

UNOAERRE

ITALIAN JEWELLERY



SUSTAINABILITY REPORT **2020**

Table of contents

01	Letter to stakeholders	2	05	Product	22
02	Identity and governance	4		The Italian goldsmith's art according to UNOAERRE	23
	History	4		Product quality	25
	Mission, vision and values	6		Jewellery life cycle	26
	Organisational structure and governance.....	7		Metal bank.....	28
	Transparent business management	7	06	Personnel	29
	UNOAERRE and the social sector	8		Staff composition and turnover	29
	Engaging with stakeholders	11		Training	32
				Health and safety	33
03	Sustainability approach	12	07	Environment	35
	Sustainability for UNOAERRE	13		Consumption.....	35
	Traceability of raw materials and the production process	13		Emissions	36
	Responsible sourcing.....	14		Waste management	36
	Management systems and certifications.....	15	08	Annexes	38
	Materiality analysis	17		Note on methodology.....	38
04	Economic performance	18		GRI Content Index.....	39
	Distribution of value created.....	18		Correlation table	41
	The supply chain	19			
	Relationship with local businesses.....	21			

01 Letter to stakeholders

Dear stakeholders, UNOAERRE has always viewed its business activities as a productive organisation with a deep connection to the surrounding social, environmental and cultural context. For this reason, since its foundation, it has instinctively embraced values of respect and protection of human rights, the environment, the dignity and safety of its human resources, while pursuing economic success through actions that respect not only laws and regulations, but also the moral integrity and personal responsibility of itself and its stakeholders.

The publication of the 2020 Sustainability Report marks the start of a significant new chapter in the history of UNOAERRE: it is considered as essential to highlight the path being taken towards improving levels of environmental and social sustainability, by drawing up a specific document that enables the company to monitor its initiatives across the many areas in which it is involved and to highlight them in its industrial relations. This report is a concrete demonstration of the Company's desire to focus increasingly on sustainability in its medium- to long-term corporate strategy and to listen increasingly to all stakeholders.

The basic goals of the organisation remain unchanged, with a renewed vocation to share and to be a consciously motivated leader in pursuing the objectives of the circular economy and the ethical values of industrial activity:

- ◆ constant pursuit of product quality and the guaran-

tee 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.

Its characteristic as an enterprise that "budded" into the creation of Italy's primary goldsmith district, generating and stimulating wealth and prosperity in the local area while exemplifying the concept of the industrial hub,

continues to embody Marshall's idea that a multitude of small and medium-sized enterprises can achieve the same production efficiency as a monolithic manufacturing plant.

Today, UNOAERRE continues its role as the driving force behind the goldsmith district, not only as an economic and productive concern, but also as a family, political and social environment, seeking to direct growth towards common and shared goals for

improvement.

Although 2020 was an exceptionally critical year due to the Covid 19 pandemic, we believe that the company's values of looking after human capital and its ability to generate trust across the productive and social fabric are all the more important.

The company is convinced that it can only develop by conducting its business and its relations by implementing and promoting principles of environmental, ethical and social sustainability shared across its internal organisation, so as to become a driving force for all external entities with which it comes into contact and to contribute to the improvement and welfare of the community.

UNOAERRE invested considerable financial and organisational resources in focusing on the health of its staff and everyone coming into contact with the company. This approach allowed it to stay firmly on course to restart activity as soon as the period of forced closure would be over, and to protect the company's operations throughout the subsequent period of difficulty during which the epidemic would remain a looming threat.

The company kept its relationships alive, even during the period of forced closure, managing to provide signals of presence and reassurance to those relying on it, reinforcing hopes of a rapid restart and of resilience in the face of the emergency.



02 Identity and governance

UNOAERRE has developed a business model that reconciles a productive organisation's quest for economic success with the cultural and human development of its staff and of the entire community of which it is a part.

Attention to these values has greatly contributed to achieving positive results, even at this time of great economic and social uncertainty that the pandemic has caused in this country and throughout 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. Its efforts at improvement have continued even throughout the turbulence of 2020, managing to achieve further certifications and goals of compliance with increasingly specific ethical standards.

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.

UNOAERRE's character has always been marked by 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 brand 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 inter-company 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 Arrangement with Creditors.

Despite this, 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 UNO AERRE 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.

Historical company brands



UNO AERRE
ITALIAN JEWELLERY

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.

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”.

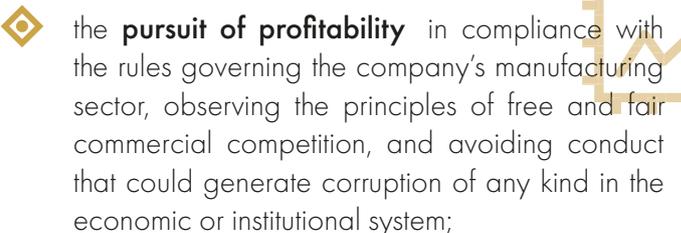
VALUES:

“Strict adherence to 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”.

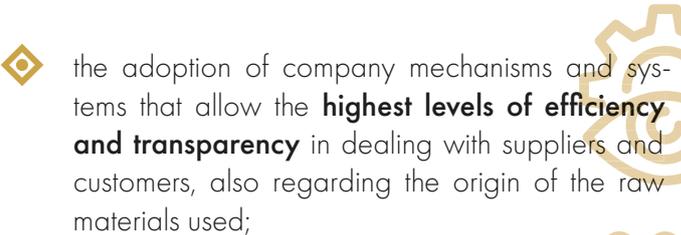
The company continues to focus on consolidating its industrial and commercial activities, pursuing goals of transparency and reliability both of its products and in its social and industrial relations. It therefore bases its values not only on the highest guarantees of the quality and quantity of the 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.

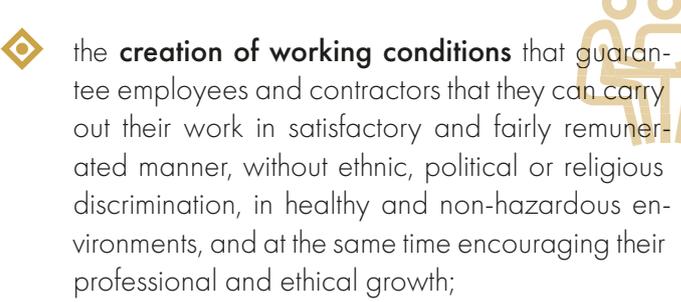
Today, UNOAERRE is augmenting this historic commitment with meticulous checking of the sources of the raw materials it uses to ensure that they comply with OECD guidelines on the responsible sourcing of precious metals.

In 2014, UNOAERRE’s Board of Directors approved the Principles of Corporate Policy¹, which embody the values and ethical principles that govern all 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;
- 

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;

¹ For more information, please refer to the “Documents and Certifications” section at <https://www.unoaerre.it/it/chi-siamo/>

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.



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.

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%

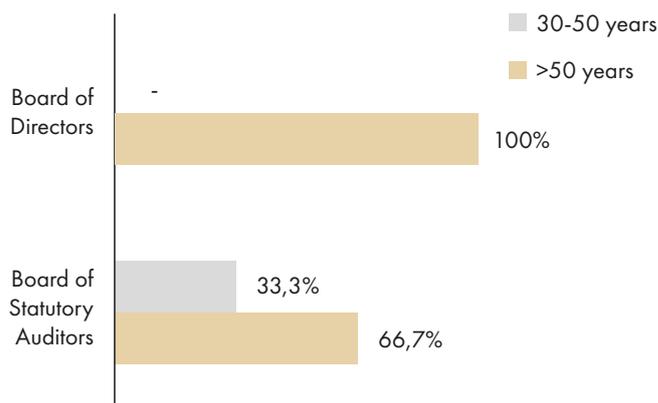
Organisational structure and governance

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. The Board of Directors in office for the year **2020** is made up 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

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 "finesse" 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.

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 with differentiated price lists depending on the type of customer with which it is doing business (wholesalers, retailers, etc.) and offers preferential purchasing conditions at its company outlet, which are officially known and applied equally to all employees, contractors and parties to special purchasing agreements. It should also be noted that there are two distinct components in the prices of precious metal products: manufacturing and the precious raw material.

If, instead of a comprehensive unit price (a price that already includes the incorporated raw material), products are sold with an explicit distinction between the value of the raw material and the manufacturing price, the two components of the price are formulated for the customer by two different departments: the treasury (regarding the precious raw material part) and the commercial department. This minimises the risk of possible preferential treatment of particular customers.

UNOAERRE and the social sector

COVID19

In a year severely shaken by the health emergency, the company's commitment was focused on protecting its staff and on preventing the epidemic: the methodical and strict application of the health protocols issued by the authorities was supported and implemented by means of systematic health monitoring, with repeated blanket tests on all its employees and on those of companies that collaborate on a regular basis within the factory perimeter. Despite major difficulties in procuring preventive medical devices, UNOAERRE made a financial contribution to the Arezzo Hospital for the purchase of masks and

donated some of its products as prizes for local charitable initiatives.

aTuttoCuore

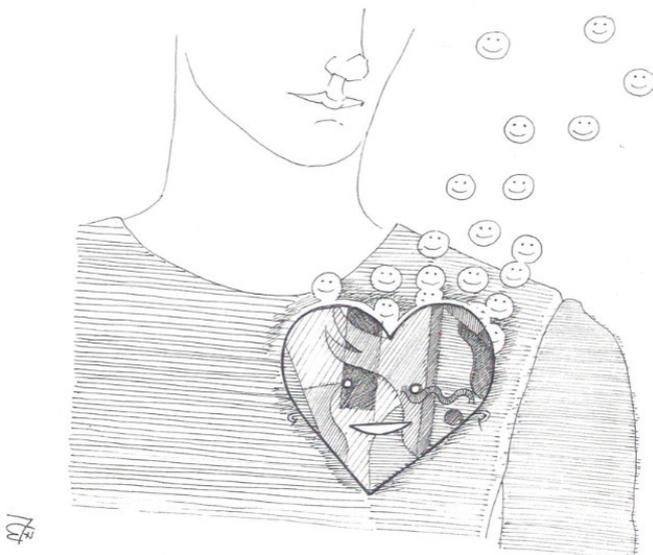
For a number of years, UNOAERRE has been involved in a *Social Responsibility* project together with Associazione Huntington ONLUS, the non-profit Italian network for Huntington's disease – a genetic disorder of the nervous system caused by the progressive loss of nerve cells, which manifests itself in emotional and movement disorders.

In 2015, on the initiative of the Association, the Huntington&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 ITALIAN HUNTINGTON'S DISEASE NETWORK)

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 that interpret the hearts designed by Design Architect Alessandro Guer-

riero: 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.

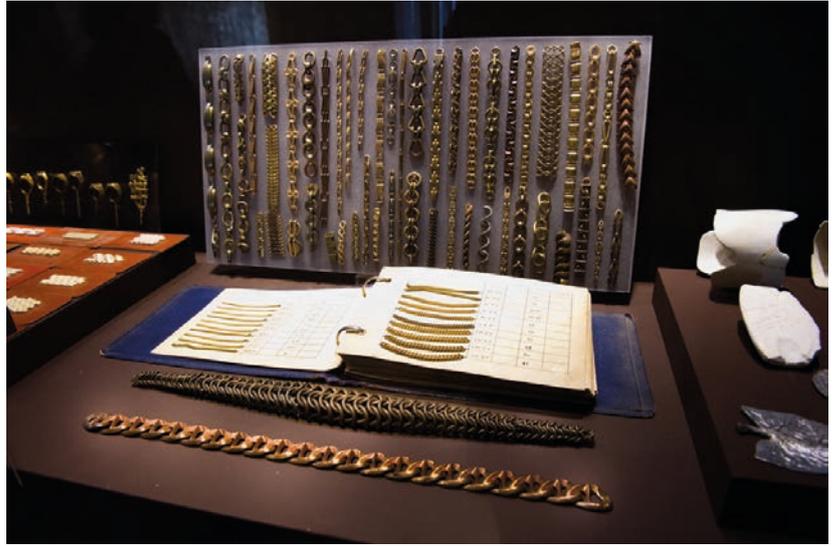
The jewellery is sold mainly through the UNOAERRE website or through the numerous local initiatives that the Association organises periodically, and part of the proceeds are donated to the Association. Together with the financial contribution, an equally important objective is to make as many people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

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 experimentation with the new, 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 or obligation for the visitor, with a guide provided to explain equipment, documents and jewellery. Looking forward, the aim is to make the company museum more accessible to the public by also allowing access to tourist guides from the Arezzo area.



Engaging 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 deep roots in the industrial and social fabric in which it operates, 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.

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, which obliges it to carry out a thorough check on its business partners to make sure they are compatible with its corporate policy principles, to continuously monitor the supply sources of precious raw materials and, in general, to respect legality. **During 2020, it reinforced this membership by endorsing the stringent "Code of Practice 2019" and "Chain of Custody 2017".** The company's commitment to RJC principles, and the encouragement of its 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.

As regards its customer base, 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 network of agents has also been set up across Italy, 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 through collective sales policy meetings.

In the year when the epidemic broke out, UNOAERRE was already extremely busy developing its network of web contacts and working on activating its own e-commerce site. By managing its social profiles, it was able to stay in touch with its stakeholders during the periods of forced closure imposed by the authorities and, when it reopened, it continued to engage with all its partners who were no longer able to maintain the usual face-to-face contacts.

The need to maintain contact via remote communication also meant that some company premises had to be used for videoconferencing, with equipment and systems able to compensate for the lack of visits and meetings, and a number of company staff had to be provided with laptops to allow them to work off site: from staff training to solving technical problems in production, most of the activities were carried out remotely in the interests of health and disease prevention.

The traumatic experience of the epidemic also confirmed that it would be a good idea to improve contact with stakeholders in the future, in particular with end consumers, by **further** increasing the company's web presence.

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 its 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.

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 that it has 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.

// *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 aspects 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.

³ UNOAERRE Industries S.p.A. – Internal Company Regulations - Revision of 9 september 2017.

⁴ Code of Practice e 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".

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 used highly monitorable and certifiable production and distribution systems that comply with leading world standards.

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.

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 a finished product to be created that can be unambiguously certified.

Subsequent European legislation (EU Regulation 821/2017) has imposed mandatory checking on the sources of supply for precious metals originating outside the EU.

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 specif-

ic 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 grammes, 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 initial moment that the various metal alloys required are created up to the production

of the 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 produc-

tion. 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:
 - ⦿ 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, swarf 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 sector⁵, 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.

The company does not source its supplies directly from mining activities; 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 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.

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 the company, in dedicated storage.

□ Direct and indirect environmental impacts

⁵ Bank of Italy Authorisation dated 2 March 2011 - operator code 5003553.

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 No. 1526 L). **In Italy in 2020 there were only 7** 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 "fineness" 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.



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 so-

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

cial 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.



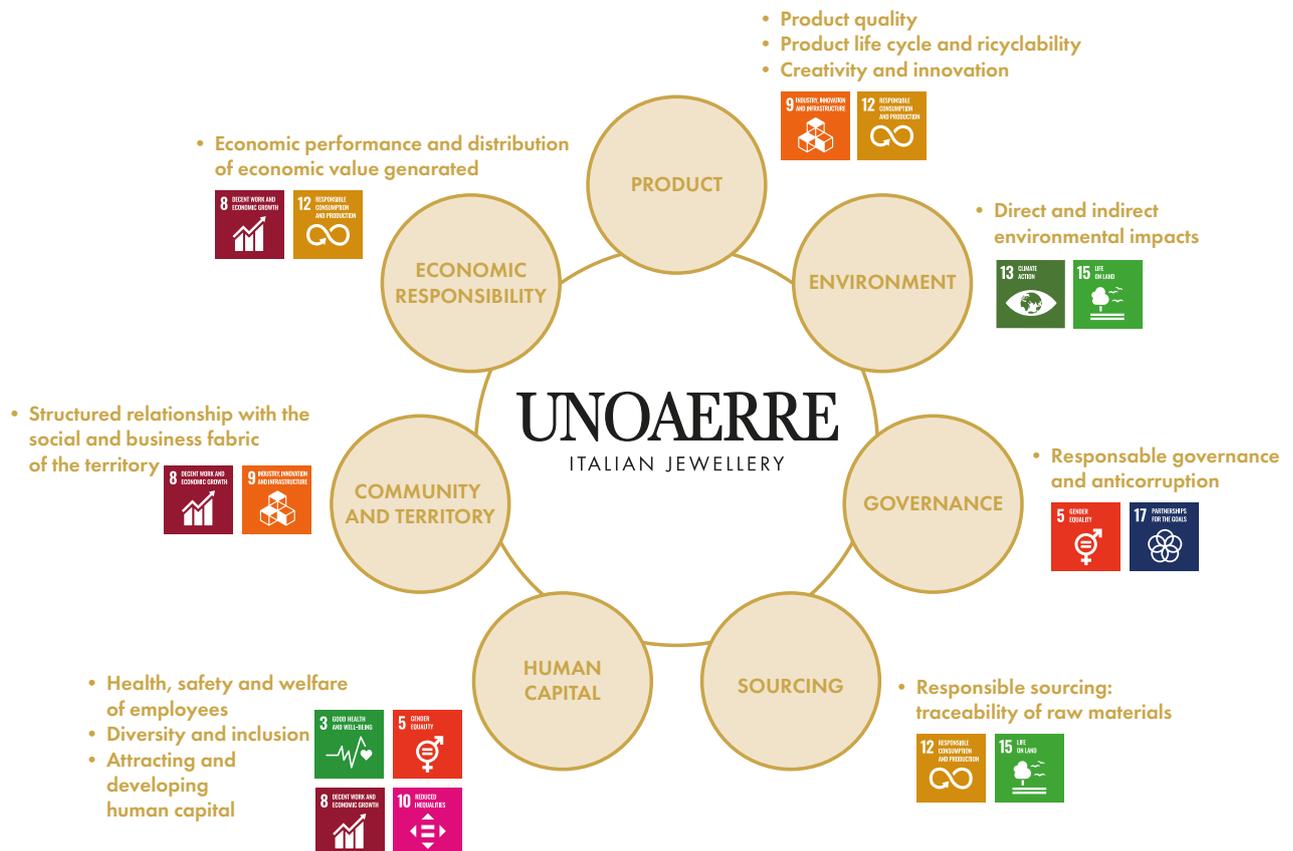
At the request of a multinational in the food sector, UNOAERRE obtained SMETA PILLAR 4 certification on 3 July 2017, valid for three years, and then SMETA PILLAR 2 certification in 2018, followed up by further periodic re-certification.

Using the SMETA audit enables 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, with their own codes of ethics and specific 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 characteristics of the company’s sector;
- ◆ analysis of existing documentation (policies, practices, procedures, etc.);
- ◆ benchmark analysis on 9 of UNOAERRE’s competitors, in order to identify the main issues on which competitors and comparable companies

tend to focus.

This analysis made it possible to identify 11 material topics relating to 7 different macro-areas: Governance, Economic Responsibility, Sourcing, Product, Human Capital, Environment and Community and Territory.

In addition, UNOAERRE carried out an assessment aimed at identifying the priority SDGs⁷, taking into account the characteristics of the sector in which it operates and the topics identified as material by the materiality analysis carried out. From the analysis, 9 SDGs were selected as Sustainable Development Goals of priority interest, meaning those that the organisation can contribute most to achieving through its business activities.

The correlation between the topics that emerged as material and the selected SDGs is outlined below:

⁷ 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 2015-2030. 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.

MACROAREA	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 materials
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

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 it uses, so as to satisfy the socio-economic fabric in which it operates.

The 2020 financial year has to be considered an anomaly, given the heavy impact of the Covid 19 pandemic throughout the country and around the world, and required the drafting of an ad hoc Industrial Plan aimed at reconciling financial equilibrium, business and operational continuity with carefully considered measures to support employees' income.

Despite everything, and having endured the suspension of business activities under the Decree of 25 March 2020, the financial year closed with a total turnover of approximately **EUR 155 million** – with a downturn limited to 12% – with added value of sales of almost EUR 36 million (- 14% compared to 2019); EBITDA amounted to approximately EUR 10 million, compared to EUR 8.4 million in the previous year, with a net profit after tax of approximately EUR 0.6 million, which is a cause for satisfaction and pride in one of the most difficult years for the national economy.

The result achieved by the Company is the outcome of the actions undertaken in recent years on the company organisation, the restructuring of sales channels and the production range, the control of operating costs, as well as constant pressure from management to pursue the objectives of the Industrial Plan. These actions have allowed the achievement of positive targets in terms of added value and margins, even in the uncertain times of the pandemic.

Key economic data (EUR /000)	2020	2019	2018
Sales revenues	154.722	177.321	166.931
EBITDA	10.077	8.448	5.541
EBITD	6.701	5.209	2.495
Result before tax	1.651	2.661	906

The positive result was achieved, thanks to the company's unity, which is the driving force behind achieving significant performance even during times of difficulty and uncertainty, in which the guidelines laid down are pursued with determination by the entire structure. **The keen focus of company management made it possible to preserve operating conditions by not merely complying with the protocols issued by the Authorities to limit infection, but by implementing voluntary initiatives for the healthiness of the working environment and for epidemiological prevention, and by advancing income from the social support measures provided by the Government to employees.**

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 created

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 (EUR /000)	2020	2019	2018
Revenue	154.722	177.321	166.931
Other income	1.466	1.812	2.195
Financial income	264	767	344
Total economic value generated	156.432	179.900	169.470
Operating costs	136.750	158.794	152.257
Remuneration of staff	10.299	12.608	12.316
Remuneration of financial backers	3.912	3.229	2.801
Remuneration of PA	1.198	679	88
External donations	9	21	5
Total economic value distributed	152.168	175.332	167.467
Exchange rate differences	1.653	-126	-542
Value adjustments to financial assets	-235	319	-264
Amortisation and depreciation	2.066	2.156	2.072
Allocations	210	110	3
Reserves	570	2.109	733
Economic value retained	4.264	4.568	2.003

In **2020**, Economic Value Generated amounted to **EUR 156.4 million**, most of which is distributed to the various stakeholders with which UNOAERRE comes into contact in the course of its business, in accordance with economic management and with their expectations.

Economic Value Distributed, amounting to **EUR 152.2 million**, represents approximately **97.3%** 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 **2.7%** 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;
- ◆ **Work 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** governing control of the origin of raw material to prevent it from originating in conflict, illegitimate or non-human rights zones (now in its fifth revision to adapt it to EU regulations and the RJC 2017 COC guidelines);
- II. New supplier procedure** governing the criteria for selecting and managing suppliers and artisans;
- III. Product non-conformity, returns and complaints procedure** governing the methods and requirements for the delivery of obsolete or damaged product by customers;
- IV. Instructions to purchasing departments for the acquisition of precious stones** (Kimberly process).

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.

As regards the regulation of purchases of consumables or any other goods, not strictly related to the production of fine jewellery or costume jewellery, the offices responsible process internal requests complying with the mechanisms for the segregation of functions and requesting approval from the persons in charge, depending on the cost of the purchase. On the other hand, ad hoc provisions have been issued for web purchases.

In 2020, the company had business dealings with a total of **911** suppliers, with total expenditure of **EUR 141 million**. Of this amount, **EUR 110 million** was spent on local suppliers, located in the Arezzo area, about **EUR 22 million** on national suppliers and the remaining **EUR 9 million** was spent on foreign suppliers (European and non-EU).

Suppliers by Geographical Area	2020	2019	2018
Number of LOCAL suppliers (Arezzo)	381	395	382
Number of NATIONAL suppliers	451	513	502
Number of EUROPEAN suppliers	41	47	56
Number of NON-EU suppliers	38	28	42
Total suppliers	911	983	982

Purchases from suppliers by geographical area	2020	2019	2018
Purchases from LOCAL suppliers (Arezzo)	110.484.952	123.133.862	124.452.271
Purchases from NATIONAL suppliers	22.228.031	27.786.796	18.175.567
Purchases from EUROPEAN suppliers	502.756	880.864	2.857.345
Purchases from NON-EU suppliers	8.155.926	10.208.459	5.664.359
Total expenditure for purchases	141.371.665	162.009.980	151.149.541

Type of purchases	2020		2019		2018	
Precious metals - Gold	118.801.220	84,0%	135.786.840	83,8%	124.641.922	82,5%
Precious metals - Silver	3.232.050	2,3%	3.348.041	2,1%	3.514.679	2,3%
Other precious materials	174.369	0,1%	294.801	0,2%	472.648	0,3%
Processing by third parties	5.291.185	3,7%	8.827.629	5,4%	9.437.088	6,2%
Product purchases	5.481.049	3,9%	3.818.063	2,4%	3.385.788	2,2%
Machinery	923.939	0,7%	860.817	0,5%	996.399	0,7%
Various materials	1.434.191	1,0%	2.527.734	1,6%	2.495.324	1,7%
Transport – security – cleaning	742.640	0,5%	1.156.356	0,7%	1.193.943	0,8%
Utilities – rentals – insurance – software	2.312.599	1,6%	2.907.540	1,8%	2.832.474	1,9%
Commercial expenses	1.508.971	1,1%	1.396.950	0,9%	842.806	0,6%
Other	1.469.452	1,0%	1.085.211	0,7%	1.336.471	0,9%
Total	141.371.665		162.009.980		151.149.541	

In the coming years, UNOAERRE intends to qualify and train the various players in the supply chain, in particular its contractors, and also to make 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-end customers operating in the fashion sector.

In the coming years, UNOAERRE is committed to establishing even closer business relationships in order to propagate 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.

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 product 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, includ-

ing 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 whose staff, often professionally trained within UNOAERRE, guaranteed flexibility, speed, quality and, last but not least, cost-effectiveness.

The relationship between UNOAERRE and the small external entities, typically artisan companies, has lasted ten years 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 stages, 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 and technical ethical criteria.

05

Product

UNOAERRE has been producing jewels and jewellery for almost one hundred years, with a product range that is unique in the world, including all types of wearable ornaments, from wedding bands to fashion jewellery, as well as pure gold medals and bars, also for investment.

UNOAERRE is also the brand of reference in the production and distribution of silver jewellery and elegant accessories in brass and precious alloys, ennobled by precious gilding and stones. The Fashion Jewellery ranges emerged from the company's in-depth knowledge of the history of goldsmithing and its experience in fashion; they aim to capture a young, fashion-conscious clientele and are designed for a variety of occasions, from formal to leisure wear.

The diversity of UNOAERRE's offer and the strong identity of each product line are made possible by its highly organised production structure and its outstanding commercial and distribution dynamism.

UNOAERRE Gold Collection

The gold jewellery products include one of the most extensive collections of solid and hollow chains, created using innovative technologies, while respecting the goldsmith's tradition and complying with the highest quality standards.



The gold jewellery products include primary semi-finished products (wire, strip, tube), secondary semi-finished products (clasps and trimmings) and fantasy products. Tube processing results in finely crafted ultra-light products (plain, knurled and torchon earrings and bracelets, in all sizes and colours); the range of fantasy products includes jewellery products with more complex and elaborate shapes.

UNOAERRE Wedding Bands

Every year, around 200,000 unions in Italy are celebrated with UNOAERRE wedding bands, known and loved for their lack of soldering and their uniqueness: a single piece, without any impurities. In addition to the collection of Classic Wedding Bands, available in yellow, white and pink gold, there are the "Comode", "Cerchi di luce" and "Brillanti Promesse" wedding band collections and the Anniversary 9.0 collection.

UNOAERRE Fashion Jewellery

UNOAERRE is a leading brand in the production and distribution of ornaments that follow fashion trends, made of 925 silver, brass and precious alloys. Unique creations of undisputed quality, with an attractive and distinctly Italian design, loved by women of all ages, at an affordable price.



Special products and gifts

Over the years, UNOAERRE has developed specialist expertise in the field of corporate gifts and in the Incentive business, distinguishing itself through the design and quality of its products. We offer solutions to meet customer needs, by choosing from the items in the catalogue or by designing customised articles: from gifts and wearables 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 Japan⁸, while in Italy, where it is the leading brand in the wedding ring market, the products are sold through over 4,000 sales outlets, also selected with the support of a network of around 100 distributors.

Corporate and product communication

To support sales activities and to communicate brand identity, UNOAERRE undertakes regular advertising campaigns. In recent years, in addition to traditional advertising channels – print media and specialist magazines – digital campaigns have been added on the main social networks and on the internet. These campaigns have been highly effective and have highlighted the importance and value of the company in the Italian and international jewellery arena. Advertising campaigns on the main national television networks also resumed in 2019, focusing primarily on wedding bands, an item in which

the company leads the domestic market, and on Fashion Jewellery – fashion articles at affordable prices.

UNOAERRE also regularly participates in national and international trade fairs.

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.

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 make subsequent series production effective and efficient. 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) is always guaranteed to the consumer, both legally and practically. Even now, 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. Precisely for this reason, in previous years, the need emerged to set up an in-house Chemical Laboratory⁹ 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 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 actual fineness corresponds to the fineness declared by all operators in the sector, the national Metric Services – present at 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 overdeclared fineness, 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.

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 associations¹⁰ whose objective is ethi-

⁹ 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.

¹⁰ UNOAERRE was one of the first jewellery companies in Italy to be awarded Code of Practice certification (jewellery sector certification) by the Re-

cal 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 processes¹¹ by adopting the OECD guidelines on responsible sourcing.

Jewellery life cycle

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 which, when fused with other elements in certain 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.

sponsible 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

¹¹ 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.

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.

For some types of production, on the other hand, the basic semi-finished product consists of a precious alloy part soldered to a part made of “base” material (copper or iron), the process known as plating. This single piece, consisting of two parts, one precious and the other “base”, provides the necessary strength to withstand numerous deformations. Furthermore, subjecting the single piece to corrosion by acids that attack only the “base” part allows objects to be produced that contain only precious alloys, which are extremely light but of considerable size, known as hollow products.

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 an economic 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)	2020		2019		2018	
	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	9.529,48	8.793,95	13.988,20	12.381,62	14.498,06	12.746,20
Silver	24.010,81	12.428,02	31.887,99	-	31.841,56	-
Aluminium	18.000	-	32.100	-	53.000	-
Brass	53.700	-	93.700	-	126.100	-

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)	2020		2019		2018	
	Quantity	Percentage ¹²	Quantity	Percentage	Quantity	Percentage
Gold	4.980,94	52%	7.397,25	53%	7.220,77	50%
Silver	5.001,10	21%	6.827,29	21%	6.743,89	21%

¹² Percentage calculated as the ratio of raw material used from refining to pure material used in the production process.

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 2020, the amount of “scraps” not subject to refining, but reusable as they were, amounted to 6,980.27 kg of gold. This was 28% less than in 2019.

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

Material cast (in Kg)	2020	2019	2018
Gold	15.935,29	22.735,17	24.453,24

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.

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 customers¹³. 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.



Gold refining plant for inquisition, mid-1950s

¹³ Only very few jewellery companies have an in-house metal bank



06

Personnel

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”¹⁴

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.

In the year of the pandemic, UNOAERRE not only managed to maintain its welfare standards, by guaranteeing the canteen service, company bonuses and spending vouchers. It also paid out social security benefits 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.

Staff composition and turnover

At the end of **2020**, the company’s human resources consisted of **278** people, including **36.3%** of women, all hired with permanent contracts (slightly down on **2019**), demonstrating the commitment of company management to safeguarding employment levels.

Of the total workforce, almost all are employed on a full-time contract, while only **6.4%** of employees, mainly women, are employed on a part-time contract, which is consistent with the **2019** figure.

¹⁴ UNOAERRE Industries S.p.A. Internal Company Regulations – Revision of 9 September 2017.

Employees by type of employment and contract	2020			2019			2018		
	Donne	Uomini	TOTALE	Donne	Uomini	TOTALE	Donne	Uomini	TOTALE
Fixed term	1	-	1	-	-	-	-	3	3
Permanent	100	177	277	100	183	283	99	184	283
TOTAL	101	177	278	100	183	283	99	187	286
Full time	85	175	260	83	181	264	82	186	268
Part time	16	2	18	17	2	19	17	1	18
TOTAL	101	177	278	100	183	283	99	187	286

As regards the composition of the workforce by type of classification, 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, there are 4 women classified as

middle managers and **10** men, including **3** managers and **7** middle managers.

There are also **18** employees in the company belonging to protected categories: **3** white-collar workers and **15** blue-collar workers (**5** women and **10** men).

Employees by job classification	2020			2019			2018		
	Donne	Uomini	TOTALE	Donne	Uomini	TOTALE	Donne	Uomini	TOTALE
Managers	-	3	3	-	4	4	-	4	4
Middle Managers	4	7	11	4	7	11	3	7	10
White collars	40	29	69	39	31	70	40	32	72
Blue collars	57	138	195	57	141	198	56	144	200
TOTAL	101	177	278	100	183	283	99	187	286

UNOAERRE is a relatively "youthful" company that places high value on talent, as demonstrated by the fact

that around **54%** of its staff are under 50 years of age.

Employees by age group	2020				2019				2018			
	<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	-	-	3	3	-	-	4	4	-	-	4	4
Middle Managers	-	1	10	11	-	2	9	11	-	1	9	10
White collars	1	31	37	69	-	36	34	70	-	40	32	72
Blue collars	26	91	78	195	24	97	77	193	24	108	68	200
TOTAL	27	123	128	278	24	135	124	283	24	149	113	286

UNOAERRE 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, there is also a company supplementary agreement, which provides for both fixed and variable bonuses depending on 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 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 agree-

ment 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	2020			2019			2018		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Agents and representatives	1	12	13		9	9	-	7	7
Temporary/Agency workers	-	1	1	1	2	3	2	-	2
Placement	-	3	3	-	4	4	2	2	4
Interns	-	1	1	-	1	1	-	-	-
TOTAL	1	17	18	1	16	17	4	9	13

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 **2020**, UNOAERRE pushed ahead with the generation-

al change of its human resources, recruiting new staff for the specialist functions necessary for its progress. A total of **6** resources were added to the workforce, **66%** of whom were young people under 30, whereas **11** employees left the company, **10** of whom were over 50.

Turnover 2020	Women	Men	TOTAL	<30 years	30-50 years	>50 years
Employees 31.12.20	101	177	278	27	123	128
New hires	2	4	6	4	-	2
Leavers	1	10	11	-	1	10
NEW HIRE RATE	1%	1%	2%	15%	-	2%
TURNOVER RATE	-	6%	4%	-	1%	8%

In the medium and long term, UNOAERRE intends to pursue a policy of rejuvenation and education of its employees by recruiting young high school and university graduates and by training existing employees.

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's 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).

However, the year 2020, marked by the pandemic emergency and the lockdown of all activities indicated by the law as non-essential, also had a heavy impact on this aspect since, in addition to having necessarily observed almost two months of a complete freeze on its production activities, UNOAERRE, due to regional decrees suspending teaching activities and in-person contacts, was unable to nurture the professional training of its employees, apart from sporadic and targeted courses via videoconferencing.

The exceptional situation severely impacted the number of hours the company was able to devote to staff training, and a major effort will be required to make up for lost time in the coming years, since training will have to be balanced with production requirements.

In addition to health and safety, the company is also particularly focused on the quality of products and services offered to its customers, for which it can rely on its 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.

Despite the interruptions caused by the pandemic emergency, with the cancellation of much of the planned training, in 2020 – also through the tools provided by "Fondimpresa" – a total of 611 hours of training were provided (compared to 1,247 hours of training in 2019), mostly for white and blue-collar workers (101 and 494 hours of training respectively).

Hours of training provided	2020			2019			2018		
	Women	Men	TOTAL	Women	Men	TOTAL	Women	Men	TOTAL
Managers	-	16	16	-	16	16	-	16	16
Executives	-	-	-	24	154	178	4	8	12
White collars	51	55	106	152	224	376	40	112	152
Blue collars	112	382	494	200	504	704	53	214	267
TOTAL	163	453	616	376	898	1.274	97	350	447

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 geared towards improvement, aimed at the various professionals. Examples include the training meeting on product fineness and hallmarks/marking aimed at the proper application of standards and the correct formulation of the product, also during the design phase.

Further improvements in the training of UNOAERRE staff are planned in the area of "product traceability", 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. 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 a semi-automatic defibrillator and an internal team of operators 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: the Prevention and Protection Service Manager (RSPP), the Company Doctor (MC) and the Workers' Safety Representatives (RLS).

All risks of interference in production (and other) activities are also assessed and defined on the basis of changes in production processes and working environments. In order to quantify, reduce and mitigate them periodically, the Risk Assessment Document (DVR) is periodically updated. Based on this document, the continuous improvement programme on health and safety aspects is drawn up and the actions to be taken, the persons responsible and the implementation time frames are identified. 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 certain organisational aspects of particular importance, are organised,

implemented and monitored through written operating instructions (procedures).

UNOAERRE periodically monitors the working environment with both personal and environmental sampling of the substances used during processing and the analytical results reveal values below the Threshold Limit Value (TVL)¹⁵. Particularly critical areas (in terms of quantity and hazardous substances) 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. In 2019, an information meeting was organised for all employees during which a qualified technician explained how to measure and interpret these parameters.

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. **However, during 2020, the number and format of meetings with workers' representatives were also inevitably affected by restrictions on production activities and pandemic prevention protocols.**

UNOAERRE has been monitoring accidents and occupational disease trends for nearly 50 years and, fortunately, has seen a steady decline in all indices (incidence, 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.

There were no serious or fatal accidents during the two-year reporting period. Two accidents were recorded in 2020, one of which was a commuting accident (not recognised by INAIL and not taken into account in this assessment); the accident that occurred within the Company resulted in a 20-day period of temporary disability, while in the previous year, 5 non-serious accidents at work were recorded (all the accidents in the reporting period involved male employees). The data for the two-year period under

¹⁵ 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.

consideration confirm the downward trend in all indices (index of frequency, severity, incidence, etc.). It should be noted that during 2020 the Company was closed by Ministerial Decree (“Lockdown”) from 16 March to 3 May. However, the indices calculated are considered valid as they are parameterised according to the hours worked.

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).

Since March 2020 (19/03/2020 to be precise), the Company has already implemented the operational methods and prevention and protection measures, in compliance with the principles of precaution and proportionality and with the measures issued by the competent institutions, to counter the SARS-CoV2 (COVID-19) pandemic by implementing its own “Shared protocol

for the regulation of measures to counter and contain the spread of the COVID-19 virus in work environments”. The implementation of the protocol – shared between the RRSL, the Company Doctor and the RSU – led to both technical measures (such as the construction of barriers to maintain minimum interpersonal distances, and the sanitisation of all environments) and monitoring and prevention through serological testing campaigns and rapid swabs for all employees and for third-party staff with a regular presence in the company.

In addition, so that employees can safely use the company canteen and the areas at their disposal (relaxation areas and changing rooms), UNOAERRE has introduced three different canteen sittings, redesigned workers’ eating areas with partitions and equipment, increased the number of seats outside the factory and rearranged 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 2020, total energy consumption amounted to 22,563.6 GJ (a decrease compared to 2019), 90% of which was related to the purchase of electricity for offices and production departments; consumption of natural gas for heating and automotive fuel accounted for the remaining 10% in equal parts.

In addition, a photovoltaic plant of around 1 MW is currently at an advanced planning stage, which will help shift the company's energy consumption increasingly towards renewable energies.

Consumi da fonti fossili	2020		2019		2018	
	Consumption	TOTAL GJ	Consumption	TOTAL GJ	Consumption	TOTAL GJ
Natural gas (m ³)	266.620	955.6	322.871	1.157	304.585	1.092
Automotive fuel for the company fleet						
Diesel (l)	20.961	754	30.090	1.083	26.444	951
Petrol (l)	570	19	1.139	37	1.235	41
TOTAL CONSUMPTION GJ		1728,6		2.277		2.084

Purchased electricity consumption (KWh)	2020		2019		2018	
	Consumption	TOTAL GJ	Consumption	TOTAL GJ	Consumption	TOTAL GJ
Electrical energy purchased from NON-RENEWABLE SOURCES	3.350.509	12.062	4.213.537	15.169	4.112.633	14.806
Electrical energy purchased from RENEWABLE SOURCES	2.312.003	8.323	2.907.532	10.467	2.837.904	10.216
TOTAL CONSUMPTION GJ	5.662.512	20.385	7.121.069	25.636	6.950.537	25.022

For 2020, intra-year fluctuation is influenced not only by variations in weather, climate and production, but also by the suspension of activity during the year as part of epidemiological prevention.

WATER CONSUMPTION

With regard 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 requirements through the priority use of industrial-grade water, limiting drinking water to the amount strictly necessary.

During the financial year, a total of 17,669 m3 of water was drawn and consumed (a decrease of approximately 50% compared to 2019, also as a result of lockdown periods due to the SARS-CoV2 Covid-19 pandemic). Of this amount, 16,380 m3 came from private aqueducts and the remainder from municipal water service providers. The lockdown period due to the SARS-CoV2 Covid-19 pandemic “distorts” the percentage of fresh water used during 2020, which is overestimated due to lower industrial consumption (the use of fresh water continued even during the lockdown period for the supply of essential systems).

For the future, the installation of an evaporator is being considered in order to reuse the water resource and, at the same time, reduce the use of underground water.

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 some time ago to replace systems 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 2020, UNOAERRE emitted a total of 2,511 tonnes of CO₂ equivalent into the atmosphere, which can be broken down as follows:

Emissions of CO ₂ equivalent	2020	2019	2018
SCOPE 1			
Direct emissions from fuels for heating, incineration processes and the company vehicle fleet	580	716	671
SCOPE 2			
Indirect emissions from energy consumption, associated with the use of electricity	1.931	2.429	2.369
Total	2.511	3.145	3.040

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

None of the emission points of the systems exceeded the limits indicated in the respective permits, thanks in part to internal monitoring and process control activities that enabled high performance standards to be achieved.

Waste management

As far as waste management is concerned, UNOAERRE 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 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 556 tonnes of waste, of which 89% was hazardous waste, consisting mainly (about 30%) of sludge from effluent treatment and spent acids from the production cycle (about 44%).

Tonnes of waste produced	Activity Code	2020			2019			2018		
		Hazardous waste	Non-hazardous waste	TOTAL	Hazardous waste	Non-hazardous waste	TOTAL	Hazardous waste	Non-hazardous waste	TOTAL
HCl recycling*		220	-	220	680	-	680	580	-	580
Composting	D8	5	12	17	19	27	46	-	30	30
Recovery, including energy recovery	R3, R4, R5, R6	31	316	347	56	442	498	81	507	588
Incineration	D10	2	-	2	1	-	1	2	-	2
Storage on site	R13, D15	29	58	87	18	76	94	57	72	129
Disposal	D9	10	93	103	52	206	258	86	104	190
TOTAL		77	479	556	826	751	1.577	806	713	1.519

* 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 covered by the waste management system.

As regards discharge of effluents, UNOAERRE 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 2020, the company discharged a total of 10,445 m³ of wastewater into the public sewerage system, a significant decrease from the previous year (2019: 14,153 m³ of water discharged including 18% to the domestic sewer), broken down as follows: 8,025 m³ of industrial effluent (about 77%) and 2,420 m³ of domestic effluent (about 23%).

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 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 2020 in comparison with 2019 and, where possible, with the results achieved in 2018. It was prepared following the guidelines of the GRI Sustainability Reporting Standards (GRI Standards) – "Core" option – issued in 2016 by the Global Reporting Initiative (as subsequently amended).

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 estimates were made, these have been appropriately indicated 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 (Sm ³)	0,03584 (GJ/Sm ³)	1,972 (tCO ₂ /Sm ³)	MATTM-ISPRA Protocol 5677 of 07/02/19
Diesel (l)	0,03598 (GJ/l)	3,155 (tCO ₂ /l)	MATTM-ISPRA Protocol 5677 of 07/02/19
Petrol (l)	0,03286 (GJ/l)	3,14 (tCO ₂ /l)	MATTM-ISPRA Protocol 5677 of 07/02/19

GRI Content Index

GRI STANDARD		PAGE NUMBERS/NOTES
GENERAL DISCLOSURE		
102-1	Organisation name	4
102-2	Activities, brands, products and services	22-26
102-3	Location of head office	Loc. San Zeno Strada E n. 5, 52100, Arezzo
102-4	Place of business	23
102-5	Ownership and legal form	4-5
102-6	Markets served	22-23
102-7	Size of the organisation	18-19; 29-30
102-8	Information on employees and other workers	29-31
102-9	Supply chain	19-21
102-10	Significant changes to the organisation and its supply chain	No significant changes occurred during the reporting period
102-11	Principle of precaution	16; 20; 33-35
102-12	External initiatives	8-9
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	2
102-15	Key impacts, risks and opportunities	16-17; 20; 33-35; 41
102-16	Values, principles, standards and rules of conduct	2; 6-8
102-18	Governance structure	7-8
102-40	List of stakeholder groups	19; 41
102-41	Collective bargaining agreements	30
102-42	Identification and selection of stakeholders	11
102-43	Manner of involving stakeholders	11; 17
102-46	Definition of report content and topic boundaries	17; 38; 41
102-47	List of material topics	16-17; 41
102-50	Reporting period	38
102-52	Reporting intervals	38
102-53	Contact details for enquiries about this report	GRI data N/A
102-54	Statement on reporting in accordance with GRI Standards	38
102-55	Index of GRI contents	39-40
MANAGEMENT APPROACH		
103-1	Explanation of the material topic and its boundary	17; 41
103-2	Management approach and its components	7-9; 13-16; 18-21; 23; 25-27; 29-32; 35-37
103-3	Assessment of management approaches	7-9; 13-16; 18-21; 23; 25-27; 29-32; 35-37

SPECIFIC TOPIC		
201-1	Economic value directly generated and distributed	18-19
204-1	Proportion of expenditure to local suppliers	20
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	26-7
302-1	Energy consumed within the organisation	35
303-1	Interaction with water as a shared resource	36-7
303-3	Water abstraction	36
303-4	Water discharge	36-7
303-5	Water consumption	36
305-1	Direct GHG emissions (Scope 1)	36
305-2	Indirect GHG emissions from energy consumption (Scope 2)	36
306-1	Water discharge by quality and destination	37
306-2	Waste by type and disposal method	36-7
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	31
403-1	Occupational health and safety management system	33-4
403-5	Training of workers on health and safety at work	32
403-9	Accidents at work	The rate of recordable accidents at work is 10.38.
403-10	Occupational illnesses	33
404-1	Average annual training hours per employee	32
405-1	Diversity in governing bodies and among employees	7; 29-31
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 sustained by the organisation are shown below.

SCOPE	MATERIAL TOPICS	GRI STANDARD	BOUNDARY OF IMPACTS	
			INTERNAL	EXTERNAL
Governance	Responsible governance and anti-corruption	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	Customers Suppliers
	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

UNO AER





RE

UNOAERRE INDUSTRIES S.p.A.

Headquarter: Loc. San Zeno, Strada E n. 5
52100 Arezzo - Italy

www.unoaerre.it