For RDM, sustainability is much more than something to simply opt in or out of. In fact, since our foundation, it has been at the very heart of our business model. This makes sustainability RDM's past, present and, most importantly, future.

## 1.1 Sustainability at RDM

At RDM, we are aware that the world is experiencing a crucial phase characterized by numerous global challenges. The ability of a company to respond to these challenges is a sign of both resilience and vision.

Our business strategy includes in its very DNA the concept of sustainability, with the awareness and willingness to build an economy in harmony with the environment and society, based on the circular economy.

This circular model replaces the concept of waste with that of a resource, aiming to optimize with increasing efficiency the use of materials.

RDM cartonboard is fully recyclable and is designed to be returned to the virtuous circle of the circular economy through recovery and recycling after its use.

## 1.2 Our Contribution to the UN 2030 Agenda

Through our activities and the way we work, we contribute to the achievement of the United Nations' Sustainable Development Goals (SDGs), among which we have identified the following goals on which we know we can have a direct impact on. For each of the chosen SDGs, we have clarified our contribution:

**SDG n.3: PROMOTE OCCUPATIONAL HEALTH AND SAFETY** How we contribute: 5 mills have implemented the Behavior-Based Safety program as part of the long-term sustainability goals.

**SDG n.4: PROMOTE LEARNING AND SKILLS DEVELOPMENT** How we contribute: € 850k invested in 2023 in technical and vocational training and skill development to promote continuous learning and personal growth.

**SDG n.6: PROTECT WATER ECOSYSTEMS** How we contribute: 16% reduction of specific wastewater discharges since 2020. The Group has significantly lowered its water use as part of its long-term commitment to reduce specific wastewater discharges.

**SDG n.7: INCREASE ENERGY EFFICIENCY OF OPERATIONS** How we contribute: 7% reduction of energy intensity since 2020. Using renewable, clean energy for all the company's operations is a major goal for RDM Group. The Group is committed in reducing emissions and mitigate environmental impacts.

**SDG n.8: PROMOTE FULL EMPLOYMENT AND DECENT WORK** How we contribute: over 2,300 people have found employment opportunities with us. The Group adopts, whenever possible, national collective bargaining agreements that guarantee good working conditions.

**SDG n.9: MODERNIZING INDUSTRIAL PROCESSES AND MAKE THEM MORE SUSTAINABLE** How we contribute: 4 mills have successfully launched the Operational Excellence Manufacturing program to modernize industrial processes and make them more sustainable. One more mills will be added to this program in 2024.

**SDG n.12: ADOPT SUSTAINABLE PATTERNS OF PRODUCTION AND CONSUMPTION** How we contribute: 95% of fiber-based raw materials is made from paper for recycling. Our products are all renewable, recyclable and in turn recycled.

**SDG n.13: TAKE ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS** How we contribute: the Group has made and will be making significant investments to increase the efficiency of its own CHP plants and cartonboard production process. In the 2022, the new CHP plant of Ovaro was completed, while in 2024 the CHP plant of Barcelona will be finalized.

**SDG n.15: PROMOTE SUSTAINABLE MANAGEMENT OF FOREST-RELATED RESOURCES** How we contribute: 100% of virgin market pulp is purchased from certified and/or controlled sources that ensure the sustainable management of forests.

**SDG n.17: STRENGTHEN PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT** How we contribute: RDM joined more than 30 associations locally and internationally to support innovation in our sector and strengthen partnerships for sustainable development.

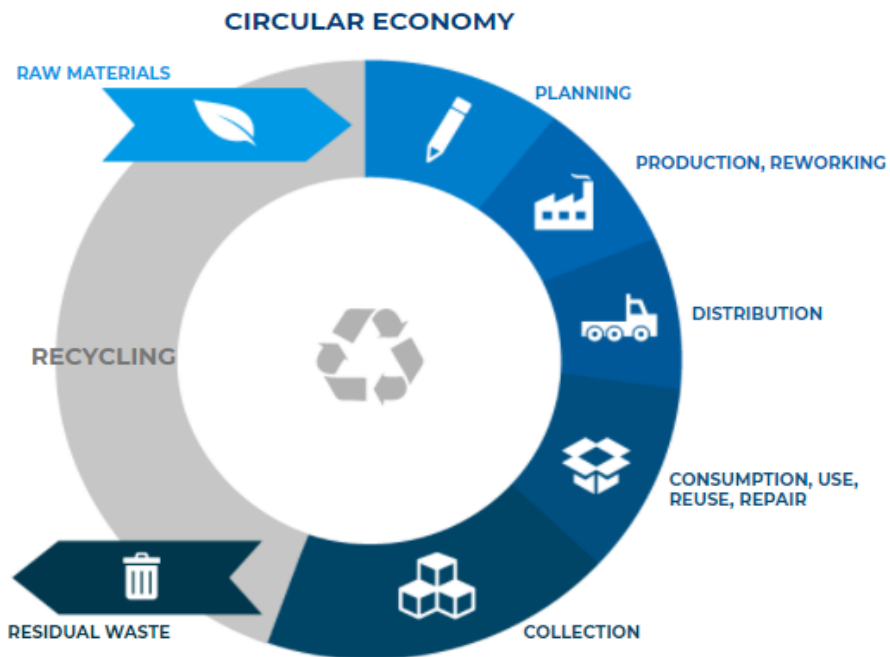
# 1.3 The Circular Economy at RDM

Changing from a **linear economic model** to a **circular one** is the challenge of our time.

The first presupposes that the goods must have a terminal life cycle, which ends when they are no longer needed and are then thrown into landfills. The second is designed to regenerate the resources it uses, reusing them in multiple production and use cycles.

The recyclability of materials used for packaging is crucial for developing a production and consumption model where the end of one product's life cycle is the beginning of a new one.

RDM offers products that are renewable, recyclable and actually recycled.



We purchase paper for recycling (PfR) from the industrial and commercial sectors and, from city collections, such as fiber-based packaging, newspapers and magazines. For some types of cartonboard the Group uses virgin fiber pulp purchased from third parties.

Our technologies and production systems transform the paper for recycling giving the recycled fibers a new life, whether they come from urban recycling or from industrial and commercial sectors.

Fiber-based raw materials are mixed with water to create a cellulose fiber suspension. Through a complex purification system, the impurities (e.g. sand, metals and plastics) present in the raw materials are eliminated. The board machine consists of a linear consecutive system of sheet forming, pressing and drying intended to remove the water from the fiber suspension. Depending on the type of cartonboard, a coating layer is applied. Once produced, the cartonboard is rolled into special reels for direct dispatch or cut into sheets and packaged onto pallets.

RDM products are mainly intended for the converting and printing industry that use cartonboard to make the packaging of products placed on the market. Clipping and scraps of the converting and printing processes are collected and delivered back to the mill directly or through sorting facilities as raw materials. For products put on the market, after use by the end consumer, more than 80% of the packaging is reintroduced into the virtuous cycle of recycling, thus feeding the sustainable business model of recycled cartonboard.

## 1.4 RDM’s Sustainability Plan 2020 – 2030

At the beginning of 2021, RDM defined 2030 as the time horizon for its long-term sustainability goals, with a focus on precise objectives of great relevance to our business and society as a whole.

We believe that their pursuit can bring the achievement of other environmental, social, ethical and economic objectives. This is possible through a dedicated and clear investment plan that has the ambition to propose to our Stakeholders a long-term partnership centered on a sustainable development agenda.

The areas of commitment we identified through an extensive engagement process with internal and external Stakeholders and consistently with the Group’s material topics.

Top management validated the results and adopted the Sustainability Plan.

The plan allows RDM to act as a key player in its own market and to stand out with respect to the management of Environmental matters, Safety at work and a rational use of Energy.

These are key factors for RDM Group business success on the market, favouring the consolidation of economic and financial performance and contributing to the sustainable development that drives the strategy of RDM.

The projects included in our 2030 plan are also included into the Group's three-year industrial plan. As such, they undergo an economic evaluation before being proposed and included into the sustainability plan. The responsibility of achieving the sustainability goals follows then the same hierarchy of business performance, which ultimately derives from the business operations of the cartonboard mills.

Furthermore, RDM maintains an Investment Committee, chaired by RDM’s Chief Executive Officer which is accountable for the development, implementation and tracking of our Group Sustainability Plan to 2030.

To that end, RDM’s Sustainability goals to 2030 include:

Goal	Baseline 2020	Target
Reducing direct (scope 1) and indirect (scope 2) CO <sub>2</sub> equivalent emissions per ton of net saleable production	0.495 tCO <sub>2</sub> e/ton	-30% by 2030
Increasing the share of waste sent for recovery	72.8%	90% by 2030

Reducing the total amount of waste generated per tonne of net saleable production	<b>181 kg/ton</b>	<b>-20% by 2030</b>
Reducing waste water discharges per tonne of net saleable production	<b>11.06 m<sup>3</sup>/ton</b>	<b>-20% by 2030</b>
Increasing the employee advocacy rate	<b>3.98</b>	<b>4.50 by 2030</b>
Increasing the percentage of women employed by RDM Group	<b>9.5%</b>	<b>+30% by 2030</b>

## 2. RDM’s Sustainability-Linked Financing Framework

Sustainability-Linked financing presents an innovative approach to support our efforts to formalize our Sustainability goals that is consistent with our forward-looking 2020-2030 Sustainability Plan.

We developed our first Sustainability-Linked Financing Framework and issued our inaugural Sustainability-Linked Bond in November 2021. So as to reflect updates in our sustainability strategy & performance and align with the latest market practice, we chose to publish the present updated version of the Sustainability-Linked Financing Framework (the “Framework”), which from the date of its publication replaces the 2021 version. RDM and its subsidiaries will be able to issue Sustainability-Linked Bonds (SLBs) under this Framework.

This Framework follows the core components to the Sustainability-Linked Bond Principles of June 2023 (“SLBP” hereafter)<sup>(1)</sup> as administered by ICMA, and the Sustainability-Linked Loan Principles of February 2023 (“SLLP” hereafter)<sup>(2)</sup> as administered by the LMA.

Our Framework is in alignment with the five core components of the SLBP / SLLP 2023:

- I. Selection of Key Performance Indicators (KPIs)
- II. Calibration of Sustainability Performance Targets (SPTs)
- III. Financial Characteristics
- IV. Reporting
- V. Verification

SLBs are those where the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives.

In that sense, issuers are thereby committing explicitly to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business.

SLBs are forward-looking performance-based instruments. The proceeds of SLBs are intended to be used for general corporate purposes; hence, the use of proceeds is not a determinant in our categorization.

<sup>1</sup> [Sustainability-Linked-Bond-Principles-June-2023-220623.pdf \(icmagroup.org\)](https://www.icmagroup.org/standards/sustainability-linked-bond-principles-june-2023-220623.pdf)




<sup>2</sup> <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

# 2.1 Selection of Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)

The KPIs that have been included for the purpose of this Sustainability-Linked Financing Framework reflect the key environmental sustainability challenges the Containers & Packaging industry is facing.


Prior to issuing a SLB, RDM will select one or more of the following KPIs and SPTs, which are core, relevant, and material to our business and measure progress against our 2030 sustainability commitments.

For ease, we have copied our 3 KPIs, and associated SPTs in freeform below:

KPI	SPTs	SDG Alignment
<b>KPI 1: Group Greenhouse Gas (GHG) Emissions intensity: Scope 1 and 2, in tCO<sub>2</sub>e/ton of net saleable production</b>	<b>SPT 1:</b> Reduce the Group GHG Emissions intensity by 15% by 2025 with respect to 2020 baseline	
<b>KPI 2: Increase the proportion of waste sent for recovery</b>	<b>SPT 2:</b> Increase the proportion of waste sent for recovery to 86.2% by 2025 compared to 2020 baseline	
<b>KPI 3: Reduce waste water discharges per ton of net saleable production</b>	<b>SPT 3:</b> Reduce waste water discharges per ton by 16.6% of net saleable production by 2025 with respect to 2020 baseline	



## KPI 1: Reducing Carbon and Energy / Climate Change

KPIs & SPTs	Rationale
<p><b>KPI:</b> Group Greenhouse Gas (GHG) Emissions Amount: Scope 1 and 2, in tCO<sub>2</sub>e/ton (as per GRI methodology)</p> <p><b>SPT 1:</b> Reduce the Group GHG Emissions by 15% by 2025 with respect to 2020 baseline</p> <p><b>Baseline:</b> 0.495 tCO<sub>2</sub>e/ton <b>Baseline year:</b> 2020</p> <div style="text-align: center;">  </div>	<p>Our industry is an energy-intensive sector that needs significant amounts of energy, both electrical and thermal.</p> <p>At the beginning of 2021, RDM has committed to a long-term goal of reducing greenhouse gas emissions of its operations.</p> <p>Scope 1 emissions represent direct GHG emissions from operations owned or controlled by RDM while Scope 2 represents indirect emissions related to electricity purchased, calculated following the market-based approach. Emissions from biomass combustion (carbon-neutral) and fuel used to generate and supply electricity to the national grids are excluded from the baseline and calculation.</p> <p>RDM also follows the Global Reporting Initiative Standard in calculating the Group's Scope 1 and 2 emissions.</p> <p>RDM decided to focus on Scope 1 and 2 emissions for this Framework because these types of emissions are under the direct control of the Group. While RDM recognizes the importance of addressing Scope 3 GHG emissions, they most often depend on external factors the Group has little control over.</p> <p>Furthermore, Scope 3 emissions are based on assumption and estimates and thus remain too unreliable at this stage for inclusion in a financing instrument, unlike Scope 1 and 2 which come from measurements.</p>

### Calibration of Sustainability Performance Targets

**SPT 1:** Reduce the Group GHG Emissions by 15% by 2025 with respect to 2020 baseline

When setting the initial target, RDM have used the Science-Based Target Initiative tool as a benchmark to align the reduction estimates against the science-based projections.

A 2020 baseline has been used here, as 2020 is the first year of our long-term sustainability plan, which will be held throughout 2030.

Historical performance:

	2020	2021	2022
<b>Absolute Scope 1 (tCO<sub>2</sub>e)</b>	439,594	446,001	492,342
<b>Absolute Scope 2 (tCO<sub>2</sub>e, market-based)</b>	65,353	47,403	51,806

<b>Scope 1 and 2 tCO<sub>2</sub>e / ton of net salable production</b>	0.495	0.474	0.451
<b>Change relative to baseline</b>	N/A	4% reduction	9% reduction


**Strategy to achieve the SPT:**

We aim to pursue this goal with the use of high efficiency technologies, with interventions to improve the performances of existing plants and the use of energy sources with a lower environmental impact.

RDM view the below as specific investments that will potentially help drive the reduction in GHG emissions:

- New power plant in Barcelona, with an expected reduction of 5.000 tCO<sub>2</sub>e per year (Scope 1)
- New Power Plant in Ovaro (Scope 1)
- Heat exchanging system in Barcelona and Artnsberg (Scope 1)
- Electrification process in all mills (Scope 1) (e.g. e-boiler in Hoogezand)

## KPI 2: Eliminating Waste / Circular Economy

KPI & SPTS	Rationale
<p><b>KPI 2:</b> Increase the proportion of waste sent for recovery</p> <p><b>SPT 2:</b> Increase the proportion of waste sent for recovery to 86.2% by 2025 compared to 2020 baseline</p> <p><b>Baseline for KPI:</b> 72.8% <b>Baseline year for KPI 1:</b> 2020</p> <div style="text-align: center; margin-top: 20px;">  </div>	<p>Our vision of circular economy is based on some key elements, like the minimization of scraps, maximization of waste recovery and efficient use of materials.</p> <p>99% of the total waste generated by the Group is non-hazardous and consists primarily of plastics, glass, sand and metals.</p> <p>RDM uses of state-of-the-art technologies aimed at eliminating all non-fibrous impurities e.g. plastics, metals and sand from the raw material mix. By optimizing these technologies, we are able to reduce the share of fibers included in the pulper waste from approximately 20% to 5%. This allows the Group to generate cleaner waste that is potentially more suitable for being recovered by third-party organizations. We are committed to extending the use of this technology to all of the Group’s mills as one of the levers for achieving our 2025 and 2030 targets.</p> <p>Our procedures and quality standards require numerous controls on incoming raw materials, thus preventing materials containing impurities and unwanted materials from entering the production cycle. By carefully selecting raw materials during the acceptance phase, we are able to limit the amount of waste in the production process from the very beginning.</p>
<b>Calibration of Sustainability Performance Targets</b>	
<b>SPT 2:</b> Increase the proportion of waste sent for recovery to 86.2% by 2025 with respect to 2020 baseline	

The calculation methodology for this specific SPT is based on the official waste management forms held by the mills. As per the official European legislation, each load of waste must report the final destination code. Based on these codes, RDM is able to distinguish the amount of waste sent to disposal from the amount of waste sent to recovery.

A 2020 baseline has been used here, as 2020 is the first year of our long-term sustainability plan, which will be held throughout 2030.

Historical performance:


	2020	2021	2022
<b>Proportion of waste sent for recovery</b>	72.8%	69.3%	68.3%

In 2022, the proportion of waste decreased to 68%. RDM is working to invert this performance and steadily increase the proportion of waste sent to recovery in the coming years.

RDM Group view the below as specific investments that will potentially help drive the reduction in the proportion of waste sent for recovery:

- Used Beverage Carton (UBC) line in Fiskeby
- New washing machine in Paprinsa and Sappemeer
- Consolidating plastic waste recovery on alternative applications
- Valorising pulper rejects plastic fraction to be sent for recycling rather than to incineration. Providing better end-of-life with CO2 footprint reduction in scope 3 emissions

### KPI 3: Water & Wastewater Management

KPIs & SPTs	Rationale
<p><b>KPI 3:</b> Reduce waste water discharges per ton of net saleable production</p> <p><b>SPT 3:</b> Reduce waste water discharges per ton by 16.6% of net saleable production by 2025 with respect to 2020 baseline</p> <p><i>Baseline: 11.06 m<sup>3</sup>/ton</i> <i>Baseline year: 2020</i></p> 	<p>RDM is aware of the risks associated with water stress and takes them into account in its investment decisions.</p> <p>We are committed to considering these challenges also as an opportunity for the entire Group, both to increase efficiency in the use of this resource and to reduce costs. Thus, optimizing water use is a critical factor by which we measure our ecological footprint, but also our efficiency.</p> <p>Although board production is known to use a significant amount of water resources, our chemical, physical and biological water treatment processes, as well as the systems for monitoring quality of water discharges, allow us to manage this precious resource responsibly and in compliance with legal requirements.</p>

### Calibration of Sustainability Performance Targets

**SPT 3:** Reduce waste water discharges per ton by 16.6% of net saleable production by 2025 with respect to 2020 baseline

The calculation methodology for this specific SPT is based on the actual measurement of the waste water discharged either toward third-party water treatment plants (WWTP) or toward rivers. The measurements are made through internal flowmeters.

A 2020 baseline has been used here, as 2020 is the first year of our long-term sustainability plan, which will be held throughout 2030.

	2020	2021	2022
<b>Waste Water discharges per ton of net saleable production (m<sup>3</sup>/t)</b>	11.06	11.29	9.26
<b>Change relative to baseline</b>	N/A	2% increase	16% reduction

In 2022, performance on KPI 3 resulted in reduction by 16% compared to the 2020 baseline, decreasing it from 11.06 m<sup>3</sup>/ton to 9.26 m<sup>3</sup>/ ton. This positive trend can be attributed to a combination of factors, including the adoption of innovative technologies for treatment and reuse. The Group aims to consolidate these results while continuing to implement continuous improvements.

RDM view the below as specific investments that will potentially help drive the reduction in waste water discharges per ton of net saleable production:

- Use the recovery water from biological treatment plant S. Giustina
- Reuse of water from the water treatment plant Barcelona
- Removing the condenser in Barcelona (connected to power plant renewal project)
- New WWTP in Villa S. Lucia
- Removing the condensator in Ovaro (connected to power plant renewal project)
- Process water pre-treatment in Fiskeby

## 2.2 Financing Characteristics

RDM's Sustainability Linked Financing Instrument have a sustainability-linked feature that will result in a coupon / margin adjustment, or a premium payment as the case may be, if the Group's performance does not achieve the stated selected SPT(s).

The relevant KPI, SPTs, step-up coupon /margin amount or the premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant Sustainability-Linked Financing Bond).

The Issuer will notify the investors of the achievement or not of the SPT as soon as possible and in any event by the deadline specified in the relevant financing documentation.

## 2.3 Reporting

Annually we will publish and keep readily available and easily accessible on our website:

- i. Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- ii. a verification assurance report (“Limited Assurance”) relative to the SPT outlining the performance of the KPI against the SPT; and
- iii. any relevant information enabling investors to monitor the progress of the selected KPI.

Information may also include when feasible and possible:

- i. Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
- ii. illustration of the positive sustainability impacts of the performance improvement; and/or
- iii. any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope.

## 2.4 Verification

Independent and external verification of performance level against each SPT for each KPI by a qualified external reviewer with relevant expertise such as the Group’s auditor.

### Pre-issuance

RDM’s Sustainability-Linked Financing Framework has been reviewed by Sustainalytics who provided a Second Party Opinion (“SPO”), confirming the alignment with the SLBP administered by the ICMA [and SLLP administered by the LMA]. The SPO will be available on RDM’s website<sup>3</sup>.

### Post-issuance

Annually, and in any case for any date/ period relevant for assessing the KPI performance against the SPT leading to a potential financial adjustment, such as a step-up coupon or a premium payment on the Sustainability-Linked Financing Instrument, until after the KPI trigger event of a financing has been reached, RDM will seek independent and external verification of the performance level for the stated KPI by the Assurance Provider.

The Assurance Provider means RDM’s external auditor, or any such other qualified provider of third party assurance or attestation services appointed by RDM, who will provide a verification assurance report in the form of a “Limited Assurance”.

The verification of the performance of the KPIs, along with the Assurance Provider’s verification report, will be made publicly available on RDM’s website.

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<sup>3</sup> <https://rdmgroup.com/sustainability/reporting/>

## 2.5 Disclaimer

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