

# PROCEMSA



## Sustainability Report 2019



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## *Message to our stakeholders*

*Dear Stakeholders,*

*we are proud to present the first sustainability report of PROCEMSA Group.*

*The purpose of this report is to share with all of you the results obtained thanks to the continuous efforts of all the people who work and "build" the Company step by step every day.*

*This has allowed us to achieve important goals, we are committed to continuous improvement as we are aware of the importance that our products have on the well-being of customers. For us the quality and safety of our products is the core of our business approach, and of course this is followed through all our processes and it is our daily commitment. We guarantee the quality of our products, through the application of production models capable of defending human rights and respecting the Earth, promoting its sustainable development, even in the countries that produce the raw materials used in our products and through the choice of suppliers, impartially selected on the basis of competitiveness, cost effectiveness and quality.*

*People are the central and focal point of all the Company's activities. The Aim of people who works within our Organization is to offer all our products, such as food supplements, probiotics, cosmetics or Medical devices been produced with the highest respect of the environment and of the human right. For our Company, social responsibility is identified in the ability to link the Company's activities with the protection of the interests of all the people with whom it relates, respecting the values of all living and non-living beings, and optimizing their use of environmental sources.*

*In 2019 our Company celebrated 80 years of success with a continuous growth and evolution of the Company itself, to strengthen our Company even more during the year we defined a new organizational structure and implemented the management system.*

*Our continuous commitment is confirmation of our desire to maintain high quality levels in what we do and to strengthen it to build an increasingly solid and trusting relationship with stakeholders.*

*This report will provide all stakeholders with the progress made in the economic, environmental fields and our firm commitment to the United Nations Global Compact.*

*Alessandro Sertorio, CEO*





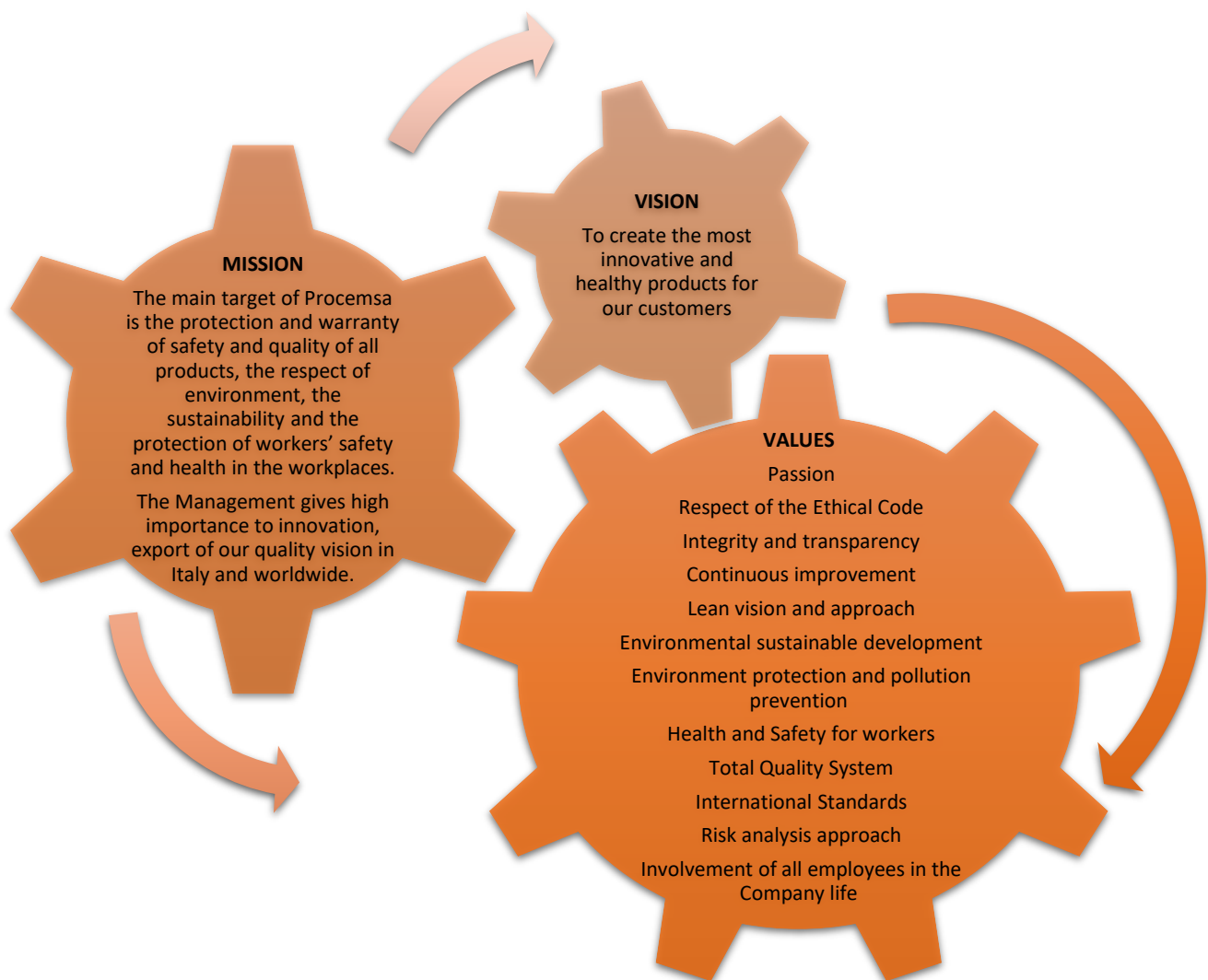
## *1. The Group*



We are all aware that supplements are becoming increasingly part of our lives, in fact they accompany us from our first months of life where newborns are provided with particular vitamins such as vitamin K or D for healthy growth, during our growth and development, during childbirth with the integration of the folic acid, up to old age. Their functions are different and well defined, they act as support in people who have deficiencies of specific vitamins in order to restore the normal levels necessary for the correct functioning of the organism, they help to help our intestine, so, whatever specific function they perform, they have now become commonplace.

Our Company puts people's well-being at its centre by producing Nutraceutical products, both probiotic and non-probiotic, cosmetics and medical devices (solid and liquid forms for well-being). Our goal is to improve people's life as much as possible by offering them products that can range from a simple tablet for sore throats to specific supplements for the most varied uses and pathologies.

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



## 1.1. *80 years of success-our character*

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

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

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

All these factors have helped over the years to close important contracts with multinationals of the pharmaceutical sector, nutraceutical and well-being sector and have given the possibility to our customer to exports to over 60 countries worldwide (about 60% of turnover). In 2019 Procemsa achieved revenues of over EUR 34 million and an EBITDA of EUR 7,7 million, with expected future significant growth.

### **NORTH AMERICA**

Canada, Mexico, USA

### **AFRICA**

Algeria, Benin, Morocco, South Africa, Sudan



### **ASIA**

Bahrain, Cambodia, China, Hong Kong, Iran, Iraq, Israel, Jordan, Lebanon, Kazakhstan, Korea, Kuwait, Malaysia, Oman, Philippines, Qatar, Taiwan, Thailand, Saudi Arabia, UAE, Vietnam; Lebanon, Yemen, Japan

### **EUROPE**

Austria, Belarus, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxemburg, Malta, Netherlands, Portugal, Poland, Slovenia, Romania, Russian federation, Serbia, Slovakia, Spain, Swiss, Turkey, UK, Ukraine





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

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

### *1.1.1. Our origins*

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

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

Several investment were made during the period 2005 to 2016.

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

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

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

Currently (in 2020) the Company has 114 employees.



## 1.1.2. Our history





### 1.1.3. The Group & Our plants

The headquarters is located in via Vernea (Turin) where the main production, the main warehouse, most of the office and R&D laboratories are located. The Group has two production plants, located near Turin, in via Mentana and in via Vernea, both are active in the production of food supplement, probiotics and medical devices and the choice is made in accordance to the production needs and the type of products requested.

In 2019 Procemsa opened the new R&D laboratory.

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

#### PLANT 1: VERNEA SITE



##### SOLID ORAL DOSAGE FORMS

- TABLETS, SUGAR AND FILM COATED TABLETS
- PLUG CAPS FILLING MACHINE
- EFFERVESCENT GRANULATES AND TABLETS
- SACHETS
- STICKS

##### LIQUIDS

- LARGE VOLUME (-SOLUTIONS – SUSPENSIONS – SYRUPS);
- SMALL VOLUME (-DROPS – SPRAY – DRINKABLE VIALS/MONODOSE)

##### PROBIOTIC PLANT

- STICK
- SACHET
- LOW HUMIDITY CAPSULE
- PROBIOTIC LIQUID BASE (NO WATER)

##### BLISTER PACKAGING

##### MEDICAL DEVICES

##### MAIN WAREHOUSE

##### HEADQUARTERS

##### NEW BUSINESS DEVELOPMENT UNIT

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



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

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

## PLANT 2: MENTANA SITE



### SOLID ORAL DOSAGE FORMS

- TABLETS
- CAPSULE
- GRANULATE
- SUGAR AND FILM COATED TABLETS
- MULTILAYER TABLETS

### CHARCOAL TABLETS UNIT

### COSMETICS DEPARTMENTS

### MEDICAL DEVICES DEPARTMENTS

### LIQUIDS: SMALL VOLUMES (DROPS, SPRAY)

### QC LABS: CHEMICAL AND MICRO

### CLIMATE CHAMBERS

### TRANSITION WAREHOUSE

### BLISTER PACKAGING

## PLANT 3: NEW CENTRAL WAREHOUSE

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





*The Tunnel connecting central warehouse to production*



*The new central warehouse*



### 1.1.4. *Our products*

Our Group works every day to best meet the needs and requests of each customer, we make our knowledge available to develop and create products that comply with all standards in terms of quality and safety. The biggest brands rely on us to produce their products and give the Consumers a reliable and high quality product. Our types of products are wide in order to satisfy and get as close as possible to the customer's requests and needs. This allows us to always be competitive and in line with market demands.

**3**  
PLANTS

**16**  
PACKAGING  
LINES

**35**  
PRODUCTION  
LINES

**54**  
BILLION UNITS /  
YEAR

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**32**  
FOOD  
SUPPLEMENTS  
(BILLION / PCS)

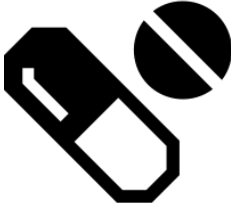



**10**  
PROBIOTICS  
(BILLION / PCS)

**2**  
COSMETICS  
(BILLION / PCS)

**10**  
MEDICAL  
DEVICES  
(BILLION / PCS)





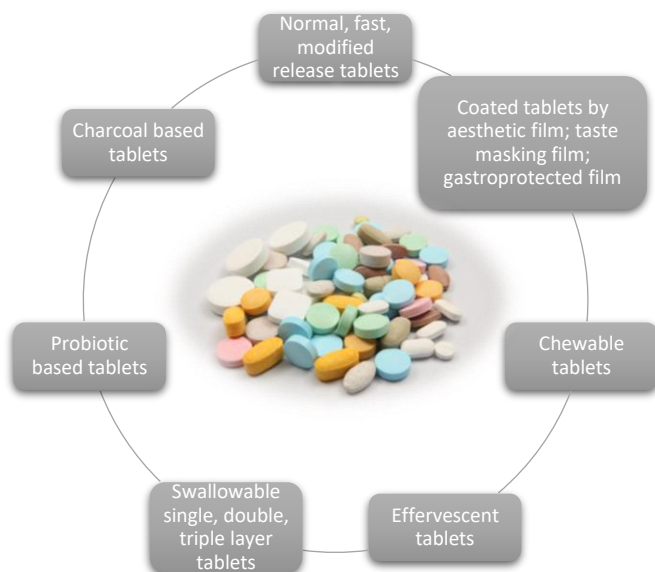
<p><b>FOOD SUPPLEMENTS</b></p> 	<ul style="list-style-type: none"> <li>➤ Food supplements are created within the Research &amp; Development department, where the best performing formulas for the best possible product are designed daily to ensure efficacy, safety and pleasantness.</li> <li>➤ Procemsa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





*Bulk granulation area*





## TABLETS

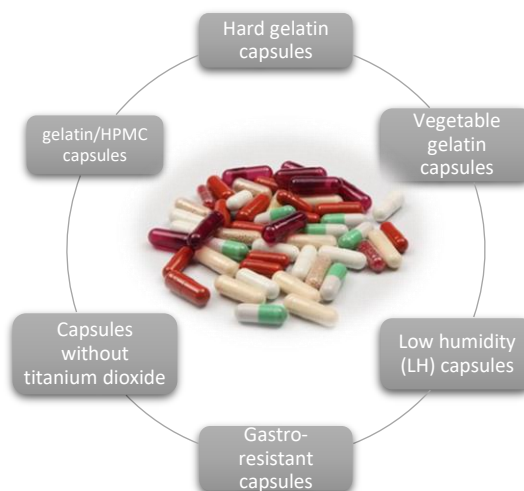
**1.500.000  
MILLION TABLETS  
PER DAY**

**300.000  
MULTILAYER TABLETS  
PER DAY**

**1.000.000  
MILLION COATED  
TABLETS PER DAY**

## CAPSULES

**750.000  
GELATIN/HPMC  
CAPSULES PER DAY**

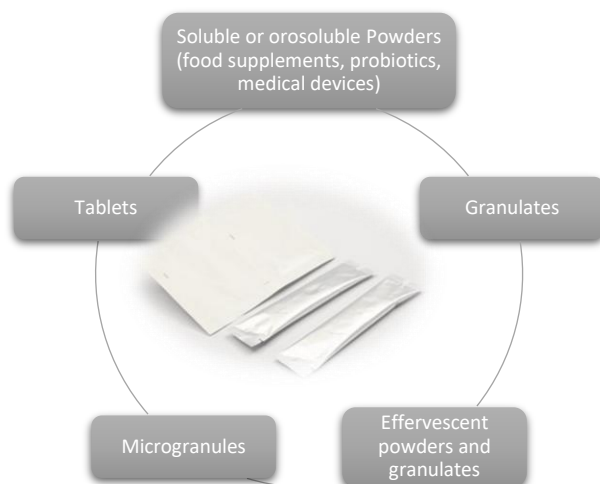


## SACHETS

**200.000  
SACHETS PER DAY**

**STRIPS  
100.000  
STRIP PER DAY**

**STICKS  
1.000.000  
STICKS PER DAY**

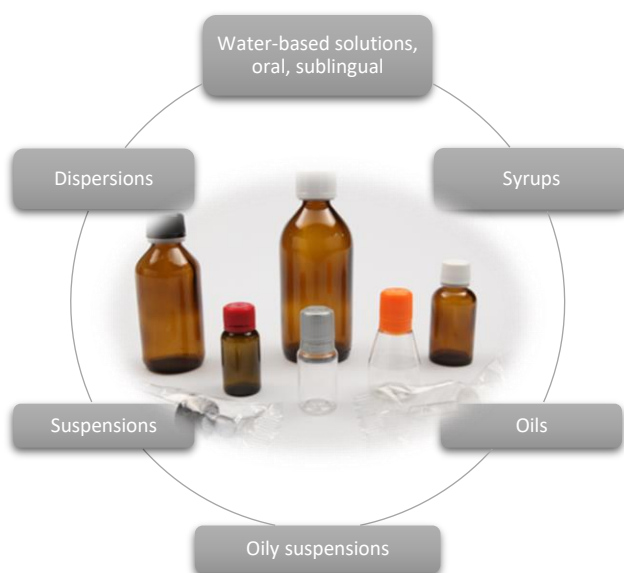
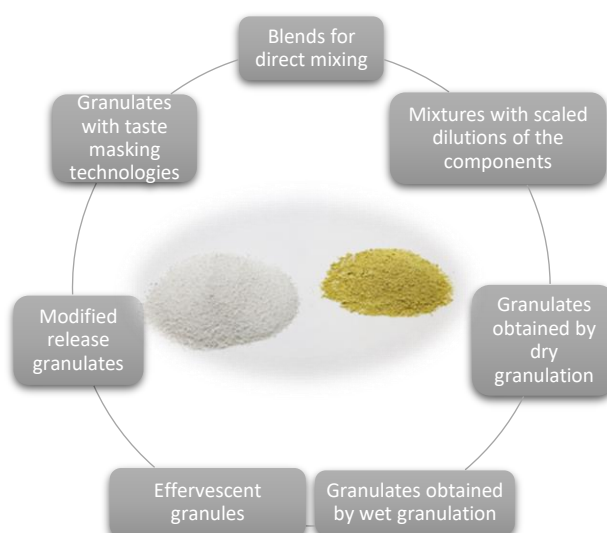


## POWDER & GRANULES

**700  
KG GRANULES / DAY**

**1.200  
KG EFFERVESCENT  
GRANULES / DAY**

**2.400  
KG POWDER  
MIXTURES / DAY**



## LIQUID

**200.000  
VIALS WITH  
RESERVOIR CAPS /  
DAY - VIALS**

**16.000  
SPRAYS/DAY**

**25.000  
MULTI-DOSE BOTTLES  
/ DAY**

## COSMETICS

**1.000  
KG OF EMULSIONS,  
GEL / DAY**

**2.000  
KG OF COSMETIC  
SOLUTIONS / DAY**

**25.000  
PE/ALU TUBES PER  
DAY**

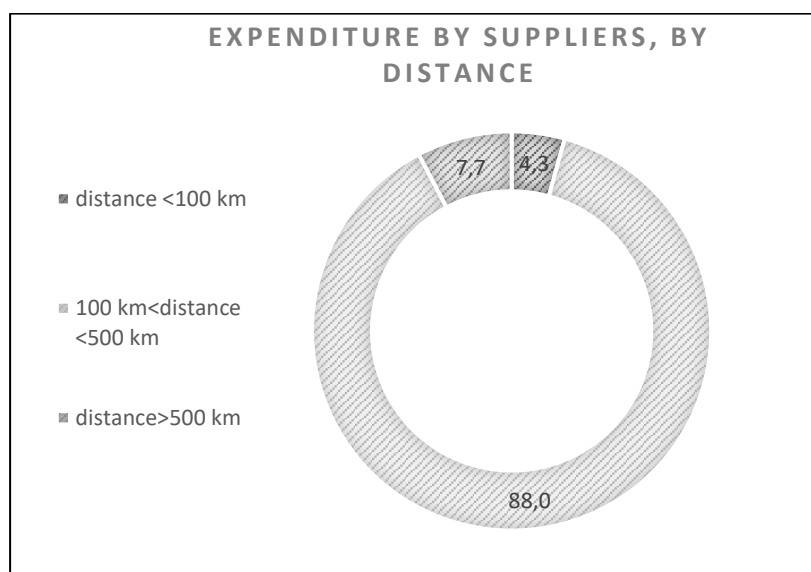
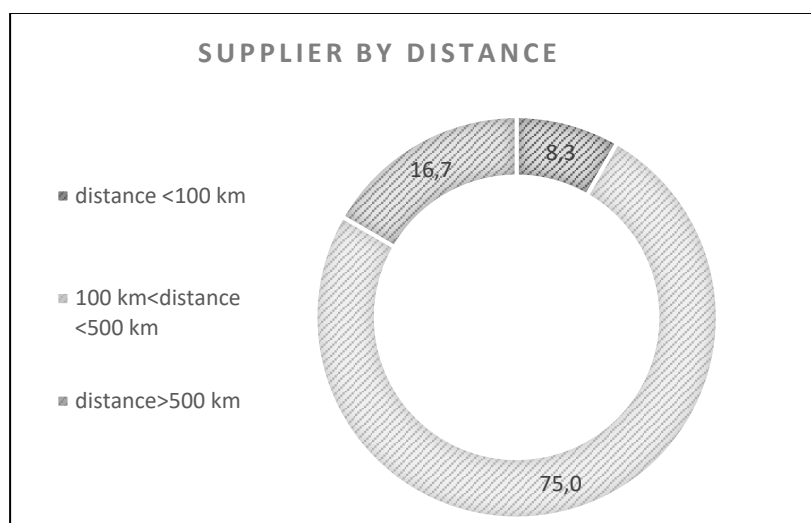


### 1.1.5. Our value chain

Raw materials and packaging materials are basics for a good final product, and are basic for a good development cycle, for these reasons we need to build a solid and reliable supply chain right from the beginning.

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

We choose our suppliers with a view to sustainability, we prefer suppliers who internally implement a sustainable policy and have strong control processes.



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

### 1.1.6. Governance

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

The governance structure of the Group is entrusted to a board of directors made up of 7 members of which 6 are men and 1 is women, 14,3% of total.

The Board members and the main Company functions are defined as follows:

<b>Filippo Sertorio</b>	<b>Chair of the Board – Company’s representative</b>
<i>Alessandro Sertorio</i>	Chief Executive Officer – Company’s representative
<i>Alessandro Fogo</i>	Board member
<i>Carlo Pavesio</i>	Independent Board member
<i>Davide Accornero</i>	Independent Board member
<i>Micol Fornaroli</i>	Board member
<i>Roberto Ardagna</i>	Board member

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

### *1.1.7. Ethical business*

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

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

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



## 1.2. The Group Sustainability path

Thanks to the growth and development of the Company, the Group has made the culture of corporate sustainability its own, making this a determining factor in its choices, we believe in the importance of caring for the environment and we constantly evaluate all aspects that can become potential environmental impacts, that is why we choose and adopt our strategies according to the ten principles of the United Nations in the fields of environment, labor, human rights of workers and corruption.

As a demonstration of this, the Company has joined the United Nation Global Compact by affirming its intention to respect the 10 human principles in terms of human right, labor, environment and anti-corruption.

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

### 1.2.1. Procemsa Sustainability identity

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





### 1.2.2. *Stakeholders*

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

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

Our Company evaluates the needs of the various stakeholders trying to satisfy the demands of the market and consumers, respect for the environment and the evaluation of low-impact strategies are one of the milestones on which the actions undertaken by our Group are based.

To achieve these objectives, the Group makes choices starting from raw materials. The most innovative and quality raw materials are selected paying attention to the components used (such as no GMOs, gluten free, no artificial raw materials, flavors and dyes) and also to packaging, in contact with suppliers looking for materials with a lower impact on environmental management (recycled plastic, FSC cardboard boxes). All taking care of the aspects of innovation, quality and regulation in force.

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

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

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



## STAKEHOLDER

## CHANNEL FOR DIALOGUE

### *EMPLOYEES*

- Opinion polls among employees
- Internal communication e-mails
- Noticeboard
- Ethics channel

### *CUSTOMERS*

- Commercial channels
- Handling of claims
- Trade fairs

### *SHAREHOLDERS & INVESTORS*

- Assistance to shareholders
- Annual Accounts
- Progress Report on 20.. Commitment

### *SOCIETY & COMMUNITY*

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



### 1.2.3. *Material topics*

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

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

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

Material topic	Definition
<b>Consumer health, safety and wellbeing</b>	We want to guarantee consumers' health, safety and wellbeing through our Customers, especially by favoring use of Nutraceutical products, probiotics, herbal products and in general developing products that help to the wellbeing.
<b>Product development and innovation</b>	Promotion of innovative products and processes in order to guarantee the health and safety of consumers, as well as to reduce their environmental impact through the development of eco-friendly solutions.
<b>Health and safety in the workplace</b>	Adoption of processes and management systems to safeguard workers' health and safety, including employees and other workers.
<b>Sustainable supply chain</b>	Ability to ensure responsible behavior of suppliers along the supply chain, through supplier assessment based also on sustainability criteria.
<b>Employee care and development</b>	Enhancement of welfare initiatives focused on employee wellbeing and training courses in order to attract and retain highly qualified employees.
<b>Anti-corruption</b>	Effective management of corruption episodes and actions taken.
<b>Energy efficiency, and climate change</b>	Reduction of energy consumption and of the related GHG emissions. Control and investments for the reduction of CO2
<b>Waste Management and recycling practices</b>	Develop internal policies in order to reduce waste, in order to create a Company police of life cycle of all products we consume



### *1.2.4 We are close to Community*

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

In 2019 Procemsa supported philanthropic projects and private institution:

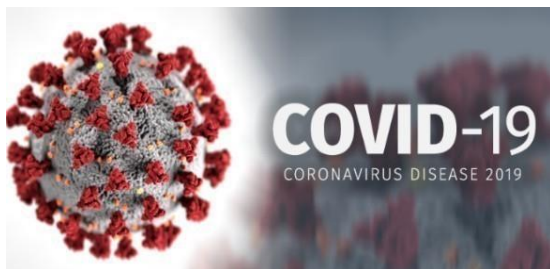
Sponsorship of a marathon for charitable purposes



The panettone given to employees for Christmas were purchased with contribution to a non-profit association, active in African villages



Procemsa sustained with a contribution the “Santa Claus” event, which is active in realizing projects in the hospital “Regina Margherita di Torino” who is dedicated to children’s diseases.



Special commitment for COVID 19 has been made, organizing both internal and external activities, were a strong ethical effort based on the continuous change of reference and gravity of the situation in Italy, which gloriously give us the opportunity of remain open during all period of lock-down in Italy.

We made a strong effort in order to improve our concerns for the community implementing a specific extra budget to support this emergency, in fact the group proceed to a total donation of € 100.000 to 4 different ONLUS organizations on the territory:

- Forma Onlus, pediatric Onlus which bought and put in use almost immediately a new machinery for pediatric surgery in Covid-free surgical room;
- ANLAIDS Onlus which is the onlus which operates for Amedeo di Savoia hospital which expressly ask for a support for the purchasing of machinery and kit for quick analysis of Covid (PCR screen);
- FARO Onlus which is a local organization present in Turin, which assists oncologic patients directly at home;
- MIDRASH Onlus, which works with a religious community to provide food for poor people

### 1.2.5 Scope of the report

This report was drawn up taking the GRI standards as guidelines, the analysis period of the data reported here refers to the year 2019.

The purpose of this first sustainability report is to report and highlight the results obtained in 2019 and the progress made in accordance with the principles of the UNGC. The data collected refer to both the Vernea and Mentana sites.







## 2 Environmental protection

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

To establish the objectives on which the Company has focused its attention we have relied on the 17 points of the SDGs making them key points to focus our development.

## 2.1. *Our objectives*

The Group has four main objectives of the points listed in the ESG.

The first objective is the creation of a new product for the well-being (goal 3): for all our product and in particular when developing new products, all Procemsa phases starting from the production, the Laboratory and R&D team studies and focuses its attention to perform at highest quality level, formulating innovative high-performance product.

The second objective is linked to the study of new products, for which all parts involved are more and more forced to take into consideration various environmental factors, starting from the use of materials deriving from the circular economy (i.e. prioritizing the use of raw materials obtained from waste process recovery in other agro-food sector such as wine, rice and tomatoes;), arriving to the optimization of energy resources during the production phases (goals 12).

The third objective is strictly linked to climate change (goals 13) for which Procemsa aims to reduce any “extra-consumption” as much as possible and optimize the effectiveness of our controlling systems in order to limit and reduce the impact on the environment. Our plants are periodically monitored in order to constantly have a clear idea on consumption. We have acted on several fronts to get the best results. In 2019, as a further strengthening of our commitment to climate change impact, we invested in order to limit air emissions and we started the project to implement the abatement system on two chimneys.

The fourth objective is our commitment to improve life on earth (goals 15) through the reduction of the amount of Company waste intensifying the separate collection of waste; reduced paper consumption related to optimized production documentation (Master Batch Records) and reduced carbon footprint by carrying out smart working.





## 2.2 *Our commitment to the environment*

In 2019, Procemsa installed about 35 sensors, which allowed to collect data measuring different energy parameters (sectoral consumption of electricity, H<sub>2</sub>O consumption, steam consumption and gas consumption), the project started during 2019 and is allowing to have consumption parameters under control and will give the possibility to act quickly on any anomaly, extra consumption or similar.

This report aims to highlight the results obtained in 2019 regarding:

- Energy consumption
- Water consumption
- Electricity consumption
- CO<sub>2</sub> consumption
- Waste

### ENERGY CONSUMPTION

In 2019 there is a 3,6% lower energy consumption than in 2018. This result is a very positive result when compared to the increase in production and volumes during 2019.

ENERGY CONSUMPTION		
	2018	2019
Energy consumption (kWh)	10,313,440	9,950,074
		- 3,6%
Energy consumption met by renewable energy source (kWh)	21.17%	21.18%

### ELECTRICITY CONSUMPTION

the goal of reducing consumption was achieved, since the increase in production has been high (+3.51%) than the increase in consumption, even if the Company has made a massive use of the night shift for most of the year (while in the past its use was limited);

For the above assumption the result obtained are considered very satisfactory as the increase in electricity consumption was just of + 5%, which has been offset by the reduction in Gas consumption of -9%.

ELECTRICITY CONSUMPTION		
	2018	2019
Electricity consumption (kWh)	4,174,526	4,264,779
		+ 2,1%
Electricity consumption produced with renewable energy source (kWh)	1,959,061	1,864,570
% Renewable electricity	46.93	43.72



## WATER CONSUMPTION

In 2019 water consumption increase compared to the quantity produced. Analyzing the reasons, this was partially due to the new water system implemented in the new production area, and partially due to increase in liquid products or products that need water (cosmetics, gel and cream). Even so thanks to the sensors and his monitoring of H<sub>2</sub>O consumption, Procemsa acted with the modification of the reverse osmosis system settings for the production of demineralized water; this activity ended with a consistent improvement in daily consumption, which has been verified on time and has been halved. The final effect of this improvement in consumption on an annual basis will be evaluated in the 2020 water consumption.

WATER CONSUMPTION		
	2018	2019
Water consumption (m <sup>3</sup> )	36,748	40,871
		+ 11.2%
Produced pieces	26,021,937	26,935,478
		+ 3.51%

## WASTE

The increase of production volume has not been followed by an increase in waste volumes. 2019 figure have been strongly effected by the new opening of the warehouse and consequent numerous disposals of materials not recyclable.

WASTE		
	2018	2019
Waste generated (tons)	3,629.8	3,337.5
Waste recycled/reuse(tons)	2,600.5	2,132
Waste not recycled/reuse (tons)	1,029.3	1,205.5

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

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



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

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

#### CO<sub>2</sub> CONSUMPTION

Despite the increase in CO<sub>2</sub> is +7,9% the result obtained is considered very positive, as commented for the Electricity consumption since the volumes produced in 2019 are higher than + 20% vs 2018. The operating hours of the cogenerator (renewable energy) increased by + 4% compared to 2018.

#### CO<sub>2</sub> CONSUMPTION

	2018	2019
GHG emissions (tCO <sub>2</sub> e)- Total (Absolute)	1,366.567	1,474.038
Scope 1	398.708	427.884
Scope 2 (location based)	967.859	1,046.154
Scope 3	Not calculated	Not calculated







### 3. Valorizing our people

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

### 3.1. *Employees skills*

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

Procemsa promotes equal treatment of people. In 2019, there were 7 people with different “disability” on Procemsa's payroll. Procemsa facilities are considered accessible to people with disabilities.

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

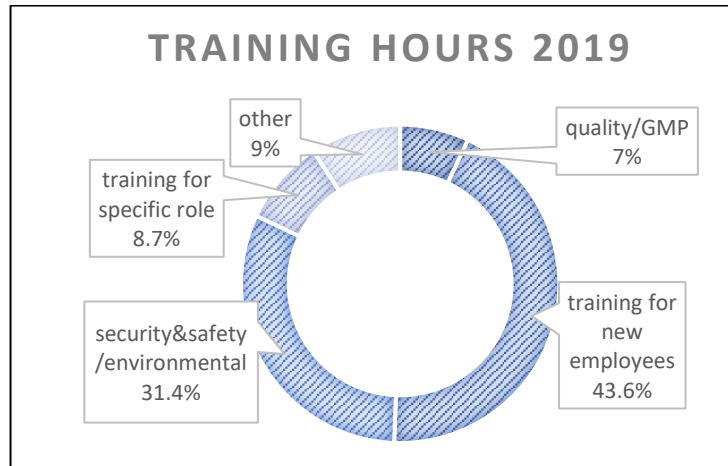
The Group promotes the development of human capital through the implementation of specific training initiatives aimed at the professional and cultural growth of employees.

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

YEAR	2017	2018	2019
<i>Worked hours</i>	101,842	127,357	142,160
<i>Training hours</i>	2,263	2,211	2,868
<i>Number of employees</i>	108	103	108
<i>Ratio % Training/Worked hours</i>	2.2	1.73	2.0

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

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



In 2019, 4,630 hours of total training were carried out, of which 4,203 hours of training were recorded regarding quality, environment, safety and training courses for staff. As you can see from the graph, most of the hours are distributed in the training of new hires. Below you can see in detail how the hours are divided:

- 325 hours in quality/GMP (7.0%)
- 2,018 hours on training for 77 new employees (43.6%)
- 1,455 hours on safety and environmental management (31.4%)
- 405 hours training for specific roles (8.7%)
- 302 hours English language course (6.5%)
- 5 hours on Blending IT system (0.1%)
- 120 hours on the LEAN management optimization system (2.6%)



## **OUR WORKFORCE NUMBERS**

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

	<b>2018</b>	<b>2019</b>
<i>Total number of full time equivalent (FTE) employees at the end of the reporting period</i>	Mal	53
	Female	46
	Tot	99
<i>Total number of employees (head counter) at the end of the reporting period</i>	Male	53
	Female	50
	Tot	103

The Group had a 5.1% increase in the workforce from 99 full-time workers (FTEs) in 2018 to 104 in 2019

	<b>2018</b>	<b>2019</b>
<i>number of part-time employees (FTE) at the end of the reporting period</i>	Male	-
	Female	4
	Tot	4
<i>number of part-time employees (head count) at the end of the reporting period</i>	Male	-
	Female	4
	Tot	4

	<b>2018</b>	<b>2019</b>
<i>number of temporary employees (FTE) at the end of the reporting period</i>	Male	8
	Female	9
	Tot	17
<i>number of temporary employees (head count) at the end of the reporting period</i>	Male	8
	Female	9
	Tot	17



### 3.2. Promoting a safe work environment

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

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

This is possible through the implementation of measures such as:

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

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

In 2019, there were 304 hours linked to injuries with lost days and no work-related fatalities.

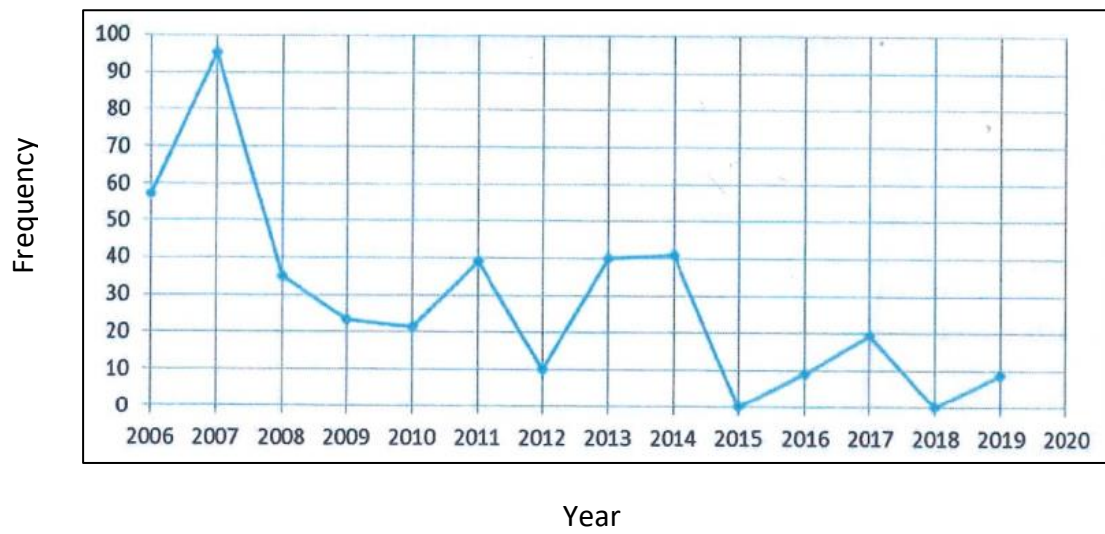
Specific actions are taken to help employees achieve a balance between work and their personal and family life, such as part time, flexible time, time polarization or personal business leave.

#### INJURY ANALISYS

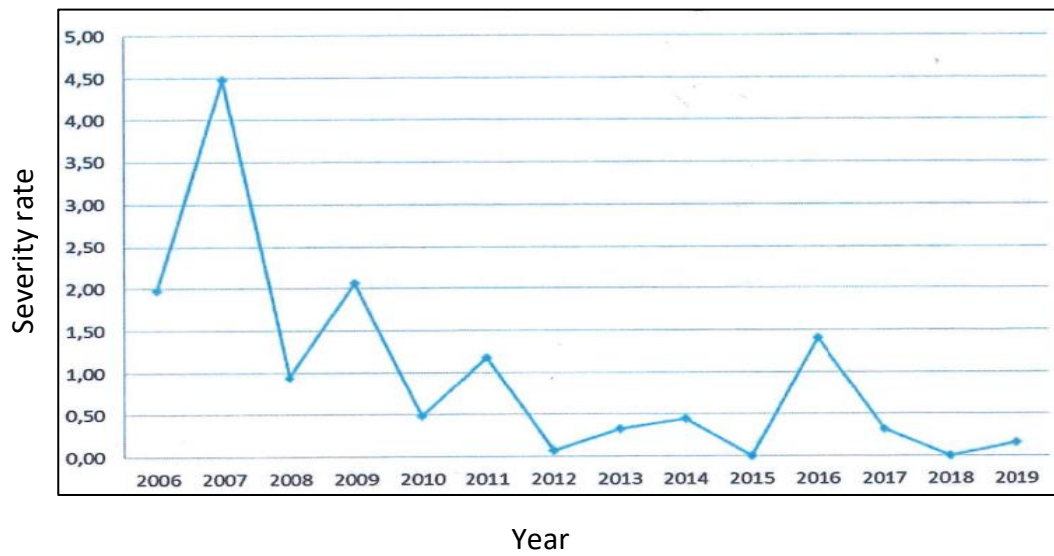
Despite the increase in 2019 (2018: we arrived at ZERO), both FR and SR are under control, are not linked to a lack of the Security system, despite this an increase in formation hours have been deployed to.

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

FREQUENCY TREND



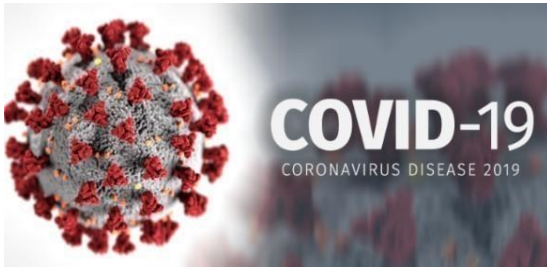
SEVERITY TREND



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







## The response to the Covid-19 pandemic

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

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

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

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

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





#### 4. *We work with our clients*

#### *4.1. We guarantee quality and transparency*

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

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

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

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

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

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

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

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

A documented risk assessment has also been prepared according to FMEA method, in order to examine each business process (production, commercial, strategy, management, business, logistics, product safety). The purpose of the risk analysis is to evaluate all the real and potential risks and opportunities and, based on the severity, the occurrence and the possibility of identification, define the most critical ones that can be used as starting data in the definition of corporate objectives and strategies for year 2020.

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

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

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

The first quality certification dates back to 1999 so the system has matured over the years, growing and taking root in the corporate culture to better respond to the requests of the most demanding Customers. The environmental certification dates back to 2001, as a proof of the consolidated environmental management system.

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

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

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

## ISO 45001:2018 - SAFETY MANAGEMENT SYSTEMS

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





## FOOD DEFENCE CRITICAL POINTS

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





## 4.2. *Develop and study of innovative products*

### INNOVATIONS, TECHNOLOGIES

PROCEMSA revolutionizes the new way of doing research applied to nutraceuticals, medical devices and cosmetics, using its great knowledge gained in 80 years of experience with the most modern technologies. Technological platforms, patents that combine technologies, exclusive raw materials born from the collaboration with research institutions, to offer our customers truly innovative products with greater functionality and bioavailability.

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

### RESEARCH & DEVELOPMENT

**12**

RESEARCHERS / EMPLOYEES

**630**

PROTOTYPES MADE IN 2019

**8767**

STABILITY ANALYSIS

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

## *RESEARCH AND DEVELOPMENT SERVICES*

- Research of raw materials, formulation, creation of prototypes according to the needs and wishes of the customer
- Internal organoleptic test panel
- Pharmaceutical technology laboratory certified and authorized as a production room
- Product innovation, research of new technological platforms and patent possibilities
- Development of the production process on an industrial scale
- Development of analytical methods for the research of nutrients
- Product scientific technical dossier
- ICH stability studies, on-going stability studies, report writing
- Regulatory, legislative, communication and marketing support
- Small-scale production for clinical testing and scientific support
- Development of medical devices, dossiers
- Climate chambers for stability tests

## *EQUIPMENT AVAILABLE*

- Industrial tablet machine
- Fluid bed granulator
- Capsule filling machine
- Coating pans for the film coating of tablets
- 2 mixers for liquid preparations
- 1 10-liter turbo-emulsifier
- 2 turbine homogenizers

## *CHECK EQUIPMENT*

- Hardness tester
- Fluidity tester
- Friability tester
- Particle size tester
- Disaggregation and gastro-resistance tester
- Moisture Analyzers
- PH meters



## PATENTS

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

## INNOVATIONS - PROPRIETARY RAW MATERIALS AND TRADEMARKS

# αALFAMEL

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



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

## FOOD SUPPLEMENTS

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

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

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

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

## PROBIOTICS

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

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

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

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

## COSMETICS

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

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

## MEDICAL DEVICES

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

We provide scientific, technological and regulatory support for the development of medical devices.

Medical device class IIa adult canker sores/aphte gel

Medical device class IIa canker sores/aphte gel junior

Medical device class IIA canker sores/aphte gel baby

Medical device class IIa canker sores/aphte spray

Medical device class IIa canker sores/aphte mouthwash

Medical device class IIa teething gel from 6 months of age

Medical device class IIa orosoluble sticks for gastroesophageal reflux



## 5. Methodological note

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

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





## 5.1. GHG calculation methodologies

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

Procemsa's GHG emissions have been calculated as follows:

### GHG Emission, scope 1:

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP (GLOBAL WARMING POTENTIAL)
DIESEL, NATURAL GAS AND LPG FOR HEATING AND OTHER PURPOSES	Fuel consumption	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors- Full set, 2019 & 2018	-

### GHG Emission, scope 2:

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
ELECTRICITY PURCHASED FROM NATIONAL GRID— LOCATION-BASED METHOD	Electricity consumption	Terna, Confronti Internazionali, 2017 (Total gross production)	Only CO <sub>2</sub> emissions were considered

## 6. Contacts

For more information, please contact:

FARMACEUTICI PROCEMSA S.P.A

Via Vernea 129, Nichelino (TO)

[procemsa@procemsa.it](mailto:procemsa@procemsa.it)



## GRI DISCLOSURES

### **GRI 102: General Disclosures 2016**

GRI STANDARD	PARAGRAPH	NOTES
102-1 Name of the organization	1.1.1 Our origins	
102-2 Activities, brands, products, and services	1.1 80 years of success-our character 1.1.4 Our products 4.2 Develop and study of innovative products	
102-3 Location of headquarters	1.1.3 The Group & Our plants	
102-4 Location of operations	1.1.3 The Group & Our plants	
102-5 Ownership and legal form	1.1.6 Governance	
102-6 Markets served	1.1 80 years of success-our character	
102-7 Scale of the organization	1.1.3 The Group & Our plants	
102-8 Information on employees and other workers	3. Valorizing our people 3.1 Employees skill 3.2 Promoting a safe work environment	
102-9 Supply chain	1.1.5 Our value chain	
102-10 Significant changes to the organization and its supply chain	1.1.1 Our origins 1.1.3 The Group & Our plants	
102-11 Precautionary Principle or approach	1.2 The Group sustainability path	
102-12 External initiatives	1.2.4 We are close to Community	
102-14 Statement from senior decision maker	Message to our stakeholders	
102-16 Values, principles, standards, and norms of behavior	1. The Group 1.1.7 Ethical business 1.2.1 Procemsa sustainability identity	
102-18 Governance structure	1.1.6 Governance	
102-40 List of stakeholder Groups	1.2.2 Stakeholders	
102-41 Collective bargaining agreements	1.1.6 Governance 3.1 Employees skills	
102-42 Identifying and selecting stakeholders	1.2.2 Stakeholders	
102-43 Approach to stakeholder engagement	1.2.2 Stakeholders	



<b>GRI STANDARD</b>	<b>PARAGRAPH</b>	<b>NOTES</b>
<b>102-44 Key topics and concerns raised</b>	1.2.3 Material topics	
<b>102-45 Entities included in the consolidated financial statements</b>	1.2.5 Scope of the report 5. Methodological note	
<b>102-46 Defining report content and topic Boundaries</b>	1.2.3 Material topics 5. Methodological note	
<b>102-47 List of material topics</b>	1.2.3 Material topics 5. Methodological note	
<b>102-48 Restatements of information</b>	Not applicable	This is the first sustainability report of the Group
<b>102-49 Changes in reporting</b>	Not applicable	This is the first sustainability report of the Group
<b>102-50 Reporting period</b>	1.2.5 Scope of the report	
<b>102-51 Date of most recent report</b>	Not applicable	This is the first sustainability report of the Group
<b>102-52 Reporting cycle</b>	The report is annual	The report is annual
<b>102-53 Contact point for questions regarding the report</b>	6. Contacts	
<b>102-54 Claims of reporting in accordance with the GRI Standards</b>	5. Methodological note	
<b>102-55 GRI content index</b>	GRI disclosures	
<b>102-56 External assurance</b>	Not applicable	This is the first sustainability report of the Group

**GRI 200 Economic Standards Series**  
**GRI 205 Anti -corruption 2016**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>	<b>NOTES</b>
<b>103-1 Explanation of the material topic and its boundary</b>	1.2.3 Material topics 5. Methodological note	
<b>103-2 The management approach and its components</b>	4.1 We guarantee quality and transparency	
<b>103-3 Evaluation of the management approach</b>	4.1 We guarantee quality and transparency	
<b>203-1 Infrastructure investments and financed services</b>	1.1 80 years of success-our character 1.1.3 The Group & Our plants	



<b>GRI STANDARD</b>	<b>PARAGRAPH</b>	<b>NOTES</b>
<i>205-3 Confirmed incidents of corruption and actions taken</i>	1.1.6 Governance 1.1.7 Ethical business	

### **GRI 300 Environmental Standards Series**

#### **GRI 302: Energy 2016**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>	<b>NOTES</b>
<i>302-1 Energy consumption within the organization</i>	2.2 Our commitment to the environment	
<i>303-5 Water consumption</i>	2.2 Our commitment to the environment	
<i>305-1 Direct (Scope 1) GHG emissions</i>	2.2 Our commitment to the environment	
<i>305-2 Energy indirect (Scope 2) GHG emissions</i>	2.2 Our commitment to the environment	
<i>306-2 Waste and Effluents – Waste by type and processing</i>	2.2 Our commitment to the environment	
<i>307-1 Environmental compliance – Environmental non compliance</i>	2.2 Our commitment to the environment 4.1 We guarantee quality and transparency	
<i>308-1 New suppliers that were screened using environmental criteria</i>	1.1.5 Our value chain	

### **GRI 400 Social Standards Series**

<b>GRI STANDARD</b>	<b>PARAGRAPH</b>	<b>NOTES</b>
<i>401-1 New employee hires and employee turnover</i>	3.1 Employees skills 3.2 Promoting a safe work environment	
<i>403-1 Occupational health and safety management system</i>	3.1 Employees skills 3.2 Promoting a safe work environment	
<i>403-2 Hazard identification, risk assessment and incident investigation</i>	3.1 Employees skills 3.2 Promoting a safe work environment	
<i>403-3 Occupational health services</i>	3.1 Employees skills 3.2 Promoting a safe work environment	
<i>403-4 Worker participation, consultation, and communication on occupational health and safety</i>	3.1 Employees skills 3.2 Promoting a safe work environment	



<b>GRI STANDARD</b>	<b>PARAGRAPH</b>	<b>NOTES</b>
<b>403-5 Worker training on occupational health and safety</b>	3.1 Employees skills 3.2 Promoting a safe work environment	
<b>403-6 Promotion of workers' health</b>	3.1 Employees skills 3.2 Promoting a safe work environment	
<b>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</b>	3.1 Employees skills 3.2 Promoting a safe work environment	
<b>403-8 Workers covered by an occupational health and safety management system</b>	100% of workers	
<b>403-9 Work-related injuries</b>	3.1 Employees skills 3.2 Promoting a safe work environment	
<b>404-1 Average hours of training for year for employee</b>	3.1 Employees skills	
<b>404-2 Skills refresher programs of employees and transition assistance programs</b>	3.1 Employees skills	
<b>413-1 Operations with local community engagement, impact assessment and development</b>	1.2.4 We are close to Community	
<b>414-1 New suppliers that were screened using social criteria</b>	1.1.5 Our value chain	
<b>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>	4.1 We guarantee quality and transparency	
<b>417-2 Incidents of non-compliance concerning product and service information and labeling</b>	4.1 We guarantee quality and transparency	

