

**SUSTAINABILITY  
REPORT  
2019**



*Gualapack*

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Michele Guala  
President & CEO

# SUSTAINABILITY IN GUALAPACK

## THE PRESIDENT'S VISION

*many challenges and opportunities await us for the future*

2019 has been a very intense and exciting year on our path to becoming a more sustainable Gualapack.

It has been the year we issued our first report, and therefore we started not only to monitor but also to communicate our activities, our KPIs, and most importantly our ambition.

Monitoring and communicating are important steps on the road of change. While we developed more effective and focused communication and corporate identity based on Sustainability, our self-consciousness grew, and our ambition reshaped in a more precise manner. This second report is incorporating many changes in scope, and will embrace group activities in a broader way.

2019 has also been a crucial year for the packaging world. Most of our customers spent 2019 studying, together with their suppliers, how to transform the way we do things

in the direction of a more sustainable world, with a great focus on the packaging end of life. Recyclable packaging, compostable packaging and other sustainable solutions have been the centre of discussion with most of our customers.

Yet, when it comes to end of life of packaging, a lot of questions are still without answers, from an unclear regulatory environment to an even more unclear end of life infrastructure. But things are moving, and they are moving fast. We all recognize the need to change, and to do our part even if infrastructure is not ready and rules are not 100% clear.

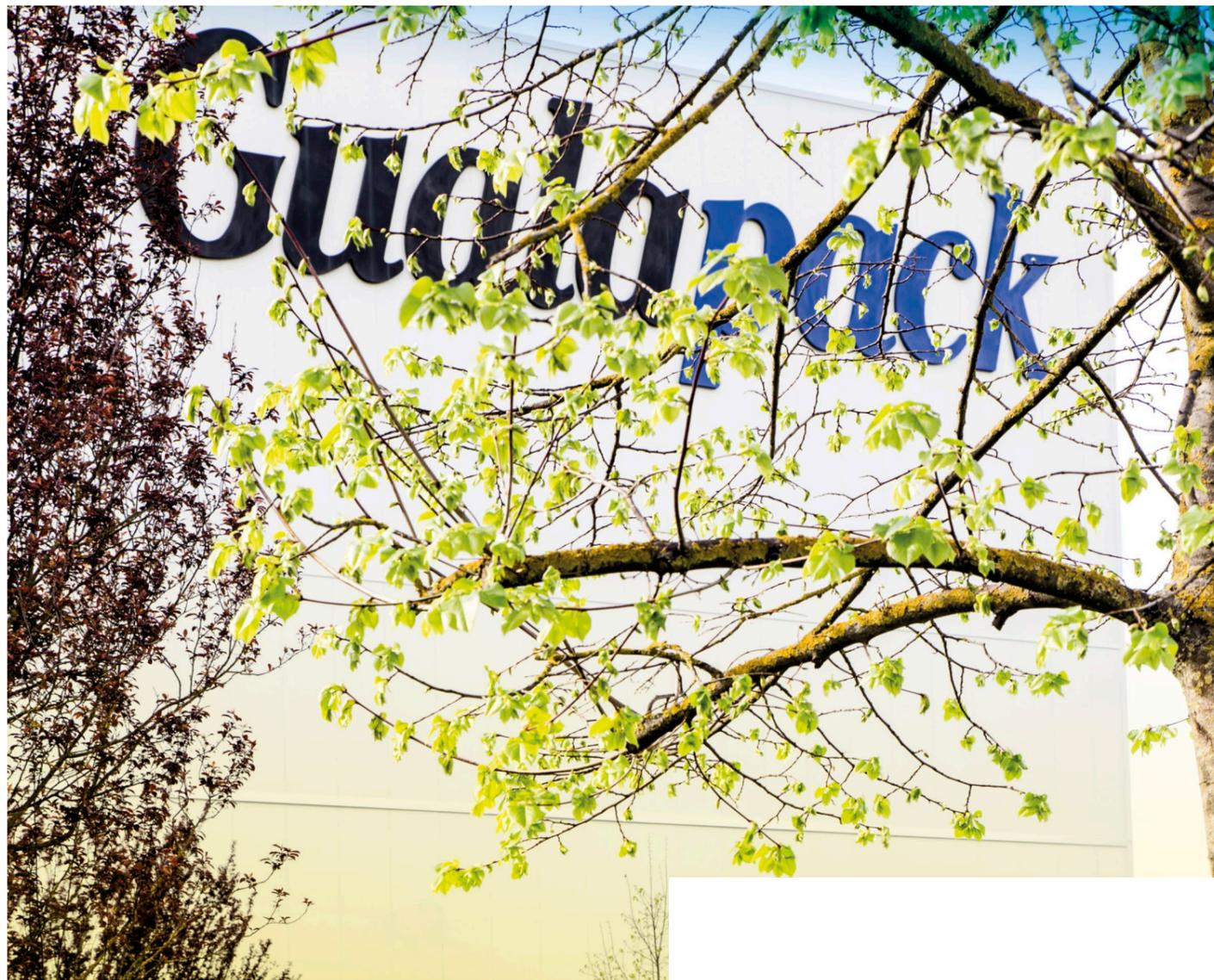
In our 2018 report most of our ambition was directed towards improving performances related to our processes. This commitment will continue and, starting with the present report, has been extended to all the group's production sites. But this is not the biggest part of the job, because we have a clear view that improving our processes and acting more sustainably will actually yield a very small result if compared to changing the nature of our products and their specifications. Processes typically count for less than 20% in a Gualapack product LCA, while materials and

end of life count for more than 70%, therefore our ambition must focus on product redesign, and this can be done only in cooperation with our customers.

In this report we started monitoring this portfolio change. We see a need to evolve and grow together with our customers, providing more sustainable solutions to the consumers, and we are only at the beginning of this journey, so it's the perfect time to start monitoring, developing KPI's, setting targets.

Gualapack had never experienced such a sudden and radical change in specifications across its portfolio. For this reason, 2019 has been a year of intense work for our R&D and product development teams, and many products are now either on the market or in test phase with our customers. This means intense work for all of us, and several challenges and opportunities lying ahead of us.

We know that in few years from now our portfolio will consist in packaging redesigned for a better end of life, possibly recyclable or compostable, and with a better LCA than today. We know it's a long journey, and we are ready to do our part.



# OUR SECOND YEAR AS A COMMITTEE



As explained by our President in the foreword, 2019 was a key year for the packaging industry - especially in Europe- where many global consumer goods companies have embraced activities and product development to truly kick off a new packaging strategy, and actively achieve a more circular economy.

In this context Gualapack has been indeed very active, and proactive, with its presence for sustainability in Europe during 2019.

As member of the Sustainability Committee of FPE and an engaged member of the CEFLEX initiative, Gualapack has contributed to draft design guidelines for flexible packaging, to make it suitable for being collected, separated and recycled at scale, in a technically and economically sustainable manner. The CEFLEX Design for a Circular Economy Guidelines aim to become a standard, soon to be put into practice at the EU level.

In 2019, as the result of a long R&D effort, leveraging on its in-house integrated set of technologies, Gualapack achieved and presented its entirely renewed sustainable portfolio to its customers, that ranges from compostable laminates for coffee lids to high-barrier recyclable laminates for cosmetics tubes and recyclable high barrier pre-made spouted pouches, both for hot-filling and pasteurized applications, as well as for chilled and dairy foods.

Gualapack strongly believes that these new products will contribute to more sustainable packaging on shelves. Our Sustainability Committee has thus decided to introduce a dedicated KPI, that measures the percentage of company revenue deriving from sales of sustainable products. We expect this part of revenue indeed to grow significantly over the next few years, driven

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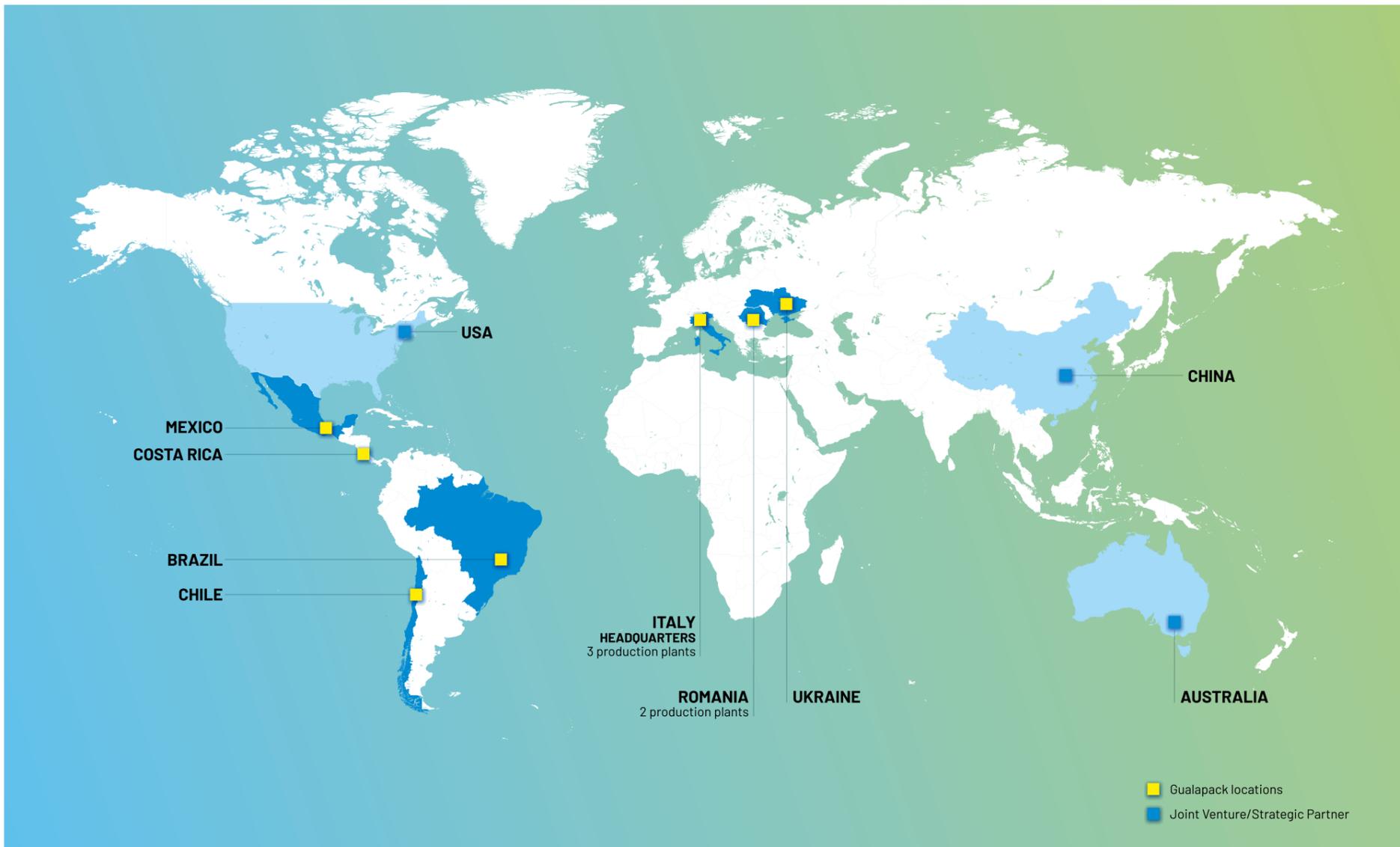
not only by improved environmental impact but also by Legislation itself and national laws in EU Member states that are striving to meet mandatory recyclability targets for plastics and packaging.

Another event worthy of mention for 2019 was the Open Day at our Piacenza site, in which doors were opened to employees and their families. All participants could visit the production facilities and learn about the controversial context of plastics in the environment today, and how Gualapack is actively confronting the new challenges, in a competitive scenario where we have the advantage of loving complexity and being used to it ever since!

The final very important point to mention is that starting with 2019, Gualapack has extended the measurement of several KPIs to all its sites outside EMEA, thereby

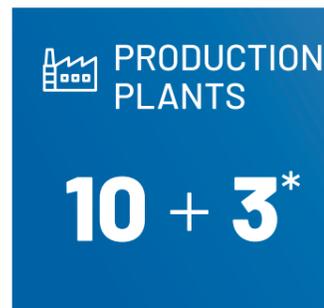
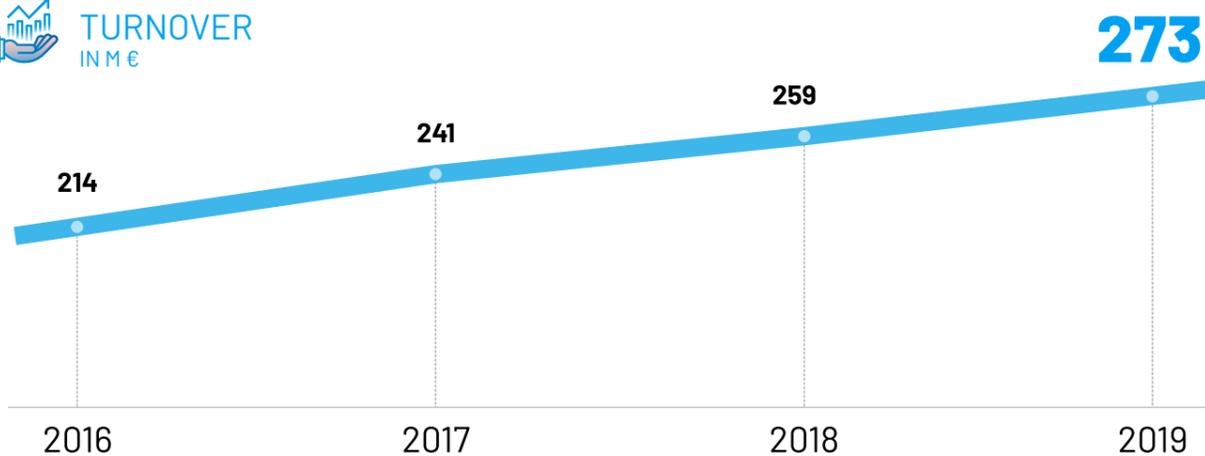
covering Gualapack sustainable performance at a global level.

A heartfelt thanks to all participants for the time and commitment dedicated to our second Sustainability Report, and a special welcome to the new plants on board.



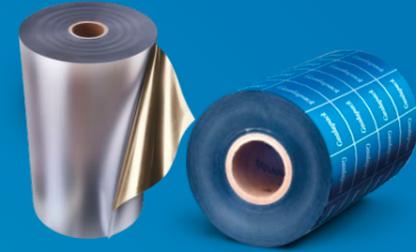
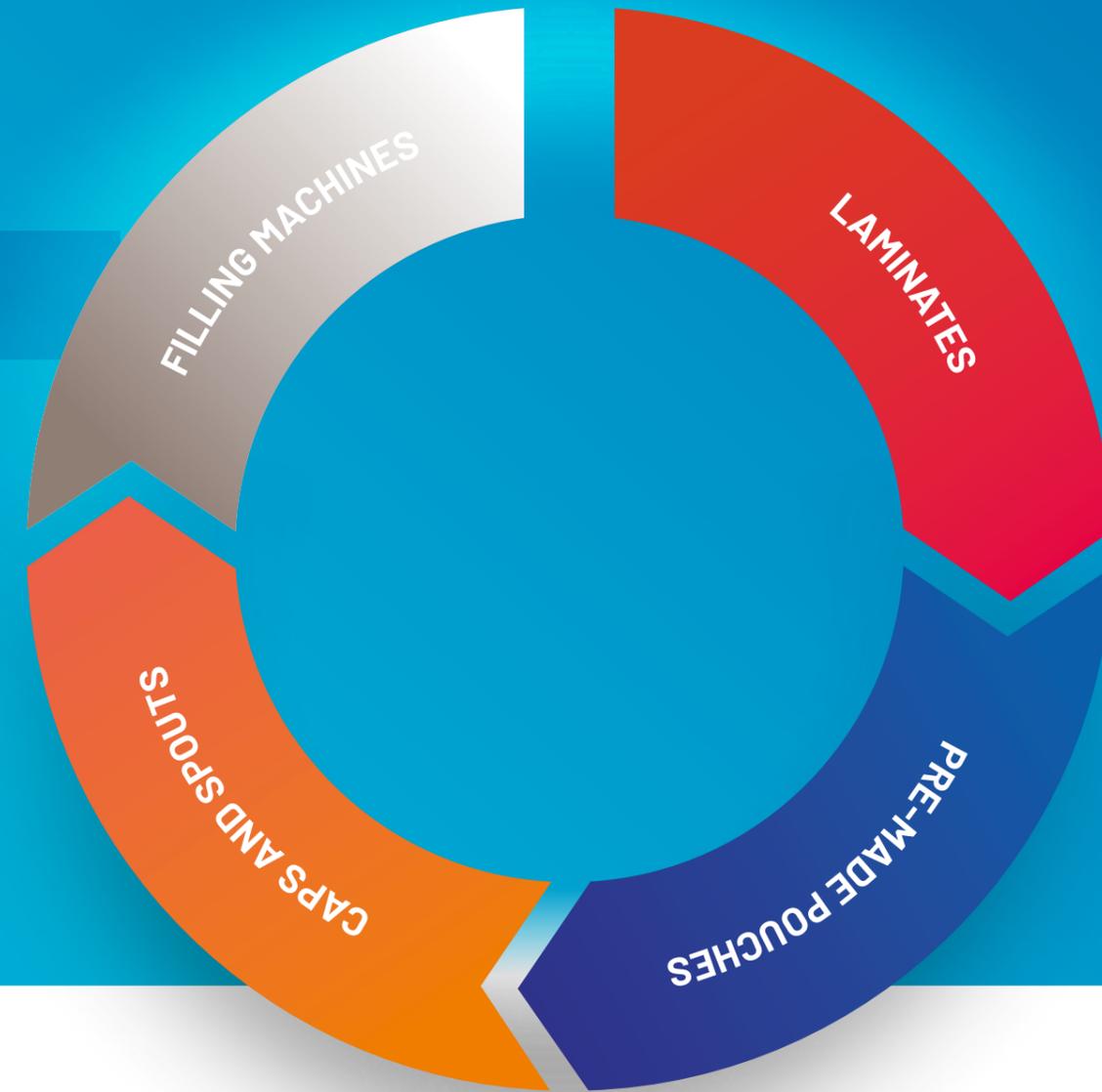
# GUALAPACK AT A GLANCE

**TURNOVER**  
IN M €



\* Joint Venture/  
Strategic Partner





# TECHNOLOGY CROSSOVER

Gualapack has built its market leadership through a unique set of technologies with different packaging solutions, from flexible packaging and injection moulding to design and manufacturing of filling lines, developed from combining the best breed of technologies with deep know-how. World leader of the pre-

made spouted stand-up pouches for food and non-food applications, we offer our partners four product lines of packaging solutions such as our Cheerpack™, as well as the different stand-alone components (laminates, caps etc.), together with outstanding innovation abilities to shape the crossover packaging of tomorrow.

The key to the company's success is to provide both an integrated system and individual products and technologies. Gualapack is a "solution provider" having as priorities quality, service and innovation for its customers and Sustainability as its daily commitment.



## LAMINATES

A historical leader of flexible packaging, with advanced lamination, rotogravure and flexo printing and PE extrusion capabilities.



## PRE-MADE POUCHES

More than 30 years of experience and world leader in pre-made spouted pouches. Standard or personalized pre-made stand-up pouches with or without extra features like zip, laser scoring, etc.



## CAPS AND SPOUTS

A range of spouts and caps for Spouted Pouches' production, including our anti-choking world standard BabyCap®.



## FILLING MACHINES

Design and manufacturing of a complete range of filling lines and pasteurization solutions with different production capabilities.



## OUR VISION

Growing sustainably, competing with the best.



## OUR VALUES



### PARTICIPATION

Motivate and involve people through effective communication and shared responsibility to pursue challenging goals.



### COMPETENCE

Do things well and quickly whilst being open to change and diversity.



### POSITIVENESS

Be positive and always believe in our future successes and in the strength of our abilities.



## OUR MISSION

High performance flexible packaging is our expertise. Quality, service and innovation for our customers are our priorities. Technology crossover and integrated technology solutions are our strength. Sustainability is our everyday commitment. We invest in motivated and talented people.

**sustainability is our everyday commitment**

*part of Gualapack Mission*

# VISION, MISSION AND VALUES





# INNOVATION AND SUSTAINABILITY

## GUALAPACK'S IMPACT ON GREENHOUSE GAS EQUIVALENTS: A HOLISTIC VIEW

Based on actual production process data and on official industry databases where in-house data was not available, Gualapack carried out an analysis of the contribution to greenhouse gas emissions (GHG) of its archetypical process, i.e. the making of a laminate, and subsequently, a pouch with spout and cap. Considering this example as a bulk representation of Gualapack as a whole, the top factors contributing to emissions clearly stand out.

*Raw materials: 58% impact on total greenhouse gases*

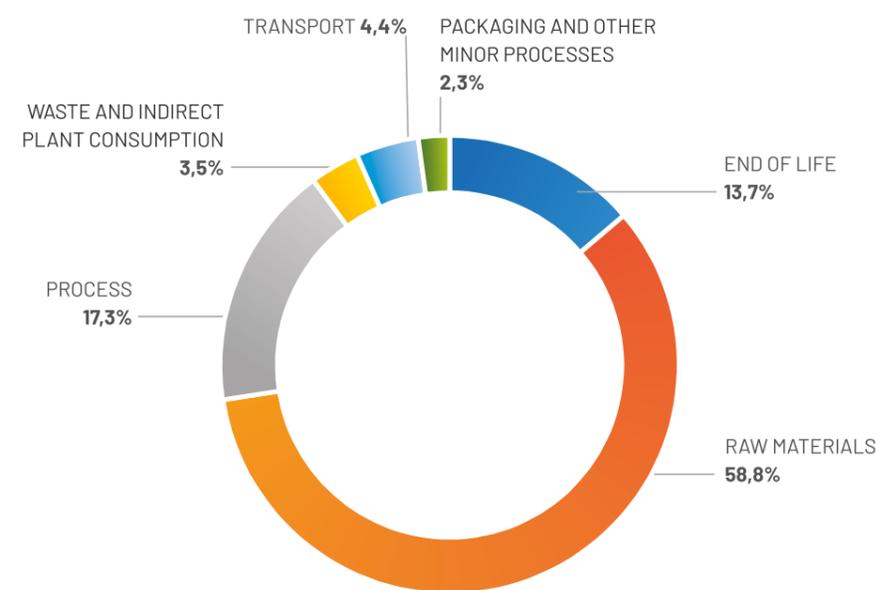
In the graph below the main greenhouse gas equivalent emission contributors are depicted. The dominant role played by raw materials used to make a standard spouted pouch and cap is evident, as they alone make up 58.8% of the total, far more than any other factor.

In particular, a significant result to highlight is that of the impact of

production: the entire process (cradle-to-grave) actually contributes for a much smaller 17.3% of the GHG emissions.

Nevertheless, our efforts persist, to minimize the environmental impact of our processes through our KPIs and improvement targets, focusing especially on the areas where emission reduction potential is highest and most beneficial.

### GHG CONTRIBUTORS: STANDARD ALU-BASED GUALAPACK POUCH



## COMPARISON BETWEEN A STANDARD GUALAPACK POUCH AND POUCH5®

Since raw materials stand out as the most important emission factor by far, Gualapack analysed the potential benefit of substituting standard raw materials used in lamination and pouch making, with those required for a monomaterial recyclable pouch, in terms of environmental impact reduction.

Therefore, attributing an impact score of 100 to a common PET/ALU/PET/PE structure, the total GHG savings achieved throughout the conversion of an identical format into a recyclable PP-based laminate, spout and cap, for example, is 34%.

This is an impressive result, because

in other words it means that putting the new Pouch5® on the market allows Gualapack to eliminate one third of the average environmental impact of its products.

Such reduction can be mostly attributed to the use of PP, polypropylene, main constituent of Pouch5®, as shown in the graph below. PP has a lighter carbon footprint and is more beneficial to the environment, if compared to PET and aluminium raw materials, while enabling the same functionality and product protection.

This analysis does not claim to be an actual corporate LCA (Life Cycle Analysis) and is far less detailed, however it serves the purpose of highlighting

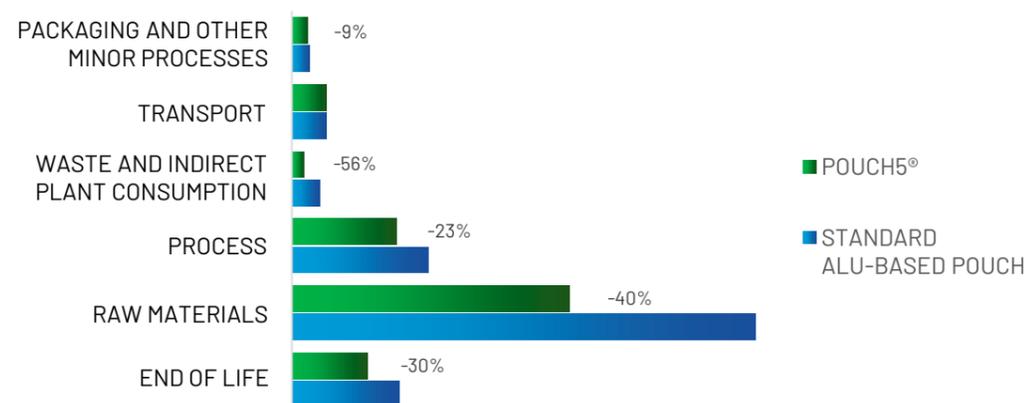
without doubt, that investment in innovation to substitute existing raw materials and radically adjust products to the new EU legislative scenario, designing them to be recyclable worldwide, is a winning strategy: recyclability goes hand in hand with environmental benefits, and is coherent with corporate sustainability values.

The efforts that Gualapack put forth throughout 2019 and 2020 to accelerate the launch of a recyclable solution are therefore paid back by the important impact reduction on the total GHG emissions of a typical Gualapack product.

### REDUCTION OF GREENHOUSE GAS EMISSIONS POUCH5®

**-34%**

## GREENHOUSE GAS IMPACT: COMPARISON BETWEEN POUCH5® AND A STANDARD ALU-BASED POUCH



Disclaimer: The technical data reported in this document refers to typical values, supplied by Gualapack in good faith for

indicative purposes; data is accurate and updated to the best of our knowledge and has been obtained indirectly through an

environmental impact assessment of the Global Warming Potential index according to a cradle-to-grave approach.

## IMPROVING THE IMPACT OF OUR PRODUCTS ON THE ENVIRONMENT

Innovation and Sustainability have never before become so deeply interdependent in our corporate reality as in these last few years.

### Continuously innovating and improving products and processes

To ensure sustainable growth over time and avoid obsolescence, a company must innovate, bringing new and improved benefits to its products and processes. Gualapack in fact, invests and believes in innovation as the centre and spearhead of a sustainable

and healthy corporate growth over time.

### Reduce the environmental impact of products

More than ever, budding new topics sprouting all over the innovation landscape are strongly linked to sustainability improvement and environmental demands. Our Innovation and Development teams had long since seen this trend coming, thereby putting all efforts on sustainability, and in particular on recyclability, carbon footprint reduction, use of compostable materials, design of

reusable products and avoid litter. The mission has indeed been to bring forth not only incremental, but radical innovation.

### Product range with improved environmental impact as the result of many years of work

Focusing therefore on five working areas that aim to reduce the environmental impact of our products, in line with the current EU legislative scenario, today Gualapack has developed one or more solutions, enriching its product portfolio with innovations pertaining to each area.

## OBJECTIVES



<b>RECYCLABLE</b>	Monomaterial Mixed Polyolefins	innowebMONO™	Pouch5®
<b>COMPOSTABLE</b>	LamiNEXT® compostable		
<b>BIO-BASED</b>	LamiNEXT® bio-based	innowebBIO™	CheerNEXT® Paper Pouch Bio-based Caps
<b>REUSABLE</b>			BrickCap SpinCap
<b>ANTI-LITTER</b>			Tethered Cap

# RECYCLABILITY AND CIRCULAR ECONOMY



Gualapack, as member of Flexible Packaging Europe (FPE) and of the CEFLEX project, is well aware of the problems that are caused by single-use packaging that ends up in the environment in the form of uncontrolled waste, which in turn eventually makes its way to our oceans and seas.

## CEFLEX project - Guidelines for the design of easily recyclable packaging

To mitigate this issue, Gualapack proactively joined forces with its CEFLEX partners, contributing to create and consolidate design guidelines for easily recyclable packaging while at the same time promoting and demanding a 100% collection of all packaging, to ensure the conditions for a technical-

ly feasible and economically viable mechanical recycling.

In 2019 after a few years of intense R&D, Gualapack reached the technology readiness to begin significant pilot and industrial scale testing of a wide range of recyclable products together with its most important clients: high barrier laminates, innoWEBMONO™ tube laminates, and especially the so-called Pouch5® spouted pouches.

## A complete range of recyclable products

All the products in the recyclable range are designed for high barrier food and non-food applications and made of monomaterial or mix of polyolefins.

## POUCH5® recyclable high-performance pouch



Pouch5® is a first-to-market fully recyclable pouch, designed for high barrier applications such as shelf stable baby food and fruit puree which are subject to hot-filling and pasteurization, as well as cold-filled and dairy products.

Its crossover portfolio of integrated technologies has allowed Gualapack to tap into all the necessary competencies to design this spouted pouch which is an all-PP laminate that is correctly identified as PP and recycled within the PP stream, thereby confirming and achieving the goal of true circularity.

Pouch5® has indeed achieved a recyclability score of 98% from the well-known German certification HTP\_CYCLOS.

In Spring 2020 and in spite of the CoronaVirus crisis, Pouch5® made its debut on the international market: important brand owners have chosen Pouch5® to pioneer the adoption of a recyclable pouch for selected lines of baby food, fruit purees and dairy products in different countries worldwide.

## Recyclability certification

The recyclability of our product line made of polypropylene (PP) has been certified by the German certification body HTP\_CYCLOS. Such packaging, when collected, will be properly identified as PP and can be sent to a PP stream where it is mechanically re-

cycled to re-extrude good quality PP resin, suitable for injection moulding of non-food applications.

Laminates tubes and pouches have been proven in fact to completely recyclable, where local infrastructure allows them to be collected and sorted.

The new products will gradually substitute existing packaging on the market over the course of 2020, while ensuring current level of performance and product preservation.



## CARBON FOOTPRINT REDUCTION

Monomaterial solutions, beyond their feature of being mechanically recyclable, are also beneficial in terms of their Life Cycle Analysis. The LCA benefits in fact from elimination of aluminium and polyester, both of which have an unfavourable

environmental impact if compared to PP and PE. LCA of certain products in our portfolio has been calculated in-house, using renowned and acknowledged software, and tapping into official databases where field data was not available.





### Use of raw materials from renewable sources

In its portfolio of improved sustainability products Gualapack includes also laminates, pouches, caps and spouts in which fossil-based PE has been 100% substituted by "bio-based" PE produced from renewable raw materials, a drop-in polymer which is totally analogous to its predecessor. This is beneficial in saving fossil fuel, a finite resource.

### Give preference to lighter raw materials

Last but not least, light-weighting is another key target in packaging, that is, down-gauging raw materials while maintaining functionality, as has been the trend for years now in the glass and PET bottle industries. Flexible packaging, already optimized in terms of its product-to-packaging weight ratio is now following its heavier counterparts in attempting even lighter solutions.

### Reduction of the quantity of raw materials, without compromising performance

Gualapack here is ahead of the game with its aluminium free high-barrier laminates, where foil has been substituted by lighter, high-tech, lower environmental impact polymers.

In line with the reduction target, Gualapack has also re-designed some of its BabyCap® anti-choke caps to use less plastic while keeping the safety feature, hence the increasingly popular WavyCap.

## innowebMONO™ laminates for recyclable tubes



innowebMONO™ is the new line of recyclable laminates based on high-barrier PP for tubes designed to meet the demands of the food and cosmetics markets. innowebMONO™ not only provides oxygen and water vapor barrier but also offers a very high chemical resistance to the products it may contain.

The innowebMONO™ tubes are an all-PP laminate that is correctly identified as PP and recycled within the PP stream to give back granules of re-PP, suitable for injection moulding in non-food applications. innowebMONO™ has achieved a recyclability score of 98% from the well-known German certification HTP\_CYCLOS.

It is also worthy to mention that the higher rigidity of PP allows innowebMONO™ to achieve the same "bounce-back" effect at lower thickness, thereby reducing the weight of the tubes and maintaining functionality.

Thanks to the high percentage of monomaterial and the improved rigidity/weight ratio, it is the ideal laminate for sustainable tubes.

## COMPOSTABLE SOLUTIONS

Gualapack produces laminates for dry applications (powders, cereals, etc.) and lid film for single-use coffee capsules, certified compostable according to norm EN13432. Such laminates have the advantage of returning to the soil in industrial

composting sites, thereby averting litter and waste pollution of the environment. Furthermore, Gualapack compostable solutions are "bio-based", and therefore contribute to using less fossil raw materials in packaging.



## REUSE AND SECOND LIFE



"Reusable" being another one of the three key words for 2030 in the EU Plastics Strategy, to fight litter and inappropriate consumer behaviour, Gualapack has given a second life to two of its caps, by adding a

playtime feature: "BrickCap" can be infinitely collected and used as a toy construction brick, while "Spin-Cap" can entertain users either as a spinning top or as dice.



# SUSTAINABLE SUPPLY CHAIN

## COLLABORATE TO REDUCE ENVIRONMENTAL IMPACT

Gualapack works actively for the creation of sustainable value, also in partnership with its suppliers.

As mentioned in the previous section of this report, Gualapack has become increasingly active with policies concerning safety on the job, and furthermore has always taken development of local communities into high consideration; that is why it has long since had its own ethical code.

### *Raw materials with reduced environmental impact*

Today, collaboration with suppliers on these issues is a priority. Suppliers themselves proactively suggest solutions that allow to considerably reduce the environmental impact of their products.

### *Improving thanks to the continuous exchange of technical skills with suppliers*

Products with a reduced carbon footprint, either biodegradable and compostable, or including percentages of recycled raw materials, or derived

from renewable sources, are already available and industrialized. Our R&D team can now evaluate the best solution that best meets our needs among a wide range of existing options. Furthermore, the continuous interaction with suppliers allows us to develop new solutions for specific final applications, thanks to a valuable exchange of technical skills.

But the collaboration with our suppliers has gone a step further, in recent years.

### *Selection of suppliers who pursue our sustainability values*

Gualapack has developed specific qualification and validation procedures for our suppliers, and carries out periodic assessments, which are not only based on quality, service and financial criteria, but also on environmental, social and economic sustainability, by applying a series of KPIs and specific parameters that objectively determine supplier performance.

Regular periodic supplier audits are therefore now very much focused on assessing our partners' sustainability, observed holistically with respect to environment, community and ethics.

### *Attention to logistics in terms of transportation*

Logistics is also constantly monitored so as to always choose the most environmentally sustainable solution among all the options available (intermodal transport, road transport with alternative fuels with reduced emissions).

Today Guala Pack can present itself on the market as a reliable partner as it is focused on creating sustainable value throughout its supply chain.





# SUSTAINABILITY INITIATIVES IN ITALY

## A YEAR OF ACTIVITIES

In 2019, in addition to its remarkable results in the field of sustainability, Gualapack organized several sustainability-related initiatives. Here is a list of projects made in Italy.

### SMETA 4 pillars certification

Between March and May, our 4 sites in the EMEA area, in Italy and Romania, underwent an inspection audit conducted by the Bureau Veritas body aimed at obtaining the SMETA 4 pillars certification. The decision to apply for that certification was initially a reply to a specific request of the market; it immediately proved to be an opportunity to demonstrate the strategic nature of those issues for our company and our business. All our facilities passed the on-site supervised audits with excellent results, as good corporate management was recognized and certified with respect to the four pillars envisaged by the certification: labour, health and safety, environmental and business ethics. This certification has therefore allowed our company to be increasingly considered on the market as a reliable partner, not only for the quality and safety of its packaging, but also as a partner that is engaged in maintaining a healthy environment and community in the broader context in which it operates.

### New chemistry lab at the 'A. Volta' Technical Institute

Gualapack, with other local companies, also contributed to the creation of a brand-new lab for the students

in the newly created "Chemistry, Materials and Biotechnologies" course at the 'A. Volta' Technical Institute in Alessandria. Starting from September 2019, students could carry out research and experiments in a brand new chemistry lab and to study analytical and instrumental chemistry, organic chemistry and biochemistry, and industrial chemical technologies. Thanks to this initiative focused on high-quality training, Gualapack offered the next generation of students the great opportunity to enter the labour market at a higher level. It represents a virtuous example of cooperation between public and private local institutions.

### Open Day at the Piacenza plant

On September 21st, 2019 a Sustainability day was organized at the Gualapack Piacenza plant. It was open to all employees and their families. During the event, with more than 600 participants, the first Sustainability Report was presented. It was a very good opportunity to tell everyone about our daily commitment and the important results obtained so far to fight litter, end waste and make flexible packaging more sustainable and recyclable as part of the EU Circular Economy Plan. Finally, the participants were also offered a plant tour of all the production departments.

### "Fabbrica sostenibile" event

On October 1st, some representatives of Gualapack took part in the "Fabbrica sostenibile" (Sustainable Factory) event organized by Confindustria Alessandria at the Michelin production plant in Spinetta Marengo. Gualapack participated in the round table by introducing its first Sustainability Report and accepted the "Olympic torch" of this initiative, a bonsai plant in a vase - a symbol of life and sustainable growth, which was passed by the Michelin Plant Manager to our President Michele Guala in view of the next "Fabbrica sostenibile" event which will take place in our plant in Alessandria in autumn.

### "Environmental sustainability" project

Gualapack has also agreed to take part in a project presented by ACSAL, aiming at increasing environmental sustainability awareness locally, promoting individual attention towards a topic of collective interest, which is respect for the environment through everyday behaviour. If the project is approved, in 2021 the company will bring its many years of experience in flexible packaging and its testimonial on the evolution of packaging and sustainable materials to the schools of Alessandria to spread its knowledge in this field.



# SAFETY CULTURE ACCORDING TO GUALAPACK

## A COMMON ROADMAP FOR ALL REGIONS

One of the major initiatives carried out in Gualapack in the field of sustainability, was the creation of a team dedicated to the creation of a global project on safety.

### *A team dedicated to the global project on safety*

The team is made up of colleagues from the EMEA plants and headquarter, all with a strong background in safety and human resources. Together, they created a roadmap with the aim of sharing their know-how and experience with the colleagues from the other Regions where safety culture is constantly under development, and implementing tools and methods that will lead to better growth in this field.

The starting point is a concept we hold as an axiom: there is no activity, however urgent and important it may

be, that cannot be performed in total safety. For this reason, safety has been included in the list of our strategic values to pursue in our daily behaviour, because we strongly believe that safety is the result of everyone's daily hard work based on leadership, training and prevention.

### *Sharing methods, tools and goals*

The objectives pursued by this working group are: to create a common and global culture of safety for all Group companies; to harmonize the communication and awareness in all plants; to share objectives, methodologies, tools and KPIs globally.

In order to pursue those ambitious objectives, a Global Safety Manual was also created during 2019 which is now at an advanced stage. It will be

distributed to all Gualapack production facilities in order to standardize processes and procedures and, finally, identify and share the best practices.

### *Objective: group safety manual*

That Manual includes all mandatory, legal regulatory requirements and a process capable of transforming the approach to safety from reactive to proactive, to finally develop and consolidate an effective and shared leadership model.

The goal that Gualapack sets for each Region, as the final landing point of this path, is to be awarded the ISO 45001 certification, each region with its own timing, based on level of development as far as safety culture is concerned.





# SOCIAL INITIATIVES

In Italy, Gualapack is involved in the social aspects of sustainability through the SociAL Foundation. The production sites in the rest of the world promote local initiatives which are managed independently.

## GUALAPACK PARTICIPATION IN THE SOCIAL FOUNDATION

**fondazione  
sociAL**

**Gualapack**

The SociAL Foundation, set up in 2013 thanks to the initiative of Gualapack and other companies of the Guala family of Alessandria, is inspired by principles such as justice and social equality, democratic participation, freedom and safety, trust and cross-generational solidarity.

*Created on initiative of the Guala family*

The Foundation deals with selecting worthy projects in the field of social assistance and in cultural and educational fields, promoted and implemented by non-profit entities. It also collects donations and co-finances virtuous initiatives, provides methodological support in the implementation phase and carefully monitors the results actually achieved.

*Principles: justice, equality, democracy, freedom, solidarity*

Since 2013, the Foundation has launched an annual tender for the financing of projects that respond to

the social and cultural needs of the area in which it operates, which are evaluated according to principles of effectiveness and efficiency. More specifically the Foundation selects projects based on criteria such as: social impact, potential for growth, capacity for innovation, economic and financial sustainability, development of organizational skills, establishment of networking approaches and partnerships.

*Projects with a social, cultural or educational purpose*

All the projects and initiatives of the Foundation fall within the principles of six of the 17 United Nations Sustainable Development Goals: No Poverty, Good Health and Well-being, Quality Education, Decent Work, Reduced Inequalities and Sustainable Cities and Communities.

*Annual tenders and independent initiatives*

From 2013 to 2019 the Foundation has financed and supported 257 initiatives, including 192 projects from tenders and 65 of its own initiatives with a social or cultural target in the Alessandria area and has donated a total of 5,323,000 euros to such projects.

*Gualapack major sponsor*

Since 2013, Gualapack with its Italian sites has contributed for a total of 3,505,000 euros. Specifically in the year 2019, the SociAL Foundation has given access to more than 870,000 euros, with which 14 of its own initiatives that have been carried out and 29 more winner projects from the tender 2019, that will be endorsed. Gualapack itself in 2019 contributed to the Foundation's activities with 580,000 euros donated.



## ALLOCATION OF FUNDS

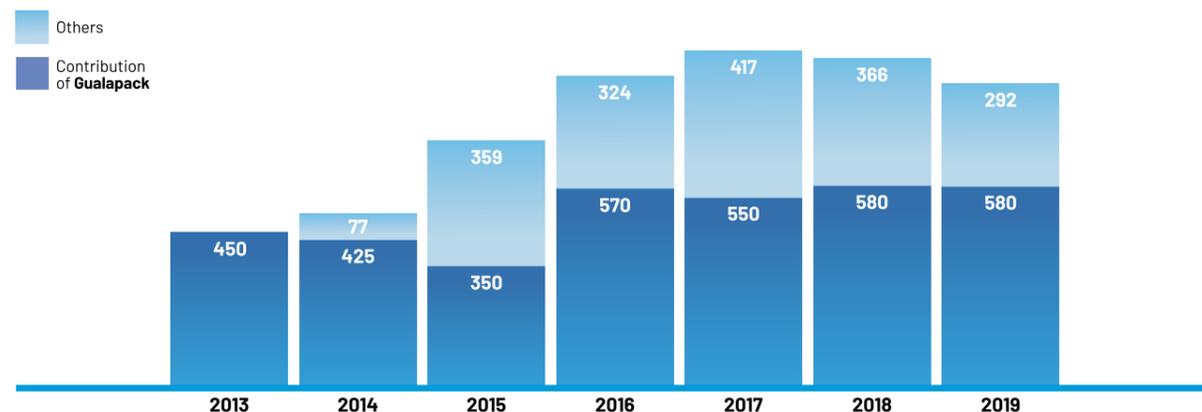
There are six main goals related to the United Nations Sustainable Development Goals which represent and encompass projects and initiatives of the SociAL Foundation.

Since it was established in 2013, the SociAL Foundation has financed 257 initiatives, including 192 projects from tenders and 65 own projects.

In 2019, 43 initiatives with a social or cultural purpose were supported.



### GUALAPACK'S CONTRIBUTION TO THE SOCIAL FOUNDATION IN K€



Many projects from the 2019 tender had to undergo changes in the timing and method of execution during the course of their development. Such adjustments became necessary due to the health emergency caused by the Covid-19 virus at the beginning of 2020.

Starting from March 2020, the SociAL Foundation has in fact launched a number of initiatives to support a few Third Sector organizations engaged in the fight against this pandemic and helped support the hospitals located near the Italian Gualapack plants.

### “PER MANO NEL VUOTO”, “HAND IN HAND ACROSS VOID”

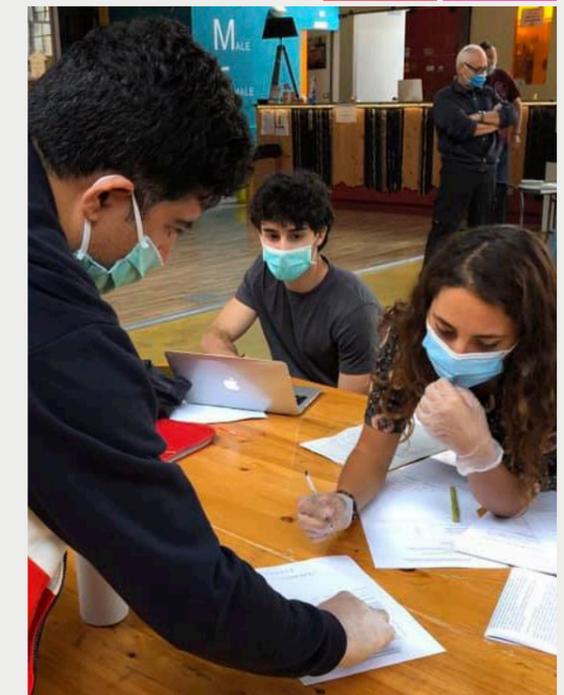
This project is aimed at improving the quality of life of those patients affected by senile dementia in the retirement home in Fubine, through an integrated and coordinated system of entertainment activities and psychological and neuropsychological activities (activities that had to be performed remotely during the Covid19 emergency). This initiative consists in: individual and group treatments, to be monitored by use of medical, photo and video documentation, which made it possible to create a process of study and research on the benefits of such methodologies; creation of an "alzheimer garden" in a green area of the hospital complex, in order to develop outdoor activities, in a protected environment, in which guests can move and be encouraged to practice habitual gestures again; a training and listening course for caregivers.



### “ITALIAN COMES FIRST”: TEACHING THE ITALIAN LANGUAGE AND BASIC ASSISTANCE

The basic knowledge of the Italian language is one of the primary means of social inclusion, but for many it represents an insurmountable barrier to overcome on their own. For this reason, the Neighbourhood House in the San Benedetto al Porto Community in Alessandria, has enhanced its Italian courses through this project, by adding new teachers and extra teaching hours and by offering specialized courses.

New areas have also been set up (in compliance with all the precautions required during the Covid19 pandemic) with new staff to welcome people with precarious living conditions or that have no place to spend their time during the day.



### SUPPORT WITH CARE

“Support with Care” is an ambitious project aiming to rebuild from scratch the Children Section for Infectious Diseases within the Arad County Hospital, a department with poor conditions and many flaws in the treatment of sick children.

Gualapack Nadab, involved in many not-for-profit projects, has chosen again to support children and life by donating and continuing to help the ONG – “Cetatea Voluntarilor Arad”.



### A NEW PLAYGROUND AT PADURENI - CHIȘINEU CRIȘ

Guala Pack Nadab has also financed a new playground for the nursery school of Chisineu Cris and surrounding area.

Our children’s smile is important to us, so we do the best to never let it fade. The playground is the place where children spend the greatest part of their childhood, where they form, expand and express their abilities.

Leisure equipment on a playground is not only fun but also valuable from a pedagogical point of view. This playground is designed for children from Padureni Kindergarten, offering them a place for fun and recreation while promoting a healthy lifestyle.



### RENOVATION OF THE SURGERY DEPARTMENT OF SUMY CHILDREN’S HOSPITAL

Gualapack Ukraine has supported the Sumy Children’s Hospital in the renovation of the surgery department and the purchase of the new equipment and surgical tools.

Furthermore, in 2019 it contributed to the purchase of medicine for children living in low income families.



### SENSORY ROOM FOR THE SHALYGINO ORPHANAGE

Moreover, Gualapack Ukraine has participated in creating a sensory room and has donated a bus to the Shalygino Orphanage. A sensory room is a special room designed to develop a person’s sense, usually through special lighting, music, and objects. It can be used as a therapy for children with limited communication skills. Additionally, baby food and financial support was provided to the children in the orphanage.



### AQUATIC NEURODEVELOPMENT PROGRAM

During the month of February 2019, an AND program (Aquatic Neurodevelopment) was started for 3rd-grade students of the Telesecundaria School of San Luis Temalacayuca.

Students with their parents were involved in a program consisting of psychomotor and recreational activities aimed at strengthening family ties and socio-emotional education of young people and improve their scholastic development. According to the programme of this initiative, gatherings are scheduled once every 2 weeks, when participants, in the company of one relative, are transferred to the swimming pool by a Gualapack-Excel Nobleza bus.



### "KUMON" READING AND MATHS PROGRAMS

In July, a Kumon Reading Program was started at the Miguel Hidalgo School in the community of San Luis Temalacayuca, for 38 children who received training to enhance their reading and comprehension skills under the Kumon method. This Program aims at developing each student's ability to read and understand a variety of texts, and to nurture a life-long habit of reading for education and enjoyment.

Furthermore, a Kumon Math program has been established to develop numerical sense, mental calculation and reasoning in the students, as well as to develop all the arithmetic and algebraic processes that a student requires in his or her educational process: this method consists in solving a series of carefully levelled exercises according to school grade, accompanied by weekly problem-solving.

During the course of this project, significant progress was made by students, who achieved outstanding results in local competitions.



### WARM CLOTHING CAMPAIGN - DONATE AND WARM A HEART

In 2019 Gualapack Brasil carried out the Warm Clothing Campaign - Donate and Warm a Heart, to collect blankets and warm clothing for charity. All items collected by the company's employees were donated to "Lar São Vicente de Paula", a non-profit institution that houses elderly people in the Iperó region.



### FAMILY DAY

Gualapack Brasil opened its doors to welcome the employees' families, to encourage integration between the company and the local community, and getting employees to take pride in their work.

Hearing the children say "When I grow up, I want to work here" was a great source of pride for the employees.



### SPORTS DAY

On April 6<sup>th</sup>, Gualapack Costa Rica organised a sports event in collaboration with the Zeta Industrial Park in Cartago to celebrate National Sports Day by promoting a healthy lifestyle. The community and all the employees were invited with their families to take part in this event.

Each company within the Industrial Park sponsored an activity, so the participants had the possibility to choose among a vast number of options such as cycling, athletics, zumba, walking, basketball and many others.

Gualapack sponsored the walk, and our volunteers actively participated in the organization of the event.





# KEY PERFORMANCE INDICATORS

## A FOREWORD ON THE METHOD

The Gualapack Sustainability Report has been carried out in accordance to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The adopted indicators (KPI's) were chosen in line with the UNSDGs, United Nations Sustainable Development Goals of the UN 2030 Agenda.

This year for the first time, the perimeter of the monitored KPIs has been extended to all the Gualapack sites around the world, beyond the EMEA region.

### Guide to reading the Gualapack Sustainability Report

- The values and KPIs (Key Performance Indicators) were chosen based on criteria of representativeness, comparability over time and adaptability to the reality they report. For this reason, in order to allow proper understanding, the main sustainability parameters identified were related to an appropriate common denominator which could normalise them to the production volume.
- It was also necessary to harmonise the indicators between the various production sites: in fact, the various Gualapack plants have very different types of products, such as bags, caps, straws, filling machines, film reels. For this reason, to harmonise the KPIs appropriately and

obtain homogeneous consolidated data, a criterion was identified: the quantity of finished product over time expressed in tons, adopted as a common denominator.

- One important difference in calculation, with respect to our previous report, is the amount of finished product considered (KPI common denominator as expressed above). In this report, it is the total sum of all the outputs from each production site, and not only the total product put onto the market; this difference is significant because we include extruded PE (polyethylene) and ethyl acetate, produced in the sites where there is a solvent recovery unit.
- The CO<sub>2</sub> emission calculated for each Gualapack site has taken local emission factors into account, for each nation (based on local energy sources and local environmental aspects).

### Observations and guidelines for the interpretation of KPIs

The common denominator expressed in tons of finished product over time, however efficient in harmonising different productions between sites, is not always the most effective numerical method to provide a real picture of Gualapack's sustainable commitment. In fact, when related, as an example, to the reduction of

thickness and/or weight of packaging without changing the performance of such packaging, some inconsistencies were observed.

This so-called "down gauging", while bringing clear advantages at the level of environmental impact, actually affects the result of the various KPIs, since product weight is one of the denominators. It should also be pointed out that expressing a KPI as a unit of finished product means neglecting a great benefit of the packaging, that is food waste reduction and that such reduction becomes more effective when a longer flexibility of duration and a wider choice of portions are guaranteed. However, food waste is a value that goes beyond the sustainable performance of Gualapack production sites and moreover it is not univocally measurable nor easily quantified: for this reason it was not possible to include it among KPIs.

Another example is linked to the often conflicting needs of the reference market, which tends to require smaller and shorter production batches, but at the same time asks that products and processes guarantee an ever lower environmental impact. These two requirements enter into conflict with each other, since small batches inevitably lead to a loss of efficiency, due to more frequent start-ups and costly setting of process conditions. The problem also becomes an opportunity for Gualapack to concentrate its sustainability efforts on optimizing start-up phases, to minimise the impact of each change.

# CERTIFICATIONS OVERVIEW PER PLANT

EMEA		ISO 9001	ISO 14001	OHSAS 18001 → ISO 45001	ISO 50001	BRC Packaging	FSC®	Sedex	Ecovadis
PLANT	COUNTRY	QUALITY MANAGEMENT	ENVIRONMENTAL MANAGEMENT	HEALTH & SAFETY MANAGEMENT*	ENERGY MANAGEMENT	FOOD HYGIENE MANAGEMENT	CHAIN OF CUSTODY	RESPONSIBLE SUPPLY STANDARD	CSR
Alessandria	Italy	●	●	● → 2021	2021	●		●	●
Piacenza	Italy	●	●	●	●	●	●	●	●
Carmagnola	Italy	●		● → 2021		NA		●	●
Nadab Pouches	Romania	●	●	● → 2021		●		●	●
Nadab Laminates	Romania	●	2021	2021		2020			●
<b>CIS</b>									
Sumy	Ukraine	●	2020	2020	●	●		2021	
<b>LATAM</b>									
Cartago	Costa Rica	●	●	2021		●		2021	
Santiago	Chile	2020	2021	2021		●		2021	
<b>BRAZIL</b>									
Iperò	Brazil	2021	2021	2021		●		2021	
<b>NORTH AMERICA</b>									
Tehuacán	Mexico	●		2021		FSSC 22000 Food Safety System Certification		2021	

\* Substitutes OHSAS 18001 as of 2018

# KPI OVERVIEW

## ENVIRONMENTAL INDICATORS

INDICATOR*	DESCRIPTION	GRI CODE	DESCRIPTION GRI CODE	SDG's	DESCRIPTION SDG's	EMEA 2018	EMEA 2019	GROUP 2019
CO <sub>2</sub> Emissions	tons CO <sub>2</sub> /tons finished product	EN16	Total greenhouse gas emissions by weight		Take urgent action to combat climate change and its impacts	0.571	0.538	0.471
Natural Gas Consumption	m <sup>3</sup> /tons finished product	EN19	Ozone-depleting emissions by weight		Take urgent action to combat climate change and its impacts	183.37	180.26	130.61
Energy Consumption	kWh/tons finished product	EN3-EN4	Direct - Indirect energy consumption by primary source		Ensure access to affordable, reliable, sustainable and modern energy for all	968.74	951.93	903.74
Renewable Energy	% renewable energy of total energy consumption	EN7	Indirect energy consumption reduction efforts and results		Ensure access to affordable, reliable, sustainable and modern energy for all	54.09%	59.47%	41.83%
Total Waste	tons total waste/tons finished product	EN22	Total waste by weight, type and disposal method		Ensure sustainable consumption and production patterns	0.204	0.204	0.169
Waste to Landfill	% waste to landfill of total waste produced	EN22	Total waste by weight, type and disposal method		Ensure sustainable consumption and production patterns	11.28%	6.46%	17.43%
Water Consumption	tons H <sub>2</sub> O/tons finished product	EN21	Water discharge by quality and destination		Ensure the availability and sustainable management of water and sanitation for all	7.88	5.41	3.97
Products with Improved Environmental Impact	turnover improved products/turnover all products (%)	EN27	Percentage of products sold and their packaging materials that are reclaimed by category		Ensure sustainable consumption and production patterns	-	-	3.7%

## SOCIAL INDICATORS

Training Hours	annual training hours per employee (h)	LA10	Average hours of training		Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	10.85	13.40	25.59
Accident Frequency Index	number of accidents x 10 <sup>6</sup> /number of labor hours	LA7	Injuries, fatalities, diseases, lost days and absenteeism		Ensure healthy lives and promote well-being for all at all ages	5.71	4.70	16.96
Accident Severity Index	number of days lost by temporary disability x 10 <sup>3</sup> /number of labor hours	LA7	Injuries, fatalities, diseases, lost days and absenteeism		Ensure healthy lives and promote well-being for all at all ages	0.22	0.28	0.36
Social Initiatives	number of social initiatives social initiatives carried out per year (n)	S01	Entering, operating and exiting - the impact on communities		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	-	-	29

## FINANCIAL INDICATORS

ROI	Net income/Investment	EC1	Direct economic value		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	-	-	6.8%
NFP/EBITDA	NFP/EBITDA	EC1	Direct economic value		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	-	-	1.26
NFP/Equity	NFP/Equity	EC1	Direct economic value		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	-	-	0.32

\* The Carmagnola plant is not included in the perimeter and makes reference to different indicators due to the completely different technologies that are used in machinery production.

All the GRI codes refer to the GRI-G3.1 guidelines.

## ENVIRONMENTAL INDICATORS CO<sub>2</sub> EMISSIONS



Gualapack maintains its commitment to reducing the total direct and indirect emissions of greenhouse gases, expressed in CO<sub>2</sub> equivalents.

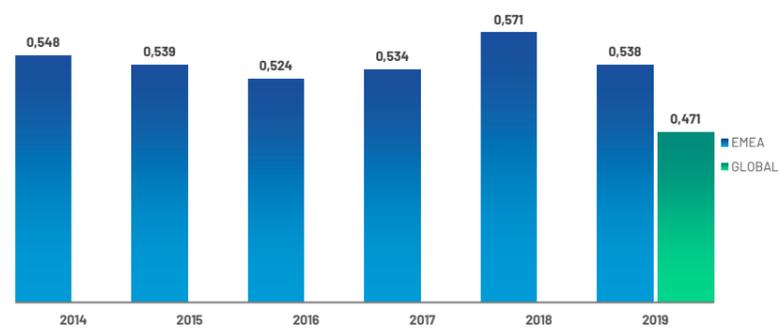
The calculation includes the following consumptions: electricity from the grid; fossil fuel (natural gas and LPG), and diesel fuel for vehicles. The total CO<sub>2</sub> equivalent emission is based on the overall finished products.

Within EMEA, the emission factors used for this calculation are those re-

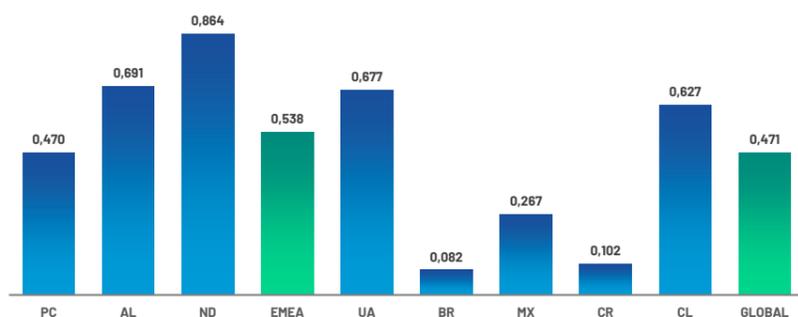
ported in the ISPRA publications and updated over the years. Starting in 2019, such monitoring also began in the non-EMEA plants, using the emission factors specific to each region.

Furthermore, during 2019, an improvement in the EMEA indicator was also noticed, with respect to 2018, due to a higher share of self-produced electricity in the Piacenza plant and to lower emissions in the Nadab plant.

CO<sub>2</sub> EMISSIONS / FINISHED PRODUCT (TON/TON)



CO<sub>2</sub> EMISSIONS / FINISHED PRODUCT - PER PLANT 2019 (TON/TON)



## ENVIRONMENTAL INDICATORS NATURAL GAS CONSUMPTION

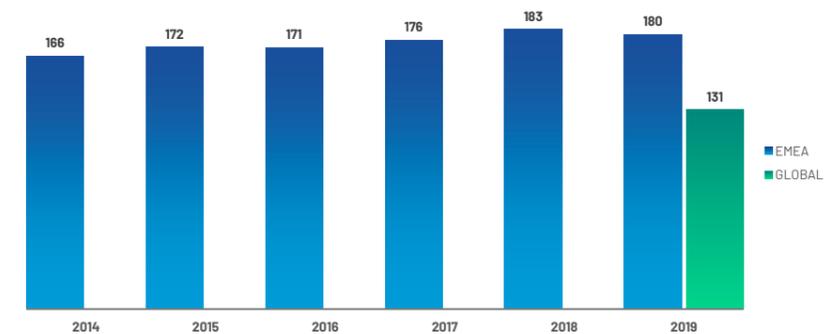


Methane is the second power resource of the Gualapack plants. It is used for production of thermal energy (for heating and processing) as well as for electricity in the Piacenza cogeneration plant (High-Performance cogeneration plant). Over 60% of the total consumption of methane can be attributed to this latter activity, which ensures a combined production of electricity and heat (steam) with very high overall yields.

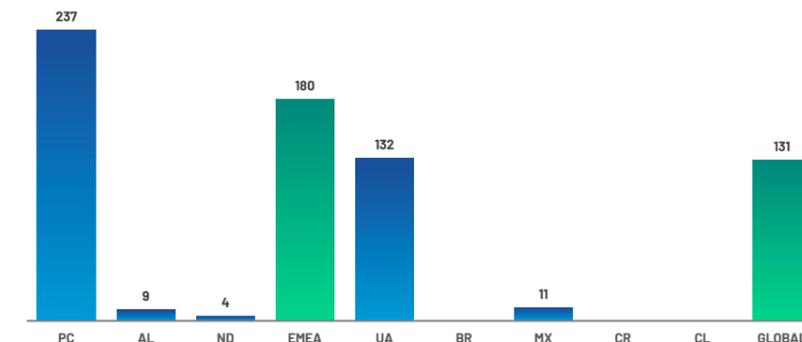
Thermal energy recovery activities have continued during 2019, leading to a slight improvement of the reference index (within the EMEA Region), which is calculated by dividing the methane used by the total product achieved (Scm/ton).

During 2019, this monitoring activity also began in the Gualapack sites outside EMEA.

CH<sub>4</sub> CONSUMPTION / FINISHED PRODUCT (SCM/TON)



CH<sub>4</sub> CONSUMPTION / FINISHED PRODUCT - PER PLANT 2019 (SCM/TON)



# ENVIRONMENTAL INDICATORS ENERGY CONSUMPTION



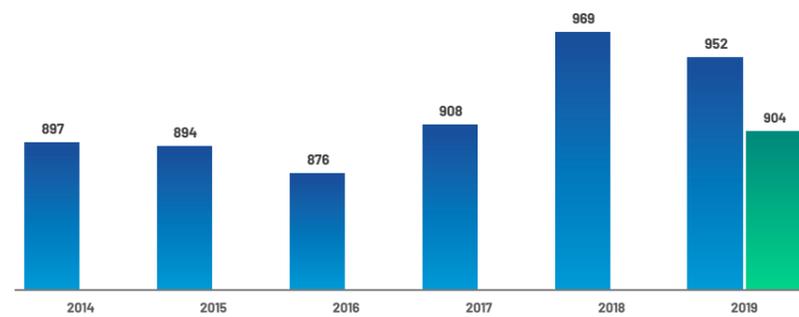
Electricity is the first source of energy in the various Gualapack plants. Utilities of the main activities (production lines), auxiliary services (thermal plants, compressor stations, solvent recovery) and general services (lighting, air conditioning, offices and laboratories), are accurately monitored.

The action plan for improving the efficiency of the various utilities, such as adoption of inverters, replacements of the old systems with new, more efficient ones, replacement of traditional lighting with LED technology, was continued throughout 2019. The reference indicator (calculated by di-

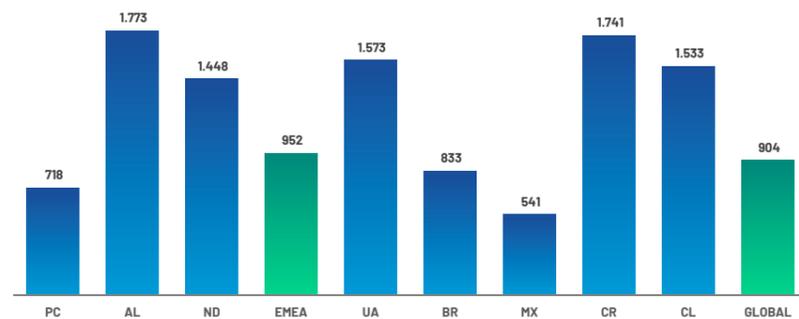
viding the total electricity consumed (kWh) by the finished product (tons) shows a noticeable improvement in the EMEA Region, if compared to the previous year, despite the continuous reduction of the average length of production runs, which represents an unfavourable condition for the improvement of specific consumption. The increased number of start-ups and machine set-ups lead in fact to higher energy consumption per finished product.

Beginning in 2019, this monitoring activity was extended to Gualapack plants outside EMEA.

ELECTRICITY CONSUMPTION / FINISHED PRODUCT (KWH/TON)



ELECTRICITY CONSUMPTION / FINISHED PRODUCT - PER PLANT 2019 (KWH/TON)



# ENVIRONMENTAL INDICATORS RENEWABLE ENERGY



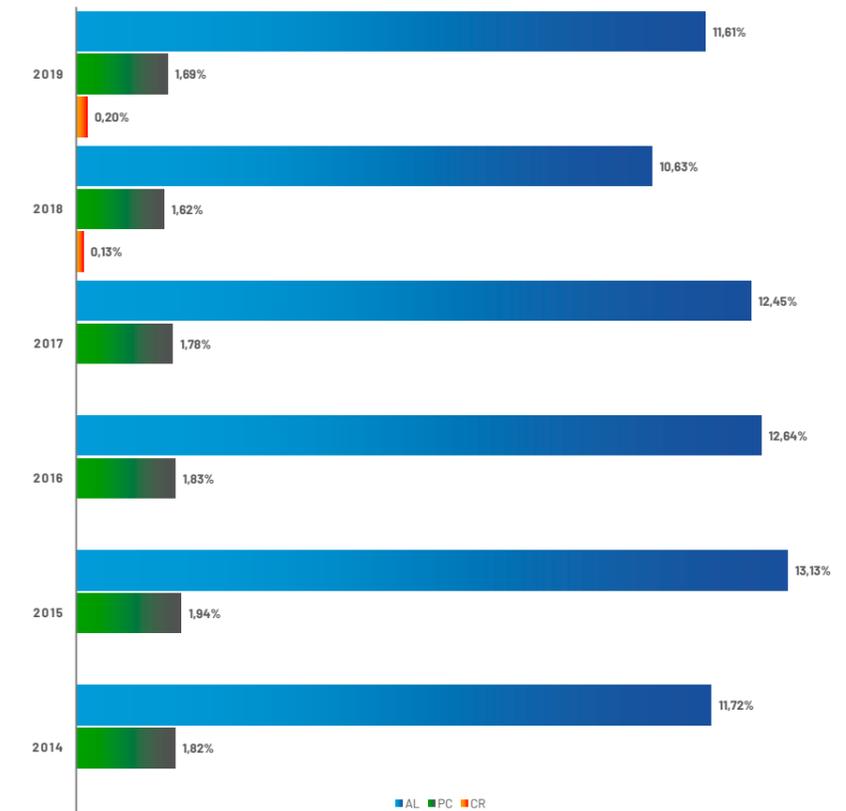
No new electricity from alternative and/or renewable sources production units have been installed 2019. Various solar parks are in operation within the group for an installed peak power of approximately 2 MW.

Together solar energy, the contribution of a large cogeneration plant (7.2 MW of electric power installed) covering the needs of the Piacenza Plant should also be taken into

account, since it avoids over 15% of greenhouse gas emissions compared to conventional electric power production.

The following graphs show the trends expressed in percentage of energy from renewable sources compared to the total energy consumed. Since 2018 a photovoltaic system is also producing electricity at the Costa Rica production site.

SHARE OF ELECTRICAL POWER FROM RENEWABLE SOURCES (PV)



## ENVIRONMENTAL INDICATORS TOTAL WASTE



The waste generated in the various plants, mostly consisting of non-hazardous waste, is constantly monitored.

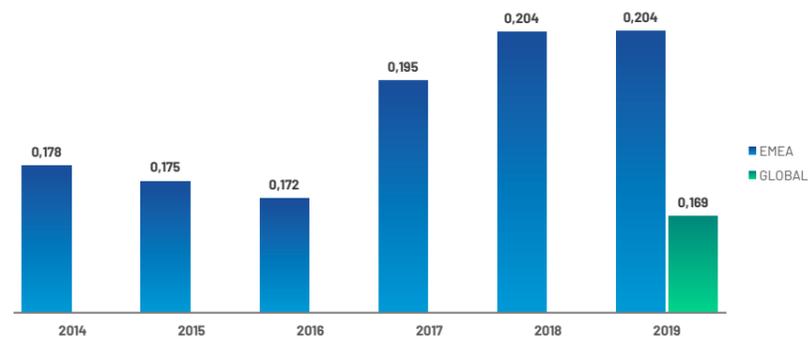
The indicator taken as a reference is the ratio between the waste generated and the overall finished products (ton/ton) in our production facilities.

Such index has remained unchanged throughout 2019 for EMEA, compared to the previous year. This is a positive result, considering the fact that the

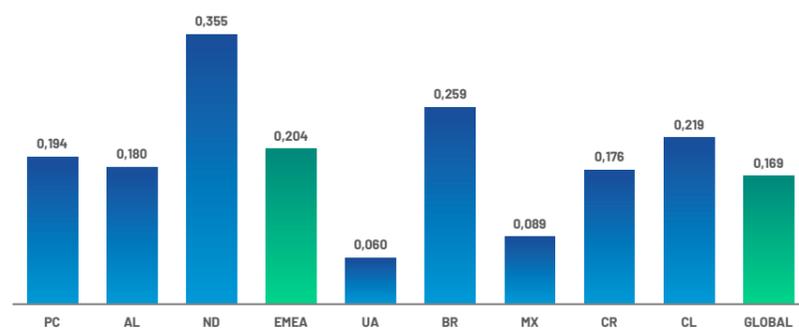
average length of the production runs continued to shorten, therefore leading to a higher number of print runs, especially in the Piacenza plant, thus generating more waste. In this regard, we continue to put effort into reducing time and material (films, ink, adhesives, etc.) used during production start-ups.

Monitoring of this indicator was also started in 2019 in those plants located outside EMEA.

WASTE / FINISHED PRODUCT (TON/TON)



WASTE / FINISHED PRODUCT - PER PLANT 2019 (TON/TON)



## ENVIRONMENTAL INDICATORS WASTE TO LANDFILL



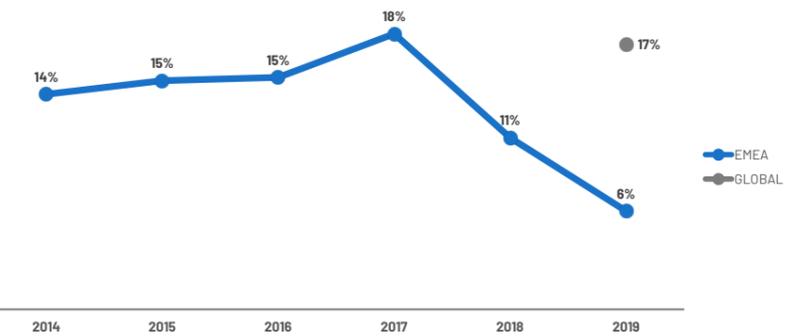
Gualapack gives special attention to the end-of-life of the waste produced. In fact, one of our main goals is to favour collection, recovery and recycling of all industrial waste, where possible, resorting to energy recovery only when recycling is intrinsically impossible due to the nature of the waste itself.

Compared to landfilling, waste-to-energy is always the preferred option.

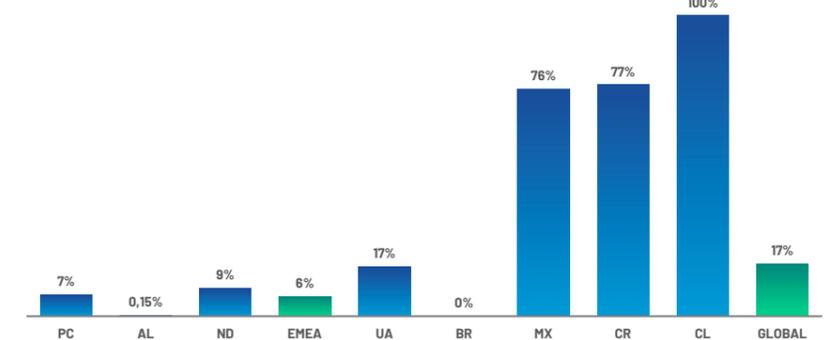
For EMEA, a continuing positive trend of the waste-to-landfill/total-waste percentage indicator was confirmed also during 2019.

During 2019, the focus on waste-to-landfill reduction was also initiated outside EMEA.

WASTE TO LANDFILL



WASTE TO LANDFILL - PER PLANT 2019



## ENVIRONMENTAL INDICATORS WATER CONSUMPTION



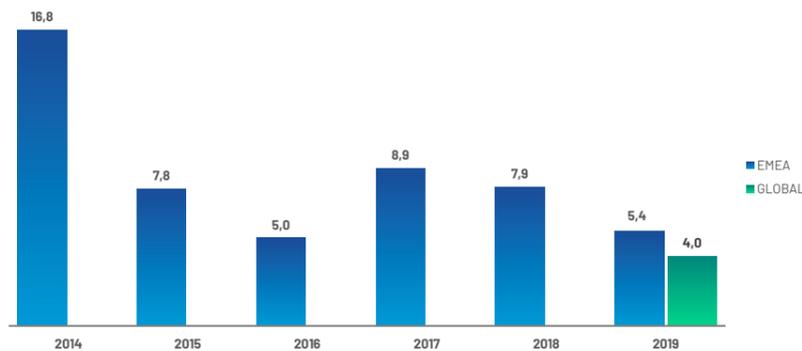
Gualapack recognizes how essential it is to protect and save water, a precious asset which is becoming increasingly scarce worldwide, due to climate change and pollution. Thousands of people are in fact affected by water scarcity.

Activities continue for a rational use of this resource, especially in the Piacenza plant which is the one with

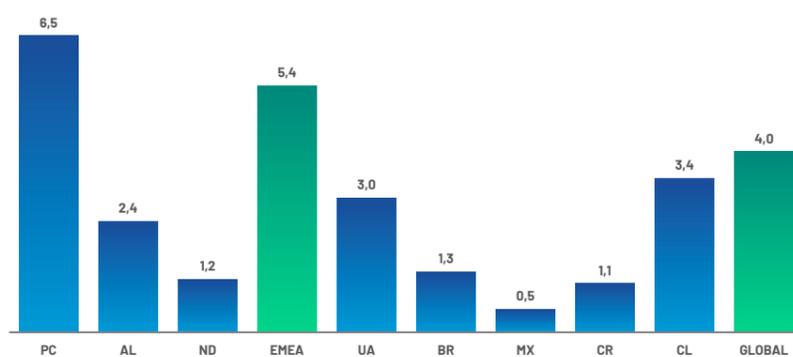
the highest consumption in absolute value: the trend of the identified indicator – ratio between water consumption and finished product (ton/ton) – is positive also for 2019 within the EMEA Region.

During 2019, monitoring of water consumption was also launched in the rest of the Gualapack sites.

H<sub>2</sub>O CONSUMPTION / FINISHED PRODUCT (TON/TON)



H<sub>2</sub>O CONSUMPTION / FINISHED PRODUCT - PER PLANT 2019 (TON/TON)



## ENVIRONMENTAL INDICATORS PRODUCTS WITH IMPROVED ENVIRONMENTAL IMPACT



Gualapack has started a radical transformation of its product portfolio over the last few years, through the "designed-for-sustainability" approach, with the aim of reducing the environmental impact of its products.

By analysing the environmental impact of a typical Gualapack product in terms of CO<sub>2</sub> emissions, raw materials and end-of-life weigh more than 70% of the total, while the production processes have a much lesser impact. Hence the need to look beyond process-related issues when it comes to keeping watch of the company's impact on the environment. From 2019, a new KPI was therefore introduced to monitor the performance of our product portfolio from an environmental point of view.

This KPI indicator is used to measure the incidence of the turnover deriving from new-generation products, with an improved environmental impact, on the total sales of laminates, pouches and caps.

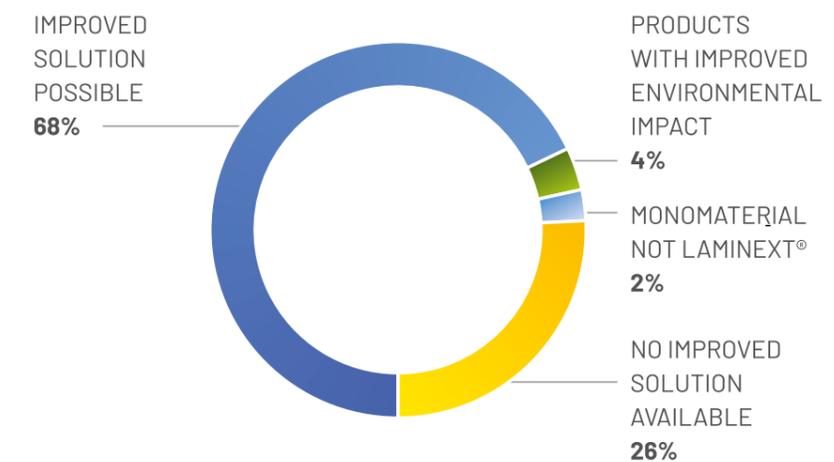
By products with an improved environmental impact we mean all the laminates, pouches and caps designed to meet at least one of the following sustainability objectives, without compromising their performance: recyclability, compostability, Carbon Footprint reduction, design for reusability and reduction of plastics that can be released in the environment.

The turnover generated by products with an improved environmental impact amounts to 3.7% in 2019. A further 68% of the turnover could be improved in this sense.

Gualapack aims to optimize its portfolio with a view to protecting the environment, by developing and making available an increasing number of solutions for its customers, and, over time, replacing the turnover deriving from standard products with that generated by the new products with an improved environmental impact.

### SHARE OF PRODUCTS WITH IMPROVED ENVIRONMENTAL IMPACT 2019

**3.7%**



# PEOPLE INDICATORS TRAINING HOURS



This KPI measures training hours per employee per year.

In 2019 we continued investing in many hours of training. In EMEA, a great effort was made by the Italian colleagues who joined and trained the Romanian colleagues, who in turn in 2019 achieved the challenging goal of inaugurating a plant entirely dedicated to laminate production, right next to the pouch production plant which has been in operation for almost 10 years.

In the other Regions too, several hours of training were carried out, on

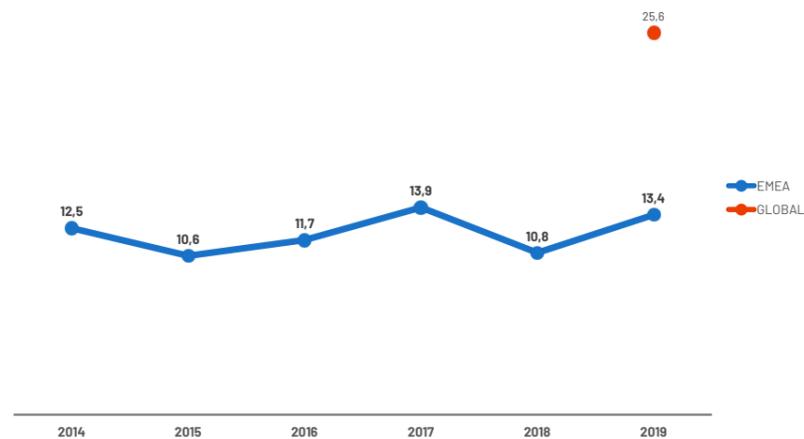
different topics: sustainability and safety in Mexico, safety in Ukraine, quality in Costa Rica and Chile, technical skills and continuous improvement in Brazil.

At the end of 2019, the SAP project kick-off took place in the EMEA Region. Therefore, many training hours are forecast for 2020, all dedicated to this strategic project which has the ambitious goal to develop an integrated IT system for the entire Group, following the first implementation which was completed between 2018 and 2019 in Ukraine.

## TRAINING HOURS PER PERSON

25.6

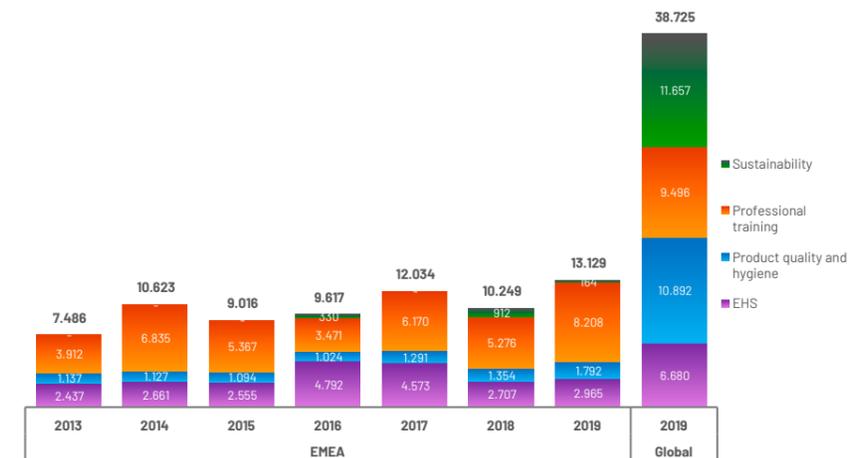
AVERAGE TRAINING HOURS PER YEAR  
h/person



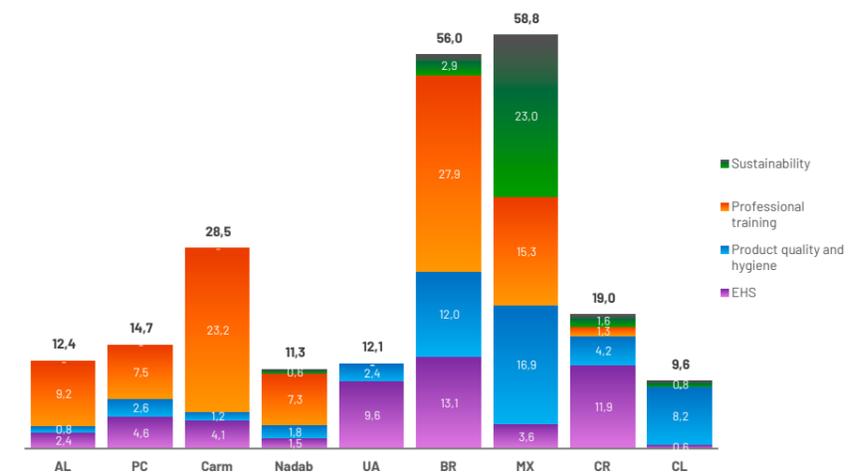
## TRAINING HOURS 2019

TOTAL	OF WHICH FOR EHS	OF WHICH ON SUSTAINABILITY
38,725	6,680	11,675

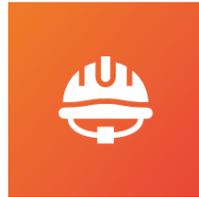
TRAINING HOURS BY SUBJECT AREA (HOURS PER NUMBER OF PARTICIPANTS)



AVERAGE TRAINING HOURS PER TOPIC AREA 2019 - PER PLANT (H/PERSON)



## SOCIAL INDICATORS ACCIDENT FREQUENCY INDEX



Protecting the health and safety of workers in each plant (including contractors) is a priority for Gualapack. The accident frequency index, calculated as the number of accidents x 10<sup>6</sup>/ number of hours worked, is above all affected by people's behaviour.

All initiatives (behaviour audits, near-miss reporting, awareness, information activity, education and training) focusing on increasing the culture of

safety and establishing safer behaviour and habits, not only at work but also during non-work-related activities, were continued during 2019.

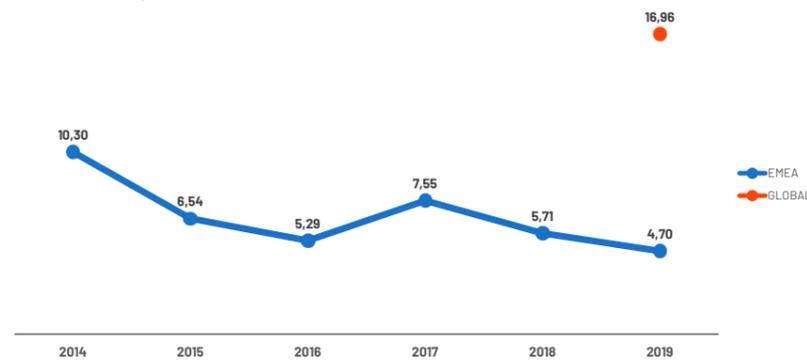
The positive trend for EMEA is confirmed also for 2019. This year, the same approach has been extended to extra EMEA plants, and accompanied by the distribution of tools for the continuous improvement of safety conditions.

### INDEX 2019

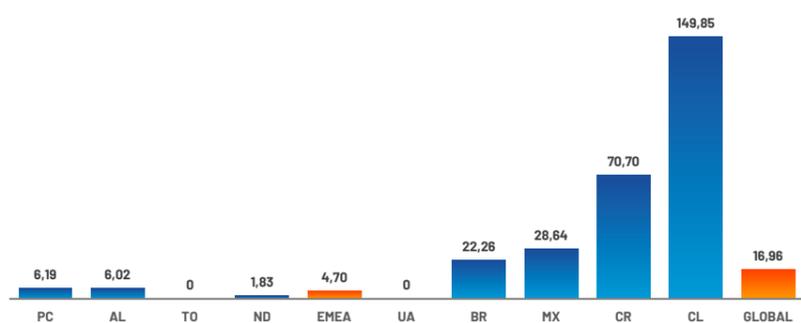
Result of the number of accidents per 1,000,000 hours worked

**16.96**

ACCIDENT FREQUENCY INDEX



ACCIDENT FREQUENCY INDEX 2019 - PER PLANT



## SOCIAL INDICATORS ACCIDENT SEVERITY INDEX



The accident severity index (calculated as the number of days of absence due to work-related accidents x 10<sup>3</sup>/ number of hours worked) indicates the severity of the accidents that took place during the year.

Generally, it is related to technical aspects, to the complexity of machines and equipment, to the safety devices in place, and to the danger of the substances being used.

Monitoring during the course of 2019 showed a slight worsening of the indicator, thereby prompting Gualapack to intensify corrective actions, i.e. reducing interference between operators and means of transport, while further improving safety of machines and equipment, and safe use and storage of dangerous substances.

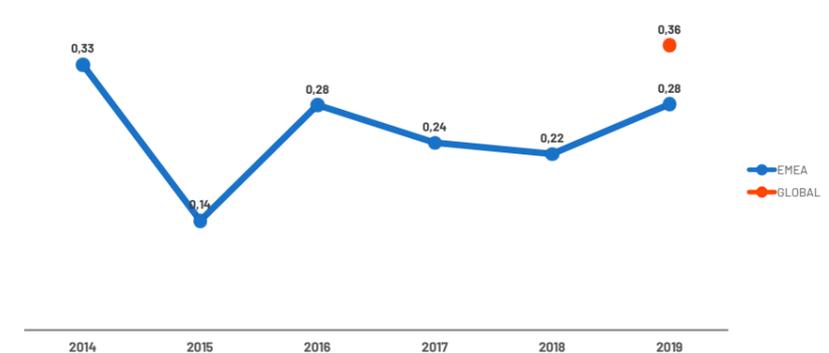
Starting from 2019, this index is being monitored also in the plants outside the EMEA Region.

### INDEX 2019

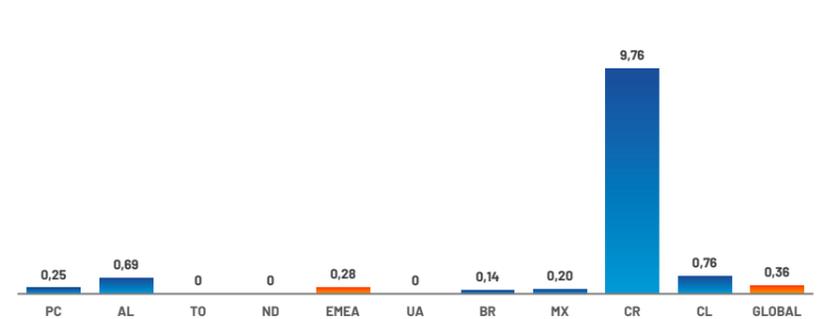
Result of the number of days of absence per 1,000 hours worked

**0.36**

ACCIDENT SEVERITY INDEX



ACCIDENT SEVERITY INDEX 2019 - PER PLANT



## SOCIAL INDICATORS SOCIAL INITIATIVES



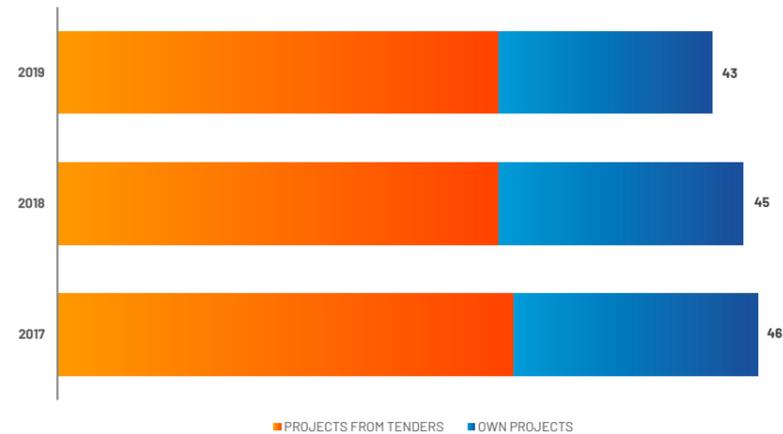
This KPI measures the number of social initiatives carried out each year.

In Italy, the co-financing of Fondazione SociAL also continued during 2019. Moreover, other local initiatives were undertaken, such as the donation of a chemistry laboratory for the new "Chemistry, Materials and Biotechnologies" course at the 'A. Volta' Technical Institute in Alessandria and

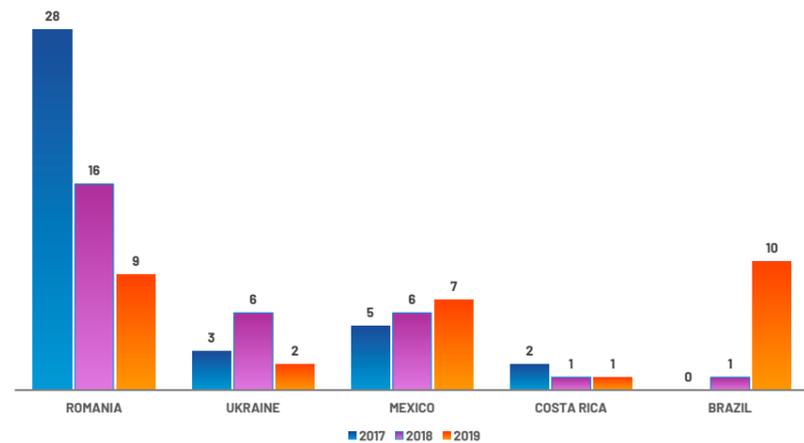
the organization of a "Sustainability Open Day" in Piacenza, an opportunity to present the first Sustainability Report and spread awareness on flexible plastic packaging and recycling to everyone present: employees, families and authorities.

The other Regions too have continued the important task of financing and organizing local projects.

NUMBER OF SOCIAL FOUNDATION PROJECTS IN ITALY



NUMBER OF LOCAL SOCIAL INITIATIVES PER PLANT



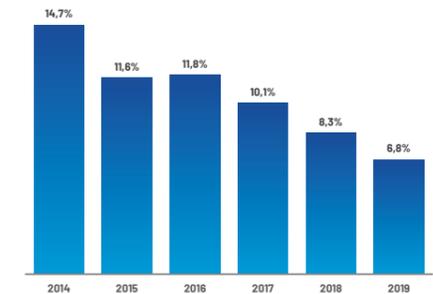
## FINANCIAL INDICATORS ECONOMIC SUSTAINABILITY



### ROI

Return on investment (ROI) is a ratio between the net profit and the invested capital.

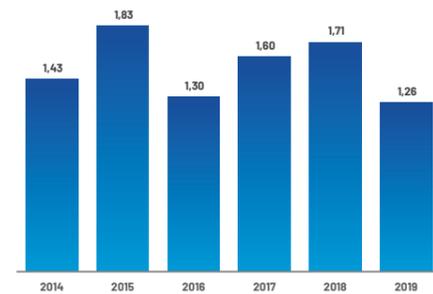
ROI measures the profitability and efficiency of an investment.



### PFN/EBITDA

Ratio between Net Financial Position and Earnings Before Interest, Taxes, Depreciation and Amortization.

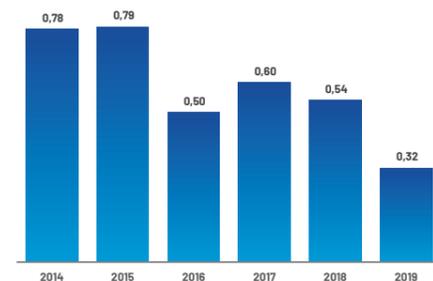
It expresses the ability of the company to cover the debt through cash flows deriving from operations.



### PFN/EQUITY

Ratio between Net Financial Position and Equity (DEBT RATIO).

It expresses the surplus of net debt compared to equity.





# SUSTAINABILITY AT THE PRODUCTION PLANTS

## EMEA GUALAPACK ALESSANDRIA

Established in 1986, it is the headquarter of Gualapack. It produces pre-made flexible pouches and packaging solutions, ranging from product co-design, injection moulding of caps and straws, to the assembly of containers and sale of pouch filling lines.

### COMPLETED ACTIONS AND ACTIONS IN PROGRESS

#### ENVIRONMENT

1. New compressed air system (completed at the end of August 2019):
  - Replacement of the air compressor fleet with new generation machines. Reduction of energy consumption 2020: 210 Ton CO<sub>2</sub>
  - New Energy Recovery system and pipeline. Reduction of methane for heating consumption: 80 Ton CO<sub>2</sub>
2. An electric pool car was added to the company's fleet and a charging station was installed.

#### SAFETY

1. Implementation of the SAFETY GUARD system on forklifts and pallet trucks in the warehouse area, to reduce interference between pedestrians and forklifts.
2. Implementation of Agilox forklifts in the injection-moulding department (where unmanned robots have replaced the forklift traffic).

### PROGRAMMED ACTIONS

#### ENVIRONMENT

1. Renewal of the existing refrigeration system (completion foreseen by end of April 2020): The reduction of energy consumption due to the replacement of old cooling machines equals to 90 tons CO<sub>2</sub> savings.

#### SAFETY

1. Implementation of Agilox robots in the Cheerpack assembly department (unmanned forklifts have replaced standard forklift traffic).



 Nation: **Italy**  
 Employees: **281**  
 Surface: **40,000 sqm**

 Year Established: **1986**  
 Plant Manager: **Marco Giuliacci**  
 Products: **Injection moulding, pouches**  
 Certification awards: **ISO 9001, ISO 14001, OHSAS 18001, BRC-Packaging, SMETA 4 pillars**

 **MAIN RESULTS ACHIEVED**

- 12% of the total electricity used comes from renewable sources
- 10% reduction of total waste on finished product from 2014 to 2019
- 99% of waste is either recovered or recycled



## EMEA GUALAPACK PIACENZA

Formerly Safta, founded in 1925 and acquired by Gualapack in 2002, today the plant produces laminates using rotogravure printing (with internal production of graphic work and engraving of gravure cylinders), blown film extrusion of polyethylene film and lamination of films with adhesives or extruded polyethylene, as well as reel slitting. The plant is also involved in applied research and development.

 Nation: **Italy**  
 Employees: **378**  
 Surface: **84,000 sqm**

### COMPLETED ACTIONS AND ACTIONS IN PROGRESS

#### ENVIRONMENT

1. Replacement of the existing lighting fixtures with LED lamps, for a better energy efficiency: a 50% reduction in current energy consumption for lighting is expected (above 200 MWh per year).
2. Print-run improvement project: new procedures and a new mix-in station was installed inside the department to achieve faster colour settings. Time and material waste are expected to be reduced for each start-up cycle. This will reduce waste and increase the machine efficiency (with a reduction in energy and CO<sub>2</sub> consumption).
3. An electric pool car was added to the company's fleet and a charging station was installed.

#### SAFETY

1. Preparation of walkways and other accesses to rotogravure machines and laminators to allow safer cleaning and maintenance.
2. Installation of a humidification system in the ink and adhesive department to keep humidity in the area under control, and reduce the probability of generating electrostatic charges and consequently reduce risk of fire.

### PROGRAMMED ACTIONS

#### ENVIRONMENT

1. Installation of a heat recovery system from the compressed air plant is underway; it will modify the compressor cooling circuit (expected annual savings: over 600 MWht).
2. The certification process of the energy management system according to the UNI EN ISO 50001 standard has been initiated.

#### SAFETY

1. Reduction of risks of interference between pedestrians and internal forklifts; implementation of anti-collision warning devices.

#### MAIN RESULTS ACHIEVED

- 90.7 % of the total energy consumed is self-produced from the local high-yield, co-generation plant and photovoltaic system;
- the water consumption reduced by 68.5 % compared to finished products, 2014 to 2019;
- the waste to landfill reduced by 39.4 % from 2014 to 2019.

## EMEA GUALAPACK CARMAGNOLA

Established in the 80s with the name Techpack it later became Flextech. In October 2015, it was merged by incorporation into Gualapack, as Machinery Division.

The site specializes in the design, assembly and installation of filling lines for pre-made flexible packaging and of machines dedicated to the straw sealing step in the pouch making process within the Gualapack facilities.

### COMPLETED ACTIONS AND ACTIONS IN PROGRESS

#### ENVIRONMENT

1. Installation of drinking water dispensers, connected to the local water network, to supply water to all employees with their reusable bottles, with a view to eliminating PET bottles for a consequent reduction of the waste produced.
2. An electric pool car was added to the company's fleet and a charging station was installed.
3. Replacement of the existing steam generator, now outdated, with a higher-efficiency generator (with lower LPG consumption and consequent reduction in CO<sub>2</sub> emissions).
4. Installation of high-efficiency, LED light fixtures inside in the production area (a 25% reduction in energy consumption is expected).

### PROGRAMMED ACTIONS

#### ENVIRONMENT

1. Installation of high-efficiency, LED light fixtures inside offices.



 Nation: **Italy**  
 Employees: **26**  
 Surface: **5,000 sqm**

 Year Established: **1989**

 Plant Manager: **Fulvio Laguzzi**

 Products: **Filling Equipment and Straw Attaching Machines**

 Certification awards: **ISO 9001, OHSAS 18001, SMETA 4 pillars, 3-A Sanitary Standard**

#### MAIN RESULTS ACHIEVED

- 13.0% reduction of the total water used on site from 2014 to 2019
- 28.7% reduction of total waste generated by number machines produced
- Accident frequency index (accident/hours worked): ZERO since 2013



## EMEA GUALAPACK NADAB POUCHES

The Nadab Pouch Division, located in Chisineu Cris, Nadab in Romania, was founded at the end of 2010, both to respond to growing market demands and to give better continuity of service to customers by creating a production back-up site for the Castellazzo Bormida plant. The products made in this factory are pre-made flexible packaging, the same as those manufactured in Castellazzo, as well as the plastic profiles used in the Gualapack factories to pack the pouches produced.

Nation: **Romania**  
 Employees: **295**  
 Surface: **26,000 sqm**

Year Established: **2011**

Plant Manager: **Aniela Mladin**

Products: **Pouches, rails extrusion and washing**

Certification awards: **ISO 9001, ISO 14001, OHSAS 18001, BRC-Packaging, SMETA 4 pillars**

### MAIN RESULTS ACHIEVED

- 74.9% reduction in methane consumption on the finished product from 2014 to 2019
- 88.2% reduction in landfill waste from 2014 to 2019
- 53 social initiatives carried out in the area since 2014

## COMPLETED ACTIONS AND ACTIONS IN PROGRESS

### ENVIRONMENT

1. Revision of the straw feeding system on the pouch production lines to reduce production waste.
2. Reduction of waste on pouch production lines thanks to the installation of an automatic system for controlling traction on the laminate used for the gussets.
3. Reduction of energy consumption, through implementation of sensors for controlling the light intensity in the plant's lighting systems.

### SAFETY

1. Reduction of the noise level by covering of the pouch manufacturing machines and the replacement of the old covers on the straw-sealing machines.
2. Application of a new pouch sampling procedure on straw-sealing machines, thus improving safety and reducing the risk of accidents.
3. Installation of protections in the new loading area and application of a specific procedure for the prevention of accidents.
4. Installation of an automatic system on each door of the plant.
5. Improvement of the ergonomics and accessibility of the waste collection system on the pouch production lines.
6. Adjustment of the safety interlocks of the production lines in accordance with the safest standards available on the market.

## PROGRAMMED ACTIONS

### ENVIRONMENT

1. Replacement of lighting fixtures near the machines (local light) with LED lights for reduction of energy consumption.
2. Reduction in the quantity of wooden pallets and increase in reusable plastic pallets.
3. Reduction of the packaging material used for shipping finished product.

4. The campaign to reduce paper consumption (e-mail, banners, training) in offices and in the production areas continues.
5. Reduction of the thickness and quantity of stretch film used during the final packaging of the finished product with a positive impact on CO<sub>2</sub> emissions..
6. Energy audit on the entire factory.
7. Leak detection in the aspiration system and in the compressed air distribution lines to reduce consumption.
8. Waste reduction thanks to the constant modernization of the straw feeding systems.
9. Replacement of lights on all pouch-manufacturing machines with LED lights, to reduce energy consumption and improve the lighting of the workstations.

### SAFETY

1. Physical protection coverage for the new machines in the pouch department.
2. Replacement of the oldest physical covers or the ones that do not cover the machines completely in the straw department.
3. Improvement of the procedure and of the method of cleaning the spare parts during maintenance thanks to the use of semi-automatic equipment.
4. Improvement of the safety level with the application of a new sampling procedure for the straw-manufacturing machines.
5. Installation of safety protections/barriers in the new loading area and application of a specific accident prevention procedure.

## EMEA GUALAPACK NADAB LAMINATES

The Nadab Laminates plant, located next to the Nadab pouch-production plant, was inaugurated in November 2019. It produces the multi-layer laminates that will be converted into pouches in the adjacent Nadab Pouches plant. The layout of the plant, with a total area of 37000 m<sup>2</sup>, was designed to optimize the material flows and reduce the movement of materials to the minimum. The choice of the group was to adapt the production lines to the models already present in Piacenza and Ukraine, so as to guarantee maximum production flexibility and the same quality standards.

Designed to optimize energy consumption through a sophisticated residual heat recovery system, it has been equipped with a modern active carbon solvent recovery plant with nitrogen regeneration, which is able to provide high energy efficiency, control of VOC emissions, in line with the latest European regulations, and the total absence of hazardous wastes. The solvent thus recovered can be reused in the production cycle, making the plant independent from external supplies of ethyl acetate.

## PROGRAMMED ACTIONS

### ENVIRONMENT

1. ISO 14001 Certification.
2. Recovery of the solvent used for equipment washing and of production waste thanks to a dedicated distillation system.
3. The laminator is equipped with a system for reading the weight of the adhesive and automatic mixing, to reduce the raw materials used.
4. Leak detection in the aspiration system and in the compressed air distribution lines to reduce energy consumption.
5. Energy audit of the entire factory.

### SAFETY

1. Adoption of a safety management system.



Nation: **Romania**  
 Employees: **60 by end of 2020**  
 Surface: **37,000 sqm**

Year Established: **November 2019**

Plant Manager: **Aniela Mladin**

Products: **rotogravure printing, lamination, slitting**

Certification awards: **ISO 9001**



## CIS GUALAPACK UKRAINE

Gualapack Ukraine was founded in 2014 in Sumy. In 2017, a new production plant was inaugurated, the first integrated site within the group, incorporating the production and printing of laminates, pouch making as well as the injection moulding process to produce caps and spouts.

 Nation: **Ukraine**  
 Employees: **316**  
 Surface: **13,000 sqm**

 Year Established: **2014**

 Plant Manager: **Reva Valeriy**

 Products: **Pouches, injection moulding, laminates**

 Certification awards: **ISO 9001, ISO 50001, BRC-PACKAGING**

### MAIN RESULTS ACHIEVED

- Solvent recovery: 211 tons (July to December 2019)
- ISO 50001 Certification - Energy Management System
- Accident frequency index: ZERO

## COMPLETED ACTIONS AND ACTIONS IN PROGRESS

### ENVIRONMENT

1. A new solvent recovery plant has been started up for treating the ethyl acetate emissions of the entire plant.
2. The energy management system according to the UNI EN ISO 50001 standard was implemented and certified, confirming the company's commitment to an efficient use of energy resources.
3. The environmental management system according to the UNI EN ISO 14001 standard was initiated.

### SAFETY

1. An automatic cylinder washing system has been installed to reduce risk of fire.
2. The implementation of the Work Health and Safety Management system according to UNI EN ISO 45001 standard has been initiated.

## PROGRAMMED ACTIONS

### ENVIRONMENT

1. Installation and start-up of a distillation plant for waste inks and adhesives that will allow for solvent recovery and reduction of waste.
2. The company's certification according to the UNI EN ISO 14001 environmental management system is expected by 2020

### SAFETY

1. The Work Health and Safety Management system according to UNI EN ISO 45001 standard is expected to be completed by 2020.

## LATAM GUALAPACK COSTA RICA

Opened at the end of 2013, Gualapack Costa Rica was the first headquarter of the group located in Latin America, with to the goal of achieving a strategic proximity with customers, as well as reaching new markets.

## COMPLETED ACTIONS AND ACTIONS IN PROGRESS

### ENVIRONMENT

1. Installation of a photovoltaic system with a power of 38.6 kWp (project started in 2018).
2. Cooling system improvement on hydraulic press, to improve production cycle time, with consequent reduction of specific consumption.

### SAFETY

1. Implementation of the Work Health and Safety Management system according to UNI EN ISO 45001 standard has been initiated. New protections installed on warehouse racks.

## PROGRAMMED ACTIONS

### ENVIRONMENT

1. A new cooling system project (ice bank) is being implemented. The energy saving is obtained by producing ice during the night when the energy is cheaper and using it during the daily hours.
2. Search and approval of new local film suppliers, to reduce the environmental impact due to transportation.

### SAFETY

1. The preliminary audit for the Safety management system Certification according to the UNI EN ISO 45001 standard is scheduled for 2020.



 Nation: **Costa Rica**  
 Employees: **51**  
 Surface: **9,800 sqm**

 Year Established: **2013**

 Plant Manager: **Ricardo Soto Villalobos**

 Products: **Pre-made pouches, injection moulding, rails extrusion**

 Certification awards: **ISO 9001, ISO 14001, BRC-Packaging**

### MAIN RESULTS ACHIEVED

- Electricity produced from renewable sources compared to the total energy used: 3% (considering 2019 only, with photovoltaic cells)
- Total waste vs. finished product: -48% (from 2018 to 2019)
- 30% total scrap reduction, compared to 2018
- Overall plant efficiency: 90.25%



## LATAM GUALAPACK CHILE

Gualapack Chile was founded in 2017, to get closer to the company's main customers based in Latin America, to reduce delivery times, to provide them with a more efficient attention to their needs, and consolidate our products in the area. Finally, this location is considered strategic for business growth in the southern hemisphere.

 Nation: **Chile**  
 Employees: **95**  
 Surface: **3,000 sqm**

 Year Established: **2017**  
 Head of Operational Unit: **David Verdugo Ibáñez**  
 Products: **Pre-made pouches, injection moulding**  
 Certification awards: **BRC-Packaging**

### COMPLETED ACTIONS AND ACTIONS IN PROGRESS

#### ENVIRONMENT

1. Installation of sensors on the bag machines, to reduce scraps.
2. Appointment of a Task force whose goal is to reduce scraps during the production process.

#### SAFETY

1. Improvement of the fire system.

### PROGRAMMED ACTIONS

#### ENVIRONMENT

1. Completion of the replacement of the lighting fixtures with LED lights to reduce energy consumption.

#### SAFETY

1. The preliminary audit for the Safety management system Certification according to the UNI EN ISO 45001 standard is scheduled for 2020.
2. Visit by the Fire Brigades for inspection and certification of the fire prevention activities implemented on site.

## BRAZIL GUALAPACK BRASIL

Formerly Tradbor, Gualapack Brasil was founded in 1994 and acquired by Gualapack in 2015. The production here consists in pre-made flexible packaging solutions.

### COMPLETED ACTIONS AND ACTIONS IN PROGRESS

#### ENVIRONMENT

1. Waste management through collaboration with a service provider that reuses 100% of our plastic waste for the transformation of the material into roof tiles for civil construction.
2. Operational Excellence program for reducing waste during production.
3. Specific awareness campaign launched on reducing paper consumption.

#### SAFETY

1. Technical interventions on various machines to improve their safety.
2. Safety awareness campaign launched for all employees including information and training on manufacturing risks.
3. Renewal of company safety signage.
4. A team was appointed for the implementation of new projects for the improvement of health and safety at work, using external consultants.

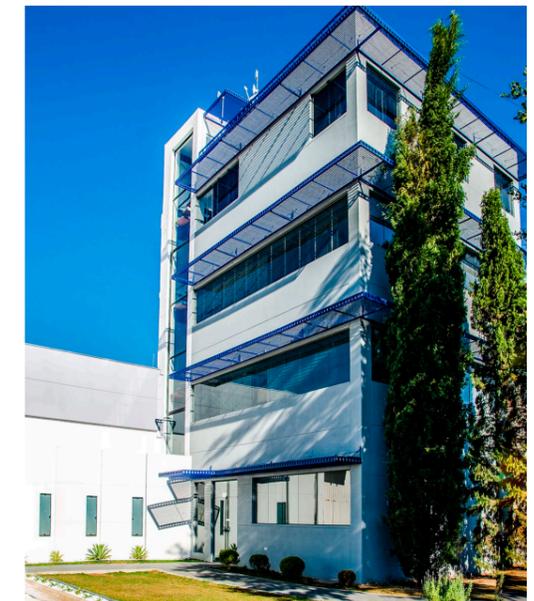
### PROGRAMMED ACTIONS

#### ENVIRONMENT

1. Replacement of all lighting with LED lamps to reduce energy consumption.
2. Implementation and certification of the environmental management system according to the UNI EN ISO 14001:2015 standard, scheduled for 2020.

#### SAFETY

1. Implementation and certification of the Safety management system Certification according to the UNI EN ISO 45001 standard is scheduled for 2020.
2. Continued improvement of machinery safety.



 Nation: **Brazil**  
 Employees: **65**  
 Surface: **11,000 sqm**

 Year Established: **1994** (acquisition in 2015)  
 Plant Manager: **Robson Albanes**  
 Products: **Pre-made pouches**  
 Certification awards: **BRC-Packaging**

#### MAIN RESULTS ACHIEVED

- 10 social initiatives launched



## NORTH AMERICA EXCEL NOBLEZA

EXCEL NOBLEZA S.A.P.I DE CV was founded in 1985 in Tepanco de López, Puebla. Since its foundation, its main objective has been to manufacture the best packaging for its customers' products, permanently supported by innovations. In 2017 it became part of Gualapack.

 Nation: **Mexico**  
 Employees: **491**  
 Surface: **150,000 sqm**

 Year Established: **1985**

 CEO: **Miguel Angel Herrero Perez-Rioja**

 Products: **Pouches, laminations, labels, heat shrink film, laminated bags and high-barrier films**

 Certification awards: **ISO 9001, FSCC22000, ISO 45001**

### MAIN RESULTS ACHIEVED

- Reduction of water consumption by 5,360 m<sup>3</sup> /year
- Optimization of energy consumption, with annual savings of 29,000 USD

## COMPLETED ACTIONS AND ACTIONS IN PROGRESS

### ENVIRONMENT

1. Completion of the replacement of 50% of traditional lighting fixtures with LED lamps, with a consequent reduction in electricity consumption (over 17 MWh/year)
2. Installation of waterless urinals, for an expected reduction of water consumption by over 5,000 m<sup>3</sup> per year.
3. Rainwater collection system for garden irrigation, to save approximately 1,800 m<sup>3</sup> of water per year.
4. Installation of a biodigester for the biological treatment of waste water (administration and sales offices) to reduce water consumption by 360 m<sup>3</sup> per year.

### SAFETY

1. Installation of a centralized panic button in the emergency surveillance area.
2. Installation of lifelines on ship roofs.
3. Video surveillance system for risk areas (main entrance and periphery).

## PROGRAMMED ACTIONS

### ENVIRONMENT

1. Reforestation plan, involving 600 new trees to be planted in peripheral areas of the company.
2. Installation of a new biodigester for biological wastewater treatment in the polyethylene extrusion area.
3. Recovery of scraps from printed polyethylene reels by transforming them into black garbage bags.
4. Increased capacity of the ink and adhesive treatment system to optimize solvent recovery (2000 l/d) and reduce waste.

### SAFETY

1. Implementation of Anilex laser cleaning system to avoid the use of solvents and other chemicals and reduce the related risks.

Thanks to all those who have contributed to the elaboration of the Sustainability Report.



sustainability

*Gualapack*



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