



2019

Sustainability REPORT

GEROSA
Group

flexible packaging and labels



LETTER TO THE STAKEHOLDERS



We are pleased to present our second Sustainability Report.

This document was drafted on a voluntary basis in an extraordinary year for the global economy that saw the SARS coronavirus dominate global scenes and require companies to rethink business and organisation. Thanks to the professionalism, adaptability and courage of all employees, we were able to continue to operate and meet the urgent demand for our products for the food market even during the period of application of the most stringent measures to contain the COVID -19 epidemiological emergency. This uncertain context presented us with the great responsibility of safeguarding the health of people whose physical presence was necessary for the continuation of production, at a time when knowledge of the spread of the virus was scarce and prevention guidelines were lacking in the workplace. Each Group company therefore set up an emergency committee to manage health safety and these committees, which are still operational today, are to be credited with having worked scrupulously, promptly responding to the directives issued by the governments of the respective countries. The pandemic was also a further reason for reflection on the imperative need to protect the environment, and at the same time highlighted the importance of the role of packaging in the context of food safety, recalling the urgency for the sector to find solutions capable of effectively meeting both needs. Despite the extraordinary commitments of most of the members of the sustainability committee in 2020, the drafting of this document and the implementation of new projects bear witness to the firmness of our commitment to a sustainable way of doing business that will bring well-being to present and future generations.

Much was done in 2019. The research and development activities, which are strategic for us, have been intensified with the aim of responding to the complex environmental challenges specific to packaging with technically and commercially viable proposals. In this context, we have developed packaging designed for recycling, compostable and containing secondary raw materials. Although the circularity of packaging is a challenging objective, the results achieved so far confirm that competence, determination and enthusiasm make it possible to achieve innovative and effective solutions and, for this reason, with the awareness that a system of different skills is crucial to face complex challenges, in addition to putting our resources to work, we participate in transnational and cross-sector associations, we work with research institutes and universities and collaborate synergistically with customers and suppliers who share the same objectives as us. In 2019 we also activated important company welfare projects: in Inverigo the WHP project, which promotes the health and wellbeing of employees inside and outside the work context through a three-year plan of objectives shared and verified by the regional health system that sponsors the project; in the two Spanish companies, as part of the wider project of equal opportunities for gender equality, a plan to reconcile work and home life.

2019 also saw the emergence of a very ambitious project, appreciated and co-funded by the Ministry for Economic Development and the Lombardy Regional Authority for its positive environmental and employment impacts, involving the entire photoengraving department of Inverigo. With this project featuring a very high degree of innovation, in addition to technological and process objectives, we set ourselves significant objectives of minimising environmental impact, through the reduction of energy consumption and greenhouse gas emissions, the reduction of raw material consumption and the valorisation of production waste in a circular economy perspective.

The plan for the coming years is a confirmation of the principles that have guided us so far. The road has already been mapped out for further investment in research and development, technological innovation, promotion of employee welfare, environmental protection and support for local communities. In fact, it is vitally important that sustainability is not just an abstract concept, but a tangible fact because, as Thomas Edison said, "the value of an idea lies in the using of it".

A handwritten signature in black ink, appearing to read 'Ruggero'.

Ruggero Gerosa – President

A handwritten signature in black ink, appearing to read 'Claudio'.

Claudio Gerosa – Vice President



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GEROSA GROUP

We are an international family group, recognised as a benchmark in the flexible packaging and label sector. Our story began 85 years ago, in 1935, when Luigi and Giuseppe Gerosa set up a small stationery and printing shop in Inverigo. Over the years that enterprise has transformed and grown to become a multinational group present in 5 European countries.

Specialisation in the flexible packaging sector began in 1949 with the purchase of the first rotogravure printing press. Since then we have continued to invest in technology, personnel, research and development, sustainability, becoming a point of reference for the flexible packaging sector, especially for the food industry, with a strong specialisation in products with high technical content.

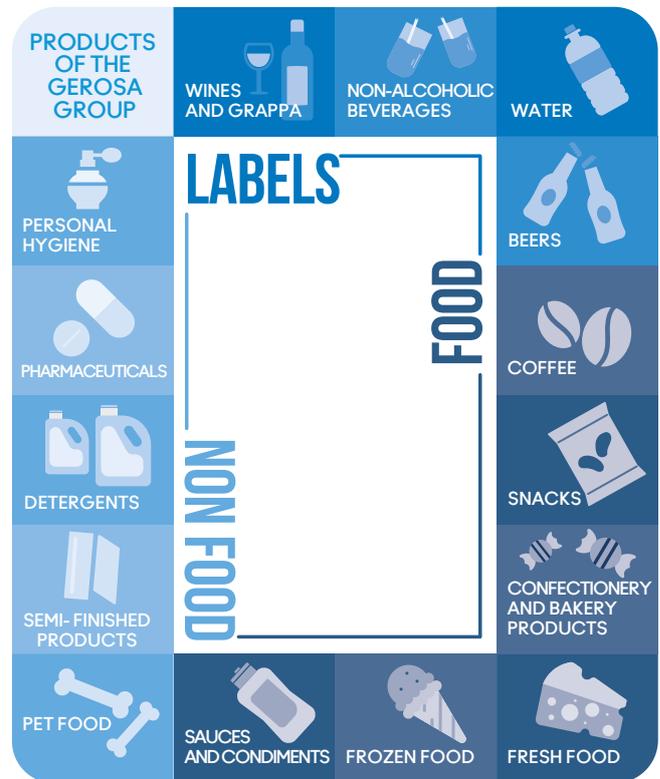
Our production sites are located in Italy, Spain and Romania, and we sell flexible packaging and labels on all continents, also thanks to our sales offices in Germany and France.

We are mainly focused on the food and label sectors, but we also successfully serve other sectors, such as para-pharmaceuticals, pet food, detergents, as well as some industrial sectors. In order to respond effectively and reliably to the various market demands, we have specialised in numerous applications, ranging from cold sealing closures to stand-up pouches.

We are known for our know-how in research and development and for the high quality standards of our products and services, which are the result of cutting-edge technological investments and a high rate of renewal of plant and equipment. For 40 years we have integrated the

photoengraving process, both mechanical and laser, and, thanks to the experience gained, we are able to meet the most complex graphic requirements.

Our organisation is efficient and flexible. Its strength is based on the skills of highly qualified and motivated people and on flexibility, a value that we cherish and promote among our staff to respond to the many needs of the customers and help them pursue their goals in a constantly evolving market.



1935

Luigi and Giuseppe Gerosa open a small printing shop in Inverigo, which with the passing of time will become Cellografica Gerosa SpA



1949

The first rotogravure is installed



1993

With the establishment of Flexocit srl and the inclusion of Cellografica Gerosa SA, the Gerosa Group comes to life



1997

Gerosa Flexible Verpackungen is established in Germany

THE GROUP IN FIGURES



The Group is made up of five operating companies and two commercial companies, with a total of five transformation sites, two in Italy, two in Spain and one in Romania, and five commercial offices, three in Germany and one in France. Geographical diversification is aimed at positioning the Group in areas of production excellence and close to the main reference markets.



2004

Rieuisset SA in Spain joins the Group



2007

Artema Plst srl in Romania joins the Group



2010

Commerciale Gerosa Group sarl in France is established



2017

The Innovation Center is opened care of the Inverigo plant



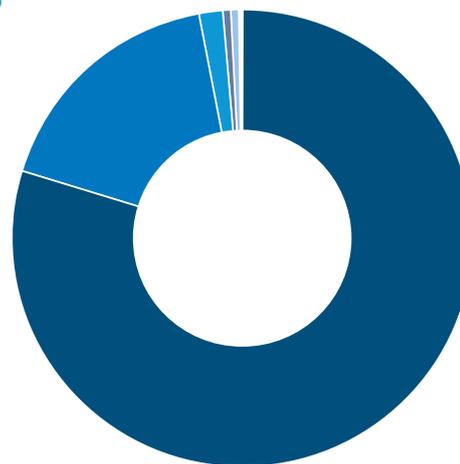
TODAY

The Gerosa Group is one of the reference partners in Europe... and the growth continues

ECONOMIC VALUE GENERATED AND DISTRIBUTED

2019

We believe that in order to be able to demonstrate our corporate responsibility it is first and foremost necessary to be a healthy and economically viable company. This is the only way to adequately remunerate employees, suppliers and shareholders and to contribute, through taxes and levies, to the management of goods and the provision of public services, and thus to the wellbeing of the community. The table below shows the Economic Value Generated, Distributed and Retained in 2019 and the two previous years. These Values derive from the reclassification of the Consolidated Income Statement, where the retained economic value is represented by the profit for the year net of profits distributed to shareholders. In 2019 the Economic Value Generated exceeded Euro 194 million, an increase of 3% compared to the previous year. This result made it possible to distribute Euro 191 million to the stakeholders, an increase of 2.2% compared to 2018. In particular, the largest part of the value generated was distributed to suppliers and, subsequently, to staff.



79.7%

Operating costs

17.2%

Remuneration of the staff

1.7%

Economic value retained

0.70%

Taxes and levies

0.60%

Remuneration of financial backers

0.02%

Charitable donations to the community

ECONOMIC VALUE GENERATED AND DISTRIBUTED (EURO)¹

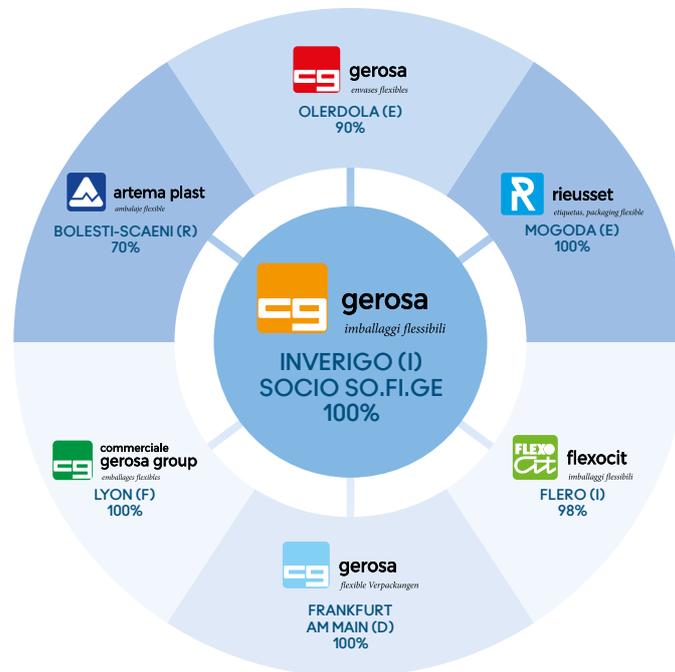
	2019	2018	2017
ECONOMIC VALUE GENERATED	194,467,621	188,843,406	180,205,282
OPERATING COSTS	155,059,935	150,991,113	143,405,625
REMUNERATION OF STAFF	33,486,637	32,205,632	31,011,116
REMUNERATION OF FINANCIAL BACKERS	1,224,958	1,125,014	1,071,833
VALUE DISTRIBUTED TO SHAREHOLDERS	-	1,140,000	900,000
TAXES AND LEVIES	1,369,187	1,587,461	1,484,402
CHARITABLE DONATIONS TO THE COMMUNITY	48,596	60,646	52,164
ECONOMIC VALUE RETAINED	3,278,307	1,733,540	2,280,142

¹The figures also include the two sales companies excluded from the scope of reporting of the other Financial Statement data (also see the method note on page 40).

GOVERNANCE MODEL

We are aware that a robust and efficient organisation of corporate decision-making processes and careful risk management are fundamental for the satisfactory

governance of the business and its sustainability over time. The Gerosa Group consists of seven companies, five of which are manufacturing and two commercial. The Parent Company is Cellografica Gerosa SpA, with headquarters in Italy, and has direct control over all the others.



The Board of Directors of Cellografica Gerosa SpA defines the strategic guidelines and organisation of the Group. It consists of six members, including a woman (17% of the total) and an independent director¹ (17% of the total). All members of the Board of Directors are over 50 years of age. Each of the subsidiary companies is governed by its own Board of Directors, which, on the basis of the strategic guidelines decided for the Group, manages the individual local entities and organises their control systems.

The principles that guide the Group are contained in the Code of Ethics and have been defined in full compliance with the contents of the Universal Declaration of Human Rights, the principles of the International Labour Organisation (ILO), the principles of the Global Compact and the OECD Guidelines for Multinational Enterprises.

The Code of Ethics, approved by the Board of Directors of each Group company, is a tool for the governance of the company and a guideline for daily action. Of particular importance among the topics covered are respect for human and individual rights, the prevention of and fight against corruption, the protection of safety, health in the workplace, environmental protection and respect for privacy.

The Group's production companies have an Organisation, Management and Control Model, with the exception of Artema-Plast, for which drafting is still in progress. These

Models, implemented for risk management with the aim of preventing and disciplining behaviour contrary to laws and regulations and the principles set out in the Code of Ethics, have been designed in accordance with national regulations and guidelines (Italian Legislative Decree No. 231/2001 for Italy and Organic Law No. 1/2015 for Spain) and taking into account specific company circumstances. Companies that have adopted an Organisational Model have a Supervisory Body which has the function of controlling the functioning and observance of the Organisational Models, as well as their updating. They also have a confidential reporting channel for any violations and irregularities concerning the Organisation and Management Model and the principles laid down in the Code of Ethics.

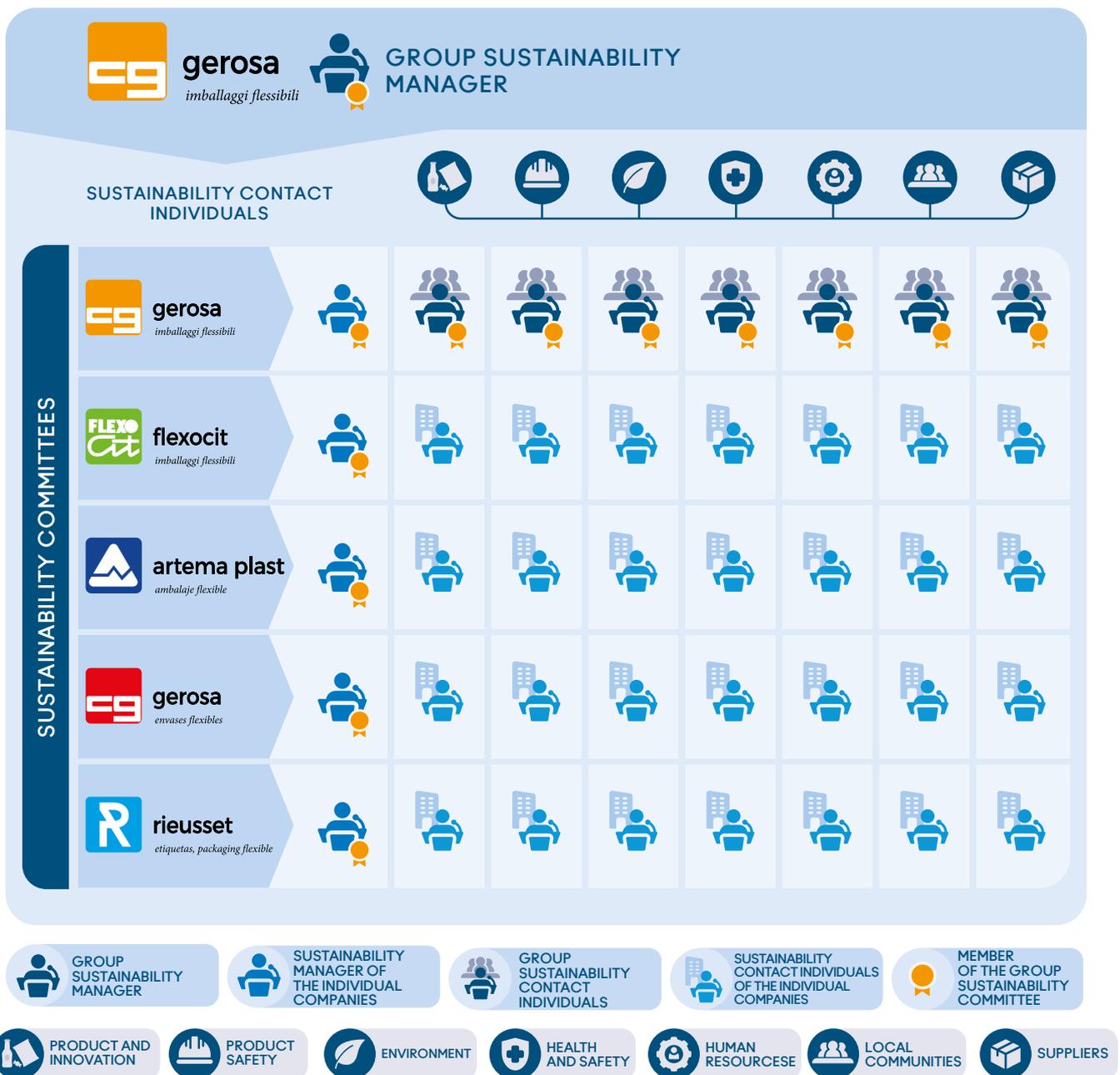
In 2019, no Group company registered any type of report. Through the process that led to the drafting of the Sustainability Report, in particular with the construction of the materiality matrix, we were able to strengthen risk management, highlighting those risks that relate to sustainability and that refer to a medium-long term period for the materialisation of the risk and the actual impact on the Group. The main risks identified in the area of sustainability are adequately covered by the specific reference units and are each dealt with in their own thematic section of this Report.

¹according to Elite – Corporate governance framework

SUSTAINABILITY GOVERNANCE

To adequately address the challenges of sustainability, in 2018 we established an organisation dedicated to the management of environmental, social and governance (ESG) issues. The organisation created envisages the sharing of a Group strategy and guidelines and leaves, within these, a large degree of autonomy to the individual companies so that the characteristics and contributions of each one are more fully enhanced. Almost 40 people are involved in the organisation, led by the Group Sustainability Manager, who reports to the Parent Company's Board of Directors. The latter is responsible for defining the sustainability strategy and approving the Sustainability Report.

Within each Group company, the Sustainability Committee is made up of the Sustainability Manager, who reports to the Board of Directors, and the Sustainability Contact Individuals, who oversee the various sustainability areas. A Group Sustainability Committee, chaired by the Group Sustainability Manager, guarantees the unity of the strategic direction and at the same time enhances the initiative of the individual companies. The Group Sustainability Contact Individuals participate in the Committee, coordinating, each for their own area, the sustainability contact individuals of the individual companies and dealing, among other things, with facilitating the sharing of proposals for improvement within the Group and consolidating the data of the individual companies for reporting purposes.





OUR COMMITMENT

We have always believed that our value as a company is closely linked to the economic and social value that we are able to generate over time, as evidenced by the attention we pay to our employees and the positive longstanding relationships with local communities. Environmental protection measures, well before they were required by law or regulations, are also part of our story. We have always been interested in and attentive to sustainability, and we have faced new global challenges and emerging issues that will influence our daily life, the economy and, more specifically, our target market and the choices of our clients, so last year we published our first Sustainability Report, drawn up according to the GRI (Global Reporting Initiative) Sustainability Reporting Standards. This important result, which was made possible thanks to the involvement of the entire organisation and of which we are proud, is an expression of the integration of sustainability into the company strategy and of our desire to maintain a continuous and transparent dialogue with all those with whom we directly and indirectly interact. The steps to achieve this goal have been the realisation of our first materiality analysis, the comparison with the United Nations Sustainable Development Goals (SDGs), and the definition within our organisation of sustainability governance.

MATERIAL TOPICS

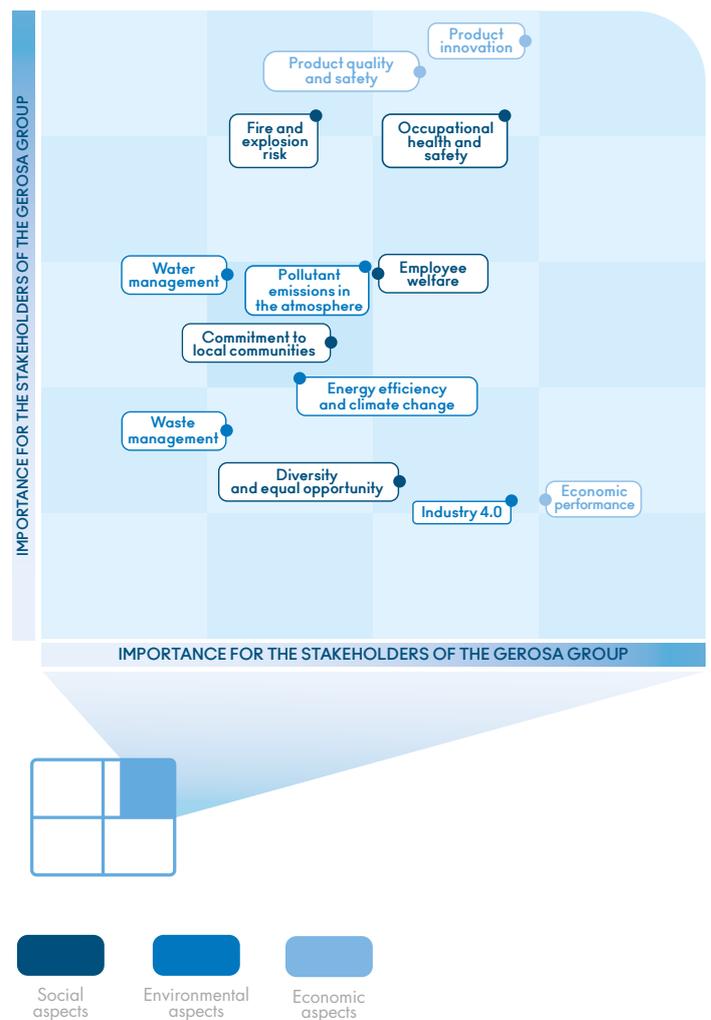
The materiality analysis aims to bring out the most relevant issues in the field of sustainability, both for the company and its stakeholders, and is carried out through the collation of information.

For the purposes of preparing the 2018 Sustainability Report, we carried out our first materiality analysis (see the Method Note on page 40 for details of the process). For 2019, given the relevance of the material issues that emerged from the analysis and in the absence of significant variations in the context in which we operate and, more generally, in our sensitivity to new aspects, we have maintained the same material issues that emerged the previous year. In view of the 2020 Sustainability Report, we are planning a review of the materiality analysis. The materiality matrix, approved by the Parent Company's Board of Directors and illustrated below, highlights the issues that emerged as the most relevant, which are product innovation and product safety, issues with strong strategic value and closely linked to the company's core business and which protect the company's long-term viability. A second group of relevant issues concerns social and environmental aspects, the first represented by

issues of safety in the workplace and employee wellbeing, followed by the relationship with local communities and the handling of diversity and equal opportunities, the second represented by polluting emissions into the atmosphere, water management, energy efficiency and climate change, and waste management. Finally, two material issues were extremely important for the Group's management: the economic results and industry 4.0.

Governance and regulatory compliance issues have not been included in the materiality analysis, as they are considered a prerequisite for sound business activities.

GEROSA GROUP MATERIALITY MATRIX



IDENTIFIED STAKEHOLDERS AND METHOD OF ENGAGEMENT WITH COMPANY DEPARTMENTS

EMPLOYEES



- HR Manager
- Health & Safety Manager



- Continuous dialogue
- Training
- Periodic assessment of results
- Confidential dedicated channel for the communication of any problem



- Quality of the employment relationship management
- Occupational health and safety
- Training

CUSTOMERS



- Chairman
- Product quality & safety division
- Sales Division
- Innovation center



- Periodical encounters
- Participation in trade fairs or sector events
- Joined projects



- Product quality and safety
- Product innovation
- Speed in supply

SUPPLIERS



- Purchasing Division
- Product Quality and Safety Division



- Dedicated line for food emergencies
- Assessment questionnaire
- Periodic dialogue



- Observance of contractual conditions
- Continuity of the relationship
- Development of collaboration

GENERAL PUBLIC (ENVIRONMENTAL ASPECTS)



- Environment Management



- Dialogue with institutions and associations for the environment
- Dialogue with the local communities



- Inclusion of environmental aspects in the business strategy
- Definition of policies and management system to mitigate the environmental impacts

LOCAL COMMUNITIES



- Deputy Chairman



- Dialogue with non-profit associations
- Direct and indirect interventions in social projects
- Collaboration programmes with schools



- Consideration of requests for assistance
- Support for medium and long-term initiatives
- Identification of the needs of the area

INSTITUTIONS



- Deputy Chairman



- Dialogue with the representatives of the public administration authorities
- Participation in common projects



- Participation in area development activities
- Economic results
- Process and product innovation

TRADE ASSOCIATIONS



- Purchasing Division
- Manager of the related unit



- Active participation
- Participation in research and divulgations



- Sharing of experiences and information



COMPANY UNIT WHICH INTERFACES WITH THE STAKEHOLDER



METHODS OF INVOLVEMENT OF THE STAKEHOLDERS

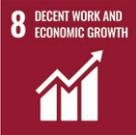


KEY ELEMENTS OF THE RELATIONSHIP

SDGs

On 25 September 2015, the United Nations approved "the 2030 Agenda for Sustainable Development", a series of 17 social and economic environmental objectives for the sustainable development of the world's population and the planet (the SDGs) to be achieved by 2030. The 2030 Agenda addresses governments and institutions for their capacity to act on a large scale, and all components of society, so that the actions of individuals contribute to achieving the goals. The 2030 Agenda and the SDGs it contains are closely linked to long-term social and environmental sustainability. We, as Gerosa Group, have accepted the appeal and assessed how and to what extent we can contribute, through our

business activities and our sustainability objectives, to the achievement of the 17 SDGs. We have thus identified 10 SDGs to which we believe we can contribute both through the development of our products and through our way of doing business. On the one hand, we believe we can contribute directly and indirectly to the achievement of objectives 2; 3; 8; 9; 12; 14 and 15 through the development of products designed to safeguard people's wellbeing and the environmental balances, and on the other hand, we believe we can contribute, in the context in which we operate, to the achievement of objectives 4; 8; 9 and 13 through the conscious management of the positive impacts, those to be enhanced, and negative ones and those to be limited, generated by our organisation and our production process.

SDG	 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	 <p>Ensure healthy lives and promote well-being for all at all ages</p>
GEROSA ACTIVITIES	<p>The Research and Development departments study packaging structures capable of increasing the duration of the packaged foodstuffs, with the aim of reducing food waste and permitting the foodstuffs to be distributed, in observance of the food safety aspects, in all areas of the world.</p>	<p>The Food Quality and safety unit ensures the food safety of the packaging and, consequently, of the foodstuffs once packaged. The packaging, developed for this purpose by the Research & Development departments, hygienically preserves the foodstuff packaged, maintaining the nutritional and organoleptic properties. By means of the high quality of the incisions, we guarantee elevated legibility of even the smallest letter on the printed packaging, permitting the consumer to gain awareness of all the information supplied by the food producer, in particular those on nutritional values and allergens. We take care of the wellbeing of our employees beyond that envisaged by health and safety in the workplace measures, also by means of work/home balance instruments and via the promotion of healthy lifestyles.</p>
	<ul style="list-style-type: none"> • PRODUCTION INNOVATION • PRODUCT SAFETY 	<ul style="list-style-type: none"> • PRODUCT INNOVATION • PRODUCT SAFETY • PEOPLE
SDG	 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>
GEROSA ACTIVITIES	<p>Support schools in general and vocational training in particular, Further study and awareness of the world of employment with students. Work together with the schools in the area offering training opportunities in-house. Further vocational training of company employees as well, with on-going investments in specific and transversal training, and integration of the mandatory training.</p>	<p>We commit ourselves to development which takes into account the economic, social and environmental sustainability aspects. Via innovation and technological development, we encourage growth, study innovative materials so as to reduce the impacts on the environment and seek solutions to improve the work activities thanks to the introduction of new technologies. We comply with the ILO (International Labour Organisation) principles. We contrast any form of discrimination and promote stable and inclusive employment.</p>
	<ul style="list-style-type: none"> • PEOPLE 	<ul style="list-style-type: none"> • PRODUCT INNOVATION • INDUSTRY 4.0 • PEOPLE

SDG	 <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>	 <p>Ensure sustainable consumption and production patterns</p>
GEROSA ACTIVITIES	<p>We contribute towards the development of the areas in which we operate by means of investments which generate economic growth and employment. We equip ourselves with cutting edge technology also from the standpoint of the efficiency in consumption of the resources. We further innovate by means of a dedicated internal unit.</p>	<p>Our flexible packaging permits packing using minimum quantities of raw material and at the same time guarantees an optimum conservation of the packaged foodstuffs, reducing waste.</p>
	<ul style="list-style-type: none"> • GEROSA GROUP • PRODUCT INNOVATION • INDUSTRY 4.0 • ENVIRONMENT 	<ul style="list-style-type: none"> • PRODUCT INNOVATION • PRODUCT SAFETY
SDG	 <p>Take urgent action to combat climate change and its impacts</p>	 <p>Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>
GEROSA ACTIVITIES	<p>We work to improve the management of energy and have implemented initiatives to improve the carbon footprint</p>	<p>We encourage attention on aspects of Climate Change vis-à-vis customers, suppliers and employees</p>
	<ul style="list-style-type: none"> • PRODUCT INNOVATION 	<ul style="list-style-type: none"> • PRODUCT INNOVATION • PRODUCT SAFETY
SDG	 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	 <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>
GEROSA ACTIVITIES	<p>The Innovation and Research and Development departments study and develop packaging solutions which respect the environment.</p>	<p>For the production of paper packaging, we only use paper from FSC certified sources.</p>
	<ul style="list-style-type: none"> • SUPPLY CHAIN 	<ul style="list-style-type: none"> • PRODUCT INNOVATION

SUSTAINABLE DEVELOPMENT GOALS

PRODUCT



THE HISTORY OF PACKAGING

has deep roots which can be traced back to the advent of **man of Earth**. Even if in ancient times the procurement and consumption of food were two moments in time no very far from each other, there was in any event the need to **transport and conserve the foodstuffs**.

(Source: Conai – Guidelines for the facilitation of recycling of packaging)

Over the centuries packaging has undergone different influences, due to **cultural changes** and the **evolutions of the habits of the consumers**, however maintaining its principal functions unchanged:



CONTAINMENT



PROTECTION FROM BUMPS AND CONTAMINATION FROM EXTERNAL AGENTS



MANIPULATION DURING TRANSFERS FROM THE PRODUCER TO THE USER



PRESENTATION AND COMMUNICATION OF CONTENTS AND INFORMATION

THE GREATER SENSITIVITY TO ENVIRONMENTAL ASPECTS WHICH HAS EMERGED IN THE LAST DECADES HAS PRESENTED AN IMPORTANT CHALLENGE FOR THE PACKAGING INDUSTRY:

Manage to **REDUCE THE ENVIRONMENTAL IMPACT** and at the same time fully comply with its purpose and keep its functions unaltered.

An even more arduous challenge is required of **PACKAGING** intended for foodstuffs, which by means of effective protection of the same, must also confer them a **GREATER DURATION OVER TIME**, thereby contributing to the reduction of food waste.

PRODUCT INNOVATION



The safeguarding of these two aspects by the Group companies ensures our **SIGNIFICANT POSITIONING WITHIN THE MARKET** and the ability to **SATISFY COMPLEX NEEDS** in a world undergoing **CONTINUAL EVOLUTION** and in which the social and environmental challenges have become increasingly urgent-

In order to stimulate internal debate, every year we organise the

QUALITY FOOD SAFETY SUSTAINABILITY MEETING OF THE GEROSA GROUP

The XIVth edition of the Meeting was held in October 2019

During the meeting, the state of the art and the possible evolutions of the legislation and sensitivity to the following aspects are shared during the meeting:

QUALITY
FOOD SAFETY
SUSTAINABILITY
PROJECTS UNDERWAY
THE RESULTS OBTAINED

2,7 MILLION EURO

DESTINED FOR RESEARCH AND DEVELOPMENT

= 1,4% OF TURNOVER

2018: Euro 1.8 million = 0.9% of turnover
2017: Euro 1.3 million = 0.7% of turnover

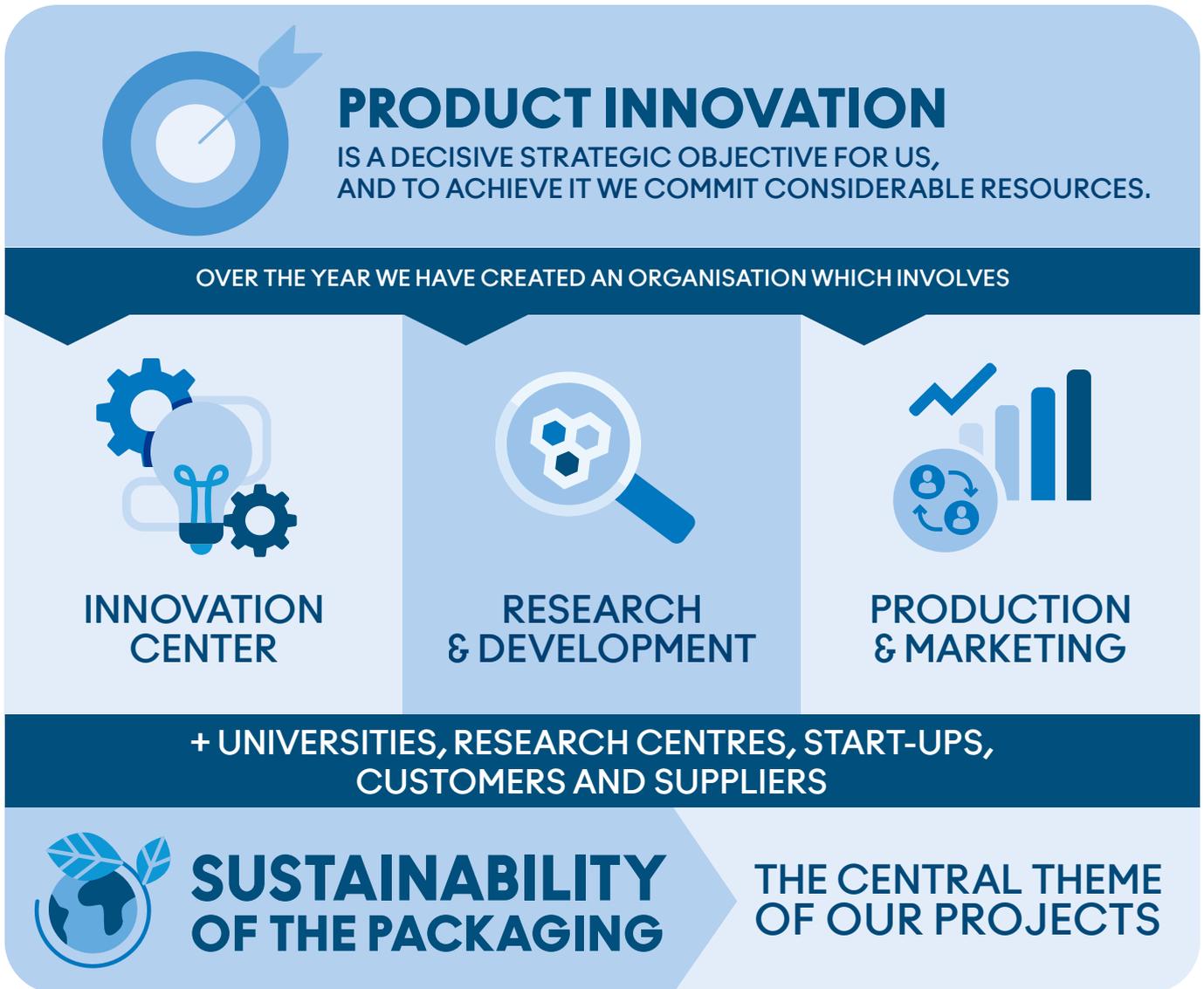


PRODUCT INNOVATION

Product innovation is a key strategic objective for us, and we commit considerable resources to pursuing it. Over the years we have created an organisation that involves the Innovation Center, Research and Development, Production and Marketing and that allows us, also in collaboration with universities, research centres, start-ups, customers and suppliers, to start off from innovative ideas and translate

them into tangible projects that sometimes involve all the players along our value chain.

For some time we have been working on projects that have packaging sustainability as a central theme. These projects are divided into various areas, all of which attributable to the circular economy, and whose main objectives are recyclability, compostability and the use of secondary raw materials.



Within these areas we have successfully implemented packaging solutions designed to be recycled, certified compostable laminates, packaging containing recycled plastic, paper and paper-based packaging, which are now part of our product portfolio and are appreciated by our customers. The current challenge is to extend the spheres of application of these packaging solutions and

further reduce the use of raw materials used. Such action cannot in fact, at present, be undertaken indiscriminately for all categories of packaged goods, foodstuffs in particular, as each foodstuff requires specific protection that must be guaranteed, both for the safety of the consumer and to prolong storage for as long as possible and thus reduce food waste.

Product innovation is also closely linked to technology. The use of functional materials and new technologies has in fact created a new category of packaging, smart packaging, which is already part of our product portfolio. This is interactive smart packaging in which a material or technology, or a combination of these, allows specific functions to be added to the packaging. For example, on specially processed packaging, using devices such as smartphones, tablets and logistics tools such as the supermarket scanner, it is possible to read codes hidden in the print and via these connect the packaging to digital content. These technologies, which allow interaction between consumers and manufacturers, can, among other things, convey information on the correct handling of packaging at the end of its life, as well as any information that, for reasons of space, could not be displayed on the limited surface of the packaging.

In 2019, collaboration continued with Ceflex (www.ceflex.eu), the association that promotes sustainability for the flexible packaging sector and which includes among its objectives the study and development of the circular economy and correct end-of-life handling of packaging, as well as the dissemination of knowledge of the positive values of flexible packaging through serious scientific disclosure.

In 2019, we also developed a single-dose beverage packaging designed for recycling and with an integrated straw that cannot be separated from the packaging, which was selected among the finalists of the Best Packaging Oscar, the contest created by the Italian Packaging Institute in 1957 and dedicated to packaging, packaging machine and food manufacturers, as well as the large-scale retail trade, and which aims to promote innovative packaging solutions in terms of technological innovation, environmental sustainability, digital content, efficiency and ease of use.

PRODUCT SAFETY

Product safety is an essential condition for packaging intended for contact with foodstuffs and is of fundamental importance for the leadership role we want to play among the players in the food chain.

In order to offer stakeholders in the food supply chain a service with very high added value in terms of food safety and transparency, addressing in particular those customers who operate in global markets and who therefore need solid guarantees in terms of food safety with reference to the regulations of the various countries, we have created the Group's Global Food Safety unit which, under the direct supervision of General Management, coordinates the Group's Quality and Food Safety units.

The activities of the Food Quality and Safety units are guided by the Policies adopted by each Group company on the subject. These Policies are inspired by the same

principles of prevention and continuous improvement, and a more formal harmonisation is expected by the end of 2020.

Operational efficiency in terms of food safety and quality is made effective through voluntary compliance by all Group companies with the ISO 22000 international standard and the BRC Global Standard, an internationally recognised GFSI (Global Food Safety Initiative) standard. To date, all have BRC certification and ISO 22000 certification, with the exception of Flexocit alone, which has chosen to obtain just BRC certification, given the overlapping of the two management systems and the prevalence that BRC certification is undertaking over ISO 22000 certification. We believe it is essential to develop dialogue with all the players in the sector on the subject of food safety, and in 2019 we made our experience available by means of participation in national and international conferences and sector associations, such as Giflex, Italian Packaging Institute, Ceflex and Flexible Packaging Europe. During 2019, representatives of the Group's Food Quality and Safety unit took part as speakers at the NIAS and Mineral Oil International Conference (March 2019, Munich, Germany), an event promoted by the Italian Packaging Institute and dedicated to the prevention of food contamination.

The monitoring of product quality has led to the achievement of excellent results. The number of non-compliance incidents with potential impacts on food safety, calculated as a percentage of the number of products sold, was less than 0.1%. Moreover, again in 2019, no reports of causes of non-compliance were recorded on the European Rapid Alert Feed and Food (RASFF) portal, the EU rapid alert system, which includes the European Commission, EU Member Nations and EFSA (Food Safety Authority), and which monitors and reports in real time direct and indirect risks to human and animal health and the environment from food, feed and materials destined to come into contact with food.



PEOPLE

People are at the heart of the Gerosa Group's activities. Only thanks to capable and motivated people it is possible to achieve goals of excellence and produce successful products. For this reason we devote a lot of effort to create a work environment that is welcoming and attentive to people and to enhance and develop the professional skills of each one on the basis of recognition of merit and equal opportunities.

We promote principles of fairness in interpersonal relations to guarantee conditions that respect personal dignity and the absence of discrimination or conditioning. These principles, contained in the Code of Ethics and set out in specific Policies, are accompanied by particular attention to the wellbeing of employees and the protection of diversity, as confirmed by the importance assigned to these issues within the materiality matrix. The centrality of the person is also reflected in the organisation, where the Human Resources Manager or Director reports directly to

the General Manager.

Dialogue with employees is on-going. For the blue-collar workers, who make up the majority of employees, the department head is the first point of contact in order to submit issues related to work organisation and the Human Resources Manager is available for further information on the contract and aspects of the employment relationship.

EMPLOYMENT

Our aim is to create lasting relationships with our employees and offer them stable employment. In 2019, permanent contracts accounted for 99% of the total (97% in 2018 and 97% in 2017). Fixed-term contracts are used to cover temporary production needs, on continuation of which, almost all are converted into permanent contracts within approximately one year.

	2019	2018	2017
PERMANENT	768	721	716
TEMPORARY	9	25	21
TOTAL EMPLOYEES AS AT 31 DECEMBER	777	746	737

2019	PERMANENT	TEMPORARY	TOTAL AS AT 31 DECEMBER
MEN	618	6	624
WOMEN	150	3	153

2019	PERMANENT	TEMPORARY	TOTAL AS AT 31 DECEMBER
ITALY	319	1	320
SPAIN	270	8	278
ROMANIA	179	0	179

2018	PERMANENT	TEMPORARY	TOTAL AS AT 31 DECEMBER
MEN	577	22	599
WOMEN	144	3	147

2018	PERMANENT	TEMPORARY	TOTAL AS AT 31 DECEMBER
ITALY	295	0	295
SPAIN	267	5	272
ROMANIA	159	20	179

2017	PERMANENT	TEMPORARY	TOTAL AS AT 31 DECEMBER
MEN	575	16	591
WOMEN	141	5	146

2017	PERMANENT	TEMPORARY	TOTAL AS AT 31 DECEMBER
ITALY	289	0	289
SPAIN	271	0	271
ROMANIA	156	21	177

As at 31 December 2019, the Gerosa Group employed 777 people, and the temporary staff working in our factories amounted to 67, for a total of 844 people. In 2019, 111 people were hired and 80 left, with a net balance of 31 new hires. Almost half of Group terminations

were recorded in Romania, where the labour market is very dynamic due to the very low unemployment rate and the high demand for skilled workers. In the other companies, the value is at normal levels for the sector.

2019

	TOTAL	MEN	WOMEN	ITALY	SPAIN	ROMANIA		INCOMINGS BY AGE	OUTGOINGS BY AGE
INCOMINGS	111	100	11	48	27	36	<30 YEARS	61	28
							30 ≤ YEARS ≤ 50	42	37
OUTGOINGS	80	75	5	23	21	36	>50 YEARS	8	15
EMPLOYEES AS AT 31 DECEMBER	777	624	153	320	278	179	TOTAL INCOMINGS	111	80
% NEW RECRUITS ¹	14%	16%	7%	15%	10%	20%	<30 YEARS %	75%	35%
% TURNOVER ²	10%	12%	3%	7%	8%	20%	30 ≤ YEARS ≤ 50%	8%	7%
							>50 ANNI %	5%	9%

2018

	TOTAL	UOMINI	DONNE	ITALY	SPAIN	ROMANIA		INCOMINGS BY AGE	OUTGOINGS BY AGE
INCOMINGS	95	80	15	22	26	47	<30 YEARS	32	17
							30 ≤ YEARS ≤ 50	53	45
OUTGOINGS	86	72	14	16	25	45	>50 YEARS	10	24
EMPLOYEES AS AT 31 DECEMBER	746	599	147	295	272	179	TOTAL INCOMINGS	95	86
% NEW RECRUITS ¹	13%	13%	10%	7%	10%	26%	<30 YEARS %	30%	16%
TURNOVER ² %	12%	12%	10%	5%	9%	25%	30 ≤ YEARS ≤ 50%	12%	10%
							>50 YEARS %	6%	13%

2017

	TOTAL	MEN	WOMEN	ITALY	SPAIN	ROMANIA		INCOMINGS BY AGE	OUTGOINGS BY AGE
INCOMINGS	90	72	18	18	8	64	<30 YEARS	46	20
							30 ≤ YEARS ≤ 50	38	31
OUTGOINGS	71	54	17	12	17	42	>50 YEARS	6	20
EMPLOYEES AS AT 31 DECEMBER	737	591	146	289	271	177	TOTAL INCOMINGS	90	71
% NEW RECRUITS ¹	12%	12%	12%	6%	3%	36%	<30 YEARS %	41%	18%
% TURNOVER ²	10%	9%	12%	4%	6%	24%	30 ≤ YEARS ≤ 50%	8%	7%
							>50 YEARS %	4%	12%

The part-time contract, given the type of activities carried out by the Group, is not very widespread and is mainly used for white collars. In 2019, 3% of employees had a part-time contract, in line with previous years (4% in both 2018 and 2017), 78% of whom were women (80% in 2018, 72% in 2017). Employees of Group companies are classified according to their national collective bargaining

agreements. All Group companies, with the exception of Flexocit which represents 6% of Group employees, have a collective agreement in place with their employees, which disciplines aspects of the employment relationship relating to holidays, production bonuses, professional training, benefits and company welfare.

¹% new hires = (number of hires in the reporting year/total number of employees as at 31 Dec. of the reporting year) x 100.

²% turnover = (number of leavers in the reporting year/total number of employees as at 31 Dec. of the reporting year) x 100.

DEVELOPMENT OF SKILLS AND KNOWLEDGE

In the evolution of the work relationship, we undertake to create and maintain the necessary conditions so that the abilities and know-how of each person can be expanded as necessary to carry out the activities assigned, following a policy based on the recognition of merit and equal opportunities and envisaging specific programmes aimed at professional refresher training and the acquisition of greater skills.

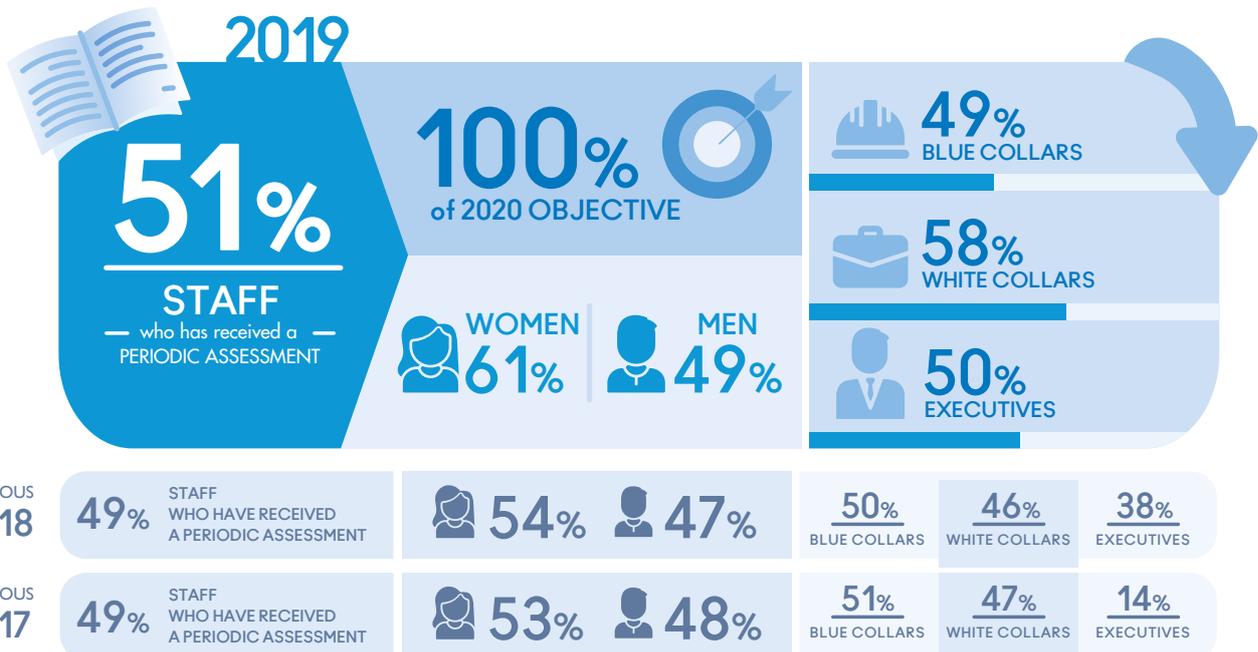
Training at all levels is an important element for business continuity. Through training we promote the professional growth of our staff and help to spread and increase the business culture. Precisely because it is an important investment, we dedicate many resources to training.

In 2019 more than 14,000 hours of training were provided, an increase compared to the previous year, both in terms of absolute value (about 16,000 hours in 2018; around 15,000 in 2017) and in terms of average training per head (18 hours compared to 21 in 2018 and 20 in 2017). More than 40% of these hours were dedicated to safety training; the remaining part was dedicated to specific technical training, training on management systems, including food safety and environmental training, and general training. In these contexts, employees participated in courses on materials, graphics, regulatory updates, language skills. The training plans, managed by the Human Resources Manager in coordination with the various company units, are medium-term plans, generally three-year plans, and the distribution of courses by type tends to remain constant over time.



We believe that the periodic assessment of employees is also a useful tool for professional growth. In some Group companies this activity is consolidated practice and concerns all employees, in others it is more or less

formalised and involves half of the employees. By 2021, our objective is to formalise the periodic assessment process and cover 100% of employees.



EMPLOYEE WELFARE

The wellbeing of our employees is important, which is why we pay them attention that goes beyond the establishment of a correct working relationship.

According to the policies adopted by the individual companies and the respective contractual agreements, employees are granted certain benefits, which mainly consist of life insurance, integration of health plans, fuel vouchers, meal vouchers and company cars.

In addition to these traditional benefits, which are part of the contractual relationship, in order to encourage the creation of a positive working environment, as indicated in the Code of Ethics, we also take care of the daily needs of the individuals and their families, in particular through measures to facilitate the balance between home and work. Cellografica Gerosa SpA has been implementing a welfare plan for years now, thanks to which workers can convert - obtaining a tax-related benefit - the result bonus into welfare services aimed at a wide range of family needs, such as school fees, books and summer courses, assistance for the elderly and dependent persons, and the possibility of purchasing travel and support other leisure time expenses. In other companies, on the other hand, targeted measures have been set up, for example Cellografica Gerosa SA has set up a scholarship for school book expenses for the children of its employees.

The protection of health, even outside of work, is another element that we consider fundamental for the well-being of our employees. For this reason, courses on addiction and compulsive gambling were held in 2019.

With the availability of in-house doctors, where present, we have undertaken initiatives to help employees deal with the most common illnesses, in some cases also offering basic examinations such as ECGs. In 2019, the Parent Company Cellografica Gerosa SpA joined a programme proposed by the regional health promotion authority. As part of this programme, which envisages the definition and achievement of specific objectives over a three-year plan, in 2019 it undertook to promote the reduction of stress arising from the work-life balance and the general health of employees. With the introduction of flexible working hours and training for all on healthy lifestyles, the certification of the achievement of the first year's objectives has been successfully passed and the targets for 2020 have been defined, which once again concern the reconciliation of work time through the creation of a restaurant and other action for the promotion of healthy lifestyles. Other Group companies have also made a commitment to promote the work/life balance, for example Cellografica Gerosa SA, by providing employees with time to care for their children or elderly parents.

Again with a view to furthering the work/life balance, some Group companies had planned a project for 2020 for the introduction of smart/remote working as an additional way of working for those activities that can be carried out effectively even without on-site presence. The advent of the COVID-19 health emergency, drastically and abruptly imposing remote working, has in fact sped up this process of analysis and assessment of the project, which may in the future take shape according to the original intentions and taking into account the experience gained.

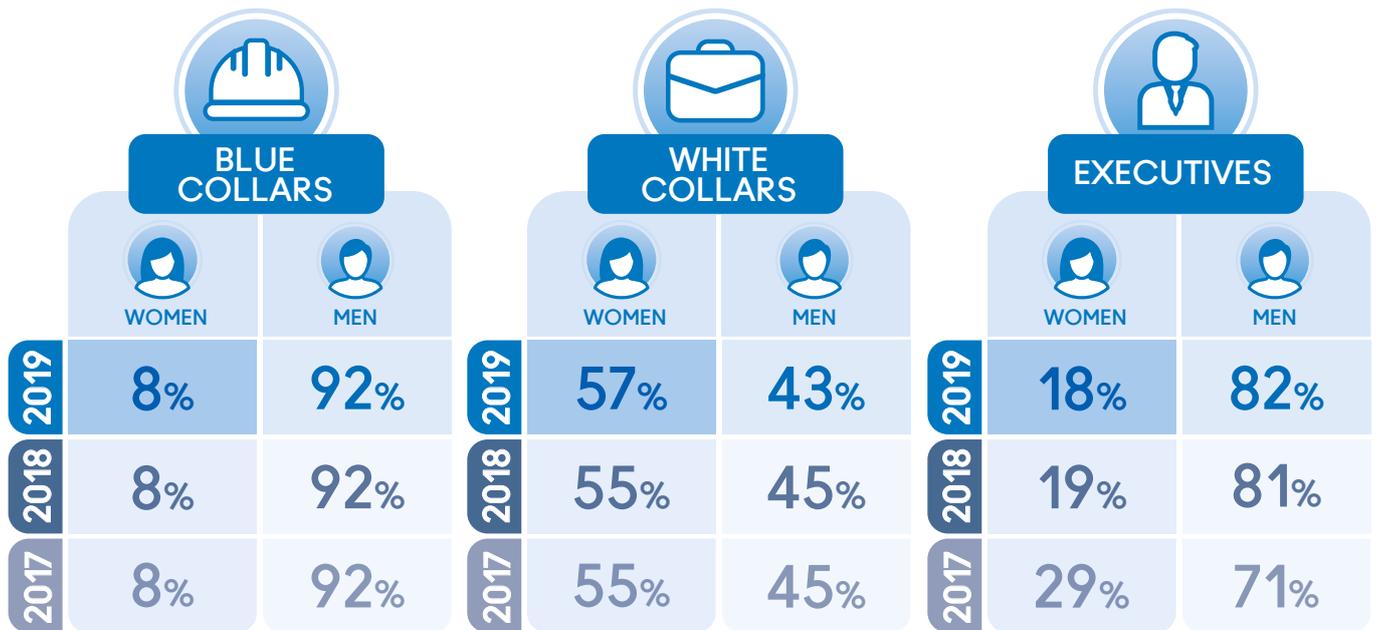


DIVERSITY AND NON-DISCRIMINATION

We are very careful to avoid any form of direct or indirect discrimination at any stage of the employment relationship.

The presence of women in our factories is in line with that of manufacturing companies. As at 31 December 2019, women in the company accounted for 20% of employees, a figure in line with the last three years. This percentage

varies between the individual Group companies according to the type of work that is carried out in each factory and the presence and incidence of load handling, particularly rollers for printing. It also varies within the individual companies depending on the type of employment contract: a lower percentage of women among blue-collar workers and a higher percentage among office workers, including technical staff. The focus on offering equal opportunities in career development is well represented by the presence of women at management level.



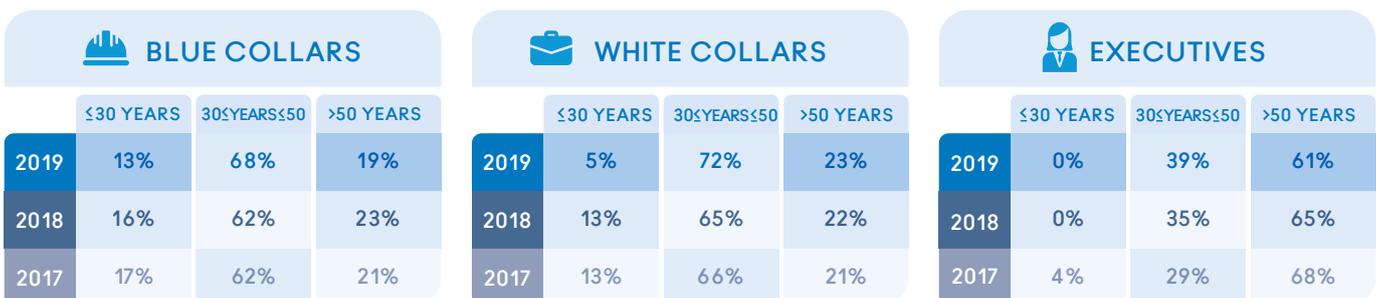
For the next few years we have set ourselves the goal of increasing the presence of women in our companies. For this reason, in 2019 we have made an analysis of the areas in which women are under-represented and we have set specific targets to encourage a greater presence. This issue includes all the company welfare action aimed at furthering the work/home balance, but also measures aimed at improving the ergonomics of factory work and, in particular, the automation or facilitation of the movement of loads.

Special attention is paid to people with disabilities.

In the Italian companies, in addition to that envisaged

by labour regulations, service providers with people belonging to protected categories are also assessed. In Spain, where this aspect is not regulated, we have started research and activated dedicated internships.

In order to monitor the correct application of the principles of non-discrimination, in compliance with the principles set out in the Code of Ethics, a confidential channel has been created via which to send any reports to the supervisory body. In 2019, as in previous years, no cases of discrimination, either in terms of gender or of any other kind, were reported.





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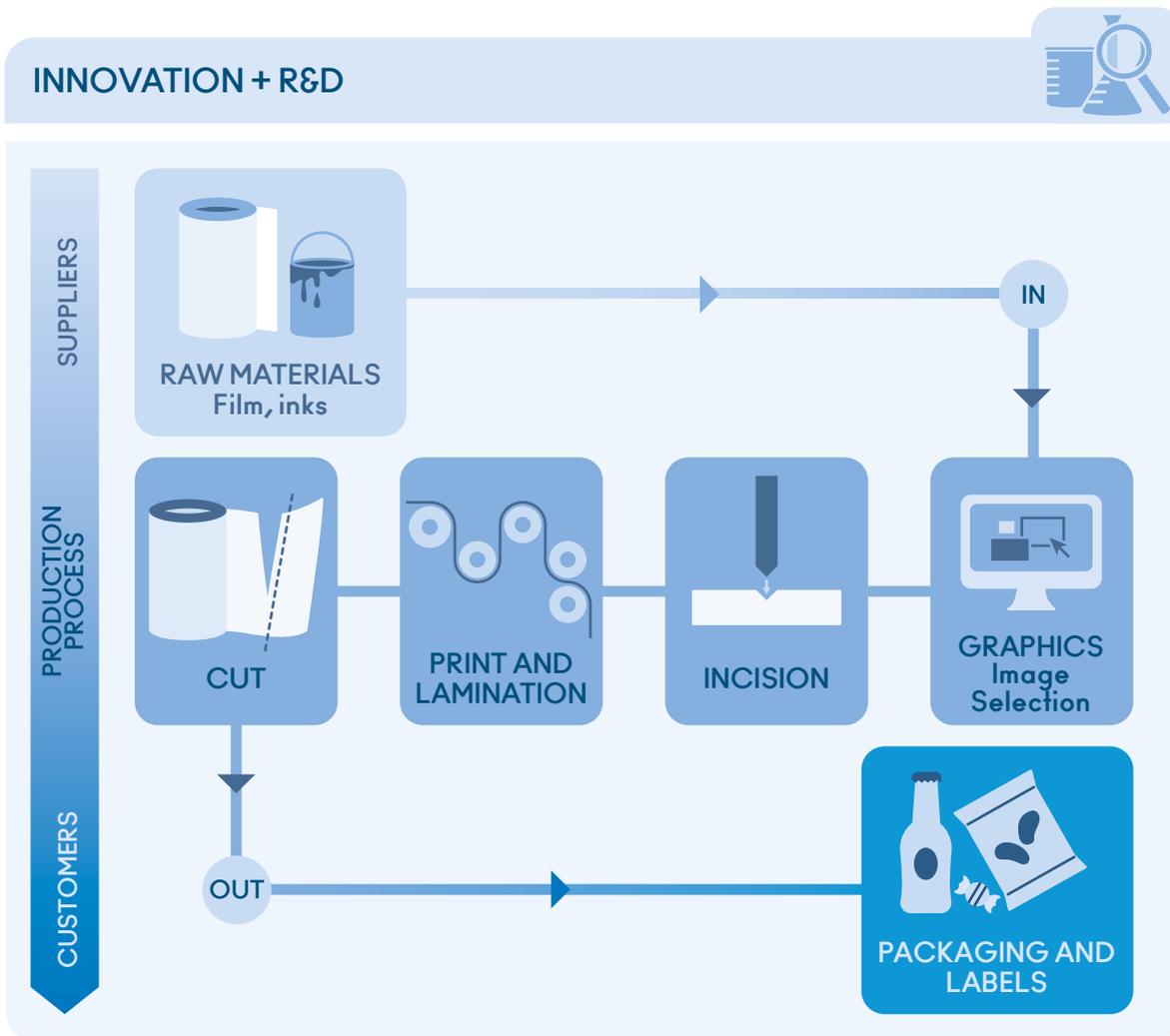
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OPERATIONS

Our production process involves the production of flexible printed and neutral packaging, mainly for the food industry. The process starts with the purchase of films, inks and glues, which are then processed on printing machines, laminating machines, slitters. Moreover, in

Italy, at the Parent Company's premises, and in Spain, at Rieusset, the process is enhanced by the presence of the photoengraving department, a factory within the factory responsible for engraving printing cylinders for rotogravure presses.



We have always allocated important resources to equip the production process with cutting-edge technology. We invest in the best available technologies and the Technical Units, also in collaboration with the Research and Development department, are working to develop new ones.

In these investment and development processes, we always take health and safety in the workplace and environmental impacts into account.

A very important project that embraces aspects of technological innovation and reduction of environmental impact was launched during 2019, at the Inverigo site. This project, welcomed by the Ministry for Economic

Development and the Lombardy Regional Authority, which have decided to co-finance it, largely involves the photoengraving, printing and laboratory departments and aims at a photoengraving process with a very high degree of precision and reduced environmental impact in terms of emissions, water consumption and materials. The most relevant issues linked to the production process and emerging from the materiality analysis concern health and safety, the environment, in particular atmospheric emissions, water pollution, energy efficiency and climate change and waste management. Another issue that emerged from the analysis is the use and implementation of new Industry 4.0 technologies.

HEALTH AND SAFETY

Health and safety are essential elements of our way of doing business, as expressly stated in the Code of Ethics. Each person must be able to carry out his or her work safely and for this reason we allocate staff, technological and financial resources to protect the health and safety of workers which are made available in the event of unforeseen needs, even if not planned in the annual budget.

We have formally confirmed this commitment through the adoption of policies regarding the health and safety of workers, by means of which each Group company undertakes to comply with mandatory regulations, to adapt to existing standards and their evolution, to monitor operating activities, to adopt appropriate measures for risk prevention and to plan training and communication suitable for spreading the culture of safety.

The Group's three largest plants, the Parent Company Cellografica Gerosa SpA and the two Spanish companies, which together account for 72% of workers, have also adopted a certified management system some time ago, while the remaining two, which are in any case organised according to the OHSAS 18001 standard, are preparing for certification, which is expected by the end of 2021. As established in the 2019-2021 three-year plan, during 2019 the two Spanish companies obtained certification according to the new ISO 45001 standard, and the Parent Company Cellografica Gerosa completed the transition and obtained certification in 2020. The objective of certifying all the Group's production sites, including Flexocit and Artema-Plast by the end of 2021, remains confirmed.

Given the importance of the issue of safety, in each company responsibility is entrusted to the highest corporate offices: the General Manager or a Managing Director, who reports directly to the Board of Directors or, where required by law, to the Employer.

PREVENTION

The prevention of risks to workers' health and safety is a well-defined process that has as its fundamental elements the identification and assessment of risks and the planning and programming of prevention and control measures. This process, the result of which is collated in a summary document, involves in various ways the Safety Officer, workers' representatives, the in-house doctor, the units envisaged by local regulations, and also takes into account any reports from workers.

The health and safety risk prevention process is dynamic and is updated in the event of significant changes in the production process, work organisation, the degree of evolution of technical knowledge, or also as a result of accidents, injuries and health surveillance findings.

During the year, we continuously monitor health and safety

risks through periodic analysis of the trend in accidents and near misses, safety training, and the progress of programmes for the implementation of objectives. In addition, we carry out internal audits on the management system and on the implementation plan of the objectives. Finally, the Health and Safety Officer and all specifically trained intermediate units are always available to collect reports and suggestions.

The main risks to which workers are exposed are linked to production processes and the use of equipment and are mainly attributable to abrasion, cutting, crushed limbs, fracture, contusion, falling from a height and postural pain. A characteristic risk is that of fire and explosion and is due to the presence of solvents and inks used in the production process which can generate inflammable and in some cases explosive mixtures. Due to its importance, we dedicate a separate assessment to this risk.

Risk control is achieved through organisational measures, maintenance and adoption of personal protective equipment and occupational medicine. We are also aware that, among the preventive action for risk mitigation, training plays a very important role, as it is able to consolidate the safety culture and develop risk awareness within the company, as well as further responsible behaviour by all employees. For this reason, all new employees receive documented training. Moreover, training is repeated on a periodic basis and in the event of a change in the risk profile. The intensity and frequency of training is closely linked to the risk profile, as well as the responsibilities within the management system, and for this reason we pay particular attention to the training of the fire-fighting crew, the first aid team, handlers, personnel dedicated to overhead work and those with significant roles within the management system.

During 2019, 7,670 hours of training were provided to over 890 people on Health and Safety issues. At the Inverigo and Rieusset sites, continuous information is provided on the monitors in the 24-hour departments to support structured training.

2019

7,670 HOURS
OF TRAINING

ON **HEALTH**
AND **SAFETY**

FOR MORE THEN **890**
PEOPLE



FIGURES

		2019		NO. OF SERIOUS ACCIDENTS		NO. OF MORTAL ACCIDENTS	
		accidents	FREQUENCY INDEX	SERIOUS ACCIDENTS FREQUENCY INDEX	MORTAL ACCIDENTS FREQUENCY INDEX		
EMPLOYEES	16 accidents	12.2	OUT OF 1,306,163 HOURS WORKED	0	0		
	WORKERS NOT EMPLOYEES <small>who fall within the sphere of control of the company</small>	9 accidents	64.9	OUT OF 138,641 HOURS WORKED	0	0	
PREVIOUS 2018	EMPLOYEES 17 ACCIDENTS	13.1	OUT OF 1,294,794 HOURS	0	0		
	WORKERS NOT EMPLOYEES 7 ACCIDENTS	43.1	OUT OF 162,434 HOURS	0	0		
PREVIOUS 2017	EMPLOYEES 22 ACCIDENTS	16.8	OUT OF 1,310,853 HOURS	0	0		
	WORKERS NOT EMPLOYEES 5 ACCIDENTS	39.7	OUT OF 126,101 HOURS	0	0		

In 2019 there were 16 accidents¹ at Group level, none of which with serious consequences. The accident frequency index for 2019, calculated on 1,000,000 hours worked,

was 12.2, down 7% compared to the previous year and 29% compared to 2017.

¹For reporting purposes, accidents are considered to be those that have resulted in at least one day's absence. Accidents en route to or from work are excluded.

The main types of injury during the year were: cuts, fractures, lumbago, contusions, and a fall from a height was reported, but without serious consequences. A comparative analysis of the types of injury is underway, with the aim of obtaining information useful for prevention. Although the number of accidents and the frequency index are low and constantly decreasing, they do not yet represent the "zero injury" objective we aim to achieve. For this reason we are constantly committed to risk assessment and protection and to spreading the safety culture. No certified occupational diseases have been detected in the last two years; however, there has been one case of metal allergy, which we have promptly identified and managed.

HEALTH PROMOTION

Health surveillance plays an important role in the prevention of health risks, particularly in preventing the onset of occupational diseases. But in addition to health surveillance, thanks to the collaboration of in-house doctors, where present, we have decided to offer additional services in addition to those envisaged by law or management systems. This is how, during periodic visits, the doctor also provides suggestions for the adoption of healthy lifestyles, for the prevention of pathologies not strictly related to the work activity, such as cardiovascular diseases, and in the case of specific subjective risks he/she suggests examinations or analysis. At some sites, employees who so wish are offered a basic cardiological examination.

In 2019, the programmes launched in 2018 for the prevention of behavioural risk factors and chronic and degenerative diseases continued, envisaging, for example, the promotion in the workplace of good practices and training courses on addiction, in order to make them environments conducive to the conscious adoption of healthy lifestyles by all workers.



ENVIRONMENT

The environment is a precious and indispensable common good. We are all inextricably linked to it, we depend on it and at the same time our existence has inevitable impacts on it. The responsible management by a company of its environmental impacts is a fundamental prerequisite for operating in the market, as confirmed by the growing pressure of public opinion and regulatory developments at an international level. This awareness drives us to consider the impacts that our business can have on the environment and to work to minimise them.

Our commitment to the environment is expressed in the Code of Ethics. Each company has established specific principles and objectives and has set them out in an environmental policy, which aims to prevent and mitigate those environmental risks that may arise from our business activities, based on the principle of on-going improvement and in compliance with rules and regulations.

Each Group company has adopted management systems as required by the UNI EN ISO 14000:2015 environmental standard, with the aim of effectively implementing the environmental policy and the principles and objectives defined therein. All Group companies, with the exception of Flexocit, are certified and the Inverigo site has been certified since 1998.

Given the great importance of environmental issues, in each Group company responsibility for this matter is delegated to the highest company levels: to the General Manager or an Environmental Officer, who report directly to the Board of Directors.

ENERGY AND CLIMATE CHANGE

Climate change is an issue that experts have long brought to the attention of scientific communities, institutions and governments, businesses and the population, and in recent years it has been the focus of attention partly because of the deteriorating situation, partly because of the high visibility of many activists, first and foremost Greta Thunberg.

As a company we approach this issue in a pragmatic way, trying to understand how to minimize emissions from our production process. Every year we carry out environmental impact assessments of the business environment according to the ISO 14000 standard, including the emissions scenario. In 2019 we planned the training of internal figures within the Parent Company to study the impact of the product life cycle, with the aim of carrying out the first Life Cycle Assessment activities in 2020 and continuing in the following years by progressively extending the LCA studies to the most significant Group productions.

More than 97% of our energy consumption is determined by production activities and the remainder by heating, cooling and lighting of premises. The production process requires energy for the operation of the printing and engraving machines, for the production of heat to be used in the production process during the drying phase, for the powering of the abatement systems for atmospheric emissions and for the powering of the waste-to-energy plant. This requirement is satisfied through the purchase of electricity and methane gas and, for Cellografica Gerosa SpA, also through cogeneration.

In 2019, total Group consumption amounted to 310,472 GJ, an increase of 3.2%¹ compared to the previous year, mainly due to the increase in production.

ENERGY CONSUMPTION IN GJ

	DIRECT CONSUMPTION OF ENERGY FROM NON-RENEWABLE SOURCES	NATURAL GAS	DIESEL	PETROL	FUEL OIL	INDIRECT CONSUMPTION / PURCHASED ENERGY	TOTAL ENERGY CONSUMPTION
2019	241,698	240,240	1,118	334	6	68,774	310,472
2018	263,878	263,878	n.a.	n.a.	n.a.	63,937	300,815
2017	237,662	237,662	n.a.	n.a.	n.a.	58,380	296,042

¹ +2.7% if the contribution of diesel, petrol and fuel oil, not available for previous years, is excluded from the calculation.

In addition to energy consumption in absolute terms, we consider it important, due to the nature of our activities, to monitor energy intensity, calculated as energy consumption per square metre of product. In 2019, energy intensity

showed an improvement compared to 2017, equal to -4.0%; it should be noted, however, that compared to 2018, this index instead suffered a slight deterioration (+1.5%)².



Although the square metre value of the product offers a good approximation of the use of the production machines, the energy consumption used in the calculation of the index also includes the share of consumption of the general installations that at the moment cannot be separated from that directly connected to the use of the production machines. Given the importance of this indicator, for future years, we are committed to reassessing the calculations underlying this ratio in order to improve the degree of accuracy and better represent the joint efforts that Group companies are making to reduce their energy impacts. In the year under review, the main measures we implemented to reduce consumption and emissions within the production cycle concerned the introduction of high-efficiency engines, the recovery of thermal energy from auxiliary systems, internal transport, lighting and the

installation of photovoltaic systems. For the next few years, we will also continue the studies launched in 2018 for the introduction of renewable energy, where possible, to improve the energy yield of the systems and to evaluate alternative processes with less impact. For example, as part of the more extensive project launched in 2019 involving photoengraving, we are developing a more energy-efficient department. In 2019, total CO₂ equivalent emissions amounted to 18,992 tonnes, an increase of 0.7% compared to 2018. Emission intensity³, calculated as GHG emissions (scope 1 and 2) per thousand square meters of product, decreased by 1.0% in 2019 compared to 2018. In the three-year period 2019-2017, on the other hand, emission intensity decreased by 3.1%.

GHG EMISSIONS (CO ₂ eq ton)			
	2019	2018	2017
SCOPE 1 ⁴	13,547	13,251	13,285
SCOPE 2 ⁵ - LOCATION BASED APPROACH ⁶	5,444	5,607	4,643
SCOPE 2 ⁵ - MARKET BASED APPROACH ⁷	7,144	7,986	7,305
TOTAL LOCATION BASED APPROACH	18,992	18,857	17,928
TOTAL MARKET BASED APPROACH	20,692	21,237	20,591

² For the calculation of energy intensity, the 2019 energy consumption does not take into account the related share of fuel (petrol and diesel) and combustion oil as they were not available for previous years.

³ For the calculation of emission intensity, the 2019 GHG scope 1 emissions do not take into account the share of CO₂eq emissions relating to fuel (petrol and diesel) and combustion oil as they were not available for previous years.

⁴ scope 1: emissions deriving from emission sources owned or under

the direct control of the Group.

⁵ scope 2: emissions deriving from the production of electricity that the Group purchases from external suppliers.

⁶ Location based: reflects the average intensity of emissions relating to the national networks from which energy is drawn.

⁷ Market based: reports the emissions directly associated with the type of electricity purchased by the Group.

POLLUTANT EMISSIONS IN THE ATMOSPHERE

General plants generate polluting emissions into the atmosphere, in particular NO_x and VOC (Nitrogen Oxides and Volatile Organic Compounds). The level of these emissions is regulated by laws and regulations and is continuously monitored so that it remains below these limits.

The sources of NO_x are the boilers for the production of thermal energy, the combustors for the purification of saturated air from solvents other than ethyl acetate, the co-generator for the production of electricity and thermal energy and the furnace of the incinerator. The source of VOCs is the ethyl acetate recovery plant.

POLLUTANT EMISSIONS (TONNES)		
	NO _x	VOC
2019	43.3	1,061
2018	39.9	1,804
2017	41.3	1,629

In 2019, VOC emissions decreased by 743 tonnes compared to the previous year (-41% compared to 2018) mainly due to a change in the method for measuring VOC emissions at the Inverigo plant. The values of pollutant emissions of NO_x and VOC comply with the parameters established by current legislation.

WATER MANAGEMENT

Our production process is characterised by a modest water withdrawal. Nevertheless, we are committed to monitoring and optimising water consumption.

The use of water, which is taken entirely from the aqueduct, is linked to civil uses, the rotogravure printing process and galvanic processing. In the printing process, water is used to cool the machines via an almost closed circuit that makes it possible to reuse almost all of the water withdrawn indefinitely. The water withdrawn, in fact, first cools the machines and, once heated by them, goes up to the evaporation towers where the cooling takes place; the part not evaporated, instead, goes back into the circuit and therefore back to the machines. Finally, in the process of the galvanic baths the water is used in associations with salts to prepare the cylinders for the next engraving phase.

Of the Group's production sites, Artema-Plast in Romania is the only one located in an area defined as subject to water stress¹, i.e. in an area where the ratio between total water withdrawal and available surface and renewable groundwater resources is critical. Within the production cycle of this company, which is characterised by lower water consumption than other Group companies, the cooling function is performed by a single tower and for the rest by refrigeration units, generating a lower impact on water resources.

In order to optimise the use of water resources, an osmosis system has been installed to filter water and reduce conductivity, with the aim of making the work of the cooling towers more efficient and reducing evaporation. In 2019, moreover, an extensive project involving all photoengraving was launched, with one of its objectives being to reduce the number of galvanic baths, and consequently water consumption.



WATER WITHDRAWAL (MEGALITRES)	
2019	68.6
2018	71.7
2017	68.6

The water consumption, considered as withdrawals less discharges, is almost zero. All the water withdrawn is discharged into the network or evaporates into the atmosphere. Discharges are divided between industrial and civil uses. As far as galvanic activities are concerned, before being discharged into the sewer, the water is treated inside a chemical-physical purifier to eliminate metal residues. We carry out daily analyses to verify that the concentration of metal residues is below the legal limits and, in cases where the concentration of metals exceeds these limits, the purification process is repeated until the permitted limits are reached. The process by means of which we carry out these daily analyses is periodically checked by an accredited external laboratory.

¹water stress as defined by the Aqueduct platform of the World Resources Institute, an environmental research organisation.

WASTE MANAGEMENT

Production activities inevitably generate production scrap and waste. We are constantly striving to reduce the incidence of production waste through the improvement of the production process and to give waste and scrap, when possible, a second life through advanced recycling solutions. Some materials can in fact be sold on the market for reconditioning and the creation of secondary raw materials, others can be treated in waste-to-energy plants and transformed into thermal energy, others can be reused in our production cycle. In this regard, the Inverigo plant is equipped with a waste-to-energy plant that allows thermal energy to be reused directly in the production cycle. As far as some secondary raw materials are concerned, we are able to recover production waste and put it directly back into the production cycle. In particular, through the solvent recovery plant installed by the Parent Company Cellografica Gerosa SpA. in 1981, in advance of

the legal requirements for polluting emissions into the atmosphere and with respect to the sector, we recover the volatile part of the inks. This component, commonly known as ethyl acetate, is used in the production process or, if it exceeds requirements, is sold on the market as a secondary raw material. Today all Group companies that print with rotogravure technology, and therefore use ethyl acetate, are equipped with these systems and recover all the solvent that is released during the printing phase. Only scrap to which it has not been possible to give new value becomes waste and is managed in accordance with local regulations. This important task is managed by environmental managers who, with the help of their technical units, also carry out the necessary checks on transporters and recipients, carefully selecting external companies specialised according to the type of waste. In 2019, 9,268 tons of waste were produced, of which 52% was recovered, and 8% was transformed into thermal energy by sending it to the internal waste-to-energy plant.

HAZARDOUS WASTE

	TOTAL 	OF WHICH RECOVERED 	OF WHICH TO DISPOSAL 	OF WHICH SENT TO WASTE-TO-ENERGY PROCESS 
2019	1,075	503	572	0
2018	1,109	488	620	0
2017	835	386	448	0

NON-HAZARDOUS WASTE

	TOTAL 	OF WHICH RECOVERED 	OF WHICH TO DISPOSAL 	OF WHICH SENT TO WASTE-TO-ENERGY PROCESS 
2019	8,193	4,342	3,141	710
2018	9,078	4,048	4,335	695
2017	8,547	3,406	4,485	656

TOTAL WASTE

	TOTAL	OF WHICH RECOVERED	OF WHICH TO DISPOSAL	OF WHICH SENT TO WASTE-TO-ENERGY PROCESS
2019	9,268	4,845	3,713	710
2018	10,186	4,536	4,955	695
2017	9,381	3,792	4,933	656

Hazardous waste, which accounted for 12% of total waste generated in 2019, consists mainly of spent inks

and the plastic tanks in which the inks are transported.

SPILL PREVENTION

Our activities are characterised by the use of certain materials, such as printing inks and metal baths for galvanic processing, the spillage of which constitutes an important risk to the environment.

For this reason we dedicate resources to the prevention of accidental spills, both through specific training and through the provision of containment systems in storage areas and through the installation of containers of absorbent material in the areas most at risk within the production departments. Since even rainwater could directly introduce into the sewerage system any residues of inks present on the external surfaces of the company, containment systems have also been created for such water. The effectiveness of these prevention systems, particularly those within the production departments, is verified by accident simulations. During the two-year period 2018-2019 there were no spills that generated an environmental impact.

INDUSTRY 4.0

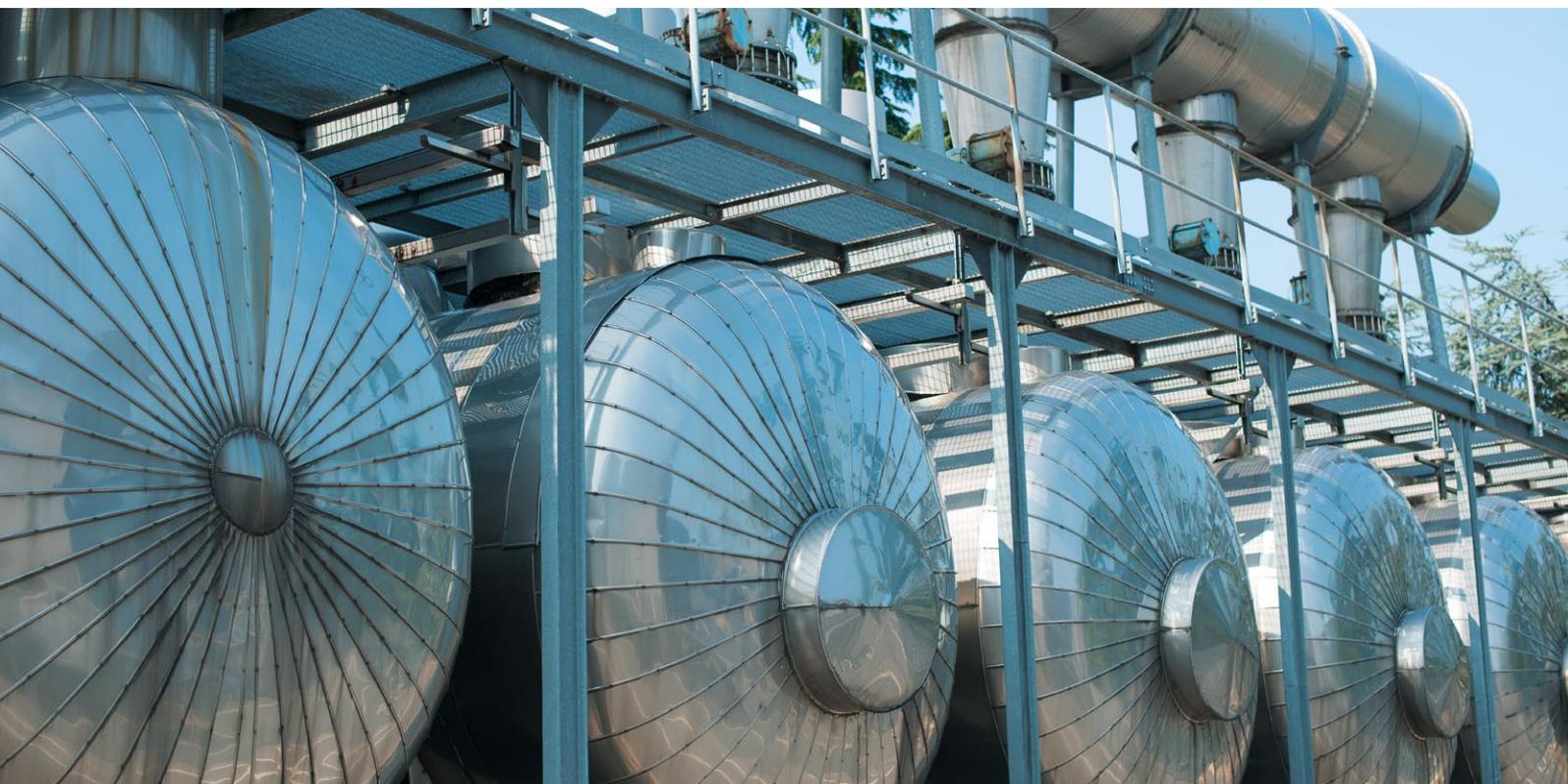
New technologies are playing a crucial role in the economic development of the last decade. On the one hand, they constitute a thriving market in their own right, characterised by very rapid growth in terms of development and profitability. On the other hand, they are able to significantly improve the efficiency of other more traditional sectors, giving new boosts to development.

In this context, we believe that the introduction of Industry 4.0 elements also plays a key role in process

innovations in our sector. In particular, the processing of important masses of information (Industrial Big Data Analytics) combined with advanced interface tools between operators, processes and control instruments (advanced Human Machine Interface) can improve the efficiency of production activities through better control of machine performance and product quality. Furthermore, the automation of programmed operations (advanced Automation) improves the ergonomics of work and limits human intervention in arduous, repetitive activities for which specific professional skills are not required. The extension of the Internet to the world of things (Industrial Internet of Things) also makes it possible to offer technologically advanced products, whose characteristics are described in more detail in the section "The Product".

Investments are decided independently by the individual companies and approved by the respective Boards of Directors in compliance with the values and objectives shared at Group level, which take into account the objectives of improving economic performance, work ergonomics and increasing the professional skills of workers through specific training. In order to better target investments in Industry 4.0, a formalised policy is being defined at Group level, which is expected to be implemented in 2021.

In 2019, at the Inverigo site and at the Spanish sites, the advanced interconnection of numerous production plants with company systems was completed, with the aim of improving processes and product quality through predictive analysis based on collected data. The assessment of the degree of digitalisation of company processes and the preparation of a three-year development plan also continued at all production sites.



THE ENVIRONMENT

The responsible management by a business of its environmental impacts is a fundamental requirement for operating on the market. This awareness forces us to consider the impacts which our activities may have on the environment and to take action to minimise them.



THE INNOVATION CENTER

The Innovation Center and the Group's Research & Development departments work constantly to create packaging which minimises the use of raw materials given the same characteristics of the final product which must be able to ensure an adequate protection of its content.



We undertake to minimise our energy impact and the consequent CO2 emissions.

97%

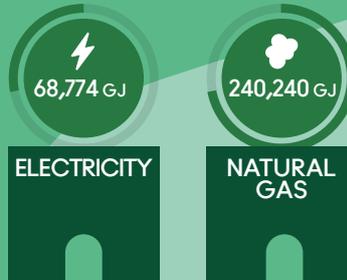
of our energy consumption is determined by the production activities.

AIR POLLUTANT EMISSIONS

VOC	1,061 TONNES	-41% COMPARED WITH 2018
NO _x	43.34 TONNES	+4.8% COMPARED WITH 2017

INTRODUCTION OF EVAPORATION TOWERS

REDUCTION IN CONSUMPTION OF ELECTRICITY



WATER MANAGEMENT



68.6

M³ WITHDRAWN WATER

70%

PERCENTAGE OF USE IN THE PRINTING PROCESS

INSTALLATION OF OSMOSIS PLANT TO FILTER THE WATER AND REDUCE THE CONDUCTIVITY

WASTE MANAGEMENT



4,845

TONNES RECOVERED



52%
QUANTITY RECOVERED

8%
TRANSFORMED INTO ENERGY

▲ 503
HAZARDOUS

4,342 ♻️
NON-HAZARDOUS

SUPPLY CHAIN

We are aware that the business activities extend beyond the company's borders.

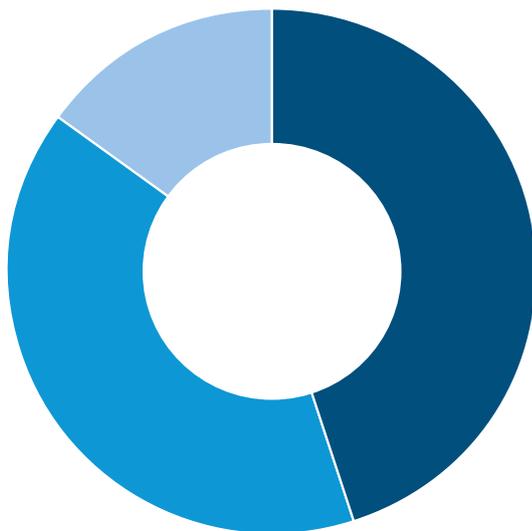
We further and apply a careful policy in the choice of suppliers, developing relationships that lead to the creation of value and favouring long-term relationships and local suppliers. We manage relationships in observance of the principles of fairness and impartiality and in accordance with internal procedures and delegated powers GRI 102-9 . We pay particular attention to direct suppliers of raw materials, plant and machinery and strategic assets in general, for which relationships are typically managed directly by the Parent Company.

RAW MATERIAL SUPPLIERS

The purchase of raw materials is the responsibility of the individual companies on the basis of common operating lines shared at Group level. The raw material purchasing managers of each company, coordinated by the Parent Company manager, report directly to the respective General Manager.

In 2019, we purchased approximately 51,000 tonnes of materials from around 100 suppliers, an increase of 0.6% on the previous year.

BREAKDOWN OF VOLUMES PURCHASED (TONNES)



47%

Italy

40%

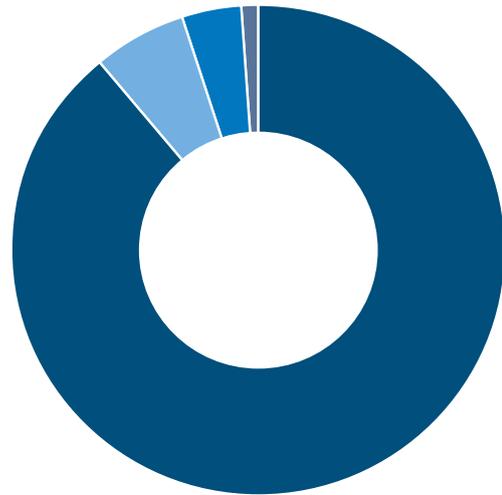
Spain

13%

Romania

In terms of materials purchased, limited to the most relevant items, 33% of total purchases are represented by polypropylene, 20% by polyethylene, 14% by paper and other cellulose-based materials, 16% by auxiliary chemical materials, 7% by aluminium and 7% by polyester.

LOCATION OF RAW MATERIALS MANUFACTURERS



89%

European Union

6%

China

4%

Other Countries (Turkey included)

1%

India

More than half of the raw materials are purchased on national or EU markets. The raw material of non-European origin is mainly linked to the polyester and aluminium sectors; in the latter case, purchases from Turkish, Indian and Chinese producers are typically intermediated by national operators. The economic link with some suppliers is significant, but the dependence of the turnover, which remains below 10%, is constantly monitored.

It is worth mentioning the continuing crisis in the polypropylene sector, generated by an excess of supply over demand, which has given impetus to the process of mergers between the various players, without however having a noteworthy impact on the Group's procurement. More generally, we do not report any significant changes in the supply chain for 2019.

QUALIFICATION AND ASSESSMENT

As envisaged by the Code of Ethics, we carry out the qualification of the suppliers and the purchase of goods and services on the basis of objective assessments of competitiveness, cost-effectiveness, market appreciation, ability to meet current regulatory obligations and possession of the most important and relevant certification. By means of the supplier qualification and evaluation process, we minimise the economic risks arising from dependence on individual suppliers, such as sudden interruptions in supplies and important price pressures. Again through the qualification and evaluation of suppliers, we minimise the risks concerning food safety, environment and health and safety of workers. To this end we ask suppliers for a self-assessment on food quality and safety, environmental protection and worker health and safety issues, as well as information on the related certification. In order to strengthen the assessment of suppliers' suitability in terms of food safety, a communication channel has been created dedicated to the risks related to the products supplied.

In 2019, we strengthened our supply chain control by integrating supplier assessment with additional elements of analysis, in particular health and safety, environmental sustainability, human rights and supply chain management. A code of ethics for suppliers is also being developed. On an annual basis we evaluate our direct suppliers on

the basis of objective criteria such as punctuality, quality, flexibility, costs and we share with them that which has emerged from the assessment, in order to set up possible corrective action. In particular, the Purchasing Department and the Quality Department carry out periodic audits on a rotating basis.

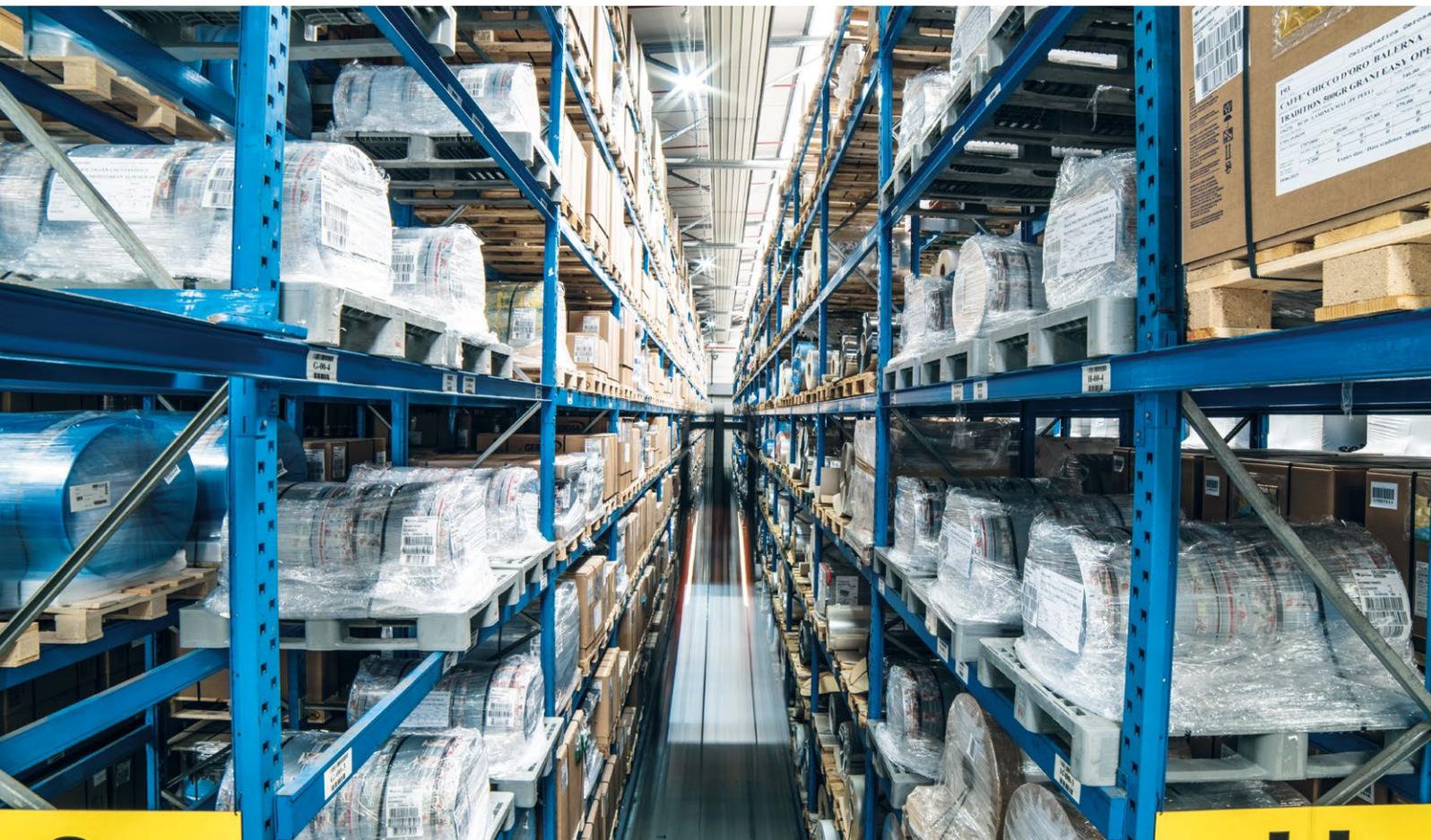
During 2019, we carried out 8 audits, twice as many as the previous year, on a sample of Group and company specific suppliers.

COLLABORATIONS

We strongly believe that collaboration with suppliers is essential to meet the challenges of innovation. For this reason the Innovation and Research & Development Center continuously promotes and maintains collaborative relationships with suppliers (as more fully illustrated in the section "The Product").

We favour long-term relationships as they are able to create long-term value throughout the value chain. In this context, there is another aspect of responsibility towards the supply chain, represented by the support given to small suppliers who have gone through temporary moments of financial difficulty via the advance payment of orders, payment on demand or the activation of supply chain credit.

SUPPLY CHAIN CREDIT: guarantee the supplier the Group's financial rating instead of the supplier's one, towards financial institutions, possibly in exchange for better contractual conditions.



LOCAL COMMUNITIES

Our premises are located in Europe, in countries with advanced economies, characterised by elevated legal protection of people and the environment and by a significant tax levy on business income to cover public expenses for the benefit of the community of citizens.

Even in a context of high protection, we are aware that business activities generate impacts on the area and the communities that live there. For this reason we are committed to ensuring that our activities generate employment in the geographic area, both direct and indirect, preferring local suppliers where possible. We are also committed, especially in locations closer to urban areas, to supporting social projects in the area, and we are committed to education and vocational training, supporting provincial and regional vocational training schools, as well as specific educational projects in the area.

INITIATIVES BENEFITING THE LOCAL COMMUNITIES

The history of our attention to the local communities dates back to the very first years after foundation, when the founding partners Giuseppe and Luigi and their families used to welcome in the courtyards of the factory the small war victims cared for by the work of Don Carlo Gnocchi, and in their homes needy youngsters eager to continue their studies. Since then the link with the area has become increasingly close and, as the Group grew larger, the desire to interact positively with the local communities was passed on to the new companies that joined.

Alongside traditional support for social initiatives, such as caring for the elderly and the disabled and measures in the event of natural disasters, over time our attention and commitment have been directed more intensely towards the world of young people and training.

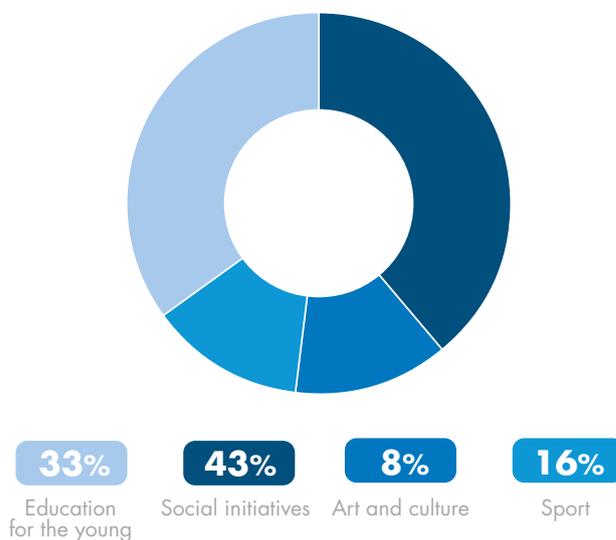
For a company that grows together with its geographic area, the young people who are part of it are in fact a natural travelling companion to be supported in order to shape future wellbeing together.

This approach has led to measures to promote study and vocational training, and the sponsorship of sporting and cultural activities, which are also important for the creation of a positive environment for growth.

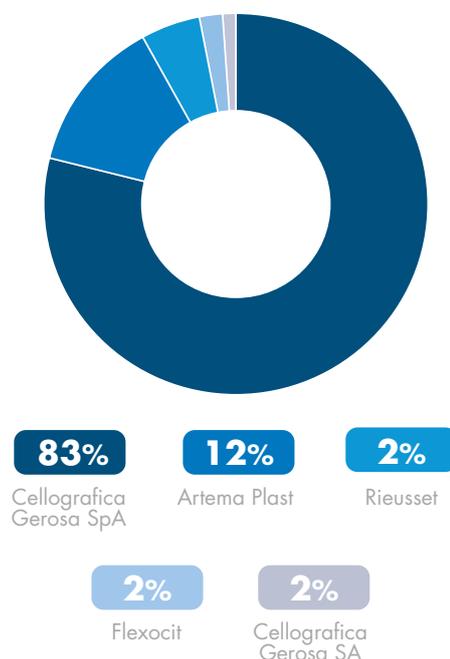
We assess measures in favour of local communities on the basis of consistency with our values and business needs. Relations with the local community are managed

directly by the Managing Director or General Manager of the individual Group companies, and comply with the matters defined in the Policy on the management of measures in favour of the community, approved by the Parent Company in 2019 and in the process of being approved by the other Group companies. The resources to be allocated are defined within the annual budget approved by the Board of Directors and priority is given to recurring support for specific institutions so as to guarantee them continuity of funds in order to undertake projects with a significant impact.

DONATIONS BY AREA OF INTERVENTION



DONATIONS BY GROUP COMPANY





We made donations of around Euro 49,000 in 2019. 33% of these donations were allocated to educational projects, including the offer of scholarships dedicated to higher education, in particular for graphics and design, and the implementation of projects, including international ones. The decrease in charitable donations is linked to participation in non-recurring social projects in previous years. In addition to donations, we offered curricular internships and ones care of the Parent Company, as part of the Italian national PCTO programme (Percorsi per le Competenze Trasversali e per l'Orientamento), first school-work alternation, allocating 376 working hours to tutoring students in their final years of high school. These numbers, which are important for our size, bear witness to our appreciation of the government's initiative and our belief in the importance of young people gradually approaching the world of work, so that they can get to know the variety of the situation around them and mature with more information and awareness in the choices of their study path. These projects and objectives also include the reception of students of different types and levels at the production sites, both to encourage orientation towards the choice of studies and within specific educational projects.

Another important portion of our donations (43%) was allocated in 2019 to social initiatives, in particular to the Don Carlo Gnocchi Foundation in Inverigo, to voluntary health care services and to the municipalities.

In some cases we also supported local sports activities, through donations to amateur associations and through the promotion of competitions.

In the field of art and culture, we have been Golden Donor supporters of FAI, the Italian Environmental Fund, for many years, which is responsible for the protection of the Italian landscape and artistic heritage. This choice, which we

have confirmed over the years, reflects our awareness of the beauty and richness of our territory of origin and our determination to preserve its value for present and future generations. Alongside this intervention, contributions have been made to local initiatives for the promotion of literary and musical culture.

Our bond with the area is also expressed through active participation in trade associations operating in the area. Through such participation, we provide the time of our representatives and our experience to support smaller businesses in the process of growth, thus contributing to the development of the area.

EXTERNALITIES MANAGEMENT

We believe that attention to local communities also passes via strict control of those externalities that have the greatest impact on them. Among the most significant impacts the visual effect of buildings and plants and the generation of noise have been identified, impacts that are all the more significant the greater the integration of the production site into the urban context and which therefore affect Group companies in different ways.

To minimise the visual and acoustic impact, the managers of the new plants in each company evaluate, with the help of an architect, the aesthetic aspects necessary to reduce the visual impact of new buildings and installations and study the noise emissions of plant and machinery in advance, planning the necessary soundproofing measures. The Parent Company's new plant manager provides guidance to colleagues in other companies and ensures the exchange of experience, to the benefit of the objectives pursued and the economic efficiency of measures throughout the Group.

CERTIFICATIONS

CERTIFICATIONS

	 gerosa imballaggi flessibili	 gerosa emvasse flessibili	 rieusset étiquetas, packaging flexible	 flexocit imballaggi flessibili	 artema plast emballage flexible
UNI EN ISO 9001	✓	✓	✓		✓
UNI EN ISO 45001 ³	✓	✓	✓	PLANNED 2021/22	PLANNED 2021/22
BRC Global Standard	AA	A	A+	AA	AA
UNI EN ISO 22000	✓	✓	✓	2010 NOT RENOVATED	✓
UNI EN ISO 14001	✓	IN PROGRESS 2020	✓		✓
FSC Standard		✓	✓		
Sedex	✓			✓	✓
DPG ¹	N/A	N/A	✓	N/A	N/A
DIN ² compostable	✓				
Ecovadis	GOLD	SILVER	SILVER ⁴		

¹Certificate of conformity with DPG Deutsche Pfandsystem GmbH, the system of packaging collection implemented in Germany ("deposit and return" system).

²Product compostability certification in accordance with DIN EN 13432:2000-12 ISO 17088:2012 ASTM D 6400:2012-01 standards.

³Cellografica Gerosa SpA completed the transition from 18001 to 45001 during 2020.

⁴Rieusset obtained its first sustainability Ecovadis rating in year 2020.

SUSTAINABILITY RATING ECOVADIS

We are extending gradually the sustainability rating Ecovadis, likewise the most important certifications, all over the Group. At the time of drafting of this Report, Ecovadis audited Rieusset for the first time issuing a CSR Silver rating, and confirmed for Cellografica Gerosa SA the CSR Silver rating Issued in 2019. In 2019, Ecovadis audited Cellografica Gerosa SpA issuing a CSR Gold rating and planned the audit 2020 for November.



Cellografica Gerosa SpA
- audit 2020 in progress -



Cellografica Gerosa SA



Rieusset SA



UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, UNI EN ISO 22000:2005, UNI EN ISO 45001:2018
BRC/IOP ISSUE5, SEDEX SMETA AUDIT METHOD, CSR RATING ECOVADIS, DPG CERTIFICATION GUIDELINES, FOREST STEWARDSHIP COUNCIL, DIN GEPRÜFT INDUSTRIAL COMPOSTABLE, DIN KOMPOSTIERBAR CONFORMITY.

METHODOLOGICAL NOTE

SCOPE AND DEFINITIONS

The 2019 Sustainability Report, the second disclosed by Gerosa Group, relates to the financial year from 1st January to 31st December 2019 and is drafted in conformity with the GRI Sustainability Reporting Standards (GRI Standards), based on the “in accordance-core” option. The Sustainability Report was subject to limited assurance by EY SpA, an independent third-party company.

Scope of the Report is the entire Gerosa Group (also referred to as “Group” in the document), with the exception of the two commercial companies Gerosa Flexible Verpackungen in Germany and Commerciale Gerosa Group Sarl in France, which are taken into account exclusively for the economic values reported in the chapter “Generated and distributed economic value”. The Parent Company Cellografica Gerosa SpA has its registered office in via al Gigante 23, Inverigo (CO); details and production plants of the companies included in the scope of this Sustainability Report are indicated in the chapter “Gerosa Group”. The report also contains, where available, performance data referred to the period 2017-2019, in order to provide a comparison with previous years.

At the time of publication of this Report, there are no significant events to report that occurred in 2019 and that would be relevant to the disclosures on sustainability presented in the document, except for what already reported in the document with reference to the recent pandemic emergency COVID-19.

PRINCIPLES FOR DEFINING REPORT CONTENTS AND FOR GRANTING REPORT QUALITY

The principles used to define the contents and to guarantee the quality of this Report are the Reporting Principles formulated in the GRI 101 Standard: Foundation (stakeholder inclusiveness, sustainability context, materiality, accuracy, completeness, balance, clarity, comparability, reliability, timeliness).

MATERIALITY ANALYSIS

In 2018, Gerosa performed a materiality analysis in accordance with GRI Standards, in order to identify the key topics to cover in the document, and, more in general, on which to focus the efforts of the Group in the

field of sustainability. Gerosa considered the result of such analysis valid for the years 2018 and 2019.

The Group’s Sustainability Manager performed the analysis in coordination with the Sustainability Committee, which is composed of the Sustainability Managers of the Group’s subsidiaries, and the Group’s Sustainability Point of reference for the each material issue.

The material topics were identified using various documentary sources (corporate documents, sector analyses, sector association research, analysis of the competition and other companies of the sector, reports from rating agencies, questionnaires sent by the customers, the GRI Standards) and through internal interviews with the company’s personnel, that involved 18 managers of the main areas concerned.

This analysis brought to light 25 material topics for Gerosa Group, which constituted the starting point for the involvement of the stakeholders, who were asked to point out the subjects they thought should take priority and, in case, suggest others that were not included in the list. The stakeholders were involved through direct interviews with open questions or dedicated workshops, while the significance for Gerosa Group was assigned during a meeting of the governing bodies, attended by all Group’s sustainability managers.

At the end of this analysis, which led to the combination of certain topics and to the exclusion of others that were at quite a distance from the first ones, thus losing their relevance, the priority topics were brought down to 13.

The 58 stakeholders involved in the materiality analysis through direct interviews and workshop belong to the following categories: employees (25), customers (15), suppliers (6), representatives of the local community (4), and representatives of the institutions (8).

The Sustainability Points of reference selected the stakeholders to interview and the Sustainability coordinators (Deputy Chairman and Financial Manager) approved the selection. Data were aggregated by frequency of relevance assigned to each subject.

The matrix, presented on p. 11, was reviewed by the General Managers of the Group's companies and approved by the Board of Directors of the Parent Company.

MATERIAL TOPICS

Below you can find a description of the identified material topics:

- **PRODUCT INNOVATION:** analysis of the key topics the Group's R&D is focused on (shelf-life extension, circular economy, recyclability, and more in general R&D on materials and collaborations with Universities, Research centers, suppliers and customers with the aim of generating innovation) as regards their impact on long-term sustainability;
- **PRODUCT QUALITY AND SAFETY:** the property of packaging to protect its content, food in particular from contamination, whether pollutant or natural, is an imperative prerequisite;
- **OCCUPATIONAL HEALTH AND SAFETY:** occupational health and safety are central and imperative topics for any organization, particularly for manufacturing companies;
- **FIRE AND EXPLOSION RISK:** the production process include the use of solvents and other inflammable mixtures, which, if concentrated and hit by a spark, can explode. The topic is also connected to the location of certain plants;
- **WATER MANAGEMENT:** management of the impact on water resource, including outgoing water controls to verify the absence of pollutants;
- **EMPLOYEES WELFARE:** initiatives to improve the quality of life of employees and their families and to create a positive working environment.;
- **POLLUTANT EMISSIONS IN THE ATMOSPHERE:** control of air pollutant emissions, in particular NOx and VOC;
- **COMMITMENT TO LOCAL COMMUNITIES:** the topic also includes the management of noise and of visual impact;
- **ENERGY EFFICIENCY AND CLIMATE CHANGE:** the Group's commitment to rational use of energy and fight against climate change;
- **WASTE MANAGEMENT:** reducing and giving waste a second life in order to minimize environmental and economic impact;



• **ECONOMIC PERFORMANCE:** the continued presence of the company on the market is a necessary condition for sustainability;

• **DIVERSITY AND EQUAL OPPORTUNITY:** avoid discrimination, appreciate people's qualities and skills regardless of gender and create a positive working environment;

• **INDUSTRY 4.0:** technological and process innovation, to improve working ergonomic conditions, technological quality of products, production efficiency, competitiveness;

Topics related to Governance and the aspects regulated by standards and laws were not included in the materiality matrix, as the Group considers them a fundamental prerequisite for proper business activity.

The table below shows the list of material topics for Gerosa Group and its stakeholders, the respective GRI Standard and the related scope in terms of impact and possible limitations to reporting due to the unavailability of data on the wider context. In the future, the Group undertakes to gradually expand the scope of reporting on material topics.

MATERIAL ISSUES	RELATED GRI STANDARD	SCOPE		DISCLOSURE LIMITATIONS	
		INTERNAL	EXTERNAL	INTERNAL	EXTERNAL
PRODUCT INNOVATION	-	GROUP	-	-	-
PRODUCT QUALITY AND SAFETY	-	GROUP	-	-	-
OCCUPATIONAL HEALTH AND SAFETY	403 - Occupational health and safety	GROUP	Workers not employed	-	Temporary workers
FIRE AND EXPLOSION RISK	403 - Occupational health and safety	GROUP	-	-	-
WATER MANAGEMENT	303 - Water and effluents	GROUP	-	-	-
EMPLOYEE WELFARE	401 - Employment	GROUP	-	-	-
POLLUTANT EMISSIONS IN THE ATMOSPHERE	305 - Emissions	GROUP	-	-	-
COMMITMENT TO LOCAL COMMUNITIES	413 - Local communities	GROUP	-	-	-
ENERGY EFFICIENCY AND CLIMATE CHANGE	302 - Energy 305 - Emissions	GROUP	-	-	-
WASTE MANAGEMENT	306 - Effluents and waste	GROUP	-	-	-
ECONOMIC PERFORMANCE	201 - Economic performance	GROUP	-	-	-
DIVERSITY AND EQUAL OPPORTUNITY	401 - Employment 405 - Diversity and equal opportunity 406 - Non-discrimination	GROUP	-	-	-
INDUSTRY 4.0	-	GROUP	-	-	-

CALCULATION METHODOLOGIES

Below please find the main calculation methodologies used and any estimates adopted based on a conservative approach, in addition to what mentioned in the text.

Please note that the data reported in the "Sustainability Report 2018" and related to years 2018 and 2017, have been recalculated and reported in this document as a result of an update of the data collection and aggregation criteria.

HEALTH AND SAFETY

With regard to health and safety, the calculation methodologies were as follows:

- incident are considered those accidents that resulted in at least one day of absence;
- in-transit incidents were excluded from the calculation;
- incidents with high consequences are considered those accidents that may cause a permanent loss of body functionality or accidents that result in an absence major than 180 days.
- Incident frequency index: (Number of incidents/hours worked) x 1,000,000;
- High consequences incident frequency index: (Number of high consequences incidents /hours worked) x 1,000,000.

ENVIRONMENT

Because of the different legislative contexts, in certain limited cases some environmental data were not available in the form envisaged by the indicator. In those cases, we used a conservative estimate approach, which led us to choose the hypotheses related to the Group's least positive environmental performance.

For the calculation of energy consumption, the conversion factors used result from the table of national standard parameters published annually by the Ministry of the Environment and of the Protection of the Territory and the Sea.

The calculation of the emission of greenhouse gases used the following formula: activity data (m³ of natural gas and kWh of electricity purchased) multiplied by the respective emission factor. This calculation took into account refrigerant gas leaks (kg) multiplied by the respective GWP (Global Warming Potential). If present in the reporting period, a description is included.

Following factors were used to calculate the emissions deriving from sources owned or directly controlled by the Group (Scope 1): for natural gas, the emission factor from the table of standard parameters published annually by the Ministry of the Environment and of the Protection of the

Territory and the Sea (tCO₂/1000 Sm³: 1.964 in 2017; 1.972 in 2018; 1.975 in 2019); for diesel (tCO₂eq/l: 2.68697 in 2019), for gasoline (tCO₂eq/l: 2.31495 in 2019); for oil (tCO₂eq/l: 2.54042 in 2019) for the GWP of refrigerant gases (in 2017 1774 kgCO₂eq/kg for the refrigerant gas R407c), the DEFRA (Department for Environment, Food and Rural Affairs) database, which is updated on a yearly basis.

The GHG Scope 2 emissions reported in the paragraph on the environmental impact were calculated using the Location Based method (average intensity of emissions related to the national grids from which energy is obtained), as well as the Market Based method (emissions directly attributable to the type of electricity purchased by the Group).

kgCO ₂ /kWh			
	2019 (source 2018)	2018 (source 2017)	2017 (source 2016)
ITALY	0.336	0.359	0.360
SPAIN	0.255	0.296	0.254
ROMANIA	0.290	0.311	0.284

Market Based Emission factors are obtained from AIB – European Residual Mixes, yearly updated.

kgCO ₂ /kWh			
	2019	2018	2017
ITALY	0.46589	0.48329	0.47653
SPAIN	0.34269	0.44839	0.44638
ROMANIA	0.31068	0.40120	0.42474

Emission factors used for Location Based result from Terna International Comparison on Enerdata figures, updated on a yearly basis.

NO_x were estimated based on punctual periodic reporting of concentrations, which are then multiplied by system capacity and hours of operation.

VOC (Volatile Organic Compounds) were calculated in accordance with the instructions of the Solvent Management Plan, drafted in compliance with the regulatory framework of the Country where plants are based.

For further information, please contact sustainability@gerosagroup.com

GRI CONTENT INDEX

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EXTERNAL ASSURANCE



Cellografica Gerosa S.p.A.

Independent auditors' report on the "2019 Sustainability Report"
(Translation from the original Italian text)



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Independent auditors' report on the 2019 Sustainability Report (Translation from the original Italian text)

To the Board of Directors of
Cellografica Gerosa S.p.A.

We have been appointed to perform a limited assurance engagement on the "2019 Sustainability Report" (hereinafter the "Sustainability Report") of Cellografica Gerosa S.p.A. and its subsidiaries (hereinafter also the "Group" or "Gerosa Group") for the year ended on December 31st, 2019.

Directors' responsibility on the Sustainability Report

The Directors of Cellografica Gerosa S.p.A. are responsible for the preparation of the Sustainability Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological Note" of the Sustainability Report.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a Sustainability Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of the Gerosa Group regarding the sustainability performance, as well as the identification of the stakeholders and of the significant matters to report.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the Sustainability Report with the requirements of the GRI Standards. Our work has been performed in accordance with the the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the Sustainability Report is free from material misstatements.

EY S.p.A.
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Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the Sustainability Report were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the Sustainability Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the Sustainability Report, with reference to the criteria applied to identify priorities for the different stakeholders categories and to the internal validation of the process outcomes;
2. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the Sustainability Report.

In particular, we have conducted interviews and discussions with the personnel of Cellografica Gerosa S.p.A. and of Gerosa S.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of data and information to the department responsible for the preparation of the Sustainability Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- at Group level
 - a) with reference to the qualitative information included in the Sustainability Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for the production site of Olerdola of Cellografica Gerosa S.A., that we have selected based on its activities, relevance to the consolidated performance indicators and location, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.



Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of Gerosa Group for the year ended on December 31st, 2019 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph "Methodological Note" of the Report.

Milan, October 30th, 2020

EY S.p.A.
Signed by: Paolo Zocchi
(Auditor)

This report has been translated into the English language solely for the convenience of international readers.





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