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01 Letter to stakeholders

Dear stakeholders,
The financial year 2021 marked a year of strong economic and production growth for UNOAERRE, reinforcing the deep conviction that balance in the use of resources and the sharing of high ethical values is the way forward for long-lasting success.

Despite a year still traversed by great difficulties, UNOAERRE has continued to conduct its business activities as a productive organisation deeply connected to the social, environmental and cultural reality that surrounds it, spontaneously espousing, as traditionally, respect for and protection of human rights, the environment, and the dignity and safety of its human resources. The search for economic affirmation followed not only laws and regulations, but also moral integrity and personal responsibilities of its own and its interlocutors.

The publication of the 2021 Sustainability Report marks the continuation of the company's will to improve its levels of environmental and social sustainability, and it makes it evident and measurable by monitoring its initiatives in different areas and communicating it in its industrial relations.

The Sustainability Report is UNOAERRE's chosen means of giving a full account of its activities and sourcing to a wide audience, including its publication on the company website.

The publication of the second Sustainability Report represents the concrete implementation of the Company's intention to increasingly integrate sustainability into its medium- to long-term strategy, along with increasingly listening to all stakeholders who urge transparency and adaptation to socio-environmental issues.

The effects of the Covid 19 pandemic also weighed on business activities during the year 2021, but the restrictions on the movement and contacts between people and businesses, thanks in part to the IT channels activated, still enabled the pursuit of human capital enhancement, contributing to resilience in the productive and social fabric, and providing confidence for recovery by seizing important economic and productive milestones.

The fundamental goals of the organisation remain unchanged for bringing the enterprise closer to the dictates of circular economy and social responsibility:

- ◆ constant pursuit of product quality and the guarantee of reliability for customers;
- ◆ maximum focus on the environment in its own business activity and in the procurement and responsible use of the resources necessary for that activity;
- ◆ respect for human rights and rejection of child or forced labour within its own organisation and among all the external entities with which it comes into contact, protecting welfare of workers and fair working conditions;
- ◆ exercising a positive and driving influence in the community in which it operates.

Today as in the past, but even more so in the difficult pandemic times, UNOAERRE continues its function as the driving force of the gold district not only as an economic and productive entity, but also as a homely, political and social environment, seeking to direct growth towards common goals of improvement; with this in mind, UNOAERRE has incorporated one of its subsidiaries - Eclat S.r.l., having as an objective the maximum integration of its production system.

Corporate growth cannot disregard the internal and external relationships it is able to weave, and human capital is the basis of these relationships: each entity in the UNOAERRE organisation must be able to lend its contribution to the identified goals, as challenges are becoming increasingly complex requiring multifunctional skills and new operational tools.

Encouraging the training of human resources in order to meet the challenges of tomorrow's manufacturing industry will be an increasingly pressing goal for UNOAERRE, overcoming the difficulties due to a diminishing appeal to activities that require manual as well as intellectual skills and seem not to appeal to large part of the younger generations.

The company believes that development is only possible by conducting its business activities and relationships through the implementation of environmental, ethical and social sustainability, shared within the whole internal structure, and investing in human capital so to stay a driving factor in the community and contributing to its improvement and well-being.

Bearing the financial burden and organisational difficulties imposed by the anti-contagious measures, UNOAERRE has experienced a 2021 of strong expansion, safeguarding the health of its staff and external people who came into contact with the company, concretely implementing its traditional role as the driving force of Arezzo's goldsmith district.

02 Identity and governance

UNOAERRE remains faithful to the business model it has developed over the years, where the economic success reconciles with the cultural and human development of its personnel and the entire community of which it is part. Allegiance to the chosen business model and to its ethical values has greatly contributed to providing reliability and security to its stakeholders in the problematic economic and social events that the Covid 19 pandemic has continued to bring about in the Country and the World.

The company has always pursued development models aimed at promoting the values of reliability, sociality, product safety and guaranteed quality, with particular focus on honesty about the composition of the product i.e. the exact quantity of precious metal it contains.

UNOAERRE's entire history is intertwined with the industrial growth and social development of the area where it was founded, as a vector of social progress and cultural improvement. UNOAERRE's strong socio-economic ties and roots in the territory have not been limited to encouraging the creation of independent companies through helping to build the goldsmith district in the province of Arezzo. Instead, despite periods of crisis, it has managed to maintain a driving and leading role in its own territorial context, often pointing the way for other companies.

A peculiar aspect of UNOAERRE's character has always been its strong sense of belonging to the region where it was founded, but with enthusiastic openness to the outside world, both national and international, broadening its horizons in fields such as research and experimentation with innovative technologies, the expansion of its trade and a natural curiosity as to what the world might suggest for the development of its organisation.

These characteristics have remained present in the company and are still pursued today, including:

- ◆ the transparency of its business activities;
- ◆ products that correspond to their declared characteristics;
- ◆ the creation of engaging relationships with its stakeholders;
- ◆ attention to the environment and the social fabric in which it operates.

History

In 1926, Leopoldo Gori and Carlo Zucchi established Gori&Zucchi S.n.c. to manufacture and distribute gold jewellery: the company operated under this name into the third millennium, identifying the two families who guided its fortunes equally until the early 2000s.

Law No. 35 of 5 February 1934 – issued to regulate the production and trade of precious metals in order to provide a guarantee for consumers – required every Italian company producing jewellery to apply a unique hallmark to perpetually guarantee the quantity of precious metal contained in the product, a quantity specified by the “fineness of the object”. Gori&Zucchi was the first company in its province to be registered at the Provincial Metric Office with the official state trademark 1AR which, spelled out in Italian as “uno-a-erre”, would become the future name and identification of the company and is still the essential part of its name today: UNOAERRE INDUSTRIES S.p.A.

The 1950s were characterised by major growth in employment and saw the creation of the intercompany club “Circolo interaziendale Gori e Zucchi” (1957), demonstrating the company’s voluntary commitment to promoting cultural activities, trips and recreational initiatives, as well as creating positive economic conditions, thus encouraging human development in its organisation.

In the 1960s, as it reached record employment levels, the company also pursued the goal of cultural and professional growth of employees with determination, through the establishment of internal training courses and an internal design and modelling school, and by strengthening relations with local and national educational institutions to refine professional and artistic skills.

Over the next twenty years, Gori&Zucchi decided to split its production activities into separate companies, each specialised in its own field of activity in the precious metals sector, from the construction of goldsmithing machinery (MGZ) to the production of fine jewellery.

The companies that emerged included Chimet S.p.A., established in 1974, specialising in the recovery and refining of machining residues, with management and part of the share capital entrusted to two of its own managers: Vasco Morandi and Sergio Squarcialupi. In 1981, UNO-A-ERRE ITALIA S.p.A. was founded, dedicated to the production and sale of precious metal products.

Between the end of the 20th century and the early 2000s, the Gori and Zucchi families made attempts to overhaul their management and adapt it to international challenges. However, these attempts were not successful and in late 2002 the Zucchi family bought back the shares. The industrial crisis of 2008 and the soaring price of precious metals also left the company in serious difficulty and, in August 2010, UNO-A-ERRE ITALIA was put into liquidation and subjected to arrange-

ment with creditors.

Nevertheless, the importance of the company for the territory, the expertise of the professionals steering its direction, and, above all, the moral and economic commitment of Chimet’s historic manager, Sergio Squarcialupi, were the key factors in proceeding with the industrial restructuring of UNO-A-ERRE ITALIA, while preserving its underlying spirit and objectives: thus the current UNOAERRE INDUSTRIES S.p.A. was created and, towards the end of 2019, the company implemented generational change, entrusting its management to the second generation of the Squarcialupi family.



UNOAERRE
ITALIAN JEWELLERY

*Historical company brands
since 1936*

Mission, vision and values

UNOAERRE is heir to an almost century-old goldsmithing tradition and its core business remains the working of precious and noble metals for the creation of wearable jewellery and precious coinage.

Care and high quality standards are also cultivated by the company for fashion products made of noble metals, with projects mainly dedicated to the domestic market and e-commerce.

MISSION:

"To design, produce and distribute precious objects and fashion accessories using innovative technologies and promoting constant research and development while respecting social and environmental sustainability".

VISION:

"To maintain keen social awareness and contribute to the development of the surrounding area. To continue, as in the past, to pursue excellence in the world of jewellery and in the production of fashion accessories made from precious and non-precious metals, leveraging the skills consolidated over time and the company's historical heritage"

VALUES:

"Strict adherence to the gold fineness, guaranteeing a product that is exactly what we claim, focus on the customer and on employees. Creation of value in compliance with the highest quality standards, with a sustainable vision of the economy, society and the environment and using raw materials from sustainable and responsible sources".

The company continues to focus on consolidating its industrial and commercial activities, pursuing goals of transparency and reliability both of its products and in its social and industrial relations. It therefore bases its values not only on the highest guarantees of the quality and quantity of the precious metal contained in its products, but also on a constant search for improvement in order to offer products that are in no way harmful or dangerous to end consumers, manufactured through production processes and business practices that comply with regulatory requirements and that respect the environment, health and safety of its employees and contractors.

Today UNOAERRE encourages its traditional commitment with the meticulous checking of the sources of the raw materials it uses to ensure that they comply with OECD guidelines on the responsible sourcing of precious metals, focusing on metals of non-EU origin also in fulfilment of the requirements of the European Regulation 2017/821.

In 2014, UNOAERRE's Board of Directors approved the Principles of Corporate Policy¹, which embody the values and ethical principles that govern the entire company business², including:

- ◆ the **pursuit of profitability** in compliance with the rules governing the company's manufacturing sector, observing the principles of free and fair commercial competition, and avoiding conduct that could generate corruption of any kind in the economic or institutional system;



¹ For more information, please refer to the site section https://www.unoaerre.it/media/catalog/video/file_PDF/unoaerre-corporate-policy.pdf

² In the future, we aim to keep the document up-to-date and to update our principles of corporate policy by including content on the circular economy, with particular regard to respect for environmental integrity.



- ◆ **respect and care for the environment** in which the company operates, seeking to minimise the environmental impact of its production activities and to save on the resources used, also by adopting production models that promote forms of circular economy;
- ◆ the adoption of company mechanisms and systems that allow the **highest levels of efficiency and transparency** in dealing with suppliers and customers, also regarding the origin of the raw materials used;
- ◆ the **creation of working conditions** that guarantee employees and contractors that they can carry out their work in satisfactory and fairly remunerated manner, without ethnic, political or religious discrimination, in healthy and non-hazardous environments, and at the same time encouraging their professional and ethical growth;
- ◆ **enhancement of human and social capital** in the company’s business sector through training and continuous development;
- ◆ **communication and contacts with the social fabric** where it operates and with local authorities, to optimise understanding and application of regulatory systems, of the particular needs of the community and to make a practical contribution to development and economic and social improvement;
- ◆ **the continuous improvement** of its business through the adoption of appropriate development models;
- ◆ **respect for transparency, reliability and legality**, as well as a commitment to select business partners that can guarantee respect for human rights and the rights of minors and that can guarantee that precious metals are acquired from legitimate sources that are not involved in the financing of conflicts or terrorism or the result of money laundering from illegal activities.

Organisational structure and governance

The Company has adopted a traditional Corporate Governance model.

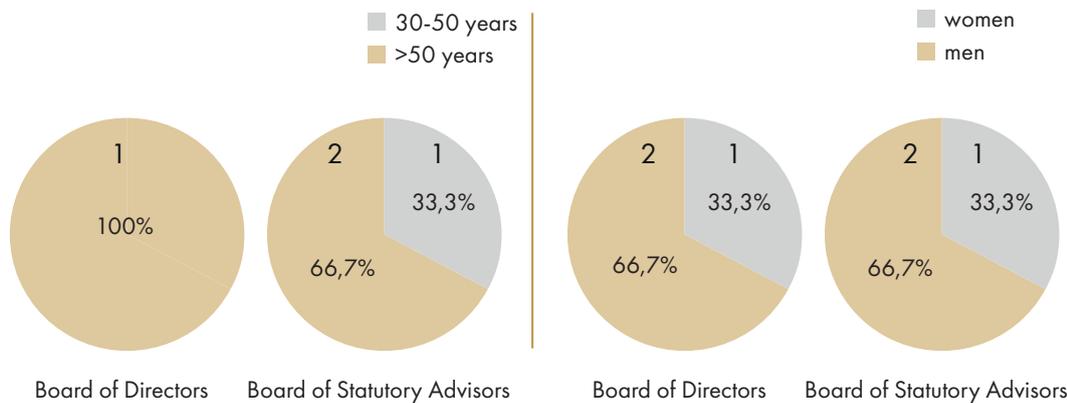


The **Board of Directors** (BoD) is vested with all powers of ordinary and extraordinary administration, subject only to limitations provided for by law. Also for the year 2021 the Board is composed of three members: the Chairwoman, who has been delegated full powers for the ordinary and extraordinary management of the Company with the possibility of appointing proxies or acting delegates, and two Directors, one of whom has limited powers for meeting tax obligations. In addition, the Board of Directors has delegated specific categories of transactions of a certain value to its managers, whose powers are filed with the competent Chamber of Commerce.

The Company is also subject to the control of a **Board of Statutory Auditors**, made up of three acting members and two alternate members, operating in accordance with the relevant legal provisions.

Governing bodies by age bracket	30-50 years	>50 years
Board of Directors	-	3
Board of statutory Auditors	1	2
Total	1	5
Percentage	16,6%	84,4%

Governing bodies



Finally, external auditing is assigned to an **independent auditing firm**, enrolled in the appropriate professional registers, which is responsible for verifying and analysing the accuracy and truthfulness of the financial statements.

Transparent business management

UNOAERRE has identified a development model in which ethical integrity, transparency and reliability underpin its economic activity, codifying the principles of its organisation in an explicit document (Principles of Corporate Policy), approved by the Board of Directors, and published on the website. In addition, it has brought its internal company regulations into line with the chosen development model, to ensure that each employee shares its corporate vision, to publicly represent the company’s actual approach to the market and institutions, and to put its anti-corruption systems into practice. All its activities continue to reflect the legacy of its founders, who always pursued loyalty to the consumer as a fundamental distinguishing feature of the company, and therefore, above all, strict observance of the “fineness” of the precious metals in its products.

The Company selects and establishes economic and industrial relationships with other private companies whose conduct and objectives are in line with its own, establishing lasting and

loyal partnerships, especially in the geographical area where it is based. Indeed, territorial proximity facilitates in-depth and effective knowledge of the selected partners.

UNOAERRE also wished to emphasise its anti-corruption policies, which, although they have always been among the governing principles of corporate life, have been made explicit and more incisive through the revision of the company's internal regulations issued on 13 September 2021.

Since the 1980s, the company's organisation has adopted a detailed compliance mechanism for the selection of suppliers and customers, whereby proposals for industrial collaboration or supply are received, processed and implemented by administrative managers at a level that reflects the financial scale of the undertaking. The relationship is then only allowed to begin once the process has been successfully completed. Segregation of functions with the involvement of multiple departments in the selection of suppliers and customers has always appeared to be an effective measure to counter potential active or passive corruption; in any case, the verification of the entire mechanism is subject both to internal management control, which can verify the progress of all transactions – fully traceable and performed almost entirely through banking channels – checks prices and conditions, and reports any anomalies to Management, and to the checks carried out during the statutory audit by the external and independent auditing firm.

UNOAERRE has chosen to channel all its financial transactions through credit institutions in order to guarantee the total transparency of its business. The use of cash is now minimal, arising sporadically from the in-house shop sales, and always in compliance with national anti-money laundering laws.

The two key documents that identify the policy and line of conduct to be followed in relation to active and passive corruption ("Principles of Corporate Policy" and "Company Regulations") were circulated to all employees when they were adopted and are available at all times both from the personnel office and through the physical display of the documents on two notice boards located in premises open to the public and in the restricted access area. This documentation is also physically delivered and explained to all new employees when they are hired. In order to mitigate the risk of abuses and irregularities, UNOAERRE has also installed a box allowing employees to make anonymous reports ("whistleblowing"). All reports of potential unlawful activities are dealt with by the relevant department and, if wrongdoing is detected, the appropriate sanctions are imposed.

The company offers its products to the final consumer through its e-commerce service, and to all the other customers through the distribution chain:

- ◆ At present the e-commerce trade in UNOAERRE is limited to the silver and non-precious jewels, with the same prices that the company suggests to retail shops.
- ◆ The company offers its products with differentiated price lists depending on the type of customer (wholesaler, retailer etc...) and offers preferential purchasing conditions in the internal outlet, where prices are officially known and applied equally to all employees, contractors and clients with special purchasing agreements. It should also be noted that there are two distinct components in the prices of precious metal products: manufacturing cost and the precious raw material cost.

Whether the product is sold with the explicit distinction between the manufacturing cost and the metal cost, the two components of the price are formulated by two different departments: the treasury (for the precious raw material part) and the commercial department. This reduces the risk of possible preferential treatment towards particular customers.

UNOAERRE Commitment to the social

COVID 19

In 2021, regrettably, the health emergency due to Covid 19 persisted. The company continued to focus on the protection of employees and the epidemiological prevention, ensuring throughout this period its commitment and its strict application of health policy issued by the authorities. UNOAERRE has voluntarily sought to take an active part in the fight against the pandemic, by carrying out punctual health surveillance in 2021. The company has implemented repeated blanket tests on all its personnel and external staff and has hosted in the perimeter areas of its factory the travelling 'vaccination campers' initiative available for anyone wishing to undergo the anti-covid vaccination.

aTuttoCuore

On 2021, like before, UNOAERRE has continued to engage on the *Social Responsibility* project together with Associazione Huntington ONLUS, the non-profit Italian network for Huntington's disease – a genetic disorder of the nervous system caused by the progressive loss of nerve cells, which manifests itself in emotional and movement disorders.

In 2015, on the initiative of the Association, the Huntigton&Design project was launched, inspired by the needs of the families of patients suffering from this disease and involving Junior and Senior Italian Designers in the process.

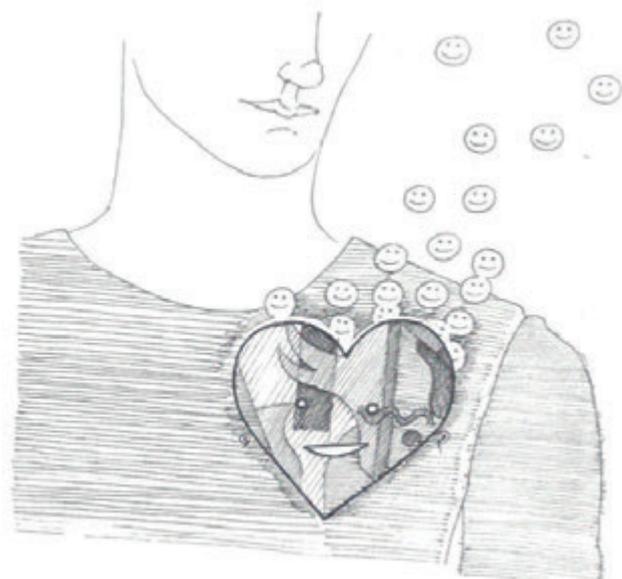
The aim of the project is to create products that, as well as being beautiful and functional, are also small and large everyday solutions. These "objects" will brighten up the walls in the homes of families affected by Huntington's disease, making them colourful and welcoming instead of being places of loneliness and isolation.

UNOAERRE participated in this project together with four other companies from various product sectors, producing a series of six charms at its factory that interpret the hearts designed by Design Architect Alessandro Guerriero: this was the start of "**A tutto cuore con Unoaerre**" ["wholeheartedly with Unoaerre"], where the pendant, made of 925 silver with engravings, satin finishes and coloured enamels is no longer simply a piece of jewellery but is crafted to interpret and reveal the emotional dimension as imagined by the artist.

The jewellery is sold mainly through the UNOAERRE website or through the numerous local initiatives that the Association organises periodically, and part of the proceeds are donated to the Association. Together with the financial contribution, an equally important objective is to make as many people as possible aware of the existence of a disease that is still unknown to most.

Company Museum

On 7 March 1998, UNOAERRE officially opened the first goldsmith company museum in Italy, linked to the most precious of metals and the most prestigious of industries – that of the goldsmith. The museum was founded to preserve the historical memory of its hardworking activity and today it offers an exhibition ranging from industrial archaeology to the goldsmith's output over ninety years of business.





Company museum

The historical collection, with over 2000 works including original drawings, sketches and jewellery, spans more than 90 years of history and is still living and relevant thanks to a continuous updating with the most representative jewels of contemporary collections, ensuring its future place in the heritage of goldsmithing art and culture. The Museum is considered a powerful vehicle of culture and history, the privileged custodian of tradition and experience. It is also a witness to the continuous pursuit of research and exploration of novel ideas, which has always defined the spirit of UNOAERRE. The jewels on display not only stimulate aesthetic interest but,

when set in their respective decades, they also demonstrate the company's primary objective: continuous professional and cultural development for creative avant-garde innovations in jewellery styles and goldsmith technology.

The Museum is open to the public by appointment and can be visited without any charge for the visitor, with the aid of a guide provided to explain machineries, documents and jewellery. The restrictions due to the pandemic have only post-poned the objective to make the company museum more accessible to the public, opening the access to local tourist guides, as soon as the general conditions will permit it.

Dialog with stakeholders

The company cooperates actively with most of the players in the national and international gold and jewellery sector: it currently works with major luxury and fashion brands as a qualified supplier of precious metal jewellery or semi-finished products and of non-precious metal accessories for leather goods manufacturing. The company's firm commitment to the value of



transparency has always entailed active cooperation with all external verification bodies to carry out audits and checks on its organisation, management and technical expertise.

With its deep roots in the industrial and social fabric, UNOAERRE has always engaged in dialogue with local public and private institutions to meet its needs as an industrial player. It has also actively collaborated with national institutions to identify and respond to the needs of the entire jewellery and costume jewellery sector, and has actively contributed to an array of important cultural and sporting initiatives. The necessity of a correct and transparent dialogue with the Public Administration is mentioned also in the internal company regulations.

In the field of production, the company distinguishes between two types of collaboration, to which it dedicates two distinct channels for relations and exchange: one channel for the “artisans” responsible for carrying out individual processing phases, which is closely connected with the internal production cycle, and the other for “suppliers”, who collaborate by supplying finished or semi-finished products and anything else necessary for the company’s activities.

UNOAERRE is committed to the extensive dissemination of the principles promoted by the international Responsible Jewellery Council, of which it has been a member since 2014. All members must carry out a thorough check on business partners to make sure they are compatible with its corporate policy principles, and continuously monitor the sourcing of precious raw materials and, in general, the respect of legality.

Adhering to the RJC principles (“Code of Practice 2019” and “Chain of Custody 2017”) in 2020 and encouraging the key customers to adopt ethical criteria, has led to even closer and more continuous relationships with suppliers and artisans to ensure their compliance with principles of ethical conduct and safety.

With regards to customers UNOAERRE operates in both the domestic and international markets, dedicating separate commercial functions to the two different territorial areas. The company actively participates in national and international trade fairs in the jewellery sector with its own stands and employees, consolidating relations with existing customers and promoting itself to potential new customers.

Since 2018 a particular impetus was given to the network of agents in the country, aimed at developing a direct channel with fine jewellery and costume jewellery retailers: the network of agents maintains constant contact with the company headquarters, including collective sales policy meetings.

The development of the network of web contacts was also increased and updated, also driven by the movement restrictions imposed by the pandemic period. Integrating the profiles on the main social media enabled the company to stay in touch with the stakeholders and have a direct dialogue with all its interlocutors.

The traumatic experience of the epidemic has confirmed also for the future the need to better the dialogue with stakeholders and customers through digital channels that are normally used by all users.

03 Sustainability approach

UNOAERRE has always paid particular attention to the surrounding socio-economic context, combining pursuit of profit with the well-being of its employees and the cultural and social promotion of the community. For this reason, it has also always been closely involved in the problems of its own production sector and has encouraged the management to participate actively over the years in national technical forums promoted by Confindustria and Federorafi for the standardisation of the sector, the improvement of production techniques and the guaranteeing of process and product quality for consumers. During 2021, the company, through its president, took an active role supporting the sustainability goals inside Confindustria and Federorafi, having a strong vocation in this field and becoming Vice-president of Federorafi with the mandate on sustainability. The presence of its management on the national and international scene has enabled UNOAERRE to tackle the increasingly pressing demand from civil society to combine its business success with respect for shared and harmonious ethical values, not only regarding the needs of the area with which it interacts directly, but also with regard to wider international scenarios, so as to strengthen its reputation and maintain its image of reliability and seriousness earned over the years.

In particular, its relations with major luxury and fashion brands – which are especially sensitive to the ethical and environmental demands of civil society – have given UNOAERRE an incentive to adopt tools for practical implementation of the company's attitude towards human resources, the environment, and the health of its relations with suppliers and customers, as well as dictating conduct that is always scrupulously compliant with the law and good operating practices.

UNOAERRE however, would also like to be an interpreter for the need to bring the culture of sustainability down to operational realities by giving a concrete understanding of the cardinal principles of this vision for daily application to the industrial world, without chasing after abstract visions that are often difficult to apply to the production world.

“ The company's mission – in the manufacturing of its products and the provision of its services – is to pursue excellence by leveraging consolidated skills while also promoting constant research and development both in terms of technical know-how and new business opportunities. The company intends to pursue this goal exclusively on the basis of customer satisfaction, the professional growth of its employees and contractors and, last but not least, the creation of value for the company's shareholders and management ”³.

This approach has prompted the company to adopt strict codes of conduct⁴ and has also led it to find a way of measuring and monitoring its business performance with regard to all as-

3 UNOAERRE Industries S.p.A. -Internal Company Regulations – Revision of 13th September 2021.

4 Code of Practice and Chain of Custody of the Responsible Jewellery Council, SMETA PILLAR 2 and 4 of Sedex Global, UNI ISO standards on laboratory analysis for the company's products. For further details, see the section “Management systems and certifications”.

pects of good industrial practice, namely the sustainability report. This instrument can provide a constant and accurate assessment of the company's commitment to pursuing the well-being of the company and the context in which it operates and can contribute to its improvement.

Moreover, sustainability and the circular industry model are intrinsic to UNOAERRE's approach to working, not only by vocation, but also because of the need to control the physical flows of metal in and out of the production cycle, the waste from which contains a considerable proportion of precious metal, to be collected, recovered, refined and reintroduced into the industrial circuit, constituting a substantial part of the company's profitability.

Sustainability for UNOAERRE

Traceability of raw materials, guarantee of "fineness" in precious metals and responsible sourcing: for UNOAERRE, these are the fundamental principles of sustainability that have established its reputation in the jewellery market as "the goldsmith company of choice", since it has always monitored its production and distribution systems in compliance with leading world standards.

Thanks to this attitude to sustainability the company can guarantee a reliable, certified and durable product.

Traceability of raw materials and the production process

By voluntarily endorsing the Responsible Jewellery Council (RJC) guidelines in 2014, UNOAERRE decided to apply a selection and verification process to all incoming quantities of precious metal, as soon as they are acquired, to make sure that they comply with the OECD guidelines on responsible gold and silver.

At the end of 2021, following some customers' request, the company started the procedure to obtain the RJC's Chain of Custody (COC). This production process not only guarantees the legitimate origin of precious materials, but also goes so far as to identify the quantity of precious metal from its entry in the production till the finished product.

During 2021 UNOAERRE did not supply finished items with COC, nevertheless it started the production line so that in 2022 it will be possible to sell COC products. At the end of 2021 the COC precious materials entered in the company have been: 104.80 kg of Gold and 742.81 kg of Silver.

Only the strictest controls on incoming raw materials can guarantee that all materials comply with the ethical principles laid down by management and with anti-money laundering laws, which, despite the many supply sources and the subsequent production complexity of the company, allow to create a finished product unmistakably certifiable.

Subsequent European legislation (EU Regulation 821/2017) has imposed mandatory checking on the sourcing of precious metals originating outside the EU as well as the monitoring and identification of those specific materials.

In 2021, with the coming into force of the compulsory investigation of non-EU gold material, the company has collected and verified the legitimate origin under the OECD guidelines of the following material inputs:

Combined Nomenclature code (CN code)	Net weight of imported materials in grams	Pure gold contained in imported materials in grams	Quantity in definitive importation	Third party metal held for processing
Ex 7108 ⁵	453.110.21	253.216.82	142.785.66	110.431.16
Ex 2616 90 00 ⁶	-	-	-	-

In the case of both precious metals and any precious stones used, the strict and daily accounting (physical, statutory and fiscal) of warehouse stocks, the methods of storing and assigning materials, and the application of a precise and detailed computerised production system make it possible to ensure that the various stages of the production cycle can be tracked physically and over time. Physical inspection and verification of the legitimate origin of raw materials are carried out by the Metal Accounting Office which, following a specific procedure, allows the various materials to enter the company and, after the materials have been successfully received and accounted for, the production phase to begin. Metal Accounting is essentially a complex system of double-entry records, expressed in grams, that is an effective tool for management, traceability and control of stocks, also in regard to legitimate title of ownership, from the moment the raw materials enter the company up to the finished goods warehouse.

In addition to its specific Metal Accounting System, UNOAERRE has implemented a computerised production system that regulates and monitors the flows of manufactured goods from the creation of the alloys required up to the production of the final product: the raw materials accepted are delivered to the first processing stage, the foundry department. The various castings, which are the first step in all the production processes, are identified and identifiable by means of reference codes. Subsequent steps in the production chain are supported by computerised and paper documents that specify the subsequent processing stages and accompany all the products until they are delivered to the finished goods warehouse.

During the individual stages of production, there may be different levels of traceability depending on the customer's requirements and on the production processes that the item of jewellery is to undergo: the product can be manufactured entirely in-house at the UNOAERRE production plant or may undergo processing at external companies:

- ◆ In the case of an internal production process, the traceability of the product is guaranteed during the various stages of production not only by the computerised production system that tracks its progress and generates the accompanying written documentation, but also visually and physically by means of special distinctive markers such as coloured stickers or numbered metal tags: these systems differentiate the various batches of products that are often hard to distinguish externally for the operator during production. In this way, the entire production process can also be visually checked and followed at all times. For products with a serial identification number, it is possible to trace the chain for several years from the date of production. For other products, it is possible to identify the casting of origin for a more limited time than the production batch, but never less than six months.
- ◆ Where a production process involves external processing steps, product traceability is ensured not only by the same features as highlighted for fully in-house processing, but also by a variety of other factors, including:

5 In accordance with the Regulation 2017/821, here below we provide a description of the CN code: Gold, unwrought or in semi-manufactured forms, or in powder with a gold concentration lower than 99.5% that has not passed the refining stage. Gold, unwrought or in semi-manufactured forms, or in powder form with a gold concentration of 99,5 % or higher that has passed the refining stage.

6 In accordance with the Regulation 2017/821, we provide a description of the CN code: Gold ores and concentrates.

- ◊ strict selection of partner companies (suppliers and artisans) based on criteria of professionalism, reliability and compliance with laws and regulations;
- ◊ characterisation of the products assigned;
- ◊ drafting of computerised documents accompanying the external processing order that specify the manufactured articles assigned (weight and characteristics), the processes to be carried out, and any other particular operational details;
- ◊ the presence of **specialised personnel** for each external company, dedicated to assigning the work to be carried out, the subsequent return of the work completed and the conformity check that follows;
- ◊ the obligation for all partner companies to accept common and shared rules on the return of machining waste, manufacturing loss and other service arrangements.

All these factors together make each processing order traceable and identifiable to guarantee traceability even in the case of processing phases carried out by partner companies.

Responsible sourcing

UNOAERRE is a professional operator in the gold sector⁷, a material treated as cash by current national legislation, and is obliged to pay the utmost attention to the sources of supply of gold (and of all precious materials), also from the perspective of correct application of anti-money laundering legislation. Monitoring of aspects relating to the application of the law on money laundering has been extended and expanded with the introduction of the responsible sourcing principles arising from voluntary compliance with the practices of the Responsible Jewellery Council and from specific European Regulations. This has resulted in the adoption of precise procedures and operating practices for the acquisition of gold raw material, subsequently extended also to silver raw material and including an analysis on the origin for the materials received.

The company does not source directly from mines; the primary sources of precious materials used by the company are:

- ◊ **Credit institutions** for the supply of precious metals, including through "loan for use" or "sale with price to be determined" contracts;
- ◊ **Refiners or Metal Banks;**
- ◊ **Customers** for returns or scrap metal or for consignments of raw materials to be processed.

UNOAERRE has its own Internal Metal Bank, which purchases precious metals independently, requesting the various parties involved to specify the characteristics of the raw material that guarantee its legitimate origin, in accordance with tax and anti-money laundering regulations, and that it comes from sources that respect human rights as sanctioned by the UN and environmental standards. In addition, by means of a specific operating procedure in place since 2014, the Metal Accounting Office together with the administrative and custom offices (for the extra UE materials) monitors the physical flows of incoming precious metals, verifying their legitimate origin and compliance with OECD guidelines, even in cases of returns from customers or consignments of metal sent by them for processing. It also performs administrative checks to make sure the origin of the materials delivered is consistent with the legal markings and accompanying fiscal documents.

⁷ Bank of Italy Authorisation dated 2 March 2011 – operator code 5003553.

The joint operation of the two separate offices makes it possible to guarantee not only the traceability of the precious materials used in the industrial process, but also their origin through meticulous checking of the sources.

Regarding precious stones, UNOAERRE makes limited use of them for its own production: the stones most frequently used are diamonds, purchased directly or supplied by customers for their own specific productions. In full compliance with RJC guidelines, natural diamonds purchased directly from UNOAERRE must only be sourced from qualified suppliers which can guarantee compliance with the Kimberly Process and their natural, non-synthetic origin. In any case, stones supplied by customers are kept separate from those owned by company, in dedicated storage.

Management systems and certifications

◆ Chemical Laboratory Management System – ACCREDIA

UNOAERRE has obtained ACCREDIA accreditation for its internal Chemical Laboratory to carry out purity analysis on gold and silver alloys in accordance with internationally recognised standards (UNI CEI EN ISO/IEC 17025:2018, certificate N. 1526L). In Italy in 2021 there are only seven private laboratories that possess this certification: UNOAERRE therefore boasts an important record in terms of certifying its own internal procedures to ensure compliance with the fineness of the precious alloy.



The company's meticulous tradition of guaranteeing "fineness⁸" which has helped to grow its reputation in terms of reliability and professionalism, led to the creation of an in-house chemical laboratory equipped with human and technical resources capable of compliance with the protocols of the national regulatory body. In 2015, it obtained certification for laboratory methodologies (UNI CEI EN ISO/IEC 17025) for tests on gold alloy products (UNI EN ISO 11426), later extended in 2018 with certification for objects made of silver alloys (UNI EN ISO 11427).

The laboratory's accreditation is renewed every four years and its activities are monitored annually in order to verify that it continues to meet the requirements of competence, independence, impartiality and regular compliance with the standards and other applicable documents. Accreditation allows the company to guarantee Public Authorities of the quantities of precious metal present in the objects, thus facilitating border crossings for foreign trade and guaranteeing its primary customers of this key aspect of its production. UNOAERRE works with the local Chamber of Commerce to verify the fineness of third party products intended for export.

◆ Code of Practice (COP) 2019 and Chain of Custody (COC) 2017 certification issued by the Responsible Jewellery Council

Since 2014, UNOAERRE has been a member of the Responsible Jewellery Council, an International Association that aims to promote good manufacturing practices, respect for human rights and the environment, acquisition of raw materials from legitimate and sustainable sources, rejection of all forms of corruption and discrimination at an international level, and compliance with regulatory prescriptions for the precious metals sector: from mining to the production and sale of gold jewellery, silverware and precious stones, especially diamonds.

8 Percentage of precious metal present in products, declared by the hallmark impressed on each product.

In 2014, UNOAERRE obtained its first certification of compliance with the 2013 Code of Practice. Then, in 2020, it obtained not only certification of compliance with the RJC 2019 COP Guidelines, but also 2017 COC certification. Compliance with RJC standards enables the company to guarantee each



customer of product quality and that the highest ethical principles are observed at every stage of the company's activities, from procurement to customer relations, as well as full traceability of the production process. From the beginning of 2020, UNOAERRE can therefore guarantee its Italian and foreign customers, belonging to the major fashion brands, that they are working with a company whose organisation and working procedures meet the highest ethical and transparency requirements in its production chain.

◆ SMETA PILLAR 2 and 4 certification issued by Sedex Global

In 2017, UNOAERRE also joined the Sedex Global International Association, one of the world's largest collaborative platforms for sharing data on responsible sourcing, set up to provide standardisation of examination criteria for any company anywhere in the world so as to indicate consistent guidelines for audits in the area of corporate social responsibility and to provide a framework on best practices to be used during audits, regardless of the local legislation in force. This association is particularly relevant in English-speaking markets and required by multinational organisations in order to collaborate with companies all over the world, especially large retail organisations. The values and standards required are very similar to those required by the RJC, but the system adopted allows member companies to know and monitor each other's requirements without the need for additional audits.

Sedex Member

By request of a multinational in the food sector, UNOAERRE obtained the first SMETA PILLAR 4 certification on 3 July 2017, valid for three years, and then also the SMETA PILLAR 2 certification in 2018, followed by further periodic re-certification, in particular the last version of SMETA PILLAR 4 was obtained on 15th January 2021.

The SMETA audit allows transparent dialogue between client companies and suppliers, reduces ethical risk, and improves social performance along the supply chain. UNOAERRE – both as a manufacturer and as a supplier – uses the SMETA PILLAR 4 protocol as an internal audit tool based on 4 pillars: working conditions, health and safety, working environment, business practices.

◆ Other

Well-known luxury brands and important retail distribution chains, with their own codes of conduct and guidelines, carry out cyclical targeted audits at UNOAERRE, both technical and regarding social responsibility, in order to make sure that the company organisation meets their particular needs.

Materiality analysis

To define which areas and issues need to be reported in its Sustainability Report, UNOAERRE carried out a materiality analysis to identify and prioritise the topics considered most relevant to its business and stakeholders.

These topics are defined as “material” because they reflect the economic, social and environmental impacts of the company and, at the same time, can influence the decisions of stakeholders, both internal and external to the organisation.

The materiality analysis was carried out following a structured process and began with a preliminary analysis of existing internal documentation, aimed at identifying all those topics that are “critical” for UNOAERRE, considering the organisation’s business model, sector and scope of activity. In particular, the following activities were carried out:

- ◆ analysis of public documents, articles, statistics and macro-trends at the level of reporting standards and international frameworks adopted in sustainability reporting;
- ◆ analysis of the main regulatory changes in the sector;
- ◆ analysis of the documentary updates (policy, practices, procedures etc.);
- ◆ analysis and gathering of questionnaires, social and environmental responsibility audits conducted for some customers and reporting requests received from customers.

The above mentioned process to determine the materiality has been created for the 2020 Report. In the course of 2021, on the other hand, the process of verification and updating of material issues was put in place to evaluate internal procedures in the light of a sensitivity to sustainability issues and critical factors in the business sector. The results that emerged from this verification process made it possible to confirm the material themes identified for 2020 as still valid and consistent in describing the reference context and the organisational reality in which UNOAERRE operates.

The choice was originated from the centrality of the topics already selected in 2020 that fully maintain their strategic importance, but also from the uncertainties caused by the ongoing Covid 19 pandemic. This made it difficult to take up further organisational challenges due to the limitations imposed on meetings and project sharing. Despite the visible progress made in terms of health management during the year, it is still complex to determine the concrete short-medium- and long-term economic and social impacts of the pandemic on our society and the jewellery sector.

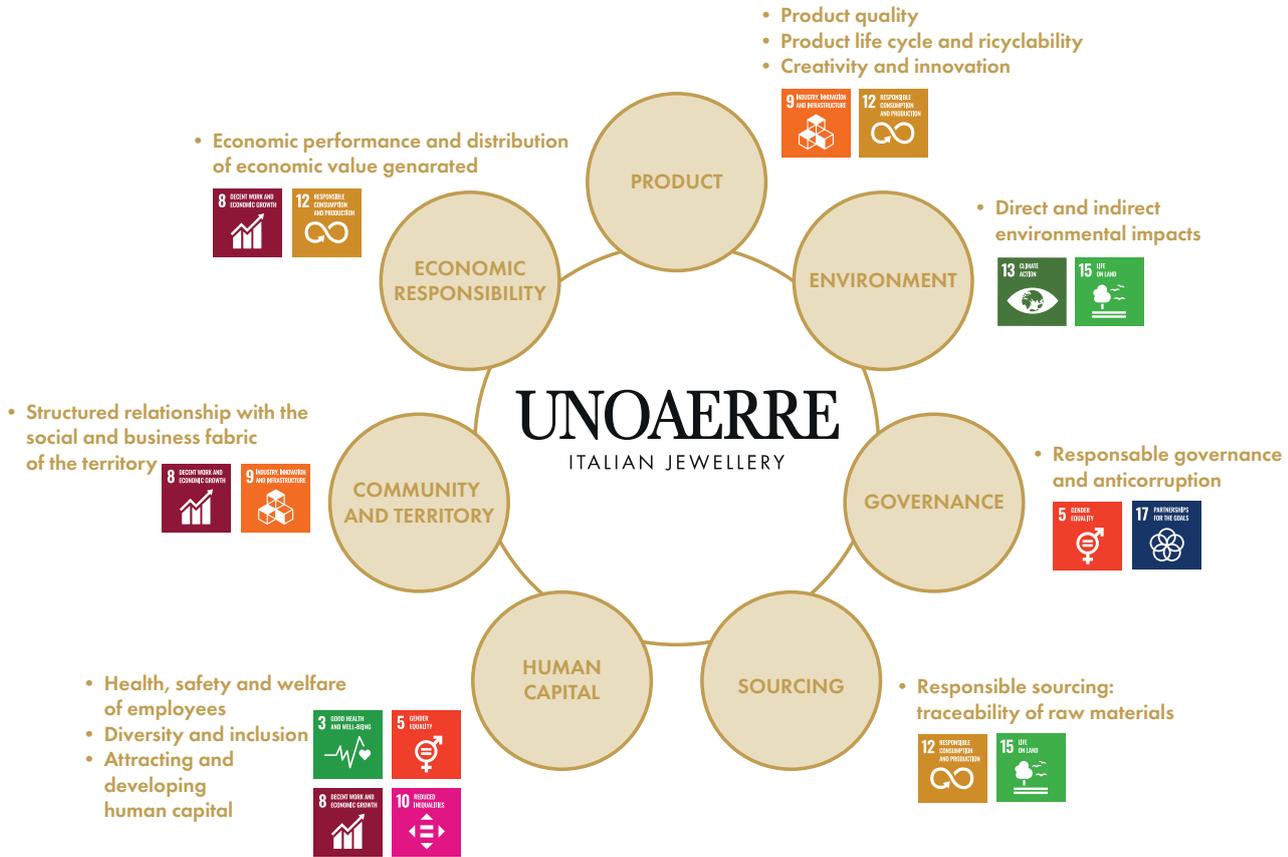
The 11 topics and the related 7 macro-areas, represented in the table below are therefore consolidated and in continuity with the aspects reported in the previous years:

MACRO AREA	MATERIAL TOPICS FOR UNOAERRE
Governance	Responsible governance and anti-corruption
Economic responsibility	Economic performance and distribution of economic value generated
Sourcing	Responsible sourcing: traceability of raw material
Product	Product quality
	Product life cycle and recyclability
	Creativity and innovation
Human capital	Health, safety and welfare of employees
	Diversity and inclusion
	Attracting and developing human capital
Environment	Direct and indirect environmental impacts
Community and territory	Structured relationship with the social and business fabric of the territory

In a consistent way, UNOAERRE has reconfirmed the 2020 priority SDGs⁹, keeping in mind the sector peculiarities and the topics highlighted thanks to the materiality analysis. From the

⁹ On 25 September 2015, at the 70th United Nations General Assembly, world leaders adopted a new global framework for sustainable development. This framework is represented by the now well-known 2030 Agenda, consisting of 17 goals (Sustainable Development Goals - SDGs) and 169 sub-goals, valid for the period 2015-

analysis nine SDGs were selected, as priority sustainable development objectives, those to whose achievement the organisation can contribute most through its business activities. The correlation between the topics that emerged as material and the selected SDGs is outlined below :



2030. The 2030 Agenda explicitly calls for the responsibilities of all actors in society, from governments (central and local) to businesses, from civil society to individual citizens. In particular, productive sectors and businesses are called upon to implement the sustainable development goals, by seeking to reduce the negative impact of their activities on the ecosystem, optimising the use of resources and promoting both the creation of new jobs and the redistribution of wealth produced, as a contribution to the fight to eradicate poverty.

04 Economic performance

UNOAERRE operates with the aim of creating sustainable value over time, in terms of profitability and employment, seeking to generate and maintain maximum added value by effectively combining all the resources, so as to satisfy the socio-economic fabric in which it operates.

The 2021 financial year, despite the continuation of the Covid 19 pandemic in the country and around the world, marked a successful year for the company by reaching targets exceeding those set in the Business Plan that was drawn up taking into account the economic uncertainties due to the pandemic.

The 2021 financial year closed with a turnover of EUR 245 million (+ 38% compared to 2019), an added value of EUR 57.8 million, an EBITDA of around EUR 13 million (+ 35% compared to 2019), managing, in one of the most difficult financial years in recent history, to even improve on the forecasts for the 2020-2024 'Covid Business Plan' and earning profits that crowned the effort made in every business sector.

Key economic data (€/000)	2021	2020	2019
Sales revenues	244,796	154,722	177,321
EBITDA	13,385	10,077	8,448
EBITD	9,978	6,701	5,209
Result before tax	8,243	1,651	2,661

2021 was not the year of a new start, but that of the confirmation of a path marked by the Industrial Plan, which found opportunities in the difficulties. The company reaffirmed its will to become a market leader again, giving a strong signal of discontinuity with the past, while managing to prove itself 'resilient', but able to seize the chance, even of change, in the new socio-economic context. Each corporate function has rethought its activities and adapted its work organisation, prioritising employee safety and customer focus.

The industrial policy, underpinned by the Group's reliability, the guaranteed quality of its production processes and the progress made in terms of business ethics, further consolidated production partnership relationships in both the precious and non-precious metals sectors.

Distribution of value creation

Distribution of added value is the point of contact between the economic profile and the social profile of UNOAERRE's management and makes it possible to analyse how the wealth created is distributed by the organisation for the benefit of the entire system with which it interacts.

Added Value (€/000)	2021	2020	2019
Revenue	244,796	154,722	177,321
Other income	2,042	1,466	1,812
Financial income	247	264	767

Total economic value generated	247,085	156,432	179,900
Operating costs	220,202	136,750	158,794
Remuneration of staff	13,644	10,299	12,608
Remuneration of financial backers	3,850	3,912	3,229
Remuneration of P. A.	2,482	1,198	679
External donations	14	9	21
Total economic value distributed	240,192	152,168	175,332
Exchange rate differences	-1,024	1,653	-126
Value adjustments to financial assets	-251	-235	319
Amortisation and depreciation	2,075	2,066	2,156
Allocations	183	210	110
Reserves	5,905	570	2,109
Economic value retained	6,888	4,264	4,568

In 2021, Economic Value Generated amounted to EUR 247 million, value mostly distributed to the various stakeholders involved with UNOAERRE and its business, in accordance with economic management and with their expectations.

Economic Value Distributed, amounting to EUR 240.2 million, represents approximately 97 % of Economic Value Generated, which, in addition to covering operating costs incurred during the financial year, is used to remunerate the socio-economic system with which the Group interacts, including employees, financial backers and the community, in the sense of charitable contributions made.

Lastly, Economic Value Retained, approximately 3% of Economic Value Generated, represents all the financial resources dedicated to the economic growth and capital stability of the business system.

The supply chain

Since 2014, UNOAERRE has been a member of the Responsible Jewellery Council, a non-profit association that aims to disseminate and implement good ethical, environmental and human rights-based industrial practices. Voluntary compliance with the principles of the Responsible Jewellery Council prompted UNOAERRE to review and implement all of its partner sourcing and selection mechanisms, in particular, its precious raw material supply chain, including traceability of materials.

Three main categories of suppliers have been identified, depending on the source of the materials involved in the industrial process and the type of provision of goods or services:

- ◆ **Suppliers of raw materials:** these suppliers essentially consist of refiners of precious metals and/or metal banks, banking institutions operating in the precious metals sector, customers that send quantities of their own metal for processing, either in the form of ingots or bars or in the form of scrap or damaged or obsolete products;
- ◆ **Product suppliers:** companies that supply finished or semi-finished products for market needs or for production needs that the company is unable to meet due to construction methods, cost-effectiveness or speed of production;
- ◆ **Labour force suppliers:** simply identified as “the artisans”: small local businesses or even individual enterprises that collaborate in the production of the finished product,

supplying individual manual or specialised processing stages (for example, cutting to size, galvanising, stone setting, painting, etc.).

Procurement, which takes place exclusively through such entities, is governed by a set of internal company procedures that define extremely strict criteria. In particular:

- I. **Procedure for checking incoming precious metals** aims to control the origin of raw material to prevent it from coming from conflict affected or non respectful of human rights zones (revised several times to comply with the Eu regulations and the COC – RJC guidelines).
- II. **New supplier procedure** governing the criteria for selecting and managing suppliers and artisans;
- III. **Product non-conformity, returns and complaints** governing the methods and requirements for the return of obsolete or damaged product by customers;
- IV. **Instructions to purchasing departments for the acquisition of precious stones** (Kimberly process).
- V. **Anti-money laundering Procedure** regulating the identification of the customers and the method of economic transactions.

All the procedures issued by the company are driven by specific assessments of the risks related to each operation which – based also on experience and sector legislation – are aimed at avoiding risks in production and entrepreneurial activities, technical or patrimonial security inadequacies and possible active and passive corruption.

Suppliers are selected primarily on the basis of technical, legal and patrimonial security criteria. The criteria that are taken into account include also compliance with RJC requirements. However, UNOAERRE does not normally carry out specific environmental or social audits, since territorial proximity and the fact of being subject to the same environmental, occupational health and safety legal framework suggest that this is not necessary. If the organisation becomes aware of the failure of a supplier and/or business partner to comply with mandatory environmental, social and patrimonial security regulations, and in general with corporate ethical principles, the relationship is assessed and, if the outcome is negative, it is terminated.

UNOAERRE makes most of its purchases and refines its industrial waste exclusively at the affiliated company Chimet S.p.A. which, as a certified member of the Responsible Jewellery Council and of the London Bullion Metal Association, is able to certify its own production of gold and silver as “Good Delivery”, as well as full compliance with conflict-free and legitimate origin criteria. Concerning all purchases of any other goods not strictly related to the production of fine jewellery or costume jewellery, each service in charge of purchasing analyses the internal requests complying with the segregation of functions and requesting approval from the responsible of the area, depending on the importance of the purchase. On the other hand, ad hoc provisions have been issued for web purchases.

Nel 2021, the company increased its business relationships with suppliers reaching 998 partner companies, with total expenditure of EUR 225 million. Of this amount, EUR 181 million was spent on local suppliers, located in the Arezzo area, confirming the company vocation to develop the local economic fabric, about EUR 36 million on national suppliers and the remaining EUR 7.8 million was spent on foreign suppliers (European and non-EU).

Suppliers by Geographical Area	2021	2020	2019
Number of LOCAL suppliers (Arezzo)	435	381	395
Number of NATIONAL suppliers	495	451	513
Number of EUROPEAN suppliers	33	41	47
Number of NON-EU suppliers	35	38	28
Total suppliers	998	911	983

Purchases from suppliers by geographical Area	2021	2020	2019
Purchases from LOCAL suppliers (Arezzo)	181,510,399	110,484,952	123,133,862
Purchases from NATIONAL suppliers	35,708,032	22,228,031	27,786,796
Purchases from EUROPEAN suppliers	895,019	502,756	880,864
Purchases from NON-EU suppliers	6,935,962	8,155,926	10,208,459
Total expenditure for purchases	225,049,412	141,371,665	162,009,980

Type of purchases	2021		2020		2019	
Precious metals – Gold	188,660,411	83.8%	118,801,220	84.0%	135,786,840	83.8%
Precious metals – Silver	6,736,144	3.0%	3,232,050	2.3%	3,348,041	2.1%
Other precious metals	324,757	0.2%	174,369	0.1%	294,801	0.2%
Processing by third parties	8,424,376	3.7%	5,291,185	3.7%	8,827,629	5.4%
Product purchases	8,112,551	3.6%	5,481,049	3.9%	3,818,063	2.4%
Machinery	2,081,926	0.9%	923,939	0.7%	860,817	0.5%
Various materials	1,179,654	0.5%	1,434,191	1.0%	2,527,734	1.6%
Transport – security – cleaning	992,600	0.5%	742,640	0.5%	1,156,356	0.7%
Utilities – rentals – insurance – software	2,023,836	0.9%	2,312,599	1.6%	2,907,540	1.8%
Commercial expenses	2,949,246	1.3%	1,508,971	1.1%	1,396,950	0.9%
Other	3,563,911	1.6%	1,469,452	1.0%	1,085,211	0.7%
Total	225,049,412		141,371,665		162,009,980	

UNOAERRE aims to increase the competence and training of all the players in the supply chain, in particular its contractors, making also a selection among them. Although most of these suppliers are small or micro businesses, over recent years the company has started qualifying, raising awareness and training its business partners on the increasingly stringent quality and reliability requirements and, more generally, on the compliance requirements demanded by customers, especially by high-profile customers operating in the world of fashion. In the years to come, UNOAERRE will continue to establish even closer business relationships in order to spread the RJC culture of good and ethical industrial practices and the verification of precious raw materials used. It will also do this through collective meetings and training programs.

Relationship with local businesses

Continuing in its tradition, UNOAERRE has established strong, stable relationships with a large number of local micro and small companies operating in the same sector. In doing so, it has perpetuated the virtuous mechanism on which Arezzo's goldsmith district – one of the leading districts in Italy and the world – is based, while continuing to support local businesses, including those set up by its own former employees.

UNOAERRE has always believed in the industrialisation of a typically artisan production process and therefore it has always used machinery and systems, including those borrowed from other industries, which have ensured its success. This is not to deny that for certain activities – typically those related to assembly and, to some extent, finishing processes – the human hand is irreplaceable. It was precisely from this perspective that labour-intensive activities were gradually outsourced, thanks to partnerships with small companies and their personnel, often professionally trained inside UNOAERRE, guaranteeing flexibility, speed, quality and, last but not least, cost-effectiveness.

In general the relationship between UNOAERRE and the small external entities, typically artisan companies, lasts since decades and is based on mutual trust: this collaborative, non-conflictual relationship has actually enabled increasing development of the territory and the district in question, creating employment and an entrepreneurial class that has proved to be highly innovative in a number of cases. This historical background also resulted in the key distinction between pure suppliers and “artisans”. The latter are closely linked to specific internal production phases, which they are required to carry out in strict collaboration: these companies enjoy a direct relationship with the various production departments and are supervised by specific internal staff that regulate and control their flows as well as their compliance with corporate technical and ethical criteria.



05 Product

UNOAERRE has been producing jewels and ornaments for almost one hundred years, with a product range that is unique in the world. The production includes all types of jewels in gold, silver and precious alloys: from wedding bands to fashion jewellery, pure gold medals and ingots, also as an investment.

A part from jewellery, UNOAERRE is the brand of reference in the production and distribution of silver jewellery and elegant accessories in brass and precious alloys, ennobled by natural stones, rich gold platings and pearls. The product range for each metal is in continuous expansion and evolution: study, research and innovation are fundamental to respond to the requests of the different markets, national and international, and to the customers' needs.

The multiplicity of UNOAERRE's offer and the strong identity of each collection are possible thanks to its highly organised production structure and its outstanding distribution dynamism.

All the collections, regardless of the metal used, are packaged in elegant cases and boxes that are not destined for disposal and are mostly produced from recycled materials and paper.

UNOAERRE Gold Collection

The gold jewellery production includes one of the most extensive collections of solid and hollow chains, highly refined super-light products and *fashion* jewellery.

All the collections are realized using innovative technologies, while respecting the goldsmith's tradition and complying with the highest international quality standards. For quality we intend guarantee of gold fineness, care of the finishing, wideness of the choice of the models offered and, above all, excellent service.

Starting from chains and tube different types of product are created: earrings, necklaces, bracelets, either plain, knurled or torchon, in all sizes and colours. The *fashion* range includes gold products with more complex and innovatory shapes.

Responsible metal sourcing is ensured by searching for LBMA or RJC certified suppliers, giving priority to those who provide the greatest assurance. In addition to this, a systematic control by our in-house laboratory is made to control and identify the stamps on the metal for all the metal suppliers. Being able to rely on internationally certified suppliers who work



on the recovery of metal from scrap and who operate in an environmentally and socially responsible manner is proof of a sustainability-oriented corporate culture.

Also for 2021 the production of gold jewellery was supported by constant research and development, improving the application of the latest technologies and the new hires of highly qualified staff.



UNOAERRE Wedding Bands

In 2021 there was good revival of weddings and Unoaerre has seen the confirmation of the positive trend in the choice of the gold wedding bands.

In the pre-Covid period, around 200,000 unions each year in Italy were celebrated with UNOAERRE wedding rings, very well known and loved for their lack of soldering and their uniqueness.

UNOAERRE wedding bands are unique because they are created from a single gold block, they are not soldered in any point and have superior characteristics of hardness and resistance to everyday wear.

1. Fedi Classiche: ever since a precious metaphor for union, they have a linear shape and know no fashions or trends. In yellow, white and pink gold.
2. Fedi Comode: the rings that unite love & comfort. Made with a special roundness on the inside, they glide on the finger more pleasantly and provide maximum comfort.
3. Cerchi di luce: precious wedding rings, an elegant interpretation of comfort wedding rings, embellished with the brilliance of diamonds and made unique by the sophistication of their design.
4. Brillanti promesse: the line with diamond, shiny and unique, the perfect love gift to celebrate the union of two hearts.

In addition to the wedding ring collection stands the anniversary ring collection. Elegant rings with diamonds embellished with a refined seal bearing the characteristics of the rings. From Golden to Diamond anniversary, but also to commemorate your loved one, UNOAERRE anniversary rings complete the offer that responds to different occasions and the most important moments to celebrate.

UNOAERRE Fashion Jewellery and Silver collection

UNOAERRE is a leading brand in the production and distribution of ornaments that follow fashion trends, made of 925 silver, brass and other alloys, adorned with gold platings and natural stones. Distinctive creations of eye-catching, typical Italian design with an eclectic and intriguing spirit.

The Fashion Jewellery line is a rich range that combines the search for original design with the traditional chains production: bracelets, necklaces, rings and earrings, offered at an affordable price and perfect for women of all ages.

The greatest strength of the collections is represented by the Silver jewels, a wide range of models ranging from bracelets and necklaces of curb, rolo and rope chains to full pavé and solitaire bands. What makes Unoaerre's collections unique are also the complex manufacturing processes, such as the expertly designed and crafted *Chicco collection*.

SPECIAL PRODUCTS AND GIFTS

Over the years, UNOAERRE has developed specialist expertise in the field of corporate gifts and the Incentive gifts business, distinguishing itself through the design and quality of its products. The offered options meet different customer needs, by choosing from the items in the catalogue or by designing customised articles: from gifts and wearable items to collector's coins.

UNOAERRE is one of the most dynamic Italian jewellery companies in terms of distribution and sales, thanks to its highly professional organisational structure, capable of guaranteeing extensive market coverage, both in Italy and abroad. The company has a distribution network in more than 40 countries worldwide, both through traditional channels, such as wholesalers and large-scale retail trade, and through more innovative channels such as e-commerce and television, guaranteeing a high level of visibility and brand awareness among global players in the sector. There are two wholly-owned subsidiaries in France and Japan¹⁰, while in Italy, where it is the leading brand in the wedding ring market, the products are sold through more than 6,000 retail shops, also selected with the support of a network of around 100 distributors in the national territory.



Corporate and product communication

The year 2021 marked a great renewal in terms of communication, with the creation of about 10 commercials for distribution on the main national networks and a structured Adv campaign divided among the different collections. An important commitment that has reconfirmed the company's interest to represent a leading brand of the best *Made in Italy*.

Great attention, as always, was paid to print media and specialised magazines, with increased activity in the digital and social media sectors. The campaigns of 2021 had a strong resonance and emphasised the importance and value of the company in the Italian and international jewellery scene.

UNOAERRE Fairs

Unoaerre regularly participates in national and international trade fairs in the sector: in 2021, due to the pandemic restrictions, it was possible to participate at VicenzaOro exposition in September and GoldItaly, in Arezzo, in October.

The Italian goldsmith's art according to UNOAERRE

The working of precious metals has been central to the city of Arezzo since the time of the ancient Etruscans, forging generations of skilled craftsmen who have handed down the art of the goldsmith from father to son. The brilliant intuition of the two company founders, Gori and Zucchi, was to transform a typical workshop activity into a full-blown industry, while maintaining the high quality typical of artisan products.

¹⁰ DHT and UNOAERRE JAPAN CO. LTD.

UNOAERRE possesses all the necessary jewellery production technology and expertise in-house: from the creative development of the model to the production of prototypes, from the design and manufacture of mechanical equipment for the production of medals or chains to dedicated machinery. Alloying, casting, creation of wires, strips and semi-finished products of all kinds take place in-house, as does the finishing of the products, from soldering to bulk or manual polishing, from gilding to rhodium-plating. Where these stages are outsourced, they are carried out under strict quality control by in-house technicians.

The study and creativity of design are closely linked to product development. Staff specialising in manual and computerised prototyping are constantly creating new products, following market trends in order to meet the demands of a wide range of customers. However, the development of new products is not just the creation of a visually appealing prototype – it must also be industrialised in order to efficiently produce in series. The definition of a Bill of materials and a precise work cycle are therefore key aspects: the components that make up the product must be standardised without altering its appearance, all the necessary mechanical, thermal and galvanic processing operations must be defined, identifying the machinery, equipment and processes to be used in order to manufacture the final product.

In a business like that of UNOAERRE, where the product has a purely aesthetic value, research and development – meaning the search for an appealing, wearable and fashionable product – assumes a key role in the overall success of the company. Throughout the year, UNOAERRE continued to pursue the goal of improving its offering, seeking production solutions that would continue to satisfy the aesthetic and quality requirements of its customers and improve the efficiency of the production cycle and its environmental compatibility. The goal of the company is always to be at the heart of the local supply chain, as a unit of excellence at the service of the district, undertaking research, including experimental research, into innovative methods of producing new alloys, economy of process and improvement of the finishing processes.

Product quality

The quality of a wearable ornamental product, whether made of precious material or of other alloys, does not only depend on the aesthetic perfection of a uniform product in terms of colour and a smooth surface, but also on whether it meets weight standards and, above all, the percentage of precious metal it contains in the case of gold or silver alloys, or the absence of metals that pose a risk to health and the environment in the case of non-precious alloys. The company can be proud of its long-standing commitment to its customers and the end consumer in terms of quality and the perpetual guarantee of fineness for all its precious metal products. From the very beginning, the company's founders were committed to ensuring that the percentage of precious metal in their products (fineness) can always be guaranteed to the consumer, both legally and practically. Even today, when assessing industrial process risks, inadequate purity of the product is the first risk taken into account regarding proper operation of the production process and is the main concern of operators. That is why, in previous years, the need emerged to set up an in-house Chemical Laboratory¹¹ equipped with professional skills, methods and technologies capable of ensuring the maximum conformity of manufactured items to the purity declared on the products and the absence of substances considered dangerous or allergenic.

The Chemical Laboratory is central to the company's quality system: not only does it check each casting and each production phase that could potentially alter the fineness, but it also

¹¹ The Chemical Laboratory has obtained Accredia certification for assaying gold and silver alloys and oversees the various stages of the production process to verify that the declared fineness and actual purity of the products correspond completely, from the smelting stage through to storage in the finished goods warehouse.

checks the constituents of non-precious alloys in compliance with REACH parameters or with the even stricter standards required by particular countries to which UNOAERRE products are exported.

In addition to the controls carried out by the in-house Chemical Laboratory, the entire industrial process is regulated by software indicators and corresponding markers physically applied on the products. This eliminates any confusion throughout the entire process between the various purity levels and the different types of semi-finished products and finished product components.

Finally, in order to check that the gold title corresponds to the fineness declared by all the operators in the sector, the national Metric Services – present within every Italian Chamber of Commerce – carry out constant impartial monitoring by taking samples from companies and shops: over the years, UNOAERRE has never been sanctioned for not respecting the fineness declared, despite being subject to continuous checks.

Of course, UNOAERRE's commitment to quality is not limited to mere compliance with fineness, but also extends and is further improved by other aspects such as the efficiency of the mechanical parts in the production process, conformity to pre-established aesthetic standards and the absence or strictly limited presence of substances considered hazardous to man and the environment, not only by European REACH legislation, but also by other international laws that often impose even tighter restrictions.

For the future the first goal is to implement the report of non-conformities or defects detected in the production process, in order to highlight the critical aspects and establish the improvements to bring about. In this respect, a detailed analysis of the requests we receive from customer service regarding products and also the verified reviews we regularly receive will be crucial.

As regards the efficiency of mechanical parts and conformity to the predefined aesthetic standards, the various production departments have staff who carry out intermediate checks, while the final check is performed by the finished goods warehouse. In some cases, when working in a production partnership with customers with high quality requirements, the assigned staff have been trained to check that the product conforms to the required quality standards and the customer verifies, by means of its own inspectors – also at the manufacturing site – that UNOAERRE's production corresponds to the requirements.

Moreover, customers demand both technical-productive compliance and observance of ethical and sustainability standards. For this reason, UNOAERRE frequently undergoes regular third-party audits to verify both the strictly technical aspects and organisational requirements. The needs of customers and consumers have gradually led UNOAERRE to join associations¹² whose objective is ethical conduct in the gold and silver sector and the adoption of good industrial practice. This has also led it to focus on the quality and sustainability of the raw materials used in its manufacturing processes¹³ by adopting the OECD guidelines on responsible sourcing.

¹² UNOAERRE was one of the first jewellery companies in Italy to be awarded Code of Practice certification (jewellery sector certification) by the Responsible Jewellery Council, an international association that defines and enforces the application of environmental, social and ethical standards for companies in the jewellery sector, from the extraction of precious metals to the production of jewellery.

¹³ The protocols adopted by UNOAERRE provide for a preliminary investigation into the origin of the materials acquired for processing, whether they are purchased directly by the company on the international market or supplied by third parties for processing.

Life cycle of a jewel

The essential creative side of UNOAERRE could not exist without its impressive production structure.

UNOAERRE receives “new” precious metals from banks, precious metal banks and customers in the form of ingots or pieces of pure material. These pure materials are alloyed with other chemical elements, which make up the alloy.

Production starts with ingots, that are melted with other elements in distinct proportions, allow the gold to become an alloy with different carats and characteristics. For example, the addition of copper, silver, palladium and other metals gives the precious alloys various degrees of hardness and colours, ranging from pink to red, green to yellow and white, depending on the needs of the target market and the mechanical properties required.

The alloy bars produced by the casting process go through the various processing stages to become the basic elements for making jewellery, following different processes depending on their shape. In most cases, however, the indispensable tool in these operations is still the expert hand of the human being who makes the piece of jewellery into the object of desire displayed in shop windows around the world.



In general, a piece of jewellery is typically made by working a metal and possibly adding more or less precious stones and/or enamels. In the vast majority of cases, jewellery is created from a number of semi-finished products (strips, wires, tubes) produced by transforming the cast metal using the typical processes of drawing or rolling.

In some cases, the semi-finished product is made of one part of precious alloy and one part of non-precious alloy (copper or iron) soldered together and called “placcatura”. The resulting piece consisting of two parts, one precious and one composed by base metal, provides the necessary strength to withstand numerous deformations. Furthermore, when the unique piece undergoes corrosion by acids, only the non-precious core melts resulting in precious alloy objects, the so-called “hollow” products, extremely light but of important dimensions.

The entire production process inevitably generates both trimmings and waste.

In fact, the “recovery” of precious metals is a particular feature of the jewellery sector, which anticipated the principles of the circular economy as a business opportunity, even more than an ethical one, because of the obvious need to minimise processing waste, that is, the amounts that would inevitably be lost in the manufacturing process. Swarf, processing waste and shearing scrap are recovered and sent for re-smelting in order to recover the precious metal in its pure state. All residues from cleaning the factory and everything that comes into contact with the precious materials are also set aside and subsequently treated in order to recover the precious metal they contain. In most cases, all waste or cleaning residues that may contain even a small amount of precious metals undergo the process known as refining, i.e. melting down the waste and breaking it down into its chemical elements. On the other hand, when the machining waste consists of a uniform fragment, which has been kept separate from other materials, it can be reused without refining, since it is a known, unpolluted alloy that can be safely reused in production.

The table below shows the quantities of pure gold and silver entering the company from banks, precious metal banks, customers and the refining process: UNOAERRE does not source products from mines. Brass and aluminium, on the other hand, are products sourced exclusively from alloy suppliers, since the company is not able to manage the recovery of copper and aluminium, and scrap from alloys of these metals is sold to third parties, again in order to ensure the circularity of materials.

Materials used (in Kg)	2021				2020		2019	
	UE Provenance	Extra UE Provenance	Total Quantity	Of which from certified source (RJC – LBMA)	Quantity	Of which from certified source (RJC – LBMA)	Quantity	Of which from certified source (RJC – LBMA)
Gold	15,176.81	253.22	15,430.03	13,727.53	9,529.48	8,793.55	13,988.20	12,381.62
Silver			33,619.29	19,345.18	24,010.81	12,428.02	31,887.99	-
Aluminium			24,600.00		18,000.00	-	32,100.00	-
Brass			144,800.00		53,700.00	-	93,700.00	-

Finally, it should be noted that the certifications mentioned refer to “ethical” sourcing: 100% of precious and non-precious materials are certified by the supplier in terms of quality, with regard to the purity of the material.

The table below shows the amount of precious raw material used that is produced by the refining process:

Raw Material used from refining (in Kg)	2021		2020		2019	
	Quantity	Percentage ¹⁴	Quantity	Percentage	Quantity	Percentage
Gold	7,323.78	47%	4,980.94	52%	7,397.25	53%
Silver	5,821.90	17%	5,001.10	21%	6,827.29	21%

However, it must be borne in mind that some segregated and uniform processing “scraps” can be melted down as they are and fed back into the production process. In 2021 the amount of “scraps” not subject to refining, but reusable as they were, amounted to 11,067.38 Kg of gold, representing 58% more than in 2019, being the year 2020 non representative due to the pandemic lockdown.

Casting material (in Kg)	2021	2020	2019
Gold	25,240.53	15,935.29	22,735.17

As a result of reusing “scraps” and sending quantities of pure metal for processing to external companies, the quantities indicated as “casting material” obviously do not match and are not comparable with the quantities indicated in the above tables, which show the quantities of raw material sourced.

As far as the future is concerned, UNOAERRE believes it must continue along the lines mapped out and refined over many years of activity in the sector, continuing to pursue the objectives of quality, ethics and sustainability.

¹⁴ Percentage calculated as relationship between raw material reused after refining and raw material used in the production process.

Metal bank

UNOAERRE's in-house metal bank, which is responsible for the purchase and trading of industrial gold, is undoubtedly an exclusive service for customers¹⁵. By purchasing the precious metal from UNOAERRE (in addition to the manufacturing) instead of from other suppliers, they can significantly reduce logistical and organisational complexity, with economic and organisational savings in terms of lower transport, insurance and security costs, while still enjoying professional, transparent and competitive treatment in the purchasing of precious metals.

Customers can be sure of being charged a fair price on precious raw materials, in line with international market quotations, thanks to the constant monitoring by the in-house operator of the trend of gold, silver and palladium quotations in the major currencies on the "Thomson Reuters" computerised platform (one of the most important in the world and an "info provider" available to the company).

The Metal Bank is also responsible for supplying precious metals to the plant's production cycle. It is able to guarantee not only the cost-effectiveness of purchases, but also the selection of procurement sources, providing detailed evidence of the legitimate and responsible origin of the materials in question and contributing to the traceability of incoming materials. Precious raw materials are purchased, also on behalf of customers, from sources that can guarantee their legitimacy and their origin in territories that are not involved in conflicts; the presence of the in-house Metal Bank, together with the verification, including physical testing, of the Metal Accounting Office, with its specific procedure for incoming substances, allows UNOAERRE to provide its customers with guarantees that meet the requirements of traceability and good industrial practice demanded by its primary customers with regard to the ethical nature of the production chain.

¹⁵ Only very few jewellery companies have an in-house metal bank.



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06 People

“In relation to the particular activity carried out by UNOAERRE Industries, the company considers human resources to be its primary competitive factor. For this reason, it seeks to protect and value them in every way, while safeguarding the moral and personal convictions of each individual”¹⁶.

UNOAERRE is keenly aware that a company is made up, first and foremost, of the people who work for it: indeed, human capital is the main resource available to management and shareholders, and the success of the company depends on it. In keeping with this approach and consistently with the objective financial and market reality, the Company has always sought to recruit a mix of young people, with their enthusiasm and desire to work, as well as professionally trained people, although not necessarily in the same sector.

The company has always paid particular attention to the welfare and general well-being of its employees. Starting in the 1960s, which coincided with the national and corporate “boom”, UNOAERRE created and provided financial support for an employees’ club, which for decades guaranteed scholarships for the most promising children of workers, banking and insurance agreements, an in-house banking booth, the sale of basic necessities and company products at preferential prices and a canteen service for all employees at a nominal price. All of this has been partly reduced as the workforce has shrunk, but the company still provides a subsidised canteen, ATM banking, the sale of company products, as well as company welfare services, including health care for all employees and their dependents, the free distribution of spending vouchers (on top of those provided for contractually), the presence of a doctor and a nurse at scheduled times and other small benefits for employees.

The persistence of the pandemic in 2021 didn’t induce UNOAERRE to diminish its welfare standards, it continued to guarantee the canteen service, spaces equipped for the consumption of meals brought in independently by employees, company bonuses and spending vouchers. It also paid out social security in advance, increased the value of the spending vouchers issued, helped employees reconcile family and work needs by means of special leave and smart working, and, as far as possible, allowed parents with school-age children to work flexible hours.

It also sought to provide health and prevention services that would bring reassurance to the working environment, which was threatened by the progression of Covid 19, by periodically and frequently swabbing all employees and regular contractors so that operations could run as smoothly and profitably as possible.

Among other things, the management, aware of the deterioration of sociability during the pandemic period also in the working environment, replaced the traditional end-of-year meetings with the staff with a pre-holiday meeting in the open areas of the plant in order to maintain the human sharing climate that has always characterised the company.

¹⁶ UNOAERRE Industries S.p.A. Internal Company Regulations – Revision of 13 September 2021.

Staff composition and turnover

At the end of 2021 the company's human resources consist of 312 people, among which 39.7% are women, all hired with permanent contracts; the significant increase in the workforce is partly due to the incorporation of the subsidiary ECLAT S.r.l., which resulted in UNOAERRE taking over all the staff of the merged company as of April 2021, but also in a necessary reinforcement of certain corporate sectors.

Although not compulsory, to the employees of the merged company ECLAT S.r.l. was extended in full the same treatment as that of the personnel of UNOAERRE INDUSTRIES S.p.A..

It is maintained the absolute predominance of full-time employment contracts in the total workforce with a figure perfectly in line with the previous year, only 6.7% of employees, mainly women, are employed with a part-time contract.

Employees by type of employment and contract	2021			2020			2019		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Fixed term	4	2	6	1	-	1	-	-	-
Permanent	120	186	306	100	177	277	100	183	283
TOTAL	124	188	312	101	177	278	100	183	283
Full time	104	187	291	85	175	260	83	181	264
Part time	20	1	21	16	2	18	17	2	19
TOTAL	124	188	312	101	177	278	100	183	283

In 2021 the composition of the workforce by type of classification stays stable: it is confirmed that 70% of the company's workforce falls into the blue collar category, while white collar workers make up about 25% of the organisation's employees; in top-level positions, a part from voluntary leave due to age limit, there are 4 women in the position of Executives and 9 men, respectively 2 managers and 7 Executives.

In the company there are also 17 employees belonging to protected categories (6 women and 11 men) among whom 3 white-collar workers and 14 blue-collar workers.

Employees by job classification	2021			2020			2019		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Managers	-	2	2	-	3	3	-	4	4
Executives	4	7	11	4	7	11	4	7	11
White collars	46	33	79	40	29	69	39	31	70
Blue collars	74	146	220	57	138	195	57	141	198
TOTAL	124	188	312	101	177	278	100	183	283

UNOAERRE preserves its nature of a relatively "youthful" company that places high value on talents, as demonstrated by the fact that around 54% of its staff are under 50 years of age.

Employees by age group	2021				2020				2019			
	<30 years	30-50 years	>50 years	TOTAL	<30 years	30-50 years	>50 years	TOTAL	<30 years	30-50 years	>50 years	TOTAL
Managers			2	2	-	-	3	3	-	-	4	4
Executives		1	10	11	-	1	10	11	-	2	9	11
White collars	3	35	41	79	1	31	37	69	-	36	34	70
Blue collars	39	90	91	220	26	91	78	195	24	97	77	193
TOTAL	42	126	144	312	27	123	128	278	24	135	124	283

In accordance with its ethical principles, it applies the national collective labour agreements rigorously and in full, in particular the NCLA for the gold, silver and jewellery industry and the NCLA for industrial company managers. Alongside the national contract, signed by the company and the workers' representatives, each year there is also a company supplementary agreement, which includes both fixed and variable bonuses depending on the operating performance.

Lastly, the company also works with numerous contractors in various professional fields, such as specialised maintenance workers, especially in plant engineering, sales agents and freelancers. On the occasion, it has also made use of temporary work. At the same time, the company has been working for years with local schools and universities to select and recruit talented young graduates. There is also an agreement with these institutions to allow students in their final years to undertake work experience placements, both in the mechanical sector and in the workshop.

External contractors	2021			2020			2019		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Agents and representatives	1	16	17	1	12	13		9	9
Temporary/Agency workers	5	4	9	-	1	1	1	2	3
Placement	2		2	-	3	3	-	4	4
Interns	1	1	2	-	1	1	-	1	1
TOTAL	9	21	30	1	17	18	1	16	17

As regards the recruitment of employees, UNOAERRE makes use of external recruitment agencies, which are particularly helpful in the search and pre-selection of specific professionals as well as for lower-level staff. In 2021, UNOAERRE strongly pushed ahead with the generational change of its human resources, recruiting new staff for the specialist functions necessary for its progress and activity expansion. A total of 44 resources were added to the workforce, 38% of whom were young people under 30, whereas 10 employees left the company, 7 of whom were over 50. It is important to specify that the increase of 44 new units is partly due to the incorporation of the company Eclat, from which 17 units were added without interruption in the merging staff.

Turnover 2021	Women	Men	TOTAL	<30 years	30-50 years	>50 years
Employees as of 31.12.21	124	188	312	42	126	144
New recruitments	26	18	44	17	15	12
Leavers	3	7	10	1	2	7
NEW HIRE RATE	8%	6%	14%	40%	12%-	8%
TURNOVER RATE	3%-	2%	5%	2%	2%	5%

In the medium and long term, UNOAERRE intends to pursue a policy of enrolment of young staff and training of high school and university graduates as well as training its existing personnel.

Training

UNOAERRE has always aimed at continuous improvement, through a policy centred on human capital that not only allows the creation of internal reciprocity for greater cooperation aimed at shared improvement, but also with the aim of developing continuously innovative production processes, giving its employees the opportunity for professional growth, thus preserving the tradition that has shaped the company history.

The company has always been particularly sensitive to the training, education and instruction of its staff regarding health and safety in the workplace, to the training and updating of the members of the Prevention and Protection Service, and of the Workers' Safety Representatives, providing dedicated training and continuous periodic updates, with particular focus on tasks with specific risks (e.g. mobile lift platforms, fork-lift trucks, First Aid staff, fire-fighting staff).

During year 2021, even if the emergency had not yet ended, it was possible to restart the training sessions in presence with the limitations provided in the anti-Covid dispositions. In particular, training and/or refresher courses were also implemented, where possible, in online video-conferencing and/or asynchronous distance learning mode, enabling the continuation of the professional training of its employees.

In addition to health and safety, the company is particularly focused on the quality of products and services offered to its customers, relying also on the in-house Chemical Laboratory accredited according to UNI EN ISO/IEC 17025:2018. Therefore, UNOAERRE also pursues a policy of training on the specific skills of laboratory staff, through continuously updated training courses. In parallel, high-level marketing and management training was also provided, in line with the commercial policy adopted.

The professionalism and knowledge of UNOAERRE personnel is also demonstrated by their participation as UNI technical experts in the "gemstones and precious metals" working group since 2016 and by the appointment of the company to the Italian representation in the ISO/TC174 "Jewellery and precious metals" international working group.

In 2021, thanks to the instruments supplied by "Fondimpresa" and to the slackening of the measures against Covid, a total of 900 hours of training were provided (compared to 616 hours of training in 2020), mostly addressed to white and blue-collar workers, respectively 65% and 89% on the total of the training hours.

Hours of training provided	2021			2020			2019		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Managers	-	32	32	-	16	16	-	16	16
Executives	-	-	-	-	-	-	24	154	178
White collars	18	41	59	51	55	106	152	224	376
Blue collars	232	577	809	112	382	494	200	504	704
TOTAL	250	650	900	163	453	616	376	898	1.274

The primary aim of the company is to continue with regular updating of training for specific tasks as well as to intervene promptly in training as needs arise. Over time, the need has also grown to implement internal training courses for the different professional figures, with a focus on courses for the use of techniques and machinery as well as product and process quality

control: 4,525 hours were dedicated to the professional development of personnel in the financial year 2021.

Further improvements in the training of UNOAERRE staff have interested the area of the RJC COC 2017 guidelines concerning the "traceability of the product", a standardised process that allows monitoring of the production cycle from the raw material to the finished product, guaranteeing the results required under the quality policy. In addition to this, the coming into force of the EU Regulation 2017/821 made necessary the education of the involved personnel. There will also be constant updates that will track technical developments, such as laser punching, which until a few years ago was not even considered from a technical or legislative point of view.

Health and safety

UNOAERRE pays particular attention to the safety of its staff, both internal and external, by implementing all the necessary activities to prevent and minimise the risks associated with their work. Compliance with regulations, the provision of PPE and worker safety are therefore considered to be cornerstones of company operations.

The company was a pioneer in protecting and safeguarding the health and safety of its workers. From the mid-1960s, it started to assess, quantify and mitigate risks in the workplace and set up an internal risk management service, including a health service with the physical presence of a nurse and doctor in the company. Over the years that followed, UNOAERRE became a local benchmark, also for supervisory bodies, continuing its pioneering tradition and becoming one of the first companies in Arezzo to voluntarily install- in the San Zeno plant - a semi-automatic defibrillator and train an internal team of operators that are qualified to use it.

The organisation's focus on health and safety issues is now part of the company's cultural legacy, which continues to this day through strict compliance with all applicable regulations. All the procedures and policies necessary to ensure the health and safety of employees have been put in place: from collective protection systems (localised and centralised ventilation) to Personal Protective Equipment (PPE), from the maintenance and inspection of machinery and equipment to the periodic visit of the Company Doctor, who carries out health surveillance in collaboration with the plant's nursing service. The prevention and protection service was also set up, with the corresponding key roles for each site: the Prevention and Protection Service Manager (RSPP), the Company Doctor (MC) and the Workers' Safety Representatives (RLS).

All risks associated with production activities (and non only those) are assessed and defined also on the basis of changes in production processes and working environments. In order to quantify, reduce and mitigate them, the Risk Assessment Document (DVR) is periodically updated. Based on this document, the actions to be taken, the personnel in charge and the times of implementation are identified following the continuous improvement program on health and safety aspects. On the other hand, the management of situations (or potential situations) of particular importance in terms of health and safety in the workplace as well as organisational aspects are monitored through specific written operating instructions (procedures). In 2021 the company has been particularly busy in collecting data and analysis of all the risk factors in order to realize a new revision of the DVR – the Risk Assessment Document- to be published in the first months of 2022.

UNOAERRE punctually monitors the working environment with both individual and environmental sampling of the substances used during processing and the analytical results reveal values below the Threshold Limit Value (TLV)¹⁷. Particularly critical areas (in terms of quantity

¹⁷ Environmental concentrations of airborne chemicals below which it is considered that most workers can remain exposed repeatedly day after day, for a working lifetime, without any adverse health effects.

and level of hazard of a substance) are equipped with an innovative computerised system for continuous monitoring and recording of critical parameters (nitrogen oxides and hydrochloric acid) and also with a remote alarm.

The company is also particularly active regarding dialogue with workers' representatives, through periodically scheduled meetings that take the form of a "periodic safety meeting", periodic evacuation drills and emergency team drills (first aid and fire fighting). It pays particular attention to the training, instruction and education of its staff – again in terms of health and safety in the workplace – through the implementation of the training programme shared with workers' representatives.

UNOAERRE has been monitoring accidents and occupational disease trends for nearly 50 years, gathering annually all the different indices (incidence rate, frequency and severity). All this encourages the company to persevere in its prevention and protection actions, continuing to update and implement the continuous improvement plan with the aim of increasing – or at least maintaining – the rate of decrease of these indices.

In 2021 six workplace accidents were recorded with a total period of temporary incapacity of 62 days. There were no fatal or serious accidents, and only one case was originated from the use of machineries (with a period of incapacity of only 10 days), while for all the others the accidents occurred due to the distracted handling of objects or substances. The number of accidents accounted is in line with the years before the lock-down, with duration and severity indices almost unchanged (in 2021 it was equal to 11.7 whereas in 2020 it was 10.38). Incidence and frequency rates registered only a slight increase. The rate of the registrable workplace accidents is 11.7.

WORKPLACE ACCIDENTS and OCCUPATIONAL DISEASES¹⁸	2021	2020	2019
Fatal accidents	-	-	-
Serious accidents	-	-	-
Non-serious accidents	6	3	5
Number of worked hours	514,850	372,648	481,576

Awareness regarding accident prevention also extends to the relationships with suppliers working in the company, which are managed through an interference risk assessment or Safety and Coordination Plan (DVRI or PSC).

Pending the updating of the national legislation, the Company continues to apply – since March 2020 – the prevention and protection measures in the respect of the principles of precautionary and proportionality, as well as the competent institutional decisions to contrast the pandemic by viewing and applying the internal protocol "Protocollo condiviso di regolamentazione delle misure per il contrasto e il contenimento della diffusione del virus Covid 19 negli ambienti di lavoro". The implementation of the protocol, shared between the RSL, the Competent Doctor and the trade union RSU, has led, since its adoption, to technical interventions (such as the creation of barriers to maintain minimum interpersonal distances, sanitisation of all environments) and has taken concrete form over time with monitoring and prevention interventions through rapid antigen tests campaigns for all the employees and third-party personnel with a regular presence in the company.

In order to allow employees to safely use the company canteen and the available areas (relaxation areas and changing rooms), UNOAERRE maintains three different canteen lunch

¹⁸ The data has been calculated on the base of 1,000,000 worked hours

shifts and continues to guarantee the interpersonal spacing and sanitisation of the relaxation areas destined to the staff meal consumption as well as access to the changing rooms.

07 Environment

UNOAERRE has always been highly motivated by respect for environmental resources and compliance with the relevant national and regional regulations. In this case too, the company's foresight is rooted in the late 1990s, with the establishment of its "Ecology Service", whose main tasks include managing environmental risks (emissions, waste, discharges) while constantly monitoring the situation with dedicated analyses and checks.

All company plants with possible impacts on environmental compartments are designed and built with highly automated systems and with systems that lock them down if critical values are exceeded and/or values are encountered that do not allow full compliance with the limits of the authorisation granted. Furthermore, the management of conditions with a potential impact on the environment, as well as the identification, assessment and review of environmental aspects are organised, implemented and monitored through internal organisational procedures that are strictly observed by all company staff.

Consumption

◆ ENERGY CONSUMPTION

In the financial year 2021, the total energy consumption, also taking into account the detached production unit in Ceciliano, amounted to 16,996.3 GJ (diminishing compared to 2020), of which approximately 86% was related to the purchase of electricity for offices and production departments; while natural gas consumption for heating and automotive fuel contributed for the remaining 14% in equal parts.

At present, after a period of momentary suspension due to bureaucratic problems, unrelated to the company's decision-making process, UNOAERRE is working to the installation of photovoltaic panels of over 1 MW. The project concerns the San Zeno production site and is already at an advanced development stage, it will help to transfer the energy consumption more towards renewable energies.

Fossil fuel consumption	2021		2020		2019	
	Consumption	TOTAL GJ	Consumption	TOTAL GJ	Consumption	TOTAL GJ
Natural gas (m ³)	399,760	1433	266,620	955,6	322,871	1,157
Automotive fuel for the company fleet						
Diesel (l)	25,136	913,7	20,961	754	30.090	1,083
Petrol (l)	1,184	38,6	570	19	1.139	37
TOTALE CONSUMPTION GJ		2,385,3		1728,6		2,277

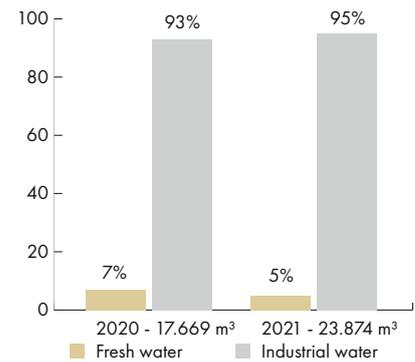
Purchased electricity consumption (KWh)	2021		2020		2019	
	CONSUMPTION	TOTAL GJ	CONSUMPTION	TOTAL GJ	CONSUMPTION	TOTAL GJ
Electrical energy purchased from NON-RENEWABLE SOURCES	2,230,658	8,030	3,350,509	12,062	4,112,633	14,806
Electrical energy purchased from RENEWABLE SOURCES	1,828,035	6,581	2,312,003	8,323	2,837,904	10,216
TOTAL CONSUMPTION GJ	4,058,693	14,611	5,662,512	20,385	6,950,537	25,022

◆ WATER CONSUMPTION

With regards to the protection of the “water” environmental compartment, UNOAERRE has opted for the absolute preservation of groundwater and the protection of surface water resources, satisfying its water needs through the priority use of industrial grade water, limiting drinking water to the bare minimum.

In 2021, a total of 23,874 m³ of water were withdrawn and consumed, similar to the consumption of the years prior to 2020 (hardly significant as it was affected by the closure period due to the Covid 19 pandemic), of which 22,596 m³ from private aqueducts and the remainder from municipal water service providers. The percentage is in line with the previous years, despite the enlargement of the production unit of the Ceciliano site.

For the future, the installation of an evaporator at the San Zeno facility is being evaluated with the aim of reusing water resources and, at the same time, reducing the use of resources extracted from the subsoil.



Emissions

Given the nature of its business, UNOAERRE is particularly sensitive to the protection of the “air” compartment and to the release of gaseous substances into the environment. This is why it implemented a programme since a very long time to replace the facilities that use hazardous volatile organic substances with substances that pose little or no risk.

Consumption and the subsequent production of greenhouse gases are constantly monitored. The atmospheric emission points of the factory are included in the monitoring, maintenance and verification programme and are constantly checked in order to maintain their effectiveness and efficiency.

During 2021, UNOAERRE emitted a total of 1,882 tons of CO₂ equivalent* into the atmosphere, which can be broken down as follows:

Emissions of CO ₂ equivalent	2021	2020	2019
SCOPE 1			
Direct emissions from fuels for heating, incineration processes and the company vehicle fleet	501	580	716
SCOPE 2			
Indirect emissions from energy consumption associated with the use of electricity	1,381	1,931	2,429
Total	1,882	2,511	3,145

* only carbon dioxide (CO₂) was taken into account in the calculation

None of the emission points of the facility exceeded the limits permitted in the authorisations, also thanks to the internal monitoring and process control activities that enabled high performance standards to be achieved.

Waste management

As far as waste management is concerned, UNOERRE has employed resources and capital for some time to organise differentiated waste collection within the plant and to create specially equipped areas signposted for the storage of special waste, pending its transfer to an authorised disposal plant.

In general, waste is carefully sorted within the organisation and preference is given to systems that perform material recovery operations, thereby minimising the amount of waste sent for disposal. For the management of special hazardous waste, a consultant has been appointed for the safety of the transport of dangerous goods, who carries out checking and monitoring of regulatory compliance and of the operating methods applied to this activity on behalf of the company.

During the year, the company produced a total of 1,076 tons of waste, of which 53% was hazardous waste, consisting mainly in spent acids from the production cycle (about 40%).

Tons of waste produced	Activity Code	2021			2020			2019		
		Hazardous waste	Non hazardous waste	TOTAL	Hazardous waste	Non hazardous waste	TOTAL	Hazardous waste	Non hazardous waste	TOTAL
HCl recycling*		248	-	248	220	-	220	680	-	680
Composting	D8	-	26	26	5	12	17	19	27	46
Recovery, including energy recovery	R3, R4, R5, R6	144	180	324	31	316	347	56	442	498
Incineration	D10	2	-	2	2	-	2	1	-	1
Storage on site	R13, D15	87	56	143	29	58	87	18	76	94
Disposal	D9	93	240	333	10	93	103	52	206	258
TOTAL		574	502	1,076	77	479	556	826	751	1,577

* the recycling portion refers to the production of aqueous acid solution for hydrochloric acid containing iron chloride, which is sold as a by-product and not enclosed in the waste management system.

Concerning effluents discharge, the UNOERRE San Zeno site has its own chemical-physical treatment plant, which is subject to mandatory annual checks; however, these checks are supplemented by voluntary periodic monitoring of the quality of the discharged water, in order to maintain compliance with the discharge limits set out in the single environmental authorisation. In 2021, the company discharged a total of 11,647 m³ of wastewater into the public sewer network, in slight increase if compared to the years before 2020 (scarcely representative due to the closure period originated by the Covid 19 pandemic), divided as follows: 10,280 m³ of industrial effluent (about 88%) and 1,367 m³ of domestic effluent (about 12%). The increase is partly generated by the incorporated Ceciliano production unit.

08 Annexes

Note on methodology

The framework within which the company's vision and strategy are currently positioned cannot overlook sustainability as an element of competitive advantage, which allows it to consciously guide the choices of the market and stakeholders.

Hence UNOAERRE's decision to draw up its first Sustainability Report, demonstrating the organisation's commitment to integrating issues such as innovation and creativity, but also the personnel management and respect for the environment into its business model, in order to ensure increasingly complete and transparent communication with all its stakeholders.

With this document, we therefore wish to convey how UNOAERRE's human, economic and intellectual resources are managed and employed to achieve the objective of sustainable development over time.

◆ REPORTING PROCESS AND REPORTING BOUNDARY

Non-financial reporting is a voluntary exercise for UNOAERRE since, pursuant to Italian Legislative Decree 254/2016, it is not one of the large public interest entities that are required to report on their non-financial performance.

This Sustainability Report describes the initiatives and results in the economic, social and environmental spheres with reference to the year 2021 in comparison, where possible, with the results obtained in 2020 and 2019. It was drawn up following the guidelines of the GRI Sustainability Reporting Standards (GRI Standards) – "Core" option – issued in 2016 by the Global Reporting Initiative (and following updating).

The data and information presented refer to UNOAERRE Industries S.p.A. and are obtained from direct observation; where it has not been possible to obtain the data or it is only an estimate, we have appropriately indicated it in the document.

◆ CONVERSION AND EMISSION FACTORS USED

For the calculation of greenhouse gas emissions, only carbon dioxide (CO₂) emissions were considered, calculated using the conversion and emission factors published by the Ministry of the Environment and Protection of Land and Sea (MATTM) and ISPRA.

Energy source	GJ conversion factor	CO ₂ e emission factor	Source
Electrical energy (KWh)	0,0036 (GJ/KWh)	Natural gas: 368 (gCO ₂ /KWh) Coal: 870 (gCO ₂ /KWh) Petroleum products: 548 (gCO ₂ /KWh) Nuclear: 1.178 (gCO ₂ /KWh)	ISPRA report 303/2018
Natural gas (Sm³)	0,03584 (GJ/Sm ³)	1.972 (tCO ₂ /Sm ³)	MATTM-ISPRA Prot. 5677 del 7/2/19
Diesel (l)	0,0361 (GJ/l)	3.155 (tCO ₂ /l)	MATTM-ISPRA Prot. 5677 del 7/2/19
Petrol (l)	0,03259 (GJ/l)	3.14 (tCO ₂ /l)	MATTM-ISPRA Prot. 5677 del 7/2/19

GRI Content Index

GRI STANDARD		PAGE NUMBERS /NOTES
GENERAL DISCLOSURE		
102-1	Name of the organisation	5
102-2	Activities, brands, products and services	27-32
102-3	Location of Head office	Loc. San Zeno Strada E n. 5, 52100, Arezzo
102-4	Place of business	27
102-5	Ownership and legal form	5-6
102-6	Markets served	27-29
102-7	Size of the organisation	22-25 / 35-37
102-8	Information on employees and other workers	35/38
102-9	Supply chain	23/25
102-10	Significant changes to the organisation and its supply chain	During the reporting period no significant changes were registered
102-11	Precautionary principle	18-19 / 39-42
102-12	External initiatives	11-12
102-13	Membership of associations	The Company is a member of Confindustria, as a member of the Toscana Sud territorial association. It is also an active member of the FEDERORAFI trade section of Confindustria. It is a member of the Fondazione Polo Universitario Aretino and an associate of the UNI body for the development of industrial standards.
102-14	Statement by a senior manager	3
102-15	Key impacts, risks and opportunities	20-21 / 39-42 / 48
102-16	Values, principles, standards and rules of conduct	3 / 7-9
102-18	Governance structure	8
102-40	List of stakeholder groups	23-25 / 48
102-41	Collective bargaining agreements	36
102-42	Identification and selection of stakeholders	13
102-43	Approach to stakeholders engagement	13 / 20
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102-52	Frequency of Reporting	45
102-53	Contact details for enquiries about this report	dato GRI N.D.
102-54	Statement on reporting in accordance with GRI Standards	45
102-55	Index of GRI contents	46-47
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	20-21 / 48
103-2	Management approach and its components	8-11 / 15-18 / 23-26 / 29 / 30-32 / 36-38 / 42-44
103-3	Assessment of management approaches	8-11 / 15-18 / 23-26 / 29 / 30-32 / 36-38 / 42-44
SPECIFIC TOPIC		
201-1	Economic value directly generated and distributed	22-23
204-1	Proportion of expenditure to local suppliers	25
205-2	Communication and training on anti-corruption policies and procedures	Both the "Company Policy Principles" and the "Company Regulations" are circulated to the entire company population, but no specific anti-corruption training is provided.
205-3	Incidents of corruption detected and action taken	No cases of corruption were recorded in the two years in question.
301-1	Materials used by weight or volume	32-33
302-1	Energy consumed within the organisation	42
303-1	Interaction with water as a shared resource	43
303-3	Water abstraction	43
303-4	Water discharge	43
303-5	Water consumption	43
305-1	Direct GHG emissions (Scope 1)	43-44
305-2	Indirect GHG emissions from energy consumption (Scope 2)	43-44
306-1	Water discharge by quality and destination	43
306-2	Waste by type and disposal method	44
308-1	New suppliers assessed using environmental criteria	No suppliers were selected using environmental criteria during the reporting period.
401-1	New hires and turnover	36-37
403-1	Occupational health and safety management system	39-41
403-5	Training of workers on health and safety at work	38
403-9	Accidents at work	The rate of recordable accidents at work is 10.38.
403-10	Occupational illnesses	39-40
404-1	Average annual training hours per employee	38-39
405-1	Diversity in governing bodies and among employees	8/ 35-38
406-1	Incidents of discrimination and corrective measures taken	During the two-year period under review, UNOERRE did not report or become aware of any episodes of discrimination of any type or episodes of mobbing or harassment of any kind.
412-3	Investment agreements and significant contracts that include human rights clauses or that have undergone a human rights assessment	In all contracts governing productive partnerships, UNOERRE requires compliance with its code of ethics and the RJC ethical principles.
414-1	New suppliers assessed using social criteria	No suppliers were selected using social criteria during the reporting period.

Correlation table

For each material topic, the GRI Aspects and the boundary of the actual and potential impacts that are generated and/or experienced by the organisation are shown below.

SCOPE	MATERIAL TOPICS	GRI STANDARD	BOUNDARY OF IMPACTS	
			INTERNAL	EXTERNAL
Governance	Responsible governance and anticorruption	205-2 205-3	Group	Suppliers Bodies and Institutions
Economic responsibility	Economic performance and distribution of economic value generated	201-1	Group	Investors Customers Suppliers Community Bodies and Institutions
Sourcing	Responsible sourcing: traceability of raw materials	102-9 102-10 204-1 308-1 414-1	Group	Suppliers Investors Customers
Human capital	Health, safety and welfare of employees	403-1 403-5 403-9 403-10	Group	Customers Suppliers Bodies and Institutions
	Diversity and inclusion	405-1 406-1 412-3	Group	Investors Suppliers Bodies and Institutions
	Attracting and developing human capital	102-8 102-41 401-1 404-1	Group	Investors Suppliers Bodies and Institutions
Product	Product quality	102-2 103-2	Group	Suppliers Customers
	Product life cycle and recyclability	301-1 301-2	Group	Suppliers Customers
	Creativity and innovation	103-2	Group	Customers Suppliers Bodies and Institutions
Environment	Direct and indirect environmental impacts	302-1 303-1 303-3 303-4 303-5 305-1 305-2 306-1	Group	Customers Suppliers Community Bodies and Institutions
Community and territory	Structured relationship with the social and business fabric of the territory	102-6	Group	Investors Community Bodies and Institutions