

———— we care for care ————

# Unifarco Group

**we care for care** - we care for science - **we care for planet** - we care for health & beauty - **we care for knowledge** - we care for care - **we care for science** -  
care - **we care for science** - we care for planet - **we care for health & beauty** - we care for knowledge - **we care for care** - we care for science - **we care**  
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UNIFARCO  
— we care for care —

CONSOLIDATED  
SUSTAINABILITY REPORT

2023  
OF THE  
UNIFARCO GROUP

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# LETTER TO STAKEHOLDERS



Dear stakeholders,

the companies of the Unifarco Group are constantly striving to make a responsible contribution to the preservation of our planet by following a **respectful and kind** development model.

We want to manage all aspects of the company in a sustainable way, from the production side of the business, to the financial side, to the focus on people, both inside and outside the company, and of course the environment.

Below is a summary of what you will find more analytically covered within this **second consolidated Sustainability Report** of the Unifarco Group for the year 2023.

## Economic Sustainability

**Product quality** is the fundamental element of the success of all our business activities. Unifarco guarantees this, in general, with **ISO 9001** management system certification through which KPIs and areas for improvement are monitored in the company's fundamental processes, from design to production, from the commercial offer to delivery to the customer and, more specifically, with **ISO 22716** (Good Manufacturing Practices) and **ISO 13485** (Medical Devices - Quality Management Systems) certifications with which we can ensure safe, high quality products that are the result of constant research and continuous investment in **Research and Development**.

Testifying to the central role of **RESEARCH AND DEVELOPMENT**, the Group companies invested a total of **around EUR 4.3 million** in science in 2023 to offer effective, safe, sustainable and always cutting-edge products, as demonstrated by the portfolio of **21 patents used**.

The wide range of products and services that the Group makes available to its **6,300 European client-pharmacies** is supported by timely **TRAINING** aimed at pharmacists to enhance their role as **good health advisors**. In this sector, too, Unifarco's investment was significant, **amounting** to around **EUR 3.3 million** for the year, with a total of more than **100,000 participants** in the countless in-person and online educational initiatives.

We also support **the professional development of medical doctors and specialists** by supporting their attendance at national and international conventions, so that they can provide the best support to the people who seek their advice both in Italy and abroad.

We also constantly invest in **PUBLIC INFORMATION activities**. In particular, thanks to our digital ecosystem, we reached more than **2,300,000 users** in 2023, sharing with them tips, insights, useful information and curiosities to accompany them on a lasting health and beauty journey.

All this has led Unifarco to market and ship more than one million parcels throughout Europe. A complexity that requires constant **INVESTMENT**, both in production and logistics, totalling **EUR 19.5 million**, equal to 11.8% of turnover. One of the main investments in 2023 was the automation of a 5,600 square metre warehouse in Alpago, a few kilometres from the headquarters, where orders are processed for delivery to our customers.

This ability to invest on the part of the Group's companies is the result of the confidence of the players in the banking sector, who are constantly reassured by the Group's financial solidity, as evidenced by its significant **Net Equity** (the Group's net equity stood at **EUR 65 million** at 31 December 2023) and its good profitability, as reflected in an **EBITDA** of **EUR 22 million**, or 13.3% of the Group's sales revenue.



## Social Sustainability

For the companies of the Unifarco Group, sustainability means taking care of their employees, the community and the realities of the territories.

For our employees, we believe it is fundamental to protect **human rights**, promote **gender equality** and ensure safety at work. For this last commitment, Unifarco has long since obtained **ISO 45001** certification.

With the cooperation of the employees and the **trade unions**, we work towards the achievement of common goals on various fronts, from the **ECONOMIC** to that related to **TIME** available, and also to **SPORT** and **CULTURE**.

We reward our employees by giving them **individual rewards** that take into account not only “know-how” but also an attitude of “teamwork”. We also allocate a coefficient of the company's profit to these bonuses.

At Unifarco, we have developed a comprehensive **corporate welfare** system that emphasises economic aspects and a proper work-life balance, for example by promoting remote working and temporary part-time work or the solidarity hour bank. We provide income support through supplementary pension schemes, support for employees suffering from serious illnesses, reimbursement for the purchase of school books or the payment of nursery fees for our employees' children. For the benefit of the latter, in 2023, we handed out the first scholarships to encourage participation in higher education.

Daily attention is also paid to the management of the **in-house canteen**, in order to offer healthy and balanced meals, in line with the company's mission to spread the culture of health and well-being, which also includes “eating well”.

Constant **training activities** allow us to provide equal opportunities for professional and personal development, offering courses on technical and social issues such as inclusiveness and gender equality.

This is complemented by the role of the **Unifarco Foundation**, which supports our personnel in the event of socio-economic difficulties related to, without limitation, critical health issues.

Finally, we conduct regular climate surveys to monitor the general “sentiment” of our employees, so that we are always prepared to address different needs with targeted activities.

Outside the company's organisation, we are always open to dialogue with communities and sensitive to their needs. In 2023, we supported several **initiatives with high social and cultural** value and numerous campaigns for the **enhancement of the region**.

## Environmental Sustainability

Taking care of our environment and that of the entire planet is one of our fundamental commitments.

We work daily on both our **internal production processes** and the **products we offer** to reduce our environmental impact.

**ISO 14001** (Environmental Management System) certification is the essential reference for any initiative undertaken in **internal production processes**.

**Constant attention to the most rational use of each energy source** has enabled Group companies to **limit the increase in their consumption** in absolute terms and to **reduce it** (by **4.6%** over all) in relation to the progressive expansion of their business activities: so-called **energy “intensity”**.

To meet the needs of Group companies, we are progressively expanding the use of **electricity from certified renewable sources**. In particular, Unifarco Spa has been using it exclusively for all of the company's needs since 2023. This has also made a significant contribution in enabling us to mitigate the **“intensity” of greenhouse gas emissions** year on year, which we have **reduced by 3.2%** in 2023 (Scope 1 + Scope 2 Market-based). A remarkable figure if we consider that we emit around 2.3 tonnes of CO<sub>2</sub> every day for our production activities, which corresponds to the average consumption of 35 Italian households<sup>1</sup>.

The same close attention was paid to **limiting water abstraction** from the public network, which remained essentially unchanged from the previous year (+1.1%).

Only **4.5%** of the total waste generated by Group companies is sent to landfill, with the remainder sent for recycling or chemical-physical treatment.

We hold ourselves responsible for the impact on the environment of every single product we sell. This is why we have developed the **“Ecodesign Formulation”** method, now applied to our cosmetic production, based on the selection of raw materials with the lowest environmental impact for the same efficacy. We look at the entire lifecycle of our products: from the production of raw materials to their transport, from our manufacturing processes to their delivery to our customers and the end of life of the packaging after use by the consumer.

In order to realise this approach, we also resort to the **EPD®** (Environmental Product Declaration) certification for an increasing number of products. We were the first in the cosmetics industry worldwide to obtain this certification.

We are increasing the use of **recycled plastic** in product packaging year after year (+44.8% in 2023 alone), while the exclusive use of FSC®-certified paper and cardboard is an established practice.

**Environmental protection** is also one of our objectives, from the point of view of **preserving nature and biodiversity**, especially in the areas where Unifarco has its headquarters and industrial plants. There are several projects that we support or have supported and now manage, including:

- we joined the **“Belluno Carbon Neutral Territorial Alliance”** (Alleanza Territoriale Belluno Carbon Neutral) together with other companies, public bodies and organisations in the area. The aim of the project is to monitor CO<sub>2</sub> emissions and removals at the local level and to encourage the adoption of common policies aimed at favouring the progressive reduction of the impact of greenhouse gases in the province of Belluno;

- we have launched the **“Naturalistic Beekeeping”** (Apicoltura Naturalistica) project with the aim of promoting bee-keeping techniques that respect the “well-being” of bees and promote the protection of biodiversity in the area.

Thank you for taking the time to learn about our daily efforts to leave a more sustainable world for future generations.

Enjoy reading



<b>Ernesto Riva</b> Pharmacist and President, Founder	<b>Massimo Slaviero</b> CEO, Founder	<b>Luigi Corvi</b> Pharmacist and Sales & Marketing Vice President, Co-founder	<b>Gianni Baratto</b> Pharmacist and Science & Research, Vice President, Co- founder

<sup>1</sup> estimated figure, a family of 4 emits on average about 70 kg of CO<sub>2</sub> per day - source ISPRA 2019

# PRELIMINARY REMARKS ON METHOD

## Reporting scope:

This document represents the second **Sustainability Report** (hereafter also “Report”) of the companies belonging to the **Unifarco Group** (hereafter also “**Group**” or “**Group companies**”) consisting of **Unifarco S.p.a.** (hereafter also “**Unifarco**”, “**Company**” or “**Parent Company**”) and its fully consolidated subsidiaries: Unifarco GmbH, Unifarco S.L., PM Pack S.r.l., Perlapelle S.r.l., Unired S.r.l., Duepipharma S.r.l., Keylife S.r.l., Metodo Ongaro Switzerland SA, Farmacia Internazionale S.r.l., Farmacia di Laterina S.r.l, Farmacia Merelli

S.r.l., Farmacia Santa Lucia della Croce S.r.l., Farmacia degli Estensi S.r.l., Unlab Immobiliare S.r.l., Unifarmacie S.p.a. (hereinafter, cumulatively, also “**subsidiaries**”)<sup>2</sup>.

The reporting scope of this Report includes all the economic, environmental and social data of the Group companies considered in the Unifarco Group's Consolidated Financial Statements 2023. However, due to the differences in the nature of the activity carried out (corporate purpose), organisation and structure, as well as the size of the company, which characterise each of the aforementioned companies, the disclosures made in this document in relation to the reporting of the **material topics** considered (for their identification, see the following Section "Process to determine material topics"), include, from time to time, data relating to all or only some of them. A detailed representation of this structuring is shown in the table below.

Any changes to the information provided in this document in relation to the above scope are expressly stated herein.

MATERIAL TOPICS	MATERIAL TOPICS PERIMETER - GROUP MATRIX											
	Unifarco Spa	Unifarco GmbH	Unifarco SL	PM Pack Srl	Perlapelle Srl	Unired Srl	Duepipharma Srl	Keylife Srl	Metodo Ongaro SA	Farmacie controllate	Unilab Imm.re Srl	Unifarmacie Spa
Transparency and integrity in managing the business												
Sustainable use of raw materials												
Sustainable packaging management												
Energy consumption and emissions												
Natural Gas / F-Gas												
Automotive fuels - Diesel												
Automotive fuels - Petrol												
Electricity												
of which renewable												
Water resource management and discharges												
Waste production and management												
Biodiversity												
Personnel management and development												
Human rights and equal opportunity												
Corporate welfare												
Workers' health and safety												
Impact on local communities: listening and engagement												
Research and development												
Product quality and safety												
Customers and consumers satisfaction and listening to them												
Sustainable supplier management												
Economic value generated and distributed												

<sup>2</sup> The scope of consolidation as at 31 December 2023 includes for the first time the company Metodo Ongaro Switzerland SA, which joined the Unifarco Group in July 2023.





## Context analysis: stakeholders, risks and opportunities management

Consistent with the aims of the Organisation, Management and Control Model (Legislative Decree 231/01) and in implementation of its integrated Quality, Environment and Safety management system, Unifarco has prepared a **Context Analysis** (first drafted in 2016; seventh and last update in 2022), aimed at defining the aspects inside and outside its organisation, and not only of a financial nature, capable of influencing the prospects and strategic objectives of its business ("context factors")<sup>3</sup>, **assessing its risks and opportunities**.

For the purposes of preparing the Analysis and because of both the activities carried out and its own **business relations**, Unifarco proceeded to identify **relevant stakeholders**, upstream and downstream of the production process, to consult them and to detect their needs and interests regarding the company.

Stakeholders, identified on the basis of a detailed analysis of the direct and indirect relationships that the Company maintains in the management of its business, are engaged on an ongoing basis, depending on the nature and intensity of the relationship with them, using different modalities/channels of engagement (direct meetings, extended meetings, conferences and other events, dedicated contact forms on websites, etc.). Specific surveys are conducted periodically to measure the level of interest and attention paid to, among other things, ESG issues managed by the company. In particular, the involvement of pharmacists, the main stakeholders as well as shareholders of Unifarco, takes place through the so-called "Advisory Boards": collegial and elective bodies representing pharmacists who are Unifarco's customers, promoted by the Company in Italy and in the main foreign markets, whose function is to facilitate the most effective, constant and structured relationship between the former and the latter.

The input provided by all stakeholders is continuously tracked for a variety of purposes: to guide the Company's initiatives and decisions, to update the Context Analysis, to prepare the Management Review, to update the reporting of complaints and other alerts received from customers and end consumers, and of course to identify material topics for the preparation of the Sustainability Report.

A summary description of the main interests between them and the Company is given in the table below.

Schools, Universities, Research Institutes	Partnership and direct participation in research and development projects on new products and processes with a focus on environmental sustainability Professional skills development reports
Shareholders and Financial supporters	Constant dialogue and communication on the updating of corporate performance indicators Integrity and transparency in business management
Suppliers	Definition of clear protocols and criteria for the evaluation of the quality and effectiveness characteristics of the goods/services provided Active involvement in improvement projects, particularly in the packaging and third-party product chains
Employees	Developing appropriate training programmes and ensuring equal opportunities in professional and career development Correct application of employment contracts and attention to internal welfare policies
(Clients) Pharmacies	Attention to products' quality characteristics and economic and environmental sustainability Involvement, training and assistance for the best relationship with end customers Effective information and brand communication tools
(Customers) End consumers	Respond effectively to wellness and health needs, emphasising the use of natural ingredients from controlled supply chains that respect the environment and biodiversity Product safety and quality in compliance with regulations, trademarks and certifications
Institutions	Information on activities subject to authorisation Integrity and transparency in the management of business activities and employment relations Support and participation in projects involving local communities
Local communities	Direct and indirect support for social and solidarity initiatives of local communities and cooperation projects for the protection and enhancement of cultural and environmental heritage
Media	Effectiveness of communication tools (web, social, specialised press, company visits, etc.) and clarity of messages
Trade associations <sup>4</sup> /trade unions	Participation in sector representation activities and sharing of best practices Availability for discussions on issues of workers' rights, hygiene and safety at work, training and equal opportunities

Unifarco, in close coordination with Group companies, continuously monitors risks, both strictly business-related and of an environmental, social and governance nature. Risk analysis is essential to proactively identify and manage potential threats and, at the same time, to provide insights into new opportunities.

In terms of **market and general context risks**, the financial year just ended was characterised, albeit to a lesser extent than in 2022, by significant pressure on the prices of raw materials and other production factors, as well as a tendency towards a slowdown in economic growth in the Italian and European context, influenced by the reverberations of the tragic consequences of old and new war conflicts (Ukraine, Middle

<sup>3</sup> The "context factors" identified at the end of the Analysis are listed in the table in the following Section "Process to determine material topics".

<sup>4</sup> Unifarco adheres to the Confindustria system through the territorial association "Confindustria Veneto Est" and the Trade Association "Cosmetica Italia" (national association of cosmetics companies). Within the latter, Unifarco's Deputy Chair, Mr. Luigi Corvi, serves as Chair of the "Gruppo Cosmetici in Farmacia".

East). Continuous monitoring and careful management of market fluctuations have, however, enabled the Group to contain the negative economic effects associated with the macroeconomic scenario and to ensure, at the same time, the usual high standard of product and service quality for its partners. This approach was used to manage the main economic and financial risks related to **exchange rate** and **interest rate** fluctuations as well as liquidity and **credit** risks.

In terms of **environmental risks**, **climate change** in general represents a current and significant challenge, even though, at present, its impact does not particularly affect, if not indirectly, the Group's business activities, investments, human resources and, more generally, its main assets. However, Unifarco reaffirms its commitment to address current and future challenges related to environmental risk factors by adopting choices and behaviours aimed at mitigating the effects of climate change.

Among the most important **specific risks** that the Company duly takes into account, those related to the possible causes of **interruption of the company's business and production processes** (*Business Interruption*) are also subject to constant monitoring through a specific *Loss Prevention* plan.

The issue of **cyber security** is also the subject of constant attention, as it is essential to ensure the protection of systems against digital attacks, which are becoming increasingly insidious and could compromise the **integrity and confidentiality of customers data** (whether pharmacies or end consumers), suppliers and collaborators, or the proprietary information relating to products and services under development and subject to "Industrial Property" protection. Investments in this area are always substantial and are accompanied by appropriate organisational measures to verify the effectiveness of the technological solutions identified. In the course of 2023, Unifarco acquired a new server *infrastructure* designed to ensure business continuity, both with a view to disaster recovery and to counteract the insidiousness of *computer piracy*.

Process to determine material topics

The methodological approach used for the **Context Analysis**, in particular the due *diligence* process on the **assessment of the extent of impacts**, actual and potential, negative and positive, short and long term (related to the management of company activities) adopted to define the intensity of "risks" and "opportunities", was used by Unifarco to determine the **material topics** that are relevant for the purposes of their reporting in the Sustainability Report. All this within the framework of the criteria set out by the **Global Reporting Initiative (GRI 3: Material Topics 2021)**.

To summarise, the process that led to identifying the above-mentioned topics for the **Unifarco Group** consisted of five steps:

- 1. an **understanding of the context in which Unifarco operates** through the relevant **Analysis** that considered: the business relationships with the partners in its value chain; the definition of the materiality perimeter (see the "Reporting scope" Section) the aspects related to the "sustainability" of the company's actions from an environmental, social, economic and compliance with laws and regulations point of view; the contribution of stakeholders relevant to the Company;
- 2. **the identification of actual and potential impacts** resulting from the company's activities, based on: information obtained from relationships with stakeholders, independent financial, legal, technical and environmental experts, auditing firms and inspection and certification bodies; the content of publications issued by industry organisations or by publishers and the specialised press; the monitoring of legislation; the results of benchmarking of sustainability reports of companies in the industry;

- 3. **the assessment of the extent of actual and potential impacts** (linked to the need to determine the intensity of the "risks" and "opportunities" identified in the **Context Analysis**), carried out on the basis of a qualitative/quantitative analysis taking into account the severity and likelihood of recurrence of negative impacts; the nature and extent of the number of beneficiaries for positive impacts. Following this, specific **"evaluation indices"** (expressed on a scale of 1 to 5) were assigned;
- 4. **the identification of the most important impacts for the determination of the material topics**, considering as such those whose evaluation indices were equal to or greater than "4";
- 5. the **comparison with the Group companies to share the above methodology** and the integration/delimitation of the aspects considered.

The final result of the process outlined above enabled the selection of the **17 material topics**, summarised in the table below, related to the **context factors** identified by the corresponding Analysis, shared with the Group companies.

CONTEXT FACTORS	MATERIAL TOPICS
PRODUCT AND BUSINESS LIABILITY	Customers and client satisfaction and listening to them
	Product quality and safety
	Sustainable packaging management
	Research & Development
ECONOMY AND MARKETS	Sustainable supplier management
	Economic value generated and distributed
	Transparency and integrity in managing the business
WORKING PRACTICES AND SAFETY	Human rights and equal opportunity
	Personnel management and development
	Corporate welfare
	Workers' health and safety
LOCAL COMMUNITIES AND SOCIETY	Impact on local communities: listening and engagement
ENVIRONMENT	Biodiversity
	Energy consumption and emissions
	Sustainable use of raw materials
	Waste production and management
	Water resource management and discharges



1.

# THE UNIFARCO GROUP

CONSOLIDATED SUSTAINABILITY REPORT 2023

[illegible]



# HIGHLIGHTS 2023



**165,5 mln EUR**

Unifarco Group sales revenue (+12.6 vs. 2022)<sup>5</sup>



**6,300**

customer client-pharmacies



over **64 mln**

of pieces (packages) produced<sup>6</sup>



**4,3 mln EUR**

invested in science

**11** dedicated workshops



**748** people in the workforce

(employees + temporary agency workers)

of which **64%** women



**94%**

of employees with a permanent employment contract



**8,800**

training hours provided to personnel



**-4.6%** intensity of energy consumption<sup>7</sup>



**-3.2%** emission intensity of greenhouse gases<sup>8</sup>



**+9.7%** the amount of waste sent for recycling



**+44.8%** the amount of recycled plastic used for packaging



**90%** of purchases of goods and services from Italian suppliers



**415,000 EUR** earmarked for the support of social, cultural, sports and territory development initiatives  
(for **190** various beneficiaries)

<sup>5</sup> See Note 62 on page 67.

<sup>6</sup> Including in-house production and subcontractors; including packages of so-called "samples", not intended for sale.

<sup>7</sup> Given by the ratio of energy consumption to turnover. See Chap. 2.4 "Energy consumption and emissions".

<sup>8</sup> Given by the ratio of emissions (Scope 1 + Scope 2 Market-based) to turnover. See Chap. 2.4 "Energy consumption and emissions".

1.1  
OUR IDENTITY

we care for care

**Scientific research, sustainability and competence:** these are the words that drive the Unifarco Group to make every pharmacy a safe, accessible and listening point of reference in the conviction that the pharmacist's role should not be limited to selling quality products but to **accompanying people in choosing the best solution for their care and beauty**. Because everyone has the right to be well and well-being cannot be considered a privilege.

In 2023, Unifarco once again confirmed its position as Italy's leading developer, manufacturer and distributor to pharmacies of cosmetics, medical devices, nutraceuticals, cosmeceuticals and make-up, thanks to a **unique business model based on a supply chain integration project**. The development, production and distribution of wellness products and services aimed primarily and specifically at the pharmacy channel represents the Group's core business, structured to offer a comprehensive service to pharmacists.

**Sharing, inclusion and sustainability** have always been key points for Unifarco to seize market opportunities and grow business. The synthesis between the needs of the pharmacy world and laboratory and industrial capabilities, intrinsic in the **"dual soul" of Unifarco**, is present in all aspects of the Group: research and products, distribution and communication, investments, organisation and the ownership structure itself. Unifarco's dual soul is a distinctive element, a multiplier of the value generated that is shared in the growth process with **stakeholders** and a driving force for future developments.

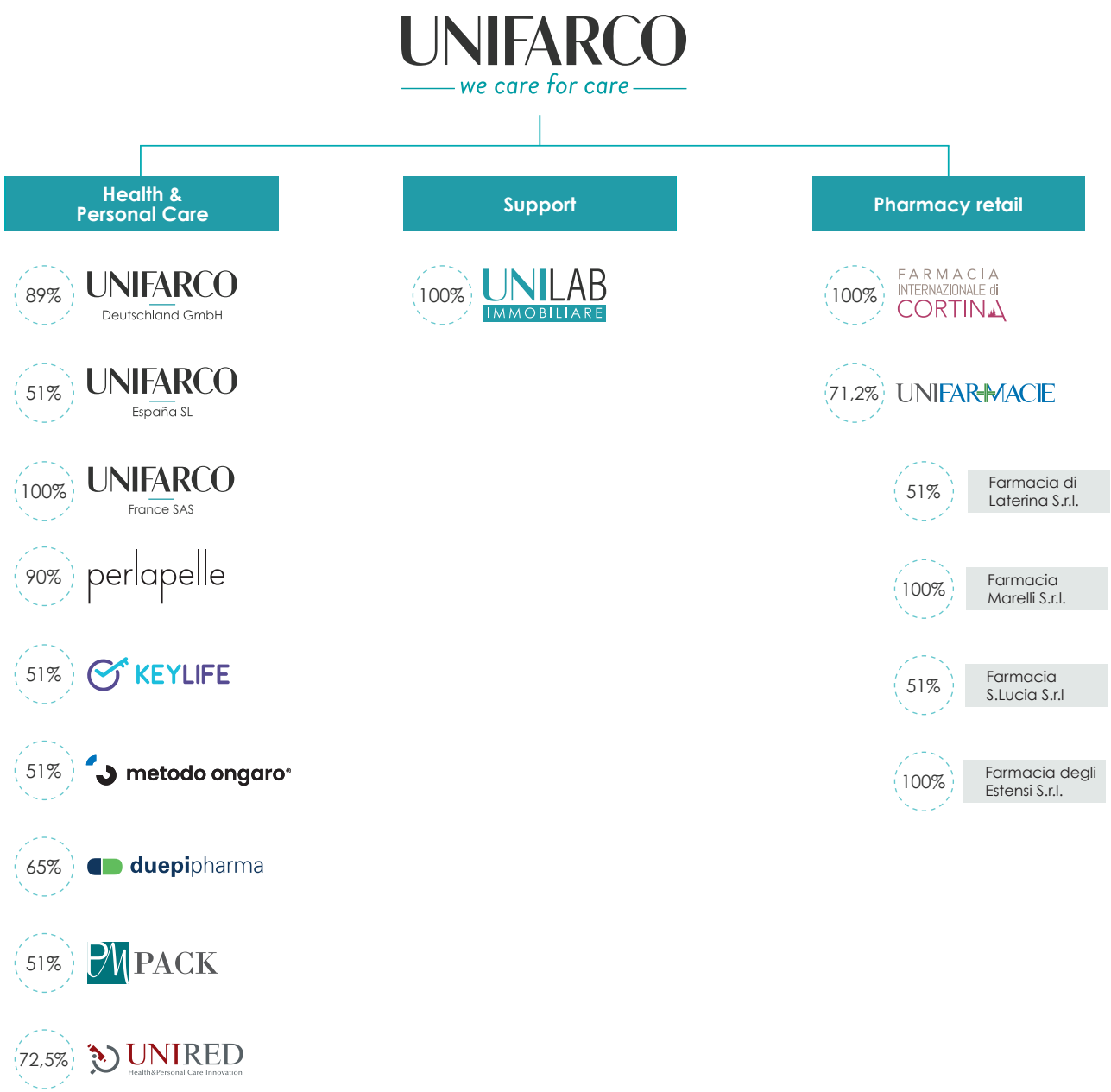
The choice of Unifarco S.p.a. to acquire the legal status of a **Benefit Corporation**<sup>9</sup> through the introduction in its **Articles of Association** of the formal commitment to pursue **common-benefit purposes** in favour of society, the environment and the territories with which it relates directly or indirectly<sup>10</sup> should also be read in this light.



<sup>9</sup> The regulation of "Benefit Corporations" is contained in Article 1, paragraphs 376 to 384, of Law No. 208/2015.  
<sup>10</sup> The description of the common benefit purposes, the actions taken, the objectives achieved and those established for the future to achieve the aforementioned purposes are set out in the **2023 Impact Report** of Unifarco S.p.a. published at [www.unifarco.it](http://www.unifarco.it).

1.2  
THE GROUP STRUCTURE - THE MARKETS

The Unifarco Group is structured along three main lines coordinated by the Parent Company Unifarco S.p.a.: the *core business* **Health & Personal Care**, the Group's real estate development **Support** structure and the **Retail of Pharmacies**.





## Health & Personal Care

In the field of Health & Personal Care,

**UNIFARCO**  
Spa

**Parent Company**  
S. Giustina (BL) - Veneto - IT

**Unifarco Spa** is a **company founded** (over 40 years ago) **and formed by European pharmacists** with whom it actively collaborates in the development, production and marketing of dermocosmetic products, food supplements, medical devices, make-up as well as scientifically validated analysis services (Methods) that enable it to offer customised nutritional, lifestyle and dietary supplement advice. Constructive and continuous dialogue with frontline pharmacists enables the rapid identification of people's needs and the development of dedicated solutions with high scientific value to meet consumer requirements.

**UNIFARCO**  
Deutschland GmbH  
Unterhaching - Germany

**UNIFARCO**  
España SL  
Barcelona - Spain

**UNIFARCO**  
France SAS  
Paris - France

The Unifarco business model is exported to **foreign markets** also through the activities carried out by the **sales branches**, by means of organisational structures that are consistent with the local contexts and with the growth potential of the individual countries. This "conscious" export allows Unifarco to express an important competitive advantage by building a relationship of trust with local pharmacists, analysing the peculiarities of the target market in foreign countries, and studying in depth international and regulatory legislation. The continued growth of **Unifarco Deutschland GmbH** and **Unifarco SI**, in Germany and Spain respectively, confirms the success of this strategy and reinforces the desire to expand the model in other countries. This is the context of the most recent transaction carried out by Unifarco (October 2023) with the establishment of the branch **Unifarco France SAS**<sup>11</sup>, which will consolidate the relationship with French pharmacists.

**perlapelle**  
Villorba (TV) - Veneto - IT

With the contribution of Mycli-branded products from the subsidiary **Perlapelle S.r.l.**, the Group extends its offering to the medium-high segment, composed of mature consumers who turn to their pharmacists in search of top-quality cosmeceutical products to meet specific needs.

**KEYLIFE**  
Piacenza-EmiliaRomagna-IT

KeyLife products also help to increase the offering in the Health & Personal Care segment with a wide range of functional foods. **Keylife S.r.l.**'s offer enables the Group to generate important synergies with the analysis services (Methods) supplied to pharmacies and with the food supplement products already known to Unifarco's partners.

**metodo ongaro**  
Agno - Switzerland

The collaboration with **Metodo Ongaro Switzerland SA**, which was strengthened in July 2023 with the acquisition of control by the Parent Company, increases Unifarco's expertise in the fields of coaching, human resources development and online training related to wellness, health and nutritional integration topics.

<sup>11</sup> Company not included in the reporting scope of this document as it is not fully consolidated in the Consolidated Financial Statements of the Unifarco Group

**duepipharma**

Villorba (TV) - Veneto - IT

The Unifarco Group's value chain is complemented by **Duepipharma S.r.l.**'s expertise in the manufacturing of food supplements. Significant investments recently made at the production site in Villorba with state-of-the-art machinery and extremely flexible, high-performance production lines enable the subsidiary to produce ever larger volumes of food supplements for the Group and third parties, while maintaining high quality standards.

**PM PACK**

Santa Maria di Sala (VE)  
Veneto - IT

The commercial and manufacturing experience of **Pm Pack S.r.l.** in the field of excellent packaging, also at the service of third parties, allows the Group to apply to packaging the same quality and environmental sustainability criteria that are adopted for the development and manufacturing of Unifarco products.

**UNIRED**  
Health&Personal Care Innovation

Padua - Veneto - IT

The basic research and development activities carried out by **Unired S.r.l.** for the Group and for third parties, in collaboration with the University of Padua and Unifarco's research and development laboratories, complete Unifarco's value chain by making an important contribution in terms of product development and dissemination of scientific knowledge. The subsidiary provides the Group with constant innovation for the development of effective, safe and affordable cosmetics, medical devices and supplements. In addition, Unired S.r.l. makes a fundamental contribution to packaging research and product training, which is transferred to its client-pharmacies so that they can respond to people's needs with qualified, precised advice.

**UNILAB**  
IMMOBILIARE

Santa Giustina (BL)  
Veneto - IT

## Support

**Unilab Immobiliare S.r.l.** is the company dedicated to managing the real estate structure supporting the Group's growth, consistent with the investment prospects set forth in the strategic plan.

FARMACIA  
INTERNAZIONALE di  
**CORTINA**

Cortina d'Ampezzo (BL)  
Veneto - IT

## Retail pharmacies

The **Retail Pharmacies** industry represents a pillar of the Group, closely linked to Unifarco's DNA, which allows it to consolidate its direct link with the pharmacy world. The development project of the "Unifarco pharmacy" model continues successfully thanks to the activities of **Farmacia Internazionale S.r.l.** and the other **pharmacies of the Group**, which continue the growth path already started in previous years in terms of turnover and results, also thanks to the coordination and support services that **Unifarmacie S.p.A.** offers to the pharmacies owned and partnered by Unifarco.

**UNIFARMACIE**

Santa Giustina (BL)  
Veneto - IT

Farmacia  
di Laterina (AR)

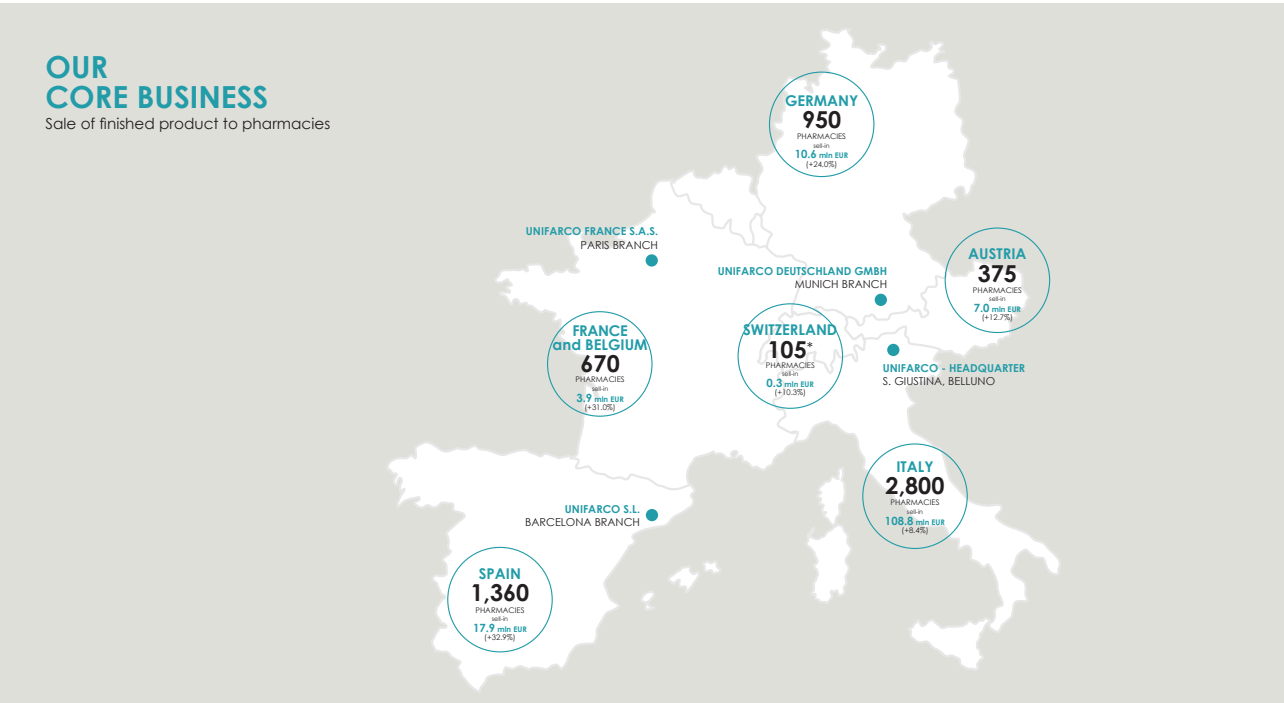
FARMACIA  
MERELLI

FARMACIA  
S. Lucia della Croce

FARMACIA  
DEGLI ESTENSI  
Roma



The Unifarco Group operates in the **Italian** and in the **European markets** (mainly in Spain, Germany, France and Belgium, Austria and Switzerland) through a network of around **6,300 customer pharmacies** which it supplies with customised and own-brand products and services.



In Italy, the Group's products are also offered directly to consumers through dedicated e-commerce platforms. The e-commerce platform of the **Dolomia**<sup>12</sup> brand was awarded the **2022 Netcomm AWARD**<sup>13</sup>, in the start-up section, with the following motivation: *For creating an innovative make-up (and skin-care) website a clear, simple, customised, interactive user experience, and with a strong focus on sustainability*".

**DISTINCTIVE PRODUCTS AND SERVICES**

The Unifarco Group supports pharmacist-partners by offering customised, and own-brand, solutions so that they can **take care of people** with safe, state-of-the-art, natural and sustainable products and services. The Group also devotes significant resources to communication activities to promote its relationship with pharmacists and to foster consumer involvement.

**The Unifarco brands**



**Farmacisti Preparatori**

The line's effective, safe and accessible cosmetics and food supplements, customised with the name and label of the individual pharmacies, are guaranteed by each pharmacist and by their scientific community. Community pharmacists share professional ethics and the objective of ensuring people's health and beauty.



**Unifarco Biomedical - Ceramol**

products dedicated to the treatment of certain specific skin conditions with state-of-the-art medical devices and dermocosmetics to also guarantee maximum efficacy to problematic skin in total safety. They are based on patented formulas, also developed in collaboration with top Italian and international universities.

**DOLOMIA**

**Dolomia**

The Dolomia brand uses the powerful extracts of Dolomite nature to combat stress, pollution and skin ageing through make-up and skin care treatments with pleasant textures and fragrances that evoke the scents and colours of the Dolomites. Sustainability is a fundamental value that guides all Dolomia's choices and its ongoing commitment to protecting biodiversity.

**BIOMALIFE**

**Biomalife**

is the first line of food supplements specifically developed to restore and maintain the wellbeing of the gastro-intestinal system. Biomalife food supplements are highly innovative and offer high tolerability and are researched, formulated and validated in collaboration with medical specialists, biochemists and industry experts.

**MyCli**

**MyCli**

offers a complete range of cosmeceuticals and nutritional supplements developed through strong expertise in the field of aesthetic medicine to stimulate and defend the skin's self-correction processes by combining the best cosmetic technologies with an anti-ageing action with the most effective nutritional supplements.

**KEYLIFE**

**Keylife**

With its Keylife-branded functional foods, the Company offers low-carb, anti-inflammatory and metabolic parameter control nutrition protocols, developed in cooperation with nutritionists and industry specialists.

**GENAGE**

**Genage**

the collaboration with Metodo Ongaro Switzerland SA and with international doctors, geneticists and researchers resulted in the Genage brand products. Through a genetic test and an epigenetic questionnaire analysing ageing predispositions, Genage customises the intervention with precision nutraceuticals and support in lifestyle improvement.

**Services for pharmacies**



**Methods**

Specific analysis and measurement services that support pharmacists in offering their customers qualified advice based on a scientific approach. The range includes body composition analysis (Bodyplan), genetic analysis of the gut microbiota (Biomaplan), analysis of inflammation from food (Foodplan), and analysis of skin health and beauty (Skinplan).



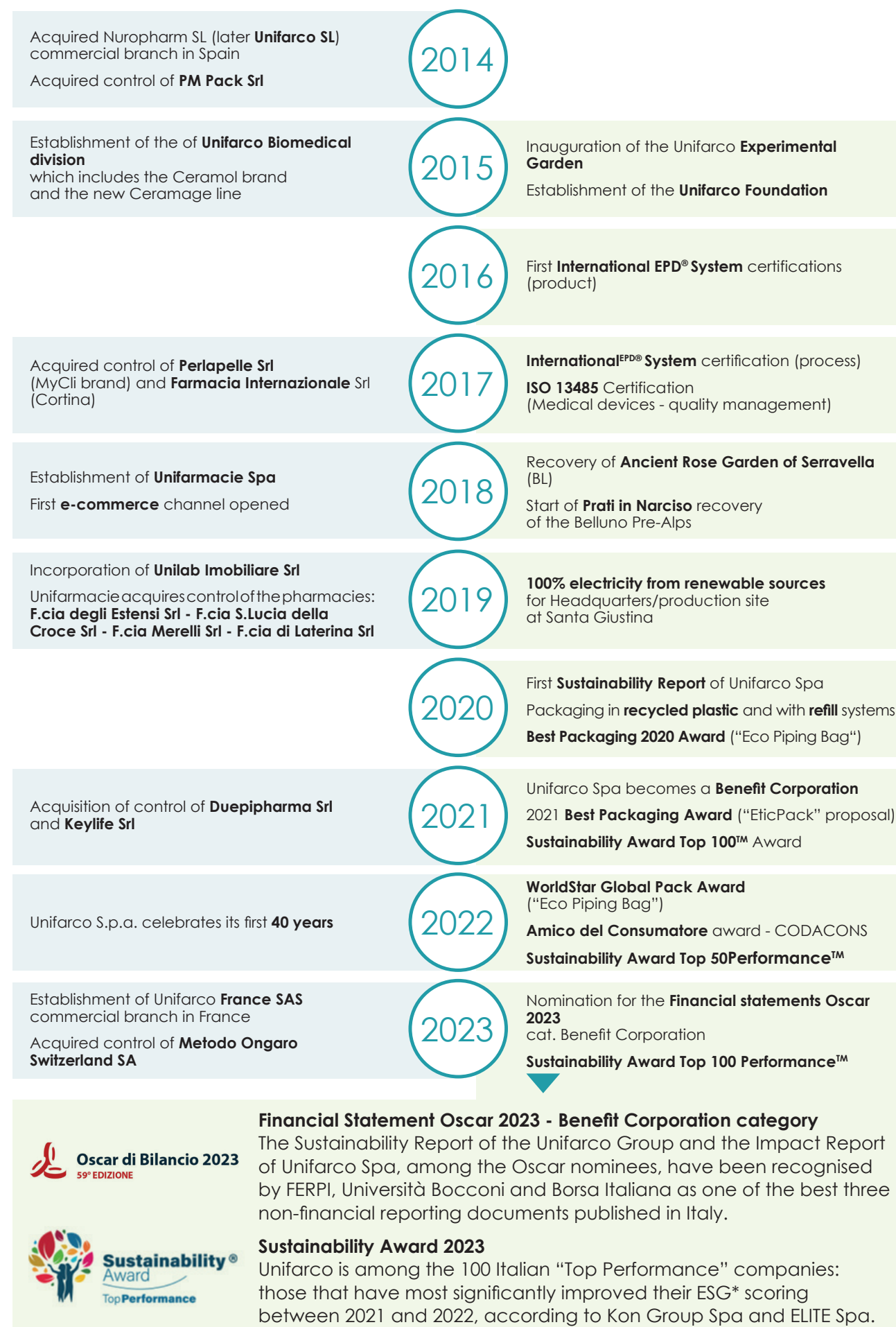
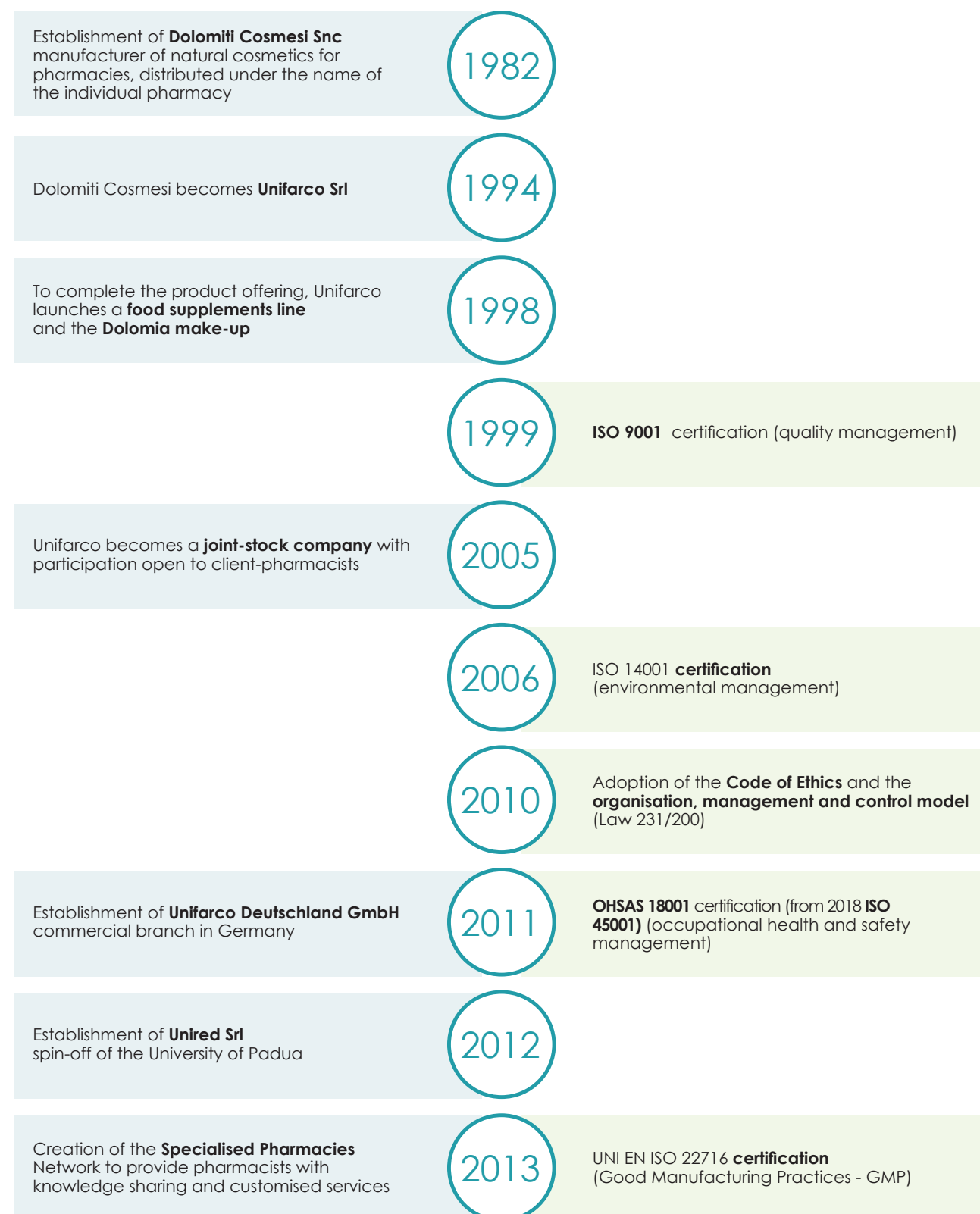
**Specialised Pharmacies**

The Specialised Pharmacies network (approximately 660 in Italy) is at the forefront in recommending, selecting and proposing distinctive products and services dedicated to personal care in the field of prevention, screening and the promotion of healthy lifestyles. Unifarco supports Specialised Pharmacies by providing high-level scientific training courses as well as courses on marketing and management techniques for pharmacy management.

<sup>12</sup> [www.dolomia.it](http://www.dolomia.it)  
<sup>13</sup> For more information on the Netcomm AWARD: [www.award.conorzionetcomm.it](http://www.award.conorzionetcomm.it)

## OUR HISTORY

*From the very beginning, sustainability has played a fundamental role and guides all Group's choices*





## 1.4 GOVERNANCE

Unifarco's main management and control bodies are:

- **Board of Directors**, consisting of Chairman Ernesto Riva, Chief Executive Officer Massimo Slaviero and Managing Directors Giovanni Baratto and Luigi Corvi, as well as Directors Fabio Buttignon and Elena Lomolino.
- **Board of Statutory Auditors**, consisting of a Chairman, two Standing Auditors and two Alternate Auditors.
- **Supervisory Body (SB)** consisting of two members.
- **Independent Auditing Firm**: Deloitte & Touche SpA.

The highest governing body of the Company, appointed by the Shareholders' Meeting, is the **Board of Directors** consisting of six members (one independent), **one woman and five men**. One member falls into the 30-50 age group (17%), the rest in the over-50 age group (83%). Unifarco's customer and shareholder pharmacies are involved in the process of selecting and appointing one of their representatives to this body.

Unifarco's Code of Ethics<sup>14</sup> sets out the principles and identifies ways to ensure the prevention of conflicts of interest at every level of the hierarchy, first and foremost in relation to the Directors<sup>15</sup>. The assumption of offices in the governing bodies is subject to the requirements of respectability, professionalism and independence, in compliance with the applicable regulations.

The Statutory Audit of the accounts is entrusted to the **Board of Statutory Auditors**.



The **Supervisory Body (SB)** meets regularly and the observations and recommendations outputs are indicated in the Internal Review document.

The **Board of Directors** approves corporate strategies considering the Group's economic, social and environmental performance; evaluates and validates the risk and opportunity analysis; evaluates and approves the **material topics** matrix and the Group's **Sustainability Report** as well as the Company's Annual **Impact Report**, prepared in accordance with the legal provisions on Benefit Corporations.

Within the framework of quality management systems, particular importance is given to the "**Management Review**" document, which contains operational and management performance indicators, broken down by the different functions, and summarised in a KPI framework according to the "*balanced scorecard*" approach. This is where the Company's economic, environmental and social performance is identified, monitored, reported and evaluated. The contents of the Review are regularly submitted to Unifarco's **Strategic Committee**<sup>16</sup> for evaluation.

The latter is also the reference body, both for the monthly operations of the **Management Committee** (plenary meeting of the Heads of all company's departments) and of the **Boards** (opportunities for direct contact with the management in charge of each internal department or with contact persons of Group companies). On these occasions, aspects related to ESG issues management are promptly addressed also, but not only, with reference to the powers and responsibilities assigned by the Board of Directors to the Directors, through specific proxies.

In 2023, the **ESG Management Committee** was established, which will become operational in 2024, with the task of overseeing *sustainability* issues, in all aspects, including risks linked to *climate change*, to Unifarco and the Group and the consequent implementation of proposals for action in this area in the short, medium and long term.

The evaluation of the Directors and management performance is articulated on the basis of both economic and qualitative parameters in the context of different operational mechanisms. A first mechanism is linked to the control exercised by the Shareholders' Meeting over the Board of Directors, which submits the annual Financial Statements and accompanying Report illustrating numerous indicators in various activity areas. A second mechanism is related to the management of voluntary certifications on quality, environment, safety and production practices that, through a strategic approach based on risk and opportunity assessments, indicate possible areas of improvement and/or non-compliance.

The definition of remuneration for directors and management is differentiated as follows:

- a) directors:** the total remuneration of members of the Board of Directors is approved by the Shareholders' Meeting. This information is highly transparent, both by virtue of the large number of shareholders and of the practice, introduced in 2019, of inviting the workers' Single Trade Union Representation to the Shareholders' Meeting, in accordance with the industrial relations "participatory model" promoted by the Company. The allocation of the monthly remuneration to the directors is determined collectively by the Board of Directors.
- b) managers:** The remuneration for managers is individually contracted by the Chief Executive Officer, with the assistance of the Head of Human Resources, using salary *benchmarking* databases by role/item/territory, acquired for a fee. Information on the managers' remuneration positioning is also periodically shared within the Strategic Committee. The variable part of managers' remuneration is linked first of all to the company's profitability according to the "*ability to pay*" principle and then to the MBO(Management By Objectives) schedule.

Finally, Unifarco complies with European Regulation 2016/679 (GDPR) on the protection of personal data by appointing a Data Protection Officer (DPO), whose function also serves the Group companies, delegating Department Heads for its correct implementation.

<sup>14</sup> See next Chapter 1.5 "Our integrity and transparency".

<sup>15</sup> The Chairman of the Board of Directors does not hold senior management positions within the company

<sup>16</sup> "Intermediate" body for relations between the management and the Board of Directors, provided for by the corporate organisational Model and composed of the CEO and the Managing Directors.



## 1.5 OUR INTEGRITY AND TRANSPARENCY

In line with the values of fairness and transparency that have always guided the company's activities, Unifarco has adopted a **Code of Ethics**<sup>17</sup> and an **Organisational, Management and Control Model**, as required by Italian Legislative Decree No. 231/2001<sup>18</sup>. Both documents were adopted by the Board of Directors on 28 April 2011 and have been updated over the years on an ongoing basis (last revision in 2022).

The reference to a **corporate governance** model constitutes an important opportunity to verify and supplement the company's decision-making and implementation processes as well as the related control systems.

The **Code of Ethics** enshrines the principles inspiring the conduct of the Parent Company and, through its guidance and control role, also that of its subsidiaries.

Always acting in compliance with the law, engaging in honest, fair, impartial relations, without any prejudice, with all *stakeholders*; respecting people's human rights; fair market competition; protecting people's health and safety, monitoring and minimising environmental impacts, are just some of the **value cornerstones** that inspire the Code of Ethics, identifying at the same time adequate measures to control and verify compliance with them and procedures for reporting (anonymously) any violations together with the sanctioning regime to pursue those that are ascertained.

In the course of 2023 and in compliance with the ethical principles that always guide the Group's activities, in relation to the Group's member companies:

- no corruption incidents have been established, nor have any corruption-related lawsuits been filed.
- no penalties were imposed for environmental violations;
- no sanctions were imposed for labour practice violations;
- no cases of discrimination or human rights violation were established or contested;
- no significant instances of non-compliance were identified concerning product information, labelling and safety requirements<sup>19</sup>;
- with regard to personal data processing (privacy), no sanctions were imposed or breaches were identified.

<sup>17</sup> Delivered to each new employee and published on the Unifarco website on the page: <https://assets.unifarco.it/portale2017/it/Assets/sostenibilita/bilancio-di-sostenibilita/codice-etico-unifarco.pdf>

<sup>18</sup> Assessments are underway to extend the implementation of the "231 Model" to other Group companies.

<sup>19</sup> For the purposes of this Sustainability Report, "non-significant" means non-compliances that have not led to the imposition of fines.

## 1.6 MANAGEMENT SYSTEMS AND CERTIFICATIONS

Unifarco is committed to achieving certifications that continuously attest to the quality of its production processes and good manufacturing practices. Those held by the Company in 2023 refer to:

- Quality management system (ISO 9001:2015)
- Environmental management system (ISO 14001:2015)
- Management systems for health and safety at work (ISO 45001:2018)
- Cosmetics - Good Manufacturing Practice (GMP) - Guidelines on Good Manufacturing Practice (ISO 22716:2008)
- Medical devices - Quality management systems - Requirements for regulated purposes (ISO 13485:2016)

Processes were initiated to extend certain certifications to other Group companies.

In addition, Unifarco was **the first company in the cosmetics sector worldwide** to have requested and attained for some of its products the **EPD Environmental Declaration** recognition from the **International EPD® System**, aimed at certifying the level of **environmental impact** of the entire **life cycle** (LCA - Life Cycle Assessment) of the same<sup>20</sup>.

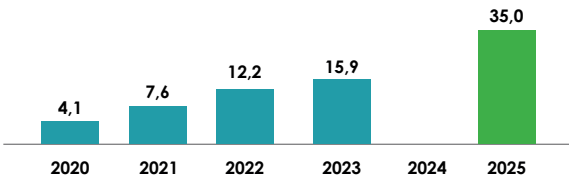


<sup>20</sup> For more details see Chapter 2.3 "The assessment of the environmental impacts of products".

# 1.7 UNIFARCO'S SUSTAINABILITY GOALS AND ACTIONS

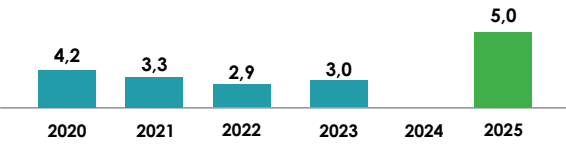
## GREEN

By 2025: 35% of cosmetics plastic packaging used by the company will be made with recycled plastic.

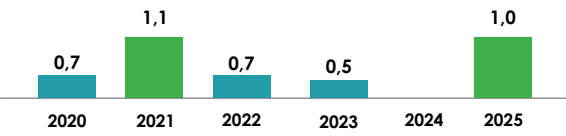


By 2025: in addition to confirming the exclusive use of electricity from renewable sources, all new buildings will be heated with electric heat pumps and all fluorescent lamps will be replaced with LED systems.

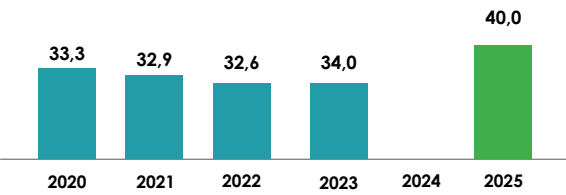
## PEOPLE



By 2025, 0.005% of sales revenue will be earmarked for projects and initiatives with a high social and cultural content, for the enhancement of the territory and its communities.



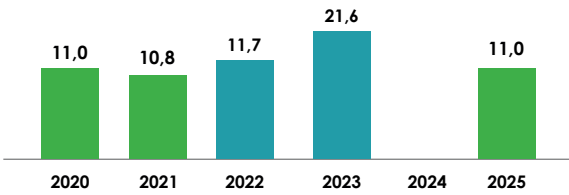
By 2025: the economic value of training activities provided to employees will be increased to no less than 1% of personnel costs.



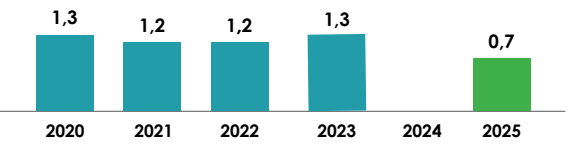
By 2025, the percentage of women pertaining to the total personnel with management and coordination responsibilities (managers and department heads) will be increased to no less than 40%.

## ECONOMY

With a view to improving the quality of customer service: Unifarco undertakes to maintain for the four-year period from 2021 to 2025 an average "Product Complaints" incidence in relation to the number of units sold to 11.0 ppm<sup>21</sup>,

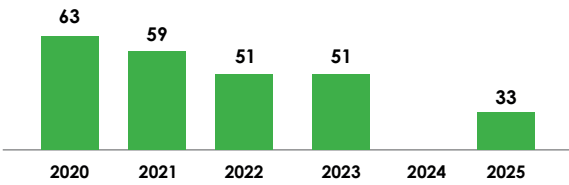


as well as to reduce the percentage of "Delivery Complaints" by customers to 0.7% of the total number of shipments to them by 2025;

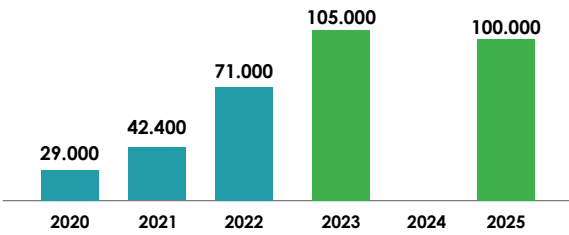


<sup>21</sup>"parts per million", see also Chapter 4.3 "Responsibilities to Pharmacies and Customers", Table 4.3.1, footnote <sup>59</sup>.

With a view to ensuring the company's adequate capital strength: until 2025 Unifarco is committed to allocate a portion of the profit for the year never less than 33% of the total retained value generated during each financial year to reserves.



With a view to contributing to enhancing the knowledge and skills of pharmacists customers, through training activities, online and offline, organised by and for them, by 2025: Unifarco undertakes to ensure that the number of participations in such activities is increased to 100,000<sup>22</sup>.



The "GREEN" actions that the company proposed to undertake (by 2023) included: "the start of experimentation with the recovery in pharmacies of primary packaging used by consumers for reuse". However, the project has slowed down due to the identification of widespread administrative complexities related, among other things, to the need for large-scale territorial experimentation. The approach to the initiative, which is undoubtedly valuable in terms of "circular management" of packaging, is currently under review.

<sup>22</sup> Redefined target, compared to previous editions of the Unifarco Group Sustainability Report, as the original target (34,000 participations) has already been amply exceeded.





2.

# GREEN

CONSOLIDATED SUSTAINABILITY REPORT 2023

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## 2.1 THE SUSTAINABLE USE OF RAW MATERIALS

### TYPES AND QUANTITIES

The main raw materials for the products manufactured by the Unifarco Group are **deionised water**<sup>24</sup>, **process raw materials** (surfactants, emollients, functional substances, rheological additives, preservatives, and polymers and dyes for packaging) and **auxiliary materials** used in production support activities (mainly laboratory and sanitising materials).

For the latter two macro-categories, the table below shows the details of the quantities used, whose trend is consistent with that of the volumes and formulation of the various types of products manufactured internally by Group companies<sup>25</sup>.

Table 2.1.1: Materials used by the Group - tonnes/year

	2023	2022	23/22 change
Process raw materials	897.6	1,006.6	-10.8%
Auxiliary materials	9.5	8.1	17.3%
<b>TOTAL</b>	<b>907.1</b>	<b>1,014.7</b>	<b>-10.6%</b>

### SUSTAINABLE MANAGEMENT OF RAW MATERIALS

The choice of raw materials follows the dictates and guidelines of **Green Chemistry**<sup>26</sup>:

- pollution prevention
- reducing waste and maximising yield
- less hazardous chemical syntheses: processing and producing substances with the lowest possible toxicity profile for humans and the environment
- designing effective and safe molecules
- use of safe aids
- design for energy efficiency
- use of renewable sources
- reduction of derivatives requiring additional reagents
- preference for catalytic reactions, which are more selective than stoichiometric ones
- design and study of molecule degradation
- real-time analysis to prevent pollution
- selection of substances that minimise the risk of accidents

and in full compliance with its founding principles, Unifarco's R&D Department has developed a **GREEN Specification**, constantly updated according to the evolution of scientific knowledge, which includes permitted ingredients, ingredients under observation and excluded ingredients.

<sup>24</sup> See next Chapter. 2.5 "Water resource management and discharges".

<sup>25</sup> The information on the types and quantities of raw materials includes that referred to Unifarco Spa and PM Pack Srl. They do not include those relating to Duepipharma Srl as they are not available/incomplete. Perlapelle Srl and Keylife Srl do not produce their products in-house.

<sup>26</sup> The Green Chemistry Principles of the United States Environmental Protection Agency ([www.epa.gov](http://www.epa.gov))

This was followed by an exclusive process for the:

### formulation in Eco-design of cosmetics

In short, its articulation consists of the prior mapping (*Life Cycle Inventory*) of a whole series of **impact indicators** that characterise the production and availability of each **raw material** that might be considered in the formulation of each product (e.g., greenhouse gas or harmful emissions, water acidification and eutrophication, air quality, overall resource consumption, etc.). All the information collected is then managed by proprietary software, whose algorithm is able to release in real time two **synthetic performance indicators** (*carbon footprint* and a cumulative indicator for other impacts) that Unifarco researchers use to define, when formulating each product, the blend of ingredients that **guarantees the lowest overall environmental impact with the same cosmetic efficacy**.





2.2

THE SUSTAINABLE USE OF PACKAGING

TYPES AND QUANTITIES

The **packaging** used by the Unifarco Group is divided into **primary** (jars, bottles and tubes in plastic and glass/plastic or glass/aluminium bonded materials, other metals, blisters, bags, sachets), **secondary** (cardboard, paper, plastic cases) used to contain individual product packages, and **tertiary** (mainly corrugated cardboard boxes, stretch wrapping, paper and plastic tape) used for shipping.

Table 2.2.1: Weight of packaging used by the Group by type of material<sup>27</sup>

	QUANTITY (t)		23/22 CHANGE
TYPES OF PACKAGING	2023	2022	
Primary and secondary			
Plastic	655.9	629.2	4.2%
of which recycled	61.1	42.2	44.8%
Glass	172.1	197.4	-12.8%
of which recycled	3.8	3.3	15.2%
FSC®-certified paper and cardboard	224.6	185.4	21.1%
Metal	20.4	15.7	29.9%
Wood	0.2	0.2	0.0%
Sub-Total	1,073.2	1,027.9	4.4%
Tertiary			
Plastic	28.6	42.5	-32.7%
Paper and Cardboard	580.2	663.4	-12.5%
of which recycled	380.2	427.9	-11.1%
of which FSC® certified	108.0	145.8	-25.9%
Sub-Total	608.8	705.9	-13.8%
TOTAL	1,682.0	1,733.8	-3.0%

<sup>27</sup> The information on the weight of primary and secondary packaging for 2022 does not correspond exactly with that reported in last year's edition of the Consolidated Sustainability Report. The differences are due to the refinement of the methodologies used to consolidate the relevant data.

SUSTAINABLE PACKAGING MANAGEMENT

With more than 64 million packs (pieces) produced in 2023<sup>28</sup>, policies aimed at reducing the environmental impact of packaging represent one of the priorities of the Unifarco Group, which, having already begun to direct its initiatives towards the indications expressed on the subject by the **European Green Deal**<sup>29</sup>, now devoting particular attention to the overall regulatory framework being established in the EU, especially for aspects concerning **disposable packaging** and **packaging and waste management**.

In comparison with the previous year, the measures implemented in 2023 for a more sustainable packaging management resulted in:

- **increasing by more than 44%**, in absolute terms, the quantity of **recycled plastic** used in primary and secondary packaging. Its incidence on the total plastics used for these purposes was 9.3%;
- confirming the packaging offer assembled with **refill systems** or subject to certified impact assessments<sup>30</sup> over the entire life cycle;
- confirm the exclusive use of **paper and board** made from vegetable fibres from **certified and renewable** (FSC®)<sup>31</sup> supply **chains** for **secondary** packaging, while for **tertiary** packaging, the use of FSC®-certified or recycled material covered **more than 84%** of the relevant requirement;
- **containing the density** of plastics used for tertiary packaging and, in the same context, that of certain types of cardboard containers.

During the year, processes were set in motion that will enable to **introduce on the market**, from 2024:

- **packaging** proposals made with **recycled plastic** for several new items in the **Farmacisti Preparatori** lines (Hand Cream, Baby Cream and Cream Paste, Purifying Mask, Cleansing Face Mousse) and **Dolomia** (Night Concentrate, Serum/Oil with petals);
- packs (600/800 ml) for **refilling** the products of the **Farmacisti Preparatori** Hygiene Line and the **Ceramol** Washing Base.



<sup>28</sup> Produced in-house or made by subcontractors; including sample packs not intended for sale.

<sup>29</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Regions Committee (11 December 2019)

<sup>30</sup> EDP Environmental Declaration, for more details see Chapter 2.3 "Assessment of the environmental impacts of products".

<sup>31</sup> FSC®: "Forest Stewardship Council®" ([www.fsc.org](http://www.fsc.org)).

2.3

ASSESSING THE ENVIRONMENTAL IMPACTS OF PRODUCTS

The approach adopted by Unifarco for the overall management of product impacts is inspired by the principles of *Life Cycle Thinking* (LCT) and, in particular, by its main implementation tool: the **Life Cycle Assessment** (LCA)<sup>32</sup>: the methodology that assesses the environmental footprint of a product throughout its entire **life cycle**.

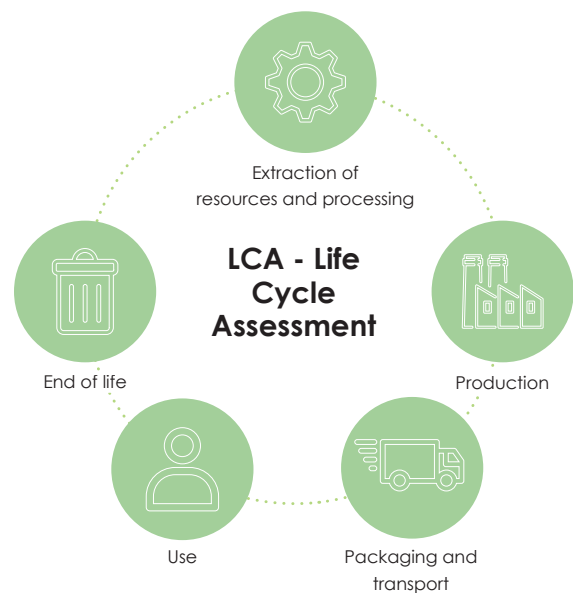


Figure 2.3.1: The cosmetic product life cycle



<sup>32</sup>The term **Life Cycle Assessment** was coined in 1990 during the SETAC (Society of Environmental Toxicity and Chemistry) congress held in Vermont (USA). The definition given at the time, and still widely accepted today, describes the LCA as "an objective process for assessing the environmental burdens associated with a product, process or activity, conducted through the identification and quantification of the energy and materials used and waste released into the environment, to evaluate the impact of these energy and material uses and releases into the environment, and to screen and identify opportunities for environmental improvement. The assessment includes the entire life cycle of the product, process or activity, including extraction/production and treatment of raw materials, manufacturing, transport and distribution, use, reuse, maintenance, recycling and final disposal" (SETAC, 1991).

In order to put this approach into practice using only rigorous and authoritative criteria, in the absence of other suitable sectoral references, in 2015 Unifarco decided to contribute to the drafting of the International Rules<sup>33</sup> to be followed for the issue, in the **cosmetics sector**, of **Environmental Product Declarations (EPDs)** adopted, after international public consultation, by the **International EPD® System**<sup>34</sup> and still valid worldwide.

The Rules involve the **assessment of the environmental impacts of cosmetic products**, detailed for each stage of their life cycle (choice and sourcing of raw materials and packaging, production, distribution, use and end-of-life), which are useful, among other things, to enable manufacturers to **take action to mitigate them**. The measurement is carried out using a methodology in accordance with the international standard ISO 14025.

The resulting **Environmental Product Declarations (EPDs)**, drawn up and communicated to the public, contain the **certified results of impact analyses** carried out taking into account 16 different indicators, the main ones relating to:

- Climate change (greenhouse gas CO<sub>2</sub> emissions)
- Acidification (acid rain)
- Eutrophication (water quality)
- Photochemical oxidation (air quality)
- Depletion of the ozone layer



To date, there are **49 products** manufactured by Unifarco for which a certified **EPD has been issued: 4** among the best sellers of the **Farmacisti Preparatori line**, **44** relate to the **Dolomia skincare** line and **1** to the Ceramol line. 41 of these are still on the market with valid EPDs.

The certification (for EPD purposes) of the **carbon (CO<sub>2</sub>)** emissions associated with the above-mentioned products, in conjunction with the mitigation measures subsequently implemented, has also allowed Unifarco to launch, in collaboration with **Rete Clima**<sup>35</sup>, a "carbon offset" operation through the purchase and cancellation of 1,000 certified VCS(Verified Carbon Standard)<sup>36</sup> certified carbon credits, in two international projects:

- VCS 1329-Maisa REDD+ **Brazil**: The Maisa REDD+ project covers 28,740 hectares of rainforest in the Cairari-Moju area of the Brazilian state of Pará, characterised by a high level of biodiversity but threatened by advancing deforestation. There are 128 tree species and at least 350 animal species in the protected area, including 29 vulnerable or endangered species. The project promotes the conservation of the existing forest, with the aim of preventing 6,103 hectares of deforestation over 30 years, with the help of local people.
- VCS 2026 Hydropower **India**: This project supports the construction and operation of a hydroelectric plant in India (in the Kuli District, in the State of Pradesh), with an installed power capacity of 192 MW. Through clean electricity generation, an alternative scenario to the *Business As Usual* situation of fossil fuel energy generation, a renewable energy alternative is offered that contributes to securing the local energy supply.

Starting in 2022, the operation allowed for the offsetting of **residual CO<sub>2</sub>**emissions on the aforementioned Dolomia products.

<sup>33</sup> Product Category Rules (PCR).  
<sup>34</sup> The**International EPD® System** is a programme (promoted by the Swedish Environmental Management Council) to develop and register EPDs for any kind of goods and services. The EPD is verified by a third party. Other information: [www.environdec.com](http://www.environdec.com).  
<sup>35</sup> Rete Clima is an Italian **non-profit organisation** that promotes **Corporate Social Responsibility (CSR)**, **sustainability** and **decarbonisation** actions ([www.reteclima.it](http://www.reteclima.it)).  
<sup>36</sup> The VCS standard (developed by Verra, Washington DC, USA, a non-profit company: [www.terra.org](http://www.terra.org)) refers to the **eligibility requirements** for Carbon Credits defined by the **Clean Development Mechanism (CDM)** introduced by the Kyoto Protocol (<https://unfccc.int/process-and-meetings/the-kyoto-protocol/mechanisms-under-the-kyoto-protocol/the-clean-development-mechanism>).



2.4

# ENERGY CONSUMPTION AND EMISSIONS

The sources used to meet the **energy needs** of the Unifarco Group are mainly **electricity**, **natural gas** and **automotive fuels** (diesel/petrol)<sup>37</sup>.

**Energy consumption** is related to the multiple needs that typically characterise the distinct activities carried out by the Parent Company and its subsidiaries: production/administrative/logistics, commercial and services.

As a rule, the consumption trend shows a natural upward trend in line with the **progressive expansion of the Group's business** (expressed through the turnover) and its organisational structure. An expansion, of one and the other, also confirmed in 2023.

This led to increases (overall +7.3%) in the use of the various energy sources, albeit at different intensity levels.

The increase in **electricity** consumption is modest in absolute terms (+1.0%), which is also the result of Unifarco's completion in 2022 of the replacement of all lighting sources from incandescent to LED, as well as, in 2023, of the installation of hardware and software components for the automated monitoring and control of the technological systems serving warehouses, offices and production areas in the Santa Giustina headquarters.

More pronounced was that of **natural gas** (+9.1%) used to power production plants and, above all, to heat workplaces (this also applies to the 11.1% increase in purchases of **heating oil**, which, however, were negligible in terms of their overall quantity).

The consumption of **motor vehicle fuels** is still growing (overall +17.6%), also due to the inevitable further expansion of the company car fleet.

Table 2.4.1: Energy consumed within the Group and energy intensity

Energy consumption	2023	2022	Gigajoule (GJ) <sup>38</sup>		
			2023	2022	23/22 change
Natural gas (smc)	426,101.0	392,030.0	15,108.2	13,852.9	9.1%
Electricity (kWh)	4,609,995.3	4,564,886.9	16,596.0	16,433.6	1.0%
of which from renewable sources (kWh)	3,169,265.0	3,131,614.4	11,409.4	11,273.8	1.2%
Heating oil (litres)	13,879.0	12,128.0	496.9	447.2	11.1%
Automotive diesel (litres)	261,294.3	250,089.0	9,334.9	9,147.8	2.0%
Automotive petrol (litres)	93,920.2	51,878.2	3,066.3	1,674.9	83.1%
Automotive LPG (litres)	0.0	15.6	0.0	0.7	-100%
<b>Total energy consumption from non-renewable sources</b>			<b>33,192.8</b>	<b>30,283.3</b>	<b>9.6%</b>
<b>Total energy consumption from renewable sources</b>			<b>11,409.4</b>	<b>11,273.8</b>	<b>1.2%</b>
<b>Total energy consumption</b>			<b>44,602.2</b>	<b>41,557.1</b>	<b>7.3%</b>
Energy intensity: Total consumption (GJ)/Turnover EUR (x 1,000)			<b>0.270</b>	<b>0.283</b>	<b>-4.6%</b>

<sup>37</sup> See Chapter 2.7 "Other environmental aspects and impacts", section "Environmental impact of transport".  
<sup>38</sup> For the calculation of energy consumption in GJ (Gigajoules), conversion factors from the following sources were used: "Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting"; "ISPRA - National Inventory Report"; "FIRE: Guidelines for the appointment of the Energy Manager 2018 - version 2.1".

In any case, the overall increases recorded were proportionally less than that relating to the expansion of the Group's business, leading to the **intensity of energy consumption during the year to decrease by 4.6%** compared to the previous year's values.

**Direct and indirect greenhouse gas emissions** were calculated according to the GHG Scope 1 and 2<sup>39</sup> methodology. The Unifarco Group's main emissions sources relate to energy consumption; **direct emissions** (Scope 1) originate from the use of natural gas (methane) in energy production processes (process and heating boilers) and in air-conditioning processes, as well as to the consumption of automotive fuels. **Indirect emissions** (Scope 2) arise from the purchase of electricity used to power plants, production equipment and machinery and IT infrastructure as well as for lighting and air conditioning of workplaces.

The confirmed recourse to purchases of **certified electricity from renewable sources** to serve the company's sites makes it possible to **contain greenhouse gas emission levels**. Procurement from these sources accounts for almost 70% of the total electricity purchased by the Group. In particular, the **entire needs of Unifarco Spa** will be met by electricity of this nature from 2023.

Here again, while there were limited increases in absolute terms, the **intensity of climate altering gas emissions** recorded **reductions of 5.3% and 3.2%** due to the different measurement methods of the GHG methodology.

Table 2.4.2: Direct Emissions (Scope 1), Indirect Emissions (Scope 2) and Group emission intensity

EMISSIONS (t CO <sub>2</sub> eq)	2023	2022	23/22 change
Direct (Scope 1)	1,859.9	1,757.0	5.9%
indirect emissions (Scope 2 - Location Based)	1,098.1	1,142.4	-3.9%
indirect emissions (Scope 2 - Market Based)	657.6	657.5	0.0%
<b>Total (Scope 1 + Scope 2) Location-based</b>	<b>2,958.0</b>	<b>2,899.4</b>	<b>2.0%</b>
<b>Total (Scope 1 + Scope 2) Market-based</b>	<b>2,518.3</b>	<b>2,414.5</b>	<b>4.3%</b>
Emission intensity: Total (Scope 1 + Scope 2) <b>L-b</b> /Turnover EUR (x10000)	<b>0.179</b>	<b>0.189</b>	<b>-5.3%</b>
Emission intensity: Total (Scope 1 + Scope 2) <b>M-b</b> /Turnover EUR (x10000)	<b>0.152</b>	<b>0.157</b>	<b>-3.2%</b>

Other emissions from production processes (controlled through constant monitoring) are managed within the authorisations issued by the control authorities and always show **concentrations below the legal limits**.

Table 2.4.3: Other Group emissions

TYPES	2023	2022
Emissions of nitrogen oxides (kg)	159.3	139.2
Dust emissions (kg)	14.6	15.4
Solvent emissions (kg)	519.3	197.1

<sup>39</sup> The sources of emission factors used for the calculation of **Scope 1** are: "Min. Environment - Table of national standard parameters for greenhouse gas monitoring and reporting"; "ISPRA - National Inventory Report"; "FIRE: Guidelines for the appointment of the Energy Manager 2018 - version 2.1"; "UK Government - GHG Conversion Factors for Company Reporting". Scope 1 emissions from fuel consumption are expressed in tonnes of CO<sub>2</sub> as the source used does not report emission factors for gases other than CO<sub>2</sub>. **Scope 2** emissions are expressed in tonnes of CO<sub>2</sub>; however, the percentage of methane and nitrous oxide has a negligible effect on total greenhouse gas emissions (CO<sub>2</sub> equivalents) as can be deduced from the relevant technical literature.



## 2.5 WATER RESOURCE MANAGEMENT AND DISCHARGES

### WATER WITHDRAWALS AND CONSUMPTION

All Group companies exclusively draw the water they need for their activities from the public aqueduct. The total withdrawal in 2023 amounted to **14,998 cubic metres**, (+1.1% compared to the previous year), 92% of which related exclusively to the needs of the Parent Company, for which the following detailed information is provided<sup>40</sup>.

In 2023, 62% of Unifarco's total water withdrawal (13,779 cubic metres) was used in the production process through the reverse osmosis plant for the demineralisation of water also intended to as an integral part of the cosmetic products manufactured. The remaining 38% was used for other purposes (toilets, cleaning of premises, canteen service, heating systems, fire-fighting network supply, etc.).

The water used in the irrigation system of the company's green areas was drawn from rainwater storage cisterns until their capacity was exhausted, after which it was taken from the aqueduct.

**Water consumption** is calculated as the **difference between** the amount **of water withdrawn** from the aqueduct and the amount of water discharged (i.e. returned to nature) after use, either through direct discharge into surface water bodies (the discharge water from the osmosis plant) or **indirectly**, i.e. after purification in the company's sewage system (water intended for other uses)<sup>41</sup>.

Therefore, **consumption** (-5.2% compared to 2022) is limited to deionised water used in manufactured cosmetic products, as well as water used in washing cycles of machinery and equipment used in production and related areas<sup>42</sup>.

The maintenance of the **general water withdrawal at the same level as the previous year** (-0.8%) is mainly attributable to the effectiveness of the **new water recirculation circuit** used in the **osmosis plant**, which led to a **58% improvement** in the latter's efficiency in terms of the greater quantity of deionised water obtained downstream of the osmosis cycle from the same amount of water fed into the plant<sup>43</sup>. This is so despite a significant increase in the withdrawal used for general services (+19.2%), especially related to personal hygiene and workplace cleanliness.

The reduction in the quantity of **water included in manufactured products** (-18.5%) is consistent with that of internal production volumes (-18.6%), the latter being due solely to the decision to outsource the production of some cleaning product lines.

The increase in water consumption for **washing machinery and equipment** (+8.0%), on the other hand, is attributable to the marked reduction in the average manufacturing batch (in addition to the type of raw materials used), which implies a parallel increase in washing cycles between successive production stages.

With regard to water withdrawal and consumption, it should in any case be noted that the Unifarco industrial site, in Santa Giustina in the province of Belluno, is located in a geographical area classified by the **World Resources Institute** (WRI) as having a "water depletion" risk no higher than 25% and a "water stress" risk no higher than 40%<sup>44</sup>.

Table 2.5.1: Quantity of water withdrawn, discharged and consumed by Unifarco

WATER WITHDRAWAL, DISCHARGE AND CONSUMPTION	QUANTITY (mc)		
	2023	2022	23/22 change
<b>Water withdrawal from aqueduct</b>	13,779	13,889	-0.8%
of which: water discharged from the osmosis plant discharge circuit	6,157	6,987	-11.9%
of which: discharge of water used in general services	5,268	4,419	19.2%
<b>Water consumption in the production process</b>	2,354	2,483	-5.2%
of which: included in products	1,011	1,240	-18.5%
of which: used for washing production equipment	1,343	1,243	8.0%

### WATER DISCHARGES

In line with the withdrawal figure, the Group's water discharges (**12,644** cubic metres in total) are also mainly attributable (11,425 cubic metres, or 90% of the total) exclusively to Unifarco<sup>45</sup>. The latter considers as waste water the water resulting from the discharge from the osmosis plant and the relative amount (6,157 cubic metres), after being subjected to periodic analyses, was discharged into surface water bodies. Water used for other purposes (5,268 m3), channelled into the company sewage system, was purified in Imhoff tanks and also subsequently discharged into surface water bodies.

All discharges from the Santa Giustina production plant are conveyed into the **Rumarna stream** (surface water body) on the basis of a Single Environmental Authorisation (AUA)<sup>46</sup>. These waters, which differ in nature, are therefore made up of process water and domestic wastewater.

<sup>40</sup> Water withdrawals by other Group companies are almost exclusively for "domestic" consumption (primarily toilets) or, residually, for topping up "closed circuit" cooling systems (PM Pack Srl).

<sup>41</sup> For further details see section "Water Discharges" below in this Chapter.

<sup>42</sup> For further information on the water used in washing cycles see the following Chapter 2.6 "Waste generation and management".

<sup>43</sup> The recirculation circuit, completed in 2021 and in full operation the following year, made it possible to increase the amount of deionised water produced from the osmosis plant from 19% in 2020 to 31% in 2023 for the same amount of water fed into it.

<sup>44</sup> Geographical area: Italian major basin, east coast; Piave minor basin. In order to identify water-stressed areas, the Aqueduct Tool developed by the World Resources Institute (WRI) was used. The WRI tool is available online at [www.wri.org/our-work/project/aqueduct](http://www.wri.org/our-work/project/aqueduct). For the analysis, the results from the "Overall Water Risk" column were taken into account. The total drawn from the public aqueduct is fresh water (≤ 1000 mg/L total dissolved solids).

<sup>45</sup> Subsidiaries discharge waste water exclusively into the public sewage system (see also footnote 40 in Section "Water withdrawal and consumption" above).

<sup>46</sup> AUA: Single Environmental Authorisation



2.6

WASTE PRODUCTION AND MANAGEMENT

The overall production of waste by Group companies<sup>47</sup> is strongly influenced by that relating to **hazardous waste** (78% of the total) mainly determined (83% of the relative amount) by the deionised water used by Unifarco in the **washing cycles of its production plants and equipment as well as of the relative areas**<sup>48</sup>. Downstream of these use, waste water is scrupulously collected and disposed of as “special waste” through chemical and physical treatments. The remainder of hazardous waste (17%) refers mainly to hazardous packaging and chemicals used for in-house label printing processes.

**Non-hazardous** waste (22% of the total) mainly arises from the end-of-life management of non-hazardous packaging and any leftover finished products.

Table 2.6.1: Production and disposal of Group waste

	2023	inc. %	2022	inc. %
Production (t)				
Total waste produced	2,076.7	100	1,787.7	100
of which: non-hazardous	456.7	22	403.6	23
of which: hazardous	1,620.0	78	1,384.1	77
Disposal of non-hazardous waste (t)				
Total	456.7	100	403.6	100
Recycling	370.3	81	322.2	80
Composting or Anaerobic Digestion	0.0	0	7.1	2
Landfill	86.4	19	74.3	18
Hazardous waste disposal (t)				
Total	1,620.0	100	1,384.1	100
Recycling	43.9	3.8	53.4	3.8
Landfill	8.2	0.2	3.6	0.2
Other (chemical-physical) treatments	1,567.9	97	1,327.1	96

Approximately **one fifth** of the total amount of waste produced by the Group is sent for **recycling**, while the portion **sent to landfill** (4.5% of the total) is **modest**.

For its disposal, **all waste is managed through specialised operators** with the necessary authorisations required by law. The internal control procedures adopted by the Parent Company on compliance with the regularity of the aforementioned assignments are, in turn, subject to periodic verification by the third-party body responsible for issuing the ISO 14001 certification.

<sup>47</sup> “Waste production” does not take into account “water discharges” or waste entrusted to public waste collection services.  
<sup>48</sup> See Chapter 2.5 “Water resource management and discharges”.

2.7

OTHER ENVIRONMENTAL ASPECTS AND IMPACTS

ENVIRONMENTAL IMPACT OF TRANSPORT

All raw materials used in production processes are transported to the company's warehouses in diesel-powered vehicles by **external couriers**. The distribution of the finished products is carried out by external couriers by picking up the packages directly from the warehouses with the use of small transport vehicles used for transport to the main logistics centres. From there, materials are distributed throughout Italy and Europe by large transport vehicles to **local distribution centres**, from where couriers deliver packages to customers again by small vehicles. The subsidiary Pharmacies also only use external couriers for all their procurement and delivery needs for the products they market.

The Group has a fleet of company vehicles (>170 vehicles) consisting largely of passenger cars and three vans (capacity <7.5 tonnes). All cars were registered after 2015 and almost all fall in the “Euro 6” class. From 2023 onwards, there will be a greater emphasis on the use of full-electric or hybrid vehicles; out of the total vehicle fleet, their number is currently modest.





2.8

BIODIVERSITY:  
THE LAND AND NATURE

Unifarco is located in a *unique* natural setting with its production site at the foot of the Belluno Dolomites National Park, recognised by UNESCO as a “World Heritage Site”.

Sensitive to the issues of **sustainability and the protection of the environment and of the territory**, in 2023 the Company has confirmed its direct commitment to various initiatives aimed at fostering **not only biodiversity conservation but also its development**. These include:

- the **Officinal Garden** created on some of the property's land, adjacent to the industrial facilities, and dedicated to the cultivation of medicinal plants in accordance to a certified organic regime. The aim is to further increase awareness of the origin and quality of the raw materials used to make the company's products.
- the **“Naturalistic Beekeeping”** project launched by installing in the Officinal Garden (in addition to the 10 existing “traditional” hives, with approximately 500,000 bees) an additional beehive called *Kenya Top Bar Hive* which now houses over 40,000 bees bred using techniques aimed *primarily* at protecting their “well-being” and reproduction rather than intensively exploiting their ability to produce honey. As a corollary, a series of training and dissemination activities on the naturalistic breeding techniques of these insects was promoted for the benefit of Unifarco employees and pupils from local primary and secondary schools.
- the **Alpine Garden** created in the “Dolomites” areas of the province of Belluno at altitudes between 1,660 and 2,236 m above sea level and reserved for plants that need high altitudes to thrive. Thanks to the cooperation between growers and local authorities dedicated to the study of Alpine species, around 2,500 plants of Alpine skullcaps (*Scutellaria alpina*) and arnica (*Arnica alpina* L.), which is included in the IUCN Red Lists (category LC, species at lowest risk), were transplanted here.
- the **project for the “Safeguarding of the Narcissus Meadows” in the Belluno Pre-Alpine ridge**, promoted by Unifarco in cooperation with local authorities and voluntary associations, **envisaged various interventions in the area** (the project involved over 20 hectares in the municipality of Borgo Valbelluna - BL) **aimed at safeguarding the spontaneous growth of narcissus, traditional in these places but severely compromised by human neglect in recent years**. From the restoration of traditional mowing to the manual uprooting of veratrum to the installation of specific fences to protect the local fauna, various awareness-raising initiatives have been promoted by the Company and the project partners for residents and tourists who, in increasing numbers, are drawn to visit these places, especially during the period of magnificent flowering.
- collaboration with the **Belluno Dolomites National Park** to support the “Save the Pollinators” project aimed at protecting pollinator insects that are essential for protecting and restoring biodiversity and ensuring the maintenance of ecosystem services.

THE MEDICINAL GARDEN

The Unifarco **Medicinal Garden** is part of the “Extracts from the Land” project. Launched in January 2015, it is home to more than 35 medicinal species and trees (marigold, mallow, melissa, plantain, St. John's Wort, marshmallow, horsetail, burdock, etc.) and pays special attention to those typical of the Alpine environment (skullcaps, elderberry, rhododendron, dog rose, masterwort, etc.). The species were chosen for their cosmetic and nutraceutical efficacy and their traditional therapeutic uses. The garden is managed organically (certified in accordance with EC Regulation 834/2007) and the main activities during the growing season are weed eradication, organic fertilisation, possible anti-fungal and anti-parasitic treatments based on pyrethrum (a natural insecticide obtained from the flowers of *Tanacetum cinerariifolium*).

The different species are harvested in balsamic time, i.e. in the period when the plant has the highest content of active ingredients, dried and then used for an initial qualitative assessment in the **Unifarco Plant Extracts Laboratory**, where certain plant species and their chemical and physical profiles are generally studied to develop unconventional extraction techniques inspired by *green chemistry*, capable of making the most of the properties of each raw material.

In addition to species enhancements, the Officinal Garden allows **direct control over the production chain of some of the raw materials used in the company's products**.

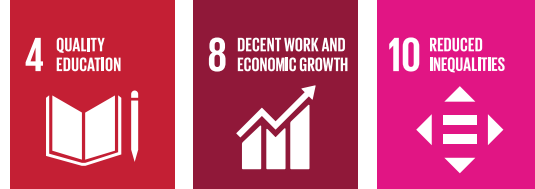




A large grid of 10,000 small portrait photos of diverse people, arranged in 100 rows and 100 columns. The photos show a wide variety of ethnicities, ages, and genders, representing a global and inclusive sample of human diversity.

## CONSOLIDATED SUSTAINABILITY REPORT 2023





3.1

PERSONNEL MANAGEMENT AND DEVELOPMENT

COMPOSITION OF THE WORKFORCE

The **Group's workforce** as at 31 December 2023 numbered **748 people** (722 employees plus 26 temporary staff), an **increase of 11.0%** compared to the previous year<sup>49</sup>. Overall, the workforce is **predominantly female (64%)**, the majority of employees are between **30 and 50 years old (60%)**, with **permanent employment contracts (94%)** and **full-time employment (82%)**. The number of employees in protected categories is 24.

When selecting new employees, Group companies do not differentiate by gender; moreover, they do not apply age prerequisites and also pay attention to more mature people (>50 years old) who, due to their age and profile, have a higher risk of exclusion from the labour market. Younger people (<30 years) have the opportunity to selectively access courses for potential assessment, management training and empowerment.

There were **143 new recruits in 2023** (68% female) against 77 terminations, with a negative turnover rate (which considers people leaving their jobs out of the total number of employees at the beginning of the period) of 12.1% (a figure very similar to that of the previous year, although negatively affected by the exit from Unifarco S.p.a. at the end of the year of employees who will be hired by the newly formed Unifarco France SAS) from 1 January 2024.

Below are the main details relating to the workforce breakdown:

Table 3.1.1: Number of Group **Employees** and **Other Workers** by contract type, gender and geographical area

Total and by country	AS AT 31 DECEMBER 2023							AS AT 31 DECEMBER 2022						
	PERMA-NENT		FIXED-TERM		STAFF LEAS-ING		TO-TAL	PERMA-NENT		FIXED-TERM		STAFF LEAS-ING		TO-TAL
	W	M	W	M	W	M		W	M	W	M	W	M	
UNIFARCO GROUP	438	242	24	18	16	10	748	369	220	34	15	21	15	674
in ITALY	374	225	22	17	16	10	664	317	205	33	15	21	15	606
in FRANCE	9	2					11	4	1					5
in GERMANY	19	4					23	20	4					24
in SPAIN	36	11	2	1			50	27	10	1				38

Table 3.1.2: Number of Group**Employees** plus **other Workers** by working hours, gender and geographical Area

Total and by country	AS AT 31 DECEMBER 2023					AS AT 31 DECEMBER 2022				
	FULL-TIME		PART-TIME		TOTAL	FULL-TIME		PART-TIME		TOTAL
	W	M	W	M		W	M	W	M	
UNIFARCO GROUP	354	261	124	9	748	316	245	108	5	674
in ITALY	292	244	119	9	664	263	230	108	5	606
in FRANCE	9	2			11	4	1			5
in GERMANY	15	4	4		23	20	4			24
in SPAIN	38	11	1		50	28	10			38

<sup>49</sup> It should be noted that the scope of consolidation of the workforce as at 31 December 2023 includes for the first time the company Metodo Ongaro Switzerland SA, which joined the Unifarco Group in July 2023, thus making the two periods not fully comparable

Table 3.1.3: Number and percentage of Group **Employees** by professional category, gender and age group

31 DECEMBER 2023						
CATEGORY	NUMBER	%				
		WOMEN	MEN	<30 years	35-50 years	>50 years
Managers	19	21.1	78.9		26.7	73.3
Middle Managers	76	51.3	48.7		31.6	68.4
White-collar	373	72.1	27.9	19.8	67.9	12.3
Blue-collar	254	59.1	40.9	19.7	48.8	31.5
TOTAL	722	64.0	36.0	17.2	59.4	23.4
AS AT 31 DECEMBER 2022						
CATEGORY	NUMBER	%				
		WOMEN	MEN	<30 years	35-50 years	>50 years
Managers	15	13.3	86.6		26.7	73.3
Middle Managers	61	47.5	52.5		67.2	32.8
White-collar	339	71.4	28.6	20.9	66.7	12.4
Blue-collar	223	58.7	41.3	16.6	48.9	34.5
TOTAL	638	63.3	36.7	16.9	59.6	23.5

Table 3.1.4: Recruitments, terminations and turnover of Group **employees** by gender, age group and geographical area

	2023				2022			
	RECRUITMENTS		TERMINATIONS		RECRUITMENTS		TERMINATIONS	
	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)	Number	Rate (%)
UNIFARCO GROUP	143	22.4	77	12.1	117	21.2	67	12.1
Women	97	24.1	52	12.9	73	21.1	44	12.7
Men	46	19.6	25	10.6	44	21.4	23	11.2
<30 years	53	49.1	16	14.8	49	57.6	20	23.5
30-50 years	72	18.9	45	11.8	56	16.7	33	9.8
>50 years	18	12.0	16	10.7	12	9.2	14	10.7
in ITALY	120	21.1	68	11.9	100	18.1	57	10.3
in FRANCE	6	120.0			4	100.0	2	50.0
in GERMANY	3	12.5	5	20.8	5	23.8	3	14.3
in SPAIN	14	36.8	4	10.5	8	23.5	5	14.7

Table 3.1.5: Number of Group **Employees** who used parental leave by gender

TYPE	2023		2022	
	Women	Men	Women	Men
Parental leave	43	14	36	2
Returning to work after compulsory parental leave	6	14	5	1
Returning to work after optional parental leave	30	0	31	1
of which, remained at work 12 months after return from parental leave	26	12	29	2



HUMAN RIGHTS AND EQUAL OPPORTUNITY

Relations with the Group's employees are managed in compliance with national regulations and international conventions on **human rights**. Therefore, initiatives or behaviour that could, even potentially, **prejudice the moral integrity** of each individual or lead to any **form of discrimination** on the basis of age, gender or sexual orientation, state of health, race or nationality, religious belief or political opinion are not tolerated.

With regard to relations between people, Unifarco's Code of Ethics establishes that *"the working environment (...) promotes reciprocal collaboration and team spirit with respect for the moral personality of each individual and shall be without biases, intimidation, unlawful influence and undue discomfort"*. The human resources department encourages employees to report any uncomfortable situations and intervenes if necessary.

Unifarco does not employ underage workers, but makes itself available to local secondary schools and students who wish to undertake "alternating school-work" experiences. The tasks assigned to the students involved are formally defined and distinct from those of the workers, in accordance with the Regulation containing the Charter of rights and duties of students participating in alternating school-work programs pursuant to Italian Decree No 195 of 3 November 2017.

ENHANCEMENT OF HUMAN CAPITAL AND TRAINING

The **empowerment of people** working with Unifarco Group companies is one of the **central levers** in the company's value creation policies. Therefore, utmost attention is paid to ensuring the **best working conditions** to enable each employee and collaborator to **fully express their personal and professional potential**.

Unifarco manages **its employees' and collaborators' skills** through two closely linked operational mechanisms: the performance appraisal and the training plan.

For all employees, the **performance appraisal** considers performance adequacy level with respect to expected organisational objectives and/or behaviour. The appraisal interview identifies areas for improvement and future actions for development, which include training projects.

**All Unifarco employees received appraisals regarding career advancement.** In particular, appraisals were carried out by direct superiors on the basis of a method defined by the HR Department and shared with the company's single internal trade union.

To complement this, in 2023 the Company started testing a **"bottom-up" appraisal approach** . In a nutshell, the new project's objectives are to provide those in **middle or top positions** in the hierarchical corporate organisation pyramid with greater awareness of the aspects their direct collaborates value most in them, as well as the related areas for improvement. To this end, each "manager" receives a qualitative and quantitative report that does not allow the identification of the individual employees providing them.

All this is further aimed at ensuring that top management has **more and better information** to guide the development of their "team" and that employees have **the opportunity to contribute** to the overall development of the Unifarco team.

**Staff training** takes the form of a veritable capacity-building process aimed at the personal growth and professional development of each individual. In Unifarco, training activities are planned and managed by the relevant business Area on the basis of identified or latent needs and/or on the basis of specific corporate objectives.

During 2023, among the main **"collective" training courses** organised for the benefit of staff, the following are worth mentioning: those dedicated to **Diversity & Inclusion** issues (10 modules for a total of 486

participants, 60% women); **language training courses** in English, French and Spanish (65 participants in total with over 680 hours/person of training provided); the reconfirmed **Managerial Coaching** course aimed at enhancing skills for managing leadership roles (26 participants) in addition to those dedicated to experiential activities to **strengthen relationships** (23 participants) and those aimed at enhancing employees all-round professional skills.

A total of more than 130 courses (in addition to those relating to health and safety in the workplace) were activated for a total of about 8,800 training hours provided during the year by Group companies, with an overall average of 12.2 training hours provided to each employee.

Table 3.1.5: Average hours of training per Group employee, by professional category and gender

	2023		2022	
	Women	Men	Women	Men
Managers	24.6	13.4	24.3	11.6
Middle Managers	38.5	16.9	28.9	23.8
White-collar	8.0	16.6	14.1	15.2
Blue-collar	7.6	12.9	8.6	15.8
Total Women + Men	12.2		14.5	
Total Women	10.6		13.4	

WORKERS' RIGHTS AND CORPORATE WELFARE POLICIES

The economic and regulatory treatment of **all Group companies' employees** is subject to the procedures and safeguards established by law and, where applicable, by collective bargaining. In particular, company employment contracts make reference to (in view of the different types of activities carried out by each company and country in which the work is permanently performed):

In Italy to:

- National Collective Bargaining Agreement ("CCNL")<sup>50</sup> for the Chemical Industry sector
- CCNL for the Rubber - Plastics sector
- CCNL for the Food Industry Sector
- CCNL for the Commerce Sector
- CCNL for Private Pharmacy Employees
- CCNL for Industry Executives

in France, to the *Convention Collective Nationale des Industries Chimiques*;

in Spain, to the *Convenio Colectivo Estatal para el Comercio de distribuidores de especialidades y productos farmacéuticos*;

in Germany employment contracts refer exclusively to the relevant legal provisions, since the size of Unifarco GmbH makes the application of collective regulations unnecessary.

<sup>50</sup> National Collective Bargaining Agreement

As already pointed out, **gender equality is an important part of human resources policies**. In Unifarco, there are no differences in pay structures penalising women in the same professional role and experience. In the Managers category, a more favourable average hourly wage is recorded for women than for men ( $\Delta +6.0\%$ ), in the Middle Managers category there is substantial equality ( $\Delta -0.1\%$ ), in the other categories the average appears to be slightly lower for women (White-collar  $\Delta -8.1\%$ , Blue-collar  $\Delta -5.9\%$ ).

The latter differences are essentially due to the greater number of men in the workforce in more qualified roles, and this can only be attributed to the greater presence on the labour market of men with a higher professional profile and experience.

In 2023, the Group disbursed incentives and bonuses totalling **approximately EUR 3 million**<sup>51</sup> (in addition to the provisions for corporate welfare programmes) to its personnel, granting them to both permanent and fixed-term employees, full-time or part-time, including workers in staff-leasing.

In 2023, the ratio of the highest annual total remuneration paid by Group companies (to the CEO of Unifarco Spa) to the average annual total remuneration of all employees of the same Group was 13.7.

The policy on **workers' trade union rights** is guided by the principle of full respect for freedom of association. In Unifarco there is a Single Trade Union Representation (*rappresentanza sindacale unitaria*, RSU, the last elections for its renewal was in 2021) which regularly meets with the personnel management at least once a month. The RSU regularly used trade union leave for its activities and convened trade union assemblies for all workers, which were attended by over 30% of white-collar and blue-collar employees. The RSU also had access to all useful resources for the widest exercise of trade union rights and freedoms (dedicated room with cabinets and PCs, dedicated notice boards, access to meeting rooms when necessary).

A **Supplementary Collective Agreement at Company Level** (*Contratto Integrativo Aziendale* - CIA), the latest version signed in 2022, is in force in Unifarco in addition to several complementary agreements on specific matters.

In short, the existing company collective bargaining framework defines and regulates:

- the company's labour relations "participatory model";
- the professional profiles defined by the company, aimed at indicating polyvalence and professional growth paths;
- the hourly flexibility instruments;
- remote working as a lever to improve the quality of work;
- the worker's training ("training booklet");
- the competence development-oriented evaluation system;
- part time;
- the solidarity hour bank and other solidarity instruments;
- the economic **welfare** package, which includes, among other measures, subsidies for school textbooks, kindergartens and summer centres, and a 100% monthly salary supplement in case of serious illness;
- the provision of scholarships for employees' children and/or cohabitants through the Unifarco Foundation<sup>52</sup>.

In addition, a two-tier **supplementary pension system** is guaranteed, linked respectively to the national collective bargaining agreement (CCNL) and the supplementary collective agreement at company level (CIA). In particular, the latter provides for an "income support intervention by means of supplementary social security", involving an additional company payment of EUR 1,000 per year to the contractual fund in the employee's name. The measure is aimed at minimum wage workers in the first two classification levels in ascending order.

In addition, Unifarco contributed **more than EUR 530,000** to lowering the **per capita cost of meals taken** by its employees at the company canteen, thus limiting the total expenditure incurred by the latter to **no more than about EUR 90,000**.

<sup>51</sup> Valued at "company cost".  
<sup>52</sup> See next Chapter 3.2 - Section "The Unifarco Foundation"

## OCCUPATIONAL HEALTH AND SAFETY

The companies of the Unifarco Group operate, at all levels, with the aim of **guaranteeing the health and safety of their employees** as well as working conditions that respect individual dignity in full compliance with the regulations in force in the various countries in which they operate. Unifarco has a certified **Workplace Safety Management System** that complies with the ISO 45001 standard.

**Health and safety in the workplace are indispensable elements in the management of any business activity**; therefore, it is essential that each employee contributes to it. Consequently, all risks to the physical integrity and health of personnel are also assessed in the organisation of workplaces, in the choice of appropriate machinery and equipment, and in the way chemical substances or preparations required in production or laboratories are used.

All decisions, of all types and at every level, regarding workplace health and safety must take into account the following basic principles and criteria:

- avoid risks;+
- assess risks that cannot be avoided;
- combat risks at source;
- adapting work to the individual - particularly as regards the organisation of workstations and the choice of production methods - in order to mitigate the occurrence of monotonous or repetitive tasks or to reduce the effects of these on health;
- take into account the degree of technical development;
- replace what is dangerous with what is not dangerous or less dangerous;
- prioritise collective protection measures over individual protection measures;

Prevention is planned, aiming at a coherent whole which includes technology, organisation, working conditions, social relations and the influence of factors in the workplace.

**All Group employees**, of all categories and at every level, are **insured** against the risks of work-related accidents and have been provided with **the health and safety training** required by the relevant laws in force (about 3,400 hours of specific training provided in 2023).

Table 3.1.6: Group work-related accidents and related indices

	2023		2022	
	EMPLOYEES	STAFF LEASING	EMPLOYEES	STAFF LEASING
No. of registered accidents	3	0	5	1
of which fatal	0	0	0	0
of which with serious consequences <sup>53</sup>	0	0	0	0
Hours worked	1,113,425	36,455	942,226	69,431
Frequency Index <sup>54</sup>	2.69	0.00	5.31	14.40
Mortality index	0.00	0.00	0.00	0.00
Frequency index of work accidents with serious consequences	0.00	0.00	0.00	0.00

In 2023, the cause of the injuries that occurred (three in total) was accidental as a result of unintentional contact with cutting surfaces or operating machines' moving parts. No accidents occurred resulting in permanent injuries for the affected workers, and each of them regularly returned to work after the predicted recovery time, without any consequences.

The total number of accidents recorded does not include those that occurred en route (one case) because they occurred without the use of means of transport or using those owned by the injured employee and, therefore, not company vehicles or those in the company fleets or during transport organised by Group companies.

<sup>53</sup> "Accidents with serious consequences" are defined as those resulting in an absence from work of more than 180 days.  
<sup>54</sup> The frequency index is the ratio of the number of accidents to the total number of hours worked during the period (year), \*1,000,000





## 3.2 SUPPORT TO COMMUNITIES

The Unifarco Group directly and indirectly supports the **dissemination of culture and well-being** by developing or providing economic support to projects with high social, historical and scientific content at local, national and international level.

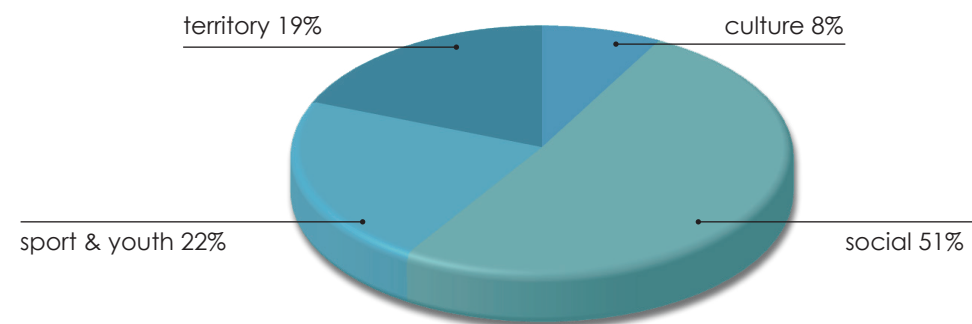
During 2023, approximately EUR 415,000 was allocated to these purposes, which **generated an increased indirect benefit to the relevant beneficiaries of approximately EUR 800,000<sup>55</sup>**.

Most of the aforementioned resources (51%) were allocated to organisations, associations, local and non-local operators (more than 90 beneficiaries in total), promoters of **projects with social and solidarity support purposes** or engaged in the implementation of health prevention and promotion activities.

A portion of 19% of the total invested (16 beneficiaries) was allocated to the enhancement of the Belluno **area** and its special features. Among others, the following are worthy of mention in this context: the interventions to safeguard the tourism potential of **Nevegal**, a hill located in the Belluno Pre-Alps, an ideal destination for spending days dedicated to sport, fun and contact with nature throughout the year and those allocated to the project for **Safeguarding the Narciso meadows of the Belluno Pre-Alpine ridge**, a wonderful example of the significant biodiversity heritage that distinguishes the places where Unifarco is established and that the Company intends to enhance for its extraordinary value.

22% of investments were devoted to sponsoring **sports activities** to spread sport culture and to increase physical well-being mainly among young people (more than 60 beneficiaries). The remaining 8% went to support proposals in the **cultural** sphere (16 beneficiaries), such as investments in publishing projects or publications in the sector<sup>56</sup>.

Figure 3.2.1: Distribution of Unifarco's community support contributions by category, year 2023



There were no significant potential and current negative impacts on local communities during 2023.

Detailed information on social and cultural initiatives is always available on the [www.unifarco.it](http://www.unifarco.it) website, in addition to being summarised in the 2023 Impact Report of Unifarco Spa - Benefit Corporation.

<sup>55</sup> The amount shown (EUR 415,000) includes cash donations in addition to the value (at ex-factory cost) of donated products. The amount of the indirect benefit (EUR 800,000) was calculated by considering the value of the donated products at retail price.

<sup>56</sup> See "Publishing Projects" section below in this Chapter.

## THE UNIFARCO FOUNDATION

Through the **Unifarco Foundation** support is provided on an ongoing basis to projects with social and humanitarian aims, both nationally and internationally.



The Foundation is a non-profit private institution established with the objectives of:

- directly or indirectly carrying out works, services and initiatives with the exclusive aim of social and humanitarian solidarity in the fields of education, social and health care, learning, recreation, as well as medical and scientific research;
- identifying and implementing social welfare initiatives and projects, expressed with humanity and confidentiality.

The primary beneficiaries of the Foundation are Unifarco employees and customer pharmacists as well as their families. Specifically, actions are assessed and financed to manage economic difficulties, health, family management or similar problems.

In 2023, among other interventions, the Foundation financed the disbursement of the first eight **scholarships** for Company employees' children and/or cohabitants and also bore the costs associated with the provision, completely free of charge, of some **accommodation for the Belluno USLL 1 Dolomiti health personnel**.

## PUBLISHING PROJECTS

Also in 2023, Unifarco is committed to spreading the culture of well-being and pharmaceutical tradition through **periodicals and publications** for the public and pharmacists:

- **FARMACISTI PREPARATORI**, a four-monthly periodical offering beauty and well-being advice, distributed free of charge through a large number of client pharmacies.
- **ONLINE MAGAZINE**: Unifarco constantly publishes scientific insights and practical well-being or beauty tips ("**I Consigli di Farmacisti Preparatori**", "**Dolomia Magazine**", "**SkinMag di Ceramol**", "**Biomalife Magazine**") on its brands' websites.
- "**ATTI E MEMORIE**, Rivista di Storia della Farmacia", a scientific publication (ISSN 2421-5392) published every four months since 1984 in cooperation with the Italian Academy of the History of Pharmacy. Unifarco, which publishes and edits it, sends the magazine free of charge to its members and client pharmacies, major libraries, Pharmacy faculties and anyone else who specifically requests it.
- **ESSAYS** and other publications. Among these, special mention must be made of the contribution made to the Belluno Dolomites National Park for the publication of the volume "**Ex montibus bellunensibus, piante bellunesi nelle prime Flore d'Italia**". The book deals with the Belluno contribution to the first two monumental "Flore d'Italia" (Italian Flora), created during the 19th century by Antonio Bertoloni and Filippo Parlatore, in Bologna and Florence respectively. The authors, Carlo Argenti and Gianni Poloniato, give an account of this topic following a thorough examination of the first "Flore d'Italia" and the precise checks carried out on the Bertoloni Herbarium in Bologna and at the Erbario Centrale Italiano in Florence.

Unifarco also contributes to traditional pharmaceutical culture through its participation in **Congresses on the History of Pharmacy** and through its **Museum Library**: a digital collection of all the historical documents on pharmaceutical culture and tradition in the company's possession. From the Museum Library<sup>57</sup> portal, it is also possible to access a virtual tour of the **Old Pharmacy**, a reconstructed environment within the company premises, with original furnishings and equipment from the 19th century, with the aim of preserving and representing the ancient art of pharmacy.

<sup>57</sup> [www.museo.unifarco.it](http://www.museo.unifarco.it).

# ECONOMY

CONSOLIDATED SUSTAINABILITY REPORT 2023





## 4.1 THE CENTRAL ROLE OF RESEARCH

Research is at the heart of all the Unifarco Group's activities, to which investments totalling some EUR 4.3 million (2.6% of consolidated sales revenue) were dedicated in 2023. **Strong integration and synergetic collaboration** among the member companies are the prerequisites that characterise the management of every project undertaken for the fine-tuning of new processes, the development of new products or the improvement of existing ones.

At the heart of this is the strategic role of **Unired S.r.l.**, a veritable **pole of reference for basic research**, in the area of topical and food formulations, both of which are constantly approached from an Eco-design perspective.

In their work, the two **laboratories of Unired S.r.l.** stand alongside the two of **Duepipharma S.r.l.**, recently set up for research in the field of food supplements, the one of **Perlapelle S.r.l.**, dedicated to the development of MyCli products, as well as the six structured within **Unifarco** (where about 9% of the Company's employees work), dedicated respectively to basic and applied research in cosmetics and nutraceuticals, make-up formulations, plant extracts research and development, and quality control.

**21 patents** used as at 31 December 2023 as a result of the above-mentioned **close synergetic integration in the R&D area** among the Group companies.

Confirming the approach inspired by **open Innovation** for the generation of innovation, the Group also strengthened its collaboration with several national and international universities and research organisations in 2023, including:

- **University of Padua, Ferrara, Venice** (Departments of: Pharmaceutical Sciences, Molecular Medicine, Molecular Sciences and Nanosystems, Pharmaceutical and Agricultural Chemical Sciences)
- **University of Bologna** (Department of Medicine and Surgery)
- **University of Rome - Biomedical Campus** (Department of Experimental Medicine)
- **University of Naples** (Department of Clinical Medicine and Surgery)
- **University of Barcelona** (Institute of Advanced Chemistry - CSIC)
- **University of Seville** (Department of Sport and Informatics)

Furthermore, with a view to the full and profitable sharing and exchange of experience and expertise, Unifarco and Unired S.r.l. have cooperated to present their own contributions at **academic courses, congresses and symposia at national and international level**, as well as to publish papers in popular science journals and elsewhere. Examples include participation in and contributions to:

**in-cosmetics®  
global**

**In-cosmetics global**

Barcelona, March 2023

Unifarco contribution: "The key role of eco-design for an effective sustainable beauty"

**ISAD**  
INTERNATIONAL SOCIETY OF ATOPIC DERMATITIS

**ISAD** (International Society of Atopic Dermatitis)

**13th George Rajka Int. Symposium on Atopic Dermatitis**

Gdansk, August/September 2023

Unifarco contribution: "Atopic Dermatitis: Emolient Formulation Design"

**ifsc** 33<sup>rd</sup> Congress  
4-7 September 2023 BARCELONA  
Rethinking Beauty Science

**33<sup>rd</sup> IFSCC Congress** (International Federation of Societies of Cosmetic Chemist)

Barcelona, September 2023

Unifarco contributions: "Reformulation of cosmetics products in an eco-design perspective: how to replace non eco-friendly ingredients without affecting the applicative properties"; "Skin disorders: new effective treatments from sustainable resources"

**UNIVERSITÀ  
DEGLI STUDI  
DI PADOVA**

**University of Padua** (Event MEGASALUTE

L'innovazione per una salute globale)

Padua, September 2023

Unifarco contribution: "Salute globale, lavoro e nuove competenze: l'esperienza di Unifarco"

**DERMATITIS**  
CONTACT • ATOPIC • OCCUPATIONAL • DRUG

**Journal "Dermatitis"**

March 2023 Edition

Unifarco contribution: "Effectiveness a skin care (...) containing ceramide C (...) for secondary prevention of hand contact dermatitis"

**BEAUTY  
HORIZONS**

**Journal "Beauty Horizons"**

October 2023 Edition

Unifarco contribution: "Saffron petals-extract upcycling and eutectic extractions with cosmetic activity"





## 4.2

## PRODUCT QUALITY AND SAFETY

All the products of the Unifarco Group companies are developed following a precise formulation philosophy, where the assessment of raw materials in terms of efficacy and safety is a priority. The ingredients used not only meet all legal requirements for cosmetics, but are dosed in the formula in concentrations supported by precise rationale.

### SECURITY PLANS ON RAW MATERIALS

At Unifarco, an ingredient is judged "safe" only after verifying its chemical and physical characteristics, production process (plant extraction, synthetic production, green-sustainable synthesis, biotechnology), quality and degree of purity. On the raw materials front, the management of formulation sustainability is supported by two master Plans:

- **Commodity risk assessment plan with focus on rumours**

is the **Plan** for the ingredient safety evaluation that follows accredited lists with a focus on market requirements based on prevention and monitoring assumptions. The plan involves the careful evaluation of the safety of finished products (*Safety Evaluation*), starting with the ingredient/product exposure aspects (NOAEL), to assess the correct product use profile and margin of safety as a whole (SED, MOS).

- **Raw Materials purity, origin and identity Plan**

the aim of the **Plan** is to ensure that the substances used in products always have defined purity, origin and identity characteristics. This is achieved through the rigorous selection of raw material producers, not just distributors, and the continuous and conscious monitoring of internal and external analytical data. The raw materials purchased are selected after rigorous in vitro and in vivo cosmetic efficacy tests carried out by the manufacturer. Innovative raw materials developed in the company's laboratories undergo selected tests to prove their efficacy and, if appropriate, to initiate the patenting process.

### PRODUCTION PROCESS SAFETY

The production process is entrusted to highly qualified personnel (*product safety specialists*) and technologically advanced equipment. All this to comply with *Good Manufacturing Practice* standards.

The assessment system (*Safety Assessment*) - described in Regulation (EC) 1223/2009 of the European Parliament and of the Council of 30 November 2009 on cosmetic products, Annex I: "Cosmetic **Product Safety Report**" - considers the formula and the process according to an evolved approach where the assessment starts from the conceptual and creative stage and follows the product throughout its life. At the end of the development process, a PIF (*Product Information File*) is prepared for each product which includes all information on the cosmetic, including the safety assessment. At the end of the process, products are registered in the *European Cosmetic Products Notification Portal (CPNP)*.



### COSMETIC EFFECTIVENESS EVALUATION

In Unifarco, an ingredient is judged "effective" by evaluating studies published in the literature and on the basis of confirmations obtained at an advanced stage of product development. The cosmetic efficacy evaluation is carried out not only through **rigorous tests on raw materials**, but also through **tests on the finished product**, both with in vivo studies on volunteers ("subjective" evaluation, "objective" evaluation, instrumental evaluations, expert clinical evaluation) and in vitro.

**Below are some of the certified bodies that Unifarco's laboratories use for finished product testing:**

- MERIEUX NUTRISCIENCE (France, Italy)
- HELIOSCREEN (France)
- PRODIGEST (Belgium)
- BIOBASIC EUROP (Italy)
- VITROSCREEN (Italy)
- NEOTRON (Italy)
- LAB ANALYSIS (Italy)

The protocol applied in instrumental tests follows the EE MCO (*European Group on Efficacy Measurement of Cosmetics and Other Topical Products*) guidelines.

### FULL LABEL INFORMATION

In line with the safety and efficacy values that guide the work of all Group companies, **clear communication** with respect to pharmacists and consumers plays a fundamental role.

From communication addressed to professionals to that intended for points of sale, all the content is prepared realised in full compliance with the regulations in force.

The **label** is the product's calling card and, as a rule, the first control area for the competent authorities, the common ground where communication messages meet regulatory and market considerations. Unifarco's *Product Quality Assurance* experts support the Group companies for all compliance aspects in this area as well.

**The basic rules below are followed in the development of labels:**

- management of communication levels of the *claim* by differentiating the pharmacist and the consumer;
- declaration of the responsible person and their references, in compliance with the different regulations in the countries where the product will be distributed;
- opportunity check on the inclusion or non-inclusion of warning phrases or safety *claims* due to the tests carried out on the product and the ingredients included.



4.3

# RESPONSIBILITY TO PHARMACIES AND CONSUMERS

The Unifarco Group loves working with its pharmacist customers and cares about their independence. They are good health advisors and want to be an authoritative point of reference for people who turn to them for personalised advice. The Group believes in the same values and shares the same idea of what pharmacy is. Common strategies are built and the future is shared with them.

**Pharmacists are undoubtedly the most important stakeholders for Unifarco Group companies**, they are professionals who believe in the qualified relationship at the heart of their customer relations. **Huge resources are invested each year in their training**, both technical and specialist, meeting several thousand of them to offer effective educational support through constantly updated courses taught by top professionals.

Specifically, in 2023, accounting for an investment of **approximately EUR 3.3 million**, Unifarco directly organised more than **2,800 training initiatives** (divided into courses at individual pharmacies, courses with broad participation, online courses and webinars) which were attended by more than **2,100 Italian client pharmacists**, with more than **6,000 participating pharmacists** (individual users) for a total of **more than 87,000 participants**.

These results are added to those achieved by the **Pharma Health Institute** advanced training school, set up by Unifarco and benefiting all Group companies, which, through its web platform<sup>58</sup>, made available to its students (pharmacists and doctors) 59 online training courses attended by more than **2,300 pharmacists** (individual users), totalling **more than 18,000 participants**.

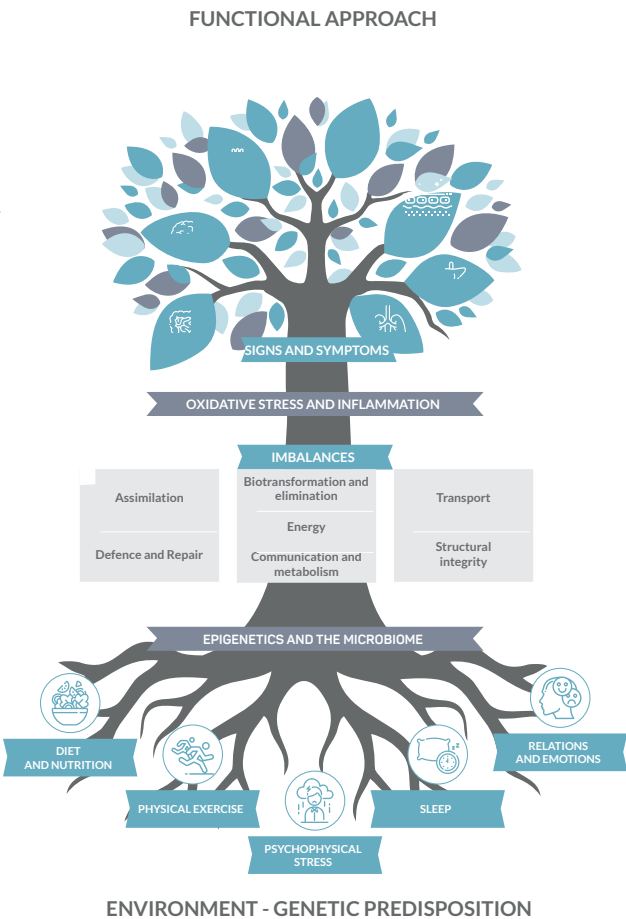


**Pharma Health Institute** was founded in 2018 to fill a specific gap, to build and develop a professional role, that **of the Functional Pharmacist**, capable of assisting customers along their health and well-being path. **A professional proud of their work**, who every day finds in their customers' satisfaction the motivation to grow and to cultivate their vocation.

It is no coincidence that the school's acronym is P.H.I., which is also the pronunciation of Greek letter Φ, the first letter of the Pharmakon, and whose logo's shape is reminiscent of the caduceus, the symbol of the pharmacist's profession.

The Institute's current educational offer is divided into **four training areas**, managed by a team of senior lecturers with experience in academic science education:

- **Nutraceuticals**
- **Cosmetology**
- **Dermatology**
- **Functional nutrition**



Responsibility towards pharmacies and their customers requires that all Unifarco products, whether manufactured in-house or by subcontractors, are developed according to an established process, stabilised, validated and checked for compliance with the relevant regulations. All activities are recorded in dedicated applications and market surveillance is implemented after market launch; in particular, all production batches are checked by performing the necessary safety tests. All supplements are controlled according to HACCP regulations.

If certain products already placed on the market are subsequently found to be non-compliant, they are immediately withdrawn from the market. The relevant information is classified and recorded in special *databases* so that any anomalies that are identified, and their causes, can be analysed, together with the immediate initiation of the most appropriate risk mitigation/reduction and consequent improvement actions. This is evidenced in the **Management Review** prepared periodically.

The Company constantly records and verifies any type of product or process **"irregularity"** reported by pharmacies or identified by internal control procedures, so as to enable the implementation of **continuous improvement actions** on its own work and that of suppliers.

**Table 4.3.1 summarises the results of the above-mentioned monitoring. In this regard:**

- **Product Complaints** are those reported by customer pharmacies and mainly concern defective packaging or products sold without their contents intact. In 2023, their recurrence stood at 21.6 cases per million units sold; the increase over the previous year is essentially attributable to **two causes**: the noted **packaging defects** of some products and the use in the **"Micellar Solution"** product of a new type of surfactant intended to improve its efficacy which, however, led to a foaminess of the content that was considered unpleasant although completely harmless.
- On the other hand, **complaints on deliveries** concern irregularities in the delivery service of products sold to pharmacies, such as, in particular, the delivery of packages that have been tampered with or are damaged or delivered late or with contents that differ from those ordered. In this case, in 2023, their incidence on the total number of shipments has marginally increased; this can be attributed to **critical issues experienced by couriers** in the course of their business during the year.
- **Our complaints to suppliers** identified by internal audits concern "irregularities" in products or services provided by third parties. In 2023 they increased in absolute terms mainly due to the failure to meet delivery deadlines mainly arising from the unavailability of raw materials, as well as non-conforming products.
- Finally, **internal (or system) anomalies** include both anomalies identified in the production process and environmental and safety anomalies related to the company's activities as a whole. They are detected directly by those working in the various processes or are identified during internal audits or audits carried out by certification bodies. This increase indicates the organisation's commitment to anticipating the detection of critical issues before their impact becomes apparent.

Most of the non-conformities, as detailed above, have a medium to low severity index, except in the case of some supplies of raw materials whose procurement delays have had a significant impact on the subsequent delivery of some products.

Table 4.3.1: Unifarco: number of complaints (by type) and internal anomalies

	2023	2022	23/22 change
Product complaints (no.)	534	266	268
Inc. (ppm) <sup>59</sup> complaints on product (no.) on pieces sold (no.)	21.6	11.7	84.6%
Complaints on deliveries (No.)	2,763	2,418	345
Inc. % complaints on deliveries (no.) on total shipments (no.)	1.3	1.2	8.3%
Our complaints to suppliers (No.)	151	127	24
Inc. % of our complaints to suppliers (no.) out of deliveries (no.)	1.28	1.43	-10.5%
Internal anomalies (no.)	257	204	53

<sup>58</sup> Accessible from the website [www.pharmahealthinstitute.com](http://www.pharmahealthinstitute.com)

<sup>59</sup> "parts per million": the values in the table are given by the formula: no. complaints in the year/no. pieces sold in the year x 1,000,000



## 4.4 SUSTAINABLE SUPPLIER MANAGEMENT

Relations with suppliers are inspired by the principles contained in the Unifarco Code of Ethics and are subject to constant and careful monitoring.

The **Code of Conduct for Suppliers** is published on the Company's website<sup>60</sup> and must be adhered to by all those who wish to be part of its supply chain for goods and services.

The partnership relationship established between Unifarco and its suppliers is defined and qualified through a **specific procedure** of the company management system that allows for the **selection and/or classification of suppliers of finished products (supplements, medical devices, cosmetics and make-up) on the basis of distinct criteria with the relevant evaluation methods**, including:

- product/process criticality
- criticality of the technology employed
- production sustainability
- quality management systems

The procedure also envisages the acquisition of information relating on the presence of **certified Management Systems** with regard to the **environment** (ISO 14001) or in the field of **occupational health and safety** (ISO 45001) as well as on the number and severity of **accidents in the workplace** over the last three years.

With regard to **raw material suppliers**, their selection and/or classification is carried out by the R&D area on the basis of several parameters including: type of raw material, uniqueness, source (natural, synthetic or sustainable), innovation, quality and reliability of the supplier in commercial and financial terms.

With this in mind, the company gathers information of interest and carries out the evaluation/selection and qualification of new suppliers as well as, periodically, the re-evaluation and re-qualification of those already acquired.

The process of investigating and controlling the supply chain consists of an initial direct contact arising from the need to acquire a new supplier, followed by its technical validation through test supplies and *on-site audits*. The actual selection takes place through the compilation of a factor matrix with the determination of the results obtained through the attribution of an overall score resulting from the combination of the scores referring to each criterion. Once the supplier is selected, contractual clauses are defined and **periodic audits** are carried out.

Suppliers that are **monitored annually account for about 80% of procurement turnover**, in addition to suppliers of materials and/or services assessed as higher risk.

In any case, in the procurement policies of all Group companies, **priority is always given to working with Italian suppliers**, which, in 2023, accounted for **90%** of the total expenditure incurred for the purchase of goods and services.

The same companies only use suppliers that operate in accordance with the regulations in force.

## 4.5 ECONOMIC RESULTS

In macroeconomic terms, in a nutshell, the year just ended was influenced by a **still high price level** (although showing the first sign of a drop in inflation), a general **slowdown in the growth of the European economy** (EU GDP +0.5% compared to 2022) a **high interest rates**, expected to fall not before 2024. All this is accompanied by a climate of general uncertainty related to the continuing war conflict in Ukraine and the more recent explosion of the Middle East crisis.

Like many others, the pharmacy market was also affected by macroeconomic dynamics and the international framework (which have had significant impact on people's purchasing power and propensity to spend), closing the year with an essentially *flat* turnover in terms of value (+0.3%) and significantly down in terms of volume (-4.1%).

In this context, the Unifarco Group continued its precautionary actions already introduced in the previous year in order to respond efficiently to the variability of market conditions on the one hand, and to the new attitudes and changing needs of consumers on the other.

This made it possible to again achieve an **excellent performance in terms of turnover** in 2023 and to minimise the negative effects on the income statement. In particular, the *sell-out*<sup>61</sup> data has **confirmed the appreciation shown by pharmacists and consumers for Unifarco's offer**, which ranks **second in terms of cumulative sales of cosmetics, make-up and supplements in pharmacies in Italy with a growth in value of 6.1%, one percentage point higher than the market**.

Overall, **the Group's sales revenue** amounted to **EUR 165.5 million**, an **increase of 12.6%** over the previous year<sup>62</sup>.

Also noteworthy are the Group's double-digit performances in the European core markets: **Spain +33.1%, Germany +24.2%, France and Belgium +31.0%, Austria +12.5%**, confirming the success of Unifarco's business model, which once again demonstrates its ability to adapt to the peculiarities of individual foreign markets.

Table 4.5.1: Group economic indicators (values in 000 Euro)

	2023	2022
Sales revenues	165,455	146,941
Overall production value	175,547	153,724
Earnings before interest, taxes, depreciation and amortisation (Ebitda)	22,033	18,364
% of sales revenue (Ebitda margin)	(13.3)	(12.5)
Earnings Before Interest and Taxes (Ebit)	13,398	11,156
% of sales revenue (Ebit margin)	(8.1)	(7.6)
Income before taxes	10,813	9,982
Operating income	7,678	7,534
% of sales revenue (Ebit margin)	(4.6)	(5.1)

**There was sustained growth in the turnover of all Group brands:** Farmacisti Preparatori **+9.4%**, Unifarco Biomedical - Ceramol **+20.9%**, Dolomia **+25.5%**, other brands together **+42.6%**.

More detailed information on Unifarco's financial results can be found in the financial statements prepared and approved in accordance with the law.

<sup>61</sup>Source: "Newline Ricerche di Mercato"  
<sup>62</sup> It should be noted that the scope of consolidation as at 31 December 2023 includes for the first time the company Metodo Ongaro Switzerland SA, which joined the Unifarco Group in July 2023 and, therefore, was not included in the 2022 income statement, which makes the two periods not fully comparable

<sup>60</sup> <https://assets.unifarco.it/portale2017/it/Assets/sostenibilita/la-gestione-delle-risorse/FORNITORI%20-%20Codice%20Condotta%20Fornitori.pdf>



4.6

ECONOMIC VALUE  
GENERATED AND DISTRIBUTED

The reclassification of the financial statements makes it possible to identify the wealth created (value generated) by the business activities of Group companies (mainly from sales revenues or other revenues and income, including those from equity investments), as well as the **value distributed** to stakeholders during the year (suppliers, employees, banks and other lenders, shareholders, public administration, communities) and, finally, the value retained within the companies (mainly in relation to reserves, depreciation and amortisation and provisions).

Table 4.6.1: Value generated, distributed and retained (and percentage incidence) by the Unifarco Group

EVG&D MODEL ENTRIES	2023		
	EUR (000)	inc. %	
VALUE GENERATED	175,621	100%	100%
Economic value generated	175,621	100%	
DISTRIBUTED VALUE	163,320	100%	93%
Suppliers	114,270	70.0%	
Employees	38,828	23.8%	
Credit institutions, other lenders	2,510	1.5%	
Shareholders	3,750	2.3%	
Public Administration	3,546	2.2%	
Community	415	0.3%	
RETAINED VALUE	12,301	100%	7%
Amortisation and depreciation	8,445	68.7%	
Provisions	190	1.5%	
Deferred tax assets and liabilities	-411	-3.3%	
Value adjustments on financial assets	150	1.2%	
Profit for the year allocated to reserves	3,927	31.9%	



In 2023, the distributed value (93% of the total wealth generated by the Group) was distributed for the following purposes:

- to **Suppliers** mainly for the purchase of raw, ancillary and consumable materials as well as goods and services.
- to Group **employees** (to whom almost a quarter of all the wealth distributed during the year is allocated) for the payment of salaries and bonuses, the recognition of benefits and other advantages related to the **welfare policies** implemented in their favour.
- to **banks and other financial companies** for the payment of interest and charges on loans granted.
- to **Shareholders** for the portion of the year's profit that will be distributed to them as dividends.
- to the **public administration** for the payment of taxes and duties.
- to the **Community**, i.e. contributions granted to bodies, associations and other organisations or, in any case, costs incurred in respect of initiatives with exclusively social, cultural, sporting, promotional or environmental purposes.



5.

# METHODOLOGICAL NOTE



The Sustainability Report represents a tool to describe, in a transparent and articulate way, the most significant impacts of the Unifarco Group on the economy, environment and people, including those on human rights (social impact), and shows its commitment to sustainable development, with the aim of creating value not only for itself, but also for its stakeholders.

This document has been prepared on the basis of the “**GRI Sustainability Reporting Standards**” as defined by the **GRI - Global Reporting Initiative**, according to the “with reference to” option, in particular adopting the “*Universal Standards*” published in 2021, which came into force on 1 January 2023. More specifically, for the preparation of Report, the indications included in the “*GRI 1: Foundation 2021*” Standard were taken into account to ensure the quality of the information reported in terms of: *Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness, Verifiability*. The “GRI Sustainability Reporting Standards” are the most widely used and internationally accredited reference for an organisation's sustainability reporting.

In correspondence of the title of each Chapter of the Report there are correlations of the topics covered with the GRI Standards as well as with the global *Sustainable Development Goals* (SDGs) included in the United Nations 2030 Agenda.

An appendix to the Report includes the “**GRI Content Index**”, detailing the content reported in accordance with the GRI standard.

In order to allow the comparability of data over time and the evaluation of the Group's business performance, a comparison year has been included where available. In order to ensure the reliability of the data, the use of estimates has been limited as much as possible; such estimates, if present, are appropriately reported and based on the best available methodologies.

This Sustainability Report was approved by the Board of Directors of Unifarco S.p.A. on 28 March 2024, at the same time as the Annual Financial Report. The publication frequency of this document is set on an annual basis.



6. GRI CONTENT INDEX

Declaration of use		Unifarco Group companies have reported the information mentioned in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards	
Used GRI 1		GRI 1 - Fundamental Principles 2021	
STANDARD GRI	DISCLOSURE		PAGES
General information			
GRI 2: General Information 2021	The organisation and its reporting practices		
	2-1 Organisational details		19-23
	2-2 Entities included in the organisation's sustainability reporting		8-9
	2-3 Reporting period, frequency and contact point		71, 72, 74
	Activities and workers		
	2-6 Activities, value chain and other business relationships		16, 19-23
	2-7 Employees		50-51
	2-8 Workers who are not employees		50-51
	Governance		
	2-9 Governance structure and composition		26-27
	2-10 Nomination and selection of the highest governance body		26-27
	2-11 Chair of the highest governance body		26-27
	2-12 Role of the highest governance body in overseeing the management of impacts		27
	2-13 Delegation of responsibility for managing impacts		27
	2-14 Role of the highest governance body in sustainability reporting		27
	2-15 Conflicts of interest		26
	2-16 Communication of critical concerns		27
	2-18 Evaluation of the performance of the highest governance body		27
	2-19 Remuneration policies		27
	2-20 Process to determine remuneration		27
	2-21 Annual total compensation ratio		54
	Strategy, policies and practice		
	2-22 Statement on sustainable development strategy		5-7
	2-23 Policy commitments		52
	2-24 Embedding policy commitments		27, 66
	2-25 Processes to remediate negative impacts		11-12, 65
	2-27 Compliance with laws and regulations.		28
	2-28 Membership associations		11
	Stakeholder engagement		
	2-29 Approach to stakeholders engagement		10
	2-30 Collective bargaining agreements		53
Material topics			
GRI 3: Material topics 2021	3-1 Process to determine material topics		12-13
	3-2 List of material topics		8, 13
Material topic: Economic value generated and distributed			
GRI 3: Material topics 2021	3-3 Management of material topics		68-69
GRI 201: Economic performance 2016	201-1 Economic value generated and distributed		68-69
Material topic: Sustainable supplier management			
GRI 3: Material topics 2021	3-3 Management of material topics		66
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers		17, 66
Material topic: Transparency and integrity in managing the business			
GRI 3: Material topics 2021	3-3 Management of material topics		28
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken		28
Material topics: Sustainable use of raw materials - Sustainable packaging management			
GRI 3: Material topics 2021	3-3 Management of material topics		34-35, 37
GRI 301: Materials 2016	301-1 Materials used by weight and volume		17, 34, 36

Material topic: Energy consumption		
GRI 3: Material topics 2021	3-3 Management of material topics	40-41
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	17, 40
Material topic: Water resource management and discharges		
GRI 3: Material topics 2021	3-3 Management of material topics	42-43
GRI 303: Water and effluents 2018	303-1 Interaction with water as a shared resource	42-43
	303-2 Management of water discharge-related impacts	43
	303-3 Water withdrawal	42
Material topic: Biodiversity		
GRI 3: Material topics 2021	3-3 Management of material topics	46-47
GRI 304: Biodiversity 2016	304-3 Habitats protected or restored	46-47
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	46
Material topic: Emissions		
GRI 3: Material topics 2021	3-3 Management of material topics	41
GRI 305: Emissions 2016	305-1 Direct GHG emissions (Scope 1)	17, 41
	305-2 Indirect GHG emissions from energy consumption (Scope 2)	17, 41
	305-7 Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant emissions	41
Material topic: Waste production and management		
GRI 3: Material topics 2021	3-3 Management of material topics	44
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	44
	306-2 Management of significant waste-related impacts	17, 44
	306-3 Waste generated	44
Material topics: Personnel management - Corporate welfare		
GRI 3: Material topics 2021	3-3 Management of material topics	50, 53-54
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	50-51
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	54
	401-3 Parental Leave	51
Material topics: Worker health and safety		
GRI 3: Material topics 2021	3-3 Management of material topics	55
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	29, 55
	403-2 Hazard identification, risk assessment and incident investigation	29, 55
	403-3 Occupational health services	55
	403-4 Worker participation and consultation on occupational health and safety programmes and related communication	55
	403-5 Worker training on occupational health and safety	55
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	29, 55
	403-9 Work-related injuries	55
Material topics: Personnel development		
GRI 3: Material topics 2021	3-3 Management of material topics	52
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	53
Material topics: Human rights and equal opportunity		
GRI 3: Material topics 2021	3-3 Management of material topics	28, 52
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	16, 26, 50-51
	405-2 Ratio of basic salary and remuneration of women to men	53-54
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	28
Material topics: Impact on local communities: listening and engagement		
GRI 3: Material topics 2021	3-3 Management of material topics	56-57
GRI 413: Local communities 2016	413-2 Operations with local community engagement, impact assessments, and development programs	17, 56, 68-69
Material topics: Product quality and safety		
GRI 3: Material topics 2021	3-3 Management of material topics	29, 30, 38-39, 62-63, 65
GRI 416: Customer health and safety 2016	416-1 Assessment of health and safety impacts of product and service categories	62
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	28
GRI 417: Marketing and labelling 2016	417-1 Requirements for product and service information and labelling	63
	417-2 Incidents of non-compliance concerning product and service information and labelling	28
Material topics: Research and development		
GRI 3: Material topics 2021	3-3 Management of material topics	56-57



For more information on the Unifarco Group's sustainability strategy and the contents of this Sustainability Report, please contact: [sustainability@unifarco.it](mailto:sustainability@unifarco.it)

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**UNIFARCO**  
— we care for care —

# CONSOLIDATED SUSTAINABILITY REPORT 2023 OF THE UNIFARCO GROUP





- we care for care - **we care for science** - we care for planet - **we care for health & beauty** - we care for knowledge -  
 - we care for knowledge - **we care for care** - we care for science - **we care for planet** - we care for health & beauty - **we care for knowledge** - we care for c  
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