



SUSTAINABILITY REPORT 2021



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Watch the video

Guzzini, synonym of circular economy

2022 started with a very important innovation for our company: the achievement of **Benefit Corporation** status. This expression refers to those companies that, while being profit-making, include in their corporate purpose, in the by-laws, the creation of social and environmental value.

An achievement that is the outcome of the journey begun in 2018 to increasingly integrate sustainability into the corporate strategy, but is also the starting point for a growing and pervasive commitment to sustainable development.

This commitment is also credited to us from the outside: Symbola and Enel, together with the Ministry of Ecological Transition, have included Guzzini among the “**100 Italian circular economy stories**”. As well as making us proud, the award has increased our awareness of being among the nationally and internationally outstanding companies for the circular economy.

Giving life to new products and projects starting from waste is the compass that guides us and is also intended to be a new way of relating between companies, creating a network to share knowledge and business opportunities with those who, like us, want to boost a production model that respects the planet.

Some client companies, for example, ask us to make components of their products from recycled plastic, such as coffee machines, items for the health sector and the automotive industry.

The past year is, therefore, proof that this way of doing business is also a more economically sustainable choice.

Certainly the scenario is changing and there are not easy times ahead, which could slow down the ecological transition. The conflict situation is creating an unstable situation that, at the European level, could undermine the sensitivity that had been created in favour of sustainability and put many projects at risk.

At Guzzini, although we generate **13% of our electricity needs with photovoltaics**, which in 2021 allowed us to **avoid the emission of 163.9 tonnes of CO₂ eq into the atmosphere**, we expect an increase in the cost of energy. Therefore, we plan to expand our photovoltaic system, compatible with the installation costs, in order to curb the risk of blackouts.

But we will not be immune from price increases or the unavailability of raw materials.

All these challenges should not discourage us, but rather we want to overcome them together. We believe that our people must look positively towards the future: in recent years we have focused on young people to encourage the contamination of ideas between the different generations in the company.

We want to involve the community in which we operate more and expand our recycling projects to new areas, to be an excellence for recycling materials, not only plastics.

In 2021 we also started the process of certifying our **Environmental Management System according to** the international standard **ISO 14001** and we want to raise awareness throughout the organisation on the importance of adopting this system.

What drives us is the courage to find solutions where many said: “It cannot be done”: it is with this in mind that we invite you to get to know us better through our 2021 report.

Enjoy the read

Domenico Guzzini, President.





Sustainability as a guiding star for business

Dear Readers,

with satisfaction we close a positive year that portrays a healthy company: after a 2020, which had already achieved a +33%, the 2021 turnover is still higher than in the pre-pandemic period, exceeding €36 million, **59% of which was generated in Italy**, with **€1 million in net profit**.

Thanks to **125 employees, 1.150 suppliers** and approximately **2.500 distribution partners**, we have brought our products (over 1.000 in the catalogue) to the world, which gain increasing appreciation, with a decrease in returns and replacements of 63% compared to 2020. Our constant quest for quality is also evidenced by the fact that the proportion of non-conforming products is practically negligible: we are talking about 0.01% of the inspections carried out.

All this, however, is not enough to portray the identity of Fratelli Guzzini, which in its **110 years** of activity has actively contributed to the development of its homeland, the **Marche**, creating quality employment and spreading cutting-edge skills. The value that we have returned to the community is evidenced by the path that in 2022 has allowed us to become a **Benefit Corporation**.

The real sustainable turning point for our company is **circularity**. Even before there was a growing awareness and at the dawn of the debate on plastic pollution, we began to wonder what future this material could have and to explore the possibilities of recycling, becoming the first company to use recycled plastic in the kitchen, even in contact with food. Today, of the 2,297 tonnes of plastic used, **24% is recycled plastic**: it is an important quantity, but, above all, it is the result of a new way of conceiving production. In the innovation phase, we put sustainability first, asking ourselves how to limit the environmental impact of new launches.

Sustainability is also at the forefront of **customer presentations**, so as to generate a virtuous circle of dissemination and promotion of the circular economy.

We like to think that even our competitors are stimulated by this approach, and that Guzzini today is not only synonymous with **technology, know-how, made in Italy** and **quality**, but also with **circular economy**.

We are not exempt from worries about the future: we know that the macro-scenario is not positive and the Russia-Ukraine conflict will have effects, including unpredictable, on the **energy scenarios**, on the availability of **raw materials** and, last but not least, on the **purchasing power** of consumers. But we want to face these challenges with the right spirit, which has already helped us during Covid-19. The pandemic crisis has also forced us to re-organise many activities, but in some cases we have been able to respond with solutions that have proved to be successful. Not being able to participate in trade fairs, for example, we equipped ourselves with a web conference room that provides high-definition images to better present the products, thus being able to validate their premium price. And we even managed to present the new products in advance of the usual timing of the fairs.

Sustainability, therefore, not only has an ethical value, but has been a forward-looking choice for us. The mantra that we have been repeating for years, waste is also wealth, is reflected in our positive economic results. The values that guide us, and which we have formalised in the Code of Ethics and disclosed in the Sustainability Report 2020, remain more than ever our guiding star.

This report is a practical and concrete example of our desire to communicate the results achieved in a clear and transparent manner, directly involving all our stakeholders. We are counting on the fact that you will find on every page our genuine conviction and tangible commitment to this virtuous path.

Sergio Grasso, CEO.

A handwritten signature in black ink, reading "Sergio Grasso".



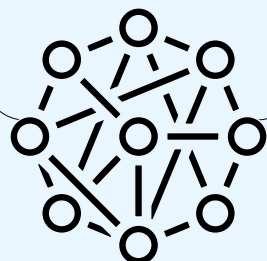
01. The world of Fratelli Guzzini

We enjoy cooking, dining, socialising, wellness and travel. We design and produce positive objects, capable of bringing Italian culture to the world.

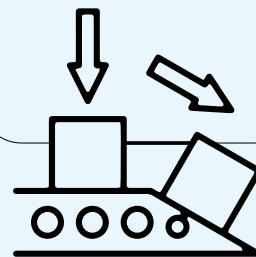
€ 36 mln
in 2021,
+30% net revenues
over 2019



2.500
distribution
partners



1 million
pieces produced
per month



Who are we

Fratelli Guzzini is an all-Italian historical excellence, specialising in the production of design articles for the table, the kitchen and plastic furniture. For more than a century, we have been interpreting made in Italy and accompanying people in their everyday lives with multifunctional, durable, sustainable, up-to-date and aesthetically pleasing **design objects**.

From a passion born in 1912 in Recanati, we have over time become specialists in plastics, progressively grasping opportunities and challenges. Our centuries-old history is constantly enriched with new elements to face an evolving market that seeks innovative products and in line with issues related to respect for the environment. That is why we strive every day in the search for the best materials, always keeping faith with our vocation for design and quality. In this sense, collaborations with the world's most famous designers and architects make our products distinctive and internationally appreciated as synonymous with **creativity, ingenuity, style, quality** and **sustainability**.

Our product catalogue boasts an offer of approximately **1,000 items**, which we offer through various channels, starting with a network of specialised retailers ranging from high-end to e-commerce, and including some specific partnerships with modern distribution for loyalty operations.

Thanks to **approximately 2,500 distribution partners** and our **three subsidiaries** (United States, Germany and Australia), we are present **worldwide**, with the four main product lines:

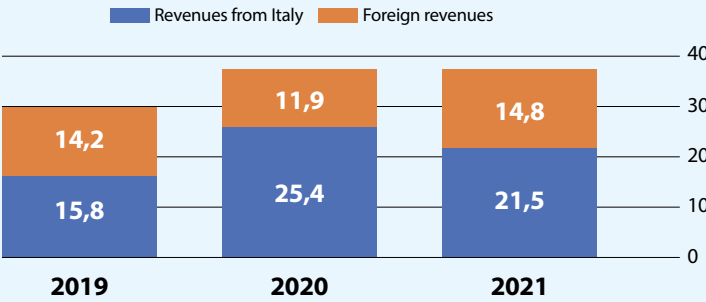
- **Table:** design to carry out everyday gestures with accessories and positive, beautiful and functional objects for the service and consumption of food;
- **Kitchen:** intelligent solutions ideal for food preparation and storage, and objects capable of organising space that are characterised by practicality, ease and style;
- **Home:** interior accessories and small furnishings;
- **On the go:** items to take with you to organise, transport and eat meals outside the home.



Every month we produce **about 1 million** pieces, using **200 tonnes** of raw materials.

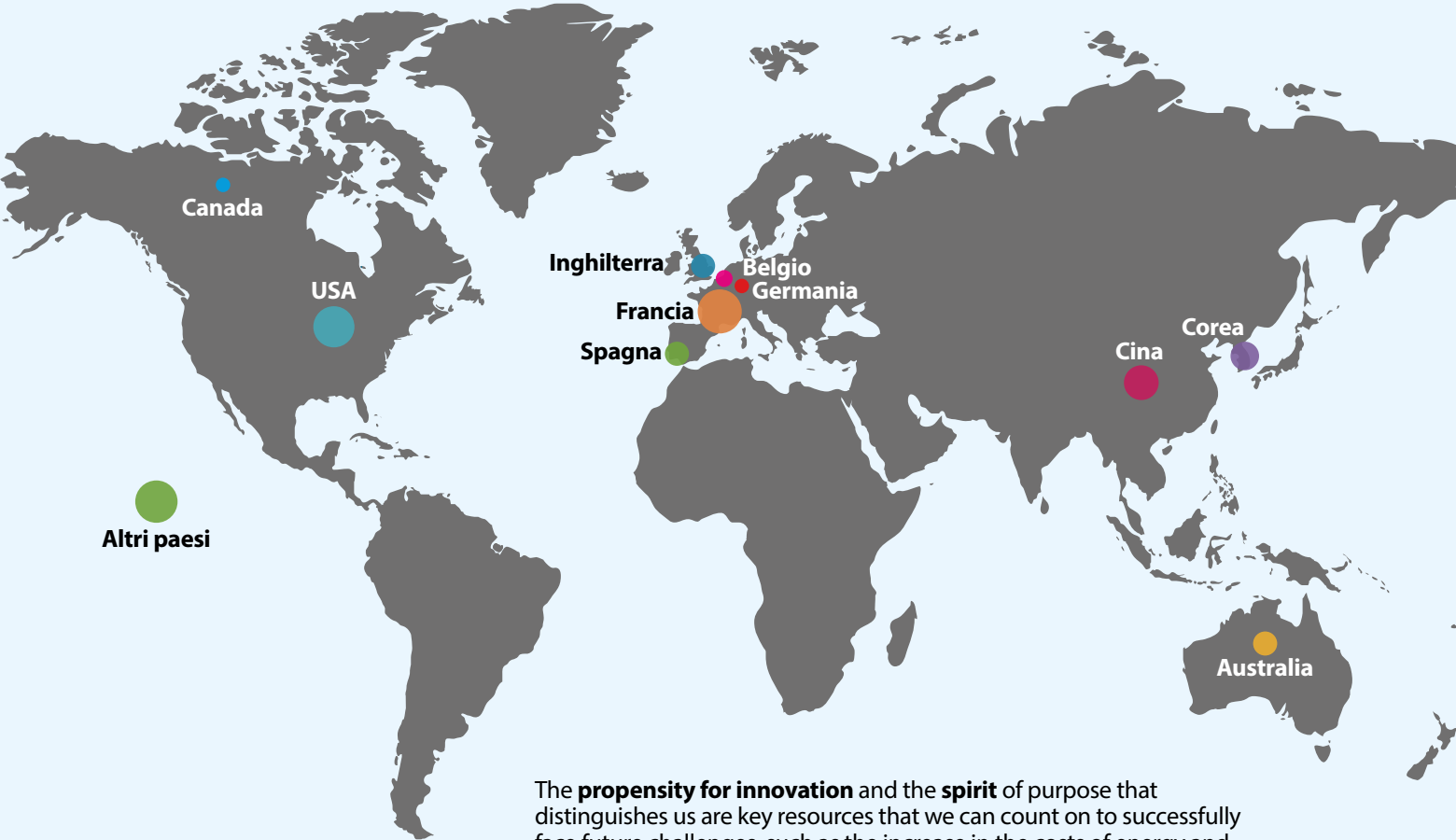
The solidity of our business project and the continuous focus on innovation have allowed us to successfully overcome the pandemic period. In 2021, in fact, the company recorded **+30% of net revenues** compared to 2019, most of which (59%) was generated in Italy.

NET PROFITS FROM SALES AND SERVICES
(€ MILLION)



Foreign turnover has grown significantly over time and today is mainly generated in European markets (especially France, Spain, United Kingdom, Belgium and Germany), American (USA and Canada) and Australian ¹.

FOREIGN REVENUES 2021



The **propensity for innovation** and the **spirit** of purpose that distinguishes us are key resources that we can count on to successfully face future challenges, such as the increase in the costs of energy and raw materials and the consequences of the Russian-Ukrainian conflict. Despite the uncertainty that will increasingly characterise the global context, we will continue to invest and bet on sustainable innovation, once again demonstrating the **forward-looking nature** of our choices.

¹ Turnover achieved through the traditional channel.



Fratelli Guzzini craftsmen
in the early 1960s.

An Italian history of design and sustainability



1912

Enrico Guzzini established the company in Recanati (MC), after a trip to Argentina where he learned the technique of making objects from **ox horn**.



Early 20th century:

ox horn is used by Fratelli Guzzini for the creation of **refined small objects**. The technique used was based on **hot thermoforming**: using wooden moulds, the horn was heated with embers so as to preserve the typical colouring of the material, which could vary from white to brown to black.

In short, however, the company is aware of the limits of this material, including that of conditioning the size of the final objects. The company, therefore, decided to invest in **research for the transformation of the ox horn**, deepening its technical, technological and application characteristics.



1925

as a result of ox horn research, the first **automated machines** were purchased to expand the product range, including the first **ox horn salad cutlery**.



1930s

galalite, one of the first marketed polymeric materials, obtained from **casein**, is introduced, with which the already famous salad cutlery is also made in new colours and decorations.

In the same years, the **the first plastic materials of chemical origin for small secondary components of manufactured goods** began to appear on the market. Interestingly, plastic was introduced to make up for the insufficient availability of natural raw materials, and was considered a simple **substitute** with greater technological versatility and much lower prices.



1934

the sons of Enrico Guzzini, Pierino, Mariano and Silvio formally establish the Fratelli Guzzini company.



1938

the company is among the first to introduce **Plexiglas** in the manufacture of household objects. Fratelli Guzzini is the first company in the world to exploit the new material (**MMA, polymethyl methacrylate**, which had been created for the war industry) and use it for the production of **household items**.



2016

the new **3-COLOR-TECH** injection technique is born..

DESIGN PLUS
Winner 2016
3-COLOR-TECH



2002

the world's first **2-color transparent plastic collection** is created using the injection moulding technique.



1986

the first objects with a **two-color effect** are produced using **bi-injection moulding** technology.



1960s

Fratelli Guzzini is the first company in the world to make **injection moulded** objects from **coloured plastic material** for the home.



1958

the production of **two-color slabs for direct casting** is patented. 2-color will soon become a 'signature' of Guzzini.



1953

the **first melting furnace** for creating objects from **granule** was built. This innovation led to the abandonment of ox horn.

Today



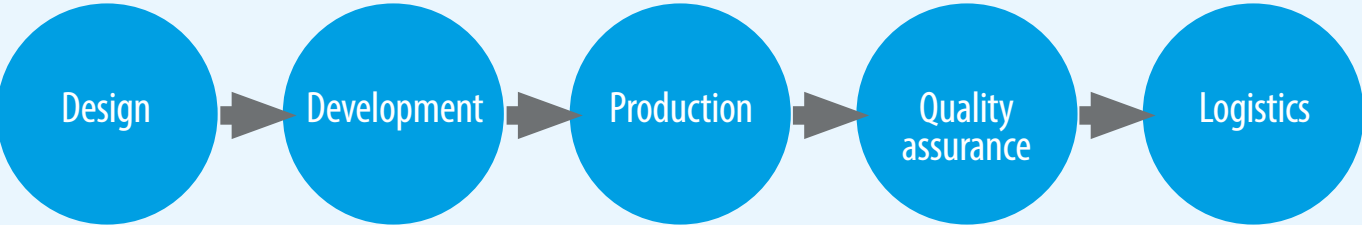
Fratelli Guzzini continues to invest in research into new materials that combine **quality, functionality and sustainability**. In order to be able to offer increasingly innovative products, within the Product Development and Industrialisation area, the company has also set up a function for the research and definition of **new sustainable materials**, making use of collaborations with universities, research centres and technical partners.

Despite the difficulties associated with the pandemic period, this innate dedication to innovation was again reflected in **substantial investments in research and development in 2021**.

How we make beauty

The 5 stages of the production process

Fratelli Guzzini products are a combination of **Made in Italy creativity** and **international design**. In the **Guzzini Lab**, **creative proposals** are developed, which often involve international designers. Thanks to our experience, we can also meet specific requirements proposed by the individual customer, providing all our expertise in the possible revision of the model, e.g. regarding the choice of materials to be used

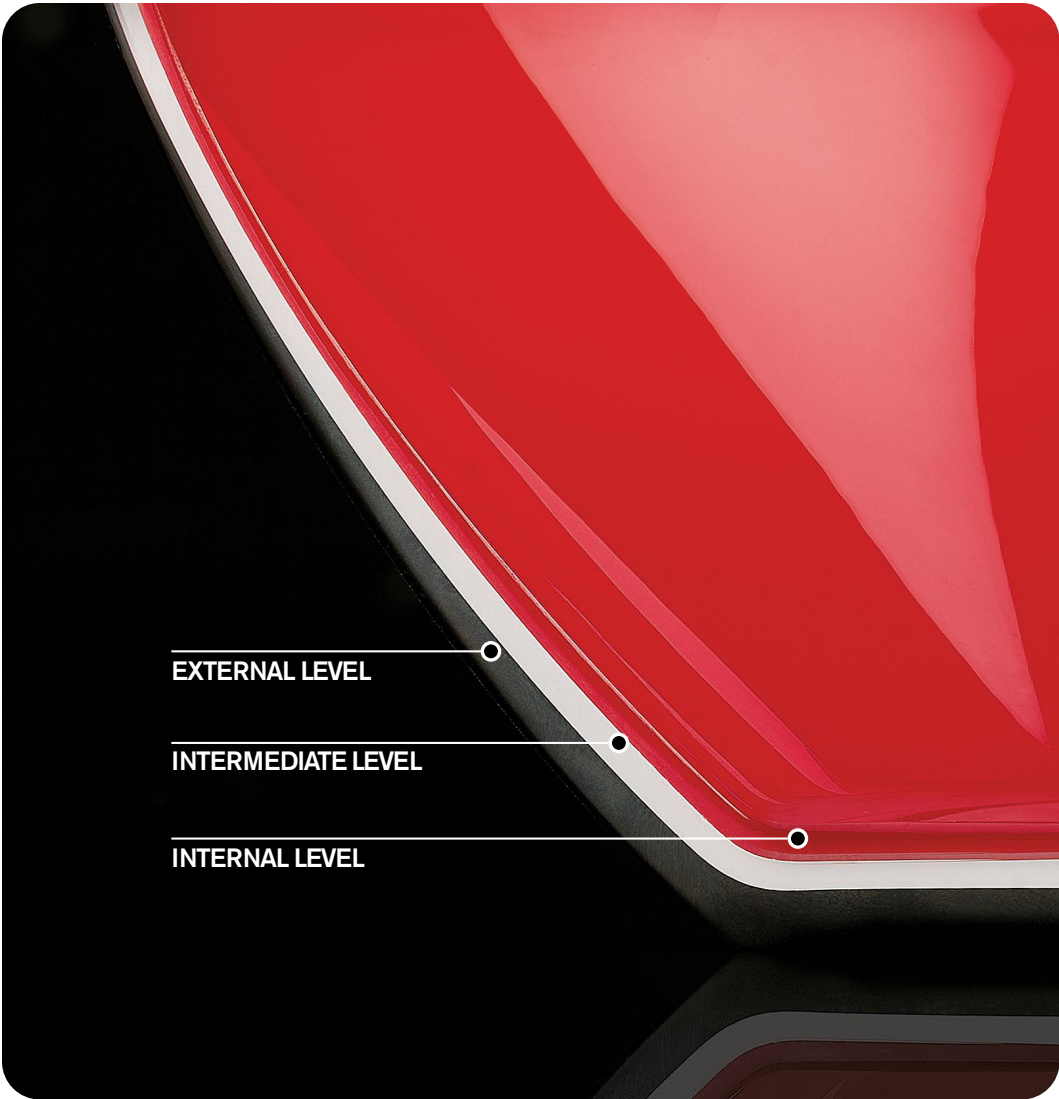


Proposals then lead to the in-house production of aesthetic-functional **prototypes**. We boast a series of production records, still unmatched, that have enabled us to become a globally recognised brand, a symbol of Italian quality and creativity. We use the **best moulding techniques available**: injection moulding, gas-assisted moulding, injection-moulding. However, the most used technology is that of **injection moulding**, with which the plastic material is melted and, subsequently, injected into the mould. Here the material is pressed with force and, once cooled, the mould is opened in order to extract the finished item.

3-COLOR-TECH
The 3-COLOR-TECH technology represents the symbol of Fratelli Guzzini's technological innovation in design that is still unrivalled in the world today. In fact, the complexity of the process makes it possible to obtain a product that is difficult to reproduce, characterised by an aesthetically fascinating **three-colour effect** and very special colour effects. Fratelli Guzzini was the only company globally able to innovate this moulding method by using **unprecedented co-injection techniques of several colours/materials simultaneously**, as can be seen in all 3-COLOR-TECH products.

From large productions to small series, we are able to modulate our processes, thus adapting to market requirements. The company is also able to change produc-

tion frequently throughout the day, with its technicians carrying out **fast mould changes** that allow for an equally fast and guaranteed changeover to production. The concept of quality is central to Fratelli Guzzini and is to be understood as **total quality**, i.e. relating to the entire production process. Quality begins with the qualification of suppliers and goes through the control of raw materials, semi-finished and finished products, **following all phases of the production process**. To guarantee quality, Fratelli Guzzini has also adopted an **integrated quality management system**, certified pursuant to international standards. Finally, our **logistics network** allows for a high storage and delivery capacity, as well as ensuring an accurate inventory for the customer.



The authenticity of our products

Fratelli Guzzini's Kitchen, Table, Home and On the Go products accompany people in their home and leisure activities with positive, beautiful and functional **accessories and design objects** for everyday use.

TABLE

In the **Table** line we find cutlery and crockery, along with a wide range of other accessories for eating meals. Among the many collections that are part of this line:

- **Tierra:** the sustainable collection that expresses all the know-how of a company that has always processed plastic materials and today does so preserving the environment, therefore, using totally recycled and recyclable materials. The design and colours are reminiscent of pottery made on a potter's wheel for an appealing and evocative handmade look, inspired by the warmth of the earth and nature.

- **Twist:** a cool, fun, colourful collection, ideal for summer lunches and dinners but also able to brighten up the cold winter days, made by combining recycled material with fine acrylic material.

- **Le Murrine:** the culmination of a long quest to explore the technological performance of plastics as never before. The result is an acrylic object completely Made in Italy that makes the beauty and typical effects of Murano glass artwork accessible.

- **My fusion:** a minimalist and rigorous design for a collection that revisits the ancient tradition of the oriental table in a modern key.

- **Grace:** collection of precious, unique, inimitable objects like glass. Further proof that the quality and reputation of Italian-made products are substance, and not just a coat of arms.

KITCHEN

The **Kitchen** includes kitchen utensils for preparing meals (e.g. chopping boards, juicers, centrifuges) and cooking food (e.g. pots and ladles), items for organising and cleaning up space (e.g. airtight jars, space-saving containers, organisers to make the best use of the pantry). In addition, Kitchen includes a line of small kitchen appliances such as coffee

machines.

The following are part of this line:

- **Eco-Kitchen:** is a revolution in terms of environmental sustainability and hygiene. The products in the collection are made of 100% post-consumer recycled material, 100% recyclable and, in some cases, with antibacterial treatment. Sustainability, functionality and aesthetics go hand in hand, offering items that respond to the new demands of domestic living.

- **Kitchen Active Design:** a project to study, design and produce utensils that take into account the real needs of people who experience the kitchen with passion and curiosity. A range of items that make food preparation and storage easy, safe and quick, and kitchen organisation more rational and efficient.

HOME

Home is the line of interior accessories: complements of domestic life, small "furniture" called upon to perform useful though apparently secondary functions in the home: from the umbrella stand to the clock, from the laundry basket to the multi-purpose container. Guzzini also transfers its philosophy of design, materials and colour to these elements, transforming them into great furnishing objects, capable of adapting to any style of home, always bringing a gesture of joy.

ON THE GO

On the Go is the line that reads and translates social and behavioural changes into products, giving space to both technological and stylistic research, studying what is trending especially when it comes to "nomadic food".

In addition to the wide range of Fratelli Guzzini branded products, the company designs **tailor-made solutions** to provide the customer with a **highly personalised service**, providing its experience in the sector.

Thanks to careful listening to customer needs and an adequate organisational capacity, Fratelli Guzzini is able to create unique products that meet diversified demands.

Table



Kitchen



Home



On The Go



A shared vision

The story of Fratelli Guzzini is that of **a trans-generational family business**, made up of **shared visions** and handed down over time, nourished by close ties with the territory. From a small business in the Marche region, the company has grown over the decades to become an expression of the Italian entrepreneurial fabric, first nationally and then worldwide.

Thus, Fratelli Guzzini has evolved from a family business into a structured organisation capable of tackling a multinational context while remaining true to its principles.

To date, the company is a **joint-stock company** led by a CEO external to the Guzzini

family. The position of Chairman of the Board of Directors and Marketing Director falls to Domenico Guzzini, representing the founding family, which in turn controls the company 100% through the holding company Fimag. Further strategic responsibilities are assigned to personalities outside the Guzzini family, thus contributing to the value of the company.

According to the traditional model of company administration and control, the decision-making body is the **Shareholders' Meeting**, which expresses the corporate will then implemented by the **Board of Directors' Meeting**. The Board of Directors has the control function and has the responsibility to determine and

pursue the strategic objectives of the company. Currently it consists of **6 members** all over 50 years old, five of whom are men and one woman. The external control bodies are represented by the **Board of Statutory Auditors**, which monitors the work of the directors and controls that the management and administration are carried out in compliance with the law and by-laws, and by the **External auditing company**, which is responsible for carrying out the statutory audit of the company's accounts.

Company values
Since its establishment, **human and social values** have inspired the work of Fratelli Guzzini. Justice, honesty, attention for people, lawfulness in work and business are the foundations of the company's activity and were further strengthened with the formalisation of a **Code of Ethics** in 2017.

We consider it essential that all employees and external collaborators know and observe the Code, and we monitor its compliance with prevention and control tools. The document contains all the indispensable corporate principles: respect for the law, respect for human rights, freedom, dignity, impartiality, non-discrimination, transparency in communication and business transactions, fair competition, integrity and correctness in relations with institutions, associations and trade unions, with the aim of ensuring the legitimacy of its work and the promotion of activities with social, moral, scientific and cultural purposes.



Enrico and Annunziata Guzzini surrounded by their children with their families, 1930s (Fratelli Guzzini spa, Fondo Fratelli Guzzini spa)



SHAREHOLDERS' MEETING APPOINTED

Board of
Statutory
Auditors

Board of
Directors

External
Auditing firm

02. Sustainability according to us

The commitment and the ability to involve the stakeholders to understand the different expectations and needs has allowed us to establish solid and lasting relationships, useful for the creation of shared value.

6 SDGs
to which we
contribute directly



**9 material
themes
identified**



**2 purposes
of common
benefit**



Our approach

We affirm that the construction of an industrial age ethic is the condition for the development of the modern project.

Our business approach aims at long-term growth through adequate investments, promoting sustainability and creating shared value for the community through products that respond to the environmental challenges of our time.

Within this vision, the fundamental elements are represented by the intellectual capital made of continuous innovation, deposits of ornamental models and useful for the protection of the brand and Made in Italy. Added to this is the responsible use of natural capital and the enhancement of human and relational capital, which the company cultivates through dialogue and stakeholder involvement.

For Fratelli Guzzini, the concept of doing business has always been linked to values such as **respect** and **sustainability** towards its stakeholders and the environment. This is demonstrated by the **Design Memorandum**, a document created together with **ADI (Association for Industrial Design)** and a group of international design scholars and theorists, which **more than 35 years ago** anticipated consciousness that emerged in society only decades later, highlighting the importance of issues such as ethics and environmental protection.

Wanting to make the ethical and social commitment even more concrete, in the first months of 2022 the company concluded the transformation process into a **Benefit Corporation**, thus ensuring that its social mission is also pursued in the future.

By becoming a Benefit Corporation, we wanted to give a **positive signal** in the current difficult context, strengthening our commitment with a transparent and measurable approach. Through the amendment of the **statute**, we aim to achieve adequate economic results while generating **social value of general interest**.

Specifically, we intend to:

- **Reduce the environmental impacts** of the life cycle of our products by implementing innovative **circular economy** solutions and promoting a culture of **responsible use of resources** and **emission containment**;



- **Promote cultural and design values typical of Italy** by creating aesthetically beautiful, functional and durable products.



Furthermore, the transformation journey was an opportunity to re-evaluate our approach to sustainability in a different light. By adopting the Benefit Impact Assessment tool (the most widespread standard for measuring and reporting the impact that a Benefit Corporation generates), we have identified our strengths and opportunities for improving our sustainability strategy, on the basis of which to define a **strategic sustainability plan**.

What are Benefit Corporations?

Italian Law 208 of 28/12/2015 (Stability Law 2016) introduced in Italy the establishment of the Benefit Corporations, a legal instrument that **creates a solid basis for the alignment of the mission in the long term and the creation of shared value**.

This type of company is based on the B Corp model, developed in 2006 by the US non-profit organisation B Lab.

But what specifically are Benefit Corporations? Those enterprises that **voluntarily pursue**, in the exercise of their business activity, in addition to the purpose of profit, one or more **purposes of common benefit and operate in a responsible, sustainable and transparent manner towards persons, communities, territories and the environment, cultural and social goods and activities, bodies and associations and other stakeholders**.

In order to become a Benefit Corporation, companies must identify their common benefit purposes and include them in the **Articles of Association**.

In addition, Benefit Corporations must design **activities** useful for the pursuit of the defined benefit purposes and identify **specific measurable objectives** to monitor the level of achievement, aspects that must be reported annually in an **Impact Report**.

Fratelli Guzzini has, therefore, become part of a **network of more than 500 Italian companies** that have chosen this virtuous model.



Stakeholder engagement

Fratelli Guzzini's success is based on its commitment and ability to involve its stakeholders to understand their different expectations and needs.

This approach has allowed us to establish **solid and lasting relationships**, useful for the creation of shared value.

Some tools for dialogue and involvement:

- Internal communication
- evaluation processes and meetings to share results with staff
- consumer market surveys
- external communication
- meetings with distribution partners and participation in trade fairs
- technical meetings with local and regional institutions
- collaborations with universities.

We have recently carried out a **mapping of our stakeholders** that is useful for the proper involvement of the various groups in the materiality analysis and will also help us in the implementation of the strategic sustainability plan to prioritise actions.

STAKEHOLDER MAP



Materiality Analysis

Fratelli Guzzini's materiality matrix is the result of a **process structured** in several stages, which, starting from a study of the external context, also involved **management** in defining priority issues for the company.

Phase 1. Identification of material topics
Identification of potentially material issues for the company and stakeholders through:

- **Benchmark analysis:** Sustainability and social responsibility documents and reports published by companies belonging to the household product sector were analysed in order to identify topics considered relevant by companies comparable to Fratelli Guzzini;
- **Media analysis:** various articles on the web and press releases concerning the company and key stakeholders were reviewed using keywords;
- **Analysis of sector trends:** non-financial/ sustainability aspects highlighted as relevant for the sector were mapped. In particular, the publications of some international organisations were analysed, as well as a selection of reference standards and guidelines;
- **Stakeholder pressure analysis:** critical reading of documents attesting to the interests of the company's stakeholders, including analysis of the priorities of consumers and industry associations on a global scale, and subsequent identification of priority issues for these groups;
- **Analysis of the company's internal priorities:** Critical reading of the main company documents and identification of the main issues on which the company invests resources, pays more attention,

has made commitments or which may constitute risks. All themes from these analyses were considered material for the company and were subsequently merged into **macro-themes**.

Phase 2. Prioritisation of material topics
Material issues identified were prioritised according to the following criteria:

- 1) Internal prioritisation: the impact of the issue on the business, the risks associated with it and the commitments made by the company;
- 2) External prioritisation: the pressures and expectations of stakeholders and the importance for the company of the stakeholder impacting the issue in question.

This process allowed the creation of the materiality matrix published in the 2019 Sustainability Report.
In 2021, the matrix was updated to reflect **current priorities**, with direct involvement of stakeholders in a three-step process:

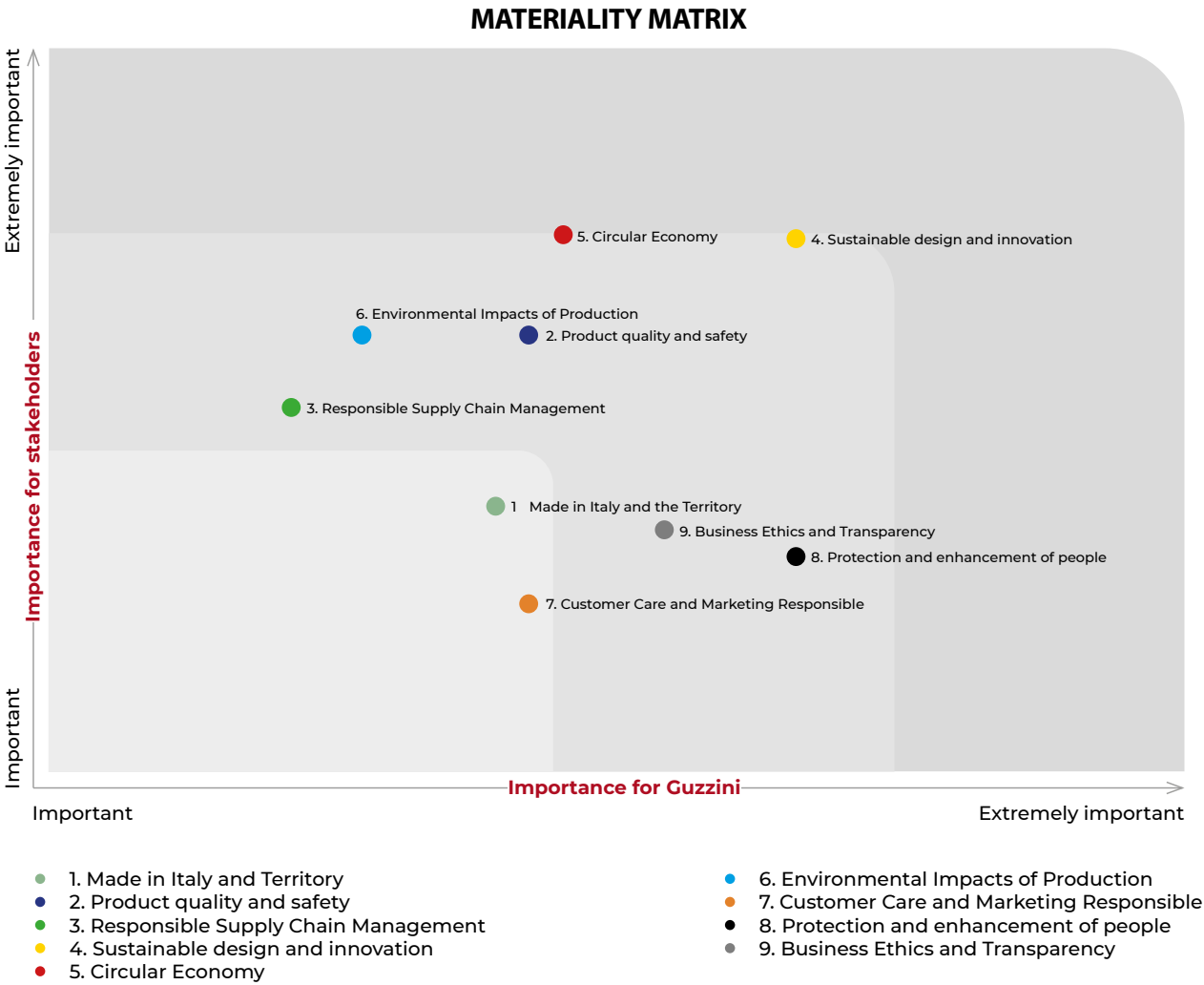
- 1) **Management's evaluation of the previous list of material topics**
- 2) **Evaluation of the relevance of the issues through interviews with a representative sample of stakeholders and company management**
- 3) **Transposition of updates within the matrix**

The shift from using an indirect method for the evaluation of material issues to the **direct involvement of stakeholders** by means of **one-to-one interviews** was decisive in the update. The activity involved a set of **experts**,

representing external stakeholders and shareholders, identified by the company management from among those with in-depth knowledge of the company and its supply chain and sustainability issues.

Respondents' considerations regarding **the impact of sustainability at a global and local level and on the companies' strategic choices** were analysed. Subsequently, they were asked to express an opinion of materiality from 1 to 6 on the topics that the company had already identified as material from the materiality analysis carried out in 2019. In addition, it was requested to indicate **additional**

topics considered significant and not yet included in the materiality analysis.
Similarly, company management was also asked to express an opinion on the level of relevance of sustainability issues, reflecting on the impact these issues may have on the achievement of medium- and long-term company objectives.
The issues resulting from the stakeholder engagement activities carried out during the year resulted in the **new materiality matrix**.



OUR CONTRIBUTION

**Made in Italy and the Territory**

To be the interpreter of Made in Italy in the production and style of products, to maintain the know-how, the continuity of production in Italy and the link with the local territory through economic impacts on the induced activities and initiatives in favour of the local community, also with a view to enhancing the territory.

**Quality and Safety of Products**

Satisfying current and potential customer expectations, particularly with regard to product suitability and usability, aesthetics, durability, price, functionality, quality. Ensuring the healthiness of products through a certified and recognised management system, which includes constant analyses and controls both at the origin of materials and along the production chain to guarantee the safety of products during use.

**Responsible management of the supply chain**

Ensuring ethical behaviour within the supply chain, with particular reference to: legislative compliance, measures to combat fraud and corruption, working conditions and health and safety, human rights and environmental aspects. Integration of sustainability criteria and requirements into different types of procurement.

**Sustainable design and innovation**

Designing products according to sustainability criteria that allow for regenerability, reduction of the raw material needed and designed to perform their task in a time frame comparable, if not longer, than similar objects. Innovate by researching new materials and processes based on the concept of «Design out of waste and pollution», thus thinking about the end of life of products and their reuse right from the design phase. Reduce the volume of packaging and favour packaging from more sustainable, recycled and recyclable materials.

**Circular economy**

Use reclaimed materials by regenerating them and transforming them into new eco-friendly and design objects. Valuing waste as a resource, recovering material in the production process to be reused for new applications.

**Environmental impact of production**

Minimising the impacts of production on the environment by self-producing renewable energy, using high-efficiency plants and innovating production processes to use less energy. Reduce production-related waste and climate-changing gas emissions.

**Customer care e responsible marketing**

Promoting the quality of products and services through: systematic listening to customer needs, satisfaction surveys and an effective complaints management system. Provide customers with accurate, complete and truthful information, adopting a style of communication based on efficiency, collaboration and courtesy. Promoting sustainable consumption patterns towards consumers and employees who are the company's ambassadors to the outside world.

**Protection and enhancement of people**

Identifying the best talent, promoting training paths and strategies for professional enhancement and growth, ensuring equal career opportunities and development. Maximize the degree of satisfaction and well-being of people and protect occupational health and safety.

**Business Ethics and Transparency**

Prevent and combat unlawful conduct, adopt and promote ethical business conduct to ensure maximum compliance with laws and regulations in all business processes.

Ties to our land

We are tied to our origins, landscapes and the culture in which we were born. Functional and aesthetic research, innovative experimentation, and the careful combination of different materials to create beautiful, durable and respectful products take place in Recanati.

Fratelli Guzzini produces in the historic factory in Recanati (MC), in the Italian region of Marche, characterised by a community of innovators who share an innate passion for the future. The people of this land have, in fact, been the greatest driving force behind our business evolution, contributing with their knowledge and research to increase the competitiveness of Made in Italy in the world. These levers have allowed us to dream big, without applying aggressive growth logics and without moving away from what we know and do best.

Ownership of the factory, the processing

technology and the moulding machines are the main features that allow us to have **direct and complete control over the entire production process**. Today Fratelli Guzzini can count on **125 employees** and a **strong bond with the territory**, which translates into **synergies and industrial collaborations** with local service companies and subcontractors specialising in the **area's historical craftsmanship**, such as the production of industrial moulds, which represent an excellence of the **Marche manufacturing hub**. In the last two years, in particular, the link with subcontractors has intensified, accounting for 70% of the supply chain in the area.



SUPPLY CHAIN WITHIN THE TERRITORY



Our relationship with the territory is also expressed in the restitution of value, committing ourselves to supporting local communities and promoting mutual development. With this objective in mind, collaboration with the **University of Camerino** for research into materials and innovation in production techniques and partnerships with local schools for internship, apprenticeship and work-school alternation projects have been established.

Furthermore, Fratelli Guzzini has for years offered direct support to local third sector organisations through **philanthropy** activities. In particular, in 2020, cash donations in favour of health protection were made to the association Dematepa (DE **Martinins** TElemedicine **PAnel**), specialising in telemedicine, and to the **Humanitas Foundation**, engaged in scientific research.

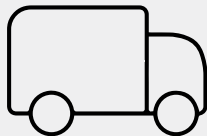
In 2021, the company also made a donation of artistic works, created for the exhibition "Soirée, la luce del pensiero", to **Legambiente** and donations of Guzzini products to parishes and convents in the diocese of **Macerata**, to the **Non-profit Organisation Pace e Bene** and to the **Beniamino Gigli** concert organisation.

With the transformation into a Benefit Corporation, we intend to further strengthen the relationship with our territory, with the aim of contributing to the development of sustainable and resilient communities.

03. The passion for excellence

We want design to be the critical conscience of industrial production.

1.150
total
suppliers



27
audits on suppliers,
of which 5 on new
suppliers



2
premiums
obtained



Quality throughout the supply chain

The relationships we establish with our **large pool of suppliers** are based on transparency and collaboration, with the aim of always guaranteeing quality products.

A structured monitoring of the supply chain is, therefore, essential: the procurement of materials, components, finished products and services takes place only among the companies registered in the **Qualified Supplier List**, through an operating procedure that ensures the required quality, compliance and adequacy standards.

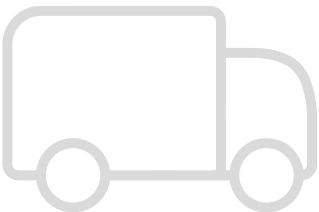
To be included in the system, suppliers are evaluated on the basis of **samples** of previous supplies and information obtained through **questionnaires**, which evaluate technical, design and manufacturing skills, qualification of processes, equipment and personnel and certifications.

For strategic supplies, **audits** are carried out at the supplier sites that verify the adequacy of the Quality System and the implementation of any previously agreed corrective actions. These audits include an inspection of the production site and the drafting of a report for company management, which indicates any problems encountered during the control phase. Furthermore, we have introduced a procurement risk management methodology based on the **Kraljic matrix** for the **segmentation** of suppliers and the mapping of **potential dangers** that an unexpected event in the supply chain may jeopardise the proper conduct of business operations.

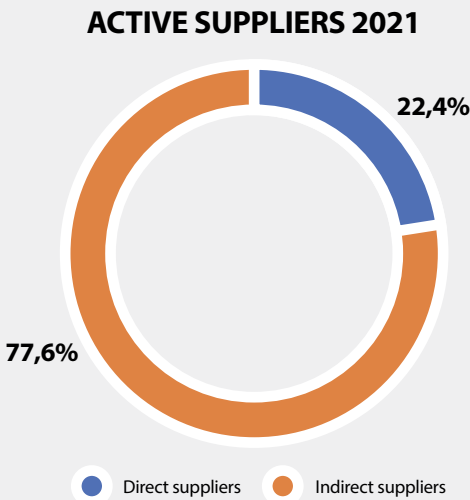
In the knowledge that the set of values that have always guided our choices and on which we rely for our development can only be fully pursued if shared with all partners, **in 2021 we adopted a Supplier Code of Conduct**. Compliance with laws, ethical principles, human rights and working conditions, environmental protection and corporate management systems are the basic principles to which suppliers and subcontractors must adhere.

We have asked our suppliers to accept and comply with the contents of the document and to ensure that third parties working on their behalf are also comply with the document.

Raw materials, purchasing components, finished goods for purchase, non-plastic packaging, household appliances, and transport represent the main product classes we procure and for which we involved **258 direct suppliers** in 2021, for a total of **1,150 total suppliers** (direct and indirect).



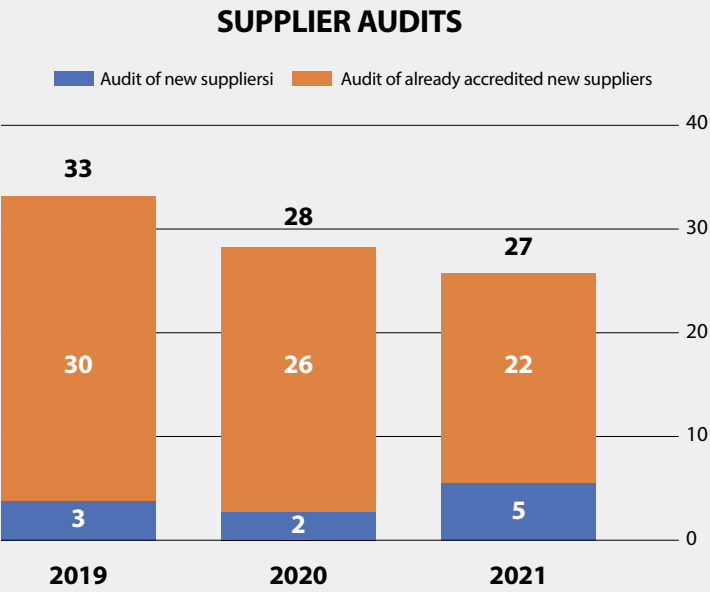
During the same period, we conducted **27 audits on suppliers**, a slight reduction compared to the previous two years (there were 28 in 2020, 33 in 2019), of which **5 on new suppliers**.



Purchases are made from Italian and foreign suppliers, located on **three continents**: Europe, Asia and Africa. However, since the post-pandemic scenario has led to significant critical issues related to the mobility of goods, we are considering reviewing our supply chain by implementing a **reshoring** project. We want to increase purchases from Italian, European and local suppliers in the Middle East in order to reduce possible **supply risks**. This choice also responds to the need to contain transport costs, which increased significantly during 2021.

In the future, we also intend to integrate **environmental and social criteria** in the evaluation of our suppliers, also providing for the introduction of **contractual clauses related to sustainability**. We plan to create a **checklist** of sustainability criteria to be submitted first to raw material suppliers and then also to other categories of suppliers.

With a view to increasingly promoting sustainability along the supply chain, starting from 2022 we will encourage **purchases with sustainability characteristics**, by requesting the relative certifications from suppliers.



Sustainable design

The idea of design: creativity to address environmental challenges

Our **design idea** is based on the concepts of beauty and the ability to accompany individuals and families in the big and small **changes** of habits, lifestyles and expectations.

This vision does not stop at functional research alone, but extends to **creative design**.

In this era of great environmental challenges, we have taken a further leap forward, starting with the desire to realise projects in harmony with nature. The way to give strength and concreteness to these ideas is to create products that arise from the convergence of different disciplines, in which the role of design is paramount as it allows the company to find **responsible solutions** in the processing and use of plastics. It is a work that involves **innovators, technical visionaries and change makers**, who know how to interpret this change, working to identify new materials and processes that provide for the reuse of raw materials from end-of-life products and, above all, the new needs of the company. This is the philosophy that has allowed us to be among the first in the world to **produce new beauty from recycled materials**, giving items a second life and a new identity.

It is also thanks to our history that the company has easily projected itself into the age of **technological innovation**, while always maintaining the colours, lines and shapes typical of Made in Italy and of that Italian character that we are proud to transfer to the designers we collaborate with and that still today allows us to create products that are first-rate and always up-to-date.



Designers: relationships and partnerships that last over time

Our products are born out of relationships, collaborations and friendships with designers, from **close and intense relationships** that rarely end with the design of an object, but, on the contrary, continue over time. Artists of form who live within the company and are familiar with the production and technological processes, and with whom we develop innovation by searching for new ways, new answers to needs, new and trendy solutions.

We represent a real laboratory for designers, where the best technologies for modelling plastics and combining different materials are put at the service of creativity. Collaboration in the creation of each object takes place in the joint choice of the direction

to be taken, always leaving room for the designer's **creativity**.

The Designer is thus a real **partner**: of Fratelli Guzzini: his or her name features on the products created, and he/she attends exhibitions and launch events with the company.

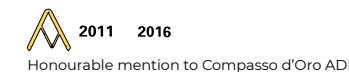
Some of the most important names in the world of international design have chosen and continue to choose to work with us: from Ron Arad, Ross Lovegrove, Ettore Sottsass, Karim Rashid, Marc Sadler, Sebastian Conran to Carlo Colombo, Robin Levien, Angeletti Ruzza, Ora Ito, Pio & Tito Toso, Sinem Sissi Ergunay, Spalvieri & Del Ciotto, Brogliato Traverso, Lorenzo Marini, Continuum and Antonio Citterio.

Awards and accolades

Year of registration with ADI - 1968



Compasso d'Oro ADI



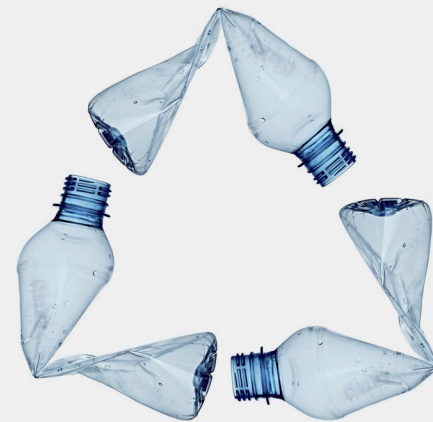
Our products have won numerous **awards and accolades**. During 2021, for the **Re – Generation** collection, we received the **Red Dot Design Award**, one of the world's most important design awards, and the **Green Product Award**, the award for **sustainability-conscious products**.

Plastic recycling, the new design challenge

In recent years, huge quantities of plastic have been produced in the world, as many as **460 million tonnes** in 2019 and **353** in 2020¹. Approximately half is made of **disposable plastic**, following a model based on the unconditional exploitation of natural resources and irresponsible consumption. Single-use plastics, in particular, are the most difficult type to collect and recycle, which is why the relative global recycling rate has stagnated at **10-15%**² for more than 50 years. As a result, most of it is incinerated or dispersed in the environment. Unlike these disposable plastics, which still contribute to the pollution of the planet, **our production is composed entirely of durable items** and, in this respect, comparable to glass, ceramic and metal products. We are aware that, today, we no longer produce consumer goods but **cycles of life**. Our commitment is to create plastic products that are friendly to people and the environment and that guarantee sustainability throughout their entire life cycle. In addition to the inherent **durability** that distinguishes our products, we have decided to commit ourselves fully to the processing of **second life plastics** and to raising **awareness** of the entire community towards the **responsible use of**

environmental resources and proper waste management, offering real ideas for people and nature: **positive daily occasions**.

Through every business choice, our daily commitment is to produce reusable containers, utensils and household tools, which have an infinite life cycle and can in turn be recycled if necessary. Furthermore, with design and full technical mastery of production processes, we create long-lasting objects, which are also created from **recycled materials** that are still **recyclable**.



Nature does not produce waste and we must also pay attention not to do so. Acting responsibly means designing products so that they use as little material and energy as possible, can fulfil their function for as long as possible and are easily recyclable at the end of their life cycle, allowing the material they are made of to be easily recovered and then processed again for re-use in a virtuous cycle.

² OECD, 2022. Global Plastic Outlook – Economic Drivers, Environmental Impacts and Policy Options.s.

³ Minderoo Foundation, 2021. The plastic waste makers index – Revealing the source of single-use plastic crisis.

Examples of sustainable design



Eco-bag

100% post-consumer recycled plastic bag that is in turn recyclable. Extremely durable.



Re-generation

Bottle made of at least 50% post-consumer recycled plastic and recyclable. It avoids the use of disposable containers, thus encouraging a more sustainable lifestyle. Durable and 100% recyclable. Disassemblable and mono-material.



Tierra

A collection designed by Pio and Tito Toso that allows food and drink to be consumed without the use of disposable items, produced from 100% post-consumer recycled single-material materials that are in turn recyclable.



Spin&Drain

Innovative multifunctional product for washing, draining, serving and, where necessary, defrosting. With a special rotation system, it uses the force of gravity to optimise gestures in the kitchen. Durable and 100% recyclable. Disassemblable and mono-material..



Twist

Collection designed by Setsu and Shinobu Ito made of 50% recycled plastic material. Durable and 100% recyclable.



Eco-Kitchen

First collection of kitchen products made of post-consumer recycled plastic. Functional, sustainable and antibacterial

The courage to innovate

If after 110 years we are still able to give beauty to everyday things and gestures, we owe it to continuous innovation in design, technologies and new materials.

Research is the solid foundation on which the innovation that distinguishes Guzzini products is based. Our people are committed daily to finding **new solutions** to guarantee the best performance of our products, with a lower environmental impact.

Innovation and sustainability

Sustainability is an **essential element** of each of our **new products**: depending on the intended use and the target market, we analyse and adopt the **best solutions to ensure maximum sustainability**.

Consumption of resources, with particular reference to the consumption of **materials**, and **impact on the environment** are the main variables we consider in the sustainable design of our products. With this in mind, we carefully choose the **thickness** of our products with the aim of minimising material consumption and, at the same time, ensuring functionality, reliability and aesthetics. We use polymers with reduced environmental impact, which guarantee high performance and compliance with current regulations: firstly **post-consumer recycled plastics** (PCR-PET food grade for products intended for food contact, PCR-PP and PCR-PE for all other types of products) and, secondly, bio-attributed **polymers**, i.e. made using a share of **second generation renewable sources** (SAN and SMMA bio-attributed to obtain products with specific aesthetic characteristics, such as transparency, and PP bio-attributed for products suitable for use in microwave ovens).

We choose not to use bio-polymers to make our products as they can pose significant **sustainability risks**. Cultivating raw materials of plant origin for the purpose of making biopolymers can mean taking important resources (arable land, water resources, etc.) away from human and animal nutrition. Therefore, we believe that these materials are mainly to be used for applications with high added value and able to provide solutions to environmental problems that otherwise cannot be solved.

Ensuring high environmental sustainability of products also means reflecting on their **end of life**. For this reason we are studying **solutions for recovery and recycling** in order to further limit their impact on the environment (see page 60).



Recycled plastics and food contact, a bit of history

For a long time, Italy has prohibited the possibility of using recycled materials in contact with foodstuffs, with the exception of PP (polypropylene) and LDPE (high density polyethylene), which can be used exclusively with reference to specific foodstuffs already equipped with natural protection (garlic, chestnuts, bananas, hazelnuts, etc.). The breakthrough came with the publication of **Regulation 282/2008/EC**, which amended the requirements for the manufacturing of plastic food packaging at a European level, allowing the placing on the market of packaging made of recycled material obtained from an **authorised recovery** process. The Regulation came into force in July 2008. From that moment, it was possible to use the recycled post-consumer materials obtained exclusively through

We have invested extensively in research and development, trying to overcome these limits and bring recycled material to the table of our consumers with the appropriate technical performance. To do this, we involved suppliers, customers, universities and associations, intervening in an innovative way, for the first time in our industry, on the characteristics of the recycled raw material and the production process.

Collaboration with the University of Camerino

Since the main problems encountered in the use of post-consumer recycled PET relate to its poor thermal resistance, we have been collaborating with the **School of Science and Technology of the University of Studies in Camerino**, for many years now, funding research in the **pioneering fields** of possible applications of **sustainable plastics**.

With this objective, we also support a **PhD** on the study of possible applications of industrial plastics.

Thanks to university research, we have achieved important milestones: the use of an **additive** in the formula of the plastic material has improved its performance and made it suitable for **dishwasher use**. In 2021, we have continued in this direction by working on a post-injection process for recycled PET articles that can give the material greater strength, for the same amount of time and cost.

The creation of a **functional barrier** suitable for **food contact** that would allow the creation of products with a significant proportion of recycled material was another field of research with positive results. The production process involves the injection of a **shell of virgin material** (functional barrier) via an overmoulding system, on which the recycled material is then moulded. The result is a two-colored **object with a high content of recycled material** and fully compliant with food contact.

The research activity with the university was to identify any unwanted **volatile compounds** that migrated from recycled material to virgin polypropylene. Specific analyses (Solid Phase Microextraction (SPME)/Gas Chromatography (GC)-Mass Spectrometry (MS) **showed that all samples of virgin material had not been altered by unwanted compounds**, demonstrating the full applicability of the products in food.

Finally, also in 2021, thanks to the support of the University of Camerino, we have carried out the **physical-mechanical characterisation of the main post-consumer recycled polymers** (PCR-PET, PCR-LDPE, PCR-PP), an essential objective to gain a better understanding of the properties of recycled materials, which are still poorly known.

The study will make it possible to apply **process simulation software** to these polymers as well, in order to anticipate potential defects and improve production equipment.

mechanical recycling and originally suitable for contact with food. Currently, **PET** is the polymer that lends itself most effectively to **recovery and decontamination cycles**, as well as being widely available as a result of post-consumer collection of food packaging. However, this material, even if not recycled, is traditionally not used in durable food contact applications as it is not suitable for **thermal stresses** (e.g. temperatures above 50 degrees). When subjected to high heat (contact with hot food, washing in a dishwasher or use in a microwave), PET may be subject to **deformation**. These **technical limitations** have for years prevented the plastics processing industry from using recycled material in durable food contact applications and thus pursuing better sustainability than single-use solutions.

Natural antibacterial additives

To reduce the microbial presence on the surfaces of polymer products, the use of **inorganic additives consisting of very small, poorly soluble particles based on silver ions** has been tested. When bacteria come into contact with a surface protected by the additive, silver ions are able to prevent the growth and reproduction of bacteria.

The additive is also characterised by **high temperature resistance** (up to 600°C) making it an excellent choice for hot-machined products.

Laboratory analyses, conducted in compliance with ISO 22196 on additive products, showed a reduction in bacterial activity of more than 99% after only two hours of treatment. It has also been proven that the use of these additives does not alter the physical properties of the plastic material or its aesthetic characteristics.

As these additives have only been tested on non-food products, we are also recently investigating a **new natural active ingredient** that would significantly limit the proliferation of bacteria while being suitable for food contact.

Thanks to this innovative material it will be possible to **extend the shelf-life** of preserved products (e.g. vegetables, fruit).

Digitisation

We are committed to continuously innovating our internal processes for a progressive **digital transformation** of our organisation. We are reviewing the production from an **industry 4.0** perspective through the implementation of **various automation solutions**, including an anthropomorphic robot for laser cutting and a 3D printer for product prototyping, and with the introduction during 2021 of **new digital and efficient technologies**, including a new press, two Cartesian robots, three axes and a cobot (collaborative robots).

We are also developing and implementing a **three-year plan** that will enable a digital transformation of all processes.

The Operation, Marketing and Sales functions have already experimented with some digitisation initiatives. These include a supply chain analysis to understand the characteristics and needs of key suppliers, the internalisation of some digital marketing skills and a **CRM (Customer Relationship Management)** project to improve customer relationship management and the customer experience. We have started a review of the **company's information systems**, in view of an upcoming evolution of Enterprise Resource Planning (ERP), and we are raising awareness among our people about the **strategic role** that these systems play in the context of business management.

04. Safeguarding the Planet

Responsibility towards the environment and society has been a core value for us for a long, long time.



Circularity as a philosophy

Our projects, pursued with laboratory methodologies and with the tools of scientific research, study and experiment with processes, functions, the tools of tomorrow that condition the flows of transformation; we do it directly and in partnership with research centres, universities, the world of design and participating in collaborative platforms on sustainable manufacturing and de-manufacturing.

Fratelli Guzzini operates in the **spirit of a laboratory**: we study and experiment with solutions for a more ethical economy. **Responsibility** is our word for the future. Taking care of the world for us means adopting **new industrial cultures based on respect for the environment**.

Thanks to our in-depth experience in the plastics industry and our network of relationships, we develop increasingly sustainable products and raise awareness of other companies towards the ecological transition.

As part of the **Circle** programme, we design circular initiatives and collections, the materials of which come from the recovery of plastic packaging waste.

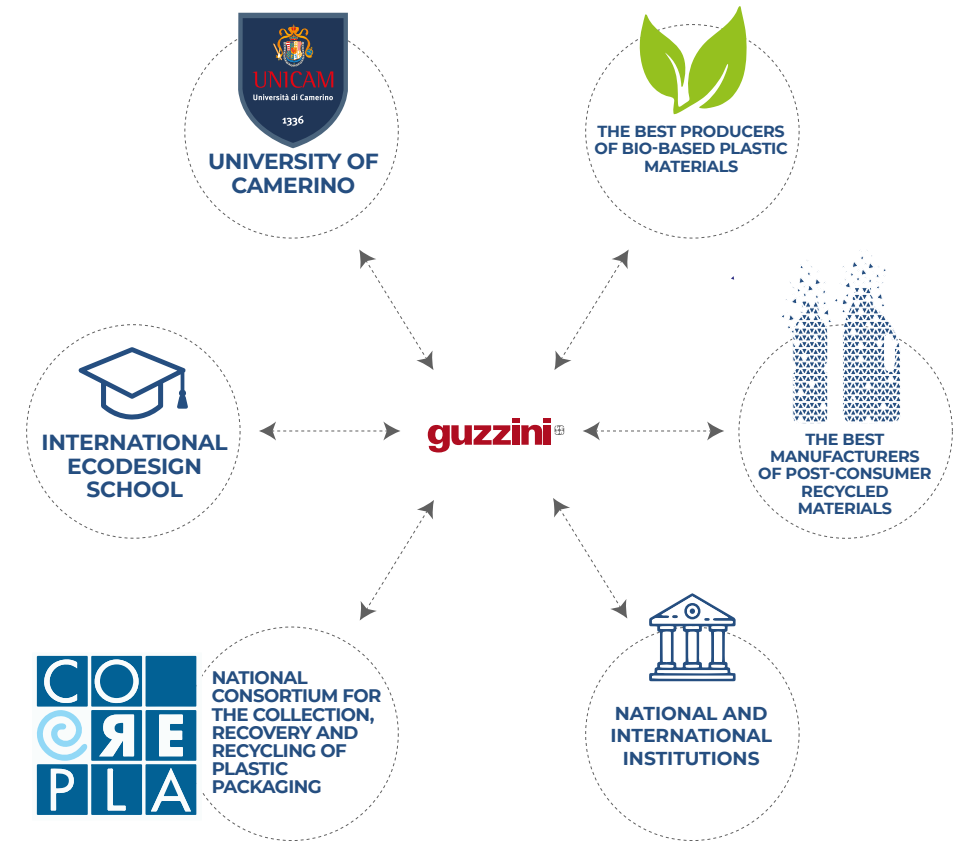
The is, in fact, the basis of our philosophy. We claim the role of plastics specialists, considering our historical expertise a useful resource for profound innovation in the sector.

The way to give substance to this philosophy is to create a convergence between disciplines: **in our opinion, design must undertake and claim responsibility for regenerating the world, reconciling scientific innovation and reduction of environmental impact.**

The Circle program demonstrates how the new beauty can generate shopping and use experiences that broaden the **awareness** of people and communities, orient behaviours and reduce environmental loss and social costs.

Fratelli Guzzini is recognised precisely for its scientific and technical innovation: we are the first company to have defined **re-design processes for second life plastic materials** and we will be the first to introduce **bio-circular plastics** derived from biomass waste into the domestic environment.

We want to design in **system** terms through industrial partnerships, devising circular initiatives and collections, thanks to the **important network** made up of the best producers of post-consumer recycled materials and bio-circular plastics, universities, ecodesign schools and consortia that collaborate with us on a daily basis.



Circularity for us, above all, means sharing. In fact, we have involved the entire supply chain to disseminate the new production methods, acting as a driving force for new applications of materials.



Plastic and its use⁴

Plastic materials have a wide **range of properties**, such as low density, low electrical conductivity and easy workability for the creation of infinite types of objects, which have made **it practically indispensable** in many applications.

Italy is the **second plastic consumer country in Europe**: in 2020, **5.9 million** tonnes of fossil polymers were used, corresponding to almost **100 kg per person**.

At a European level, in fact, as much as 99% of virgin plastic is produced using **fossil sources** such as oil and natural gas as raw material.

42% of the fossil plastic consumed in our country is used in **packaging and disposables**, **12% in construction** and **7% in automotive**. Although Italy is one of the most virtuous EU countries in circular waste management, **only slightly more than 30% of plastic waste is sent for recycling**.

In addition to the important positive contribution to the development of our society, the negative impacts of plastic consumption on marine and terrestrial ecosystems have gradually emerged. In fact, **around 8 million tonnes¹**, of the approximately 300–400 million produced annually end up in the sea worldwide. On average, **around 90** of plastic are spilled off the Italian peninsula² every day due to carelessness and also failure to sort waste. The production of plastic from fossil raw materials also involves the exploitation of important natural resources and the release into the atmosphere of **1.7 t CO₂/t plastic**, to which **3.1 t CO₂** is added in the event that the plastic waste is destined for incineration.

The Covid-19 pandemic has exacerbated the problem of plastic pollution, increasing the quantities of disposable items used daily for hygiene purposes.

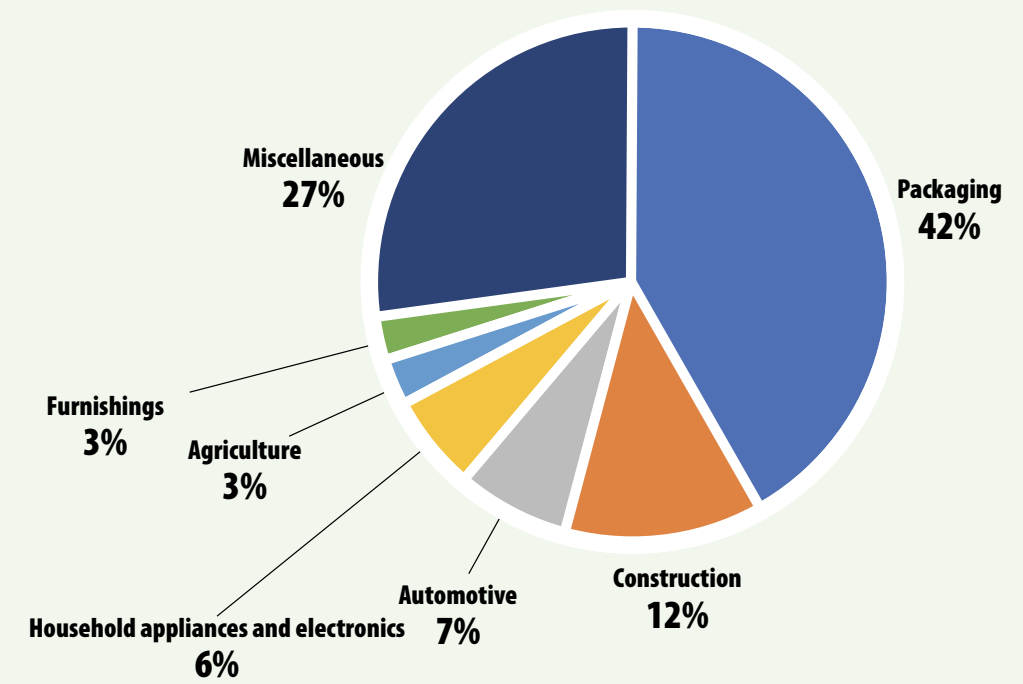


⁴ ECCO – The Italian Climate Change Think Tank, 2022. Technical Report “Plastic in Italy: vice or virtue?”

⁵ World Economic Forum, 2016. The New Plastic Economy – Rethinking the future of plastics.

⁶ UNEP (United Nations Environment Programme) data.

SECTORS OF USE OF PLASTICS OF FOSSIL ORIGIN IN ITALY



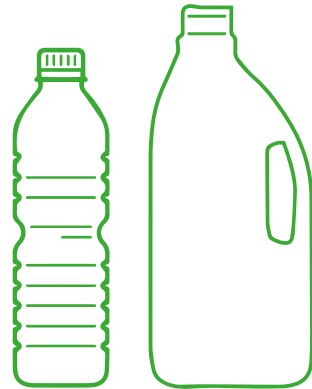
The European Union has gone to great lengths to combat the problem, launching numerous measures to limit the placing on the market of single-use plastic products, incentivise the use of recycled materials and promote new models of circular design.

Managing the problem of plastic-related pollution is important:

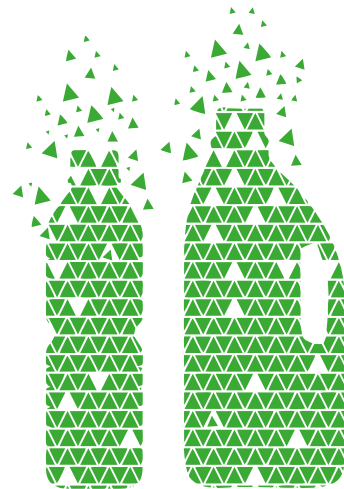
- 1) Reduce **consumption of virgin fossil polymers**, particularly in Italy, Europe's second largest consumer;
- 2) Increase **recycling and reuse rates**, to manage fossil plastics already on the market;
- 3) Use **bioplastics**, where more virtuous alternatives are not available.

To implement these actions effectively, policies aimed at controlling production and release for consumption are needed. However, a key role is also played by companies, which can act on the demand side to encourage the use of secondary and bio-based raw materials.

We at Fratelli Guzzini focused on recycled plastic when no one believed in it yet, grasping the many benefits of its use, and today we aim to increase the proportion used so as to contribute to the recovery of virgin plastic to create durable products.



USED DISPOSABLE PET AND PP BOTTLES ARE COLLECTED, SORTED AND WASHED.

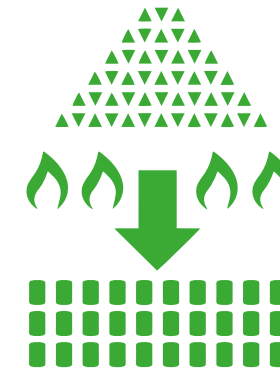


THE BOTTLES ARE FLAKED AND WASHED AGAIN.

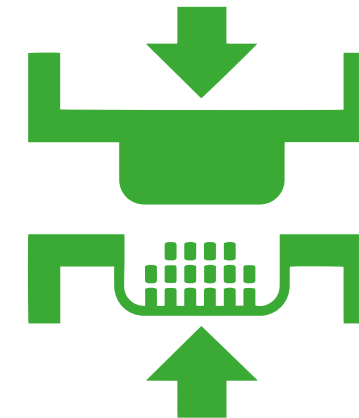


THE FLAKES ARE SANITISED TO ENSURE FOOD CONTACT.

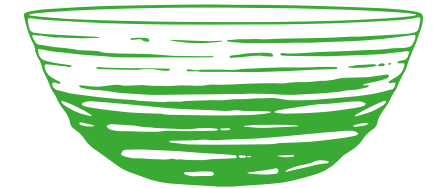
THE CIRCLE TRIALS MECHANICAL RECYCLING



THE FLAKES ARE MELTED AND EXTRUDED TO BECOME PLASTIC PELLETS.



PELLETS ARE TRANSFORMED INTO A PRODUCT THROUGH INJECTION MOULDING TECHNOLOGY.



A NEW CIRCLE GUZZINI PRODUCT COMES TO LIFE.

With the Circle Program we have started a journey to give new beauty to recycled materials, which through research, technology and design, give life to new objects made with a minimum of resources.

Circle Program

We have created the **Circle Program** to give new life to secondary raw materials and create **products with greater upcycling, eco-sustainable** and excellent functional performance.

With Circle, in fact, we want to integrate sustainability even more into our business model with an **approach to circularity** that adds to the traditional characteristics of durability and recyclability that distinguish our range of products.

We strongly believe in the potential of **recycling**, having also studied and experienced its benefits. From reducing carbon emissions from fossil fuels, to saving energy for production processes, to avoiding sending plastic waste to landfill, recycling processes achieve numerous environmental savings.

Thanks to mechanical recycling processes, Circle allows the activation of **material regeneration** processes, using **post-consumer recycled plastic and, in the future, also waste and residues from the agri-food chain**.

Circle products derived from mechanical recycling include articles in **post-consumer 100% recycled PET (polyethylene terephthalate)**, and more recently also in **PP (polypropylene)** and **LDPE (low density polyethylene)**, which have allowed experimentation and production of new objects. In particular, through a series of interventions in the company's internal transformation processes, the supply chain and university research, we were able to overcome the limitations of recycled PP and LDPE.

PRODUCT FEATURES



Only products made of recycled PET are suitable for food contact



Dishwasher-safe with no temperature limits



Suitable for microwaving except for those made of recycled PET



Recyclables

TECHNICAL LIMITS OF THE PRODUCTS



Products not suitable for food contact except those made of recycled PET



Aesthetic limitations, no transparent finish possible



Few plastics available, limited choice

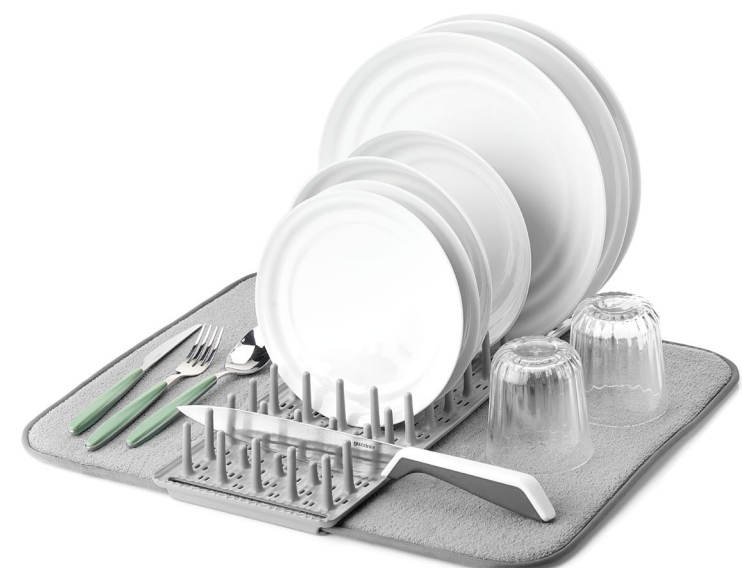
As evidence of our commitment to circularity, the Circle line's **share of recycled plastics is 24%**. The percentage decreased by 10% compared to 2020 mainly due to the conclusion of a loyalty programme with the large-scale retail trade and the increase in raw material prices. Overall, we believe we have achieved a good result, which shows that **traditional channels** continued to sell a significant share of recycled products.

During the year, the Circle line was enriched with new proposals with the expansion of the Terra collection and the new Eco-Kitchen collection.



Subject of Circle advertising campaign.

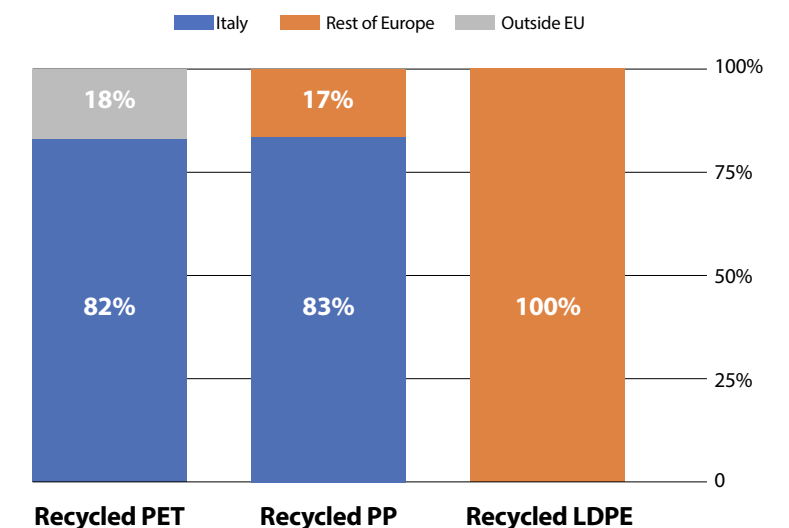
24%
share of recycled plastic materials



In the future, we intend to expand the Circle program with the development of bio-circular recycling processes and the consequent introduction of new bio-based materials, and with new **closed supply chain** projects in collaboration with large-scale retailers. Moreover, a **partnership** will be launched with a leading collective catering company for the replacement of disposable cutlery with durable alternatives in a bio-based plastic case, as part of a co-branding activity.

The sustainability of Circle line products is guaranteed by **short and controlled supply chains**: recycled plastic is mainly purchased in **Italy**.

ORIGIN OF SECONDARY RAW MATERIALS 2021



In the future we want to evolve the Circle project to spread our circular approach. We aim to create more and more closed supply chains and established networks through which the supply of secondary raw materials and the high processing capacity that characterises us can be brought together.

The new frontier of sustainable plastic materials

Next to mechanical recycling, we are investigating the potential of **bio-circular** processes within the Circle line.

Through this process, which involves the collection, selection and pyrolysis of materials, it is possible to produce an «oil» that, used in refining and synthesis plants, makes it possible to convert them into basic monomers that can then be used to produce new polymers.

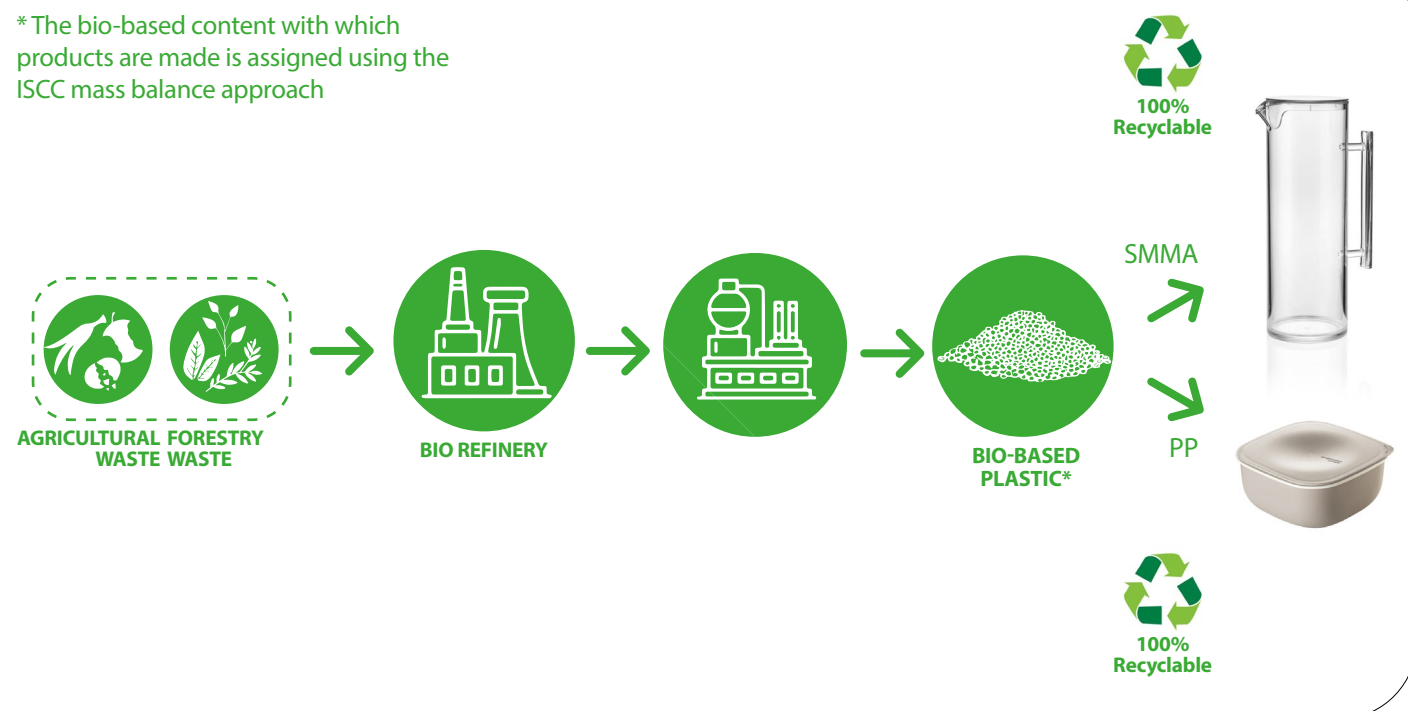
Thanks to chemical recycling we can obtain **high performance** materials, including:

- Polypropylene (PP)
- Styrene acrylonitrile (San)
- Styrene methyl methacrylate (SMMA)
- Modified polyesters

In this context we have developed the innovative “**bio-circular**”, process, which from 2022 will enable us to produce articles from **plant biomass waste and residues (second-generation biomass)** combined with plastics from fossil sources.

CIRCLE PROCESSES BIO CIRCULAR PROCESS*

* The bio-based content with which products are made is assigned using the ISCC mass balance approach



PRODUCT FEATURES

No aesthetic limits,
transparent finish
possible



Recyclables



The products have the same
technical performance as those
made from virgin materials

Mechanical and chemical recycling compared ⁷

Historically, materials are recycled by mechanical recycling. However, new chemical recycling processes have recently been tested and their strong potential has been discovered.

Mechanical recycling is broken down into:

- **primary recycling:** the process involves the use of **post-industrial materials** (e.g. scrap and production waste), usually reworked in a mixture with virgin material. In this case, the material can be used and processed for the same applications and in the same way as virgin material;
- **secondary recycling:** the starting raw materials are **post-consumer products**, which require a series of specific operations to be processed (separation, washing, processing in the molten state).

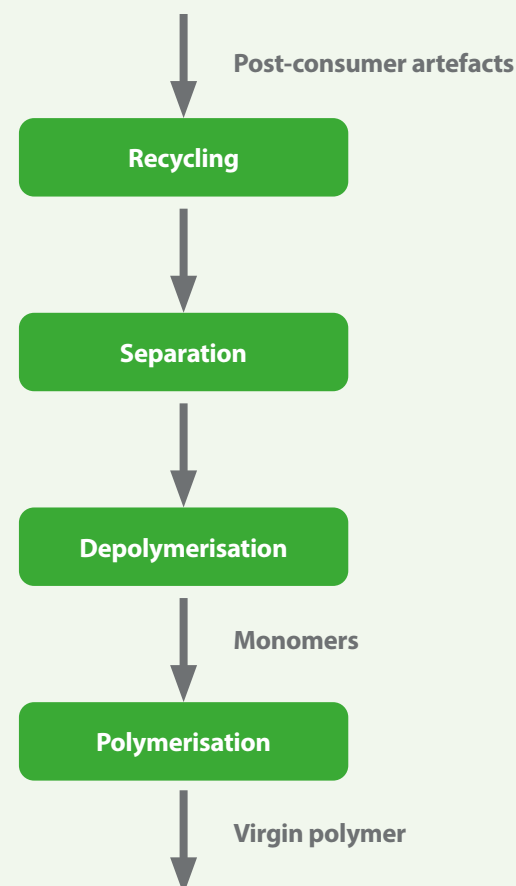
What are the **limits of mechanical recycling**?

Firstly, plastics, unlike other materials such as glass and metals, do not manage to retain their properties over time, but gradually become less and less efficient as a result of both processing and use. Moreover, mechanical recycling requires polymers to be homogeneous: the presence of different materials can, in fact, make the transformation process considerably more complex. Even more pronounced limits are found for materials intended for **food contact**. Specifically, the EFSA (European Food Safety Authority) is expected to approve each step of material processing to ensure that the waste has undergone adequate **cleaning processes** capable of making the materials suitable for food contact.

Faced with the limitations of **the traditional process**, **chemical recycling is attracting increasing interest** because it allows **post-consumer plastics to be converted into** smaller molecules, **monomers**, which can be used both to **produce new polymers** and for the **generation of energy**. Furthermore, **chem-**

ical recycling also makes it possible to use portions of **renewable materials, such as second-generation biomass** in combination with plastic materials.

SCHEMATISATION OF CHEMICAL RECYCLING



Source: Ecco-The Italian Climate Change Think Tank, 2022. - Technical Report -Plastic in Italy: vice or virtue?

Thanks to the chemical process, the polymer obtained is a **virgin polymer**, therefore, a raw material with **characteristics identical to the starting material**.

However, this recycling method is still in the experimental phase: **in Italy only 0.1% of plastic waste is sent for chemical recycling**, mainly due to the still very high costs of the production process.

Given that chemical recycling could offer a solution to waste disposal problems and enable the production of new, high-quality materials without the need for new virgin raw material, we promote the development of this process in Italy by investing what is necessary.

⁷ ECCO – The Italian Climate Change Think Tank, 2022. Technical Report “Plastic in Italy: vice or virtue?”

100 Italian circular economy stories

When it comes to anticipating the future, Guzzini has always been ready.

Enel and Fondazione Symbola, with the collaboration of the Sant'Anna Institute of Pisa, have collected **100 stories of excellence Made in Italy**: companies, research centres and associations, which apply the **principles of the circular economy** on a daily basis to contribute to the sustainable development of the country.

From agribusiness to fashion, from packaging to mechanics, from wood furnishings to construction and finance, right up to electronics and chemistry, the stories tell of a strongly evolving panorama of **Italian companies that look to quality and innovation in a circular way.**

Fratelli Guzzini is part of the 2021 edition of the report, as it is considered to be one of the particularly significant cases in terms of the **soundness and originality of the solutions adopted**, thanks above all to the development of the Circle line.



Certifications

Our products are certified to the most recognised **international standards**. In order to offer maximum transparency and reliability, we have initiated and completed **certification** processes to **certify the actual amount of recycled materials and biomass** in our items. In particular, we have demonstrated that we adopt an organisational and internal control system in line with the **requirements** of UL and ISCC certification.

UL is a world leader in the science of safety, security and sustainability, and provides testing, inspection, certification, training, consulting and risk management services for companies that make innovation their hallmark. UL certifies the **recycled plastic** of the products in the **Re-Generation** collection with a view to reducing the impact of waste and global plastics.



ISCC (International Sustainability & Carbon Certification) is a globally applicable sustainability certification system and includes all sustainable raw materials, including agricultural and forestry biomass, bio-circular materials and renewable energies. The quantities of **bio-based materials** used in our products are **ISCC Plus** certified, based on the **mass balance calculation**.



In tune with nature

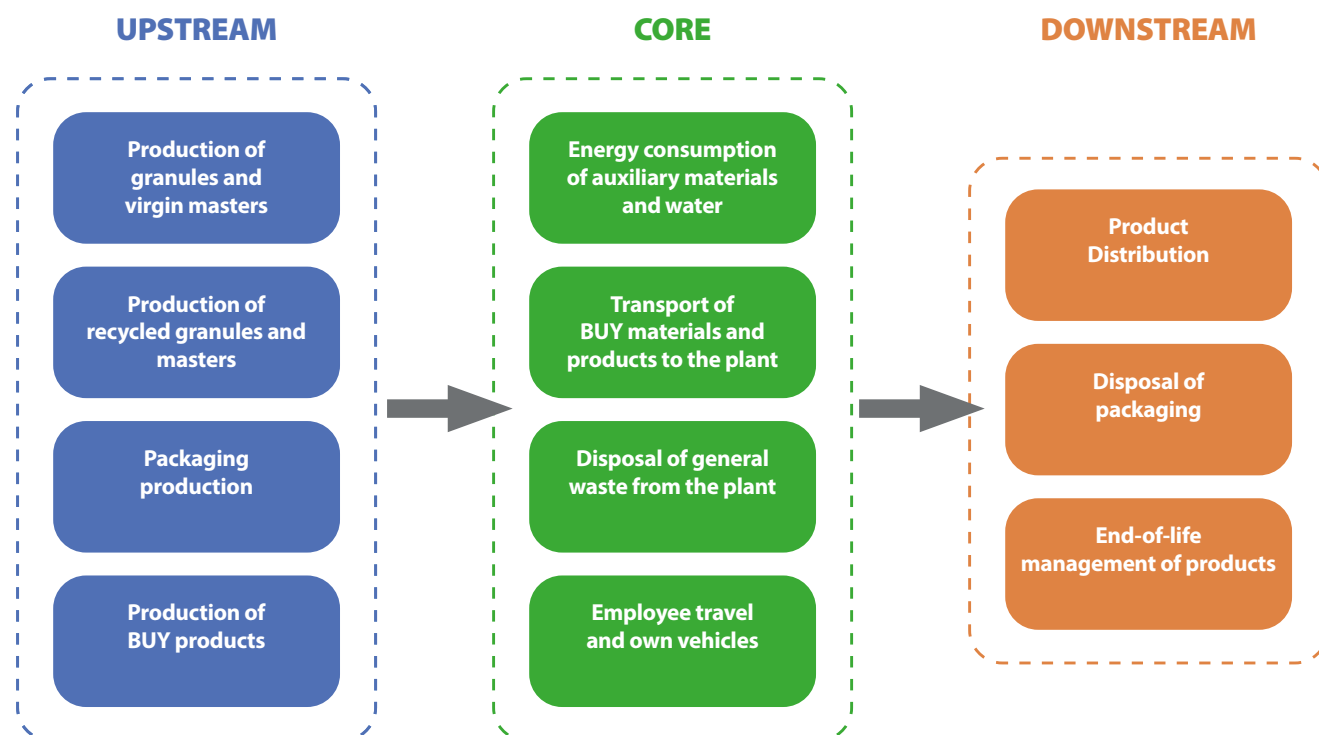
Applying **the principles of the circular economy** to the value chain has enabled us to reduce our negative impacts on the environment, in particular the production of waste from the Recanati factory to almost zero. At the same time, **major energy and water efficiency measures** have enabled us to reduce energy and water consumption and carbon dioxide emissions.

Although the results are significant, we want to continue to improve our environmental performance and strive daily to find solutions that can support the transition to an increasingly sustainable business model.

Assessment of environmental impacts

To increase our awareness and promote continuous improvement, we developed a **LCA (Life Cycle Assessment)** study based on international standards (ISO 14040, ISO 14044 and ISO 14064) with the objective of **evaluating the environmental performance of our**

organisation. The study focused on analysing the environmental impacts in 2021 of our supply chain along the **three main phases of the value chain: upstream** (upstream activities), **core** (central activities) and **downstream** (downstream activities).



Main results:

- **GWP** (Global Warming Potential): 11,852,872.34 kg CO₂ eq - measures the CO₂ eq emissions produced for production, distribution, use and disposal of Guzzini products
- **AdPelem** (Abiotic Depletion Potential): 29.26 kg Sb eq. - measures the use of mineral resources used for the production of Guzzini items
- **AP** (Acidification Potential): 23,218.21 kg SO₂ eq - measures the air emissions of particular acidifying substances related to the production of Guzzini products
- **Primary Energy**: 271,494,147.29 MJ – primary energy consumption, renewable and non-renewable, used for production, distribution, use and disposal of Guzzini products

The study showed that the **upstream** phase was more significant in terms of environmental impact, affecting 63% of primary energy, 53% of AP and AdPelem and 45% of GWP.

This phase, which includes **all production activities of raw materials used in Recanati**, the **packaging** and the **realisation of “buy”**

products outside the Guzzini plant, is in fact responsible for the **most significant impacts** of our products within their life cycle. In particular, the production of **virgin granules and masters has the greatest impact**.

Thanks to the LCA it was also possible to quantify the **potential environmental benefits** deriving from the company's choice to use **secondary raw materials**. Considering the percentage of recycled material used in 2021 in the Circle line (equal to 25% of total plastic production), the **savings** obtained are:

- -4.8% GWP
- -0.4% AP
- -10.3% of Primary Energy

The study also showed that by increasing the percentage of recycled material up to 100%, a **reduction of up to 25% in GWP** can be achieved.

The evaluation carried out thus revealed results that support the company's choices to date. In view of these results, we want to continue to increase the share of secondary raw material in our production processes.



The opportunities of recycling

For the purposes of the LCA analysis, we considered **landfill** disposal as an end-of-life scenario of the products. However, we found it interesting to compare alternative scenarios. Since, in fact, we want to minimise the impacts related to our products and processes, we have recalculated the results even in cases of disposal through **waste-to-energy** and **recycling**.

Waste-to-energy has no significant influence on the impacts produced, unlike recycling, which would contribute to a 19% reduction in GWP compared to land filling.

19%

GWP savings obtainable through the recycling of final products

Although our products have a fairly long useful life (approximately 10 years), it is our intention to continue to cooperate with **recycling and recovery consortia** to ensure a **second life**.

The waste that comes from our products, which is normally urban, does not currently participate in the normal active recovery circuits, as it does not constitute packaging. Therefore, although all the plastics we produce are recyclable and there are potential recovery channels interested in their treatment, it is not yet possible to recycle them. For these reasons we are evaluating, also in cooperation with Corepla, to create our own final waste **recovery circuit**, giving customers the opportunity to return the products to be disposed of at the shops, then organising their collection and transport to the recovery plant to be managed directly or through specialised companies.

Finally, although the study does not explore alternative scenarios in the **core** phase, the analysis considers that the increase in the purchase of **renewable energy** and/or **self-production of renewable energy**, as well as the **promotion of sustainable mobility** among employees can contribute to a reduction of impacts. We will, therefore, continue our efforts to expand our capacity for self-production of energy and promote electric mobility among our stakeholders, including by installing **charging stations** for hybrid and electric vehicles outside our production site.

Energy consumption and emissions

We are aware of the relevance of the energy consumption of our operations in terms of environmental impact. For this reason, with a view to continuous improvement, in 2021 we started the process for the certification of our **Environmental Management System (EMS)** pursuant to the international standard **ISO 14001**. As a result, we updated the EMS, incorporating the requirements laid down in the standard, and integrated the **Environmental Policy** into the **existing Occupational Health and Safety Policy**, making sure that the entire company was made aware of it by making it visible on the company notice

boards and intranet. Furthermore, we have set **environmental goals** for the future. Senior Management will be committed to raising awareness throughout the organisation on the importance of implementing an effective Environmental Management System, compliant with the requirements of ISO 14001. With this in mind, we have, moreover, mobilised all the necessary resources for the implementation of the EMS and are committed to monitoring its operation to verify that it achieves the expected results.

Aware of the considerable energy requirements necessary to operate the **approximately 12,000 m²** occupied by the production sites and offices, we **monitor consumption** by means of meters located in the main consumption centres, which allows us to evaluate reduction measures. We recently carried out an **energy diagnosis**, a systematic and documented assessment to identify the organisation's energy efficiency level and suitable measures to improve its performance. In addition, we have implemented a series of **measures** to make the Recanati plant an **energy-efficient** complex:

- **Relamping** of the entire system with replacement of neon lamps with **high-efficiency LEDs**, combined with presence sensors able to optimise their performance. This also eliminated the impact of the disposal of neon luminaires;
- Installation of **inverters** on the machines of the compression unit;
- Adoption of a **system for regulating** the rotation speed of hydraulic pumps on injection moulding machines;
- Adoption of **insulation systems**;
- Adoption of **closed-loop systems for process cooling water**, which is treated and re-circulated into the system without further withdrawal;
- Installation of **home automation systems** inside the offices.

For efficient consumption management also along the supply chain (source and delivery), we have adopted a set of initiatives to reduce the environmental impacts of **logistics**, with particular reference to the transport of goods by air.

We also plan to **make all machinery electrically powered** and **reuse cooling water** from the presses, e.g. for space heating.

Today, the company's energy requirement (understood as the energy consumed by the production plants) is **25,682 GJ** (equal to 7,133,860 kWh), **70%** represented by **electricity** and the remaining part by natural gas for the heating of the environments. Part of the electricity consumption is covered by the self-produced energy of the **photovoltaic system** that has a nominal power of more than **800 kWp**, installed on the roof of the Recanati plant between 2010 and 2011. In 2021, the plant generated about **13%** of the electricity consumed, avoiding the release into the atmosphere of **163.9 tons of CO₂ eq.** During the year, **174,366 kWh** of self-produced renewable energy was transferred to the grid. In the future, we want to increase the share of self-produced renewable electricity through an expansion of the plant with the installation of an **additional 400 kWp**.

During the year, electricity consumption decreased slightly (**-4.8%** compared to 2020) due to a lower amount of purchased energy and a 10% reduction in self-produced and consumed energy related to a fault in a transformer cabin at the plant, which necessitated a production stoppage of about one month.

Petrol consumption for the company car fleet also decreased in 2021, by 76 per cent compared to the previous year. On the other hand, the consumption of diesel has remained almost stable. On the contrary, the consumption of **natural gas** increased by 37% due to the recovery of activities after the most critical phase of the pandemic, which led to the loss of the use of the IGC (Cassa Integrazione Gan-agni) and a lower use of smart working.

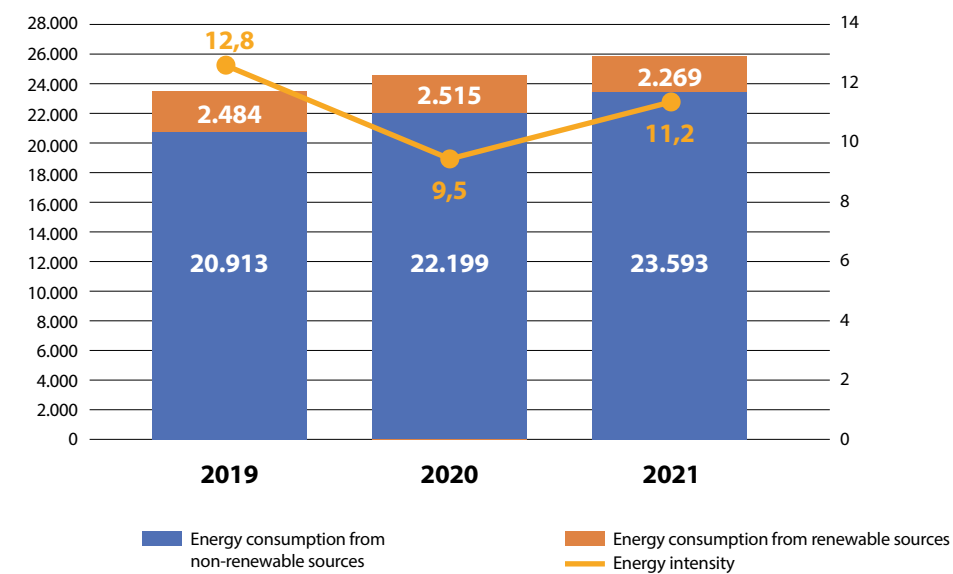
The total energy consumption (energy for plants and fuels) in 2021 amounts to **25,862 GJ** (7,183,917 kWh), up **4.6%** compared to 2020 (24,714 GJ) and 10.5% compared to 2019 (23,397 GJ). Despite a slight increase compared to 2020 in absolute terms, the **energy intensity¹** remained below 2019 levels, going from 12.8 GJ/ton to **11.2 GJ/ton**, as evidence of the efforts made for energy efficiency.

11,2 GJ/ton

energy intensity

⁸ Calculated as the sum of natural gas, electricity purchased from the grid and electricity produced and consumed by the photovoltaic system in relation to the total plastic used in production.

TOTAL ENERGY CONSUMPTION (GJ) AND ENERGY INTENSITY (GJ/T)



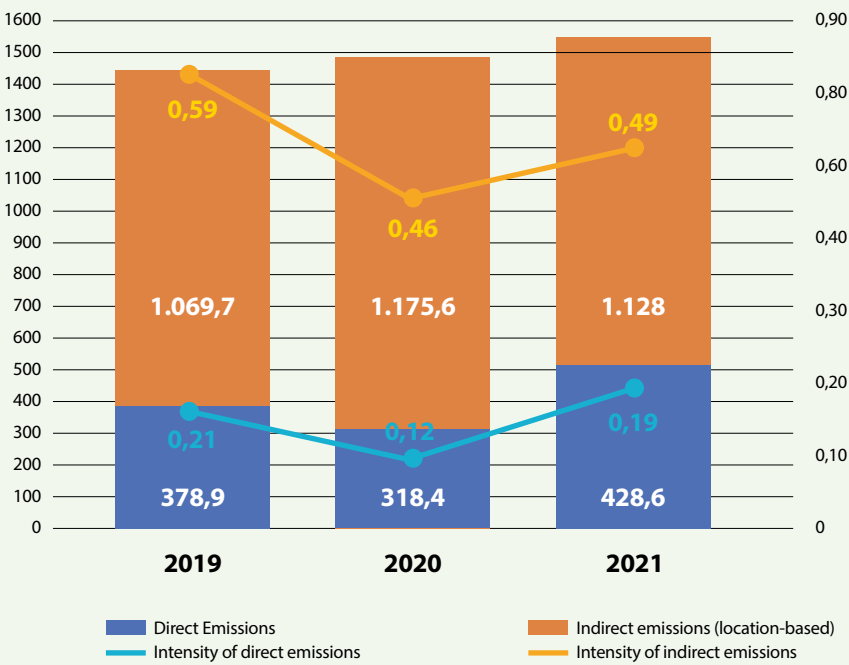
Direct emissions (Scope 1), related to the consumption of natural gas, petrol and diesel, in 2021 were equal to **428,6 tonnes of CO₂** and, up **34.6%** compared to 2020 mainly due to the effect of higher consumption of natural gas compared to the previous year. **Indirect emissions** (Scope 2), linked to the purchase and consumption of electricity from the grid, during the same year instead decreased by **4.1%** according to the location-based method, reaching **1,128 tons of CO₂e**, and **4.6%** according to the market-based method, reaching **1,980.8 tons of CO₂e**.

The total **emission intensity** in 2021 is **0.68 tonnes CO₂ and/tonne plastic**, slightly increased compared to 2020, but still lower than 2019 (when it was equal to 0.80 tons CO₂ and/tonne). Specifically, it emerges that, compared to 2019, the **intensity of indirect emissions** recorded a more marked decrease, equal to **-17%** (compared to -11% recorded with reference to the intensity of direct emissions).

0,68 tonnes CO₂e/tonne plastic
total emission intensity

⁹ The location-based method reflects the average intensity of emissions related to the networks from which the energy is delivered, while the market-based method reports the emissions related to the electricity the company has decided to purchase.
¹⁰ Considering the sum of Scope 1 and Scope 2 location-based emissions.

TOTAL DIRECT AND INDIRECT EMISSIONS (T CO₂ e)
AND EMISSION INTENSITIES (T CO₂ e/T)



-17%
intensity of direct emissions vs 2019



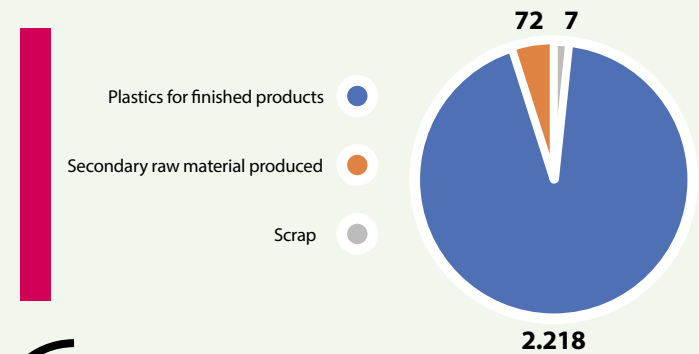
Consumption of materials and waste

The circular approach adopted in production has allowed us to reduce **waste** in the Recanati plant to almost zero. In addition, through calibrated **automatic plants** that prevent the inappropriate use of raw material and masterbatch (solid additive for plastics) and an automatic raw material preparation plant that prevents granule spillage, we further reduce start-up and production waste.

In 2021 we used **2,297 tonnes** of plastic raw materials, of which **2,218 tonnes** were transformed into finished products, **72 tonnes** into secondary raw materials and only **7 tonnes** became waste. Thanks to the measures implemented, production waste corresponds to **about 3% of the 2,297 tonnes of plastic raw material** used in the production process. Furthermore, **almost all of it is sold and used as a secondary raw material by companies in other sectors, mainly automotive, to create new products.** What results is that **only 0.3%** of the incoming raw material becomes waste because it cannot be reused in other industrial processes; this tiny fraction corresponds to the material involved in the physiological processes of start-up, end-of-production, material change and machine colour change.

In addition to the production phase, the **procurement** and **delivery phases**, especially in terms of incoming and outgoing **packaging and packing**, and **office** operations also contribute to waste production.

PLASTIC MATERIAL
USED IN 2021

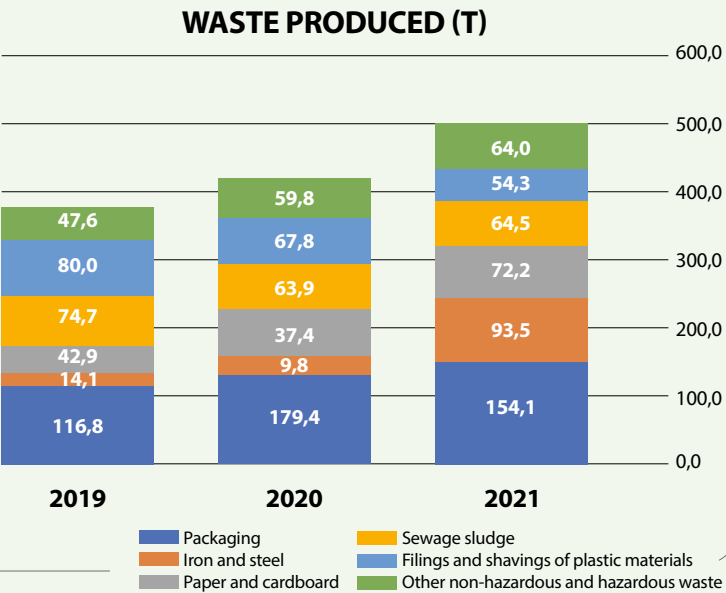


To reduce waste, you need the right guidance

To reduce paper use and eliminate the consumption of disposable products, we have developed and disseminated the **Circle Experience Guide**, an **employee awareness program on virtuous environmental practices**. In addition, we have installed water dispensers and distributed a kit to all workers consisting of a reusable water bottle, glass, cup and teaspoon, in order to contain the use of disposable plastic objects.

The total waste generated during 2021 amounts to approximately **503 tonnes**, up **20% compared** to 2020 (and 34% compared to 2019) due to the extraordinary disposal of obsolete materials, almost all of which (**99%**) consist of **non-hazardous waste**. The main categories of waste produced during the year are **packaging (154.1 tonnes)**, **iron and steel (93.5 tonnes)**, **paper and cardboard (72.2 tonnes)**, **sewage sludge (64.5 tonnes)**, **filing and plastic shavings (54.3 tonnes)**.

Waste produced is disposed of periodically at an authorised recovery/disposal facility.



Logistics and packaging

Logistics management and the use of packaging are important aspects of our business, especially from an environmental viewpoint. We are, therefore, constantly engaged in initiatives to reduce and limit their impacts.

In the logistics field, we have implemented a **paperless warehouse management**: the management is performed by handling terminals that work in radio frequency and the management files are stored on servers without the need to be printed. To improve the quality of communication and facilitate the work of warehouse operators, in 2020 we invested in new **bluetooth terminals** for finished product logistics. During 2021, we also expanded our paperless management system to **external suppliers** operating at our warehouse, adopting electronic invoicing and using online portals for communications.

Packaging plays a central role for us and is an important element in the sustainability of the entire Guzzini offer. All our products are equipped with **primary and secondary packaging** that preserve their integrity throughout the supply chain, keeping their quality unchanged. In particular, our packaging consists of a **recyclable plastic** bag to protect the individual item and a second **cardboard** packaging that also includes the graphics. Lastly, the products are placed in secondary packaging made of corrugated cardboard.

Consistent with product protection, we strive to use as little **packaging material** as possible **and to minimise the volumes occupied during transport**. In the choice of packaging, moreover, we prefer recycled and recyclable materials, in particular **100%** of those used in 2021 are **recyclable** and **69%** are composed of **recycled raw materials**.

To reduce raw material consumption and shipping volume, **lighter cardboard packaging was adopted for all new products in 2020**, moving from a triple-wave to a **single-wave carton**. The graphics have also been simplified in order to reduce the amount of ink, while maintaining the preference for the use of **soy inks** compatible with the **compostability** standards of the entire Circle line.

With reference to the latter, in fact, we have adopted **bags in compostable material** (**TUV OK Compost** brand) and cartons in **FSC certified cardboard** made of 100% recycled material.



During 2021, for the packaging of our products we used about **30 tonnes of plastic** and **278 tonnes of paper**, of which 76 tonnes of 100% recycled certified paper.

In the future, we plan to carry out further projects to optimise logistics and packaging. In particular, a **pallet reduction project will be launched (through the implementation of shipments of some packages without pallets)** with the aim of overcoming the critical issues related to compliance with the stringent requirements provided by the European Union in relation to the transport of these supports. There will also be a gradual **reduction in primary packaging** so as to reduce transport volumes and, consequently, fuel and shipping costs.



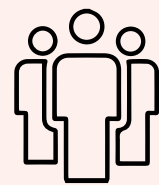
100%
recyclable packaging

69%
recycled packaging

05. The value of people

The underlying factor of our success has always been a context of deep mutual trust. Behind the quality of each Guzzini product is the passion and commitment of our employees.

125
employees and
8
collaborators



97,6%
employees with
an open-ended
contract



88,8%
full-time
employees



Protection and job creation

The factor behind our success has always been the possibility of relying on the professionalism of our people, in a context of **deep mutual trust**. Behind the quality of each Guzzini product is the passion and commitment of our employees, with whom we establish relationships based on fairness, mutual loyalty, respect, individual freedom and dignity of work. We offer the **best working conditions** to motivate people and enable them to perform their duties in the best way possible.

Even in emergency situations, such as the one experienced during the spread of Covid-19, we have proven to be able to resist and, above all, to have the courage to react, learn and change, looking to the future with positivity and confidence. And this was possible thanks to **teamwork**.

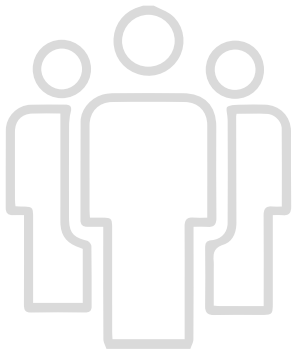
Our company is based on the concept of collaboration, in the belief that only by feeling part of a common project can we grow. We believe in listening to and involving our people.

With this in mind, we **hold regular meetings** to inform about company strategies and share our joint achievements and future goals. We

also use the **internal portal** for the dissemination of documents and internal communications. Our people are also the emblem of a **strong territorial identity**: most of our employees, in fact, were born and raised in the Marche region and, for this reason too, contribute to nurturing the intense bond that has always united us to our territory and the community that inhabits it. At the same time, we have made an important contribution to the development of our territory, through the **creation of jobs** and the **dissemination of skills**.

Today we have more than a hundred employees and we contribute concretely to the development of the supply chain in the local area. Over the last three years, the workforce has remained stable; as at 31 December 2021, **125 employees** and **8 collaborators** were employed, including 2 interns and 6 workers with staff leasing contracts.

97.6% of employees in 2021 are employed **on a permanent basis** and **88.8%** with a **full-time** contract. The female component is 33.6%, with percentages that vary according to the category and job title.



The **National Collective Labour Agreement for employees in the plastics industry is applied to all employees**, while maintaining the improved conditions envisaged in the **supplementary agreements** executed before its entry into force. In fact, higher rates of surcharges for shift work and overtime are recognised than in the National Collective Labour Agreement.

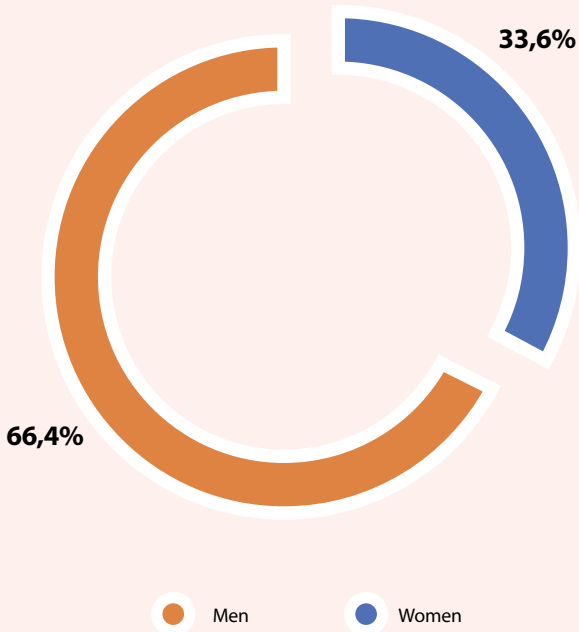
In addition, the **canteen service** is guaranteed, **two thirds** of the cost of which is borne by the company. For workers who do not use the service, there is a **substitute allowance** corresponding to the number of meals not consumed.

Inclusion
We are committed to creating a working environment in which everyone can express their full **potential**, promoting a culture of respect and appreciation for the uniqueness of each individual. The relationship with the staff is based on the ethical principles envisaged by the Code of Ethics and reflects the values that have always distinguished us as a company.

In addition to complying with the regulations regarding protected categories, we support the recruitment of people belonging to **vulnerable groups**. Consistent with our possibilities, we have, in fact, favoured the employment of people from the areas affected by **the earthquake of Central Italy in 2016-2017**, doing our small part to contribute to the recovery of the affected areas, especially during the most critical phases of the emergency.

We pay close attention to the inclusion of **new people** in the company, especially in the case of resources belonging to vulnerable categories. This translates into the careful choice of tasks **best suited** to the specificities of each worker and constant **coaching** of new recruits. We also promote **specific solutions** to meet individual needs, for example by allowing our employees to work part-time or rotate between different departments.

EMPLOYEES AS AT 31 DECEMBER 2021



Skills and dialogue for growth

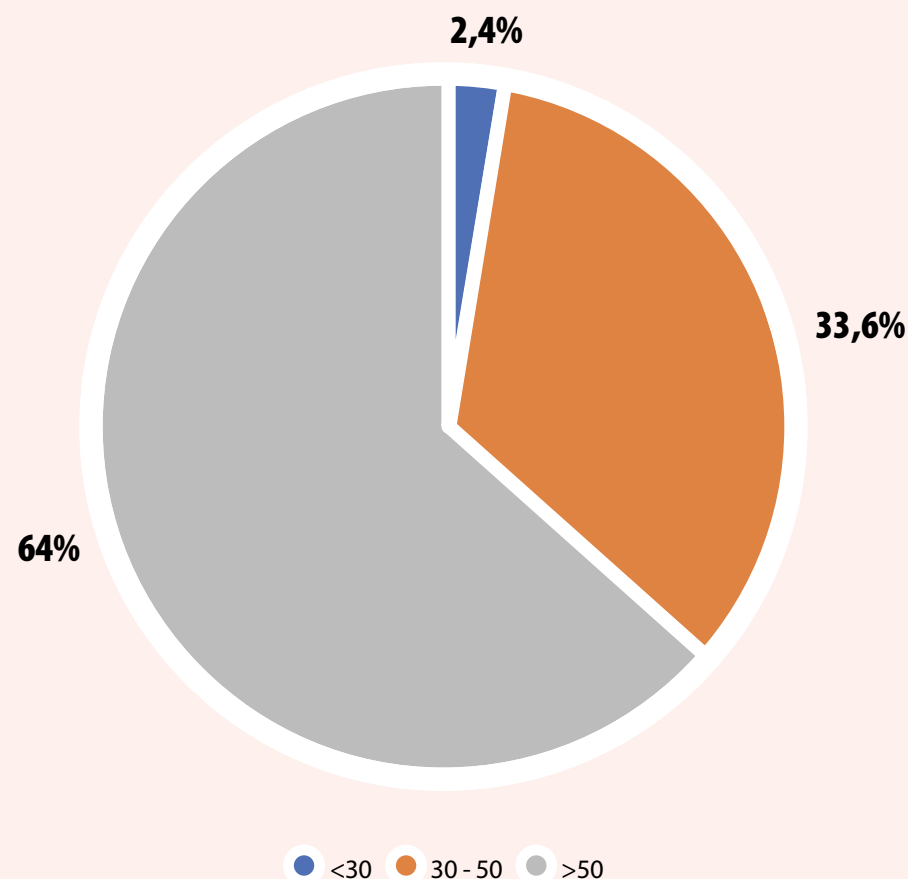
Support for employment

We promote employment in the Marche region by collaborating with the **local high schools** for the creation of school-work alternation programmes and with the **universities** for the placement of young people in the company. Guiding new resources to ensure fruitful learning experiences is crucial for us: we provide them with constant coaching to ensure **highly formative paths**.

In addition to schools and universities, we also use other channels for the inclusion of new personnel, such as external companies specialising in recruitment, to search for people with specific profiles, and the “work with us” section on our website.

As a demonstration of the ability to motivate and retain resources, we have a very low turnover. The people who work with us tend to stay in the company for a long time. This is evidenced by the high average age of the staff: **64%** of employees are over 50 years old and only 2.4% less than 30. To rebalance the composition of the workforce, in the recruitment phase we try to favour the search for profiles under 30, in addition to encouraging **inter-generational exchange**, also supporting the **training** of the most senior resources.

EMPLOYEES BY AGE



Enhancement of people

Expanding the skills base of our employees, being able to innovate and staying abreast of major innovative trends are the means by which we ensure continuity in our business.

From the moment they first join the company, every employee brings us recognised added value. That is why we invest by offering **new recruits** training programmes that include orientation and induction courses, safety, quality control, and specific training courses according to the functions they will later hold.

An accurate **analysis of training needs** allows to define effective and appreciated paths. For this reason, we conduct regular individual and area manager interviews. In addition, we evaluate the effectiveness of training activities by requesting the completion of **feedback forms**, which allow us to gather useful ideas for improvement in training design.

We accompany the growth and professional development of our employees with **specific training programs** on technical topics, such as the research and management of raw materials and the application of innovative **Industry 4.0** technologies. We dedicate ample space to the development of **soft skills**, marketing knowledge and relations with clients, digitisation and foreign languages.

Following the implementation of Industry 4.0 solutions, we have also devised **paths for the conversion** of the skills of our most senior employees to facilitate their adaptation to the newest digitalised production models.

The 2021 training offer, external and in-house, involved a total investment of € **15,000** for the implementation of training programs aimed at increasing employee skills.

A total of **348 hours of training** were provided, corresponding to **2.8 hours per capita**. The training activities mainly concerned blue collars (52.9% of the total training hours) and senior management (34.5%).

In the field of professional training, in 2021, we provided technical courses on the management and **maintenance of machinery**. In the managerial field, however, the course on **environmental sustainability**, financed by **Fondirigenti** (interprofessional fund for the continuous training of executives) carried out

between 2021 and the first months of 2022, took on particular importance.

Because we recognise the central role of training in the growth of our people and the company as a whole, in 2022 we plan to increase the budget allocated to training activities, also by taking advantage of the resources made available by the interprofessional funds.

We are also planning to hold a training session dedicated to the topic of **cybersecurity** for the updating of our staff.

Enhancing our people is a priority for us and, in this sense, we consider it essential to offer them the best opportunities for growth. For this reason, we have implemented a periodic **performance evaluation process** for the categories of managers and executives, based on the achievement of planned corporate targets. In the future, we plan to extend it to the rest of the staff with the aim of creating a **culture of awareness of their skills**, and to facilitate **career development** through the implementation of a structured path.



Health, safety and well-being

Health and safety of employees

We undertake to carry out an adequate **risk assessment** and, at the same time, to carry out **awareness-raising activities** for our employees regarding the issue of health and safety at work. In addition, we carry out initiatives for the dissemination and consolidation of a **culture of safety**, developing an awareness of risks and promoting responsible conduct by all employees and external collaborators operating in company offices.

Through **procedures**, supervision of safety officers (represented in the safety organisation chart) and **periodic audits**, we identify hazards and risks associated with company operations (such as fire, chemical, explosion, vibration, noise, electromagnetic fields, work-related stress and protected categories risks) in order to eliminate or minimise them.

We provide training that exceeds the requirements of the regulations on fire safety and first aid, and we also carry out non-compulsory activities, including **specific courses** for higher-risk tasks. Training, together with the provision of signs, allows us to prevent the most relevant risks, such as the risk of handling loads by forklift trucks.

Also contributing to the identification and minimisation of occupational risks is the **Occupational Physician** who verifies the state of health of employees, subjecting them to pre-employment and periodic examinations, depending on the specific tasks performed, and whenever appropriate.

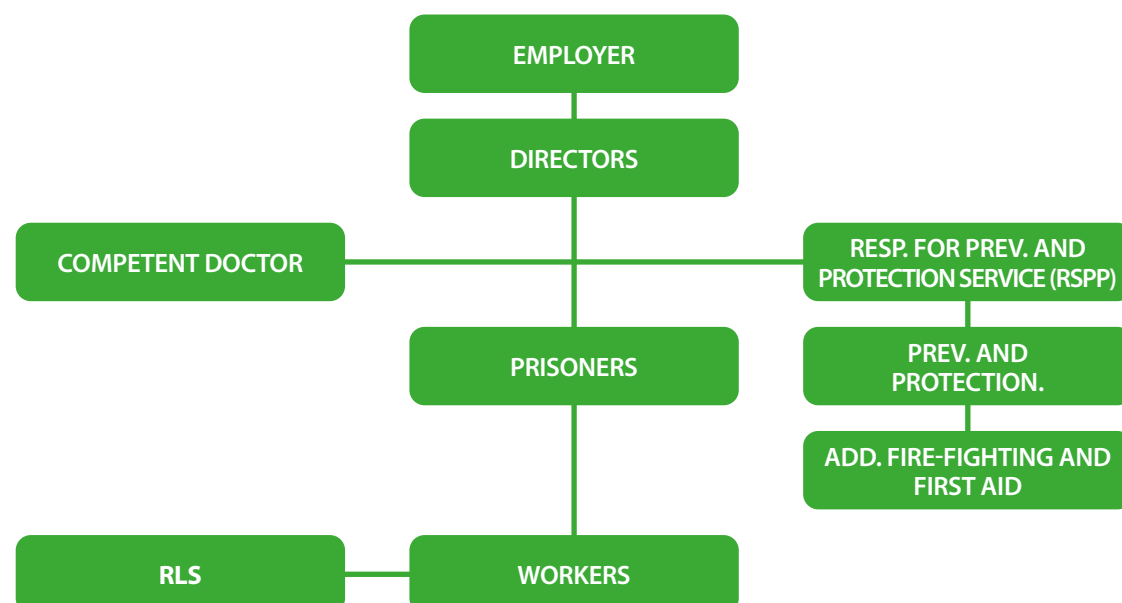
-39%

of recordable injuries (2021 vs 2019)
among employees

0

occupational diseases
(employees and non-employees)

SECURITY ORGANISATION CHART



To protect the health and safety of our staff, we have also implemented a **near miss** procedure, through which workers and supervisors can report any dangerous events and missed accidents identified. Should professional accidents occur, these are evaluated during the periodic meetings between supervisors and Health and Safety Officer and quarterly audits to understand the reasons and implement appropriate solutions so that they do not happen again. To make our approach to health and safety management even more solid, we have adopted a **management system** verified and certified by external bodies pursuant to the international standard **ISO 45001:2018**, which covers **all staff** and envisages:

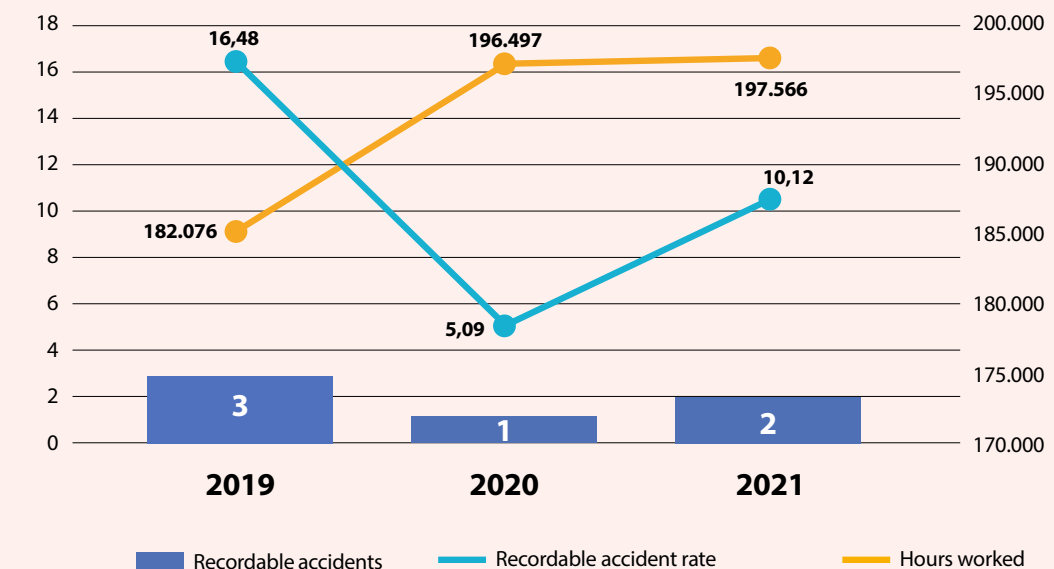
- Periodic update of the types of risks and hazards

- Communication and verification of internal policies and procedures
- Specific classroom and field training
- Periodic management audit

To ensure the widest dissemination of health and safety information among staff, we communicate the same on company notice boards and on the payroll portal and share the related procedures and operating instructions on the **internal portal dedicated to safety**.

The use of appropriate safety precautions and the management system implemented have enabled us **to minimise accidents and occupational diseases** over the last three years, recording annual accidents among employees of 3 or less, resulting in a **39% reduction in the rate of recordable accidents** between 2019 and 2021, and no occupational diseases.

ACCIDENTS AT THE WORKPLACE AND RECORDABLE ACCIDENT RATES (EMPLOYEES)



We have recorded a similar trend with regard to non-employees, for whom in the last three years there has been only one accident and no occupational diseases.

In addition, we ensure that health and safety principles are also respected throughout the supply chain. This is why we require subcontractors and subcontractors working at company sites to have a **single document for the assessment of interference risks (DUVRI)**.

With the aim of making workplaces favourable to the adoption of **healthy lifestyles** and the **prevention of chronic diseases**, we have joined the **"Workplaces that Promote Health – WHP Network of the Marche Region"** programme. The thematic areas covered by the initiative are the promotion of a healthy diet, the fight against tobacco smoking and alcohol, and the promotion of physical activity. In this context, the Prevention Departments of ASUR MARCHE and the Occupational Physician

provide methodological and organisational guidance.

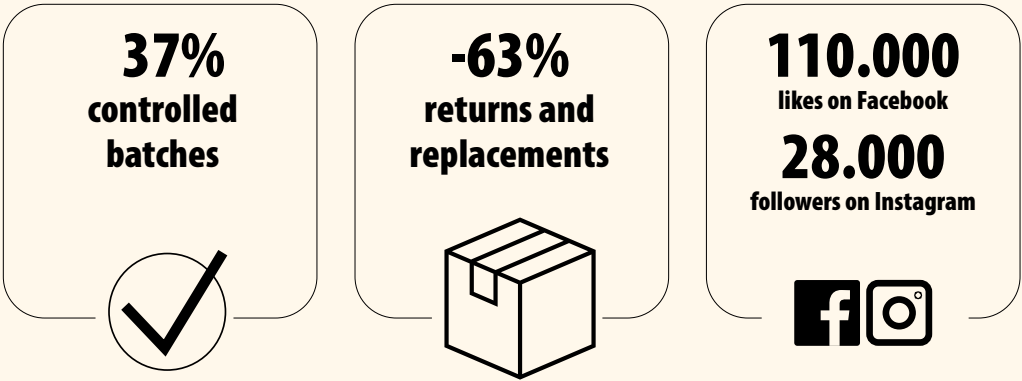
Staff welfare

The well-being of our people is a priority for us. In this regard, we favour an adequate **work-life balance** by ensuring **flexibility in working hours** and granting, based on specific needs, **part-time** work. Moreover, after having experimented with the use of **remote working** during the pandemic emergency, we have decided to adopt it on a permanent basis for those roles for which it is compatible. This decision stems from an awareness of the benefits of this new way of working and demonstrates our ability to strike the right balance between tradition and innovation.

Since 2020 we have also introduced **fuel vouchers** as fringe benefits for our employees, investing approximately **€27,000** in 2020 and **€54,500** in 2021.

06. The customer at the centre

We want to genuinely represent our sustainability strategies and communicate them clearly and honestly, promoting this transparency approach across the industry.



Our product warranty



Ensuring the **highest standards of quality and safety** for our customers is a priority objective.

The quality of our products is ensured thanks to the accurate management of the processes carried out in the Recanatì plant, substantiated by the **Quality Management System** certified pursuant to the international standard **ISO 9001**. Since the system requires planning activities to monitor the quality of products and services, we draw up the **Annual Quality Plan** containing the objectives we aim to achieve during the year. The actual implementation of the provisions of the document is then evaluated within the **Annual Review**.

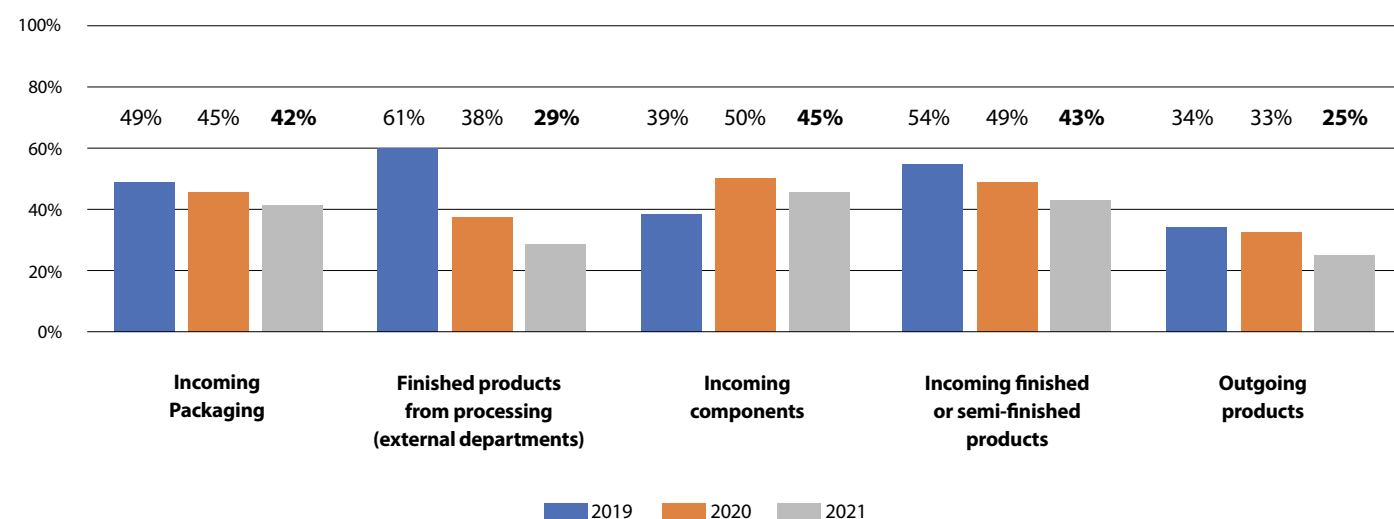
Our products are constantly subjected to **external and internal controls** to verify compliance with all quality and safety requirements, including those required by **stringent food contact legislation**.

In particular, for products intended to come into contact with food, in 2020 alone

89 analyses were carried out by specialised laboratories, which simulate contact with food. Thanks to the careful selection of materials from which they are made, most of the products in the, including the recycled plastic products, are **microwave safe** and **dishwasher safe** without losing the mechanical and quality characteristics.

In 2021, the checks carried out on the batches decreased by an average of **6%** compared to 2020: during the year, the batches checked were **37% of the total**, compared to 43% in 2020. This reduction is mainly attributable to controls on **finished products from processing**, which underwent a variation of -9% compared to 2020 and -52% compared to 2019. For this type of product, in fact, in the two-year period 2020-2021 we adopted the **fiduciary acceptance**, which provides for the exclusive control of the first batch of goods assembled/coming from the same supplier.

CONTROLLED AND INSPECTED BATCHES



Customer experience and listening to the customer

Listening to customers

We take care of reading and translating social and behavioural changes into products, giving space to technological and stylistic research, studying what is trending. In defining the product plan and marketing activities, we use external consultants integrated into the communication team to analyse new **consumer attitudes**. In addition, we continuously monitor market trends through contacts with distribution channels, participation in trade fairs around the world and meetings with buyers of large chains. We periodically carry out surveys on multi-mandate agents and sometimes even on sales points.

We have an indirect dialogue with consumers, brokered by our retailers who, enjoying a strong bond with the territory, have the opportunity to take the best care of relations with end consumers. Direct contact tools are currently represented by e-commerce and social media. However, the recent increase in sales through e-commerce has expanded the methods of engagement with customers. Most of the requests are processed through instant messaging channels, thanks to which we are able to establish instant contacts.



Service and assistance

We make sure to guarantee a **high level of satisfaction** of our business customers and end consumers through **continuous monitoring** of services in order to make continuous improvements, and to also capture the evolution of customers' needs. It is important to get to know the customer, their motivations, their aesthetic taste, their expectations regarding the suitability and safety of the products and the quality of the services in terms of price, timing and delivery methods.

Accessibility, effectiveness and speed of intervention are key elements of service quality, customer satisfaction and, therefore, **corporate reputation**.

To accompany the customer at every stage of the shopping experience, we offer **pre-sales and after-sales assistance**. Thanks to our sales network, we provide retailers with pre-sales assistance through training, communication and the preparation of adequate documentation. We pay the utmost attention to the needs of our distribution partners, supporting them with the most appropriate branding tools and helping them in the correct display of products.

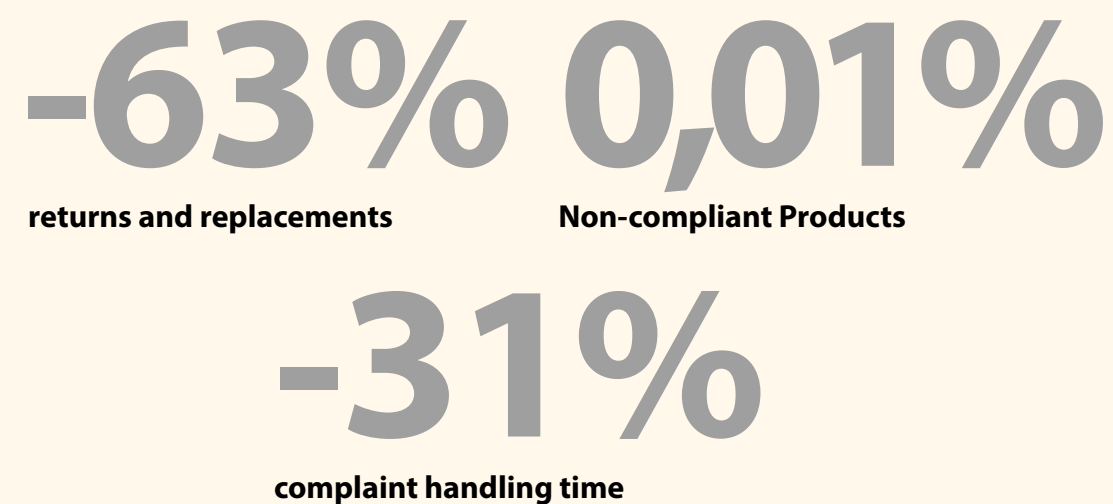
We also support customers and consumers in the after-sales phase through **technical assistance** throughout the life of the product.

Interventions of this type are, however, infrequent and mainly due to unforeseen circumstances during transport (shopkeepers) or to needs of aesthetic taste (end consumers). When such needs arise, we ensure the availability of **spare parts**, be they products (e.g. in the event of shipping problems) or product parts (e.g. gaskets, handles).

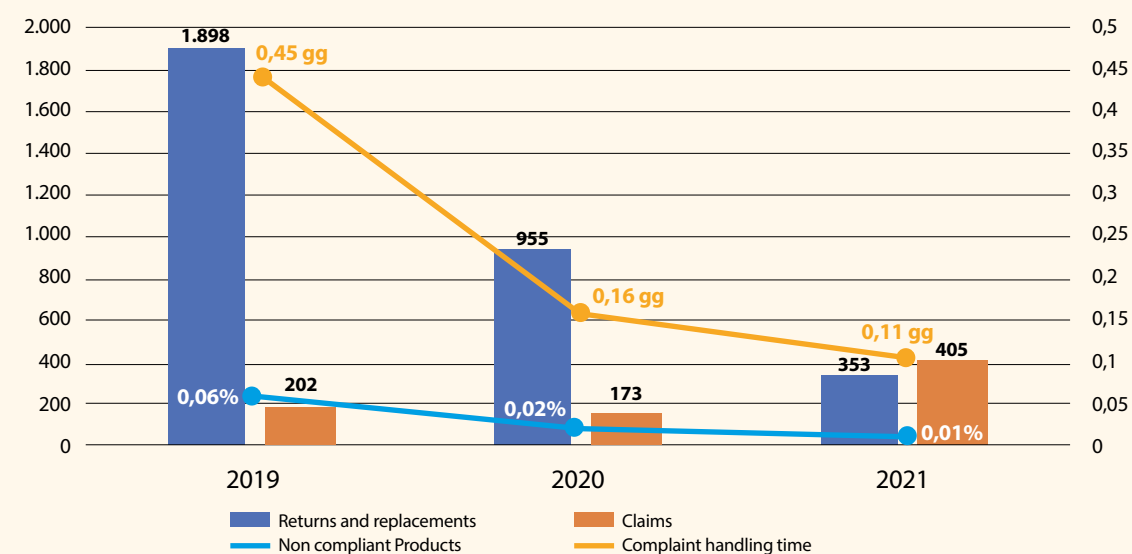
The management of **complaints** and **returns** takes place jointly between the **Corporate Social Media Management Service** of the **Marketing** functions (regarding the management of comments and messages sent by users), the **Customer Service** (regarding the logistical aspects) and **Quality Assurance** (regarding the analysis of the data and the timely resolution of the return and any improvement actions to be put in place).

The main channels through which we interact with our customers are the **two** specially created **email addresses**, the **corporate social platforms** and the **Customer Service** function. In addition, the sales force also helps to forward any requests from customers.

In 2021, complaints increased compared to 2020, reaching **405** (compared to 173 in 2020) due to defects found on a product made during a promotional campaign with the large-scale retailer. On the contrary, the returns and replacements have drastically reduced (**-63%** compared to 2020). The number of **non-compliant products** identified on the markets (**0.01%**, compared to 0.02% in 2020) and the **complaint handling time** (equal to **0.11 days**, compared to 0.16 in 2020) also improved in 2021.



QUALITY OF SERVICE AND ASSISTANCE



Responsible communication and marketing

Our approach

Our **marketing and communication** activities are based on the **principles of responsibility**, which imply fairness and transparency towards our customers, in compliance with the provisions of our Code of Ethics.

In order to ensure responsible management of marketing activities, our **internal practice** provides for the **approval of content considered sensitive** by competent figures in the area of Product Development and Quality Assurance.

In addition, each product in the catalogue is equipped with a **label**, affixed to the product packaging and/or on the product itself, which shows the **identification code**, **description** and **production batch** to ensure its **traceability**.

The label also contains information on the **content**, with particular reference to any substances harmful to the environment or health, **safe use methods**, correct **disposal methods** of the products and all the markings required by law.



As of 2018, our communication tools aimed at the end consumer devote ample space to our focus on sustainability, with particular reference to the dissemination of content related to environmental protection and the circular economy. With this in mind, products in the Circle range are accompanied by the **number of bottles or flacons recycled for their production**, so as to ensure immediacy and ease of communication of the line's sustainability features characteristics of the line.

Similarly, intermediaries (Area Managers, Agents, Points of Sale) in the distribution chain also contribute to transferring sustainability content to the end consumer. In this regard, we carry out specific **refresher courses dedicated to the sales force**, in addition to providing a series of support materials (e.g., exhibitors, illustrative material, magazines).

We also considered it important to certify our products and processes according to **internationally recognised standards**, so that the sustainability, safety and quality characteristics of our products can be verified.

In order to further strengthen our sustainability positioning, we aim to obtain further certifications that testify to our commitment to the continuous improvement of our products and processes with a view to sustainability.



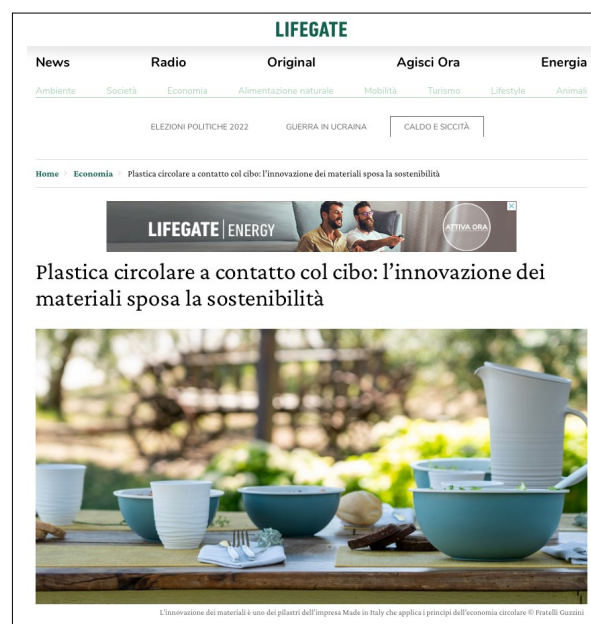
We have a strong tradition of using the leverage of **networking** to share, transfer and incorporate knowledge and skills and to grow our reputation. In this sense, we have taken part in numerous **events on sustainability issues**.

Together with **Corepla** (National Consortium for the Collection, Recycling and Recovery of Plastic Packaging), we realised the installation **"UNcracked"** in the courtyard of honour of the University of Milan during **Fuorisalone 2021**. The aim of the installation was to make visitors aware of **waste separation and recycling**, by showing the secondary raw materials from which the Circle line is made. The event was also an opportunity to discuss the theme of recycled plastics within a **talk** in which ADI and LifeGate also participated.



Furthermore, in 2021 our Chairman Domenico Guzzini took part in the **Glocal Economic Forum ESG89** entitled "The Value of Economic Rebirth" as part of the **"Energy and Material Sustainability"** session to illustrate our experience. We were then the protagonists of the **Net Jan 2021**, a series of meetings organised by ADI, bringing our testimony during the webinar dedicated to the circular economy.

Finally, in order to effectively convey our **sustainability content** and improve our **positioning** on these issues, we have activated a collaboration with **LifeGate**, a publisher specialising in socio-environmental aspects, for the creation of **branded content** to be shared on corporate communication channels.



Environmental communication and greenwashing risk

The American environmentalist **Jay Westerveld** used the term **"greenwashing"** for the first time more than 30 years ago to refer to accommodation facilities that were more concerned about their income than the environment. Today, this word is more topical than ever and concerns an increasing number of companies, which choose to respond to the **growing consumer awareness** of sustainability issues with communications that give a nod to the environment or social issues, but without really committing themselves to these issues with serious and structured strategies. The term "greenwashing" in fact defines **communication practices that suggest or give the impression that a product/service has a positive impact** (or is free of environmental impact or is less harmful than competing products or services) through **statements that are not true or cannot be verified**.

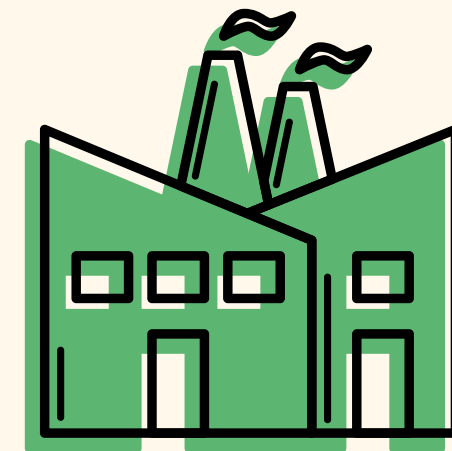
The use of words such as "natural", "green" and "sustainable", which often do not find a concrete response in business practices, is increasingly frequent. **Such communications can, on the contrary, damage the credibility of companies that are committed to and seriously invest in the ecological transition.**

National and international **legislation** has sought to curb this phenomenon by prohibiting such practices and including them in legislation on "unfair commercial practices" and "misleading advertising". Furthermore, the **European Commission** has recently proposed substantial amendments to the Unfair Commercial Practices and Consumer Rights Directives in order to provide for a **ban on claims that are not substantiated and verified by an independent body or that are not specified in clear and obvious terms**.

In this context, companies are called upon to pay attention to their approach to marketing and communication. Nevertheless, the phenomenon of greenwashing is still strongly present today. According to a study conducted by the European Commission under the coordination of the International Consumer Protection Network (Ipcen-Consumer

Protection and Enforcement Network), together with the national consumer protection authorities, in 2021 **42%** of online sales websites reported **misleading environmental information**. Of these, **37%** concerned **vague and generic information** and **59%** did not provide **any evidence** to support the information submitted.

In order to talk about the sustainability aspects of products in a concrete, transparent and truthful manner, we promote continuous dialogue between the Marketing and Communication, Product Development and Quality Assurance departments, which ensures, through timely verification, that the communicated aspects are **adequately substantiated**. Furthermore, Guzzini products are **appropriately certified pursuant to international standards** (ISCC, UL), which guarantee sustainability and circularity.



STOP GREENWASHING

We are committed to combating greenwashing on a daily basis, trying to represent a genuine example of a company that, with the means at its disposal, does its best to adopt sustainability strategies and communicate them clearly and honestly, promoting this transparency approach in the sector.

Digital Transformation

The digitisation of business processes has also involved the management of marketing and communication aspects, and indeed they have accelerated as a result of the pandemic. Commercial contacts are increasingly made **online**, through video-calls, **webinars** and **digital canvasses**. With this in mind, we have equipped ourselves with a **web conference room** that allows us to make the most of our products thanks to the high resolution provided by the installed equipment. Furthermore, we have adopted **innovative technologies** that, since the pandemic emergency, have enabled connections from the showroom and the production site, allowing customers to have direct contact with our company.

In view of the digital transformation, we have also activated our own **e-commerce** channel, thanks to which it is possible to sell our products directly, which is developed on three lines: marketplaces (mainly Amazon), the flagship store (www.fratelliguzzini.com) and

flash sales (platforms that sell products at discounted prices for short periods). Recently this channel has had a significant growth, reaching **about 10%** of the total turnover. To support the sustainable growth of e-commerce, we are implementing a set of solutions that will make it possible to reduce the **environmental impacts** of this channel. For example, the possibility of calculating and offsetting emissions related to product shipments will be offered.

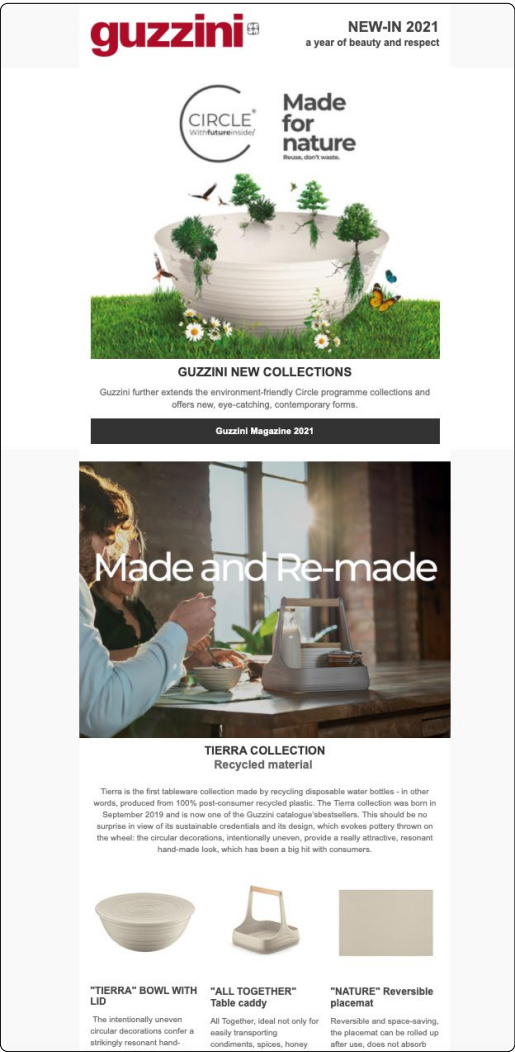
The internal Sales and Service processes are also being progressively digitised. In fact, a **Customer Relationship Management (CRM)** project was implemented to improve and centralise the management of customer and prospect data, also integrating qualitative information. It is an important project especially from an **organizational viewpoint**, as it implies a review of the way of working.

Social media

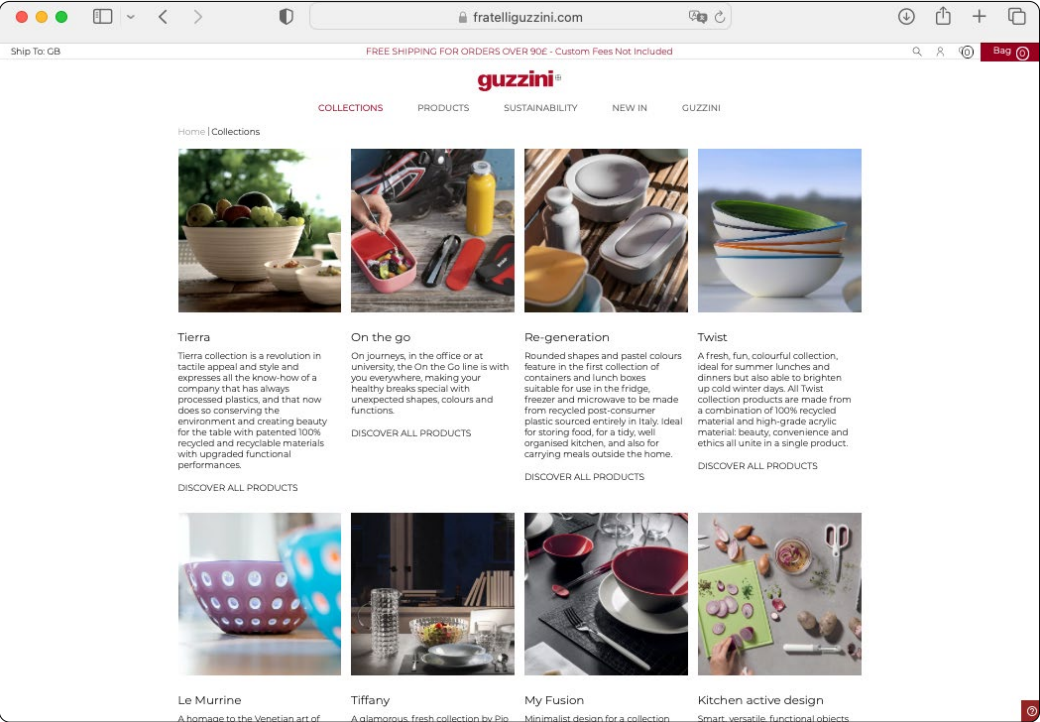
2021 marked a year of rapid growth for us in terms of social media interactions with our customers. The creation of content on the **company website**, **social channels** and the use of **newsletters** were the main communication channels that allowed us to reach users in a widespread manner and at the same time to be able to convey our messages on sustainability, the latest initiatives and product novelties on a large scale.

In addition, through our social channels, each user can ask questions, make suggestions and express their opinion on topics related to the design and activities of the brand. In order to ensure inclusiveness and openness in a positive and constructive perspective, in 2020 we adopted a **Social Media Policy** that defines the rules of moderation on social media, providing that unsuitable content is obscured (e.g. discriminatory, offensive).

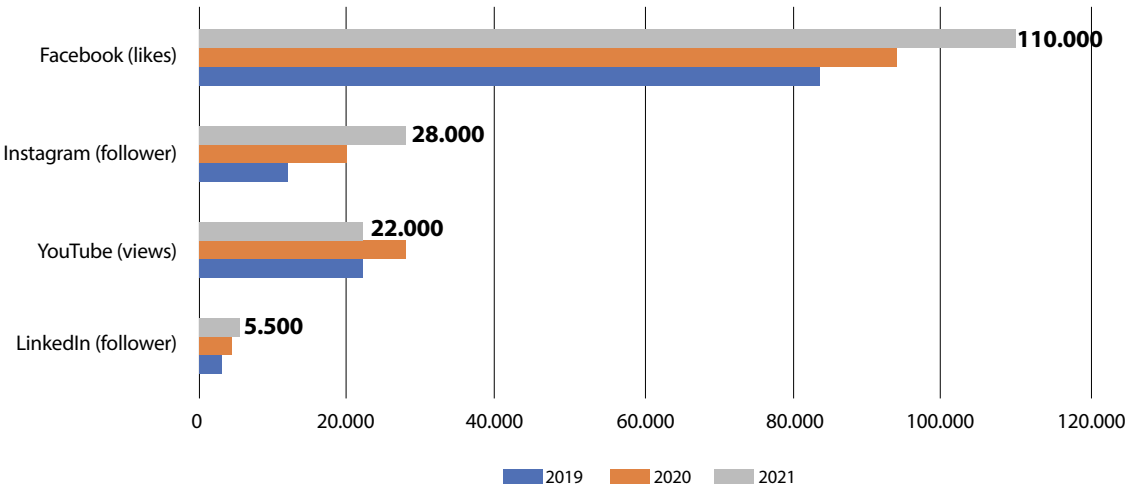
We currently have **4 social channels**, which, **performed very well** in 2021. In fact, we reached around 110,000 likes on Facebook (+17% compared to 2020), 28,000 followers on Instagram (+40% compared to 2020) and 5,500 on LinkedIn (+25% compared to 2020). Moreover, our YouTube channel had around 22,000 views.



10%
share of e-commerce turnover



PRESENCE ON SOCIAL MEDIA



Appendix

Information on employees and collaborators [GRI 102-8]

Employees by employment contract and gender

Employment contract	2021			2020			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Open-ended	41	81	122	40	84	124	41	81	122
Fixed-term	1	2	3	-	1	1	1	3	4
Total	42	83	125	40	85	125	42	84	126

Employees by employment contract and gender

Type of contract	2021			2020			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Full-time	30	81	111	27	83	110	28	82	111
Part-time	12	2	14	13	2	15	14	2	16
Total	42	83	125	40	85	125	42	84	126

Other non-employed workers

Non-Employees	2021	2020	2019
Trainees	-	-	3
Apprentices	2	1	2
Workers with a staff leasing contract	6	20	2
Total non-employed workers	8	21	7

Education and training [GRI 404-1]

Average hours of training per year by employee, by gender and by professional category

Professional category	2021			2020			2019		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Managers	-	40,0	40,0	-	64,0	64,0	-	4,0	4,0
Junior Managers	-	0,3	0,3	-	4,5	3,8	23,0	14,8	16,3
White Collars	1,1	-	0,6	2,8	10,4	6,3	2,5	5,9	4,0
Blue collars	-	4,4	4,1	-	-	-	-	-	-
Total	1,0	3,7	2,8	2,5	6,4	5,1	3,2	3,8	3,6

Diversity in governing bodies and among employees [GRI 405-1]

Diversity of governance bodies

	2021		2020		2019	
Gender	n°	%	n°	%	n°	%
Women	1	17%	1	20%	1	20%
Men	5	83%	4	80%	4	80%
Total	6	100%	5	100%	5	100%
Age	n°	%	n°	%	n°	%
<30	-	-	-	-	-	-
30-50	-	-	-	-	-	-
>50	6	100%	5	100%	5	100%
Total	6	100%	5	100%	5	100%

Employees by professional category and gender

Professional categories	2021						2020						2019					
	Women		Men		Total		Women		Men		Total		Women		Men		Total	
	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%
Managers	-	-	3	2,4	3	2,4	-	-	3	2,4	3	2,4	-	-	3	2,4	3	2,4
Junior Managers	2	1,6	13	10,4	15	12,0	2	1,6	11	8,8	13	10,4	2	1,6	9	7,1	11	8,7
White Collars	37	29,6	25	20,0	62	49,6	35	28	29	23,2	64	51,2	35	27,8	30	23,8	65	51,6
Blue collars	3	2,4	42	33,6	45	36,0	3	2,4	42	33,6	45	36,0	5	4,0	43	34,1	48	38,1
Total	42	33,6	83	66,4	125	100	40	32	85	68,0	125	100	42	33,3	84	66,7	126	100

Employees by professional category and age range

Professional categories	2021						2020						2019					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%	N° emp.	%
Managers	-	-	-	-	3	2,4	-	-	-	-	3	2,4	-	-	1	0,8	2	1,6
Junior Managers	-	-	5	4,0	10	8,0	-	-	5	4,0	8	6,4	-	-	4	3,2	7	5,6
White Collars	3	2,4	20	16,0	39	31,2	4	3,2	22	17,6	38	30,4	4	3,2	29	23,0	32	25,4
Blue collars	-	-	17	13,6	28	22,4	-	-	15	12,0	30	24,0	1	0,8	15	11,9	32	25,4
Total	3	2,4	42	33,6	80	64,0	4	3,2	42	33,6	79	63,2	5	4,0	49	38,9	73	57,9

Health and safety at work [GRI 403-9]

Employee health and safety indicators

	2021	2020	2019
Total hours worked	197.566	196.497	182.076
Number of serious accidents	–	–	–
Number of total recordable accidents	2	1	3
Accident Frequency Rate	–	–	–
Total Recordable Accident Frequency Rate ¹¹	10,12	5,09	16,48

Health and safety indicators for non-employee workers

	2021	2020	2019
Total hours worked	24.245	18.936	19.149
Number of serious accidents	–	–	–
Number of total recordable accidents	1	–	–
Accident Frequency Rate	–	–	–
Total Recordable Accident Frequency Rate ¹²	41	–	–

¹¹ The accident frequency rate is calculated as the ratio between the number of accidents and the total hours worked in the same period, multiplied by 1,000,000.

¹² The accident frequency rate is calculated as the ratio between the number of accidents and the total hours worked in the same period, multiplied by 1,000,000.

Materials [GRI 301-1 e 301-2]

Materials used by Fratelli Guzzini by weight

tonnes	2021	2020	2019	Provenienti da fonti rinnovabili
Raw materials for domestic production				
Plastic	2.217.993	2.500.123	1.724.327	
of which virgin plastic	1.676.044	1.638.008	1.650.935	
PP (polypropylene)	474.778	499.697	332.014	
SAN (Styrroloacrylonitrile)	378.724	396.500	536.857	
ABS (acrylonitrile butadiene styrene)	277.352	220.623	254.832	
SMMA (Styrene methylmethacrylate)	297.283	212.039	325.320	
Other types of plastic virgin	247.907	309.149	201.912	
of which recycled plastic	538.675	862.115	73.392	
r-PET(polyethylene terephthalate recycled)	258.044	473.637	73.392	
r-PP (recycled polypropylene)	275.003	297.963	–	
r-PE (recycled polyethylene)	3.630	75.820	–	
r-ABS (crylonitrile butadiene recycled styrene)	1.999	14.695	–	
Glass	41.592	45.334	35.224	
Porcelain	24.974	7.860	45.988	
Aluminum	865	642	4.897	
Stainless Stee	7.149	1.721	160.575	
Bamboo	14.950	–	–	X
Miscellaneous	3.274	–	–	
Packaging materials				
Plastic	29.698	103.385	39.443	
of which PE (polyethylene)	29.635	103.345	38.938	
of which bio-polymer	63	40	505	
Paper	277.863	299.571	247.650	X
of which FSC	76.382	132.439	13.000	X
Cardboard	558.896	553.800	441.772	X

Materials used by Fratelli Guzzini that come from recycling

	2021	2020	2019
Recycled production materials (t)	538.675	862.115	73.392
Total production materials (t)	2.310.797	2.555.680	1.971.011
Recycled production materials/total production materials (%)	23	34	4

Energy [GRI 302-1e 302-3] ¹³

Energy consumption within the organisation

<i>in GJ</i>	2021	2020	2019
Consumption from non-renewable energy sources	23.593	22.199	20.913
Natural gas	7.794	5.707	6.775
Purchased non-renewable electricity	15.618	16.278	13.872
Petrol for cars and other company vehicles	11	45	56
Diesel for cars and other company vehicles	169	168	210
Consumption from renewable energy sources	2.269	2.515	2.484
Self-produced energy from a photovoltaic plant	2.897	3.596	3.652
Energy self-produced by a photovoltaic plant and returned to the grid	(628)	(1.080)	(1.169)
Total direct and indirect energy consumption	25.862	24.714	23.397
Plant energy intensity (GJ/t) ¹⁴	11,2	9,5	12,8
Overall energy intensity (GJ/t) ¹⁵	11,3	9,6	12,9

Emissions [GRI 305-1, 305-2, 305-4] ¹⁶

Direct and indirect (Scope 1 and 2) GHG emissions and GHG emission intensities

	2021	2020	2019
Direct emissions (<i>t CO₂ e</i>) ¹⁷	428,6	318,4	378,9
Indirect emissions – Location-based ¹⁸ (<i>t CO₂ e</i>)	1.128,0	1.175,6	1.069,7
Indirect emissions – Market-based ¹⁹ (<i>t CO₂ e</i>)	1.980,8	2.075,5	1.795,7
Intensity of direct emissions (<i>t CO₂ e/t produzione</i>)	0,19	0,12	0,21
Intensity of indirect emissions – Location-based (<i>t CO₂ e/t plastic material used in production</i>)	0,49	0,46	0,59
Intensity of indirect emissions – Market-based (<i>t CO₂ e/t plastic material used in production</i>)	0,86	0,81	0,99
Emission intensity of the plant ²⁰ (<i>t CO₂ e/t plastic material used in production</i>)	0,67	0,58	0,79
Emission intensity Scope 1 + Scope 2 LB (<i>t CO₂ e/t plastic material used in production</i>)	0,68	0,58	0,80

¹³ It is noted that, due to greater availability of data and a refinement of the calculation methods, 2020 and 2019 data have been restated.

¹⁴ Calculated as the sum of natural gas, electricity purchased from the grid and electricity produced and consumed by the photovoltaic system compared to the plastic material used in the year of reference.

¹⁵ Calculated as the sum of all energy consumption related to the plastic material used in the year of reference.

¹⁶ It is noted that, due to greater availability of data and a refinement of the calculation methods, 2020 and 2019 data have been restated.

¹⁷ Source of the emission coefficient for natural gas, petrol and diesel: ISPRA, Italian Greenhouse Gas Inventory 1990-2019. National Inventory Report 2021. Source of the emission coefficient for LPG: ISPRA, TTable of national standard parameters for greenhouse gas monitoring and commoning (2018)

¹⁸ Source of the emission coefficient: ISPRA, Emission factors for the production and consumption of electricity in Italy, Historical series (2020).

¹⁹ Source of the emission coefficient: Association of Issuing Bodies (AIB), Residual Mixes 2019 and 2020.

²⁰ Calculated as the sum of natural gas emissions and Scope 2 LB emissions.

Waste [GRI 306-3]

Waste produced

<i>tonnes</i>	2021	2020	2019
Total non-hazardous waste	496,92	408,76	369,89
Packaging	154,14	179,36	116,79
<i>of which in mixed materials</i>	<i>121,61</i>	<i>153,69</i>	<i>95,60</i>
<i>of which plastic</i>	<i>17,49</i>	<i>14,35</i>	<i>15,40</i>
<i>of which in wood</i>	<i>15,04</i>	<i>11,32</i>	<i>5,79</i>
Iron and steel	93,52	9,84	14,07
Paper and cardboard	72,22	37,38	42,90
Sewage sludge	64,48	63,93	74,67
Filings and shavings of plastic materials	54,27	67,80	79,96
Other types of non-hazardous waste	58,30	50,46	41,50
Total hazardous waste	5,69	9,33	6,07
Emulsions	3,65	5,11	3,06
Absorbent materials, filter materials and rags	0,88	0,44	1,15
Lubricating oil	0,78	1,78	0,18
Other types of hazardous waste	0,38	2,00	1,69
Total waste	502,61	418,09	375,97

Methodological note

Fratelli Guzzini’s 2021 Sustainability Report presents the results achieved in 2021 (from 1 January to 31 December).

The Sustainability Report, drawn up on an annual basis, aims to illustrate the sustainability strategies of Fratelli Guzzini S.p.A., its organisational and management model, the results of the company’s activities and objectives, and their quantitative and qualitative impact on the economic, social and environmental context. The reporting scope consists of Fratelli Guzzini S.p.A., which has its registered office in Recanati (MC), in c.da Mattonata, 60.

The Sustainability Report 2021 was prepared in compliance with the “Global Reporting Initiative Sustainability Reporting Standards” (2016) defined in 2016 by the Global Reporting Initiative (GRI), pursuant to the «in accordance-Core» reporting option. The GRI is the most widely used international reference for sustainability reporting; it is an independent international association that promotes the development of voluntary reporting on economic, environmental and social performance. An appendix to the document contains the “GRI Content Index”, detailing the qualitative and quantitative information reported in accordance with the above-mentioned guidelines.

Consistent with the materiality principle of the GRI Standards, the drafting process of the document included the identification of the most significant aspects (“material issues”) through the updating of the materiality analysis already carried out in 2019, which allowed for the assessment of the most relevant sustainability issues for Fratelli Guzzini and its stakeholders.

The drafting of the document was carried out in a participatory manner, involving the CFO, Sales, Marketing, R&D and Quality functions. The Sustainability Report was subject to evaluation by the Chairman and CEO.

The qualitative and quantitative information contained herein has been collected with the collaboration of the different company functions. The data was processed by means of extractions, aggregations and point calculations and, where specifically indicated, processed by means of estimates. Specific activities were not excluded from the reporting. In the reporting year there were no significant changes in the nature of the business.

In order to provide a comprehensive and complete picture of the company’s performance, where possible, the published data have been presented in comparative form. The quantitative information for which estimates have been used has been duly reported. It should also be noted that the restated comparative data previously published are clearly indicated as such within the document.

The appendix contains the table of GRI indicators reported with references to the paragraphs of the document and a table linking the material topics, GRI related aspects, which serve as a compass for readers.

This document was not subject to review by an independent third party.

GRI Content Index

GRI STANDARD	INFORMATION	REFERENCES
GRI 101: Standards of reporting 2016		
GENERAL INFORMATION		
GRI 102: General disclosures 2016	102-1 Name of organisation	Pag. 10
	102-2 Activities, brands, products, and services	Pag. 10, 18-19
	102-3 Location of the registered office	Pag. 10, 32, 90
	102-4 Location of operations	Pag. 10, 32, 90
	102-5 Ownership and legal form	Pag. 20, 21
	102-6 Markets served	Pag. 11
	102-7 Scale of the organisation	Pag. 10-11
	102-8 Information on employees and other workers	Pag.68-69, 84
	102-9 Supply chain	Pag. 36-37
	102-10 Significant changes to the organisation and its supply chain	Pag. 36-37
	102-11 Precautionary principle	Pag. 42, 46
	102-12 External initiatives	Pag. 30-31, 46-47
	102-13 Membership in associations	Pag. 33
	102-14 Statement from senior decision-maker	Pag. 5, 7
	102-15 Key Impacts, Risks and Opportunities	Pag. 36, 72-73
	102-16 Values, principles, standards, and rules of behaviour	Pag. 21
	102-18 Governance structure	Pag. 20-21
	102-40 List of stakeholder groups	Pag. 26-27
	102-41 Collective bargaining agreements	Pag. 69
	102-42 Identifying and selecting stakeholders	Pag. 26-27
	102-43 Approach to stakeholder engagement	Pag. 28-29, 68, 71, 77-78, 82-83
	102-44 Key topics and concerns raised	Pag. 28-29
	102-45 Entities included in the Consolidated Financial Statements	Pag. 90
	102-46 Defining report content and topic boundaries	Pag. 90
	102-47 List of material topics	Pag. 28-31
	102-48 Restatement of information	Pag. 90
	102-49 Changes in reporting	Pag. 90
	102-50 Reporting period	Pag. 90
	102-51 Date of most recent report	Pag. 90
	102-52 Reporting cycle	Pag. 90
	102-53 Contact point for questions regarding the report	Pag. 90
	102-54 Statement on reporting in compliance with GRI Standards	Pag. 90
	102-55 GRI content index	Pag. 91-93
	102-56 External Assurance	Pag. 90

GRI Content Index

GRI STANDARD	INFORMATION	REFERENCES
MATERIAL TOPICS		
MADE IN ITALY AND TERRITORY		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 10, 32-33
	103-3 Assessment of the management approach	Pag. 10, 32-33
QUALITY AND SAFETY OF THE PRODUCTS		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 76-78
	103-3 Assessment of the management approach	Pag. 76-78
GRI 416: Health and safety of customers 2016	416-1 Assessment of impacts on health and security by product category and service category	Pag. 76
	416-2 Non-compliance incidents regarding impacts on the health and safety of products and services	In the three-year period 2019-2021, there were no incidents of non-compliance regarding impacts on the health and safety of products and services.
RESPONSIBLE SUPPLY CHAIN MANAGEMENT		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 36-37
	103-3 Assessment of the management approach	Pag. 36-37
SUSTAINABLE DESIGN AND INNOVATION		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 38-41
	103-3 Assessment of the management approach	Pag. 38-41
CIRCULAR ECONOMY		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 46-57
	103-3 Assessment of the management approach	Pag. 46-57
GRI 301: Materiali 2016	301-2 Recycled input materials used	Pag. 46-57, 87
ENVIRONMENTAL IMPACT OF PRODUCTION		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 58-65
	103-3 Assessment of the management approach	Pag. 58-65
GRI 301: materials 2016	301-1 Materials used by weight or volume	Pag. 64, 65, 87
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Pag. 60-63, 88
	302-3 Energy intensity	Pag. 60-63, 88
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pag. 60-63, 88
	305-2 Energy indirect (Scope 2) GHG emissions	Pag. 60-63, 88
	305-4 Intensity of GHG emissions	Pag. 60-63, 88
GRI 306: Waste 2020	306-1 Production of waste and significant impacts related to waste	Pag. 64
	306-2 Management of significant impacts related to waste	Pag. 64
	306-3 Waste produced	Pag. 64, 89

GRI Content Index

GRI STANDARD	INFORMATION	REFERENCES
MATERIAL TOPICS		
CUSTOMER CARE AND RESPONSIBLE MARKETING		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 77-83
	103-3 Assessment of the management approach	Pag. 77-83
GRI 417: Marketing and labelling 2016	417-2 Incidents of non-compliance with regard to information and labelling of products and services	There were no incidents of non-compliance regarding product and service information and labelling in the three-year period 2019-2021.
	417-3 Non-compliance cases regarding marketing communications	There were no cases of non-compliance regarding marketing communications in the three-year period 2019-2021.
PROTECTION AND ENHANCEMENT OF EMPLOYEES		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 68-73
	103-3 Assessment of the management approach	Pag. 68-73
GRI 403: Health and safety at work	403-1 Occupational health and safety management system	Pag. 72-73
	403-2 Hazard identification, risk assessment, and incident investigation	Pag. 72-73
	403-3 Occupational health services	Pag. 72-73
	403-4 Employee participation and consultation and communication on health and safety at work	Pag. 72-73
	403-5 Worker training on occupational health and safety	Pag. 72-73
	403-6 Promotion of employees' health	Pag. 72-73
	403-7 Prevention and mitigation of workplace health and safety impacts within business relationships	Pag. 72-73
	403-9 Accidents at work	Pag. 72-73, 86
	403-10 Occupational diseases	In the three-year period 2019-2021, there were no cases of occupational diseases among employees and non-employees.
GRI 404: Education and training 2016	404-1 Average annual training hours per employee	Pag. 71, 84
	404-2 Employee skills upgrading and transition assistance programmes	Pag. 70-71
GRI 405: Diversity and equal opportunities 2016	405-1 Diversity of governance bodies and employees	Pag. 68-70, 85
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions	There were no incidents of discrimination in the three-year period 2019-2021.
ETHICS AND TRANSPARENCY IN BUSINESS		
GRI 103: Management method 2016	103-1 Explanation of material aspects and their scope	Pag. 30-31
	103-2 Management approach and its components	Pag. 21, 24-25
	103-3 Assessment of the management approach	Pag. 21, 24-25
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	In the three-year period 2019-2021, no cases of corruption were recorded.
GRI 307: Environmental compliance 2016	307-1 Non-compliance with environmental laws and regulations	In the three-year period 2019-2021, there were no cases of non-compliance with environmental laws and regulations.
GRI 419: Socio economic Compliance 2016	419-1 Non-compliance with relevant laws and regulations in the social and economic sector	In the three-year period 2019-2021, there were no cases of non-compliance with laws and regulations in social and economic matters.

SPECIAL THANKS

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