

## INTEGRATED SUSTAINABILITY REPORT 2019 / 20 / 21





## Letter to Stakeholders



Three years have passed since the publication of our last Sustainability Report, and as I look back to take stock I see a profoundly changed world: a big gap separates us from that period and new habits, a new approach to life and a new awareness stand out.

Still affected by the pandemic crisis, in the midst of a war that is incomprehensible to most people, and severely shaken by a profound economic crisis that could go out of control, this is how Sustainability is for us the sun that always wins over the worst storm. If the choice more than ten years ago seemed like a pioneering path, today it proves to be the most important investment for all of us, a guarantee of solidity and support in these difficult times of renewed profound change.

Many unique and fortunately extraordinary things have also happened in our company; with the realization of this Report, we have the privilege not only to recount them but to live them once again, emotions that come to the surface as if flip through the most beautiful album of the most beautiful journey ever made.

Improving corporate responsibility and management has always been the beacon that has illuminated our path, and today, with the reporting of 'value creation' we are adding a fundamental seed to our reporting; a clear and transparent message to all the people inside and outside our company. And from this seed we expect the sprout that, if nurtured properly, will become a lush tree that will bear good fruit.

The future is in our hands, and if we want to be a virtuous example for generations to come, we have a responsibility to positively 'contaminate' the culture of sustainability by making it accessible to all.

This is my wish and goal for the coming years.

A handwritten signature in dark ink, which appears to read "Lucatelli Matteo".

CEO Pink Frogs





# The path of sustainability

Pink Frogs was one of the first Italian cosmetics companies to embark on a path of sustainability, considering the integration of Corporate Social Responsibility initiatives a crucial point in its growth path.

2008	ISO 9001 quality management certification.
2009	ISO 22716 certification, on the application of GMP in the cosmetics sector.
2010	Adhesion to the CLES Project Cosmetica Lombarda Ecoefficiente e Sostenibile, for savings during the production process.
2011	Adhesion to the project Cosmetics Europe - Good Sustainability Practice for SMEs, a guide to stimulate SMEs to start on the path to sustainability.
2012	Signing the Confindustria Environmental Charter. Enhancement of waste management: monitoring, modification of collection, delivery processes, data collection, improvement of waste identification.
2013	Federchimica's Responsible Care subscription.
2014	Implementation of management analysis for production process efficiency
2015	Design of a label for the responsible use of a cosmetic product that received The Wall Cosmopack Eco-Beauty and Responsible Care Federchimica awards.
2016	SDGs as corporate sustainability goals.
2017	Certificate of Responsible Enterprise and Good Practices from the Chamber of Commerce of Milan, Monza Brianza, Lodi, Unioncamere Lombardia and Regione Lombardia.
2018	First Pink Frogs Sustainability Report 2017.
2019	GRI (Global Reporting Initiative) Sustainability Report 2018 third-party certified and awarded by Responsible Care Federchimica. Adhesion to the project La Forza e il Sorriso, an association supporting women undergoing cancer treatment. Sponsorship 'Disabled minibus' Rozzano.
2020	
2021	I bambini delle Fate: joining the Banca del Tempo Sociale project for children with autism, at the Cooperativa il Balzo in Rozzano.
2022	First Circular Beauty initiative: stock recovery project and donation of 5000 shampoos to the charity association Pane Quotidiano in Milan. ReWind® Film-to-Film project for the recovery and recycling of film from incoming goods. Symbola Report: Pink Frogs among the top 100 Italian case histories of circular economy.



*Pink Frogs is committed to the following SDGs in its activities:*

- 3 Ensuring health and well-being for all and all ages
- 4 Providing quality, equitable and inclusive education and learning opportunities for all
- 5 Achieving gender equality and empowering all women and girls
- 8 Promoting lasting, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 9 Resilient infrastructure, sustainable industrialization and innovation
- 10 Reducing inequalities
- 11 Ensuring sustainable patterns of production and consumption
- 12 Promoting actions, at all levels, to combat climate change
- 13 Conservation and sustainable use of the oceans, seas and marine resources for sustainable development
- 14 Protect, restore and promote sustainable use of the Earth's ecosystem
- 15 Strengthening the means of implementing the goals and renewing the global partnership for sustainable development
- 17

Purchasing electricity exclusively from renewable sources (A2A 100% Green) .  
Covid-19 emergency: efficiency for sanitizing gel production.  
Pink List: development of the raw materials black list, for the development and promotion of formulas complying with the Clean and Green standards of the most prestigious international brands.  
Pink Frogs laboratories only use RSPO-certified raw materials (palm oil from sustainable sources).



The 2030 Agenda for Sustainable Development is a document signed in 2015 by all member states of the United Nations that provides a shared model of goals to improve the living conditions of people and the planet.

At the heart of the document are the 17 Sustainable Development Goals (SDGs) which are an urgent call to action, addressed to all countries in a global partnership. The Sustainable Development Goals recognize that ending poverty and other deprivations must go hand in hand with strategies aimed at improving health and education, reducing inequalities and stimulating economic growth, all while tackling climate change and working to preserve oceans and forests.

The SDGs are universal and all countries must strive to achieve the goals according to their capacities.

## The Boundaries of Integrated Reporting



This document represents Pink Frogs' first Integrated Report, following two Sustainability Reports published in 2017 and 2018, the latter being GRI validated. The Integrated Report is a document that presents the overall (integrated) view of the company's value creation process over time in both financial and socio-environmental terms.

**The contents of the Report are in accordance with the International Integrated Reporting Framework (IIR Framework) and the GRI Standards Core option, with reference to the Global Reporting Initiative's (GRI) 2016 GRI Standards.**

The Integrated Report illustrates and describes the company's performance in the years 2019-2020-2021, and where possible, measures the material themes of value creation and the relationships between them. In particular, it makes it possible to see all the capitals on which value creation depends, as well as how they are used and influenced by the organization itself.

The reporting scope covers all Pink Frogs activities and the publication frequency will be every two years.

The topics covered in the paper reflect the results of the Materiality Analysis.



L'analisi di materialità è l'elemento chiave del progetto di sostenibilità; si tratta di un'indagine con la quale l'azienda e i suoi stakeholder identificano le tematiche per loro più rilevanti negli ambiti ESG e i risultati emersi pongono le basi per gli obiettivi dell'impresa nel triennio successivo.

La matrice di materialità è l'output grafico dei risultati dell'analisi di materialità: aiuta ad identificare visivamente i temi di maggiore interesse che saranno gli obiettivi per migliorare la capacità di creazione di valore nel tempo dell'impresa.

## The principles of drafting



This Integrated Report covers the calendar years 2019-2020-2021. Where available, data and indicators have been compiled and reported for the four-year period 2018-2021, with the aim of fostering continuity of information between this and the previous report.

The process of collecting data, information and drafting the Report was led by the Pink Frogs management, in cooperation with the Sustainability Committee, which includes the heads of the Administration and Personnel, Quality, Sales, Marketing and R&D Laboratory departments.

The economic, financial and governance data were taken from the data and information prepared for the statutory financial statements. Environmental data and indicators were processed within the framework of Pink Frogs' ISO 14001:2015 certified Environmental Management System. Finally, the data on personnel and those relating to the other aspects covered in the document were collected directly from the responsible functions. The data referring to 2018 remained unchanged.

The members of the Sustainability Committee also worked to relate the environmental and social initiatives carried out during the three-year period to the corresponding GRI Standards.

This Report has been externally verified according to the coverage of standards and indicators associated with material aspects, the level of adherence to GRI is 'in accordance - core' and it is written according to the International Integrated Reporting Framework (IIR Framework).

The Sustainability Reports are freely downloadable on the company website in the Sustainability section and sent to GRI.

The company expects to publish the next reports every two years. In the meanwhile, to keep the stakeholders constantly updated the news will be posted on the company website and digital media (social pages, newsletter).

## Stakeholder engagement



Stakeholder engagement is one of the key principles for defining the materiality matrix.

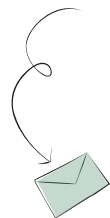
*Who are the stakeholders  
of Pink Frogs?  
employees - customers  
suppliers - institutions  
media - banks insurance  
companies trade  
associations  
local communities  
certification bodies*

The process of listening to Pink Frogs' stakeholders took place on two levels, one internal and one external to the organization, through a questionnaire aimed at investigating perceptions and expectations in the different areas of sustainability.

Internally, the Sustainability Committee worked with the aim of highlighting the various sustainability challenges posed by the operational and market environment.

On an external level, stakeholder mapping, guided by the criteria provided by the AA1000 Stakeholder Engagement Standard (AA1000 SES), made it possible to identify Customers, Suppliers and the media as priority stakeholders.

# Materiality analysis



The Sustainability Committee has taken over the material themes from the previous report, retaining the most significant ones (18 themes), to each of which it corresponds a rating scale from 1 to 8 (1 a little, 8 a lot).

The active involvement of all stakeholders who influence and/or are influenced by the company's activities makes the survey functional. Therefore, the survey was sent by e-mail on 1 December 2021 to the company database consisting of customers, strategic raw material suppliers, packaging, media and employees and will be valid for three years. It was filled out by 15% of the subjects. Internally, the Management Committee and Sustainability Committee discussed and agreed on the survey topics.

The results of the issues that emerged as material from the stakeholders compared with the most significant ones for the company were included in the materiality matrix, identifying the main sustainability commitments for the future.

The topics that received a high score are positioned at the top right and, further to the left, those that are still considered strategic but have less impact. The company was pleased to find that the strategic topics for the company's sustainable development are widely shared with its stakeholders.



The materiality analysis is the key element of the sustainability project; it is a survey by which the company and its stakeholders identify the issues that are most relevant to them in the ESG sphere: the results that emerge lay the foundations for the company's objectives over the next three years.

<http://www.accountability.org/standards/>

- 1 Emission reduction
- 2 Waste saving
- 3 Water saving
- 4 Biodiversity protection
- 5 Natural-origin ingredients
- 6 Sustainable packaging
- 7 Green logistics
- 8 Respect for human rights
- 9 Protection of employees' rights
- 10 Diversity management- development- skills
- 11 Health and safety guarantee
- 12 Relations with stakeholders and local communities
- 13 Relation with institutions
- 14 Technological and R&D innovation
- 15 Relations with customers
- 16 Relations with suppliers
- 17 Quality system
- 18 Economic results

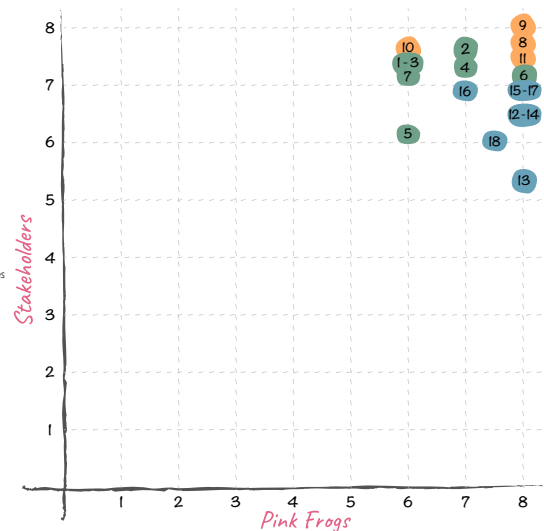
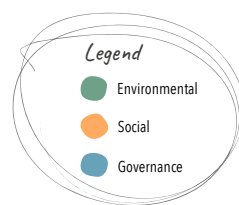


Chart n. 1: Materiality matrix

**The materiality matrix is the graphical output of the results of the materiality analysis: it helps to visually identify the topics of greatest interest that will be the targets for improving the company's ability to create value over time.**



Since 2008, Pink Frogs has been on a corporate sustainability path that has seen the company actively engaged in projects and initiatives in the three ESG areas. In the past year, it has taken the decision to initiate a strategic planning project to accompany the ongoing sustainable growth path, leading the company to the creation of value and the achievement of ambitious goals.

Firstly, communication between management, employees and stakeholders on sustainability issues and achievements was increased. The Sustainability Committee consists of more internal members than in previous years, responsible for the most strategic areas of the company: Administration and Personnel, Safety and Quality, Marketing, Sales and Research & Development.

The latter, together with CEO Matteo Locatelli, analyzed the results of the materiality analysis and chose the material themes that will be the areas in which the company will be most committed over the next three years.

Notwithstanding the fact that respect for human rights, protection of employees' rights and the quality system are issues of utmost importance that Pink Frogs pursues on a daily basis according to the regulations of Italian law, the issues indicated as material for the company are those that according to the analysis carry the highest risk: Waste Reduction, Emission Reduction and Technological Innovation and R&D.

# Waste Reduction



Pink Frogs generates a range of company waste from production waste materials, the main items of which are: paper and cardboard packaging, iron and metal (raw material drums), hazardous and non-hazardous organic waste and aqueous solutions.

During the three-year period 2019-2020-2021, the company's focus on waste management continued to improve in the face of production growth.

The tanks that contained the bulk products were replaced by pallets with bags. This made it possible to eliminate the rinsing phase of the tanks.

Two continuous-cycle component and tool washing machines were introduced, which filter and purify the washing water and reuse it for subsequent washes, thus saving water.

In 2021, the Film to Film project Rewind® was launched to recycle stretch film from incoming goods. The transparent film that wraps all pallets of materials entering the company from suppliers and customers is collected, pressed and then sent to the company that carries out the recycling process. Pink Frogs receives new reels of recycled stretch film which it uses to wrap pallets before they are shipped.

A baler was purchased to compact the film for recycling, which is also used to reduce the volume of both the plastic and the iron drums: this operation reduces transport to the recovery and recycling sites, resulting in lower costs and emissions.

As part of the project started in 2021, Circular Beauty, bulk products or packaging discarded from production for futile reasons (formula not conforming to the customer's desired colour specifications, obsolete design of the bottle, etc.), but nevertheless suitable in terms of quality and safety, are made into finished products (e.g. 5,000 shampoos) and donated to non-profit organizations. In this way, a last chance is given to products otherwise destined for disposal.

## Obiettivi



For the next three years, the company will strive for the continuous improvement of waste management in order to select more and more quality waste that can be valorized and to continue with Circular Beauty projects.

Our targets and performance in terms of waste management are measured by GRIs:

- 302-2 Recycled input materials used
- 303-3 Water recycled and reused
- 306-1 Water discharge by quality and destination
- 306-2 Waste by type and disposal method
- 306-3 Significant spills
- 306-4 Transport of hazardous waste

**Our goal is to reduce mixed waste by 25 per cent over the next three years.**

# Reducing emissions



In the three-year period 2019-2020-2021, Pink Frogs kept its emissions consumption monitored at its various production sites.

As far as electricity is concerned, since it cannot install solar panels as it is located in warehouses that it does not own, in January 2020 the company subscribed to '100% GREEN A2A' for the Via Toscana, Via Sardegna and Via Calabria sites for an additional price compared to the base cost. With this option, the electricity supply is entirely derived from renewable sources, thus bringing the CO2 emissions of the electricity at the three sites to zero.

Furthermore, in 2020, the company car used for sales representation purposes was replaced by a fully electric car, recharged in the company and in Milan with the A2A E-Moving 100% GREEN contract.

Emissions from gas consumption depend on quantities and types of production, 'hot' formulas such as emulsions and stick products, involve the use of heat sources during processing. Unchanged in any case is the commitment to the choice of 'cold' produced formulations with a consequently better environmental impact from the production cycle.

Pink Frogs aims for the next three years to draw up a more detailed reporting plan, identifying performance indicators, which can be integrated with process analysis data, in order

## Obiettivi



Our emissions targets and performance are measured by GRIs:

- 305-1 Direct (Scope 1) GHG emissions
- 305-2 Energy indirect (Scope 2) GHG emissions
- 305-4 GHG emissions intensity
- 305-5 Reduction of GHG emissions

# Technological Innovation and R&D



A material theme for the company is technological innovation and research & development in cosmetics.

The cosmetics industry is a highly dynamic sector. The established trend is to bring products with innovative features and a low environmental impact profile onto the market.

Although Pink Frogs is a contract manufacturer and therefore has limited influence on its customers' decisions, it has always been a promoter of innovation, considering it one of the founding values of its business. Every year, even in the difficult three-year period straddling the pandemic, the marketing department and Pink Frogs Laboratories prepared at least twenty innovative formulas and product-concepts with a very low environmental impact to propose to its customers. The pandemic in this three-year period suspended opportunities to meet and relate with customers and suppliers, but the company still took steps to make up for the shortfall, using the digital means at its disposal.

In response to the demand for environmentally friendly formulas, Pink Frogs Laboratories have developed an increasing number of natural and clean formulas (replacement of synthetic ingredients with natural analogues of equivalent performance), replaced raw materials derived from palm oil with corresponding ones from RSPO-certified sources, and in the last year have started to focus on ocean-friendly and highly biodegradable sun formulas.

The figure for R&D expense in the three-year period 2019-2020-2021 was obtained using the calculation method for claiming the government R&D tax credit.

R&S	2019	2020	2021
€	145.313	255.852	308.726

**Tabella 1.** spese di Ricerca e Sviluppo nel triennio 2019-2020-2021

From a technological innovation point of view, new industrial machinery was purchased to improve production efficiency and minimise consumption, inefficiency and waste.

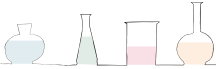
## Obiettivi



For the next three years, the company aims to make continuous improvements in terms of implementing new capital goods, software for the technological and digital transformation of production processes 'Transition 4.0' and workflow management, in order to minimise inefficiencies and waste. The planned 2022 investment for technology alone amounts to about € 50,000.

From the point of view of formulation innovation, efforts will be made to develop new formulas involving less energy use (e.g. cold emulsions, which do not involve a hot phase in the mixing of components), formulas that allow for faster rinsing of the turbo-emulsions used in the processing phase, inclusion in the formulas of upcycling raw materials, i.e. from industrial and natural waste processes (algae, seeds, industrial waste from agricultural processing). The investment in research and development is estimated on the time/cost of the resources in the Laboratory and Marketing used for innovative projects, participation in trade fairs, webinars and conferences, and training courses for continuous updating.

At the same time as working to improve the performance of issues deemed material, Pink Frogs will pursue sharing, communication and value creation initiatives aimed at employees and stakeholders, as it has always done.





# Overview of the organisation

The Sustainability Committee, comprising the heads of the Administration and Personnel, Quality, Sales, Marketing and R&D departments, worked on defining the company's vision and mission.

## Vision



To be among the leading manufacturers in the Italian and European cosmetics market, recognised as a source of inspiration for the most modern and dynamic brands.

## Mission



Producing the widest range of products with passion and creativity, guaranteeing technological innovation, service quality and process sustainability.

## Values



**Integrity** - Fairness, loyalty, equity constitute a common way of feeling and acting on the part of all people at all company levels inside and outside the company.



**Respect for the person** - Protection of human dignity, respect for human rights, condemnation of discriminatory acts, forced and child labour, in compliance with ILO (International Labour Organisation) Conventions, both internally and throughout the supply chain.



**Protection of diversity** - Commitment to ensure equal treatment of workers and collaborators: protection from discrimination on grounds of gender, race, religion, political and trade union membership, age and sexual orientation. Personnel selection is motivated solely by criteria of professionalism.



**Sustainability** - Constant commitment to making its practices and/or product offerings increasingly sustainable. Sustainability is an integral part of the corporate philosophy. Since 2018, Pink Frogs has been committed to the Sustainable Development Goals.



**Innovation** - A fundamental principle that allows us to stand out and add value to our work. Constant investments in new technologies, digitization and new resources allow us to propose cutting-edge formulas.



**Training** - Competence and reliability are possible thanks to the constant training of employees, in order to offer high levels of service according to quality, safety and environmental standards.



**Security** - Necessary condition for a healthy working environment. All measures are applied to prevent all risks and accidents, constant training and awareness-raising for all staff.



**Quality** - The work of Pink Frogs is scrupulously managed according to rules and measures of quality assurance, monitoring and control.



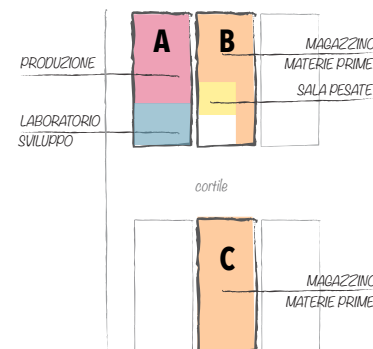
**Transparency** - Commitment to provide all corporate stakeholders with information on actions taken in a clear, complete and timely manner, with the aim of meeting their expectations for information and knowledge of the economic, social and environmental impacts of corporate activities.

# Ownership and corporate structure

Pink Frogs S.r.l., a limited liability company, has been producing skincare cosmetics, personal care, toiletries, perfumes and medical devices on behalf of third parties for over 40 years.

The company's corporate structure consists of two partners Matteo Locatelli (95%) and Roberto Locatelli (5%) and a sole director Matteo Locatelli.

The company operates out of several locations all located in the southern hinterland of Milan city



## Production Site

The area includes raw material storage, production, development laboratory, quality and microbiological control laboratory, archive and traceability samples.

Surface area of 1500 m<sup>2</sup>

Via Toscana 46, Rozzano

## Legenda

- AREA PRODUTTIVA
- AREA LOGISTICA
- AREA LABORATORIO UFFICI
- AREA SALA PESATE
- PIATTAFORMA ECOLOGICA

## The site

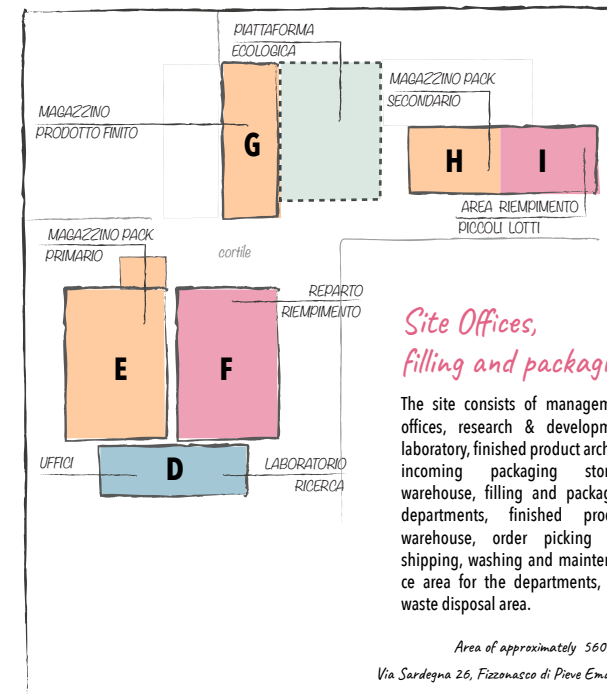
### Logistics

MAGAZZINO PACK PRIMARIO

Warehouse and storage service

Surface area of 2000 m<sup>2</sup>

Via Olona, Rozzano



## Site Offices, filling and packaging

The site consists of management offices, research & development laboratory, finished product archive, incoming packaging storage warehouse, filling and packaging departments, finished product warehouse, order picking and shipping, washing and maintenance area for the departments, and waste disposal area.

Area of approximately 5600 m<sup>2</sup>

Via Sardegna 26, Fizzonasco di Pieve Emanuele

# History

**1939** The founder, Cav. Mario Locatelli with his wife Maria Cipriani created the 'Ditta Imperiale Locatelli' dedicated to the production of haircare products. A pioneer in the sector, Mario Locatelli was the first to create the cold perm liquid and his products were sold throughout Italy

**1946** A small wholesale hairdressing salon was opened

**1956** His wife Maria founded the first Professional School for Hairdressers in Milan: it was the first institute to receive recognition from the Lombardy region. Later the school gained international importance with experts recognised throughout the sector.

**1996** A new chapter in the company's history began with the arrival of Matteo Locatelli, the third generation, graduated in biology. The Laboratory staff is strengthened by creating a Research & Development division, production capacity increases considerably, and sales also conquer foreign countries.

**2008** Pink Frogs obtains its first **ISO 9001 certification**.

**2000** Purchase of a new shed in Viale Toscana to expand the production area

**1979** Roberto and his wife Giovanna opened a new company locating a new production laboratory in Rozzano, the name chosen for this company would be the same as the brand that had proved to be a great success in those years: Pink Frogs S.r.l. Later, the pink frogs would disappear from the products and company logo but the name Pink Frogs would continue to distinguish the company.



**2010** The company expands and the new headquarters in Via Sardegna is opened, where administrative offices, the research and development laboratory and the packaging department were located

New Logo:  
**pinkfrogs**  
COSMETICS

**2013** Induction of a management engineer in the company to start the process of analysis and collection of company data.

**2012** The Pink Frogs website is born.

**2014** As proof of its commitment to sustainability, Pink Frogs obtains **ISO 14001 certification**

**2016** Production is expanded with the purchase of a state-of-the-art **perfumery sampling machine**.

**2017** Full-time induction of **Sustainability Manager, graduate in Chemical and Sustainable Process Engineering**, with experience in Federchimica

**2018** Growth in foreign customers, participation in international trade fairs, production, as well as business expansion.  
March 2018: **the first Sustainability Report is published**, consolidating the commitment to sustainable development initiated in previous years  
June 2018: **ISO 13485 Certification for the production of medical devices**.  
Matteo Locatelli is appointed Vice President of Cosmetica Italia

**2020** During the lockdown imposed by the Covid pandemic, Pink Frogs makes an exceptional effort to produce sanitising gel, adjusting personnel and production capacity.

**2021** Three new sustainable projects start: **Banca del Tempo Sociale by I Bambini delle Fate Circular Beauty and Film to Film**.  
Business development continues, exceptionally even in the difficult post-pandemic situation.

**2019** Pink Frogs turns 40.



The celebration of this important milestone was held on 24 May 2019 in a historic Milanese venue: a party, 'Pink Party', attended by the company's main stakeholders: employees, suppliers, partners and associations. The evening was an opportunity to recall the most significant moments in the company's history with Roberto Locatelli (who founded Pink Frogs in 1979, following in his father's footsteps) and for CEO Matteo Locatelli to thank all stakeholders.

40 years that have enabled Pink Frogs to achieve important goals and the maturity to set new and important objectives for the future.



# Production

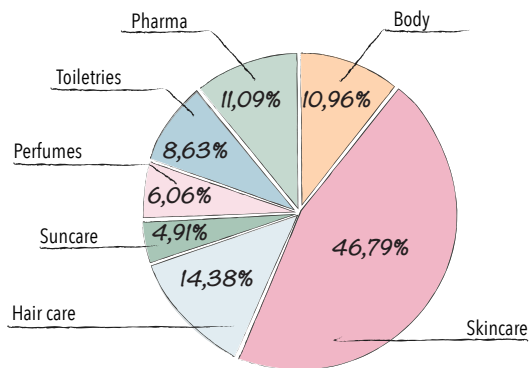


Pink Frogs designs, develops and produces cosmetics to high quality and safety standards, respecting both environment and health. All Pink Frogs cosmetics comply with Italian and European legislation in terms of consumer health and safety, as well as European legislation on the prohibition of animal testing.

Production is exclusively for third parties. Pink Frogs customers operate in all distribution channels: e-commerce, large-scale retailers, pharmacy, perfumery, hairdressing salons, professional beauty salons, herbalist shops.

**Thanks to high levels of specialisation in cosmetics production, the company is able to produce a wide range of product types:**

- Skincare: basic, specific and anti-ageing facial treatments, body treatments
- Hair care: hair treatments, skin care
- Toiletries: detergency
- Suncare
- Perfumes: eau de toilette, eau de parfum, perfumed waters
- Medical Devices



**Chart 2:** Percentage by category of total manufactured parts in 2021\*.  
\*Sampling production was not taken into account in the analysis.

# Service Production specialisations

The two main services offered by Pink Frogs to its customers are:

## Contract manufacturing

Pink Frogs takes care of the production, filling and packaging, while decisions on the choice of packaging and its purchase remain with the customer.

## Full service

Pink Frogs supports client companies in all phases of their product development: from the proposal and fine-tuning of the formulation idea, to research and definition of the packaging, taking care of all aspects of the production process. The company's objective is to increasingly expand full service production, in a logic of partnership with its customers.

## Production Bulk

Production of the mixture/emulsion only, packaging at customer's expense.

## Regulatory services

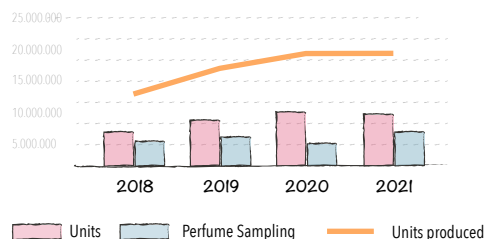
The Pink Frogs Regulatory Office offers the following services: PIF drafting, efficacy testing at external testing laboratories, natural certification of the finished product.

## Sampling per profumeria



Pink Frogs is one of three companies in Europe to have an innovative, customized machine capable of performing all processing in a single step for the production, filling and packaging of samples of eau de parfum, eau de toilette and perfumed waters.

Production has grown over the years, reaching a number of pieces of about 19 million in 2021, of which 7.7 million are perfume samples (ampoules).



**Graph n. 3.** Growth in the number of units produced in the four-year period

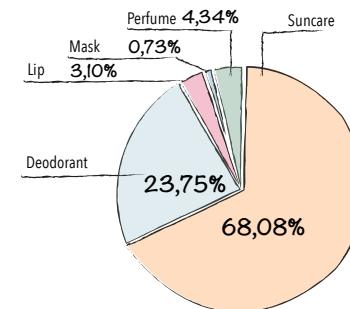
## Skincare sticks



Since 2013, Pink Frogs has specialised in the development and production of skincare sticks.

In 2021, 3.61% of the total products manufactured is sticks.

The bulk produced is hot, then cast into the plastic stick, following a delicate process that requires the expertise of experienced technicians and a special production process including a cooling tunnel.



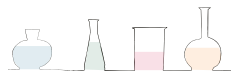
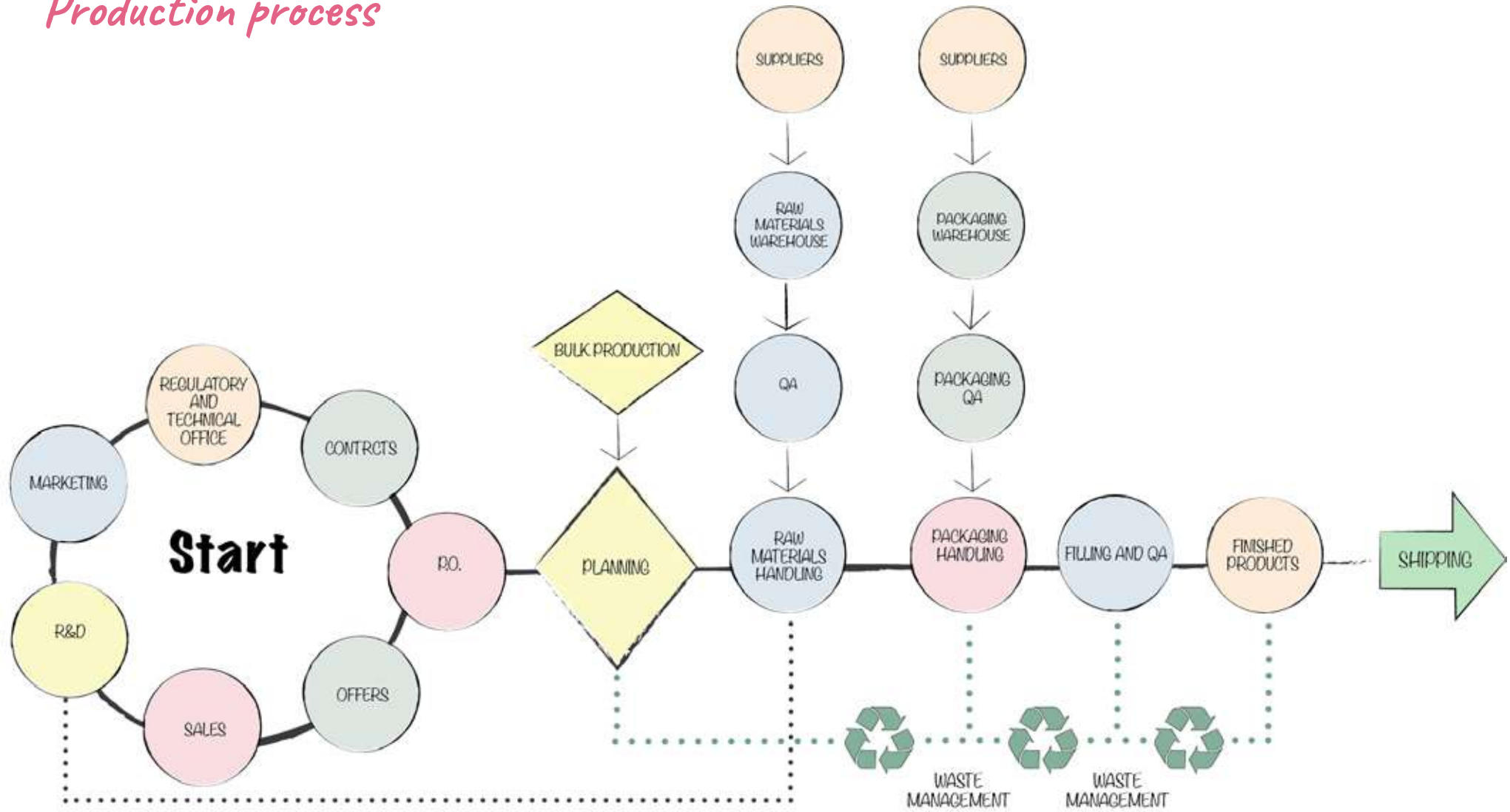
**Graph 4.** Stick categories

## WHY DO STICKS LIKE SO MUCH?

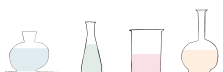
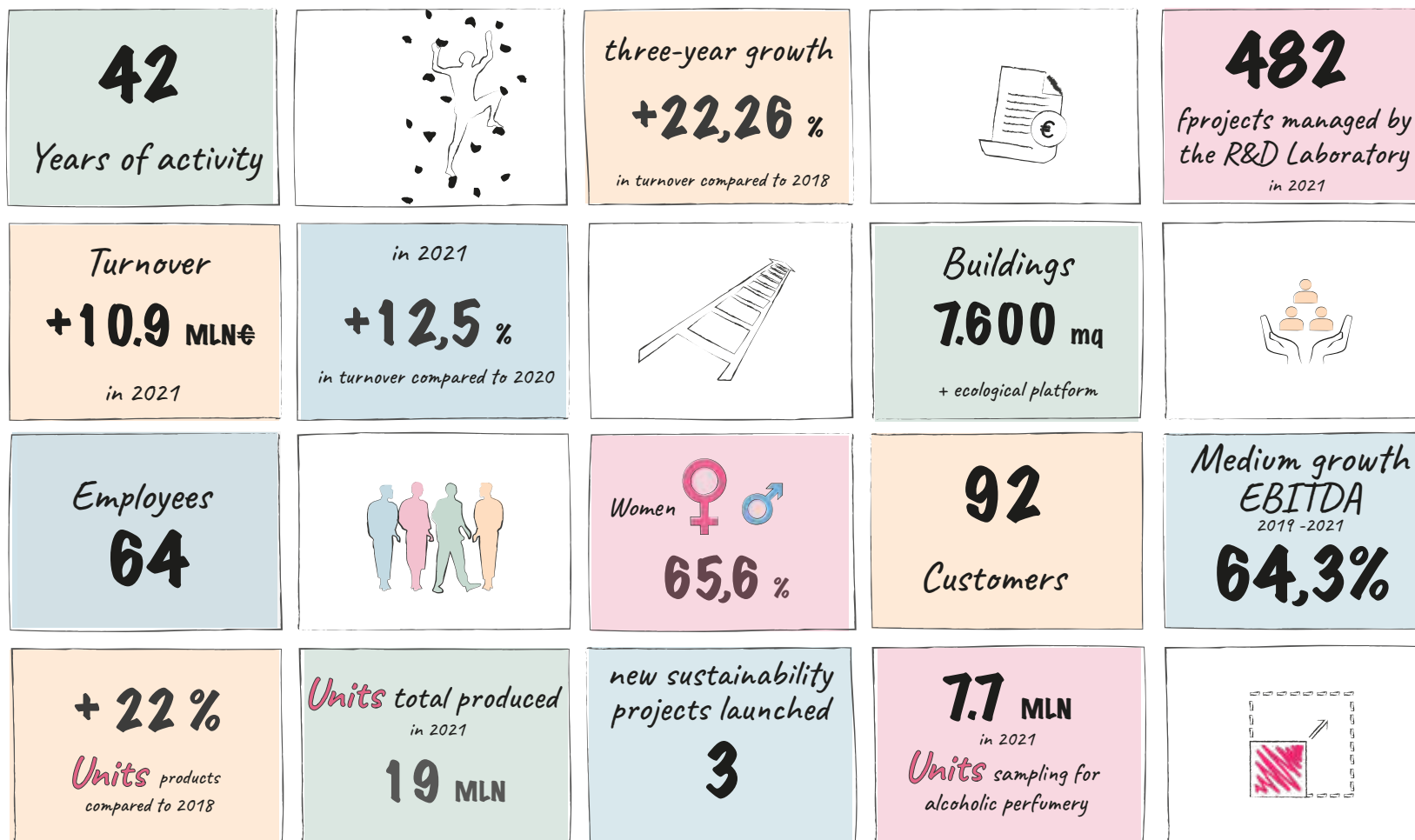
Pink Frogs was the first company to produce cosmetics in an unusual stick format, anticipating a trend that would later become a real market need c: less product contact with hands and bacterial pollution. In addition, cosmetics in stick form have features that satisfy practical needs and meet the tastes of a smartphone-friendly generation.



## Production process



## Summary data 2021

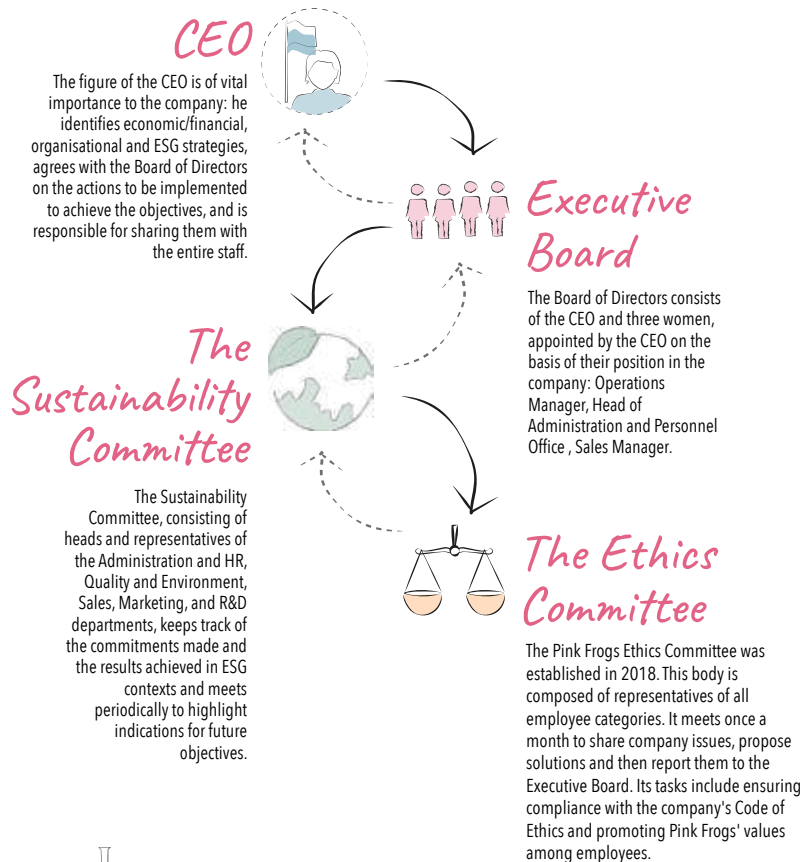




# Corporate Governance

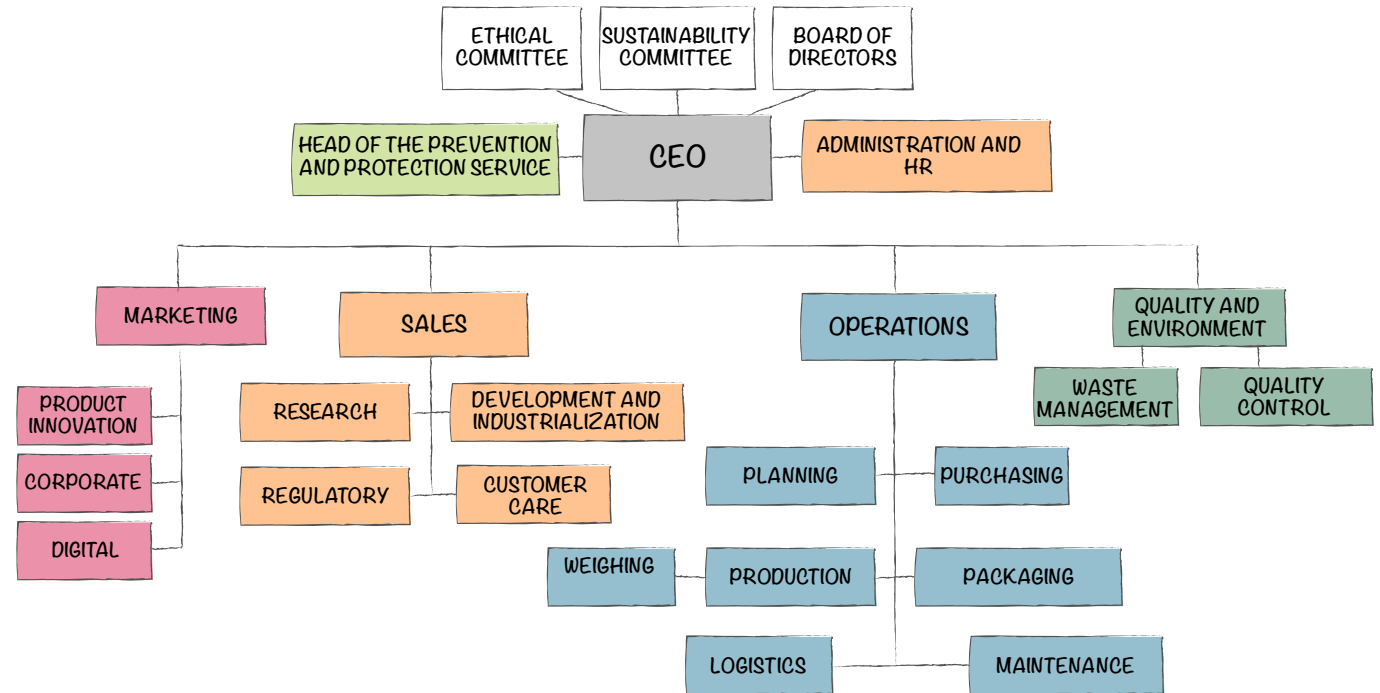
## Governance structure

Pink Frogs adopts a traditional governance model: it is a company with a sole director and has a Board of Directors chaired by CEO Dr. Matteo Locatelli, who has executive and decision-making powers. The CEO and the Board of Directors are the central organs of Pink Frogs' governance system, with functions of strategic direction of the company.



# Organization chart

Pink Frogs has been producing skincare cosmetics, personal care, toiletries, perfumes and medical devices for over 40 years. Limited liability company with sole director Dr. Matteo Locatelli



## Code of Ethics and Supplier Code of Conduct

The Code of Ethics summarizes the principles of behavior that Pink Frogs' directors, employees and stakeholders are expected to observe on a daily basis in the workplace and in relations outside the company.

Company management is responsible for promoting these values in order to consolidate them among employees and create a sense of belonging to a common project.

Compliance with the Code of Ethics is ensured internally by the Ethics Committee, which meets monthly and interfaces with the Management Committee in order to discuss critical issues, needs and proposals and to ensure a constant improvement in efficiency and the corporate climate.

The values that Pink Frogs pursues in business and asks all suppliers to respect are: business integrity (anti-corruption), quality, respect for animals, rejection of forced and child labour, anti-discrimination, fair treatment at work, freedom of association, occupational health and safety, and environmental protection.

Furthermore, Pink Frogs shares its Code of Conduct with new suppliers, requiring their acceptance as an indispensable element in conducting business.

Both Codes are reviewed periodically and are published on the company's website.

Code of Ethics

<https://pinkfrogs.it/wp-content/uploads/2018/12/PINK-FROGS-CODE-OF-ETHICS-.pdf>

Supplier Code of Conduct

<https://pinkfrogs.it/wp-content/uploads/2018/12/Code-of-Conduct-of-the-Suppliers-12-03-Rev1 .pdf>

## Quality policies and management systems

Pink Frogs conducts an in-depth analysis of the process management system and related risks, in order to assess and monitor any criticalities in the various activities carried out within the company and in relations with its stakeholders, with corrective action planned in the event of high risk.

The analysis is constantly updated, so that the Executive Board is always aware of the problems encountered.

In addition, a new professional figure, a process and cost monitoring engineer, was brought into the company in 2020 to deepen process analysis and implement timely optimizations.

## Certifications



The certifications obtained and maintained over the years by Pink Frogs allow it to keep its production processes monitored, ensuring the achievement of quality and environmental objectives, according to a logic of continuous improvement.

All certifications are issued by the third-party body Certiquality



ISO 9001  
defines the requirements of a quality management system.



ISO 14001  
standard that sets the requirements for an environmental management system.



ISO 22716  
Standards on Good Manufacturing Practices in the Cosmetics Industry.



ISO 13485  
defines quality standards for the design and manufacture of medical devices.

## Institutional assignments and organizations

Pink Frogs' relationship with organizations and trade associations plays an important role. Having a direct line to these institutional bodies gives the company the opportunity to remain constantly updated both on the evolution of the sector in terms of legislation and regulations, and on the changes and new needs of the market in terms of sustainability.



### Cosmetica Italia

Pink Frogs is part of the Third Party Production Group of Cosmetica Italia (National Association of Cosmetic Companies).

Since 2018, Matteo Locatelli, CEO of Pink Frogs, has been Vice President of Cosmetica Italia. He was re-elected in 2021 and, together with the other Vice-Presidents, will support the President, Renato Ancorotti, for the three-year period 2021 - 2024.



### Federchimica

Pink Frogs is a member of Federchimica's voluntary Responsible Care programme (National Federation of the Chemical Industry). In 2015 and 2019, it won the Responsible Care Federchimica Award, which recognizes excellence in sustainable development in the chemical industry.



### Assolombarda

Pink Frogs is a member of Assolombarda, an association that fosters the development of member companies by providing support, constant updates and training opportunities on key issues and technical aspects.

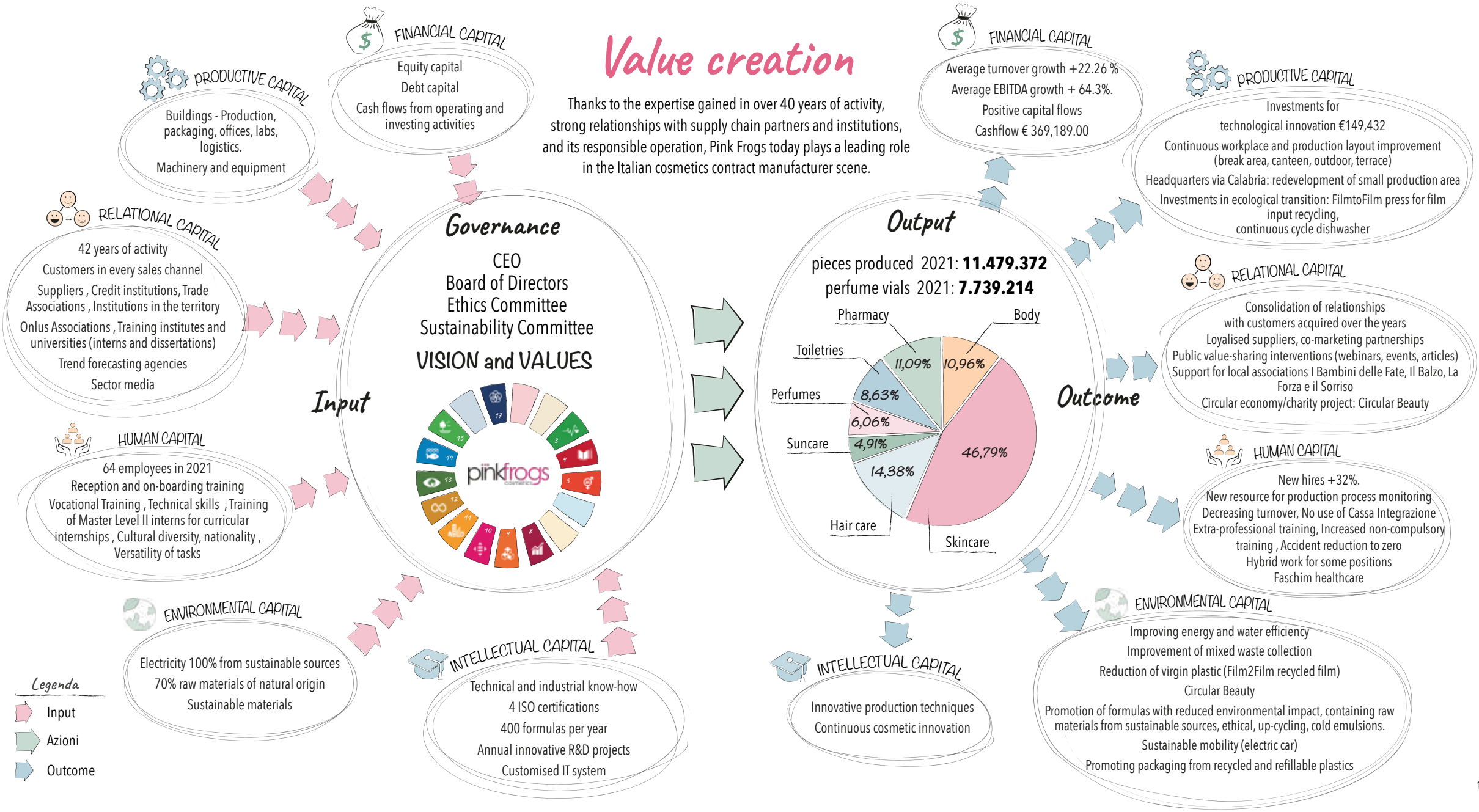
In October 2020, Matteo Locatelli was elected Councilor of the Assolombarda Chemicals Group with delegated authority for the Cosmetics Section Council for the period 2020-2024.



### Ecomondo

In 2020 Matteo Locatelli was elected as a member of the Technical Scientific Committee of Ecomondo (Europe's leading event for green transactions).







# Creating shared value

Sharing knowledge and achievements with stakeholders is one of the key principles of sustainability. Create value, share results and lead by example: a call to action for more companies to act and make a difference.

For this reason, CEO Matteo Locatelli, considers it important to participate in initiatives and meetings organized by Bodies, Associations and Institutes by bringing the company's case history and the initiatives of the Cosmetica Italia Association to support members in the sustainable development of their business.

## 2019

- Università di Camerino / facoltà di Farmacia speech on: cosmetics, case history, Sustainable Report.
- Italian Post and Sodalitas association at Assolombarda: 'The integration of sustainability within small and large companies'
- Video interview Cosmetica Italia: Interview on the Cosmetica Italia Association's commitment to sustainability

## 2020

- Ecomondo Digital- The Green Technology Expo - Europe's event for technological and industrial innovation in the circular economy. "Packaging Innovation. A step forward towards a sector Observatory".
- Kosmetica: article "Più sostenibili, più responsabili!"

## 2021

- Bbetween 2021 Science Outreach - Sustainability: Innovation and Enterprise Bicocca University Milan
- Participation in the "10 Years of Conscious Cosmetics" event
- Assolombarda Webinar - Green Marketing and Circular Economy.
- Cosmetic Technology - articolo "La sostenibilità prima di tutto"
- Webinar organizzato dal Gruppo Merceologico Chimici di Assolombarda: "Chimica e Rapporto di sostenibilità: i vantaggi e le best practices per un settore sempre più etico".
- Ecomondo Citizens Matters: Il ruolo delle persone nella trasformazione dei processi di imballaggio

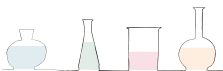
# Background

The cosmetics industry is a science-driven sector, characterized by a high degree of innovation and dynamism. The value-chain of the cosmetics industry includes: producers of the individual elements that make up a cosmetic product (raw materials, packaging, labels, packaging), processing companies for the production of finished products, supporting companies (analysis, testing, regulatory, marketing), distribution and sales channels (e-commerce, large-scale retail trade, perfumery, pharmacy, flagship store, drug store, herbalist shop) and consumers.

The worldwide offer of cosmetic products has always been characterized by the great vivacity of the proposals placed on the market. The crisis from Covid-19 confirms this focus, in fact the decrease of new references in 2020 was lower than the market trend and represents a sign of attention to novelty.

Personal hygiene and skin care are the two categories with positive performance in terms of the number of references placed on the market in the three-year period 2019 - 2021: the former marks +27.7%, while the latter +0.2% .

For years, the cosmetics industry has been active in developing raw materials, packaging and finished products with reduced environmental impact: ingredients of natural origin, more biodegradable, vegan formulas, recycled materials and/or from certified supply chains. Lately, manufacturers are being called upon to monitor their production processes more closely in order to reduce wastage of water and energy resources. In all this, it is necessary to increase customer awareness on how to use and dispose of products correctly and how to limit water waste.



# Risks and mitigation strategies

The biggest risks for Pink Frogs are international contingencies due to raw material shortages and a decline in business volume growth, as well as inadequate attention to environmental issues.

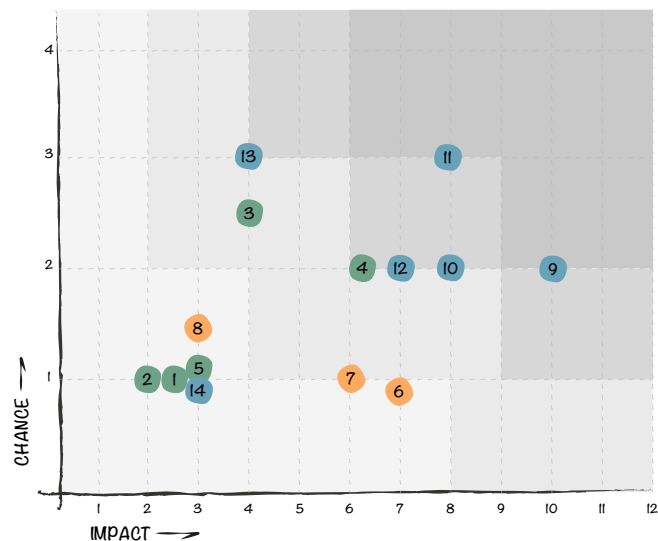
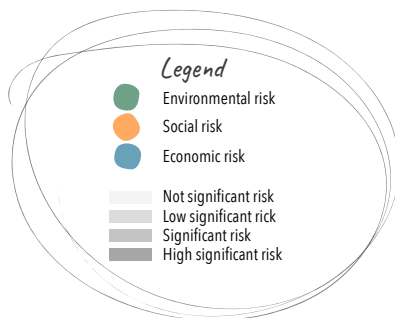


Chart n. 5 Risk assessment



## ENVIROMENTAL - AMBIENTE

Topic	Risk	Capital	Stakeholders	Impact	Probability	Risk	Mitigation strategy
1	WATER	ENVIRONMENTAL FINANCIAL	Suppliers Employees	2,5	1	2,5	Continuous monitoring at pick-up and unloading, continuous-system dishwashing, waste transport optimization.
2		ENVIRONMENTAL FINANCIAL	Suppliers Employees	2	1	2	Optimization of design towards formulations that do not require heat input (simultaneous saving of gas for heating).
3	WASTE	ENVIRONMENTAL FINANCIAL	Suppliers Employees	4	2,5	10	Continuous training and monitoring of employees during waste generation operations. Change of supplier to improve disposal service. FilmtoFilm project to recover and recycle shrink film from incoming goods. Agreement with suppliers to take back their reusable packaging.
4	CARBON FOOTPRINT	ENVIRONMENTAL FINANCIAL	Suppliers Employees	6	2	12	Process input/output data, reporting and subsequent analysis. Company car fleet: electric car. Steam for production also used for space heating.
5	ENVIRONMENTAL FOOTPRINT	ENVIRONMENTAL FINANCIAL	Suppliers Employees Customers	3	1	3	Research and development of new circular economy initiatives. Propose increasingly environmentally friendly formulas, packaging and processes. Reduce the number of raw materials with low green and sustainable profiles.

## SOCIAL - SOCIALE

Topic	Risk	Capital	Stakeholders	Impact	Probability	Risk	Mitigation strategy
6	EMPLOYEE SECURITY	HUMAN FINANCIAL	Suppliers Employees	7	1	7	Continuing education and training, injury analysis.
7	MANAGEMENT OF COMPETENCES	HUMAN FINANCIAL	Employees Suppliers	6	1	6	On-boarding processes, promotion of work/life flexibility, ibrid jobs for functions that allow it, non-compulsory training courses, improvement of internal communication.
8	SUSTAINABLE SUPPLY CHAIN	RELATIONAL	Suppliers Employees	3	1,5	4,5	Incentives to increase suppliers' awareness of ESG issues.
























## GOVERNANCE - ECONOMICO

Topic	Risk	Capital	Stakeholders	Impact	Probability	Risk	Mitigation strategy
9	GROWTH TURNOVER	FINANCIAL PRODUCTIVE	Employees Customers	10	2	20	Continuous monitoring of internal costs and performance. - Increase market share and customer retention. - Innovation and marketing. Creation of ad-hoc task forces for feasibility analysis of new projects.
10	MACHINERY AND EQUIPMENT	FINANCIAL PRODUCTIVE	Employees Customers	8	2	16	Adequate infrastructure investment plan, machinery and maintenance.
11	PROCUREMENT OF RAW MATERIALS	FINANCIAL PRODUCTIVE RELATIONAL	Suppliers Employees Customers	8	3	24	Forecasting and/or anticipating uncertain situations thanks to trade associations forecasts.
12	IT	INTELLECTUAL	Suppliers Employees	7	2	14	Monitor and implement continuous updates and developments to IT programmes in terms also of IT security.
13	REGULATORY	PRODUCTIVE	Employees Customers Suppliers	4	3	14	Investment and training in the regulatory area.
14	CUSTOMERS	PRODUCTIVE RELATIONAL	Customers Employees	3	1	3	Monitoring quality and control systems.



# Commitments for the next three years 2022-2023-2024

Pink Frogs' commitment for the next three years is to engage in activities that touch on all company capitals and the improvement of the performance of material themes Waste Reduction, Emission Reduction, Technological Innovation and R&D.

		Themes	Commitments	SDGs
 FINANCIAL CAPITAL	→	ECONOMIC RESULTS	Increase corporate profitability to industry-average levels to ensure continued ESG investments.	
	→	WASTE REDUCTION	Decrease disposal costs by improving waste management in order to select more and more waste that can be valorized and continue with Circular Beauty projects.	
 PRODUCTIVE CAPITAL	→	TECHNOLOGY INNOVATION AND R&D	Investing in new technologies to expand the product portfolio.	
	→	QUALITY SYSTEM	Enrich the analysis and mapping of business processes in order to improve production efficiency and reduce waste of time and product.	
 RELATIONAL CAPITAL	→	RELATIONS WITH STAKEHOLDERS AND LOCAL COMMUNITIES	Continue supporting the Banca del Tempo Sociale project at the non-profit organisation Il Balzo in Rozzano (MI). Continue with donations from Circular Beauty projects. Supporting new social activities in the area by giving support and visibility.	  
	→	RELATIONSHIP WITH CUSTOMERS	Continue to share ESG values and objectives with our stakeholders at all touchpoints. Constantly presenting innovative projects with a low environmental impact.	
	→	RELATIONSHIP WITH INSTITUTIONS	Maintain a channel of communication with municipal institutions and trade associations. Continue cooperation with vocational training institutes and universities.	
	→	SKILLS DEVELOPMENT	Fostering paths of growth and talent development through training courses and sharing of objectives.	
 HUMAN CAPITAL	→	RESPECT FOR HUMAN RIGHTS	Continuous improvement of working conditions within the company (recreational spaces, agile working, cleanliness).	
 INTELLECTUAL CAPITAL	→	TECHNOLOGY INNOVATION AND R&D	Developing innovative and sustainable formulas and processes to expand the product portfolio and become a benchmark for dynamic brands.	
	→	WASTE REDUCTION	Continuous improvement in industrial waste management. Organise further Circular Beauty initiatives: projects for the reprocessing of redundant materials and quality production waste.	
 ENVIRONMENTAL CAPITAL	→	REDUCING EMISSIONS	Purchase of new low-emission vehicles. - Corporate Carbon Footprint Assessment and Analysis. Reduction of water and gas consumption in production processes	
	→	ORGANIC/NATURAL RAW MATERIALS	Development and fine-tuning of new cosmetic formulas with less environmental impact.	
	→	PROTECTING BIODIVERSITY	Development and fine-tuning of formulas with sun filters that are not harmful to the marine ecosystem and are easily biodegradable.	
	→	SUSTAINABLE PACKAGING	Continuous involvement of our stakeholders in projects with reduced environmental impact.	





# The environmental dimension

Pink Frogs pays attention to environmental sustainability issues, monitors its consumption and waste and is committed to increasingly developing sustainable cosmetic formulas.

Locally, Pink Frogs' production sites are located in an industrial area, within the urban context of Milan's suburbs. Due to their location, the areas occupied by the sites are not subject to any urban-environmental, landscape or hydrogeological constraints: there are no constraints relating to environmental assets, and they are not included in protected territories. Being in the area of the Parco Agricolo Sud di Milano, Pink Frogs respects all regulations concerning the protection of local fauna and the protected territory. Pink Frogs' activities do not produce emissions of potentially toxic substances for the animals or plants in the park.

In terms of biodiversity, Pink Frogs is committed to not purchasing raw materials from suppliers operating in sites protected by the IUCN for the conservation of endangered species. Specifically, around 30 per cent of Pink Frogs' strategic suppliers have ISO 14001 certification, which certifies compliance with specific environmental requirements.

Within the framework of the ISO 14001 environmental management system, the company respects all the principles of environmental protection (precaution, pollution prevention and risk mitigation), whereby measures are put in place to prevent, monitor and control the effects of activities, aimed at reducing its environmental impact and the responsible use of resources in production processes.

Within the company, we are committed to promoting sustainable behaviour by all employees, from waste separation to responsible waste management.



The acronym ESG, Environmental, Social and Governance stands for the three fundamental dimensions to verify, measure, control and support a company's commitment to generate value over time (sustainability rating).

Environmental: concerns the relationship that the company has with the environment and includes the initiatives and actions implemented to reduce the risks linked to its impact in terms of emissions, supply chain management, safety, attention to water resources, CO2 emissions.

Social: pertains to all company initiatives and activities concerning respect for employees' rights, attention to working conditions, gender equality, rejection of any form of discrimination, contribution to the local communities and the territory in which the company operates, in order to improve the quality of life of its inhabitants.

Governance: this is representative of corporate identity, strategy, the determination to implement concrete actions and issues such as respect for meritocracy, the fight against corruption, management composition rules and remuneration ethics.



# Energy consumption



Since the beginning of 2020, in its offices in Viale Toscana, Via Sardegna and Via Calabria, Pink Frogs has been using electricity from renewable sources only, having signed a new supply contract with A2A, 100% Green, for the power supply of electronic systems and devices, office lighting. For space heating and steam generation gas methane is used.

Gas consumption at Viale Toscana is closely linked to production, and varies mainly according to the processing carried out (hot rather than cold).

In Via Sardegna, many variables influence energy consumption (personnel, offices, working hours, exogenous environmental factors, facilities). Production at this site is more related to electricity consumption than to gas consumption.

V.le Toscana Plant	NATURAL GAS			ELECTRICITY		
	CONSUMPTION (kg/da)	RELATIVE CONSUMPTION PER QUANTAL OF BULK PRODUCED (kg/da/da)	CO <sub>2</sub> (t)	CONSUMPTION (kWh)	RELATIVE CONSUMPTION PER QUANTAL OF BULK PRODUCED (kWh/da)	CO <sub>2</sub> (t)
	2018	1.007	0,9	50	91.621	91
2019	1.066	0,9	54	101.804	87	44
2020	982	0,9	49	83.236	75	36
2021	1.055	1,3	53	81.609	99	36

Table n.2. Energy and natural gas consumption at the Viale Toscana plant in the four-year period 2018-2021

Via Sardegna Plant	NATURAL GAS			ELECTRICITY		
	CONSUMPTION (kg/da)	RELATIVE CONSUMPTION PER QUANTAL OF BULK PRODUCED (kg/da/da)	CO <sub>2</sub> (t)	CONSUMPTION (kWh)	RELATIVE CONSUMPTION PER QUANTAL OF BULK PRODUCED (kWh/da)	CO <sub>2</sub> (t)
2018	846	0,00006	42	153.370	0,020	66
2019	737	0,00004	37	184.659	0,011	81
2020	630	0,00003	32	178.573	0,009	78
2021	919	0,00005	53	184.117	0,010	80

Tabella n.3. Energy and natural gas consumption at the Via Sardegna plant in the four-year period 2018-2021

Via Calabria Plant	NATURAL GAS		ELECTRICITY	
	CONSUMPTION (kg/da)	CO <sub>2</sub> (t)	CONSUMPTION (kWh)	CO <sub>2</sub> (t)
	2018	-	-	-
2019	-	-	21.440	9,3
2020	4,2	0,2	15.330	6,6
2021	0,2	8	116.828	7,33

Tabella n.4. Energy and natural gas consumption at the Via Calabria plant in the three-year period 2018-2021

Via Olona Plant	ELECTRICITY	
	CONSUMPTION (kWh)	CO <sub>2</sub> (t)
	2018	*
2019	1.156	0,5
2020	6.527	2,8
2021	8.468	3,6

Tabella n.5. Energy consumption at the Via Olona plant in the three-year period 2018-2021

# CO emissions<sub>2</sub>

In Pink Frogs' factories, there are no emissions collected and channeled to a chimney, except for those produced by the thermal plants, which serve to heat the rooms of the various operational areas.

Emissions of other environmentally harmful substances (NOx, SO2, dust, heavy metals and other pollutants) are extremely low and therefore not accounted for.

Pink Frogs' car fleet comprises four vehicles: two petrol-fuelled cars, one electric car and a diesel-fuelled van. Two cars are used for travel between sites, supplier and/or customer visits and participation in trade fairs by employees. The van is used for the transfer of materials between the production and packaging departments and short journeys outside the company; the car with the highest annual mileage is the sales representative car and for this reason, it was replaced with an all-electric vehicle in 2020.

The CO2 emissions for company vehicles were calculated on kilometers averaged over the year. As of 2022, a point calculation based on actual mileage is planned.

As far as the logistics part is concerned, these are indirect environmental impacts. In fact, inbound and outbound logistics flows are not the responsibility of Pink Frogs, as suppliers use their own vehicles to deliver raw materials and the same applies to finished products, which are collected directly from customers.

	NATURAL GAS			
	VIA TOSCANA	VIA SARDEGNA	VIA CALABRIA	TOTALE
2018	50	42	-	92
2019	54	37	-	91
2020	49	32	0,2	81,2
2021	53	53	8	114

Tabella n.6. CO<sub>2</sub> emissions from gas (direct)

	ELECTRICITY				
	VIA TOSCANA	VIA SARDEGNA	VIA CALABRIA	VIA OLONA	TOTALE
2018	39	66	-	-	105
2019	44	81	9,3	0,5	134,8
2020	36	78	6,6	2,8	123,4
2021	36	80	7,3	3,6	126,9

Tabella n.7. CO<sub>2</sub> emissions from electricity (indirect) location-based

	ELECTRICITY				
	VIA TOSCANA	VIA SARDEGNA	VIA CALABRIA	VIA OLONA	TOTALE
2018	39	66	-	-	105
2019	44	81	9	0,5	134,8
2020	0*	0*	0*	0,2	2,8
2021	0*	0*	0*	3,6	3,6

Tabella n.8. Indirect emissions from energy consumption (market-based)

\*assuming production from renewable sources is zero-emission / net of consumption due to the construction of the energy mix

TESLA MODEL X 100D		CO <sub>2</sub> (TONNELLATE) <sup>1</sup>
2020		0,58
2021		0,58
VOLKSWAGEN SHARAN 2.0 TSI 180kW (250CV) 7 SPEED DSG		CO <sub>2</sub> (TONNELLATE) <sup>1</sup>
2019		0,715
2020		0,715
2021		0,715
FIAT DUCATO 2.5 JTD COMBI		CO <sub>2</sub> (TONNELLATE) <sup>1</sup>
2019		2,08
2020		2,08
2021		2,08
MAZDA MAZDA5 1.8		CO <sub>2</sub> (TONNELLATE) <sup>1</sup>
2021		0,91

Tabella n.9. Annual km emissions of company vehicles

## Water consumption

The operational areas of the plants are connected to the municipal waterworks of Rozzano (for the Viale Toscana building), Pieve Emanuele (for the Via Sardegna and Via Calabria buildings).

**Pink Frogs' water consumption has several origins:**

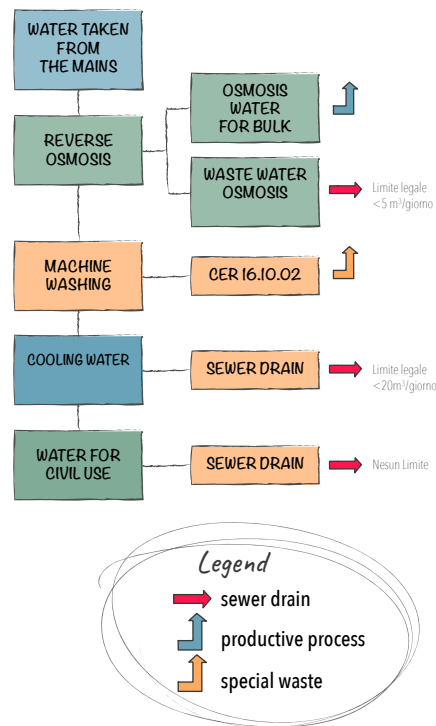
- demineralised water used for bulk production in Viale Toscana
- water for cooling and washing the machines in Viale Toscana
- water for washing the filling and packaging lines in Via Sardegna
- water for civil use at the three sites

	Type of water used in Viale Toscana
<b>6.5%</b>	Demineralized water used as raw material
<b>72%</b>	Water for cooling and osmosis
<b>15.5%</b>	Water for washing equipment and for laboratory activities
<b>6.5%</b>	Water for civil use

Water consumption at the Via Sardegna and Via Calabria plants is attributable to washing water for lines and machinery, which flows into a tank and cisterns used for temporary storage of waste, and to water for civil use in the toilets.

**In order to pursue water consumption efficiency, actions have been taken on several fronts:**

- improvement of standards for minimizing waste during filling and washing of production equipment
- purchase of a continuous water cycle dishwasher (purifies and reuses water by using it for multiple washes)
- purchase of a semi-manual dishwasher with continuous water cycle (purifies and reuses water by using it for several washes)
- sensitizing staff to eliminate waste and misuse of water in toilets (reporting any faults and malfunctions to maintenance)



## Waste Management



Assimilable waste (glass, food remains, miscellaneous waste from offices, etc.) is handled and disposed according to the regulations of the municipality.

Paper, cardboard, plastic, iron packaging and wood are sorted in the in-house ecological platform and sent for recovery through an authorised disposer.

Within the company, special waste is also collected separately. Divided into hazardous and non-hazardous waste, it is handed over to external companies that handle its transport with suitable vehicles and disposal.

Waste water from washing production facilities, equipment (pumps, hoses, spatulas), laboratories (containers for tests, analyses, sampling) and floors is collected and sent to a private treatment plant. In order to reduce kg of waste water solutions, continuous flow dishwashers have been introduced and a conscious use of water resources is encouraged among employees.

Another substantial amount of waste is plastic stretch film. In order to reduce the impact of this type of waste, a Film to Film project was launched in 2021 to recycle stretch and shrink film from incoming goods. This project involved the purchase of an industrial press to compact the film, resulting in a reduction of both its volume and the CO2 emissions generated by the transport vehicles that take the waste to ecological platforms and disposal centres. In addition, empty iron cans containing raw materials are also pressed with the

same machinery, saving on travel, emissions and transport costs for disposal.

The recovery of materials such as containers and packaging in both warehouses and offices is also strongly encouraged, where possible. Pink Frogs has in fact agreed with one of its major packaging suppliers to return transport packaging that remains intact after delivery and can therefore be reused.

Ink waste has been managed taking into consideration the impact generated for collection. As they do not produce an excessive amount, they are stored and disposed when the necessary threshold is reached.

Hazardous waste represents a very small part of all waste produced by Pink Frogs, and is always handled carefully, in compliance with statutory regulations and with a view to not causing risks to the environment.

Recycling and recovery of materials is part of the company's vision. Employees have for years been sensitised and educated through signs and precise instructions on the correct separation of waste.

In 2021, 15 per cent of the waste produced by Pink Frogs (324,152 kg) was recovered, while 85 per cent (1,831,719 kg) went to biological or chemical-physical treatment.

	2018	2019	2020	2021
Toner	27	41	35	59
Ink waste containing hazardous substances	0	0	100	0
Paper and cardboard packaging	53.120	64.610	130.950	141.810
Packaging of mixed materials	146.080	137.460	150.300	161.560
Aqueous solutions from plant washing	1.883.490	1.784.220*	1.845.300	1.828.460
Organic waste	1.910	2.760	3.520	9.533
Organic hazardous waste	3.220	500	1.210	3.259
Dirty packaging with hazardous substances (empty dirty post-production tanks)	2.880	0	0	8.060
Oil	0	0	500	0
Wood Packaging	7.050	0	0	0
Iron and steel	6.080	0	4.200	3.130
Cement, bricks, tiles and ceramics	38.220	0	0	0

**Table n.12.** Volumes of waste generated (in kg) in the four-year period

\* increased use of the palecon





## Clean Formulas

In recent years, there has been a growing demand from end consumers for 'clean' cosmetic products, i.e. those free of ingredients considered harmful to both health and the environment. For this reason, Pink Frogs has increased the development and offer of this type of formula and has developed its own 'Pink list' that conforms to the black lists of the most important international brands in the sector and does not contain:

**Silicones - SLES - PEGs - Parabens - Mineral oils - Petrolatum and paraffin - Propylene glycol - Triethanolamines - Synthetic dyes - Phthalates - Formaldehyde releasers - MIT - Edta - Foods of animal origin.**

In addition, Pink Frogs Laboratories' commitment is to increase the number of formulas offered to customers characterized by a high percentage of ingredients of natural origin. The in-house regulatory department ensures compliance with the legislation in force in the various countries of destination and certifies these at the customer's request.



## Raw materials of natural origin and RSPO

The amount of naturally sourced raw materials used by Pink Frogs in the production of finished products has increased in recent years, in line with the demands of consumers, who are more and more aware of sustainability when choosing cosmetic products.

Organic raw materials are all raw materials certified by internationally recognized bodies such as COSMOS, ECOCERT and USDA-NOP.

Since 2018, the purchase of raw materials of natural origin has grown exponentially, so much so that by 2021 it will account for 70% of the total raw materials purchased. Of these, certified raw materials of natural origin have also increased over the past year, confirming that natural cosmetics is a well-established trend.

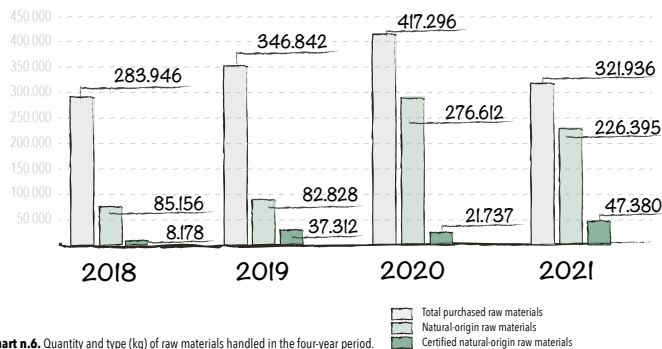


Chart n.6. Quantity and type (kg) of raw materials handled in the four-year period.



Palm oil and palm seed oil are widely used ingredients in the production of hygiene and personal care products, as they are not only found in oils and butters but also in emulsifiers and surfactants.

The effects of palm oil production on rainforests had reached alarming levels in past years; to reduce its impact, the cosmetics industry had set a target of using 100 per cent certified palm oil by 2020 as part of its sustainability policies against deforestation.

Following the traceability and sustainability of palm oil production is now part of the policy of large international companies, many of which are members of the same organization Rspo (Round Table for Sustainable Palm Oil, ed.).

Ingredients derived from palm oil are often difficult for consumers to recognize because they are not easily identifiable in the INCI list. This is why they should be specified on the label for clear and transparent communication.

	2018	2019	2020	2021
RAW MATERIALS OF NATURAL ORIGIN KG	30%	24%	66%	70%
OF WHICH NATURAL RAW MATERIALS WITH CERTIFICATION KG	3%	11%	5%	15%

Table n.13. Percentage of natural and certified raw materials in kg purchased in the four-year period 2018-2021

## Natural certification service

Pink Frogs' in-house regulatory office is able to offer the certification service for natural products directly with the relevant bodies such as Ecocert, Cosmos, Natrue, CCPB, AIAB-ICEA, Swan Ecolabel, EU Ecolabel.

This represents the company's increasing commitment to brands interested in marketing environmentally friendly cosmetics with 'clean' INCIs, free of petrolatum derivatives and harmful chemicals.



## Ocean-friendly suncare formulas



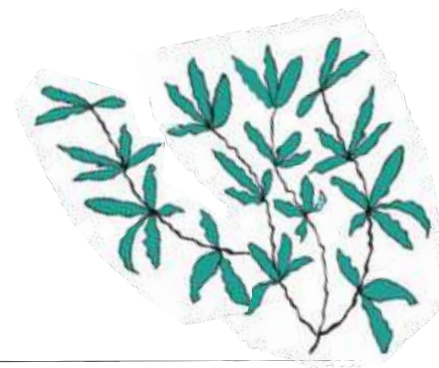
One of the latest important commitments the cosmetics industry has made in terms of environmental sustainability is the production of sunscreen products with a lower environmental impact.

In fact, various scientific studies have shown that certain filtering agents and non-biodegradable chemicals contained in sunscreen products have harmful effects on the delicate coral reef and its habitat.

It is estimated that over 14,000 tonnes of sunscreen end up in the oceans every year, destroying valuable coral reefs and polluting our seas.

Since 2020, Pink Frogs Laboratories has been active in the development of sunscreen products characterised by the absence of harmful sun filters for both the endocrine system and the delicate marine ecosystem, while guaranteeing effective UV protection.

Our formulas do not contain: Ethylhexyl Methoxycinnamate, Octocrylene, Ethylhexyl Salicylate, Benzophenone, Avobenzone, Cinnamates, Zinc Oxide, Titanium Oxide.







## Sustainable actions



### Film to Film Recovery Project - 2021

Between 2020-2021, the company has activated two major environmental sustainability projects aimed at reusing waste materials and the circular economy, with a view to reducing its impact on the environment.

The FilmToFilm project was implemented in the company in 2021 in collaboration with Rino Tullis presses and ReWind®: an initiative that allows the recycling and reuse of all the stretch and/or shrink film of incoming goods. The investment in this project involved the purchase of an industrial press, located in the external area of the via Sardegna premises, adjacent to the shipping warehouse.

The film wrapping the pallets of incoming goods from suppliers is collected by the warehouse staff, cleaned of any paper stickers and pressed to reduce the volume.

The compacted film cubes are stored and then shipped in optimised solutions to the recycling company, reducing the number of journeys and thus reducing emissions from transport vehicles.

The collected plastic undergoes a recycling process and is returned to Pink Frogs in the form of new reels. The project is sustainable both environmentally (use of recycled plastic film) and economically, as the cost of disposing of the plastic material is eliminated.

### Circular Beauty - 2021



In 2021, 'Circular Beauty' was born, a project conceived by Pink Frogs that encompasses commitments in the three areas environmental, social and economic.

Each 'Circular Beauty' project starts from a need passing through donations, solidarity among players arrives at a charity donation, and starts again.

How the virtuous circle of 'Circular Beauty' works:

- Pink Frogs makes contact with non-profit associations in need of personal hygiene products.
- Collaboration with suppliers in the cosmetics supply chain willing to donate stocks of surplus materials is initiated.
- Materials (bulk, packaging, labels) are collected and assembled and given a second life in Pink Frogs premises.
- Refurbished cosmetic products are donated to the association, which distributes them to users.
- The initiative comes back to life with the next solidarity initiative.
- From an environmental point of view, this project gives a second life to materials otherwise destined for disposal with a reduction in travel and thus CO2 emissions for transport to the relevant ecological platforms.



## Packaging Sostenibili

More and more customers are paying attention to choosing packaging with sustainable characteristics, i.e. containing percentages of recycled, recyclable or refillable plastics and materials.

This is why Pink Frogs works closely with packaging manufacturers to preview new launches and sustainable innovations to be proposed to customers either directly at the briefing stage or through co-marketing operations.

PROPOSTA

### Smart Stick 8 in 1

SUSTAINABLE CO-MARKETING PROJECT WITH HCP PACKAGING



On the occasion of the On-Beauty fair, Bologna 9-10 September 2021, the product concept 'Smart Stick 8 in 1' was presented: a moisturizing and nourishing stick containing natural oils and butters, a formula developed by Pink Frogs Laboratories, conforming to the Clean and Beauty standards of the market leaders, 98.7% ingredients of natural origin, with RSPO raw materials, Vegan-friendly, is contained in a pack made of PCR plastic (post-consumer recycled plastic) and FSC paper \* which, once the product is finished, can be separated for proper waste disposal. This co-marketing operation involved the company HCP, a leading manufacturer of stick and make-up packs, which came up with this innovative and sustainable pack.



\* The international FSC certification guarantees that the entire wood-paper chain certified to its standards is derived from environmentally friendly, socially beneficial and economically sustainable forest management.

## Awards and recognitions

Pink Frogs' commitment and focus on environmental sustainability has led the company to receive several awards in this area over the years.

The awards obtained in the three-year period 2019 - 2021 were as follows:



### Cosmopack Awards India

Pink Frogs won the award for Best Skin Care Formula at Cosmoprof India, thanks to the Sustainable Coffee Scrub formula: a formula designed with a circular economy and Made in Italy in mind. For the creation of the prototype, coffee production waste provided by a leading coffee producer was used.



### "Responsible Care Federchimica Award 2019"

The award is reserved for Federchimica member companies and members of the Responsible Care Programme that demonstrate their commitment to sustainable development. The prize is given to companies that implement initiatives, improvement programmes and good practices in the management areas of the Responsible Care Programme. Pink Frogs was chosen as one of the winning companies thanks to its 2018 Corporate Sustainability Report certified according to the Global Reporting Initiative's GRI Standards 2016, the most accredited international reporting standard for social, environmental and economic sustainability. Over a period of five years, the company has received this important recognition twice (2015, 2019).

2021

### Symbola













### Foundation for Italian Qualities

Pink Frogs was included in the new "100 Italian Circular Economy Stories 2021".

## Targets achieved in the three-year period 2019-2020-2021

Targets set in the previous Report and achieved in the three-year period 2019-2021 are indicated with a ✓, those not achieved with an X.

	Objectives	✓	X	Description	SDGs
2019 - Targets achieved in the 2018 report	Concluding the environmental footprint project started in 2018 in cooperation with Cosmetica Italia	✓			
	Take part in the Cycle 4 Green project		X	Replaced by the Film to Film project	-
	Establishing new partnerships to develop innovative and sustainable products	✓		Circular Beauty - circular economy project, Smart Stick 8in1 packaging and sustainable formulas	
	Purchasing energy from 100% renewable sources	✓			
	Waste management: improving waste separation and water management	✓		Started the Film to Film recycling and reuse project of all shrink film used as packaging for incoming goods (pallets). Water consumption efficiency: water drainage efficiency of some production cycles, purchase of continuous water cycle washing machines. Improved waste collection.	
	In line with LCA projects, include the environmental impact of products in marketing sheets to increase customer awareness and promote products with a smaller environmental footprint (the timeframe for achieving this may be longer)		X	Objective deemed unsustainable in relation to economic cost/benefit.	-
2020 - 2021	Raw materials with RSPO-certified palm oil	✓		Pink Frogs laboratories use raw materials containing palm oil from sustainable sources.	 
	Propose green formulas, with a high percentage of ingredients of natural origin.	✓		Laboratories are increasingly developing and offering formulas up to 98% natural origin, clean and Vegan and Ocean-friendly.	 
	"Second-life" outer cardboard transport packaging	✓		In agreement with the supplier, the outer packaging is returned for new use.	 



# The social dimension



## Employees

The number of employees at Pink Frogs has increased over the last four years, in line with the growing production trend.

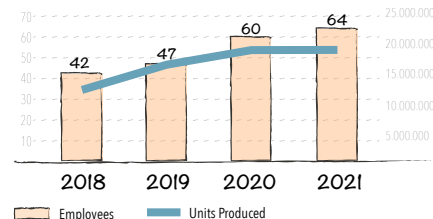
For several years now, the majority of employees have been women, which makes Pink Frogs a company that contributes to the development of women's work, offering job opportunities to local women and professionals in the cosmetics industry.

In 2021, Pink Frogs' workforce consists of 64 employees, 66% of whom are women and 34% men, which puts us above the average female employment rate in the European cosmetics industry (61% women and 39% men). The Steering Committee and the Sustainability Committee are composed of 100% women, with the exception of CEO Matteo Locatelli, confirming the centrality of women within the company's governance.

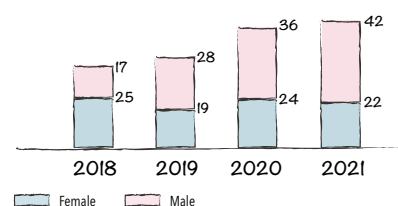
At Pink Frogs, positions of responsibility are predominantly occupied by women over 50.

DOMNE	2018	2019	2020	2021
IN RUOLI DI RESPONSABILITÀ	6	5	5	6
IN RUOLI DI RESPONSABILITÀ	100%	83%	100%	100%

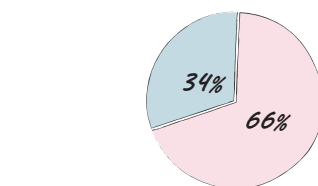
**Table n.14:** Percentage of women in positions of responsibility.



**Chart n. 7:** Total number of employees and production growth.



**Chart n. 8:** Number of female and male employees over the four-year period.



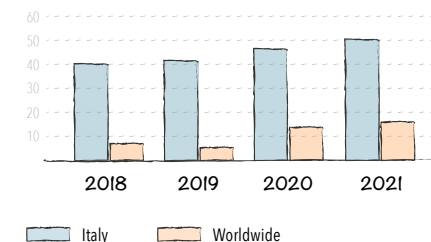
**Chart n. 9:** Percentage of men and women over total employees in 2021.

## La forza lavoro

Pink Frogs' workforce in 2021 consists of 53.13% clerks, 31.25% factory workers, followed by apprentices (4.69%), middle managers (6.25%) and executives (3.13%), interns 1.55%.

In 2021, employees under the age of 30 account for 17.19% of the total. On the other hand, employees between 30 and 50 years of age make up the majority of the Pink Frogs workforce with 59.38% of the total, while those over 50 years of age account for 23.44%.

In addition, the company employs staff from European and non-European countries in its various departments: equal treatment of people regardless of ethnic origin and religion is guaranteed.



**Chart n. 10:** Italian and worldwide employees.

	2018	2019	2020	2021
APPRENTICES	5	2	1	3
INTERNSHIPS	0	1	1	1
WORKERS	23	27	36	34
EMPLOYEES	8	11	17	20
MIDDLE MANAGERS	5	5	3	4
MANAGERS	1	1	2	2
TOTAL	42	47	60	64

**Table n.15:** Classification of employees in the four-year period 2018 - 2021

	MALE	FEMALE
APPRENTICES	1	2
INTERNSHIPS	0	1
WORKERS	18	16
EMPLOYEES	3	17
MIDDLE MANAGERS	0	4
MANAGERS	0	2
TOTAL	42	47

**Table n.16:** Employee classification by gender in 2021

	<30 years	30-50 years	>50 years
2018	5	25	12
2019	7	29	11
2020	10	38	12
2021	11	39	14

**Table n.17:** Classification of employees by age in the four-year period 2018 - 2021

	<30 years	30-50 years	>50 years
APPRENTICES	3	0	0
INTERNSHIPS	3	0	0
WORKERS	5	23	6
EMPLOYEES	2	14	4
MIDDLE MANAGERS	0	1	3
MANAGERS	0	0	2
TOTAL	11	38	15

**Table n.18:** Classification of employees by age in 2021

COUNTRY OF ORIGIN	2021
PAKISTAN	5
UKRAINE	2
BULGARIA	2
ROMANIA	1
MEXICO	1
BRAZIL	1
PERU	1
INDIA	1

**Table n.19:** Countries of origin of foreign employees in 2021

# Contracts and hires

Pink Frogs always applies criteria of merit and professionalism in personnel selection. It is important for the company to offer stable positions with the possibility of growth within the company, which is why most employees are hired on a permanent basis. All employees work full-time.

Internships represent an added value for Pink Frogs, because they allow the company to contribute to the training of young people but also to identify new resources to be included in its workforce.

The company turnover has decreased compared to previous years.

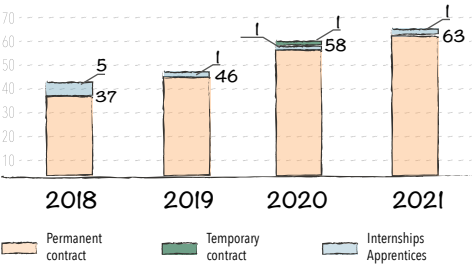


Chart n. 11. Contracts in the company 2018-2021

		2018	2019	2020	2021
TOTAL EMPLOYEES		42	47	60	64
MEN		25	19	24	22
WOMEN		17	28	36	42
DIFFERENCE FROM PREVIOUS YEAR		-	5	13	4
TOTAL NEW HIRES		11	18	20	16
NEW RECRUITMENT RATE		-	38%	33%	25%
RECRUITMENT BY AGE GROUP	<30	0	7	9	10
	30-50	11	11	10	5
	>50	0	0	1	1
MALE AND FEMALE HIRES	M	4	7	8	7
	F	7	11	12	9
	Total	11	18	20	16
MEN AND WOMEN TERMINATIONS	M	5	5	5	9
	F	7	8	4	3
	Total	12	13	7	12
DIFFERENCE		-	5	13	4
TERMINATIONS BY AGE GROUP	<30	1	5	5	8
	30-50	11	7	2	2
	>50	0	1	0	2
	Total	12	13	7	12
AVERAGE TURNOVER RATE*		28,50%	27,60%	11,60%	18,70%

Table n.19. Incoming and outgoing turnover by gender in 2021

\*Average turnover rate: terminated employees/total employees x 100

# Bonuses

Bonuses paid to employees are based on the performance of both the individual employee and the company as a whole.

In 2019, the company also introduced as a company benefit membership of Faschim health care fund, Fondo Nazionale di Assistenza Sanitaria for the Chemistry Industry employees. Members have access to direct booking at facilities affiliated with the fund and to full or partial reimbursement of healthcare costs incurred. The fees paid by the company to the Faschim Fund are part of a policy of economic support for its employees and families, with the possibility of choosing the best treatment.

# Parental Leave

Parental leave was granted in accordance with the law to all employees who requested it. In the case of Pink Frogs, compulsory and optional maternity leave days were requested. The return rate of new mothers was 100% throughout the three-year period.

	WOMEN	MEN	RETURN RATE
2018	-	-	-
2019	1*	0*	100%
2020	2	0	100%
2021	3	0	100%

Table n.20.: Number of parental leaves in the three-year period  
\* partial data collected from May to December 2019

In terms of labour relations at Pink Frogs, there is to date no structured company trade union mechanism, and employees communicate and put forward their demands and needs to management through the Ethics Committee.







## Health and safety

The health and safety of employees is a key issue for the company. Pink Frogs employees are required to regularly attend safety training courses in the company and several evacuation tests are carried out during the year. In 2021, safety courses amount to 590 hours.

The number of accidents has fallen over the last three years, and still remains very low. In 2021, there was only one accident for which the employee spent eleven days convalescing at home. After the accidents, Pink Frogs conducted an in-depth analysis to improve the safety of employees in the workplace, aiming to eliminate even minor accidents.

Responsible for safety are the Prevention and Protection Service Manager, who is external, and the Safety Manager, Safety Representative and seven supervisors.

Throughout the entire Covid-19 emergency period, Pink Frogs punctually adopted the shared national protocol for the containment of health emergencies, sanitised all departments and offices with special machines, and incentivized working from home to reduce office attendance.

EMPLOYEE SAFETY DATA	2018	2019	2020	2021
FATAL ACCIDENTS	0	0	0	0
INJURIES BETWEEN 1 AND 3 DAYS	0	0	0	0
INAIL ACCIDENTS (>3 DAYS)	1	0	0	1
OF WHICH COMMUTING ACCIDENTS	0	0	0	0
CONVALESCENCE DAYS <small>FOR WORK-RELATED INJURIES &gt; 3 DAYS</small>	30	0	0	11
TOTAL HOURS WORKED	69.959	74.284	85.194	104.158
SEVERITY INDEX <sup>1</sup>	0,43	0	0	0,10
FREQUENCY INDEX <sup>12</sup>	14,3	0	0	0,96

Table n.21. Number of accidents in the four-year period

Nota 11. UNI 7249 2007 defines: Severity index = no. total accident days x 1,000 / no. hours worked

Nota 12. The UNI 7249 2007 standard defines: Frequency index = no. of accidents x 1,000,000 / no. of hours worked



## Training

Pink Frogs supports the training of its employees so that they can grow and bring new knowledge and skills to the company.

Reported training hours include corporate safety courses and a portion of extra training (online and on-site courses) in which employees are enrolled or request directly from their supervisor.

OTHER COURSES			
	2019	2020	2021
QUALITY	72	8	22
TECHNICIAN	82	158	50
APPRENTICATION	100	100	40
TOTALE	254	266	112
TOTAL	7,4	7,4	11,3

HOURS PERMITTED			
	2019	2020	2021
QUALITY	2,0	2,0	2,0
TECHNICIAN	5,1	22,6	8,3
APPRENTICATION	50,0	50,0	40,0

SAFETY COURSES			
	2019	2020	2021
GEN + SPEC	8	148	406
OTHER SIC COURSES	88	68	184
TOTAL	96	216	590

Tabella n.22. Hours of training

The training courses covered different company levels and various functional areas, with the aim of enabling employees to specialize and keep up-to-date in their areas of expertise.

The extra training hours include an eleven-month advanced training course in Cosmetic Science at the University of Milan, conducted by a formulator from the Pink Frogs R&D Laboratory (01/2020 - 11/2020).





## Employee Initiatives

Spreading the company culture has always been one of Pink Frogs' primary goals. Human capital is a key component for a company's success and employees need to feel part of a community where they can find support, friendship and interpersonal relationships that are important for their work.



### Welcome Kit

The first step towards the integration of the Pink Frogs community is the Welcome Kit, which is given to each new employee and includes: a range of cosmetic products we produce (to understand the complexity of the types of products we handle), the Sustainability Report where all essential information and commitments of the company are included together with the organization chart so that they can have a first reference with the various company functions.



### Ethics Committee

Founded in 2018, the Ethics Committee represents all company departments and has proven to be a valuable communication tool for approaching all those issues addressing needs and initiatives within the company and proposing actions for improvement and comparison to the Management. Every month, members of the Ethics Committee collect company requests, promote solutions and discuss projects for a constructive view of company life.



### Faschim Health Care Fund

In 2019, a request brought forward by the Ethics Committee to offer every employee coverage under the Faschim service, the National Health Care Fund for workers in the Chemical Industry, was accepted. This service (which can also be extended to family members) makes it possible to cover the costs of examinations and specialist visits while also greatly reducing waiting times for health services in affiliated facilities.



### Employee baby area

In 2020, a special children's area was set up on an experimental basis and for a limited and restricted period, in order to make it easier for employees to organize their family life with their work shifts. The area was open to children from the age of 3, who were looked after by a specialized educator.



### Pink Frogs in comics

During the first lockdown of 2020, in order to play down the climate of concern created by the pandemic, a comic strip communication was devised with photos of employees filmed during work. This resulted in a weekly appointment, also published on social media, in which they could express the moment they were going through in a light-hearted but respectful way.



### Miglioramento spazi ricreativi

In 2020, following the Covid 19 pandemic, it was necessary to reorganize workspaces and common areas for meals and breaks to allow safety of workers. In 2021, the lunch and break area of the offices was refurbished and extended with a large terrace to be able to lunch and receive guests outdoors. The outdoor area was also set up with the creation of shaded islands and herb beds.



### Christmas Party

Every year, before the Christmas holidays, a day of fun and team spirit is organized, with group games and get-togethers.

In 2019, a challenge inspired by an Italian TV show '4 Restaurants' was set up, organizing four teams of employees to make delicious, Christmas dishes but without knowing the ingredient list. A strong team spirit and healthy competition emerged, which allowed for imaginative work and a strong sense of cooperation.

In 2020, in compliance with anti-Covid regulations, it was not possible to celebrate as usual. For this reason, a photo set was set up where funny poses. All the photos were then edited into a video inspired by the adventures of Star Trek where everyone was in a particular situation in the galaxy and with messages addressed to their colleagues and the particular situation they were experiencing.

The just-concluded 2021 brought the entire Pink Frogs team together at a club in Milan to wish each other happy holidays and to toast the successes of another very special year.

# Initiatives in the social sphere



This initiative, born out of chance, has become a concrete project that has given rise to the first Social Time Bank in Milan and its province, of which Pink Frogs has been a fervent promoter.

The company was contacted by the social enterprise I Bambini delle Fate just as it was learning, through one of its employees, of the difficulties of social integration for its autistic son. This coincidence was seized as the spark that ignited the 'Social Time Bank' project, which then also involved some of Pink Frogs' main suppliers in a solidarity drive.

Since a fundamental pillar of CSR is giving back to the territory where a company operates, to realize this initiative, Pink Frogs chose the Cooperativa Il Balzo di Rozzano (MI), which has been assisting children and young people with disabilities for years.

The programme envisages 10 children with autism and 30 high school students having an important experience, spending time with each other in an organised and structured manner, establishing real friendships and being able to experience those emotions and feelings that are normal in the life of a teenager, but extremely difficult if not non-existent in the case of disabled children.

For this commitment, the young people receive monthly vouchers for the purchase of books and sporting goods, training credits are also awarded and, for the most deserving, scholarships will be awarded.



This initiative obtained the patronage of the Municipality of Rozzano.

<https://pinkfrogs.it/pink-frogs-sostiene-i-bambini-delle-fate/>

<https://www.ibambinidellefate.it/banca-del-tempo-sociale/>

<http://www.ilbalzo.com/>



## La forza e il sorriso

Since 2019, Pink Frogs has been adhering, as a supporter, to the activities of 'La forza e il sorriso Onlus', an association sponsored by Cosmetica Italia, which is an integral part of the international group Look Good Feel Better, promoter of the initiative in no less than 27 countries worldwide.



La forza e il sorriso Onlus promotes beauty workshops for women undergoing cancer treatment at hospitals and associations throughout Italy. Supporting this association translates into a great opportunity for human enrichment, and what is gratifying is to be alongside those who organize these activities and create moments of sharing and exchange (for women living the same difficult situation) with the aim of bringing them closer again to a mirror and returning the image of strength and courage.

Instilling self-confidence and rediscovering one's femininity is a mission that Pink Frogs shares and, to convey this message even better, in May 2019 the company turned to a Dutch-Italian artist, Myra Palange, who created three works that were the result of research into the emotions and infinite moods of women facing their own battle with cancer. The three canvases were the subject of a charity auction, the proceeds of which were entirely donated to the Association.

<https://www.laforzaeil sorriso.it/>



## Circular Beauty

Inspired by one of Dostoevsky's most beautiful phrases, 'Beauty will save the world', Pink Frogs has launched a unique circular economy operation in 2021.

"Circular Beauty" is an initiative conceived as a virtuous circle of Cosmetics, a sustainable supply chain to give new life to products that are often and unfortunately discarded for different, non-quality and non-safety reasons, and that could become something beautiful again.

The first project of this initiative arose from a request by the Associazione Pane Quotidiano, which for years has been involved in the daily distribution of basic necessities, hygiene and personal care products free of charge to those in need.

Some of the largest cosmetic pack suppliers were involved and 2,000 kg of shampoo were reprocessed into 5,000 new donated cosmetics.





## Solidarity actions



### Solidarity benches

In the redevelopment of the outdoor spaces, three benches were installed for the relaxation area. These benches, initially anonymous, have taken on a distinct meaning over time and have been coloured to give a message of solidarity on three very important issues, since even small gestures can convey the sharing of common values.

The first bench was coloured blue and inaugurated on 2 April 2020 on World Autism Day in the presence of representatives of the Ethics Committee and members of the Cooperative Il Balzo di Rozzano. The second bench was coloured with the colours of the rainbow and inaugurated on 17 May on the world day against homophobia, while the third bench was coloured red and inaugurated on 25 November on the day against violence against women.



### Unity is strength

In 2019 Pink Frogs participated in the 'Noi con Voi' project promoted by the Social Services Department of the Rozzano Municipality. Our sponsorship, together with that of other companies in the area, allowed the loan for use of a vehicle intended for the social activities of the municipality.



### A stick for resilience

In March 2019, Pink Frogs participated in the Wondy Prize for Resilient Literature organised by the "Wondy sono Io" Association (created in memory of the writer and journalist Francesca Del Rosso, who died prematurely of cancer in 2016) by distributing a sun stick created especially for the event. This giveaway, created in collaboration with the Induplast and Eurolab companies, was a tool to convey a message of awareness on the importance of sun protection to avoid skin cancer.



## Projects for schools

### Encourage sector specialisation

For years, Pink Frogs has been carrying out an 'Open Doors for Schools' project, under which it hosts students from high schools and universities to illustrate the production processes of the cosmetics industry. Since there were no conditions (due to the pandemic) to host school students, the company decided to finance scholarships at the Istituto Tecnico Superiore per le Nuove Tecnologie della Vita (Higher Technical Institute for New Life Technologies) in Crema, in order to train young professionals in the cosmetics sector, which is always in need of specialised professionals.

## Pink Party



### 40° anniversary

2019 was an important year for Pink Frogs, one of accolades, awards, significant collaborations and growth, but it also marked an important milestone as the 40th year in business.

In the splendid setting of a historical location in Milan, the Pink Party was held on 24 May 2019: a party full of joy and conviviality attended by employees, customers, suppliers and many friends of Pink Frogs who have traced its history, who have been protagonists of the changes and evolution over the years and who have been promoters of an unstoppable path of growth with their enthusiasm, competence and closeness.









During the evening there were two highlights that sealed this festive atmosphere: the delivery by Certiquality of the coveted certification of the Sustainability Report (the first Italian cosmetics company to obtain it) and the speech by Anna Segatti, President of the La Forza e il Sorriso Onlus Association, who formalised Pink Frogs' membership as a supporter.





## Targets achieved

Targets set in the previous Report and achieved in the three-year period 2019-2021 are indicated with a ✓ those not achieved with an ✗

	Objectives	✓	✗	Description	SDGs
2019 - from sustainability report 2018	Start the 3 R's project (Reduce, Reuse, Recycle). In 2019 Pink Frogs will take part in a project involving primary schools in Rozzano to raise children's awareness of recycling, reuse and reduction. During the project, waste pack collected by Pink Frogs will be used.		✗	Causa pandemia Covid-19 non è stato possibile attuarloDue to pandemic Covid-19 could not be implemented.	
	Supporting La Forza e il Sorriso, a non-profit organisation that helps women undergoing cancer treatment	✓			
	Define an annual budget for social investments.	✓		Forte incremento del budget dedicato a iniziative di Sostenibilità Sociale	 
	Join Faschim, Health Care for the Chemical Industry.	✓			
2020 - 2021	Start social projects in the Rozzano area.	✓		Project Banca del Tempo Sociale de I Bambini delle Fate started.	 
	Expanded and improved indoor and outdoor common areas.	✓		New break area via Sardinia, open-air terrace, equipped gazebo, relaxation areas with parasols, new plant beds (green makeover).	
	Creation of team-building events.	✓		Due to the pandemic we were able to organize only the Christmas holidays.	
	Circular Beauty: donation of personal care products to solidarity associations.	✓		Donated 5000 shower shampoos to the Pane Quotidiano Association of Milan.	



# Economic Impact

The three-year period 2019-2021 was marked by the Covid-19 pandemic that hit the global economy hard. The skincare and haircare cosmetics industry experienced a drop in turnover due to closures of shops and professional salons. Brands that exploited online promotion and sales channels were able to make up for the drop in purchases from traditional channels.

During the lockdown periods, the Pink Frogs plants remained open to produce sanitizing gel, urgently required by customers and pharmaceutical companies, and personal care essentials.

In addition, thanks to the heterogeneous composition of the customer portfolio, operating in all distribution channels (e-commerce, hair salons, large-scale retail trade, perfumery, pharmacy, professional beauty channels) and the product range (face, body, facial and hair cosmetics, detergents, perfumes), the company was able to grow even during these critical years.

In 2021, Pink Frogs' turnover will be 10.9 ME€, with a production of 19,218,586 pieces, confirming the growth trend from previous years. The trust shown by customers demonstrates how Pink Frogs is becoming one of the reference contract manufacturers in the Italian market.

Taking the three-year period 2019-2020-2021 into consideration, the company's turnover had an average increase of 26.6 %.

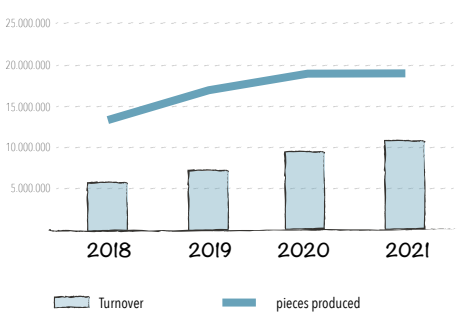


Chart n. 13. Turnover growth since 2018 (in euros) and production (per pieces produced)

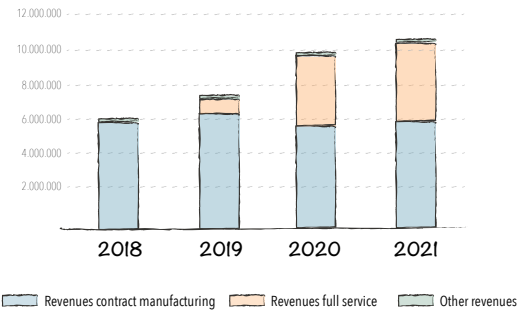


Chart n. 14. Breakdown of revenues by service: contract manufacturing, full service, other services.

	2018	2019	2020	2021
TURNOVER €	5.879.362	7.596.328	9.658.378	10.865.526
TOTAL PRODUCTION (PCS)	12.932.507	16.798.884	19.105.607	19.218.586
OF WHICH, SAMPLING PERFUMERY	5.308.740	6.412.600	5.247.500	7.739.214

Table 25. Revenues (in euros) over the four-year period.

The increase in manufactured pieces from 2018 is due to a conspicuous increase in the production of vials for alcoholic perfumery, thanks to the presence in the company of state-of-the-art machinery for the production and packaging of this type of product (+ 45.78%).

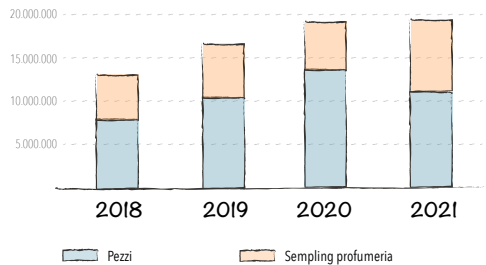


Chart n. 12. Production of sampling for perfume vials and pieces, over the four-year period



## Generated value

The value generated by a company represents the wealth produced during the financial year, identifiable as the difference between gross production and the consumption of goods and services. It is calculated through a reclassification of the items in the profit and loss account for the financial year, aimed at highlighting both the company's value creation process and its distribution, expressing in monetary quantities the relationships between the company and the socio-economic system with which it interacts, with particular reference to the main stakeholders.

VALUE OF PRODUCTION	2018	2019	2020	2021
REVENUES FROM SALES AND SERVICES	5.879.362	7.447.032	9.761.558	10.926.106
CHANGES IN INVENTORIES OF WORK IN PROGRESS, SEMI-FINISHED AND FINISHED PRODUCTS AND CONTRACT WORK IN PROGRESS	12.690	70.754	- 4.356	- 44.913
INCREASES IN FIXED ASSETS FOR INTERNAL WORK	47.530	-	-	-
OTHER REVENUES AND INCOME	234.428	157.997	62.840	79.433
<b>TOTAL ECONOMIC VALUE GENERATED</b>	<b>6.168.272</b>	<b>7.671.427</b>	<b>9.693.838</b>	<b>10.789.719</b>
OPERATING COSTS	2018	2019	2020	2021
SUPPLIERS FOR MATERIALS AND PRODUCTS	2.234.676	3.010.512	4.534.005	4.627.384
SUPPLIERS FOR SERVICES	1.460.936	1.863.103	1.823.426	1.865.028
SUPPLIERS FOR ENVIRONMENTAL SERVICES	110.311	110.328	129.539	142.409
SUPPLIERS FOR LEASES AND RENTALS	199.582	226.368	267.261	260.080
OTHER OPERATING COSTS	302.417	364.210	431.021	399.476
PERSONAL REMUNERATION	1.746.355	1.969.864	2.234.264	2.649.486
REMUNERATION OF CREDIT CAPITAL	43.184	56.054	76.486	77.289
PUBLIC ADMINISTRATION REMUNERATION	4.346	20.574	31.285	215.808
INVESTMENTS IN THE COMMUNITY	-	5.000	5.000	17.000
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>6.101.807</b>	<b>7.565.228</b>	<b>9.532.287</b>	<b>10.253.960</b>
<b>ECONOMIC VALUE RETAINED</b>	<b>66.465</b>	<b>45.414</b>	<b>161.551</b>	<b>535.759</b>

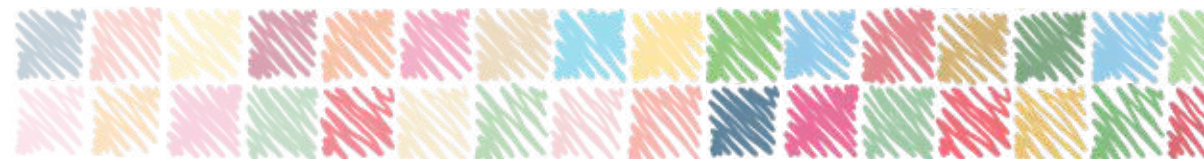
**Table n.25.** Directly generated and distributed economic value

**In the reporting period 2019-2020-2021, the generated value produced by Pink Frogs saw an average growth of +21.4% and EBITDA +64.3%.**

	2018	2019	2020	2021
TOTAL REVENUES	5.879.362	7.447.032	9.761.558	10.926.106
CONSUMPTION	12.866	70.755	- 4.356	141.274
VARIABLE COSTS	263.842	158.087	62.824	108.912
FIRST CONTRIBUTION MARGIN	6.156.070	7.675.873	9.820.026	111.176.292
FIXED COSTS	-2.711.204	-3.231.564	-3.545.665	-4.188.439
GROSS OPERATING MARGIN (EBITDA)	272.607	358.118	643.138	1.171.031
EBITDA GROWTH	-	31,4%	79,6%	82,1%
AVERAGE EBITDA GROWTH 2019-2021		64,3%		

**Table n.26.** MDC income statement and average EBITDA growth.

Approximately 24.56% of the value generated by the company in 2021 was distributed to staff in the form of wages, salaries, social security contributions and severance pay. The public administration received 2.00% of the value generated, in the form of direct and indirect taxes, while the remuneration of the credit capital accounts for approximately 0.72%, remaining stable compared to the previous year. Suppliers of raw materials, packaging, and services received 62.58% of the generated value, while suppliers of environmental services (disposal, purification, landfill, etc.) received 1.32%, and 0.16% went for community investments. The company's remuneration corresponds to approximately 4.97%. In 2021, the net worth of Pink Frogs is €1.477.226 and NFP (Net Financial Position) is €1.062.972.



# Investment in new machinery

The increase in production over the years has enabled the company to secure a larger share of the market and to further invest in new machinery. Over the three-year period, the company invested € 149.433 in new machinery.

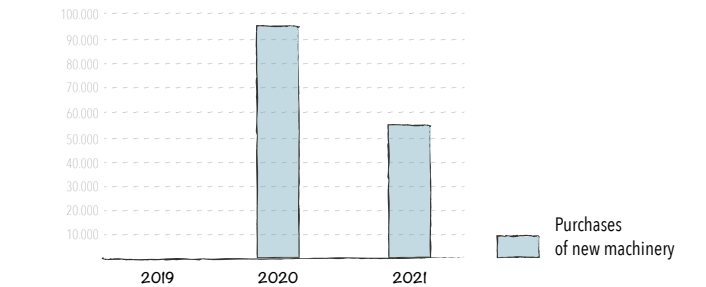


Grafico n.17. Investment in new machinery

# Employee training

In addition, the company aims to develop its resources by encouraging training at all company levels.

	TRAINING COSTS	GROWTH COMPARED TO AP	AVERAGE GROWTH 2019-2021
2019	6.190	102,03%	62,74%
2020	7.947	28,38%	
2021	12.541	57,80%	

Tabella n.27. Employee training costs

# Suppliers

The strategic suppliers of Pink Frogs are mainly divided into suppliers of raw materials and suppliers of packaging and labels.

Over the four-year period, the number of suppliers and the expense for the purchase of materials grew in relation to the increase in production. In 2021, Pink Frogs has 138 suppliers, of which 87 are raw material suppliers and 51 pack/label suppliers, with a total expense of €4.303.180.

	TOTAL SUPPLIERS	RAW MATERIALS	PACKAGING/ LABELS	SUPPLIER TURNOVER (€)
2018	129	83	46	2.211.462
2019	163	90	73	3.095.264
2020	171	86	85	4.476.201
2021	138	87	51	4.303.180

Table n.27. Number and expense for purchases from suppliers in the four-year period

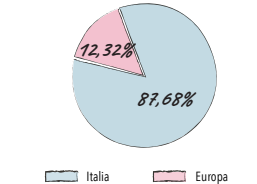


Chart 17. Raw materials and packaging suppliers' origin in 2021 (Italy, Europe).

For customers who require Pink Frogs to purchase packaging and other elements (labels and paper boxes) on their behalf, the company prefers to use Italian and/or European suppliers to minimize the risks associated with timing and delivery issues.

For this reason, most of Pink Frogs' suppliers are 88% Italian and 12% are based in Europe. In addition, 68.6% of Italian raw material and pack suppliers are based in the province of Milan, where the company is located. For Pink Frogs, it is essential to promote the short supply chain and to support the local economy and its communities: this commitment can be seen in the choice of strategic suppliers as well as service suppliers.

	2019		2020		2021		TOTAL
	N°	Expense	N°	Expense	N°	Expense	
RAW MATERIAL SUPPLIERS LOCAL	62	1.329.462	58	1.599.680	58	1.745.360	178
PACKAGING SUPPLIERS LOCAL	43	472.349	31	749.747	25	613.265	99
RAW MATERIAL SUPPLIERS REST OF ITALY	18	579.785	20	1.031.844	19	997.981	57
PACKAGING SUPPLIERS REST OF ITALY	22	516.871	26	785.731	19	587.326	67

Table 3. Local raw material and packaging suppliers (province of Milan) and the rest of Italy

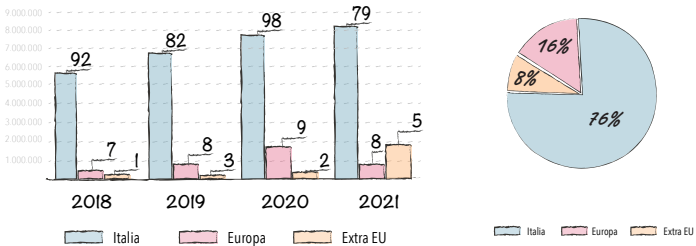
# Customers

The majority of Pink Frogs' customers are Italian, but the turnover from international customers (Europe and the rest of the world) is increasing. Pink Frogs has 92 customers in 2021, of which 79 are Italian, 8 European and 5 from outside Europe.

	2018		2019		2020		2021	
	N°	Turnover	N°	Turnover	N°	Turnover	N°	Turnover
ITALIA	84	5.467.401	82	6.779.292	98	7.743.064	79	8.131.793
EUROPA	8	403.480	8	810.488	9	1.899.851	8	912.921
EXTRA EU	4	8.481	3	6.548	2	15.464	5	1.820.811
TOTAL	96	5.879.362	93	7.596.328	109	9.658.378	92	10.865.526

Table n.28. Number of Italian, European and non-EU customers and turnover by customer origin

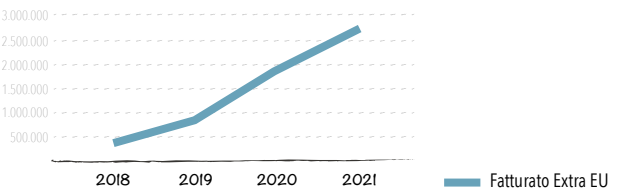
The production of Pink Frogs for the Italian market corresponds in terms of turnover to 76%.



Graph n.15. Number of customers by origin

Chart n.18. Percentage of customers by origin out of the total amount in 2021

Pink Frogs' goal is to continue its expansion into international markets in the coming years, presenting itself more and more as a partner, rather than solely as a manufacturer, and offering more and more full service than contract work.



Grafica 21. Crescita del fatturato clienti extra UE nel quadriennio







## Co-marketing projects

For the cosmetics supply chain companies, co-marketing operations represent an appealing way to showcase their expertise and new products. That is why we promote these initiatives together with our most trusted partners: the synergy between formula, raw materials and packaging give rise to ideas and concepts for finished products that can be a source of inspiration for brands and bring out the qualities of the professionals in the sector.

### Hydra Memory Mask



In 2019, among the many innovative formulas, a face mask with a high content of ingredients of natural origin was chosen: Hydra Memory Mask whose special transparent texture, containing a polymer of vegetable origin, adapts to the shape of the face without dripping, leaving the skin perfectly moisturised.

In collaboration with Groupe Madicos (a leading French cosmetic packaging company), which provided a transparent jar with a cute refillable capsule, and Albertini Packaging Group, which provided a special reusable case made of FSC paper, this product was presented as an all-round sustainable project and competed for the Prix LUXE PACK in Green Monaco 2019.

### Together for recovery

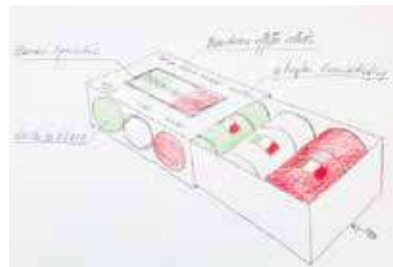


In the period of the global pandemic, the cosmetics sector suffered a major impact as many others did. Pink Frogs decided to get in touch with its customers by delivering a special kit: a box in the colours of the Italian flag, containing three different cosmetics in stick. to emphasize the savoir-faire of Made in Italy and its importance in the world.

The project was created thanks to the contribution of some of the most important supply chain partners such as Induplast Group Spa which provided the white, red and green sticks, Eurolabel which supplied the labels, and Albertini Packaging Group which designed the box to hold the products.

The kit, called 'Together for Recovery', was conveyed by each partner to its customers in a spirit of maximum cooperation and with a unambiguous message inviting confidence and hope for a return to normality soon.

The cosmetics contained in this box have been selected precisely to respond to the current need for practical, touchless products with a high index of ingredients of natural origin, including some from and characteristic of the Italian territory such as Basil, Raspberry or Elderberry certified BIO.



Project drawing Kit - 3 stick

### Professional Natural Haircare



In line with current market demands for 'green' products, a new hair range has been developed in accordance with the dictates of clean beauty (without silicones and questionable elements) and with a high percentage of ingredients of natural origin (from 96%) with professional performance guaranteed.

Professional Natural Hair Care consists of 10 products to moisturise, purify, discipline and make all hair types shine.

With the intention of also giving brands a complete suggestion on primary and secondary packaging, this line was presented in amber bottles made of R-PET plastic and, in cooperation with Eurolabel, using labels made of 100% recycled R-PE (50% from PCR Post Consumer Recycled PE and 50% from RIP Post Industrial Recycled PE).

### Smart Stick 8 in 1



In September 2021, Pink Frogs participated in the On Beauty by Cosmoprof trade fair in Bologna, the first event in the industry to be attended after almost two years of global standstill. To thank each visitor passing by the stand, Pink Frogs distributed a special and revolutionary product for face and body as a gift: the Smart Stick 8 in 1. Practical, effective, versatile, with a high percentage of ingredients of natural origin and in a pack made of PCR plastic and FSC paper that allowed proper waste disposal. This co-marketing operation involved the company HCP, a leading manufacturer of sticks and make-up, which came up with this innovative and sustainable pack.



## International Showcases

Pink Frogs has been participating in the most important trade fairs in the cosmetics industry for years. Trade fairs are one of the main trade promotion tools for B2B companies; as we know, in 2020 and for most of 2021, all trade fair activities have been suspended due to the Covid-19 health emergency.

The fairs in which Pink Frogs participated during the three-year period were:

**2019** **Cosmopack Bologna:** international benchmark trade fair for all players in the beauty industry  
**Make Up In Paris:** reference trade fair for the make-up sector, scope of participation was to get in touch with make-up brands interested in expanding their product range  
**PCD Packaging Première:** international packaging exhibition, promoting the production of vials for alcohol sampling.

**2021** **On Beauty Bologna:** minor trade fair organised by Cosmoprof Bologna as the re-opening of trade fair activities after the pandemic.  
**Make Up in Paris:** second appearance at the benchmark fair for European make-up brands.

## Digital Communication











In this period, the boom in digitalization (e-commerce, home delivery apps, websites, electronic payments) has made up for the restrictions and closures, playing a key role in sourcing products, keeping us in touch and making us feel less alone.

In 2020, Pink Frogs placed a new resource within the marketing department, an expert in digital communication: customers and prospects stayed in touch with the company, receiving updates on innovations and news in a constant and diversified manner (newsletter, social channels and website).



# Targets achieved

Targets set in the previous Report and achieved in the three-year period 2019-2021 are indicated with a **✓**, those not achieved with an **X**.

	Targets	✓	X	Descrizione	SDGs
2019 - from Sustainability report 2018	Consolidate presence at international trade fairs.	✓		Yes, as far as possible from the pandemic	
	Analysing the supply chain in more detail to investigate the impacts of the individual phases of a product's life cycle.	✓		Selecting packaging suppliers of recycled plastics and more sustainable raw materials	 
	Increasing turnover, production and process efficiency.	✓		Strongly increased the budget for social sustainability initiatives	
2020 - 2021 Additional targets achieved	Reinforced and reorganized the staff to achieve better performances.	✓		Strengthened and reorganized the workforce for greater supervision of all company functions.	
	Created a new production division dedicated to filling and packaging small batches.	✓		Created a new division dedicated to small batches filling and packaging.	
	Expanded warehouse areas for increase storage of goods.	✓		Enlarged the warehouse areas for greater storage of goods.	
	A new resource for the digitization of internal and commercial processes added.	✓		Added a professional for the digitalization of business and commercial processes.	 
	Added a new Digital Communications resource to improve the sharing of our values and objectives to stakeholders.	✓		Added an expert professional in Digital Communications.	



# GRI Content Index

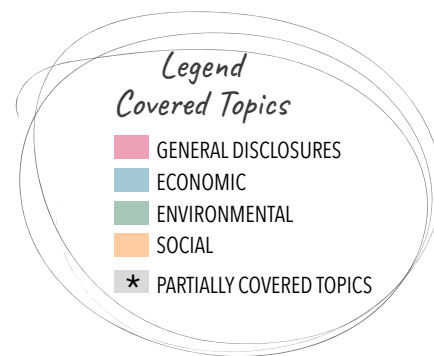
GRI Standard Topic	DISCLOSURE	Sustainability Report	page
<b>R1_Organizational Profile</b>	102-1 Name of the organization	Ownership and operational structure	5
	102-2 Activities, brands, products, and services	Production The Production Process	7 8
		Creation of value*	12
	102-3 Location of headquarters	Ownership and operational structure	5
	102-4 Location of operations	Suppliers Customers	30
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GRI Standard Topic	DISCLOSURE	Sustainability Report	page
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<b>R2_Strategy</b>	102-14 Statement from senior decision-maker	Letter to Stakeholders	-
<b>R3_Ethics and integrity</b>	102-16 Values, principles, standards, and norms of behavior	Values, Mission and Vision	5
	102-17 Mechanisms for advice and concerns about ethics	Governance structure	10
<b>R4_Governance</b>	102-18 Governance structure	Governance structure	10
	102-19 Delegating authority	Governance structure	10
	102-20 Executive-level responsibility for economic, environmental, and social topics	Governance structure	10
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	102-23 Chair of the highest governance body	Governance structure	10
	102-24 Nominating and selecting the highest governance body	Governance structure	10
	102-26 Role of the highest governance body in setting purpose, values, and strategy	Governance structure	10
	102-27 Collective knowledge of highest governance body	Governance structure	10
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	102-31 Review of economic, environmental and social topics	Governance structure Quality policies and management system	10 11
	102-3 Location of headquarters	Ownership and corporate structure	5
	102-32 Highest governance body's role in sustainability reporting	Governance structure Quality policies and management system	10 11
	102-33 Communicating critical concerns	Governance structure Quality policies and management system	10 11
	102-34 Nature and total number of critical concerns	Governance structure Quality policies & management*	10 11
	102-35 Remuneration policies	Employees*	20
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<b>R5_Stakeholder engagement</b>	102-41 Collective bargaining agreements	Employees	20
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	102-43 Approach to stakeholder engagement	Stakeholder engagement Materiality Analysis	2 3
	102-44 Key topics and concerns raised	Stakeholder engagement Materiality Analysis	2 3
	102-45 Entities included in the consolidated financial statements	The principles of drafting	2
<b>R6_Reporting practice</b>	102-46 Defining report content and topic Boundaries	The Boundaries of the Integrated Report	2
	102-47 List of material topics	Materiality Analysis Commitments for the next three years	3 15
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GRI Standard Topic	DISCLOSURE	Sustainability Report	page	GRI Standard Topic	DISCLOSURE	Sustainability Report	page	GRI Standard Topic	DISCLOSURE	Sustainability Report	page
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	102-51 Date of most recent report	The path of sustainability The boundaries of integrated reporting	1 2	<b>303_Water</b>	303-1 Water withdrawal by source	Water consumption	17	<b>404_Training and Education</b>	404-1 Average hours of training per year per employee	Training	23
	102-52 Reporting cycle	Methodological Note	2		303-2 Water sources significantly affected by withdrawal of water	Water consumption	17	<b>405_Diversity and Equal Opportunity</b>	405-1 Diversity of governance bodies and employees	Employees	20
	102-53 Contact point for questions regarding report	The Boundaries of the Integrated Report	2		303-3 Water recycled and reused	Water consumption	17	<b>407_Freedom of Association and Collective Bargaining</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Risks and mitigation strategies	14
	102-54 Claims of reporting in accordance with the GRI Standards	The Boundaries of the Integrated Report	2	<b>305_Emissions</b>	305-1 Direct (Scope 1) GHG emissions	CO emissions <sub>2</sub>	16	<b>408_Child Labor</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	1 Vision, Mission and Values Code of Ethics and Supplier Code of Conduct The supply chain: suppliers	5 11 30
	102-55 GRI content index	GRI Content Index	34 35		305-2 Energy indirect (Scope 2) GHG emissions	CO emissions <sub>2</sub>	16		412-2 Employee training on human rights policies or procedures	Training	23
	102-56 External assurance	External certification	36		305-4 GHG emissions intensity	CO emissions <sub>2</sub>	16	<b>414_Supplier Social Assessment</b>	414-1 New suppliers that were screened using social criteria	Code of Ethics and Code of Conduct for Suppliers*	11
<b>201_Economic Performance</b>	201-1 Direct economic value generated and distributed	Value generated The supply chain: suppliers The supply chain: customers	29 30 30	<b>306_Affluence Waste (2016)</b>	306-1 Water discharge by quality and destination	Waste Management	17		414-2 Negative social impacts in the supply chain and actions taken	Risks and mitigation strategies	14
	201-2 Financial implications and other risks and opportunities due to climate change	Risks and mitigation strategies	14		306-2 Waste by type and disposal method	Waste Management	17				
	201-3 Defined benefit plan obligations and other retirement plans	Employees*	20		306-3 Significant spills	Waste Management	17	<b>416_Customer Health and Safety</b>	416-1 Assessment of the health and safety impacts of product and service categories	Ocean-friendly sun formulas	18
<b>204_Procurement Practices</b>	204-1 Proportion of spending on local suppliers	The supply chain: suppliers	30	<b>308_Supplier Environmental Assessment</b>	308-1 New suppliers that were screened using environmental criteria	Sustainable Packaging Proposals	19				
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<b>301_Materials</b>	301-1 Materials used by weight or volume	Raw materials of natural origin	18	<b>401_Employment</b>	401-1 New employee hires and employee turnover	Employees	20				
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# Independent Auditor's Report



## RELAZIONE DEL REVISORE INDIPENDENTE SUL BILANCIO DI SOSTENIBILITÀ

All'Amministratore Unico della Pink Frogs S.r.l.

Sono stato incaricato di effettuare un esame limitato ("limited assurance engagement") del Bilancio di Sostenibilità<sup>1</sup> della Pink Frogs S.r.l. (di seguito "la Società") relativo all'esercizio chiuso al 31 dicembre 2021, che contiene anche i dati relativi agli esercizi chiusi al 31 dicembre 2020 e 31 dicembre 2019<sup>2</sup>.

### Responsabilità dell'Amministratore Unico per il Bilancio di Sostenibilità

L'Amministratore Unico della Pink Frogs S.r.l. è responsabile per la redazione del Bilancio di Sostenibilità in conformità all' "International Integrated Reporting Framework" (IIRF) ed al "Global Reporting Initiative Sustainability Reporting Standards" definiti dal GRI - Global Reporting Initiative ("GRI Standards")<sup>3</sup>, come descritto nella sezione "Nota metodologica" del Bilancio di Sostenibilità.

L'Amministratore è altresì responsabile per quella parte del controllo interno da esso ritenuto necessario al fine di consentire la redazione di un Bilancio di Sostenibilità che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

L'Amministratore è inoltre responsabile per la definizione degli obiettivi della Pink Frogs S.r.l. in relazione alla performance di sostenibilità, nonché per l'identificazione degli stakeholder e degli aspetti significativi da rendicontare.

### Indipendenza del revisore e controllo della qualità

Il sottoscritto revisore risulta essere indipendente in conformità ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants emesso dall'International Ethics Standards Board for Accountants, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale.

<sup>2</sup> Nella documentazione societaria in esame definito anche "Report Integrato", nel proseguo della presente relazione verrà tuttavia sempre utilizzata la definizione "Bilancio di sostenibilità", stante la sostanziale non opposizione (nell'ambito della presente relazione) delle due accezioni.

<sup>3</sup> I dati comparativi presentati nel Bilancio di Sostenibilità in relazione agli esercizi chiusi al 31 dicembre 2020 e 31 dicembre 2019 non sono stati sottoposti a verifica.

<sup>1</sup> Nello specifico, come indicato nella "Nota Metodologica", applicati al livello "core".

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Il sottoscritto revisore applica l'International Standard on Quality Control 1 (ISQC Italia 1) e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulle conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

### Responsabilità del revisore

E' mia responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità del Bilancio di Sostenibilità rispetto a quanto richiesto dai GRI Standards e dall' IIRF.

Il mio lavoro è stato svolto secondo i criteri indicati nel "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito anche "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi di limited assurance. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che il Bilancio di Sostenibilità non contenga errori significativi.

Pertanto, il mio esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("reasonable assurance engagement") e, conseguentemente, non mi consente di avere la sicurezza di essere venuto a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sul Bilancio di Sostenibilità si sono basate sul mio giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della Società responsabile per la predisposizione delle informazioni presentate nel Bilancio di Sostenibilità, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, sono state svolte le seguenti procedure:

- i. analisi del processo di definizione dei temi rilevanti rendicontati nel Bilancio di Sostenibilità, con riferimento alle modalità di identificazione in termini di loro priorità per le diverse categorie di stakeholder e alla validazione interna delle risultanze del processo;
- ii. comparazione tra i dati e le informazioni di carattere economico-finanziario riportati nel paragrafo 4.3.2 del Bilancio di Sostenibilità e i dati e le informazioni incluse nel bilancio d'esercizio della Società e nei bilanci degli esercizi precedenti ivi citati;
- iii. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nel Bilancio di Sostenibilità. In particolare, sono state svolte interviste e discussioni con il personale della Direzione di Pink

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Frogs S.r.l. e sono state svolte limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione del Bilancio di Sostenibilità. Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche della Società:

- a livello di Società:
  - a. con riferimento alle informazioni qualitative contenute nel Bilancio di Sostenibilità sono state effettuate interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
  - b. con riferimento alle informazioni quantitative, sono state svolte sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati;
- a livello dei singoli siti produttivi, valutati in funzione delle specifiche attività e dei concreti contributi di ognuno di essi agli indicatori di prestazione, sono stati effettuati incontri, anche da remoto, coi responsabili delle aree/funzioni e sono stati acquisiti riscontri documentali su base campionaria circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

### Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla mia attenzione elementi che facciano ritenere che il Bilancio di Sostenibilità della Società Pink Frogs S.r.l. relativo all'esercizio chiuso al 31 dicembre 2021, che contiene anche i dati relativi agli esercizi chiusi al 31 dicembre 2020 e 31 dicembre 2019, non sia stato redatto, in tutti gli aspetti significativi, in conformità a quanto richiesto dai GRI Standards e dall' IIRF, come descritto nel paragrafo "Nota metodologica" del Bilancio di Sostenibilità.

Varese, 22 giugno 2022


Davide Pecchioli  
Revisore Legale  
*Davide Pecchioli*

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To the generations to come and the world we will be able to leave them.

*Matteo Locatelli*



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