

ARTSANA

2018 Sustainability Report



CEO MESSAGE

Dear Stakeholder,

**I'm proud to present to you the Artsana Group's 2018 Sustainability Report.
The aim is to share our latest progress in our journey for a sustainable
business and our current and future challenges.**

This year Artsana Group celebrated the 60th anniversary of Chicco, one of its most iconic brands, with many special events, including the exhibit "The Chicco Generation", dedicated to those who have grown up together with the brand and its products, generation after generation.

In accordance with our babycare multi-brand strategy, in 2018 we launched Goovi, designed for the well-being of women, family and home care by combining the benefits of natural ingredients with a "good vibes" philosophy. We also announced a worldwide licence with Recaro, a German brand focused on quality, safety and innovation to develop, manufacture and distribute high-end child car seats and strollers.

Sustainability has become a key driver for our growth. We have been working on our Environmental Social Governance Policy, which, together with a sustainability survey involving our employees, aims to spread the sustainability culture across our organisation and create opportunities for engagement through our sustainability ambassadors.

With an open dialogue involving all of our stakeholders, we further developed our partnerships with academic, scientific and medical advisors, as a key pillar to implement responsible innovation and to be close to babies and families with our expertise and devoted passion.

As an active member of the United Nations Global Compact and the Global Compact Network Italy Foundation, we kept on working towards Sustainable Development Goals.

We are aware of the positive impact we can have in particular on responsible consumption and production and, quality education, good health and well-being, with a growing set of dedicated projects, a continuous effort to integrate sustainable principles in all our activities, an established management review process and the involvement of the whole organisation.

Feeling our responsibility towards future generations and the urgency to act to preserve our environment, a new trigeneration system is now running in our largest industrial plant in Italy, as part of a wide set of initiatives to reduce our energy consumption and GHG emissions.

Furthermore, we are focusing on plastics use reduction, the introduction of recycled and alternative materials, and recycling initiatives in line with circular economy principles.

We look to future years and to the growing challenges for a sustainable world with ambition and a positive outlook, driven by our mission and values to care about children and families wherever they may be.

Claudio De Conto
Artsana CEO



OUR SUSTAINABILITY HIGHLIGHTS

ARTSANA GROUP



23

Branches
Worldwide



€ 1,547 mln

Net
Revenues



8,223

People Employed
Worldwide



€ 1,565 mln

Direct Economic
Value distributed

BABY CARE AREA*

SHARING EXPERIENCES WITH CHILDREN AND FAMILIES



>100

workshops dedicated to family games



>3,500

family course attendees



>8,000 children

helped by solidarity initiatives

SHARING THE JOURNEY WITH OUR PEOPLE



3,764

employees



94%

employees with permanent contract



100%

evaluations for eligible employees at headquarters

SHARING THE RESPONSIBILITY TOWARDS OUR PLANET



42,789 tCO_{2eq}

total GHG emissions



81%

Non-hazardous waste sent to recovery



>1,780 GWh

energy savings from projects

*The information related to the Baby Care area includes the brands: Chicco, NeoBaby, Boppy, Fiocchi di Riso, Fisiolact and Goovi, and includes the commercial and production sites located in Italy and Romania, the commercial subsidiaries in Argentina, Brazil, Belgium, China, France, Germany, India, Mexico, Poland, Portugal, Russia, Spain, Switzerland, Turkey, UK and the USA, the Headquarters which are located in Grandate (Como) and the Italian owned shops.

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1. 60 Years between Passion and Innovation

Since its birth in 1946, until now with its 23 subsidiaries worldwide, Artsana cares for people by promoting and supporting the well-being of families and children in every moment of their lives.

The global success of Artsana is attributed to its strong **passion**, high sense of **responsibility**, **innovation** and its commitment to enhance its **people**.

These values are common to the entire Group and its brands which share the same purpose: **to define a great journey to accompany all children, families and people throughout the world with its products**.

It is thanks to its values, combined with a long-standing tradition of creativity and enterprising spirit, that Artsana operates both in the baby

care and health & beauty care industry, through the brands **Chicco**, **NeoBaby**, **Fiocchi di Riso**, **Boppy**, **Prénatal**, **Fisiolact**, and for the adults' wellbeing, through the brand **Control**.

An innovative and forward-looking attitude is key to the Group's 60-year long success, as further confirmed by 2018 investments with the new brand **Goovi**, which offers concrete solutions to women's and families' needs in terms of an easier and healthier lifestyle, and the acquisition of **Recaro** licensing, a brand specialising in safety innovation and quality child seats and strollers.

60 YEARS OF CHICCO

1958

ANTI-HICCUP
TEAT



1971

CHICCO "CRIB - CRAWL -
WALK" SHOES



1986

CHICCO
RODEO



• **Chicco®** • •

chicco® • • **chicco®** •

1967

THE LITTLE BEE
HOUSE



1971

SOOTHER



1990

LITTLE TRANSIT
CAR SEAT



DID YOU KNOW?

Chicco celebrates this year its 60th anniversary. It has walked step-by-step alongside children and families since its creation and always aims to meet their needs for the future through **innovative solutions**, as its history highlights.

- **1958: Anti - hiccup teat.** This special teat, equipped with a special anti-hiccup valve was designed to prevent a baby from inhaling air while nursing, thus reducing hiccups and regurgitation.
- **1967: The little bee house.** The most-loved product by generations of babies has reached today a multi-million production. This product marks Chicco's entrance into the exclusive toy sector, which had previously been dominated by American companies.
- **1971:** The first Chicco **Soother** featured the purest rubber latex, ensuring a smooth comfortable feel for baby while sleeping. Unprecedented intuition is still the determining factor of success. Continuous

research lead to the creation of the **Physio Soft Soother** in 2006, which has an orthodontic teat that encourages the correct development of the mouth.

- **1990:** Chicco launched the **Little Transit Child Car Seat** for children weighing up to 9kg. A revolutionary concept in car transport for children.
- **1999: Trio Transformer** provided a smart 3 in 1 solution for parents going out with their baby. It featured a Carrycot, a stroller and the Chicco Synthesis child car seat. Both useful and attractive, these products stem from great vision, small milestones and a myriad of inventions that Chicco has been chasing together for 60 years, keeping an eye on the future of the new generations.
- With this spirit Artsana, as part of a multi-year cooperation with Polytechnic University in Milan, each year since 2010, grants **two scholarships dedicated to the memory of its founder**, Pietro Catelli, to excellent students, who have distinguished themselves during the academic year.

1991

INFINITE DOLCEZZE
TOILETRIES



2004

BILINGUAL TOYS



2013

NEXT2ME



1999

TRIO
TRANSFORMER



2006

PHYSIO SOFT

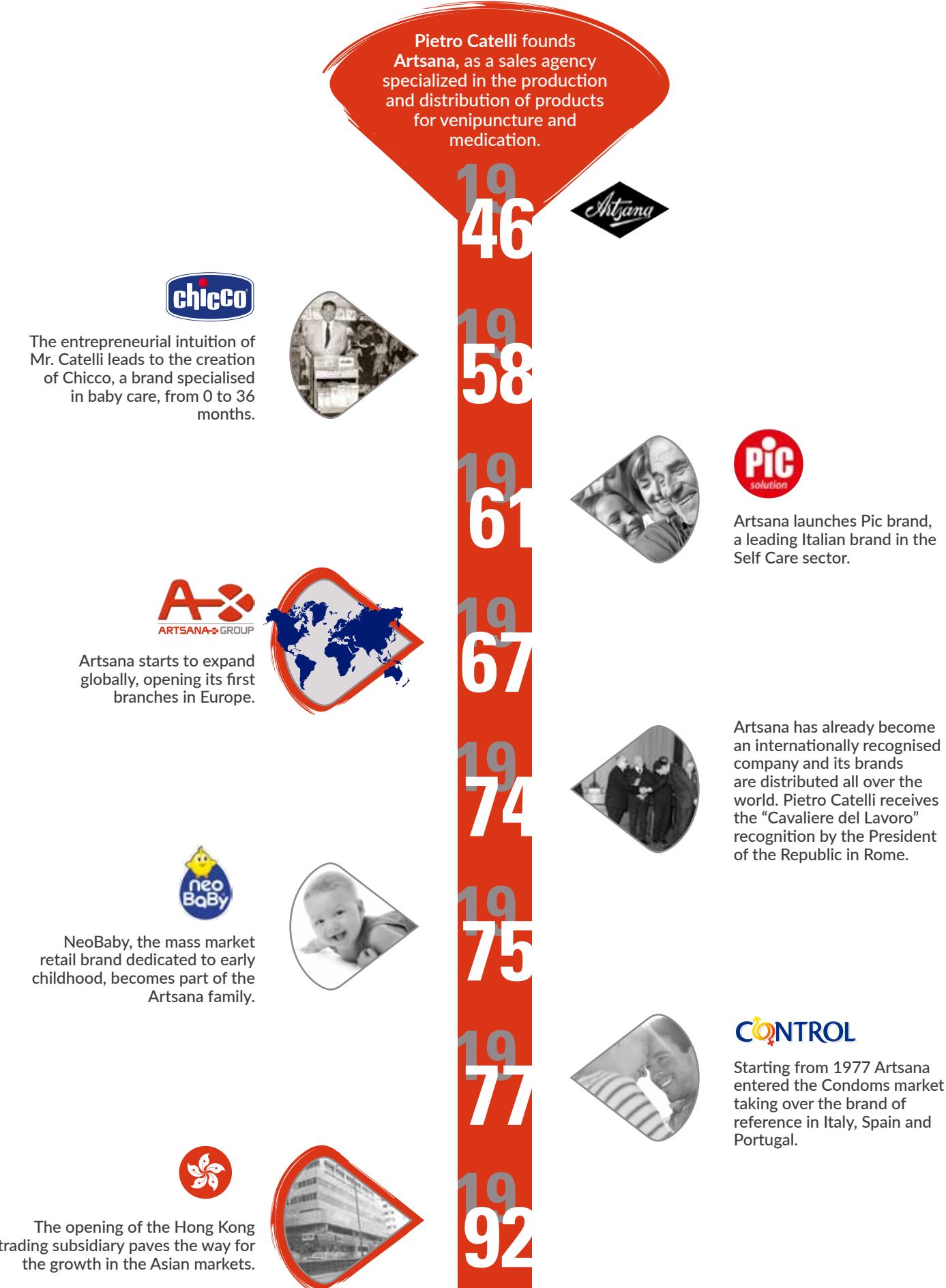


2018

OASYS
I-SIZE CHICCO BEBÈCARE



ARTSANA GROUP TIMELINE



19
96



Prenatal

Artsana adds with its brands portfolio the retail chain Prénatal.

19
98



boppy.

Artsana takes over the Boppy Company, the American market leader in nursing pillows, based in Colorado.

20
08

20
11



Prénatal becomes part of MFE2 Group S.p.A., as a result of the union between the Giochi Preziosi Group and the Artsana Group.

20
15

20
16



PRE NA TAL RETAIL GROUP

Artsana acquires 100% control of Prénatal Retail Group S.p.A.

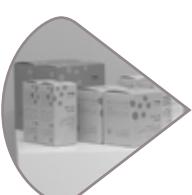
20
17



RECARO

Artsana acquires a long-term license for the exclusive, worldwide use the brand RECARO.

20
18



goovi good. easy. natural

A new brand that takes care of the whole family with a range of products: natural, effective and safe.



Opening of US and Turkey branches.



The Company continues to expand worldwide by opening new branches in India, Mexico, Russia and Poland.



Investindustrial

“fiocchi di riso”

An investment subsidiary of Investindustrial becomes the main shareholder of Artsana Group. Moreover, Elledifri with the brand Fiocchi di Riso becomes part of the Group.



1.1 THE GROUP AS OF TODAY

Since 2016, Artsana Group's shares are owned by Baby Care International (60% of shares), an Investindustrial company and by Catelli S.r.l. (40% of shares).

INVESTINDUSTRIAL

Founded in 1990 out of an industrial group and with €6.8 billion of raised fund capital, **Investindustrial** is one of Europe's leading independent investment groups focused on taking control positions predominantly in Southern European medium-sized companies that are leaders in their fields.

Investindustrial has a strong commitment to Environmental, Social and Corporate Governance (ESG) issues and is a signatory to the Principle for Responsible Investments (www.unpri.org), which is a United Nations initiative developed together with many of the world's leading institutional investors.

Prenatal Retail Group S.p.A. 100%

International Artsana S.p.A. (Italy) 100%



Prénatal Moeder en Kind BV (Nederland) 100%

Wij Special Media BV (Nederland) 100%

S. C. Artsana Romania SRL (Romania) 100%

The Boppy Company, LLC (USA) 100%

Artsana Rus 000 (Russia) 0,20%

Recaro Kids S.r.l. (Italy) 100%

Recaro Kids G.m.b.h. (Germania) 100%

The Good Vibes Company S.r.l. (Italy) 75%

As of December 31, 2018, Artsana Group employs **8,223 people**, a decrease of **772 employees** compared to the previous year due to the separation of Pkdare from Artsana Group and the reorganisation of several point of sales. For the same reasons, the 2018 approximate revenues are equal to **€ 1,547 million** (on a Pro Forma basis, considering consolidation of 100% of PRG both for 2017 and 2018, and excluding Pkdare* for both years), with a reduction of **52 million euros** compared to the previous year's revenues.

* Pkdare, owner of Pic brand, was demerged in August 2018 to another company held by the same shareholders of Artsana Group.

1.1.1 OUR BRANDS

We operate in the **baby care and health & beauty areas**, with dedicated brands, specifically created and designed to respond to people's evolving needs and expectations.



Brand dedicated to the entire world of children. For over 60 years Chicco has been "wherever there is a baby" and is one of the top 10 Italian consumer goods brands. It is present in over 120 countries, with almost **400 single-brand stores** and has a **turnover of about 700 million euros**, equally divided between Italy, Europe and the rest of the world. The United States market is the second after Italy in terms of sales volume.



American brand acquired in 2008 and market leader in nursing pillows with over 30 years of experience. In the United States, the Boppy nursing pillow was voted the "**Children's Product of the Year**" **more than 15 times, a record!**



NeoBaby has a 23% market share and is the leading baby care brand for infant products in mass market retailers. Its mission is to make quality baby care products available to everyone at the right price. **100% of the soothers and feeding bottles are made in Italy.**



Fiocchi di Riso is a cosmetic line designed for **infants** and **children** that respects the **physiological balance** of the skin thanks to the total absence of substances that hinder skin perspiration or that dehydrate/irritate it.



Fisiolact is a line of **professional electric breast pumps for hospital and home use**, which reflect a child's physiological sucking. They are recommended both when starting to breastfeed and to support nursing mothers.



Artsana develops, manufactures and distributes high-end child car seats and strollers under an **exclusive worldwide licence** with RECARO, which is a German brand synonymous with **quality, safety and innovation in design seating systems** developed for sectors such as the high-end automotive or aviation industries.



Prenatal Retail Group is the leading international retailer, which provides a wide range of products to meet the needs of new mothers and children up to the age of 8. It markets its products through a network of over **700 stores**.



Born from the collaboration between **Michelle Hunziker** and **Artsana Group**, the **Goovi** lines are designed for the **well-being of women**, family and home care by combining the benefits of natural ingredients with a "good vibes" philosophy.



Control is the number one brand in Portugal, the number two brand in the sexual wellbeing market in Italy and Spain, and has a strong brand awareness. For **over 40 years** Control has been researching, innovating and developing condoms, lubricants and sex toys of the highest quality and consolidated safety.



good. easy. natural.

BRINGING GOOD VIBES TO WOMEN,
MOTHERS AND FAMILIES

Goovi was born from the collaboration between Michelle Hunziker, mother and TV presenter, and Artsana, bringing over 60 years of experience in health and beauty care and baby care products.



I've always wanted family products that make my everyday life easier and healthier; safe products that can be trusted, but that are also fun, which is an important part of my life.

Michelle Hunziker

CO-FOUNDER



Goovi means “**good vibes**”, a positive brand for the whole family, combining the benefits of natural ingredients and embracing a “good vibes” philosophy. The brand’s mission is “Bring good vibes into your life” and comes from the co-founder’s certainty that smiling changes the way you start your day.

GOOVI IS GOOD, EASY, NATURAL.



Positively good because ingredients are natural, free from parabens, silicone, alcohol and synthetic chemicals, made in Italy and not tested on animals.



Easy as products are family-friendly that to make mum's everyday life easier and worry free.



Surprisingly natural as products contain 99% natural ingredients and are packaged in biodegradable materials with low environmental impact.

THE WOMEN, MOMS AND FAMILIES WE TALK TO

Goovi is talking to a busy modern mom, with a demanding schedule, trying to find the right balance between personal achievements and family care.

She looks for quality time spent together with her loved ones. A woman who enjoys simplicity, naturalness and energy. A positive personality, looking for inspiration in other women. A woman seeking trustworthy brands, able to reassure her and simplify her day.



Goovi's products are dermatologically tested, gluten-free, lactose-free and suitable for vegans.

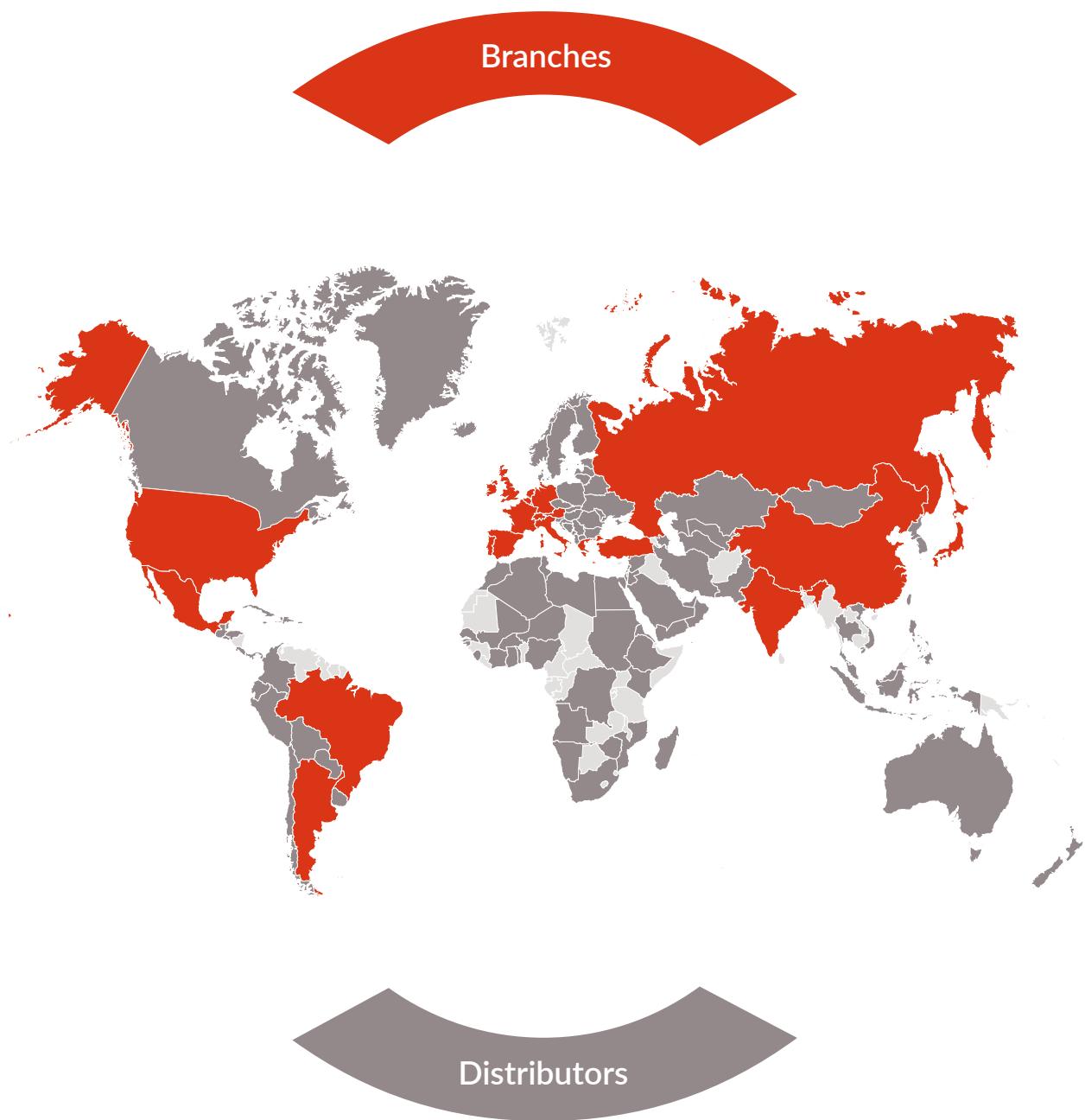
Goovi responds to the growing attention for sustainable consumption and natural products, and thus aims to create a

community of women who can share their daily experiences. To this end, Goovi is active on social media (Instagram, Facebook, Twitter), and interacts frequently with its community with an easy and informal language to facilitate dialogue.

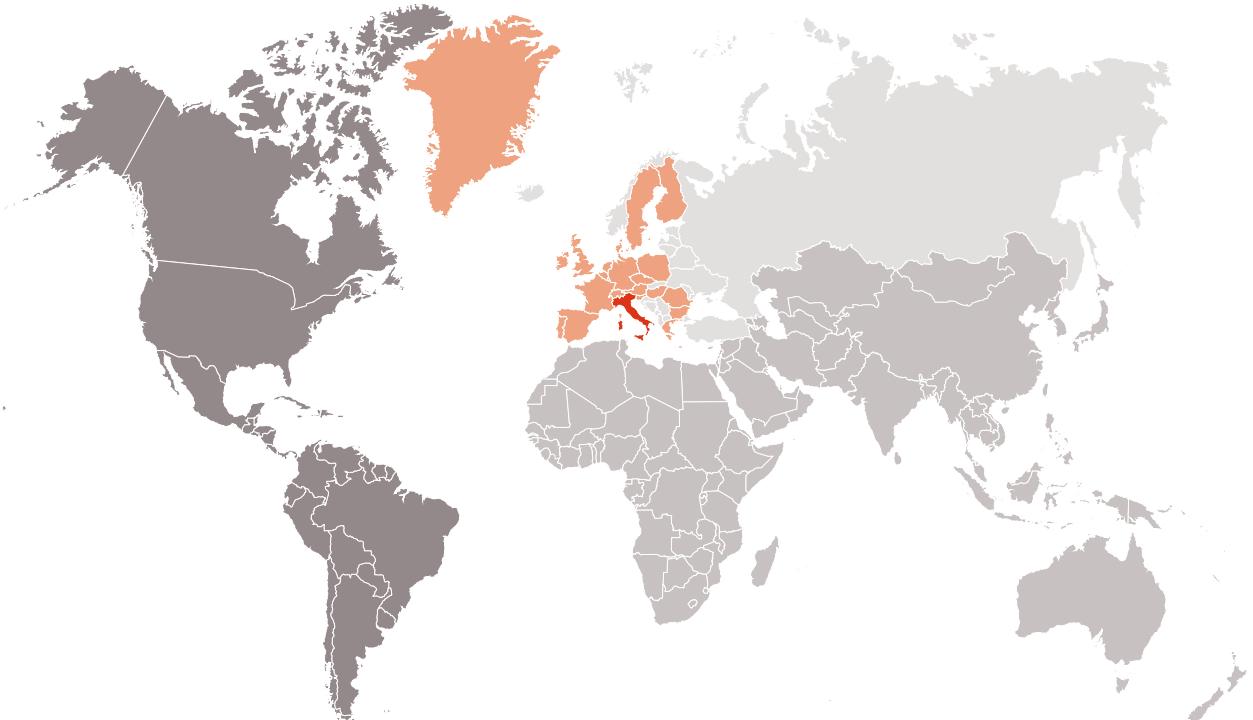


1.1.2 OUR MARKET PRESENCE

As of December 31, 2018, Artsana includes: **23 branches** worldwide, of which 12 in Europe and 4 in emerging countries, **more than 400 points of sales** related to **Chicco** and **more than 700** related to PRG Group.



In addition, Artsana has established a global presence by leveraging the opportunities of online distribution channels, which are increasingly integrated in its core business.



Net sales by region*

ITALY

2017: € 779 mln
2018: € 762 mln

EUROPE

2017: € 552 mln
2018: € 536 mln

AMERICAS

2017: € 194 mln
2018: € 210 mln

OTHER COUNTRIES

2017: € 55 mln
2018: € 58 mln

Considering the whole Group, the **direct economic value generated** and the **direct economic value distributed** amount respectively to € 1,661 million and € 1,565 million (+32% and +35% compared with 2017 figures).

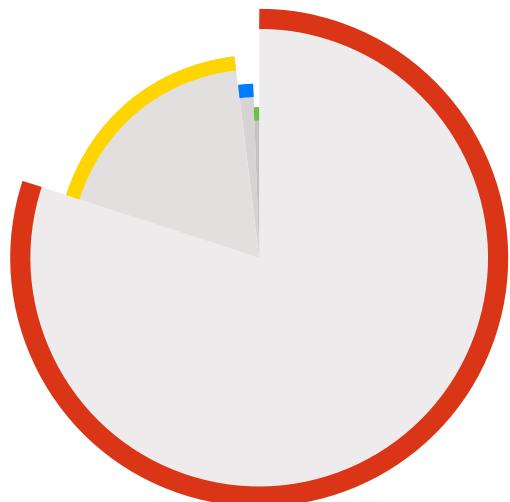
2018 and 2017 are not comparable for the following reasons:

- 2018 consolidation of 100% of PRG Group for the full year, while in 2017 it started from September 2017.
- 2018 includes only 7 months of Pkdare S.p.A., while in 2017 it was included for the full year.

	2017	2018
Direct economic value generated [k€]	1,253,881	1,660,842
Direct economic value distributed [k€]	1,161,938	1,564,710
Operating costs	902,599	1,252,155
Employee wages and benefits	200,376	281,854
Payments to providers of capital	31,997	19,809
Payments to government	25,673	9,449
Community investments	1,293	1,444
Economic value retained [k€]	91,943	96,131

*net sales considered on a Pro Forma basis, considering consolidation of 100% of PRG both for 2017 and 2018, and excluding Pkdare for both periods, then figures could differ from 2017 sustainability report.

The creation and distribution of economic value provides a basic indication of how the Group creates wealth for its stakeholders. In particular, the direct economic value is distributed to **suppliers** through operating costs (about 80.0%), to **employees** through wages and benefits (18.0%), to **governments** by means of taxation, to **providers of capital** and shareholders through financial interests and dividends, and to the **community** thanks to investments in sponsorships and voluntary donations.



2018 DIRECT ECONOMIC VALUE DISTRIBUTED

- 80%** *Operating costs;*
- 18%** *Employee wages and benefits;*
- 1.3%** *Payments to providers of capital;*
- 0.6%** *Payments to government;*
- 0.1%** *Community investments.*

DID YOU KNOW?

In 2018, **Artsana engaged with almost 200 suppliers from 20 countries** all around the world in purchasing approximately 253 million euros worth of finished products. Italy remains one of the top supplier countries for Artsana, and the majority of the remaining supplier countries are from developing nations. The Code of Conduct is in line with national and international laws, as well as the International Labor Organization Convention. Therefore, by doing business with its suppliers, Artsana helps contribute to the local, economic and social development, as well as environmental protection, of those countries (see chapter 4).

CORPORATE GOVERNANCE

The **Board of Directors** is Artsana's highest governing body, comprising nine board members (eight men and one woman) with the majority ranging from thirty to fifty years old, and the remaining more than fifty years old.

In order to ensure the concept of "administrative responsibility", the Group has implemented its own **Organisational, Management and Control Model**, in accordance with the requirements of the Italian Legislative Decree no. 231 of 8th June 2001, approved by the Board of Directors of Artsana S.p.A. and continuously updated in order to comply with the latest legal provisions.

Although no episodes of corruption were reported in the Group during 2018, Artsana is constantly engaged in improving the internal practices on topics relating to anti-corruption and whistleblowing. As a firm and consolidated practice, the Group adopts a **Code of Ethics**, which formally establishes a set of fundamental ethical values that underpin the conduct of its activities. Moreover, the Code highlights rights, duties and responsibilities with regard to all of Artsana's stakeholders.

1.2 OUR SUSTAINABILITY JOURNEY

1.2.1 Our strategy

Sustainability in Artsana is more than an aspiration, it is a corporate decision that has its roots deep in the past and which extends to each and every one of the Artsana Group brands. It is the Group's compass, guiding it daily in its business and operations.



It is integrated throughout the value chain, from supplier selection, to the management of manufacturing activities and the distribution of products to customers. Artsana is aware of its relevant role in developing a responsible business and of the crucial importance of positively impacting on social, environmental and economic scenarios on a global scale.

To spread Artsana's sustainability culture and to lead the company's integration of sustainability throughout the business, in 2016 the **Sustainability Committee** was created. It has been promoting collaboration among the top management of different key functions to assure effective governance of sustainability topics. It aims to raise internal and external awareness as well as to shape and implement its sustainability agenda. In this respect, Artsana's mission and goals revolve around wellbeing, knowledge and education, as well as respect for the environment.

Artsana's **ESG policy** has been a further step to state the commitment towards social, environmental and governance objectives. The ESG policy, applicable to all Artsana Group processes and functions, as well as Artsana subsidiaries, aims to positively contribute to and foster sustainable development globally.

Artsana's **ESG policy** is based upon the following three dimensions:

- **Environmental:** to ensure an environmentally responsible business by measuring, monitoring and reducing our environmental impact and setting challenging targets, with special focus on GHG emissions, energy, water, materials consumption and waste;
- **Social:** to foster babies and families wellbeing by guaranteeing product quality, safety and innovation, as well as to protect and value people in the workplace;
- **Governance:** to assure effective governance of the sustainability topics, aiming to raise internal and external awareness on principles of anti-corruption, transparency and integrity.

In light of this, Artsana is pleased to continue its participation in the United Nations Global Compact (UNGC) and its commitment to the Ten Principles on human rights, labor rights, the environment and anti-corruption. As member of the Global Compact Network Italy Foundation, Artsana also actively participates in local working groups and activities within the network, aiming to address sustainability issues and to contribute to implementing the Sustainable Development Goals, thanks to cross sector cooperation.



THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT

HUMAN RIGHTS

- 01:** Businesses should support and respect the protection of internationally proclaimed human rights; and
02: make sure that they are not complicit in human rights abuses.

LABOUR

- 03:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
04: the elimination of all forms of forced and compulsory labour;
05: the effective abolition of child labour; and
06: the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- 07:** Businesses should support a precautionary approach to environmental challenges;
08: undertake initiatives to promote greater environmental responsibility; and
09: encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

Artsana has aligned its goals with the **United Nations Sustainable Development Goals (UN SDGs)**, with the aim of contributing to the 2030 agenda, in line with the UNGC principles. The Group's contribution is concentrated around three specific SDGs, which are close to the Group's mission and on which it chose to focus in order to maximize its impact.



Ensure healthy lives and promote well-being for all at all ages

Guided by strong and shared values, Artsana has always had the health and well-being of the individual at its heart: solid passion for life summarises the group's mission, and it views sustainability as a daily promise to nurture children, families and people.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Artsana has 60 years' experience in the world of baby care and it continues to build on this expertise, aiming to understand and support children in every step of their growth, with professionalism, active passion and dedication into everything it does.



Ensure sustainable consumption and production patterns

Meeting the needs of the present whilst helping future generations to do the same is the great challenge that, as a group and as individuals, motivates Artsana to lay down deep roots in order to support a more sustainable future, to be considered with renewed awareness.

THE SUSTAINABLE DEVELOPMENT GOALS

The Sustainable Development Goals (SDGs) were approved by the General Assembly of the United Nations on September 25, 2015, by the leaders of 193 countries at an historic UN Summit. Defined by 17

Goals and 169 targets, the SDGs call for bold actions and collaboration between all sectors of society to end extreme poverty and hunger, fight inequalities and address climate change, thus addressing the most relevant economic, social and environmental issues of our time and ensuring that no one is left behind.

SUSTAINABLE DEVELOPMENT GOALS





ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

ON GOING GOALS 2018-2020

2018 RESULTS

OUR PEOPLE

Awareness programmes on healthier behaviour for all Artsana Employees

- ◆ Conferences for employees and families on personal and professional relevant topics
- ◆ Launch of new health and safety video performed by children of Artsana employees to spread HSE culture
- ◆ Continuation of training for health and safety at manufacturing plants

Smart-working and worklife balance

- ◆ Start of smart-working pilot program

Wellbeing & benefit plans

- ◆ Launch of a benefit plan focused on flexible benefits for 100% of workers in Italy (WELFARE program)

CONSUMERS

Scientific approach, responsible innovation and high-quality solutions for consumers' good health & wellbeing

- ◆ Multidisciplinary Scientific Committee
- ◆ New laboratory for passive safety crash testing of child restraint systems with state of the art technology: feasibility and project approval for 2019 finalization
- ◆ Chicco BebèCare car seat, developed with Samsung, released on the market
- ◆ Innovation Award in the "World of Kids Furniture" category 2018 for Baby Hug 4 in 1
- ◆ Continuation of providing Oeko-Tex certification for indoor clothing lines
- ◆ New brand RECARO, leader for innovation, quality and safety in baby car seat sector

Healthy lifestyle promotion

- ◆ New brand GOOVI focusing on wellbeing of women and families
- ◆ Next2Me product platform to keep on promoting side-sleeping vs bed-sharing

COMMUNITIES

Continuous contribution through the CSR projects activated

- ◆ Continued CSR initiatives, with local initiatives guided by Artsana branches:
 - Chicco di Felicità – CAF Association
 - Chicco dá Vida
 - Happiness goes from heart to heart – Mission Bambini Foundation

Corporate volunteering

- ◆ Corporate volunteering: more than 130 people involved in activities supporting CAF Association

Continuous support to local communities

- ◆ Support to CAF association significant projects
- ◆ Extension of Human Milk Link Initiative and awarding a "Diploma of Generosity" to mothers who have donated



ON GOING GOALS 2018-2020

2018 RESULTS

OUR PEOPLE

People engagement on Sustainability Agenda

- 📍 Employee engagement through Sustainability Survey
- 📍 Management review process through Sustainability Committee

ESG Training program development & implementation

- 📍 Release of ESG policy

Performance evaluation for all employees

- 📍 100% performance evaluation at headquarter (WAVE project)

CONSUMERS

Promote sustainable behavior through dedicated product communication

- 📍 Studies and research on the benefits of the pacifier on breathing – Chicco Physioforma
- 📍 New in-depth studies carried out on physiology of babies' feet
- 📍 Around 100 workshops carried out on Family Games – related topics

Keep building transparent and trustworthy relationships

- 📍 More than 500 courses offered to families & consumers
- 📍 Chicco Baby Research educational publications available on brand's website
- 📍 Social media campaign to support mothers in breastfeeding
- 📍 DreamCradle, developed with Renault, won the International Advertising Bronze Lion Award at the Cannes Film Festival

COMMUNITIES

Promoting SDGs through collaborative programmes, peer learning groups and partnerships

- 📍 Participation in UN Global Compact Local network initiatives (ie anticorruption, human rights, diversity & inclusion, supply chain working groups)

Increase communication of Artsana sustainability agenda to our stakeholders

- 📍 Design Thinking for Business Observatory (Polytechnic of Milan) to enrich innovation approaches
- 📍 Public advocacy and cooperation of UN Global Compact 2030 agenda

ON GOING GOALS 2018-2020

2018 RESULTS

RESPONSIBLE ENERGY MANAGEMENT

Increase awarness on renewable energy purchasing

- ◆ Scenario analysis and development

Initiatives to reduce energy consumption

- ◆ Extension of the LED relamping project at Verolanuova plant to the facility, warehouse and logistic plants
- ◆ LED implementation at the Romania plant

Installation of trigeneration

- ◆ Operation of trigeneration system at Verolanuova plant

Energy consumption software implementation & KPIs development

- ◆ Installation of energy meters in the Italian plants to measure the consumption of electricity and natural gas

Operation of new heat pump in Gessate plant (up to 2019)

- ◆ Project definition and feasibility analysis

ENVIRONMENTAL FOOTPRINT REDUCTION

Defining emissions reduction targets (Science Based Targets program feasibility assessment)

- ◆ 2018 environmental footprint assessment completed for the whole baby care area, including global subsidiaries

Sustainable Material Consumption (Plastic usage reduction project)

- ◆ Calculation of life-cycle assessment on the packaging of two products and identification of actions to improve environmental performance

Circular Economy pilot projects (ie Check-up Tool development)

ISO 14001 certification at Verolanuova plant

- ◆ ISO 14001 certification at the Gessate plant

SUPPLY CHAIN RESPONSIBLE MANAGEMENT

Engaging suppliers on Artsana ESG policy

- ◆ Joining the Fur Free Retailer Program and LAV Animal Free Fashion
- ◆ Initiation of project using 100% recycled polyethylene terephthalate (PET) bottles for thermal Ecodown® jackets
- ◆ Continued membership at the Ethical Toy Program at ICTI
- ◆ Renewed commitment of the Transition Accord of 2018, which represents a renewed agreement of the five-year Bangladesh Accord
- ◆ Participation in Global Compact Network Italy collective actions platforms (2018/19: Circular economy, Supply chain)
- ◆ Completion of toys reshoring to Artsana Italian plant (Vespa, Basket League, Smart to play)
- ◆ Ongoing project with Cosmetica Italia / Bocconi "Sustainability in business"

Suppliers engagement and dialogue on environmental performance & KPIs

- ◆ Ongoing assessments of 100% of new suppliers covering social audits on finished-product suppliers

1.2.2 OUR STAKEHOLDERS

Artsana has various different stakeholders that could be significantly affected by its operations or whose actions could be reasonably expected to affect the ability to implement its strategy.

It is fundamental to identify Artsana's stakeholders in order to determine effective and efficient ways to engage with them.

This is why the Sustainability Committee remains continuously receptive to changes in stakeholder groups.

Artsana has identified its stakeholders by analysing the distinctive business model of the baby care area, reviewing the relationships between the Company and different stakeholder categories, and through interviews with the

management team. With respect to 2017, two new stakeholders have been recognised among the fundamental categories in 2018 during dedicated workshops: e-commerce intermediaries as well as Social media (including social media platforms and users), which have gained significant relevance for Artsana with the recent creation of its e-commerce channel, and through which it can contribute to increase awareness of its CSR culture and its sustainability goals.



OUR STAKEHOLDER ENGAGEMENT MODEL

MAIN STAKEHOLDERS	ENGAGEMENT
 Consumers & Families (including consumer associations)	<ul style="list-style-type: none"> • Meeting • Company website/e-commerce • Brochures • Customer service <ul style="list-style-type: none"> • Courses at points of sale • Exhibitions and events • Focus Group • Social media
 Employees	<ul style="list-style-type: none"> • Intranet • Conventions and meetings • Trade unions • Conferences • Company volunteering • Benefits <ul style="list-style-type: none"> • Code of Ethics • Training • Surveys • Direct communication (email) • Policies • Annual Report • Sustainability Report
 Suppliers (including suppliers of finished products, logistic operators and contractors)	<ul style="list-style-type: none"> • Code of Ethics • Exhibitions and meetings • Company website <ul style="list-style-type: none"> • Audits • Improvement plan • Collaborations and projects
 Retailers, Trade & Shops	<ul style="list-style-type: none"> • Meetings and events • Company website • Brochures and catalogues <ul style="list-style-type: none"> • Exhibitions • Training • Targeted communication
 Distributors	<ul style="list-style-type: none"> • Meetings • Company website <ul style="list-style-type: none"> • Training • Events • Brand portal
 Shareholders	<ul style="list-style-type: none"> • Meetings • ESG Summit <ul style="list-style-type: none"> • Collaborations
 Regulators, Authorities and Institutions	<ul style="list-style-type: none"> • Round table • Initiatives and projects <ul style="list-style-type: none"> • Follow-up on request
 Competitors	<ul style="list-style-type: none"> • Round table with traders and industry trade groups <ul style="list-style-type: none"> • Company website • Exhibitions
 e-commerce intermediaries	<ul style="list-style-type: none"> • Projects • Meetings <ul style="list-style-type: none"> • Shopping assistance
 Social media (including social media platforms and users)	<ul style="list-style-type: none"> • Posts on social media • Campaigns <ul style="list-style-type: none"> • Projects



1.2.3 SCOPE OF THE REPORT

The scope of this Sustainability Report corresponds to the Baby Care area brands Chicco, NeoBaby, Boppy, Fiocchi di Riso, Fisiolact and Goovi. It includes the commercial and production sites located in Italy and Romania, the commercial subsidiaries in Argentina, Brazil, Belgium, China, France, Germany, India, Mexico, Poland, Portugal, Russia, Spain, Switzerland, Turkey, UK and the USA, the headquarters located in Grandate (Como) and the Italian owned shops.

Regarding the financial data reported in this document, the reporting scope corresponds to that of the entire Group's consolidated financial statement. In terms of temporal perimeter, this Sustainability Report comprises information referring to the period ranging from the 1st of January 2018 to the 31st of December 2018. Information referring to previous years has also been included, when relevant, to provide a broader understanding of Artsana's sustainability performance and trends.



1.2.4 MATERIAL TOPICS

The aim of Artsana's Sustainability Report is to present the topics that are considered most relevant because they reflect its economic, environmental, and social impacts, or because they could influence the decisions of the stakeholders.

The Sustainability Report has been prepared in accordance with the GRI Standards.

To define the report contents, Artsana followed the GRI Standards reporting principles (stakeholder inclusiveness, sustainability context, materiality and completeness).

The materiality definition process has included:

- a study on the baby care sector which includes an analysis on the sustainability trends emerged during 2018;
- a media analysis, in which economic, social and environmental trends related to Artsana were studied;
- a survey distributed to Artsana's employees asking them to identify and rank relevant topics both from an external point of view, as consumers of Artsana products, and from an internal point of view, as company employees;
- the list of relevant topics from Artsana's point of view, identified in the above mentioned exercise, has been evaluated by top management during a specific workshop;
- the identified topics are finally placed on the **Materiality Matrix** which allowed to map the relevance of topics as they relate to Artsana and to the Group's stakeholders.

In this document, Artsana reports on all material topics, relevant for the Group or for its stakeholders.

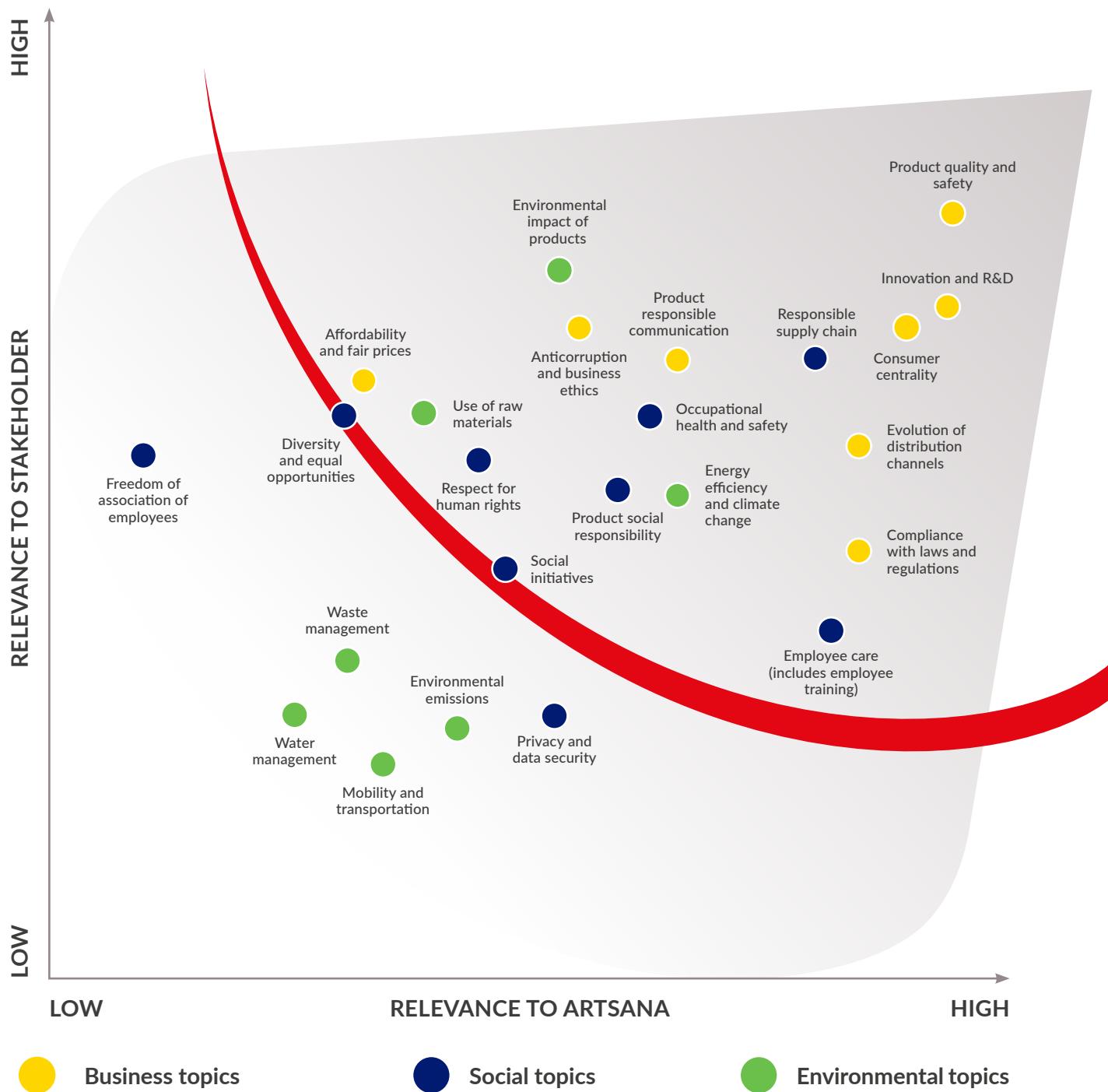
The materiality analysis has led to the following results:

- the most relevant topics, both according to corporate and stakeholders, are "**Product Quality and Safety**", "**Innovation and R&D**" and "**Consumer centrality**", coherently in line with the Group's priority of providing high quality and safe solutions to families;
- "Responsible Supply Chain" and "Evolution of distribution channel" in line with Artsana's commitment for responsible management in the supply chain;
- "Compliance with law and regulation", "Employee care", "Energy efficiency and climate change", "Product social responsibility" and "Social initiatives" are the most relevant topics for Artsana, mostly related with the compliance with all laws and regulations of the countries in which the Group operates to increase the wellbeing and work-life balance of employees, of the Group's support for CSR initiatives and the respect for environment;
- the topics related to "Occupational Health and Safety", "Product responsible communication", "Environmental impact of products", "Anticorruption and business ethics", "Use of raw materials", "Respect for human rights", "Affordability and fair prices" and "Diversity and equal opportunities", always considered important from Artsana, reflect the emerging sustainability issues felt by the various stakeholders which are increasingly coming to light due to the attention brought by different media outlets and by the work of many international organisations that are striving to tackle these issues.



Compared to 2017, some topics have gained relevance for Artsana and/or in the eyes of the Group's stakeholders, such as "Responsible supply chain" and "Environmental impact of products". Whereas the topic of "Innovation and R&D" has gained importance both for Artsana and stakeholders as many sustainability issues require novel and creative solutions and

to effectively improve current concerns shared by both groups. Additionally, in 2018 "Diversity and equal opportunities" passed the threshold for relevance as Artsana wishes to continue improving the promotion and the development of their employees with no preferences between genders and, in general, as always recognising the value of diversity.



2. Sharing experiences



With decades of experience, Artsana aspires to support the people and families who believe in its brands in the delicate task of giving birth, nourishing, raising and educating future generations.

For 60 years now, **the Group** has been using its resources to **respond** to the **practical**, but also **emotional, cultural** and **educational needs** of the various phases of childhood, working alongside parents for their own and their children's well-being.

Each phase in life is a wonderful adventure, characterised by unique challenges and opportunities for a child's development, education and well-being.

It is important for families to be able to live each of these moments with awareness and serenity. This is the reason that Artsana designs safe solutions to meet children's specific needs as they grow, offering a wide range of products and services on which parents can rely.

Artsana believes in **sharing, dialogue and exchange with its communities**, offering its experience and that of specialists and experts with whom it works.

It is also directly involved in community life through philanthropic initiatives aimed at supporting and helping individuals and families in difficult situations to care for their loved ones.

2.1 GROWING TOGETHER

Through Chicco and its other brands, Artsana is committed to listen to the needs emerging from society and always considers babies and their families at the core of its activities.

Both the structure of the traditional family and the roles within it are quickly changing.

Indeed, consumer research studies report that traditional norms are giving way to new family structures built around adaptability, inclusivity, experience and practicality.

In particular, fatherhood is evolving, in the sense that new generations of fathers are getting more involved in childcare.

These values are informed by greater gender equity, to which Artsana has always placed much attention.

The Baby Research Center (Osservatorio Chicco), located in Italy at the heart of Artsana's brand, is dedicated to the world of children and their psycho-physical, emotional and social needs. Artsana's research activities enable the Group to be constantly updated and ready to offer innovative solutions.

The continuous collaboration with the medical and scientific research sector, as well as with associations and institutions operating in the field of childhood is fundamental to reveal pediatric and pedagogical findings and to identify solutions scientifically capable of ensuring the well-being of children.



Academic Institutions &
Scientific Committees



Health Professionals &
Independent Experts

Research and scientific evidence



Babies



Parents

Experiencies, suggestions, dialogue



INNOVATION • QUALITY • DESIGN • SAFETY

Baby Research Center avails itself of the important collaboration of parents, who are the most attentive experts and an inexhaustible source of experience and effective suggestions.

The main activities of the Baby Research Center are as follows:

- **analysis of scientific literature** for continuous updates on the most recent evidence;
- **studies to assess the validity of the proposed products;**
- **educational campaigns** to spread the recommendations of pediatrics among families.

One of the elements that goes hand-in-hand with Artsana's research activities is the act of **observing children** to capture the truest and deepest expressions of their soul, by developing products specifically designed for their harmonious growth and learning process.

Observation is a skill that can be improved with practice, which is why experts from the Baby Research Center have joined parents in their homes and at nurseries to observe the interactions and playtime of their children. They have also engaged in interview with parents and educators to understand the dynamics of children's activities.

All these observations are shared and analysed in brainstorming activities to understand how young children behave and engage in their activities including their learning process. This work enables Artsana to develop solutions which respect children's natural physical, physiological and social growth.

For years now, Artsana has established a continuous relationship of dialogue and collaboration with Universities for targeted research studies related to the development of its products, and to maintain a dialogue with the new generations, the parents of tomorrow.

In particular, the Baby Research Center has collaborated with many Universities in Italy such as:

- the **Politecnico di Milano University** for juvenile products,
- the **University of Insubria** for pacifiers in collaboration with the orthodontic and pediatric departments, with relevant clinical studies,
- the **Biomedical Campus University of Rome** for bottle feeders together with the biomedical engineering departments,
- the **University of Pavia** for studies on shoe ergonomics,
- the **University of Turin** for studies relating to bottle feeder suction.

Artsana cooperates with an international network of independent scientific advisors and testing laboratories for the assessment and approval of products.

Artsana's quality experts are actively engaged in European and international technical working groups worldwide for the standardisation and the development of future product safety requirements and on sustainability. In general, these activities increase the level of knowledge inside and outside the company and allow Artsana to develop products engineered for safety and comfort, setting standards sometimes even prior to the entry into force of legal provisions governing the sector.

PROMOTING GROUP PLAY

Artsana has been promoting the importance of **group play**, and launched a series of workshops around family games in 2018 to encourage children to develop their skills and create special bonds. Chicco Family games are a specific line of board games developed in collaboration with **ANPE (National Association of Italian Pedagogists)** and the Chicco Baby Research Center, and are intended for children starting from 2 years up to 99 years.

The family games designed and launched by Artsana aim to reinforce moments of socialisation and play between children and parents as well as supporting the development of problem solving skills, team work, communication and competitive spirit.

In 2018, 113 workshops on family games were carried out in Chicco shops, nurseries and kindergarten schools. In total, over 300 children and families had the opportunity to partake in group play and board games.



DID YOU KNOW?

As part of its support for diversity as a value and a resource, Chicco, in partnership with the **Italian Institute of Sports Medicine of CONI** (Comitato Olimpico Nazionale Italiano), began supporting a new project called "**Woman: between Maternity and Sport.**" The initiative will provide for the first time precise information on recommended **physical activity during pregnancy** and in the **first months after childbirth** as well as contributing to the creation of a competent team of sports doctors, gynecologists and technicians attentive to the needs of women who are both mothers and athletes.

This project aims to define **guidelines** but, above all, it is the beginning of a journey to bring an original and authoritative message on the management of physical activity before, during and after pregnancy.

The goal of the project is to support athletes and, in general, women during their pregnancy, enabling them to continue to play (controlled) sports during this important period in their life. The first part of the project is a study that will analyse data collected over the years on high-level athletes from the **Institute of Sports Medicine**.

As a result, for the first time, sports doctors, gynecologists and technicians will have at their disposal scientific indications on the physical activity recommended to pregnant women and in the period immediately following birth. Chicco supports mothers and first of all, women, with the intent to maintain their physical activity and to encourage them to practice sports following their passions.

RESEARCH AND INNOVATION ALLOW DESIGNED FOR EVERY PHASE OF A CHILDBIRTH UNTIL CHILDREN

1. PREGNANCY

The time when they are expecting is unforgettable for many women. As a mother nurtures her child and offers the baby care and protection, Artsana cares about the mother's daily needs.



2. FEEDING

Feeding is a delicate experience for parents as it contributes to creating their special bond. At the heart of our work, is ensuring the child always feels nurtured, loved, and protected.



3. SOOTHING, RELAXING AND SLEEPING

Once at home, a new adventure begins for newborns and the family. To this end, Artsana designs specific soothers promoting natural orthodontic development and supporting physiological respiration and cots that allow babies to sleep in close proximity to their parents in full safety.



4. BATHTIME AND SKINCARE

Bath time is a very intimate and special moment not only dedicated to hygiene but also an opportunity to play, which is an essential component of a child's development. Artsana designs specific personal care products to clean, protect and nourish children's skin, as well as practical solutions to support bath and change time, like bath seats and folding changing tables.



5. WEANING

Weaning is a fundamental step in a baby's life: it represents the first separation from its mother and an important step towards autonomy. Artsana accompanies a baby's progress step by step, and provide the tools for a perfect balance between closeness and independence.



FOR THE DEVELOPMENT OF SOLUTIONS CHILD'S LIFE, FROM BEFORE TAKE THEIR FIRST STEPS.



6. PLAYING

Playing is not only fun, but also extremely important for the child and for the family as a whole. Artsana strives to design games that intrigue, amuse and stimulate children, helping them to develop new skills such as manual coordination, essential for their development.

7. OUT AND ABOUT

Spending time together in the open air is a source of new experiences and fun for both children and parents. For this reason Artsana develops solutions supporting them to enjoy each moment out and about together.

8. TRAVELLING

Travelling is always a great adventure for children: watching, exploring, discovering new places and situations with their parents has a priceless charm. Artsana's car seats grow with the baby, from newborn, following the child on its journey of growth.

9. CLOTHING

When dressing their babies, parents watch their children discover and choose colors, find their own sense of style and learn to express themselves. Artsana constantly reviews clothing lines in order to ensure they respond to the specific needs of children and make kids fashion more and more sustainable.

10. FIRST STEPS

Every step is a new adventure. It is always a joy to watch a child's first steps and discover the surrounding world by walking and running. Its innovative range of shoes have soles featuring varying thicknesses, designed to guide the movement of the foot when taking a step and help babies to learn to walk properly.

Innovation is in Artsana's DNA: its products have graced the homes of millions of families for over 60 years, the result of grand visions and lots of research. Artsana pursues product development through a multifunctional network based on strong internal expertise and an R&D structure in continuous and open partnership with universities, design schools, creativity training centers, designers and primarily with consumers.



PUTTING SKIN AT THE CENTRE OF OUR RESEARCH

In 2018, through its Italian brand Fiocchi di Riso, Artsana revised the line of its products intended for newborns' and mothers' skincare before and after childbirth, creating a dermohygiene line and a dermocare line, as a result of an "artisan" dermatocosmetic approach and constant research, with experts in Functional Medicine.

Natural dermal and bio-compatible formulations respect and facilitate the functional and physiological activities of the skin, with ingredients of the highest quality selected to respect the various phases of skin development.

DID YOU KNOW?

Artsana is a multinational company present in countries and continents characterised by different levels of development and different demographic dynamics.

The Group has always been attentive to childbirth and maternity issues, and is aware that the increase in population concentration in developing countries is one of the priorities to be managed to ensure levels of sustainable development.

On the other hand, the slowdown in population growth in some Western countries such as Italy could cause problems in the near future affecting both economic growth and the sustainability of existing welfare systems.

This is why, in 2018, Chicco decided to launch an **advertising campaign encouraging public debate** through the press and social media on the value of parenthood and on the trend of the demographic curve in Italy.

Within Artsana, these values come alive through a series of initiatives addressed to employees, as well as to the community.

See also chapter 3.





30 YEARS OF SUPPORTING PARENTS AND BABIES

Through the Boppy brand, Artsana has developed the “**Momkind Project**” with the aim of empowering, supporting and educating parents during their children’s growth.

- **Educating** new mums and mums-to-be on safe sleep practices for their babies. Artsana has maintained a long-time partnership with First Candle, the leading US non-profit organisation that is dedicated to the education, advocacy and research of Sudden Infant Death Syndrome (SIDS), to educate parents and caregivers on the importance of safe sleep practices for infants.
- **Empowering** pre-natal and post-natal mums via the Boppy Professional Healthcare channel.
- **Supporting** families through donations and initiatives with a focus on military and underserved communities (in US).

Based on medical research, Boppy pregnancy pillows multi-use allows an expectant mother to adapt her sleeping position to the growth of the baby in her womb. Boppy pregnancy pillows, together with other recommendations (lying on the left side, maintaining a regular sleep routine and an active lifestyle), contribute to the well-being of mothers and children.





SUPPORTING NATURAL FEEDING

Breastfeeding is a unique experience for mother and baby and creates a special bond between them.

In order to guarantee the best feeding experience for both parents and children, Artsana studies solutions designed to support mothers during breastfeeding and the best possible alternatives for artificial breastfeeding. In the beginning, difficulties and uncertainties are common, but they can be overcome with specific products and the right advice.

Through its brand Boppy, Artsana offers pillows to ensure **comfort** and create a **closer connection during breastfeeding**, while with Chicco brand, it develops solutions, based on scientific investigations and studies, such as the NaturalFeeling baby bottle, developed to "biomimic" the **dynamics of a natural suction** and guarantee a natural baby muscular work, oxygenation and regulation of quantity of milk.

HUMAN MILK LINK PROJECT

Artsana supports with its brand, Fiocchi di Riso, the **Human Milk Link project** which celebrated 3 years of operation in 2018. The project is an innovative system that allows the collection of breast milk directly from the donor's home, and its collection and delivery to the Milk Bank.

The service, which is free, has been active in Milan since 2015 and was expanded to Turin in 2017. Experts and obstetricians collect the donated milk from donors' houses, while giving mothers the advice and support they need.

The Milk Bank controls the milk collected in order to guarantee its quality and safety and delivers it for free to premature babies in need through the hospitals.

According to a survey conducted this year by the Ministry of Health with AIBLUD (the Italian Association for Human Milk Banks), in Italy there are 38 Milk Banks and they should collect a total of at least 30,000 liters of milk per year.

The Human Milk Link project collects an average of 60 liters of milk every month and this number is constantly increasing. Since the beginning, more than 300 mothers have taken part in this initiative.

Only in 2018, over 200 mothers enabled the collection of more than 792 liters of human milk.

In order to thank donors for their generous contribution, in 2018 Human Milk Link organised an event at the **Mangiagalli Hospital** in Milan and awarded a "**Diploma of Generosity**" to all mothers that donated their breast milk, ensuring the continuation of such a "life-saving food".





During **Breastfeeding Week** (1-7 October 2018), Chicco offered to its social community, the opportunity to share thoughts, questions and doubts on the delicate issue of breastfeeding, interacting with Baby Research Center experts. Concerns from the community were mainly focused on the diet to be followed during breastfeeding, the duration of breastfeeding, how to stop breastfeeding, the right amount of milk to be offered and when and how to proceed with artificial milk additions.

Experience has shown the value of being close to new parents, engaging with them, especially in the early stages of their children's life.



INNOVATING RESPECTING PHYSIOLOGICAL RESPIRATION

PhysioForma™ is the exclusive pacifiers shape chosen and implemented by Chicco in all its pacifier products. It is the result of in-depth studies on the physiology of children's breathing, dentition and swallowing in 2018 thanks to the collaboration of Chicco Baby Research Centre with pediatricians and orthodontists.

PhysioForma™'s special geometry was evaluated through the use of **advanced bioengineering** tools and software for dimensional evaluation and for the simulation of pressures and forces exerted inside a child's mouth. Clinical studies then verified the effect on breathing. Therefore, by respecting the physiological tongue position, the PhysioForma pacifier contributes to the promotion of:

- **proper muscle tone** for the physiological development of the mouth and its functions;
- **correct breathing;**
- **the physiological development of the palate,** which is important during the permanent dentition period.

The result of this **intense research activity** is the shape of the soother on which Chicco decided to continue to focus because it was conceived and designed together with experts from the scientific community to promote **natural orthodontic development** and **support physiological respiration.** These two themes are particularly important for the growth and well-being of the child.

DID YOU KNOW?

The issue of **correct breathing** is important: in Italy, it involves about 700,000 children (source: 2015 SIDO Congress). Just think that in the first 3 years of life almost 30% of children have a sleep breathing disorder, such as snoring, which can be occasional or chronic (source: 36th National Congress of Antibiotic Therapy). More than 90% of orthodontists believe that the narrow palate is one of the most important problems accounting for the incorrect development of the mouth. This is a widespread phenomenon affecting one child out of four.

INNOVATING THROUGH “COLLECTIVE INTELLIGENCE”

Artsana pursues product development through a multifunctional network based on strong internal expertise and an R&D structure in continuous and open partnership with universities, design schools, creativity training centres, designers and primarily with consumers.

Chicco Baby Hug 4 in 1 is one of the products that best summarises Artsana's attitude to work through “collective intelligence” project arrangements involving experts, consumers, and designers to develop new proposals. Developed thanks to collaboration with the contest **“R-Evolutionary Baby Design” an international open platform of design and innovation**, Baby Hug 4 in 1 gained a lot of positive attention and support because it allows parents to be close to their babies and have greater peace of mind during all times of the day and in all domestic settings. The contest launched by Artsana was won by

a young creative partnership of two Russian women, awarding their entrepreneurial attitude.

The concept development led to an innovative multifunctional solution that simply converts between four configurations, from birth up to 36 months, transforming from crib, to reclined cradle, to cosy highchair, and finally to baby's first seat at the table.

This solution has been developed with a view to extend the useful life of the product, that meets different needs thus allowing a significant reduction in the consumption of resources. Artsana is proud and thrilled to have won the Innovation Award in the 'World of Kids Furniture' category in 2018. The **Innovation Award in the “World of Kids Furniture”** category. This major accolade is awarded each year at the “Kind + Jugend” Trade Show in Cologne.





INNOVATING FOR SAFE SLEEP

In the first months, being close to its parents helps the baby to sleep well, but it's important to do it safely.

For this purpose Artsana, through its brand Chicco, introduced the new solution Next2Me, which led to the creation of a new market segment. Aimed at ensuring children's comfort and safety, Next2Me is a side sleeping crib with a folding rail that can be attached to the parents' bed, allowing the baby to sleep safely in its own space. Next2Me offers several advantages such as: facilitating breastfeeding at night, giving the chance to incline the crib to allow for correct digestion, allowing the comfort and proximity of side-sleeping between parents and children.

The innovative solution, born from Artsana's commitment to respond to families' needs, has been met with great consumer's favor and recognition, winning important awards in the sector.





ENSURING CHILDREN'S SAFETY THROUGH INNOVATION

Always attentive to new needs and ahead of the introduction of the Italian law on the anti-abandonment of children in cars in 2019, in 2017 **Artsana cooperated with Samsung to develop Chicco BebèCare**. It is the first innovative child car seat integrated system in Europe that informs of the presence of the child on board through a special app, to avoid the risk of unattended babies being left in the car.

In 2018, **Chicco**, which has always been committed to finding solutions to simplify the everyday life of families, **launched the first two car seats with integrated Chicco BebèCare sensors**:

- Chicco Oasys 0+ UP: approved under ECE R44/04 regulation for transporting children from birth up to 13 kg;
- Chicco Oasys i-Size: approved under i-Size (ECE R129) regulation for transporting children between 40 and 78 cm of height.

From a price affordability perspective, and to encourage the use of the anti-abandon system, Chicco integrates it in its car seats without increasing the cost to the consumer.

Recaro Kids

In 2018 Artsana announced the creation of Recaro Kids, **the new company of the Group that holds the worldwide exclusive license for the development, manufacturing and distribution of high-end child seats and strollers under the Recaro brand**.

Artsana and Recaro share values such as the search for innovation and high quality safety standards that have always been taken forward with perseverance and passion, maintaining a high level of customer focus.



MAKING KIDS FASHION CIRCULAR AND SUSTAINABLE CHICCO'S INNOVATIVE NEW PROJECTS ECODOWN®

Chicco has created its first quilted jacket for kids made with 100% recycled PET (polyethylene terephthalate) plastic bottles. PET is the most widely used plastic in the world and is highly recyclable.

The Ecodown® jackets by Chicco are a sustainable, high performing and versatile alternative that are warm, light-weight, soft to touch and comfortable for children.



FUR FREE
RETAILER



Animal Free
a LAV label

Chicco joins the Fur Free program at Fur Free Alliance and LAV.

Chicco has a long-running commitment to avoiding the use of animal furs in its programme. In 2018, Chicco reiterated its dedication to promoting sustainable fashion by signing a formal pledge to going fur free with LAV and the Fur Free Alliance.

Chicco's commitment underpins the sense of responsibility driving the brand to spread and promote respect for the principles of animal wellbeing and protection, in line with its own company mission of being "wherever there's a child".



Sustainable textiles through OEKO-TEX Certification

Little ones have always been at the heart of the Chicco collection, and this is where the brand's expertise and experience in pampering and protecting children from the very first day can be found. For this reason, Chicco layette kits, including hats, bibs and covers, are certified according to international OEKO-TEX standards, confirming the quality of these items, which are designed specifically to be kind to delicate newborn skin. All Chicco garments featuring the OEKO-TEX brand on the label have the following certified features:

- they do not contain any harmful substances;
- all components are certified;
- tests certify the ecological safety at all stages of production.



LITTLE SHOES FOR LITTLE ONES - HELPING BABIES FIND THE MOST NATURAL WAY TO LEARN HOW TO WALK

In line with its strategy of observing reality in order to adequately address needs, the Chicco Baby Research Center has collaborated with the **University of Pavia** and the **Biomechanic Lab** focusing on ergonomics and biomechanics, to study babies' foot movements. The studies included analysing the positioning, extension and rotation of the foot and leg, the motion of the foot as it takes a step, pressure distribution and the foot components activated by those movements. This study project involved the Chicco Baby Research Center in collaboration with experts in ergonomics and biomechanics, introducing a range of innovative technical features to the world of footwear for children - Chicco Imparo, Chicco Run, and, in 2018, Chicco Start Up:

TO CRAWL

Chicco Start Up: Shoes to start with the right foot.

Designed to facilitate correct movement during the pre-crawling/crawling phase, helping babies to get to their feet and take their first steps in the most natural way possible.

TO EXPLORE

Chicco Imparo: The most natural way to learn how to walk

Innovative little shoes with variable thickness sole, designed to help little ones to learn the correct movements when taking their first steps.

TO RUN

Chicco Run: Shoes that guide steps in a dynamic way

Designed especially for children from 2 years upwards, with a sole featuring special inclined planes and slits with a support in the heel area, designed to guide the increasingly advanced movements of the foot and promote the child's mobility.



2.2 OUR COMMITMENT TO QUALITY, SAFETY AND DESIGN

With a constant commitment on product quality and safety, Artsana experts are daily engaged to meet and exceed the strictest standards worldwide and to contribute to their future developments.

All of our products are designed, developed and tested to satisfy, exceed and, when possible, anticipate regulatory requirements as well as our strict safety and quality standards. While all business processes are designed and constantly improved following ISO management system standards, Artsana is focusing its priorities following a risk based approach to assure quality by design, state of the art technology and systems, preventive risk assessment on products and processes starting from design stage, a comprehensive testing programme on materials and products, as well as product compliance certification by the most authoritative independent laboratories worldwide.

Product quality and safety are also guaranteed through our suppliers quality programme, which includes their qualification and control through direct inspections, processes monitoring and shared targets for continuous improvement.

Artsana continued its collaboration with the scientific community and international experts through **Artsana's Multidisciplinary Scientific Committee**, which has a dual function:

- managing the agenda of studies and research directly linked with Artsana's innovation process and quality education goals;
- organisation of all new evidence through published studies in the field of healthcare, babycare, feeding / nutrition, dermatology and toxicology.

Thanks to a constant relationship with the scientific and medical community, the Committee works as an internal crossfunctional roundtable, developing internal knowledge and competence, which represent one of Artsana's success factors in playing a leadership role in the well-being sector focusing on children and families.



DID YOU KNOW?

As part of its search for the best business management solutions, in 2018 Artsana started to take part in the **Observatory Design Thinking for Business**, a path to explore new business models and tools to support processes and product innovation as well as customer centrality. The workshops, organized by Politecnico University of Milan, were joined by competent experts from the academic, managerial and consulting world.



Artsana believes in responsible and clear communication about its products and services based on transparency and reliability.

Marketing information and product labels illustrate information confirmed by specific tests and scientific studies. From a perspective of continuous improvement, Artsana always guarantees an open dialogue with its customers through after sales channels, including Social Media platforms, as a precious input to listen to

the voice of end customers and provide solutions for the best customer experience. Artsana continued to be strongly committed to ensuring the safety of children and families through the constant monitoring of the performance of the products on sale and considers all feedback to be precious by the market. There is a structured responsive process in place to manage feedback promptly and with open communication, which includes dedicated posts and pages on our brands' websites.

DID YOU KNOW?

Artsana is constantly looking for new partners that are leading players in their industries, creating valuable partnerships for a common goal: contributing to the quality of life by developing practical, safe and innovative solutions and services that concretely respond to real needs. This includes, for example, the already described

cooperation with Samsung for developing the first innovative anti-abandonment system for baby car seats and the partnership with CONI to define guidelines for women and their physical activity before, during and after pregnancy. In 2017, out of a partnership with Renault, came a prototype that resulted in the launch of "**The Dream Cradle**" in 2018: a base on which to

2.3 LIVING THE KNOWLEDGE

Knowledge is key to Artsana's ability to develop innovative and safe products capable of meeting the needs of a constantly evolving society.

For Artsana, knowledge also means sharing, dialogue and exchange with families and communities. To closely support parents, Artsana relies on all available channels, including its websites, social channels and its stores, as well as training courses.

In particular, in 2018 Artsana organised training courses for new parents and individuals involved in children's lives to work together to answer many questions and concerns.

NUMBER OF COURSES CARRIED OUT IN ITALY			
	2016	2017	2018
Pharmacies	300	1,214	397
Baby Shops	300	215	104
TOTAL	600	1,429	501

During 2018, the offer of courses available in shops was rationalised, differentiating those specifically dedicated to staff training and specialists. The number of courses offered in 2018 decreased compared to 2017, but they were designed and structured for a wider public audience: the number of people attending the courses offered has increased, reaching more than 3,500 participants, addressing numerous and various topics.

They start from the most common concerns, including how to become parents and everything else that goes along with it such as: breastfeeding, food, safety, yoga during pregnancy, as well as the Heimlich manoeuvre.

The courses are held by some experts (pediatricians, obstetricians and pedagogists) as well as other specialists who collaborate with the Group. At the same time, Artsana organises

training courses for pediatricians, directly at the hospital, on how to use its products (for example Boppy pillows for breastfeeding).

As mentioned above, training courses are also provided for vendors and traders concerning Artsana's products which are sold in pharmacies and shops in order to better understand and serve our customers.

An alternative channel to reach more people is the Chicco website, where the Chicco Baby Research Center publishes several articles that cover all areas of a child's life, as well as a pool of tools and resources that allows families to go deeper into specific topics and find useful information, insights, answers and advice.

Thanks to the collaboration with its team of experts, the Chicco Baby Research Center writes educational publications offering valuable and educational information.

position the carrycot which, with its movements, simulates the car's cradle, allowing parents to put the child to sleep at home, avoiding the car ride. To confirm the success of this partnership, The Dream Cradle project won the Bronze Lion (Outdoor category) at the Cannes Film Festival in June 2018, the most prestigious and renowned International Advertising Festival.



2.4 CLOSE TO OUR COMMUNITIES

The positive impacts that Artsana's presence has on the communities and territories in which it operates are primarily of an economic nature and derive from the fact that the added value produced by its activities is shared with local stakeholders.

Moreover, Artsana has always been strongly committed to supporting children and families in difficult situations through philanthropic initiatives, both in Italy and in the rest of the world, where its subsidiaries are based.

These initiatives are undertaken in collaboration with non-profit organisation and local institutions in which Group employees are often involved. For the 7th consecutive year, Artsana Runners have participated in the **Milan City Marathon**. The Artsana team runs together for an honorable cause.

The proceeds collected through this initiative are donated to **Magica Cleme Foundation** which organises different activities every week for young patients in the pediatric hemato-oncology department of the **San Gerardo Hospital of Monza** and the **Milan National Cancer Institute**.

Solidarity Christmas is an initiative through which every year Artsana celebrates Christmas

with the involvement of its brands and subsidiaries around the world.

In Italy this initiative has allowed the donation of 2,500 meals to the food bank of the association Opera San Francesco. In Spain, employees have been involved in the organisation of a lottery in order to raise funds for people in need. Meanwhile in Portugal, through a specific website, consumers can download vouchers with discounts for their Christmas purchases and for every used voucher, Chicco donates part of the amount to Ajuda de Berço - an institution that helps babies and mothers in need.

Furthermore, each year Artsana proposes two solidarity initiatives, enabling the Group to stay close to children in need, and positively impacting their lives both locally in Italy and around the world. These initiatives, based on long-term strategies with transparent goals and results are: **Happiness goes from heart to heart and Chicco di Felicità**.

DID YOU KNOW?

Artsana, aiming to share **dialogue and exchange with families and communities**, invests in the **collaboration with sector experts** in all the areas of the world in which it is present.

For example, along with Chicco, Artsana has been cooperating with a renowned and respected midwife in Poland, who has 30 years of experience in the delivery room and has written a book. She has been invited to lecture at several medical conferences, as well as being considered an inspiring speaker in spreading good practices, which are considered precursors of change in Polish obstetrics. Her mission is that women give birth with a sense of security and that newborns are treated with respect, in line with Artsana's mission.



Happiness goes from heart to heart

"Happiness goes from Heart to Heart" is an international project whose name comes from the concept that happiness can fill many hearts, particularly those of little ones who find themselves in difficult situations.

It is a project within the "**Mission Bambini**" Foundation which is dedicated to saving the lives of children born with congenital heart diseases. This Foundation has been operating since 2000 and has helped more than 1,400,000 children through 1,600 projects in Italy and in 75 countries around the world.

Since 2013, Artsana has supported the "Mission Bambini" Foundation and specifically the "Happiness goes from Heart to Heart" project, with the goal of:

- saving the lives of children with serious heart defects, most of whom are born in developing countries without access to medication, adequate health facilities and prepared medical staff;
- achieving autonomy of the local hospitals by developing a training program.

10 Artsana branches are involved in this international project: Argentina, Belgium, China, France, Germany, Russia, Spain, Switzerland, UK and the United States.

Between 2013 and today, Artsana:

- supported 33 medical missions in 11 countries (Cambodia, Myanmar, Zambia, Uganda, Uzbekistan, Eritrea, Romania, Brazil, Kurdistan, Somalia and Kenya);
- delivered 1,184 hours of training for local doctors by an international medical team; and
- performed 7,222 diagnostic screenings which resulted in 287 children receiving an operation and being saved from serious heart disease.

Chicco di Felicità

Chicco di Felicità is the symbol of **Chicco's solidarity efforts** to stay close to less fortunate children. It was launched in 2010 and is renewed year after year because it is considered not only a simple solidarity initiative but also a ray of hope for vulnerable children and families. The project consists of "solidarity gifts" which are then sold in all Chicco shops in Italy and on the online store where corresponding proceeds are donated, to support children who have been raised in difficult family environments, and to assist families in regaining parenting skills.

Chicco, in association with a new partner every year, designs and creates a special accessory in a different shape for each edition but always characterised by the Chicco di Felicità logo.

Since the beginning of the project, **more than 560,000 people in Italy have chosen to wear the Chicco di Felicità** accessories, thus witnessing their tangible solidarity with children in need.

The mission of the project – unchanged from the very beginning – summarises the importance of each person's support:

The more we are, the more we do!

Using or gifting the Chicco di Felicità accessories, embodies people's closeness to the world of children and contributes to spreading our message and shared values.

This year, up to 18 families, accounting for 72% of the households supported, have been assisted thanks to our donations.

In particular, also in 2018, collected funds were donated to the CAF Association (Centro di Aiuto ai Minori e alla Famiglia in crisi) that **provides assistance to three caring centres** supporting **child victims of violence and abuse** thanks to **staff specialised** in pedagogy and psychology.

Thanks to donations, two projects were implemented: the "**space for children**", a dedicated space for children who are waiting to be welcomed in nursery school; and the "**Becoming Parents through Home Visit**" project service, which consists of supporting fragile or isolated families, preventing the causes that can lead to the breaking of the parent-child relationship and, in the worst cases, the removal of the child from the family.



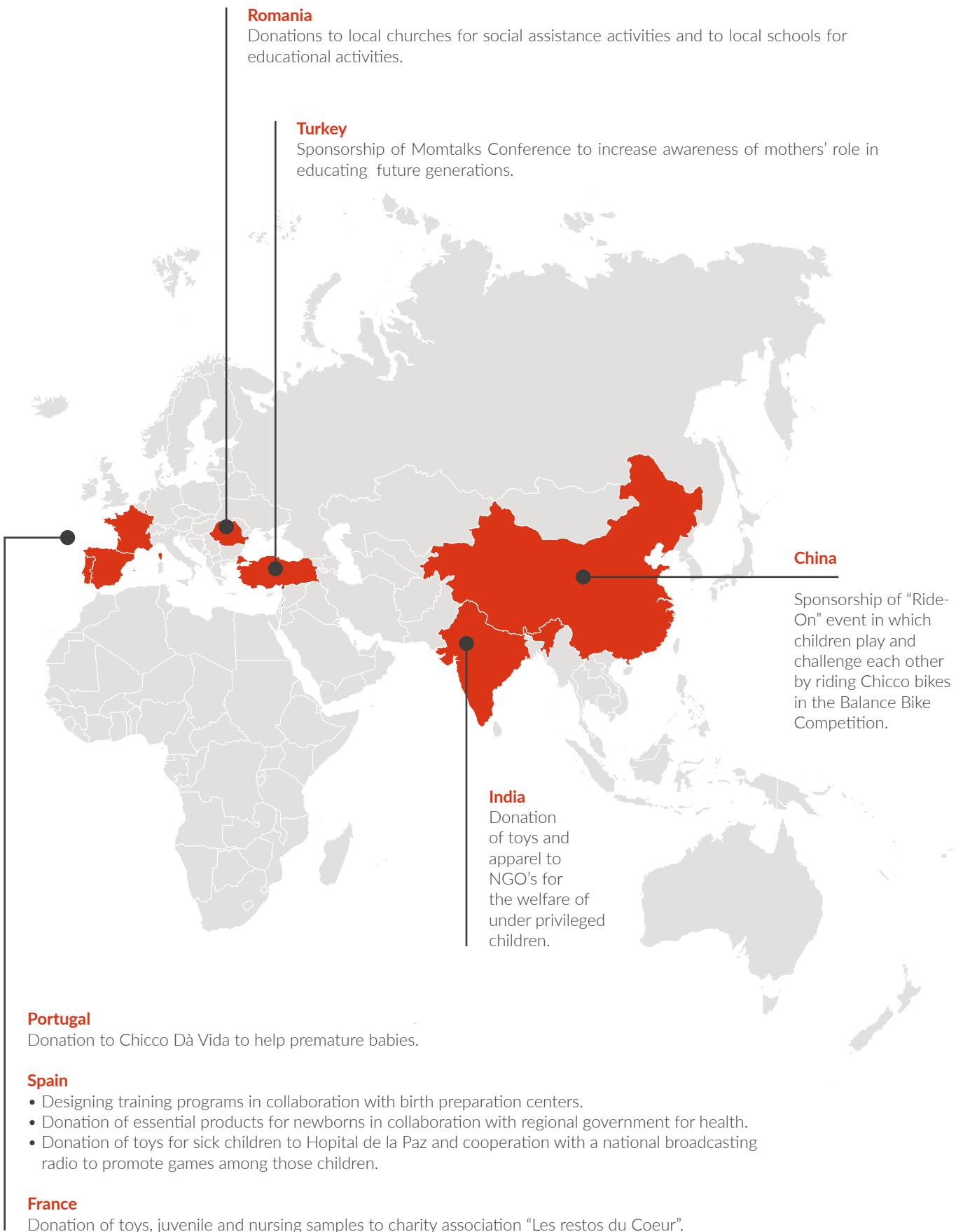
Artsana is committed to staying close to its communities and, in particular, to those in need. Efforts are increasing year after year, strongly widespread at Group level and through branches which, via positive and virtuous interactions, promote specific and local CSR initiatives.

USA

- Donations to charities such as:
- Jim & Tabitha Furyk Foundation to help families and children in need.
 - Jackson in Action 83 Foundation in support of military families.
 - Operation Shower which eases the stress of deployment by hosting baby showers for military families across the country.
 - Food+ Foundation to empower low-income families to break the cycle of poverty.

BRAZIL

- Donation of toys to children in need and clothes to the homeless, through the Red Cross Social Institution.
- Participation in government programme that donates a percentage of taxes from local stores to a chosen institution.
- Donation of a percentage of sales to Colmeia institute, for education of children.





3.

Sharing the journey with our people

Artsana values and respects its employees and prioritizes their professional development recognizing that interpersonal, intellectual, organizational and technical skills of each manager, employee and collaborator represents a real advantage and strategic resource for the company.

In Artsana there is a constant willingness to work as a team, dealing with every problem from different points of view, putting together all the resources, professional skills, personal experience and the potential represented by the young generation.

Artsana established a Code of Conduct several years ago, with the aim of guaranteeing respect for fundamental human and trade union rights, protection of the environment and employees' health and safety.

The Code of Conduct commits the company to ensure that these rules are also respected in the companies with which Artsana collaborates for the manufacturing of its products: especially with regard to workers' health and safety, working hours, wages and child labour (source: the Code of Ethics).

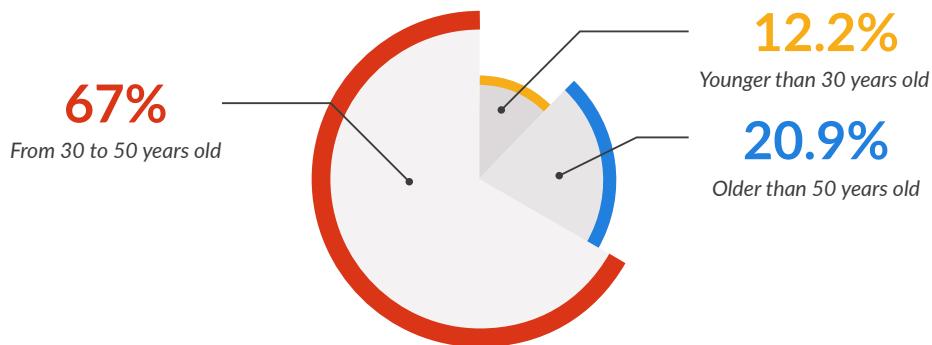
At the end of 2018, Artsana's **total workforce** amounted to **3,764 people**, including interns and agency workers. It has slightly decreased over the last 3 years (-7% in 2018 compared with 2016 and -2% compared with 2017) due to the fact that Pikdare separated from the Group in 2017, as well as the international restructuring

and reorganization of several points of sales and shops in 2018. The number of agency workers and interns has increased between 2017 and 2018, shifting from 111 to 223 agency workers and from 49 to 58 interns, a choice based on the will to find greater flexibility and provide growth opportunities for youths.

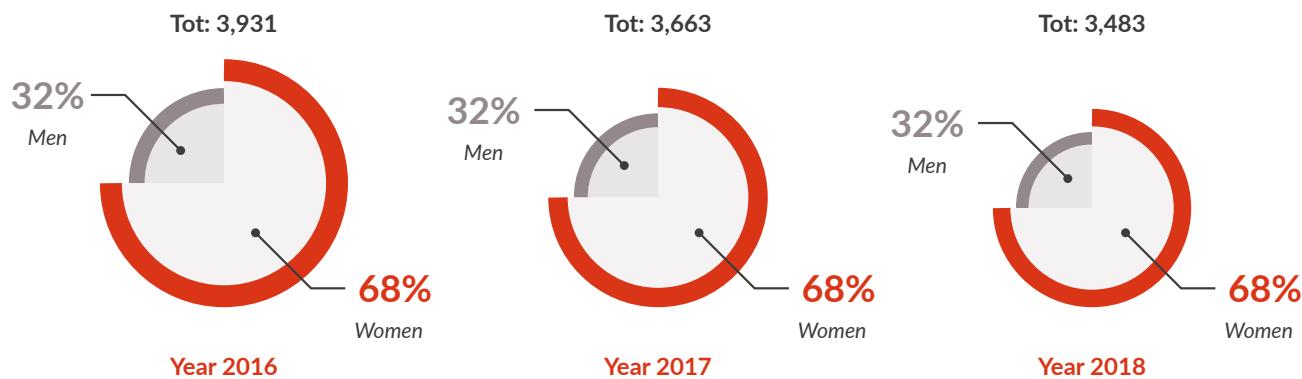
TOTAL WORKFORCE		Unit	2016	2017	2018
	Total workforce	N°	4,051	3,823	3,764
	Employees	N°	3,931	3,663	3,483
Of which	Agency workers	N°	84	111	223
	Interns	N°	36	49	58
Workforce by gender	Women	%	68%	68%	68%
	Men	%	32%	32%	32%

In Artsana, most of the employees are women (2,396 compared with 1,087 men) and are between the ages of 30 and 50 years old (67.0%), a slight increase compared with 2017 (63.5%).

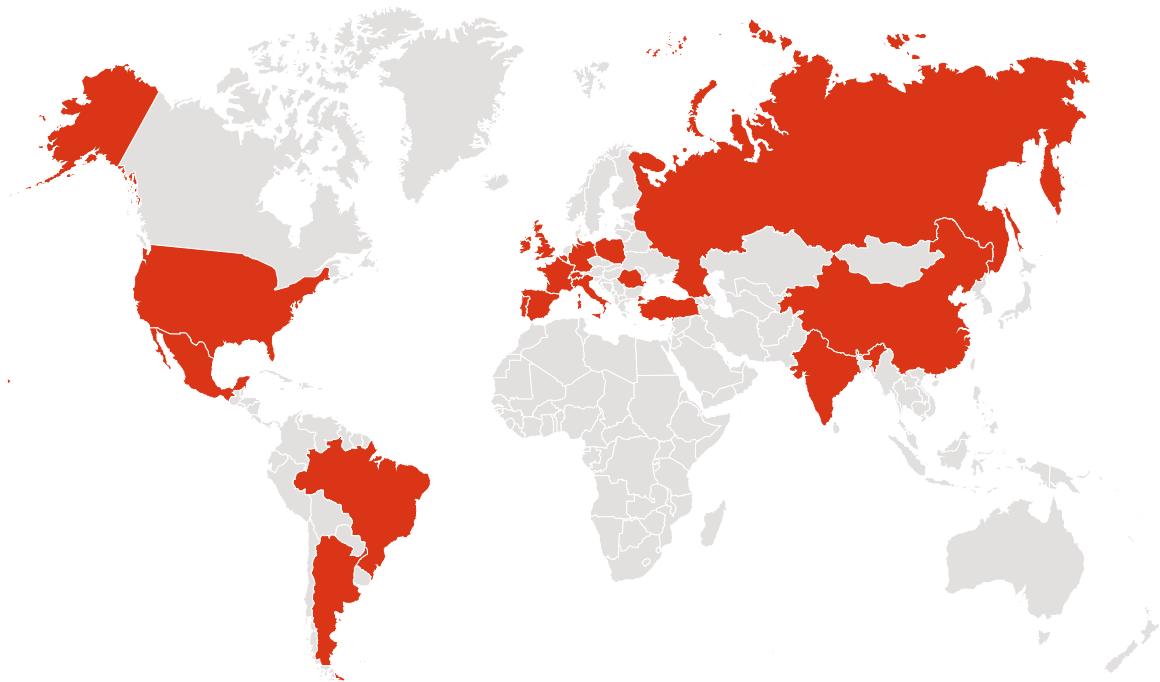
Employees, by age group



Total employees by gender



From a geographical perspective, Artsana's employees are distributed all around the world and in particular in Italy, Romania, Portugal, Spain and China where there are more than 80% of the workforce, and where its headquarters, its factories, warehouses and a large number of shops are located.



Employees by country	Unit	2016	2017	2018
Argentina	N°	1.0%	1.1%	1.1%
Belgium	N°	0.3%	0.3%	0.3%
Brazil	N°	3.6%	3.4%	3.5%
China	N°	4.8%	5.1%	5.7%
France	N°	1.6%	1.6%	0.9%
Germany	N°	0.7%	0.7%	0.7%
India	N°	1.7%	2.0%	2.9%
Italy	N°	37.8%	35.1%	36.1%
Mexico	N°	1.7%	1.3%	0.8%
Poland	N°	0.4%	0.4%	0.5%
Portugal	N°	9.7%	10.3%	10.9%
Romania	N°	24.6%	25.0%	22.1%
Russia	N°	0.9%	1.0%	1.1%
Spain	N°	6.5%	7.0%	7.2%
Switzerland	N°	0.4%	0.4%	0.5%
Turkey	N°	1.8%	2.6%	2.8%
UK	N°	0.7%	0.8%	0.7%
USA	N°	1.9%	2.1%	2.3%
TOTAL	N°	100%	100%	100%



DID YOU KNOW?

In 2018, Artsana introduced an initiative of **corporate volunteering** which received great support from the company and the spontaneous involvement of more than 130 employees. The CAF Onlus Association was chosen to be a partner for Artsana's corporate volunteering. Six days between June and October were organized during which employees from Artsana and the Milan offices of CAF Onlus Association participated in the activities planned during working hours. The association deals with hosting and taking care of children in difficulty who have been temporarily removed from their family of origin. The initiative was addressed to all Artsana employees and the turnout was excellent. The attendees were enthusiastic about the project and recommended it to their colleagues. The corporate volunteering reached its double target of increasing the link between colleagues and helping an association dedicated to children, which is the core mission of Artsana's Social Responsibility projects.

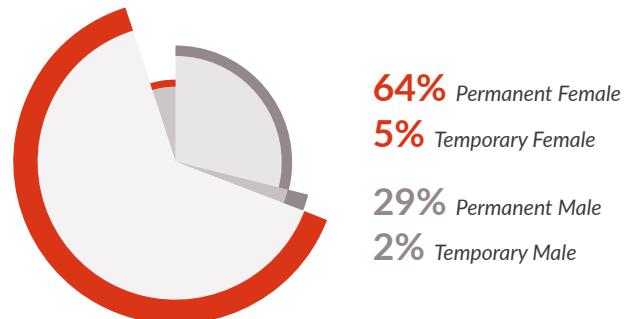


With respect to the type of contract, in 2018 94% of Artsana's employees worldwide had a permanent contract (of which 86% full time), in slight decrease compared to the 2017 figures.

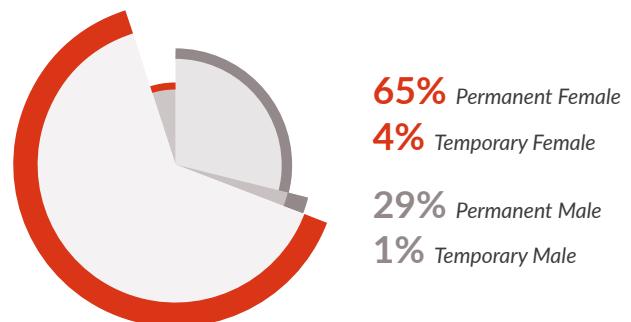
95% of part-time employees (9% of the total) are women. Artsana considers part-time work to be a particularly important lever of flexibility linked to maternity, given the prevalence of female staff, and this is particularly true in the store sector.

EMPLOYEES PER TYPE OF CONTRACT

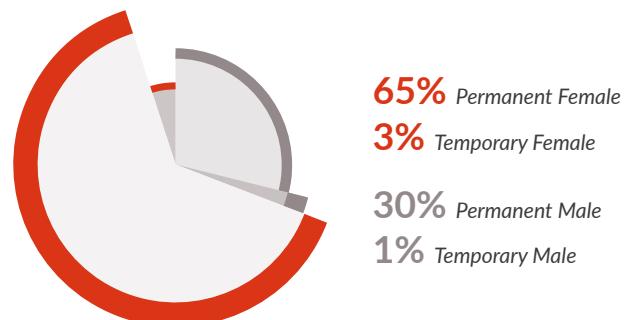
Year 2018



Year 2017



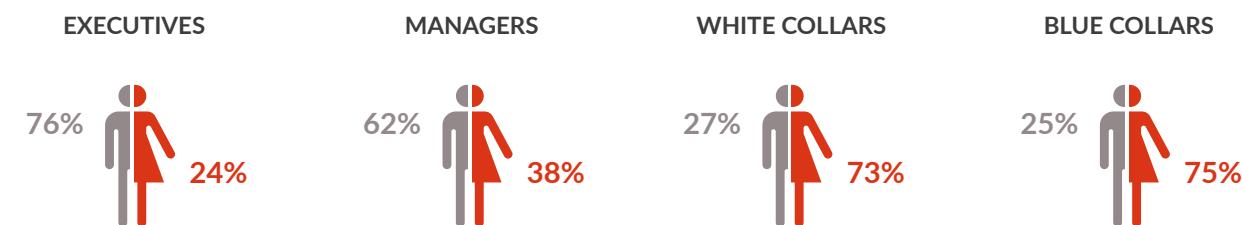
Year 2016



All employees of Artsana are covered by collective bargaining agreements, as required by national laws. Regarding employee categories, 88% of total employees are blue and white collars. 24.3% of executives and 38% of managers are women.

EMPLOYEES PER CATEGORY	Unit	2016	2017	2018
EXECUTIVES	N°	2%	2%	2%
MANAGERS	N°	10%	10%	10%
WHITE COLLARS	N°	52%	51%	53%
BLUE COLLARS	N°	36%	37%	35%

EMPLOYEES PER CATEGORY

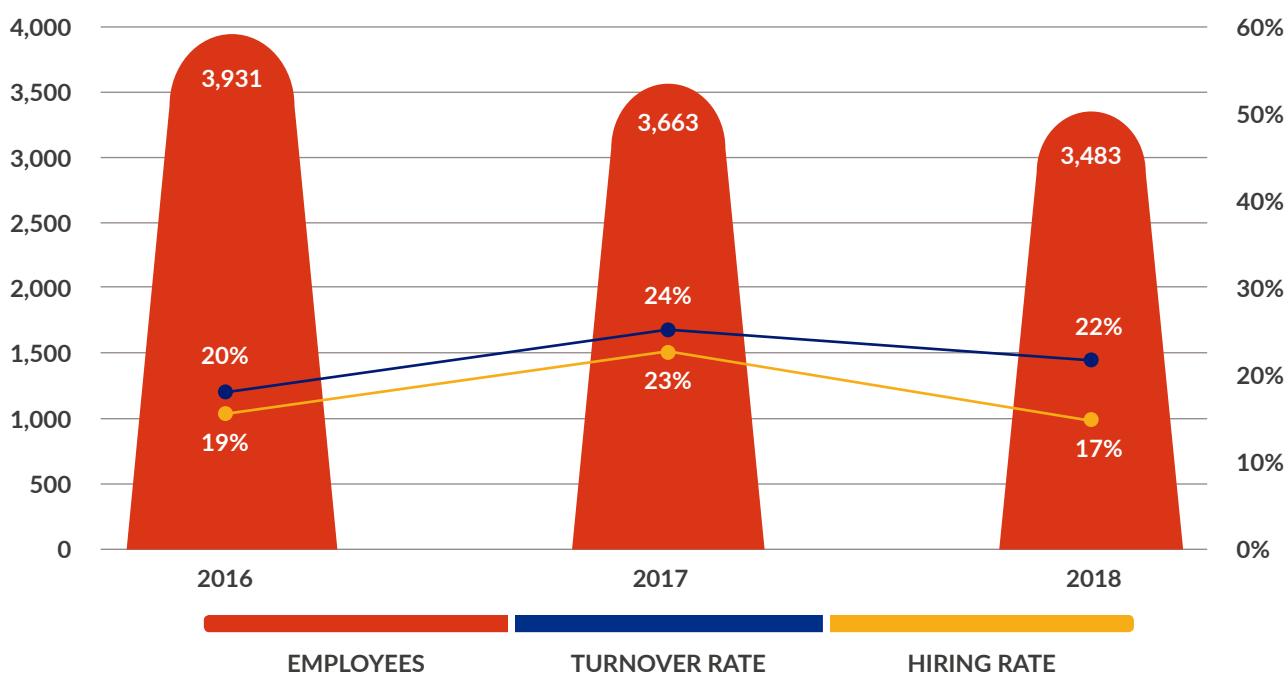


The turnover rate, calculated as the number of voluntary and non-voluntary terminations in the reporting period over the total number of employees at the end of the same period, has increased from 20% in 2016 to 22% in 2018, mainly due to the separation of Pkdare in Italy and France in 2017 and 2018, respectively, as

well as the international reorganization of point of sales and stores in 2018.

The hiring rate, calculated as the number of newly hired employees per year over the number of total employees at the end of the reporting period, decreased from 19% in 2016 to 17% in 2018.

TURNOVER AND HIRING RATE



HIRINGS	2016	2017	2018
WOMEN	525	597	445
MEN	226	241	159
 ARGENTINA	0	0	10
 BELGIUM	1	0	1
 BRAZIL	30	17	48
 CHINA	20	19	31
 FRANCE	7	15	7
 GERMANY	1	1	1
 INDIA	21	27	57
 ITALY	78	108	78
 MEXICO	40	7	5
 POLAND	3	0	4
 PORTUGAL	102	110	120
 ROMANIA	315	361	103
 RUSSIA	9	8	5
 SPAIN	40	79	71
 SWITZERLAND	2	2	4
 TURKEY	68	62	50
 UK	4	7	3
 USA	10	15	6
TOTAL	751	838	604

TERMINATIONS	2016	2017	2018
WOMEN	563	599	569
MEN	209	269	212
 ARGENTINA	0	0	14
 BELGIUM	1	0	2
 BRAZIL	30	37	48
 CHINA	24	22	18
 FRANCE	11	19	9
 GERMANY	0	0	2
 INDIA	11	19	32
 ITALY	126	153	108
 MEXICO	59	26	24
 POLAND	0	1	1
 PORTUGAL	112	113	119
 ROMANIA	270	335	240
 RUSSIA	8	4	2
 SPAIN	49	80	75
 SWITZERLAND	2	2	4
 TURKEY	62	37	48
 UK	0	7	7
 USA	7	12	3
TOTAL	772	867	756

HIRINGS %	2016	2017	2018
Younger than 30 years old	48%	52%	54%
From 30 to 50 years old	50%	43%	45%
Older than 50 years old	2%	5%	1%

TERMINATIONS%	2016	2017	2018
Younger than 30 years old	48%	43%	46%
From 30 to 50 years old	44%	47%	47%
Older than 50 years old	8%	10%	7%

2016 and 2017 Hiring and Terminations data for Argentina were not available.

2017 data excludes 140 people working in the Pidare division in Artsana Headquarter in Italy, considered in 2016 total workforce.

2018 data exclude 25 people working in the Pidare division in Artsana France, considered in 2017 total workforce.

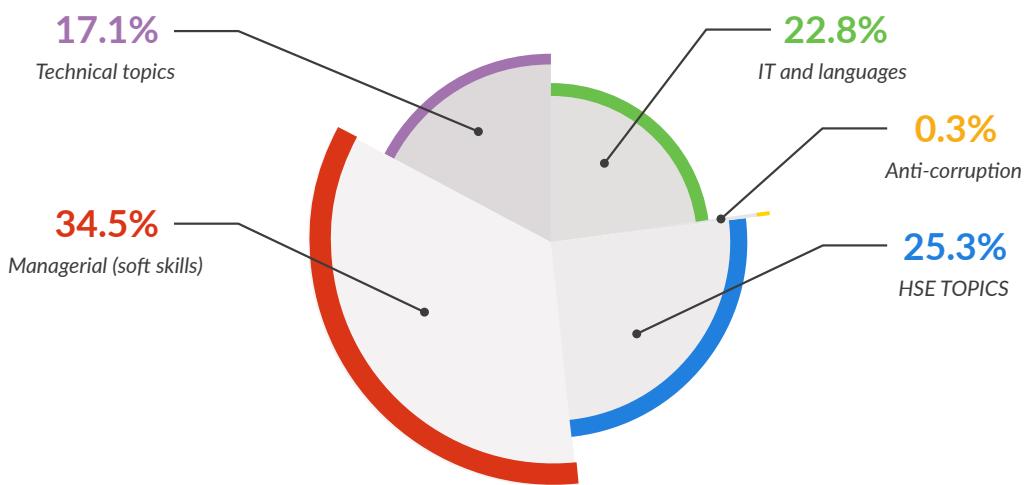
3.1 ENHANCING OUR PEOPLE

Artsana whole-heartedly promotes the development of its employees offering a series of activities with the aim of encouraging their personal and professional growth.

In particular, the Group strives to foster the promotion of international experiences and transversal competencies and it provides the necessary training and tools to allow for continuous learning. Artsana provides employees with both technical and non-technical training courses on various subjects such as innovation, negotiation, entrepreneurship and the international management of different communication channels, problem solving, decision-making and finally English courses. In order to offer to provide employees the specific

training they need, based on their position, skills, and competencies, Artsana has designed a training program based on different career paths within the organization. This program has been conceived to develop employees' leadership and managerial skills and it represents the biggest portion of training hours by topic (34.5%). The Group strives to strengthen employees' professional profiles through the advancement of their soft skills with a particular focus on team working, inter-functional collaboration, self-empowerment and entrepreneurial capabilities.

2018 Percentage of training hours by topic



Between 2017 and 2018, the total number of training hours decreased from 52,380 hours to 26,760 with a corresponding decrease in per capita training hours from 14.3 to 7.7.

This is because Artsana carried out intensive training in 2017 on the new performance

evaluation process and related topics in Italy, after which normal training programs continued in 2018. An intensive training program was carried out in 2017 in Artsana's plant in Romania, which also had an impact on the average training hours trend.

TOTAL TRAINING	Unit	2016	2017	2018
Total hours	h	48,424	52,380	26,760
Average hours	h/employee	12.3	14.3	7.7

2016 and 2017 data excludes Argentina. Data on training provided excludes France.

TRAINING - average training hours by gender and employee category	Unit	2016	2017	2018
Men	h/employee	11.6	13.6	11.6
Women	h/employee	7.2	14.5	5.9
Training provided to Executives	h/employee	41.3	66.9	61.2
Training provided to Managers	h/employee	14.5	16.2	10.0
Training provided to White collars	h/employee	6.7	5.8	6.4
Training provided to Blue collars	h/employee	7.5	15.7	0.9

Data on training hours provided by gender excludes training on health and safety offered in Italy for 2016. Data on employee category excludes training on health and safety offered in Italy for 2016 and 2017.

For Italy, the number of training hours provided to managers in 2016 and 2017 also includes the training hours provided to white collars and to apprentices, as they cannot be split.

To encourage work-life balance, Artsana offers its employees a series of "family tools". For instance, the "Children Village", a nursery school has been specifically studied to meet Artsana's and local families' needs. Thanks to the initiative called "Coffee with the pedagogist", during working hours, employees have access to counseling from a specialist on issues such as maternity and child care. All mothers and fathers after the birth of their babies receive a kit with Chicco products and can take advantage of a 40% discount on the purchase of Artsana products for the first 12 months of the child's life.

In addition, Artsana introduced for all its employees' newborns a free supply of diapers for the first 6 months of the child's life.

In 2018, Artsana also started a pilot project to introduce smart working as a further step towards a better worklife balance. In wider terms, Artsana welfare initiatives are constantly growing. In order to support the psycho-physical well-being of its employees and their families, Artsana for example, offers them easier access to sport and wellness facilities across Italy and abroad.

In 2018 a car-pooling initiative has been launched: Artsana employees can organize car sharing to and from work, with other colleagues, through a specific platform.

Moreover, employees can use their performance bonus, which is subject to a preferential tax rate, as "Flexible Benefits" using a dedicated webportal to acquire personalized vouchers, services, goods and allocate shares to pension funds.

DID YOU KNOW?

In 2018, Artsana organised a **series of conferences for its employees**, conceived as moments of sharing important topics such as change, parenting, family communication, and more generally listening, dialogue and the enhancement of the parental experience within the working context. These conferences also allow employees to talk about important issues in a company where 68% of employees are women, such as gender equality and the prevention of gender-based violence. Employees' families could also attend the conferences. The conferences were held by an educational psychologist also operating in the USA as sexual assault counselor and Program Director for First Step Inc., Center for care and prevention of sexual assault and domestic violence. The cycle of conferences explored the following three topics: "Changes and habits: what if our brains prefer to save energy?", "Emotional intelligence: IQ and EQ" and "Sexuality between myths, legends and fairy tales". These initiatives have been supported by Artsana's employees and relatives, with positive feedback.



The Group is involved not only in promoting and sustaining its talents, but also in attracting new talents. For this reason, **Artsana encourages youth access to the job market** through different programs such as internship opportunities for high school students ("alternanza scuola lavoro", for employees' relatives) and for university students. Internship opportunities include the possibility of spending a few weeks in the company to benefit from an early-age introduction to the working world. During 2018:

- 14 students were chosen to join the in-company experience in the following functions: Brand, IT, After Sales, Planning, Commercial Export, Logistic / Distribution and Marketing;
- 60 trainees gained work experience at Artsana's headquarters.

Artsana engages universities and post-graduate students through Employer Branding activities

organised by the Group. These activities are aimed at meeting and attracting young talents and also increasing brand awareness, visibility and promoting and enhancing its corporate identity. To this end, in 2018 Artsana joined the following events in Milan: Job Meeting (encountered 250 students and newly-graduates), Career Day at University Bicocca (encountered 350 students and near-graduates), and Recruiting Day AlmaLaurea (encountered 32 of the best graduates in engineering in Italy).

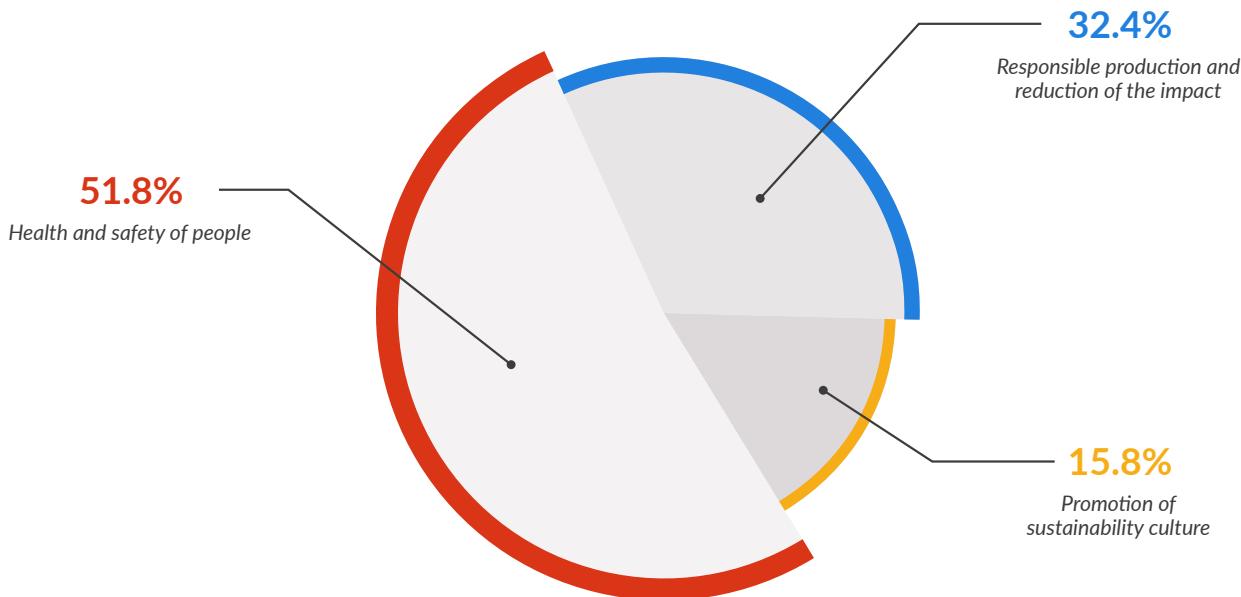
Artsana builds synergic partnerships with academic institutions. Artsana and its managers often lead university training sessions for students sharing the company experience and bringing them business perspectives. At the same time, the company has the opportunity to dialogue with new generations and involve them in project work.

3.2 Engaging our people on sustainability

As part of a structured plan to progressively involve personnel on sustainability issues, Artsana distributed a **survey to its employees** at the Headquarters, stores, production plants and shops. The survey consisted of simple questions to determine **how Artsana's employees perceive sustainability** and how they would like

to be engaged in its development at Artsana. The outcome of this survey was very positive in that it allowed the company to acknowledge the high level of interest shown by its employees in sustainability issues and their willingness to become more and more involved in initiatives that mainly concern health and safety.

What is the area in which you prefer to be involved?



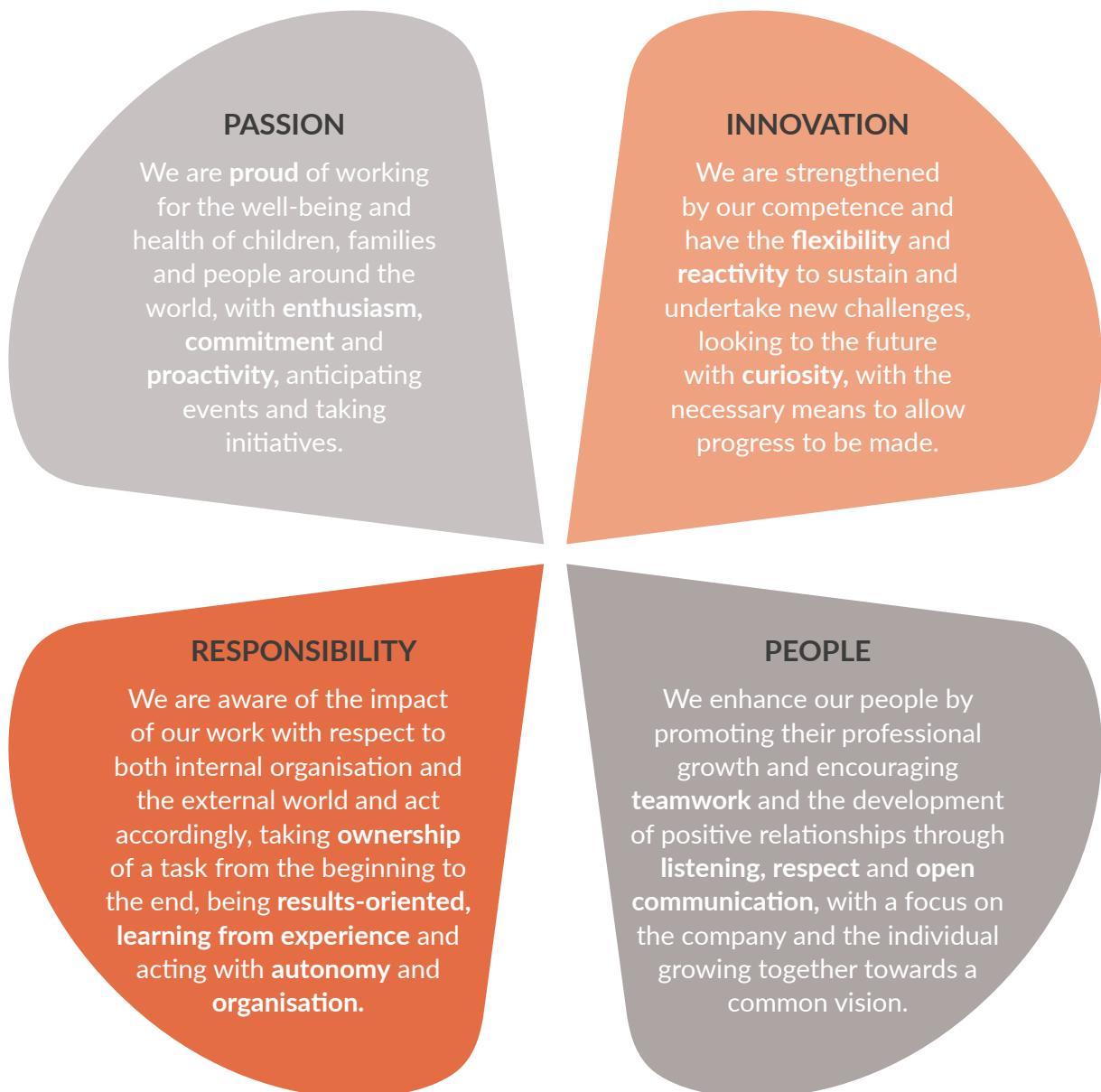
3.3 THE WAVE PROJECT

The year 2018 saw the launch of the **New Evaluation System “Wave”**, the acronym for “We Are the Value of the Enterprise”, with the aim of measuring employees’ performances in achieving the organisation’s objectives during a set period.

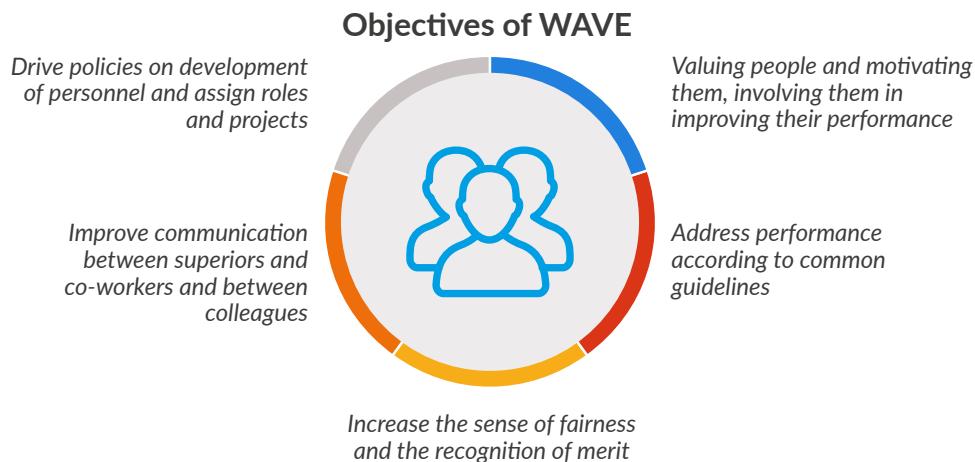
The project provides a system for evaluating soft skills that allows to measure the performance of employees with respect to the company

values (**Passion, Responsibility, Innovation and People**) and the behaviours associated with them in order to achieve different objectives.

ARTSANA GROUP VALUES



The year 2017 was dedicated to training Artsana resources on WAVE system, such as understanding how it works, preparing to provide the assessment, promoting the development of collaborators, managing the feedback interview and receiving the assessment.



WAVE involved employees at Artsana's headquarters with permanent and temporary contracts having seniority of more than 6 months, which amounted to 515 employees in December 2018. The evaluation was carried out on three levels: self-assessment, assessment by direct managers, and assessment by clients and/or internal suppliers.

Evaluations occur in February/March and are centered on the performance of employees from the previous year. Given the total number of applicable employees (442) at the headquarters,

100% of those employees were evaluated, of which 100% (442) were self-assessed, 21% (93) were assessed only by the direct manager, and 79% (349) were assessed by both their direct managers and internal customers, amounting to a total number of 2,775 evaluations. 80% of the individuals assessed have reached or exceeded the "fully satisfactory" opinion as per the company's standard.

The personnel evaluation plan results in the development of structured action plans with planned follow-ups.

PROJECT "WE ARE THE VALUE OF THE ENTERPRISE" (WAVE) 2018

Total number of evaluations	2,775
Number of self-assessments	442
Number of assessments by direct managers	469
Number of assessments by internal customers and suppliers	1,864

3.4 CREATING A CULTURE FOR A SAFE AND HEALTHY WORK ENVIRONMENT

Ensuring a safe and healthy work environment is one of Artsana's main objectives.

For this reason, a large number of initiatives have been implemented aimed at creating a cultural transformation within employees, by increasing awareness of health and safety issues. To maintain a safe work environment, every year the Group provides training courses for all employees, dedicated to health and safety.

In 2018, the total number of health and safety training hours offered was 6,773 (1.9 hours per employee). Training provided was more and more customized on the basis of the function's responsibilities in order to create more specific and tailored sessions and increase the efficacy and effectiveness of the courses.

TRAINING ON HEALTH AND SAFETY TOPICS	Unit	2016	2017	2018
Total hours	h	14,584	7,034	6,773
Average hours	h/employee	3.7	1.9	1.9

Furthermore the Group introduced a fun project to involve employees and their families in its health and safety initiative.

An HSE awareness video was produced and performed by children of Artsana's Headquarters employees.

The presence of their children increases the interest of employees and their families towards topics considered very important by Artsana.

In the video, displayed in the entrance and lobby of the building, the young actors inform visitors and employees alike of the health and safety procedures. The video garnered a lot of positive support and helped further Artsana's vision for a safer working environment.

In 2018, for the first time, the "Behavior Based Safety" program was fully implemented in all Italian production units.

In particular, in 2018, Artsana offered specific training to the safety coordinators of each manufacturing plant in Italy, with the goal of improving their operational management of complex and emergency situations, by building meaningful relationships with employees and supervisors and by leading by example. The approach used made it possible for the safety

coordinators to share problems and solutions with the other employees.

As part of this initiative, improved plans were implemented to increase plant safety and reduce the number of potential work-related accidents. Some of the resulting projects were aimed at improving transit in the facilities and logistics of the goods being shipped.

Thanks also to the above mentioned efforts, the Group registered a reduction (-28%) in the number of injuries, shifting from 50 in 2016 to 36 in 2018 testimony of the success of its efforts. In terms of frequency of the injuries occurred, that also decreased (-20%) since 2016, while the severity of the accidents (lost day rate) and the absentee rate have generally remained constant or slightly increased due to natural fluctuations over the three-year period.

The main types of injuries recorded related to back and shoulders due to falls. There were no cases of occupational disease in 2018.

HEALTH AND SAFETY	2016	2017	2018
Number of injuries	50	44	36
Injury rate [number of injuries/hours worked x 1,000,000]	7.6	7.0	6.1
Lost day rate [number of lost days for injuries/hours worked x 1,000]	0.1	0.2	0.2
Absentee rate [number of lost hours for illness/workable hours x 100]	3.2%	3.4%	3.3%
Number of occupational diseases	18	24	0
Occupational disease rate [number of occupational diseases/hours worked x 1,000,000]	2.7%	3.8%	0%
Work-related fatalities	0	0	0

Injury rate and lost day rate are calculated taking into account only work-related accidents. Lost days are calculated as calendar days and the day of the event is not counted. 2016 and 2017 data did not include Argentina.

4. Sharing the responsibility towards our planet

Children are the future and the decisions made by individuals and especially by organisations in daily business activities affect not just the planet, but also the future of those children. To ensure the wellbeing of children and families, who are at the core of Artsana both today and tomorrow, it is essential that we care for our planet, our home.

Artsana feels the responsibility to take care for the planet in its daily operations and processes by encompassing sustainability throughout the entire value chain, from collaborating with suppliers to managing its manufacturing activities and distributing its products to clients.

By pursuing this approach, the Group aims to monitor the environmental impacts and to

identify new and innovative initiatives to reduce them. Artsana's environmental sustainability policy is based on the following principles, which translate into long-term objectives (linked to the Sustainable Development Goals) and planned actions, the implementation of which is reported year after year in the sustainability report (see chapter 1):

- **implementing effective environmental management systems** to integrate environmental principles to assure effective monitoring, reviews and evaluation of policies, procedures, activities;
- **performing environmental risk and impact assessment** for processes and new products (e.g. lifecycle assessments);
- **adopting new technologies and business models** to assure environmental efficiency (new materials, circular economy principles, renewable energies);
- **implementing projects and initiatives aiming to reduce environmental footprint** throughout the whole value chain;
- **starting and participating in collective actions, programs and initiatives** to assure, sustain and promote environmental impact reduction and raise environmental consciousness.

Sharing the responsibility towards our planet represents and summarises Artsana's strong willingness to play an active role in preserving the environment, natural resources and ecosystems services for the well-being of future generations.



4.1 STRENGTHENING OUR PRODUCTION NETWORK

Artsana has built over the years a strong and enduring network of commercial and production units, suppliers and distribution channels.

Its production units for the baby care area consist of four manufacturing facilities located in Italy and Romania:

- the Verolanuova (Brescia) facility produces juvenile, nursing and toys products;
- the Gessate (Milan) production unit is dedicated to cosmetic products;
- the production unit located in Grandate/Casnate (Como) is specialised in natural rubber nursing products and includes a laboratory for products and prototype quality tests;
- the Botosani (Romania) production unit produces both finished products and semi-finished textile linings used in the

Verolanuova plant. This facility has a certified quality management system in place (ISO 9001:2015).

In addition, Artsana relies on three warehouses located in Italy: Casnate, which hosts the storage of raw materials and finished and semi-finished products before their international distribution, Reggio Emilia and Verolanuova, where storage of garments, shoes and juvenile products are based. In 2018, the re-shoring process, started in previous years, continued with the gradual transfer to Italy of the production of children's highchairs, Vespa branded toys, Basket League and Smart to play toys.



ITALY



Grandate (CO)

- Rubber nursing products



Gessate (MI)

- Cosmetics



Verolanuova (BS)

- Feeding and soothing
- Indoor, Outdoor and Car Safety

ROMANIA



Botosani

- Feeding and soothing
- Indoor, Outdoor and Car Safety

Inbound and outbound transportation from/to our production units and warehouses mainly occurs via **trucks and cargo ships**.

We are committed to constantly maximising the reliability and efficiency of the distribution networks and to minimising the relative costs and environmental impacts. In particular, we carefully organise our logistics with the goal of

optimising the transportation paths and number and size of the loads.

Also the distribution network from our suppliers to our production sites and from our facilities to the end consumers, is designed with the aim of minimising the potential impacts of our global network.

4.2 BOOSTING SOCIAL RESPONSIBILITY OF OUR SUPPLY CHAIN

Trust and collaboration are the foundation for long-lasting supplier relations with Artsana. The Group requires that suppliers adhere to its **Code of Ethics, which represents Artsana's ethical values and outlines the rights, duties and responsibilities that they need to maintain for a positive relationship built on responsible business management.**

The Group keeps up with key facts and trends, monitoring multiple sources of public information on human rights and health & safety at work, to adequately address them through its established ethical manufacturing program.

Through this program, Artsana exercises active monitoring and control throughout its supply chain in line with ILO conventions on Human Rights topics, including child or forced labour. Such assessments are made also through independent international auditing companies and through the adhesion to specific industries' ethical programs, such as the International Council of Toy Industries (ICTI) Ethical Toy Program and the Bangladesh Accord for the Ready-Made Garment industry.

Artsana also recognises other international programs for other product categories, such as SA8000, BSCI and SEDEX. 100% of finished product suppliers undergo a specific assessment,

which includes also the engagement of suppliers to proactively apply Artsana's conduct rules in their own supply chain.

A risk-based approach is adopted to make direct inspections also on suppliers' own supply chain, to assure the effective adoption of the conduct rules beyond Artsana's direct suppliers.

Artsana carries out social audits on suppliers located outside Italy and Europe every 2 years or, in higher risk countries from the point of view of human rights, child labour or forced labor, at least every 12 months.

In India, Pakistan, Bangladesh and Egypt, Artsana's program carries out third-party audits on building integrity and fire and electrical safety according to specific rules, which are a voluntary extension of Bangladesh Accord for the Ready-Made Garment industry rules, with a 100% audit coverage.

DID YOU KNOW?

The supply chain is one of the key areas in which companies can map, identify and mitigate human rights issues; carrying out human rights due diligence is one of the ways in which companies can be good corporate citizens. To this end, Artsana adheres to selected Human Rights initiatives, with the goal of preventing, assessing and mitigating potential risk related to human rights along its supply chain.

Since it was first established in 2013, Artsana signed the five-year Bangladesh Accord in order to contribute to the common goal of assuring a safe and healthy working environment in the Bangladeshi Ready-Made Garment (RMG) Industry.

The **Transition Accord of 2018**, which entered into effect on 1st June 2018, included more than 190 brands and retailers, together with IndustriALL Global Union and UNI Global Union, 8 industrial affiliates and 4 witness signatories. Combined, the Transition Accord of 2018 represented a **renewed agreement**.



Artsana is a member of the Ethical Toy Program of the International Council of Toy Industries (ICTI), a network with the aim of promoting toy safety standards, of reducing or eliminating barriers to trade and of spreading social responsibility in the sector with programs addressing environmental concerns, fair and lawful employment practices and workplace safety. The ICTI Ethical Toy Program covers a wide array of standards, to which factories are required to uphold, such as:



Audit Process



Business Ethics



Discrimination



Disciplinary Practices



Employee Representation



Employment Practices



Safety



Underage Labor



Environment and Chemical Safety



Modern Day Slavery



Wages



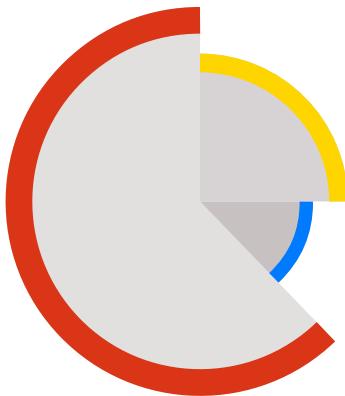
Working Hours

In 2018, the Group spent **€405.4 million on 1,825 suppliers**. Of the total purchase value, 62% was spent on suppliers of finished products, which represent only 11% of the total number of suppliers, since Artsana relies on few trustworthy and qualified suppliers for products

that are purchased and directly sold through its distribution network.

The largest number of suppliers belongs to the service provider category, on which Artsana spent 25% of the total purchased value.

PURCHASE VALUE IN 2018



- 62%** Suppliers of finished products;
- 25%** Service providers;
- 13%** Suppliers of raw materials.

NUMBER OF SUPPLIERS IN 2018



- 67%** Service providers;
- 22%** Suppliers of raw materials;
- 11%** Suppliers of finished products.

SUPPLIERS CATEGORY BY NUMBER AND BY SPENDING		UNIT	2016	2017	2018
Of finished products	suppliers (n.) suppliers (%)	183 66%	192 66%	197 62%	
Of raw materials	suppliers (n.) suppliers (%)	360 10%	390 12%	400 13%	
Of services*	suppliers (n.) suppliers (%)	1,338 23%	1,293 22%	1,228 25%	
TOTAL	suppliers (n.)	1,881	1,875	1,825	

*Only Artsana HQ suppliers are considered for services
Note: 2017 data were recalculated including Boppy Company

Artsana sells its products through several **distribution channels**, which include both direct channels with the end consumers (through its branches and its owned and franchising shops) and indirect channels (by means of intermediaries such as distributors or traders). In order to anticipate market trends and to meet its clients' needs in terms of higher

flexibility, Artsana is continuously exploring new distribution channels, optimising the efficiency of its distribution networks and leveraging the opportunities of new technologies.

The Group has indeed reinforced its e-commerce, taking it one step closer to its clients, wherever they may be.

4.3 PAYING CLOSE ATTENTION TO OUR ENVIRONMENTAL IMPACT

By evaluating performance and projecting targets, monitoring becomes an important tool for Artsana to continuously improve processes and reduce its environmental impact.

The Group pays special attention to its energy, raw materials and water usage, and implements new initiatives every year to reduce consumption and decrease the amount of emissions and waste produced.

Artsana is committed to managing its environmental impact and minimising it where possible. As a first step and proof of its responsibility to protect and safeguard

the environment, Artsana has focused its effort during recent years on implementing an **environmental management system (EMS)**, designed according to the international standard ISO 14001. This year the EMS was certified according to **ISO 14001:2015 for the Gessate unit**, with the goal to extend it next year to the Verolanuova unit. Moreover, from a continuous improvement perspective, Artsana carries out internal audits related to health, safety and environmental aspects, and it discusses the results of such audits during its monthly management meetings.

4.3.1 ENERGY CONSUMPTION AND EFFICIENCY

Artsana's **energy consumption** is mainly from electricity purchased from the national grid and from the consumption of natural gas, which is used for heating purposes in the production units and offices, and for industrial purposes in the production of steam for the production unit in Gessate. Since 2016, the energy consumption has remained constant overall (+1%).

There is a decrease of 2% in electricity consumption between 2017 and 2018, which

is mainly due to three countries: Brazil, Italy and Romania.

The reduction is mainly caused to the energy efficiency measures described below (LED Lights installation in Artsana Romania and Verolanuova, new heat pump in Gessate and trigeneration plant in Verolanuova by the end of 2018) and only to a minor extent to the reduction in the number of shops (5 in Brazil and 3 in Italy).

ENERGY CONSUMPTION	UNIT	2016	2017	2018
Energy consumption - for buildings	GJ	237,825	243,404	239,717
Of which from natural gas	GJ	115,333	121,181	120,087
Of which from diesel	GJ	6,648	6,875	6,878
Of which from LPG	GJ	132	90	89
Of which from petrol	GJ	402	431	423
Of which electricity from the national grid	GJ	115,310	114,827	112,240
Energy consumption - for Company fleet	GJ	28,520	25,878	25,409
Of which diesel vehicles	GJ	27,249	24,751	24,304
Of which gasoline vehicles	GJ	1,271	1,127	1,105
TOTAL	GJ	266,345	269,282	265,126

Tecnilatex's consumption data are included.

Data not available for 2016 and 2017 electricity consumption for Mexico.

Energy efficiency represents one of Artsana's key priorities, and for this reason Artsana monitors its energy consumption to identify and quantify improvement areas and opportunities for energy savings, and to better embed sustainability in its production processes.

In 2018, Artsana implemented several initiatives to reduce energy consumption, both in its Italian and foreign facilities. In line with the declared objectives for 2018, the Group has commissioned an energy manager who is responsible for both preventive measures to protect the environment and to monitor consumption.

Concerning Italy, one of these initiatives is the **trigeneration plant in the Verolanuova** unit, which was approved last year and was operative by December 2018. Thanks to the technology, it was possible to produce electricity, cooling and heating from the combustion of natural gas with a recovery circuit of thermal energy. Since its implementation, this initiative allowed overall savings in terms of total primary energy consumption of around 1,371 GJ in one month, due to the better mix of natural gas consumption and electric energy production. Regarding the latter, thanks to the auto-production of electric energy, 137 tons of CO₂ emissions were avoided in the same month.



The business plan for the installation of a trigeneration plant in the **Gessate** unit was also presented in 2018 and is still under evaluation. Within the **Verolanuova** unit, in Italy, the installation of **LED lights** that had initiated last year was extended in 2018 to include the facility, warehouse and logistic plants, with the idea of also extending the installation to the external area. The resulting primary energy savings for 2018 were 4,265 GJ (corresponding to **427 tons of CO₂**).

Another energy efficiency measure in the Gessate unit, is the installation of a new heat pump, which will be initiated in 2019 and enable additional energy savings for the production unit. In addition, in Artsana's effort to reduce the amount of fossil fuels consumed at the site, a feasibility study for the installation of a photovoltaic plant of approximately 12,000 square meters is currently in progress. Regarding the Casnate unit, in 2018 Artsana integrated renewable energy in the form of photovoltaic panels of about 3,000 m² on a new warehouse. Measuring consumption is one the first ways in which organisations can identify performance and determine improvement action plans.

This is why in 2018 Artsana installed **metering systems** to measure the consumption of electricity and natural gas in the **Italian facilities**, with plans to extend the installation to the Romanian facility in 2019.

The metering systems, that represent a driver for improvement actions, are positioned in strategic points to find losses and propose ad hoc solutions. Starting from next year there will be a dedicated budget to address any anomalies in consumption that have been identified through the metering data.

A similar revamping project, as implemented in the Verolanuova unit, was initiated in December 2017 at the facility located in **Romania**, which resulted in energy savings of 772 GJ (**77 tons of CO₂**) in 2018. To increase energy savings, a multi-year project was initiated for the replacement of the current equipment in the welding department.

The goal was not just linked to energy savings, but also represented an improvement in the process to reduce product waste in terms of materials, labour and energy.

4.3.2 GREENHOUSE GAS (GHG) EMISSIONS

In 2018, Artsana drafted its third carbon footprint according to the Greenhouse Gas Protocol, one of the most important internationally-recognised standards for the accounting and reporting of greenhouse gas emissions.

According to this standard, Artsana included in the calculations **direct GHG emissions (scope 1)**, related to the direct energy consumption and to the refrigerant gases refilling of air-conditioning systems, and **indirect emissions from energy purchase (scope 2)**, mainly related to electricity purchased from the national grid. In addition to these categories and on a voluntary basis, Artsana also calculated other

indirect GHG emissions (scope 3) deriving from employees' business travels by plane and train and from the logistics of its products and materials. According to this classification, detailed emissions categories have been considered in the calculation of the carbon footprint, and the related trends in the three-year period in terms of tons of CO₂ eq have been analysed.

GHG EMISSIONS	UNIT	2016	2017	2018
Direct Emissions (Scope 1)	tCO ₂ eq	10,189	9,958	9,964
emissions from fuels for heating and other purposes	tCO ₂ eq	6,838	6,978	7,094
emissions from fuels used for Company's car fleet	tCO ₂ eq	3,217	2,793	2,721
Emissions from refrigerant gases refilling of air-conditioning systems	tCO ₂ eq	134	187	149
Indirect Emissions from energy purchase (Scope 2)	tCO ₂ eq	10,991	10,935	10,672
emissions from electricity purchased from national grid (location-based approach)	tCO ₂ eq	10,991	10,935	10,672
Other indirect Emissions (Scope 3)	tCO ₂ eq	15,947	18,482	22,153
emissions from employees' business travels	tCO ₂ eq	3,311	3,437	3,389
emissions from logistics	tCO ₂ eq	12,636	15,045	18,764
TOTAL	tCO₂ eq	37,127	39,375	42,789

Scope 1 and 2 emission data include Tecnilatex's emissions.

Scope 2 emission data not available for 2016 and 2017 for Mexico. On the basis of the market-based method, our Scope 2 emissions are equal to 14,125 tons of CO₂ in 2016, 14,728 tons of CO₂ in 2017 and 14,357 tons of CO₂ in 2018.

Scope 3 emission data for travel by plane not available for 2016 for Spain, and data for travel by train not available for 2016 and 2017 for Spain.

Scope 3 emission 2016 data for logistics include only Italy and Romania and not include any commercial subsidiaries.

Scope 3 emission 2017 data for logistics include only the commercial subsidiaries located in France, Spain, Portugal and USA.

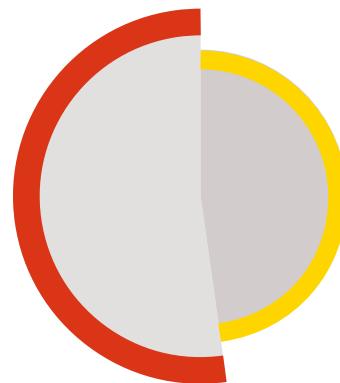
With respect to 2016, there was a reduction in the 2018 scope 1 and scope 2 emissions (respectively of -2% and -3%). With respect to 2017, the 2018 scope 1 emissions remained nearly constant, however the scope 2 emissions decreased thanks to the installation of the new trigeneration plant in Italy, and to the installation

of new energy efficient LED light fixtures at the Romania plant.

Regarding the scope 3 emissions, values increased in the reporting period between 2016 and 2018 (+17%) because of an increase in logistics due to the broadening of the reporting boundary.

Emissions resulting from logistics include inbound and outbound transportation of raw materials and finished and semi-finished products to and from Artsana's production units and warehouses. Logistic activities are completely outsourced and they are carried out mainly by trucks (51.2%) and by cargo ships (48.4%). As a result, logistics represented 44% of the total GHG emissions in 2018.

EMISSIONS FROM LOGISTICS BY MEAN OF TRANSPORT (2018 DATA)



51.2% Truck;
48.4% Ship;
0.40% Train.

4.3.3 RAW MATERIALS AND PACKAGING

Considering the variety of the production processes, the main materials Artsana uses in its production units located in Italy and in Romania, are:

- **plastics** mainly used in manufacturing activities carried out in the production unit in Verolanuova;
- **chemicals** mainly used for the production of cosmetics in the plant in Gessate;
- **metal components** needed for making products' components;
- **textiles** used in the production unit located in Romania (e.g. linings).

Furthermore, the Group outsources part of its finished products to external vendors, which always undergo a strict qualification process in order to ensure they fully meet Artsana's quality and safety requirements.

In 2018, for production purposes the Group has used about 7,500 tons of materials (-5% compared to 2016 and -9% compared to 2017), of which 4,162 tons were plastics (56%) and 2,157 tons were chemicals (29%). The decrease in 2018 has resulted from a series of improvement actions identified during monthly management meetings.

MATERIAL USED	UNIT	2016	2017	2018
Plastics	ton	4,684	5,137	4,162
Chemicals	ton	1,882	1,727	2,157
Metal components	ton	795	840	725
Textiles	ton	464	518	421
TOTAL	ton	7,824	8,222	7,465

In addition to the materials used for production purposes, Artsana used **cardboard, pallets** and other materials for the packaging of its finished products before distributing them to clients. Consistently with the decrease in production, the amount of cardboard used also shows

a decrease between 2017 and 2018 (approximately -16%). Although the quantity of pallets used shows a slight increase of 1% with respect to 2017, 95% of pallets used in 2018 in Italy were able to be recovered, avoiding unnecessary disposal.

MATERIAL USED	UNIT	2016	2017	2018
Cardboard	ton	3,957	4,431	3,736
Pallets	ton	1,684	1,512	1,526
TOTAL	ton	5,641	5,943	5,262

Packaging is becoming an increasingly important topic, and Artsana is looking beyond products to address the environmental impact and footprint of its packaging and communication materials. This is why Artsana started implementing **FSC (Forest Stewardship Council)** certified product labels and tags limited to some of the fashion sector collections with the plan to extend the initiative to other areas as well. Additionally, Artsana's new brand Goovi has implemented **FSC certified packaging** for all

its products, maintaining its responsibility to reduce its environmental impact and preserve natural resources.

Moreover, in order to reduce the material used and thus improve its environmental performance in the production units, offices and shops, Artsana has initiated a dematerialisation process, where possible, by shifting towards the use of digital documents and tools.

DID YOU KNOW?

In collaboration with Bocconi University, Artsana performed in 2018 a **Life Cycle Assessment (LCA)** to determine the environmental footprint associated with the production of different types of packaging. The potential environmental impacts considered the entire life cycle of the product, from "cradle to grave", and covered each phase of the product's useful life, from design to acquisition of raw materials, from manufacturing to sale, up to the disposal, including the logistics component in each of these phases, such as transportation.

The objective of the LCA was to quantify and compare, from a **cradle to grave** perspective, the environmental performance factors associated with the life cycle of different variations of the

500ml "Baby Moments" HDPE (high-density polyethylene) bottle and the Fiocchi di Riso case for "Talc Not Talc". The results of the LCA showed Artsana where improvements could be made to reduce the environmental footprint of those two models. For example, the weight of the Baby Moments HDPE bottle has been reduced, thus allowing Artsana a reduction up to 8% in multiple environmental impact categories, such as carbon footprint, ozone depletion, and water use depletion.

This analysis shows that Artsana is working in the right direction and that it will be valuable to continue mapping its environmental impacts with respect to product packaging as well as identifying ways to **improve** their **environmental performance**.



4.3.4 WATER CONSUMPTION, DISCHARGE AND WASTE MANAGEMENT

The Group monitors its water consumption and discharge in its production units to provide valuable insight on its targets and on elements for improvement. Additionally, Artsana monitors the production of waste deriving from its processes to indicate its performance in terms of efficiently using resources and directing any waste produced to minimise the environmental impact.

From all four production units, the Gessate plant consumed the most amount of water, which was mainly dedicated to the production of cosmetic products. The total **water consumption in 2018** of the four production units, which is entirely ground water and third-party water, decreased between 2017 and 2018 (-4%) as a result of a decrease in manufacturing activities. However, the increase in 2018 of ground water

consumption is primarily due to the Verolanuova plant which produces plastics. Artsana is committed to reduce its water consumption and conserve natural resources, which is why the results of the LCA assessment on certain plastic bottles will support it in identifying various ways in which innovation in design can be leveraged to reduce the environmental impact related to water use.

WATER CONSUMPTION	UNIT	2016	2017	2018
Total water consumption	m ³	73,302	84,594	81,452
Of which from ground water	m ³	1,371	3,426	5,608
Of which third-party water	m ³	71,931	81,168	75,844

The boundary only includes the four production units located in Verolanuova, Gessate and Grandate/Casnate (Italy) and Botosani (Romania).

The only production unit with industrial **water discharges** was Gessate, which is directly related to the manufacturing of cosmetics. According to the environmental authorisation (AUA - Autorizzazione Unica Ambientale) obtained by this unit in compliance with Italian regulations, Artsana constantly monitors the

quality of discharged water, with specific tests that consider parameters such as pH and COD (Chemical Oxygen Demand). In addition, to reduce the wastewater sent to disposal, this production unit is equipped with a wastewater treatment system that guarantees purified water.

WATER DISCHARGED	UNIT	2016	2017	2018
Total water discharged	m ³	2,985	3,086	3,288
Of which third-party water	m ³	2,985	3,086	3,288

The boundary only includes the four production units located in Verolanuova, Gessate and Grandate/Casnate (Italy) and Botosani (Romania).

The results related to its **waste production and management** activities are monitored during monthly management meetings, in order to address improving actions. The waste produced by the industrial processes is mainly

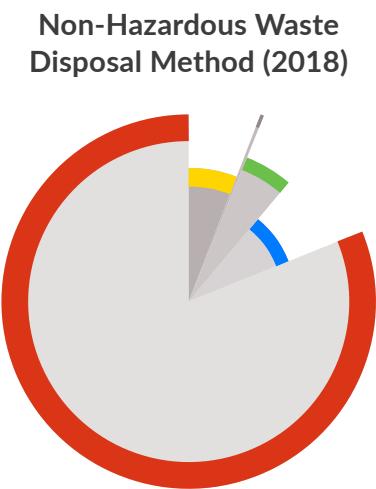
non-hazardous (95% of the total amount of waste produced in 2018). In line with the other environmental performance indicators, the decrease in waste production is mainly due to the decrease in manufacturing activities.

WASTE PRODUCTION	UNIT	2016	2017	2018
Hazardous waste	ton	177	162	154
Non-hazardous waste	ton	3,593	3,363	2,959
Total waste	ton	3,770	3,525	3,112

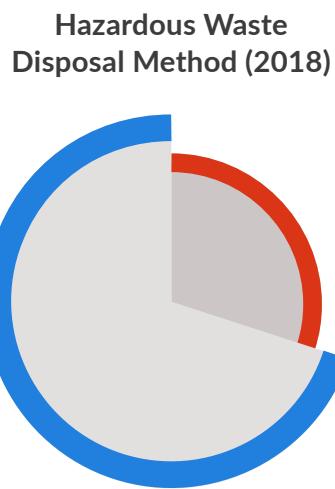
The boundary only includes the four production units located in Verolanuova, Gessate and Grandate/Casnate (Italy) and Botosani (Romania).

To achieve the goal of reducing its environmental impact and thanks to its accurate waste management activities, in 2018 Artsana succeeded in sending a very high percentage of

non-hazardous waste to recovery (81%) which also includes energy recovery. Additionally, regarding hazardous-waste it was able to achieve a 30% rate of recovery.



81% Recovery;
8% Landfill;
6% Recycling;
5% Other;
0.2% Reuse.



70% Landfill;
30% Recovery.



5.

Methodological note

Artsana's Sustainability Report has been prepared in accordance with the GRI Standards: Core option. The contents of this report reflect the results of the materiality analysis, as required by GRI Standards and described in Chapter 1.

Artsana has mapped the links between its material issues and the related GRI Standards topics and identified the reporting boundaries for each material topic, i.e. the impacts generated both within and outside the Group.

The economic performance is related to the whole Artsana Group, while the social and environmental information refers to the baby care area, represented by the brands Chicco, NeoBaby, Boppy, Fiocchi di Riso, and Goovi and comprise data related to:

- the production sites located in Italy and Romania;
- the Italian owned shops;
- the headquarters located in Grandate (Como);
- the commercial subsidiaries in Argentina, Belgium, Brazil, China, France, Germany, India, Mexico, Poland, Portugal, Romania, Russia, Spain, Switzerland, Turkey, UK and the USA.

Any exceptions to the reporting boundary are indicated in the text.





OUR MATERIAL ASPECTS	GRI MATERIAL TOPICS	ASPECT BOUNDARY	
		Within the organization	Outside the organization
Affordability and fair pricing	Economic performance	Artsana Group	-
Anti-corruption and business ethics	Anti-corruption	Artsana Group	-
Compliance with laws and regulations	Socio-economic compliance Environmental compliance	Artsana Group	-
Consumer centrality	-	Artsana Group	-
Diversity and equal opportunities	Diversity and Equal Opportunity	Artsana Group	-
Employee care (includes employee training)	Employment Training and Education Diversity and Equal Opportunity	Artsana Group	-
Energy efficiency and climate change	Energy Emissions	Artsana Group	Suppliers
Evolution of distribution channels	-	Artsana Group	-
Respect for human rights	Child Labor Forced or Compulsory Labor Human rights assessment	-	Suppliers
Innovation, research and development	-	Artsana Group	-
Occupational Health and Safety	Occupational Health and Safety	Artsana Group	Suppliers
Environmental impact of products	Materials Energy Water Effluents and waste Emissions	Artsana Group	Final consumers Suppliers
Product responsible communication	Marketing and Labeling	Artsana Group	-
Product social responsibility	Marketing and Labeling	Artsana Group	-
Product quality and safety	Customer Health and Safety	Artsana Group	-
Responsible supply chain	Supplier Environmental Assessment Human Rights Assessment Supplier Social Assessment	Artsana Group	Suppliers
Social initiatives	-	Artsana Group	-
Use of raw materials	Materials	Artsana Group	Suppliers

GHG emissions are the only impact incurred outside the organizational boundary that is quantitatively described in this report. In the coming years Artsana is committed to improving the reporting of quantitative information considering also external boundaries.

5.1 GHG CALCULATION METHODOLOGIES

In order to calculate GHG indicators included in our Sustainability Report, we have used the methodologies and assumptions described in this section.

Conversion factors used in emissions calculations:

Fuel density	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2018, 2017 and 2016
LCV (Lower Calorific Value)	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2018, 2017 and 2016

Greenhouse gas emissions calculations have been carried out based on principles included in the GHG Protocol Corporate Accounting and Reporting Standard.

GHG EMISSIONS SCOPE 1			
SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Diesel, natural gas and LPG for heating and other purposes	Fuel consumption	MATTM (Ministero dell'Ambiente e della Tutela del Territorio e del Mare), Tabella parametri standard nazionali, 2016, 2017, 2018	Only CO ₂ emissions were considered
Company's car fleet	Fuel consumption	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2018, 2017 and 2016	Only CO ₂ emissions were considered
Leakages from air-conditioning systems of refrigerant gases	Leakage	-	Global Warming Potentials (GWPs) are taken from IPCC Fifth Assessment Report (AR5).

GHG EMISSIONS SCOPE 2			
SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Electricity purchased from national grid – location-based method	Electricity consumption	Terna, Confronti Internazionali, 2016 (Total gross production)	Only CO ₂ emissions were considered
Electricity purchased from national grid – market-based method	Electricity consumption	For European countries: AIB - European Residual Mixes, 2016 and 2017 For non-European Countries: Terna, Confronti Internazionali, 2016 (Total gross production) For USA: Green-e Energy Residual Mix	Only CO ₂ emissions were considered

GHG EMISSIONS SCOPE 3			
SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Business travels by air	Distance per passenger	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors 2018 - Full set, 2018, 2017, 2016	GWPs are taken from IPCC Fourth Assessment Report (AR4).
Business travels by train	Distance per passenger	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors 2018 - Full set, 2018, 2017, 2016	Only CO ₂ emissions were considered
Logistics (trucks, train and cargo ships)	Distance/Distance per weight transported	DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors 2018 - Full set, 2018, 2017, 2016	GWPs are taken from IPCC Fourth Assessment Report (AR4).

5.2 CONTACTS

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APPENDIX

HIRINGS	2016	2017	2018
WOMEN	13%	16%	13%
MEN	6%	7%	5%
Less than 30 years old	9%	12%	9%
From 30 to 50 years old	10%	10%	8%
More than 50 years old	0%	1%	0%
 ARGENTINA	0%	0%	0%
 BELGIUM	0%	0%	0%
 BRAZIL	1%	0%	1%
 CHINA	1%	1%	1%
 FRANCE	0%	0%	0%
 GERMANY	0%	0%	0%
 INDIA	1%	1%	2%
 ITALY	2%	3%	2%
 MEXICO	1%	0%	0%
 POLAND	0%	0%	0%
 PORTUGAL	3%	3%	3%
 ROMANIA	8%	10%	3%
 RUSSIA	0%	0%	0%
 SPAIN	1%	2%	2%
 SWITZERLAND	0%	0%	0%
 TURKEY	2%	2%	1%
 UK	0%	0%	0%
 USA	0%	0%	0%
TOTAL	19%	23%	17%

TERMINATIONS	2016	2017	2018
WOMEN	14%	16%	16%
MEN	5%	7%	6%
Less than 30 years old	9%	10%	10%
From 30 to 50 years old	9%	11%	11%
More than 50 years old	2%	2%	2%
 ARGENTINA	0%	0%	0%
 BELGIUM	0%	0%	0%
 BRAZIL	1%	1%	1%
 CHINA	1%	1%	1%
 FRANCE	0%	1%	0%
 GERMANY	0%	0%	0%
 INDIA	0%	1%	1%
 ITALY	3%	4%	3%
 MEXICO	2%	1%	1%
 POLAND	0%	0%	0%
 PORTUGAL	3%	3%	3%
 ROMANIA	7%	9%	7%
 RUSSIA	0%	0%	0%
 SPAIN	1%	2%	2%
 SWITZERLAND	0%	0%	0%
 TURKEY	2%	1%	1%
 UK	0%	0%	0%
 USA	0%	0%	0%
TOTAL	20%	24%	22%

Note:

2016 and 2017 Hiring and Terminations data for Argentina were not available.

2017 data excludes 140 people working in the Pikedare division in Artsana HQ in Italy, considered in 2016 total workforce.
2018 data exclude 25 people working in the Pikedare division in Artsana France, considered in 2017 total workforce.

2018 figures for work-related injuries: By region

2018		Number of Injuries	Injury rate	Lost day rate	Absentee rate	Occupational Disease rate	Work-related fatalities
	ARGENTINA	1	-	0.8	2.1%	0%	0
	BELGIUM	0	0	0	1.3%	0%	0
	BRAZIL	2	6.7	1.5	6.2%	0%	0
	CHINA	0	0	0	8.6%	0%	0
	FRANCE	0	0	0	9.8%	0%	0
	GERMANY	0	0	0	8.3%	0%	0
	INDIA	0	0	0	2.0%	0%	0
	ITALY	4	2.2	0.2	6.3%	0%	0
	MEXICO	0	0	0	0.1%	0%	0
	POLAND	0	0	0	6.2%	0%	0
	PORTUGAL	16	20.5	2.0	4.9%	0%	0
	ROMANIA	0	0	0	12.3%	0%	0
	RUSSIA	0	0	0	1.8%	0%	0
	SPAIN	13	35.0	1.4	13.1%	0%	0
	SWITZERLAND	0	0	0	2.4%	0%	0
	TURKEY	0	0	0	1.0%	0%	0
	UK	0	0	0	0.2%	0%	0
	USA	0	0	0	0.7%	0%	0
TOTAL		36	6.0	0.2	3.3%	0%	0

Data for Boppy (USA), excluding Artsana USA, not available due to privacy and internal rules.

2018 figures for work-related injuries: By gender

2018	Injuries	Injury rate	Lost day rate	Absentee rate	Occupational Disease rate	Work-related fatalities
UNIT	n.	n.	n.	%	%	n.
WOMEN	10	5.3	0.2	2.8%	0%	0
MEN	26	6.4	0.2	3.6%	0%	0
TOTAL	36	6.0	0.2	3.3%	0%	0

6. GRI CONTENT INDEX (WITH REFERENCE TO UNGC)



GRI Standard	Disclosure	Paragraph
GRI 101: Foundation 2016 General Disclosures		
ORGANIZATIONAL PROFILE		
GRI 102: General Disclosures 2016	102-1 Name of the organization	1.1 The Group as of today
	102-2 Activities, brands, products, and services	1. 60 Years between Passion and Innovation 1.1 The Group as of today 1.1.1 Our brands
	102-3 Location of headquarters	1.2.3 Scope of the report 5.2 Contacts
	102-4 Location of operations	1.1.2 Our market presence
	102-5 Ownership and legal form	1.1 The Group as of today
	102-6 Markets served	1.1.2 Our market presence
	102-7 Scale of the organization	Our sustainability highlights
	102-8 Information on employees and other workers	3. Sharing the journey with our people
	102-9 Supply chain	4.2 Boosting social responsibility of our supply chain
	102-10 Significant changes to the organization and its supply chain	1.1 The Group as of today 4.2 Boosting social responsibility of our supply chain
	102-11 Precautionary Principle or approach	1.2 Our sustainability journey

102-12 External initiatives	2.4	Close to our communities
102-13 Membership of associations	1.2.1 2.2	Our strategy Our commitment to quality, safety and design
STRATEGY		
102-14 Statement from senior decision-maker		CEO Message
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behavior	1.2.1	Our strategy
GOVERNANCE		
102-18 Governance structure	1.1.2	Our market presence
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	1.2.2	Our stakeholders
102-41 Collective bargaining agreements	3.	Sharing the journey with our people
102-42 Identifying and selecting stakeholders	1.2.2	Our stakeholders
102-43 Approach to stakeholder engagement	1.2.2	Our stakeholders
102-44 Key topics and concerns raised	1.2.4	Material topics
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	1.2.3 5.	Scope of the report Methodological note
102-46 Defining report content and topic Boundaries	5.	Methodological note
102-47 List of material topics	1.2.4 5.	Material topics Methodological note
102-48 Restatements of information	The reporting scope has been changed since last year's report thus 2016 and 2017 data have been updated consequently. Any exceptions are indicated in the text.	
102-49 Changes in reporting	The reporting scope has been widened from last year, considering not only Italy, Romania, France, Spain, Portugal and USA but also commercial subsidiaries in Argentina, Belgium, Brazil, China, Germany, India, Mexico, Poland, Russia, Switzerland, Turkey, UK, and Boppy in USA.	
102-50 Reporting period	1.2.3	Scope of the report
102-51 Date of most recent report	2017 Sustainability Report	
102-52 Reporting cycle	Annual	
102-53 Contact point for questions regarding the report	5.2	Contacts
102-54 Claims of reporting in accordance with the GRI Standards	5.	Methodological note
102-55 GRI content index	6.	GRI Content Index
102-56 External assurance	This report is not subject to external assurance.	



GRI Standard	Disclosure	Paragraph	Omission/Note
Material Topics GRI 200 Economic Standard Series			
ECONOMIC PERFORMANCE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.1.2	Our market presence
	103-3 Evaluation of the management approach	1.1.2	Our market presence
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	1.1.2	Our market presence
ANTI-CORRUPTION			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.2.1	Our strategy
	103-3 Evaluation of the management approach	1.1.2	Our market presence - Corporate Governance
GRI 103: Management Approach 2016	205-3 Confirmed incidents of corruption and actions taken	----	<p>During the reporting period, the Company did not register any confirmed incident:</p> <ul style="list-style-type: none"> • of corruption; • in which employees were dismissed or disciplined for corruption; • when contracts with business partners were terminated or not renewed due to violations related to corruption. <p>The Company did not register any public legal cases regarding corruption brought against the organization or its employees.</p>
GRI 300 Environmental Standards Series			
MATERIALS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.1.2	Our market presence
	103-3 Evaluation of the management approach	4.3.3	Raw materials and packaging
GRI 301: Materials 2016	301-1 Materials used by weight or volume	4.3.3	Raw materials and packaging

GRI Standard	Disclosure	Paragraph	Omission/Note
ENERGY			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.3.1	Energy consumption and efficiency
	103-3 Evaluation of the management approach	4.3.1	Energy consumption and efficiency
GRI 302: Energy 2016	302-1 Energy consumption within the organization	4.3.1	Energy consumption and efficiency No renewable energy consumed.
WATER			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.3.4	Water consumption, discharge and waste management
	103-3 Evaluation of the management approach	4.3.4	Water consumption, discharge and waste management
GRI 303: Water 2016	303-1 Water withdrawal by source	4.3.4	Water consumption, discharge and waste management
EFFLUENTS AND WASTE			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.3.4	Water consumption, discharge and waste management
	103-3 Evaluation of the management approach	4.3.4	Water consumption, discharge and waste management
GRI 303: Effluents and Waste 2016	306-2 Waste by type and disposal method	4.3.4	Water consumption, discharge and waste management
EMISSIONS			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.3.2	Greenhouse gas emissions

GRI Standard	Disclosure		Paragraph	Omission/Note
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3.2	Greenhouse gas emissions
	305-2	Energy indirect (Scope 2) GHG emissions	4.3.2	Greenhouse gas emissions
	305-3	Other indirect (Scope 3) GHG emissions	4.3.2	Greenhouse gas emissions
 ENVIRONMENTAL COMPLIANCE				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2	The management approach and its components	1.2.1	Our strategy
	103-3	Evaluation of the management approach	1.2.1	Our strategy
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	-	We have not identified any non-compliance with environmental laws and regulations.
 SUPPLIER ENVIRONMENTAL ASSESSMENT				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2	The management approach and its components	4.2	Boosting social responsibility of our supply chain
	103-3	Evaluation of the management approach	4.2	Boosting social responsibility of our supply chain
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	4.2	Boosting social responsibility of our supply chain 100% finished product suppliers are screened using environmental criteria (27 out of 197 are new suppliers).
 EMPLOYMENT				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2	The management approach and its components	3	Sharing the journey with our people
	103-3	Evaluation of the management approach	3	Sharing the journey with our people
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	3 Appendix	Sharing the journey with our people

GRI Standard	Disclosure	Paragraph	Omission/Note
GRI 400 Social Standards Series			



OCCUPATIONAL HEALTH AND SAFETY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	3.4	Creating a culture for a safe and healthy work environment
	103-3 Evaluation of the management approach	3.4	Creating a culture for a safe and healthy work environment
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	3.4	Creating a culture for a safe and healthy work environment Appendix
			Health and safety rates for workers not available.



TRAINING AND EDUCATION

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	3.1	Enhancing our People
	103-3 Evaluation of the management approach	3.1	Enhancing our People
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	3.1	Enhancing our People



DIVERSITY AND EQUAL OPPORTUNITY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.2.1 3	Our strategy Sharing the journey with our people
	103-3 Evaluation of the management approach	1.2.1 3	Our strategy Sharing the journey with our people
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	1.1.2 1.2.1 3	Our market presence Our strategy Sharing the journey with our people

GRI Standard	Disclosure	Paragraph	Omission/Note
CHILD LABOR			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.2.1 4.2	Our strategy Boosting social responsibility of our supply chain
	103-3 Evaluation of the management approach	1.2.1 4.2	Our strategy Boosting social responsibility of our supply chain
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	1.2.1 4.2	Our strategy Boosting social responsibility of our supply chain
FORCED OR COMPULSORY LABOR			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.2.1 4.2	Our strategy Boosting social responsibility of our supply chain
	103-3 Evaluation of the management approach	1.2.1 4.2	Our strategy Boosting social responsibility of our supply chain
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	1.2.1 4.2	Our strategy Boosting social responsibility of our supply chain
HUMAN RIGHTS ASSESSMENT			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.2	Boosting social responsibility of our supply chain
	103-3 Evaluation of the management approach	4.2	Boosting social responsibility of our supply chain
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	4.2	All 197 finished product suppliers have been subjected to human rights reviews (11% of the total number of suppliers, corresponding to 62% of the total amount spent on suppliers).

GRI Standard	Disclosure	Paragraph	Omission/Note



SUPPLIER SOCIAL ASSESSMENT

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.2	Boosting social responsibility of our supply chain
	103-3 Evaluation of the management approach	4.2	Boosting social responsibility of our supply chain
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	4.2	Boosting social responsibility of our supply chain
			100% finished product suppliers are screened using social criteria (27 out of 197 are new suppliers).

CUSTOMER HEALTH AND SAFETY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	2.2	Our commitment to quality, safety and design
	103-3 Evaluation of the management approach	2.2	Our commitment to quality, safety and design
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	2.2	Our commitment to quality, safety and design
			Confidentiality constraints: sensitive information for the business, only qualitative information reported.

MARKETING AND LABELING

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	2.2	Our commitment to quality, safety and design
	103-3 Evaluation of the management approach	2.2	Our commitment to quality, safety and design
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	2.2	Our commitment to quality, safety and design
			Only qualitative information reported.

SOCIO-ECONOMIC COMPLIANCE

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	1.2.1	Our strategy
	103-3 Evaluation of the management approach	1.2.1	Our strategy
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	-	We have not identified any significant non-compliance with laws and regulations related to social and economic area.

GRI Standard	Disclosure	Paragraph	Omission/Note

CONSUMER CENTRALITY

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	2.	Sharing experiences
	103-3 Evaluation of the management approach	2.	Sharing experiences

EVOLUTION OF DISTRIBUTION CHANNELS

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	4.2	Boosting social responsibility of our supply chain
	103-3 Evaluation of the management approach	4.2	Boosting social responsibility of our supply chain

INNOVATION, RESEARCH AND DEVELOPMENT

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	2.1	Growing together
	103-3 Evaluation of the management approach	2.1	Growing together

SOCIAL INITIATIVES

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	1.2.4 5.	Material topics Methodological note
	103-2 The management approach and its components	2.4	Close to our communities
	103-3 Evaluation of the management approach	2.4	Close to our communities

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