

# **FARMACEUTICI PROCEMSA SPA**

## **Sustainability Report 2020**

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## CEO MESSAGE

Dear Stakeholders,

*we are proud to present the 2020 sustainability report of the PROCEMSA Group. Although we have had a difficult time due to the COVID 19 pandemic, our Company has never given up and we are proud to say that we have grown and made great strides reaching two important milestones: the acquisition*

*of a new production site and the inclusion of 5 new SDGs in our program; for us this latest milestone is really important because in addition to confirming and underlining our commitment, these new sustainability goals motivate us to embrace the new challenges that the future offers us. This is why we want to strengthen our commitment to future*

*generations by taking care of the planet we live on. With this in mind we have tried to consolidate our relationship with customers and suppliers, but also with our employees, reminding us that if in this moment we must remain physically distant the only way to win is to remain close together.*



**Alessandro Sertorio, CEO**

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# **1. SUSTAINABILITY AT FARMACEUTICI PROCEMSA GROUP**

## 1.1.1. Introduction

### ABOUT THE REPORT

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This report is intended to share information relating to Procemsa's corporate sustainability performance. In today's world, facing a global pandemic and climate crisis, we recognise that there has never been a more important time to act as a responsible corporate citizen. This report was drawn up taking the GRI standards as guidelines. The purpose of this second sustainability report is to report and highlight the results obtained in 2020 and the progress made in accordance with the principles of the United Nations Global Compact (UNGC) and the Global Reporting Initiative (GRI). The data collected refer to both the Vernea and Mentana sites.

The content of the report reflects the achievements and progress made in the period between **January 1, 2020 and December 31, 2020**.

As a Company we recognize that the pollution factor must not be addressed as a problem relating only to the company itself but must be analysed with a holistic vision recognizing that our activities are connected to a very dense network of actors such as suppliers, the community, our customers for example.

In 2020, the COVID 19 pandemic had an important influence on the availability of work, the change in customer choices, limitation of freedoms, modification of supply chain, implementation of digitalization, business continuity, customer & employees well-being, maintenance of economic stability. At a global level, there has also been a greater awareness of climate change which is reflected in energy consumption and becoming carbon neutral, waste and water management, customer preferences.

There have been some changes from the previous report both at company level and as the scope of measurement methods applied in some parts of the report. Through the materiality approach and analysing the 17 Sustainable Development Goals the Company has identified the following SDGs which it has the greatest opportunity to contribute to through its commitment. Further details of these changes can be found throughout the report.

## 1.1.2. Our strategy and our objectives

In developing Procemsa's sustainability strategy, the Company has analyzed its opportunity to contribute to the 17 Sustainable Development Goals (SDGs), defined by the United Nations in 2015 to drive sustainable development on the road to 2030. Nine SDGs and related SDG targets have been identified as being most material for the Company. We will continue to work towards these SDGs as we implement our sustainability strategy.



### GOAL

**Ensure healthy lives and promote well-being for all at all ages.**



### TARGET

**Target 3.4** By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being.

### PROCEMSA'S COMMITMENT

- Development of new products for wellness with particular attention in formulating innovative high-performance products
- Customer health and safety For all our products and in particular when developing new products, all Procemsa phases starting from the production, the Laboratory and R&D team studies and focuses its attention to perform at highest quality level, formulating innovative high-performance products.

**Achieve gender equality and empower all women and girls**



**Target 5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

- Diversity and equal opportunities

**Ensure access to affordable, reliable, sustainable and modern energy**

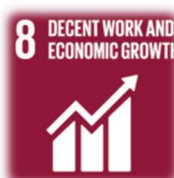


**Target 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix

**Target 7.3** By 2030, double the global rate of improvement in energy efficiency

- Energy efficiency
- Renewable energy production

**Promote inclusive and sustainable economic growth, employment and decent work for all**



**Target 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

**Target 8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

- Smart working, reducing the impact of pollution and transport
- Produce with particular attention to the circular economy raw materials and formulation with reduced environmental impact

**Build resilient infrastructure, promote industrialization and foster innovation**



**Target 9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

- Reduction in the consumption of energy
- Efficiency in water consumption
- Control and investments for the reduction of CO<sub>2</sub>
- Reduction of waste

**Reduce inequality within and among countries**



*10.2 By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status*

*10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard*

- Continuous training and updating of employees
- Job quality and the creation of new jobs
- Diversity and equal opportunities

**Ensure sustainable consumption and production patterns**



*12.2 By 2030, achieve the sustainable management and efficient use of natural resources*

*12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse*

*12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature*

- Reduction in the consumption of plastic
- Waste management and recycling practices
- Implementation of specific training initiatives aimed at the cultural growth and awareness about sustainability of employees

This objective is linked to the study of new products, for which all parts involved are more and more forced to take into consideration various environmental factors, starting from the use of materials deriving from the circular economy (i.e. prioritizing the use of raw materials obtained from waste process recovery in other agro-food sector such as wine, rice and tomatoes;), arriving to the optimization of energy resources during the production phases



**Take urgent action to combat climate change and its impacts**



*13.2 Integrate climate change measures into national policies, strategies, and planning*

*13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning*

- Reduction of CO<sub>2</sub> emissions
- Raising awareness among customers, employees and suppliers on environmental issues

Procemsa aims to reduce any “extra-consumption” as much as possible and optimize the effectiveness of our controlling systems in order to limit and reduce the impact on the environment. Our plants are periodically monitored in order to constantly have a clear idea on consumption. We have acted on several fronts to get the best results.

**Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss**



*15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally*

- Implementation of technologies with higher standards regarding environmental aspects
- Reduction of waste per piece

Through the reduction of the amount of Company waste generated, intensifying the separate collection of waste; reduced paper consumption related to optimized production documentation (Master Batch Records) and reduced carbon footprint by carrying out smart working.

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# 2. THE GROUP

## 2.1. ABOUT OUR BUSINESS: OUR MISSION, OUR VISION, OUR VALUES

We are all aware that food supplements and natural products are becoming increasingly part of our lives, in fact they help to nourish us from our first months of life where newborns are provided with particular vitamins such as vitamin K or D for healthy growth, they help during our study and they help during teen's growth, they are used during pregnancy where the integration of folic acid is highly recommended, they help during menopause, during cholesterol treatment and so on during all ages. Their functions are different and well defined, they act as support in people who have deficiencies of specific vitamins in order to restore the normal levels necessary for the correct functioning of the organism, they are

Procemsa is a dynamic Italian Company entirely dedicated to the development, production and packaging of food supplements, cosmetics and medical devices for third parties. **Our mission** is the innovation, protection and warranty of safety and quality of all products, respect of the environment, sustainability and protection of workers' safety and health in the workplace.

**Our vision** is to create the most innovative and healthy products for our customers.

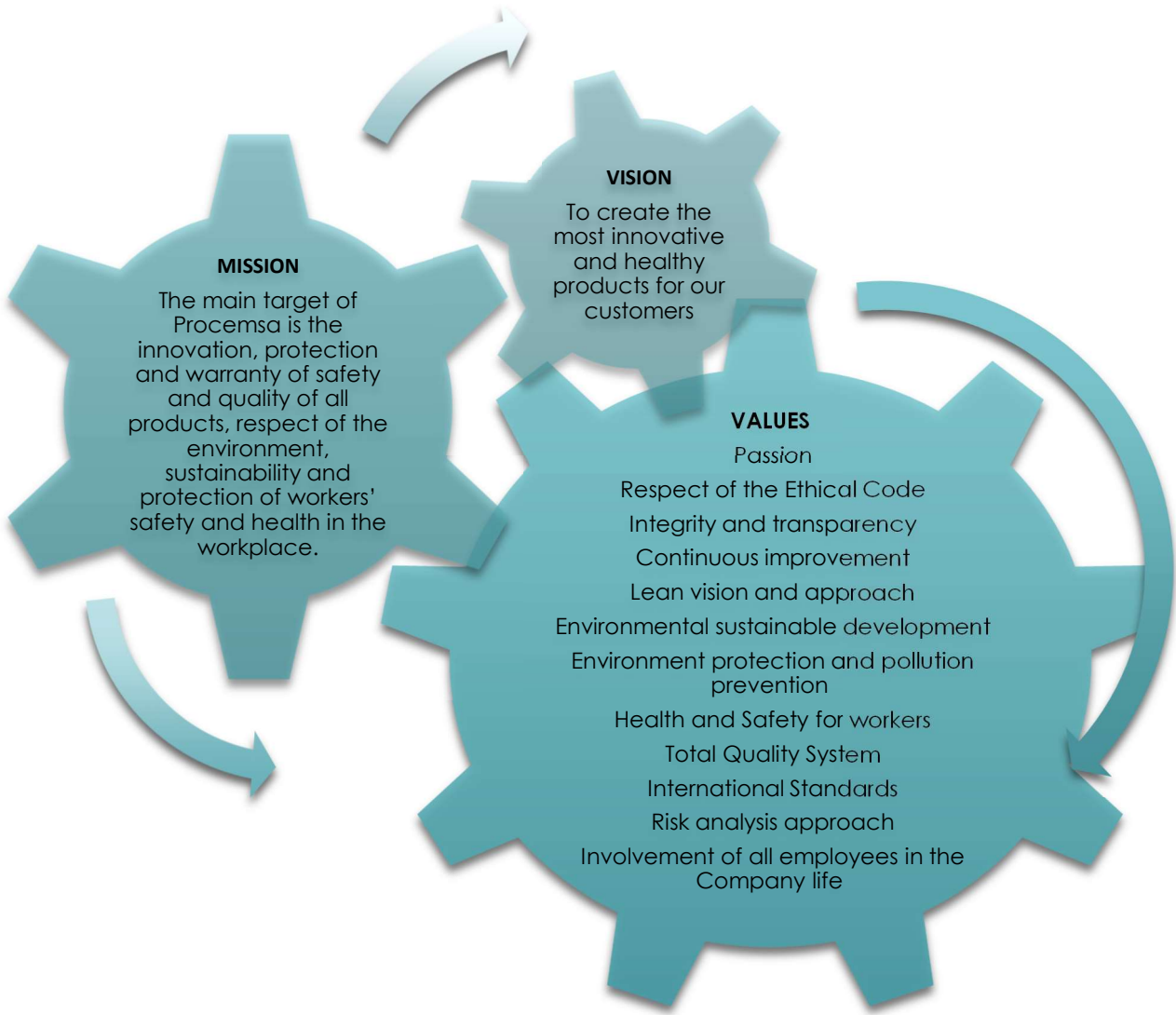
We base our company on very precise and **defined values**. We believe that all the products we make contain within them the passion that we put into creating them every day, in

used to help our intestine, so, whatever specific function they perform, they have now become commonplace.

For this reason, our Company puts people's well-being at its centre by producing innovative, safe and natural products, including also probiotic derivatives product, cosmetics and medical devices (solid, liquid and cosmetics forms for well-being). Our goal is to improve people's life and well-being as much as possible by offering them high quality products, including high quality and innovative raw materials, that can be used safely and for many different pathologies.

We are always attentive to satisfy the demands of the market, our mission is in perfect synergy with our vision and with our values.

compliance with an ethical code where integrity and transparency are the foundations. We put soul and knowledge into our products so that they do not damage the environment by implementing an approach of sustainable environmental development and environmental protection. We try to create a relationship of involvement with our collaborators and employees in the life of the company and ensure them a healthy and safe working environment. We make sure that our products comply with international standards and we analyse any risk factors through the risk management approach and a solid total quality system.



## 2.2. 80 years of success-our character

*“We are a dynamic Italian Company entirely dedicated to the development, production and packaging of food supplements, cosmetics and medical devices for third parties. We export our know-how in support of your success all over the world.”*



In the last 10 years the Company has experienced significant growth both in terms of turnover and in terms of FTE employees.

Procemsa is a Company characterized by important investments (almost € 25 million in the last decade), which guarantee a leading role on national and international markets. It is a Company characterized by a strict activity of control over all costs, overhead costs and margins analysis of every single products/projects, a factor that allows it to maintain high profitability and a solid financial structure. The Company is further characterized by a high managerial structure, a high export propensity and a strong inclination for innovation.

All these factors have helped over the years to close important contracts with multinationals of the pharmaceutical sector, nutraceutical and well-being sector and have given the possibility to our

customer to export to over 60 countries worldwide (about 60% of turnover). In 2020 Procemsa achieved revenues of over EUR 36.3 million and an EBITDA of EUR 8,4 million, with expected future growth.

Our future vision aims to strengthen international expansion, both organic and through external growth, in the coming years, with particular reference to non-European areas.

We are convinced that our greatest asset are people and we want to invest in their continuous growth.

## 2.2.1. Our origins

Procemsa group was created in 1939 in Turin, starting its activity manufacturing and marketing pharmaceuticals drugs. Later on, with the acquisition in 1993 by the D.co Ulrich S.p.A. company, the Company has been enriched by the great experience and prestige of one of the most important dealer of vegetable extracts.

In 1996, the Company moved to the new production plant in Nichelino and aimed to become a point of reference for the Contract Development and Manufacturing Organization sector (CDMO) at the service of some of the Big Pharma industry, which were approaching the Food Supplement sector in Italy. In 2000, the Company further expanded by increasing the existing production departments, the Quality Control laboratories and the Pilot Test Laboratory. In October 2003, Procemsa realized a second production facility, which was inaugurated in 2005.

Several investments were made during the period 2005 to 2016.

In 2018 the Sertorio's family buyback 100% of the shares.

The corporate structure changed again in July 2019, when the majority of the Company (70%) was indirectly acquired by a fund managed by Investindustrial, a leading European group of independently managed investment, holding and advisory companies.

The minority (30%) is owned by Sertorio's family, which in addition to holding part of the capital, is active in the ordinary and strategic management.

The year 2020 is also marked by a decisive turning point for the Company, in fact Procemsa bought OFI, one of the leading companies in the creation and production of dermo-cosmetic, dietary-food and medical devices based in Bergamo.

Currently (in 2020) the group has 178 employees.

## 2.2.2. Our history

1939

**FOUNDATION**  
*Turin, Italy*

1996

**MENTANA SITE**  
*3040 sqm site opening*

2003

**AFFILIATION WITH DOPPEL SPA**  
*Sertorio 60% Doppel Group 40%*



2005

**VERNEA SITE**  
*7740sqm site opening*

2010

**COSMETICS AND MEDICAL DEVICE PRODUCTION UNIT**  
*Site opening*

2011

**PROBIOTIC PLANT**  
*1200 sqm production site opening*



2014

**NEW TRANSITION WAREHOUSE –**  
*Mentana site*  
**New Research & Development laboratory**

2016

**NEW COMPANY STRUCTURE**  
*Sertorio 75,3% Doppel 24,7%*

2017

**NEW BUILDING - WAREHOUSE**  
*7000 Mqs opening site*

2018

**100% of Procemsa**  
*Back to the Sertorio family*

2019

**JUNE 2019 - NEW B&D LAB**  
*(scale up production)*  
**JUNE 2019 - NEW COMPANY STRUCTURE**

2020

**MAY 2020**  
**NEW CENTRAL LOGISTIC CENTRE 5,500 pallet place**



## 2.2.3. The Group & the manufacturing plants

The headquarters is located in via Vernea (Turin) where the main production, the main warehouse, most of the office and R&D laboratories are located. The Group has two production plants, located near Turin, in via Mentana and in via Vernea, both are active in the production of food supplements, probiotics and medical devices.

Where products are made depends on production needs and the type of products requested.

In 2019 Procemsa opened the new R&D laboratory.

In terms of investments, the Company has undergone important changes by expanding its fleet on machines, by purchasing a new machine for plug caps, and a second single-dose machine.

## **PLANT 1: VERNEA SITE**

Vernea site is divided into two different independent areas, one dedicated to food supplements and the other dedicated to products containing probiotics. All the rooms in the probiotic department are ISO class 8 air treatment identified, the air is treated with HEPA filters, the rooms are equipped with dehumidification systems in order to obtain the temperature and humidity conditions required to guarantee the shelf life of strains, the rooms are equipped with systems for controlling and regulating differential pressures so as not to have cross-contamination.

Innovative formulas in all available pharmaceutical forms, patented technological platforms, strains selected for clinical studies and stability, are the criteria that make our production unique and original.

### **VERNEA SITE PRODUCTION TECHNOLOGY:**

#### **Solid oral dosage forms**

- Tablets, sugar and film coated tablets
- Plug caps filling machine
- Effervescent granulates and tablets
- Sachets
- Sticks

#### **Liquids**

- Large volume (-solutions – suspensions – syrups);
- Small volume (-drops – spray - drinkable vials/monodose)

#### **Probiotic plant**

- Stick
- Sachet
- Low humidity capsule
- Probiotic liquid base (no water)

#### **Blister packaging**

#### **Medical devices**

#### **Main warehouse**

#### **Headquarters**

#### **New Business development Unit**





## PLANT 2: MENTANA SITE



### MENTANA SITE PRODUCTION TECHNOLOGY:

#### **Solid oral dosage forms**

- Tablets
- Capsule
- Granulate
- Sugar and film coated tablets
- Multilayer tablets

#### **Charcoal tablets Unit**

#### **Cosmetics Departments**

#### **Medical devices departments**

**Liquids:** small volumes (drops, spray)

**QC labs:** chemical and micro

#### **Climate chambers**

#### **Transition warehouse**

#### **Blister packaging**

### PLANT 3: NEW CENTRAL WAREHOUSE

In 2020 the new main warehouse has been approved by the Local Health Authority. It is equipped with the most modern storage and controlled conservation technologies. The new warehouse is connected to the Vernea plant by an automated elevated road tunnel for the return transport of pallets.

*The Tunnel connecting the new central warehouse to production*



*The new central warehouse*



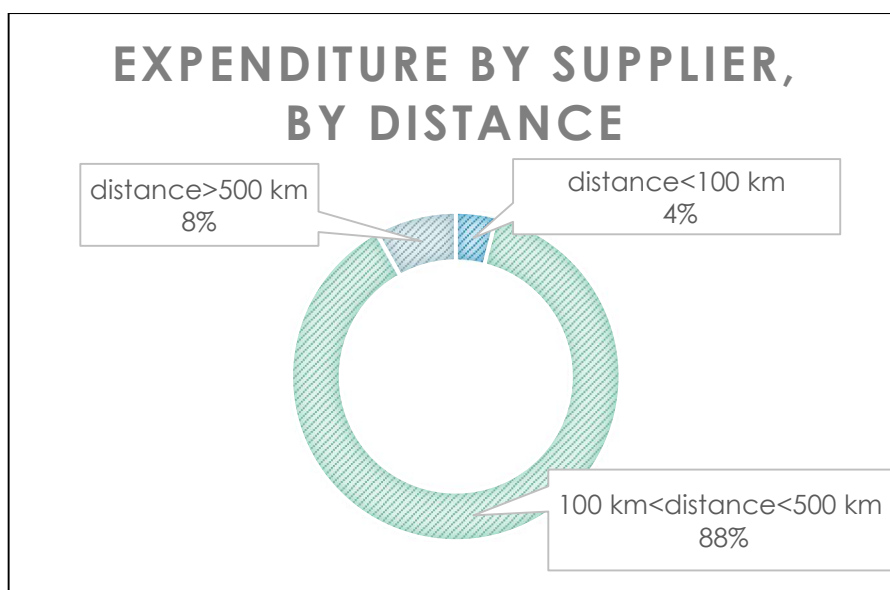
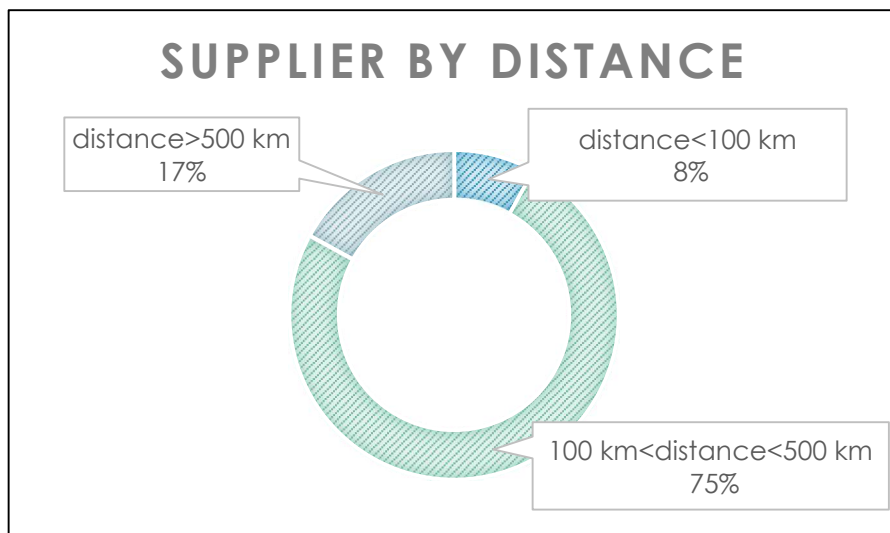
We care about the well-being of our customers, hence we develop products with reduced use of artificial dye, and we are replacing palm oil. We develop low-sugar alternatives, progressively replacing the use of artificial flavours with other 100% natural ones.

## 2.2.4. Our value chain

High quality raw materials and packaging materials are essential elements for consistently producing our high quality final products. Therefore, a solid and reliable supply chain is needed right from the beginning.

All our suppliers of both raw materials and packaging materials are evaluated and chosen in order to satisfy certain characteristics. Suppliers of raw materials are chosen where there is a good compromise between product quality (a fundamental element), reliability, flexibility and punctuality.

We choose our suppliers with a view to sustainability, we prefer suppliers who internally implement a sustainability policy and have strong control processes. During the initial assessment of a new supplier the Company completes a questionnaire in which also the human rights and sustainability approach is required and evaluated.



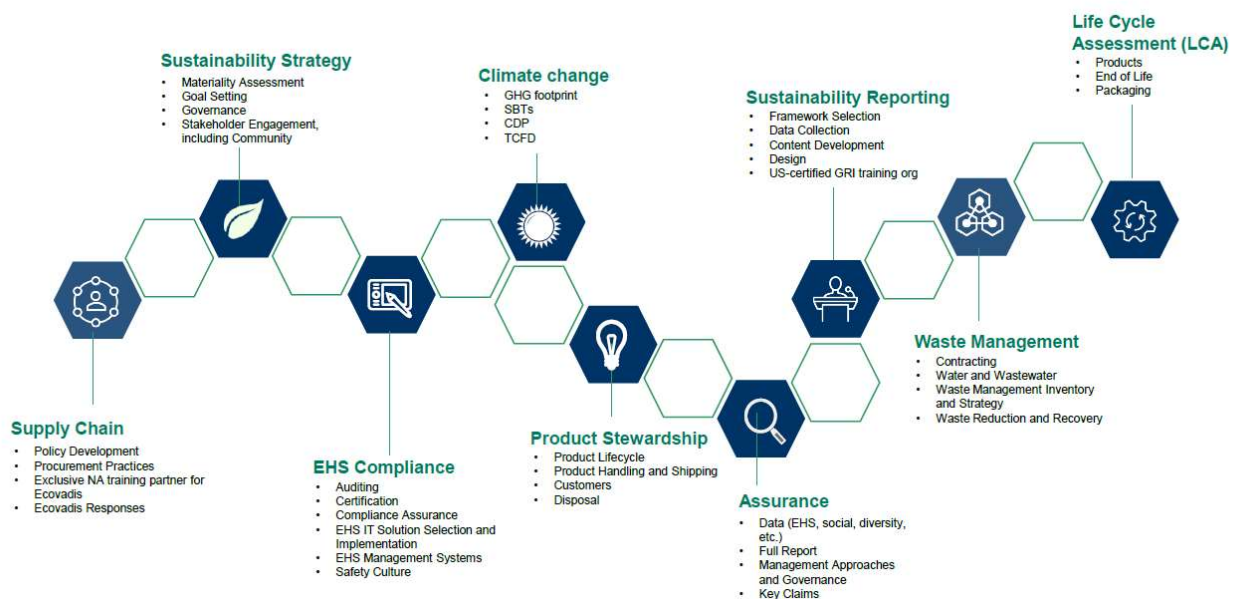
Our suppliers are mainly present on the Italian territory, as you can see from the above graph, most of our suppliers are located within 100 to 500 km (75%), while 16.7% are located more than 500 km away and 8.3% of our suppliers are based at a distance of less than 100 km. This figure is also reflected in the expenditure by supplier graph where 88% of the expenditure is recorded on suppliers located within a radius of between 100 km and 500 km.

Our company aims to respect and safeguard human rights throughout the supply chain. In order to strengthen the supplier assessment process, business ethics and anti-corruption questions have now been included. Our goal is to send our code of conduct to all suppliers and receive 70% signed by the end of 2021, and 100% signed by the end of 2023. We intend to collaborate with those suppliers who do not undertake or pass the assessment.

Our idea is to further strengthen the links we have with our suppliers, who are for the most part historical suppliers.

For this reason, in addition to working with them, we have defined **medium** and **long-term objectives** as a company. Our future vision is to **create a network** of organizations to share innovation and best practice regarding product sustainability, through Client ESG portal participation and University projects on ESG. **Our target** defined for the year 2021 is actively participate in at least 2 projects which includes clients or supplier and external organization.

## OUR SUPPLY CHAIN APPROACH



## 2.2.5. Governance

Over the years, the Group has created and strengthened its governance structure more and more as we believe that this is an essential element to guarantee reliability and transparency.

The governance structure of the Group is entrusted to a board of directors made up of 8 members listed in table of which 6 are men and 2 are woman, 25% of total.

The Board members at 31<sup>st</sup> December 2020 and the main Company functions are defined as follows:

<i>Alberto Donati</i>	President of the Board
<i>Filippo Sertorio</i>	Vice- President of the Board – Company's representative
<i>Alessandro Sertorio</i>	Chief Executive Officer – Company's representative
<i>Alessandro Fogo</i>	Board member
<i>Carlo Pavesio</i>	Independent Board member
<i>Davide Accornero</i>	Independent Board member
<i>Micol Fornaroli</i>	Independent Board member
<i>Martina Peterlini</i>	Board member

No episodes of corruption were recorded during the examined period, this demonstrates the constant commitment of the Group in continuous improvement in this area. The workers are union represented by the elected members (RSU), which periodically discusses with the Management on Company issues and on production, safety and quality trends.

## 2.2.6. Ethical business

Ethics and compliance are fundamental pillars of Procemsa's values, the Company has an Ethical Code approved since 2014, to indicate which conduct is not acceptable, including bribery and corruption.

It includes also principles of honesty and transparency in relations with Stakeholders, Customers and Suppliers, in economic reports and communications, in the application of production models able to defend human rights and to respect the Earth, promoting sustainable development, also in Countries that produce raw materials used in our products, in the choice of suppliers, impartially selected on the base of competitiveness, economic convenience and quality.

The Risk and Compliance Committee reports to the Audit Committee, which is responsible for supervising the efficiency of the Compliance Management System.

## 2.3. The group sustainability path

Thanks to the growth and development of the Company, the Group has made the culture of corporate sustainability its own, making this a determining factor in its choices. We believe in the importance of caring for the environment, our employees, and our local communities. As a demonstration of this, the Company has joined the United Nations Global Compact (UNGC) and incorporates the Ten Principles in the areas of human rights, labour, environment and anti-corruption into company strategies, policies and procedures.

### The Ten Principles of the United Nations Global Compact

HUMAN RIGHTS	LABOUR	ENVIRONMENT	ANTI-CORRUPTION
<b>PRINCIPLE 1</b> Businesses should support and respect the protection of internationally proclaimed human rights.	<b>PRINCIPLE 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<b>PRINCIPLE 7</b> Businesses should support a precautionary approach to environmental challenges.	<b>PRINCIPLE 10</b> Businesses should work against corruption in all its forms, including extortion and bribery.
<b>PRINCIPLE 2</b> Make sure that they are not complicit in human right abuses.	<b>PRINCIPLE 4</b> The elimination of all forms of forced and compulsory labour.	<b>PRINCIPLE 8</b> Undertake initiatives to promote greater environmental responsibility.	
	<b>PRINCIPLE 5</b> The effective abolition of child labour.	<b>PRINCIPLE 9</b> Encourage the development and diffusion of environmentally friendly technologies.	
	<b>PRINCIPLE 6</b> The elimination of discrimination in respect of employment and occupation.		

In order to have a global and broader view of the aspects of interest and which are significant for the various stakeholders, the company has assessed the topics using two different standards, SASB (for the relevant issues from a "financial" point of view) and GRI (for defining the impact of the company on the economy, environment and society).

Furthermore, by cross-referencing these data and analyzing the industry framework and the Contract Development and Manufacturing Organization (CDMO) of the pharmaceutical sector, the most critical aspects were highlighted:

- Quality & safety
- Customer welfare
- Employee engagement
- Supply chain
- Business affect
- Energy, water & waste management.

### 2.3.1. Procemsa Sustainability identity

This report aims to highlight the identity of the Group in terms of sustainability, for this reason the data provided in this report are not financial information but want to give an overview to all stakeholders of the sustainability objectives, of the performance and improvements that the Company aims at looking to the future.

### 2.3.2. Stakeholders

Communication with stakeholders is the fundamental key for achieving the success of the Company. All stakeholders are taken into consideration so as to be able to achieve the set objectives.

*Stakeholder : All subjects, individuals or organizations, actively involved in an economic initiative, whose interest is negatively or positively influenced by the result of the execution, or by the performance, of the initiative and whose action or reaction in turn it affects the stages or completion of a project or the fate of an organization.*

Our Company evaluates the needs of the various stakeholders trying to satisfy the demands of the market and consumers.

Respect for the environment and the evaluation of low-impact strategies are one of the milestones on which the actions undertaken by our Group are based.

To achieve these objectives, the Group makes choices starting from raw materials. The most innovative and quality raw materials are selected paying attention to the components used (such as no GMOs, gluten free, no artificial raw materials, flavors and dyes) and also to packaging, in contact with suppliers



looking for materials with a lower impact on environmental management (recycled plastic, FSC cardboard boxes). All taking care of the aspects of innovation, quality and regulation in force.

We have a permanent commitment to dialogue with our principal internal and external stakeholders, listening to them and understanding their concerns and expectations.

We offer the following channels to respond to those concerns and guarantee that we will generate value for them all.

## STAKEHOLDER

### EMPLOYEES

## CHANNEL FOR DIALOGUE

- Opinion polls among employees
- Internal communication e-mails
- Noticeboard
- Ethics channel
- Webinar
- Focus group
- Conventions and meetings
- Conferences,
- Employee training
- Sustainability report

### CUSTOMERS

- Commercial channels
- Handling of claims
- Trade fairs
- Web site
- Sustainability report

## **SHAREHOLDERS & INVESTORS**

- Assistance to shareholders
- Annual Accounts
- Progress Report on 2020 Commitment

## **SOCIETY & COMMUNITY**

- Collaboration in social projects
- Collaboration with Unions
- Collaboration with University and Research centre
- Active roles in Industry Association
- Collaboration with NGOs

## **GOVERNMENT & REGULATORY AUTHORITY**

- Product registrations and verification of compliance with laws

## **UNIVERSITIES AND RESEARCH CENTERS**

- University projects on ESG
- New research projects and collaborations.

This report aims to highlight the commitment that the Company constantly shows towards with its stakeholders.

### 2.3.3. Material topics

In order to determine the material issues that influence the stakeholder decisions regarding economic, environmental and social impacts, our Group analyzed the combination of external and internal factors to assess and determine the importance of information in reflecting significant impacts which are the subject of attention from stakeholders. To define the material topics, the combination of economic, social, environmental impacts, values, policies and strategies, stakeholders' expectations, challenges and future objectives as growth of the Company was taken into account.

The definition of the material topics has been carried out through **interviews with top management**, **benchmarking analysis** (analysis of sustainability topics reported by other companies operating in food supplement sector); **macro-trend analysis** (analysis of documents of the most relevant government organizations, in order to identify the main sustainability topics at global level (e.g. United Nations, European Union, Dow Jones Sustainability Index, etc.)).

Based on the GRI standards Core Option and through the analysis of internal and external factors it was possible to identify a list of materials topics.

ESG is used as an acronym for Environmental, Social and Governance to define three broad categories or areas of interest by what are termed "socially responsible investors." These types of investors embrace environmental, social and governance issues in their return on investment choices and decisions, rather than relying only on the potential return on an investment.

The environment encompasses issues relating to climate change, and all the choices made by the company that may have an environmental impact, such as the use of renewable energy sources, waste management, potential problems of air pollution, but not only in fact environmental problems could also include the supply of raw materials.

The social area is extremely vast as it includes aspects concerning social relations, and therefore issues such as the relationship between company and employees, fair wages, any benefits or advantages for employees, guarantee of gender equity and elimination of discrimination.

Governance concerns how the various parties involved in the life of the company are managed, such as employees, shareholders but also customers.

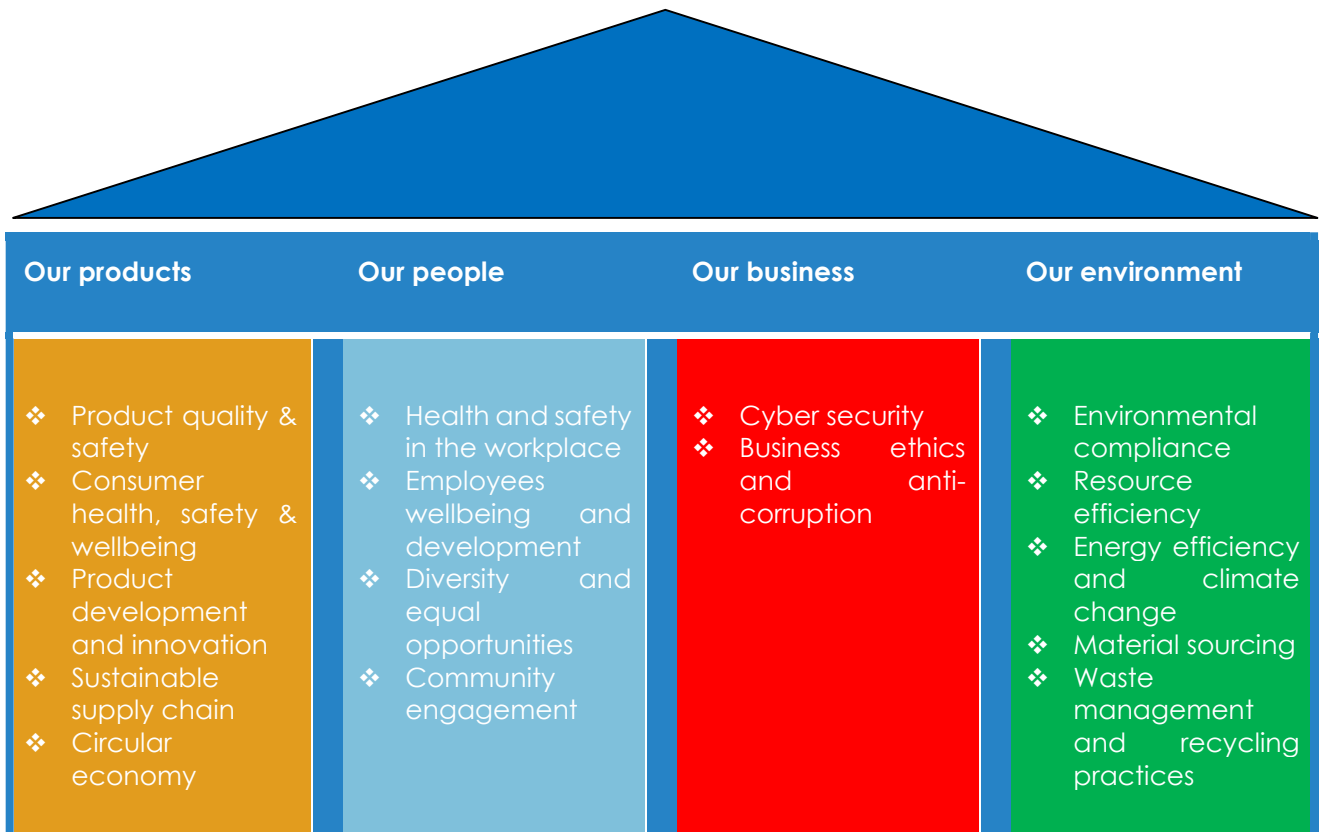
The materiality matrix shows the social and economic / governance aspects and the environmental ones that concern, influence and are important for both stakeholders and business. The topics identified and reported in the materiality diagram highlight the main issues divided into 3 main groups, social (in yellow), environmental (in green) and economic / governance (in red).



Through the analysis of the matrix showing the social / governance / environmental aspects, it was possible to divide the issues into 4 key groups: Our Products, Our People, Our Business, Our Environment, establishing objectives. For each key group, Procemsa has established objectives, targets and initiatives, which are detailed in the Our Strategic Pillars section below.

The company is trying to involve its employees more on sustainability issues thinking as a future project to set up questionnaires and workshops to better understand the expectations of the main stakeholders including employees, suppliers, patients, local communities and public administration. All this to deepen and expand what is the materiality analysis as proposed by the Global Reporting Initiative (GRI) and the International Integrated Reporting Committee (IIRC) as a necessary starting point to bring reporting closer to the expectations of stakeholders.

## 2.3.4. Our strategic pillars:



***Our Products: “To produce innovative, effective, high quality, safe, sustainable products for our clients”***

The products we want to supply to the customer are innovative, reliable, safe and sustainable, this is made possible through our quality and safety policy which guarantees the consumer's wellbeing by not exploiting new and innovative resources but preferring the development of a circular economy to create new innovative products. To achieve these objectives, the company has decided to work in synergy with suppliers to Create a network of organizations to share innovation and best practice regarding product sustainability by



2021 through some University projects on ESG and Client ESG portal participation. Furthermore, by 2025 the Company aims to increase the use of sustainable packing and raw materials derivatives from the circular economy through the study of a new products line completely sustainable (pack and formulation). To minimize waste, the Company has a 2025 goal of reducing or better organized the set-up of production & cleaning and reducing defective products by increasing the efficiency of production yields. Our commitment to obtain a suitable product for the consumer is also identified by the number of non-conformities or product complaints. Our long-term goal is to maintain products complaints below 1% of turnover in value through the supervision guaranteed by internal audits our quality system and Internal teamwork and working with customers.



***Our people:” To create a culture of excellence, opportunity, innovation and collaboration that motivates employees***

People are the heart of the Company and a safe workplace must be guaranteed. Our goal is to reach zero incidents and injuries, and to ensure that 100% new employees receive H&S induction training, within 45 days of joining by 2025. To achieve this goal, the Company carries out periodic internal audits, annual evacuation tests, and is supported by positively implementing a culture of near miss reporting, and following the guidelines of the Safety management system certified to ISO 45001.

Collaboration is the basis of innovation and success, which is why the Company has set a 2025 objective to increase collaboration between teams throughout the organization to encourage innovation. Collaboration is the base of success, achievable through a higher involvement of employees with the creation of a group of 20% of people with clear objective definition of all focused group, defining 4 focus groups for 2021 with clear objective and focus.



***Our business: “Lead with integrity and ethics to drive a culture of responsible investment and business excellence***

An objective that the company has set for 2021 is to Improve cyber security policy, procedures and infrastructure, complete third part integrity testing of cyber security policy and procedures, Moreover, we have decided to send our code of conduct to suppliers and require their signatures, and also include business ethics and anti-corruption questions into the supplier assessment process.



***Our environment: “A Carbon neutral Company focused on continuous improvement to minimise negative environmental impacts throughout its operations and supply chains”***

As for the environment, the Company has defined various initiatives to meet the objectives already defined in the previous report. We have added other longer term objectives, such as reducing our carbon emissions in alignment with science-based targets (SBT) for 2030, measuring and calculating carbon emissions for the full scope of the organization for the end of 2021, Identifying opportunities to improve energy efficiency and foreseeing investment to improve energy efficiency. Creation before 2025 of a sustainable Company culture to improve the sustainability of packaging through market studies & analysis with involvement of several suppliers.



For each pillar we defined objectives, medium and long term targets and initiatives to reach them.

### Targets and initiatives

<i>Pillar</i>	<i>Objective</i>	<i>Target KPI</i>	<i>Target Year</i>	<i>Initiatives</i>
<b><u>Our products</u></b>	Create a network of organisations to share innovation and best practice regarding product sustainability	- Active participation in projects with clients and/or suppliers and external organizations	2021	- Client ESG website participation - University projects on ESG
		- use of sustainable packing and raw materials derivatives from the circular economy	2025	- Study of a new products line completely sustainable (pack and formulation)
	Product complaints and non-conformities	Maintain product complaints below 1% of turnover in value	2025	- Quality system
				- Internal audit
				- Internal teamwork and with customers
	Zero product recalls	Zero product recalls	2021 and on going	- Quality system
				- Periodic internal audit
	Minimise waste from finished products – to increase efficiency and produce higher yields	- Reduce amount of waste per produced pieces < 0,8%	2025	- Improve productivity: reduce or better organized set-up of production & cleaning, team work to analyse indirect hours
	- Average yield 98,5%		- Reduce defective products	



<i>Pillar</i>	<i>Objective</i>	<i>Target KPI</i>	<i>Target Year</i>	<i>Initiatives</i>
<b><u>Our people</u></b>	Provide a safe working environment	- Zero incidents and injuries	2025	- Periodic internal audit
		- 2 hours training per employee per year		- Training to new employees and refresh for all employees
		- 100% new employees receive H&S induction training, within 45 days of joining		- Annual evacuation test
				- Safety management system certified ISO 45001
				- Positively implement culture for near misses reporting
	Promote smart working to achieve work/life balance	-100% of desk based employees	2025	- Give laptop to each people to desk-based employees
				- Organize on line meetings,
				- Formalize Company agreement with specific rules of smart working
				- Cyber security activities
	Implement employee welfare programme	100% people involved in welfare programme	2022	- Extend the welfare programme to new groups of employees
				- Digitalization of welfare programs
	Increase collaboration between teams throughout the organization to encourage innovation	- Higher people awareness with creation of a group involving 20% of employees	2025	- 4 focus Group for 2021 with clear objective and focus
	- Create at least 1 group involving each functional Area		- 6 focus Groups within 2025	

<i>Pillar</i>	Objective	Target KPI	Target Year	Initiatives
<b><u>Our business</u></b>	Strengthen cyber security	- Improve cyber security policy, procedures and infrastructure	2023	- Disaster recovery plan
		- Complete third party integrity testing of cyber security policy and procedures,		- Change of infrastructures
				- New software evaluation
		- 1 hour cyber security training per employee per year	2021	- Training of employees that use Company IT systems
	Include business ethics and anti-corruption questions into the supplier assessment process	- 70% of code of conduct signed	2021	- Send code of conduct to suppliers and require their signature
		- 100% of code of conduct signed	2023	- Collaborate with supplier not answering or answering «no» to the assessment
	Integrate add-on businesses into Procemsa's culture	- People leave below 3%	2025	- Create internal competent team
		- Turnover increase of 5% year		- Create internal qualified person,
		- Welfare program for 100% of people		- Involve the add-on team in order to create an integrated and close-knit working team
	Increase customer satisfaction	- maintain retention-loyalty of top 10 customers Company baseline	2021 and on going	- Share total quality service approach for innovation and formalization of agreements with Customers,
			-improvement of cost efficiency and quality	

<i>Pillar</i>	<i>Objective</i>	<i>Target KPI</i>	<i>Target Year</i>	<i>Initiatives</i>
<b><u>Our environment</u></b>	Reduce carbon emissions in alignment with science-based targets (SBT)	Set carbon emissions reduction target in line with SBT (to be quantified in 2022)	2030	- Measure and calculate carbon emissions for the full scope of the organisation for year end 2021
				- Quantify the carbon emissions reduction in 2022
				- Identify opportunities to improve energy efficiency
				- Investment to improve energy efficiency
	Reduce paper usage in all processes	Reduce number of printed pages of million pieces < 2%	2025	- Reduction of Master Batch Record pages with new tables for In Process Control
				- Digitalization of processes
				- Awareness campaign
	Reduce total waste generated per million pieces	Reduce waste to less than 0,6% per million pieces	2025	- Improve productivity
				- Reduce defective products
				- Increase yield
				- Improve circular activity
	Achieve ongoing environmental compliance	Operate at least 5% better on environmental limits for waste, water and emissions	2025	- Environmental system certified ISO 14001
				- Periodic internal audit
				- Periodic internal checks on emission and waste water
				- Investments
Improve the sustainability of packaging	Develop at least one 100% compostable product using bio-sourced packaging material	2025	-market studies & analysis	
			- creation Company sustainable culture	
			- study of regulatory aspects,	
			- involvement of several suppliers	

## 2.3.5. Working with our community

A special commitment in response to COVID 19 has been made, organizing both internal and external activities.

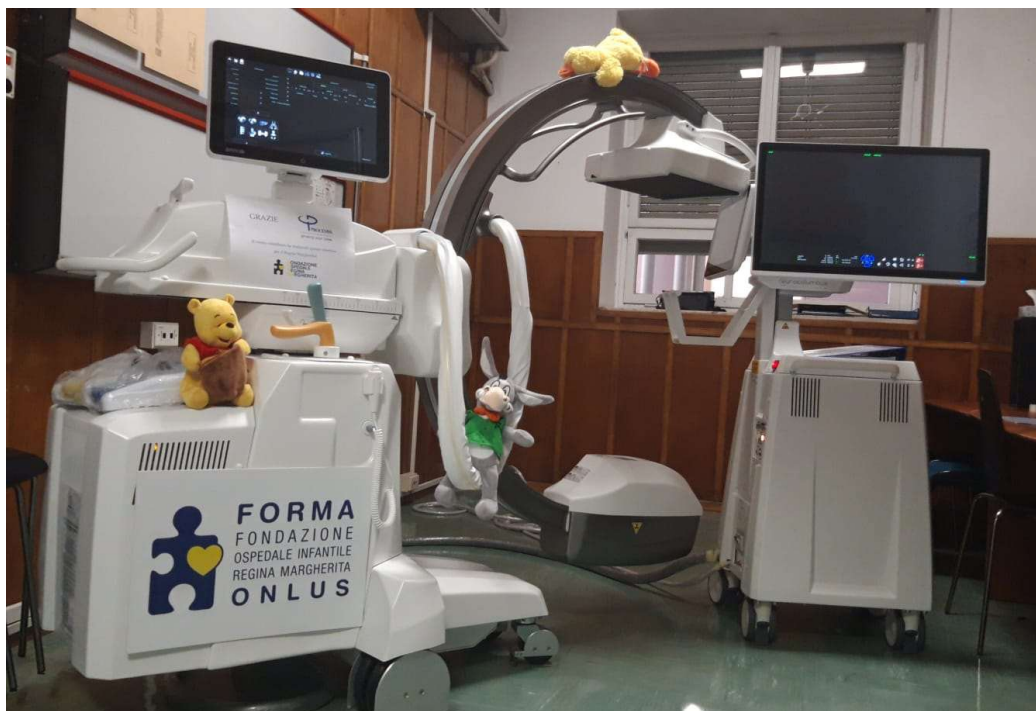
During April 2020, in Italy there was the first Covid-19 lock down, and Procemsa maintained all its factories open.

All workers were provided with a special COVID-19 insurance and with a special extra-bonus for a total of € 25.000,00.

Thanks to a strong ethical effort based on the continuous adaptation to the situation in Italy we had the opportunity to remain open for the entire period of lock-down.

We made a strong effort to support the local community, by donating € 100,000 to four different non-profit organizations with social purposes:

- Forma: it is a non-profit pediatric organization which, with our donation bought and put in use a new machinery for pediatric surgery in Covid-free surgical room;



- ANLAIDS non-profit organization, an organization that operates for Amedeo di Savoia hospital which expressly asked for support for the purchasing of machinery and kit for quick analysis of Covid (PCR screen);
- FARO non-profit organization is a local organization, which assists oncologic patients directly at home;

- MIDRASH non-profit organization is a local organization that works with a religious community to provide food for poor people.

During 2020, Procemsa continued the commitment with local non-profit organizations, supporting them with donations, and in particular Procemsa continues to support FORMA (a Pediatric specialized non-profit organization) in the creation of a new pediatric blood collection room.



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## **3. OUR PRODUCT**

### 3.1.1. Our products

We care about the well-being of our customers, hence we develop products with reduced use of artificial dye, and we are replacing palm oil. We develop low-sugar alternatives, progressively replacing the use of artificial flavours with other 100% natural ones.

Our Group works every day to best meet the needs and requests of each customer, we make our knowledge available to develop and create products that comply with all standards in terms of quality and safety. The biggest brands rely on us to produce their products and give the Consumers a reliable and high quality product.

Our types of products are wide in order to satisfy and get as close as possible to the customer's requests and needs. This allows us to always be competitive and in line with market demands.



**3**

**PLANTS**

**16**

**PACKAGING LINES**

**35**

**PRODUCTION  
LINES**

**54**

**BILLION UNITS /  
YEAR**

**32**

**FOOD SUPPLEMENTS  
(BILLION / PCS)**

**10**




**PROBIOTICS  
(BILLION / PCS)**

**2**

**COSMETICS  
(BILLION / PCS)**

**10**

**MEDICAL DEVICES  
(BILLION / PCS)**

<p>FOOD SUPPLEMENTS</p> 	<ul style="list-style-type: none"> <li>➤ Food supplements are created within the Research &amp; Development department, where the best performing formulas for the best possible product are designed daily to ensure efficacy, safety and pleasantness.</li> <li>➤ Procemsa boasts decades of experience in the use and selection of plant extracts and in general the raw materials are selected for quality and effectiveness.</li> <li>➤ We are specialized in the development and production of food supplements in all forms, solid and liquid, also taking advantage of the patented technological platforms to also guarantee innovation to products. <ul style="list-style-type: none"> <li>• Food supplements based on plant extracts and derivatives, bee products (propolis, royal jelly, honey, pollen)</li> <li>• Food supplements based on vitamins, mineral salts, metals and trace elements</li> <li>• Food supplements based on macro and micro nutrients</li> <li>• Food supplements based on charcoal</li> <li>• Food supplements intended for the 0-3 age Group</li> </ul> </li> </ul>
<p>PROBIOTICS</p> 	<ul style="list-style-type: none"> <li>➤ Probiotic-based food supplements are developed in a specially equipped area of the Research and Development laboratory and entirely produced in a plant that is completely independent from all other food products to ensure the highest standards of safety and efficacy.</li> <li>➤ Innovative formulas in all available pharmaceutical forms, patented technological platforms, strains selected for clinical studies and stability, are the criteria that make our production unique and original. <ul style="list-style-type: none"> <li>• Food supplements based on probiotics</li> <li>• Food supplements based on probiotics for the age Group 0-3 years</li> </ul> </li> </ul>
<p>MEDICAL DEVICES</p> 	<ul style="list-style-type: none"> <li>➤ We develop and produce as medical device manufacturers in all classes, in all plants.</li> <li>➤ We specialize in the treatment of oral mucous membranes, having 6 products in class IIa; in the gastro and nasal area.</li> <li>➤ We provide scientific, technological and regulatory support for the development of medical devices. <ul style="list-style-type: none"> <li>• Medical device class IIa adult canker sores/aphte gel</li> <li>• Medical device class IIa canker sores/aphte gel junior</li> <li>• Medical device class IIa canker sores/aphte gel baby</li> <li>• Medical device class IIa canker sores/aphte spray</li> <li>• Medical device class IIa canker sores/aphte mouthwash</li> <li>• Medical device class IIa teething gel from 6 months of age</li> <li>• Medical device class IIa orosoluble sticks for gastroesophageal reflux</li> </ul> </li> </ul>



## COSMETICS



- We develop and produce different types of cosmetics in a dedicated area of the plant:
- Fluid emulsions in tube
  - Relaxing muscle massage creams in tube
  - Rich emulsions
  - Detergents
  - Intimate cleansers
  - Solutions and gels
  - Mouthwashes
  - Spray



*Bulk granulation area*



**TABLETS**

---

**1.500.000**  
**MILLION TABLETS**  
**PRODUCED PER DAY**

---

**300.000**  
**MULTILAYER TABLETS**  
**PRODUCED PER DAY**

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**1.000.000**  
**MILLION COATED TABLETS**  
**PRODUCED PER DAY**

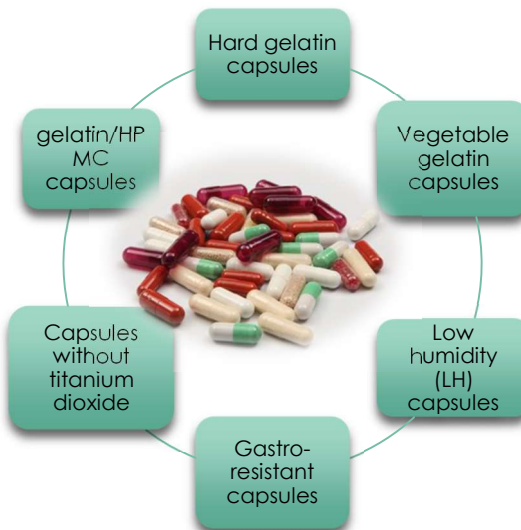
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**CAPSULES**

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**750.000**  
**GELATIN/HPMC**  
**CAPSULES PRODUCED**  
**PER DAY**

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**SACHETS**

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**200.000**  
**SACHETS PRODUCED**  
**PER DAY**

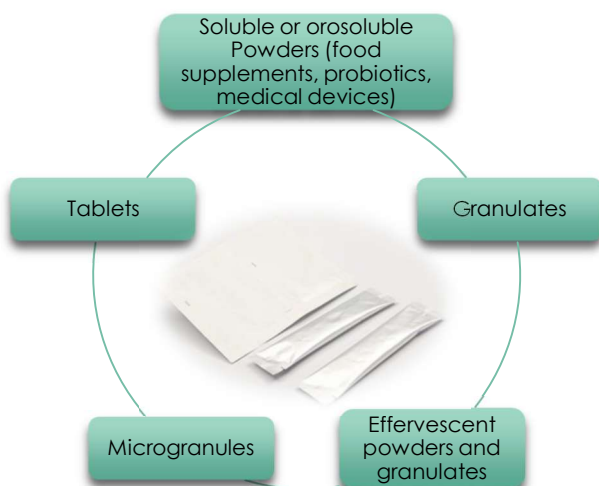
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**STRIPS**  
**100.000**  
**STRIPS PRODUCED PER**  
**DAY**

---

**STICKS**  
**1.000.000**  
**STICKS PRODUCED PER**  
**DAY**

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## POWDER & GRANULES

700

KG GRANULES  
PRODUCED PER DAY

1.200

KG EFFERVESCENT  
GRANULES PRODUCED  
PER DAY

2.400

KG POWDER MIXTURES  
PRODUCED PER DAY



## LIQUID

200.000

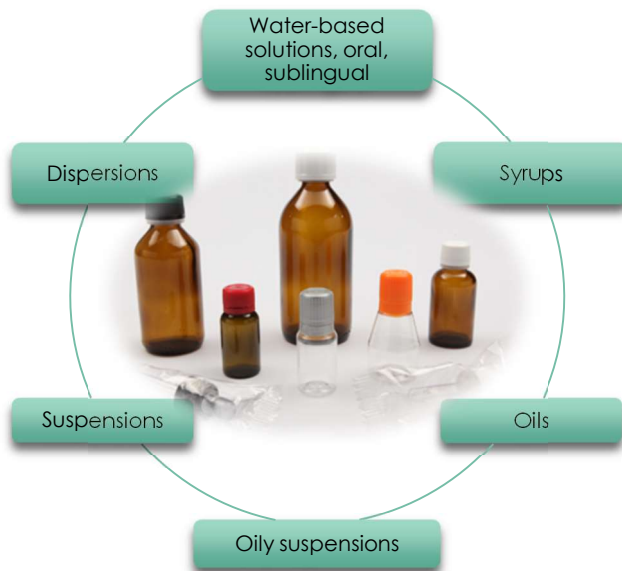
VIALS WITH RESERVOIR  
CAPS PRODUCED PER  
DAY - VIALS

16.000

SPRAYS PRODUCED PER  
DAY

25.000

MULTI-DOSE BOTTLES  
PRODUCED PER DAY



## COSMETICS

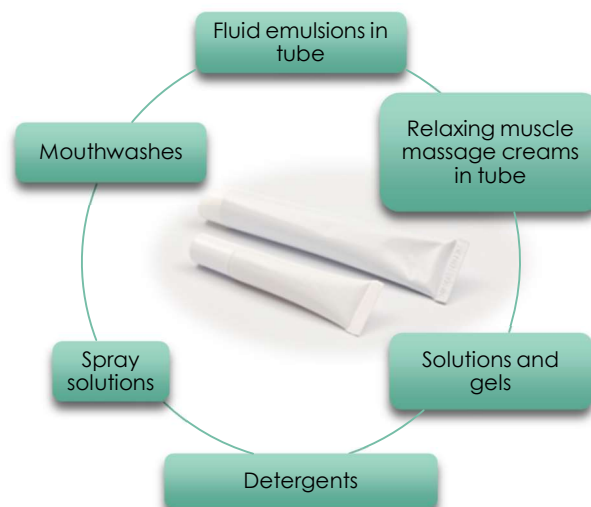
1.000

KG OF EMULSIONS,  
GEL PRODUCED PER DAY

2.000

KG OF COSMETIC  
SOLUTIONS PRODUCED  
PER DAY

25.000 PE/ALU TUBES  
PRODUCED PER DAY



# PROCEMSA PRODUCT APPROACH AND STRATEGY

## FOOD SUPPLEMENTS

Food supplements are developed and created within the Research & Development department, where the best performing formulas for the best possible product are studied daily to ensure efficacy, safety and pleasantness.

Procemsa boasts decades of experience in the use and selection of plant extracts and in general the raw materials are selected for quality and effectiveness.

We specialize in the development and production of food supplements in all forms, solid and liquid, also taking advantage of the patented technological platforms to also guarantee innovation of products.

Our products cover a wide range including:

- Food supplements based on plant extracts and derivatives, bee products (propolis, royal jelly, honey, pollen)
- Food supplements based on vitamins, mineral salts, metals and trace elements
- Food supplements based on macro and micro nutrients
- Food supplements based on charcoal
- Food supplements intended for the 0-3 age group

## PROBIOTICS

Probiotic-based food supplements are developed in a specially equipped area of the Research and Development laboratory and entirely produced in a plant that is completely independent from all other food products to ensure the highest standards of safety and efficacy.

Our departments comply with the following specifications

- ISO class 8 air treatment
- Air treatment with HEPA filters terminal
- Clean corridors concept
- Continuous monitoring of pressure, temperature and relative humidity in all areas
- Dehumidification unit and under nitrogen flow
- Standard conditions:  $T^{\circ} = \pm 20^{\circ} C + RH\% = 20\% + 2$

Innovative formulas in all available pharmaceutical forms, patented technological platforms, strains

selected for clinical studies and stability, are the criteria that make our production unique and original.

We are specialist in the production of:

- Food supplements based on probiotics
- Food supplements based on probiotics for the age group 0-3 years

## COSMETICS

We develop and produce different types of cosmetics in a dedicated area of the plant:

- Fluid emulsions in tube
- Relaxing muscle massage creams in tube
- Rich emulsions
- Detergents
- Intimate cleansers
- Solutions and gels
- Mouthwashes
- Spray

## MEDICAL DEVICES

We develop and produce as medical device manufacturers in all classes, in all plants. We specialize in the treatment of oral mucous membranes, having 6 products in class IIa; in the gastro and nasal area.

We provide scientific, technological and regulatory support for the development of medical devices, such as the following:

Medical device class IIa adult canker sores/aphte gel

Medical device class IIa canker sores/aphte gel junior

Medical device class IIA canker sores/aphte gel baby

Medical device class IIa canker sores/aphte spray

Medical device class IIa canker sores/aphte mouthwash

Medical device class IIa teething gel from 6 months of age

Medical device class IIa orosoluble sticks for gastroesophageal reflux

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# 4. OUR PEOPLE

Our Group firmly believes that people are the driving force of a Company. Thanks to the continuous commitment of all the people who work in the Company we can guarantee and maintain high quality products every day. In order for the consumers to be protected and satisfied with the product they have purchased, it is necessary for our Company to carry out continuous training that guarantees continuous improvement in terms of quality and objectives.

## 4.1. Our workforce

We believe in equal opportunities for men and women. The personnel selection criteria establish the same skill requirements for men and women to promote equality.

Procemsa promotes equal treatment of people. In 2020, there were 7 people with different "disability" on Procemsa's payroll. Procemsa facilities are considered accessible to people with disabilities.

We put people in the foreground, for this reason a welfare plan has been created dedicated to particular Groups of people and activities, an extra bonus has also been given for all workers.

The Group promotes the development of human capital through the implementation of specific training initiatives aimed at the professional and cultural growth of employees.

The Company guarantees union representation, in accordance with the customs and practices of each country. Procemsa's workforce is covered by collective agreements or by the applicable labour laws, guaranteeing working conditions, freedom of association and the right to collective bargaining among others.

The total hours worked in 2020 relating to staff in force up to 31 December 2020 are 178,031.38 of which 11,491.18 in smart working (employees who work at home 6.7%)

<b>YEAR</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Worked hours</b>	101,842	127,357	142,160	178,031**
<b>Training hours</b>	2,263	2,211	2,868	1,655*
<b>Number employees</b> of	108	103	108	113**
<b>Ratio Training/Worked hours</b> %	2.2	1.73	2.0	0.9

\*training done to procemsa staff

\*\*considering only Procemsa manufacturing staff, not contractor and no OFI data

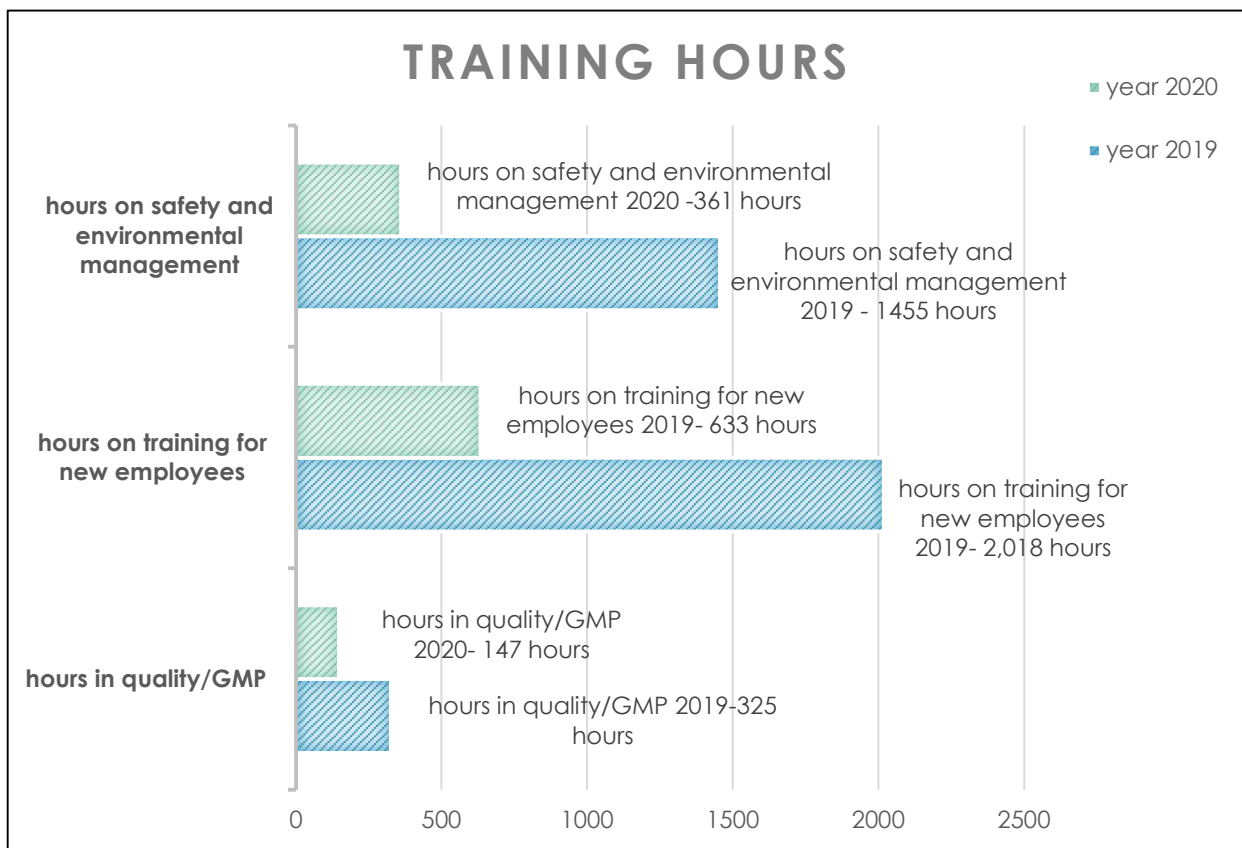
In order to guarantee that work is carried out efficiently and productively, in observance of applicable laws both in the nutritional and environmental field and health and safety of the work place, all workers undergo constant updating and training according to their role within the Company.

On annual basis re-training are organized on the principal GMP procedures that involve department chiefs and operators. This training provides a review of the following main procedures:

- **SOP personnel hygiene**
- **SOP cleaning**
- **SOP moving raw materials and finished product**
- **SOP In process controls**
- **SOP allergens management**

Training and education activities are planned, programmed and implemented by the Company through:

- participation of staff in external courses (symposium, seminars, etc.);
- participation of staff in internal courses for specific duties and roles they are assigned to;
- support of new staff by expert staff for operating methodologies or for the introduction of new technologies.





In 2020, 1,655 hours of total training were carried out. As you can see from the graph, most of the hours are distributed in the training of new hires. Below you can see in detail how the hours are divided:

- 147 hours in quality/GMP (10.9%)
- 633 hours on training for 11 new employees (47.0%)
- 361 hours on safety and environmental management (26.8%)
- 69 hours training for specific roles (5.13%)
- 108 hours English language course (8.02%)
- 12 hours on Blending IT system (0.9%)



## OUR WORKFORCE NUMBERS

Number of permanent employees (FTE) (part time + full time)

		2018*	2019*	2020**
Total number of full time equivalent (FTE) employees at the end of the reporting period (*only Procemsa, **aggregated data with OFI)	Mal	53	58	83
	Female	46	46	95
	Tot	99	104	178
Total number of employees (head count) at the end of the reporting period	Male	53	58	83
	Female	50	50	95
	Tot	103	108	178

		2018*	2019*	2020**
number of part-time employees (FTE) at the end of the reporting period(*only Procemsa, **aggregated data with OFI)	Male	-	-	-
	Female	4	4	10
	Tot	4	4	10
number of part-time employees (head count) at the end of the reporting period(*only Procemsa, **aggregated data with OFI)	Male	-	-	-
	Female	4	4	10
	Tot	4	4	10

		2018*	2019*	2020**
<i>number of temporary employees (FTE) at the end of the reporting period(*only Procemsa, **aggregated data with OFI)</i>	Male	8	10	0
	Female	9	7	0
	Tot	17	17	0
				0
<i>number of temporary employees (head count) at the end of the reporting period(*only Procemsa, **aggregated data with OFI)</i>	Male	8	10	0
	Female	9	7	0
	Tot	17	17	

The vision of the company that looks to the future as a continuous growth, an investment in the people who are part of it and development is evidenced by the increase in staff, this was possible thanks to the acquisition of OFI

## 4.2. PROMOTING A SAFE WORK ENVIRONMENT

For our Group, the health and safety of its employees is fundamental, which is why we are committed to ensuring compliance with laws and regulations regarding the prevention of risks and the protection of health and safety at work.

The issue of the importance of workers' health is particularly important, in fact the Group adopts the measures envisaged in accordance with UNI EN ISO 45001:2016.

This is possible through the implementation of measures such as:

- ✓ Creation of a health and safety team
- ✓ Definition and reporting of indicators
- ✓ 4 prevention audits / year in each plant

The Management also periodically reviews and updates the manual of the occupational health and safety management system. Preventive audits are carried out at a predetermined frequency in each plant (analysis of injuries in lost days, coaching sessions, etc.) in order to assess possible anomalies.

In 2019, there were 304 hours linked to injuries with lost days and no work-related fatalities, while in 2020 the hours are 214.

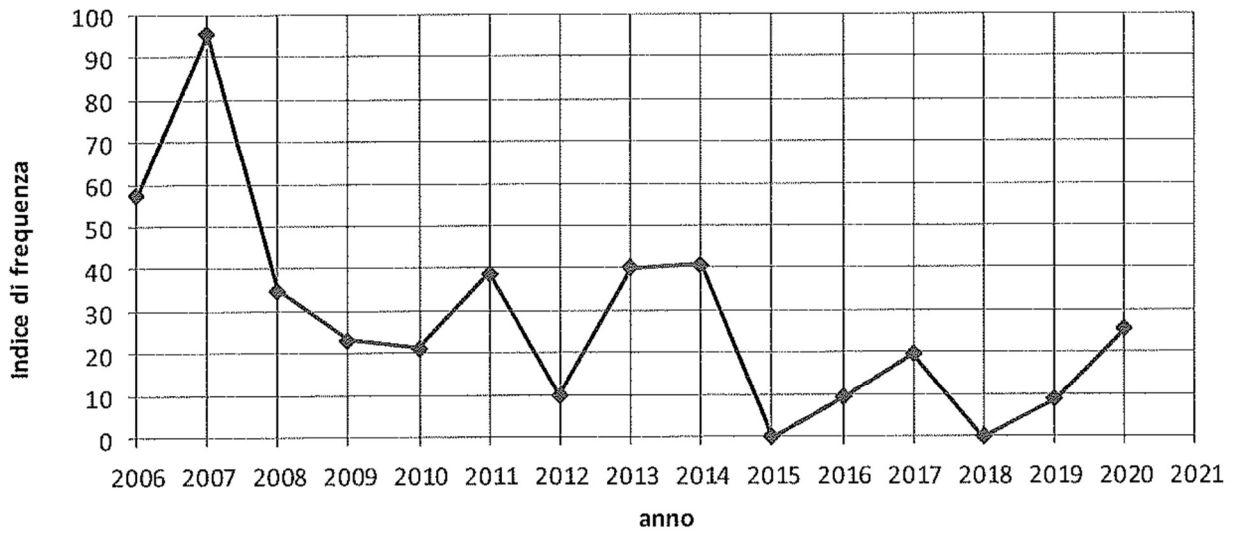
Specific actions are taken to help employees achieve a balance between work and their personal and family life, such as part time, flexible time, time polarization or personal business leave.

### INJURY ANALISYS

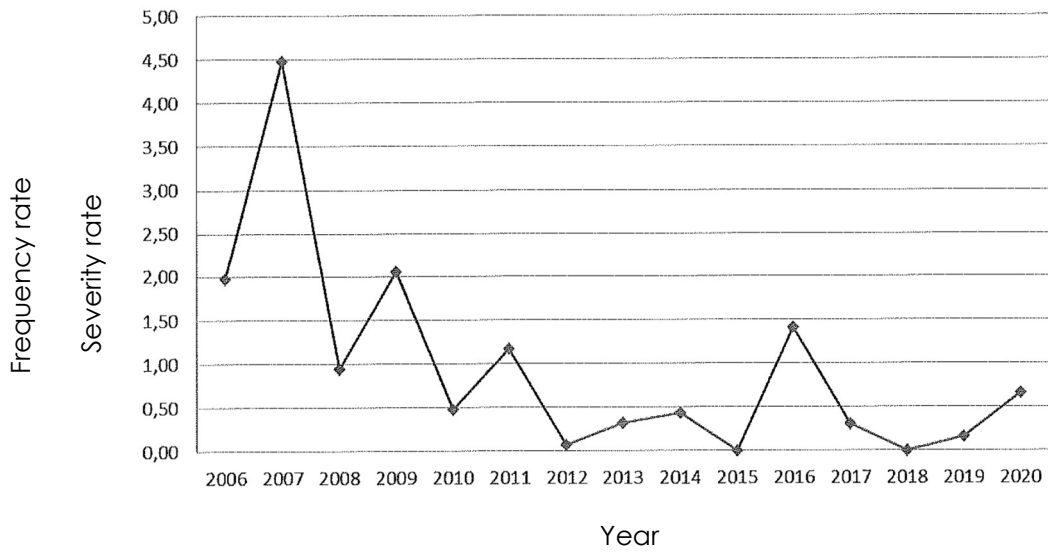
In 2020 there were recorded 4 incidents for a total of 104 days in total, which is why the Company will focus its attention on raising the awareness of department chief, reporting of near misses and on the internal information flow and training.

INJURY ANALISYS			
	2018	2019	2020
Frequency rate (FR)	0.00	8.77	11.41
FR: total number of injury, with and without absence from work, divided by worked hours and multiplied for 1.000.000			
Severity rate (SR)	0.00	0.16	0.27
SR: total number of days lost due to injury, divided by total worked hours and multiplied by 1.000			

### FREQUENCY TREND

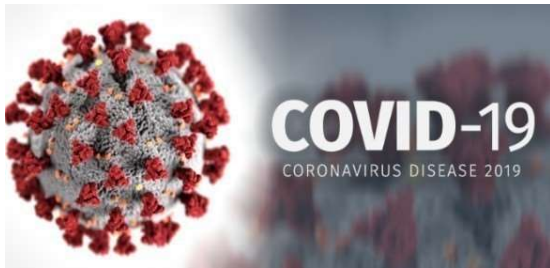


### SEVERITY TREND



<b>YEAR</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<i>Total number of work-related accidents and incidents resulting in injuries</i>	0.0	1.0	4.0
<i>Total number of recorded near-misses/close calls events</i>	5.0	4.0	8.0
<i>Lost time injury frequency rate (LTIFR)</i>	0.5%	0.7%	2.6%
<i>Days lost due to works related injuries or diseases</i>	510.0	476.0	848.0
<i>Rate of recordable work-related injuries</i>	0.0	0.7	2,6





## The response to the Covid-19 pandemic

The outbreak of the Coronavirus pandemic in the first half of 2020 has indirectly affected Procemsa's business. This said, the plants of Turin did not fall within the scope of economic activities suspended by the Italian Government in the first week of March 2020, since the Group belongs to a selection of specific production chain whose companies continued operation was directly requested.

The Group implemented advanced security measures, such as distancing, masks were compulsory in all areas, smart working, – even before the Italian Government made them obligatory – in order to give prior and due protection to its people.

Along with this and the fostering of smart working for white collars, managers and executives, a COVID-19 specific healthcare insurance scheme was offered to all employees for the whole duration of 2020. With the aim of sustaining its employees in moments of need, PROCEMSA introduced threefold coverage in the event of contagion: hospitalization compensation, convalescence compensation and post-hospitalization assistance.

PROCEMSA's prompt response with the introduction of security measures enabled the Company to face the emergency by protecting the health of employees and ensuring business continuity.

PROCEMSA also made a strong effort in order to improve concerns for the internal and external community implementing a specific budget to support this plan.

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## **5. OUR BUSINESS**



## 5.1. We guarantee quality and transparency

During last 10 years the Company has continuously monitored the potential risks to which it is exposed, dividing them into macro areas and identifying, for each type of risk, the probability of occurrence and the level of potential severity.

Through the analysis of the results obtained from the aforementioned checks, it is highlighted that the main risks to which the Company may be subjected and which, therefore, may affect its economic results, are mainly divided as follows:

1. risks relating to the Company,
2. risks relating to the market in which the Company operates

The Company has analyzed the business context in the widest possible sense, identifying all the parties involved and their interests in the business. All the Company processes were assessed, looking in each of them for the possible risks and opportunities for business growth, taking into account the outputs on the market and the possibilities for innovation.

The Company periodically carries out internal audits and the Management revises the non-conformities and complaints trend, evaluates the applicable prescriptions and the legislative compliance and the results of the environmental performances.

A documented risk assessment has also been prepared according to Failure Modes and Effects Analysis method, in order to examine each business process (production, commercial, strategy, management, business, logistics, product safety). The purpose of the risk analysis is to evaluate all the real and potential risks and opportunities and, based on the severity, the occurrence and the possibility of identification, define the most critical ones that can be used as a starting point in the definition of corporate objectives and strategies for the year 2021.

The risk assessment was updated following specific meetings that involved all function managers, until the environmental aspects and impacts have been analyzed, new objectives have been defined and the Company Policy has been updated.

The commitment and continuous desire for growth and improvement by the Company is visible from the implementation of a total quality system (Quality – Environment – Safety) recognized with several certifications obtained and maintained over the years.

The Company system complies with Standard UNI EN ISO 9001: 2015, UNI EN ISO 14001: 2015; UNI ISO 45001: 2018, GMP for food supplements; UNI CEI EN ISO 13485: 2016, IFS 6.1 Standard.

The first quality certification dates back to 1999 so the system has matured over the years, growing and taking root in the corporate culture to better respond to the requests of the most demanding Customers.

The environmental certification dates back to 2001, as a proof of the consolidated environmental management system.

We identify the situations at high risk of contamination or intentional tampering (whether arising from a variety of chemicals, biological agents or other dangerous substances or even from simple contamination due to poor hygiene or cleaning) of the product intended for human consumption, taking defensive measures to decrease the odds. The same risk analysis is carried out to identify the possibility that fraud along the production chain can occur to the detriment of the consumer and the Company itself such as: fraudulent and intentional substitution, dilution or addition to a product or raw material, or incorrect representation of the product or material for the purpose of financial gain, increasing the apparent value of the product or reducing the cost of its production. The ultimate goal is to protect the product, guaranteeing the safety and health of consumers.

## ISO 13485:2016 - MEDICAL DEVICES - QUALITY MANAGEMENT SYSTEMS

The ISO 13485 is an International Organization for Standardization (ISO) standard that sets out comprehensive quality management system requirements for the design and production of medical devices. The standard was updated in 2016 to meet the latest quality management system practices, including changes in technology and regulatory requirements. In particular, the new version has a greater emphasis on risk management and risk-based decision-making, as well as changes to meet the increased regulatory requirements for organizations along the supply chain.

## ISO 45001:2018 - SAFETY MANAGEMENT SYSTEMS

The ISO 45001 is an International Organization for Standardization (ISO) standard that sets out comprehensive quality management system requirements for organizations that are serious about improving employee safety, reducing workplace risks and creating better, safer working conditions.





## FOOD DEFENCE CRITICAL POINTS

- Admission by outsiders or unauthorized personnel in the establishment;
- Admission by outsiders or unauthorized personnel in the production departments;
- Disregard for sanitation and dressing standards in the ward, by operators / authorized visitors;
- Poor or absent training and information for the operator about the existing standards and standard operating procedures to be followed;
- Possibility to cause cross-contamination;
- Erroneous storage mode of aggressive chemical agents, such as detergents;
- Presence of waste and / or production waste during the processing of the product;
- Intentional contamination of packaging materials or raw materials;
- Computer access to formulations;
- Management of rejected products;
- New staff;
- Labeling mistakes

## 5.2. Develop and study of innovative products

### INNOVATIONS, TECHNOLOGIES

PROCEMSA revolutionizes the new way of doing research applied to nutraceuticals, medical devices and cosmetics, using its great knowledge gained in 80 years of experience with the most modern technologies.

Technological platforms, patents that combine technologies, exclusive raw materials born from the collaboration with research institutions, to offer our customers truly innovative products with greater functionality and bioavailability.

Procemsa's research lines are currently focusing on the development of innovative products to support the immune system and in general to improve quality of life while respecting the environment.

### RESEARCH & DEVELOPMENT

12

RESEARCHERS / EMPLOYEES

615

PROTOTYPES MADE IN 2020

5.836

STABILITY ANALYSIS

All Procemsa products are developed and optimized in our Research & Development department, where 12 researchers and technicians study how to improve quality of life with safe, original and effective products daily.

### RESEARCH AND DEVELOPMENT SERVICES

- Research of raw materials, formulation, creation of prototypes according to the needs and wishes of the customer
- Internal organoleptic test panel
- Pharmaceutical technology laboratory certified and authorized as a production room

- Product innovation, research of new technological platforms and patent possibilities
- Development of the production process on an industrial scale
- Development of analytical methods for the research of nutrients
- Product scientific technical dossier
- ICH stability studies, on-going stability studies, report writing
- Regulatory, legislative, communication and marketing support
- Small-scale production for clinical testing and scientific support
- Development of medical devices, dossiers
- Climate chambers for stability tests

## PATENTS

- **PATENT N. IT1395351** composition and method to obtain food emulsions and micellar dispersions by using mono and polyunsaturated fatty acids
- **PATENT N.IT102016000017165** solid, stabilized, rapid release and / or modified therapeutic system for the oral administration of liquid active ingredients
- **PATENT N.PCT WO03 / 039521 LIMOR TECHNOLOGY** solid, stabilized, rapid release and / or modified therapeutic system for the oral administration of liquid active ingredients
- **PATENT N.PCT WO03 / 002101 IOR TECHNOLOGY** oral pharmaceutical composition with improved bioavailability
- **PATENT N.WO03 / 002151 MOR TECHNOLOGY** oral pharmaceutical compositions with modified release of the active ingredient
- **PATENT N. IT379203; EP2197414; US8501203 US8501203** Formulation for topical use for the treatment of cellulite
- **PATENT IT 102017000011632; PATENT PENDING N. PCTIB2018050677** composition based on probiotics in liquid food for babies
- **PATENT IT102017000048750; PATENT PENDING N.PCTIB2018053128** composition for the treatment of mouth ulcers and canker sores

# $\alpha$ ALFAMEL

ALFAMEL was born in the Procemsa laboratories after careful university studies and is the result of sophisticated extraction techniques on the AlfaAlfa plant (*Medicago sativa*) that have enriched the phytocomplex with a tripeptide with a cosmetic action on cellulite blemishes, conveyed with the exclusive carrier of melatonin. The functional association of alpha alpha extract and melatonin is protected by 3 international patents and products containing it have been the subject.



ROSHIELD is the first extract of Procemsa's new innovation philosophy, obtained with a new extraction technology starting from Rosa Damascena flowers and HMW hyaluronic acid, it is used in all our 5 CE class IIa Medical Devices for application on canker sores and stomatitis and in teething gel for children over 6 months of age.

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## **6. OUR ENVIRONMENT**

Procemsa is committed to implementing an environmental sustainability policy as we are aware of the impact our activities have on the environment. This is why all our choices are made in order to have a lower environmental impact. Starting from the choice of raw materials, our formulations are designed to reduce the use of palm oil and avoid the use of raw materials coming from protected botanical species. The impact of our production facilities is constantly monitored and evaluated in order to increase their efficiency and reduce waste.

## 6.1. Our commitment to the environment

In 2019, Procemsa installed about 35 sensors, which allowed to collect data measuring different energy parameters (sectoral consumption of electricity, H<sub>2</sub>O consumption, steam consumption and gas consumption). The project started during 2019 and is allowing us to keep consumption parameters under control. It also gives us the possibility to act quickly in response to any anomaly, increased consumption or similar.

This report highlights the results obtained in 2020 regarding:

- Energy consumption
- Water consumption
- Electricity consumption
- GHG emissions
- Waste

### ENERGY CONSUMPTION

In 2020 there is a small increase of energy consumption (7,8%) than in 2019. This rise is due to the increase in production. The ratio between consumption and number of pieces produced decreased by 7% for energy and by 1% for methane.

<b>ENERGY CONSUMPTION</b>		
	2019	2020
Total energy consumption (kWh)	15,074,913	16,360,317
		+7,8
% renewable energy	3.1%	3.0%



<b>ELECTRICITY CONSUMPTION</b>		
	2019	2020
Electricity consumption (kWh)	4,264,779	4,413,000
Electricity consumption produced with renewable energy source (kWh)	461,800.8	484,000
% renewable Electricity	10,8%	11%

## **WATER CONSUMPTION**

In 2020, water consumption decreased compared to the quantity of pieces produced. This was possible thanks to the continuous monitoring of H<sub>2</sub>O consumption and to the adequate setting and modification of the reverse osmosis system settings for the production of demineralized water; this activity ended with a consistent improvement in daily consumption, which occurred on time and was halved. The positive effect of the modification of the production parameters of demineralized water carried out in 2019 is visible in the significant reduction in water consumption, which decreased by 39,5%.

<b>WATER CONSUMPTION</b>		
	2019	2020
Water consumption (m <sup>3</sup> )	40,871	24,730
Produced pieces	26,935,478	29,954,925
		-39,5%

## **WASTE**

The increase of production volume has not been accompanied by an increase in waste volumes. 2020 records a slight decrease in the amount of waste generated, in addition there is a significant decrease in the amount of non-recyclable waste.

<b>WASTE</b>		
	2019	2020
Waste generated (tons)	259.9	228.8
Waste recycled/reuse(tons)	213.2	213.0
Waste not recycled/reuse (tons)	46.7	15.9

Our Group is engaged in separate collection of wastes, most of the recycled material comes from packaging waste (mainly used for the final product, it consists of paper, cardboard, aluminium, multilayer materials). Even the wood is recycled, this comes from pallets no longer suitable for transport which are then recycled.

<b>TOTAL AMOUNT OF RECYCLABLE WASTE 2020</b>	
<b>Type of waste</b>	<b>Total</b>
PACKAGING	159.530 Kg
WOOD	30.860 kg
PLASTIC	4.110 kg
IRON	240 kg

## CIRCULAR ECONOMY

The company strives to recover as much waste as possible by implementing a circular economy perspective. In fact, the putrescible waste is sent to composting and about 87% of the waste is sent to disposers for separation and subsequent recovery.

As for plastic, our Group keeps separately clean plastic from drums containing non-hazardous raw materials and plastic packaging in order to put it in the recycling loop.

We are carrying out a project to create innovative packaging with the use of biopolymers derived from agricultural waste from the thistle supply chain. A compostable / biodegradable container was developed and produced for the experimental packaging of a powdered food supplement, in particular it is a pill container / bottle.



*experimental compostable / biodegradable bottle for dietary supplement packaging*

As regards energy supplies, the company uses clean energy produced in part by the photovoltaic system (11%) present in the Via Vernea plant.

## GHG EMISSIONS AND CARBON NEUTRALITY

The target of our Company is to reduce our carbon emissions in alignment with science-based targets (SBT). This begins with calculating our emissions to understand our impact on the environment, starting from electric and natural gas consumption, to the annual consumption produced by employees' cars during their working days, considering the kilometers they travel each day to work and back home.

The Company's GHG inventory has been developed according to the GHG Protocol Corporate Accounting and Reporting Standard – Revised Edition. This document outlines the boundaries of the inventory, the emission categories considered, the methodologies and emission factors used and the resulting GHG emissions.

GHG emissions were calculated using the location-based method (scope 2) which takes into consideration the average emissions intensity of the grids from which electricity is purchased. Furthermore, direct emissions coming from gas consumption were also considered (scope 1).

GHG emissions (Scope 1 and Scope 2) were published in the Sustainability Report 2019. Starting from 2021, Farmaceutici Procemsa SpA has expanded its reporting by including the following Scope 3 emission categories:

- Cat. 1 – Purchased goods & services
- Cat. 2 – Capital goods
- Cat. 3 – Fuel and energy-related activities
- Cat. 4 – Upstream transportation and distribution
- Cat. 5 – Waste generated in operations
- Cat. 6 – Business travel
- Cat. 7 – Employee Commuting

In 2020 the tons of CO<sub>2</sub> emissions recorded using this calculation were much greater than the quantities recorded in 2019. This is because in 2020 a full scope 1-2-3 calculation has been performed for the first time, the tons of CO<sub>2</sub> emissions caused by commuting were considered (a factor that was not taken into consideration in the 2019 report). As regards scope 1, the 2019 value has been changed as the conversion factor previously used had not been adequately well defined.

Furthermore, the GHG emissions (tCO<sub>2</sub>e) for scope 1,2,3 were as follows:

	<b>2019</b>	<b>2020</b>
GHG emissions (tCO <sub>2</sub> e)- Total (Absolute)	1,474.00	9,882.00
Scope 1*	427.90	2,307.10
Scope 2 (location based)	1,046.10	873.80
Scope 2 (market based)*	Not calculated	1,211.60
Scope 3	Not calculated	6,701.10

\* Scope 1 in 2019 is calculated based only on methane consumption, in 2020 also car fleet and refrigerant gas leakage is considered. For scope 2 in 2020 also market based has been considered.

We have always been careful to limit energy consumption and associated emissions into the atmosphere, and it is for this reason that since 2012 the Company has installed a photovoltaic system at the Via Vernea site. At the same site in 2017 we have also installed a trigeneration system in order to produce electricity and exploit the recovered thermal energy.

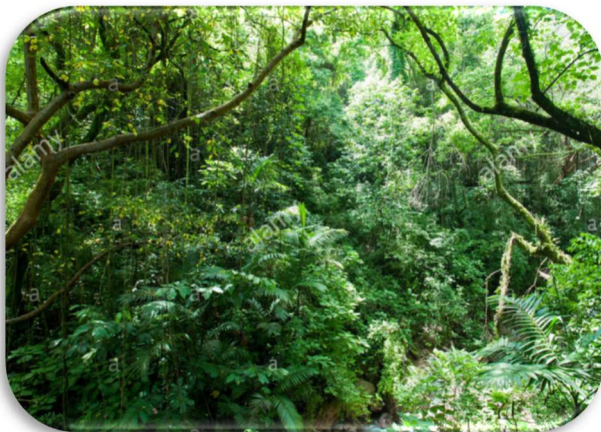
Next steps will be to quantify carbon emission reduction, to identify opportunities to improve energy efficiency and to invest to reach energy consumption reduction.

As a commitment with respect to climate change, Procemsa has purchased nature-based carbon credits in order to compensate for its GHG Scope 1 and Scope 2 – Market based emissions generated during the 2020 reporting year. This initiative has allowed the company to become carbon neutral with respect to the activities falling within the reporting perimeter and is designed as a transition tool to mitigate its impact on the road to effectively reducing carbon emissions.

Procemsa's carbon neutral status is achieved by offsetting carbon emissions with quality, nature-based carbon credits coming from positive impact projects. Each credit is certified according to international standards and it corresponds to the reduction (or removal) of one ton of CO2 equivalent. In particular, the two projects the Group purchased its credits from are the "Guatemalan conservation coast" and the "Great bear forest carbon".

#### **GUATEMALAN CONSERVATION COAST PROJECT**

The Guatemalan Conservation Coast project works to protect the remaining forests of the region by addressing the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives.



*Guatemalan conservation coast project*

## GREAT BEAR FOREST CARBON PROJECT

The second project is the Great Bear Forest Carbon project, which is an Improved Forest Management project in British Columbia (BC), the westernmost province of Canada. 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 coastal wolves sanctioned, or approved for commercial logging to protected forests. Emissions caused by harvesting, road building and other forestry operations are also prevented. It is a landmark project for balancing human well-being and ecological integrity through carbon finance, and it is the first carbon project in North America on traditional territory with unextinguished Aboriginal Rights and Title.



*Great bear forest carbon project*

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## **7. METHODOLOGICAL NOTE**

This sustainability report has been drawn up with reference to the GRI standards. The table below shows the link between the material topics and the corresponding GRI standards topics.

MATERIAL TOPICS	GRI STANDARD TOPICS	TOPIC BOUNDARIES	
		WITHIN THE ORGANIZATION	OUTSIDE THE ORGANIZATION
<b>Customer health and safety</b>	GRI 416: Consumer health and safety	Procemsa	Clients
<b>Employees health and Work organization safety</b>	GRI 403: Occupational health and safety	Procemsa	-
<b>Energy efficiency and renewable energy production</b>	GRI 305: Emission	Procemsa	Suppliers
<b>Reduction of CO emissions</b>	GRI 305: Emission	Procemsa	Suppliers
<b>Efficiency in water consumption</b>	GRI 306: Effluents and waste	Procemsa	Suppliers
<b>Waste management and recycling practices</b>	GRI 306: Effluents and waste	Procemsa	Suppliers
<b>Continuous training and updating of employees</b>	GRI 404: Training and educational	Procemsa	-
<b>Job quality and the creation of new jobs</b>	GRI 401: employment	Procemsa	-
<b>Collaborators welfare and benefits</b>	GRI 401: employment	Procemsa	-
<b>Diversity and equal opportunities</b>	GRI 405: Diversity and equal opportunity	Procemsa	-



## 7.1. GHG calculation methodologies

The calculations of greenhouse gas emissions are made taking into account the directives of the GHG Protocol Corporate Accounting and Reporting Standard.

In order to create an accurate account of its emissions, Farmaceutici Procemsa SpA has identified major GHG emission sources following the guide published in the GHG Protocol Corporate Accounting and Reporting Standard: "Appendix D – Industry Sectors and Scopes", which lists GHG sources and activities along the value chain by scope for various industry sectors. For Scope 3 calculations, the process relied on two additional documents, namely the "Corporate Value Chain (Scope 3) Accounting and Reporting Standard – Supplement to the GHG Protocol Corporate Accounting and Reporting Standard" and the "Technical Guidance for Calculating Scope 3 Emissions - Supplement to the Corporate Value Chain (Scope 3) Accounting & Reporting Standard" issued by the GHG Protocol.

Procemsa's GHG emissions have been calculated as follows:

SCOPE	CATEGORY and SOURCE
<b>SCOPE 1</b> <i>(Direct GHG emissions)</i>	<ul style="list-style-type: none"> <li>• <u>STATIONARY COMBUSTION:</u> <ul style="list-style-type: none"> <li>– HEAT: Natural gas;</li> </ul> </li> <li>• <u>MOBILE COMBUSTION:</u> <ul style="list-style-type: none"> <li>– CAR FLEET: diesel and gasoline consumption.</li> </ul> </li> <li>• <u>FUGITIVE EMISSIONS:</u> <ul style="list-style-type: none"> <li>– Leakages from air-conditioning systems of refrigerant gases.</li> </ul> </li> </ul>
<b>SCOPE 2</b> <i>(Energy indirect GHG emissions)</i>	<ul style="list-style-type: none"> <li>• <u>STATIONARY COMBUSTION:</u> <ul style="list-style-type: none"> <li>– Electricity purchased from the national grid.</li> </ul> </li> </ul>

SCOPE	CATEGORY and SOURCE
<b>SCOPE 3</b> <i>(Other indirect GHG emissions)</i>	<ul style="list-style-type: none"> <li>• <u>CAT. 1 – PURCHASED GOODS &amp; SERVICES:</u> <ul style="list-style-type: none"> <li>· Upstream emissions from the production of products purchased or acquired.</li> </ul> </li> <li>• <u>CAT. 2 – CAPITAL GOODS:</u> <ul style="list-style-type: none"> <li>· Upstream emissions from the production of capital goods purchased or acquired.</li> </ul> </li> <li>• <u>CAT. 3 – FUEL AND ENERGY-RELATED ACTIVITIES:</u> <ul style="list-style-type: none"> <li>· Emissions related to the production of fuels and energy purchased and consumed.</li> </ul> </li> <li>• <u>CAT. 4 – UPSTREAM TRANSPORTATION AND DISTRIBUTION:</u> <ul style="list-style-type: none"> <li>· Emissions associated with the transportation and distribution of products purchased in the reporting year, between a company's tier 1 suppliers and its own operations in vehicles not owned or operated by the reporting company.</li> <li>· Emissions related to the transportation and distribution services purchased by the reporting company in the reporting year, including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between a company's own facilities.</li> </ul> </li> <li>• <u>CAT. 5 – WASTE GENERATED IN OPERATIONS:</u> <ul style="list-style-type: none"> <li>– Emissions from third-party disposal and treatment of waste generated by the company's owner or controlled operations.</li> </ul> </li> <li>• <u>CAT. 6 – BUSINESS TRAVEL:</u> <ul style="list-style-type: none"> <li>– Emissions from the transportation of employees for business related activities.</li> </ul> </li> <li>• <u>CAT. 7 – COMMUTING:</u> <ul style="list-style-type: none"> <li>– Emissions from the transportation of employees between their homes and their worksites.</li> </ul> </li> </ul>

The company has calculated its GHG emissions through the application of documented emission factors; these factors are calculated ratios relating GHG emissions to a proxy measure of activity at an emissions source. The formula applied is:

$$GHG\ Emissions = Emission\ factor * Activity\ data$$

The main sources of the emission factors (EF) used are identified based on the following databases:

- TERNA: it is one of the major European operators in the energy transmission networks; its EF's database was used to calculate the Scope 2 emissions. Such emission factors are published, not considering methane and nitrous oxide greenhouse gas effect, thus GHG emissions from electricity are presented in CO<sub>2</sub> and not in CO<sub>2e</sub>.
- DEFRA (Department for Environmental, Food & Rural Affairs): it is a UK government department; its wide database contains EF for Scope 1, Scope 2 and Scope 3 emissions;

- ECOINVENT: its database is one of the world's leading Life Cycle Inventory (herein after also "LCI") database which delivers both in terms of transparency and consistency and provides well documented process data for thousands of products. Its database contains EF for Scope 3.1 emissions (Purchased Goods and Services).
- ALB: the European Attribute Mix (EAM) and the residual mixes for all countries and the related supporting materials by the Association of Issuing Bodies are reported. It was used to calculate Market-Based GHG emissions from the electricity purchased. Such emission factors are published, not considering methane and nitrous oxide greenhouse gas effect, thus GHG emissions from electricity are presented in CO<sub>2</sub> and not in CO<sub>2e</sub>.

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## **8. GRI DISCLOSURE**

**GRI 102: General Disclosures 2016**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>
<b>102-1 Name of the organization</b>	2.2.1. Our origins
<b>102-2 Activities, brands, products, and services</b>	2.2. 80 years of success-our character 3. Our product 5.2. Develop and study of innovative products
<b>102-3 Location of headquarters</b>	2.2.3. The Group & Our plants
<b>102-4 Location of operations</b>	2.2.3. The Group & Our plants
<b>102-5 Ownership and legal form</b>	2.2.5. Governance
<b>102-6 Markets served</b>	2.2. 80 years of success-our character
<b>102-7 Scale of the organization</b>	2.2.3. The Group & Our plants
<b>102-8 Information on employees and other workers</b>	4. Our people 4.1. Our workforce 4.2. Promoting a safe work environment
<b>102-9 Supply chain</b>	2.2.4. Our value chain
<b>102-10 Significant changes to the organization and its supply chain</b>	2.2.1. Our origins 2.2.3. The Group & Our plants 2.2.5. Governance
<b>102-11 Precautionary Principle or approach</b>	2.3. The Group sustainability path
<b>102-12 External initiatives</b>	2.3.5. Working with our community
<b>102-14 Statement from senior decision maker</b>	CEO message
<b>102-15 Ownership and legal form</b>	2.3.3. Material topics 2.3.4. Our strategic pillar
<b>102-16 Values, principles, standards, and norms of behavior</b>	2. The Group 2.2.6. Ethical business 2.3.1. Procemsa sustainability identity
<b>102-18 Governance structure</b>	2.2.5. Governance
<b>102-40 List of stakeholder Groups</b>	2.3.2. Stakeholders
<b>102-41 Collective bargaining agreements</b>	2.2.5. Governance 4.1. Our workforce
<b>102-42 Identifying and selecting stakeholders</b>	2.3.2. Stakeholders
<b>102-43 Approach to stakeholder engagement</b>	2.3.2. Stakeholders

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>
<b>102-44 Key topics and concerns raised</b>	2.3.3. Material topics 2.3.4. Our strategic pillar
<b>102-45 Entities included in the consolidated financial statements</b>	1. Sustainability at Farmaceutici Procemsa Group 7. Methodological note
<b>102-46 Defining report content and topic Boundaries</b>	1.1.2. Our strategy and our objectives 2.3.3. Material topics 2.3.4. Our strategic pillar 7. Methodological note
<b>102-47 List of material topics</b>	1.1.2. Our strategy and our objectives 2.3.3. Material topics 2.3.4. Our strategic pillar 7. Methodological note
<b>102-48 Restatements of information</b>	1.1.1 Introduction 2.2.1. Our origins 7. Methodological note 7.1. GHG calculation methodologies
<b>102-49 Changes in reporting</b>	1.1.1. Introduction 2.2.1. Our origins 7. Methodological note 7.1. GHG calculation methodologies
<b>102-50 Reporting period</b>	1.1.1. Introduction
<b>102-51 Date of most recent report</b>	The first sustainability report of the Group was published on 21.01.2021
<b>102-52 Reporting cycle</b>	The report is annual
<b>102-53 Contact point for questions regarding the report</b>	Contacts
<b>102-54 Claims of reporting in accordance with the GRI Standards</b>	2.3.3. Material topics 7. Methodological note
<b>102-55 GRI content index</b>	8. GRI disclosures

**GRI 200 Economic Standards Series**

**GRI 205 Anti -corruption 2016**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>
<b>103-1 Explanation of the material topic and its boundary</b>	1.1.2. Our strategy and our objectives 2.3.3. Material topics 2.3.4. Our strategic pillar 7. Methodological note 7.1. GHG calculation methodologies
<b>103-2 The management approach and its components</b>	5. Our business 5.1. We guarantee quality and transparency 5.2. Develop and study of innovative products
<b>103-3 Evaluation of the management approach</b>	5.1. We guarantee quality and transparency
<b>203-1 Infrastructure investments and financed services</b>	2.2. 80 years of success-our character 2.2.3. The Group & Our plants
<b>205-3 Confirmed incidents of corruption and actions taken</b>	2.2.5. Governance 2.2.6. Ethical business

**GRI 300 Environmental Standards Series**

**GRI 302: Energy 2016**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>
<b>302-1 Energy consumption within the organization</b>	6. Our environment 6.1. Our commitment to the environment
<b>302-4 Reducing of energy consumption</b>	6.1. Our commitment to the environment
<b>302-5 Reducing in energy requirements of products and services</b>	6.1. Our commitment to the environment
<b>303-2 Management of water discharge-related impacts</b>	6.1. Our commitment to the environment
<b>303-3 Water withdrawal</b>	6.1. Our commitment to the environment
<b>303-4 Water discharge</b>	6.1. Our commitment to the environment
<b>303-5 Water consumption</b>	6. Our environment 6.1. Our commitment to the environment
<b>305-1 Direct (Scope 1) GHG emissions</b>	6.1. Our commitment to the environment 7.1. GHG calculation methodologies
<b>305-2 Energy indirect (Scope 2) GHG emissions</b>	6.1. Our commitment to the environment 7.1. GHG calculation methodologies
<b>305-3 Other indirect (Scope 3) GHG emissions</b>	7.1. GHG calculation methodologies

<b>305-5 Reduction of GHG emissions</b>	7.1. GHG calculation methodologies
<b>306-2 Waste and Effluents – Waste by type and processing</b>	6.1. Our commitment to the environment 7.1. GHG calculation methodologies
<b>307-1 Environmental compliance – Environmental non compliance</b>	6.1. Our commitment to the environment 5.1. We guarantee quality and transparency
<b>308-1 New suppliers that were screened using environmental criteria</b>	2.2.4. Our value chain

**GRI 400 Social Standards Series**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>
<b>401-1 New employee hires and employee turnover</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-1 Occupational health and safety management system</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-2 Hazard identification, risk assessment and incident investigation</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-3 Occupational health services</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-4 Worker participation, consultation, and communication on occupational health and safety</b>	4.1. Our workforce 4.2. Promoting a safe work environment

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>
<b>403-5 Worker training on occupational health and safety</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-6 Promotion of workers' health</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</b>	4.1. Our workforce 4.2. Promoting a safe work environment
<b>403-8 Workers covered by an occupational health and safety management system</b>	100% of workers
<b>403-9 Work-related injuries</b>	4.1. Our workforce
<b>404-1 Average hours of training for year for employee</b>	4.1. Our workforce
<b>404-2 Skills refresher programs of employees and transition assistance programs</b>	4.1. Our workforce



<b>413-1 Operations with local community engagement, impact assessment and development</b>	2.3.5. Working with our community
<b>414-1 New suppliers that were screened using social criteria</b>	2.2.4. Our value chain
<b>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>	5.1. We guarantee quality and transparency
<b>417-2 Incidents of non-compliance concerning product and service information and labeling</b>	5.1. We guarantee quality and transparency

## Contacts

For more information, please contact:

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