

BRANDART

PACKAGING AND DISPLAY

SUSTAINABILITY REPORT 2018



Letter to stakeholders

BRANDART is a leading packaging company driven by integrity and innovation.

In the last years, we have been developing advanced packaging products bearing constantly in mind the objective of causing the less harm possible to the environment while improving our community's wellbeing. Due to these reasons, we introduce our first sustainability report as a way of sharing BRANDART's prior commitment and future goals to achieve for the next years to come.

Since 2009, we have been working hard to adopt an integrated management system in compliance with ISO 9001, ISO 14001, SA8000, FSC and GOTS standards. Going forward in our journey towards a more sustainable and responsible business, we will continue to invest on innovating our company through R&D, sustainable technologies and people's training to enhance growth making sure that excellence perdures as part of our DNA for future generations.

BRANDART strongly believes and supports our society's concern to environmental causes. Therefore, in 2018, we decided to support the UN Global Compact and contribute to the United Nations' SDGs as well as sharing our sustainability commitment to our stakeholders and partners.

Supported by a new R&D and innovation hub, a stronger process of partners' engagement and an advanced supply chain's control, we are reengineering our products in terms of design, materials utilized and end-of-life processing to set-up the conditions for an almost complete fit within the circular economy; hence, reducing the utilization of raw materials and waste generation.

Nowadays, we face the challenge to continue our growth and innovation process in a highly competitive and price sensitive market while keeping people and the environment at the center of our strategy. We are devoted to this cause. Due to this solid mindset, we will keep focusing our energies on researching new technologies, processes and sustainable innovation to be our customers' one-stop-shop for all packaging and display solutions.

Our 2018 Sustainability Report will walk you through this incredible journey.

Maurizio Sedgh, CEO

Introduction: Methodological notes

The 2018 report is the first Sustainability Report in BRANDART's history, and represents the main way to communicate the Company commitment along its path to sustainability.

This report covers the activities and the related impacts of BRANDART S.r.l. in its 3 facilities located in Busto Arsizio (VA) – Italy. The exclusion of any geographical area, Group company, or specific site from the scope of reporting is due to the difficulty of obtaining data of satisfactory quality, or to their immateriality in relation to the Group as a whole, as may be the case for newly-acquired entities or production activities that are not yet fully operational. Omission of data or any significant deviation is appropriately indicated and explained; the calculation methods and units of measurement are indicated where appropriate, and any estimates are mentioned as well.

This report will be updated and communicated to stakeholders on an yearly basis.

Unless otherwise stated in the text, the reporting period of this Sustainability Report covers information and data for calendar year 2018 (from January 1st 2018 to December 31st 2018). As this is BRANDART's first Sustainability Report there is no need of any restatement or changes in this report.

BRANDART issued this document in compliance with the GRI Standard, in its current version ⁽¹⁾, and follows the core option.

For any claims connected to this Sustainability Report, please contact Etienne Carnaghi, BRANDART's CSR, Sustainability Manager and Deputy General Manager, by phone at +39 347 1438161, or by email at etienne.carnaghi@brandart.com.

The complete review of the annual Sustainability Report is made by the entire Executive Committee, including the CEO, where all the executive officers check the contents with a specific focus on the material topics covered by their position in the Organization. The CEO finally approves the Sustainability Report and ensures that all material topics are adequately covered and reported.

This Sustainability Report is certified by the independent certifying agency SGS Italia S.p.a. in compliance with the GRI Standards: Core Option reporting model. SGS has verified the accuracy and reliability of both the primary data and the aggregated data, the consistency and accuracy of the statements made and the overall compliance of the document with the model indicated, as stated in the letter below.

SGS Italia S.p.A. was commissioned by the Management of BRANDART IMAGE PACKAGING S.R.L. to undertake an independent assurance of the Company's Annual Report 2018 (the 'Report') in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the GRI - Global Reporting Initiative (hereinafter the "GRI Standards").

Our responsibility in conducting the work commissioned from us, in accordance with the term of reference agreed on with the Organization, is solely towards the management of BRANDART IMAGE PACKAGING.

This Independent Assurance Statement is intended exclusively for BRANDART IMAGE PACKAGING stakeholders and is not intended and should not be used by anyone other than this specified parties.

RESPONSIBILITY OF THE DIRECTORS FOR THE REPORT

The Directors are responsible for preparing the Report in compliance with the "GRI Standards" guideline, and for that part of internal control that they consider necessary to prepare Sustainability Report that is free from material misstatement, whether due to fraud or unintentional behaviours or events. The Directors are also responsible for defining the sustainability performance targets of BRANDART IMAGE PACKAGING, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

SGS Italia S.p.A. expressly disclaims any liability or co-responsibility in the preparation of any of the material included in this document or in the process of collection and treatment of the data therein.

INDEPENDENCE OF THE AUDITORS AND QUALITY CONTROL

SGS Italia S.p.A. SGS affirms its independence from BRANDART IMAGE PACKAGING, being free from bias and conflict of interests with the Organization, its subsidiaries and stakeholders.

SGS Italia S.p.A. maintains an overall quality control system that includes directives and procedures on the compliance with the ethical principles and with the professional principles.

AUDITOR'S RESPONSABILITY

The responsibility of SGS Italia S.p.A. is to express an opinion concerning the reliability and accuracy of the information, data and statements contained in the 2018 Sustainability Report and to assess the compliance of Report with the reference requirements, within the below mentioned assurance scope, with the purpose to inform all Interested Parties.

The scope of the work agreed on with BRANDART IMAGE PACKAGING included the following aspects:

- Analysis, according to Limited Assurance Engagement, of the business and data on sustainability, for the period January 2018 to December 2018, as contained in the Report
- Assessment of the reporting standards referred to in the GRI Standards guideline, in accordance with the "Core" option.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000), issued by the IAASB (International Auditing and Assurance Standards Board) for limited assurance engagements. The standard requires that we comply with applicable ethical requirements, including professional independence, and that we plan and perform our work to obtain limited assurance that the Report is free from material misstatement.

ASSURANCE METHODOLOGY

The procedures we performed consisted in verifying the compliance of the Report with the principles for defining the content and the quality of a sustainability report set out in the GRI Standards and are summarized as follows:

- analysing, through inquiries, the governance system and the process for managing the sustainability issues relating to the Group's strategy and operations;
- analysing the process aimed at defining the significant reporting areas to be disclosed in the Report (materiality analysis), with reference to the methods for their identification, in terms of priority for the various stakeholders, as well as the internal validation of the process findings;
- analysing the internal consistency of the qualitative information described in the Report and analysing the processes underlying the generation, recording and management of quantitative data included in the Report. In detail, we carried out:
 - meetings and interviews with management BRANDART IMAGE PACKAGING to achieve a general understanding of the information, accounting and reporting systems in use to prepare the Report, as well as of the internal control processes and procedures supporting the collection, aggregation, processing and submission of the information to the function responsible for the Report preparation;
 - a sample-based analysis of the documents supporting the preparation of the Report, in order to obtain evidence of the reliability of processes in place and of the internal control system underlying the treatment of the information relating to the objectives disclosed in the Report;

The audit team was assembled based on their technical know-how, experience and qualification of each member in relation to the various dimensions assessed.

Audit activities were carried out during July 2019 at the Head Quarters in Busto Arsizio (VA)-

LIMITATIONS

Economic and financial data contained in the Consolidated Financial Statements at 31 December 2018, included in the Sustainability Report, have not been audited by SGS.

CONCLUSIONS

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report as of 31 December 2018 of BRANDART IMAGE PACKAGING S.R.L. has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in the Sustainability Report.

Milan, 29th July 2019

SGS Italia S.p.A.

Paola Santarelli
Certification & Business Enhancement
Business Manager



M. Laura Ligi
Certification & Business Enhancement
Project Leader



Stakeholders engagement and materiality analysis

To define the material topics to be included in its Sustainability Report, BRANDART started from the GRI suggested ones and considered its governance approach, its activities and its social, environmental and economic main impacts, evaluating their relevance towards the Company's goals and the expectations and interests of its stakeholders.

BRANDART firstly involved its internal stakeholders (i.e. the employees) through interviews and questionnaires, by selecting representatives of all main functions and departments.

The Senior Management then identified the main external stakeholders to be engaged within the following groups.

Certification Bodies	Packaging suppliers
Customers	Local community
Trade associations	General suppliers
Logistic suppliers	Training institutions
Banks and insurance companies	ICT suppliers
Branch companies	Job agencies

Stakeholders engagement and materiality analysis

Some of the previously mentioned external stakeholders were directly involved in the materiality analysis. Those with a stronger business relationship with BRANDART and that showed a greater attention to sustainability topics were selected. BRANDART asked them to complete its Materiality Questionnaire.

In other cases the opinion of external stakeholders was expressed by groups of employees selected as the most suitable to represent them (i.e. corporate functions) since they manage stakeholders relations on a daily basis.

For this first report BRANDART decided not to directly involve customers, but to apply the survey on their behalf through corporate functions.

The purpose of the survey was to acquire the stakeholders' opinion about a wide list of sustainability topics and to highlight in which of them they are more interested.

Surveyed parties had to classify the importance of listed topics with a scale from 1 (not important) to 5 (fundamental), according to their business experience with BRANDART.

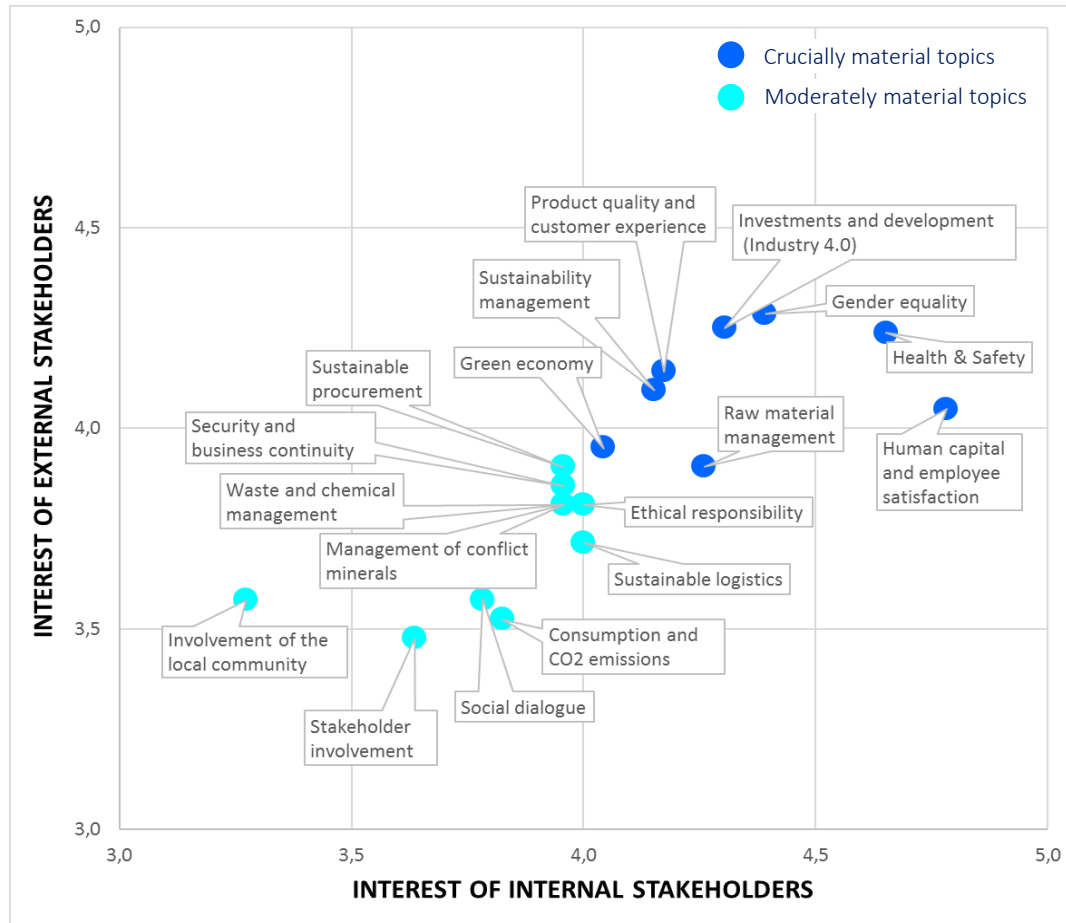
The results of the materiality analysis were then reviewed and approved by BRANDART's Senior Management, to verify their coherence with the areas of focus that guide the Company's strategy when making day-to-day business decisions.

Roadmap 2019

- Directly involve all the key external stakeholders that represent BRANDART's chain of value on a yearly basis, to achieve a deeper engagement and a more consistent contribution to the analysis, also through specific personalized questionnaires, meetings and discussion groups
- Improve the involvement of internal stakeholders with a more detailed survey

Materiality analysis

Materiality matrix



The survey results proved that external stakeholders' interests regarding surveyed topics are generally aligned with those of internal stakeholders.

Slight differences were identified in relation to the relationship with local communities, for which internal stakeholders have less interest, and health and safety, human capital and employees satisfaction, for which the interest of internal stakeholders is higher than this of external stakeholders.

Areas of greater interest are in general aligned with Senior Management awareness, ongoing and planned activities, and roadmaps for the next years.

According to the Materiality Matrix, topics were grouped into:

- **crucially material:** rating above 4 for either internal or external stakeholders
- **moderately material:** rating below or equal to 4 for either internal or external stakeholders

The limit set to 4 represents the average value of the average ratings of internal and external stakeholders.

Material topics

Crucially material topics

- **Investments and development:** Invest in research and innovation of materials, products, production processes and services provided
- **Raw material management:** Select raw materials with the aim of reducing the relative environmental impacts, introducing sustainable and eco-friendly materials and solutions
- **Human capital and employees' satisfaction:** Adopt welfare initiatives, work-life balance, remuneration and professional growth policies. Promote training and involvement. Ensure that working conditions comply with national legal and regulatory provisions and are consistent with applicable international labor standards
- **Health & Safety:** Adopt all the necessary measures for the prevention of accidents and accidents at work, in terms of machinery, spaces, training and involvement
- **Gender equality:** Guarantee and pursue gender equality and the absence of discrimination and unfair economic treatment of employees
- **Product quality and customer experience:** Implement systems and processes for a constant increase in product quality and in the overall experience of purchasing and customer relations
- **Green economy:** Adopt strategies aimed at reducing the environmental impact of products and services
- **Sustainability management:** Manage the company while considering economic, social and environmental issues, with a long-term vision



Material topics

Moderately material topics

- **Sustainable procurement:** Make use of a supply chain that is sensitive to the issues of corporate social and environmental responsibility, favoring the selection of local suppliers. Integrate sustainability principles into the entire procurement process, selecting and monitoring suppliers through environmental, social and economic criteria
- **Ethical responsibility:** Include the application of the principles and practices of social responsibility within corporate decision-making processes
- **Waste and chemical management:** Promote and encourage solutions for the reduction of corporate waste and the increase in the reuse or recovery of waste materials. Choice and management of chemical substances to minimize their use and the risk of dispersion.
- **Sustainable logistics:** Optimize logistic strategies with reference to support sites, routes, choice of sustainable partners and evaluation of alternative transport systems, in order to reduce the impact in terms of CO₂ emissions
- **Management of conflict minerals:** Take all necessary measures to avoid that BRANDART products contain minerals from countries affected by conflicts or widespread human rights violations
- **Security and business continuity:** Invest in the development and use of data protection and business continuity guarantee systems (i.e. disaster recovery or business backup techniques)
- **Stakeholder involvement:** Involve the main internal and external stakeholders in the organization's strategic choices regarding business, development and market positioning
- **Involvement of the local community:** Involve local communities, also through dedicated initiatives, to encourage their participation, development and awareness of sustainability issues
- **Consumption and CO₂ emissions:** Implement energy efficiency projects and optimization of corporate consumption, also through the involvement of employees, with the objective of reducing energy consumption and CO₂ emissions
- **Social dialogue:** Recognize the importance of social dialogue institutions, both at local and international level, and collective bargaining structures, guaranteeing to employees the opportunity of joining them. Consult representative groups of the local community and join associations, to align corporate priorities with public ones

Since no topic has been evaluated by stakeholders as "not important", BRANDART mainly focused on crucially material topics in this Sustainability Report, moderately material topics are also mentioned and explained.

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Our Company

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Our Company

A photograph of a modern, light-colored industrial building. The building's facade features large, bold, blue lettering that reads "BRANDART" in the upper portion, followed by "BRAND PACKAGING AND DISPLAY" in a smaller font below it. Further down, the slogan "CREATIVITY - INNOVATION - R&D" is displayed in a similar blue font. The building has several large windows with metal grates. The background shows a clear blue sky and some green trees on the left side.

BRANDART
BRAND PACKAGING AND DISPLAY
CREATIVITY - INNOVATION - R&D

Introduction to BRANDART

BRANDART is a company specialized in the supply of retail packaging, product packaging and visual display products to leading companies and Luxury Brands in the clothing, accessories, eyewear, watches, jewelry and cosmetic sectors.

The core activities of BRANDART are the design and development of creative and highly innovative packaging and display solutions and the management of a worldwide supply chain to deliver high quality standards to its customers.

BRANDART is headquartered in Busto Arsizio, in the province of Varese, one of the most industrialized regions of Italy and home of the most advanced industrial and retail companies in the Country.

It is thanks to this blend of products and operational excellence that, together with a production of over 90 million packaging pieces per year, BRANDART decided to be part of the environmental and social challenge that is posed to its Industry.

Companies have a role to play in transmitting the knowledge and finding the solutions to reduce the impact of certain materials on the environment. Optimizing packaging is the first step that BRANDART is offering to its customers through its sustainable product line. The focus of BRANDART is on packaging redesign, reduction of multi-material combinations and on the research of new and improved, recycled, biodegradable and compostable materials.

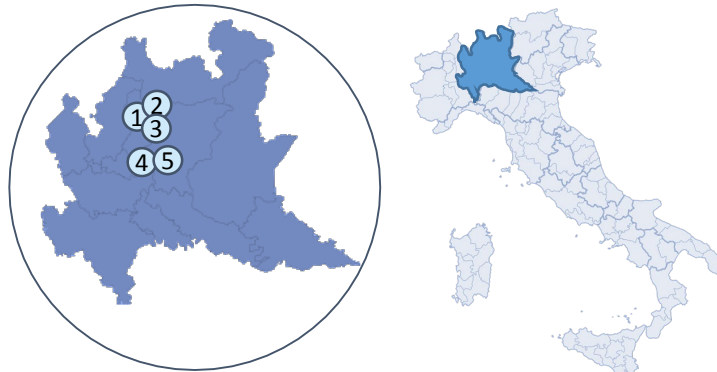


Our facilities

This Sustainability Report refers to BRANDART IMAGE PACKAGING S.r.l., in short form BRANDART S.r.l. (further on called BRANDART) and includes the following facilities located in Italy:

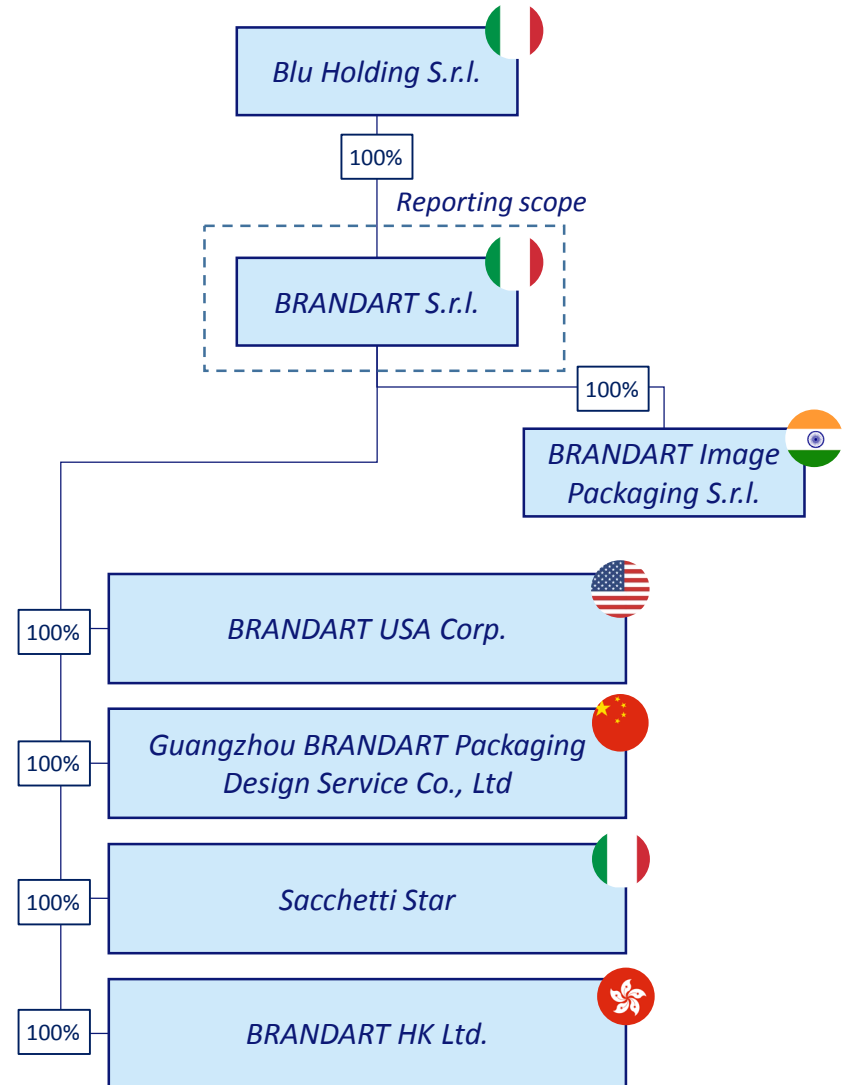
1. Headquarter in Busto Arsizio, Via A. Costa 19/21
2. Warehouse in Busto Arsizio, Via 5 Giornate 14
3. R&D Department in Busto Arsizio, Viale Lombardia 48

These are to be intended as “operations”, i.e. single locations used by the organization for the production, storage and/or distribution of its goods and services or for administrative purposes.



Other two sites belong to BRANDART S.r.l. but they are not relevant for the reporting purposes:

4. Commercial office in Milano, Via San Simpliciano 2
5. Registered office in Milano, Viale Lunigiana 46



Our products and services

Products

BRANDART focuses on the following product categories:

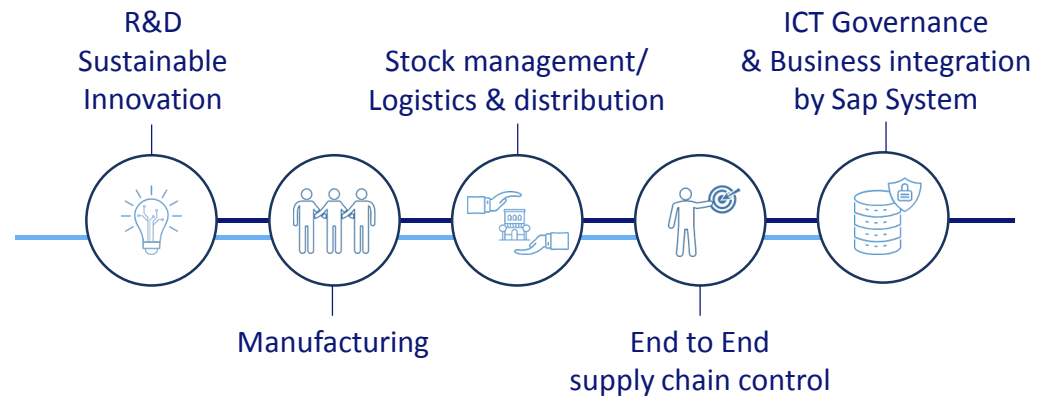
- **Retail and product packaging and display**
- **Cosmetic packaging**
- **E-Commerce and outlet packaging**
- **Car covers and automotive protection**



Services

BRANDART offers the following services in order to guarantee the end-to-end control of the supply chain:

- **Research and Development** for materials, products and tailored solutions, through its in-house R&D Team
- **E-Procurement** Web service
- **Stock Management, Logistic and Distribution Services** to all the appointed destinations of its customers



BRANDART at a glance

- **Busto Arsizio, Varese (Italy)**

Headquarters

- **1998**

Year of foundation

- **In-house R&D department**

Focus on product development

- **Certifications**

ISO 9001, ISO 14001, SA8000, FSC®, GOTS



- **8 countries worldwide**

Production outsourcing

- **8.000.000**

Average packaging units produced every month

- **64**

Countries reached by BRANDART's products

- **18**

BRANDART's logistic hubs

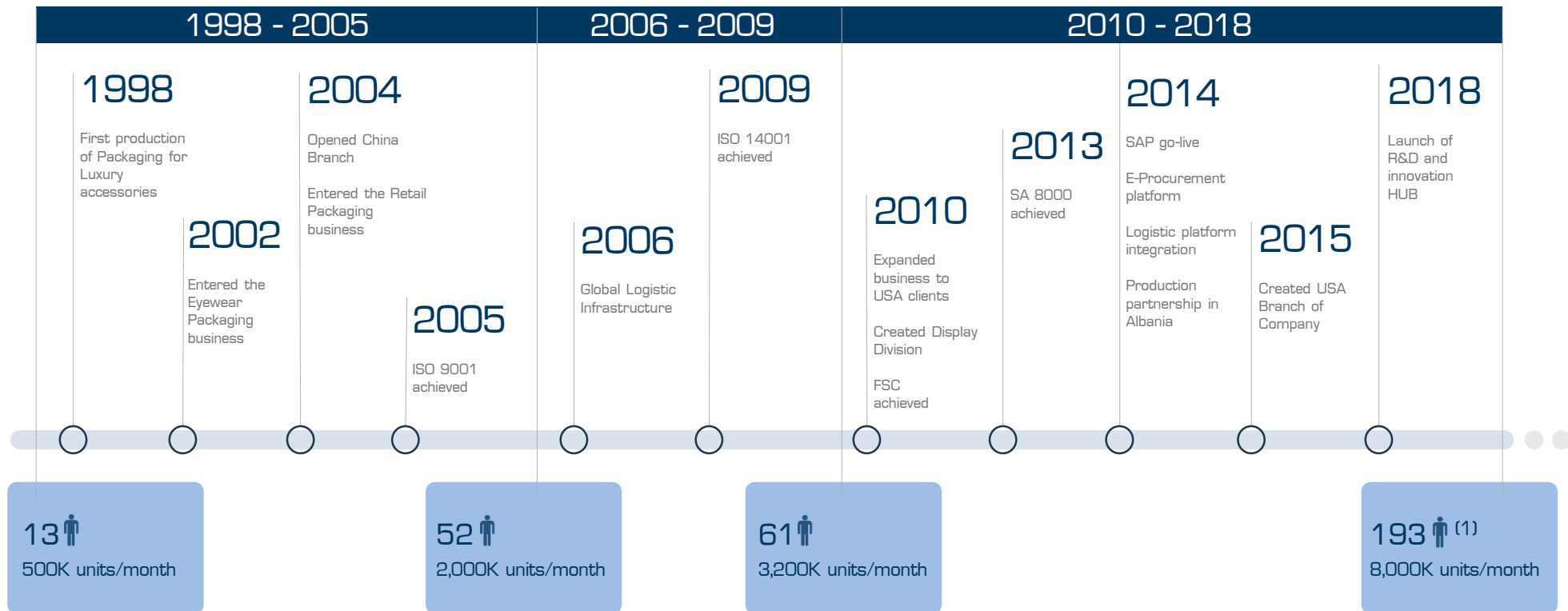
- **151**

Employees as of 31/12/2018

BRANDART
BRAND PACKAGING AND DISPLAY
CREATIVITY - INNOVATION - R&D

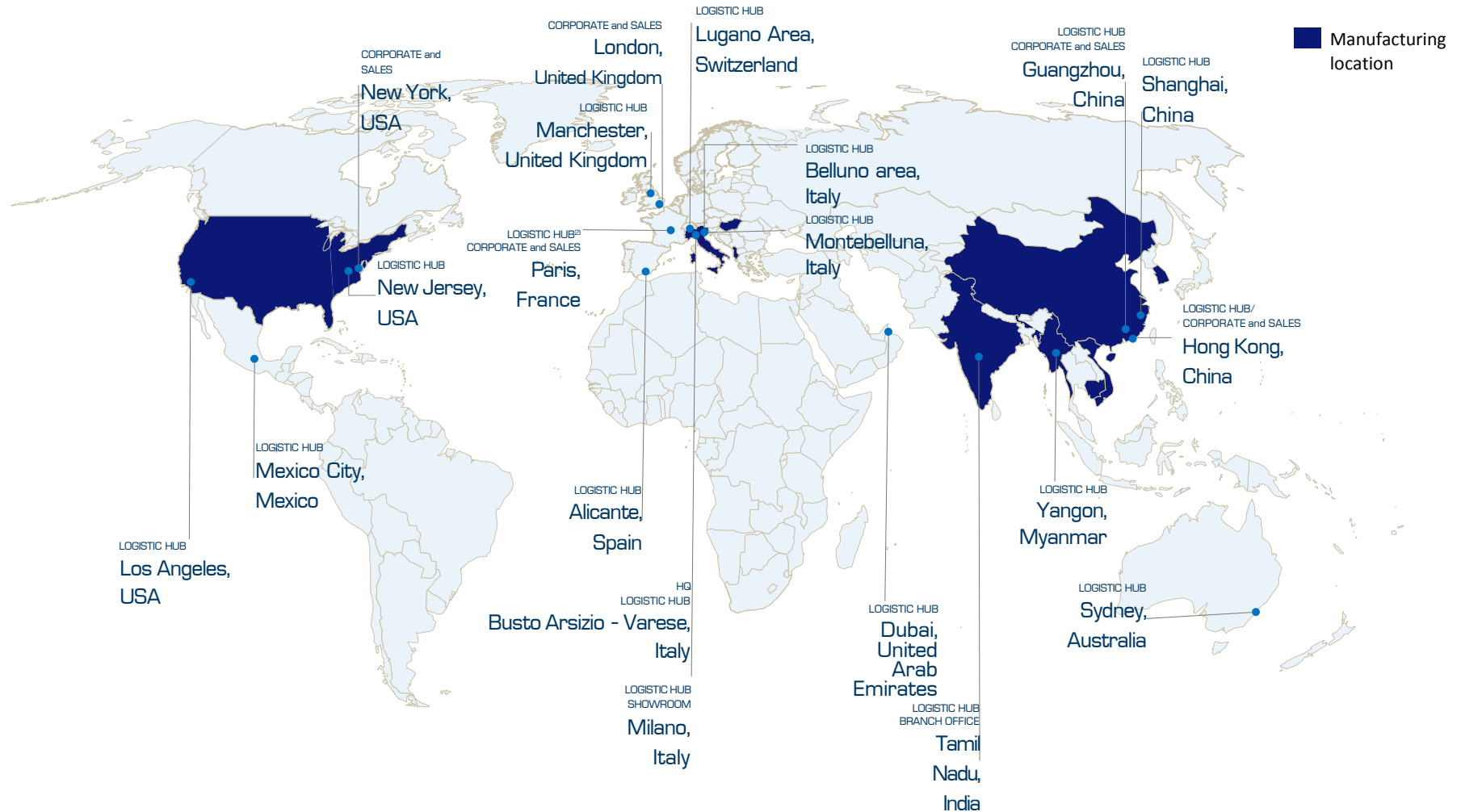
BRANDART throughout the years

Since the beginning of its activity, BRANDART has always been focused on maintaining the highest standards: in 2005 the Company obtained the ISO 9001 certification, followed by the ISO 14001 in 2009 and by the SA 8000 certification in 2013. In 2018 BRANDART launched its R&D and innovation hub. As of today the Company is still 100% owned by its CEO, Mr. Maurizio Sedgh.



Notes: (1): Employees of the whole BRANDART Group

Our worldwide infrastructure



With its production organized in 8 regions worldwide and 18 logistic hubs, BRANDART aims at offering to its customers the shortest available logistic routes from production to delivery.

Our values and principles

BRANDART wants to be a reliable and innovative partner for the development of packaging and display products, integrating creative and sustainable solutions with manufacturing feasibility.

In order to guarantee the satisfaction of customers and stakeholders' demands and expectations, and to achieve continuous improvement, Company processes are regulated by the Governance Model, set according to the Italian Legislative Decree 231/2001, and the Integrated Management System, which complies to the UNI EN ISO 9001, UNI EN ISO 14001, SA 8000 voluntary standards, the requirements of GOTS and FSC® standards, all applicable national and international standards rules and regulations, including the Universal Declaration of Human Rights and the ILO (International Labour Office) conventions.

We believe that ethics, integrity, quality of our products, transparency and commitment are the foundations on which to build the success of our company.



BRANDART's Integrated Management System is based on the following key principles:

- *Assess and analyze processes, setting goals and measurable targets to pursue continuous improvement*
- *Identify and fulfil all compliance obligations*
- *Ensure the involvement, expertise and awareness of employees, and safeguarding the Company know-how*
- *Reduce risks and strengthen opportunities, regarding customer and stakeholders satisfaction, direct and indirect environmental impacts Occupational Health and Safety and Corporate Responsibility*
- *Certification by Third Parties of Company's voluntary commitments*

Our commitment to sustainability

1

Our Company

2

Our commitment to sustainability



BRANDART
BRAND PACKAGING AND DISPLAY
CREATIVITY - INNOVATION - R&D

Our certifications and international awards

ISO 9001

Since 2005



ISO 9001 certification verifies BRANDART's capacity to supply consistently reliable products and services that meet clients' and stakeholders requirements, providing evidence of its constant commitment to improvement.

Forest Stewardship Council

Since 2010



FSC® certification verifies that the raw materials (wood or paper / cellulose) used to make FSC certified products are sourced from certified forests, managed according to strict environmental, social and economic standards, and ensures the traceability of derived products.

ISO 14001

Since 2009



ISO 14001 certification verifies BRANDART's tangible efforts to minimize the environmental impact of its processes, products and services, defining concrete objectives and measuring related performances.

Global Organic Textile Standard

Since 2017



GOTS certification verifies that the GOTS certified textile products are made of natural organic vegetable or animal fibers, produced in accordance with organic farming criteria and subsequently processed in accordance with stringent environmental and social criteria, in all stages of processing, manufacturing, packaging, labelling, marketing and distribution.

SA 8000

Since 2013



SA 8000 certification verifies BRANDART's effective management and measures related performances of business aspects related to corporate social responsibility: respect for human rights, respect for workers' rights, protection against exploitation of minors, safety and health guarantees in the workplace.

Workplace Conditions Assessment

Since 2016



The Workplace Conditions Assessment (WCA) program provides a powerful, cost-effective solution for companies and facilities seeking to improve workplace conditions efficiently and in accordance with widely accepted industry standards and best practices. BRANDART received the award for the third consecutive year.

Roadmap 2019

Extend all certifications to the new R&D department of BRANDART.

Notes: FSC® and GOTS products are available upon request

Our associations and industrial memberships

United Nations Global Compact

Joined in 2018



The United Nations Global Compact is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is a principle-based framework for businesses, stating ten principles in the areas of human rights, labor, the environment and anti-corruption. BRANDART is committed to integrate these 10 principles into its businesses.



Roadmap 2019

- Publish Company's first Communication on Progress for the UN Global Compact initiative

AICE



Aice represents Italian companies that are committed predominantly to commercial activities abroad: trading, export, import, countertrade, buying-offices, export management, small and medium enterprises, etc; as well as the services related to such activities. Membership is open to all companies resident in Italy and interested in international trade activities, or that provide assistance to such companies in the promotion of import/export activities.



United Nations SDG's: our contribution

In 2015, the United Nations published the Sustainable Development Goals consisting of 17 goals with 169 targets regarding social, environmental and economical aspects. They address states, civil society and the private sector.

BRANDART is responding to this call for increased responsibility by carrying out projects and introducing measures that have an influence on mainly four goals identified by Senior Management.

SUSTAINABLE DEVELOPMENT GOALS



United Nations SDG's: our actions

PARTNERS



Implementation steps

- *We take care of our workers training, competence and well being*
- *We ensure a healthy and safe working environment*
- *We assure economic growth to all our partners and supply chain*

Our goals

- *We aim at obtaining better working conditions for every worker within our supply chain through improved due diligence processes of suppliers every year*

INNOVATION



- *We invest in innovative technologies for infrastructures, services and data management*

- *Through continuous market research and communication with our business partners, we aim at offering to our customers state-of-the-art technologies both in terms of production and services*

PRODUCTS



- *We invest in products excellence*
- *We optimize the use of raw materials and reduce unnecessary waste*
- *We produce reusable or recyclable products*

- *By researching market trends and attending conferences worldwide we aim at offering innovative materials and packaging solutions to our customers, with whom we share our advanced internal research*

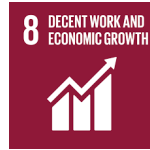
COMMITMENT



- *We involve in our sustainability project all our partners in every step of the supply chain*
- *We share our sustainability goals with internal and external stakeholders*

- *In the next years, we aim at implementing a process of life-cycle-assessment to evaluate different aspects of sustainability for our products throughout the whole supply chain*

United Nations SDG's: correspondence with our material topics



<i>Investments and development</i>		*		
<i>Raw material management</i>			*	
<i>Human capital and employees' satisfaction</i>	*			*
<i>Health & Safety</i>	*			
<i>Gender equality</i>	*			
<i>Product quality and customer experience</i>		*	*	
<i>Green economy</i>		*	*	
<i>Sustainability management</i>	*	*	*	*
<i>Sustainable procurement</i>	*			*
<i>Ethical responsibility</i>	*		*	*
<i>Waste and chemical management</i>			*	
<i>Sustainable logistics</i>				*
<i>Management of conflict minerals</i>			*	
<i>Security and business continuity</i>		*		
<i>Stakeholder involvement</i>				*
<i>Involvement of the local community</i>				*
<i>Consumption and CO2 emissions</i>			*	
<i>Social dialogue</i>				*

Governance

1

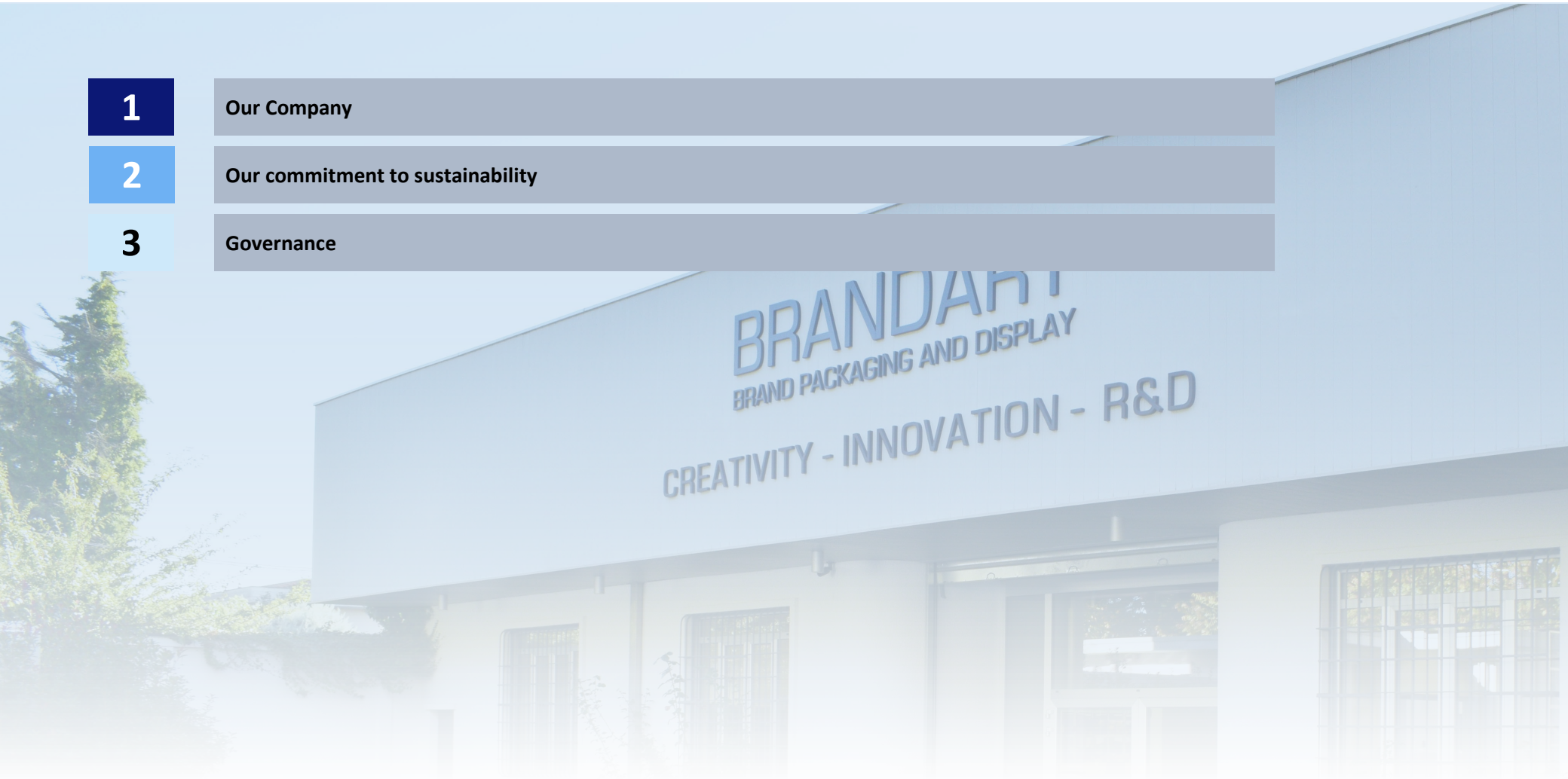
Our Company

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Our commitment to sustainability

3

Governance



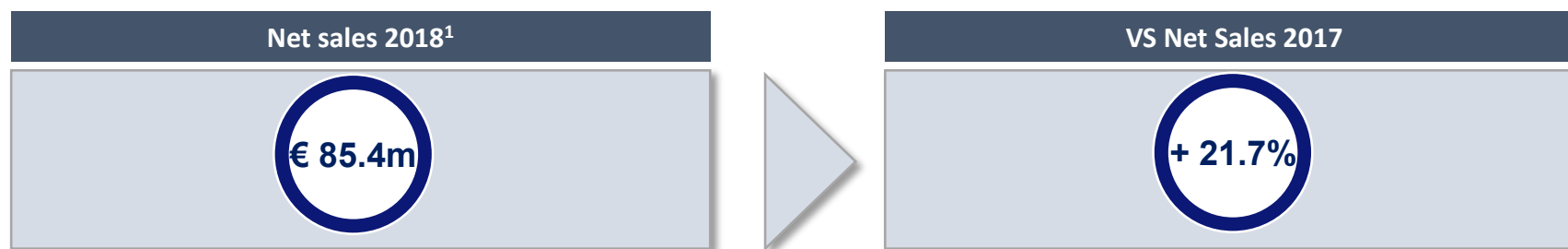
Our economic and financial performances

The financial statements of BRANDART for the year ended 31/12/2018 show a profit of € 3,527,899 (€ 2,945,879 in 2017). The net profit result achieved can be considered, even for this year, more than satisfying, especially given the particular economic moment in which BRANDART operates. During the year, no damage was caused to the environment for which the Company was found guilty and no fines or penalties were imposed for offenses or environmental damage.

From the Company's solid balance sheet it is possible to highlight its ability to maintain financial balance in the medium and long term.

As above-mentioned, it can be assumed that the current year expresses a positive result for BRANDART and its employees.

Net Sales



Financial performance

Direct economic value generated	Salaries distributed	Supply costs	Taxes paid
€ 91.4m	€ 9.0m	€ 56.4m	€ 1.3m
Donations	Economic value distributed⁽²⁾	Net income	Equity
€ 12k	€ 85.4m	€ 3.5m	€ 13.7m

Financial grants

Grants for energetic improvements	Grants for R&D
€ 30.0k	€ 239.5k

Notes: ⁽¹⁾ Including other income; ⁽²⁾ including costs for: materials, services, rental and salaries.

Our Code of ethics

BRANDART's policy has always been to pursue business activities with honesty and integrity. The first Code of Ethics was adopted by the Company in 2013 and the last update was made in 2017.

This document, approved by the Company Administrative Body, sets out the ethical values that are promoted by BRANDART and that managers, employees and those acting on the Company's behalf are expected to support and comply with.

The Code of Ethics is one of the pillars of BRANDART's Governance Model, adopted pursuant to Italian Legislative Decree no. 231/01. The Governance Model, starting from the crime-risks mapping throughout all the company areas and processes, has acknowledged the Code itself and provided a set of additional written protocols ruling the correct behaviors in the framework of the applicable law requirements.

Our ethical principles

- 1 Compliance with the law and regulations in force in all the countries in which BRANDART operates*
- 2 Legitimacy, loyalty, fairness, transparency*
- 3 Respect for the value of the person and human resources*
- 4 Respect for competition, as an indispensable tool for the development of the economic system*
- 5 Confidentiality*
- 6 Respect for the environment and awareness of environmental protection*

Conflict minerals

BRANDART supports the fight against violence, human rights violations and environmental degradation in the extraction and marketing of minerals from the geographical areas defined as "Conflict Regions". We require our suppliers to make sure the products they sell only contain "Conflict Free" materials and components.

Fair business and anti-corruption

Anti-corruption and fair business practices are a central topic of BRANDART's Code of Ethics and Governance Model. To this regard BRANDART is also committed to fully comply with all national and international anti-corruption laws.

The Governance Model was adopted in 2015 and radically updated in 2017 following a renewed risk assessment, performed on company processes and sensitive areas.

The Model, with specific reference to corruptive offenses envisages both general and specific monitoring processes.

Inherent risks specifically related to corruption identified through the risk assessment

- | | |
|---|--|
| ① Recognition of rewards, bonus, free services | ⑥ Incitement to corruption of public officers |
| ② Disposal of operating assets at unfair prices | ⑦ Passive or brokers invoicing to gain benefit from public offices |
| ③ Career facilitation to public-sector workers | ⑧ Customs corruption |
| ④ Recruiting employees close to public sector | ⑨ Any corruption form of inspection authorities |
| ⑤ Creation of slush funds for procurement overbilling or inexistent purchases | ⑩ Private corruption with customers, consultants, accountants, suppliers, subsidiaries |

The Company's Supervisory Body (ODV), a fundamental pillar for the supervision and prevention of the 231 predicate offenses, is made up of qualified and certified professionals, and carries out its role with effectiveness and continuity.

Roadmap 2019-2020

- Update the Governance Model due to regulatory changes, changed organizational structure, preceded by an in-depth risk assessment with focus on corruption practices and their concrete methods of consumption in the company.
- Adopt an anti-corruption policy and implement its own SCI, formalizing the process of participating in public tenders for the acquisition of orders or loans (both national and within the European Union).
- Draw up the Group Guidelines and the Anti-Corruption Policy to which all subsidiaries and associates of BRANDART must adapt.

Ethical awareness and participation

BRANDART encourages its employees to make comments, recommendations, reports or complaints concerning the workplace and/or non-conformances to the Code of Ethics and the SA8000 Standard by using the following channels:

- *sending an e-mail to segnalazioniSA8000@BRANDART.com*
- *sending an e-mail to SGS certification body (sa8000@sgs.com)*
- *sending an e-mail to the SAAS accreditation body in New York (USA) (saas@saasaccreditation.org)*
- *inserting anonymous paper messages in the appropriate collection boxes located at the company premises*

The first three channels are available also to other interested parties and are reported on the Company's website.

Reported items received through internal channels are managed by BRANDART's Social Performance Team (SPT), according to the requirements of the SA8000 standard.

The key principle of this reporting system is to maintain the freedom to express oneself anonymously and to guarantee the protection of anonymity.

The Code of Ethics, comprehensive of the Governance Model protocols, has been communicated to all members of the governance body and to all employees, and everyone of them received proper training. The Code is also regularly communicated to all suppliers working on behalf of BRANDART.

The training and promotion of the Code of Ethics, the Governance Model and Integrated Management System at all levels within the Company, the institution of an independent Supervisory Body in charge of surveillance, the whistleblowing procedure, the inclusion of provisions in the contractual documentation with suppliers, and the activity of internal and Third Parties auditing are the means used by BRANDART to develop its ethical values among stakeholders and all along its supply chain.

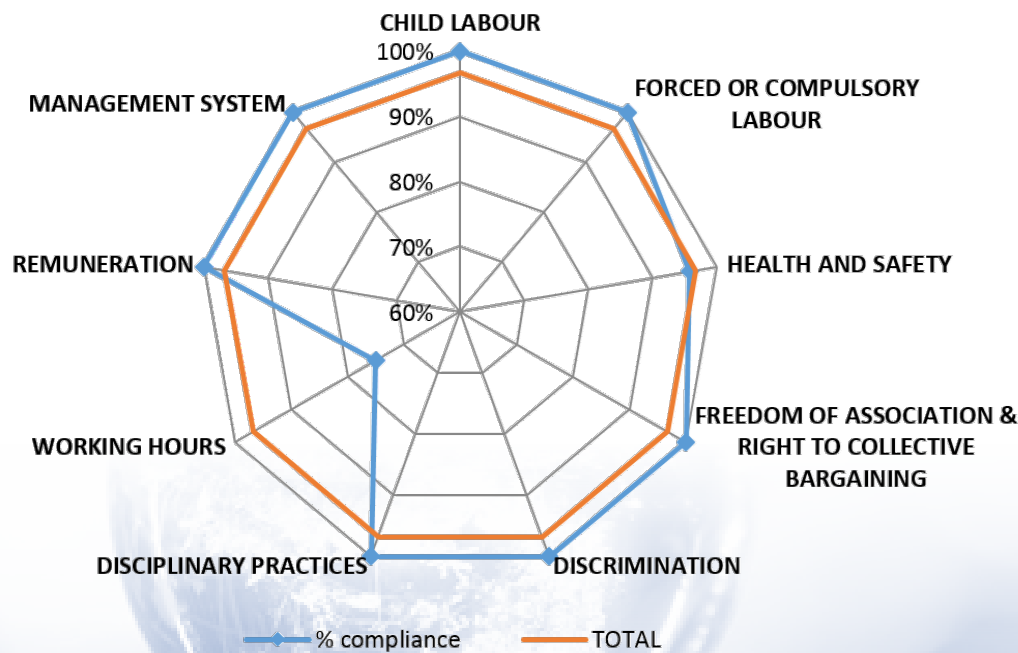
Assessment of social performances

BRANDART periodically assesses its social performances by using the "SA8000 Performance Indicators" Annex of the SA8000: 2014 Standard as a reference.

This Annex describes the minimum social responsibility performance expectations for SA8000 certified organizations.

Each performance indicator is a secondary reference, as it provides a quantitative or qualitative measure of performance directly related to one or more of the requirements of the Standard itself.

As a result of this internal monitoring activity, the Management can recognize the need for additional activities and/or controls to meet the SA8000 requirements and/or can identify risks and opportunities, to be managed properly.



The self-assessment related to year 2018 resulted in a level of compliance with the requirements of the SA8000 standard of 97%.

The area in which there are more opportunities for improvement is the one related to workloads, working hours and overtime, which however remains within the limits set by the national labor contract.

Business continuity and customer privacy

Security data management

BRANDART security strategy aims at guaranteeing the protection of customer data by the following actions:

- ICT Policy applied on the pc and mobiles equipment, budget for new software solutions, application of web filtering, training of end users, internal security campaigns, servers and pc antivirus, continuous software updates, internal and external security audits, vulnerability plan tests, partnership with leading associations on cyber security. BRANDART has an internal certified specialist ICT 27001.*

Privacy data management

BRANDART has applied the GDPR - European law - and defined internal processes to continuously improve and update the management of privacy data.

An internal policy was put in place, together with a Privacy Code Office, and MDM – Mobile Devices Management. BRANDART implemented also a risk analysis model, an internal privacy data register, organized internal and external audits, training on internal processes, software policy authentications and users profiling.

Business continuity

BRANDART has put in place the technical, economical and organizational actions needed to guarantee the continuity of services to its customers. From an infrastructure point of view, all ICT services on the Primary Data Center are certified Tier IV and a secondary Data Center for disaster recovery is located in Switzerland.

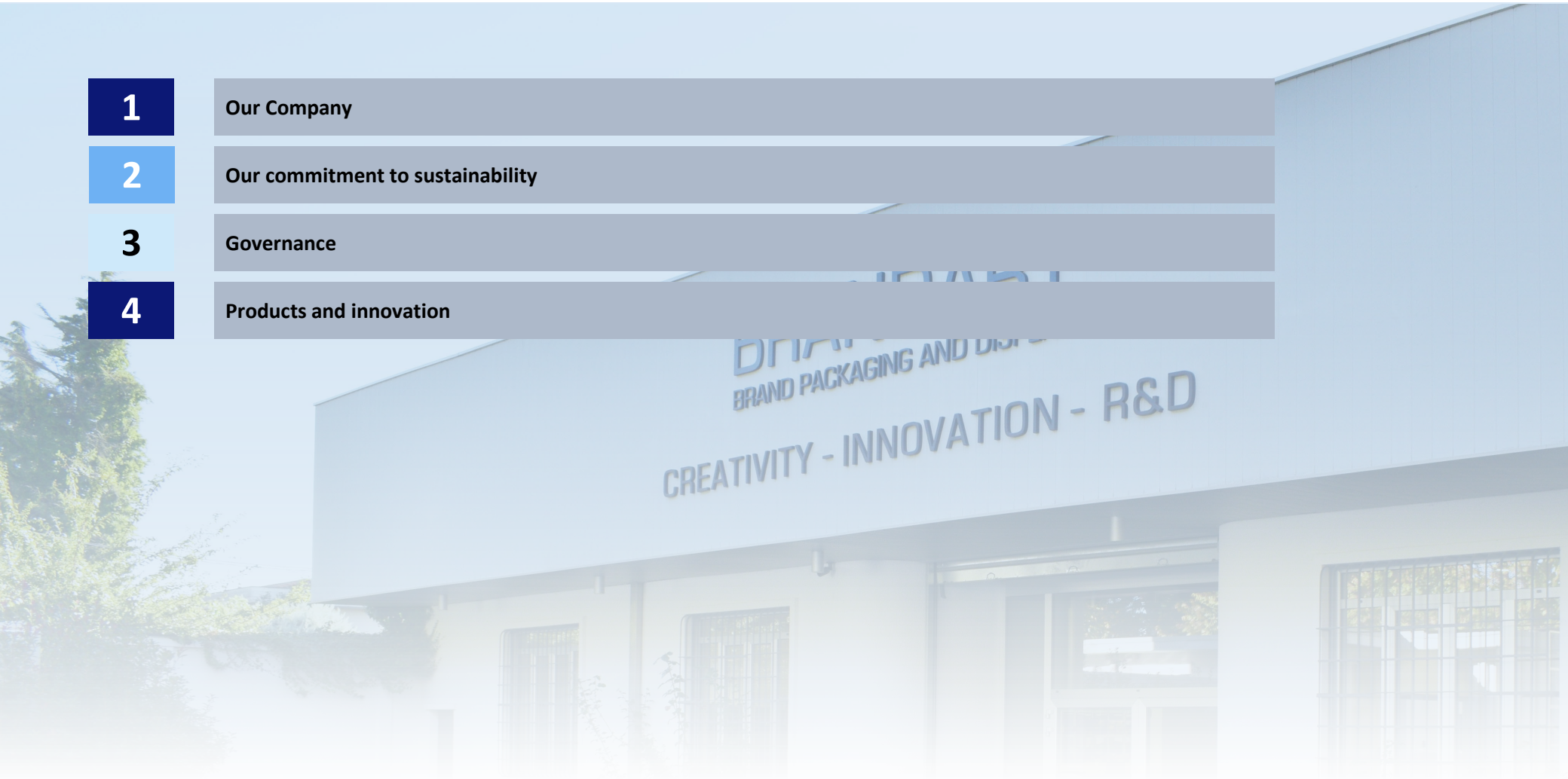
BRANDART approaches Business continuity by implementing the following steps:

- Define key people, processes, technical tools and procedures to decrease the risks of business interruptions*
- Keep an external recovery work site capable of hosting 40 key users and allow the continuity of the primary process/services*
- Each of BRANDART's sites can be considered as a primary site in case any other site is affected by a disastrous event*
- Organize material suppliers, logistic platforms and factories to guarantee the continuity of services*



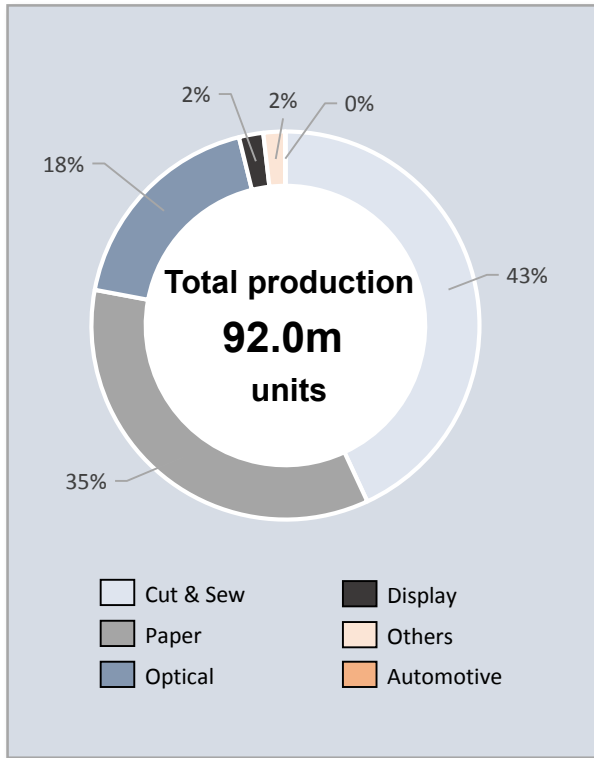
Products and innovation

1	Our Company
2	Our commitment to sustainability
3	Governance
4	Products and innovation



Our products

Production breakdown by product category



New products and technologies

In the last two years BRANDART developed and marketed different new products and technologies. Some of the most relevant projects the Company worked on are:

- *Introduction of products 100% made from PCW (Post Consumer Waste) recycled paper, including paper handles*
- *Removal of plastic lamination from shopping bags in order to obtain single-material and 100% recyclable products*
- *Design and production of foldable paper and cardboard boxes to optimize transportation volumes and reduce costs*

Eco-friendly materials in 2018

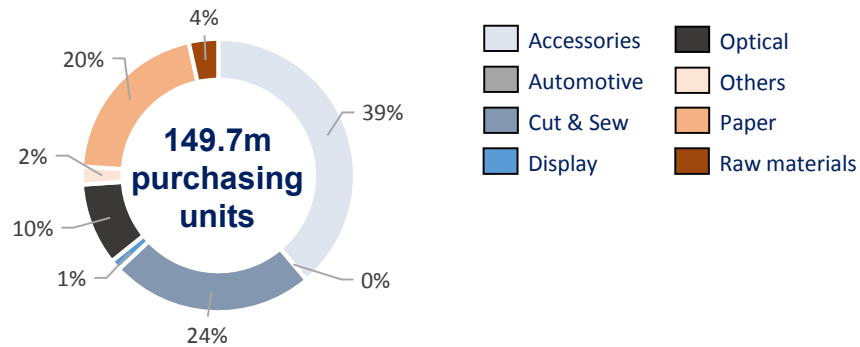
- *4% of sold Cut & Sew products are made of BCI (Better Cotton Initiative) cotton*
- *7% of sold Cut & Sew goods are made of organic cotton*
- *47% of sold Paper goods are made of FSC® certified paper*

Roadmap 2019

- *Set up an internal technical team dedicated to sustainability, with the task of monitoring and developing the sustainability business line of BRANDART throughout the different functions of the Company*

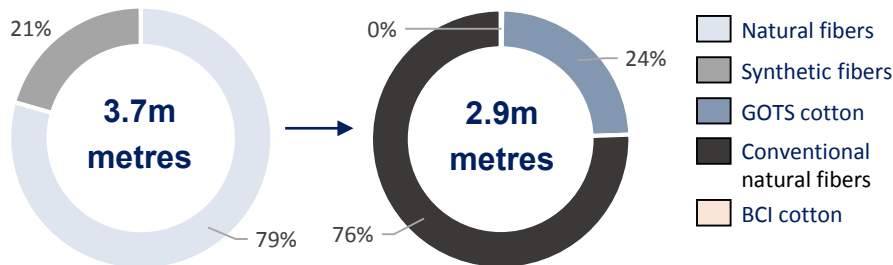
Our materials

Purchasing breakdown by product category

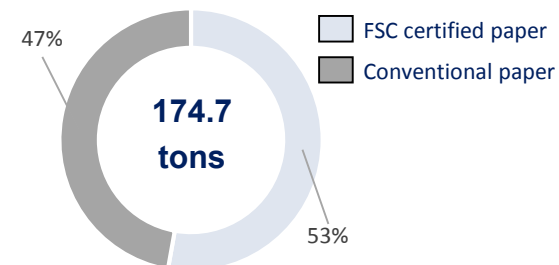


BRANDART outsources all production processes, except from a small percentage of prototypes manufactured in-house. Raw materials are generally directly purchased by BRANDART suppliers. For the productions assigned to contract working suppliers and for some marketed products BRANDART directly purchases raw materials, which are mainly fabrics, paper and leather as reported below.

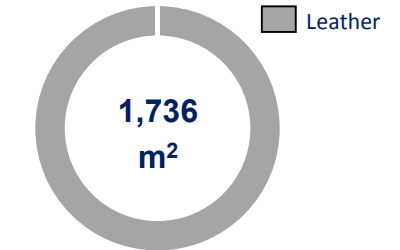
Fabrics purchased



Paper purchased as raw material



Leather purchased



- Other main materials used in the production processes are plastic, metal, cords/ribbons in natural or synthetic fibers, microfiber, and wood
- The type of material utilized is specified by our customers or suggested by BRANDART to guarantee the best result

Roadmap 2019

- Increase the consumption of PCW (Post Consumer Waste) recycled materials, BCI cotton and bioplastics, following the market and industry trends and requirements
- Reporting the amount of purchased fabric in kg instead of m, and quantify main raw materials consumptions also for all marketed products

Customer Health & Safety

The quality and safety of marketed products, as well as the consequent protection of customer's health & safety, constitute the central focus of BRANDART's regulatory management. To this purpose, BRANDART implements stringent controls on its entire production chain.

In order to obtain a safe finished product, we refer to accredited third-party laboratories for carrying out tests and controls on the chemical composition and physical-mechanical characteristics of materials, which are indispensable to ensure high technical performances.

This close monitoring allows BRANDART to be constantly in line with the applicable European and international legislation regarding dangerous or potentially dangerous chemical substances, including, for example, the European REACH regulation, the Chinese GB standards, and the American Proposition 65.

For each production batch, BRANDART carries out conformity tests on fabrics and components and specific tests on any prints to ascertain the absence of phthalates. Also, the absence of aromatic amines derived from azo dyes is verified and likewise the presence of free and hydrolyzed formaldehyde is excluded. BRANDART requires tests of color fastness to water or rubbing as well as odor tests and verification of the absence of heavy metals.

BRANDART's packaging suppliers are bound to follow the indications of its Restricted Substances List (RSL), which defines the most restrictive parameter of use of certain substances and which is constantly updated in line with international standards, legislative developments and customers' requirements.

Our new R&D Department

In 2018 BRANDART opened its new R&D Department, equipped with state-of-the-art machineries, with the purpose of improving its capability to provide customers with high quality textile and paper samples in a timely manner.

BRANDART activated a SAP model which allows the governance of interaction flows within the production management of paper samples.

In fact, the orders launched on the paper machines are transmitted on SAP and all the processes are then monitored in the system, with the result that, once the product is created, a QR code label is also printed to track the product.

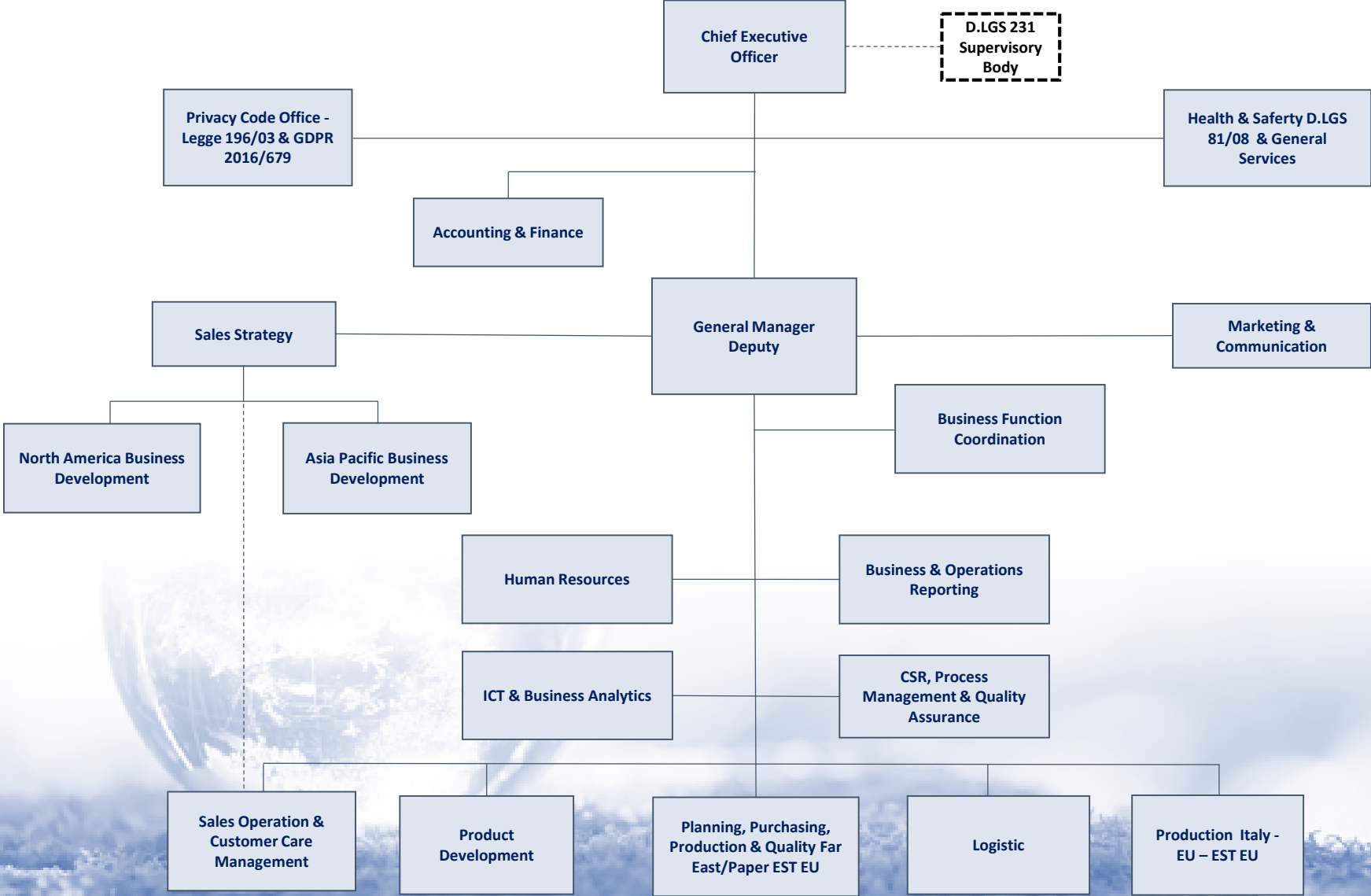


Our people

1	Our Company
2	Our commitment to sustainability
3	Governance
4	Products and innovation
5	Our people

CREATIVITY - INNOVATION - PEOPLE

Company organisation

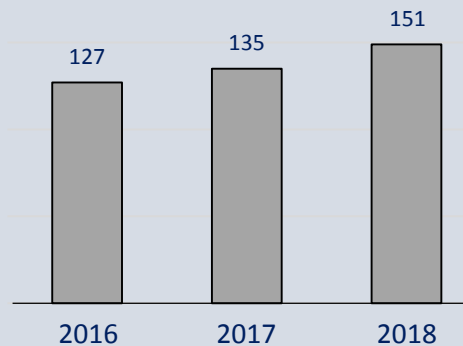


Workforce details and conditions of employment - I

All BRANDART employees, with their experience and skillset, represent the know-how of the Company and contribute to create value for the Company itself and for all stakeholders. Talents are sought after and followed in a growth path within the Company.

Overview

Employees Evolution 2016 – 2018

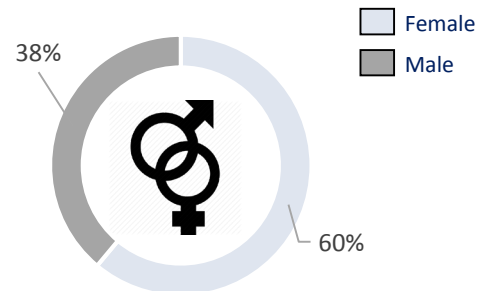


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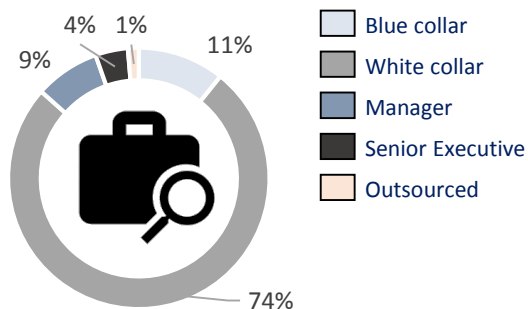
Total employees ⁽¹⁾

⁽¹⁾ This number includes 2 outsourced workers and 2 employees with foreign contract.

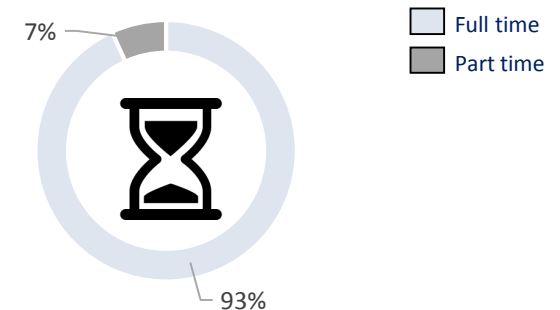
Employees breakdown by gender



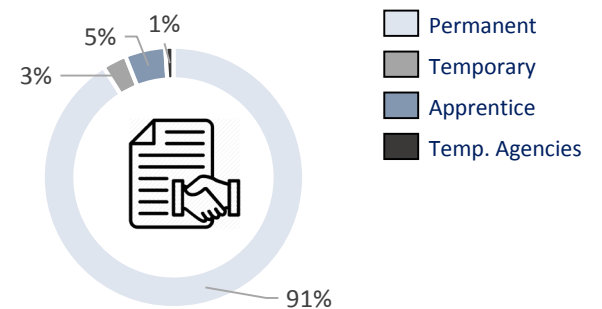
Employees breakdown by function



Employees breakdown by employment type



Employees breakdown by employment contract

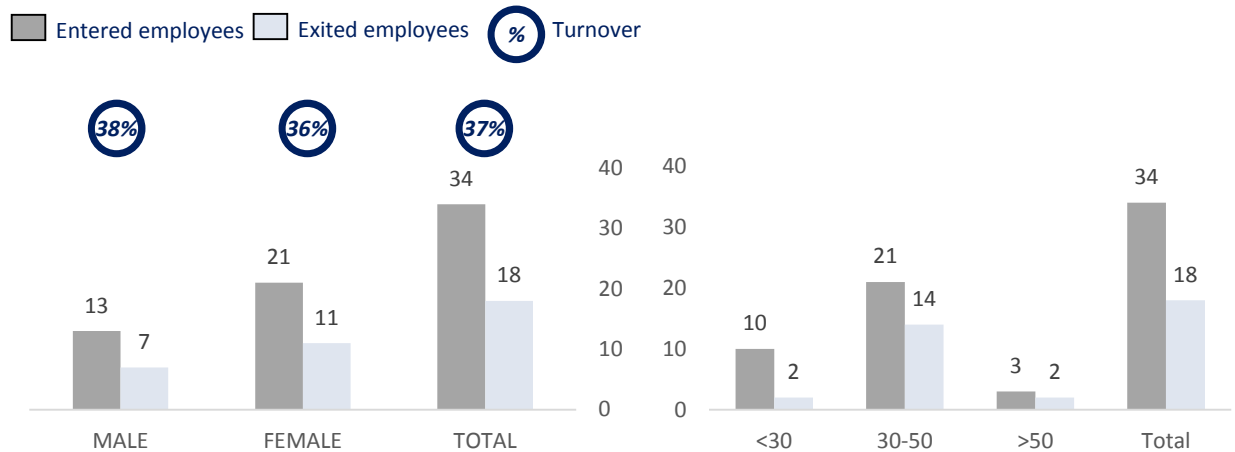


BRANDART employees are mostly hired from local municipalities. Senior executives are the result of years of collaboration and reciprocal trust between the Company and its community: they all reside in the Provinces of Varese, Como and Milano.

Workforce details and conditions of employment - II

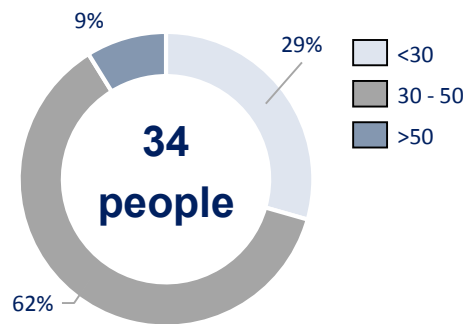
Top Management, based on the total number of hours worked, work peaks and objectives assigned to the function, evaluates the correct sizing of its function and therefore the possible need for new resources. The research also stems from the continuous evaluation of the organizational structure, to respect the needs of the business and the market.

Employees turnover by gender and by age group ⁽¹⁾

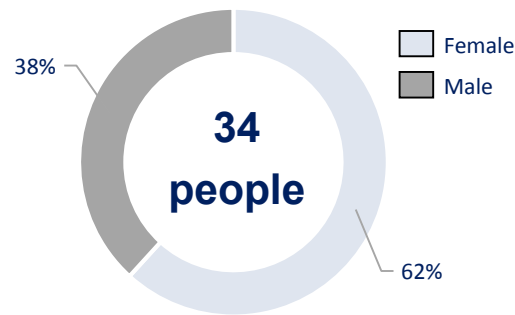


To search for personnel, BRANDART activates the following channels: publication of announcements via a dedicated portal or other sites, databases, CVs filed in the company, labor contracted companies, companies for the personnel selection, and temporary working Agencies. An interview is held for all candidates both with Human Resources office and Function Manager.

Hired employees breakdown by age/gender ⁽²⁾



Hired employees breakdown by gender



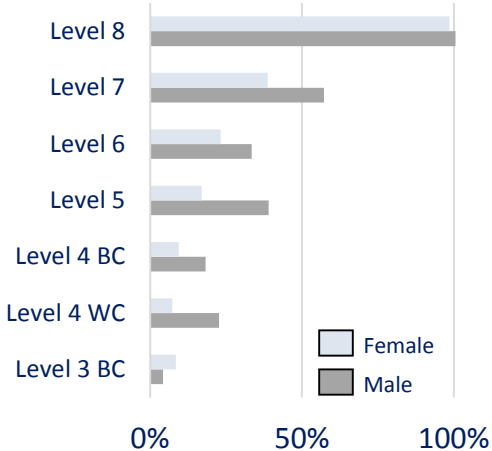
All employees are covered by the National Textile Collective Agreement, apart from senior executives which are covered by National Industrial Collective Agreement.

Notes: ⁽¹⁾ Temporary workers are excluded from the calculation of turnover. ⁽²⁾ BRANDART does not employ young workers (i.e. aged less than 18 years old).

Workforce details and conditions of employment - III

In 2018 training priority was given to the operational needs emerging from periodic meetings with Top Management. Furthermore, based on the results of the work-related stress questionnaire, a course was introduced to help internal communication.

Positive % difference of BRANDART’s average salary vs minimum industry wage

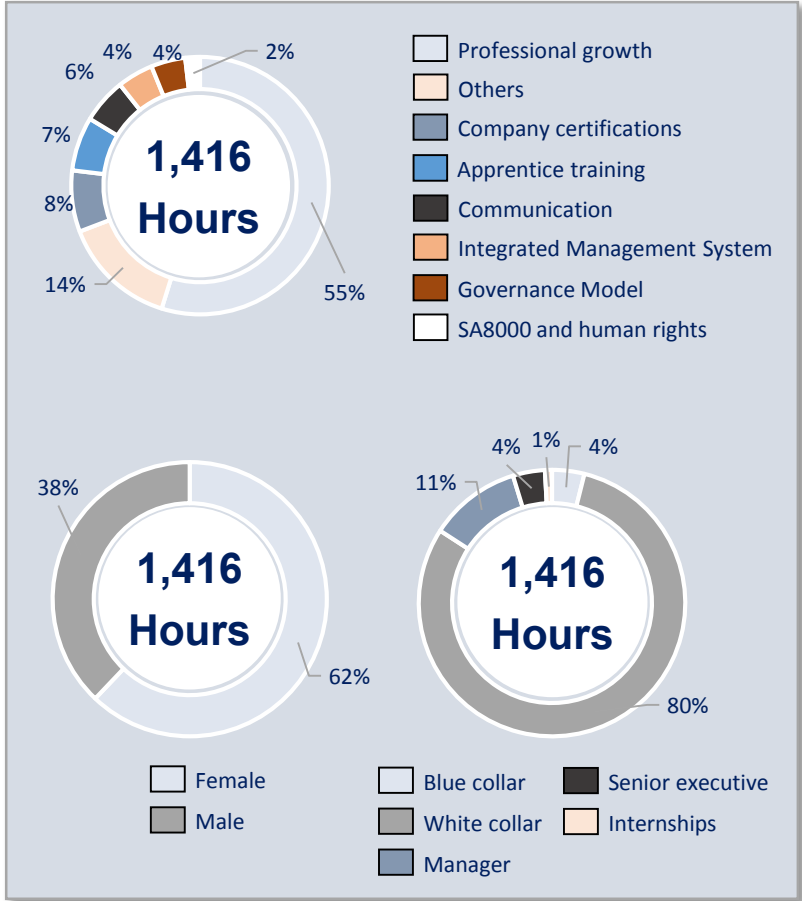


The wage provided by BRANDART to its employees is higher than the minimum set by the industry, both considering employment levels and gender.

- BRANDART offers the following initiatives to its employees:
- Room equipped for the preparation and consumption of meals
 - Snack machines
 - Christmas and Easter gift boxes
 - Discounts in nearby restaurants

In the month of June 2018, as a reward to employees for their commitment and dedication in achieving corporate goals, a set of tickets for personal and family purchases has been distributed to all employees, excluding Senior and Top Managers and those with variable remuneration.

Training of employees



Occupational Health & Safety

Occupational health services

BRANDART ensures the health and safety of its employees and of these workers who are not direct employees but whose work and/or workplace is controlled by BRANDART, by applying all the requirements of Italian law (D. Lgs. 81/2008), where all its operations are set:

- 1 Risk evaluation and specific risk assessments*
- 2 Safe management of chemicals*
- 3 Workers training*
- 4 Proper maintenance of machineries and working devices*
- 5 Updated certifications of conformity for all Company plants*
- 6 Emergency plan and fire drills*
- 7 Occupational health check*
- 8 Definition of H&S responsibilities within and outside the Company*

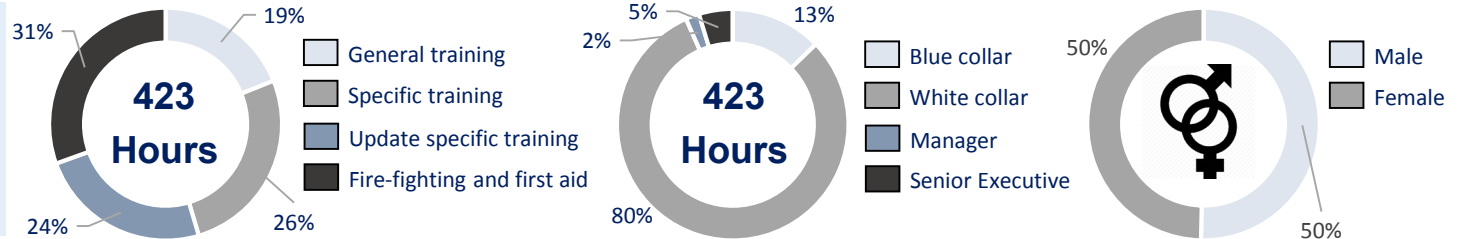
The same attention is paid to protect the workers of subcontractors (i.e. contract working suppliers), which are strictly monitored and audited for legal compliance at production sites. The function of Responsible for the Prevention and Protection Services is outsourced.

A work-related stress assessment was made by BRANDART in 2018, according to the INAIL (National Institute for Insurance against Accidents at Work) methodology. Results encouraged the Senior Management to develop strategies to improve the well-being of its employees. The Workers' Safety Representative (RSL) is in charge since many years, and is well known and trusted by all the workers.

Occupational Health & Safety

Workers training on occupational health and safety

As foreseen by national law, BRANDART employees attended mandatory training on occupational health and safety.



Work related injuries

During 2018 there were no employees fatalities or high-consequence work-related injuries. 2 work-related injuries occurred which caused 121 hours of absence. One of them happened outside the office premises, during commute.

Frequency index (number of injuries * 1.000.000/ Company worked hours) = 8

Gravity index (lost days for injuries * 1.000 / Company worked hours) = 0,062

No work-related injuries or fatalities occurred to external workers while working within BRANDART premises.

Promotion of workers' health

- Besides the occupational health check required by law, BRANDART provides to all its employees SANIMODA, the supplementary health care fund for workers in the fashion industry. The objective of the fund is to support the needs and requirements of workers, providing supplementary healthcare services to those of the National Health System (SSN). The registration of workers at SANIMODA is mandatory and automatic, and requires a monthly contribution which is paid by the Company.
- A counseling and psychological help desk is available to employees, both in the company premises and at an external professional office with guaranteed preservation of privacy.

Our partners

1	Our Company
2	Our commitment to sustainability
3	Governance
4	Products and innovation
5	Our people
6	Our partners

Our business partners – I

Suppliers breakdown by category



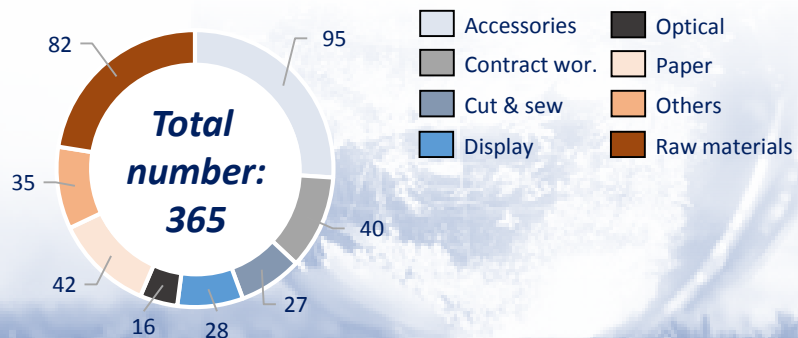
Packaging suppliers are BRANDART's main business partners. They are of strategic importance since they can be perceived by customers as BRANDART's direct production facilities. This report will therefore focus on this category of suppliers.

Production supply chain

BRANDART's business model is based on the outsourcing of all production activities with the aim of ensuring competitive prices, high quality products and high standing services at every stage of the value chain.

For most of its production, BRANDART directly purchases finished products from its manufacturing partners. In the other cases, and especially for Italian and European textile productions, finished products are produced by contract work, i.e. raw materials and accessories are purchased by BRANDART and delivered to the manufacturers sites where they are processed to produce semi-finished and/or finished products. BRANDART, through its dedicated functions located close to manufacturing sites, applies a strict control over all outsourced productions, to guarantee the quality of the products and the compliance with customer requirements.

Packaging suppliers used for productions ⁽¹⁾



Packaging suppliers located in Northern Italy, which covers 28% of purchasing turnover



Percentage of contract working suppliers located in the provinces bordering the company headquarter (Varese, Como and Milano) on the total number of contract working suppliers

Notes: ⁽¹⁾ Suppliers for whom at least a production order was placed by Brandart during 2018

Our business partners – II

Sharing of sustainability principles

BRANDART believes that ethics, integrity, transparency and commitment are the basis and the foundation for a successful business, both as a self commitment and through the cooperation with business partners.

All the main packaging suppliers selected by BRANDART, at the earliest stage of the new relationship, are requested to subscribe BRANDART's Code of Conduct which focuses on the aspects related to human rights, working conditions, health and safety, environment safeguard, confidentiality, fair and ethic business, innovation and research, and abides by the principles stipulated in the Conventions of the International Labour Organization, the Universal Declaration on Human Rights, the guiding principles of the OECD (Organization for Economic Co-operation and Development), and the principles of the UN Global Compact.

We require strict compliance with this standard from all our suppliers, their factories, subcontractors, as well as their own suppliers.

Our suppliers are selected among the most experienced producers worldwide and they preferably already hold company or product certifications related to social and environmental sustainability.

Qualification of suppliers

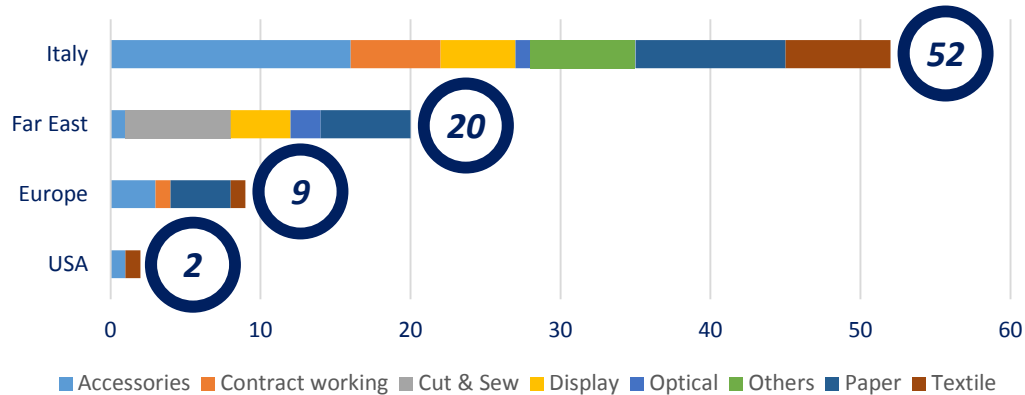
As part of the sourcing procedure, in order to make sure suppliers meet or are willing and capable to meet BRANDART requirements, manufacturing sites are subject to BRANDART social and environmental compliance audits, according to a risk-based approach.

The audits are based on BRANDART's Code of Conduct, the respect of local legislation and international regulations related to H&S, and standards such as SA8000 and ISO 14001. Some of the audits are specific for FSC® and GOTS requirements.

Audits are carried out by BRANDART's CSR Team, which includes qualified Lead Auditors and works in close contact with Development and Purchasing departments. Third parties are involved in case of needed support. The results of the suppliers qualification process are documented in the Suppliers Database, which includes supporting information and statistics, and is shared to all involved functions and colleagues working in subsidiaries branches.

Our business partners – New packaging suppliers

During 2018 BRANDART utilized 83 new packaging suppliers



New packaging suppliers holding certifications

30%

New suppliers holding environmental certifications (ISO 14001, EMAS, FSC®, PEFC, GOTS)

8%

New suppliers holding social certifications (SA8000, OHSAS 18001, BSCI, WCA...)

New packaging suppliers by geography

In Italy and Europe 100% of contract working suppliers carrying out the textile phases of cutting, printing and sewing received a social and environmental audit in 2018. Contract working is the most critical category of suppliers for Brandart since production orders can have a great impact on the supplier's businesses in terms of commissions.

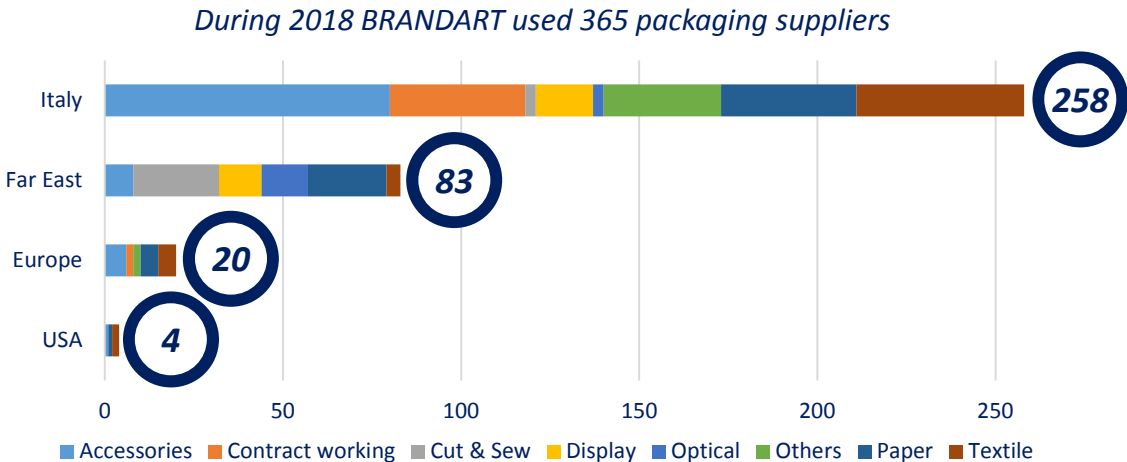
In the same region, auditing priority for other categories of suppliers was given to those carrying a higher risk of non-compliance in terms of location, nationality of their workforce, structure of the company, type of activity, environmental impacts and BRANDART's exposure to suppliers in terms of total purchases. Regarding remaining new suppliers of different product categories in the same regions:

- 14% of suppliers received a social and environmental audit in 2018
- For the remaining 86% of suppliers, almost 30% of them were already supplying our customers and therefore didn't require further auditing processes. Remaining suppliers were evaluated as low-risk, or audits were postponed to 2019

In Far East region 80% of new suppliers received a social and environmental audit. The others did not require it due to the holding of certifications or very low purchasing volumes in the year.

New suppliers based in the USA were already supplying our customers and therefore didn't require further auditing processes.

Our business partners – Active packaging suppliers ⁽¹⁾



Once qualified, suppliers are monitored by periodical surveys and follow-up audits, aiming to support and assist them to accomplish all BRANDART’s requirements, improve their performances and guide them to reach and maintain a high standard of compliance. Our guidance allowed manufacturers to be approved by leading companies in the luxury industry. Most of the CSR Team efforts are dedicated to free consultancy services to suppliers in order to guarantee best practices to final customers.

Active packaging suppliers assessed in 2018

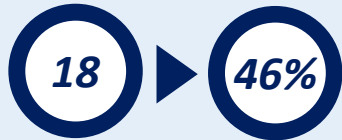


Out of BRANDART’s active packaging suppliers, 39 suppliers located in Italy and Europe and 43 suppliers located in Far East region were assessed for social and environmental impacts in 2018 through on-site audits. Priority was assigned to the audit of these 82 suppliers by considering the potential social and environmental negative impacts of production sites, based on specific activities, location, structure and management issues. Before any assessment, auditors shared with suppliers the audit plan with a list of audit requirements.

Notes: ⁽¹⁾ Active suppliers are those for whom at least a production order was placed by Brandart during 2018

Our business partners – Active packaging suppliers II

Suppliers with significant impacts in Italy and Europe

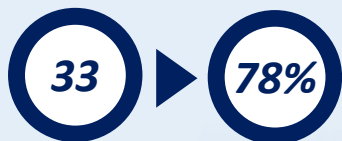


For 18 of the 39 assessed suppliers located in Italy and Europe (46%) significant social and/or environmental actual impacts were detected as a result of the assessment. All suppliers committed to improve by signing a Corrective Action Plan which was agreed with the auditors. In one case BRANDART terminated its business relationship with the supplier due to the missing implementation of agreed actions against critical issues.

The following issues were most commonly detected:

- *Environmental: emissions, waste management, fire prevention, dangerous chemicals management, thermal plants, LPG tanks, electric plants, certificate of use and occupancy of the buildings;*
- *Social: non-regularization or non-presentation of the tax and wage compliance certificate, non-availability of letters of employment and/or compulsory employment notification documentation.*

Suppliers with significant impacts in Far East region



For 33 of the 43 assessed suppliers located in the Far East region (78%) significant social and/or environmental actual impacts were detected as a result of the assessment.

The following issues were most commonly detected:

- *Environmental: chemical substances missing secondary containment, hazardous waste not properly stored*
- *Social: blocked emergency exit, pre-job & post-job occupational health exam not provided, fire-fighting equipment not properly maintained, insufficient social insurance coverage.*

In half of the cases, suppliers committed to environmental improvements through the filling of the Corrective Action Plan agreed with the auditors. 81% of social improvements were agreed, in the same way. The low percentage of environmental commitment pushed BRANDART to plan further specific actions during 2019. As a result of the assessment, BRANDART terminated its business relationship with 4 suppliers and planned the backup of productions for other 2 factories.

Roadmap 2019-2020

- Deepen the environmental assessment of Far East Suppliers by starting the BRANDART SUPPLIERS ENVIRONMENTAL PROJECT, with a first phase of self-assessment of production sites, and then the scheduling of specific on-site audits based on data and documents collection and verification, with a focus on the management of raw materials, waste and energy consumptions
- Implement the ISO 20400 for Sustainable Procurement

Our logistic partners

BRANDART is committed to run a responsible business while respecting the environment and embracing precautionary efforts to mitigate broad global climate change impacts and pollution. To achieve its vision, BRANDART promotes a strategic focus on cleaner seas, less polluted lands and efficient cargo shipments through a responsible and sustainable logistics approach.

BRANDART sustainable preferences support shipments by sea. Full Container Load (FCL) is a must, for both containers and swap bodies (Intermodal Transport). BRANDART's commitment is to reduce as much as possible Less Container Load (LCL).

From 2018 the Company implemented rail transports also for intercontinental shipments (China-Italy) to create a low environmental impact alternative to sea shipments in peak seasons, bad weather and no vessels availability cases.

BRANDART uses road shipments only for internal transfers or last mile deliveries.

BRANDART is fully committed to further reducing energy consumption and CO₂ emissions across all operations, for this reason BRANDART requires to all its Forwarding Agents to ship only by Main World Liners (MAERSK – MSC – COSCO, etc.) that have in place strong sustainability policies. Whenever possible BRANDART requires bamboo floored containers in order to reduce the consumption of “normal” wood, Water-Based Paint (WBC) containers to reduce the Volatile Organic Compounds (VOC) and shipments from/to ports adopting Shore Power Supply (SPS) in order to reduce vessels CO₂ emissions in port by around 80%. BRANDART's partners for road shipments guarantee modern fleets adopting last technologies in CO₂ emissions control. BRANDART air freight forwarders work only with Main World Air-Cargo Liners that guarantee efficient plane models with lower CO₂ emissions. Couriers partners (FEDEX – DHL – UPS) have in place clear Sustainability Policies.

All logistic partners are required to sign BRANDART's Code of Conduct or to adopt similar ethical and environmental commitments.

Roadmap 2019-2020

- *Assess or estimate the carbon footprint of logistic chain, by involving our partners*

Environment

1	Our Company
2	Our commitment to sustainability
3	Governance
4	Products and innovation
5	Our people
6	Our partners
7	Environment

Our Environmental approach – I

The direct environmental impact of BRANDART's activities can be considered as almost immaterial, due to Company dimensions and business structure; no water is used for production processes, few emissions and no hazardous waste are produced.

Years ago BRANDART chose to include ISO 14001 requirements in its Integrated Management System, to be used as a framework for planning and managing any action related to the saving of natural resources and environmental protection.

BRANDART believes that everyone with day by day actions can contribute to environmental protection and to reduce global environmental footprint, therefore employees are encouraged to implement best practices to reduce harmful effects on the environment.

Environmental sustainability within BRANDART focuses mainly on energy and natural resources consumptions, water and waste management, as per below.

Energy and natural resources consumptions (2018)

Gas (m ³)	73,213
Diesel (l)	62,857
Electrical energy (KWh) ⁽¹⁾	328,280

⁽¹⁾ 100% electrical energy is from renewable sources. All diesel is consumed by hired company vehicles.

Energy and natural resources consumptions (2017) ⁽³⁾

Gas (m ³)	67,427
Fuel (l)	69,975
Electrical energy (KWh)	235,424

⁽³⁾ Comparing to 2017, consumptions in 2018 were higher for electricity and gas due to the opening of the new R&D Department, but fuel was reduced due mainly to the optimization of the carrier routes and the consolidation of the customer base.

Waste management (in Kg) ⁽²⁾

Total waste	54,315
Hazardous waste	0
Non hazardous waste	54,315
Recycled – reused – recovered	41,675

⁽²⁾ No waste transported or shipped by BRANDART, all waste disposed through disposal contractors.

Detail of total waste by material (in Kg)

Mixed material packaging	27,590
Out of print toners	55
Inorganic waste	14,030
Waste from processed textile fibers	12,640

Our Environmental approach – II

Water withdrawal by source (in m ³) ⁽¹⁾	
Municipal water	956
Surface water	0
Groudwater	0
Seawater	0
Produced water	0
Third party water	0

⁽¹⁾ Data are obtained from municipal supplier bills related to the January-September period (total withdrawn volume is 717 m³). Volumes for the months of October, November and December are estimated as the average monthly amounts of previous months.

Water discharge (in m ³) ⁽²⁾	
Municipal sewage	860

⁽²⁾ As water withdrawn is not used for production purposes, we assume that 90% of water withdrawn is discharged and 10% consumed as drinking water or used for watering Company’s green areas.

- *Water withdrawn is used in BRANDART only for civil use, and no water is reused or recycled*
- *No water sources are significantly affected by BRANDART’s water withdrawal or discharge, discharged water is collected and treated by public sewage system*
- *No water is withdrawn or discharged by or into water stress areas*

Environmental compliance

Thanks to a careful management of legislative obligations and our ISO 14001 certification, no fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations monetary were issued to our sites in 2018.

Analysis of climate footprint

With the support of ReteClima (www.reteclima.it), an Italian ETS (Third Sector Body) of non-profit nature, which promotes actions of Corporate Social Responsibility (CSR) and sustainability in the private sector and public procurement, BRANDART made a simplified assessment of Company's greenhouse gases emissions (GHG - Greenhouse Gases).

The voluntary assessment of the Company's climate direct performance fits into the logic of actions for the fight against anthropogenic climate change, which is the greatest environment risk of the modern age.

The assessment is based on the consumption data registered by BRANDART during the year 2018, according to an inventory approach, and is carried out by taking as a reference the technical criteria of the standard ISO 14064 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals).

Within BRANDART direct business cycle, the main categories of consumption logically and functionally associated with the supply of company activities were investigated, which are related to:

SCOPE 1 EMISSIONS (direct emissions)

- Structure heating, with methane gas consumption
- Mobility of people and goods transport (company vehicles), with fuel consumption

SCOPE 2 EMISSIONS (energy indirect emissions)

- Lighting and cooling, with electricity consumption

Quantification of CO2 emissions

Below are the emission values that together contribute to determining the direct climate footprint of BRANDART in its three operating sites. Consumption and emission values are broken down by macro-categories.

SCOPE 1 EMISSIONS (direct emissions)

SCOPE 1 - HEATING WITH CONSUMPTION OF METHANE GAS:

Consumption: 73,213 m³ → emission of 145,223 kgCO_{2eq} ⁽¹⁾

SCOPE 1 - MOBILITY OF PEOPLE AND TRANSPORT OF GOODS WITH CONSUMPTION OF FUEL:

Consumption: 62,857 l diesel → emission of 169,754 kgCO_{2eq} ⁽¹⁾

⁽¹⁾ Emissions calculated according to IPCC methodology, using equations of "2006 IPCC Guidelines for National Greenhouse Gas Inventories", Volume 2_2 ("Stationary Combustion") and the lower calorific powers (PCI) extracted from "ISPRA national standard parameters 2018" updated 02/07/2019

SCOPE 2 EMISSIONS (energy indirect emissions)

SCOPE 2 - LIGHTING AND COOLING, WITH ELECTRICITY CONSUMPTION:

Consumption: 328,280 kWh → emission of 157,574 kgCO_{2eq} ⁽²⁾

⁽²⁾ Emissions calculated by location based method, using "ISPRA – Fattori di emissione atmosferica di gas a effetto serra nel settore elettrico nazionale e nei principali paesi europei" and «European Residual Mixes 2017 Association of Issuing Bodies»

SCOPE 1 EMISSIONS

314,977
kgCO_{2eq}

SCOPE 2 EMISSIONS

157,574
kgCO_{2eq}

TOTAL EMISSIONS
(excluding scope 3)

472,551
kgCO_{2eq}

Initiatives for the environment

In 2018 BRANDART adopted the flowerbed at the entrance of our new R&D Department, and continued to take care of the flowerbed in front of its Headquarter.

In 2018 BRANDART also started the Paper Cut project, with the double aim to optimize the number of prints and therefore paper and toner consumption in daily office activities, and to ensure the privacy of printed documents.

All employees are encouraged to print double-sided and to use recycled paper whenever possible.

We estimated 952,367 prints were made, comparing to 2017 where prints were 1,043,053, with a reduction of 9%.

CO₂ emissions related to Company's website were compensated through the plant of a tree, within a new urban forestry project in Milano, as part of the ReteClima CO₂web® Project (www.co2web.it).



Roadmap 2019-2020

- Extend our assessment to indirect CO₂ emissions, considering our main upstream and downstream business partners, and the life cycle of our products
- Identify and develop carbon reduction and offset actions through certified compensatory projects at a national and/or international level

Local communities

1	Our Company
2	Our commitment to sustainability
3	Governance
4	Products and innovation
5	Our people
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Local communities

BRANDART facilities are located within a residential district in Busto Arsizio. Utmost care is provided in the building design, external areas and maintenance status to ensure the compatibility with the surrounding environment.

None of the facilities produce emissions that may negatively affect the atmosphere, nor produces odors, light pollution or discharges into the environment. The vehicle traffic doesn't impact significantly on normal traffic flow. No tensions with the local administration were recorded.

BRANDART employees are mostly hired from nearby municipalities, generating wealth and employment opportunities. 91% of them reside in the provinces of Varese, Milano and Como, and 74% within 20 km of BRANDART's Headquarter. By hiring local employees, BRANDART is also able to minimize transport-related environmental impacts.

In 2018 BRANDART made several donations to local, national and international social initiatives and non-profit organizations, active in the following fields:

- *promotion and support of sustainability actions*
- *rehabilitation of people with mental health disorders and their families*
- *medical research*
- *sport initiatives*
- *supporting jew communities*



Roadmap 2019

- Involve schools and Universities for specific technical projects and initiatives related to sustainability.

GRI Content index

1	Our Company
2	Our commitment to sustainability
3	Governance
4	Products and innovation
5	Our people
6	Our partners
7	Environment
8	Local communities
9	GRI Content Index

GRI content index

102: GENERAL DISCLOSURES

GRI Standard	Conf	Indicator	Page	Comments
102-01	CORE	Name of the organization	12	//
102-02	CORE	Activities, brands, products, and services	13, 16, 30, 32, 35	
102-03	CORE	Location of headquarters	12	
102-04	CORE	Location of operations	12	
102-05	CORE	Ownership and legal form	12	
102-06	CORE	Markets served	11, 16	
102-07	CORE	Scale of the organization	38, 12, 25, 32	
102-08	CORE	Information on employees and other workers	38	
102-09	CORE	Supply chain	44	
102-10	CORE	Significant changes to the organization and its supply chain	//	OMISSION: Not applicable since this is the first reporting year
102-11	CORE	Precautionary principle or approach	2	
102-12	CORE	External initiatives	17, 19, 20, 57	
102-13	CORE	Membership of associations	20	
102-14	CORE	Statement from senior decision-maker	1	
102-16	CORE	Values, principles, standards, and norms of behavior	17	
102-17	//	Mechanisms for advice and concerns about ethics	28	
102-18	CORE	Governance structure	37	
102-40	CORE	List of stakeholder groups	4	
102-41	CORE	Collective bargaining agreements	39	
102-42	CORE	Identifying and selecting stakeholders	4, 5	
102-43	CORE	Approach to stakeholder engagement	4, 5	
102-44	CORE	Key topics and concerns raised	//	OMISSION: Not applicable since this is the first reporting year
102-45	CORE	Entities included in the consolidated financial statements	12, 25	
102-46	CORE	Defining report content and topic boundaries	6, 7, 8, 21, 22, 23	
102-47	CORE	List of material topics	6, 7, 8, 21, 22, 23	
102-48	CORE	Restatements of information	//	OMISSION: Not applicable since this is the first reporting year
102-49	CORE	Changes in reporting	//	OMISSION: Not applicable since this is the first reporting year
102-50	CORE	Reporting period	2	
102-51	CORE	Date of most recent report	//	OMISSION: Not applicable since this is the first reporting year
102-52	CORE	Reporting cycle	2	
102-53	CORE	Contact point for questions regarding the report	2	
102-54	CORE	Claims of reporting in accordance with the GRI Standards	//	OMISSION: Not applicable since this is the first reporting year
102-55	CORE	GRI content index	59-67	
102-56	CORE	External assurance	2, 3	

GRI content index

200: ECONOMY

GRI Standard	Conf	Indicator	Page	Comments
GRI 201 Economic performance				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4-5-6-7-8-22-23-	//
103-03		- Evaluation of the management approach	25	
201-01	//	Direct economic value generated and distributed	25	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4-5-6-7-8-22-23	//
103-03		- Evaluation of the management approach		
201-04	//	Financial assistance received from government	25	
GRI 202 Market presence				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4-5-6-7-8-22-23-	//
103-03		- Evaluation of the management approach	38	
202-01	//	Ratios of standard entry level wage by gender compared to local minimum wage	40	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4-5-6-7-8-22-23-	//
103-03		- Evaluation of the management approach	38	
202-02	//	Proportion of senior management hired from the local community	38	
GRI 204 Procurement practices				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4-5-6-7-8-22-23-	//
103-03		- Evaluation of the management approach	44	
204-01	//	Proportion of spending on local suppliers	44	
GRI 205 Anti-corruption				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4-5-6-7-8-22-23-	//
103-03		- Evaluation of the management approach	26-27	
205-01	//	Operations assessed for risks related to corruption	27	

GRI content index

200: ECONOMY

GRI Standard	Conf	Indicator	Page	Comments
GRI 205 Anti-corruption				
103-01	//	- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 26, 27	//
103-02		- the management approach and its components		
103-03		- Evaluation of the management approach		
205-02	//	Communication and training about anti-corruption policies and procedures	27	
103-01	//	- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 26, 27	//
103-02		- the management approach and its components		
103-03		- Evaluation of the management approach		
205-03	//	Confirmed incidents of corruption and actions taken	//	No incidents related to corruption occurred in 2018, and no employees or business partners were dismissed due to corruption problems.
GRI 206 Anti-competitive behavior				
103-01	//	- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 26, 27	//
103-02		- the management approach and its components		
103-03		- Evaluation of the management approach		
206-01	//	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	//	During 2018 there were no legal actions pending or completed regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which BRANDART has been identified as a participant.

300: ENVIRONMENT

GRI Standard	Conf	Indicator	Page	Comments
GRI 301 Materials				
103-01	//	- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 11, 13, 22, 23	//
103-02		- the management approach and its components		
103-03		- Evaluation of the management approach		
301-01	//	Materials used by weight or volume	33	We have no company production processes so we do not report about process materials and semi-manufactured goods or parts. We do not report about materials for packaging purposes since information is not available. We do not report about materials consumptions for marketed products since information is not available.

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300: ENVIRONMENT				
GRI Standard	Conf	Indicator	Page	Comments
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 11,	//
103-03		- Evaluation of the management approach	13, 22, 23	
301-02	//	Recycled input materials used	//	OMISSION: Nor reported since information is not available
GRI 302 Energy				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
302-01	//	Energy consumption within the organization	51	
GRI 303 Water and effluents				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
303-01	//	Interactions with water as a shared resource	52	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
303-03	//	Water withdrawal	52	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
303-04	//	Water discharge	52	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
303-05	//	Water consumption	52	
GRI 305 Emissions				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
305-01	//	Direct (Scope 1) GHG emissions	54	

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300: ENVIRONMENT

GRI Standard	Conf	Indicator	Page	Comments
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
305-02	//	Energy indirect (Scope 2) GHG emissions	54	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
305-06	//	Emissions of ozone-depleting substances (ODS)	//	In 2018 no significant emissions of ozone-depleting substances (ODS) occurred.
GRI 306 Waste				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
306-02	//	Waste by type and disposal method	51	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
306-03	//	Significant spills	//	In 2018 no significant spills occurred.
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
306-04	//	Transport of hazardous waste	51	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
306-05	//	Water bodies affected by water discharges and/or runoff	52	

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300: ENVIRONMENT

GRI Standard	Conf	Indicator	Page	Comments
GRI 307 Environmental compliance				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 51	//
103-02	//	- the management approach and its components		
103-03		- Evaluation of the management approach		
307-01	//	Non-compliance with environmental laws and regulations	52	
GRI 308 Supplier environmental assessment				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 44, 45	//
103-02	//	- the management approach and its components		
103-03		- Evaluation of the management approach		
308-01	//	New suppliers that were screened using environmental criteria	45, 46	
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 44, 45	//
103-02	//	- the management approach and its components		
103-03		- Evaluation of the management approach		
308-02	//	Negative environmental impacts in the supply chain and actions taken	47, 48, 49	

400: SOCIAL

GRI Standard	Conf	Indicator	Page	Comments
GRI 401 Employment				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 38	//
103-02	//	- the management approach and its components		
103-03		- Evaluation of the management approach		
401-01	//	New employee hires and employee turnover	39, 42	
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 8, 22, 23, 38	//
103-02	//	- the management approach and its components		
103-03		- Evaluation of the management approach		
401-02	//	Benefits provided to full-time employees that are not provided to temporary or part-time employees	40	

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400: SOCIAL

GRI Standard	Conf	Indicator	Page	Comments
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 38	
401-03	//	Parental leave	//	In 2018, 6 female and 1 male employees were entitled to and took parental leave. All of them returned to work after parental leave ended, and all are still employed in BRANDART.
GRI 403 Occupational Health&Safety				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 41	
403-03	//	Occupational health services	41	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 41	
403-05	//	Worker training on occupational health and safety	42	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 41	
403-06	//	Promotion of worker health	42	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 41	
403-09	//	Work-related injuries	42	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 41	
403-10	//	Work-related ill health	//	No work-related illnesses were recorded in the last 3 years.
GRI 404 Training and education				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 38	
404-01	//	Average hours of training per year per employee	40	

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GRI Standard	Conf	Indicator	Page	Comments
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 38	
404-02	//	Programs for upgrading employee skills and transition assistance programs	40	
GRI 405 Diversity and equal opportunity				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 38	
405-02	//	Ratio of basic salary and remuneration of women to men	40	
GRI 406 Non discrimination				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 26, 38	
406-01	//	Incidents of discrimination and corrective actions taken	//	In 2018 there were no cases of discrimination identified by or notified to BRANDART.
GRI 412 Human rights assessment				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 26, 38	
412-02	//	Employee training on human rights policies or procedures	//	All BRANDART'S employees receive a training related to human rights, specific to the requirements of SA8000 standard.
GRI 414 Supplier social assessment				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 51	
414-01	//	New suppliers that were screened using social criteria	45, 46	
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22,	//
103-03		- Evaluation of the management approach	23, 44, 45	
414-02	//	Negative social impacts in the supply chain and actions taken	47, 48, 49	

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400: SOCIAL

GRI Standard	Conf	Indicator	Page	Comments
GRI 415 Public policy				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22, 23	//
103-03		- Evaluation of the management approach		
415-01	//	Political contributions	//	BRANDART does not support with donations any political party or political entities.
GRI 416 Customer health & safety				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22, 23, 34	//
103-03		- Evaluation of the management approach		
416-01	//	Assessment of the health and safety impacts of product and service categories	34	
GRI 418 Customer privacy				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22, 23, 30	//
103-03		- Evaluation of the management approach		
418-01	//	Substantiated complaints concerning breaches of customer privacy and losses of customer data	30	In 2018 there were no cases of complaints concerning breaches of customer privacy and losses of customer data identified by or notified to BRANDART.
GRI 419 Socioeconomic compliance				
103-01		- Explanation of the material topic and its boundary		
103-02	//	- the management approach and its components	4, 5, 6, 7, 8, 22, 23, 26	//
103-03		- Evaluation of the management approach		
419-01	//	Non-compliance with laws and regulations in the social and economic area	//	In 2018 BRANDART did not receive any significant fine and non-monetary sanction for non-compliance with laws and/or regulations in the social and economic area