1.4. PRODUCTION PROCESSES

(GRI:2-6; 2021)

#valuechain

The Group's production processes require a large supply of raw materials, mainly plastic and aluminum, which are the most widely used materials in closures. For their supply, the Group uses strategic suppliers with whom it has built solid relationships to guarantee the capillarity of supplies in the individual plants.

The Group's processes are carried out in:

- 12 production sites specialized in the production of plastic closures;
- 10 plants dedicated to the production of aluminium closures;
- 5 plants that integrate processes for the processing of aluminum and plastic;
- 2 factories specialized in the production of plastic and wooden closures;
- 2 production sites dedicated to the manufacturing processes of plastic, aluminum and wood closures;
- 2 production sites specialized in the production of tinplate closures;
- 2 factories dedicated to the processing of wooden closures;
- 1 production site dedicated to the production of semi-finished cork products.

In addition, the Magenta (Italy) plant deals with the degreasing, cutting and lithography of aluminium, playing a key role in the production process as it supplies aluminium foil to other plants that use it in their production processes.

The Group also includes in its factories the decoration processes of closures to guarantee its customers customized products, which reflect the values and image of the brand, making the possible reproducibility and counterfeiting of closures complex.

1.5. STAKEHOLDER ENGAGEMENT AND MATERIALITY ANALYSIS

(GRI 2-28:2021; 2-29:2021; 3-1:2021; 3-2:2021; 3-3:2021)

#stakeholderengagement #stakeholder #materiality

The Guala Closures Group demonstrates a strong commitment to creating an organizational culture based on collaboration with all stakeholders, through a channel of regular and active dialogue aimed at identifying priorities and common spaces for inclusive growth.

The diverse range of stakeholders with which the Group interacts, including shareholders, investors, customers, suppliers, employees and local communities, reflects the breadth and complexity of the challenges and opportunities present in the changing global context. Welcoming stakeholders' perspectives makes it possible to understand their needs, reduce risks and develop projects that can contribute to the economic development of the company and the well-being of all the actors involved.



Figure 2 - stakeholders of the Guala Closures Group

The Guala Closures Group adopts a strategy for stakeholder engagement that reflects the diversity of relationships and specific needs of each interest group. The frequency and mode of communication (dedicated meetings, emails, participation in surveys) are adapted to local needs and are specific to each identified macro-category (Figure 2):

- **Customers and market:** the Group organizes at least one annual meeting with its customers and strategic suppliers, to strengthen collaboration by discussing past results and defining new goals for the future together;
- **Internal stakeholders:** employees are regularly informed through the periodic newsletters sent by the Group's management; in addition, specific considerations and feedback are collected in a capillary manner through the annual performance evaluation process, whose procedures are distinct and adapted to local contexts;
- **Local communities and the territory:** a strong bond of proximity is established with these categories, developed by each of the Group's plants through more informal forms of communication that respond to the peculiarities of each specific reality in which the company operates;
- **Institutional stakeholders:** The Group has established an intense dialogue with certification and control bodies, trade unions and public authorities to develop constructive and trusting relationships, in compliance with national and international regulations.

In addition, the Group is actively involved in direct participation in some sector associations, such as the Italian Packaging Institute, the Aluminium Closures Group and CETIE (Centre Technique International de l'Embouteillage e du Conditionnement).

One of the main activities for which stakeholder involvement is essential is the development of the materiality analysis, which is a necessary tool for focusing on corporate priorities and objectives, identifying the impacts and relevant issues to be reported.

Following the important review and improvement of the materiality analysis process carried out in 2023, the Group considered the method developed and the results obtained in the previous year to be valid for 2024 as well.

The first phase involved a review of the context in which the Group operates and the characteristics of its activities, considering the environmental, social, economic and operational point of view, to identify as fully as possible the possible impacts that can be generated by the company itself, and the corresponding material issues. The list of impacts and material issues was also drawn up through the study of good practices in the sector and taking the reporting standards of the Global Reporting Initiative (GRI) 2021 as a reference guide. The analysis started with the initial list of impacts resulting from the survey conducted in 2022 and aimed at internal and external stakeholders of the Group.

In the second phase, a qualitative analysis of the identified impacts was carried out, with the involvement of the company's Risk Management function to define the actual and potential impacts, the positive and negative ones. In addition to the Risk Management function, several corporate functions and external consultants participated in the audit activity to ensure the broadest possible view.

In the third phase, the significance of the impacts identified in the previous phases was assessed through internal analysis activities. It was determined by assigning each impact a score from 1 to 4 to define the probability and severity of the same. The product between the two values gives a result called a priority index. For the various impacts associated with the individual theme, the average between them is then calculated, to obtain a single priority index for each theme.

By setting the significance threshold of the index at 6.5, it was possible to draw the line between the issues defined as relevant and those that are less material for the Guala Closures Group and its stakeholders. The list of the 18 themes identified is given in Table 3 where they are grouped according to the social, environmental and governance/economic spheres: the issues that emerged above the threshold are all equally significant.

Table 3: list of material topics of the Guala Closures Group

MATERIAL THEME	SCOPE
Health and Safety in the workplace	Social
Diversity and inclusion	Social
Employee development and training	Social
Human rights	Social
Greenhouse gas emissions	Environmental
Water management	Environmental
Energy transition	Environmental
Air pollution	Environmental
Use of recycled raw materials	Environmental
Waste reduction	Environmental
Environmental management systems	Environmental
Supply chain engagement and sustainability	Governance/Economic
Innovation and ecodesign	Governance/Economic
Customer satisfaction	Governance/Economic
Product quality and safety	Governance/Economic
Data privacy and cybersecurity	Governance/Economic
Ethics, integrity and transparency	Governance/Economic
Economic performance	Governance/Economic

The Table 39 in the Appendix reports the material issues and the impacts associated with them. In addition, the approach of the Guala Closures Group in the management of impacts is described, collecting the present and future activities that characterize its management.