

BRANDART

PACKAGING AND DISPLAY

SUSTAINABILITY REPORT 2019



Letter to stakeholders

In 2019 BRANDART's revenue went above € 100m. This are the kind of milestones that should make a company more responsible first of all.

It is with great joy that I introduce you to our latest sustainability report for the year 2019.

2019 has been a year of strong growth for BRANDART, a year during which we have tried to share our ideas, our vision and our innovation with our stakeholders. We took part in what I believe are some great initiatives: from the Global Luxury Forum at INSEAD where we had the opportunity to face some of the brightest students in the world with a detailed explanation of our sustainability program to the joining of the New Plastic Economy Global Commitment by the Ellen Macarthur Foundation.

We also have been working very hard to expand our knowledge within compliance and R&D. We have organized ourselves to obtain the GRS certification early next year and we have added new product categories to our portfolio with a focus on recycled materials and reusable solutions. The principles of a circular economy are becoming part of our thinking and of our credo and we are focused on bringing new solutions and options to our clients on all product categories: retail packaging, e-commerce packaging and industrial packaging.

Last but not least I would like to highlight the effort that BRANDART has put in place for what concerns traceability: today more than ever to be able to track materials and products at every step of the supply chain is of fundamental importance in order to implement responsible and correct choices.

On its second release, our 2019 Sustainability Report will tell you in great detail what we are working on for a better tomorrow.

Yours sincerely,

Maurizio Sedgh, CEO

Introduction: Methodological notes

BRANDART's 2019 Sustainability Report represents the main means of communicating to the stakeholders the Company's commitment along its path towards Sustainability.

This report is an update of 2018 report published in October, 2019, and 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 2019 (from January 1st 2019 to December 31st 2019).

BRANDART confirms hereby there's no need of any restatement related to 2019 data, activities, material topics, report perimeter and period.

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.

The Sustainability Report has been subject to external assurance by the independent third party SGS Italia SpA., as stated in the letter below.

SGS Italia S.p.A. was commissioned by the Management of Brandart Image Packaging Srl ("Brandart") to undertake an independent assurance of the Company's Annual Report 2019 (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.

This Independent Assurance Statement is intended solely for the information and use of Brandart's stakeholders and is not intended to be 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, for reporting the sustainability results, as well as for identifying the stakeholders and the significant aspects to be reported.

INDEPENDENCE OF THE AUDITORS AND QUALITY CONTROL

SGS Italia S.p.A. SGS affirms its independence from Brandart, 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 RESPONSIBILITY

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 2019 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 included the following aspects:

- analysis, according to Limited Assurance Engagement, of the business and data on sustainability, for the period January 2019 to December 2019, as contained in the Report
- the evaluation of the Report against the Global Reporting Initiative's **GRI Standards**, "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.

SGS Italia S.p.A.

Via Caldera, 21, 20153 Milano (MI) – Italy - t +39 02 73931 f +39 02 70124630 e sgs.italy@sgs.com www.sgs.com
 Membri del Gruppo SGS (Société Générale de Surveillance) - Sede Legale Milano Via Caldera, 21 - Capitale sociale € 2.500.000 i.v. C.F./N. Iscriz. Reg. Imprese di Milano 04112680378 - P. IVA n. 11370520154 - Cod. Mecc. n. MI223913 - Società unipersonale soggetta a direzione e coordinamento di SGS European Subholding BV

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 the Brandart's management 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 set up 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 2020 at the Head Quarters in Busto Arsizio (VA).

LIMITATIONS

Economic and financial data contained in the Financial Statements at 31 December 2019, included in the Financial 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 2019 of Brandart has not been prepared, in all material respects, in compliance with the GRI Standards as disclosed in the paragraph "Methodological Note" of the Annual Report.

Milan, September 11th, 2020

SGS Italia S.p.A.

Paola Santarelli
 Certification & Business Enhancement
 Business Manager



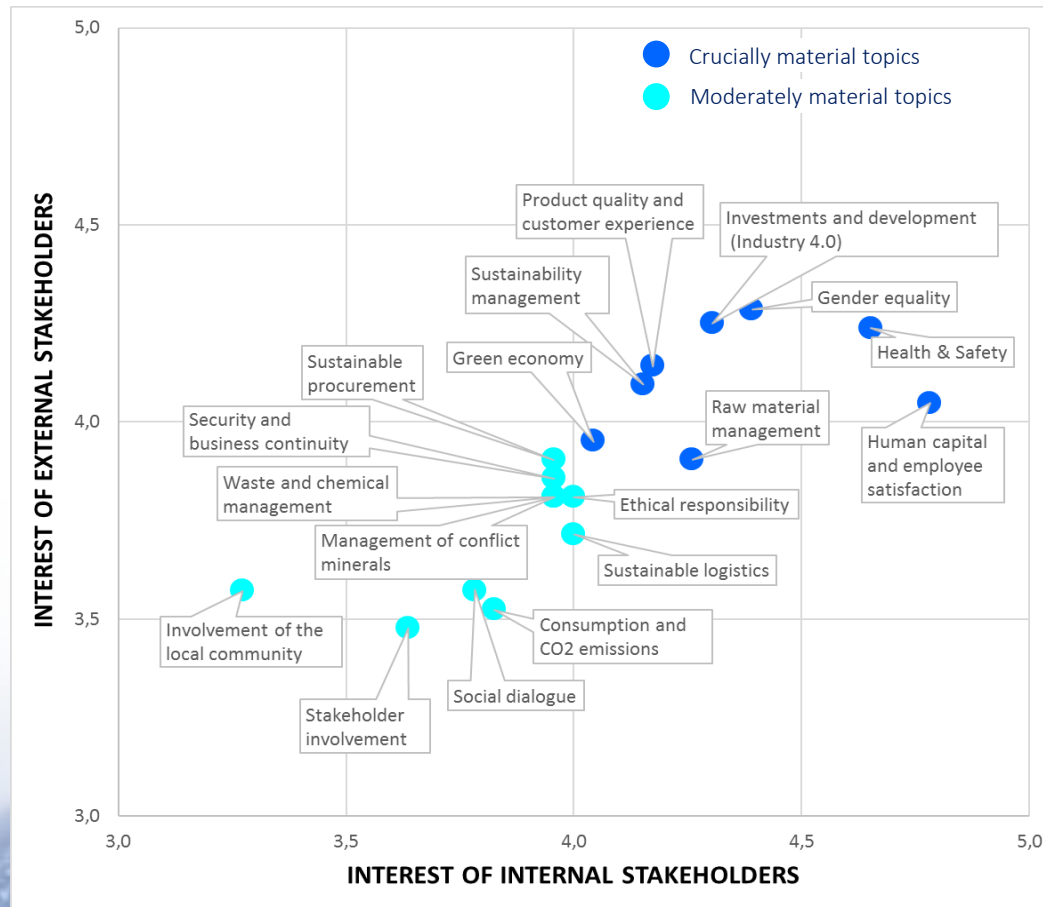
M. Laura Ligi
 Certification & Business Enhancement
 Project Leader



Stakeholders engagement and materiality analysis

To define the material topics to be included in this Sustainability Report, BRANDART decided not to implement a new materiality analysis, because the Senior Management wanted to give its stakeholders more time to deepen the contents of the first Sustainability Report and share impressions and expectations. Therefore, this year materiality matrix and material topics are the same as described in the 2018 Sustainability Report.

Materiality matrix



As described in 2018 report, the survey results proved that external stakeholders' interests regarding surveyed topics are generally aligned with those of internal 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.

Stakeholders engagement and materiality analysis

BRANDART involved its internal stakeholders (i.e. the employees and managers) 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 above groups.

Some of our main packaging suppliers in Europe and Far East 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.

Main external stakeholders Groups involved

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

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, but most of moderately material topics are also mentioned and explained.

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Our Company

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Our Company



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.

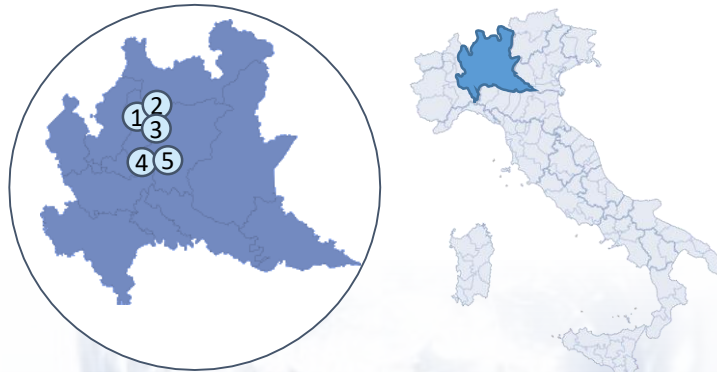


Our facilities

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:

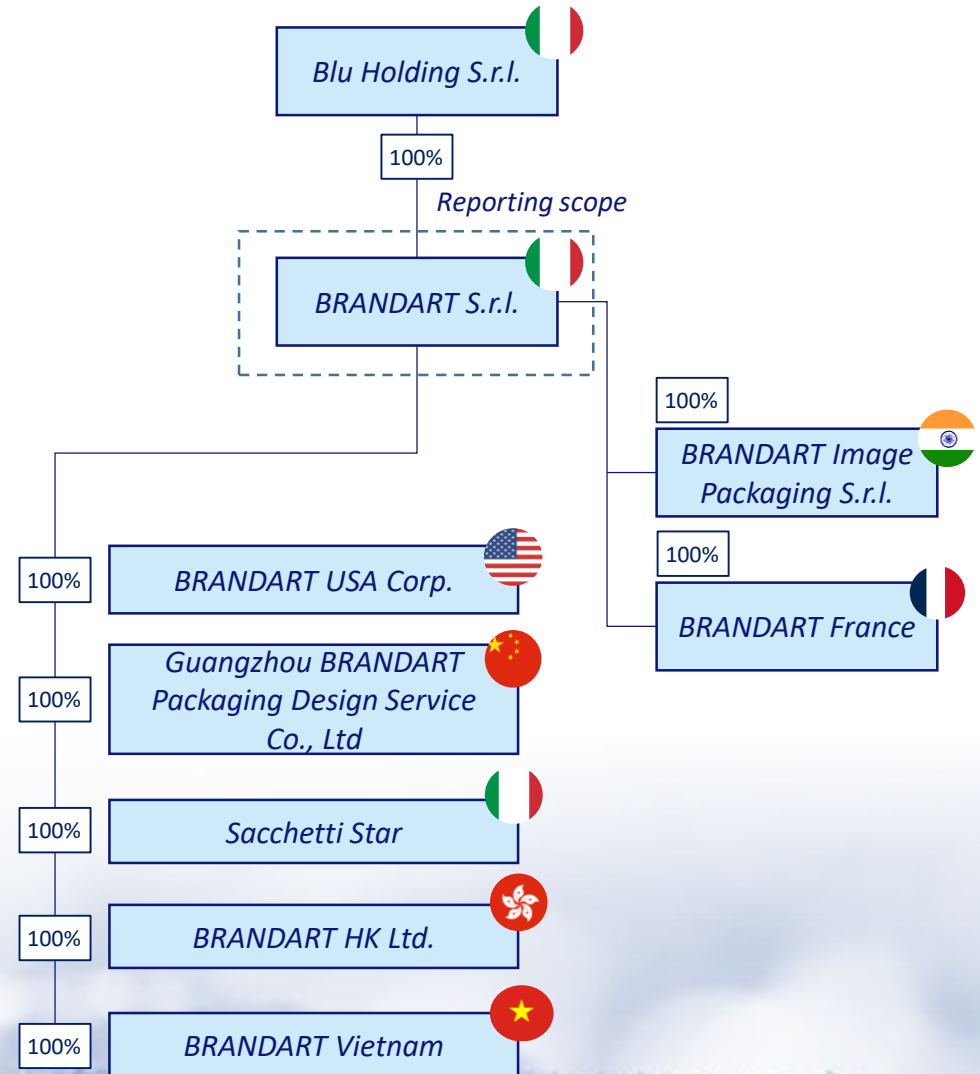
1. Headquarter in Busto Arsizio, Via A. Costa 19/21
2. Warehouse in Busto Arsizio, Via 5 Giornate 14
3. R&D Department in Busto Arsizio, Viale Lombardia 48

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.

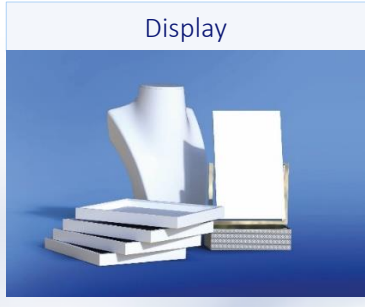
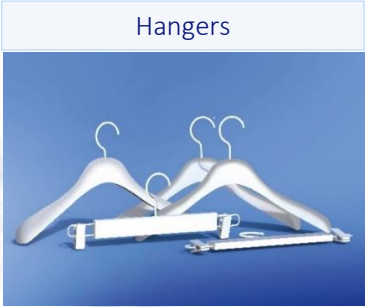


Other two sites belong to BRANDART S.r.l. but they are not relevant for the reporting purposes:

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



Our products



Our services



BRANDART at a glance

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

Headquarter

- **1998**

Year of foundation

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

Focus on product development

- **Certifications**

ISO 9001, ISO 14001, SA8000, FSC®, GOTS, OK compost
Industrial



- **9 countries worldwide**

Production outsourcing

- **9.000.000**

Average packaging units produced every month

- **65**

Countries reached by BRANDART's products

- **21**

BRANDART's logistic hubs

- **167**

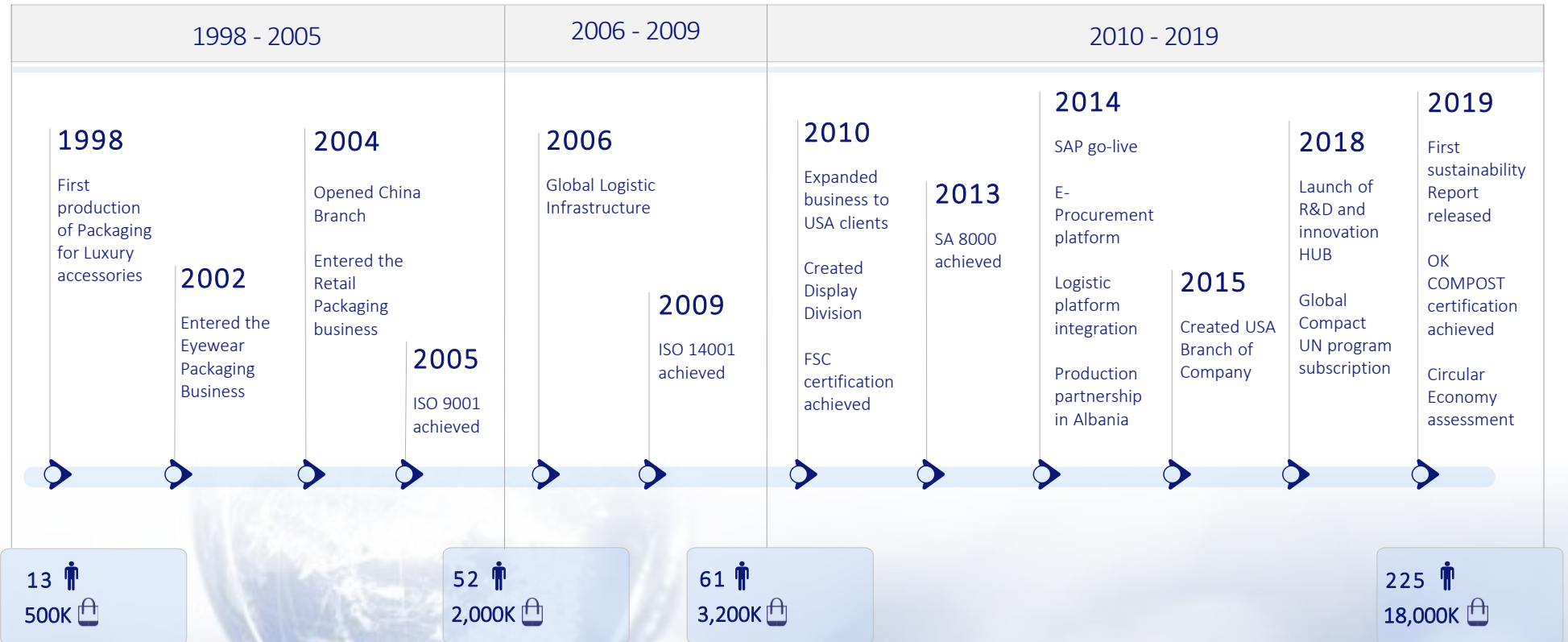
Employees as of 31/12/2019

A photograph of the BRANDART building facade. The building is white with large, bold, blue letters spelling 'BRANDART' on the upper part. Below it, in smaller blue letters, is 'BRAND PACKAGING AND DISPLAY'. At the bottom of the facade, in large, bold, blue letters, is the slogan 'CREATIVITY - INNOVATION - R&D'. The sky is clear and blue, and some green trees are visible on the left side of the frame.

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

BRANDART throughout the years

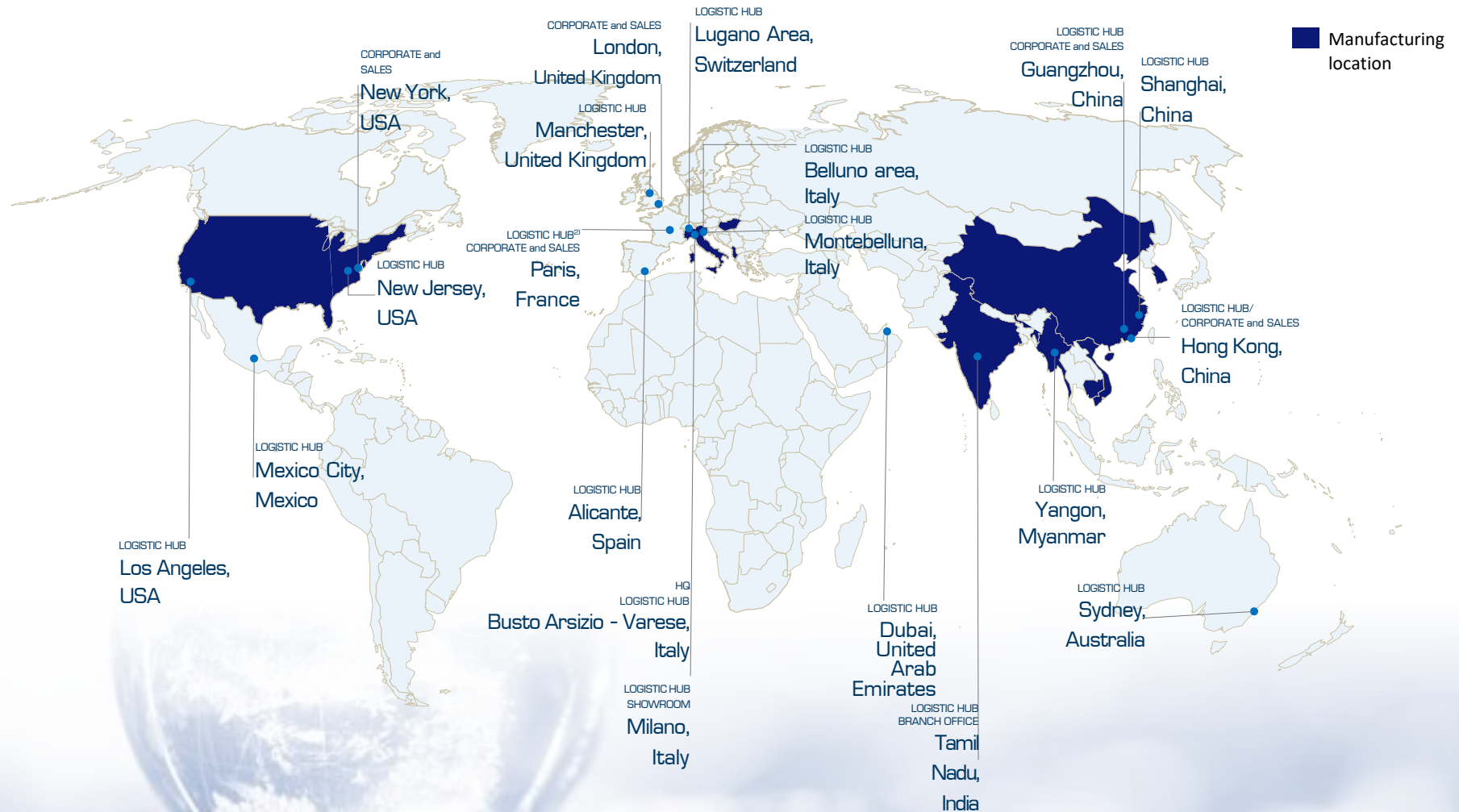
Since the beginning of its activity, BRANDART has always been focused on maintaining the highest standards: in 2005 the Company obtained the ISO 9001 certification, followed by the ISO 14001 in 2009, the SA 8000 certification in 2013 and OK COMPOST certification in 2019.



Headcount Monthly packaging units produced

Note: Above information refer to BRANDART group

Our worldwide infrastructure



With its production organized in 9 regions worldwide and 21 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, FSC® and OK COMPOST standards, all applicable national and international standards rules and regulations, including the Universal Declaration of Human Rights, the ILO (International Labour Office) conventions, the guiding principles of the OECD (Organization for Economic Co-operation and Development), and the principles of the UN Global Compact.

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*

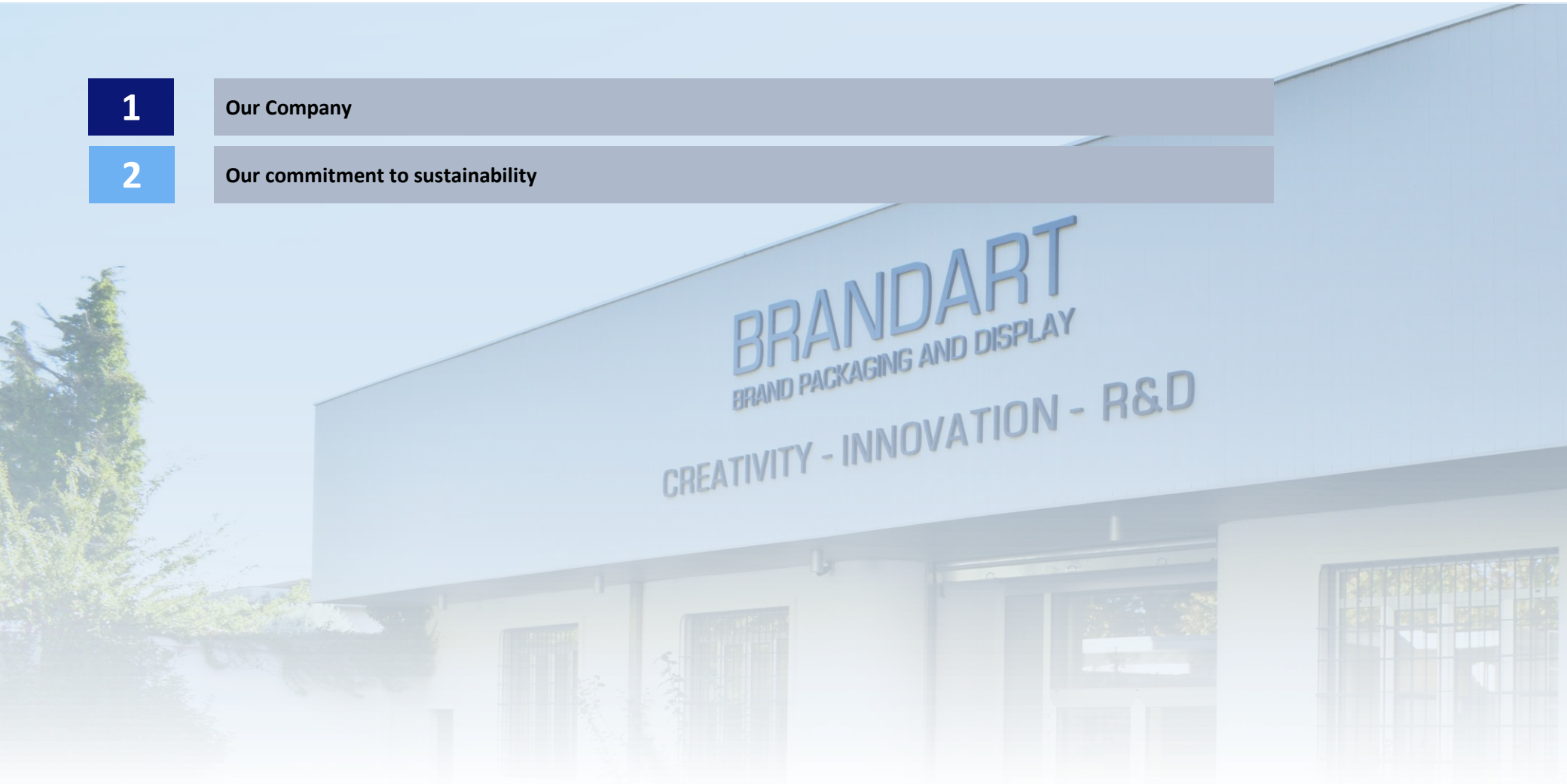
Our commitment to sustainability

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Our commitment to sustainability



Our associations and industrial memberships

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 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.

New Plastics Economy – Global Commitment

Joined in 2019



The New Plastics Economy Global Commitment unites businesses, governments, and other organisations behind a common vision and targets to address plastic waste and pollution at its source.

Signatories include companies representing 20% of all plastic packaging produced globally, as well as governments, NGOs, universities, industry associations, investors, and other organisations.

The Global Commitment is led by the Ellen MacArthur Foundation, in collaboration with the UN Environment Programme. The Ellen MacArthur Foundation leads the engagement with the private sector (the business signatories and endorsers), and UNEP leads the engagement with the governments.

Our certifications

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 responsibly, from recycled sources or 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 fibers, produced in accordance with organic farming criteria and processed in accordance with stringent environmental and social criteria, from the sourcing of raw materials in all stages of processing 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 of human and workers rights, safety and health workplace.

OK compost Industrial

Since 2019



OK compost Industrial certification ensures packaging or products bearing the mark are biodegradable in an industrial composting plant and comply with the requirements of the European packaging directive (94/62 / EC). The reference for the certification program is the harmonized standard EN 13432:2000.

All the scope certificates have been extended to include the R&D department of BRANDART, which was opened in 2018.

Note: FSC®, GOTS and OK COMPOST products are available upon request.

Our international awards and assessments

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 fourth consecutive year.

EcoVadis Sustainability rating

Since 2018



BRANDART participated for the second consecutive year to the EcoVadis Client's sustainability initiative.

Due to the high score we obtained in the assessment, our Company has been awarded a Silver EcoVadis Medal. This result places us among the top 25 percent of companies assessed by EcoVadis.

(1) The assessment was performed in 2019, results were received in January, 2020.

Circular Economy Maturity Assessment

In 2019



BRANDART received from SGS Italia S.p.A. an independent assessment on the maturity of the state of implementation of the circular economy within the company, in accordance with the 6 principles (System Thinking, Stewardship, Value Optimization, Innovation, Collaboration, Transparency) of the guideline BS8001: 2017 for circularity performance assessment.

SGS confirmed that the circular economy implementation status within BRANDART is in line with the principles indicated in the guideline BS8001: 2017, with a final maturity rating - based on the criteria of Annex A - which has reached the IMPROVING level.

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 workers 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 products Circular Economy assessment to evaluate the sustainability performance of 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

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Our commitment to sustainability

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Governance



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

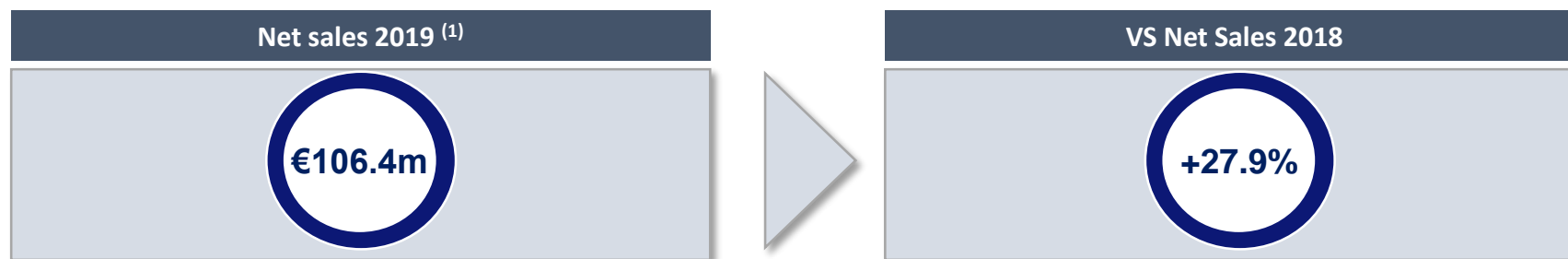
Our economic and financial performances

The financial statements of BRANDART for the year ended 31/12/2019 show a profit of € 4,285,366 (€ 3,527,899 in 2018). 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
€ 110.4m	€ 11.0m	€ 66.9m	€ 1.7m
Donations	Economic value distributed ⁽²⁾	Net income	Equity
€ 12k	€ 104.5m	€ 4.3m	€ 16.0m

Financial grants

Grants for R&D
€ 297.1k

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 and 2019 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
- 2 Disposal of operating assets at unfair prices
- 3 Career facilitation to public-sector workers
- 4 Recruiting employees close to public sector
- 5 Creation of slush funds for procurement overbilling or inexistent purchases
- 6 Incitement to corruption of public officers
- 7 Passive or brokers invoicing to gain benefit from public offices
- 8 Customs corruption
- 9 Any corruption form of inspection authorities
- 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.

Communication and training on anti-corruption policies and procedures

The ODV, as a part of the Governance Model, set 10 operational protocols which are available to all employees on the company server and that are subject to training for all employees. A specific classroom training project was started in 2018, and continued in 2019 for new hires. 87% of the total employees received the training, priority was given to key functions. The training will be completed in 2020.

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.

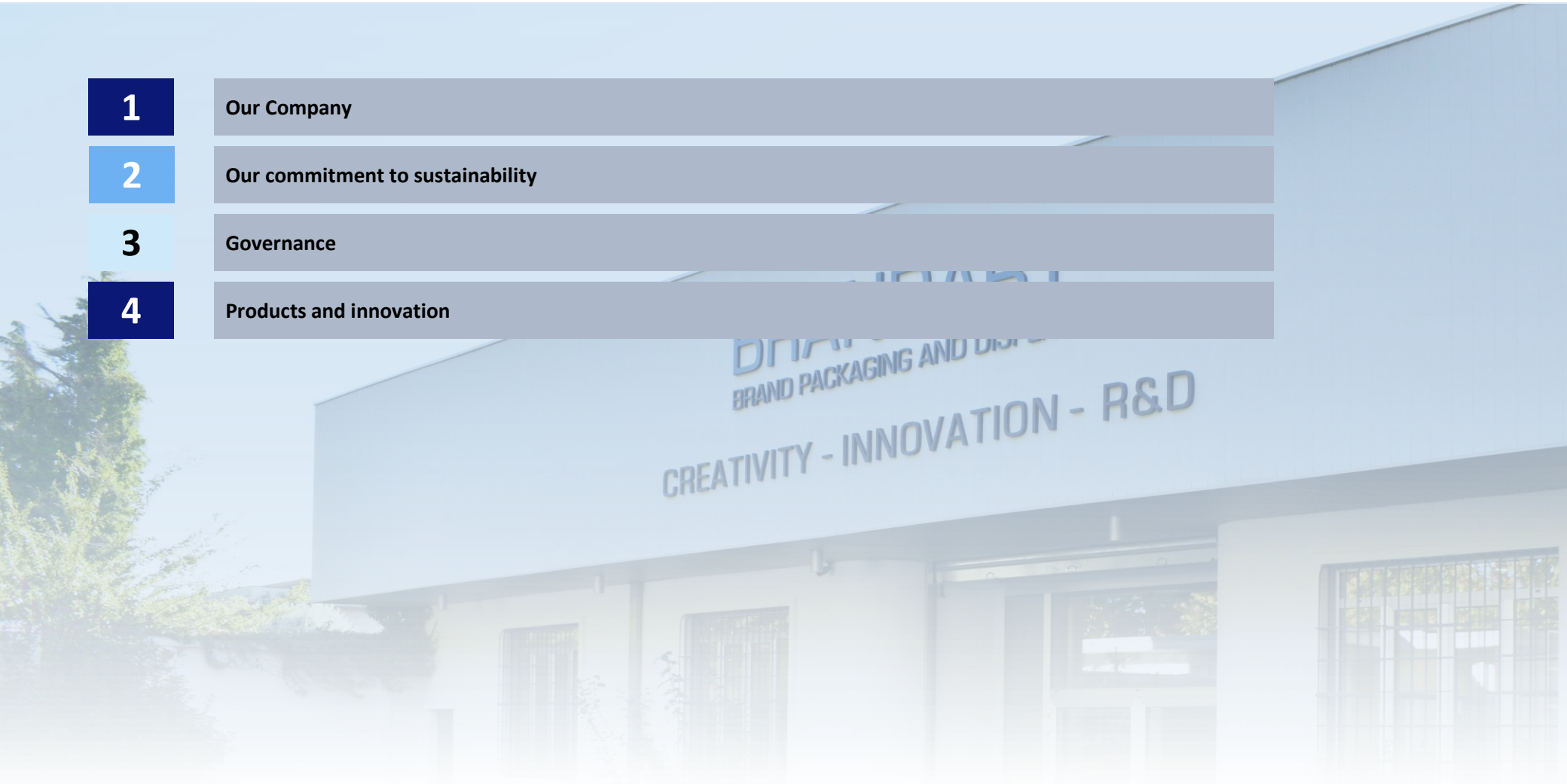
The key principle of this reporting system is to maintain the freedom to express oneself anonymously and to guarantee the protection of anonymity.

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.

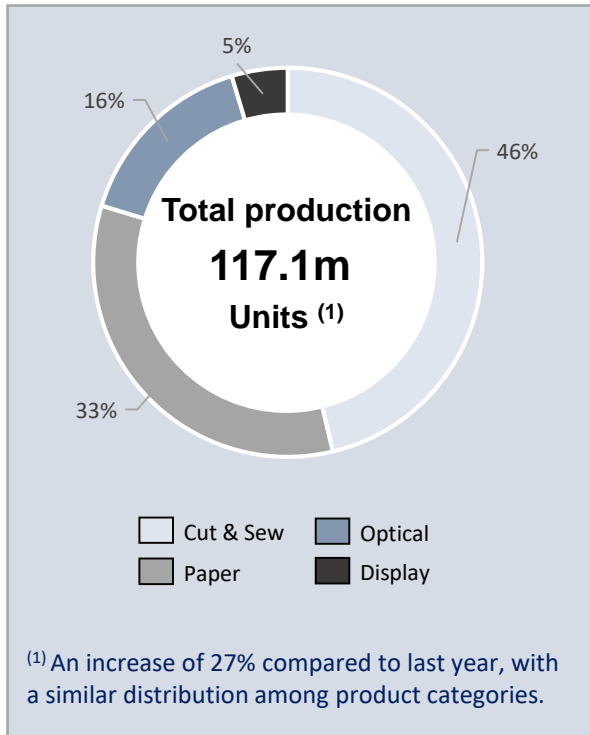
Products and innovation

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 polybags 100% made from PCW (Pre & Post Consumer Waste) recycled plastic*
- *Introduction of products 100% made from PCW (Post Consumer Waste) recycled paper, including paper handles*
- *Increased focus on certified materials in order to allow a stronger monitoring of the supply chain (FSC, GRS, GOTS)*

Responsibly sourced products sold in 2019

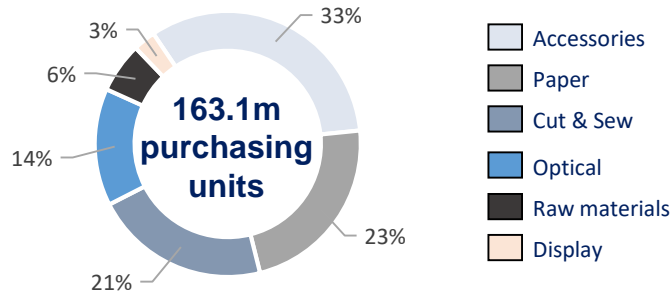
- *15% of sold Cut & Sew products are made of BCI (Better Cotton Initiative) cotton, which is a consistent increase compared to last year*
- *9% of sold Cut & Sew goods are made of organic cotton*
- *41% of sold Paper goods are made of FSC® certified paper, which is almost equal to last year*

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 and paper as reported in the next pages.

An internal technical team dedicated to sustainability have been set, with the task of monitoring and developing the sustainability business line of BRANDART throughout the different functions of the Company, with a specific focus on products sustainability.

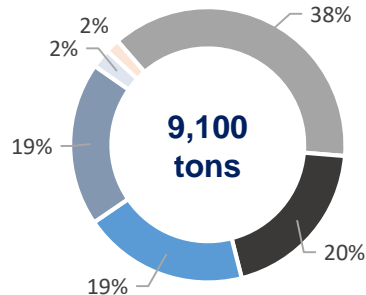
Our materials

Purchasing breakdown by product category ⁽¹⁾



⁽¹⁾ In this chart, Paper, Cut & Sew, Optical and Display categories refer to marketed products, while Raw materials and Accessories refer to items purchased to be used for contract-work-manufactured products. While purchasing volumes increased compared to last year, the distribution among categories is the same.

Total weight of categories (in tons)



⁽³⁾ Input material quantities refer to the whole product categories as described in the left graphs: half-processed and contract-work-manufactured products are excluded since input materials are already considered in Raw materials and Accessories categories.

Input materials used (in tons) ⁽³⁾

Paper	3,957
Cotton	1,979
Polyester	1,046
Other plastic/synthetic materials	272
Wood	61
Metal	36
Other natural materials	28
Others	4
Unavailable data ⁽²⁾	1,712

We analysed in detail all the products we purchased during 2019, which includes both raw materials and accessories used for the contract working manufacturing process and marketed products, collecting technical characteristics, weights and material composition.

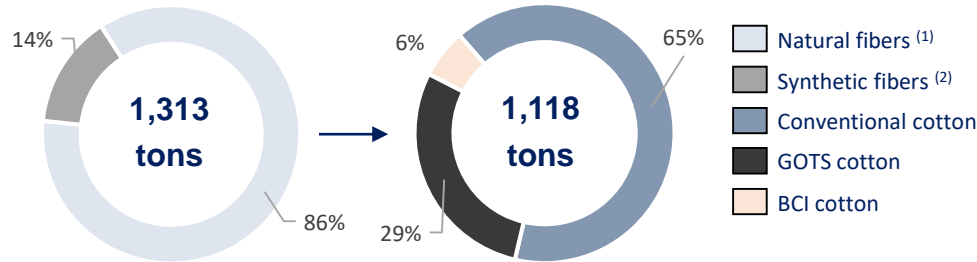
For the Paper, Cut & Sew and Accessories categories we obtained a quite detailed overview of the items compositions and we could calculate the weights of input materials used with a high degree of accuracy.

For Accessories, due to the huge amount of items, we applied some simplifications, estimating the weights of input materials by considering average compositions. Since the total weight of these category is very limited, these uncertainties do not have a major impact.

Optical and Display categories are the most complex ones due to the heterogeneity of items, models and compositions, therefore the degree of uncertainty is high. Since we could not verify all the compositions these year, we preferred to remove the uncertain products composition from the total weight calculation, assigning these as "Unavailable data"⁽²⁾. We can anyway say that main involved materials are plastic, polyester and other synthetic materials, cardboard and wood.

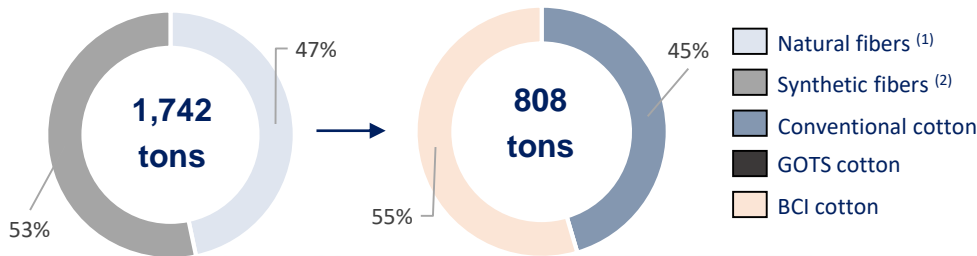
Our materials

Fabrics purchased as raw materials



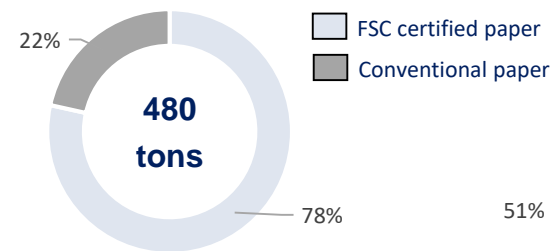
(1) 99% of purchased natural fibers is cotton, others are wool, linen, viscose, leather and silk. (2) Among synthetic fibers, the main one is polyester.

Fabrics in marketed products (5)

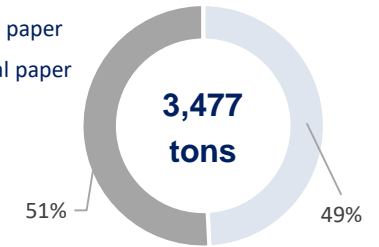


(5) It refers to Cut & Sew category in the previous page: Optical and Display categories are not included do to high uncertainties and unavailable data.

Paper purchased as raw material (3)



Paper in marketed products (4)



(3) It refers to Raw materials category in the previous page. (4) It refers to mainly to Paper category in the previous page: 14% of the total quantity is referred to Optical, Display and Accessories categories, for which there are some uncertainties in the calculations as explained in the previous page.

The type of material utilized is specified by our customers or suggested by BRANDART to guarantee the best result. Due to an increasing sensitivity to the issues of safeguarding of natural resources, the request of responsibly sourced cotton and certified paper is increased, the last both for main products and their packaging.

Ongoing projects

In 2019 a project to review all the packaging used for shipments is started to evaluate any possible improvement to make it more sustainable. For Italian shipments, we are aiming to use only FSC® certified or recycled cardboard boxes, for foreign shipments we are trying to involve our main partners to define common strategies.

Our Sustainability team also issued in 2019 the internal guidelines to make our products more respectful to the environment, considering raw materials choice, composition, conscious design, and end-of-life preferred options.

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.

In order to archive a better result in the closest future, BRANDART has undertaken a monitoring chemical process according to ZDHC protocol. The intent of the project is to provide an harmonized approach to managing chemicals within our textile supply chain: From the formulator to the Re-brander, everyone has a careful and specific responsibility in placing the product on the market: it's important, for BRANDART, to trace each step and verify its compliance.

Our people

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

CREATIVITY - INNOVATION - PEOPLE

Company organisation

As of today the Company is still 100% owned by its CEO, Mr. Maurizio Sedgh.

The CEO, together with Senior Management, is the highest governance body of BRANDART.

The governance body is responsible for decision-making on economic, environmental, and social topics, supported by Accounting & Finance Manager, Health, Safety & Environment Manager, CSR & Sustainability Manager and the committees of Social Performance Team (SPT) and Sustainability Team.



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 2017 – 2019

Total employees



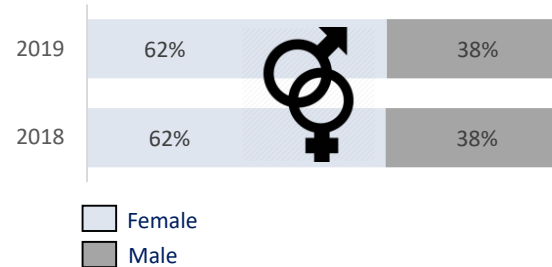
⁽¹⁾ This number includes 2 employees with foreign contract.

Average year employees ⁽²⁾

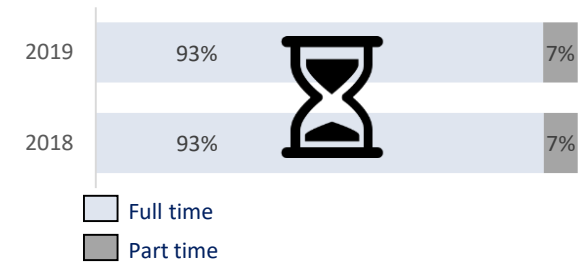


⁽¹⁾ Employees on 1st of January plus employees on 31st of December, divided by 2.

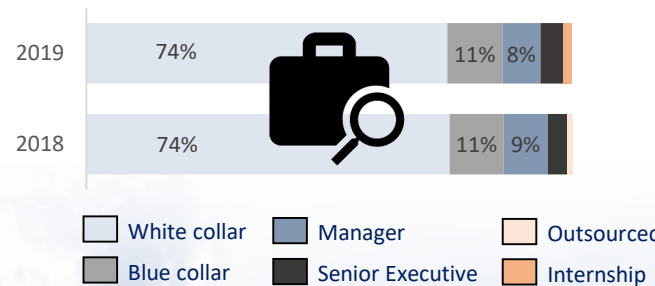
Employees breakdown by gender



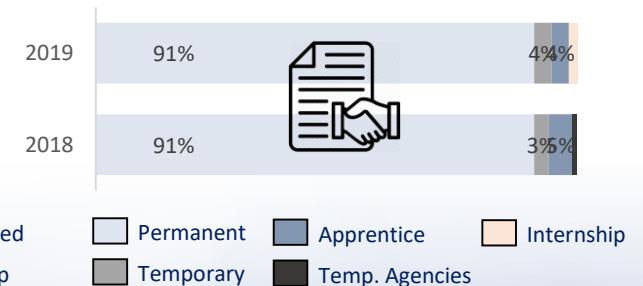
Employees breakdown by employment type



Employees breakdown by function



Employees breakdown by employment contract

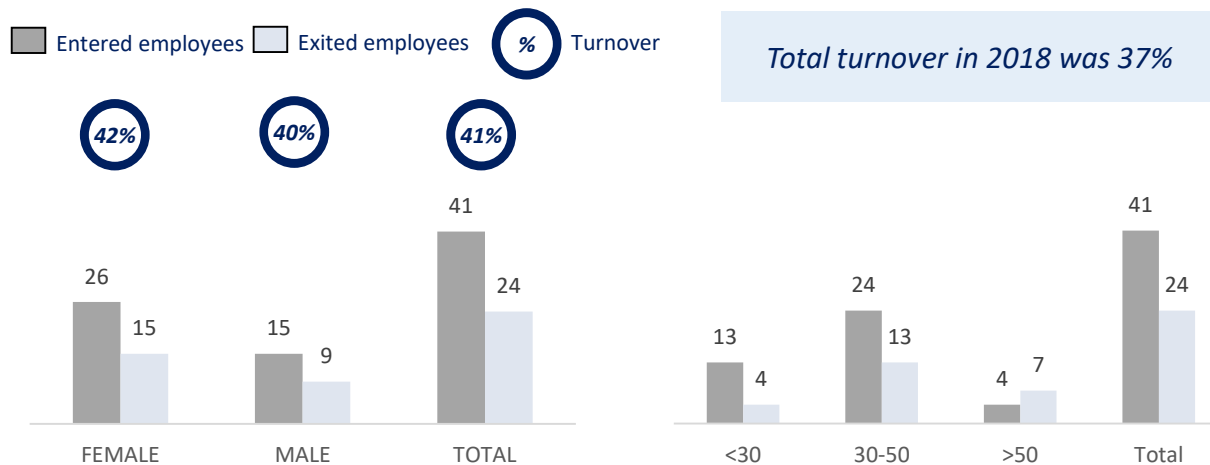


BRANDART employees are mostly hired from local municipalities. Senior executives are the result of years of collaboration and reciprocal trust between the Company and its community: they all reside in the Provinces of Varese, Como, Monza e Brianza and Milano.

Workforce details and conditions of employment - II

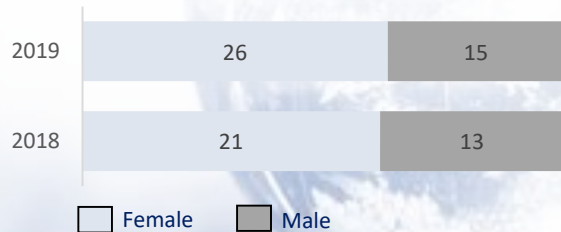
Top Management, based on the total number of hours worked, work peaks and objectives assigned to the function, evaluates the correct sizing of its function and therefore the possible need for new resources. The research also stems from the continuous evaluation of the organizational structure, to respect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

Employees turnover by gender and by age group ⁽¹⁾

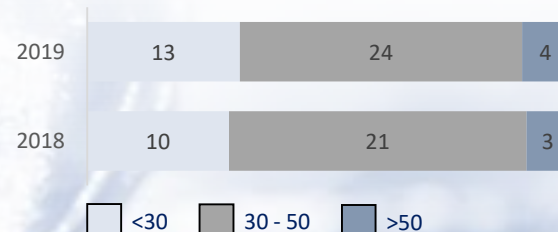


To search for personnel, BRANDART activates the following channels: publication of announcements via a dedicated portal or other sites, databases, CVs filed in the company, labor contracted companies, companies for the personnel selection, and temporary working Agencies. An interview is held for all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

Hired employees breakdown by gender



Hired employees breakdown by age group ⁽²⁾



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

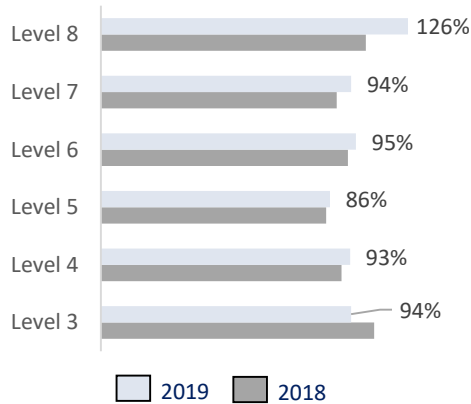
Notes: ⁽¹⁾ Temporary workers are excluded from the calculation of turnover. ⁽²⁾ BRANDART does not employ young workers (i.e. aged less than 18 years old).

Workforce details and conditions of employment - III

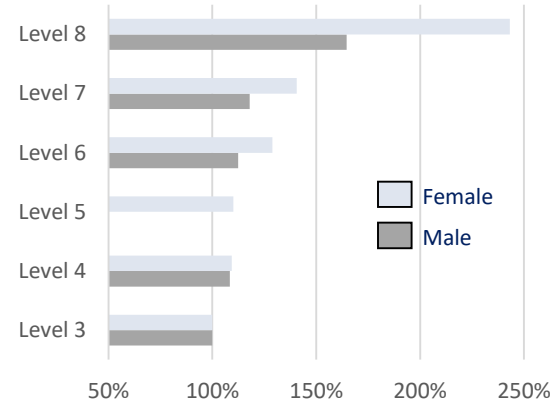
The wage provided by BRANDART to its employees is higher than the minimum set by the industry, both considering employment levels and gender.

Training priority was given to the operational needs emerging from periodic meetings with Top Management. Also specific training for sustainability was introduced.

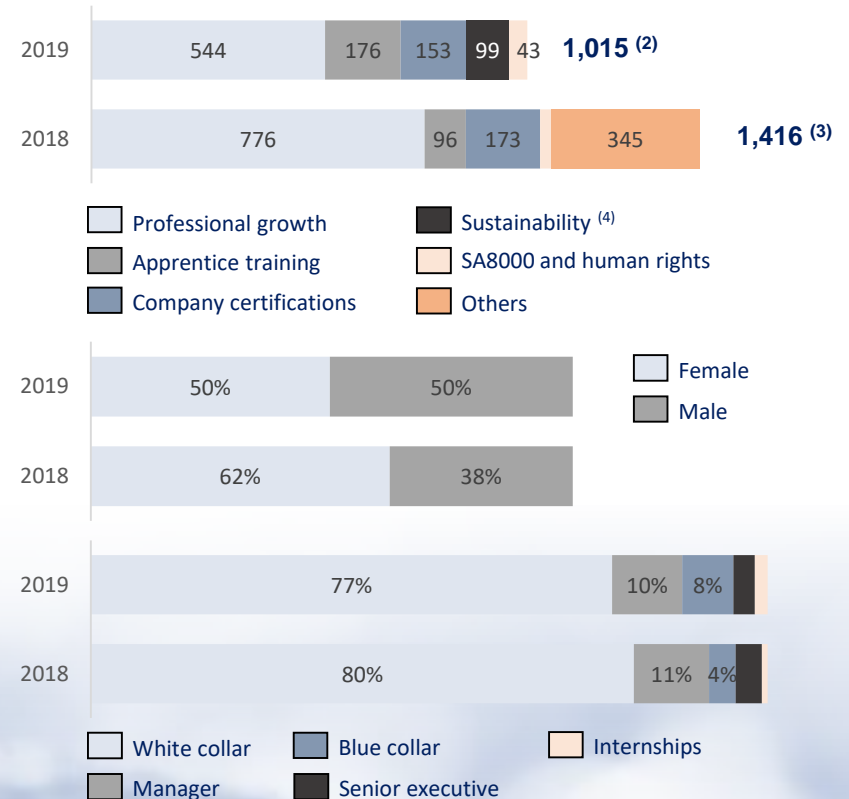
Wage ratio of women to men ⁽¹⁾



Ratio of new employees' wage to minimum set by industry in 2019 ⁽¹⁾



Training of employees (in hours)



⁽¹⁾ Ratios are based on yearly average wages.

BRANDART offers to its employees Christmas and Easter gift boxes prepared by suppliers committed in ethical projects. In the month of July 2019, 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.

Notes: ⁽²⁾The total amount of training hours is 1,115, which includes 100 hours of training for HSE Manager about the role of Prevention and Protection Service Manager (RSPP), which is reported on page 41. ⁽³⁾: Training in 2018 included financed training on English language and data sheets software, which was not repeated in 2019, while planned again for 2020.

⁽⁴⁾: In 2019 specific training related to sustainability was carried out both externally for some employees, and both internally for the Sales team, through specific meetings and newsletters.

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.

- *The Workers' Safety Representative (RSL) is in charge since many years, and is well known and trusted by all the workers.*

Work related injuries

*During 2019 there were no employees fatalities or high-consequence work-related injuries.
5 work-related injuries occurred which caused 432 hours of absence (in 2018 2 injuries caused 121 hours of absence).
Two of them happened outside the office premises, during commute.*

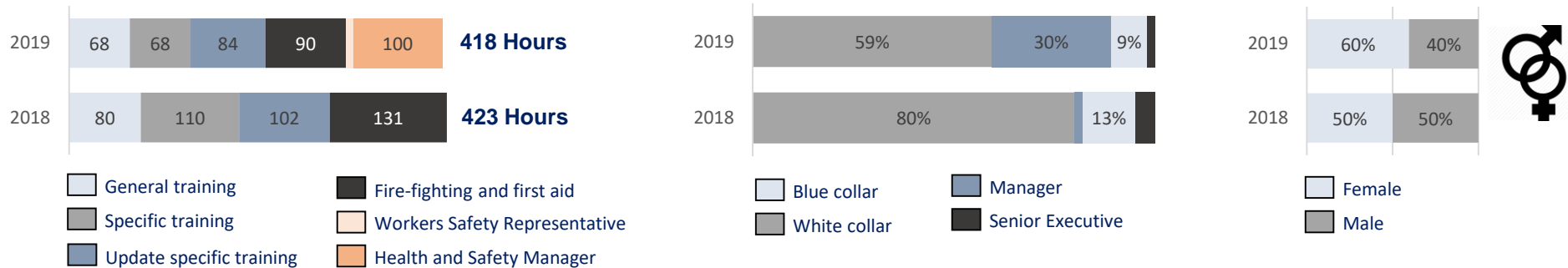
*Frequency index (number of injuries * 1.000.000 / Company worked hours) = 18 (in 2018 it was 8)
Gravity index (lost days for injuries * 1.000 / Company worked hours) = 0.194 (in 2018 it was 0.062)*

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

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.



Promotion of workers' health and risk assessment

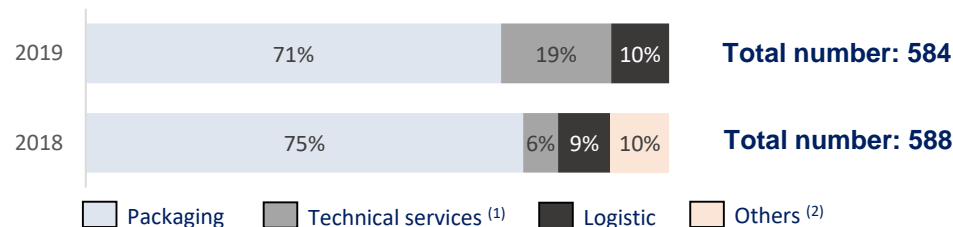
- Besides the occupational health check required by law, BRANDART provides to all its employees SANIMODA, the supplementary health care fund for workers in the fashion industry. The objective of the fund is to support the needs and requirements of workers, providing supplementary healthcare services 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.
- A work-related stress assessment was repeated by BRANDART in 2019, according to the INAIL (National Institute for Insurance against Accidents at Work) methodology. Results encouraged the Senior Management to set up a dedicate team to monitor the situation and propose strategies to improve the well-being of employees.

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

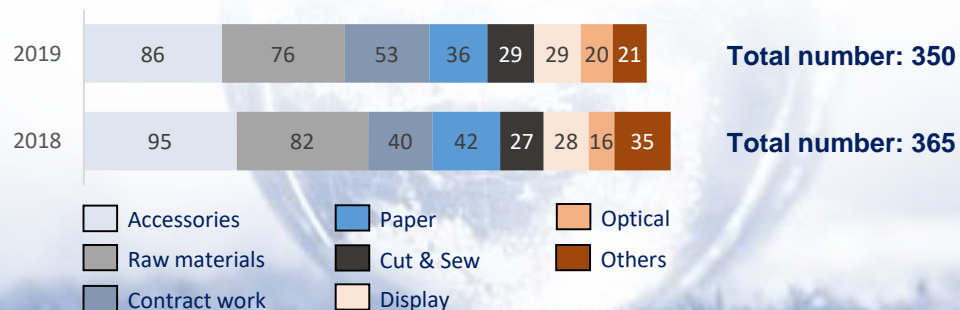
Suppliers breakdown by category



(1) Technical services category includes this year consultancy, legal and administrative supports, equipment, plants, environment, ICT, security, surveillance suppliers, certification bodies, laboratories, regulatory bodies, architects, external collaborators, and other minor suppliers. (2) Others category was absorbed into Technical services category in 2019.

Packaging suppliers continue to be 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.

Packaging suppliers used for productions (2)



(2) Suppliers for whom at least a production order was placed by Brandart during 2019

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 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. Through its dedicated teams that oversee production sites, BRANDART applies a strict control over all the outsourced manufacturing processes, to guarantee the quality of the products and the compliance with legal and customer requirements.

59%

Packaging suppliers located in Northern Italy, which covers 27% of purchasing turnover, almost the same as last year.

79%

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, which is a slight decrease compared to last year, due to the fact that part of the business has moved to other European Countries.

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 same principles to which BRANDART adheres in its ethical code. 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.

In September 2019 we arranged a CSR management training to our main Far East suppliers, with the technical support of a Third Party, with the purpose to improve the qualification of personnel at factories dedicated to the management of social compliance related issues, to share the good practices among suppliers, and to help suppliers to see the gap among them for further improvement. Basing on the training contents, a Compliance Policy was set, which is intended for suppliers and includes best social and environmental practices.

Qualification of suppliers

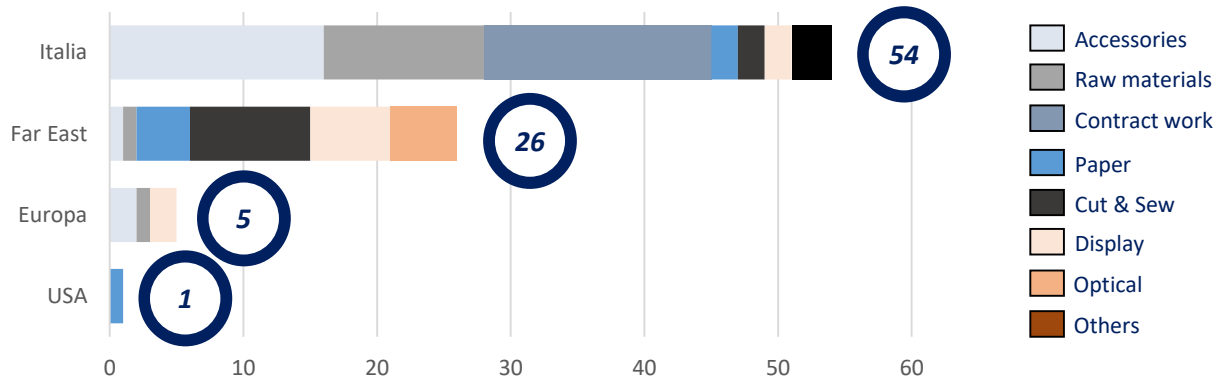
As part of the sourcing procedure, in order to make sure suppliers meet or are willing and capable to meet BRANDART requirements, manufacturing sites are subject to BRANDART social and environmental compliance audits, according to a risk-based approach.

The audits are based on BRANDART's Code of Conduct, the respect of local legislation and international regulations related to Health and Safety, 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. Audit outcomes contribute to the definition of the qualification status of suppliers: if critical issues are detected and no commitment to solve them is shown, the qualification process does not proceed.

Our business partners – New packaging suppliers

During 2019 BRANDART utilized 86 new packaging suppliers, with the same amount and very similar breakdown for countries as last year.



New packaging suppliers holding certifications

21% New suppliers holding environmental certifications (ISO 14001, FSC®, GOTS)

9% New suppliers holding social certifications (SA8000, OHSAS 18001, ISO 45001, BSCI)

New packaging suppliers by geography

In Italy and Europe, auditing priority is given to those suppliers 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.

All the contract working suppliers carrying out the textile phases of cutting, printing and sewing received a social and environmental audit. 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.

The other new suppliers in the same regions did not receive an audit because:

- almost 34% of them were already supplying our customers or were holding a social and/or environmental certification, and therefore didn't require further auditing processes;
- remaining suppliers were evaluated as low-risk, or audits were postponed to 2020.

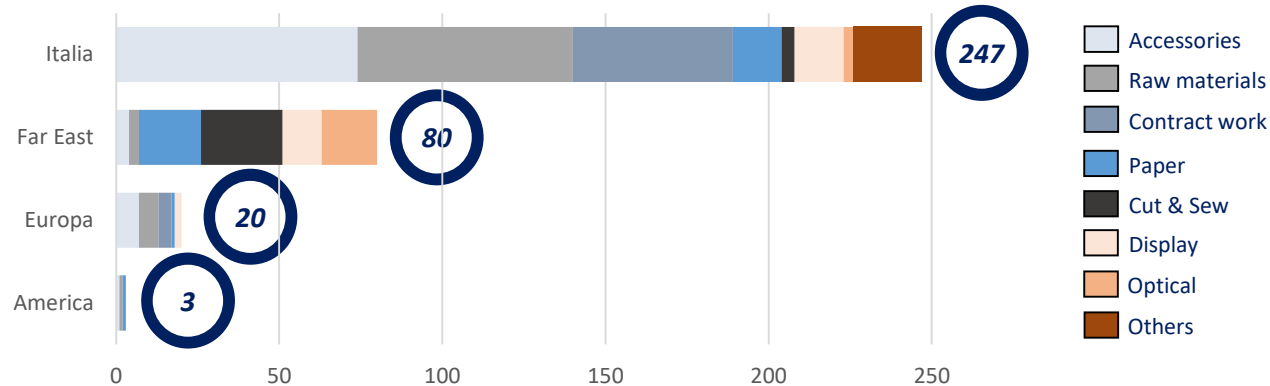
In Far East region (India excluded) 80% of new suppliers received a social and environmental audit from BRANDART's CSR Team. The others did not require it due to the holding of certifications or very low purchasing volumes in the year.

All supplier located in India are regularly audited for social and environmental compliance by Third Parties.

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⁾

During 2019 BRANDART utilized 350 packaging suppliers, with the same amount and very similar breakdown for countries as last year.



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.

Assessment of active packaging suppliers

Italy and Europe

35



Far East

51

Out of BRANDART's active packaging suppliers, 35 suppliers located in Italy and Europe and 51 suppliers located in Far East region were assessed for social and environmental impacts in 2019 through on-site audits. Priority was assigned to auditing these 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.

⁽¹⁾ Active suppliers are those for whom at least a production order was placed by BRANDART during 2019.

Our business partners – Active packaging suppliers II

In 2019 BRANDART started the SUPPLIERS ENVIRONMENTAL PROJECT with main suppliers, 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. The audits related to this project were conducted jointly with standard audits.

Suppliers with significant impacts in Italy and Europe



For 5 of the 35 assessed suppliers located in Italy and Europe (15%) significant social and/or environmental actual impacts were detected as a result of the assessment. Almost all suppliers committed to improve by signing a Corrective Action Plan which was agreed with the auditors. In two cases 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 25 of the 51 assessed suppliers located in the Far East region (49%) significant social and/or environmental actual impacts were detected as a result of the assessment. Most commonly detected issues are related to:

- *Environmental: chemical substances non proper labeling, water saving measures not implemented, hazardous waste not properly stored, incomplete knowledge of the geographical origin of raw materials;*
- *Social: blocked emergency exits, pre-job & post-job occupational health exam not provided, fire-fighting equipment not properly maintained, overtime, insufficient social insurance coverage.*

Almost all suppliers committed to improve through the filling of the Corrective Action Plan agreed with the auditors. The best performances compared to last year are due to a more conscious selection of the suppliers, the establishment of stable business relationships and to the constant monitoring and support by the CSR Team. As a result of the assessment, BRANDART terminated its business relationship with 2 suppliers and planned the backup of productions for other 4 factories.

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 encouraged to sign BRANDART's Code of Conduct or to adopt similar ethical and environmental commitments.

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

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 in production processes, few emissions and negligible 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 action 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.

Everyone in BRANDART is aware about his environmental footprint and contribute with everyday behavior to environment protection, carefully managing room lights, electronic devices, water consumption, air temperature.

Environmental sustainability within BRANDART focuses mainly on energy and natural resources consumptions, water and waste management, as detailed in next pages.

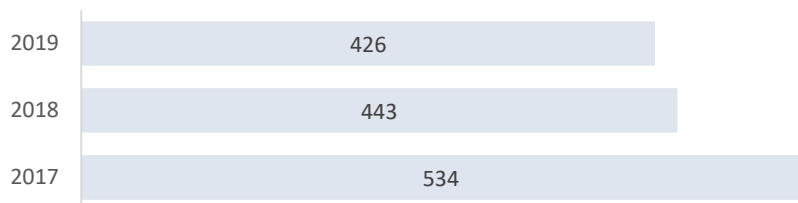


Energy and Natural Resources Consumption, Waste Management

Energy and natural resources consumption			
	2019	2018	2017
Gas (m ³)	62,756	73,213	67,427
Fuel (l) ⁽¹⁾	67,745	62,857	69,975
Electrical energy (KWh) ⁽²⁾	340,191	328,280	235,424
Total energy consumption (MWh)	1,587	1,645	1,551

⁽¹⁾ All fuel is consumed by hired company vehicles. ⁽²⁾ 100% of the electrical energy is purchased as renewable.

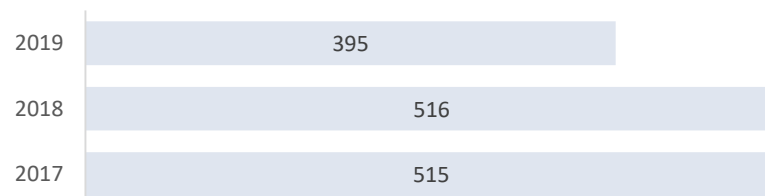
Specific fuel consumption (l / average year employees)



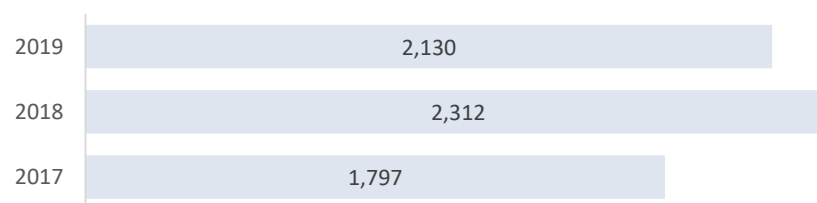
Waste management (in Kg) ⁽²⁾			
	2019 ⁽⁵⁾	2018	2017
Total waste	78,571	54,315	60,219
Hazardous waste ⁽³⁾	60	0	0
Non hazardous waste	78,511	54,315	60,219
Recycled – reused – recovered	74,880	41,675	N/A

⁽²⁾ No waste transported or shipped by BRANDART, all waste disposed through disposal contractors. ⁽³⁾ This category includes out-of-order electronic devices which have been massively dismissed in 2019. ⁽⁴⁾ This category includes exceeding or defective paper branded products which have been massively dismissed in 2019. ⁽⁵⁾ The increase of waste amount in 2019 is mainly due to a general warehouse cleaning and emptying.

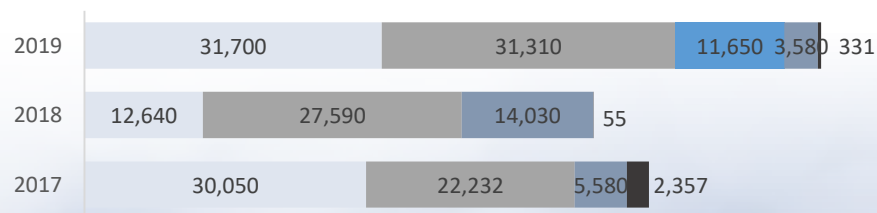
Specific gas consumption (m³ / average year employees)



Specific energy consumption (KWh / average year employees)



Detail of total waste by material (in Kg)



Waste from processed textile fibers
 Inorganic waste
 Others
 Paper and cardboard ⁽⁴⁾

Water Management

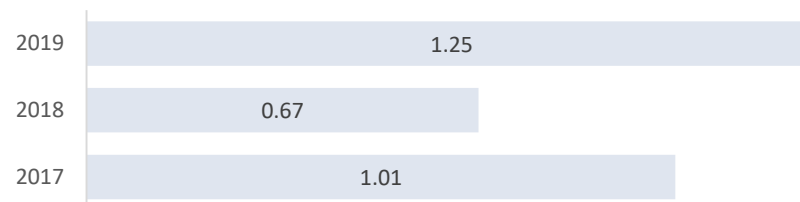
Water withdrawal by source (in m ³) ⁽¹⁾	2019	2018	2017
Municipal water	1,994	956	1,325
Surface water	0	0	0
Groundwater	0	0	0
Seawater	0	0	0
Produced water	0	0	0
Third party water	0	0	0

⁽¹⁾ Data are obtained from municipal supplier bills related to the January-December period.

Water discharge (in m ³) ⁽²⁾	2019	2018	2017
Municipal sewage	1,795	860	1,192

⁽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.

Specific water consumption (m³ / average year employees)



- *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.*
- *The 2019 increase in water consumption, is mainly due to the opening of the new R&D site in V.le Lombardia, where water was used during site renovation, plants watering, human consumption.*

Analysis of GHG Emissions

As done in the previous year, BRANDART made a simplified assessment of its greenhouse gases emissions (GHG - Greenhouse Gases), with the purpose of understanding its direct contribution to anthropogenic climate change. The assessment is based on consumption data of the year 2019 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 hired 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 GHG emissions 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: 62,756 m³ → emission of 123,965 kgCO_{2eq} ⁽¹⁾

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

Consumption: 67,745 l diesel → emission of 180,595 kgCO_{2eq} ⁽¹⁾

⁽¹⁾ Emissions calculated according to https://www.minambiente.it/sites/default/files/archivio/allegati/emission_trading/fattori_standard_2019.pdf

SCOPE 2 EMISSIONS (energy indirect emissions)

MARKET BASED SCOPE 2 - LIGHTING AND COOLING, WITH ELECTRICITY CONSUMPTION:

Consumption: 340,191 kWh → emission of 158,492 kgCO_{2eq} ⁽²⁾

LOCATION BASED SCOPE 2 - LIGHTING AND COOLING, WITH ELECTRICITY CONSUMPTION:

Consumption: 340,191 kWh → emission of 96,461 kgCO_{2eq} ⁽³⁾

⁽²⁾ Emissions calculated using European Residual Mixes - Results of the calculation of Residual Mixes for the calendar year 2019 - Version 1.0, 2020-05-29

⁽³⁾ Emissions calculated using https://www.isprambiente.gov.it/files2020/pubblicazioni/rapporti/Rapporto317_2020.pdf

TOTAL EMISSIONS – Market Based Approach
(excluding scope 3)

463,051
kgCO_{2eq}

TOTAL EMISSIONS – Location Based Approach
(excluding scope 3)

401,021
kgCO_{2eq}

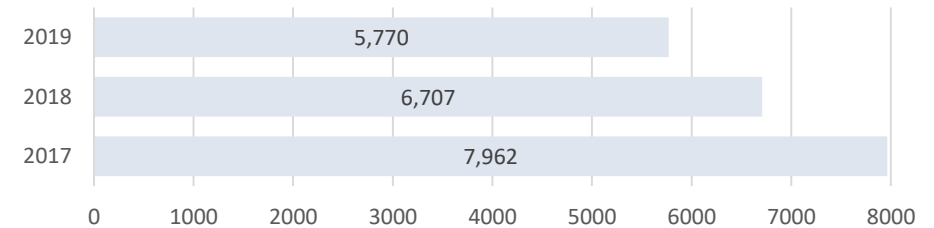
Initiatives for the environment

In 2019 BRANDART continued 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 917,419 prints were made, with a reduction of 4% comparing to 2018 and of almost 12% comparing to 2017.

Specific prints (nr. / average year employees)



Company's CO₂ emissions (Scope 1+ Scope 2) for the year 2018 were compensated by planting 3,968 trees in different regions of the world. The project in detail can be seen at the website <https://tree-nation.com/profile/brandart>. In this way, BRANDART is committed to promote actions to reduce its CO₂ emissions.

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 2019.

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	GRI Content Index

GRI content index

102: GENERAL DISCLOSURES

GRI Standard	Conf	Indicator	Page	Comments
102-01	CORE	Name of the organization	11	
102-02	CORE	Activities, brands, products, and services	10, 12, 13	
102-03	CORE	Location of headquarters	16	
102-04	CORE	Location of operations	16	
102-05	CORE	Ownership and legal form	16	
102-06	CORE	Markets served	16	
102-07	CORE	Scale of the organization	26, 31, 37	
102-08	CORE	Information on employees and other workers	37	
102-09	CORE	Supply chain	43	
102-10	CORE	Significant changes to the organization and its supply chain	//	In 2019 no significant changes occurred.
102-11	CORE	Precautionary principle or approach	2	
102-12	CORE	External initiatives	17, 19, 20, 21	
102-13	CORE	Membership of associations	19	
102-14	CORE	Statement from senior decision-maker	1	
102-16	CORE	Values, principles, standards, and norms of behavior	17, 27	
102-17	//	Mechanisms for advice and concerns about ethics	29	
102-18	CORE	Governance structure	36	
102-40	CORE	List of stakeholder groups	5	
102-41	CORE	Collective bargaining agreements	38	
102-42	CORE	Identifying and selecting stakeholders	5	
102-43	CORE	Approach to stakeholder engagement	4, 5	
102-44	CORE	Key topics and concerns raised	4	
102-45	CORE	Entities included in the consolidated financial statements	11	
102-46	CORE	Defining report content and topic boundaries	4, 5, 6, 7, 22, 23, 24	
102-47	CORE	List of material topics	4, 5, 6, 7, 22, 23, 24	
102-48	CORE	Restatements of information	2	
102-49	CORE	Changes in reporting	2	
102-50	CORE	Reporting period	2	
102-51	CORE	Date of most recent report	2	
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	2	
102-55	CORE	GRI content index	57-65	
102-56	CORE	External assurance	2	

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	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 26	//
103-03		- Evaluation of the management approach		
201-01	//	Direct economic value generated and distributed	26	
201-04	//	Financial assistance received from government	26	
GRI 202 Market presence				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 37, 39	//
103-03		- Evaluation of the management approach		
202-01	//	Ratios of standard entry level wage by gender compared to local minimum wage	39	
202-02	//	Proportion of senior management hired from the local community	37	
GRI 204 Procurement practices				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 43	//
103-03		- Evaluation of the management approach		
204-01	//	Proportion of spending on local suppliers	43	
GRI 205 Anti-corruption				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 27, 28	//
103-03		- Evaluation of the management approach		
205-01	//	Operations assessed for risks related to corruption	28	
GRI 205 Anti-corruption				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 27, 28	//
103-03		- Evaluation of the management approach		
205-02	//	Communication and training about anti-corruption policies and procedures	28	
205-03	//	Confirmed incidents of corruption and actions taken		No incidents related to corruption occurred in 2019, and no employees or business partners were dismissed due to corruption problems.

GRI content index

200: ECONOMY

GRI Standard	Conf	Indicator	Page	Comments
GRI 206 Anti-competitive behavior				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 27, 28	//
103-03		- Evaluation of the management approach		
206-01	//	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	//	During 2019 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, 22, 23,	
103-02	//	- the management approach and its components	24, 32, 33	//
103-03		- Evaluation of the management approach		
301-01	//	Materials used by weight or volume	32, 33	//
301-02	//	Recycled input materials used	//	OMISSION: Not reported since information is not available
GRI 302 Energy				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 51	//
103-03		- Evaluation of the management approach		
302-01	//	Energy consumption within the organization	51	
GRI 303 Water and effluents				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 50	//
103-03		- Evaluation of the management approach		
303-01	//	Interactions with water as a shared resource	52	
303-03	//	Water withdrawal	52	
303-04	//	Water discharge	52	
303-05	//	Water consumption	52	
GRI 305 Emissions				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 50	//
103-03		- Evaluation of the management approach		
305-01	//	Direct (Scope 1) GHG emissions	54	

GRI content index

300: ENVIRONMENT

GRI Standard	Conf	Indicator	Page	Comments
305-02	//	Energy indirect (Scope 2) GHG emissions	54	
305-06	//	Emissions of ozone-depleting substances (ODS)	//	In 2019 no significant emissions of ozone-depleting substances (ODS) occurred.
GRI 306 Waste				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 50	//
103-03		- Evaluation of the management approach		
306-02	//	Waste by type and disposal method	51	
306-03	//	Significant spills	//	In 2019 no significant spills occurred.
306-04	//	Transport of hazardous waste	51	
306-05	//	Water bodies affected by water discharges and/or runoff	52	
GRI 307 Environmental compliance				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 50	//
103-03		- Evaluation of the management approach		
307-01	//	Non-compliance with environmental laws and regulations	55	
GRI 308 Supplier environmental assessment				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 43, 44	//
103-03		- Evaluation of the management approach		
308-01	//	New suppliers that were screened using environmental criteria	44, 45	
308-02	//	Negative environmental impacts in the supply chain and actions taken	46, 47, 48	

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, 22, 23,	
103-02	//	- the management approach and its components	24, 37	//
103-03		- Evaluation of the management approach		
401-01	//	New employee hires and employee turnover	38	
401-02	//	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39	

GRI content index

400: SOCIAL

GRI Standard	Conf	Indicator	Page	Comments
401-03	//	Parental leave	//	In 2019, 5 female and 4 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	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 40	//
103-03		- Evaluation of the management approach		
403-03	//	Occupational health services	40	
403-05	//	Worker training on occupational health and safety	41	
403-06	//	Promotion of worker health	41	
403-09	//	Work-related injuries	40, 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	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 37	//
103-03		- Evaluation of the management approach		
404-01	//	Average hours of training per year per employee	39, 41	
404-02	//	Programs for upgrading employee skills and transition assistance programs	39	
GRI 405 Diversity and equal opportunity				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 37	//
103-03		- Evaluation of the management approach		
405-02	//	Ratio of basic salary and remuneration of women to men	39	
GRI 406 Non discrimination				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 37	//
103-03		- Evaluation of the management approach		
406-01	//	Incidents of discrimination and corrective actions taken	//	In 2019 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	4, 5, 6, 7, 22, 23,	
103-02	//	- the management approach and its components	24, 37	//
103-03		- Evaluation of the management approach		

GRI content index

400: SOCIAL

GRI Standard	Conf	Indicator	Page	Comments
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	4, 5, 6, 7, 22,	
103-02	//	- the management approach and its components	23, 24, 43, 44	//
103-03		- Evaluation of the management approach		
414-01	//	New suppliers that were screened using social criteria	44, 45	
414-02	//	Negative social impacts in the supply chain and actions taken	46, 47, 48	
GRI 415 Public policy				
103-01		- Explanation of the material topic and its boundary	4, 5, 6, 7, 22,	
103-02	//	- the management approach and its components	23, 24	//
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	4, 5, 6, 7, 22,	
103-02	//	- the management approach and its components	23, 24, 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	4, 5, 6, 7, 22,	
103-02	//	- the management approach and its components	23, 24	//
103-03		- Evaluation of the management approach		
418-01	//	Substantiated complaints concerning breaches of customer privacy and losses of customer data	//	In 2019 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	4, 5, 6, 7, 22,	
103-02	//	- the management approach and its components	23, 24, 27	//
103-03		- Evaluation of the management approach		
419-01	//	Non-compliance with laws and regulations in the social and economic area	//	In 2019 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