

102-14

It is our desire to celebrate the moment and to create memories that last, spreading the joy of balloons everywhere, with the help of our partners and our customers worldwide.

In 2018, we reached an important milestone in our accountability to our stakeholders, namely our customers, suppliers, employees and the communities in which we operate. It was, in fact, precisely last year that we received the ISO 19001 and 14001 certification, which is not only a huge honour for us, but also an acknowledgement of the efforts we make every single day and proof of how seriously we consider the quality of our product and the sustainability of our value chain. However, 2018 was also the year in which we decided to publish the first sustainability report, the absolute first in our sector to do so, as we are aware of the need for increasing involvement of our partners in the “sustainable” route being taken by the company, the result of which is the **Go Green with Gemar** campaign.

The world is changing and a growing number of people are realising how important it is to protect the environment, particularly when it comes to the problem of plastic waste. We are therefore proud to be able to say that we have always used natural rubber in our manufacturing process and, this year, we have also worked to increase knowledge and raise awareness of correct and safe use of our product as far as possible, through the *Don't Let Go* educational campaign.

We are a family business and we want to leave a land, a home and an activity in which future generations can grow and thrive. This is a basic and essential commitment for Gemar.

We were also enormously proud to join the *Global Compact* initiative of the United Nations during this year, confirming our commitment to respect and uphold its ten principles, which cover issues ranging from human rights to labour standards to protection of the environment and the fight against corruption.

The *Global Compact* initiative encourages companies throughout the world to create a healthy and sustainable economic, social and environmental framework that guarantees everyone the opportunity to share the benefits of it.

Innovation is one of the cornerstones of our company philosophy and we work every day to seek increasingly efficient and state-of-the-art solutions to guarantee a high-quality product that is as sustainable and safe as possible throughout its entire lifetime.

It is sometimes difficult to understand just how far Gemar has come: we are now Europe's largest manufacturer of natural latex balloons and have customers across the globe, as well as a community of enthusiastic Balloon Artists, Ambassadors and Masters. We have worked to create a movement, spreading the joy of ethical and sustainable balloons to thousands of people.

Looking to 2020, we have committed to observing the fundamental principles of the *Global Compact* initiative, which we have integrated into our own Code of Ethics, and we also intend to implement increasingly innovative initiatives and methods to protect our planet. We have, in fact, started the process to obtain the FSC “Chain of Custody” certification, in order to provide the market with a guarantee on the origin of our raw materials and therefore to demonstrate, in a correct, transparent and controlled manner, our active contribution to responsible forest management.

Summary

Our world.....	3
Our identity.....	3
One balloon after another.....	3
The value of lightness	4
The sustainable lightness of balloons.....	6
At the heart of Gemar balloons.....	6
Latex	6
Selection of the plantations	6
The sustainable essence of a natural material.....	6
A touch of colour that respects the environment.....	7
Don't let go.....	7
The collections and the markets.....	8
For those who love Gemar balloons.....	9
Strict compliance with regulations	9
Regulations on balloons	9
The Gemar balloon factory.....	12
Suppliers and management of supplier relations.....	12
The production cycle	13
Innovation.....	15
Governance and collaborators.....	15
Casalvieri, our home	20
The networks	22
Methodological note	26
The objectives of this document.....	26
The references used and the principles applied in preparation of this report	26
The paths taken: materiality analysis and <i>stakeholder engagement</i>	26
The materiality matrix.....	27
Independent auditing.....	27

Our world

Our mission is to inspire and bring joy to every occasion with balloons.

Our philosophy is Lifting the Moment.

The first report is a new stage of our journey towards sustainability.

Our identity 102-1, 102-3, 102-5, 102-7

Gemar was founded by the Rocca family and manufactures natural rubber latex balloons.

Almost Euro thirty million in revenues and over one billion balloons manufactured in 2019, on fourteen production lines, are figures that confirm our position as undisputed leader in Europe and one of the major companies worldwide in our segment.

Our balloons are manufactured at the plant in Casalvieri, where a team of eighty people works every day, with enthusiasm and professionalism, alongside the Rocca family. This is the small town, in the province of Frosinone, where it all started, at the end of the nineteenth century, in a craft workshop, with the ambitious objective of creating unforgettable moments through our products. It is therefore no coincidence that these places and the people who live there are very close to our hearts.

Our company set-up also includes G PRINT and G PACK, two companies not within the scope of the sustainability report, which are responsible, respectively, for printing and packaging our balloons.

[Insert an infographic with a map of Italy or the Lazio region, showing the facilities, Gemar (80 employees – 67 men and 13 women), G Pack (43 employees – 18 men and 25 women) and G Print (14 employees – all men)]

One balloon after another

It is no easy task to be considered as pioneers in your sector. We achieved this as the result of a certain business acumen and the ability to identify new sectors of expansion. On more than one occasion, we have recognised opportunities for economic development and technological innovation that our competitors failed to grasp.

Our story started many years ago, towards the end of the nineteenth century, when the name was not yet Gemar.

It was Angelo Rocca who had the idea, in 1884, of founding the first Italian company to manufacture natural latex balloons, in the town of Casalvieri. It was just a simple craft workshop at the time, set up after his experience in Marseilles, where the founder of what would go on to become Gemar discovered his passion for balloons.

Manufacturing activities increased rapidly, with the balloons reaching Europe, Africa and the Middle East, even though, at the time, each individual balloon was made by hand by expert craftsmen: an extremely lengthy and complicated process.

Ditta Genesio Rocca was set up in 1953 by the founder's son, who successfully transformed his father's small craft business into a genuine industrial concern. The choice of natural latex proved to be a winning strategy right from the start, despite the difficulties in procuring high-quality and high-performance material, as well as the critical aspects associated with control of the supply chain.

Over the following years, there was rapid expansion of both the tools and the equipment and 1970 saw the arrival of the first industrial shed and the first automatic production line.

At this point, research and technological innovation became essential both to obtaining high-quality products and to achieving a more attractive appearance. Our projects in this area still focus on increasing efficiency of the production system, reducing waste and energy consumption, downtimes and equipment malfunctions.

Genesio Rocca's eldest son, Angelo, took over the reins of the company in 1977 and the name was changed to Gemar some years later, in 1990.

A new workshop was opened in the early 2000s and allowed the company to expand production further and to specialise in moulding latex balloons. With arrival of the new generations at the helm of the company came an increased desire to focus on a totally natural raw material that served to improve its sustainability. We continue to pursue this aim with conviction and it has led to our position as a world leader in our sector.

The value of lightness 102-16, 201-1, 206-1, 307-1, 419-1

The purpose of the sustainability report is to push forward on our path towards sustainability. It provides details of the strategies, commitments and policies we intend to pursue in this area, also observing the cornerstones of our code of ethics, on which our method of doing business has been based for four generations, namely:

- Tradition: because the experiences gained form the foundations for a better future.
- Innovation: because new approaches and new tools allow us to evolve.
- Creativity: because it is in the DNA of our work and the people who choose us.
- People: because our collaborators are members of the Gemar family.
- Accountability: because sustainability and safety of our products are essential.

Our balloons have always been natural and a sense of accountability guides our choices. The combination of these two elements has led us to broaden our horizons and start a new journey towards sustainability, sharing the principles that guide us and undertaking new initiatives to support the local area and the people with whom we come into contact. This is why redistribution of wealth to the territory where we work and its communities is a fundamental aspect of our identity. We are well aware that Gemar would be less solid without their contribution. In 2019, 94% of the financial value produced by our activities was distributed to the principal *stakeholders*.

	2018	2019 ¹
Financial value produced	€ 32,419,576	€ 28,340,786
Financial value distributed	€ 29,471,231	€ 26,774,025
<i>Operating costs</i>	€ 23,757,007	€ 21,859,831
<i>Remuneration of collaborators</i>	€ 4,177,490	€ 3,786,440
<i>Investments in the community</i>	€ 425,608	€ 331,980
<i>Payments to the public administration</i>	€ 1,081,170	€ 751,756
<i>Interest and financial expenses</i>	€ 29,956	€ 44,018
Financial value withheld	€ 2,948,345	€ 1,566,761

¹ The figures reported could differ from those on the approved balance sheet, as this report was written before approval.

Compliance with regulations is also a cornerstone of our philosophy. In the year being reported, our company was not involved in any legal actions relating to *anti-competitive behaviour*, *anti-trust* and *monopolistic practices*.

There were also no cases of non-compliance with environmental, economic and social laws and regulations.

Goals declared in the 2018 Sustainability Report	State of achievement in 2019	Goals for 2020	Associated UNGC principles
Adopt and publish our first code of ethics, by the end of 2019, in which the guiding principles of our activities and relations with all our stakeholders are formalised and communicated.	Achieved: the code of ethics has been prepared and shared with all internal stakeholders.	Publish the code of ethics on our website and share it with external stakeholders.	PRINCIPLE X Businesses should work against corruption in all its forms, including extortion and bribery.

The sustainable lightness of balloons

Right from the start of our adventure, we have set ourselves an ambitious path to follow: exploit the value of a natural raw material through constant research into innovative technologies. Along this path, partly thanks to strict control of the raw materials supply chain, we have achieved and maintained an important milestone: manufacturing balloons that not only satisfy all sector regulations, but also protect our final users and the planet on which we live.

At the heart of Gemar balloons 102-10

Latex

Our products are made from latex, a natural material with a milky appearance. It is obtained from the *Hevea brasiliensis* tree, also known as the rubber tree, from which it is extracted without causing damage to the plant and without any felling of the trees.

Selection of the plantations

Over the years, we have selected only plantations where protection of the environment goes hand in hand with social commitment, providing employment opportunities to a large number of small farmers.

Our main supplier is ISO 9001, ISO 14001 and OHSAS 18001 certified. In our constant search for improvement, however, we have started a trial partnership with a new FSC certified company, with the goal of developing a new range of products that could obtain this prestigious certification in 2020. In December of this year, we received the first container of FSC certified latex and actual production will start from next year.

Furthermore, suppliers who intend to work with us must demonstrate that they contribute to the protection of plant and animal biodiversity and to preventing the risks deriving from intensive monocropping.

Our commitment to this issue is solid and we intend to emphasise that our product comes from forests managed in a way that protects the social, economic and environmental needs of current and future generations.

The sustainable essence of a natural material 301-1

Latex is a natural, renewable and biodegradable resource.

The rubber we use is natural in origin, as it is obtained from the secretion and/or tapping of specific species of trees.

It is also “renewable” according to the definition provided by standard EN 16575, according to which these are resources that do not diminish with use by mankind, as they are continually regenerated by the land.

Its biodegradability is also the result of the natural origin. Over recent years, the adjective “biodegradable” has frequently been used to describe products that change their structure and other characteristics in a process involving various micro-organisms. This specific characteristic is also typical of our products, despite the production process including additives.

It emerged from a study² on the environmental impact of latex balloons conducted by the American scientist, D. K. Burchette, that these products biodegrade at the same rate as an oak leaf. The *European Balloon & Party Council* (EBPC) also recently commissioned a report on biodegradability of balloons, from which it emerged that latex balloons are 90% biodegradable within two years.

That is not all. If it is processed skilfully, latex also has the advantage of maintaining all its chemical and physical characteristics throughout the entire production process. Furthermore, compared with synthetic rubber, its production requires not only a lower consumption of energy, but actually negative CO₂.

Several past scientific studies³ have already demonstrated that around 300 tonnes of CO₂ are bound in one hectare of land where more than 300 trees are planted, over a period of thirty years. A study we carried out in collaboration with the EBPC also confirmed that our production process, from the plantation to the moment when the balloon leaves our plant, has a negative CO₂ emissions balance: minus 29.02 tonnes for every tonne of balloons we manufacture.

In 2019, we used 5,827,550 kilos of renewable material, against 423,610 kilos of non-renewable materials, which are mainly the process additives that are essential for manufacturing our products and for which there are currently no natural alternatives.

[Insert graph with numbers: 7% non-renewable materials (-2% compared to 2018), 93% renewable materials (+2% compared to 2018)]

A touch of colour that respects the environment

The organic pigments used for dyeing are another essential part of the excellence of our products. Many are also water-based. Using water-soluble pigments allows us to avoid use of large quantities of organic solvents, which are often not easily disposable. All the pigments we use are produced in compliance with European regulations on the environment and consumer safety.

Don't let go

The guarantee of placing a natural, renewable and biodegradable product on the market does not mean we ignore what happens to it at the end of its life. We do not recommend balloon releases, because what goes up must come down. Even though the materials used for the balloons are sustainable, litter of any kind is unsightly and potentially dangerous to wildlife. That is why we recommend that all balloons are popped and binned after use. Our motto is "Don't let go"



Our commitment to managing balloon waste is consistent and aligned with international policies, also within our own sphere of influence. In fact, in anticipation of the contents of the proposed directive on reduction in consumption of single use plastics⁴, we already propose balloon accessories in alternative materials to the plastics currently used, such as paper for example, which is a more environmentally friendly product.

These include the *BalloonGrip*TM, a paper stick devised by B-Loony, our business partner, which also received the *Save the Planet Award 2019* for this product, presented during the ceremony of the *European Carton Excellence Awards* held in Malta. On its reasons for giving the award, the jury

² Burchette D.K, *A study of the effect of Balloon releases on the environment*, Technical Advisor Environmental Committee National Association of Balloon Artists, 1989

³ 2. Mihirlal R., Manidip R, Sibani S., *Ecological impact of rubber plantations: Tripura Perspective*, International Journal of Current Research, 2014

⁴ *Single Use Plastics - SUP*, May 2018

defined this accessory as «a perfect example of sustainability: renewable, recyclable and 100% biodegradable».

Don't Let Go! - Gloria Veta, Sales and Marketing Manager

Balloons are a unique, entertaining and colourful product that bring joy and light-heartedness to any occasion. Although they are loved by people of all ages, we have noticed a change in the perception of this toy by consumers over recent years.

In the collective imagination, in fact, balloons are often associated with plastic, a material that is viewed with perplexity in a collective sensibility that is focusing increasingly on environmental sustainability. That is why we believe it is now more important than ever to emphasise that our products are manufactured in biodegradable, natural rubber latex that respects the environment.

However, after use, even our balloons become waste that requires correct disposal by the individual user. Ignoring this basic aspect means transforming a moment of joy into a threat not only for the planet, but also for its wildlife.

Everything that is released into the air will come back to earth sooner or later, which is why here at Gemar we advise against releasing balloons into the sky. What we suggest to our customers is using weights to anchor them to the ground and, after using them, to burst them and dispose of them responsibly.

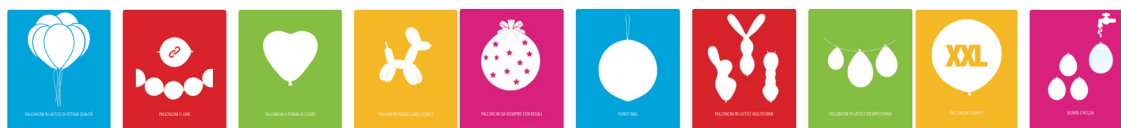
As a member of the European Balloon & Party Council, Gemar has joined the Don't Let Go educational campaign, the aim of which is to «educate and encourage the fun-filled use of balloons and party products in a safe, ethical and environmentally friendly manner».

The EBPC has formed a united front to protect the sector and boost its growth by promoting and facilitating virtuous practices, as an effective response is necessarily the result of a collective and shared effort.

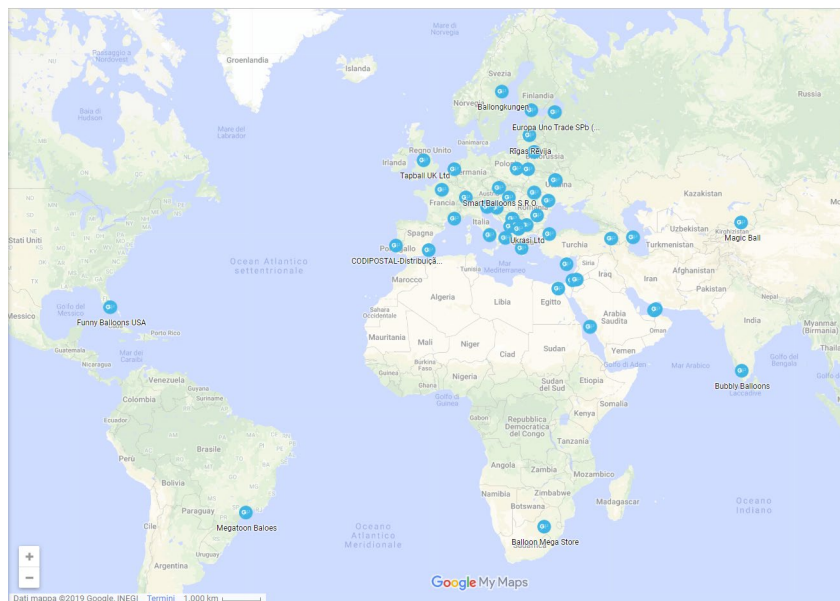
Our commitment to sustainability is an investment in the future of the community. It means satisfying the needs of the present while still protecting the planet for future generations. Our objective is a better future for our customers, suppliers, collaborators and neighbours.

The collections and the markets 102-2, 102-4, 102-6

Designed for every occasion and available in thirty-five shapes and eighty-eight different colours, our balloons satisfy the needs of both customers and distributors alike.



However, we still launch specific product lines each year that reflect the main markets trends of the moment. In 2019, our new ranges of *Gemar Shiny* balloons met with great success. Our market is formed of companies (B2B market) located in fifty countries across four continents.



For those who love Gemar balloons

We work, every single day, to manufacture top-quality products that keep pace with trends. We are proud of the relationships we have with over fifty customers, partners and retailers who trust us and rely on us.

We devote a great deal of attention to them, as we appreciate the vital role they play in our success. We frequently organise meetings with them at Casalvieri and take the opportunity to show them the local area and its heritage. We also return the favour and visit them once a year to organise *Gemar Days*, which offer the chance to share ideas and focus on creativity. Our Gemar Masters, who have decades of experience in the art of balloon sculpture, spend the day sharing skills and entertainment, as well as a few secrets of their trade. In 2019 alone, we organised thirteen Gemar Days and participated in and sponsored over twenty other events, festivals and conventions dedicated to parties and to balloons.

Another opportunity to meet with our customers is the Nuremberg International Toy Fair, the sector's most important event, which brings together around three thousand exhibitors from sixty-eight countries and around 70,000 visitors from across the globe. This is where we present the new collections for the following year to customers, take the chance to learn about their needs and identify opportunities for improvement.

Strict compliance with regulations

We consider sustainability to be a priority, as important as marketing balloons that satisfy all sector, national and international regulations.

Regulations on balloons 416-1,417-1

Balloons are within the area of application of European Directive 2009/48/EC on the safety of toys, defined as 'products designed or intended, whether or not exclusively, for use in play by children under 14 years of age'.

According to this directive, which was transposed in Italy by Decree Law number 54 of 11 April 2011, before placing a product on the market, manufacturers must carry out an analysis of the chemical,

physical, mechanical, electrical, flammability, hygiene and radioactivity hazards that the toy may present, as well as an assessment of the potential exposure to such hazards.

Gemar balloons have always satisfied the requirements of the directive. We carry out all the necessary controls according to the principal international standards that govern and specify the safety requirements and testing methods, including:

- Mechanical and physical properties (EN 71-1:2014)
- Flammability (EN 71-2:2014)
- Migration of certain elements (EN 71-3:2019)
- Presence of N-Nitrosamines and N-Nitrosatable substances (EN 71-12:2013).

We are also subject to compliance with the European REACH regulation, which is applicable to all chemicals and was adopted to protect human health and the environment against the hazards of these substances.

The safety of our products is established through a wide range of artificial saliva and sweat resistance tests performed according to the German DIN 53160-1 and DIN 53160-2 method, the benchmark for assessments of this type.

We provide all the information available on the composition and origins of our products, using the following symbols:

- [LATEX] the product is made of natural latex: this information is useful for anyone who may have an allergic reaction, for example;
- [NATURAL RUBBER BALLOONS] our product is sustainable: it is made of ethically procured and biodegradable latex;
- [MADE IN ITALY] the product is manufactured entirely in Italy: ours is truly an "Italian balloon".
- [PREMIUM BALLOONS] the product is manufactured with high-quality materials and a meticulously controlled process; this prolongs the product life.
- [GREEN SYMBOL] the product is sustainable, as it is formed from 90% to 100% of latex and a small percentage (from 0% to 5%) of organic pigments.

All mandatory symbols are present on our product packaging, including the [CE] symbol for sale on the European market and the symbols of compliance with laws in non-European countries where they are marketed. We have also decided to include the following further information:

- [symbol of the pump with the no mouth inflation symbol] suggesting that the customer should use a pump to inflate Gemar balloons and thus avoid the risk of allergic reactions or the risk of injury caused by the balloon bursting.
- [Certified product symbol] indicating that our product is certified by an accredited external and independent agency that tests toy safety according to the applicable regulations, accompanied by the TUV symbol of the certifying agent
- [ISO 9001 and ISO 14001 certification] indicating that we have a quality management system and a certified environment system
- [Don't let go! symbol] promoting the company position against the release of balloons

Lastly, the packaging also includes information on disposal of the product components: the balloon, destined for unsorted waste, the plastic packet, recyclable in plastic waste, and the cardboard, to be thrown in the paper/cardboard bin.

Goals declared in the 2018 Sustainability Report	State of achievement in 2019	Goals for 2020	Associated UNGC principles
Improve product communication by the end of 2019, by preparing specific information on correct use of the balloons to place on the packaging and further informational material to provide to our partners	Achieved: the GREEN symbol and the information on correct disposal of the various components have been added.	Further improve communication on product sustainability, on biodegradability and on its natural origin.	PRINCIPLE VII Businesses should support a precautionary approach to environmental challenges.
Develop an entirely sustainable range of products by the end of 2020, with FSC certified balloons and biodegradable and compostable packaging.	Currently being achieved: the first supply of FSC certified latex arrive in 2019	Develop an FSC certified cardboard balloon stick	PRINCIPLE IX Encourage the development and diffusion of environmentally friendly technologies.
-	-	Use an accredited laboratory method to measure the percentage of natural carbon	PRINCIPLE IX Encourage the development and diffusion of environmentally friendly technologies.

The Gemar balloon factory

Over the years, as we have grown, we have recognised the importance of traditional production aspects, but also of maintaining innovation and constant improvement as a priority. Our balloons take shape with respect for the planet on which we live, and always considering the well-being of our collaborators and working to create positive relationships with the local territory and the community with whom we interact, bolstered by our values and the desire to spread some creativity and joy.

Suppliers and management of supplier relations 102-9, 308-1, 414-1, 408-1, 409-1, 102-12

The raw materials (latex and pigments) play a primary role in our production process. The company with which we collaborate most closely is located in Malaysia and supplies us with around 100,000 kg of latex every week. The quality of our balloons depends on the quality of the raw material we use, which is why we consider the relationship of trust we have built with this supplier to be a considerable added value. This is why we have chosen to support the company in the process to obtain FSC certification, a result that will confirm the environmental sustainability of our supply chain and ensure that the supplier becomes more competitive, compared with its competitors as well.

Almost all our pigment suppliers, on the other hand, are located in Europe. For secondary suppliers, we try to choose local ones. We have emphasised, on various occasions, the close bond we have with the local area, thanks to which we are growing and ready to face the challenges of the future. A further example is the ceramic moulds we use, which are crafted one by one by a local craftsman and are a decisive element in the excellence of the finished product.

There were no changes in the supply chain during 2019, the year to which this report relates. We are also proud to remind you that we are members of the international platform developed by Sedex, a non-profit organisation committed to spreading ethical principles along global supply chains that collects and processes data on the conduct of all those involved.

This participation is a further expression of our awareness of social issues and compliance of our actions with ethical and environmental standards, and we are also committed to promoting respect of workers' rights along the entire chain and to the fight against child labour and forced labour, through publication of our SMETA (*Sedex Member Ethical Trade Audits*). This platform and direct contact with our suppliers through questionnaires allows us to assess their approach to the three types of sustainability: environmental, social and economic.

FSC certification: a future goal – Angelo Rocca, Chairman

Our balloons are made from natural rubber latex, a milky sap that is entirely natural, also known as 'caoutchouc', which is extracted from the Hevea brasiliensis rubber tree using a process similar to the one used for maple syrup.

However, using natural raw materials is not enough. We are firmly convinced that sustainability is a long-term process to be undertaken resolutely and that there is always room for improvement. That is why we have decided to guarantee not only that the raw material itself is sustainable, but also that our supply chain is managed responsibly.

It is the reason behind our decision to start the process of certification of our products according to the standards of the Forest Stewardship Council (FSC), an international Non-governmental

Organisation (NGO) whose purpose is correct forest management and traceability of the resulting products.

The FSC forest management standards include protection of water resources, ban the felling of ancient forests, prevent the loss of natural forest coverage and prohibit the use of highly toxic chemical products. FSC certified managers of forests are required to involve members of the local communities in decision-making processes and to protect the rights of indigenous populations, thus ensuring that their voices are heard and considered.

The FSC logo is therefore not just a simple graphic symbol to be placed on a product. On the contrary, it is a guarantee that the good has been manufactured using raw materials from forests that are managed responsibly and thus offers proof of a sustainable approach.

The choices of each and every one of us have an impact, whether it is environmental, social or economic, and each decision must therefore be reached collectively, like “one big family”: this is precisely the way Gemar has been operating for over thirty years.

The production cycle [102-11, 302-1, 305-1, 305-7, 306-2](#)

Our production sites occupy an area of around 16,000 m² and have nine industrial sheds in which we manufacture and store all the products. Production has been perfected and improved over the years, according to the principle of caution that guides us in adopting efficient measures to protect the environment in a potential case of serious or irreversible damage.

The production process starts with preparation of the latex, which is mixed with the pigments and the other necessary substances and left to rest and sediment in a special tank. The resulting mixture is then sent to our fourteen production lines. The ceramic moulds that have been designed and refined by Gemar over the years are immersed in the latex and then pass through a tunnel at high temperatures, in which the vulcanisation process takes place. The balloons are extracted from the moulds with a water jet, then washed, dried and inflated for printing, which is performed by our associate, G PRINT. A spatula pushes the ink through a screen printing frame to create various messages and designs for every occasion. After drying, the balloons are packaged by our associate, G PACK, and shipped across the world.

Water is used in our production process primarily in washing of the moulds and balloons and in cleaning of the machinery. All the water used is channelled into a purification plant located inside our plant. This plant uses chemical and physical treatment methods and reintroduces the water into the public sewage system, in accordance with the requirements of Legislative Decree no. 152/06 (Part III, Ann. V, table 3). We intend to reduce water consumption by adapting and improving the technologies currently in use and a partial recovery system for washing water is also being designed.

The figures on our energy consumption are shown below.

Energy consumption	Unit of measurement	2018	2019
Natural gas	GJ	77,214 ⁵	69,709
Diesel	GJ	0.04	0.04
Electricity	GJ	18,626	15,682 ⁶
Total	GJ	95,637	85,391
Standard methodologies and computation tools used	Fuels and electricity bills		

Reduction of energy consumption in both the production phases and in our offices is a crucial objective in our plan for continuous improvement of environmental performance. In detail, in 2018 we designed a production machine prototype that is more effective and more efficient. When this innovation enters into operation, it will further reduce waste and energy consumption, which has been monitored for years thanks to the ISO 14001:2015 management system. With publication of the sustainability report, it is also possible to calculate reductions in energy consumption through the numerical trends of the indicators we measure.

Our plant emissions

Direct emissions of greenhouse gases (GHG)	Unit of measurement	2018	2019
Natural gas	Tonnes of CO ₂ equivalent	4,798	4,343
Standard methodologies and computation tools used	The base year considered is 2018, the year when the first Sustainability Report was published. The operating control principle was used to calculate the emissions, together with the data on fuel obtained from fuel bills.		
Source of emission factors used	<ul style="list-style-type: none"> Emission factors and LHV (PCI): Ecoinvent 3.3 "Heat, district or industrial, natural gas (Europe without Switzerland) heat production, natural gas, at industrial furnace low-NOx >100kW Alloc Rec, U" Density: GESTIS Substance Database Information system on hazardous substances of the German Social Accident Insurance (IFA, www.dguv.de) 		
Other significant emissions	Unit of measurement	2018	2019
Dusts	kg/per annum	578	225
Ammonia	kg/per annum	4,623	1,384
TOC	kg/per annum	6,596	4,154

⁵ The methods of calculating the indicator changed during the year being reported. The standard calorific value indicated on the invoice is used for natural gas. Use of this value has resulted in recalculation of the 2018 figure, which is now 77,214 GJ in place of 77,011 GJ.

⁶ Of which 35% from renewable sources

The quantities, nature and destination of the waste we produced in 2019⁷ are shown in the table below.

	Disposal operations ⁸	Unit of measurement	2019
Waste sent for recovery			
Hazardous	-	Tonne	0
Non-hazardous	Preparation for reuse	Tonne	17.9
Waste sent for disposal			
Hazardous	Incineration with energy recovery	Tonne	3.02
	Incineration	Tonne	41.2
Non-hazardous	Garbage dump	Tonne	122.1
	Incineration	Tonne	438.5
	Incineration with energy recovery	Tonne	228.3

We have significantly reduced the amount of raw material wasted in the production process. The latex present in the tanks is, in fact, reused until it is completely finished and balloons with minor imperfections are not discarded as waste, but marketed as factory seconds.

These efforts are confirmed by the fact that the ratio between the raw material we import and the rubber waste we produce is extremely low. Despite this, we intend to continue, in compliance with national regulations and using the technologies currently available, to seek innovative methods to reduce the quantity of waste we produce even further.

Innovation hours spent on research and development

Technological innovation has always been a key factor in our enterprise. In 2018, the Gemar production managers and operators, with the support of external suppliers and the supervision of Top Management, developed a new prototype for a more efficient production machine that will reduce waste, electricity consumption, downtimes or malfunctions and consequently improve performance of the entire company. Research and development projects distinguished by increasing technological and operational *know-how* perfectly showcase our aptitude for innovation.

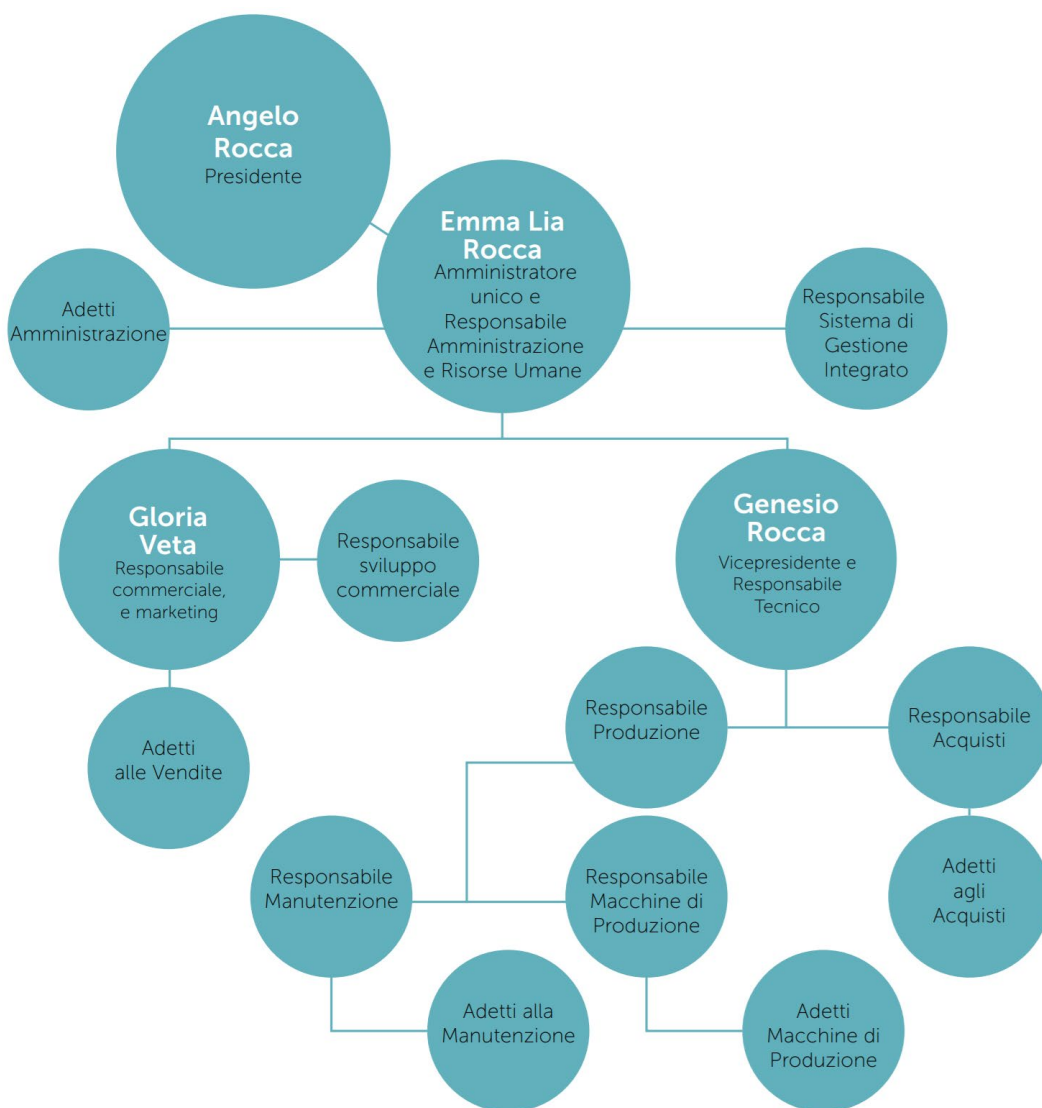
The hours dedicated to research and development in 2019 increased by 70% on 2018, from 3,215 to 5,488 hours.

Governance and collaborators 102-3, 102-5, 102-8, 102-18, 102-41, 401-1, 401-2, 403, 404-1, 405-1

Gemar is a limited company. Its administrative centre and registered office is located in Casalvieri (FR). It is a family business and is still managed by the Rocca family, who establish the guidelines of both the business model and its economic, social and environmental sustainability activities. The legal representative is responsible for finance and health, safety and environment performance, assisted both by specific internal resources, such as the integrated management system manager, and by external experts in these sectors.

⁷ The 2019 data has been reported according to the new update of the *GRI 306: Waste 2020* standard, making it difficult to compare with the 2018 data, which is therefore not shown.

⁸ All operations are performed away from the production site



Our eighty collaborators are a vital resource, not least because people who work with us become part of our family in some way.

[80 collaborators – 13 women and 67 men]

We offer stable and long-term employment to ensure the well-being of our collaborators: 95% are on long-term contracts and 99% are on full-time contracts. All employment contracts are the National Collective Employment Contract (CCNL) for the Rubber and Plastic sector, which provides for healthcare, parental leave and pensions.

Contract type	2018		2019	
	Men	Women	Men	Women
Long-term	63	11	63	12
Short-term	4	-	4	-
Full-time	67	10	68	11
Part-time	-	1	-	1

Diversity is another important aspect and we are committed to enhancing it with all means at our disposal. Division of resources by gender shows a majority of men (84%) over women (16%). This difference is due to the fact that our production activity is manufacturing, which tends to involve male workers to a greater extent, whereas these percentages are reversed for office staff, of whom 82% are women.

BoD		2018	2019
Gender	Men	1	1
	Women	1	1
Age bracket	Under 30 years of age	-	-
	30-50 years of age	-	-
	Over 50 years of age	2	2
Executives		2018	2019
Gender	Men	1	1
	Women	-	-
Age bracket	Under 30 years of age	-	-
	30-50 years of age	1	1
	Over 50 years of age	-	-
Office staff		2018	2019
Gender	Men	2	2
	Women	9	9
Age bracket	Under 30 years of age	4	3
	30-50 years of age	7	8
	Over 50 years of age	0	0
Workers		2018 ⁹	2019
Gender	Men	63	64
	Women	1	1
Age bracket	Under 30 years of age	5	6
	30-50 years of age	48	48
	Over 50 years of age	11	11
Protected categories		4	4

The incoming turnover rate in 2019 was 5.06% and the outgoing rate was 6.33%. The details are shown in the table below.

Total number of new recruits	2018			2019		
	3			4		
	Men		Women	Men		Women
	1		2	3		1
	Under 30 years of age	30-50	Over 50 years of age	Under 30 years of age	30-50	Over 50 years of age
	3	-	-	2	1	1
	Nationality			Nationality		

⁹ The 2018 data in this report differs from the data in the previous report, as corrections have been made in classification of workers by age bracket.

	Two Italian One French			Italian		
Total number of terminations	1			5		
	Men		Women	Men		Women
	1		-	5		-
	Under 30 years of age	30-50	Over 50 years of age	Under 30 years of age	30-50	Over 50 years of age
	1	-	-	1	3	1
	Nationality			Nationality		
	Italian			Italian		

Professional development and continuous training contribute decisively to guaranteeing our company's excellence and the quality of our products, as well as enhancing our image in our customers' eyes. In 2019, we provided an average 8 hours of training to male employees and 7.8 hours to female employees.

Employment category	Average hours of training	
	2018	2019
Office staff	14.9	10.3
Workers	5.8	7.9

Employees: our most important resource – Mara Rocca, Purchasing Manager and Shareholder

Ours is a modern company that is constantly evolving to adapt to market changes. However, now as always, we are convinced that the secret to our success is one vital element: the people. Dozens of collaborators are the single and irreplaceable strength of our enterprise.

*The most important asset of a company is unquestionably its human resources and it is our task to encourage, support and conquer our collaborators, in order to create a culture of sharing. In order to do so, we have focused on **sincerity**, as the cornerstone on which we have built every relationship with collaborators, who are informed of the company's future goals or major changes. This ensures that everyone feels more involved, in the firm belief that they are not just employees, but people, first and foremost, and therefore face the same private challenges and family issues that all of us do.*

We have always believed that guaranteeing working conditions that respect individual dignity, including by providing and maintaining a safe workplace, is a strategic factor of development. We have implemented an ISO 45001 compliant occupational health and safety management system for all our processes and certification of this system is one of the objectives of the next few years. Our manufacturing activities are performed exclusively in Italy. We comply with and apply Legislative Decree no. 81/08 and prepare the Risks Assessment Document (DVR) and specific assessments of health risks. The hierarchy applied in prevention and assessment in this sector is as follows:

- Elimination of the risk
- Reporting of the hazard
- Information, training and practical training
- Adoption of PPE

The employer, assisted by the Prevention and Protection Service Officer (RSPP) and the internally appointed representatives, is responsible for correct application of all the processes. The results obtained from assessment operations are necessary for development of further improvement measures of the DVR, implementation of which is subsequently verified.

Each collaborator can report situations of work-related risk to management through three channels:

Communication to the company officer responsible

Annotation on the production report

Verbal communication.

In order to prevent the fear of repercussions, the collaborator is offered the possibility of reporting anonymously, using a specific box dedicated to this purpose.

If a risk is perceived, our employees are only excused from performing the activity when decided by the manager, after assessing the situation. When work-related incidents occur (accidents and “*near misses*”), a specific investigation report is prepared, containing an analysis of the causes, using an Ishikawa diagram in accordance with the applicable decree law.

A qualified company doctor participates in the risk assessment process and performs health monitoring activities, with periodic inspections at our facilities. As required by national regulations, we have appointed a workers’ safety representative (RLS) to allow workers to participate in and be consulted on health and safety issues. The RLS attends the annual periodic meeting on these issues envisaged by Legislative Decree no. 81/08. We raise awareness of health and safety by providing all employees with appropriate training with the frequency required by law. Additional information is prepared in the case of a change in process or procedures, and cases of nonconformities and other needs are recorded.

We apply all contractual means of assisting employees’ access to paid specialist medical examinations and tests. The vision of the company as one big family also emerges when an employee is unwell: the management does what it can to assist any employees who have health problems, for any reason.

The risk analysis we have performed has identified the three main risks that could result in serious injury: crushing, collision and cutting. No accidents in the workplace occurred during the year being reported. We are constantly committed to renewing, improving and adapting the protective devices on the production machinery and their correct application is periodically assessed.

In addition to monitoring the health and safety of our employees, we work to avoid and mitigate any significant impacts associated with our products, also outside the company confines of Gemar.

When necessary, we prepare an Interference Risk Assessment Document (DUVRI) through which to share our approach to these issues with the outside world.

For the finished product, in order to guarantee that the latex balloons satisfy the requirements of Article 10 and Annex II, the conformity assessment procedures referred to in paragraph 3 of Article 19 of Directive 2009/48/EC have been applied. Gemar applies the EC harmonised regulations and has therefore adopted the internal production control procedure referred to in module A of Annex II to Decision 768/2008/EC. This procedure starts with appropriate training of the personnel responsible for selection of materials, acceptance of raw materials and the production and quality control personnel.

The internal procedure provides for and establishes the relative controls on the Critical Control Points and Critical Quality Points, to ensure conformity of the products with the safety needs laid down by

Directive 2009/48/EC, and guarantees that all products have the same safety level. If a part of production is outsourced to other firms, Gemar also accepts liability for the outsourced phase as well.

Conformity with harmonised standards is also guaranteed through controls on the raw materials, selection and acceptance of which is conditional upon several criteria, including: exclusive use of latex with a low nitrosamine content; use of safe organic pigments; performance of the EN71-12 test on the lots of latex used and physical tests on all lots; the presence of Quality Assurance for all lots and their recording for purposes of traceability.

For the production cycle, a risk assessment is performed and the CCP and QCP are identified. Two internal procedures are also performed, identified with the acronyms *P1* and *QC*; the second, in particular, provides for random quality controls in all phases of production, as well as random analytical tests, conducted at least once a year or whenever there are changes in processes, products or regulations.

Casalvieri, our home 102-12, 102-13, 203-1, 413-1

We interact constantly with the local community, from which we obtain both our human resources and materials, and whom we wish to repay in part for what they offer by creating value. We contribute to development of the territory by prioritising the hiring of people who live within a maximum radius of 30 km from Casalvieri. Our plant is located away from residential areas, so we have no major impact on the community with noise or odours that could cause disturbance. The communities are affected by the transit of heavy vehicles, however.

In the year being reported, as in previous years, we have provided financial support to numerous initiatives of local sporting associations, in sports such as football, volleyball, motorcycling, equestrian events and basketball. On these occasions, we also provided equipment and gadgets on request (such as the Gemar branded cycling singlets) and our products for the decorations.

In the performing arts, we sponsor the *Summer Festival of Casalvieri*, the town's main summer event, every year. We invite leading Italian musicians to this event.

We are aware of our role within the community that hosts us and support local non-profit organisations, in order to reach and assist the most socially disadvantaged members of the population. In 2019, we confirmed our collaboration with the *Phantasia* non-profit organisation, thanks to which we have been able to involve several differently able people in the performance of certain small jobs on our balloons. We also supported several associations in 2019, either through financial contributions or free supply of our products, including *Festival delle Storie*, *Medici in Corsia*, *Missione Sorrisi* and *Rainforest Alliance*.

In the education sector, we supplied some IT equipment to Casalvieri secondary school in 2019 and, with a view to promoting and spreading creativity, but also awareness of safe use of our products and respect for the environment, we participated in the pre-Christmas event at FieraMilano called "G come Giocare" (G is for Games), where our master balloon artists teach the children taking part how to create small balloon sculptures. All participants received a young balloon artist's certificate at the end of the event.

Our community – Genesio Rocca, Vice Chairman and Technical Manager

Gemar is the surrounding community.

Gemar is Casalvieri, Gemar is the knowledge of our country, Gemar is Italy itself.

Now as in the past, Gemar has transformed the art of doing business into the ability to create culture in the local community and area, through an ethical and value-based approach. Over the past few years, we have done our best to highlight the extraordinariness and excellence of many local sports, cultural, educational and social organisations, supporting and enhancing their projects.

Our objective is to find plenty of new opportunities for interaction and cooperation with the communities around us.

As we have moved forward with our business dream, we have included actions to support various initiatives, from conservation to enhancement of our extraordinary cultural and artistic heritage, as well as educational and training projects.

We were born and raised as a family business and now proudly consider ourselves as an international point of reference for the balloon industry. Along the way, we have successfully combined the traditional roots of this craft with a marked component of research and experimentation.

Knowledge is a fundamental part of our vision and school has always been at the centre of our world. We support various initiatives, because we are constantly and effectively interconnected with the area that hosts us, and this bond allows us to understand its needs and opportunities.

These are the reasons why protection, support and promotion of our area and the projects it offers have always been cornerstones of our company philosophy.

We donated a total of € 331,980 to our community to contribute to all of the above activities¹⁰.



Balloonista is a community of balloon art enthusiasts. Its primary objective is to share our love for this art and the creative spirit that drives us. Our master balloon artists provide their experience in special video content, in which they explain, step by step, how to create amazing balloon sculptures. Everyone can thus become an ambassador of the magic that a “simple” balloon can create.

We have also set up the *Accademia del Palloncino Italiano* (Italian Balloon Academy), an association offering professional training activities with the aim of preserving and spreading the art of decoration using Italian balloons.

The academy has thus become the starting point for anyone wishing to approach balloon art professionally. This association boasts the contribution of Italy’s leading master balloon artists as

¹⁰ The total sum contributed to the community in 2018 was € 425,608. These investments were around between 1% and 1.5% of Gemar’s total revenues in any case.

teachers and, through its activities, conveys the essential cultural notions needed to refine technique and enhance personal creativity.

Another purpose of the academy is to protect Italian balloons against imitation and to promote the development of new balloon art techniques.

It provides its activities for both enthusiasts and professionals of this art form. The products and the tutorials are available on the Gemar website (www.gemar.it), for consultation by anyone potentially interested in this art form, such as entertainers, florists, decorators, artists, event planners, but also simple enthusiasts.

NUOVO LOGO ACADEMIA The intention is for the *Accademia del Palloncino Italiano* thus to become a centre of artistic culture, a pool of talent that balloon artists can use to seek brilliant solutions.

The networks

We are convinced that unity is strength. That is why we belong to various associations that allow us not only to protect the sector where we operate, but also to expand our horizons and seek new opportunities for development.

In 2018, we adhered to the codes of conduct of the *European Balloon & Party Council*, the objective of which is to help companies operating in our sector, also through several members who participate, at various levels, in technical round tables of the EU Commission. As EBPC members, we are also part of *Toy Industries of Europe* (TIE), the European association that protects and represents the interests of toy manufacturers in relations with the political representatives of the European Union. In this context, we deal particularly with safety, ethical production, environmental sustainability, intellectual property and trade. TIE is also active in the promotion of the value of toys as a means of children's growth and development.



We are also members of Assogiocattoli, UNI and CEN-CENELEC, through which we participate, as experts, in meetings to draft safety standards for the toy sector and to respond to the requests of the European Commission. Through participation in working groups, we also have the opportunity to interface with the technical bodies of standardisation agencies in other countries, such as the USA, the Gulf States, China and Egypt. The meetings are annual and are held in various cities. In Europe, we represent Italy on issues concerning toy safety at CEN (European Committee for Standardisation) meetings.

[INSERIRE LOGO UNGC]

In 2019, we joined Global Compact, the world's largest strategic initiative for enterprise, set up by the United Nations. This prestigious association was created to converge the objectives of the international community on issues such as sustainability with those of private enterprise and the world of business. As required by the selection requirements of the association, we have decided to share, support and apply, in our sphere of influence, the ten basic principles on issues that we have always monitored carefully, such as human rights, labour standards, protection of the environment and the fight against corruption.

We are also members of Confindustria (the main association representing manufacturing and service companies in Italy), which is not just an association that provides useful information on our sector, but also offers a broader view of what is happening in Italian industry as a whole.

***Adherence to the UN Global Compact initiative: a tangible commitment – Emma Lia Rocca,
Sole Director and Administration and Human Resources Manager***

Our first Sustainability Report was published in 2019 and marked the start of a new path towards sustainability. Publication of this document has helped us to focus attention on the actual extent to which sustainability was already present at our company, starting with the choice to use a natural raw material and including the desire to develop sustainable and certified product ranges.

In 2020, as a further step on this path, we decided to join the United Nations Global Compact initiative. This decision placed us within a virtuous international network, requiring us to share, support and apply ten principles on sustainability in its three aspects: economic, social and environmental.

We have been active in these areas for some time, but it is our intention to improve further. We firmly support the fight against corruption in all its forms and promote the elimination of any form of discrimination among our workers, as well as constantly supporting their freedom of association. However, the attention we focus on workers is not limited simply to our direct sphere, as we also check to ensure that our suppliers respect human rights and eliminate any form of forced labour or child labour.

We also share the Global Compact principles on environmental sustainability and commit to supporting a preventive approach to current and future environmental issues, to undertaking initiatives, such as the Don't Let Go campaign, which promote greater environmental responsibility of final users, and to encouraging the development of technologies that reduce our impact on the environment, such as our FSC certified range of products.

Goals declared in the 2018 Sustainability Report	State of achievement in 2019	Goals for 2020	Associated UNGC principles
Implement an Integrated Quality, Environment and Safety System conforming with the ISO 14001:2015, 9001:2015 and 45001:2018 standards by the end of 2019, subsequently to be submitted for certification	Currently being achieved: the system has been implemented but not certified	Goal confirmed for 2021	<p>PRINCIPLE III Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>PRINCIPLE VI The elimination of discrimination in respect of employment and occupation.</p> <p>PRINCIPLE VII Businesses should support a precautionary approach to environmental challenges</p>
Improve the well-being of all our collaborators by the end of 2020, through the introduction of specific benefits.	Currently being achieved: assessments are underway to identify the actions to be taken.	New benefits in healthcare and sustainable mobility	<p>PRINCIPLE III Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>PRINCIPLE IV The elimination of all forms of forced and compulsory labour.</p> <p>PRINCIPLE V The effective abolition of child labour.</p> <p>PRINCIPLE VI The elimination of discrimination in respect of employment and occupation.</p>
From 2019, monitor the energy consumption of our production machinery and heat generator emissions, in order to develop a genuine improvement plan, with quantified data, starting from 2020.	Not achieved. The new production machine has not been placed in operation in 2019. It is due to enter into operation in 2020.	From 2020, monitor the energy consumption of our production machinery and heat generator emissions, in order to develop a genuine improvement plan, with quantified data, starting from 2021.	<p>PRINCIPLE VII Businesses should support a precautionary approach to environmental challenges.</p>
Integrate aspects of ethics and corporate social responsibility into our supplier qualification and assessment questionnaire, on the basis of the code of ethics currently being developed and formalised.	Achieved: the questionnaire has been supplemented with aspects for assessment of suppliers based on ethical and social accountability aspects	Sending of the supplemented questionnaire to all suppliers	<p>PRINCIPLE I Businesses should support and respect the protection of internationally proclaimed human rights; and</p> <p>PRINCIPLE II Make sure that they are not complicit in human rights abuses.</p>

Join the UN Global Compact network in 2019	Achieved: we joined the UNGC in May 2019.	Publication of the first <i>Communication on Progress</i>	All the UN Global Compact principles
Develop a workshop for the “Expo Children” event to be held in Milan in 2020, a worldwide event for children that is the ideal place to convey the means for a new model for a sustainable future to the younger generations. The aim of the event is to transmit to children concepts such as correct lifestyles, cultural exchange and environmental sustainability through interactive games, cultural itineraries and workshops.	Currently being achieved: the company participates in the virtual meetings for preparation of the event.	Goal confirmed for 2021 (event postponed due to the Covid-19 pandemic).	PRINCIPLE VIII Undertake initiatives to promote greater environmental responsibility.

Methodological note

The objectives of this document [102-51](#)

Last year, we chose to publish the first sustainability report in order to start a process of transparent dialogue with our stakeholders and to communicate our strategies and policies in the three areas of sustainability: economic, social and environmental. We are continuing this process with conviction and with the goal of promoting the principles of sustainability among our collaborators and suppliers and also among the communities with whom we interact, as we know that sustainable development is only possible with the contribution of all of them.

The references used and the principles applied in preparation of this report [102-45, 102-46, 102-50, 102-52, 102-54](#)

This document has been prepared in accordance with the most recently revised version of the GRI *Sustainability Reporting Standards*, the principal international benchmark for sustainability reporting. The report follows the *Core* option and has been prepared according to the principles of materiality, inclusion, context of sustainability, completeness for definition of its contents and the principles of accuracy, balance, clarity, comparability, reliability and promptness to guarantee the quality of the information. The information and data present in this report, which is revised every year, relates to Gemar Srl and refers to 2019. Information on the companies G-PACK and G-PRINT, which is included in the consolidated financial statements, is not provided in this report.

The paths taken: materiality analysis and *stakeholder engagement* [102-40, 102-42, 102-43, 102-44, 102-48, 102-49](#)

Materiality analysis is the core reference established by the GRI standards for preparation of the sustainability report. The process of definition of the material topics requires identification of the priority topics for the company and for the stakeholders, allocation of a specific relevance on a scale of one to five (no relevance – extremely relevant) and identification of the topics that are graded three or higher. These are defined as the material topics¹¹ and are those on which we undertake to perform concrete initiatives, develop specific policies and set improvement targets.

We carried out detailed analysis of the context and the competition in terms of sustainability to identify our material topics. We then selected, from the topics proposed by the GRI, those that are pertinent to our own situation and considered as essential for us. Interpretation of the results of the three activities identified our priority topics. The material topics identified in the 2018 report have been confirmed for the year being reported.

In order to respond to the demands, expectations and viewpoints of our stakeholders, we have revised the stakeholder engagement activities, through indirect listening methods, among the categories identified in the first year of reporting:

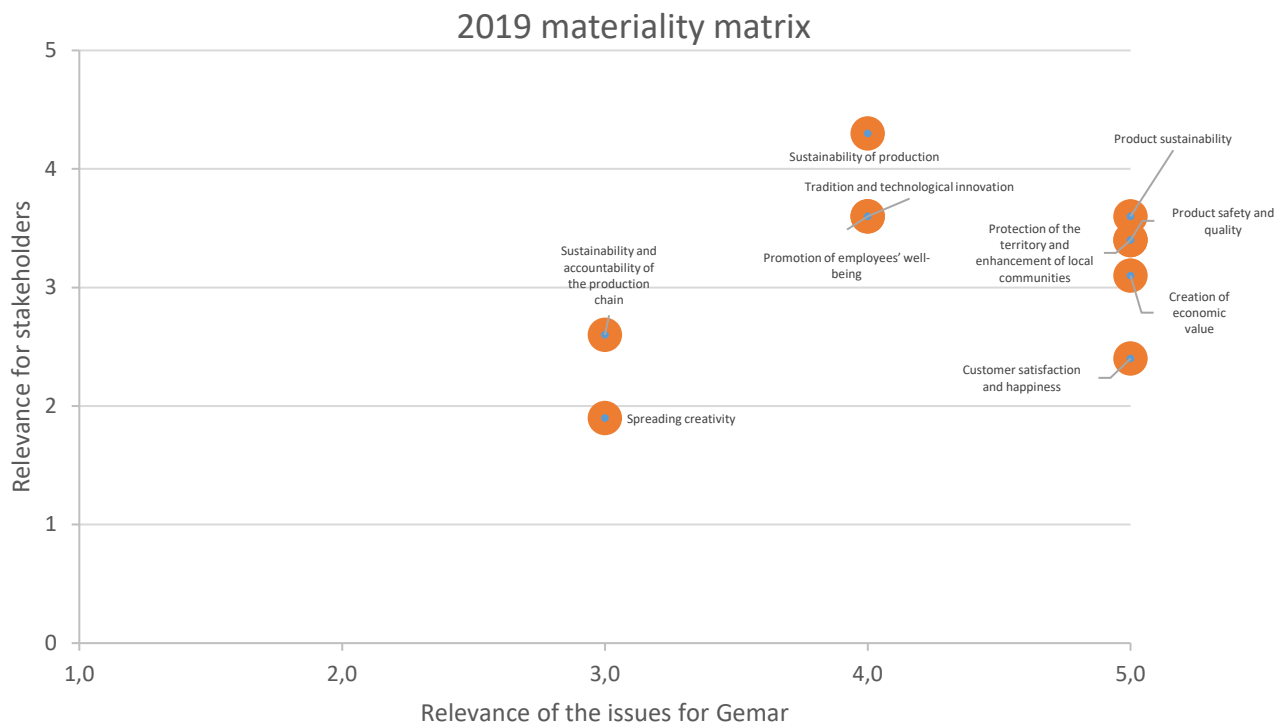
**Collaborators – Customers – Suppliers - Company and local communities – Governments –
Associations and NGO - Media and press**

For each category of stakeholder, the documentation that could be used to reconstruct opinions and demands was selected and analysed. This allowed us to establish the relevance of the topics.

¹¹ The correlation between our topics and those of the GRI Standard is shown in the GRI Content Index.

The materiality matrix 102-47

Materiality analysis and stakeholder engagement allowed us to develop the materiality matrix that summarises the relationship between the relevance attributed to the topics by Gemar and by its stakeholders in diagram form.



Independent auditing 102-53, 102-56

This sustainability report has been externally audited by Sai Global Italia S.p.A., as indicated in the letter of asseveration on page xx

For any information on the sustainability report, write to Dominique Palladini, *Compliance & Business Development Director*, at dominique@gemar.it