



SUSTAINABILITY REPORT 2018

LETTER TO THE STAKEHOLDERS



This is the first Sustainability Report that we present to you. It outlines who we are, what we have done to date, and what we are doing to guarantee the sustainable growth of our undertaking and of the environment in which Gerosa Group operates.

It is addressed to everyone who participates, directly and indirectly, in our business activities and with whom we interact: collaborators, customers, suppliers, institutions, people with whom we share the territory and everyone with an interest in simply knowing us. We are proud to present the fruits of a process that has involved the top management of Gerosa Group extensively and which describes in detail the activities we have already carried out and those to come in the future, the milestones reached, and those that we propose to reach.

The term was perhaps not yet current, however “sustainability” is the guiding light that has shaped the activities of Gerosa Group since its establishment in 1935. Our two founders, our fathers Luigi and Giuseppe Gerosa, asked then the same questions that the Group’s top management is asking today when they must make long-term strategic choices: “what will be the impact of our activities and of the product we manufacture on the environment and on people? To what extent? In what world will we be operating in 10, 20 or 30 years from now?”.

To find the answers to these questions, we refer to the founding values of our Group:

PROFITABILITY

HUMAN CAPITAL

SOCIAL RELATIONS

THE ENVIRONMENT

PROFITABILITY

It forms the basis of the company’s business continuity: our shareholders approve, on the one hand, substantial technological investments that allow us to stay highly competitive in offering cutting-edge services and products to our customers, and, on the other hand, continuous investment in the research and development of increasingly more eco-sustainable solutions. This is a necessary element to guarantee constant growth over time and to help us maintain our leading position on the market.

HUMAN CAPITAL

This is the company’s most precious asset. We have always implemented a welfare policy to improve the living and health conditions of our collaborators. We pay particular attention to the prevention of occupational accidents and occupational diseases. We dedicate many resources to improving the working environment and to professional training, promoting the satisfaction and growth of each individual collaborator.

SOCIAL RELATIONS

An industrial Group is at the centre of a universe formed by the people who work there, their families, the community in which they live, the civil and religious Institutions that ensure the proper functioning of the State that governs everything from schools to hospitals, from public transport to leisure activities. In this context, we want to contribute by providing personal services for the benefit of our employees and the local communities. The interaction with our employees and the Institutions has made it possible to create, over time, synergies that contribute towards the achievement of this objective.

THE ENVIRONMENT

For decades, often before there were laws governing the matter, we have implemented policies for the protection of the environment, contributing to the implementation of innovative systems for the protection of the territory.

We use cutting-edge production systems, also with regard to their environmental impact, conscious of the fact that the activities of a factory spread, for better or for worse, far beyond its physical borders.

There is proof that activities carried out in Europe can have consequences in Oceania. This is why we study the entire lifecycle of all the products that we place on the market.

We are working to give new life to packaging, designing it so that it can be infinitely recycled. Other packaging is manufactured with materials of natural origin, that decay in a very short amount of time, limiting the impact on the ecosystem.

Recently, we created a new department that exclusively handles these innovations, and of which we are very proud: we called it the Innovation Center. Precisely because, as Gorbachev once warned, "we must make sure not to go down in history as the generation that knew and did not worry about environmental issues", it is of paramount importance to us to invest in sustainable growth for future generations.

We believe that this Report represents a decisive step in that direction and we are pleased to be able to share it with you



Ruggero Gerosa – Chairman



Claudio Gerosa – Deputy Chairman



TABLE OF CONTENTS

LETTER TO THE STAKEHOLDERS	2
GEROSA GROUP: A CONSOLIDATED COMPANY	6
Generated and distributed economic value	8
THE COMMITMENT OF GEROSA GROUP	10
Materiality analysis	10
Gerosa Group and the SDGs	12
CORPORATE GOVERNANCE	14
Governance model	14
Sustainability governance	15
Risk management	16
THE PRODUCT: INNOVATION AND SAFETY	18
Product innovation	18
Product safety	19
THE PEOPLE OF GEROSA GROUP	22
The resources of Gerosa Group	22
Development of skills and knowledge	23
Employee well-being	24
Diversity and non-discrimination	25
THE PRODUCTION ACTIVITY	26
Health and safety	26
Prevention	27
Promotion of health	29
Industry 4.0	29
The environment	30
Use of raw materials	30
Energy and climate change	31
Air pollutant emissions	32
Water management	32
Waste management	33
Spill prevention	33
THE SUPPLY CHAIN	34
Suppliers of raw materials	34
Supplier qualification and assessment	35
Collaboration relationships with suppliers	35
THE RELATIONSHIP WITH THE LOCAL COMMUNITIES	36
Initiatives that benefit the local communities	36
Externality management	37
THE GROUP'S CERTIFICATIONS	38
METHODOLOGICAL NOTE	40
GRI CONTENT INDEX	44
INDIPENDENT AUDITOR'S REPORT	50

GEROSA GROUP: A CONSOLIDATED COMPANY

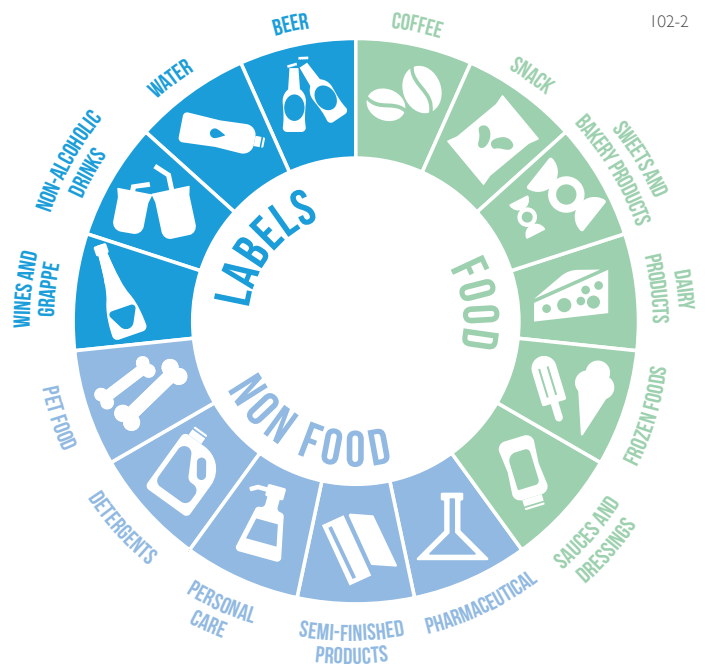
Gerosa Group is a family group, international leader in the sector of flexible packaging and labels. Its story starts in 1935, when a small stationery shop opened in Inverigo, Italy, which became a multinational Group with a presence in 5 European countries. The specialisation in the sector of flexible packaging started in 1949, with the purchase of the first rotogravure press. Since then, the Gerosa Group has continuously invested in technology, personnel, research and development, sustainability, becoming a point of reference for the world of flexible packaging, especially for food packaging, specialising in particular on highly technical products.

From its production sites, located in Italy, Spain and Romania, and through its commercial offices in Germany and France, it sells flexible packaging and labels around the world. The products manufactured by Gerosa Group are used in the food, beverage, pet food, household detergent and personal hygiene product market, and in the pharmaceutical and industrial sectors. By offering a diversified range of applications, the Group provides efficient and reliable solutions to the market's needs, also thanks to its geographical distribution and the interchangeability of production machinery. The products of Gerosa Group are characterised by the highest quality standards and are the fruit of investments in cutting-edge technology, of the high rate of renewal of systems and equipment, and of an efficient organisation that can count on the skills of highly-qualified personnel. The presence in the production process of mechanical and laser technologies for the incision of printing cylinders allows us to offer printing of very high quality, that can meet the most complex needs.

Among its collaborators, Gerosa Group monitors and promotes the value of flexibility, a key success factor

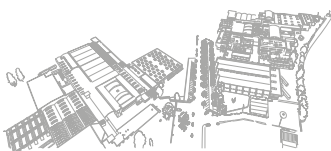
alongside product quality, to meet the multiple needs of its customers and help them achieve their goals in a constantly evolving market.

The journey on which we embarked 84 years ago continues, while the Group looks to the future. The creation of the Innovation department, as a complement to the work done to date by the Research and Development departments, and the continuous investments are a clear testimony to Gerosa Group's desire to become a reference partner for the development of new packaging, for the research of new solutions and for the conception of new products, processes and services.



Luigi and Giuseppe Gerosa opened a small stationery shop in Inverigo, which with time became Cellografica Gerosa SpA

1935

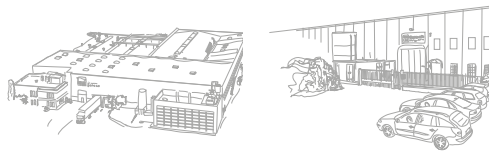


Installation of the first rotogravure press

1949

The Gerosa Group is born from the incorporation of Flexocit srl and the entry of Cellografica Gerosa SA

1993

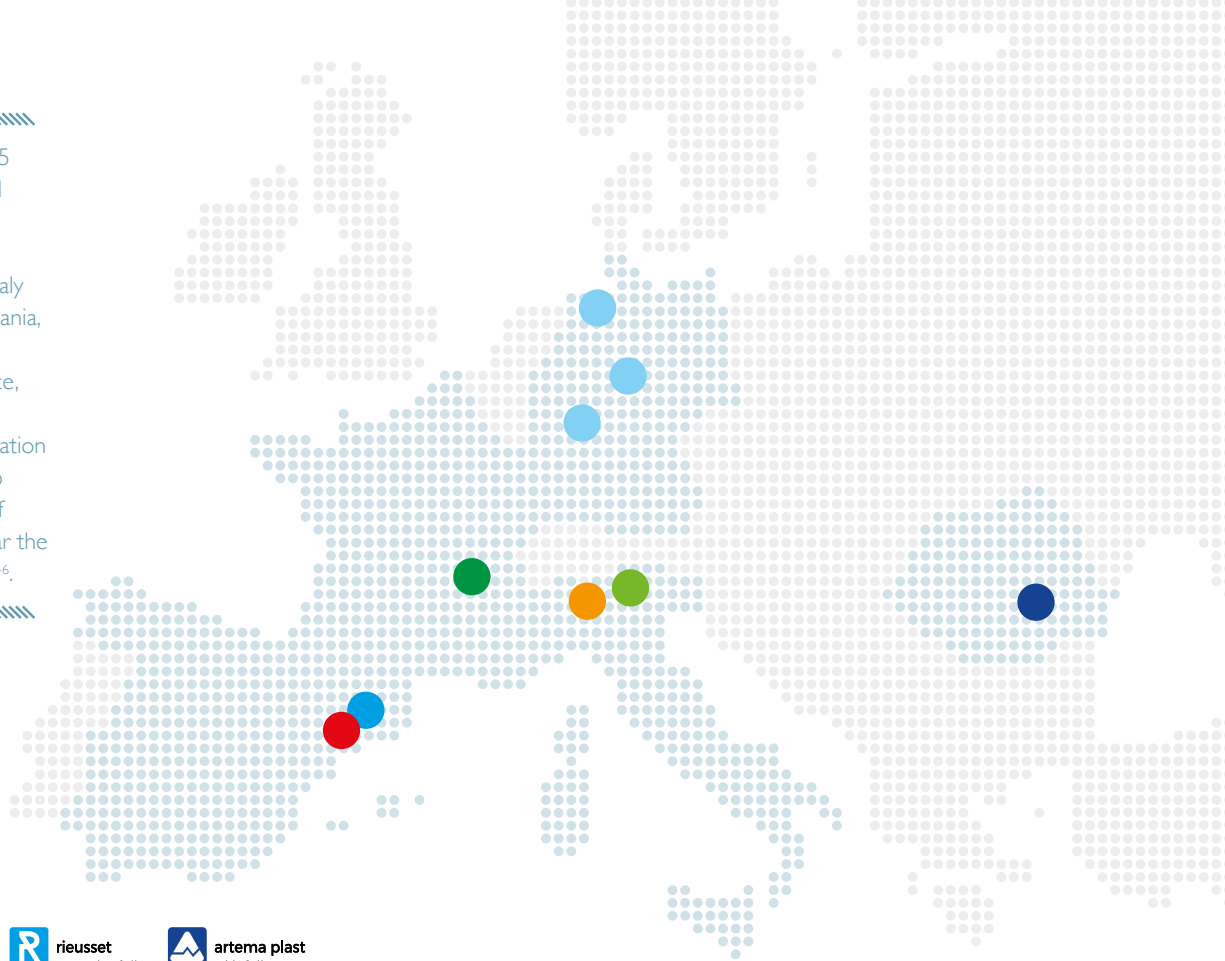


Gerosa Flexible Verpackungen is established in Germany

1997



The Group is made up of 5 production companies and 2 commercial companies that count, among them, 5 transformation sites, 2 in Italy and Spain and one in Romania, 4 commercial offices, 3 in Germany and one in France, and an Innovation Center. The geographical diversification aims to provide the Group with a presence in areas of production excellence, near the main reference markets ¹⁰²⁻⁶.



FIGURES OF THE GROUP ¹⁰²⁻⁷



Riousset SA in Spain becomes part of the Group

2004

Artema Plast srl in Romania becomes part of the Group

2007

Commerciale Gerosa Group sarl is incorporated in France

2010

Inauguration of the Innovation Center at the Inverigo plant

2017

Gerosa Group is one of the reference partners for the main operators of the foodstuff and labels sector in Europe... and growth continues apace...

TODAY



GENERATED AND DISTRIBUTED ECONOMIC VALUE

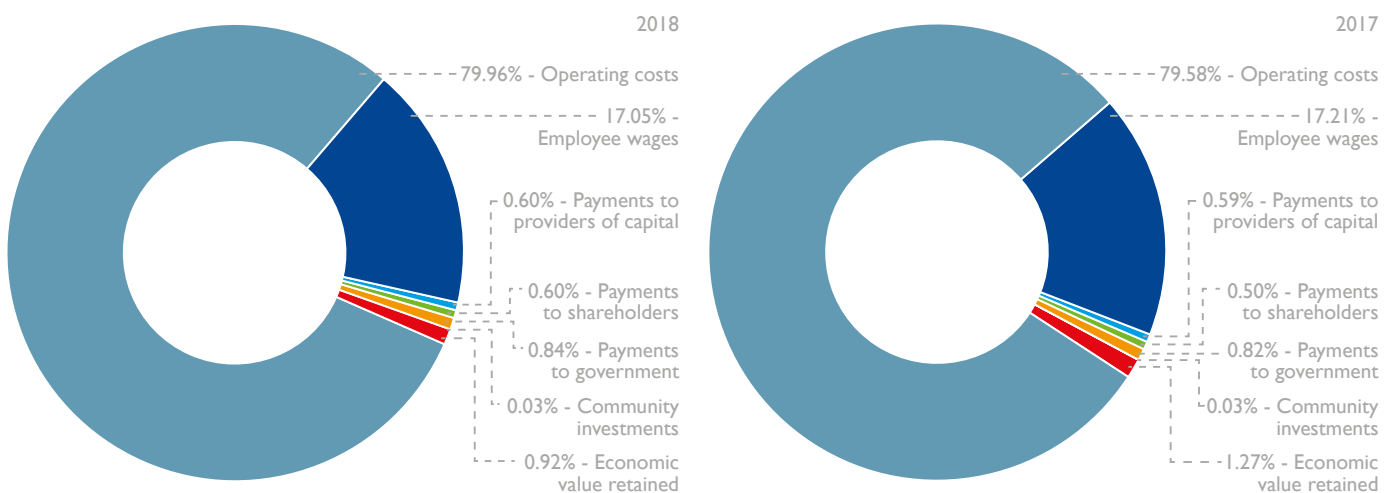
Gerosa Group believes that being, before all else, a healthy and profitable company is a necessary condition for fulfilling its corporate responsibilities. Only in this way can it adequately remunerate its employees, suppliers and shareholders, and contribute, by paying taxes and duties, to the management of assets and to the provision of public services, and thus to the well-being of the communities in which it operates²⁰¹⁻¹. In 2018, income exceeded EUR 188 million, increased by 4.8% compared to the previous year. This result allowed us to distribute approximately 187 million to our

stakeholders, an increase of 5.2% compared to 2017. The generated and distributed economic value during the financial year is clearly shown in the table below through the reclassification of the Income Statement of the Consolidated Financial Statements, where the economic value retained by the Group is represented by the profits of the financial year, net of profit distributed to the shareholders. In particular, the most substantial part of the generated value was distributed to the suppliers (item "Operating Costs") and subsequently to the personnel. We would also like to point out that, in 2018, the share distributed to the local communities increased by 16% compared to the previous year.

GENERATED AND DISTRIBUTED ECONOMIC VALUE¹ (EURO)

	2018	2017
Economic Value Generated	188,843,406	180,205,282
Operating costs	150,991,113	143,405,625
Employee wages	32,205,632	31,011,116
Payments to providers of capital	1,125,014	1,071,833
Payments to shareholders	1,140,000	900,000
Payments to government	1,587,461	1,484,402
Community investments	60,646	52,164
Economic value retained	1,733,540	2,280,142

¹The data also include the 2 commercial companies that were excluded from the accounting scope of the other data of the Financial Statements (please see also the Methodological note, page 40).





THE COMMITMENT OF GEROSA GROUP

Gerosa Group has always believed that its own role of economic operator must also take into account the consequences for the environment and society arising from its choices and actions.

In 2018, the Group decided to formally include these issues in its strategy, involving the entire organisation, and took on the new global challenges and the emerging topics that will influence the market and the choices of the Group's customers. Aware that good management also involves constant and transparent dialogue, Gerosa Group decided to disclose to all subjects with which it has direct or indirect relationships, the so-called stakeholders, its results and plans through the first Sustainability Report, drafted in compliance with the "Global Reporting Initiative Sustainability Reporting Standards" published in 2016.

The path towards the redefinition of the strategy was embodied in the first materiality analysis of the Gerosa Group and in comparison to the so-called Sustainable Development Goals (SDGs) of the United Nations.

The materiality analysis helped identify the main topics for the sustainability of the Group's activities, both in the Group's opinion and in that of its stakeholders, while, by conducting an analysis of the SDGs, the Group identified

the role it must play to contribute to global sustainable development.

The journey, directly coordinated by the Deputy Chairman, who is also CEO, and the Financial Director, involved the entire organisation, inside which a set of principles and procedures for the management of sustainability was designed.

MATERIALITY ANALYSIS

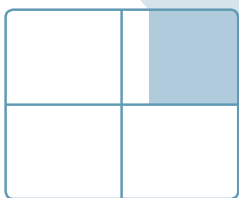
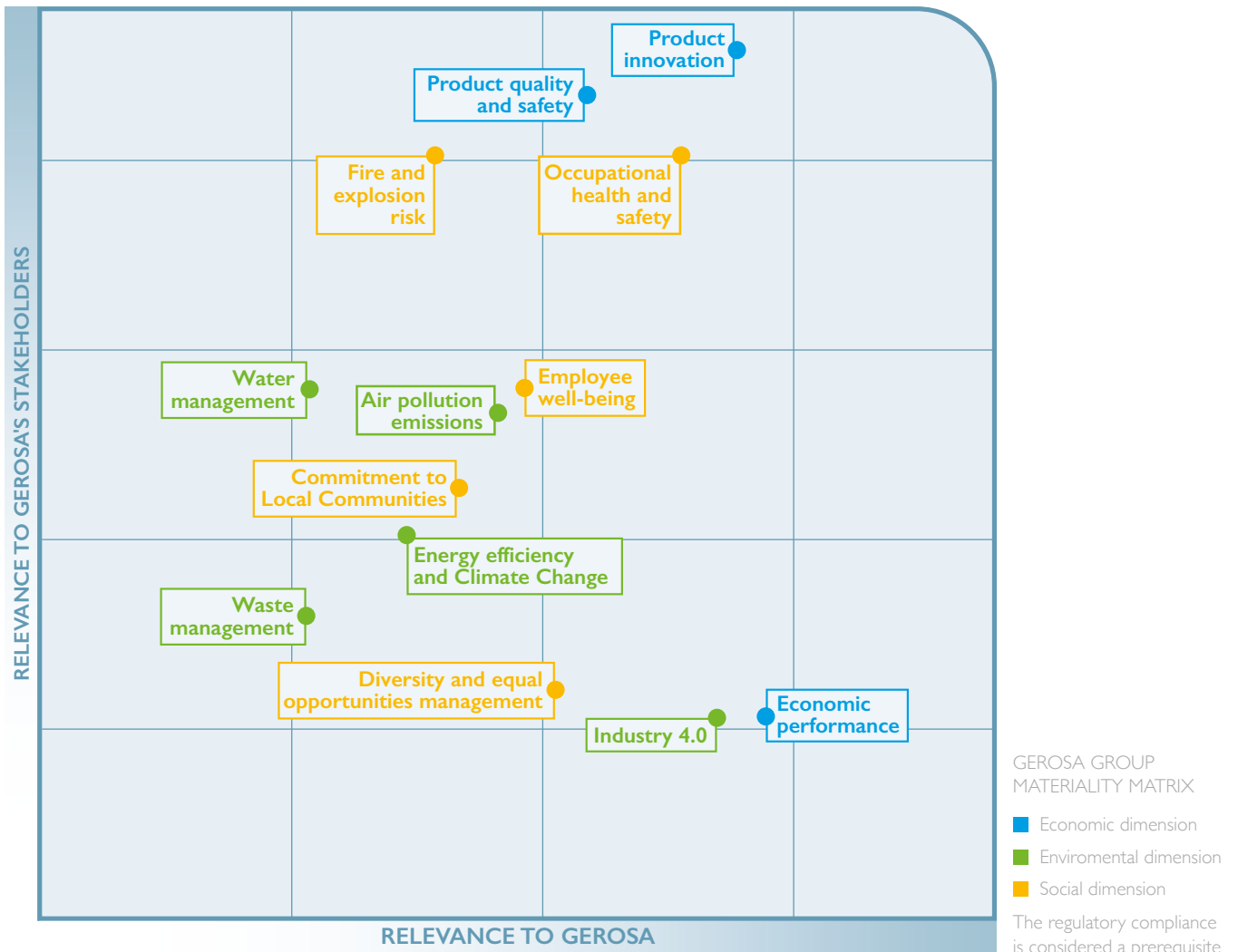
The first step towards the materiality analysis was brainstorming by the top management in order to identify the most important topics when it comes to sustainability.

By analysing the value chain and the context in which the Group operates, we identified the categories of stakeholders to involve in this brainstorming.

The table below lists and describes the stakeholders identified and the methods by which they are heard and involved in their relationships with the corporate departments.

The top management of all Group companies and 58 stakeholders belonging to the various categories were

STAKEHOLDER 102-40 102-43 102-44	CORPORATE DEPARTMENT THAT INTERACTS WITH THE STAKEHOLDER	METHOD OF STAKEHOLDER INVOLVEMENT	KEY ELEMENTS OF THE RELATIONSHIP
Employees	<ul style="list-style-type: none"> Human Resources Manager Health and Safety Manager 	<ul style="list-style-type: none"> Continuous dialogue Training Periodic assessment of results Confidential dedicated channel for the communication of any problem 	<ul style="list-style-type: none"> Quality of the employment relationship management Occupational health and safety Training
Customers	<ul style="list-style-type: none"> Chairman Commercial Division Product Quality and Safety Division Innovation Center 	<ul style="list-style-type: none"> Periodical encounters Participation in trade fairs or sector events Joined projects 	<ul style="list-style-type: none"> Product quality and safety Product innovation Speed in supply
Suppliers	<ul style="list-style-type: none"> Purchasing Division Product Quality and Safety Division 	<ul style="list-style-type: none"> Periodical dialogue through the Purchasing Department Evaluation questionnaires Dedicated line for food emergencies 	<ul style="list-style-type: none"> Compliance with contractual terms and conditions Continuity of the relationship Development of collaborations Prevention of difficult situations
Collectivity (environmental aspects)	<ul style="list-style-type: none"> Environmental Division 	<ul style="list-style-type: none"> Dialogue with environmental institutions and associations Dialogue with the local communities 	<ul style="list-style-type: none"> Inclusion of environmental aspects in the business strategy Definition of management policies and systems to mitigate environmental impact
Local Communities	<ul style="list-style-type: none"> Deputy Chairman 	<ul style="list-style-type: none"> Dialogue with non-profit associations Plans for collaboration with schools Direct or indirect intervention in the projects 	<ul style="list-style-type: none"> Taking into account requests for help Support for medium- and long-term initiatives Identification of the territory's needs
Institutions	<ul style="list-style-type: none"> Deputy Chairman 	<ul style="list-style-type: none"> Dialogue with the representatives of the public administration Participation in joint projects 	<ul style="list-style-type: none"> Participation in territory development activities Economic results Process and product innovation
Trade associations	<ul style="list-style-type: none"> Management Head of the department of reference 	<ul style="list-style-type: none"> Participation in meetings Participation in thematic research and conventions 	<ul style="list-style-type: none"> Participation in the development of the entity's positioning Sharing of experiences and information



involved in the definition of the priority topics of the materiality matrix: 25 employees, 15 customers, 6 suppliers, 4 representatives of the local community, 8 representatives of the institutions.

The matrix was reviewed by the General Managers of the Group's companies and was approved by the Parent Company's Board of Administrators. For details on the process, please see the Methodological note on p. 40. The materiality analysis identified the 13 material topics¹; it emerged that the most important matters are those linked to the typical activity of the company and that are of great strategic importance, also in terms of economic results: product innovation and product safety.

A second group of important topics concerns the social aspects, led by issues pertaining to safety at work and the well-being of employees, and followed

by the relationship with the local communities and the management of diversity and equal opportunities. The most important environmental topics are air emissions, water management, energy efficiency and climate change, waste management. Two topics were revealed as important, as they are deemed to be of great significance by the Group's management: economic results and Industry 4.0.

¹The topics relating to Governance and statutory compliance were not included in the materiality analysis, as they are deemed to be prerequisites for correct business activity.

GEROSA GROUP AND THE SDGS




On 25 September 2015, the United Nations approved the “2030 Agenda for Sustainable Development” and the related 17 SDGs. The Agenda is an action plan founded on the integration of the three dimensions of sustainable development - environmental, social and economic - and concerns various development areas: from the fight against hunger to the elimination of inequalities, from the protection of natural resources to urban development, from agriculture to consumption models. For the first time, the declarations of principle were

accompanied by very practical instructions; the 17 goals were broken down into 169 targets to be reached by 2030. To be successful in their endeavour, the United Nations asked for the active involvement of all components of society; Gerosa Group, on its own behalf, assessed in what way and to what extent it is able to contribute to the attainment of the 17 SDGs through its business activity.

The table below describes the 10 goals to the attainment of which the Group believes it can contribute, through initiatives for the mitigation of its impact and through development initiatives.

	SDG	Gerosa activity	Reference chapter in the Financial Statements
	02. End hunger, achieve food safety, improved nutrition and promote sustainable agriculture	In Gerosa, the Research and Development departments study packaging structures able to prolong the duration of the packaged foodstuffs, with the objective of reducing food waste and allowing food to be distributed around the world, in compliance with food safety aspects.	Product_innovation Product_safety
	03. Ensure health and well-being for all at all ages	Gerosa, via its Quality and Food Safety department, guarantees the food safety of packaging and, by extension, of the foodstuffs, once packaged. The packaging, developed with this objective in mind by the Research and Development departments, protects the hygiene of the packaged food, preserving its nutritional and organoleptic properties. Through the high quality of incisions, Gerosa guarantees that even the smallest characters printed on the packaging are legible, making it possible for consumers to take in all the information provided by the food's producer; in particular information on nutritional values and allergens. Gerosa Group takes care of its employees' well-being beyond mere compliance with the rules on occupational health and safety, also through tools that ensure work/life balance and the promotion of healthy lifestyles.	Product_innovation Product_safety The people of Gerosa Group
	04. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Gerosa Group supports schools, in general, and professional training, in particular. It promotes study and knowledge of the professional world by students. It collaborates with the local schools, offering opportunities of in-company training. Gerosa Group also promotes the professional training of its employees, with continuous investments in specific and transversal education, in addition to mandatory training.	The people of Gerosa Group
	08. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Gerosa Group commits to development that takes into account economic, social and environmental sustainability. It promotes growth through innovation and technological development. It studies innovative materials to reduce the environmental impact and researches solutions to improve the working activity thanks to the introduction of new technologies. It complies with the principles of the ILO (International Labour Organisation). It fights all forms of discrimination and promotes stable and inclusive employment.	Product_innovation Production activity_ industry 4.0 The people of Gerosa Group

SUSTAINABLE DEVELOPMENT GOALS

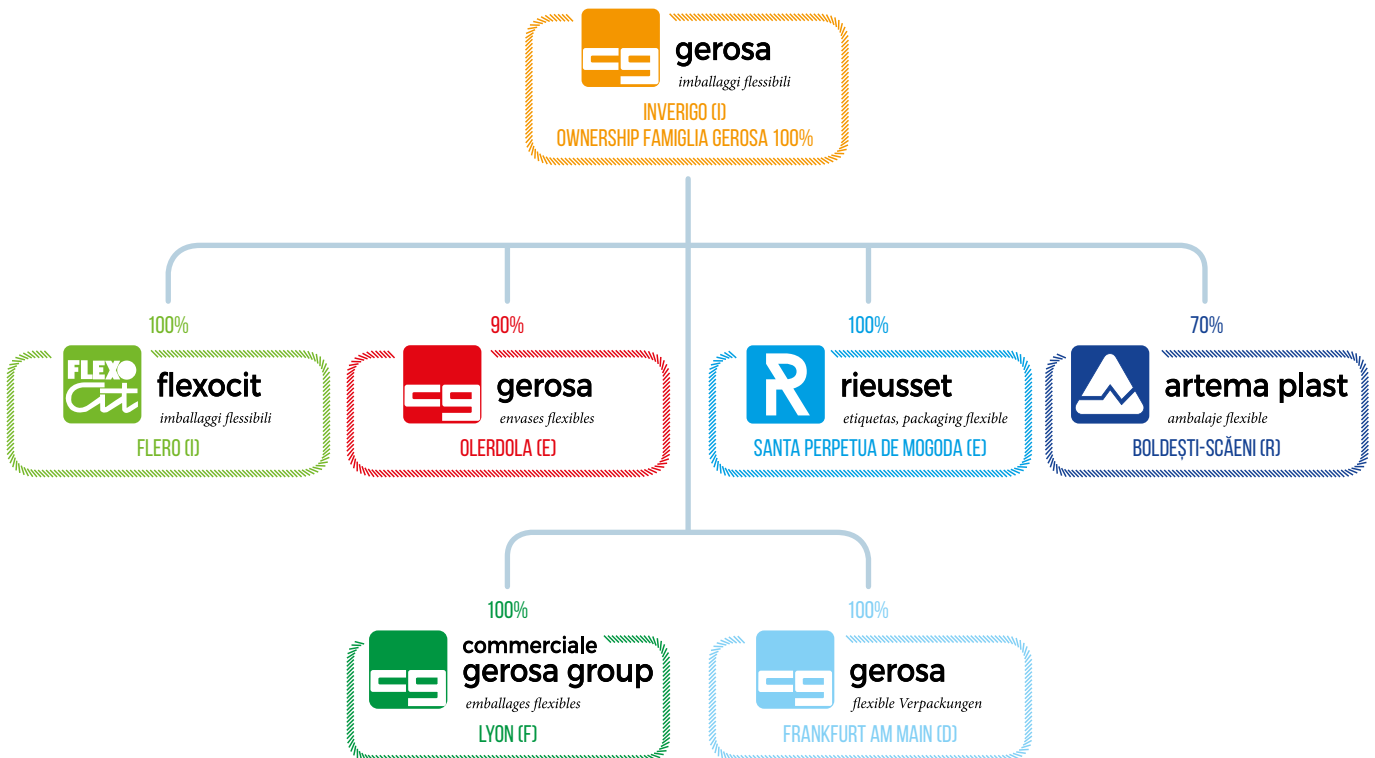
 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>09. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p>Gerosa Group contributes to the development of the areas in which it operates through investments that generate economic growth and employment. Gerosa Group uses cutting-edge technologies, also with regard to the efficiency of resource consumption. Gerosa promotes innovation through an internal dedicated unit.</p>	<p>Presentation of the company and its products</p> <p>Product_innovation</p> <p>Production activity_ industry 4.0</p> <p>Production activity_ environment</p>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>12. Ensure sustainable consumption and production patterns</p>	<p>The flexible packaging of Gerosa Group makes it possible to package foodstuffs using minimum amounts of raw materials and, at the same time, guarantees the perfect preservation of the food packaged, reducing waste.</p>	<p>Product_innovation</p> <p>Product_safety</p> <p>Production activity_ environment</p>
 <p>13 CLIMATE ACTION</p>	<p>13. Take action, at all levels, to combat climate change and its impacts</p>	<p>Gerosa Group works towards improving its energy management and implements initiatives to monitor its carbon footprint.</p>	<p>Product_innovation</p>
 <p>14 LIFE BELOW WATER</p>	<p>14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p>	<p>The Group promotes awareness of Climate Change in its customers, suppliers and employees.</p>	<p>Operation_environment</p>
 <p>15 LIFE ON LAND</p>	<p>15. Protect, restore and promote sustainable use of terrestrial ecosystems</p>	<p>The Innovation and Research & Development departments study and develop eco-compatible packaging solutions.</p>	<p>The supply chain</p>
 <p>17 PARTNERSHIPS FOR THE GOALS</p>	<p>17. Strengthen the means of implementation and revitalise the global partnership for sustainable development</p>	<p>For the production of paper packaging, the Group only uses paper originating from FSC certified sources.</p>	<p>Product_innovation</p>

CORPORATE GOVERNANCE

Gerosa Group deems having a robust system of principles and procedures for the management and administration of the company and risk management fundamental for the purposes of guaranteeing the company's future through responsible and conscious choices, and being able to guarantee continuous improvement based on the analysis of the results obtained each year.

GOVERNANCE MODEL

Gerosa Group is made up of seven companies, of which five are producers and two commercial. The Parent Company is Cellografica Gerosa SpA ¹⁰²⁻⁵, which directly controls all other companies ¹⁰²⁻¹⁸.



The Board of Directors of Cellografica Gerosa SpA decides on the Group's strategic and organisational direction and is composed of 6 members, of whom one woman (17% of the total) ⁴⁰⁵⁻¹ and an independent director¹ (17% of the total) ^{102-22 102-23 102-26}. All members of the Board of Directors are older than 50 ¹⁰²⁻³².

Each one of the controlled companies is guided by its own Board of Directors which, based on the strategic direction decided for the Group, manages the individual local company and organises its control systems. The principles that guide the Group refer to the Universal Declaration of Human Rights, to the principles of the International Labour Organisation (ILO), the principles of the Global Compact and the OSCE Guidelines for multinational undertakings, and are all contained in the Code of Ethics, which was first published

in May 2009 and revised in July 2019 ¹⁰²⁻¹².

The Code of Ethics, approved by the Board of Directors of the individual companies of the Group, is a tool for the management of the company, provides the direction for the implementation of sustainability in Gerosa Group, and serves as a guide for daily activities. Of particular importance among the subjects it covers are the respect for human rights and for the person, the prevention and fight against corruption, the respect of privacy, the protection of occupational health and safety and environmental protection ¹⁰²⁻¹⁶.

The Group's production companies have an Organisation, Management and Control Model, with the exception of Artema-Plast, whose model is still in the drafting stages. These Models, implemented with the aim of preventing and punishing behaviours that violate laws and regulations and the principles enshrined in the Code of Ethics, were drafted in compliance with the national regulatory

¹in accordance with Elite - Company governance framework

framework and guidelines (Legislative Decree 231/2001 for Italy and Organic Law 1/2015 for Spain), taking into account the specific companies.

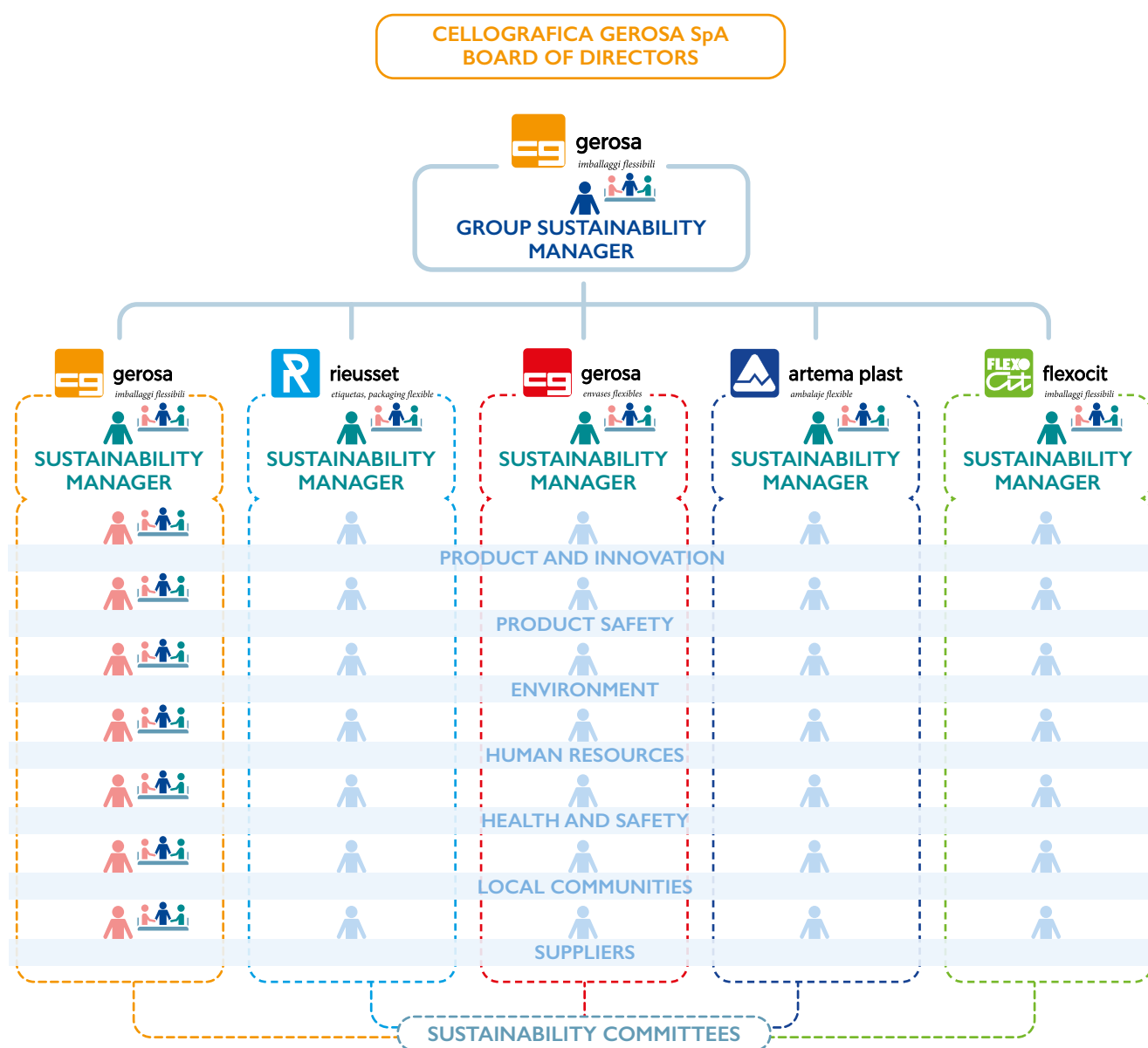
The companies that adopted an Organisational Model have a Supervisory Body that controls the operation of and compliance with the Organisational Models, as well as their update.

In order to render control more efficient, in 2018 we introduced a channel for the confidential reporting of possible violations and irregularities with regard to the Organisation and Management Model and the principles enshrined in the Code of Ethics¹⁰²⁻¹⁷.

In 2018, no Group company recorded any type of reports²⁰⁵⁻³.

SUSTAINABILITY GOVERNANCE

In order to adequately deal with the challenges posed by sustainability, in 2018 the Group established an organisation dedicated to the management of environmental, social and governance-related issues (ESG). The organisation was conceived in compliance with the Group's approach to management, which grants autonomy to the individual companies, always in conformity with the Group's strategy and guidelines. The organisation established, which involves approximately 40 people, envisages responsibility for sustainability at Group level entrusted to the Group's Head of Sustainability, who reports to the Board of



Directors of the Parent Company.

The latter defines the sustainability strategy and approves the Sustainability Report ¹⁰²⁻²⁰.

Each one of the Group's companies has created its own Sustainability Committee, made up of the Head of Sustainability, who reports directly to the Board of Directors, and of the Sustainability Contact Persons, who supervise the various thematic areas involved in the topic of sustainability.

To guarantee the coherence of the strategic direction and, at the same time, foster the initiatives of the individual companies, we have established a Group Sustainability Committee, chaired by the Parent Company's CEO and coordinated by the Group's Head of Sustainability; the committee is composed by the Group's Sustainability Contact Persons, who coordinate, each in their own area, the sustainability contact persons of the individual companies and are responsible, inter alia, for consolidating the data of the individual companies for reporting purposes and for facilitating the sharing of improvement suggestions originating from within the Group.

RISK MANAGEMENT ¹⁰²⁻¹⁵

Gerosa Group periodically monitors its exposure to risks. The process that led to the drafting of the Sustainability Report, in particular with regard to the building of the materiality matrix, brought to light sustainability-related risks.

Sustainability risks concern the medium-/long-term concretisation of the risk and its actual impact on the Group. As per the analysis carried out, the risks brought to light are adequately monitored by the specific reference departments.

Below please find the main sustainability risks identified, which are covered in more detail in specific sections of this Report.

The product strategic risk is linked to the impossibility, as per new rules and regulations, to use certain plastic and non-biodegradable materials, with a consequent impact on production capacity. The risk is managed and reduced with the establishment of a centralised unit at Group level dedicated to innovation, the Innovation Center, which constantly monitors the market and the evolution of the regulatory framework, the new materials and the new solutions available, also through the analysis of innovative start-ups. Please see also p. 18.

The risks linked to product quality and liability, deriving from the fact that the products are characterised by high qualitative standards and are subject to the strict rules and regulations that apply to the food sector, are managed by the individual companies of the Group. This management has been strengthened with the creation of a centralised Group department which coordinates and

offers support on matters related to product quality and regulatory compliance (*Quality & Global Regulatory Affairs* of the Group). Please see also p. 19.

Risks related to occupational health and safety are identified periodically in collaboration with the workers and their representatives. The main risks identified relate to workplace accidents. Mitigation activities are entrusted to a dedicated structure, which operates in conformity with the main management systems. The impact and the probability of occurrence of workplace accidents are reduced mainly through the definition of corrective actions that aim to modify the hazardous operative situation, and the provision of specific training aiming to increase awareness in those who may find themselves in risky situations. Please see also p. 26.

The environmental risks that are more pertinent to the Group concern atmospheric emissions and the possible spillage of hazardous substances. Mitigation activities are entrusted to a dedicated structure, which operates in accordance with the main internationally used and recognised management systems. The risk is reduced through continuous monitoring of the reference parameters and through modifications to the systems and plants. There is also a risk linked to the evolution of the regulatory framework on the environment, which is constantly monitored and kept up-to-date. Please see also p. 30.

The reputation risk is strictly linked to the relationships with the local communities, and derives from the fact that, in certain cases, the Group's production sites are very near or inside inhabited areas. This risk, strictly connected to other risks, such as environmental risks, risks relating to security and product safety, includes various types of impact, such as the visual impact, which are suitably assessed and managed. Please see also p. 36. The risk linked to the supply chain varies depending on the size of the supplier and the importance of the type of supply. In the case of large suppliers and of suppliers with high supply volumes, the main risk is linked to significant price increases. In the case of small suppliers, to whom we entrust personalised operations, the risk is linked to the interruption of the supply.

The risk is mitigated by the Group's purchasing department through the management of inventories and a continuous relationship with suppliers, which helps us anticipate and predict critical situations, allowing us to implement interventions for the mitigation or neutralisation of the risk. Please see also p. 34.



THE PRODUCT: INNOVATION AND SAFETY

For the Gerosa Group, being a responsible economic subject involves supplying products that fully meet the customers' needs and which comply with the highest food safety and environmental protection standards. The challenge for flexible food product packaging is to guarantee a high level of protection of the foodstuffs, allowing them to last longer and reducing food waste, and, at the same time, to reduce the environmental impact by limiting the use of raw materials and promoting the recyclability of the packaging once it has been used.

Both our stakeholders and the company deem product innovation and the safety of the packaged product to be fundamental aspects for Gerosa Group's success and sustainability and place them at the highest position of the materiality matrix ¹⁰³⁻¹.

While innovation is fundamental for anticipating the demands of a dynamic and constantly evolving market, food safety is a necessary condition on which the company's reputation is founded. Both these aspects guarantee the continued presence of the company on the market and the satisfaction of complex needs in a world in which social and environmental challenges are becoming increasingly urgent.

In 2018, the Group spent EUR 1.8 million (1.3 million in 2017) on research and development, i.e. 1.0% of the turnover (0.7% in 2017).

PRODUCT INNOVATION

Gerosa Group is aware of the fact that product innovation is a very important strategic goal and that its attainment requires a strong commitment, investments, and, above all else, an organisation that makes it possible to start with innovative ideas and translate them in concrete projects that can satisfy the stakeholders' requirements.

In late 2017, the Board of Directors of Cellografica Gerosa SpA approved the establishment of the Innovation Center, an independent unit with the mission to anticipate the needs of the market by monitoring societal evolution and change which, by influencing consumption, will also lead to changes in the packaging sector.

The Innovation Center is located in Inverigo, at the Parent Company, in a unit separated by design, with high operational autonomy. Although it interfaces with the various company departments, in particular with the sales department, research and development, the quality and purchasing departments, it operates autonomously, pursuing the objectives set by the Board of Directors ¹⁰³⁻² ¹⁰³⁻³, to which it submits periodic reports.

The Innovation Center's activity is based on 9 reference principles, included in the following manifesto:

INNOVATION MANIFESTO



DYNAMICITY



FLEXIBILITY



SUSTAINABILITY



RELATIONSHIP



ANALYSIS



CREATIVITY



COMMUNICATION



VALUE



INTEGRATION

- **Dynamicity**, to proactively tackle complex phenomena;
- **Flexibility**, understood as multidisciplinary, to guarantee a 360-degree vision of the reference context;
- **Sustainability**, which constitutes the latest challenge, to reconcile the requirements of the market and customers with social and environmental aspects;
- The **relationship** with the market, customers and suppliers, as fundamental partners for the success of the innovation process;
- The continuous **analysis** of data and information to allow the company to make conscious decisions;
- The **creative response** to real needs, to integrate the concept of development with that of innovation;
- **Communication** to promote innovations and strengthen the company's image and reputation;
- The creation of not just economic, but also social and environmental, **value**;
- **Work that is systemic and integrated** with all other company departments.

The activity of the Innovation Center is based, above all, on the creation of collaborations with customers, suppliers, universities and start-ups. Often, projects are born from joint development with various stakeholders, sometimes involving the entire value chain. The action areas on which the activity of Research & Development and Innovation focused in 2017-2018 are circular economy, intelligent interactive packaging, new packaging concepts. These three thematic macro-areas contribute to the attainment of the SDG 9, SDG 11 and SDG 12 goals.

The new plastic economy and circular economy

are pushing industries towards the eco-compatible design of products, so as to ensure their recyclability and promote a controlled and well-managed product end of life, where recycling for other uses and purposes is the preferred option. The main goals are recyclability, compostability, and the use of ancillary raw materials. In those areas, Gerosa Group has studied solutions for sustainable - recyclable and compostable packaging and laminates, made from just one material. The majority of these solutions has advanced beyond the industrial testing phase and some of them have already been placed on the market, among which a highly recyclable coffee packaging and a certified compostable printed film (SDG 11, SDG 12).

Intelligent interactive packaging, namely technologies and systems which, by using devices such as smartphones, tablets, and logistics tools, such as supermarket scanners, connect the packaging to digital content by reading the codes hidden in the print. These technologies make it possible for consumers to interact with producers and create a flow of information on the products, the supply chain, the correct management of waste at the product's

end of life, promotions, and other information that it would have been impossible to include on the limited surface of the packaging. In this context, we developed a project that is already being placed on the market (SDG 12).

New packaging concepts, namely new forms and new applications, such as innovative opening, closing and delivery systems, in line with social-economical trends (SDG 9, SDG 11, SDG 12).

Innovation also means study. In 2018, the Innovation Center; also as a result of the new EU regulatory framework on Circular Economy, such as the New Plastic Economy and the related guidelines at European level, made its own know-how available to customers to clarify any uncertainties arising from the various interpretations of the regulatory framework, offering support in consequent strategic decisions. We also intensified our collaboration with Ceflex (www.ceflex.eu), the association that promotes sustainability in the flexible packaging sector; and whose goals include the study and development of circular economy and of the proper management of packaging end-of-life, as well as the dissemination of awareness of the positive values of flexible packaging through serious scientific disclosure. In 2018 and in collaboration with Assografici, an Evening dedicated to sustainability was organised in Como (Italy), attended by many employees of the Group. During the event, authoritative speakers spoke of packaging sustainability and discussed topics related to end of line, treatment of waste, compostability and plastic materials. In addition, in 2018 Gerosa Group was one of the finalists of the Best Packaging Oscars with a coffee packaging designed to be recyclable, with an aluminium-free polyolefin structure and less thick than the previous solution.

PRODUCT SAFETY

Product safety is a necessary prerequisite for packaging intended to come into contact with food and is of fundamental importance for the leading role that Gerosa Group wishes to assume among food sector operators. For this motive, in early 2019 the Group decided to introduce the new Group department, Global Food Quality and Safety, which coordinates and supports the units that deal with product quality and regulatory compliance in the various companies of the Group, and reports directly to the Parent Company's General Manager.

With this new organisation¹⁰³⁻¹, Gerosa wants to offer services with very high added value in terms of food safety and transparency to the stakeholders of the food sector, especially to customers who, as they are

operating in global markets, need solid guarantees in terms of product safety and product compliance with the regulatory framework in force in the various Countries where said products will be marketed.

The activities of the Food Quality and Safety unit are guided by the Policies adopted by each Group company on the subject. The goals of the new Group department include harmonisation with said policies at Group level. Taking its lead from the Policies, operational efficiency in terms of food safety and quality is enhanced by the voluntary adhesion to the international ISO 22000 standard and to the BRC Global Standard, the internationally recognised GFSI (Global Food Safety Initiative) standard. All Group companies have adopted both standards and hold the related certifications (Artema-Plast has completed the pre-audit phase and scheduled the first audit for late 2019; Flexocit only holds the BRC certification)^{102-13 103-2}.

Gerosa Group believes that developing a dialogue with all sector operators on the subject of food safety is of paramount importance; it makes its own experience available by actively participating in sector conventions and associations on both national level, such as Giflex and the Italian Institute of Packaging, and international level, such as Ceflex and Flexible Packaging Europe. In 2018, Group representatives gave presentations at various conventions, among which the *Adhesives day Conference* (November 2018), Milan (Italy); *Food Packaging and Migration: Models and Calculations* (March 2018), Bologna (Italy); *NIAS and Mineral Oil International*

Conference (March 2018), Munich (Germany).

To stimulate internal debate, the *Quality, Food safety and Sustainability Meeting of Gerosa Group* is held annually, an occasion to share with all Group departments the state of the art of the regulatory framework on food safety and the results obtained. The 13th edition of the Meeting was held in November 2018.

Food safety monitoring led the Group to excellent results in terms of the number of non-conformity incidents reported by customers, and recognised as such, which may have an impact on food safety aspects. In 2018, the rate of incidents in relation to the number of products sold was lower than 0.1%¹⁰³⁻³.

In addition and up to the date of preparation of this Report, Gerosa Group has never been reported for non-conformities in terms of food quality and safety on the European RASFF (Rapid Alert Feed and Food) portal, the EU rapid alert system, set in place by the European Commission, the EU Member States and EFSA (European Food Safety Authority), which monitors and issues notifications, in real time, of direct and indirect risks for human and animal health and the environment arising from food, feed and materials designed to come into contact with food.

APPLICATIONS





DESIGNED
FOR
RECYCLING
ALU FREE

ABLE
AGING
LABELS

www.gerosagroup.com
info@gersagroup.com

GEROSA
Group
green soul system

NOT FOR SALE
AND
CONSUMPTION

THE PEOPLE OF GEROSA GROUP

People are at the heart of Gerosa Group activities. Only thanks to skilled and motivated people can the Group attain excellence goals and manufacture successful products. For this reason, the Group has a strong commitment to creating a welcoming working environment which puts people first and to promoting and developing the professional skills of its employees, by recognising merit and offering equal opportunities. The Group promotes fairness in interpersonal relationships to guarantee to all persons interacting with the Company conditions that respect personal dignity and the absence of discrimination or coercion. These principles, contained in the Code of Ethics and translated in specific Policies, are supplemented by particular attention to the well-being of the Group's employees and to the protection of diversity, as confirmed by the importance attributed to these topics in the materiality matrix ¹⁰³⁻¹.

The central importance of the individual is also reflected in the organisation, in which the Human Resources Manager reports directly to the General Manager.

We engage in continuous dialogue with the employees. The Human Resources Manager is available for additional information on contracts and on all aspects of the employment relationship; for workers, who constitute the majority of employees, the head of department is the first point of contact for any questions related to the organisation of labour ^{103-1 103-2 103-3}.

THE RESOURCES OF GEROSA GROUP ¹⁰²⁻⁸

The Group offers stable employment and aims to create lasting relationships with its collaborators: indeed, 96% of all contracts are indefinite. In addition to indefinite contracts, the company uses staff-leasing agreements to cover temporary production needs; should such needs persist, almost all these agreements are transformed in indefinite contracts within approximately one year ⁴⁰¹⁻¹. On 31 December 2018, Gerosa Group employed approximately 800 people¹, a number similar to that of the previous year.

¹including staff-leasing contracts

2018	Permanent contract			Fixed-term contract			Total employees
	Total	Women (n.)	Women (%)	Total	Women (n.)	Women (%)	
Italy	295	39	13.2%	0	0	0.0%	295
Spain	265	59	22.3%	7	1	14.3%	272
Romania	159	45	28.3%	20	2	10.0%	179
Total	719	143	19.9%	27	3	11.1%	746

2017	Permanent contract			Fixed-term contract			Total employees
	Total	Women (n.)	Women (%)	Total	Women (n.)	Women (%)	
Italy	289	40	13.8%	0	0	0.0%	289
Spain	269	58	21.6%	2	0	0.0%	271
Romania	156	43	27.6%	21	5	23.8%	177
Total	714	141	19.7%	23	5	21.7%	737

With regard to the types of contracts, part-time contracts are not very common, given the type of activity performed by the Group, and are mostly used for clerical posts. In 2018, 25 people - 3.4% of employees - had a part-time contract, of whom 5 men and 20 women (80% of all part-time contracts). In 2017, 25 employees had part-time contracts, of whom 7 men and 18 women (72% of all part-time contracts).

In 2018, 94 people were hired and 85 left the company. Outgoing turnover was 12%, slightly increased compared to 2017 (+9.6%), while the rate of new hires was 12.6%, similar to that of the previous year. Approximately half of the Group's turnover is generated in Artema-Plast, as the labour market in Romania is very dynamic due to the very low unemployment rate and great demand for specialised blue-collar workers that creates strong wage competition. In the other companies, the values are at normal levels for the sector.

The employees of the Group's companies are appointed in compliance with the respective national collective bargaining agreements¹⁰²⁻⁴¹. All Group companies, with the exception of Flexocit which represents 6% of Group employees, have put in place a collective agreement with their employees, which regulates aspects of work relating to holidays, production bonuses, professional training, benefits, and corporate welfare.

¹The turnover and the percentage of new hires are calculated based on personnel numbers at the start of the year.

DEVELOPMENT OF SKILLS AND KNOWLEDGE

In the evolution of the employment relationship, Gerosa Group undertakes to create and maintain the necessary conditions so that each employee's skills and knowledge can be expanded in accordance with the needs of the tasks assigned, following a policy based on recognition of merit and equal opportunities and foreseeing specific professional refresher programmes and others for the acquisition of additional skills.

Training goals include the guarantee of corporate continuity through the promotion of professional skills, the fungibility of personnel, the promotion of human resource coordination and management skills by managers⁴⁰⁺¹.

In 2018, employees received more than 16,000 hours of training, an increase compared to the previous year, both

TURNOVER ¹ by region 2018	Italy	Spain	Romania	Group
Hires	22	25	47	94
Exits	16	24	45	85
Employees at 31st December	295	272	179	746
Turnover %	5.4%	8.8%	25.1%	11.4%
Hires %	7.5%	9.2%	26.3%	12.6%

TURNOVER ¹ by region 2017	Italy	Spain	Romania	Group
Hires	18	8	64	90
Exits	12	17	42	71
Employees at 31st December	289	271	177	737
Turnover %	4.2%	6.3%	23.7%	9.6%
Hires %	6.2%	3.0%	36.2%	12.2%

TURNOVER ¹ by age group	≤30 years old		30< current age ≤50		>50 years old	
	2018	2017	2018	2017	2018	2017
Hires	32	46	52	38	10	6
Exits	18	20	44	31	23	20
Employees at 31st December	116	111	449	453	181	173
Turnover %	15.5%	18.0%	9.8%	6.8%	12.7%	11.6%
Hires %	27.6%	41.4%	11.6%	8.4%	5.5%	3.5%

in terms of absolute value (about 15.000 hours in 2017), in terms of the coaching per capita (on average 22 hours in 2018 against 20 hours in 2017).

The main training areas related to occupational health and safety, the Health, Safety and Environmental management systems, quality and GMP (Good Manufacturing Practices), food safety, linguistic skills, department-specific updates, and refresher courses. In 2017 and 2018, certain employees of the Parent Company participated in courses on coaching and Industry 4.0 systems. We also periodically organise courses on the Code of Ethics and the application of corporate regulations.

In the larger companies, the entire training process, from the planning phase to the courses themselves, is managed through dedicated procedures that involve all corporate departments, to which specific tasks are assigned. An additional element for the professional growth

of employees is the periodic assessment that certain companies perform on the results attained. Cellografica Gerosa SpA, Cellografica Gerosa SA and Artema Plast

perform this assessment annually, covering 48% of the Group's employees ⁴⁰⁴⁻³.

Training	2018			2017		
	Men	Women	Total	Men	Women	Total
Hours of training	11,892	4,581	16,269	11,964	2,558	14,565
Trained people	541	120	661	553	134	687
Total number of the employees	600	146	746	591	146	737
Average hours of training by employee ⁴⁰⁴⁻¹	19.82	31.38	21.81	20.24	17.52	19.76

EMPLOYEE WELL-BEING

Gerosa Group assigns great importance to the well-being of its employees; that is why it takes care of them in ways that go beyond the establishment of a fair employment relationship. To promote the creation of a positive working environment, as per the Code of Ethics, the Group also takes into account the daily needs of the people and their families, supplementing the traditional benefits that form part of the contractual relationship with more structured welfare plans and implementing interventions to enhance work/life balance.

The benefits, only for employees hired with indefinite contracts, consist in life insurance, supplementary health plans, fuel vouchers, meal vouchers, company cars and are provided in accordance with the policies of the individual companies and the respective contractual agreements ⁴⁰¹⁻².

To supplement them, Cellografica Gerosa SpA is the first Group company to have introduced, in addition to benefits, a welfare plan. In 2017, we signed an agreement that allows workers to convert the results bonus in welfare services, reducing their tax burden. The welfare services offered are addressed to the most varied family needs and range from education expenses, such as tuition, books and summer camps, to help for the elderly and non-self-sufficient people, including the possibility to purchase journeys and incur other expenses for leisure activities.

Another important intervention, implemented by Cellografica Gerosa SpA and Rieusset, is the application of flexible working hours. In Cellografica Gerosa SA and in certain special cases, it is possible to agree working hours that are compatible with specific needs. These interventions, although they require considerable

organisational efforts, were introduced to facilitate work/life balance, a subject that is very important to families in the current social/economic context.

The protection of health, even outside of working hours, is another element that the Group deems fundamental for the well-being of its people. The various companies have established prevention plans and undertaken initiatives to help employees deal with the most common illnesses (please see the chapter on Health and Safety), as well as emerging conditions, such as compulsive gambling disorder, for which Cellografica Gerosa SpA organised a training day led by experts.

DIVERSITY AND NON-DISCRIMINATION

The Group takes great care to avoid all forms of direct or indirect discrimination in all phases of the employment relationship.

The presence of women in Gerosa Group is comparable to that of manufacturing companies¹⁰³⁻². On 31 December 2018, women in the undertaking represented approximately 20% of employees, but this percentage varies among the individual companies of the Group,

depending on the type of processing that takes place in each plant and on the presence and incidence of load handling, especially of rollers for printing.

Our care to offer equal opportunities in career development is well represented by women in managerial posts, with percentages on the increase for the entire Group¹⁰³⁻³. On the other hand, the percentage of women among blue-collar workers is much lower, for the reasons mentioned above, while women occupy the majority of clerical posts.

Employees by category by gender	2018				2017			
	Total	Men	Women	Women (%)	Total	Men	Women	Women (%)
Managers	36	26	10	27.8%	33	25	8	24.2%
White collars	147	67	80	54.4%	148	64	84	56.8%
Blue collars	563	507	56	9.9%	556	502	54	9.7%
Total	746	600	146	19.6%	737	591	146	19.8 %

Employees by category by age	2018				2017			
	Total (n.)	≤30 years old	30< current age ≤50	>50 years old	Total (n.)	≤30 years old	30< current age ≤50	>50 years old
Managers	36	1	13	22	33	1	13	19
White collars	147	21	95	31	148	20	93	35
Blue collars	563	94	341	128	556	90	347	119
Total	746	116	449	181	737	111	453	173

TURNOVER ¹ by gender - MEN	2018	2017
Hires	80	72
Exits	71	54
Employees at 31 st December	600	591
Turnover %	11.8%	9.1%
Hires %	13.3%	12.2%

TURNOVER ¹ by gender - WOMEN	2018	2017
Hires	14	18
Exits	14	17
Employees at 31 st December	146	146
Turnover %	9.6%	11.6%
Hires %	9.6%	12.3%

¹The turnover and the percentage of new hires are calculated based on personnel numbers at the end of the reference year.

To monitor the correct application of the non-discrimination principles and in compliance with the principles enshrined in the Code of Ethics, we have created a confidential channel through which

employees can send possible reports on the subject of discrimination to the Supervisory Body. No discrimination instances, based on gender or of any other type, were reported in 2017 and 2018⁴⁰⁶⁻¹.

THE PRODUCTION ACTIVITY

Gerosa Group, as stated in the Code of Ethics, has always striven to operate to the best satisfaction of its customers, with respect for the environment and of a culture of safety at work, promoting responsible behaviours by all collaborators.

For this purpose, the Group constantly invests to adapt its production process to the best technologies available on the market and to anticipate the introduction of legal obligations.

In 2018, the Group, in order to strengthen the application of its own principles, decided to revise, also by using the materiality matrix, the main impact of its production activities, with the aim of improving its management. The materiality analysis brought to light aspects linked to occupational health and safety, the improvement of processes with the use of the new Industry 4.0 technologies, and the environmental impact, such as the consumption of resources, energy efficiency and climate change, pollutant air emissions, water management and waste management ¹⁰³⁻¹.

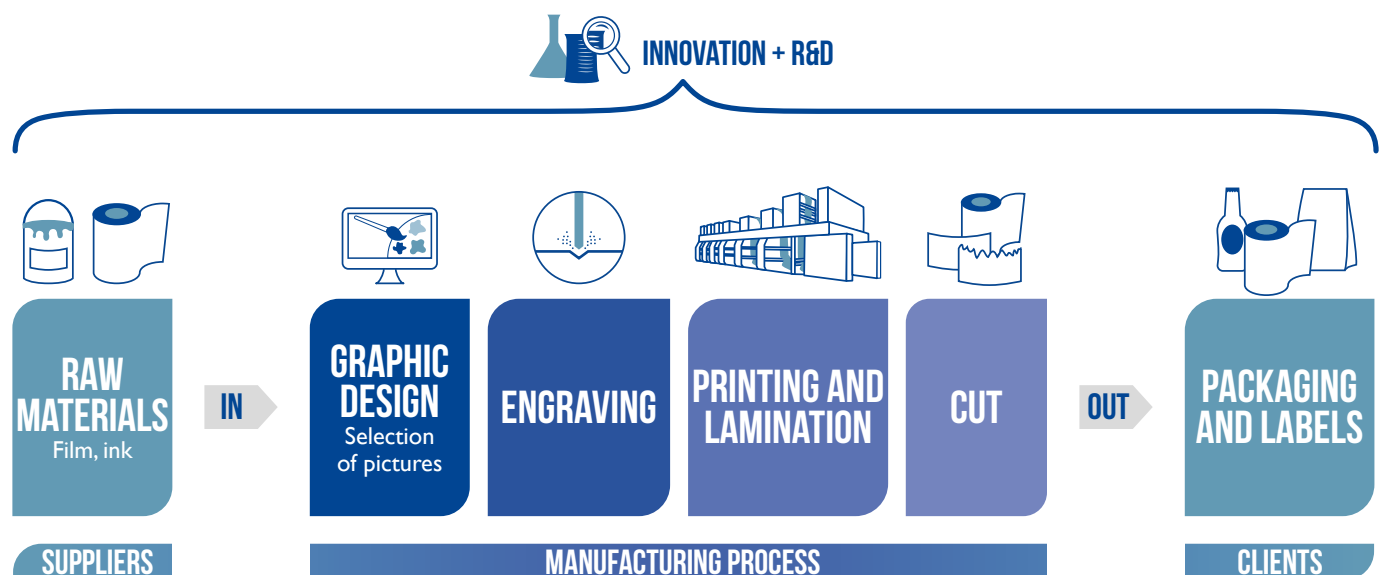
HEALTH AND SAFETY

Gerosa Group deems the health and safety of the people who work at its production plants to be a fundamental element of its way of conducting business ¹⁰³⁻¹.

The Group undertakes, as declared in the Code of Ethics, to disseminate and consolidate a safety culture, developing risk awareness and promoting responsible behaviours by all collaborators; in addition, such culture

helps to preserve, especially with the use of preventive solutions, workers' health and safety. The subject of occupational health and safety has been identified as a priority in the materiality analysis and is equally important to the company and to the stakeholders. Particular attention emerged in relation to the risk of fire and explosions, which both the company and the stakeholders believe to be important, as it concerns both safety at work and the relationship with the local community. The risk of fire and explosions at the Gerosa production plants is linked to the presence of solvents and inks used in the production process that may create inflammable and, in some case, explosive mixtures. Group companies have a policy on workers' health and safety, with which they handle the matter of Health and Safety in compliance with the applicable regulatory framework, adjusting to the current standards and their evolution, monitoring the operational activities and the parameters that pertain to safety at work, in order to adopt adequate measures for the prevention of risks of accidents and harm to health and plan adequate training and communication for the dissemination of the culture of safety, all with a view to continuous improvement. Each company has its own policy, inspired by the Parent Company's policy. To date, Artema-Plast is the only company that has not yet formalised a safety policy; the goal is for this to happen by 2019 ^{403-1 103-2}.

To comply with the obligations enshrined in the policies, the Group has developed a management system in accordance with the OHSAS 18001 standard, which applies to all people who work in the Group's plants, be they employees, interns or contractor employees ⁴⁰³⁻¹.





The Group's three largest plants, the Parent Company and the two Spanish companies, which jointly represent 71% of workers, already hold the OHSAS 18001 certification⁴⁰³⁻⁸, while the two remaining companies, whose management systems are in any case inspired by the standard, are expected to receive the certification by 2021.

Given the importance of Health and Safety, the responsibility in each Group company is entrusted to the top management: to the General Manager or to a delegated Manager, who reports directly to the Board of Directors, or, where envisaged by the regulatory framework, to the employer. Each company is organised in accordance with national standards and regulations, which envisage the involvement in the risk assessment of workers' representatives and of the company doctor, as well as of the subjects foreseen by national laws and regulations. Periodical - at least quarterly - meetings are organised, which, inter alia, analyse the trend of accidents and near misses, training on safety and the progress of implementation programmes for the attainment of the goals. In addition to these meetings, the workers' Health and Safety Delegate, as well as all specifically trained intermediate departments, are always at the disposal of workers to collect reports and suggestions⁴⁰³⁻⁴.

At individual Group company level, Management ensures the availability of the necessary resources that render the management system efficient, and in particular: personnel, technological resources and financial resources. The resources are planned in the annual budget, both in relation to current needs and in relation to new investments.

The objectives for the following three years, other than the continuous improvement of the management systems, are the consolidation at Group level of the culture of safety, the certification of all sites and the migration from OHSAS 18001 to ISO 45001, a transition that has already been completed by Rieusset on the date of preparation of this Report.

PREVENTION

The process by which risks are identified and assessed is fundamental for the management of workers' Health and Safety and involves, other than the Delegate, the

representatives of workers, the company doctor and the departments envisaged by the local regulatory framework⁴⁰³⁻².

The process is well defined and foresees a data and information collection phase, an actual risk identification phase, a phase of risk assessment and identification of workers exposed to such risk, as well a phase for the planning and scheduling of control measures. The results of this process are collected in a summary document drafted in accordance with the criteria set forth by the national regulatory framework and also taking into account any reports made by the workers. The plan for the implementation of interventions deriving from the risk assessment is controlled through internal audits. The assessment of risks and the application of the improvement plan are dynamic processes and are revised whenever there are significant changes in the production process and in the organisation of work that affect health and safety, also in relation to the degree to which technology and the regulatory framework evolve, or following accidents, incidents and the results of the sanitary inspections.

A dedicated analysis is performed for the risk of fire, for which a separate risk assessment document is drafted and periodically updated.

As well as the fire risk, the Health and Safety risks to which the Group's personnel are exposed are essentially linked to the production processes and to the use of equipment, and are mainly attributable to abrasions, cuts, crushing of limbs, fractures, contusions, falls from a height, postural pain.

Based on this information, training is an indispensable element for the mitigation of the risk. Gerosa Group allocates relatively important sums to training, especially on Occupational Health and Safety⁴⁰³⁻⁵. By receiving specific training, people acquire new skills and become more aware of and pay more attention to situations that are deemed potentially hazardous.

The employees follow periodical and documented courses on occupational health and safety. A specific course on these topics is also promptly organised for all new employees and in case of change of departments. In 2018, 1,838 hours of training were provided at Group level to more than 387 people on Health and Safety

subjects. The intensity and frequency of the training is strictly linked to the risk profile, to the responsibility and the tasks performed inside the management system. Persons tasked with relevant duties inside the management system receive an annual refresher course. Particular attention is paid to the training of the fire prevention team, the first aid team, persons who handle loads, and personnel performing work at a height^{4,5}. In 2018, fire prevention activities mainly concerned the incremental improvement of areas where inflammable substances are stored and the reduction of the presence of inflammable substances in the departments to the quantities that are strictly necessary for the works being executed. This last intervention was particularly challenging, because it involved, in addition to technical investments, the introduction of organisational and process-related modifications. In certain sites, Inverigo and Rieusset, we recently introduced, in addition to structured training, continuous information on topics pertaining to safety, the environment, the fire risk, and first aid, provided

by monitors in departments that remain operational 24/7. This new tool, which is in the process of being implemented at all Group production plants, aims to facilitate the consolidation of the information that has already been provided in training courses.

In 2018, there were 26 accidents at Group level, none of which were deadly and none of which had serious consequences. Although the number of incidents is not particularly high for the type of activity performed, it has not yet reached the "zero accidents" goal that the Group aims to attain.

The accident frequency index, which takes into account accidents suffered by employees and non-employees alike, stood at 17.73 in 2018, decreased by 5.6% compared to the previous year.

The main types of accident encountered during the year were: abrasions, cuts, crushing of limbs, fractures, lower-back morbidity, contusions, cuts to the limbs, sprains caused by impact, being caught and stuck between objects.

Gerosa Group	2017	2018
Employees		
Number of fatalities	0	0
Rate of fatalities	0	0
Number of high-consequence injuries ³	0	0
Rate of high-consequence injuries	0	0
Total number of injuries ¹	22	19
Rate ² of total injuries	16.78	14.58
Total of hours worked	1,310,853	1,303,427
Workers who are not employees but within the area of control of the organization		
Number of fatalities	0	0
Rate of fatalities	0	0
Number of high-consequence injuries ³	0	0
Rate of high-consequence injuries	0	0
Total number of injuries ¹	5	7
Rate ² of total injuries	39.65	43.09
Total of hours worked	126,101	162,434

¹For reporting purposes, we took into account those accidents that resulted in at least one day of absence. Commuting incidents were excluded.

²The accidents reference index is calculated as the number of accidents per 1,000,000 hours worked.

³Accidents with serious consequences are defined as those that resulted in absence that lasted for more than 6 months.

No certified occupational illnesses were reported in the last two years⁴⁰³⁻¹⁰.

PROMOTION OF HEALTH

Health inspections play an important role for the prevention of risk to health, and in particular for the prevention of occupational illnesses. Gerosa Group has always paid particular attention to the general health of workers and extends the activities of the company doctor beyond what is laid down by the regulatory framework on occupational health and safety⁴⁰³⁻⁶.

During his/her periodic visits to employees, the doctor also makes suggestions for the prevention of conditions that are not strictly linked to their job, such as cardiovascular problems, and for the adoption of a healthier lifestyle, and may recommend tests for people who may be at specific risk.

In 2018, we also launched structured programmes for the prevention of behavioural risk factors linked to chronic and degenerative illnesses. These programmes foresee, inter alia, the promotion of good practices in the workplace, with the aim of making it an environment that promotes the conscious and aware adoption of lifestyles that are conducive to good health.

INDUSTRY 4.0

Gerosa Group believes that process innovation linked to new technologies, commonly known as Industry 4.0, plays an important role in the attainment of its objectives to provide better services to customers, have a safe and healthy working environment, and limit the impact of its production activities on the environment.

Despite the fact that the relevance of this subject in the sector in which the Group operates is still marginal, the introduction of Industry 4.0 elements assumes a fundamental role for the development of Gerosa Group and has a dual purpose: on the one hand, it aims to improve the Group's economic performance, increasing product quality and the efficiency of the production processes, and, on the other hand, it aims to increase employee well-being, creating a working environment that pays attention to ergonomics and limiting human intervention in strenuous and repetitive activities for which no specific professional skills are required¹⁰³⁻¹.

In the context of the wider world of Industry 4.0, the Group focused on the introduction of digital technologies for the processing of large quantities of information (Industrial Big Data Analytics) with the aim of improving the efficiency of production activities; the extension of the Internet to the world of things (Industrial Internet of Things), to offer technologically advanced products; the introduction of advanced tools for the interface between workers, processes and control tools (advanced Human Machine Interface) to increase product quality and

production efficiency, and the automation of scheduled operations (advanced Automation) to improve work ergonomics and process efficiency¹⁰³⁻².

2018 saw the launch at full power of robotic systems for the automation of load handling and storage in various departments of the Inverigo plant, in particular in the roller warehouse, which made it possible to eliminate manual handling of very large and heavy equipment. The advance interconnection of these new systems will lead to an improvement of processes and product quality through predictive analyses based on the data collected. The activation of the new systems was accompanied by 510 hours of training in 2017 and 525 hours in 2018 and resulted in organisational changes, without however reducing the number of employees. In addition and always at the Inverigo plant, the project of advanced interconnection of the printing department is in process, while, at the Brescia plant, the automation of load handling in the cutting department has been completed. Lastly, the companies outside Italy are in the process of assessing the degree of digitalisation of the entire process and preparing the hardware structure for the use of Data Analytics.

The managerial approach to the issue has seen a push at Group level with the direct involvement of the CEO and local implementation. Based on their requirements, the individual companies independently decide on the investments; these investments are then approved by the respective Boards of Directors, in compliance with the values and goals shared at Group level.

In order to better direct investments pertaining to Industry 4.0, we are in the process of establishing a formalised policy at Group level, which will take into account the goals to improve economic performance, enhance work ergonomics and increase the professional skills of workers through specific training¹⁰³⁻³.

THE ENVIRONMENT

¹⁰³⁻¹ Gerosa Group sets out its commitment to the protection of the environment in the Code of Ethics; each company follows its principles and translates them in a programmatic document, of joint inspiration, revised annually, which enshrines the principles and sets specific goals.

The fundamental prerequisite of this document is compliance with the applicable regulatory framework and the principle of continuous improvement and represents the environmental policy that the companies adopt for the sustainable direction of their activities and for the prevention and minimisation of environmental risks.

The policy is translated into activity ¹⁰³⁻² in management systems structured as envisaged by the environmental UNI EN ISO 14001:2015 standard. At the time of

writing, the management systems of the Parent Company and of the subsidiaries Artema-Plast and Rieusset are certified (since 1998, 2011, 2016, respectively) and the management system of the Spanish subsidiary Cellografica Gerosa SA is in the process of being certified. Currently, therefore, the management system covers 95% of the Group's personnel.

Responsibility on environmental matters is delegated to each Group company at top management level, to the General Manager or an Environmental Delegate as the case may be; in any case, they report directly to each company's Board of Directors.

USE OF RAW MATERIALS

The main raw materials used in production are plastic films made of polyethylene, polypropylene, polyester, polyamide and PVC, paper and aluminium, which

301-3

Consumption of raw materials (tons)	2018	2017	Delta %
Plastic film	31,042	30,132	+3.0%
Paper	7,681	6,740	+14.0%
Aluminium	3,809	3,363	+13.3%
Additional materials (ink, coating, adhesives, primer)	1,062	908	+16.9%
Total	43,594	41,143	+6.0%

form the base for packaging. They are complemented by ancillary raw materials, such as inks, varnishes and adhesives necessary for printing, finishes and coupling. The raw materials arrive in rolls and the ancillary materials are supplied in tanks and drums directly by specialised suppliers.

All paper purchased originates from renewable sources and is FSC certified. The other materials originate from non-renewable sources ³⁰¹⁻².

In 2018, the largest consumption was related to the increase of production volumes, which, for printing alone, increased by 5%¹.

Gerosa commits to sustainable use of resources, working to minimise their use at the start of the production process and to improve the recovery of waste downstream.

The Innovation Center and the Research & Development

departments of the Group work constantly for the production of packaging that minimises the use of raw materials without affecting the features of the end product, which must be able to guarantee the adequate protection of its contents.

The effort to recover raw material waste consists, depending on the type of materials, in the sale on the market for reconditioning and creation of secondary raw materials, and in the transformation into thermal energy, which is re-used in the production cycle with the use of waste-to-energy processes. With regard to secondary raw materials, the activity consists in the recovery of ethyl acetate, a volatile solvent of inks, varnishes and adhesives, which is then used inside the production process or which, if it exceeds needs, is sold as secondary raw material, generating income for the company. The choice to recover the solvent, made by the Parent Company as early as 1981, was a ground-breaking choice in the flexible packaging sector; as, on the one

¹340 million sq.m. printed in 2018 and 324 million in 2017 ¹⁰²⁻⁷

hand, it anticipated the legal obligation to limit pollutant air emissions, and, on the other, introduced a circular economy concept with the recovery of production cycle materials. Today, Group companies who mainly or fully print using rotogravure technology and, therefore, use recoverable solvents, are all equipped with solvent recovery systems.

ENERGY AND CLIMATE CHANGE

¹⁰³⁻³The production process needs energy to power the printing and incision machines, for the generation of heat to be used in the production process during the

drying phase, to supply the air emission-limiting systems, to power the waste-to-energy system and for heating, cooling and lighting the premises. Production activity absorbs the majority of the total energy needs ³⁰²⁻¹. The energy used is acquired in the form of electricity and methane.

In 2018, energy consumption stood at 299,274 GJ, an absolute value higher by 1.5% compared to the previous period. Consumption per square meter of product, on the other hand, decreased by 5% compared to 2017, thanks to energy efficiency interventions ³⁰²⁻³.

Gerosa continuously strives to minimise the energy

Energy consumption in GJ	2018	2017
Electricity	63,937	58,380
Natural gas	235,337	236,414
Total	299,274	294,794

impact of its activity and the consequent CO₂ emissions. ¹⁰¹⁻³ For this reason, it performs studies for the improvement of the energy performance of systems and for the assessment of alternative processes with a lower impact, taking into account the impact as a whole, on a case-by-case basis given the size of the company and the features of the production cycle. ³⁰²⁻⁴ As an example, the Group made the choice to cool the water used in the production cycle with evaporation towers, which consume more water compared to cooling groups but make it possible to save significant amounts of electricity. Following the expansion of the production plants, we are in the process of executing the recalculation of the

carbon footprint per production phase and per product, to identify possible intervention areas, also by innovating the processes and products. The interventions for the reduction of CO₂ emissions consisted, for the year of interest, in the introduction of high-efficiency motors, the recovery of thermal energy from auxiliary systems, internal transport, lighting.

In 2018, the total greenhouse gas (GHG) emissions stood at 18,279 tonnes, reduced by approximately 2% compared to 2017, while the variation of the intensity of total CO₂ emissions per square meter of product decreased by 8.5% ³⁰⁵⁻⁴.

305-1 305-2

GHG emissions (ton Co ₂ eq)	2018	2017
scope 1 ¹	13,164	13,471
scope 2 ² - Location based approach ³	5,114	5,203
scope 2 ² - Market based approach ⁴	7,980	7,300
Total GHG emissions - Location based approach³	18,279	18,674

¹Scope 1: these are the emissions originating from emission sources owned or directly controlled by the Group;

²Scope 2: these are the emissions originating from the production of electricity that the Group purchases from external suppliers;

³Location based: represents the average intensity of emissions in relation to the national grids from which energy is obtained;

⁴Market based: indicates the emissions that are directly associated with the type of electricity purchased by the Group.

AIR POLLUTANT EMISSIONS

The main air pollutant emissions of the Group are NOx and VOC ³⁰⁵⁻⁷.

The sources of NOx are the boilers for the production of thermal energy, the combustors for the sanitisation of air saturated with solvents, the co-generator for the

production of electricity and thermal energy, and the waste-to-energy oven. ¹⁰³⁻³ In 2018, emissions decreased by 4% in absolute value and by 10% per square meter of product compared to the previous year and comply with the parameters set by the regulatory framework in force ³⁰⁵⁻⁴.

305-7

Air pollutant emissions (tons)	2018	2017	Delta %
NOx	40.34	41.70	-3.4%
COV	1,546	1,398	+10.6%

The source of VOC is the use of solvents. In 2018, VOC emission increased by 11% compared to the previous year, while the intensity of VOC emissions per square meter of product increased by approximately 3%. The 2018 emissions comply with the parameters set by the applicable regulatory framework.

WATER MANAGEMENT

The Gerosa production process does not consume significant amounts of water. Nonetheless, Gerosa commits to monitoring and optimising the consumption of water resources ³⁰³⁻¹.

Water is mainly used to cool the mechanical components of the printing process, for galvanic processing, and for civilian purposes. The printing process uses 70% of the water intake, which travels in a circuit which starts from the machines and passes to the cooling evaporation towers; once cooled, the water that has not evaporated returns to the machines. ¹⁰³⁻³ Where lower temperatures are necessary, cooling units are also used. Where the use

of water is more problematic, only cooling units are used instead of evaporation towers. Water is supplied entirely from the aqueduct and is discharged through the sewage system ^{303-1, 303-2}.

The discharge is divided into civilian and industrial uses. With regard to galvanic activities, the water, before being discharged in the sewerage, is processed inside a chemical/physical treatment station and is analysed daily to check that the concentration of metals complies with the limits laid down by the regulatory framework. Should the concentration of metals exceed these limits, the water is processed anew until it reaches the limits allowed. The entire analysis process is periodically checked by a certified external laboratory.

The installation of an osmosis system for filtering water and reducing conductivity is included in the main actions aiming to reduce water consumption by improving the production process. In this way, the quality of the water improves and the work of the evaporation towers becomes more efficient.

Water management	2018	2017	Delta %
Water withdrawal m ³ ³⁰³⁻³	67,973	70,605	-3.7%

WASTE MANAGEMENT

Inevitably, production activities, especially at the start of the work, generate production waste. Gerosa constantly strives to reduce the incidence of production waste by improving the production process and by using advanced solutions to use waste, such as waste-to-energy, re-use in the production cycle, sale for conversion in secondary raw materials¹⁰³⁻³. Waste to which it is impossible to give new value becomes waste and is managed in compliance with local rules by persons responsible for environmental

matters, assisted by the respective technical offices, which perform the necessary controls of carriers and recipients, carefully choosing specialised external companies depending on the type of waste. In addition to production waste, the process as a whole contributes to the production of waste, such as the packaging of raw materials.

In 2018, the Group produced 9,513 tonnes of refuse, 89% of which were not hazardous. The quantity of recovered/recycled waste stood at 40%, while 7% of

Waste management 2018 (tons)	Total waste	Recovered/recycled quantity	Disposed quantity	Quantity sent to on-site incinerator
Hazardous	1,059.87	252.89	806.98	0
Non-Hazardous	8,453.62	3,566.88	4,192.07	694.68
Total	9,513.48	3,819.75	4,999.05	694.68
		40%	53%	7%

Waste management 2017 (tons)	Total waste	Recovered/recycled quantity	Disposed quantity	Quantity sent to on-site incinerator
Hazardous	864.91	237.16	627.75	0
Non-Hazardous	8,342.30	3,201.44	4,484.89	655.97
Total	9,207.21	3,438.60	5,112.64	655.97
		37%	56%	7%

waste was sent to the internal waste-to-energy plant. In 2018, hazardous waste represents 11% of all waste generated. The main hazardous waste consists of spent inks and plastic tanks that contained inks, which jointly represent 55% of all hazardous waste³⁰⁶⁻³.

SPILL PREVENTION

In 2018, there were no spills which caused an impact on the environment³⁰³⁻⁶.

The heavy metal baths for the phases of copper plating, galvanisation, nickel plating and chrome plating of the cylinders and the printing inks are the most hazardous liquids on which preventive activities are focused.

The activities dedicated to the prevention of spills include modifications to storage, transit, production areas and the training of personnel for the management of possible emergencies. Containers of absorbent material were

installed in all risk areas, to manage emergencies and render interventions more immediate. The solutions adopted and the intervention ability are checked with drills, to verify their effectiveness on site.

In addition, we prepared containment systems of meteoric water to prevent direct entry in the sewage network of any ink residues present on the exterior surfaces of the company.

THE SUPPLY CHAIN

Gerosa Group is aware that its business activities exceed the limits of the company and that it needs to work with its suppliers to satisfy the expectations of its customers, thus supporting mutual growth.

The Group promotes and implements a thorough policy in the choice of suppliers, developing relationships that lead to the creation of value and prioritising long-term relationships and local suppliers. The relationships are managed in conformity with the principles of fairness and impartiality and in compliance with internal procedures and delegated powers.

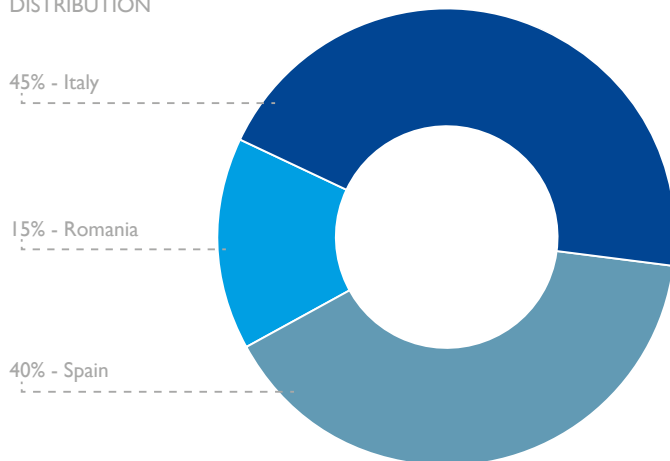
Given the nature of its activity, the Group pays particular attention to direct suppliers of raw materials and the relationships are managed directly by the Parent Company, Cellografica Gerosa SpA. The relationships with service providers and suppliers of other materials, on the other hand, are delegated to the individual companies, with the exception of system and machinery suppliers, who supply strategic goods ¹⁰²⁻⁹.

SUPPLIERS OF RAW MATERIALS ¹⁰²⁻⁹

The purchase of raw materials falls within the purview of the individual companies based on the common operational guidelines shared at Group level, which include the general purchase terms and conditions. The persons responsible for the purchase of raw materials in each company, coordinated by the Parent Company manager, report directly to the respective General Manager.

In 2018, Gerosa Group purchased nearly 50,000 tonnes of materials from approximately 110 suppliers, an increase of 7.5% compared to the previous year.

PURCHASED VOLUMES DISTRIBUTION

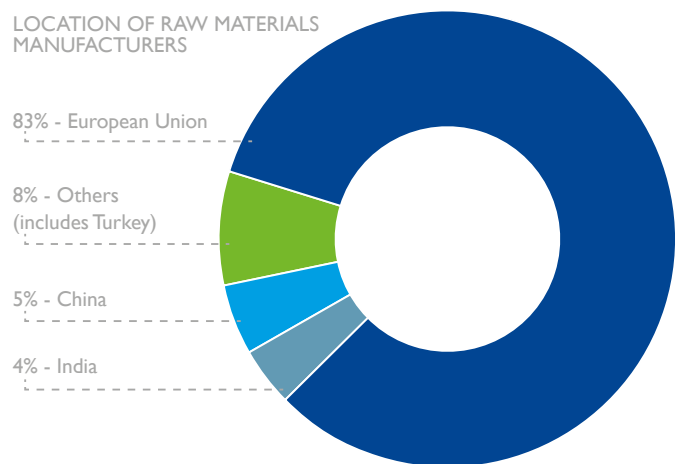


The geographical distribution of the volumes purchased is shown in the graph below:

In terms of materials purchased, approximately 30% of the total Gerosa Group purchases pertains to polypropylene, approximately 15% to polyethylene, 12% to paper, 9.5% to inks, 7% to aluminium and 6% to polyester; the remaining 20% is composed of lower percentages related to various types of ancillary raw materials (inks, glues and varnishes).

The pie chart below shows the geographical location of the manufacturers of the main raw materials used.

LOCATION OF RAW MATERIALS MANUFACTURERS



The direct suppliers of polypropylene are usually global medium-large companies. In the case of polyethylene, on the other hand, given the need for very specific products for each processing, we have recourse to medium-small suppliers located near the production plants, who can guarantee faster supply and are able to adapt the product to the specific requirements. Nearly all suppliers of polyethylene to the Italian (Cellografica Gerosa SpA and Flexocit) and Spanish (Cellografica Gerosa SA and Rieusset) companies are national, located in Italy and Spain respectively. Raw materials that originate outside Europe relate mainly to the polyester and aluminium sector; in this market, relationships with the Turkish, Indian and Chinese manufacturers are also built through intermediaries. The economic connection to certain suppliers is significant, but their link to turnover, which does not exceed 7% for any one of them, is constantly monitored.

We should point out that the polypropylene sector is going through a crisis, caused by excess supply compared to the market's demand, a situation that is leading the various operators to collaborate but which, for the

time being, has not had an impact on the Group's procurement GRI ¹⁰²⁻¹⁰. In 2018, there were no significant changes in the supply chain at Group level.

SUPPLIER QUALIFICATION AND ASSESSMENT

As foreseen by the Code of Ethics, the qualification of suppliers and the purchase of goods and services are made based on objective assessments of the competitiveness, low cost, reputation on the market, ability to comply with the applicable regulatory obligations (e.g. occupational health and safety, regulatory framework pertaining to supervision, confidentiality, etc.) and possession of the most important and relevant certifications.

The supplier qualification process foresees the compilation of a self-assessment questionnaire on topics of Food quality and safety, including the BRC Global Standard (the global standard of the British Retail Consortium). Suppliers also receive the Code of Ethics and the set of information on the adoption of an Environmental (ISO 14001) and Occupational Health and Safety (OHSAS 18001; ISO 45001) management system. We have created a contact channel for communications that pertain to the risks related to the products supplied.

With the aim of strengthening control of the supply chain and guaranteeing the uniformity of the process among Group companies, we are in the process of revising the supplier qualification process; the revision will be completed by 2020. This process foresees the inclusion in the assessment of environmental and social aspects, with particular focus on health and safety, environmental sustainability, human rights and management of the supply chain, and foresees the alignment of questionnaires inside the Group. We will also draft a code of ethics for suppliers and the qualification process will be extended to intermediate suppliers.

Gerosa Group assesses its suppliers on an annual basis, based on objective criteria, such as punctuality, quality, flexibility, cost. At the end of the process, the results are shared with the suppliers for the implementation of possible corrective actions. In addition, the personnel of the Purchasing Division carry out periodical rotational audits.

In 2018, the department performed 4 audits, 2 of which in the polyethylene sector. ⁴¹⁴⁻¹ Given their size, particular attention is paid to the suppliers of this last product sector.

COLLABORATION RELATIONSHIPS WITH SUPPLIERS

Gerosa Group deems collaboration with suppliers to be fundamental for meeting head-on the challenges posed by innovation and range in various contexts. The Innovation Center and the Research & Development department continuously promote and maintain collaboration relationships (please see the chapter on Products - p. 18 - for more details).

Priority is given to long-term relationships, as they can create value in the long term for the entire supply chain. Another aspect of the responsibility to the supply chain in this context is the support provided to small suppliers who have had temporary financial difficulties through advance payment of orders, payment on demand, or opening supply chain credit.

////////////////////////////////////
SUPPLY CHAIN FINANCE:
guaranteeing suppliers the Group's financial rating, instead of their own, vis-a-vis financial institutions, possibly in exchange for better contractual conditions
////////////////////////////////////

THE RELATIONSHIP WITH THE LOCAL COMMUNITIES

The Group's business activity has a significant social impact on the territory and the communities in which it operates, directly or indirectly creating employment. In addition, by paying national and local taxes and duties and through donations, the Group contributes to the asset management and the provision of services, creating well-being.

Gerosa Group has always endeavoured to support provincial and regional schools and professional training programmes and to finance social initiatives by public and private bodies in the surrounding areas. Where possible, the Group prefers procurement from local suppliers ¹⁰³⁻¹.

INITIATIVES THAT BENEFIT THE LOCAL COMMUNITIES

Since its foundation, Gerosa Group has paid particular attention to local communities.

The first activities by the founding partners, Giuseppe and Luigi, and by their families in support of the work done by Don Carlo Gnocchi for the treatment of young war wounded, go as far back as the first years of the Group's establishment, in 1935; this was also the start of the charity work to welcome and support young people in their studies. Since then, the link to the territory has only become stronger; the growth of the Group was accompanied by a desire to form positive relationships with the local communities, which was also shared with the new companies that became part of the Group. Attention to local needs and constant planning for the future have led the Group to focus on the needs of young people. For a company that grows together with its territory, local young people are a natural travel companion who must be supported, so that we can design future well-being together.

This assumption has led to interventions to promote study and professional training, and sponsorship of sports and cultural activities, that are also important for the creation of a positive growth environment.

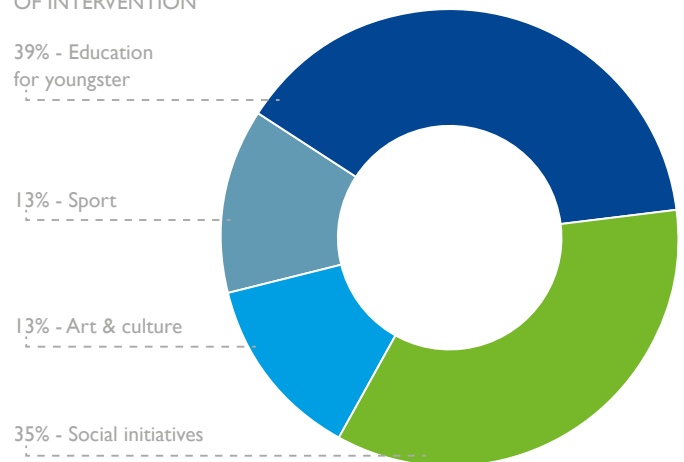
These initiatives are supplemented by the evergreen commitment in social assistance activities, such as care for the elderly and the disabled, support to families and individuals, and interventions in the event of a natural disaster.

The relationships with the local community are managed by the individual Group companies directly by the CEO or the General Manager, in line with what has been laid down in the Policy for the management of interventions

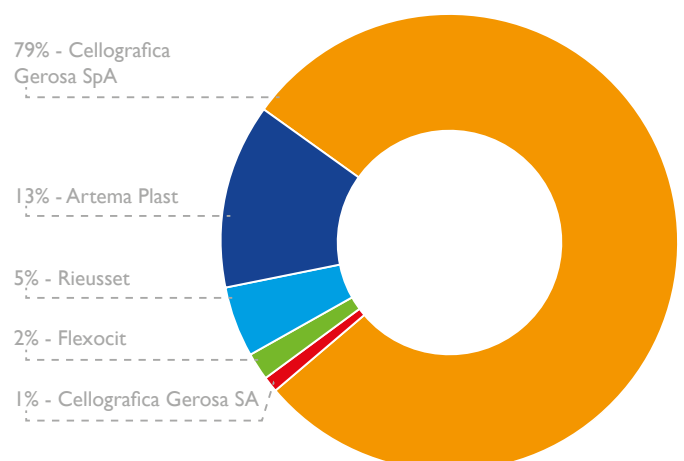
for the benefit of communities, drafted in 2018 and in the process of being approved by the Group's companies. The allocation of resources is defined in a budget drafted annually by the Board of Directors; the definition of expenditure decisions includes an assessment of coherence with the Group's values and business needs. Priority is given to recurring support to specific institutions, so as to guarantee continuity of sources for the implementation of projects with a significant impact ^{103-2 103-3}.

In 2018, the Group donated more than EUR 60,000, an increase of 16% compared to the previous year: 92% of the donations concerned projects inside

DONATIONS BY AREA OF INTERVENTION



DONATIONS BY GROUP COMPANIES



the municipalities and provinces where the Group's companies have their registered office.

The most important sums were donated towards the training of young people. In this context, the Group provided scholarships for high school students, in particular for graphics and design courses, and for the realisation of (international) projects. The latter, born from the collaboration among some Group companies, gave Italian students the possibility to do an internship abroad, and were received with enthusiasm by schools and students, with positive results that were reported in the press. In addition and in the context of the national Italian programme for "dual-training systems" (learning and working), Cellografica Gerosa SpA showed considerable flexibility and dedicated 500 working hours of its personnel to tutoring activities for students who are about to finish high school, showing its appreciation for the Government's initiative. The activities for training young people and helping them get closer to the world of work also involved the Group welcoming school groups of various orders and grades at the production plants; these visits served as career advice and were part of projects studying the lifecycle of industrial products. In addition, the Group's companies supported some local sports activities through donations to the associations and by promoting the tournaments.

With regard to arts and culture, Cellografica Gerosa SpA chose years ago to support FAI, the Italian Fund for the Environment, becoming a Golden Donor. This choice, which has continued apace, reflects our awareness of the beauty of Italy and our determination to preserve its value for present and future generations. This intervention was accompanied by contributions to local initiatives for the promotion of literature and music. Those Group companies who are more in contact with urban life have provided financial resources towards social activities, in particular related to the care of individuals, supported by the main public and private bodies active in the territory. They include municipalities and, for Cellografica Gerosa SpA, the Don Carlo Gnocchi Foundation.

Another important aspect of the connection to the territory is the active participation of the Group's representatives in sector associations that operate in the territory. Through this participation, the Group shares its experience and supports smaller businesses in their growth, thus contributing to the development of the territory.

Gerosa Group and Cellografica Gerosa SpA, in particular, also take part in research and divulgation activities for the benefit of a wider public, beyond the limits of the sector. In 2018, for example, it supported the "Business sustainability in the Como region" research project by Confindustria Como, the Chamber of Commerce and the University Carlo Cattaneo of Castellanza (LIUC), which analysed the critical issues, policies and actions on

the matter of sustainability of businesses established in the Como region. Equally, in 2018 the Group supported the Como Graphics Committee in the organisation of an information evening on circular economy, with authoritative speakers from the world of recycling of plastic materials and bioplastics, such as Corepla, Montello and NatureWorks.

EXTERNALITY MANAGEMENT

Gerosa Group believes that its attention to local communities also passes through a rigorous control of the externalities that have a greater impact on said communities. Among the most relevant impacts, it identified the visual effect of buildings and plants and the generation of noise, an impact that is more important in cases where the production plant is located in an urban setting and that, therefore, involves the Group's companies in various ways.

The managers of each company's new plants study preventively the noise emissions of plants and machinery to plan soundproofing interventions, and assess, with the help of an architect, the aesthetic aspects that are necessary to reduce the visual impact of new constructions and installations. The Parent Company's new plant manager directs colleagues in the other companies and guarantees the exchange of experiences, so that the goals set may be attained and for the economic efficiency of the interventions.

The search for the best available technologies and new logistics solutions, such as the segregation of the noisiest activities, has produced important results, as in the case of the Inverigo plant, where the emission levels recorded are a lot lower than those envisaged by the law⁴¹³⁻².

THE GROUP'S CERTIFICATIONS

THE GROUP'S CERTIFICATIONS AND THE ECOVADIS SUSTAINABILITY RATING

2018	 01 Cellografica Gerosa SpA	 04 Cellografica Gerosa SA	 07 Rieusset	 02 Flexocit	 08 Artema Plast
UNI EN ISO 9001	√	√	√		√
OHSAS 18001	√	√	√		
BRC Global Standard	√	√	√	√	WIP 2019
UNI EN ISO 22000	√	√	√		√
UNI EN ISO 14001	√	WIP	√		√
FSC Standard		√	√		
Sedex	√			√	√
DPG ¹	N/A	N/A	√	N/A	N/A
DIN ² compostability	√				
Ecovadis	√	√			

At the time of drafting of this Report (September 2019)

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

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

ECOVADIS SUSTAINABILITY RATING

Cellografica Gerosa SpA and SA have decided to apply for the EcoVadis sustainability rating. At the time of drafting of the Report (September 2019), they have obtained the GOLD and SILVER certificate, respectively.



Cellografica Gerosa SpA



Cellografica Gerosa SA



UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, UNI EN ISO 22000:2005, OHSAS 18001:2007, BRC/IOP ISSUES, SEDEX, SMETA AUDIT METHOD, CSR RATING GOLD AND SILVER ECOVADIS, DPG CERTIFICATION GUIDELINES

METHODOLOGICAL NOTE

SCOPE AND DEFINITIONS

The 2018 Sustainability Report, the first for Gerosa Group, relates to the financial year from 1st January to 31st December 2018 ^{102-48 102-49 102-50 102-51 102-52} and was drafted in conformity with the GRI Sustainability Reporting Standards (GRI Standards), based on the “in accordance-core” option ¹⁰²⁻⁵⁴; it was subject to limited revision by EY SpA, an independent third-party company.

The scope ^{102-45 102-46} 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 ¹⁰²⁻¹, has its registered office in Inverigo (CO) at via Al Gigante 23 ¹⁰²⁻³; the details concerning the production plants of the companies included in the scope of this Sustainability Report are indicated in the chapter “Gerosa Group: a consolidated company”.

At the time of publication of this Report, there were no significant events that occurred in 2019 and that would be relevant to the information on sustainability presented in the document.

THE PRINCIPLES FOR THE DEFINITION OF THE CONTENTS AND FOR THE REPORT'S QUALITY GUARANTEE

The principles used for the definition of the contents and for the quality guarantee of this Report are the Reporting Principles laid down by the GRI 101 Standard: Foundation (completeness, sustainability context, inclusivity and materiality for the definition of the report's contents and accuracy, reliability, clarity, comparability, balance, timeliness for quality guarantee).

MATERIALITY ANALYSIS

In order to identify the key aspects to cover in the document, and, more in general, on which to focus the efforts of the Group in the field of sustainability, Gerosa performed a materiality analysis in line with the

directions of the GRI Standards.

For the first year, the work was coordinated directly by the Deputy Chairman, who is also the CEO, and the Financial Manager. In the future, the work will instead be guided by the Group's Sustainability Manager in coordination with the Sustainability Committee, which is composed of the Sustainability Managers of the individual companies of the Group, and the Group's Managers for various sustainability-related issues.

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, perhaps, 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 managers of the Group's companies.

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 who were involved in the materiality analysis through direct interviews and workshop belong to various categories: employees (25), customers (15), suppliers (6), representatives of the local community (4), representatives of the institutions (8). The stakeholders to be interviewed were selected by the managers of the Parent Company's relevant departments and were approved by the coordinators (Deputy Chairman and Financial Manager). The data were aggregated using the 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 Administrators of the Parent Company.

THE MATERIAL TOPICS

The material topics ¹⁰²⁻⁴⁷ identified are describe below.

- Product innovation - it includes all key topics on which the Group's research focuses (extension of shelf life, circular economy, recyclability, research on materials, dialogue with suppliers and customers to generate innovation).
- Product quality and safety - the topic of product safety is of fundamental importance for a company that manufactures for the food sector.
- Occupational health and safety - the health and safety of the employees of a manufacturing undertaking is a central topic.
- Fire and explosion risk - the type of production requires solvents and other mixtures which, if concentrated and hit by a spark, can explode. The topic is also connected to the situation of certain other plants.
- Water management - control of outgoing waters to check that they do not contain pollutants.
- Employee well-being - initiatives for the improvement of the quality of life of employees and their families to create a positive working environment.
- Air pollution emissions - control of air pollutant emissions, in particular NOx and VOC.
- Commitment to the Local Communities - the topic also includes the management of noise and of the visual impact.

- Energy efficiency and Climate Change - the Group's commitment to rational use of energy and fight against climate change
- Waste management - the waste produced pertains both to the environment and to finance, due to disposal costs.
- Economic performance - the continued presence of the company on the market is a necessary condition for sustainability.
- Diversity and equal opportunities management - avoid discrimination, appreciate the qualities of people regardless of gender and create a positive working environment.
- Industry 4.0 - process innovation and improvement of production processes thanks to technology.

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 GRIs (GRI Topics) 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 TOPICS FOR GEROSA GROUP	GRI STANDARDS ASPECT	ASPECT BOUNDARY		LIMITATIONS OF ASPECT BOUNDARY	
		Internal	External	Internal	External
Product innovation	-	Group	-	-	-
Product and quality safety	-	Group	-	-	-
Occupational health and safety	403 - Occupational health and safety (2018)	Group	Workers not employed	-	Accountability limited to temporary workers
Fire and explosion risk	403 - Occupational health and safety (2018)	Group	-	-	-
Water management	303 - Water and Effluents (2018)	Group	-	-	-
Employee well-being	401 - Employment	Group	-	-	-
Air pollution emissions	305 - Emissions	Group	-	-	-
Commitment to the 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 opportunities management	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 has been mentioned in the text.

HEALTH AND SAFETY

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

- we took into account those accidents that resulted in at least one day of absence;
- commuting accidents were excluded from the calculation;
- days lost because of accidents are calculated as calendar days from the day after the occurrence of the event.

ENVIRONMENT

As a result of the different legislative contexts, in certain limited cases the data on the environment were not available in the form envisaged by the indicator. In those cases, we used conservative estimate approaches 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 were obtained from the table of national standard parameters published annually by the Ministry of the Environment, Land and 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 they were present in the year of reference, a description was inserted.

The calculation of emissions deriving from emission sources owned or directly controlled by the Group (Scope 1) used: 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 and 1.972 in 2018); 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 annually.

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).

The following emission factors were used: for Location Based, the emission factors were obtained from Terna international comparisons based on Enerdata data

kgCO ₂ /kWh	2018	2017
Italy	0.360	0.375
Spain	0.254	0.301
Romania	0.284	0.306

For Market Based, the emission factors were obtained from AIB - European Residual Mixes, updated annually

kgCO ₂ /kWh	2018	2017
Italy	0.483	0.476
Spain	0.448	0.446
Romania	0.401	0.425

The NO_x were estimated based on punctual periodic reporting of concentrations, which are then multiplied by system capacity and hours of operation. The VOC (Volatile Organic Compounds) were calculated in accordance with the instructions of the Solvent Management Plan, drafted in compliance with the regulatory framework.

For further information, you may contact sustainability@gerosagroup.com ¹⁰²⁻⁵³



GRI CONTENT INDEX ¹⁰²⁻⁵⁵

GRI Standard	GRI Standard Description	Page number	Omissions	Reference to the document
GENERAL DISCLOSURES				
ORGANIZATIONAL PROFILE				
102-1	Name of the organization	p. 6; p. 40		Gerosa Group: a consolidated company Methodological note
102-2	Activities, brands, products, and services	p. 6		Gerosa Group: a consolidated company
102-3	Location of headquarters	p. 40		Methodological note
102-4	Location of operations	p. 6		Gerosa Group: a consolidated company
102-5	Ownership and legal form	p. 14		Corporate Governance
102-6	Markets served	p. 6		Gerosa Group: a consolidated company
102-7	Scale of the organization	p. 7; p.30		Gerosa Group: a consolidated company The production activity: the environment
102-8	Information on employees and other workers	p. 22-23		The people of Gerosa Group
102-9	Supply chain	p. 34-35		The supply chain
102-10	Significant changes to the organization and its supply chain	p. 34-35		The supply chain
102-11	Precautionary Principle or approach	Gerosa Group does not apply the Precautionary Principle		-
102-12	External initiatives	p. 14		Corporate Governance
102-13	Membership of associations	p. 19-20		The product: innovation and safety
STRATEGY				
102-14	Statement from senior decision-maker	p. 2		Letter to the Stakeholders
ETHICS AND INTEGRITY				
102-16	Values, principles, standards and norms of behavior	p. 2; p. 14-15		Corporate Governance

	GOVERNANCE			
102-18	Governance structure	p. 14-16		Corporate Governance
	STAKEHOLDER ENGAGEMENT			
102-40	List of stakeholder groups	p. 10		The commitment of Gerosa Group: Materiality analysis
102-41	Collective bargaining agreements	p. 23		The people of Gerosa Group
102-42	Identifying and selecting stakeholders	p. 10		The commitment of Gerosa Group: Materiality analysis
102-43	Approach to stakeholder engagement	p. 10		The commitment of Gerosa Group: Materiality analysis
102-44	Key topics and concerns raised	p. 10		The commitment of Gerosa Group: Materiality analysis
	REPORTING PRACTICE			
102-45	Entities included in the consolidated financial statements	p. 40		Methodological note
102-46	Defining report content and topics Boundaries	p.40-41		Materiality analysis Methodological note
102-47	List of material topics	p. 41		Methodological note
102-48	Restatements of information	p. 40		Methodological note
102-49	Changes in reporting	p. 40		Methodological note
102-50	Reporting period	p. 40		Methodological note
102-51	Date of most recent report	p. 40		Methodological note
102-52	Reporting cycle	p. 40		Methodological note
102-53	Contact point for questions regarding the report	p. 42		Methodological note
102-54	Claims of reporting in accordance with the GRI Standards	p. 40		Methodological note
102-55	GRI content index	p. 44-49		GRI Content Index
102-56	External assurance	p. 50-51		Independent Auditor's Report

ECONOMIC PERFORMANCE

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 8	Gerosa Group: a consolidated company
103-3	Evaluation of the management approach	p. 8; p. 16	Corporate Governance: Risk management Gerosa Group: a consolidated company
201-1	Direct economic value generated and distributed	p. 8	Gerosa Group: a consolidated company

ENERGY

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 30-31	The environment: Energy and Climate Change
103-3	Evaluation of the management approach	p. 16; p. 31	Corporate Governance: Risk management The environment: Energy and Climate Change
302-1	Energy consumption within the organization	p. 31	The environment: Energy and Climate Change

WATER AND EFFLUENTS

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 30; p. 32	The environment: Water management
103-3	Evaluation of the management approach	p. 16; p. 32	Corporate Governance: Risk management The environment: Water management
303-1	Interaction with water as a shared resource	p. 32	The environment: Water management
303-2	Management of water discharge-related impacts	p. 32	The environment: Water management
303-3	Water withdrawal	p. 32	The environment: Water management

EMISSIONS

103-1	Explanation of the material topic and its boundry	p.10-11; p. 40-41		The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 30-32		The environment: Energy and Climate Change Environment: Air pollution emissions
103-3	Evaluation of the management approach	p.16; p. 31-32		Corporate Governance: Risk management Environment: Energy and Climate Change Environment: Air pollution emissions
305-1	Direct (scope 1) GHG emissions	p. 31		The environment: Energy and Climate Change
305-2	Energy indirect (Scope 2) GHG emissions	p. 31		The environment: Energy and Climate Change
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions	p. 32		The environment: Air pollutant emissions

EFFLUENTS AND WASTE

103-1	Explanation of the material topic and its boundry	p.10-11; p. 40-41		The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 30; p. 33		The environment: Waste management
103-3	Evaluation of the management approach	p.16; p. 33		Corporate Governance: Risk management The environment: Waste management
306-2	Waste by type and disposal method	p. 33		The environment: Waste management

EMPLOYMENT

103-1	Explanation of the material topic and its boundry	p.10-11; p. 40-41		Methodological note: the material topics The commitment of Gerosa Group: Materiality analysis
103-2	The management approach and its components	p. 22-24		The people of Gerosa Group
103-3	Evaluation of the management approach	p.16; p. 22-24		Corporate Governance: Risk management The people of Gerosa Group
401-1	New employee hires and employee turnover	p. 23		The people of Gerosa Group
401-2	Benefit provided to full-time employees that are not provided to temporary or part-time employees	p. 24		The people of Gerosa Group

OCCUPATIONAL HEALTH AND SAFETY

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 26-29	Health and safety
103-3	Evaluation of the management approach	p.16; p. 26-29	Corporate Governance: Risk management Health and safety
403-1	Occupational health and safety management system	p. 26-27	Health and safety
403-2	Hazards identification, risk assessment, and incident investigation	p. 27	Health and safety
403-3	Occupational health services	p. 29	Health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	p. 27	Health and safety
403-5	Worker training on occupational health and safety	p. 27-28	Health and safety
403-6	Promotion of worker health	p. 29	Health and safety
403-8	Worker covered by an occupational health and safety management system	p. 27	Health and safety
403-9	Work-related injuries	p. 28	Health and safety

DIVERSITY AND EQUAL OPPORTUNITY

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 25	Corporate Governance The people of Gerosa Group
103-3	Evaluation of the management approach	p.16; p. 25	Corporate Governance The people of Gerosa Group
405-1	Diversity of governance bodies and employees	p. 14; p. 25	Corporate Governance The people of Gerosa Group

NON-DISCRIMINATION

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 25	The people of Gerosa Group
103-3	Evaluation of the management approach	p.16; p. 25	Corporate Governance: Risk management The people of Gerosa Group
406-1	Incidents of discrimination and corrective actions taken	p. 25	The people of Gerosa Group

LOCAL COMMUNITIES

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 36-37	Relationship with Local Communities
103-3	Evaluation of the management approach	p.16; p. 36-37	Corporate Governance: Risk management Relationship with Local Communities
413-2	Operations with significant actual and potential negative impacts on local communities	p. 36-37	Corporate Governance: Risk management Externality management

MATERIAL TOPICS UNCOVERED BY A SPECIFIC GRI ASPECTS

PRODUCT INNOVATION

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 18-19	The product: innovation and safety: Product innovation
103-3	Evaluation of the management approach	p.16; p. 18-19	Corporate Governance: Risk management The product: innovation and safety- Product innovation
	Research and development expenditure rate on turnover	p. 18	The product: innovation and safety- Product innovation

INDUSTRY 4.0

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 29	Industry 4.0
103-3	Evaluation of the management approach	p.16; p. 29	Corporate Governance: Risk management Industry 4.0

PRODUCT SAFETY

103-1	Explanation of the material topic and its boundary	p.10-11; p. 40-41	The commitment of Gerosa Group: Materiality analysis Methodological note: the material topics
103-2	The management approach and its components	p. 19-20	The product: innovation and safety- Product innovation
103-3	Evaluation of the management approach	p.16; p. 19-20	Corporate Governance: Risk management The product: innovation and safety- Product innovation
	Quality claims rate on number of sold products	p. 20	The product: innovation and safety- Product innovation

INDEPENDENT AUDITOR'S REPORT ¹⁰²⁻⁵⁶



EY S.p.A.
Via Meravigli, 12
20123 Milano

Tel: +39 02 722121
Fax: +39 02 722122037
ey.com

Independent auditors' report on the "2018 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 "2018 Sustainability Report" (hereinafter the "Report") of Cellografica Gerosa S.p.A. and its subsidiaries (hereinafter also the "Group" or "Cellografica Gerosa Group") for the year ended on December 31, 2018.

Directors' responsibility on the Report

The Directors of Cellografica Gerosa S.p.A. are responsible for the preparation of the 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 Report.

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

The Directors are also responsible for 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 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 Report is free from material misstatements.

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.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited



The procedures performed on the 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 Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

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

In particular, we have conducted interviews and discussions with the personnel of Cellografica Gerosa S.p.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 Report.

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

- at Group level
 - i. with reference to the qualitative information included in the Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - ii. 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 Inverigo of Cellografica Gerosa S.p.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 "2018 Sustainability Report" of Cellografica Gerosa Group for the year ended on December 31, 2018 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 24th, 2019

EY S.p.A.
Signed by: Paolo Zocchi, Partner

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



flexible packaging and labels

www.gerosagroup.com

CELLOGRAFICA GEROSA SpA

Head office: via Al Gigante 23 - 22044 Inverigo (Como) - Italy

Fiscal Code and n. of Commercial register in Como no. 00200410132

Registered capital euro 8,000,000 fully paid